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CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

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RHYBUDD O GYFARFOD	NOTICE OF MEETING
PWYLLGOR LLYWODRAETHU AC ARCHWILIO	GOVERNANCE AND AUDIT COMMITTEE
DYDD MERCHER, 29 MEHEFIN am 2:00 y. p.	WEDNESDAY, 29 JUNE 2022 at 2.00 pm
CYFARFOD RHITHIOL WED'I FFRYDIO'N FYW	VIRTUAL LIVE STREAMED MEETING
Swyddog Pwyllgor	Ann Holmes 01248 752518 Committee Officer

AELODAU / MEMBERS

Cynghorwyr / Councillors:-

PLAID CYMRU / THE PARTY OF WALES

Geraint Bebb, Neville Evans, Dyfed Wyn Jones, Eurnyn Morris (*Deputy Chair*),
Margaret M. Roberts

Y GRWP ANNIBYNNOL / THE INDEPENDENT GROUP

Dafydd Roberts

LLAFUR CYMRU/WELSH LABOUR

Keith Roberts

ANNIBYNNWYR MÔN / ANGLESEY INDEPENDENTS

Liz Wood

AELODAU LLEYG / LAY MEMBERS

Dilwyn Evans (*Chair*), William Parry, Sharon Warnes, Michael Wilson

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A G E N D A

1 DECLARATION OF INTEREST

To receive any declaration of interest by any member or officer in respect of any item of business.

2 MINUTES OF THE PREVIOUS MEETING (Pages 1 - 8)

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

- 19 April, 2022
- 31 May, 2022

3 ANNUAL REPORT OF THE GOVERNANCE AND AUDIT COMMITTEE 2020/21 - CHAIR'S REPORT (Pages 9 - 30)

To present the Committee's Annual Report for 2021/22 (Chair's Report).

4 INTERNAL AUDIT ANNUAL REPORT 2021/22 (Pages 31 - 54)

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

5 INTERNAL AUDIT STRATEGY 2022/23 (Pages 55 - 74)

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

6 EXTERNAL AUDIT: 2022 AUDIT PLAN - ISLE OF ANGLESEY COUNTY COUNCIL (Pages 75 - 90)

To present the report of External Audit.

7 EXTERNAL AUDIT: AUDIT WALES PROGRAMME AND TIMETABLE - ISLE OF ANGLESEY COUNTY COUNCIL (Pages 91 - 108)

To present External Audit's quarterly update.

8 ISLE OF ANGLESEY COUNTY COUNCIL - HOUSING BENEFIT SUBSIDY (Pages 109 - 120)

To present the following –

- Letter from Audit Wales
- Response of the Director of Function (Resources)/Section 151 Officer

9 REVIEW OF FORWARD WORK PROGRAMME (Pages 121 - 126)

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

GOVERNANCE AND AUDIT COMMITTEE

Minutes of the virtual meeting held on 19 April, 2022

PRESENT:	Mr Dilwyn Evans (Lay Member) (Vice-Chair) (In the Chair) Councillors John Griffith, Alun Roberts, Margaret M. Roberts.
IN ATTENDANCE:	Deputy Chief Executive/Interim Head of Democratic Services Director of Function (Resources) and Section 151 Officer Head of Internal Audit & Risk (MP) Principal Auditor (NW) Committee Officer (ATH)
APOLOGIES:	Councillors Gwilym O. Jones, Dylan Rees, Peter Rogers
ALSO PRESENT:	Councillors Robin Williams (Portfolio Member for Finance), Bethan Owen (Accountancy Services Manager), Andrew Lewis (Senior Internal Auditor)

In the absence of the Chair Councillor Peter Rogers, who was unable to be present because of connection issues, the meeting was chaired by the Vice-Chair, Mr Dilwyn Evans.

1. DECLARATION OF INTEREST

Mr Dilwyn Evans declared a personal and prejudicial interest with regard to item 2 on the agenda and was not present when the item was considered.

2. APPOINTMENT OF LAY MEMBERS

The report of the Head of Audit and Risk on the outcome of the process for recruiting additional lay members to the Governance and Audit Committee in accordance with the requirements of the Local Government and Elections (Wales) Act 2021 was presented for the Committee's consideration.

Having declared a personal and prejudicial interest in this matter, Mr Dilwyn Evans withdrew from the meeting during the discussion and determination thereof. Councillor Alun Roberts was elected to chair the item (which was taken last in the order of business).

The Head of Audit and Risk reported that the Local Government and Elections (Wales) Act 2021 introduces reforms of the performance and governance regime, including changes to the composition and proceedings of the Governance and Audit Committee which require that one third of the Committee's membership are lay members and two thirds are members of the Council. For the Isle of Anglesey County Council, this means there will be a requirement for four lay members to serve on the Committee. Mr Dilwyn Evans, current lay member has indicated that he is willing to serve a second five year term which is provided for in the Committee's Terms of Reference and the Council's Constitution.

The Head of Audit and Risk referred to the recruitment process which was held in collaboration with the Welsh Local Government Association and involved a national programme of promotion as previously reported to the Committee. The process resulted in the Council receiving 13 applications. These were the subject of a shortlisting exercise on 19

January, 2022 conducted by a panel consisting of the Chair and Vice-Chair of the Committee and the Director of Function (Resources)/Section 151 Officer which identified four candidates for interview. The interviews were subsequently carried out in February, 2022 by a panel of the Chair of the Committee, the Director of Function (Resources)/Section 151 Officer and the now Chief Executive. The interview panel selected the following three candidates to be considered for appointment - Mr Michael Wilson, Llangefni, Anglesey Sharon Warnes, Pwllheli, Gwynedd and Mr William Parry, Rhosneigr, Anglesey.

In response to a question about why the shortlisting exercise only produced four candidates for interview from an applicant pool of thirteen, the Director of Function (Resources)/Section 151 Officer clarified that there were several reasons why a number of applicants were eliminated at the shortlisting stage including incomplete application forms and no connection or familiarity with the authority or authority area. Some applicants had also applied to every council in Wales. The panel was satisfied that the shortlisting process had produced four strong candidates from whom three could be considered for appointment to serve as lay members on the Governance and Audit Committee having met the criteria for the position.

It was resolved –

- **To approve the selection and appointment of Michael Wilson, Sharon Warnes and William Parry as lay members to the Governance and Audit Committee and to recommend their appointment to the Council.**
- **To recommend to the Council that Mr Dilwyn Evans continues as lay member for a second five year term.**

3. MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting of the Governance and Audit Committee held on 8 February, 2022 were presented and were confirmed as correct.

4. GOVERNANCE AND AUDIT COMMITTEE SELF-ASSESSMENT OF GOOD PRACTICE

The report of the Head of Audit and Risk incorporating the Governance and Audit Committee's self-assessment of good practice was presented for the Committee's consideration.

The Head of Audit and Risk reported that the self-assessment of good practice was undertaken in March 2020 (a week prior to lockdown) by a panel consisting of the Committee's Chair and Vice-Chair, a lay member, the Head of Audit and Risk and the Principal Auditor. Due to the implementation of the Council's Strategy for Committee meetings during the Covid emergency, the self-assessment was not shared with the Committee at that time. The self-assessment was refreshed in March, 2022 by the Head of Audit and Risk to ensure it remains accurate. It provides a high level review that incorporates the principles set out in CIPFA's Position Statement and the associated guidance. 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 and will inform the Governance and Audit Committee Chair's Annual Report.

Using the recommended practice in the CIPFA publication has enabled the Committee to establish that it is providing a good standard of performance. However in order to improve effectiveness, further, wide-ranging evaluations will be undertaken during 2022-23 as identified below –

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

With regard to the availability and provision of dedicated democratic services support for the Committee and what it would entail, the Head of Audit and Risk clarified that such an officer would provide administrative support that is distinct from meeting support e.g. conducting the Committee's self-evaluation of performance and effectiveness which task currently falls to the Head of Audit and Risk. A dedicated Democratic Services Officer would be able to bring a greater degree of detachment and objectivity to this and similar exercises. The Deputy Chief Executive/Interim Head of Democratic Services confirmed that he would discuss the requirements with the Head of Audit and Risk and would review the existing position and capacity within Democratic Services to be able to provide the service.

It was resolved –

- **To note the reviewed and refreshed self-assessment and**
- **To approve the improvements suggested.**

5. GOVERNANCE AND AUDIT COMMITTEE'S DRAFT TERMS OF REFERENCE

The report of the Head of Audit and Risk incorporating the draft revised terms of reference for the Governance and Audit Committee following changes made as a result of the Local Government and Elections (Wales) Act 2021 was presented for the Committee's consideration.

The Head of Audit and Risk confirmed the main changes to the Committee's Terms of Reference consequent upon the new responsibilities bestowed on the Committee by the Local Government and Elections (Wales) Act 2021 as summarised at paragraph 1.3 of the report. The draft Terms of Reference with the changes tracked were attached in full at Appendix 1 to the report. The Terms of Reference will be submitted for Full Council approval on 25 April, 2022 following a request to the Executive to recommend the changes to the Council.

In response to questions by the Committee, the Head of Audit and Risk –

- Confirmed that paragraph 3.4.8.2.4 remains unchanged a suggestion having been made that it be reworded to improve clarity.
- Explained the involvement of the Governance and Audit Committee with the panel performance assessment which the Council is required to arrange once during the electoral cycle. The Governance and Audit Committee as part of its responsibilities under the Act will be required to review the Council and Executive's response to the panel performance assessment report and if appropriate, to make recommendations for changes to the draft response. If the Council does not make a change recommended by the Governance and Audit Committee it must set out in the final response the reasons why it did not make the change.
- That the Governance and Audit Committee's terms of reference (and those of Governance and Audit Committees in other Welsh councils) are benchmarked against

CIPFA's Practical Guidance for Audit Committees in Local Authorities and Position Statement 2018. The changes to the Terms of Reference consequent upon the Act have been worked through with a Legal Advisor commissioned for the purpose. CIPFA has also been approached since the changes to the responsibilities of Governance and Audit Committees brought about by the Act have implications for the Guidance and it has been asked to issue new guidance for councils in Wales. It has indicated that it is working towards addressing this requirement in May.

It was resolved to endorse the amendments to the Governance and Audit Committee's Terms of Reference ahead of their submission to the Executive and Full Council.

6. INTERNAL AUDIT UPDATE

The report of the Head of Audit and Risk providing an update as of 1 April, 2022 on the audits completed since the previous update to the Committee in February, 2022 was presented for the Committee's consideration. The report also outlined the current workload of Internal Audit and its priorities for the short to medium term going forward.

In presenting the update the Head of Audit and Risk highlighted –

- That three pieces of work had been finalised in the period and one report issued – First Follow-Up of Payments – Supplier Maintenance and Identification of Duplicate Invoices and Recovery of Duplicate invoices which resulted in a Limited Assurance rating. The first review of Payments – Supplier Maintenance and Payments in January, 2021 led to further work being undertaken in this area and a report of Duplicate Invoices and Recovery of Duplicate Payments was issued in May, 2021. 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 a combined follow up review was conducted between January and March, 2022. The follow-up review concludes that while the Finance and Payments teams have carried out some work to address the risks raised during the original audit, the majority of agreed actions remain outstanding. Due to the number of issues/risks remaining and the lack of progress in key areas, Internal Audit is unable to increase the assurance rating from Limited at this time. A further follow-up review will be conducted in November, 2022.
- The progress made on addressing the risks identified in a review of "Recovering Council Debts and the Impact of Covid 19", a Limited Assurance report on which was presented to the December Governance and Audit Committee meeting. 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. Internal Audit is satisfied with progress to date and will undertake formal follow up testing in October 2022 to establish whether all the issues/risks raised have been fully mitigated.
- Work in progress as per the table at paragraph 18 of the report where seven audits are at fieldwork stage, three of which are highlighted as Red residual risk in the Strategic Risk Register and are being prioritised accordingly.
- Outstanding actions comprising of 3 Moderate actions connected with the Leavers' Process audit within the Resources Service.
- Capacity and short/medium term and longer term priorities of the Internal Audit section.

In response to questions by the Committee the Director of Function (Resources)/Section 151 Officer clarified the position with regard to Payments and referred to on-going staffing and recruitment issues, workload pressures, a protracted restructure and extra work created by Services failing to follow correct purchasing processes as factors having contributed to the Limited Assurance review as well as the time being taken to fully address the issues/risks identified. The creation of a Business Manager post will provide additional resource to review/simplify system processes and to facilitate performance improvements across the

Resources function; the recruitment of a Trainee Payroll and Payments Officer as part of the Council's M&F Future Programme will also be an added resource. On appointment the Business Manager will be tasked with assisting the Payments team in addressing the outstanding issues/risk in this area. The Director of Function (Resources/Section 151 Officer provided assurance that the outstanding issues/risks – specifically the two Major issues/risks will be addressed ahead of the revised completion date where possible but that appointment to the Business Manager post is key to expediting the work and achieving the target date. The Director of Function (Resources)/ Section 151 Officer further confirmed that the systems review will encompass the Leavers process where there are three overdue actions related to the audit of this area. As regards any issues raised by External Audit with regard to this matter, the Section 151 Officer explained that in conducting its audit of the 2020/21 accounts External Audit would have taken assurance from Internal Audit's work in this area; given that in the region of £130m is paid through the Creditor system annually the level of duplicate payments identified is less than 1% of the payments made and as such may fall below the level of materiality set by External Audit.

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

7. OUTSTANDING ISSUES AND RISKS

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

The Principal Auditor reported as follows –

- That as at 31 March, 2022, 62 outstanding actions were being tracked in the 4action system 17 of which are rated major (amber) and 45 moderate (yellow in risk priority - Graph 1 of the report). A detailed status update of the 17 outstanding major rated issues/risks is provided at Appendix 1 of the report. No Red issues/risks were raised in the year and no Red issues/risks are currently outstanding.
- Three actions have reached their target date for completion and have now become overdue – these are all of moderate impact and relate to Payroll. Internal Audit is aware of the ongoing staffing and recruitment issues within the Payroll team as well as additional end of year workload pressures that have made the work of addressing these issues/risks challenging. Internal Audit will continue to work with the Service to ensure the issues/risks are successfully addressed.
- Graph 3 shows the status of all outstanding actions (irrespective of the date management agrees to address them by) and confirms that management has now addressed 56% of which 55% have been verified by Internal Audit. The remaining 1% relates to an audit of ICT Service Continuity (Phishing) which will be formally followed up in May, 2022. The majority of the actions not started relate to two audits recently finalised in relation to Information Governance and Software Licensing Management; the actions identified during these audits have not yet reached their anticipated completion dates.
- Graph 4 shows the status of all actions that have reached their target date and confirms that where due, 96% have been addressed.
- Target dates are extended where the Service can demonstrate a legitimate reason for the extension.
- The 62 outstanding actions are spread between 2017/18 to 2021/22 with the majority relating to the last two financial years. Three issues/risks that management have yet to fully address date back to 2017/18. These relate to general improvements and efficiencies within the Council's Sundry Debtors processes and are rated as moderate or yellow in risk priority. Work to address these issues forms part of the consultancy project currently underway within the Income Team and the planned restructure of the wider

Revenues and Benefits section reported upon in the Internal Audit update report. No major or amber rated risks/issues date back further than 2019/20.

- All outstanding actions are being pursued by Internal Audit to ensure their completion.

In response to a point raised by the Committee whether there is a risk that because the completion dates for actions can be extended, issues/risks that could be of major concern and are in effect overdue are not being captured and might therefore not be given priority attention e.g. the two outstanding major risks/issues in connection with Supplier Maintenance and Payment, and Duplicate Invoices whose completion dates have been pushed back to November, 2022. The Principal Auditor confirmed that where amber rated risks/issues are concerned they are given priority, due regard is paid to how long the completion date is being extended for and updates are pursued expeditiously.

The Head of Audit and Risk clarified that issues/risks are assessed against the Council's risk appetite so that risk/issues rated yellow in risk priority are not prioritised by virtue of that designation; slippage in that case would not be a cause of significant concern. However, where slippage increases the risk then the risk priority rating would be changed and if necessary, uprated to Amber. She confirmed that the outstanding major risks/issues referred to in relation to Supplier Maintenance and Payment, and Duplicate Invoices are included in the data in the report.

It was resolved to note the Council's progress in addressing the outstanding Internal Audit Issues/Risks.

8. INDICATIVE FORWARD WORK PROGRAMME

The report of the Head of Audit and Risk incorporating an Indicative Forward Work Programme for 2022-23 was presented for the Committee's consideration.

The Head of Audit and Risk reported that confirmation of the Work Programme is pending the publication of the Council's Dates of Meetings Calendar. The programme has been developed having had regard of the Committee's new responsibilities as a result of the Local Government and Elections (Wales) Act 2021 and the consequent amendments to the Committee's Terms of Reference.

It was resolved to accept the Indicative Forward Work Programme proposed for 2022/23 as meeting the Committee's new responsibilities in accordance with the Committee's amended Terms of Reference.

After concluding the business of the meeting, Mr Dilwyn Evans, Vice-Chair (and Chair of this meeting) on behalf of himself and the Chair, Councillor Peter Rogers thanked the members of the Committee for their work and commitment over the past five years and thanked all the Officers involved with the Committee for their support and contributions during that time.

**Mr Dilwyn Evans
(Chair)**

GOVERNANCE AND AUDIT COMMITTEE

Minutes of the virtual meeting held on 31 May 2022

PRESENT: Councillors Geraint Bebb, Neville Evans, Dyfed W Jones, Euryyn Morris, Dafydd Roberts, Keith Roberts, Liz Wood.

Lay Members – Mr Dilwyn Evans, Mr Michael Wilson.

IN ATTENDANCE: Chief Executive,
Deputy Chief Executive,
Legal Services Manager (RJ),
Committee Officer (MEH).

APOLOGIES: Councillor Margaret Murley Roberts.

Mrs Sharon Warnes – Lay Member

ALSO PRESENT: Mr Dafydd Roberts – Chair of the Isle of Anglesey County Council

1 **DECLARATION OF INTEREST**

None received.

2 **ELECTION OF CHAIRPERSON**

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

3 **ELECTION OF DEPUTY CHAIRPERSON**

Councillor Euryyn Morris was elected Deputy Chairperson of the Governance and Audit Committee.

**COUNCILLOR DAFYDD ROBERTS
AS CHAIR OF THE COUNTY COUNCIL**

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee / County Council
Date:	29 June 2022 / 13 September 2022
Subject:	Annual Report of the Governance & Audit Committee 2021-22 – Chair’s Report
Head of Service:	Marc Jones Director of Function (Resources) and Section 151 Officer MarcJones@anglesey.gov.wales
Report Author:	Marion Pryor Head of Audit and Risk MarionPryor@anglesey.gov.wales
Nature and Reason for Reporting: The Governance and Audit Committee is required to report to ‘those charged with governance’ (the County Council) an assessment of its performance on its activities during the year to demonstrate how the Committee has discharged its responsibilities. This report details the activities of the Governance and Audit Committee during 2021-22.	

1. Introduction

- 1.1. The Governance and Audit Committee is a key component of the Council’s governance framework. Its function is to provide an independent and high-level resource to support good governance and strong public financial management and to provide ‘those charged with governance’ independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes.
- 1.2. To discharge their responsibilities effectively, CIPFA guidance¹ states that audit committees should report regularly on their work to ‘those charged with governance’, and at least annually report an assessment of their performance. An annual public report should demonstrate how the committee has discharged its responsibilities. This report meets that requirement.

2. Recommendation

- 2.1. That the Governance and Audit Committee endorses the Annual Report of the Governance and Audit Committee for 2021-22 prior to its submission to the meeting of the County Council on 13 September 2022.

¹ The Chartered Institute of Public Finance and Accountancy’s [Position Statement: Audit Committees in Local Authorities and Police \(2018\)](#) and associated guidance sets out CIPFA’s view of the role and functions of an audit committee.



ANNUAL REPORT OF THE GOVERNANCE AND AUDIT COMMITTEE 2021-22 – CHAIR'S REPORT

Marion Pryor BA MA CMIIA CPFA

June 2022

Head of Audit & Risk

MarionPryor@anglesey.gov.wales



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INTRODUCTION

The Governance and Audit Committee is a key component of the Council's governance framework. Its function is to provide an independent and high-level resource to support good governance and strong public financial management.

Its purpose is to provide full Council (*those charged with governance*) independent assurance on the adequacy of the risk management framework, the internal control environment 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, assesses and reports on the authority's ability to handle complaints effectively and makes recommendations for improvement in this area.. From 2022, it will also receive and comment upon the Council's annual self-assessment report and the report of the performance assessment panel.

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 are effectively managed, rather than the actual scrutiny of activities.

To discharge their responsibilities effectively, the Chartered Institute of Finance and Accountancy's (CIPFA) guidance¹ states that audit committees should report regularly on their work to 'those charged with governance', and at least annually report an assessment of their performance. An annual public report should demonstrate how the committee has discharged its responsibilities.

This report meets that requirement by assessing the Committee's activities during 2021-22 against its terms of reference, incorporated within the Council's [Constitution](#), version 2.70 updated on 14 February 2022.

¹ The Chartered Institute of Public Finance and Accountancy's [Position Statement: Audit Committees in Local Authorities and Police \(2018\)](#) and associated guidance sets out CIPFA's view of the role and functions of an audit committee.

COMPOSITION AND ARRANGEMENTS

Throughout the year, the Committee conducted its business non-politically and abided by the rules of political balance (3.4.8.2.1) and consisted of eight elected members and one lay member, who was in the final year of his first five-year term. All members declared interests where appropriate (3.4.8.2.2). The Finance Portfolio Holder is required, as far as possible, to attend all meetings of the Committee (3.4.8.2.2). The Portfolio Holder attended all meetings of the Committee during 2021-22. [Appendix A](#). The Chair of the Governance and Audit committee was a councillor member and was not a member of a group that formed part of the Council's Executive (3.4.8.2.3). Where officers have been called to attend a committee meeting at the request of the Governance and Audit Committee members, they have done so (3.4.8.2.4).

The Committee's terms of reference require it to meet a minimum of four times per year (3.4.8.2.5). The Committee met formally (virtual meetings) on nine occasions, which included three special meetings to consider only the draft and final Statement of Accounts 2020-21 and the report of External Audit on the Financial Statements (ISA 260 Report). The membership and attendance at meetings during 2021-22 has been good ([Appendix A](#).)

Where necessary, the Director of Function (Resources) and Section 151 Officer has provided advice to the Committee, and has had direct and unfettered access to the Committee (3.4.8.2.6). During the year, the Committee commissioned work directly from the internal auditors in the form of progress reports on individual audits (3.4.8.2.7).

Neither the external nor the internal auditors requested the Chair to consider any matter that the auditors believed should be brought to the attention of the Council (3.4.8.2.8).

No new members joined the Committee during the year. Existing members received ongoing training ([Appendix B](#)), reports on new legislation, professional guidance and research (3.4.8.2.9). A self-assessment of knowledge and skills will be conducted with the new members of the Committee during 2022.

In April 2022, the Committee considered a draft revised terms of reference following changes made as a result of the Local Government and Elections (Wales) Act 2021. The Committee resolved to endorse the amendments to its terms of reference ahead of their submission to the Executive and Full Council.

ACCOUNTABILITY ARRANGEMENTS

This report fulfils the requirement to report to full council (*'those charged with governance'*) on an annual basis the 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, and internal and external audit functions (3.4.8.3.1).

It also fulfils the requirement to report on the effectiveness of the committee in meeting its purpose and agreed terms of reference. During 2021-22, a self-assessment of good practice was undertaken to support the planning of the audit committee work programme and training plans, and to inform this annual report (3.4.8.3.2).

The Committee considered the outcome of the self-assessment at its meeting in April 2022, which used the recommended CIPFA guidance and enabled the Committee to establish that it was providing a good standard of performance. However in order to improve effectiveness, further, wide-ranging evaluations will be undertaken during 2022-23 as identified below:

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

Following discussions around the provision of dedicated democratic services support for the Committee, the Committee resolved to note the review and to approve the improvements suggested.

The Committee considered its business in public, with the exception of, where appropriate, when it met in private to consider items under Section 100 (A) (4) of the Local Government Act 1972.² During 2020-21, the Committee considered two items in private:

- Risk Management Update (February 2022)
- Annual Cyber Security Report 2020-21 (February 2022)

The appropriate Public Interest Tests were presented to and accepted by the Committee.

Agendas and reports were published in accordance with statutory timeframes and were available for inspection (3.4.8.3.3).

² Items under Schedule 12A, Paragraph 14: Information relating to the financial or business affairs of any particular person (including the authority holding that information) and Paragraph 18: Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

GOVERNANCE

The Committee considered the Council's Local Code of Governance at its meeting in December 2021. The Committee noted that it would be presented to the Committee annually for review, to provide assurance that the Council's governance arrangements remain robust and fit for purpose and have been implemented and applied effectively to all aspects of the Council's business (3.4.8.4.1).

In June 2021, the Committee reviewed and assessed the Council's corporate governance arrangements during its review of the draft Annual Governance Statement (AGS) (3.4.8.4.2/3). The Committee commented on the improved readability and layout of the Statement but noted that the outcome of its self-assessment had remained unchanged over the past few years and suggested an examination of the rationale for the evaluation.

Further, the Committee queried whether there had been any external input into the Statement in terms of validating the self-assessment as a fair and accurate estimation of attainment and compliance. In response, the Director of Function (Resources) and Section 151 Officer advised that the AGS formed part of the Statement of the Accounts 2020-21 and as such, the evidence on which it was based would be subject to external audit.

In November 2021, at a meeting adjourned from 20 October 2021, the Committee received the final version of the AGS and resolved to endorse it for 2020-21 and to refer the Statement to the full Council for approval and to the Leader of the Council and the Chief Executive for their signatures.

In December 2021, the Director of Function (Resources)/Section 151 Officer confirmed that the Statement of the Accounts and AGS for 2020-21 were approved by the full Council on 22 November 2021 and were subsequently signed off by External Audit without any further amendments to the version presented to the Committee on 15 November 2021(3.4.8.6.2).

Due to the new Council cycle, a report about significant partnerships was not available during 2021-22. However, the Committee will review the governance and assurance arrangements available for significant partnerships or collaborations through reviewing the Annual Report of the Partnerships and Regeneration Scrutiny Committee 2021-22 in December 2022 (3.4.8.4.4).

TREASURY MANAGEMENT

Full Council has nominated the Governance and Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies (3.4.8.5.1). Accordingly, the Committee undertakes a scrutiny role in accordance with the CIPFA Treasury Management Code of Practice, prior to approval by full Council (3.4.8.5.2).

In July 2021, the Committee reviewed the Annual Treasury Management Report 2020-21, which provided an overview of the Council's borrowing and investment activities during the year and highlighted performance against the Prudential Indicators set by the Council. In considering the report, the Committee raised points including clarity around the practice of investing with other councils, significant school balances, and interest rates forecasted by the treasury consultant. The Committee resolved to accept the report and to forward to the next meeting of the Executive without further comment (3.4.8.5.1/2/3/4).

In December 2021, the Committee considered the mid-year review of treasury management activities and position. Following discussion around the pace of expenditure on the capital programme, with the capital spend needing to be significantly accelerated in the second half of the year for the capital programme to be fulfilled and the expenditure profile realised, the Committee resolved to note and accept the mid-year review without further comment (3.4.8.5.1/2/3/4).

In February 2022, the Committee considered the Treasury Management Strategy Statement for 2022-23, which incorporated the Annual Investment Strategy, the Annual Minimum Revenue Provision Policy Statement, the Treasury Management Policy Statement, the capital plans and associated Prudential Indicators. (3.8.4.5.1/4)

Following discussions around the high level of uncertainty over the economic outlook because of inflation; rising energy prices; supply shortages; unresolved Brexit issues; tensions in Eastern Europe and in Westminster; concerns around economic recovery and the potential for further changes resulting from Covid; the continuing slippage on the capital programme from schemes that had not progressed; and social housing grants now available to local authorities, the Committee resolved to accept and to note the Treasury Management Strategy for 2022-23 and to forward to the Executive without further comment.

VALUE FOR MONEY

The Committee supports 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 (3.4.8.6.1).

In June 2021, the Committee reviewed the Council's overall approach to value for money when reviewing the Council's draft Annual Governance Statement (3.4.8.6.2).

In February 2022, the Committee considered Audit Wales's Annual Audit Summary 2021, and assurances and assessments on the effectiveness of the Council's arrangements for securing value for money (3.4.8.6.3). The report informed the Committee that Audit Wales had completed work during 2020-21 to meet the Auditor General's duty to examine whether the Council had put in place arrangements to get value for money for the resources it uses. To meet this duty, Audit Wales had completed specific projects, and they relied on other audit work, and the work of regulators such as Care Inspectorate Wales and Estyn (the education inspectorate).

In assessing whether the Council had put in place arrangements to secure value for money, Audit Wales cited its work on the 2020-21 financial statements, in which the Auditor General had been able to give an unqualified true and fair opinion on the Council's financial statements, and also its work in response to the Covid-19 pandemic, where the Auditor General had stated that the Council's planning and decision-making processes had shown strong and consistent collective leadership.

The Auditor General also certified that the Council had met its remaining Local Government (Wales) Measure 2009 duties for the financial year 2020-21, and it had a good understanding of its financial position, currently delivering its services within overall budget. In terms of workforce planning, the Auditor General concluded that having experienced workforce challenges in the Children and Families Service, the Council was now more focused on workforce planning and had further opportunities to realise benefits across all services.

The Committee resolved to accept the Auditor General's assessment of whether the Council had put in place arrangements to secure value for money.

ASSURANCE FRAMEWORK

Having an overview of the Council's assurance framework supports the Committee's approval of the internal audit risk-based strategy by identifying the extent to which it relies on internal audit for its assurance requirements. The Committee also ensures clarity of what assurance is provided, that there is a clear allocation of responsibility for providing assurance and duplication is avoided. (3.4.8.7.1/2)

During the year, the Committee considered assurances about [risk management](#), [internal audit](#), and the [Annual Governance Statement](#), as well as reports from the [external auditors](#).

In addition, during the year, the Committee received reports from first and second line assurance providers, as follows:

In July 2021, the Committee received the Principal Health and Safety Officer's **Annual Corporate Health and Safety Report**. Discussion ensued around issues regarding the delivery and attendance at training; the health and well-being implications of remote working and increased screen time; and a delay in complying with the Improvement Notice issued by the Health and Safety Executive in relation to hand arm vibration syndrome (HAVS). The Committee resolved to accept the report and endorsed the recommendation that the Council should follow the strategic plan for the management of Health and Safety and implement the Corporate Health and Safety Action Plan. However, the Committee also acknowledged that due to the continued Covid 19 situation, the actions in the Corporate Health and Safety Action Plan may be delayed or replaced with more urgent actions to address Covid 19 issues.

In September 2021, the Committee received an annual report from the Senior Information Risk Owner (SIRO) on **information governance**. It set out the SIRO's overview of the Council's compliance with legal requirements and relevant codes of practice in handling corporate information, and provided key data about the Council's information governance including contact with external regulators, security incidents and breaches of confidentiality or near misses, Freedom of Information requests and complaints during the period. It was the SIRO's conclusion that there was significant documented evidence to demonstrate that the Council's data protection and information governance arrangements were 'good'. The Committee discussed what it would entail to improve the arrangements to 'very good' or 'excellent'.

The Committee also noted that the Learning Service as at March 2021 remained non-compliant with regard to implementing actions relating to completing the consent audit and Record of Processing Activities (ROPA) work, and asked the Learning Service to report to the Committee's next meeting with clarification of its arrangements for completing the outstanding work. At its meeting of 9 December 2021, the Learning Service's Business and Performance Manager confirmed that the consent audit had been completed and had been forwarded to the Data Protection Officer, and some further work remained to be done in connection with the ROPA work to ensure that all procedures and processes are in place.

Also in September 2021, the Director of Function (Council Business)/Monitoring Officer provided a report on issues arising under the Council's **Concerns and Complaints Policy** during 2020-21. Discussion ensued around the rights of access to evidence by elected members subject to a complaint to the Ombudsman; the high proportion of complaints attributable to three services; whether a lack of response was as common as anecdotal evidence suggested, as well as noting that the Council received 464 compliments in the same period. The Committee resolved to accept the report as providing reasonable assurance that the Council handles its complaints effectively (3.4.8.1.2).

In September 2021, the Committee received the Director of Function (Council Business)/Monitoring Officer's report setting out the level of **compliance in relation to policy acceptance** via the Council's Policy Portal management system for the fourth year of monitoring. Discussion ensued around the position with regard to policy familiarisation and acceptance for new employees of the Council; whether the issue linked to staff without access to the Policy Portal had been formally registered as a risk on the Corporate Risk Register, and whether other local authorities had been approached about this issue. The Committee resolved to note the current position with regard to policy acceptance across the Council.

In December 2021, the Committee received the **Schools Data Protection Officer's report regarding the key information governance issues in relation to Anglesey's schools** for the period July 2020 to November 2021. Discussion ensued regarding the arrangements in place to follow up on the implementation of the next steps and to monitor compliance. The Committee asked about the implications and severity of the secondary schools cyber incident in June 2021 and the remedial steps taken to safeguard data; the relationship and level of understanding between Hwb (the digital platform for learning and teaching in Wales),

its responsible body and the Council's IT Service; and whether an estimated date for the completion of the information governance work with schools could be given. The Committee resolved to accept the report and to endorse the Schools Data Protection Officer's proposed next steps to enable schools to fully operate in accordance with data protection requirements.

In February 2022, the Committee received the Risk and Insurance Manager's **Annual Insurance report**. The report provided information about how the Council had managed its insurance activity over the last five years and its challenges going forwards. Following discussion around whether excess levels had been reviewed for appropriateness and whether a brokerage service was used when the insurance contract was last tendered, the Committee resolved to accept the report and to note its contents.

In February 2022, the Committee received the **Annual ICT Security report**. The report set out the common cyber threats facing the Council and outlined the mitigating and operational controls that were in place to detect and prevent malicious activity. The Committee resolved to accept the report and to note its contents.

RISK MANAGEMENT

In February 2022, the Committee considered an update on the development and operation of risk management in the Council (3.4.8.8.1/2). Following a comprehensive review by the Senior Leadership Team to focus on risks to the achievement of strategic priorities, a new strategic risk register aligned to the corporate priorities had been developed and replaced the corporate risk register.

The Senior Leadership Team had identified the top five red/critical residual risks to the achievement of the Council's corporate and strategic objectives. 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 Committee discussed the effectiveness of the control measures in terms of reducing both likelihood and impact. In particular, the Committee queried 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 also noted that the risk assessment matrix had been reviewed.

The Committee resolved to note the amendments made in relation to risk management and in particular the strategic risk register, and to confirm that the Committee took assurance that the Senior Leadership Team had recognised and was managing the risk to the achievement of the Council's priorities.

COUNTERING FRAUD AND CORRUPTION

In July 2021, the Committee received the Head of Audit and Risk's **Annual Counter Fraud, Bribery and Corruption report** for 2020-21 (3.4.8.9.4). Following discussion around housing tenancy fraud and the difficulties caused when housing benefit is paid directly to tenants; sanctions and enforcement in connection with cases of Council Tax and Housing Benefit fraud; disabled parking concessions (blue badges); publicity being a useful tool in deterring fraud; the creation of a counter fraud post; the increased availability and digitisation of information making cross referencing and data checking easier; external audit's role in fraud detection and the importance of educating staff about different types of fraud, the Committee resolved to accept the report and to note its contents.

In September 2021, the Committee considered the Director of Function (Council Business) / Monitoring Officer's report on the effectiveness of the council's **whistleblowing** arrangements (3.4.8.9.1) and were provided with an outline of two whistleblowing concerns received by the Council. Following confirmation from the Monitoring Officer that the Council acted upon both concerns and the results fed back to the whistle-blower, the Committee resolved to accept the report.

In December 2021, the Committee received the Head of Audit and Risk's **Counter Fraud, Bribery and Corruption strategy 2021-24** (3.4.8.9.2/3). Following discussion around the recognition of the need to strengthen the Council's approach to procurement and contract monitoring as an area of high perceived fraud risk; Council Tax Single Person Discount fraudulent claims; disabled parking concession fraud and grant fraud prosecutions; the increased potential for grant fraud arising from Welsh Government's Covid-19 grant support schemes; reference in the report to bribery and corruption; and prosecuting the perpetrators of fraud, the Committee resolved to note the report.

INTERNAL AUDIT

The Governance and Audit committee has overseen the Council's internal audit arrangements (3.4.8.10.1). Through reviewing the Internal Audit Strategy, the Internal Audit Annual Report, and the Internal Audit Charter and regular updates from the Head of Audit and Risk, the Committee has overseen internal audit's independence, objectivity, performance and professionalism, supported the effectiveness of the internal audit process and promoted the effective use of internal audit within the Council's assurance framework (3.4.8.10.2).

In April 2021, the Committee received the **Internal Audit Strategy 2021-22** (3.4.8.10.5/6). Following discussion around risks in relation to the real term reduction in the Council's funding and the potential effect on services, priorities and the Council's financial resilience; the council tax premium on second homes; the rationale for the designation of Ash Die back and Poverty as red inherent risks, the Local Government and Elections (Wales) Act 2021; the Committee resolved to approve the Internal Audit Strategy for 2021-22 and to endorse the approach and priorities outlined as fulfilling the Council's assurance needs.

In May 2021, the Committee considered the **Annual Internal Audit Report 2020-21**, including the Head of Audit and Risk's 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 (3.4.8.10.7/8/9). The Head of Audit and Risk confirmed that it was her opinion as the 'chief audit executive' for the Isle of Anglesey County Council that for the 12 months ended 31 March 2021, the organisation had an adequate and effective framework for risk management, governance and internal control.

Within the report, the Committee noted that the next external quality assessment of internal audit is due in June 2022 (3.4.8.10.14).

Discussion ensued around buying in IT Audit expertise from an external provider; training and development of young people; and the pressures on internal audit in 2020-21 both as a result of a reduction in staff and the extra demands created by the pandemic and adjusting to it. In noting the report, the Committee acknowledged the hard work of internal audit in 2020-21 recognising the efforts of its staff in delivering on the internal audit work programme in challenging circumstances, and also their contributions in supporting the wider organisation in its response to the Covid-19 emergency.

In December 2021, the Committee reviewed and approved the **Internal Audit Charter**, which defines the internal audit's activity, purpose, authority and responsibility (3.4.8.10.3). The Committee resolved to approve the continued appropriateness of the Internal Audit Charter and noted the 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 Audit and Risk (3.4.8.10.13).

Throughout the year, the Committee received 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 (July, September, December 2021 and February and April 2022). The Committee considered summaries of specific internal audit reports as requested, including full copies of Limited Assurance reports, along with the action plan agreed with management (3.4.8.10.10).

The Committee monitored the implementation of agreed actions through the receipt of two reports, in September 2021 and April 2022 respectively (3.4.8.10.10/11). In September 2021, on discussing the report, the Committee confirmed that the level of detail included in the report met the Committee's assurance needs in this area. In April 2022, following discussion around the risk of extending target dates for actions, the Committee resolved to note the Council's progress in addressing the outstanding internal audit Issues/Risks.

The Committee and the Head of Audit and Risk engage effectively (3.4.8.10.16). In particular, the Chair of the Governance and Audit Committee made himself available for the Head of Audit and Risk at all times, including providing the opportunity for a private meeting with the Committee, if requested (3.4.8.10.17).

EXTERNAL AUDIT

The Committee oversees the external audit arrangements and considers the scope and depth of external audit work. In April 2021, the Committee received Audit Wales's Plan for 2020-21, which set out the work proposed to be undertaken in relation to the financial audit, the performance audit programme for the year, along with the programme of grant certification work and audit reporting timetable (3.4.8.11.1/3).

In November 2021, the Committee considered the external auditor's annual letter and the report to *'those charged with governance'* (3.4.8.11.1/2). Following discussion around changes to the figures for 2019-20; payments made to and owed by Betsi Cadwaladr University Health Board; changes to the figures in the draft accounts; clarity around the format of the accounts; and a request for a meeting between Audit Wales and the Committee with regard to streamlining the accounts; it was resolved to note the external auditor's report for its audit of the 2020-21 Financial Statements.

In February 2022, the Committee received Audit Wales's Annual Audit Summary report for 2021, which showed a summary of the outcome of each piece of work completed. The Committee resolved to note the report.

During the year, the Committee received quarterly updates (in June 2021, December 2021 and February 2022) and external audit reports, including an assessment of the financial sustainability of the Council (September 2021); a Progress Review of the North Wales Growth Deal (by the North Wales Economic Ambition Board) (September 2021); Workforce Planning (September 2021); Student Finance (December 2021); Commissioning Older People's Care Home Placements (February 2022); Counter Fraud Arrangements (February 2022); and Regenerating Town Centres in Wales (February 2022).

The Committee monitored the implementation of external audit recommendations and received a report from the Head of Profession (HR) and Transformation in December 2021, setting out how the Council had responded to external audit reports regarding the Council and national reviews, and their related recommendations (3.4.8.11.3).

Although there is an opportunity for the Governance and Audit committee to meet privately and separately with the external auditor, this opportunity was not exercised during the year (3.4.8.11.5).

FINANCIAL REPORTING

The Committee reviews and scrutinises the Council's financial affairs, making reports and recommendations in relation to them (3.4.8.12.1).

In June 2021 and November 2021, the Committee reviewed, prior to approval by full Council, the authority's draft and final annual financial statements for 2020-21 respectively, including the explanatory foreword, key messages, trends, consistency with financial performance, suitability of and compliance with accounting policies and treatments and major judgmental areas (3.4.8.12.2).

Also in June 2021, in considering the draft financial statements, the Committee discussed a range of factors, including the increase in the figure for Debtors (up £4m from 2019-20) as well as for bad debt provision including for Council Tax and rents; the Authority's Council Tax collection rate for 2020-21 falling from in the region of 97% to 95.5%; whether refunds for examination fees paid in full or in part by schools would appear in the 2020-21 or 2021-22 balance sheet; and whether the increase in the net liability on the Local Government Pension Scheme had implications for the future security of the scheme.

The Committee also discussed the Council's intentions with regard to helping people in urgent housing need given that the Housing Revenue Account showed that the Council's housing stock had increased by only three units from 2019-20, and the use to which the resources earmarked for this purpose had actually been put if they had not been spent on acquiring stock. The Committee also discussed the need to monitor the allocation of funding under the UK Shared Prosperity Fund to ensure that Wales receives its fair share; the prudence of using the Council's reserves to fund revenue expenditure; and the delivery rate on the 2020-21 Capital Programme and budget. Following these discussions with the Director of Function (Resources) and Section 151 Officer, the Committee resolved to note the draft unaudited main financial statements for 2020-21.

In November 2021, the Committee considered the external auditor's report to '*those charged with governance*' on issues arising from the audit of the accounts, and whether they needed to be brought to the attention of the Council (3.4.8.12.3). Following discussion (see [External Audit](#) above), the Committee resolved to note External Audit's Report on the Financial Statements for 2020-21.

APPENDIX A: FREQUENCY OF MEETINGS AND ATTENDANCE

Members	25/05/21	23/06/21 ³	20/07/21	21/09/21	21/10/21 ⁴	15/11/21 ²	09/12/21	08/02/22	19/04/22	Total meetings attended
Cllr Peter Rogers (Chair)	✓	✓	✓	✓	✓	✓	Apologies	✓	Apologies	7 / 9
Mr Dilwyn Evans (Lay Member) (Vice Chair)	✓	✓	✓	✓	✓	✓	✓	✓	✓	9 / 9
Cllr Jeff Evans	✓	✓	✓	Absent	✓	✓	✓	Apologies	Absent	6 / 9
Cllr John Griffith	✓	✓	✓	✓	✓	✓	✓	✓	✓	9 / 9
Cllr Richard Griffiths	✓	✓	Apologies	Absent	✓	✓	✓	✓	Apologies	6 / 9
Cllr Gwilym O. Jones	✓	Apologies	✓	✓	Apologies	Apologies	✓	✓	Apologies	5 / 9
Cllr Dylan Rees	✓	✓	✓	✓	✓	✓	✓	✓	Apologies	8 / 9
Cllr Alun Roberts	✓	✓	✓	✓	✓	Apologies	✓	✓	✓	8 / 9
Cllr Margaret M. Roberts	✓	✓	✓	Apologies	✓	✓	Apologies	✓	✓	7 / 9
Cllr Robin Williams (Finance Portfolio Holder)	✓	✓	✓	✓	✓	✓	✓	✓	✓	9 / 9
Total for Committee⁵	10	9	9	7	9	8	8	9	5	

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³ Special meeting to consider draft Statements of Accounts and Annual Governance Statement only

⁴ Special meeting to consider final Statements of Accounts, Annual Governance Statement and External Audit Report on Financial Statements (ISA 260) only

⁵ In accordance with the Committee's Terms of Reference, the committee consists of eight elected members and one lay member. Elected members will not be members of the Executive, but the Finance Portfolio Holder is required, as far as possible, to attend all meetings of the Committee.

APPENDIX B: MEMBER TRAINING 2019-20 TO 2021-22

	Treasury Management	Development Day for Audit Committee (CIPFA)	Safeguarding	GDPR	Planning Matters	Domestic Abuse of Older People	Prevent	Microsoft Teams	Understanding the Impact of Covid-19 (CIPFA)	Informal Zoom Training	Cyber Awareness (eLearning)	Code of Conduct for Members	Equality Impact Assessment
Cllr Peter Rogers (Chair)	2019-20									2020-21			2019-20
Mr Dilwyn Evans (Lay Member) (Vice Chair)	2019-20	2019-20					2019-20		2020-21	2020-21	2019-20		
Cllr Jeff Evans										2020-21		2021-22	
Cllr John Griffith	2019-20		2019-20	2019-20	2019-20			2020-21		2020-21	2019-20		2019-20
Cllr Richard Griffiths	2019-20				2019-20	2019-20		2020-21		2020-21			
Cllr Gwilym O. Jones	2019-20				2019-20			2020-21		2020-21			2021-22
Cllr Dylan Rees	2019-20		2019-20		2019-20			2020-21		2020-21			2019-20
Cllr Alun Roberts	2019-20		2019-20					2020-21		2020-21			2021-22
Cllr Margaret M. Roberts	2019-20				2019-20			2020-21		2020-21	2021-22		

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	29 June 2022
Subject:	Internal Audit Annual Report 2021-22
Head of Service:	Marc Jones, Director of Function (Resources) and Section 151 Officer 01248 752601 MarcJones@ynysmon.gov.uk
Report Author:	Marion Pryor, Head of Audit and Risk MarionPryor@ynysmon.gov.uk
Nature and Reason for Reporting: The Public Sector Internal Audit Standards require the chief audit executive to produce an Internal Audit Annual Report.	

1. Introduction

- 1.1. The Public Sector Internal Audit Standards (PSIAS) require the 'chief audit executive' to deliver an annual internal audit opinion and report that the organisation can use to inform its governance statement. This Committee's terms of reference also require it to consider the annual report of the internal auditors.

- 1.2. This report provides the Committee with the Internal Audit Annual Report for 2021-22, which provides the Head of Audit and Risk's overall opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control during the year.

2. Recommendation

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



INTERNAL AUDIT ANNUAL REPORT 2021-22

Marion Pryor BA MA CMIIA CPFA

June 2022

Head of Audit & Risk

MarionPryor@anglesey.gov.wales



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FOREWORD – CURRENT CONTEXT

The impact of Covid-19 on public services continued during 2021-22. However, the impact on the Internal Audit and Risk Management Team lessened, with staff returning from redeployment to the Covid-19 Business Grants Team and additional Covid-19 administration duties ending during the first quarter of the financial year.

In December 2020, CIPFA¹ had recognised that local government bodies were struggling with considerable challenges and were having to make difficult decisions on how best to use their available staff and financial resources to meet critical needs. Meanwhile, there was no change to the professional and regulatory expectations on local government bodies to ensure their internal audit arrangements conformed to the Public Sector Internal Audit Standards (PSIAS).

CIPFA therefore published sector specific guidance for internal auditors working in or for local government in the UK, setting out key requirements for local government bodies that it recommended heads of internal audit, leadership teams and audit committees should follow for the organisation to meet its assurance needs during 2020-21 and 2021-22.

Following consultation with the Senior Leadership Team (SLT) to take into account the CIPFA guidance, the Head of Audit and Risk submitted a report to the Governance and Audit Committee in February 2021, which outlined the provisions that she would make, while taking into account capacity issues, to obtain sufficient assurance during 2021-22 to support the annual opinion.

The Head of Audit and Risk accounted for these issues in the Internal Audit Strategy for 2021-22, which the Governance and Audit Committee subsequently approved at its meeting of 20 April 2021.

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

INTRODUCTION

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

The annual opinion must include:

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

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

INTERNAL AUDIT OPINION

Head of Internal Audit Opinion 2021-22

For the 12 months ended 31 March 2022, the Isle of Anglesey County Council's Head of Audit and Risk's opinion is that the organisation has an adequate and effective framework for risk management, governance and internal control.

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

There are no qualifications to this opinion.

BASIS OF MY OPINION

Scope

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

Limitations

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

Third Line Assurance³

Key to being able to obtain sufficient assurance to inform the opinion was to take into account internal audit reviews of the strategic risks and other audit work, and the assurance ratings provided:

Audits of Strategic Risks

During 2021-22, following a comprehensive review of the Council's risks to achieving its corporate priorities, 13 risks were rated as having a red or amber residual risk rating and were recorded in a strategic risk register. We aim to audit 60% of red and amber residual

³ Definitions of assurance ratings in place during 2021-22 can be found at [Appendix A](#)

risks over a two-year cycle. We reviewed 10 (83%⁴) of these over a 24-month period (20% in 2020-21). ([Appendix B](#) refers).

We were able to provide **'Reasonable'** assurance that the Council was effectively managing all but one of the strategic risks we reviewed. We could only provide **'Limited'** assurance for one audit (IT Service Continuity - Phishing), which we are currently following up.

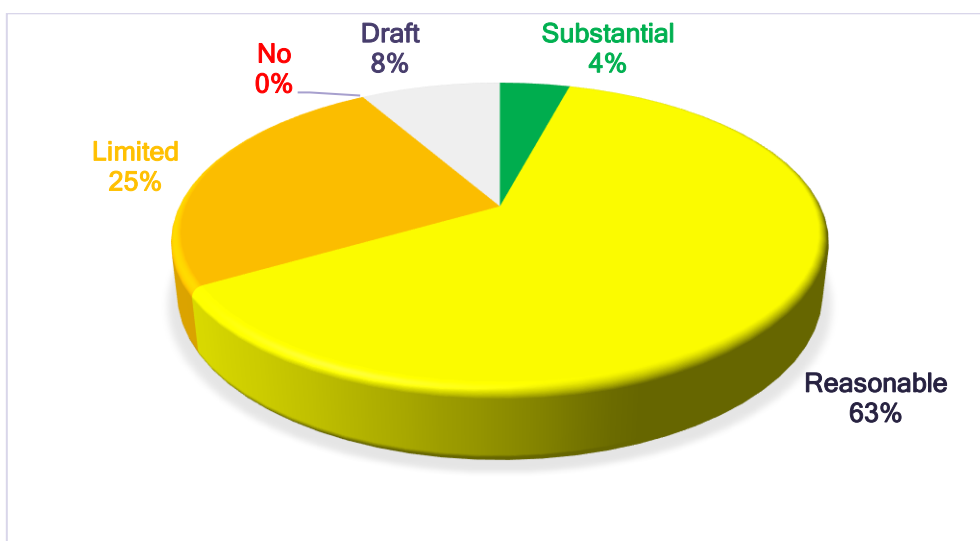
Other audit work

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

Of the 17 audits of this type we undertook during 2021-22, we were able to provide one with **'Substantial'** assurance (none in 2020-21), eight with **'Reasonable'** assurance (nine in 2020-21) and six **'Limited'** assurance (four in 2020-21). Two investigations were not provided with assurance ratings.

Internal Audit Assurance ratings provided during 2021-22

Overall, we were able to provide **'Reasonable'** assurance or above for 67% (78% in 2020-21) of the assurance audits we undertook during 2021-22.



⁴ We were unable to review one strategic risk at the request of the Director of Education, Skills and Young People following a pause of the Schools Modernisation programme.

Six audits (25%) received '**Limited**' assurance during the year, compared to five (22%) in 2020-21. In accordance with our protocol, we formally revisit all the 'Issues/Risks' raised in reports with a '**Limited**' assurance, when they become due, to ensure they are effectively addressed.

We formally revisited all seven reports with a '**Limited**' assurance rating. Following our revisit, we were able to raise the assurance to '**Reasonable**' in three of the reports, while we will continue to monitor and report on the remaining four.

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

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

ISSUES/RISKS RAISED

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 successful in enabling our internal audit follow up and action tracking processes.

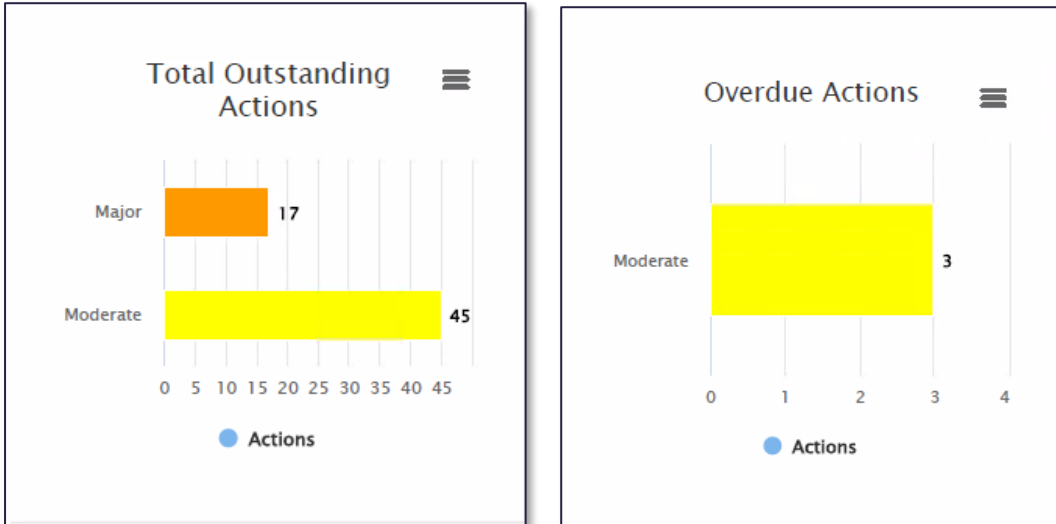
We continue to develop and refine our dashboard, which displays a real-time snapshot of current performance in addressing outstanding actions and facilitates effective tracking and reporting of this information. We continuously monitor 'overdue' actions and so are able to obtain updates from management as to progress with addressing them.

We have also developed a bespoke service dashboard to assist Heads of Service and their management teams in monitoring and providing updates on their actions. We are currently piloting this with the Resources service. Unfortunately, the Covid-19 emergency has limited our ability to extend the roll out to services and provide training and support so that management are able to fully utilise its functionalities. We will resume this work during 2022-23.

The following graphs show the outstanding actions as at 31 March 2022. 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 two years.

However, it should be noted that no 'Critical' (red) issues/risks were raised during the year and there are no 'Critical' (red) 'issues/risks' currently outstanding.

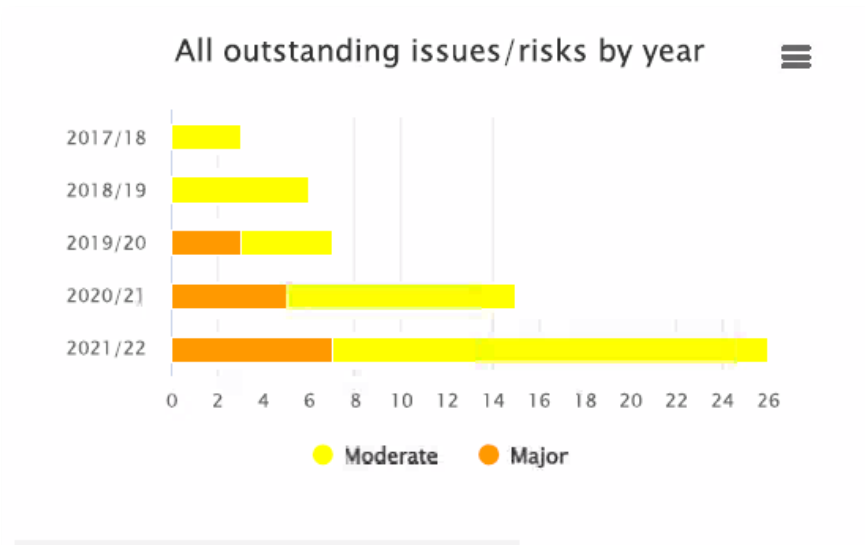
Current and Overdue Actions



As at 31 March 2022, we are monitoring 62 actions via our action tracking system (60 as at 31 March 2021). Of these 17 (20 in 2020-21) are rated 'major' (amber) and 45 (40 in 2020-21) 'moderate' (yellow) in risk priority, as shown above left.

We actively monitor all actions and pursue them with management when they become due to ensure management have effectively addressed them. As at 31 March 2022, three actions (two in 2020-21) had reached their target date and had become 'overdue' (above right).

Issues / Risks by Year



Of the 62 (60 in 2020-21) actions we are monitoring, these were raised between 2017-18 and 2021-22. No actions remaining outstanding from before 2017-18.

While the graph indicates the majority relate to the last two financial years, it does however highlight a small number of old actions that management has yet to fully address.

It should be noted that these nine⁵ actions are rated 'moderate' (yellow) in risk priority. However, we will continue to pursue all actions to ensure management effectively addresses all risks.

Issues / Risks Raised and Due in 2021-22

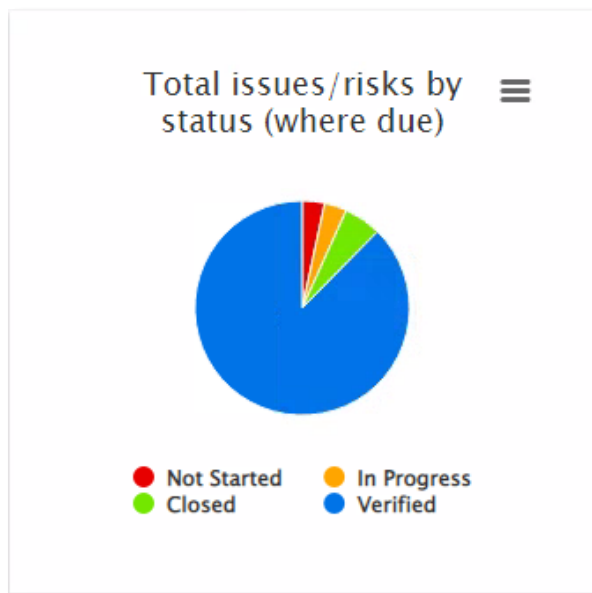


During 2021-22, we raised 31 (21 in 2020-21) 'issues/risks' that required management attention. Of these, we classified nine (seven in 2020-21) as 'major' (amber) and 22 (14 in 2020-21) as 'moderate' (yellow).

Five of the actions raised became due for completion in 2021-22, and management addressed all five (six in 2020-21) before 31 March 2022. This represents 100% performance in this area (100% in 2020-21).

⁵ Sundry Debtors (3); Cyber Security (1); Schools Information Governance (5)

Status of Issues / Risks



The graph above shows the status of all actions that were due to be implemented by 31 March 2022, i.e. whether they are 'in progress', 'not started' or 'closed'. We verify all 'closed' actions to ensure we are satisfied that the action taken by management has addressed the risk originally identified.

Management has addressed 94% (90% in 2020-21) of 'Issues/Risks' raised, which were due, with work in progress on 3% and work has not yet started on 3%.

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, and management need to undertake significantly more work to address the issue/risk.

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

ISSUES RELEVANT TO THE PREPARATION OF THE ANNUAL GOVERNANCE STATEMENT

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

During 2021-22, we have found senior management at the Council to be supportive and responsive to the issues we have raised. We have a good relationship with management; they openly share the areas where they perceive to be potential problems and take on board the results of our work as an opportunity for making improvements.

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

A self-assessment review of good practice of the Governance and Audit Committee 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. It provided a high-level review that incorporated the key principles set out in the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Position Statement and the associated guidance.

The self-assessment concluded that the Governance and Audit Committee had a high degree of performance against the good practice principles. This is an indicator that the Committee is soundly based and had in place a knowledgeable membership. These are the essential factors in developing an effective audit committee. However, some improvements were identified and these were used to support the planning of the Governance and Audit Committee's work programme and training plans.

OUR PERFORMANCE

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

- streamlining reports to the Governance and Audit Committee
- narrowing the focus of audit scopes to examine only key risks
- buying in audit expertise from an external provider (IT Audit from Salford City Council) and subject matter experts (Climate Change health check by Zurich Municipal)
- evaluating all requests for advisory work and prioritising assurance work and advisory work that supports the annual opinion
- increasing communication with services to help ensure good co-operation and avoid unnecessary delays when undertaking audits - there has been better use of technology, such as Microsoft Teams
- continuing with the adoption of an 'agile audit' approach to smooth bottlenecks and remove barriers to progression.

Adding Value

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

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

In conjunction with the Welsh Local Government Association (WLGA), the Head of Audit and Risk developed a national audit, risk and governance eLearning package for members, which will be rolled out this year.

Performance Measures

We have in place a quality assurance and improvement programme to ensure continuous improvement of our internal audit service. In April 2021, the Governance and Audit Committee agreed a number of performance targets within the Strategy for 2021-22, which can be seen below.

Performance Indicator	Performance 2018-19	Performance 2019-20	Performance 2020-21	Target 2021-22	Performance 2021-22
Red and Amber Residual Risks in the Strategic Risk Register audited (over a rolling 24-month period) Appendix B	29%	50%	28%	60%	83%
Audits completed within six months	Not measured	93%	85%	100%	76%
Clients responses at least 'satisfied'	100%	100%	100%	100%	100%
Number of staff	4.0 FTE	4.0 FTE	2.6 FTE ⁶	5.0 FTE	3.1 FTE ⁷

We have performed well against half of our targets, with two out of four indicators meeting their target. Crucially, we have comfortably achieved our target of reviewing 60% of the red and amber residual risks in the Strategic Risk Register, which provides sufficient assurance to allow the Head of Audit and Risk to provide the Annual Audit Opinion. We will increase this target for 2022-23.

Despite a successful recruitment exercise at the end of 2021, we have again failed to meet our target of retaining five full time equivalent (FTE) members of staff, due to secondment and long-term absence. While the secondment continues, the long-term absence has been resolved and we are currently recruiting for a Senior Auditor to join the team.

We did not complete five audits within the target time of six months. This was due to long-term absence, a complex investigation and the prioritisation of work requested by the

⁶ 0.7 FTE supporting Covid-19; 0.4 FTE lost to long-term absence; 1.7 FTE lost to vacancies/flexible working

⁷ 0.5 FTE lost to long-term absence; 1.2 FTE lost to vacancies/flexible working

Director of Function (Resources) and Section 151 Officer. However, in addition, the cooperation and response to our requests for information from front-line operational staff have been delayed; greater pressure on management and staff in response to the pandemic meant that in some areas there was less engagement with internal audit, mainly due to staffing and capacity issues, which have caused our audits to be delayed and take longer.

The Head of Audit and Risk raised this matter formally with the relevant head of service who intervened and ensured the requested information was provided.

Benchmarking

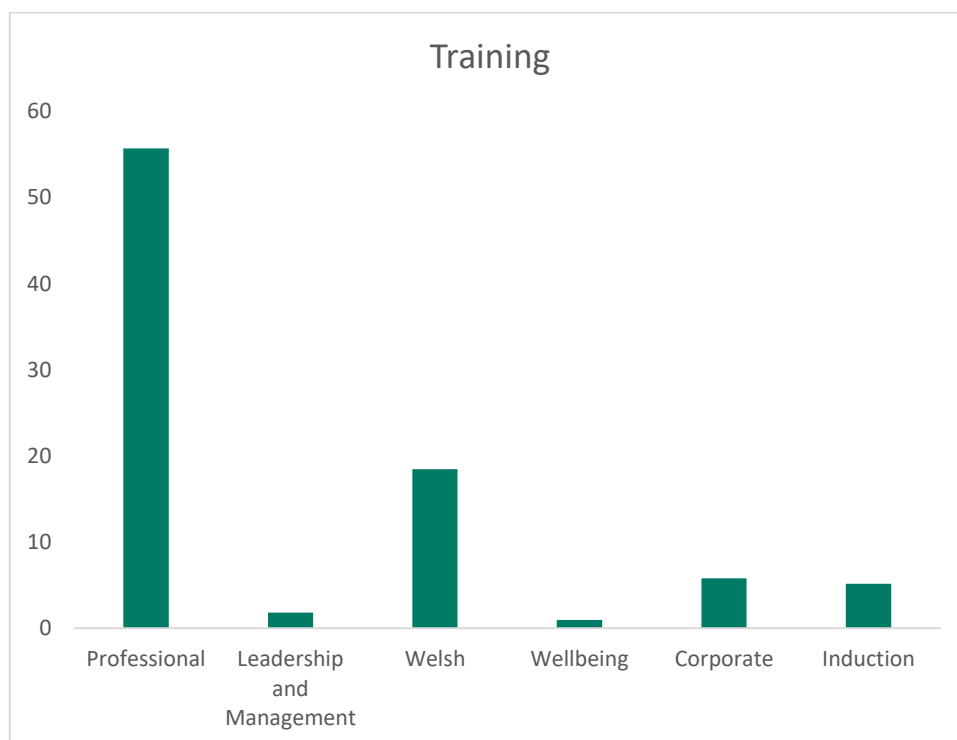
Normally we would benchmark our performance against the 22 members of the Welsh Chief Auditors Group. However, due to the pandemic, benchmarking was cancelled for a second year.

Around 19 councils regularly participate in the benchmarking exercise. However, the number of participants is declining every year, with comparability cited as a factor for lack of participation. Some chief audit executives have also challenged the relevance of the existing performance measures as being too operational in nature. The Welsh Chief Auditors Group has therefore established a working group to review the measures.

TRAINING AND DEVELOPMENT

All current members of the team are professionally qualified, with a good mix of professional qualifications, including CIPFA⁸, CIIA⁹, IRRV¹⁰ and ACFTech¹¹. The service has invested significantly to ensure they continue their professional development and stay abreast of emerging risks and developments in the sector. We have also participated in all the mandatory corporate training, where required.

In total, the service has invested 88¹² (9%) days in training and development during 2021-22 consisting of the following:



⁸ The Chartered Institute of Public Finance and Accountancy (CIPFA) is the professional body for people working in public services.

⁹ The Chartered Institute of Internal Auditors (CIIA) is a professional association for internal auditors.

¹⁰ The Institute of Revenues Rating and Valuation (IRRV) is the professional body for local taxation, benefits and valuation.

¹¹ The ACFTech is counter fraud qualification provided by CIPFA and accredited by the Counter Fraud Professional Accreditation Board.

¹² Total of 139 days in 2020-21, which included 71 days for supporting the induction and development of an unqualified and inexperienced member of staff,

CONFORMANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS

The Public Sector Internal Audit Standards require internal audit services to have an external quality assessment every five years.

An external assessment of the Isle of Anglesey County Council Internal Audit Service, conducted in June 2017, provided assurance that the service '**Generally Conforms**'¹³ with the Standards, which is the top assessment available to the assessor.

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

¹³ 'Generally Conforms' means the evaluator has concluded that the relevant structures, policies and procedures of the internal audit service, as well as the processes by which they are applied, comply with the requirements of the individual Standard or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformance to a majority of the individual Standards or elements of the Code of Ethics, and at least partial conformance to the others, within the section/category. There may be significant opportunities for improvement, but these must not represent situations where the service has not implemented the Standards or the Code of Ethics, has not applied them effectively, or has not achieved their stated objectives. As indicated above, general conformance does not require complete / perfect conformance, the ideal situation, successful practice, etc.

CHALLENGES AND OPPORTUNITIES GOING FORWARDS

Along with the rest of the Council, the Internal Audit team has responded and adapted to new ways of working following the Covid-19 pandemic. We redirected resources to meet the new challenges and the team continues to embrace this agile approach. However, although advances in technology present new opportunities for service redesign, they also provide challenges around complexity and security.

Assurance requirements are fluid and constantly evolving, meaning internal audit must keep up with the pace of change to be able to stay relevant and provide assurance on areas such as climate change, cyber security and evolving financial risks. Internal audit also needs to work in conjunction with the Council's governance, risk, control and assurance frameworks.

In a recent publication, CIPFA¹⁴ argues that internal audit has an increasingly vital role to play in supporting public service organisations to achieve their goals. Demonstrating stewardship of public funds, building and maintaining public trust and confidence in decision making and delivering a sustainable future for taxpayers and service users are fundamental expectations of all those working within the public services. Internal audit can contribute to this complex web of expectations, obligations, ambitions and challenges by providing support in a unique and independent way.

Achieving this requires trained internal auditors supported by modern approaches and professional standards. It needs both capacity and capability. Staff turnover has created a challenge to ensuring there are sufficiently experienced auditors to complete more complex work, as well as to provide coaching and support to new members of staff. However, an enthusiastic and dedicated team places internal audit in a good position to ensure delivery of its strategy and continue to support the Council as a key component of its governance structure.

¹⁴ 'Internal audit: untapped potential', Chartered Institute of Public Finance and Accountancy, May 2022

APPENDIX A: DEFINITION OF ASSURANCE RATINGS 2021-22

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

APPENDIX B: THIRD LINE ASSURANCE - RED AND AMBER RESIDUAL RISKS IN THE STRATEGIC RISK REGISTER 2021-22

Risk Ref	Risk	Date Created (Reviewed)	2018-19	2019-20	2020-21	2021-22
YM 2	Risk that the Council is unable to recruit, retain and develop suitable staff, or that the staffing structure is not suitable, to deliver efficient and effective services.	20/06/18 (12/01/22)	Recruitment & Retention (March 2019)			Recruitment & Retention (May 2022)
YM 3	The risk of IT failure significantly disrupting service delivery	10/09/18 (12/01/22)		IT Audit - IT Resilience (April 2020)	IT Audit - IT Resilience Follow Up (May 2021)	Vulnerability and patch management (Draft) (June 2022)
YM 5	Risk that the schools modernisation project is not fully implemented and that this affects standards and the ability to deliver education where there is demand and respond to the educational challenges of the future.	20/06/18 (12/01/22)	Director of Education, Skills and Young People requested postponement of audit due to pause in the programme			
YM 14	The risk that the physical assets of the Island (e.g. buildings, roads, IT network) are not fit for purpose, or meet the needs of residents, businesses and visitors	19/02/21 (12/01/22)				Investment in Assets (November 2021)
YM 4	The risk of a cyber attack having a significant impact on the Council's ability to provide frontline and support services and resulting in a significant fine from the Information Commissioner	21/06/18 (12/01/22)	IT Audit - Cyber Security (February 2019)		IT Audit - Phishing (May 2021)	IT Audit - Phishing (First Follow Up) (Draft) (June 2022)
YM 6	The risk of the Covid-19 pandemic disrupting the Council's ability to continue the business and support the community.	11/05/20 (12/01/22)			Review of Covid-19 Emergency Response (April 2020)	

Risk Ref	Risk	Date Created (Reviewed)	2018-19	2019-20	2020-21	2021-22
YM 9	The risk of a lack of suitable housing that local residents can afford in their communities	12/01/22				The Council's arrangements for the provision of suitable housing (Draft) (May 2022)
YM 11	The risk of an increase in poverty increasing demand on Council services	20/06/18 (12/01/22)		Welfare Reform (April 2019)		Coping with homelessness and the effect of Covid-19 (June 2021)
YM 1	The risk that the real term reduction in the Council's funding continues and leads to statutory services being curtailed, priorities not being achieved and increased staffing pressures.	14/05/19 (25/01/21) (12/01/22)		Financial Resilience (April 2020)		
YM 7	The risk that a change beyond the Council's control (e.g. Brexit, Covid-19 pandemic) affects the Council's ability to provide affordable services.	20/06/18 04/01/19 (12/01/22)		Managing the Risks of Brexit (January 2020) Business Continuity (February 2020)	Review of Covid-19 Emergency Response (April 2020)	
YM 8	The risk that the tendency for younger people to leave while older people move to the island continues or accelerates, affecting the Council's ability to provide suitable services and the bilingualism of communities	12/01/22				
YM 13	The risk that the Council cannot adapt to become a carbon neutral Authority by 2030.	07/12/20 (12/01/22)				Climate Change and Sustainability Health Check (Draft) (June 2022)
YM 10	The risk that a serious safeguarding error leads or contributes to serious harm to the vulnerable individuals the Council is responsible for.	20/06/18 (12/01/22)	Deprivation of Liberty Safeguards (June 2018)		Corporate Parenting Panel (January 2021)	

APPENDIX C: THIRD LINE ASSURANCE - OTHER INTERNAL AUDIT WORK IN 2021-22

Title of Audit	Date of Final Report	Assurance Level	Critical	Major	Moderate
Emergency management assurance (First Line Assurance)	May-21	Reasonable	0	0	0
Identification of duplicate invoices and recovery of duplicate payments	May-21	Limited	0	3	3
IT Resilience (First Follow Up)	May-21	Reasonable	0	2	1
Social Care Workforce Special Payment Scheme	July-21	Substantial	0	0	0
Management of School Unofficial Funds (First Follow Up)	July-21	Reasonable	0	0	1
Contract allocation complaint (Investigation)	July-21	Not applicable	0	0	0
Leavers' Process (First Follow Up)	Sept-21	Reasonable	0	0	3
Housing allocations	Sept-21	Reasonable	0	3	3
Recovering Council debts and the impact of Covid-19	Nov-21	Limited	0	3	5
Property Services - Procurement of drainage works (Investigation)	Nov-21	Not applicable	0	0	0
Gypsies and Travellers Accommodation (Requirements of the Housing (Wales) Act 2014) Follow Up Review and Status Update (previously corporate risk YM29)	Nov-21	Reasonable	0	0	0
Software Licence Management	Jan-22	Limited	0	1	9
Information Governance (previously corporate risk YM3)	Feb-22	Reasonable	0	2	5
Payments - supplier maintenance and identification of duplicate invoices and recovery of duplicate payments (Combined First Follow Up)	April-22	Limited	0	2	8
Recovering Council debts and the impact of Covid-19 (First Follow Up)	April-22	Limited	0	3	5
The administration of Teachers' Pensions	May-22	Limited	0	2	2
Fraud and Corruption in Procurement (previously corporate risk YM46)	June-22	Reasonable (Draft)	0	0	6
		17	0	21	51

Return to [Section](#)

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	29 June 2022
Subject:	Internal Audit Strategy 2022-23
Head of Service:	Marc Jones, Director of Function (Resources) / Section 151 Officer MarcJones@anglesey.gov.wales
Report Author:	Marion Pryor, Head of Audit and Risk MarionPryor@anglesey.gov.wales
Nature and Reason for Reporting: This report submits the proposed Internal Audit Strategy for 2022-23 for the Governance and Audit Committee's consideration to determine if it meets the Council's assurance requirements. The Public Sector Internal Audit Standards require the chief audit executive to establish a risk-based strategy to determine the priorities of the internal audit activity, consistent with the organisation's goals, which the Governance and Audit Committee must approve (Standard 1110).	

1. Introduction

- 1.1. The proposed Internal Audit Strategy for 2022-23 is attached for review and consideration by the Committee.

2. Background

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

3. Recommendation

- 3.1. That the Governance and Audit Committee considers the Internal Audit Strategy for 2022-23 and considers whether the approach and priorities outlined fulfil the Council's assurance needs.



INTERNAL AUDIT STRATEGY 2022-23

Marion Pryor BA MA CMIIA CPFA

June 2022

Head of Audit & Risk

MarionPryor@anglesey.gov.wales



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FOREWORD – CURRENT CONTEXT

The unprecedented circumstances of the global coronavirus pandemic continue to shape the risk environment for the Council.

Well-established risk management and internal control systems have been critical amid the continued operational disruption. We have rapidly evaluated what we can deliver, and frequently revisited agreed audit priorities with the Senior Leadership Team to determine priorities and provide real-time assurance targeted at the risks of greatest concern.

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

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

INTRODUCTION

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

We operate to the Public Sector Internal Audit Standards¹ (PSIAS), which define internal auditing as:

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

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

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

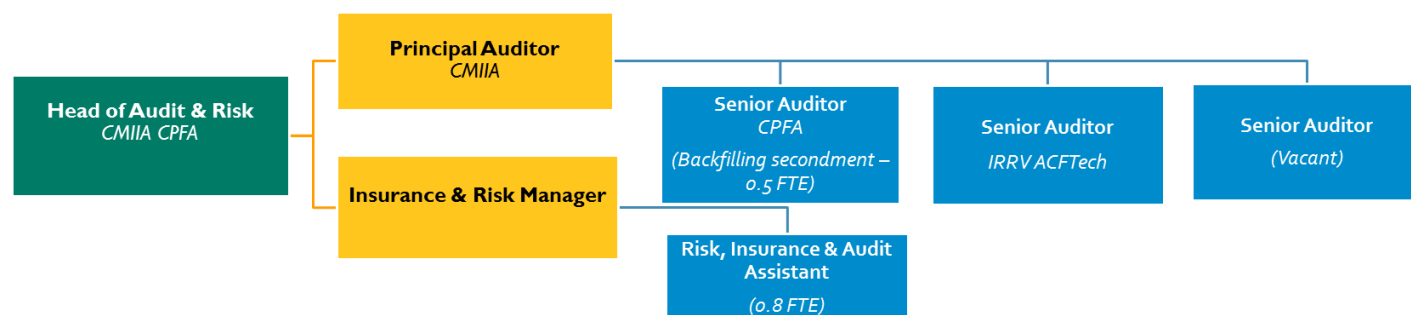
¹ The Relevant Internal Audit Standard Setters (CIPFA, Department of Health, Welsh Government, Department of Finance (NI), HM Treasury and the Scottish Government) issue the Public Sector Internal Audit Standards (2017) and are mandatory for all local and central government bodies.

SERVICE STRUCTURE, CAPACITY AND TRAINING

Structure

The Internal Audit function has undergone significant change in recent years. The integration of the Internal Audit and Risk Management teams and adopting a fully risk-based approach, the ‘three lines model’ and an ‘agile audit’ approach, has improved the assurance it provides to the Council. The team has responded well; staff have adapted their skill sets, delivered more complex and strategic-level audits, and managed higher workloads.

The team includes a wealth of internal and external audit experience, along with an excellent mix of professional qualifications, including CIPFA², CIIA³, IRRV⁴ and ACFTech⁵, along with academic qualifications in Change Management, Business and Accountancy.



Internal Audit & Risk Management, May 2022

² The Chartered Institute of Public Finance and Accountancy (CIPFA) is the professional body for people working in public services.

³ The Chartered Institute of Internal Auditors (CIIA) is a professional association for internal auditors.

⁴ The Institute of Revenues Rating and Valuation (IRRV) is the professional body for local taxation, benefits and valuation.

⁵ The ACFTech is counter fraud qualification provided by CIPFA and accredited by the Counter Fraud Professional Accreditation Board.

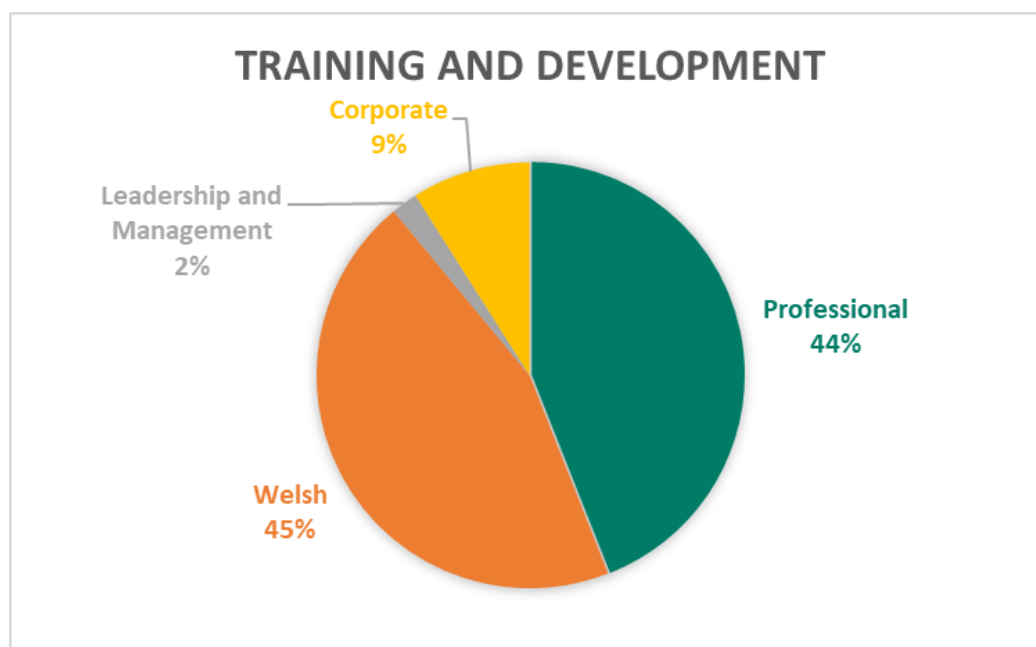
However, staff turnover remains an issue, despite a recent successful recruitment exercise. We are currently carrying 1.5 FTE vacancies at Senior Auditor level due to a secondment and a resignation.

CIPFA⁶ and the CIIA have identified recruitment and retention of staff as a particular challenge for internal audit teams and are planning to undertake some research on options for career paths and routes into internal audit to encourage long-term, sustainable recruitment into the role.

Training

The service will continue to invest significantly in training and development to ensure the team continue their professional development, stay abreast of emerging risks and developments in the sector, and are retained. We will also participate in the mandatory corporate training, where required.

We will invest around 100 days (11%) in training and development during 2022-23, consisting of:



⁶ 'Internal audit: untapped potential', Chartered Institute of Public Finance and Accountancy, May 2022

AUDIT APPROACH

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

Unlike traditional internal auditing, where audit plans are carried out within a strict time-frame and may not necessarily cover the most important risks, risk-based internal auditing is driven by the most recent risk assessments, with the top threats being covered first and far more frequently.

Risk-based Audit Approach

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

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

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

Assurance Mapping

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

The 'three lines model' is a framework that can be used to bring these sources of assurance together, and will give assurance to members, sector regulators and external auditors that appropriate controls and processes are in place and are operating effectively, and will support the Council's Annual Governance Statement.

We will work with the first and second line to secure these assurances and support the Corporate Business and Performance Team to use our risk management software (4risk) to record the 'three lines':

- First Line - Management: Operational functions
- Second Line - Support functions such as HR, Finance, IT, Legal, Information Security, Health & Safety, Risk Management
- Third Line - overall assurance provided by internal, external or other regulatory bodies and Governing Body (Accountability)

Agile audit

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

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

There is also a core focus on collaboration and communication between the audit team and stakeholders throughout the entire experience. Audit quality is always a key consideration, communication is more frequent and informal and there are no surprises.

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

PRIORITIES

Strategic risk register

To ensure we are concentrating on what matters most to the Council, the majority of our work focuses on reviewing the red and amber residual risks on the strategic risk register (where the inherent risk is red), i.e. red/red and red/amber risks, over a two-year cycle. Consequently, the risks last reviewed during 2020-21 will be prioritised for review (see [Appendix A](#)).

Red/Red Risks

Currently, the strategic risk register includes five (seven in 2020-21) risks where the Council has assessed both the inherent and residual risk as red:

- Risk that the Council is unable to recruit, retain and develop suitable staff, or that the staffing structure is not suitable, to deliver efficient and effective services (YM2)
- The risk of IT failure significantly disrupting service delivery (YM3)
- Risk that the schools modernisation project is not fully implemented and that this affects standards and the ability to deliver education where there is demand and respond to the educational challenges of the future (YM5)
- The risk that the physical assets of the Island (eg buildings, roads, IT network) are not fit for purpose, or meet the needs of residents, businesses and visitors (YM14)
- The risk of a cyber attack having a significant impact on the Council's ability to provide frontline and support services and resulting in a significant fine from the Information Commissioner (YM4)

Red/Amber Risks

The remaining seven (10 in 2020-21) red inherent risks which have an amber-rated residual risk include the Covid-19 pandemic disrupting the Council's ability to deliver its services, the provision of suitable housing in the community, rising poverty increasing demand on Council services, reduction in the Council's funding, business continuity, the carbon neutral target and safeguarding.

IT Audit

The UK Government has rated IT as one of the top four risks to UK national security. Cybersecurity and data security are among the top five risks according to chief audit executives in Europe⁷, with 34% saying this is their single biggest risk. This coincides with a material increase in cybercrime over the past 18 months, as criminals have sought to exploit the security weaknesses exposed by operational disruptions.

With an IT-related risk being the top-rated risk in the Council's strategic risk register, along with two other IT-related risks, IT is undoubtedly the most significant risk (and opportunity) for the Council. Advances in technology present new opportunities for service redesign, but they also provide challenges around complexity and security. There are substantial risks of being hacked, staff being unable to use key systems or access key data, all potentially leading to reputational loss, fines in relation to GDPR breaches and critically, a loss of service to vulnerable clients.

Having exhausted our technical capabilities in this area, we have commissioned the IT Auditors of Salford City Council to undertake a programme of work to provide the Council with the assurance that its IT vulnerabilities are being effectively managed.

We have sought assurance that the Council has properly risk assessed and put in place hard and soft defensive controls. Hard controls include regularly updating software patches, properly configuring firewalls and threat detection systems, and using least privilege access and two-factor authentication (2FA) to contain attacks from spreading through the entire network from an initially compromised computer.

Soft controls centre on the risk awareness throughout the organisation, sound cybersecurity culture being a key risk mitigation. Once we are confident that these foundations have been laid, we will turn to the Council's ability to respond and recover. If staff do not understand IT continuity plans or worse there are no plans, the Council will expose itself to unnecessary risk. We will therefore seek evidence that these scenarios are being planned for, including dry run

⁷ 'Risk in Focus 2022: Hot topics for internal auditors', European Confederation of Institutes of Internal Auditing (2022)

exercises, and that there are dedicated cyber crisis management and recovery resources with clear lines of accountability and timely incident reporting.

Fraud

During 2021-22, apart from supporting the Welsh Government with its National Fraud Initiative, undertaking reactive investigations and conducting a review of fraud and corruption in procurement, the counter fraud programme was reduced due to capacity issues.

Plans had included delivering training and an eLearning package to raise awareness and to proactively identify fraud in the organisation, along with exploring the development of an online reporting mechanism.

A report from the Association of Certified Fraud Examiners provided insights on how fraud reporting hotlines and employee training improve detection. It showed that employees were the best source of fraud reporting and that most reports come through online reporting mechanisms.

Fraud awareness training, therefore, has a considerable impact on reporting and countering fraud, so along with undertaking targeted counter fraud activities, we will prioritise working with colleagues in the HR Training and Development team to raise awareness via an eLearning package, and will explore online reporting mechanisms.

We will also continue with the review of the Council's approach to counter fraud, anti-bribery and corruption, anti-money laundering and terrorism financing and will update the Fraud Response Plan accordingly. The Counter Fraud, Bribery and Corruption Strategy 2022-2025 will detail these plans.

The Administration of Teachers' Pensions

During 2021-22, following complaints of gaps in some teachers' pensionable service records, the Director of Function (Resources) and Section 151 Officer requested Internal Audit review the process of submitting pension contribution and service information to the Teachers' Pensions Scheme (TPS). We identified a number of issues that could lead to teachers' pensionable

service records held by the TPS being inaccurate, and could lead to criticism and/or fines from the Pension Regulator.

The TPS developed a new process for submitting data, which should have gone live in April 2022. However, problems with reports have delayed implementation. We will review the accuracy of the new data file, once the new process is fully implemented.

The Administration of Local Government Pensions

Issues within pension administration more generally were identified during the audit of the administration of teachers' pensions and the follow up review of the Leavers' Process audit. We will therefore undertake an audit of the administration of the Local Government pension.

Unofficial School Funds

We will continue to support the Director of Education, Skills and Young People to provide assurance that income and expenditure within unofficial school funds are properly accounted for and the governance arrangements are appropriate. This will involve further feedback and training to head teachers, and the quality assurance of school fund audit certificates.

Financial management in Schools

The work to quality assure audit certificates of school unofficial funds and during the audits of some funds highlighted that financial management processes within schools would benefit from closer review.

Continuous monitoring

In early 2021, we purchased software to enable us to analyse large volumes of data quickly and easily. We used the software when conducting the audit of duplicate payments in the Payments function, and the follow up, which has helped us to identify over £280k of duplicate payments to date.

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

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

Outstanding Work from 2021-22

Due to the pandemic and ongoing staff vacancies, our ability to undertake some of the lower priority work we had identified was set aside. A successful recruitment exercise will hopefully enable us restart this work:

Council Tax and Non-domestic Rates Refunds

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

Gas Safety Inspection

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

Adult Social Care Finance

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

Grant Funding

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

FOLLOW UP

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

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

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

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

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

PERFORMANCE MEASURES

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

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

Performance Indicator	Performance 2019-20	Performance 2020-21	Target 2021-22	Performance 2021-22	Target 2022-23
Red and Amber Residual Risks in the Strategic Risk Register audited (over a rolling 24-month period)	50%	28%	60%	83%	85%
Audits completed within six months	93%	85%	100%	76%	90%
Clients responses at least 'satisfied'	100%	100%	100%	100%	100%
Number of staff	4.0 FTE	2.6 FTE	5.0 FTE	3.1 FTE	5.0 FTE

Benchmarking

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

CHALLENGES AND OPPORTUNITIES GOING FORWARDS

Change and uncertainty has defined the last two years. The European Confederation of Institutes of Internal Auditing argue that ‘In many cases this will require a complete rethink of internal audit’s strategy, planning and where it focuses its efforts’⁸. It continues ‘Internal audit must be bold. If audit committees expect the third line to concentrate on traditional risk areas that are already well controlled, the business is not realising the full potential of internal audit. In such cases, chief audit executives must push back and educate stakeholders, urging them to harness the third line to assess big and rapidly emerging risk themes.’

Fortunately, for internal audit at the Isle of Anglesey County Council, the Governance and Audit Committee and the Senior Leadership Team have already supported internal audit to be bold, by supporting internal audit’s move to risk-based agile audit in 2018.

Internal audit’s ability to support the organisation in achieving its strategic objectives and priorities (which is provided through an appropriate mix of assurance, consulting activity and advice), is dependent on the quality of the internal audit team. However, in a small team, staff absence has had a significant impact. Therefore, increasing the capacity and capability of internal audit is a priority for improving its impact and effectiveness and to build a highly competent and relevant team that can tackle shifting assurance needs with confidence. There are challenges in ensuring there are sufficiently experienced auditors to complete more complex work as well as providing coaching and support to new and inexperienced staff.

The experience from the last two years has provided valuable learning. New and enthusiastic staff have placed the internal audit team in a good position to ensure delivery of its strategy. Consequently, it will continue to support the Council as a key component of its governance structure, **enabling the Head of Audit and Risk to fulfil the requirement to produce an annual internal audit opinion, to support the Annual Governance Statement.**

⁸ ‘Risk in Focus 2022: Hot topics for internal auditors’, European Confederation of Institutes of Internal Auditing (2022)

APPENDIX A: RED AND AMBER RESIDUAL RISKS IN THE STRATEGIC RISK REGISTER

Risk Ref	Risk	Date Created (Reviewed)	2018-19	2019-20	2020-21	2021-22
YM 2	Risk that the Council is unable to recruit, retain and develop suitable staff, or that the staffing structure is not suitable, to deliver efficient and effective services.	20/06/18 (12/01/22)	Recruitment & Retention (March 2019)			Recruitment & Retention (May 2022)
YM 3	The risk of IT failure significantly disrupting service delivery	10/09/18 (12/01/22)		IT Audit - IT Resilience (April 2020)	IT Audit - IT Resilience Follow Up (May 2021)	Vulnerability and patch management (Draft) (June 2022)
YM 5	Risk that the schools modernisation project is not fully implemented and that this affects standards and the ability to deliver education where there is demand and respond to the educational challenges of the future.	20/06/18 (12/01/22)	Director of Education, Skills and Young People requested postponement of audit due to pause in the programme			
YM 14	The risk that the physical assets of the Island (e.g. buildings, roads, IT network) are not fit for purpose, or meet the needs of residents, businesses and visitors	19/02/21 (12/01/22)				Investment in Assets (November 2021)
YM 4	The risk of a cyber attack having a significant impact on the Council's ability to provide frontline and support services and resulting in a significant fine from the Information Commissioner.	21/06/18 (12/01/22)	IT Audit - Cyber Security (February 2019)		IT Audit - Phishing (May 2021)	IT Audit - Phishing (First Follow Up) (Draft) (June 2022)
YM 6	The risk of the Covid-19 pandemic disrupting the Council's ability to continue the business and support the community.	11/05/20 (12/01/22)			Review of COVID-19 Emergency Response (April 2020)	

Risk Ref	Risk	Date Created (Reviewed)	2018-19	2019-20	2020-21	2021-22
YM 9	The risk of a lack of suitable housing that local residents can afford in their communities	12/01/22				The Council's arrangements for the provision of suitable housing (Draft) (May 2022)
YM 11	The risk of an increase in poverty increasing demand on Council services	20/06/18 (12/01/22)		Welfare Reform (April 2019)		Coping with homelessness and the effect of Covid-19 (June 2021)
YM 1	The risk that the real term reduction in the Council's funding continues and leads to statutory services being curtailed, priorities not being achieved and increased staffing pressures.	14/05/19 (25/01/21) (12/01/22)		Financial Resilience (April 2020)		
YM 7	The risk that a change beyond the Council's control (e.g. Brexit, Covid-19 pandemic) affects the Council's ability to provide affordable services.	20/06/18 04/01/19 (12/01/22)		Managing the Risks of Brexit (January 2020) Business Continuity (February 2020)	Review of COVID-19 Emergency Response (April 2020)	
YM 8	The risk that the tendency for younger people to leave while older people move to the island continues or accelerates, affecting the Council's ability to provide suitable services and the bilingualism of communities	12/01/22				
YM 13	The risk that the Council cannot adapt to become a carbon neutral Authority by 2030.	07/12/20 (12/01/22)				Climate Change and Sustainability Health Check (Draft) (June 2022)
YM 10	The risk that a serious safeguarding error leads or contributes to serious harm to the vulnerable individuals the Council is responsible for.	20/06/18 (12/01/22)	Deprivation of Liberty Safeguards (June 2018)		Corporate Parenting Panel (January 2021)	

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2022 Audit Plan – Isle of Anglesey County Council

Audit year: 2021-22

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

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

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2022 Audit Plan

About this document

- 1 This document sets out the work I plan to undertake during 2022 to discharge my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

My duties

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

Audit of financial statements

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

Value for money

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

Sustainable development principle

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

Impact of COVID-19

- 6 The COVID-19 pandemic has had an unprecedented impact on the United Kingdom and the work of public sector organisations.
- 7 While Wales is currently at Coronavirus Alert Level 0, Audit Wales will continue to monitor the position and will discuss the implications of any changes in the position with your officers.

Audit of financial statements

- 8 It is my responsibility to issue a certificate and report on the financial statements. This includes:
 - an opinion on the on the 'truth and fairness' of the Council's financial statements for the financial year ended 31 March 2022; and
 - an assessment as to whether the Council's Narrative Report and Annual Governance Statement is prepared in line with the CIPFA Code and relevant

guidance and is consistent with the financial statements and with my knowledge of the Council.

- 9 In addition to my responsibilities for auditing the Council's financial statements, I also have responsibility for:
- certifying a return to the Welsh Government which provides information about the Council to support preparation of Whole of Government Accounts;
 - responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary);
 - the certification of a number of grant claims and returns as agreed with the funding bodies.
- 10 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Governance and Audit Committee prior to completion of the audit.
- 11 Any misstatements below a trivial level (set at 5% of materiality) I judge as not requiring consideration by those charged with governance and therefore will not report them.
- 12 There have been no limitations imposed on me in planning the scope of this audit.
- 13 I will also report by exception on a number of matters which are set out in more detail in our Statement of Responsibilities, along with further information about my work.

Audit of financial statements risks

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

Exhibit 1: financial statement audit risks

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

Audit risk	Proposed audit response
Significant risks	
<p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>We will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business.
Other audit risks	
<p>Impact of COVID-19 Although COVID-19 restrictions have now been removed, there have been ongoing pressures on staff resource and of remote working that may impact on the preparation, audit and publication of accounts. There is a risk that the quality of the accounts and supporting working papers, e.g. around estimates and valuations, may be compromised leading to an increased incidence of errors. Quality monitoring arrangements may be compromised due to timing issues and/or resource availability.</p>	<p>We will discuss your closedown process and quality monitoring arrangements with the accounts preparation team and make arrangements to monitor the accounts preparation process. We will help to identify areas where there may be gaps in arrangements.</p>

Audit risk	Proposed audit response
<p>The COVID-19 pandemic will have a significant impact on the risks of material misstatement and the shape and approach to my audit. The Welsh Government has made available various funding streams to the authority. In some cases, these monies provide financial support to the authority itself. In other cases, the funds have been administered by the authority, making payments to third parties on behalf of the Welsh Government. Payments have been made available through a number of different schemes over the course of 2021-22 and the amounts involved are material to the accounts.</p> <p>Examples of audit risks include:</p> <ul style="list-style-type: none"> • Incorrect accounting treatment for COVID-19 funding ie principal or agency arrangements • Fraud/error risks • Potential year-end valuation uncertainty • Estimation of accrued annual leave provisions 	<p>We will review the funding streams received from the Welsh Government and confirm the appropriate accounting treatment with the authority.</p>
<p>Asset valuations</p> <p>Accounting for Property, Plant and Equipment and Intangible Assets continued to be one of the most challenging areas of the accounts and gives rise to most of our audit findings.</p> <p>In light of the COVID restrictions that were in place throughout 2021-22 and uncertainties over market values for assets since the start of the pandemic, there is a risk that the carrying value of assets reported in the accounts may be materially different to the current value of assets as at 31 March 2022. In particular, this may be the case where assets have been valued on a rolling basis and not as at the financial year-end.</p>	<p>We will review the Council's asset valuation programme to establish when individual groups of assets were valued and seek to confirm that valuations carried out earlier than as at 31 March 2022 are not materially different to the current value of assets as at the year-end.</p>

Audit risk	Proposed audit response
<p>Streamlining the accounts</p> <p>The Council's 2020-21 Statement of Accounts contained excessive detail and disclosures below materiality. This was reported as a significant issue arising from the audit in the Audit of Accounts Report. Local authority accounts can be difficult to interpret if they include too much detail, or do not draw attention to key messages about the authority's financial position or financial performance. Streamlining the accounts can lead to high quality, clearer and shorter accounts with less resource.</p>	<p>The Council have advised they will streamline the 2021-22 Statement of Accounts. The result of the simplification measures will not be known until the draft accounts are submitted for audit later in the year, at which point we will review their effectiveness.</p>
<p>Quality of draft accounts and working papers</p> <p>The Council's 2020-21 draft accounts required a large number of non-material amendments. Many of the working papers that were provided initially were insufficient and contained inconsistencies with entries in the ledger and accounts. This was reported as a significant issue arising from the audit in the Audit of Accounts Report.</p>	<p>The Council have advised that they have implemented measures to improve the quality of the draft statement of accounts and supporting working papers. The impact of the effectiveness of these measures will not be known until the information is submitted for audit later in the year.</p>

Performance audit

- 15 In addition to my Audit of Financial Statements I also carry out a programme of performance audit work to discharge my duties as Auditor General as set out in **paragraphs 4 and 5** in relation to value for money and sustainable development.
- 16 In response to the pandemic, I adopted a flexible approach to my performance audit work both in terms of topic coverage and methodology. This enabled me to respond to the fast-moving external environment and provide more real-time feedback in a range of formats.
- 17 For 2022-23, I intend to continue this approach to help enable my work to be responsive and timely, and where possible to share learning more quickly. As part of this approach, I anticipate that a significant proportion of my local performance audit programme will continue to be delivered through the Assurance and Risk Assessment Project, that will be ongoing throughout the year.

- 18 Given the high degree of commonality in the risks facing councils, I also intend to deliver a number of thematic projects examining risks common to all councils.
- 19 During 2020-21, I consulted public bodies and other stakeholders on how I will approach my duties in respect of the Well-being of Future Generations (Wales) Act 2015 from 2020-2025.
- 20 In March 2021, I wrote to the public bodies designated under the Act setting out my intentions, which include a). carrying out specific examinations of how public bodies have set their well-being objectives and b). integrating my sustainable development principle examinations of steps to meet well-being objectives with my national and local audit programmes.
- 21 My auditors are liaising with Isle of Anglesey County Council to agree the most appropriate time to examine the setting of well-being objectives.
- 22 The examination of steps to meet well-being objectives will be conducted as part of work set out in this audit plan and successive audit plans, leading up to my statutory report under the Act in 2025.
- 23 For 2022-23 my performance audit work at Isle of Anglesey County Council is set out below.

Exhibit 2: performance audit programme 2022-23

This table summarises the performance audit programme for 2022-23

Performance audit programme	Brief description
Assurance and Risk Assessment	<p>Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources and acting in accordance with the sustainable development principle.</p> <p>At Isle of Anglesey County Council, the project is likely to focus in particular on:</p> <ul style="list-style-type: none">• Financial position• Capital programme management• Use of performance information – with a focus on service user feedback and outcomes• Setting of well-being objectives
Thematic review – unscheduled care	<p>We intend to undertake a cross-sector review focusing on the flow of patients out of hospital. This review will consider how Isle of Anglesey County Council is working with its partners to address the risks associated with the provision of social care to support hospital discharge, as well as prevent hospital admission. The work will also consider what steps are being taken to provide medium to longer-term solutions.</p>
Thematic review (tbc)	<p>To be confirmed following the consultation referred to in paragraph 24 below.</p>
Local review	<p>A review of planning services (scope of the audit to be agreed before work begins).</p>

- 24 In March 2022, I published a [consultation](#) inviting views to inform our future audit work programme for 2022-23 and beyond. In particular, it considers topics that may be taken forward through our national value for money examinations and studies and/or through local audit work across multiple NHS, central government and local government bodies. As we develop and deliver our future work programme, we will be putting into practice key themes in our new five-year strategy, namely:
- the delivery of a strategic, dynamic, and high-quality audit programme; supported by
 - a targeted and impactful approach to communicating and influencing.
- 25 The possible areas of focus for future audit work that we set out in the consultation were framed in the context of three key themes from our [Picture of Public Services](#) analysis in autumn 2021, namely: a changing world; the ongoing pandemic; and transforming service delivery. We also invited views on possible areas for follow-up work.
- 26 We will provide updates on the performance audit programme through our regular updates to the Council.

Certification of grant claims and returns

- 27 I have also been requested to undertake certification work on the Council's grant claims, which I anticipate will include Housing Benefits, Teachers' Pensions and Non-Domestic Rates returns.

Statutory audit functions

- 28 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
 - Section 31 Right to make objections at audit.
- 29 As this work is reactive, I have made no allowance in the fee table below. If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee, audit team and timetable

- 30 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with a timescale to be agreed taking into account the impact of COVID-19, to the quality expected and have been subject to a robust quality assurance review;
 - information provided to support the financial statements is in accordance with the agreed audit deliverables document;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.
- 31 If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee

- 32 As set out in our Fee Scheme 2022-23 our fee rates for 2022-23 have increased by 3.7% as a result of the need to continually invest in audit quality and in response to increasing cost pressures.
- 33 The estimated fee for 2022 is set out in **Exhibit 3**. This represents a 3.6% increase (excluding grant certification work) compared to your actual 2021 fee.

Exhibit 3: audit fee

This table sets out the proposed audit fee for 2022, by area of audit work, alongside the actual audit fee for last year.

Audit area	Proposed fee (£) ¹	Actual fee last year (£)
Audit of accounts ²	199,087	192,000
Performance audit work ³	103,908	100,390
Grant certification work ⁴	65,000-75,000	65,000-75,000
Total fee	337,995	367,390

- 34 Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Council.
- 35 Further information can be found in my [Fee Scheme 2022-23](#).

Audit team

- 36 The main members of my team, together with their contact details, are summarised in **Exhibit 4**.

Exhibit 4: my audit team

This table lists the members of the local audit team and their contact details.

Name	Role	Contact number	E-mail address
Derwyn Owen	Engagement Director	029 20320566	derwyn.owen@audit.wales
Yvonne Thomas	Audit Manager (Financial Audit)	029 22677830	yvonne.thomas@audit.wales

Notes:

¹ The fees shown in this document are exclusive of VAT, which is not charged to you.

² Payable November 2021 to October 2022.

³ Payable April 2022 to March 2023.

⁴ Payable as work is undertaken. The 2020-21 is an estimated fee as not all the certification work has been completed.

Name	Role	Contact number	E-mail address
Gareth Evans	Audit Lead (Financial Audit)	029 20829309	gareth.evans@audit.wales
Jeremy Evans	Audit Manager (Performance Audit)	07825 052861	jeremy.evans@audit.wales
Alan Hughes	Audit Lead (Performance Audit)	029 20829349	alan.hughes@audit.wales

- 37 The only known threat to independence that I need to bring to your attention relates to the Audit Manager (Financial Audit) as she has a close friend employed by the Council. As a result, she will not be involved in any work in relation to the relevant service.

Timetable

- 38 The key milestones for the work set out in this plan are shown in **Exhibit 5**.
- 39 The Public Audit (Wales) Act 2004 provides electors with the right to ask questions and to make objections to the Authority's accounts to the Auditor General. The rights to ask questions and make objections at audit are linked to electors' rights to inspect the accounts that are also set out in the 2004 Act.

Exhibit 5: audit timetable

Planned output	Work undertaken	Report finalised
2022 Audit Plan	March 2022	April 2022
Audit of Financial statements work: <ul style="list-style-type: none"> • Audit of Financial Statements Report • Opinion on Financial Statements 	July to October 2022	October 2022 October 2022
Performance audit work: <ul style="list-style-type: none"> • Assurance and Risk Assessment • Thematic Review – unscheduled care • Thematic Review [tbc] • A review of planning services. 	Timescales for individual projects will be discussed with the Council and detailed within the specific project briefings produced for each piece of work.	
Grants certification work <ul style="list-style-type: none"> • Housing Benefit • Non-Domestic rates • List other schemes 	Autumn/Winter 2022	Autumn/Winter 2022
Annual Audit Summary	N/A	December 2022 subject to completion of accounts audits



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

Audit Wales Work Programme and Timetable – Isle of Anglesey County Council

Quarterly Update: 31 March 2022

Work Programme Consultation

In early March 2022, we launched a consultation on the Auditor General's work programme for 2022-23 and beyond. We have requested responses by 8 April 2022, if possible, but will be considering responses received after this time to inform our ongoing work programme planning. We have circulated the consultation widely across our stakeholder base.

Annual Audit Summary

Description	Timetable	Status
A report summarising completed audit work since the last Annual Audit Summary, which was issued in January 2022.	December 2022	Draft to be issued November 2022.

Financial Audit work

Description	Scope	Timetable	Status
Audit of the Council's 2021-22 Statement of Accounts	To provide an opinion on the 'truth and fairness' of the financial statements for the financial year ended 31 March 2022.	Interim audit: <ul style="list-style-type: none"> January 2022 through to April 2022. Final audit: <ul style="list-style-type: none"> June 2022 through to September 2022. 	Interim audit completed.
Certification of Grant returns: Teachers' Pension Contributions for the financial year 2021-22	Certification that the end of year certificate is: <ul style="list-style-type: none"> Fairly stated In accordance with the relevant terms and conditions 	Council deadline last working day in May 2022. Certification deadline 30 November 2022.	Deadline for completion of return by the Council not yet reached.
Certification of Grant returns: Housing Benefit Subsidy 2019-20	Certification that nothing has come to our attention to indicate that the return is: <ul style="list-style-type: none"> Not fairly stated Is not in accordance with the relevant terms and conditions 	Council deadline 30 April 2020. Certification deadline 31 January 2021.	Not yet certified. The audit is still incomplete due to many auditor queries remaining outstanding.

Description	Scope	Timetable	Status
Certification of Grant returns: Housing Benefit Subsidy 2020-21	Certification that nothing has come to our attention to indicate that the return is: <ul style="list-style-type: none"> • Not fairly stated • Is not in accordance with the relevant terms and conditions 	Council deadline 30 April 2021. Certification deadline 28 February 2022.	Not yet certified. Audit work has been undertaken but no queries raised with the Council, in order that they may focus on prioritising their response the 2019-20 claim queries first.
Certification of Grant returns: Housing Benefit Subsidy 2021-22	Certification that nothing has come to our attention to indicate that the return is: <ul style="list-style-type: none"> • Not fairly stated • Is not in accordance with the relevant terms and conditions 	Council deadline 30 April 2022. Certification deadline 31 January 2023.	Return received on 29 April 2022.
Certification of Grant returns: Non-Domestic Rates 2021-22	Certification that nothing has come to our attention to indicate that the return is: <ul style="list-style-type: none"> • Not fairly stated • Is not in accordance with the relevant terms and conditions 	Council deadline 30 June 2022. Certification deadline 30 November 2022.	Deadline for completion of return by the Council not yet reached.

Performance Audit work

2020-21 Performance Audit Work	Scope	Timetable	Status
Commissioning Older People’s Care Home Placements – the six North Wales Councils and Betsi Cadwaladr University Health Board	A project common to the six North Wales Councils and Betsi Cadwaladr University Health Board that reviewed how partners collaborate in the strategic commissioning of residential and nursing home care.	December 2021	Final regional report published in December 2021. National report also published December 2021.
Financial Sustainability	A project common to all local councils that will assess financial sustainability in the light of current and anticipated future challenges building on work undertaken during 2019-20.	August 2021	Final local report published August 2021. National Summary Report published September 2021.

2021-22 Performance audit work	Scope	Timetable	Status
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	We will seek to integrate the delivery of our WFG examinations of steps to deliver wellbeing objectives with our other audit work. We will discuss this with the council as we scope and deliver the audit projects listed in this plan.	Not applicable	Not applicable
Improvement reporting audit	Audit of discharge of duty to publish an assessment of performance.	October 2021	Certificate issued August 2021.

2021-22 Performance audit work	Scope	Timetable	Status
Assurance and Risk Assessment	<p>Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.</p> <p>At Isle of Anglesey County Council, the project is likely to focus on:</p> <ul style="list-style-type: none"> • Financial position • Self-assessment arrangements • Recovery planning • Implications of the Local Government and Elections (Wales) Act • Carbon reduction plans 	April 2021 to March 2022	Ongoing
Springing Forward – Examining the building blocks for a sustainable future	<p>As the world moves forward, learning from the global pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.</p>	<p>October 2021 – March 2022.</p> <p>Focus on workforce and asset management.</p>	Fieldwork complete, report being drafted.

2021-22 Performance audit work	Scope	Timetable	Status
Review of Improving through Learning: Housing Benefit	Identify learning opportunities and improve the Housing Benefit Claim Certification process.	January to March 2022	Letter issued to the Council in March 2022.

Local government national studies planned/in progress

Study	Scope	Timetable	Status	Fieldwork planned at Isle of Anglesey County Council
Direct Payments	Review of how local authorities manage and promote the use of Direct payments	Publication April 2022	Publication	None
Follow-up on People Sleeping Rough	Review of how local authorities responded to the needs of people sleeping rough during the pandemic following up on the AGW's report of July 2020	N/A	N/A	This work is not progressing in 2021-22.

Study	Scope	Timetable	Status	Fieldwork planned at Isle of Anglesey County Council
Poverty	Understanding how local authorities ensure they deliver their services to minimise or reduce poverty.	Autumn 2021 – Autumn 2022	Fieldwork	Yes – interview with nominated officer at the Council.
Social Enterprises	Review of how local authorities are supporting and utilising social enterprises to deliver services	Autumn 2021 – Autumn 2022	Fieldwork	Yes – interview with nominated officer at the Council.
Community Resilience	Review of how local authorities can build greater resilience in communities	Autumn 2021 – Autumn 2022	Fieldwork	Yes – interview with nominated officer at the Council.

Estyn

Estyn planned work 2021-22	Scope	Timetable	Status
Local Government Education Services Inspections	<p>Estyn has worked closely with Directors of Education to review their inspection guidance for local government education services (LGES) to reflect the experiences of the pandemic. Estyn has inspected three local authorities during the autumn and spring terms. The Cardiff and Merthyr Tydfil reports have been published and the Torfaen report will be published on 18 May.</p>	<p>LGES inspections to resume from the late autumn term</p>	<p>N/A</p>
Curriculum Reform thematic review	<p>Curriculum for Wales – how are regional consortia and local authorities supporting schools published on 24 March.</p>	<p>Evidence collecting in September/October – published in March</p>	<p>N/A</p>

Care Inspectorate Wales (CIW)

CIW planned work 2021-22	Scope	Timetable	Status
National Assurance Check 2020-21	CIW has now published all assurance check letters. CIW has published its national assurance check report highlighting key findings and recommendations.	Published	Complete
Programme 2022-23	CIW will run a cyclic programme of assurance checks, improvement checks and performance evaluation inspections.	April 2022- March 2023	In progress
National review	Support for disabled children and their families.	Published	Complete
Development	CIW will continue to develop its approach to inspection and review of local authorities. CIW will consult further regarding its approach.	May-June 2022	In progress
Deprivation of Liberty Safeguards Annual Monitoring Report for Health and Social Care 2020-21	Completed	March 2021	Published
Annual meeting with Statutory Directors of Social Services	CIW will meet with all Directors of Social Services	December 2022 and January 2023	Planning

CIW planned work 2021-22	Scope	Timetable	Status
National review of Care Planning for children and young people subject to the Public Law Outline pre-proceedings	<p>Purpose of the review</p> <p>To provide external scrutiny, assurance and to promote improvement regarding the quality of practice in relation to the care planning for children and young people subject to the public law outline pre-proceedings</p> <p>To consider the extent to which practice has progressed since the publication of both the CIW 'National Review of care planning for children and young people subject to public law outline pre proceedings' and the publication of the PLO working group report 2021 including best practice guidance.</p>	September 2022	Planning
Joint Inspection Child Protection Arrangements	Cross-inspectorate approach. Area to be determined.	Autumn 2022	Planning
Deprivation of Liberty Safeguards Annual Monitoring Report for Health and Social Care 2021-22	Following the publication of the 2020-21 report planning is underway for the next report.	2022-23	Planning
Cafcass Assurance Check	CIW will continue to develop its approach to inspection and review of Cafcass Cymru.	2022	Planning

Audit Wales national reports and other outputs published since 1 April 2021

Report title	Publication date and link to report
Local Government Financial Sustainability Data Tool	February 2022
Joint Working Between Emergency Services (including data tool)	January 2022
Care Home Commissioning for Older People	December 2021
The Welsh Government's Warm Homes Programme	November 2021
Taking Care of the Carers? How NHS bodies supported staff wellbeing during the COVID-19 pandemic	October 2021
Financial Sustainability of Local Government	September 2021
NHS summarised accounts infographic	September 2021
Picture of Public Services ¹	September 2021
Town Centre Regeneration	September 2021

¹ Main report published 15 September. Over the following six weeks we published five short sector commentaries: [A picture of local government](#), [A picture of healthcare](#), [A picture of social care](#), [A picture of schools](#), [A picture of higher and further education](#).

Report title	Publication date and link to report
Student finances	August 2021
NHS finances data tool 2020-21	June 2021
Rollout of the COVID-19 vaccination programme in Wales	June 2021
Quality governance arrangements at Cwm Taf UHB – follow-up	May 2021
Welsh Health Specialised Services Committee governance arrangements	May 2021
At your Discretion – Local Government Discretionary Services	April 2021
Procuring and Supplying PPE for the COVID-19 Pandemic	April 2021

Audit Wales national reports and other outputs (work in progress/planned)²

Title	Anticipated publication date
Welsh Government accounts commentary	To be confirmed – plans for this work are now under review
Unscheduled care – data tool and commentary	April 2022
Collaborative arrangements for managing local public health resources	April 2022
Welsh Government setting of well-being objectives	May 2022
COVID response and recovery/Welsh Government grants management – third sector support	May 2022
Curriculum reform	May 2022
NHS waiting times data-tool and planned care commentary	May 2022
Welsh Community Care Information System follow-up	May 2022

² We will continue to keep our plans under constant review, taking account of the evolving external environment, our audit priorities, the context of our own resourcing and the capacity of audited bodies to engage with us. This includes maintaining some flexibility so that we can respond to developments in Welsh Government policy and areas of possible interest for the new Public Accounts and Public Administration Committee.

Title	Anticipated publication date
Orthopaedic services	May/June 2022
NHS finances data tool update	June 2022
Welsh Government workforce	June 2022
Equality impact assessment	July 2022
Climate change – baseline review	July 2022
Broadband infrastructure/digital inclusion	Autumn 2022
Flood risk management	Autumn 2022
COVID response and recovery/Welsh Government grants management – other	To be confirmed
Affordable housing	To be confirmed

Forthcoming Good Practice Exchange events and publications

Title	Anticipated publication/event date
Direct Payments Provision – A webinar discussing the upcoming report on Direct Payments Provision and how they can be a key part in implementing the principles of the Social Service and Well-Being (Wales) Act 2014	6 April 2022 – recording will be published following the event.
Climate Change Event - (Title to be confirmed) A webinar discussing emerging findings from our baseline review of public bodies' arrangements to respond to the Welsh Government's carbon reduction targets for 2030.	19 May 2022 (provisional)
Covid Perspectives: A series of recorded conversations learning how organisations have adapted to the extended period of uncertainty following the initial covid emergency	Good Practice Audit Wales

Recent Audit Wales Blogs

Title	Publication date
Cyber resilience – one year on	9 February 2022
Helping to tell the story through numbers (local government financial sustainability data tool)	3 February 2022

Title	Publication date
<u>Call for clearer information on climate change spending</u>	2 February 2022
<u>Actions speak louder than words</u> (building social resilience and self-reliance in citizens and communities)	14 January 2022
<u>Wales' schools face the alarming challenge of the lowest birth-rate in 100 years</u>	21 December 2021

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Mr Marc Jones

Isle of Anglesey County Council

Director of Resources

(by e-mail)

Reference: 2887A2022

Date issued: 11 April 2022

Dear Marc

Isle of Anglesey County Council - Housing benefit subsidy

With the recent certification of the council's 2018-19 Housing benefit subsidy claim and it being two years since Audit Wales assumed responsibility for the audit of the subsidy claims, I thought it was timely to write to provide you with our perspective on the current position.

As you are aware the Council is required to submit an annual subsidy claim by the end of April for the previous financial year to the Department for Work and Pensions (DWP). The claim is subject to audit typically by 30 November of that year. The claim seeks reimbursement of costs incurred by the Council in paying housing benefit to support residents on low incomes, who rent council or privately owned accommodation. Councils typically receive 100% subsidy for correctly paid housing benefit, though the subsidy rate for reimbursement of benefit incorrectly paid is reduced. If the total benefit overpayments due to errors made by the Council exceed permitted thresholds, the Council will not be reimbursed by DWP and will have to fund those costs.

At Anglesey council the audited subsidy claim has been submitted to the DWP significantly later than the prescribed deadline for a number of years. Audit work undertaken by both Audit Wales (and previously Deloitte) has identified a number of errors in the claim compilation and in the processing of underlying housing benefit cases. Whilst they await the audited claim the DWP have withheld significant final

payments which has a financial consequence to the Council. The additional work required to be performed by auditors means that the audit fees charged to the Council are much higher than would be seen in most other councils.

The table below shows the date the Council's last five subsidy claims have been certified, highlighting that limited progress has been made to get the audit up to date and on the same timeline as all other Council's in Wales.

Subsidy Claim	Certification Deadline	Date Certified
2016-17 ¹	30 November 2017	29 November 2019
2017-18	30 November 2018	11 February 2021
2018-19	30 November 2019	15 November 2021
2019-20	31 January 2021 ²	Not yet certified
2020-21	28 February 2022 ²	Not yet certified

¹ The audit of the 2016-17 subsidy claim was undertaken by Deloitte.

² The certification deadline was extended by the DWP in recognition of the impact of Covid-19.

Within this letter I have taken the opportunity to:

- Reflect on the audit of the 2018-19 subsidy claim.
- Confirm the current position of the audits of the 2019-20 and 2020-21 subsidy claims.
- Consider the impact of delayed certification and claim processing errors.
- Recommend actions to be taken by the council to improve the quality of the subsidy claim and to clear the certification backlog.

You will be familiar with much of the content of this letter, having previously discussed with us our concerns around the Council's capacity to respond to auditor queries and complete extended testing.

You have also received the 2017-18 and 2018-19 covering letters and amendments schedules reported to the DWP, that detail the subsidy adjustments required because of claim processing errors identified during the audits. These letters provide insight into the nature of errors identified and should enable the Council to take appropriate action to address any identified areas of weakness to prevent reoccurrence on future subsidy claims.

Certified 2018-19 Subsidy claim

The 2018-19 subsidy claim was certified in November 2021, with the audit taking place over a protracted period due to the volume of errors, delays in responding to auditor queries and additional audit testing. Due to the value of Local Authority (LA) error overpayments identified during the audit, subsidy penalties were incurred and the amount due from the DWP to the Council was initially reduced by £56,154.

Additional work undertaken at the request of the DWP resulted in a further subsidy loss of £58,738, as the total value of LA error overpayments exceeded the maximum threshold for full or reduced subsidy entitlement.

The total loss to the Council due to processing errors attributed to 'Local Authority Error' for 2018-19 was therefore £114,892.

2019-20 and 2020-21 Subsidy claims

We remain some way off being able to report our findings from the 2019-20 audit and to certify the claim. We have encountered significant delays in receiving responses to our queries, with many responses remaining outstanding, including some to requests that we originally made in 2020.

Whilst we have undertaken audit work on the 2020-21 claim, we haven't yet raised any queries with your team in order that they may focus on responding to queries and undertake additional testing required in respect of the 2019-20 claim.

There is still a considerable amount of work to be completed on the 2020-21 claim.

Impact of delayed certification and processing errors

Delayed certification and numerous processing errors has several consequences:

- Subsidy claims that are not certified on a timely basis can result in the DWP penalising the Council by withholding a proportion of the subsidy payments due to the Council. This has a direct impact on the Council's finances and can be damaging to both cash flow and reputation.
- Delayed certification increases the time between error identification and the impact of any remedial measures taken to correct errors from being reflected in future subsidy claims – in April 2022 the Council will submit its' 2021-22 subsidy claim without having had the opportunity to address issues identified on the 2019-20 and 2020-21 subsidy claims. This increases the likelihood of repeated errors on future claims.
- The subsidy approach acknowledges that some errors will exist in the system and makes allowance for this. As happened with the 2018-19 claim, once the value of errors exceeds a specific percentage of the Council's overall benefit expenditure, penalties are incurred, and subsidy reduced at a direct cost to the Council and local taxpayers.
- When errors are identified, this usually requires additional testing to be undertaken by the Council with review and reperformance testing completed by auditors. Additional testing must also be completed in respect of any error on the following year's subsidy claim, which can be time consuming. If action isn't taken in response to identified errors, there is an increased likelihood of the same error being repeated in future years, resulting in additional work and potentially incurring preventable subsidy loss. From the work we have

undertaken on the Council's subsidy claims over the past two years, we are currently not assured that an effective process to reduce and eliminate errors from current and future housing benefit claims is in place.

- Auditing subsidy claims over a protracted period is inefficient. Delays in adequately responding to information requests often results in the auditor having to re-familiarise themselves with old work, create unnecessary duplication and potentially result in a different auditor having to complete the work. This will increase the audit fee charged to the Council for delivery of the audit. The Council is currently incurring audit fees more than those typically charged to audited bodies for housing benefit audit work.

Action being taken by Management to enable the timely completion of subsidy audit work in accordance with the Department for Work and Pensions certification deadline

The 2021-22 subsidy claim is due for submission at the end of April 2022. In our view unless key changes are made to improve the accuracy of claim processing and measures implemented to effectively manage the demands of the subsidy audit, the Council will continue to be at risk of significant losses of subsidy and reputational damage of claims submitted late.

In Appendix 1, I have made recommendations designed to improve the current situation.

I would be grateful if you could arrange for this letter be tabled as an agenda item for consideration at the next meeting of the Governance and Audit Committee, together with the management response to the recommendations.

Yours sincerely



Derwyn Owen

Engagement Director

R1. The Council needs to address long standing capacity issues to enable subsidy claims to be audited and certified within the agreed timetable.

<p>Findings</p>	<p>The Council lacks both capacity and detailed understanding of the housing benefit subsidy claim to enable the service to respond to audit queries effectively and efficiently.</p> <p>There is currently only one officer in the Council who has detailed knowledge of subsidy. This officer also has other responsibilities which result in them often being unable to respond to audit queries in a reasonable timescale due to competing demands on their time.</p> <p>In addition, the Council does not currently have the capacity to respond effectively to issues identified during the audit, to undertake further analysis of the benefit caseload to remedy errors, or to deliver staff training and awareness to deliver improvements. This increases the likelihood of recurring errors, additional work being required by both the Council and the audit team and as happened with the 2018-19 claim, significant loss of subsidy.</p>
<p>Priority</p>	<p>High</p>
<p>Recommendations</p>	<ul style="list-style-type: none"> • The Council should increase capacity and awareness of the housing benefit subsidy claim and audit process. • The Council should set out a clear, achievable plan of action to clear the backlog of subsidy audits and audit queries.
<p>Benefits of implementing the recommendations</p>	<ul style="list-style-type: none"> • Reduced reliance on a single individual and a spread of knowledge, awareness, and skills across the service. • Additional capacity and subsidy awareness will enable the Council to respond to audit queries in a reasonable timescale and complete audits within the DWP's certification timetable. • Timely completion of audits reduces the risk of the DWP withholding benefit subsidy from the Council due to delayed audit certification of the subsidy claim.

R1. The Council needs to address long standing capacity issues to enable subsidy claims to be audited and certified within the agreed timetable.

Accepted in full by management	Yes – if and when the resources are available
Management response	<p>The responsibility for completing the subsidy claim rests in the main with one officer, for which the subsidy is one of a number of important duties the officer undertakes and at some points in the year, the other duties must take priority.</p> <p>We have previously employed agency staff to supplement the permanent staff to assist in the completion of the subsidy claim and to assist with the audit. Unfortunately, despite numerous attempts, we have been unsuccessful in recruiting someone with the necessary skills and experience.</p> <p>The Benefits Manager has recently returned from a period of secondment with Welsh Government and this will add to the capacity within the Team.</p> <p>We are working with Audit Wales to agree an achievable timetable for completing the outstanding audits with the aim of completing the 19/20 and 20/21 audit by the Autumn. This will then put the Council to be in a position to complete the 21/22 audit by early 2023 and return the Council to the expected timetable for the 22/23 audit i.e. completion by November 2023.</p>
Implementation date	Commencement in June 22 with completion of all outstanding claims plus the claims for 21/22 and 22/23 by November 2023

R2. Control measures should be introduced to correct identified errors and embed a culture of learning and development to improve accuracy of processing.

<p>Findings</p>	<p>The nature of the subsidy audit approach (as set out by the DWP), requires that any errors identified are reviewed and tested in further detail in both the year of audit and again the following year.</p> <p>Findings from our subsidy audit work at the council indicate that the root cause of errors is not being addressed, with errors of the same or similar nature often repeated from one year to the next.</p> <p>Extended testing on errors often identifies multiple further errors of the same nature, indicating that similar errors are widespread across the benefit caseload.</p> <p>Quality control processes are not currently effective and do not identify and correct claim processing errors.</p> <p>It appears to us that the Benefits system is subject to an excessive amount of downtime during working hours to facilitate system upgrades. On these occasions no claim processing is possible, and the Council are unable to respond effectively to any queries that claimants and landlords may have.</p>
<p>Priority</p>	<p>High</p>
<p>Recommendations</p>	<ul style="list-style-type: none"> • The Council implements a process to respond appropriately to any errors identified during the subsidy audit, or otherwise, to ensure future errors are minimised. • The Council reviews specific claim types, including, but not limited to the following, to satisfy themselves that claims are being processed accurately and with correct subsidy classification: <ul style="list-style-type: none"> – Non HRA cases – Student cases – Modified schemes – Tax credit cases – A general review to ensure sufficient documentary evidence has been received. • The Council ensures that staff are made aware of errors and any learning and development needs identified are promptly addressed. The Council should also consider

R2. Control measures should be introduced to correct identified errors and embed a culture of learning and development to improve accuracy of processing.

	<p>whether there are any specific themes or patterns in the errors that are being made.</p> <ul style="list-style-type: none"> • An effective, quality control process should be implemented to identify and correct errors. • System upgrades should be kept up to date and applied where possible out of office hours to minimise disruption to customers, and staff responsible for processing claims.
<p>Benefits of implementing the recommendations</p>	<ul style="list-style-type: none"> • Reduce the risk of subsidy loss to the Council by minimising errors. • Fewer errors will require less additional testing and the likelihood of a more efficient audit and lower audit fee. • Improved level of service to customers who are often vulnerable and should receive the correct award of housing benefit. • Providing appropriate training (formal or informal) should ensure that staff skills, knowledge and awareness are up to date and fewer mistakes are made. • The Council will proactively identify and address quality and accuracy issues earlier. • Minimising system downtime will help reduce the pressure on staff processing claims that can, in turn, lead to errors.
<p>Accepted in full by management</p>	<p>Yes</p>
<p>Management response</p>	<p>The delay in completing the audits, results in delays in identifying errors and as a result errors can continue for a number of years. With this in mind there is a planned restructure of the Revenues and Benefits Team with an increase in the resources in the Performance Team. These increased resources will be directed towards increasing quality assurance work during the year. The quality assurance programme will address bullet points 1 to 4 in the recommendation above.</p>

R2. Control measures should be introduced to correct identified errors and embed a culture of learning and development to improve accuracy of processing.

	<p>The Benefits Manager has returned from a period of secondment and we will continue with the temporary arrangements which will allow the Benefits Manager to address the Auditors recommendations and to improve systems of quality control and staff training by concentrating on the specific errors that have arisen from the audits, but also to feed in issues identified by the quality assurance work into a more comprehensive training programme for staff.</p> <p>The software agreement will shortly be moving to a software as a service agreement, where the software will be run in the Cloud and not on a dedicated Council server. As a result upgrades will be run by the software company and not the Council and this will ensure that upgrades are implemented out of hours and it will also free up a key member of staff to undertake other work, rather than implementing and testing upgrades.</p>
Implementation date	<p>Already commenced but completion is linked to the findings of the outstanding and future audits until the situation returns to the expected timetable and the completion of the proposed restructure.</p> <p>Aim to have a comprehensive training programme in place by April 2023.</p> <p>Software as a system change will take place on 25 September 2022</p>

**CYFARWYDDWR SWYDDOGAETH (ADNODDAU)/
DIRECTOR OF FUNCTION (RESOURCES)**

CYNGOR SIR YNYS MÔN
ISLE OF ANGLESEY COUNTY COUNCIL
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Gofynnwch am – Please ask for: Mr R M Jones

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Ein Cyf – Our Ref:
Eich Cyf – Your Ref: 2887A2022

13 May 2022

Mr Derwyn Owen,
Engagement Director,
Audit Wales,
24 Cathedral Road,
CARDIFF.
CF11 9LJ.

Dear Derwyn,

Re: Isle of Anglesey County Council – Housing Benefit Subsidy

Thank you for your letter regarding the above, which summarises the position in respect of the subsidy and records the details of a number of discussions I have had with you and your staff on this matter.

I have no disagreement with the factual elements of your letter, but I do feel that I should try and put the letter in some context in order to clarify how we have arrived at this position.

The issues clearly began prior to you taking over the responsibility for auditing the subsidy claim in 2016/17. The Auditors, up until 2016/17, had a good understanding of how to audit the subsidy claim, the Council's working practices and systems, and this allowed them to complete the audit within the required timescale and provided the Council with timely feedback which allowed the Council to address the errors identified and prevent them from becoming on-going issues in subsequent claims. Unfortunately, due to a number of factors, the appointed auditors for the 2016/17 & 2017/18 claims were not able to complete the audit in a timely fashion by applying a pragmatic interpretation of the audit guidance. In addition, they expected the Council staff to provide more information prior to them commencing the audit, which the Council was not resourced to provide. These factors led to the initial delays, which then impacted on the completion of the 2016/17 and 2017/18 audit. The problems we encountered as a Council culminated in Audit Wales having to take over the audit of the 2017/18 and 2018/19 claims. This further delayed the process, as your staff had to virtually begin the audit process again for those 2 years. This increased the workload for the one member of staff who deals with the subsidy for the Council, and led to delays in identifying the errors you refer to and delayed the Council in responding to those errors. Had the initial audits in 2016/17 and 2017/18 been undertaken to the previous standard, we believe that the problems would not have become as significant as they have become.

The audit guidance applies equally to all authorities and the level of testing is not linked to the size of the Authority. This places a significant burden on small authorities, such as Anglesey, with the level of testing not being proportionate to the level of risk. I understand that Audit Wales undertake the audit in line with DWP guidance, but the guidance needs to be updated and we believe that Audit Wales should be trying to influence DWP to revise their guidance in order that the audit undertaken takes account of the associated risk, rather than a one size fits all approach.

You note that the value of errors attributed to Local Authority error is £114,892, but this needs to be considered in context of the total value of the claim for 2018/19, which was £18,544,166, which is an error rate of 0.6%. I accept that this represents a loss which must be funded by the taxpayers of Anglesey and we need to do everything possible to minimise this loss.

Croeso i chi ddelio gyda'r Cyngor yn Gymraeg neu'n Saesneg. Cewch yr un safon o wasanaeth yn y ddwy iaith./
You are welcome to deal with the Council in Welsh or English. You will receive the same standard of service in both languages

We have tried to prioritise the completion of the outstanding subsidy claims and will continue to do so, but the past two years have been very difficult, with the additional responsibilities placed on the team by Welsh Government (free school meals payments, self isolation payments, cost of living grants etc.), the retirement of the Revenues and Benefits Services Manager and the secondment of the Benefits Manager to Welsh Government, and the difficulties brought about by staff having to work from home. In addition, we have found it extremely difficult to identify additional agency staff, with the necessary experience, to come and work for Anglesey in the short term. As you point out in your letter, this has placed an excessive burden of work onto one member of staff, who has a number of other duties which must take priority on occasions.

Moving into the new financial year will reduce the workload which arises at the end of the financial year, the Benefits Manager is due to return from his secondment and, hopefully, with the Covid position improving, staff can return to work in the office and there will be less requirement by Welsh Government to implement additional schemes.

Before addressing the longer term recommendations set out in Appendix 1, I would note that we have identified a member of staff to assist the Performance and Development Manager to complete the outstanding information you require and, hopefully, this will allow us to complete the 2 outstanding audits by the end of the summer / early autumn and allow the commencement of the audit of the 2021/22 subsidy shortly afterwards.

In the longer term, we are in the process of implementing a restructure of the Revenues and Benefits Team, which will result in a strengthening of the Performance & Development Team, which will increase the capacity, not only to deal with the audits, but also to undertake more quality assurance work throughout the year, with the aim of reducing the number of processing errors made.

The return of the Benefits Manager from his secondment will also allow us to concentrate on reviewing errors and putting in place a general training programme for staff and targeted training to address the specific errors identified. Although this work will be too late to influence the 2021/22 claim, I hope that we begin to see the benefit in the 2022/23 claim and, to a greater extent, in the 2023/24 claim. If we can significantly reduce the number of errors then this will reduce the audit testing and reduce the workload for both Audit Wales staff and Council staff, with the added benefit that audit fees and the level of lost subsidy will reduce.

May I take this opportunity to thank you and your staff for the professional, pragmatic and practical way they have dealt with the audit of the claims since you have taken over the work and hope that, once we clear the current backlog, then we can have a process that works in a timely way, with a reduction in the level of audit testing required.

I will arrange for your letter and this response to be discussed at the Governance & Audit Committee when it next meets in June 2022.

Yours sincerely,



MARC JONES
DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER

ISLE OF ANGLESEY COUNTY COUNCIL	
Adroddiad i: Report to:	Governance and Audit Committee
Dyddiad: Date:	29 June 2022
Pwnc: Subject:	Review of Forward Work Programme for 2022-23 (v2)
Pennaeth Gwasanaeth: Head of Service:	Marc Jones Director of Function (Resources) and Section 151 Officer 01248 752601 MarcJones@ynysmon.gov.uk
Awdur yr Adroddiad: Report Author:	Marion Pryor Head of Audit and Risk MarionPryor@ynysmon.gov.uk
Natur a Rheswm dros Adrodd / Nature and Reason for Reporting: To provide a Forward Work Programme for 2022-23 to the members of the Governance and Audit Committee.	

Introduction

1. A Forward Work Programme (v2) 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 Forward Work Programme proposed for 2022-23 meets the Committee's responsibilities in accordance with its terms of reference.

Appendix A –Forward Work Programme 2022-23 v2

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) 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 –Forward Work Programme 2022-23 v2

Core Function	June 2022	July 2022	September 2022	December 2022	February 2023	April 2023
Assurance Framework (3.4.8.7)			Annual Information Governance Report 2021-22 (3.4.8.7.1) Annual Policy Acceptance Report 2021-22 (3.4.8.7.1) Annual ICT Security Report 2021-22 (3.4.8.7.1) Annual Health & Safety Report 2021-22 (3.4.8.7.1)	Annual Information Governance in Schools Report 2021-22 (3.4.8.7.1)		Annual Insurance Report (3.4.8.7.1)
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)	

Appendix A –Forward Work Programme 2022-23 v2

Core Function	June 2022	July 2022	September 2022	December 2022	February 2023	April 2023
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)
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)						

Appendix A –Forward Work Programme 2022-23 v2

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)	Review of the Draft Annual Self-assessment report (3.4.8.15.1/2/3)				
Performance Panel Assessment (3.4.8.16) ¹						

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). 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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