

# Public Document Pack



CYNGOR SIR  
YNYS MÔN  
ISLE OF ANGLESEY  
COUNTY COUNCIL

Mr Dylan J. Williams  
Prif Weithredwr – Chief Executive  
CYNGOR SIR YNYS MÔN  
ISLE OF ANGLESEY COUNTY COUNCIL  
Swyddfeydd y Cyngor - Council Offices  
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<b>RHYBUDD O GYFARFOD</b>	<b>NOTICE OF MEETING</b>
<b>PWYLLGOR LLYWODRAETHU AC ARCHWILIO</b>	<b>GOVERNANCE AND AUDIT COMMITTEE</b>
<b>DYDD IAU, 29 MEHEFIN, 2023 am 2:00 y. p.</b>	<b>THURSDAY, 29 JUNE 2023 at 2.00 pm</b>
<b>YSTAFELL BWYLLGOR 1, SWYDDFEYDD Y CYNGOR AC YN RHITHIOL DRWY ZOOM</b>	<b>COMMITTEE ROOM 1, COUNCIL OFFICES AND VIRTUALLY VIA ZOOM</b>
<b>Swyddog Pwyllgor</b>	<b>Ann Holmes 01248 752518 Committee Officer</b>

## **AELODAU / MEMBERS**

Cynghorwyr / Councillors:-

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

Geraint Bebb, Trefor Lloyd Hughes, MBE, Dyfed Wyn Jones, Euryrn Morris (*Deputy Chair*), Margaret M. Roberts

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

Sedd Wag/Vacant Seat

## **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

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

## **A G E N D A**

### **1 DECLARATION OF INTEREST**

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

### **2 MINUTES OF THE PREVIOUS MEETING (Pages 1 - 12)**

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

- 18 April, 2023
- 23 May, 2023 (election of Chair/Deputy Chair)

### **3 CLIMATE CHANGE UPDATE**

To receive a presentation by the Climate Change Manager.

### **4 ISLE OF ANGLESEY COUNTY COUNCIL ANNUAL SELF-ASSESSMENT REPORT 2023 (Pages 13 - 28)**

To present the report of the Head of Profession (HR) and Transformation.

### **5 EXTERNAL AUDIT: ISLE OF ANGLESEY COUNTY COUNCIL OUTLINE AUDIT PLAN 2023 (Pages 29 - 40)**

To present the report of Audit Wales.

### **6 EXTERNAL AUDIT: AUDIT WALES WORK PROGRAMME AND TIMETABLE QUARTERLY UPDATE (Pages 41 - 60)**

To present the report of Audit Wales.

### **7 INTERNAL AUDIT ANNUAL REPORT 2022/23 (Pages 61 - 84)**

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

### **8 ANNUAL INSURANCE REPORT 2022/23 (Pages 85 - 96)**

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

### **9 ANNUAL REPORT OF THE GOVERNANCE AND AUDIT COMMITTEE 2022/23 (Pages 97 - 122)**

To present the report of the Chair of the Governance and Audit Committee.

### **10 EXTERNAL QUALITY ASSESSMENT OF CONFORMANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS (Pages 123 - 128)**

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

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

**11      REVIEW OF FORWARD WORK PROGRAMME 2023/24 (Pages 129 - 134)**

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

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## GOVERNANCE AND AUDIT COMMITTEE

### Minutes of the hybrid meeting held on 18 April, 2023

- PRESENT:** Mr Dilwyn Evans (Lay Member) (Chair)  
Councillor Euryrn Morris (Deputy Chair)
- Councillors Dyfed Wyn Jones, Geraint Bebb, Dafydd Roberts, Keith Roberts, Margaret M.Roberts, Liz Wood.
- Lay Members: William Parry, Sharon Warnes, Michael Wilson
- IN ATTENDANCE:** Director of Function (Resources) and Section 151 Officer  
Head of Audit and Risk  
Principal Auditor (NW)  
Risk and Insurance Manager (JJ) (for item 8)  
Programme, Business Planning and Performance Manager (for items 3 and 4)  
Service Manager (Community Housing) (LIW) (for item 7)  
Committee Officer (ATH)
- APOLOGIES:** Councillor Alun Roberts (Portfolio Member for Adults' Services and Community Safety)
- ALSO PRESENT:** Councillor Robin Williams (Portfolio Member for Finance),  
Councillor Neville Evans (Portfolio Member for Leisure, Tourism and Maritime), Alan Hughes (Performance Audit Lead – Audit Wales), Yvonne Thomas (Financial Audit Manager – Audit Wales), Bethan H. Owen (Accountancy Services Manager), Andrew Lewis (Senior Auditor), Bryn Owen (Senior Auditor)
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#### 1. DECLARATION OF INTEREST

No declaration of interest was received.

#### 2. MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting of the Governance and Audit Committee held on 7 February, 2023 were presented and were confirmed as correct.

With regard to the further action under item 8 on the minutes with regard to the status of the Strategic Risk Register as an exempt or public item on the Committee's agenda, the Head of Audit and Risk confirmed that having taken advice from the Chief Executive and Director of Function (Council Business)/ Monitoring Officer as requested, the Strategic Risk Register will in future be discussed in open session.

#### 3. EXTERNAL AUDIT: ISLE OF ANGLESEY COUNTY COUNCIL – ANNUAL AUDIT SUMMARY 2022

The report of Audit Wales summarising the work completed by Audit Wales since the last Annual Audit Summary in 2021 was presented for the Committee's information. The

summary forms part of the Auditor General for Wales' duties encompassing continuous improvement; audit of accounts; value for money and the sustainable development principle.

Yvonne Thomas, Audit Wales Financial Audit Manager provided an overview of the financial audit work undertaken during the period confirming that the Auditor General gave an unqualified true and fair opinion on the Council's financial statements on 31 January, 2023. The Auditor General also has responsibility for the certification of a number of grant claims. The audit of the Teachers' Pension and Non-Domestic Rates returns have by now been completed. The 2019-20 Housing Benefit Subsidy was certified on 22 December, 2022 and significant progress has now been made on auditing the 2020-21 Housing Benefits Subsidy.

Alan Hughes, Audit Wales' Performance Lead referred to work carried out to review the Council's value for money arrangements which focused on aspects relating to the Local Government and Elections Act (Wales) 2021 and Carbon reduction plans. During 2021-22 work to examine how councils are strengthening their ability to transform, adapt and maintain the delivery of services was undertaken with the focus on Anglesey on the Council's strategic management of its assets and workforce through the Springing Forward review. Also reviewed was the Council's progress to accurate processing and timely certification of the Housing Benefit Subsidy claim. With the exception of the Local Government and Elections Act (Wales) 2021 Letter, the findings of the review work and the Council's response to them have been reported to the Governance and Audit Committee and an update on the outstanding item will be provided in due course. In addition to local work at each council, studies across the local government sector are carried out in order to make recommendations for improving value for money with councils expected to consider those recommendations and apply them where relevant; the studies published since the last annual improvement report are set out in the report.

In considering the audit summary report the Committee raised the following points specifically in relation to the statement of key facts –

- Clarification of the second key fact wherein it was stated that the Isle of Anglesey County Council has 2.3% of its 44 areas considered to be within the most deprived 10% of areas in Wales.
- The potential impact of a declining population – the Island's population being projected to decrease by 1% between 2020 and 2040 – on service planning and provision.
- Recognition that a predicted 23% increase in the number of people aged 65 or over is likely to pose a challenge for local authority service provision

The Committee was advised that the Isle of Anglesey Local Authority has 44 "areas", also referred to as Lower layer Super Output Areas (LSOAs). One of the 44 LSOAs in Anglesey is within the most deprived 10% of areas in Wales which equates to 2.3%. It was confirmed that the figures are based on the best available information and that population numbers do fluctuate and are influenced by a number of factors and events including economic prosperity which in turn have a bearing on migration.

**It was resolved to note the Annual Audit Summary 2022.**

#### **4. EXTERNAL AUDIT: AUDIT WALES WORK PROGRAMME AND TIMETABLE – ISLE OF ANGLESEY COUNTY COUNCIL**

The report of Audit Wales incorporating the quarterly update as at 31 December, 2022 on the progress of Audit Wales' work programme and timetable was presented for the Committee's consideration. Also included in the report was an update on the status of work by Estyn and Care Inspectorate Wales.

Yvonne Thomas, Audit Wales Financial Audit Manager updated the Committee on the progress of financial audit work confirming the completion of the audit of the Council's financial statements in January, 2023; the certification of Non-Domestic Rates return in March, 2023 and audit of Teachers Pension contributions for 2021-22 at the beginning of April, 2023. Certification of the Housing Benefit Subsidy Grant return for 2020-21 is still in progress and work on the Housing Benefit Subsidy Grant Return for 2021-22 has commenced.

Alan Hughes, Audit Wales' Performance Lead confirmed that most of the 2021-22 performance audit work had been completed and that work under the 2022-23 performance audit programme is at various stages of progress as documented in the report with the programme timetable having slipped slightly. However, he expected to be reporting to the Governance and Audit Committee on the outcome of the reviews as listed over the coming months.

The Committee in noting that Housing Benefits Grant Subsidy certification was still not up to date asked the Director of Function (Resources)/Section 151 Officer to clarify the situation.

The Section 151 Officer referred to the HB grant subsidy claim return certification process and explained that the outcome of the audit of one year's HB subsidy claims return influences the subsequent year's work in as much as errors identified by the auditors on the conclusion of one year's audit then means the Council being asked to carry out additional CAKE testing the following year. This involves extra work and if any further errors are identified leads to additional testing the next year in a repeating pattern that has contributed to the backlog in recent years. Also, co-ordinating external auditor and Finance Service capacity and time to enable the extra work to be done has been a challenge. While the 2019-20 HB subsidy grant claim return has now been certified, it has required further testing at the outset of the 2020-21 HB grant subsidy claim certification process; this work is now substantially complete with the auditors having also concluded their initial sample testing with some queries arising therefrom needing to be addressed. Although the Council is undertaking further testing on specific elements of errors identified from the initial sample testing it is hoped the claim can be certified by the end of May, 2023. The Council has also been simultaneously working on the 2021/22 HB subsidy claim return and has progressed elements of the CAKE testing the aim being to address the results of the auditors' sample testing over the summer months. Resources permitting, certification of the claim should be completed by the end of September. The timetable set by the DWP for the completion of the 2022/23 audit is the end of November, 2023 unless an extension to the schedule is again granted to allow for Covid related pressures. Although it is unlikely that the audit of the 2022/23 subsidy claim will be completed by this deadline, the Council will be in a much better position and will complete the audit early in 2024. Following the departure of the officer responsible for HB subsidy, agency staff have been engaged to undertake the work supported by a secondment. The staffing structure is being reviewed to strengthen the resource allocated to HB subsidy work and implement an ongoing checking regime with a view to reducing the number of errors thereby expediting the process in also reducing the amount of CAKE testing required the following year.

In response to further questions by the Committee regarding the 2022/23 audit and associated considerations, Audit Wales clarified the following –

- That revisions to ISA 315 requiring auditors to undertake a risk identification and assessment process ahead of putting together the audit plan has had a bearing on the audit cycle and means that the final detailed audit plan will not be presented to the Committee until the summer. A draft outline plan has been drawn up and shared with the Council for agreement after which it will be brought to the Committee.

- That carrying out the risk assessment work and what that entails in terms of staff resources will be reflected in a higher audit fee for 2022/23. A letter outlining the changes and what they mean for the audit timetable has been issued to the Council.
- That as regards the risk assessment work adding to the pressures on auditors and the audit process and potentially leading to slippage at a time when efforts are being made to clear the backlog with the HB subsidy claim work, the new requirements have led to a reappraisal of how the work is approached and performed across the audit sector including what skill set is required at different stages of the process and lessons will be learnt from implementing the changes in practice.
- That completion of the 2022/23 financial audit by the end of November, 2023 remains the objective.

**It was resolved to note the Audit Wales Programme and Timetable update.**

## **5. INTERNAL AUDIT STRATEGY 2023-24**

The report of the Head of Audit and Risk incorporating the Internal Audit Strategy for 2023/24 was presented for the Committee's consideration and endorsement.

The Head of Audit and Risk provided some contextual information to the strategy stating that global events and upheavals over the past two years have shaped the risk environment for the Council meaning that a state of crisis has become the new normality. With regard to the audit approach she highlighted that Internal Audit would be taking a risk based approach in accordance with Standard 2010 of the Public Sector Internal Audit Standards aligning internal audit activity with the Council's strategic risk register with a focus on the inherent risks rated as red and where the residual risk is rated as red or amber (a list of proposed audits was provided under Appendix A to the report). An agile audit methodology has also been adopted allowing Internal Audit to respond to change as new risks emerge or as priorities change. Given that cybersecurity and data security continue to be perceived as the top threats in a survey of chief audit executives, Internal Audit proposes that during 2023/24 a programme of work covering the specific IT elements noted in the report be undertaken with the support of the IT Auditors of Salford City Council to provide the Council with assurance that its IT vulnerabilities are being effectively managed. As another high risk area, the Council's approach to counter fraud will be kept under review and the Fraud Response Plan will be updated accordingly. Other audit work planned for 2023/24 includes providing assurance with regard to managing partnership risks and assessing the Council's preparedness for the new Procurement Act.

The Head of Audit and Risk referred to the Service's capacity confirming that a recent successful recruitment exercise has provided a new member of the team meaning the service is now only carrying a vacancy (1.0 FTE) at Senior Auditor level due to secondment which is being used to commission external audit expertise. The appointment will also enable work on some of the lower priority areas outstanding from 2022/23 to resume as outlined in the report. With a productivity level of 72% approximately 700 days of audit resource are available to provide the annual assurance opinion. The service will continue to invest significantly in training and development with 115 days being earmarked to that end in 2023/24.

To ensure continuous improvement of the Internal Audit Service, a quality assurance and improvement programme has been put in place and a streamlined suite of performance measures and targets has been adopted as reflected in the table at page 16 of the report.

The Committee discussion which followed focused on the following –



- The responsibility for internally auditing partnerships. The Head of Audit and Risk advised that the internal audit responsibility in relation to local authority partnerships would be discharged by the host authority; where partnerships involve other organisations and/or separate entities in the absence of an annual report from the Partnership and Regeneration Scrutiny Committee she could not confirm who undertook the internal audit function in those cases, hence the proposed piece of work by Internal Audit on the assurance and governance arrangements of significant partnerships or collaborations in which the Council has an involvement.
- With regard to the new procurement legislation whether the programme/project management of large contracts comes within the scope of Internal Audit. The Head of Audit and Risk in confirming that they do, advised that no audit of internal programme and project management processes is planned for this year, although a related area that will be examined involves organisational resilience being the ability of the Council to respond to external changes and the arrangements it has in place to help it do so.
- Whether the absence of an annual report from the Partnerships and Regeneration Scrutiny Committee means that partnerships are not being scrutinised. The Head of Audit and Risk advised that the unavailability of an annual report is attributable to a vacancy at scrutiny officer level meaning that it has not been possible to produce the annual report for the past two years but is not reflective of a lack of scrutiny of partnerships within the committee's programme. Councillor Dafydd Roberts as a former member of the Partnership and Regeneration Scrutiny Committee referred to the availability of the minutes of the Committee's meetings which provide a record of the matters covered during the period and are published on the Council's website.
- Whether with regard to the strategic risk that the Council cannot adapt to become a carbon neutral authority by 2030, the Governance and Audit Committee should be receiving more detailed information about the processes/ arrangements that will enable the achievement of this objective. The Head of Audit and Risk advised that a Climate Change Health Check by Zurich Municipal along with Audit Wales' report on public sector readiness for net zero carbon by 2030 was presented to this Committee in December, 2022; an update on the Council's progress in working towards the 2030 target will be presented to the Governance and Audit Committee in June, 2023.

**It was resolved to endorse the approach and priorities outlined in the Internal Audit Strategy for 2023-24 as fulfilling the Council's assurance needs.**

## **6. INTERNAL AUDIT UPDATE**

The report of the Head of Audit and Risk providing an update as at 31 March, 2023 on the audits completed since the previous update to the Committee as at 31 January, 2023 was presented for the Committee's consideration. The report also set out the current workload of Internal Audit and its priorities for the short to medium term going forward. Members of the Committee were provided with copies of the five pieces of assurance work completed in the period in relation to Recovering Council Debts and the Impact of Covid-19 (Second Follow Up) (Limited Assurance); Gas Safety Regulatory Compliance (Housing) (Reasonable Assurance), IT Audit – Cloud Management (Reasonable Assurance); Payments supplier maintenance and duplicate payments (Reasonable Assurance) and The Council's effectiveness in managing its strategic risk YM11 – Poverty (Reasonable Assurance) under separate cover.

The Head of Audit and Risk provided an overview of the report including a summary of the outcome of the work completed and the areas of work currently in progress as at the table at paragraph 38 of the report. She referred to the Limited Assurance Second Follow Up review in relation to Recovering Council Debts and the Impact of Covid-19 which had sought to establish whether management had addressed the outstanding issues/risk raised in the Limited Assurance report dated November, 2021. Although the review found that the Service

had made some positive progress, Internal Audit was unable to increase the assurance rating from Limited the reason being that the IT consultancy firm commissioned to work with the Service to address the issues and risks raised and improve processes within the Income section has made limited progress because they had been redeployed to work on the Capita Revenue system upgrade. She confirmed the appointment of a new Senior Auditor who had commenced in post on 1 April, 2023 and advised that the budget savings from the one remaining vacant post at Senior Auditor level are being utilised to commission external support including technical IT audit from the IT Audit Team at Salford Council. Work is progressing to support services with implementing all outstanding actions with more detailed information about the status of outstanding actions provided in a separate report to the meeting.

The Committee asked for an update on the position with regard to bad debt in the context of the Limited Assurance Second Follow-Up report on Recovering Council Debt and the Impact of Covid-19.

The Director of Function (Resources)/Section 151 Officer advised that there had been a slight decrease in the collection of Council Tax in year due in all likelihood to the cost of living crisis. The collection of Council Tax is not a one year process when the range of recovery and enforcement actions and the time those take to implement are taken into account; however the sanction of imprisonment which would be pursued in the event that all other options fail is no longer available in Wales and has made dealing with problematic debts all the more difficult. The Council has increasingly introduced in advance online payments for services including green garden waste collection and planning fees and while there are debts that are still difficult to collect such as social care fees and housing benefit overpayments the Council has not experienced a significant rise in debt as yet. A staffing restructure has resulted in the creation of a dedicated Recovery Manager post and work is being undertaken to make the income recovery process through all its stages more efficient and effective including improving the service's performance indicators. In response to a further query about there being a budget for bad debt, the Section 151 Officer clarified that while there is no specific budget as such, with regard to Council Tax, the tax base is set at 98.5% of the total which allows for a 1.5% loss covering provision for bad debt as well as changes in year with regard to discounts and exemptions. As non-domestic rates are pooled centrally, the pool rather than the Council, suffers the loss for non-payment and other sundry debts are reflected in services' income budgets when those are set.

**It was resolved to accept the update and 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 progress in addressing outstanding issues and risks was presented for the Committee's consideration.

The Principal Auditor advised the Committee of the following –

- 49 outstanding actions were being tracked in the 4action system as at 31 March, 2023, 12 of which were rated "major" (amber) and 37 "moderate" (yellow) in risk priority. No "red" issues/risks were raised during the year and none are currently outstanding.
- One major rated issue/risk is now overdue and relates to an audit of Housing allocations, specifically to developing and improving the housing application process.
- That Graph 3 in the report shows the status of all outstanding actions irrespective of the date by which they were due to be addressed and shows that Management have now addressed 73% and Internal Audit has verified 70% with the remaining 3%

relating to an audit of Software Licence Management which will be followed up in April, 2023.

- The majority of actions showing as not started relate to several audits recently finalised where the actions identified have not yet reached their anticipated completion dates.
- Graph 4 shows the status of all actions that have reached their target date and shows that where due 99% have been addressed.
- Of the 49 outstanding issues/risks, one which is rated moderate or yellow in risk priority dates back to 2018/19 and relates to improving the password complexity settings for the Council's externally facing Leisure booking system. There have been delays with agreeing a go-live date with the software supplier due to technical issues which the IT team are working on resolving with the supplier.
- A detailed status update of all 12 outstanding major rated issues/risks currently being tracked in 4action can be found in Appendix 1 to the report.

The Service Manager (Community Housing) updated the Committee on the position with regard to addressing the issues/risks identified in an audit of the Housing Application process in September, 2021 which were only 50% complete and were 12 months over the original target date of March, 2022. The Officer explained that the paper application form sent to prospective housing applicants was long and detailed and the audit found the application process to be time consuming and inefficient and recommended that it be replaced by an online system. While the aim was to incorporate the process within the Council's newly launched CRM system, the IT Service is keen to ensure that the new system is fully embedded, working effectively and any teething problems resolved before new functions are added to it. The Housing Service is looking to develop a PDF application shortly which applicants are able to overwrite on the PDF form and although the paper application process is still being used currently the application form has since been significantly reduced in length and complexity. Depending on how well the implementation of the CRM progresses, she hoped the matter could be addressed within the next six months. In the meantime, the Service is able to provide support to anyone experiencing difficulty in applying to be included on the housing register.

Responding to a query about the prospects for the Housing Application process of going onto the CRM platform anytime soon, the Head of Audit and Risk advised that the fraud reporting form is among the applications awaiting to be added to the CRM system at present and that she would be meeting with IT in the coming week to discuss the matter and gain an understanding of the position.

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

## **8. REVIEW OF THE RISK MANAGEMENT FRAMEWORK**

The report of the Head of Audit and Risk incorporating a proposed new Risk Management Policy and Strategy along with accompanying Risk Management Guidance was presented for the Committee's consideration.

The Risk and Insurance Manager referred to the main aspects of the Risk Management Policy which recognise that risks can have an impact on aims, objectives and service delivery; that they pose a threat and also provide opportunities and that they need to be identified and managed in order to inform decision-making. The Risk Management Strategy explains how the policy will be delivered and sets out the risk appetite statement which is the level of risk that the Leadership Team feels the Council aims to operate within. The Risk Management Guidance provides details of the process to be followed and explains the different considerations needed depending on the nature of the risk. The guidance includes a new section on the positive or opportunities aspects of risk. A new version of the risk

management software is being rolled out which also means a change in the way that risk is scored from the alpha numeric method of scoring risks to the traditional numeric way as outlined within the report.

In considering the documentation which the Committee acknowledged as comprehensive, the following points were raised –

- The range of risk appetite settings for the different risk categories within the Risk Appetite Statement and how these have been determined. The Risk and Insurance Manager advised that each member of the Strategic Leadership Team was asked to individually evaluate the risk appetite for each risk category after which the resulting information was collated, the highest and lowest values were discounted and the median value of the remainder was taken which produced the values as noted in the risk appetite statement.
- The approach taken to managing contract risk particularly those within the building/construction sector in order to minimise the risk of financial loss and overruns. The Director of Function (Resources)/Section 151 Officer advised that construction contracts which the Council enters into are based on an assessment of a contractor's ability to deliver as well as on price and value for money considerations and due diligence checks are made. Mitigating controls usually take the form of a performance bond which covers the cost of re-tendering and any increased costs arising therefrom in the event a contractor is unable to complete a project. Delivering a level of capital expenditure in line with the Council's aspirations e.g. building 45 new council homes each year can be difficult due to local contractor capacity issues and engaging contractors from further afield usually means higher costs. The Council does seek to work with local contractors in the spirit of contract partners and as a dependable long-term source of business.
- The lack of reference in the Risk Management Strategy to learning lessons from risks that have materialised and how that is communicated and applied across the Council. The Risk and Insurance Manager in acknowledging the point advised that learning from risks is part of the management process but consideration would be given to clarifying that aspect in the strategy.

**It was resolved to note the Risk Management Policy and Strategy.**

## **9. FORWARD WORK PROGRAMME**

The report of the Head of Audit and Risk incorporating the proposed Forward Work Programme for 2023/24 based on the Governance and Audit Committee's terms of reference and responsibilities under the Local Government and Elections (Wales) Act 2021 was presented for consideration and review along with a training programme.

In response to a query about the scheduling of climate change training, the Committee was advised that the climate change training package is under review to ensure the best way of achieving the training objectives.

**It was resolved to accept the proposed Forward Work Programme as meeting the Committee's responsibilities in accordance with its terms of reference.**

**Mr Dilwyn Evans  
Chair**

# GOVERNANCE AND AUDIT COMMITTEE

## Minutes of the hybrid meeting held on 23 May 2023

- PRESENT:** Councillors Margaret Murley Roberts, Geraint Bebb, Dyfed W Jones, T LI Hughes MBE, Euryrn Morris, Dafydd Roberts, Keith Roberts
- Lay Members – Mr Dilwyn Evans, Mr William Parry, Mrs Sharon Warnes
- IN ATTENDANCE:** Director of Function (Council Business)/Monitoring Officer, Head of Democracy, Committee Officer (MEH).
- APOLOGIES:** Councillor Liz Wood
- ALSO PRESENT:** Councillor Margaret M Roberts – Chair of the Isle of Anglesey County Council
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**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 Euryrn Morris was elected Deputy Chairperson for the Governance and Audit Committee.

**COUNCILLOR MARGARET M ROBERTS  
AS CHAIR OF THE COUNTY COUNCIL**

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<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to:</b>	Governance and Audit Committee
<b>Date:</b>	29 June 2023
<b>Subject:</b>	Draft Self-Assessment 2023
<b>Head of Service:</b>	Carys Edwards Head of Profession HR and Transformation 01248 752502 <a href="mailto:CarysEdwards@anglesey.gov.wales">CarysEdwards@anglesey.gov.wales</a>
<b>Report Author:</b>	Gethin Morgan Programme, Business Planning & Performance Manager 01248 752511 <a href="mailto:GethinMorgan@anglesey.gov.wales">GethinMorgan@anglesey.gov.wales</a>
<p><b>Nature and Reason for Reporting:</b> This is the second Self-Assessment undertaken by the County Council following the adoption of its first in September 2022.</p> <p>As part of the Local Government and Elections (Wales) Act 2021 the following duty is imposed on Anglesey County Council –</p> <p><b>... to keep its performance under review</b></p> <p>1) must keep under review the extent to which -</p> <p>(a) it is exercising its functions effectively, (b) it is using its resources economically, efficiently and effectively, and (c) its governance is effective for securing the matters set out in paragraphs (a) and (b) above</p> <p><b>and, in connection with all financial years,</b></p> <p>make a report setting out its conclusions as to the extent to which it met the performance requirements ((a), (b) and (c) above) during that financial year.</p> <p>To meet the expectation above, the County Council’s Self-Assessment for 2023 was prepared. The report evidences the output of the Councils corporate planning and performance management framework and is the end of a process that brings several different aspects of the framework together</p> <p>During their discussion on the progression of Self-Assessment Improvement Actions 2022 in their meeting on the 19<sup>th</sup> April 2023, the Corporate Scrutiny Committee agreed to the proposal that certain improvement actions that had not been completed during the year should be continued into the draft report under consideration today.</p> <p>The Council met on the 23<sup>rd</sup> of May to adopt this version as a working draft and requests the consideration of the Governance &amp; Audit Committee as to its content.</p>	

## Recommendation

1. That the Governance and Audit Committee reviews the draft Self-Assessment and either agrees with the content or proposes amendments to it, to be considered by the full Council on 12<sup>th</sup> September 2023, when the Council will adopt the final report.



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YNYS MÔN  
ISLE OF ANGLESEY  
COUNTY COUNCIL

## **Self Assessment - 2023**

The County Council's annual self-assessment as expected under  
Local Government and Elections Act 2021

DRAFT

**Prepared by** – Transformation Service

**Publication date:** April 2023

Mae'r ddogfen hon ar gael yn y Gymraeg / This document is available in Welsh



**The Council's Annual Self-Assessment as a result of –**

**Service Performance Reviews (SPR's) / Performance Reports /  
Annual Governance Statement (AGS) / External Reviews /  
Stakeholder Engagement**

<b>Self-Assessment Category</b>	<b>Performance</b>	<b>Reasoning</b>
<b>Performance Management</b>	<b>Good</b>	<p><b>Good performance against key indicators highlighted within the quarterly Corporate Scorecard Report</b></p> <p><b>An ever improving and modernised customer service provision through a newly installed CRM</b></p>
<b>Use of Resources</b>	<b>Good</b>	<p><b>Lower than inflation Council Tax increase, balanced budget and healthy balances during the current cost of living crisis</b></p> <p><b>Collaboration improved on an already excellent rating during the previous year</b></p>
<b>Risk Management</b>	<b>Good</b>	<p><b>Many positive external audit reports throughout Council provision including from Estyn, Care Inspectorate Wales and Audit Wales</b></p> <p><b>New risk management strategy in place</b></p>

## Introduction

This report reflects the Isle of Anglesey County Council's second self-assessment as expected under the Local Government and Elections (Wales) Act 2021.

It reflects the output of the corporate planning and performance management framework and provides an evidential basis of -

- how the Council has performed
- using its available resources whilst
- managing and mitigating associated risks

during a challenging and changing time for local government.

The new national performance and governance framework aims to support a cultural and organisational change within local government. The aim is to build on existing strengths and create a more innovative, open, honest, transparent and ambitious sector, which challenges and assesses itself and collectively drives up service delivery outcomes and standards across Wales. The Isle of Anglesey County Council recognises and adheres to such expectations and the following report is drafted as such.

The Local Government and Elections Act requires each council to keep under review the extent to which it is fulfilling the 'performance requirements', that is the extent to which it is:

- exercising its functions effectively;
- using its resources economically, efficiently and effectively;
- has effective governance in place for securing the above.

Last year's assessment was the first of its kind, the realisation of associated improvements has taken great strides during 2022. This is encouraging and shows the maturity of the political and operational discussion which continued apace in a year that saw the establishment of a revised Leadership Team within the Council together with a new (coalition) administration led by Plaid Cymru. The associated improvements can be demonstrated through our recent report considered by the [Corporate Scrutiny committee in April 2023](#).

Following the consideration of this report it is acknowledged that the following work-streams will continue to be progressed and developed as part of this Self-Assessment into 2023 –

### **Performance Management -**

- Improve the indicator in terms of the percentage of Waste Reused, Recycled or Composted indicator and meet Welsh Government targets as soon as possible
- Utilise software to become more data aware and informed to make even more effective evidence-based decisions.
- Modernising our approach from customer service to a more rounded customer experience
- Develop a means by which Council performance can be communicated to a wider audience of staff

## Use of Resources -

- Minimise future housing subsidy with-holds by agreeing a suitable timetable with external auditors and reviewing staffing capacity;
- Increase the opportunity for residents and stakeholders to ensure their voice is heard, through the adoption of a revised, revamped and post pandemic public participation strategy

## Risk Management -

- Implement the 'three lines of assurance' model as one method to collect information to assist with assurance mapping for the Council;

In coming to the conclusions of the assessment this year the Council once again used the core elements of the Corporate Planning & Performance Management Framework (CPPMF) and the function and purpose of the service review process were an essential element of the strong corporate governance arrangements adopted.

Self-evaluation is an integral part of any organisation's improvement process and its primary purpose is for self-assurance; however, it is recognised within the Isle of Anglesey County Council that if self-evaluation is done well, it can also provide assurances to external audiences, including partners, regulators and indeed residents.

Each Service (of which Anglesey County Council has 9) was asked to complete a self-evaluation - scoring their performance on identified areas deemed important as to measure the general performance of services. They were asked to evaluate their performance against one of the 4 criteria listed below and were thereafter challenged as to their findings by a group of officers and elected members:

1. **Excellent** – Many strengths, including significant examples of sector-leading practice
2. **Good** – Many strengths and no important areas requiring significant improvement
3. **Adequate** – Strengths outweigh areas for improvement
4. **Unsatisfactory** – Important areas for improvement outweigh strengths

The Council have been continuously improving and maturing its evolution of the performance management framework throughout the last 9 years.

This self-assessment summarises the conclusion of that work for 2022/23 and evaluates the overall performance of the Council, answering at the simplest level, the following questions –

- How well are we doing?
- How do we know?
- What and how can we do better?

## A. Performance Management

### How well are we doing?

To have a thorough, fair and rounded view of performance management within the Council, this section of the self-assessment will bring together information on Performance Reporting, Customer Service and Governance & Compliance. By bringing these together as evidenced in 2022, our organisational performance, our appetite for change management and the culture of improvement adopted demonstrates the overall conclusion that the County Council is performing well.

### How do we know?

Evidence from the following reports and activities throughout the year demonstrates positive outputs and emphasises an achieving culture which is embedded across a workforce which has faced increasing demands and expectations:

- [Annual Performance Report](#) – notes the good performance against the Transitional Plan
- [Annual Governance Statement and Local Code of Governance](#) – notes that no significant governance issues had been identified
- Service Reviews (output) – identifies areas for improvement as well as many areas of good practice
- [Anglesey and Gwynedd Public Services Board Annual Report 2021/22](#) – the report outlines many collaborative projects the Council have contributed to during the year
- [Annual Directors Report on the effectiveness of Social Services 2021-22](#) – the report notes many key findings and examples of good work carried out by Social Services
- [Scrutiny Social Services Progress Report](#) – confirms that the Corporate Scrutiny Committee is happy with the pace of progress and improvements made to date in Social Services
- [STAR survey results 2021](#) – identifies the tenant satisfaction and recommendations for improvement
- [Quarterly Scorecard Reporting](#) – measures performance against the Council's Wellbeing Objectives and includes positive examples of performance as well recognising underperforming indicators and their associated mitigations for improvement
- Staff attendance levels - benchmarked to be amongst the best for Local Authorities in Wales

From these reports we can demonstrate that key performance indicators are operating at an appropriately robust level. Staff compliance rate with updated policies and procedures has improved. Staff compliance with mandatory e-learning training has also improved whilst formal Council meetings are broadcast and the 'annual conversation' amongst staff has been embedded further. We can also evidence that the customer experience is improving across a range of services.

We can also confirm that the Corporate Scrutiny committee and Executive are satisfied with the pace of progress and improvements made to date in Social Services, together with the current performance of the Council following positive reports from Estyn and Care Inspectorate Wales (CIW). The Estyn report itself noted that the robust quality and effectiveness of the Learning Service leaders within Isle of Anglesey Authority contribute very effectively towards ensuring high quality education services.

It is also evidenced that the County Council has a revised and new Council Plan to guide direction of the organisation for the five-year period 2023-2028 inclusive. This was developed and adopted after a comprehensive engagement and consultation exercise which gained feedback and input from residents, partners, staff and newly elected members.

## What and how can we do better?

Whilst this a positive story and encapsulates a developing ethos under a newly structured Leadership Team and political dynamic, improvements as recognised by the Council are always required. The improvements noted for 23/24 are as follows:

1. Review and revise the corporate scorecard provision to identify relevant and prioritised indicators to be tracked and managed through the life-course of the current administration.
2. Improve the indicator in terms of the percentage of Waste Reused, Recycled or Composted to meet Welsh Government targets as soon as possible, whilst also reviewing and revising the Planning Improvement Plan to ensure sustainability of change into the future
3. Utilise software to become more data aware and informed to make even more effective evidence-based decisions and by using such data, effectively communicate performance levels across the Authority to staff.
4. Continue to modernise our approach from customer service to a more rounded customer experience
5. Review and revise the service review process to ensure that it remains current and aligns with the expectations of the Corporate Self-Assessment

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## B. Use of Resources

### How well are we doing?

To fulfil its responsibility of utilizing its resources economically and efficiently, the Council shares details on its management of personnel, finances, and partnerships aimed at accomplishing its goals. The information presented showcases the Council's strong and successful performance, particularly in navigating a challenging cost of living crisis.

### How do we know?

The coronavirus pandemic, provided an opportunity for organisations to come together for the good of the people. The current cost of living crisis has also meant that costs for all including the Council have increased recently. In response the Council has improved partnership working, planned well for workforce challenges and implemented many cost saving initiatives over a number of years which has meant that whilst there is a financial hit, the Council are in a much better situation than many others at this current time. Evidence for these can be found in the following:

- Staff attendance – benchmarked to be amongst the best for Local Authorities in Wales
- Staff retention – turnover is lower than the industry standard at 8%
- Workforce Development Plans – plans in place for all services
- [Medium Term Financial Strategy and Budget 2023/24](#) – “The Council’s general financial position is still fairly strong”
- [Statement of Accounts](#) – Final accounts for 2021/22 published before deadline
- [Annual Governance Statement \(AGS\) and Local Code of Governance](#) – AGS published in accordance with CIPFA requirements alongside the statement of accounts, and the Local Code of Governance is in place
- [Welsh Housing Awards 2021 - Individualised Environmental Projects and First Time Buyers Empty Homes Grants](#), [Construction Excellence Wales Awards](#) - Housing national recognition for 2021/22
- [Anglesey and Gwynedd Public Services Board Annual Report 2021/22](#) – the report outlines many collaborative projects the Council have contributed to during the year
- [Annual Directors Report on the effectiveness of Social Services 2021-22](#) the report notes many key findings and examples of good work carried out by Social Services
- [Estyn Inspection of the Isle of Anglesey County Council](#) – many examples of good or better work being undertaken by the Council as noted by Estyn
- [Care Inspectorate Wales – Performance evaluation inspection](#) – many positive examples are highlighted throughout the report by CIW

Services clearly felt that their collaborative and integrated way of working and providing services for the benefit of Anglesey residents was excellent as demonstrated in the [matrix below](#). In addition, some of the comments within the reports above which support the conclusion include –

*“The robust quality and effectiveness of the Learning Service leaders within Isle of Anglesey authority contribute very effectively towards ensuring high quality education services. They set high expectations, lead teams effectively and co-operate well to drive strategic priorities.*

*The way in which the authority’s leaders, officers and different departments consider the long term and work very closely with schools and external partners and each other is a strong feature.*

*There is a clear vision in terms of improving the quality of education, and education budgets have been protected from cuts compared with other departments within the authority.” [Estyn Inspection of the Isle of Anglesey County Council](#)*

*“Reducing the need for formal care and support is clearly a priority for IACC and we found successful joint working at a strategic level to drive forward the prevention agenda.*

*IACC demonstrates a strong enthusiasm and readiness to work with partners. We heard examples of successful joint working with partners at a strategic level with plans then implemented on an operational level for the benefit of people. We saw good examples of joint working on an operational level” [Care Inspectorate Wales – Performance evaluation inspection](#)*

*“A number of local authorities are similarly focusing their efforts on mobilising community capacity and empowering communities to identify their own needs and priorities and produce workable solutions. A good example of this is the work of Isle of Anglesey Council with Medrwn Môn, an independent agency providing support and advice to voluntary organisations and community groups. Under the ‘network of alliances’ initiative, Medrwn Môn is helping to create a system of local coalitions across the island which are empowered to identify the problems in their area, the assets that are available to help tackle these problems and the solutions needed to address them.” [Audit Wales, ‘Together we can’ Community Resilience and self-reliance](#)*

*“The Council recognises that it is ‘unable to change the world on its own’ and actively seeks to partner with organisations that can help it to deliver real benefits, but it recognises that some partnerships provide more added value than others.” [Audit Wales, Springing Forward](#)*

Some of the comments that support the [overall good](#) use of our resources can also be seen below -

*“We heard a consistent, positive message from the workforce regarding the quality of leadership and the culture across children and adult services. Feedback included managers being visible, approachable, providing regular and dependable support, with access and opportunities for professional development... Retention of social workers and occupational therapists across services remains positive... IACC’s commitment to provide a Welsh language service is positive. We saw consistent and encouraging evidence that people were receiving the “Active Offer” to speak Welsh, and people’s wishes were considered regarding language choice.” [Care Inspectorate Wales – Performance evaluation inspection](#)*

*“The Council has a vision and key delivery themes for its workforce which can be strengthened by more prominent consideration of applying the sustainable development principle and further embedding the lessons learnt from the pandemic... The Council is of the view that effective workforce management is more important than ever, especially during and after the pandemic and ensuring business continuity is an essential part of designing resilient services.” [Audit Wales, Springing Forward](#)*

### What and how can we do better?

Whilst the above are positive examples of the good performance in the way the Council uses its resources and works in partnership, improvements identified for 2023/24 can be noted as follows:

1. Working together with partners to reduce the effects of the cost of living crisis and protect those in poverty

2. Reduce electricity and energy costs across the Council thereby consequently reducing carbon emissions to aid the Council's drive to become net zero by 2030
3. Identify opportunities to reduce costs/level of service and increase income by raising prices, improving services and the use of grants where appropriate
4. Develop the Council's Asset Management Strategy that demonstrates consideration of the sustainable development principle
5. Minimise future housing subsidy with-holds by agreeing a suitable timetable with external auditors and reviewing staffing capacity
6. Increase the opportunity for residents and stakeholders to ensure their voice is heard, through the adoption of a revised, revamped and post pandemic public participation strategy

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## C. Risk Management

### How well are we doing?

Effective implementation of risk management is crucial for a complex organisation like a County Council to ensure that decision-making, performance, and service delivery are carried out in the most efficient and effective way possible. This section combines findings from completed Internal Audits, External Auditors and Peers which highlight risks needed to be mitigated as well as the Council's Risk Management and Corporate Safeguarding arrangements. The evidence available points towards a solid performing council in respect to its risk management arrangements.

### How do we know?

In recent years, the Council has made improvements to its use of risk management and its Corporate Safeguarding arrangements and the evidence available in the following reports provides assurance of this:

- [Corporate Safeguarding Annual Report](#) - describes the progress made and how embedded safeguarding is within all aspects of council services, functions, and duties
- [Medium Term Financial Strategy and Budget 2023/24](#) – “The Council's general financial position is still fairly strong”
- Statement of Accounts – explains the Council's finances during the financial year and its financial position at the end of that year
- [Annual Governance Statement and Local Code of Governance](#) - AGS published in accordance with CIPFA requirements alongside the statement of accounts, and the Local Code of Governance is in place
- Service Reviews (output) - identifies areas for improvement as well as many areas of good practice
- [National reviews and their related recommendations update December 2022](#) – provides an accurate update on progress against national audit recommendations
- Internal Audit Updates (reported to the Governance and Audit Committee throughout the year) – [Up to 31 March 2023](#) – provides an update of audits being undertaken by internal audit throughout the year
- Internal Audit Annual Report – [June 2022](#) - 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
- Outstanding Issues and Risks – [Up to March 2023](#) - provides an update on the status and detail of the outstanding risks that Internal Audit has raised
- [Audit Wales Annual Audit Summary 2022](#) – provides an audit summary for the Council
- [Estyn Inspection of the Isle of Anglesey County Council](#) – “The authority manages risks that affect education services well and escalates them to the corporate risk register if necessary”
- [Care Inspectorate Wales – Performance evaluation inspection – identifies good practice and areas for improvement in relation to Social Services](#)
- [Review of Risk Management Framework](#) – identifies the risk management policy and strategy as well as management guidance
- [Annual Report of the Standards Committee](#) – reports the activities of the Standards Committee in the year as well as a work programme for the following year

Services felt that the management of risks, corporate safeguarding and responding to audit reports was good. Some comments from the various reports listed above which supports the [overall good rating](#) can be found below -

*“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.”* [Head of Internal Audit, Annual Governance Statement 2021/22](#)

*“IACC actively promotes a reflective learning culture with quality audit approaches throughout. We saw examples of good practice in audit work to identify practice which was good and where improvements are required. Corporate scrutiny and support is strong and helps to challenge performance across the local authority.”* [Care Inspectorate Wales – Performance evaluation inspection](#)

*“The Council is making good progress developing its arrangements to meet the requirements of the Local Government and Elections (Wales) Act 2021.”* [Audit Wales, The Local Government and Elections Act \(Wales\) 2021 \(letter\)](#)

*“The Auditor General gave an unqualified true and fair opinion on the Council’s financial statements on 31 January 2023.”* [Audit Wales, Audit of Isle of Anglesey County Council’s 2021-22 Accounts](#)

*Through open, regular and thorough self-evaluation processes, they have a good understanding of the education provision and identify sensibly the strengths and areas for improvement. Leaders, including elected members, are prepared to make difficult and timely decisions by changing and refining plans and priorities as circumstances require. For example, when making decisions about school modernisation or when responding to the COVID-19 pandemic crisis.”* [Estyn Inspection of the Isle of Anglesey County Council](#)

## What and how can we do better?

To continue on the improvement journey and the positive arrangements already in place, improvements can be noted as follows:

1. Implementing post-inspection action plans for Estyn, Care Inspectorate Wales and Audit Wales reports when and where they arise
2. Implement the ‘three lines of assurance’ model as one method to collect information to assist with assurance mapping for the Council
3. Adopt a new risk management framework and ensure that new procedures are implemented and adhered to by services
4. Extend the understanding and use of the Trauma Informed model throughout the island
5. Prepare for the arrival of the Liberty Protection Standards
6. Provide training and guidance to officers on the General Power of Competence

## The Council's Service Position Statement – 2023

Please note below the response of each service against the categories of evidence for 2022/23:

Self-Assessment Category	Evidence Categories	Adults	Children	Council Business	Regulation & Econ Dev	Highways, Waste & Property	Housing	Learning	Resources	Transformation
Performance Management	Performance Reporting	Good	Good	Good	Good	Good	Good	Good	Good	Excellent
	Customer Service	Good	Good	Good	Good	Good	Good	Excellent	Adequate	Good
	Governance and Compliance	Good	Good	Good	Good	Adequate	Good	Good	Good	Good
Use of Resources	Workforce Development and People Management	Good	Good	Adequate	Good	Good	Good	Good	Good	Excellent
	Financial Health	Good	Good	Good	Good	Excellent	Good	Excellent	Good	Excellent
	Collaboration and Integration	Excellent	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Good	Excellent
Risk Management	External regulatory reports / peer input	Good	Good	Good	Good	Good	Good	Excellent	Adequate	Good
	Internal Audit	Good	Good	Good	Good	Good	Good	Good	Good	Good
	Corporate Safeguarding	Excellent	Excellent	Good	Good	Good	Good	Good	Good	Good

## Identified Areas for Improvement

Below are all of the areas identified as needing improvement and monitoring throughout 2023/24. All actions are expected to be completed by the end of March 2024.

Area of improvement	Leading Service
1. Review and revise the corporate scorecard provision to identify relevant and prioritised indicators to be tracked and managed through the life-course of the current administration.	Transformation
2. Improve the indicator in terms of the percentage of Waste Reused, Recycled or Composted to meet Welsh Government targets as soon as possible, whilst also reviewing and revising the Planning Improvement Plan to ensure sustainability of change into the future	Highways, Waste and Property Regulation and Economic Development
3. Utilise software to become more data aware and informed to make even more effective evidence-based decisions and by using such data, effectively communicate performance levels across the Authority to staff.	Transformation
4. Continue to modernise our approach from customer service to a more rounded customer experience	Transformation
5. Review and revise the service review process to ensure that it remains current and aligns with the expectations of the Corporate Self-Assessment	Transformation
6. Working together with partners to reduce the effects of the cost of living crisis and protect those in poverty	Transformation / Housing
7. Reduce electricity and energy costs across the Council thereby consequently reducing carbon emissions to aid the Council's drive to become net zero by 2030	Chief Executive's Office / Highways, Waste and Property
8. Identify opportunities to reduce costs/level of service and increase income by raising prices, improving services and the use of grants where appropriate	Resources
9. Develop the Council's Asset Management Strategy that demonstrates consideration of the sustainable development principle	Highways, Waste and Property
10. Minimise future housing subsidy with-holds by agreeing a suitable timetable with external auditors and reviewing staffing capacity	Resources

Area of improvement	Leading Service
<b>11. Increase the opportunity for residents and stakeholders to ensure their voice is heard, through the adoption of a revised, revamped and post pandemic public participation strategy</b>	Transformation
<b>12. Implementing post-inspection action plans for Estyn, Care Inspectorate Wales and Audit Wales reports when and where they arise</b>	All services
<b>13. Implement the ‘three lines of assurance’ model as one method to collect information to assist with assurance mapping for the Council</b>	Resources / Transformation
<b>14. Adopt a new risk management framework and ensure that new procedures are implemented and adhered to by services</b>	Resources
<b>15. Extend the understanding and use of the Trauma Informed model throughout the island</b>	Learning / Social Services
<b>16. Prepare for the arrival of the Liberty Protection Standards</b>	Social Services
<b>17. Provide training and guidance to officers on the General Power of Competence</b>	Council Business

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# Isle of Anglesey County Council

Outline Audit Plan 2023

Audit year: 2022-2023

Date issued: April 2023



This document has been prepared as part of work performed in accordance with statutory functions. Further information can be found in our [Statement of Responsibilities](#).

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg.



# About Audit Wales

Our aims:

## Assure



the people of Wales  
that public money is  
well managed

## Explain



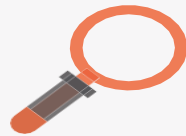
how public money  
is being used to  
meet people's  
needs

## Inspire



and empower the  
Welsh public sector  
to improve

Our ambitions:



Fully exploit our  
unique perspective,  
expertise and  
depth of insight



Strengthen our  
position as an  
authoritative,  
trusted and  
independent voice



Increase our  
visibility,  
influence and  
relevance



Be a model  
organisation for the  
public sector in  
Wales and beyond

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# Introduction

This Outline Audit Plan specifies my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice. It also sets out details of my audit team and key dates for delivering my audit team's activities and planned outputs. I intend sharing a Detailed Audit Plan later in the year following the completion of my planning work. It will set out my estimated audit fee and the work my team intends undertaking to address the audit risks identified and other key areas of audit focus during 2023.



**Adrian Crompton**  
Auditor General for  
Wales

## My audit responsibilities

I complete work each year to meet the following duties:

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

## **Audit of financial statements**

I am required to issue a certificate and report on your financial statements which includes an opinion on their 'truth and fairness' and an assessment as to whether the Narrative Report and Annual Governance Statement is prepared in line with the CIPFA Code and relevant guidance and is consistent with your financial statements and my knowledge of the Authority.

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 Isle of Anglesey County 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); and
- the certification of a number of grant claims and returns as agreed with the funding bodies.

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 you in my Detailed Audit Plan.

I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#).

## **Performance audit work**

I carry out a programme of performance audit work to discharge my duties as Auditor General in relation to value for money and sustainable development.

My local performance audit programme will continue to be delivered through a combination of an Assurance and Risk Assessment Project, bespoke local projects and thematic projects examining risks common to all councils.

# Fees and audit team

In January 2023 I published the fee scheme for the year, approved by the Senedd Finance Committee. This sets out my fee rates and also highlights the impact of the revised auditing standard ISA 315 on my financial audit approach. More details of the revised auditing standard and what it means for the audit I undertake is set out in **Appendix 1**.

I will provide an estimate of your fee in my Detailed Audit Plan by July 2023, following completion of my detailed risk assessment.

## Your engagement team:

Derwyn Owen	Engagement Director and Audit Director
Yvonne Thomas	Audit Manager (Financial Audit)
Carwyn Rees	Audit Manager (Performance Audit)
Sabel Wiliam	Audit Lead (Financial Audit)
Alan Hughes	Audit Lead (Performance Audit)

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.

# Audit timeline

We set out below key dates for delivery of our audit work and planned outputs.

Planned output	Work undertaken	Report finalised
Outline Audit Plan 2023	March 2023	March 2023
Detailed Audit Plan 2023	April to July 2023	July 2023
Audit of financial statements work: <ul style="list-style-type: none"> <li>• Audit of Financial Statements Report</li> <li>• Opinion on the Financial Statements.</li> </ul>	August to November 2023	November 2023
Performance audit work: <ul style="list-style-type: none"> <li>• Assurance and Risk Assessment</li> <li>• Thematic review – commissioning and contract management</li> <li>• Thematic review – financial sustainability in local government</li> <li>• Follow-up on WHQS 2018</li> </ul>	Timescales for individual projects will be discussed with you and detailed within the specific project briefings produced for each audit.	

# Audit quality

My commitment to audit quality in Audit Wales is absolute.

I believe that audit quality is about getting things right first-time.

We use a three lines of assurance model to demonstrate how we achieve this.

We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by QAD<sup>1</sup> and our Chair acts as a link to our Board on audit quality. For more information see our [Audit Quality Report 2022](#).



## Our People

The first line of assurance is formed by our staff and management who are individually and collectively responsible for achieving the standards of audit quality to which we aspire.

- Selection of right team
- Use of specialists
- Supervisions and review



## Arrangements for achieving audit quality

The second line of assurance is formed by the policies, tools, learning & development, guidance, and leadership we provide to our staff to support them in achieving those standards of audit quality.

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support



## Independent assurance

The third line of assurance is formed by those activities that provide independent assurance over the effectiveness of the first two lines of assurance.

- EQCRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

<sup>1</sup> QAD is the Quality Assurance Department of ICAEW.

# Appendix 1 – the key changes to ISA315 and the potential impact on your organisation

Key change	Potential impact on your organisation
<p><b>More detailed and extensive risk identification and assessment procedures</b></p>	<p>Your finance team and others in your organisation may receive a greater number of enquiries from our audit teams at the planning stage of the audit. Requests for information may include:</p> <ul style="list-style-type: none"> <li>• information on your organisation’s business model and how it integrates the use of information technology (IT);</li> <li>• information about your organisation’s risk assessment process and how your organisation monitors the system of internal control;</li> <li>• more detailed information on how transactions are initiated, recorded, processed, and reported. This may include access to supporting documentation such as policy and procedure manuals; and</li> <li>• more detailed discussions with your organisation to support the audit team’s assessment of inherent risk.</li> </ul>
<p><b>Obtaining an enhanced understanding of your organisation’s environment, particularly in relation to IT</b></p>	<p>Your organisation may receive more enquiries to assist the audit team in understanding the IT environment. This may include information on:</p> <ul style="list-style-type: none"> <li>• IT applications relevant to financial reporting;</li> <li>• the supporting IT infrastructure (eg the network, databases);</li> <li>• IT processes (eg managing program changes, IT operations); and</li> <li>• the IT personnel involved in the IT processes.</li> </ul> <p>Audit teams may need to test the general IT controls and this may require obtaining more detailed audit evidence on the operation of IT controls within your organisation.</p>



Key change	Potential impact on your organisation
	On some audits, our audit teams may involve IT audit specialists to assist with their work. Our IT auditors may need to engage with members of your IT team who have not previously been involved in the audit process.
<b>Enhanced requirements relating to exercising professional scepticism</b>	Our audit teams may make additional inquiries if they identify information which appears to contradict what they have already learned in the audit.
<b>Risk assessments are scalable depending on the nature and complexity of the audited body</b>	The audit team's expectations regarding the formality of your organisation's policies, procedures, processes, and systems will depend on the complexity of your organisation.
<b>Audit teams may make greater use of technology in the performance of their audit</b>	Our audit teams may make use of automated tools and techniques such as data analytics when performing their audit. Our teams may request different information or information in a different format from previous audits so that they can perform their audit procedures.

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

**Quarterly Update: 31 March 2023**

### Annual Audit Summary

Description	Timetable	Status
A report summarising completed audit work since the last Annual Audit Summary, which was issued in January 2023.	March 2023	Final report issued in March 2023.

### Financial Audit work

Description	Scope	Timetable	Status
<b>Audit of the Council's 2021-22 Statement of Accounts</b>	To provide an opinion on the 'truth and fairness' of the financial statements for the financial year ended 31 March 2022	January 2023	The Auditor General for Wales issued an unqualified opinion on the Statement of Accounts on 31 January 2023.

Description	Scope	Timetable	Status
<p><b>Audit of the Council's 2022-23 Statement of Accounts</b></p>	<p>To provide an opinion on the 'truth and fairness' of the financial statements for the financial year ended 31 March 2023</p>	<p>Planning work to be undertaken between April and July 2023.</p> <p>Final audit to be undertaken August to November 2023.</p>	<p>Planning work has commenced.</p>
<p><b>Certification of Grant returns:</b></p> <p>Teachers' Pension Contributions for the financial year 2021-22</p>	<p>Certification that nothing has come to our attention to indicate that the return is:</p> <ul style="list-style-type: none"> <li>• Not fairly stated.</li> <li>• Is not in accordance with the relevant terms and conditions.</li> </ul>	<p>Council deadline last working day in May 2022.</p> <p>Certification deadline 30 November 2022.</p> <p>The Teachers' pension agency was made aware of the delay in the timing of the audit.</p>	<p>Return received on 5 August 2022.</p> <p>Return certified on 6 April 2023.</p>

Description	Scope	Timetable	Status
<p>Certification of Grant returns:</p> <p>Non-Domestic Rates 2021-22</p>	<p>Certification that nothing has come to our attention to indicate that the return is:</p> <ul style="list-style-type: none"> <li>• Not fairly stated.</li> <li>• Is not in accordance with the relevant terms and conditions.</li> </ul>	<p>Council deadline 30 June 2022.</p> <p>Certification deadline 30 November 2022.</p> <p>The Welsh Government was made aware of the delay in the timing of the audit.</p>	<p>Return received on 21 June 2022.</p> <p>Return certified on 2 March 2023.</p>
<p><b>Certification of Grant returns:</b></p> <p>Housing Benefit Subsidy 2020-21</p>	<p>Certification that nothing has come to our attention to indicate that the return is:</p> <ul style="list-style-type: none"> <li>• Not fairly stated.</li> <li>• Is not in accordance with the relevant terms and conditions.</li> </ul>	<p>Council deadline 30 April 2021.</p> <p>Certification deadline 28 February 2022.</p>	<p>Return received 28 April 2021.</p> <p>Audit Fieldwork is well progressed.</p>
<p><b>Certification of Grant returns:</b></p> <p><b>Housing Benefit Subsidy 2021-22</b></p>	<p>Certification that nothing has come to our attention to indicate that the return is:</p> <ul style="list-style-type: none"> <li>• Not fairly stated.</li> <li>• Is not in accordance with the relevant terms and conditions.</li> </ul>	<p>Council deadline 30 April 2022.</p> <p>Certification deadline 31 January 2023.</p>	<p>Return received on 29 April 2022.</p> <p>Audit Fieldwork is underway.</p>

## Performance Audit work

2021-22 Performance audit work	Scope	Timetable	Status
<p><b>Assurance and Risk Assessment</b></p>	<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 the Isle of Anglesey County Council, the project is likely to focus on:</p> <ul style="list-style-type: none"> <li>• Financial position</li> <li>• Implications of the Local Government and Elections (Wales) Act</li> <li>• Carbon reduction plans</li> </ul>	<p>April 2021 to May 2023</p>	<p><b>Ongoing:</b> Financial position</p> <p><b>Completed:</b> Implications of the Local Government and Elections (Wales) Act</p> <p><b>Completed</b> Elections (Wales) Act Carbon reduction plans</p>

2022-23 Performance audit work	Scope	Timetable	Status
<b>Assurance and Risk Assessment</b>	<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> <ul style="list-style-type: none"> <li>• Financial position</li> <li>• Capital programme management</li> <li>• Use of performance information – with a focus on service user feedback and outcomes</li> <li>• Setting of well-being objectives</li> </ul>	<p>Ongoing monitoring of financial position</p> <p>April – September 2023</p> <p>February – September 2023</p> <p>February – September 2023</p>	<p>Ongoing</p> <p>Scoping</p> <p>In progress – fieldwork scheduled for April 2023.</p> <p>In progress - fieldwork scheduled for May 2023.</p>
<b>Thematic Review – Unscheduled Care</b>	<p>A cross-sector review focusing on the flow of patients out of hospital. This review will consider how the 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>	<p>August 2022 – June 2023</p>	<p>Fieldwork nearing completion, reporting from April 2023 onward.</p>

2022-23 Performance audit work	Scope	Timetable	Status
<b>Thematic review – Digital</b>	A review of councils’ strategic approach to digital, and the extent to which this has been developed in accordance with the sustainable development principle; and that it will help to secure value for money in the use of councils’ resources.	January – September	In progress – documents received, and fieldwork to be planned.
<b>Review of Development Control and Planning Enforcement</b>	The review will seek to establish: <ul style="list-style-type: none"> <li>Does the Council have an effective and resilient development control and planning enforcement service?</li> </ul>	July 2022 – June 2023	Draft report issued in April 2023.



## Local government national studies planned/in progress

Study	Scope	Timetable	Status	Fieldwork planned at the Isle of Anglesey County Council
<b>Building Social Resilience and Self reliance</b>	Review of how local authorities can build greater resilience in communities	Autumn 2021 – Autumn 2022	Published January 2023	Yes – interview with nominated officer at the Council.
<b>Building safety</b>	Review of how well local authorities are delivering their responsibilities for building safety	September 2022 – August 2023	Evidence gathering – fieldwork underway	Yes – interview with nominated officer at the Council and survey.
<b>Planning for sustainable development – Brownfield regeneration</b>	Review of how local authorities are promoting and enabling better use of vacant non-domestic dwellings and brownfield sites	October 2022 – September 2023	Evidence gathering – fieldwork underway	Yes – interview with nominated officer at seven councils and survey.
<b>Governance of special purpose authorities – National Parks</b>	Review of systems and effectiveness of governance	November 2022 – September 2023	Evidence gathering – fieldwork underway	No

Study	Scope	Timetable	Status	Fieldwork planned at the Isle of Anglesey County Council
<b>Corporate Joint Committees (CJCs)</b>	Assessing CJCs' progress in developing their arrangements to meet their statutory obligations and the Welsh Government's aim of strengthening regional collaboration.	September 2022 – June 2023	Draft report has been issued to the four CJCs. Report due to be published May/June	Yes – We explored the Council's perspective via our routine liaison meetings. Fieldwork included interviews with the chief executive, director of finance and chair of each of the four CJCs.

## Estyn

Our link inspectors are continuing to work with Torfaen as part of our follow-up process for an authority causing significant concern. Wrexham local authority is still in a causing concern category and we convened a progress conference in December to look specifically at the school improvement recommendation. We are proposing to re-visit Wrexham in the summer term. We will convene an improvement conference in Powys in May to consider aspects of their work on school improvement, the transformation agenda and financial management in schools. We contributed to risk and assurance workshops in conjunction with Audit Wales and CIW in all local authorities during the spring term. We inspected Blaenau Gwent in December, and the report was published on 10 February. We inspected Rhondda Cynon Taf in January, and the report will be published on 31 March.

Field work being carried out across local authorities during the spring term includes a focus on elective home education, support for ALN reform and joint visits with colleagues from the Welsh Government to evaluate the work of local authorities regarding the support they provide to deliver national digital strategies.

## Care Inspectorate Wales (CIW)

CIW planned work 2022-23	Scope	Timetable	Status
Programme 2022-23	We will publish our amended Code of Practice for the review of local authority social services in April 2023.	April 2023	Preparing for publication

CIW planned work 2022-23	Scope	Timetable	Status
<b>Joint work</b>	We are finalising our thematic reviews programme of work for 2023-2026. Areas for consideration include, adult safeguarding, carers, CLDT and CAMHS.	Current	In progress
	We continue to work with partners, sharing information and intelligence including completing joint reviews.	Current	In progress
	We are working in collaboration with HIW for a national review of the stroke pathway. A national report will be published early summer.	Current	In progress
	We continue to work in collaboration with HIW in conducting CMHT inspections.	Current	In progress
	CIW is working with partners to complete a rapid review. The overarching objective of the rapid review is to determine to what extent the current structures and processes in Wales ensure children who are in need of care, support and protection are appropriately placed on, and removed from, the Child Protection Register, when sufficient evidence indicates it is safe to do so. This is a collaborative review.	January 2023 – June 2023	In progress

CIW planned work 2022-23	Scope	Timetable	Status
<b>Deprivation of Liberty Safeguards Annual Monitoring Report for Health and Social Care 2021-22</b>	The <a href="#">2020-21 report</a> was published on 7 February 2021	Published	Published
<b>National review of Care Planning for children and young people subject to the Public Law Outline pre-proceedings</b>	<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 – Spring 2023	Delivery
<b>Joint Inspection Child Protection Arrangements (JICPA)</b>	<p>Cross-inspectorate approach. Areas to be determined. We will complete a further four multi-agency joint inspections in total. Each local authority will have a published letter post inspection.</p> <p>We will publish a national report in late 2023.</p>	Autumn 2022 – late spring 2023	Delivery

## Audit Wales national reports and other outputs published since January 2022

Report title	Publication date and link to report
Digital inclusion in Wales (including key questions for public bodies)	<a href="#">March 2023</a>
Orthopaedic Services in Wales – Tackling the Waiting List Backlog	<a href="#">March 2023</a>
Betsi Cadwaladr University Health Board – Review of Board Effectiveness	<a href="#">February 2023</a>
Welsh Government purchase of Gilestone Farm	<a href="#">January 2023</a>
Together we can – Community resilience and self-reliance	<a href="#">January 2023</a>
A Picture of Flood Risk Management	<a href="#">December 2022</a>
'A missed opportunity' – Social Enterprises	<a href="#">December 2022</a>
Poverty Data Tool	<a href="#">November 2022</a>
'Time for change' – Poverty in Wales	<a href="#">November 2022</a>
Learning from cyber-attacks	October 2022 (distributed privately to audited bodies)
National Fraud Initiative 2020-21	<a href="#">October 2022</a>

Report title	Publication date and link to report
COVID-19 business support in 2020-21 – Memorandum for the Public Accounts and Public Administration Committee	<a href="#">October 2022</a>
Payment to the Welsh Government’s Former Permanent Secretary on Termination of Employment	<a href="#">September 2022</a>
Equality Impact Assessments: More than a Tick Box Exercise?	<a href="#">September 2022</a>
Welsh Government – setting of well-being objectives	<a href="#">September 2022</a>
Welsh Government workforce planning and management	<a href="#">September 2022</a>
NHS Wales Finances Data Tool – up to March 2022	<a href="#">August 2022</a>
Public Sector Readiness for Net Zero Carbon by 2030: Evidence Report	<a href="#">August 2022</a>
Public Sector Readiness for Net Zero Carbon by 2030	<a href="#">July 2022</a>
Sustainable Tourism in Wales’ National Parks	<a href="#">July 2022</a>
Third Sector COVID-19 Response Fund – Memorandum for the Public Accounts and Public Administration Committee	<a href="#">July 2022</a>

Report title	Publication date and link to report
The Welsh Community Care Information System – update and data tool	<a href="#">July 2022</a>
Tackling the Planned Care Backlog in Wales – and waiting times data tool	<a href="#">May 2022</a>
The new Curriculum for Wales	<a href="#">May 2022</a>
Unscheduled care – data tool and commentary	<a href="#">April 2022</a>
Direct Payments for Adult Social Care	<a href="#">April 2022</a>
Local Government Financial Sustainability data tool	<a href="#">February 2022</a>
Joint Working Between Emergency Services (including data tool)	<a href="#">January 2022</a>

## Audit Wales national reports and other outputs (work in progress/planned)<sup>1</sup>

Title	Indicative publication date
NHS quality governance	May/June 2023

<sup>1</sup> 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. Our Annual Plan 2023-24 will confirm plans for new work in other topic areas and we will update this list accordingly at the next quarterly update.



Title	Indicative publication date
Local Government Financial Sustainability Data tool update	April 2023
Springing Forward: Managing assets and workforce in local government	May/June 2023
NHS workforce planning (data briefing)	May/June 2023
Maximising EU funding	May/June 2023
Covering teachers' absence – follow-up	July 2023
NHS finances data tool – to 31 March 2023	July/August 2023
Net zero (pan UK overview)	August/September 2023
Ukrainian refugee services	September 2023
Local government digital strategy review – national summary	October 2023
Local government use of performance information, outcomes and service user perspective – national summary	October 2023
Affordable housing	January/February 2024
Local government capital programme management – national summary	To be confirmed

Title	Indicative publication date
Active travel	To be confirmed
Cancer services	To be confirmed

## Good Practice Exchange events and resources

Title	Link to resource
<p><b>Tackling poverty in Wales: responding to the challenge</b> – this shared learning event brought people together from across public services to share ideas, learning and knowledge on how organisations can respond to the challenges caused by poverty. We shared examples of approaches being taken by organisations within Wales and across the UK.</p>	<p><a href="#"><u>Tackling poverty resources</u></a></p>
<p><b>Making Equality Impact Assessments more than a tick box exercise:</b> This shared learning event aims to assist public bodies to improve use and application of EIAs beyond an exercise in compliance by bringing people together from across public services to share ideas, learning and knowledge.</p>	<p><a href="#"><u>Making Equality Impact Assessments more than a tick box exercise resources</u></a></p>

Title	Link to resource
<p><b>Together we can – creating the conditions to empower our communities to thrive:</b> This shared learning event will bring people together from across public services to share ideas, learning and knowledge. We will share the findings of our reports on social enterprises and community resilience, including our recommendations going forward.</p>	<p>19 April 2023 – 9 am – 1 pm – Cardiff. To <a href="#">register, please complete our booking form.</a></p>
<p><b>A Wales of vibrant culture and thriving Welsh language:</b> Inspired by the Football Association of Wales journey over the past decade, this event will examine and discuss how going beyond expectations creates an inclusive and positive attitude that becomes self-fulfilling.</p> <p>Working in partnership with the Future Generations Commissioner and the Welsh Language Commissioner, this event will assist and inspire public bodies, and the third sector to embrace the cultural diversity of modern Wales and work beyond compliance and into excellence.</p>	<p>To register, <a href="#">please complete our booking form.</a></p>

## Recent Audit Wales blogs

Title	Publication date
<p><a href="#">Helping people to help themselves</a></p>	<p>15 February 2023</p>
<p><a href="#">A perfect storm – the cost of living crisis and domestic abuse</a></p>	<p>21 November 2022</p>

Title	Publication date
<a href="#"><u>Tackling poverty means tackling poverty data</u></a>	11 November 2022
<a href="#"><u>Cost of living and putting away the bayonet</u></a>	21 September 2022
<a href="#"><u>Heat is on to tackle Climate Change</u></a>	18 August 2022
<a href="#"><u>Direct Payments in Wales</u></a>	15 June 2022
<a href="#"><u>Unscheduled Care in Wales – a system under real pressure</u></a>	21 April 2022
<a href="#"><u>Skills Competition Wales</u></a>	18 February 2022
<a href="#"><u>Cyber resilience – one year on</u></a>	9 February 2022
<a href="#"><u>Helping to tell the story through numbers</u></a> (Local government financial sustainability data tool)	3 February 2022
<a href="#"><u>Call for clearer information on climate change spending</u></a>	2 February 2022
<a href="#"><u>Actions speak louder than words</u></a> (Building social resilience and self-reliance in citizens and communities)	14 January 2022

<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to:</b>	Governance and Audit Committee
<b>Date:</b>	29 June 2023
<b>Subject:</b>	Internal Audit Annual Report 2022-23
<b>Head of Service:</b>	Marc Jones, Director of Function (Resources) and Section 151 Officer <a href="mailto:MarcJones@anglesey.gov.wales">MarcJones@anglesey.gov.wales</a>
<b>Report Author:</b>	Marion Pryor, Head of Audit and Risk <a href="mailto:MarionPryor@anglesey.gov.wales">MarionPryor@anglesey.gov.wales</a>
<b>Nature and Reason for Reporting:</b> The Public Sector Internal Audit Standards require the chief audit executive to produce an Internal Audit Annual Report (Standard 2450).	

## 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 annual 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 2022-23, 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 2022-23

Marion Pryor BA MA CMIIA CPFA ACFS

June 2023

Head of Audit & Risk

[MarionPryor@anglesey.gov.wales](mailto:MarionPryor@anglesey.gov.wales)



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# 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 Statement<sup>1</sup>.

The annual opinion includes:

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

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<sup>1</sup> 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 2022-23

For the 12 months ended 31 March 2023, 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 new Governance and Audit Committee approved in June 2022. It should provide a reasonable level of assurance, subject to the inherent limitations [below](#).

### 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 Assurance<sup>2</sup>

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 2022-23, following a comprehensive review of the Council's risks to achieving its corporate priorities, 11 (13 in 2021-22) risks were rated as having a red or amber residual risk rating and were recorded in the Council's strategic risk register.

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<sup>2</sup> Definitions of assurance ratings in place during 2022-23 can be found at [Appendix A](#)

We aim to audit 80% of these red and amber residual risks over a two-year cycle. We reviewed 9 (82%) (10 / 83% in 2021-22) of these over a 24-month period. ([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 provided only **Limited** assurance for one audit (IT Vulnerability Management) in September 2022, which we revisited in January 2023.

The results of our revisit were positive. The IT Team had successfully addressed three of the issues/risks identified during our initial review and work to address the two remaining issues was well underway, with only one target date slipping and only by a month. We were satisfied that arrangements to manage the risks associated with IT vulnerabilities and patching had improved since our initial review, and therefore were able to increase the assurance level provided to **Reasonable**. We are continuing to monitor the two remaining actions as part of our internal monitoring system to ensure they are successfully implemented and the associated issues/risks addressed.

### Other audit work

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

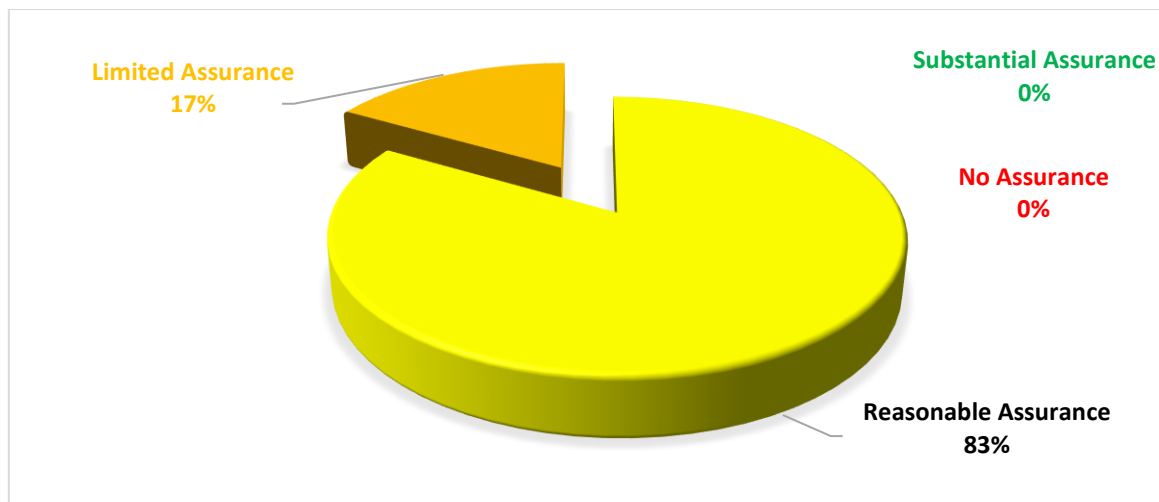
Of the 11 audits (17 in 2021-22) of this type we undertook during 2022-23, although we were unable to provide any with **Substantial** assurance (one in 2021-22), we provided seven with **Reasonable** assurance (eight in 2021-22) and two **Limited** assurance (six in 2021-22).

The two limited assurance reports were conducted late in the year; Galw Gofal (Partnership Governance Arrangements) in January 2023 and Recovering Council Sundry Debts and the impact of Covid-19 in February 2023, and will be followed up during 2023-24.

Two investigations were not provided with assurance ratings.

## Internal Audit Assurance ratings provided during 2022-23

Overall, we were able to provide **Reasonable** assurance or above for 83% (67% in 2021-22) of the assurance audits we undertook during 2022-23.



Three audits (17%) received **Limited** assurance during the year, compared to six (25%) in 2021-22. 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.

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

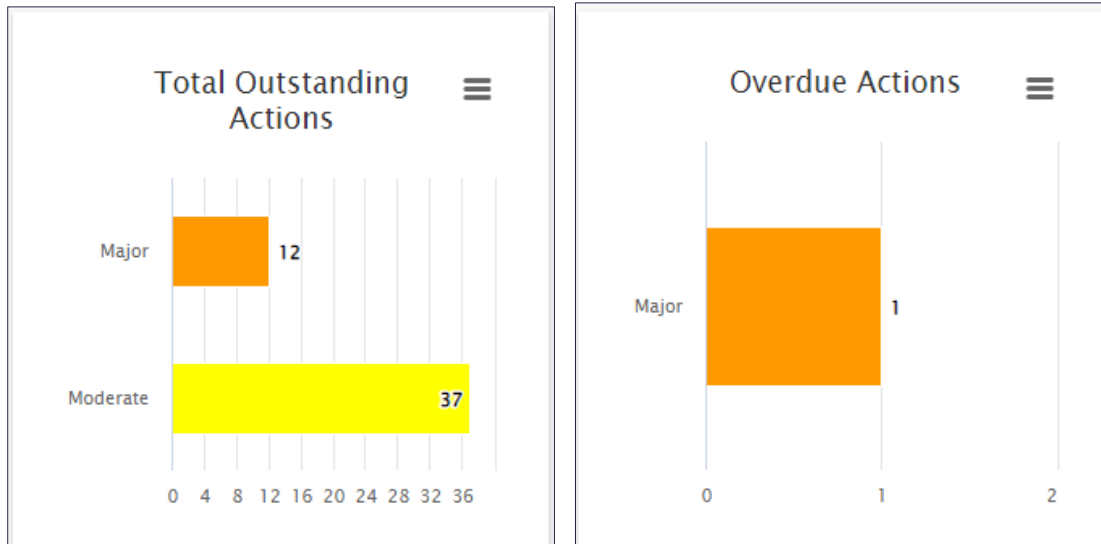
We use the Council's action tracking system 4action to monitor the 'Issues' and 'Risks' we raise during our work. We continue to develop and refine our dashboard, which displays a real-time snapshot of current performance in addressing outstanding actions and facilitates effective tracking and reporting 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.

The following graphs show the outstanding actions as at 31 March 2023. Inevitably, the impact of the recovery phase of the Covid-19 pandemic on some services has affected their ability to address their outstanding actions over the past few 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 2023, we are tracking 49 actions via our action tracking system (62 as at 31 March 2022). Of these 12 (17 in 2021-22) are rated 'major' (amber) and 37 (45 in 2021-22) '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 they are addressed. There is currently one action (two in 2021-22) that has reached the date management were due to finish implementing it, and it is now 'overdue', as shown above right.

It is a 'major' rated issue/risk and relates to an audit of Housing Allocations and more specifically to developing and improving the Housing application process, discussed in further detail below.

## Issues / Risks by Year



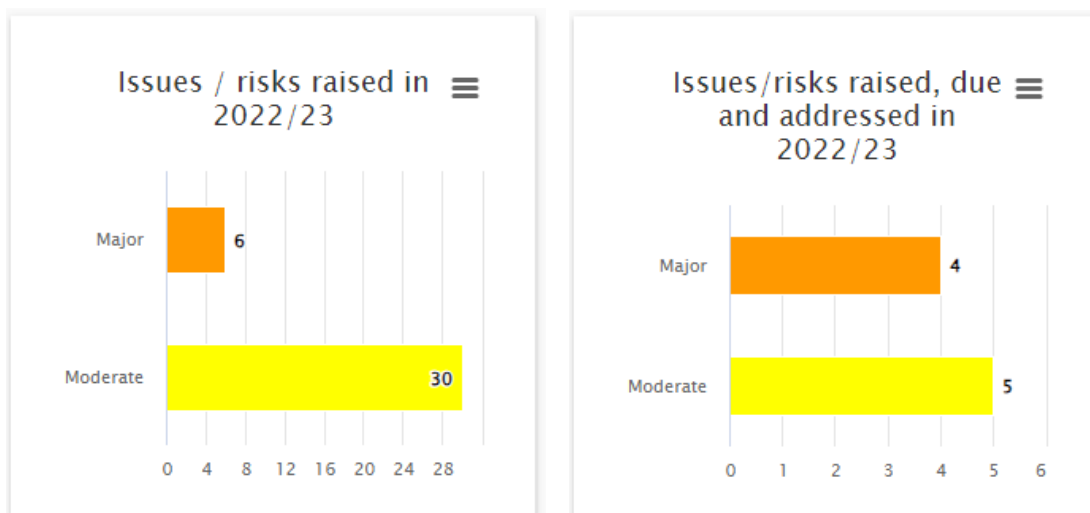
Of the 49 (62 in 2021-22) actions we are tracking, these were raised between 2018-19 and 2022-23.

While the graph above indicates the majority relate to the last two financial years, there is one issue/risk dating back to 2018-19 that management has yet to fully address. This relates to improving the password complexity settings for the Council's externally facing Leisure booking system and is rated as 'moderate' in risk priority. Work to address it forms part of the implementation of the new Leisure Hub system. There are delays with agreeing a go-live date with the software supplier due to technical issues. The IT team are currently liaising with the software provider to resolve this.

There are no 'major' rated issues/risks dating back further than 2020-21. This demonstrates that management are prioritising addressing risks of higher priority. In addition, to ensure that services are successfully addressing their issues/risks promptly, where a 'major' rated issue/risk is still not resolved 12 months after the original completion date has passed, action owners are asked to attend a Governance and Audit Committee meeting to update the Committee on the reasons for the delay in addressing the issue/risk.

There is currently one 'major' or rated issue/risk relating to an audit of Housing Allocations and improvements to the Housing applications process. The Service Manager - Community Housing attended the meeting of the Committee on 18 April 2023 to provide a further update.

## Issues / Risks Raised and Due in 2022-23



During 2022-23, we raised 36 (31 in 2021-22) 'issues/risks' that required management attention. Of these, we classified six (nine in 2021-22) as 'major' (amber) and 30 (22 in 2021-22) as 'moderate' (yellow).

Nine of the actions raised became due for completion in 2022-23 (five in 2021-22), and management addressed all nine (five in 2021-22) before 31 March 2023. This represents 100% performance in this area (100% in 2021-22).



## ISSUES RELEVANT TO THE PREPARATION OF THE ANNUAL GOVERNANCE STATEMENT

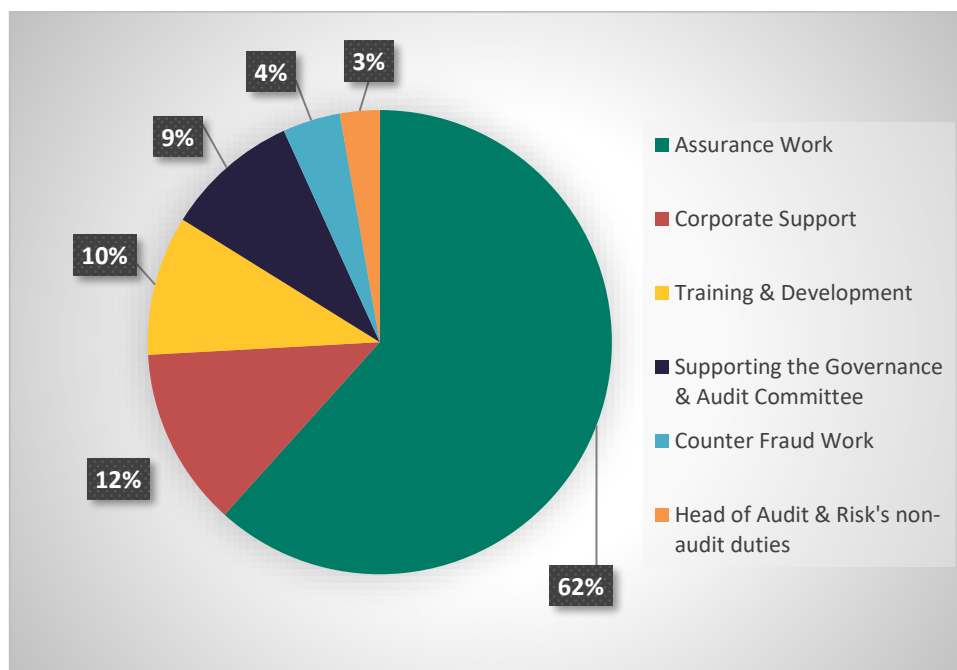
There are no issues which are of a significantly high risk or impact that warrant inclusion in the Annual Governance Statement.

During 2022-23, we have found senior management at the Council to be supportive and responsive to the issues we have raised. We have a good relationship with management; they openly share the areas where they perceive to be potential problems and take on board the results of our work as an opportunity for making improvements.

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

## OUR PERFORMANCE

When delivering the risk-based audit strategy, the Head of Audit and Risk, supported by the Leadership Team, has made every effort to make best use of available internal audit resources during the year, as follows:



### Adding Value

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 and IT audit.

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.

### Performance Measures

We have in place a quality assurance and improvement programme to ensure continuous improvement of our internal audit service. In June 2022, the Governance and Audit Committee agreed a number of performance targets within the Strategy for 2022-23, which can be seen below.

Performance Indicator	Performance 2020-21	Performance 2021-22	Target 2022-23	Performance 2022-23
Red and Amber Residual Risks in the Strategic Risk Register audited (over a rolling 24-month period) <a href="#">Appendix B</a>	28%	83%	80%	82%
Audits completed within six months	85%	76%	85%	89%
Clients' responses at least 'satisfied'	100%	100%	100%	100%
Number of staff	2.6 FTE	3.1 FTE	5.0 FTE	3.0 FTE

We have performed well against most of our targets, with three out of four indicators meeting their target. Crucially, we have comfortably achieved our target of reviewing 80% 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.

Despite a successful recruitment exercise at the end of 2021, we again failed to meet our target of retaining five full time equivalent (FTE) members of staff during the year, due to secondment, part-time working and internal promotion.

Following the internal promotion in August 2022, and two attempts at recruitment, we successfully recruited a Senior Auditor to join the team from 1 April 2023.

While the secondment continues, we have utilised external expertise to conduct IT audits and audits of strategic risk register risks. This has proved so successful that we have decided to continue with this approach, keeping the secondment vacancy unfilled to provide the funding for the specialist expertise.

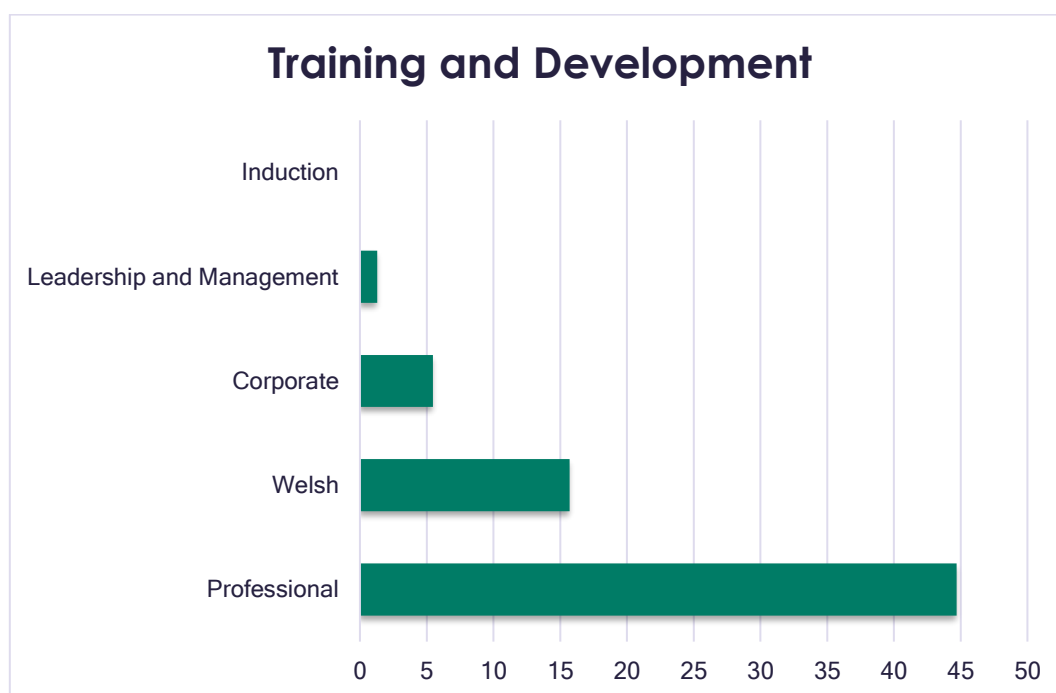
## Benchmarking

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 third year. Around 19 councils regularly participated in the benchmarking exercise pre-Covid. However, following concerns around the comparability and operational nature of the data, the Welsh Chief Auditors Group has established a working group to review the measures and a new set of measures is currently being piloted, with a commitment to re-starting the benchmarking exercise from 2023-24.

## TRAINING AND DEVELOPMENT

All current members of the team are professionally qualified, with a good mix of professional qualifications, including CIPFA<sup>3</sup>, CIIA<sup>4</sup>, IRRV<sup>5</sup>, ACFS<sup>6</sup>, ACFTech<sup>7</sup> and AAT<sup>8</sup>. 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 invested 67<sup>9</sup> days (10%) in training and development during 2022-23 consisting of the following:



<sup>3</sup> The Chartered Institute of Public Finance and Accountancy (CIPFA) is the professional body for people working in public services.

<sup>4</sup> The Chartered Institute of Internal Auditors (CIIA) is a professional association for internal auditors.

<sup>5</sup> The Institute of Revenues Rating and Valuation (IRRV) is the professional body for local taxation, benefits and valuation.

<sup>6</sup> The ACFS (Accredited Counter Fraud Specialist) is a professional counter fraud qualification accredited by the Counter Fraud Professional Awards Board.

<sup>7</sup> The ACFTech is counter fraud qualification provided by CIPFA and accredited by the Counter Fraud Professional Accreditation Board.

<sup>8</sup> The Association of Accounting Technicians

<sup>9</sup> Total of 88 days (9%) in 2021-22,

# CONFORMANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS

## External Assessment (Standard 1312)

The Public Sector Internal Audit Standards require internal audit services to have an external assessment which must be conducted by a qualified, independent assessor or assessment team from outside the organisation once every five years.

An external assessment of the Isle of Anglesey County Council Internal Audit Service was due in June 2022, but postponed at the request of the peer reviewer, Flintshire County Council, until September 2022.

The assessment, concluded in May 2023, confirmed that:

*Following validation of the self-assessment by Flintshire County Council, the Internal Audit Service of Ynys Môn County Council 'Generally Conforms' with the requirements.*

*"Generally Conforms"<sup>10</sup> reflects the highest level of conformance following an external assessment... Overall, the Ynys Môn County Council's Internal Audit Service complies with the standards in all significant areas and operates independently and objectively."*

## Statement of Independence (Standard 1110)

Standard 1110 requires the chief audit executive to confirm, at least annually, the organisational independence of the internal audit activity. The Internal Audit Charter defines how internal audit independence is established and maintained, which is submitted to the Governance and Audit Committee annually and was last submitted on 8 December 2022 for the Committee's consideration.

Accordingly, the Head of Audit and Risk has taken no part in the undertaking and reporting of audits in areas where a conflict exists in accordance with the Internal Audit Charter.

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<sup>10</sup> '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.

## 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.

Internal audit has a 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. Working in conjunction with the Council's governance, risk, control and assurance frameworks, Internal Audit can contribute to this complex web of expectations, obligations, ambitions and challenges by providing support in a unique and independent way.

Assurance requirements are fluid and constantly evolving, meaning internal audit must keep up with the pace of change to be able to stay relevant.

Advances in technology present new opportunities and innovative approaches for delivering internal audits. We use data analytics to test full data sets, spot hidden risks, and to target our testing; it allows us to analyse large volumes of data to identify trends, patterns, and anomalies that may indicate potential risks or opportunities for improvement, which adds value and insight to the work we produce.

Achieving this requires trained<sup>11</sup> 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.

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<sup>11</sup> Our Senior Auditor recently qualified in the CIPFA Certificate in Data Science, delivered in partnership with the Southampton Data Science Academy.

## APPENDIX A: DEFINITION OF ASSURANCE RATINGS 2022-23

Level of Assurance	Definition
Substantial Assurance	<p>Arrangements for governance, risk management and internal control are <b>good</b>.</p> <p>We found no significant or material Risks/Issues.</p>
Reasonable Assurance	<p>Arrangements for governance, risk management and/or internal control are <b>reasonable</b>.</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 <b>limited</b>.</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 <b>significantly flawed</b>.</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 2022-23

Risk Ref	Risk	Inherent Risk Priority	Residual Risk Priority	Created Date	Audit Year 2018/19	Audit Year 2019/20	Audit Year 2020/21	Audit Year 2021/22	Audit Year 2022/23
YM1	The risk that a real reduction in Council funding would lead to a reduction in statutory services, priorities not being delivered, and increasing staffing pressures	E / I = 5 T / L = 4 B1 (20)	E / I = 4 T / L = 4 B2 (16)	14/05/2019 12/01/2022		Financial Resilience (April 2020)			Financial Resilience (November 2022)
YM2	The risk that the Council is unable to recruit, retain and develop suitable staff, or that the staffing structure is not suitable to provide efficient and effective services	E / I = 4 T / L = 5 A2 (20)	E / I = 4 T / L = 4 B2 (16)	20/06/2018 12/01/2022	Recruitment & Retention (March 2019)				Recruitment & Retention (June 2022)
YM3	The risk of IT failure significantly disrupting service delivery	E / I = 5 T / L = 5 A1 (25)	E / I = 4 T / L = 4 B2 (16)	10/09/2018 12/01/2022		IT Audit - IT Resilience (April 2020)	IT Audit - IT Resilience (Follow Up) (May 2021)	IT Audit - Software Licence Management* (January 2022)	IT Audit - Cloud Computing (March 2023)
YM4	The risk that a cyber-attack has a significant impact on the Council's	E / I = 5 T / L = 5 A1 (25)	E / I = 5 T / L = 3 C1 (15)	21/06/2018 12/01/2022	IT Audit - Cyber Security (February 2019)		IT Audit - IT Service Continuity		IT Audit - IT Service Continuity (Phishing)



Risk Ref	Risk	Inherent Risk Priority	Residual Risk Priority	Created Date	Audit Year 2018/19	Audit Year 2019/20	Audit Year 2020/21	Audit Year 2021/22	Audit Year 2022/23
	ability to provide frontline and support services and results in a significant fine from the Information Commissioner						(Phishing) (April 2021)		(Follow Up) (September 2022) IT Vulnerability Management (September 2022) IT Vulnerability Management (Follow up) (January 2023)
YM5	The risk that the Island's schools are not suitable to meet the future educational challenges and that this affects standards	E / I = 4 T / L = 5 A2 (20)	E / I = 4 T / L = 4 B2 (16)	20/06/2018 12/01/2022	Director of Education, Skills and Young People requested postponement of audit due to pause in the programme				Audit started March 2023 and rolled forward to 2023-24
YM7	The risk that a change beyond the Council's control (e.g. Brexit, covid pandemic) affects the Council's ability to provide affordable services	E / I = 4 T / L = 4 B2 (16)	E / I = 3 T / L = 4 B3 (12)	20/06/2018 12/01/2022		Managing the Risks of Brexit (January 2020) Business Continuity (February 2020)	Review of COVID-19 Emergency Response (April 2020)	COVID-19 Emergency Management Assurance (May 2021)	
YM9	The risk of a lack of suitable housing that local residents can afford in their communities	E / I = 4 T / L = 5 A2 (20)	E / I = 4 T / L = 5 A2 (20)	12/01/2022					The Council's arrangements for the provision of suitable housing (June 2022)

Risk Ref	Risk	Inherent Risk Priority	Residual Risk Priority	Created Date	Audit Year 2018/19	Audit Year 2019/20	Audit Year 2020/21	Audit Year 2021/22	Audit Year 2022/23
YM10	The risk that a serious safeguarding error leads or contributes to serious harm to the vulnerable individuals the Council is responsible for	E / I = 5 T / L = 4 B1 (20)	E / I = 4 T / L = 2 D2 (8)	20/06/2018 12/01/2022	Deprivation of Liberty Safeguards (June 2018)		Corporate Parenting Panel (January 2021)		Audit started March 2023 and rolled forward to 2023-24
YM11	The risk that an increase in poverty increases demand on Council services	E / I = 4 T / L = 5 A2 (20)	E / I = 4 T / L = 5 A2 (20)	18/08/2020 12/01/2022	Welfare Reform (April 2019)				Poverty (March 2023)
YM13	The risk that the Council cannot adapt to become a carbon neutral Authority by 2030	E / I = 4 T / L = 4 B2 (16)	E / I = 4 T / L = 3 C2 (12)	12/01/2022					Climate Change Health Check (ZM) (September 2022)
YM14	The risk that the Island's physical assets (e.g. buildings, roads, IT network) will not be fit for purpose, or meet the needs of residents, businesses and visitors	E / I = 5 T / L = 5 A1 (25)	E / I = 4 T / L = 4 B2 (16)	12/01/2022				Investment in Assets (November 2021)	

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## APPENDIX C: THIRD LINE ASSURANCE – OTHER INTERNAL AUDIT WORK IN 2022-23

Title of Audit	Date of Final Report	Assurance Level	Critical	Major	Moderate
Fraud and Corruption in Procurement (previously corporate risk YM46)	August 2022	Reasonable	0	0	6
Council Tax and NNDR Refunds	November 2022	Reasonable	0	0	4
Direct Payments	September 2022	Reasonable	0	0	5
Cash Handling at Cyswllt Môn	November 2022	Reasonable	0	0	3
Duplicate Payment	November 2022	n/a	0	0	0
Galw Gofal (Partnership Governance Arrangements)	January 2023	Limited	0	1	4
Community Renewal Fund Grant	January 2023	Reasonable	0	0	0
Gas Safety	April 2023	Reasonable	0	1	5
Council Tax Direct Debit Error	January 2023	n/a	0	0	1
Recovering Council Sundry Debts and the impact of Covid-19 (second follow up)	February 2023	Limited	0	2	3
Identification of duplicate invoices and recovery of duplicate payments / Payments - Supplier Maintenance (second follow up)	April 2023	Reasonable	0	0	1
		<b>11</b>	<b>0</b>	<b>4</b>	<b>32</b>

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<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to:</b>	Governance and Audit Committee
<b>Date:</b>	29 June 2023
<b>Subject:</b>	Annual Insurance Report
<b>Head of Service:</b>	Marc Jones, Head of Function (Resources) / Section 151 Officer <a href="mailto:MarcJones@anglesey.gov.wales">MarcJones@anglesey.gov.wales</a>
<b>Report Authors:</b>	Julie Jones Risk and Insurance Manager <a href="mailto:JulieJones@anglesey.gov.wales">JulieJones@anglesey.gov.wales</a>
<p><b>Nature and Reason for Reporting:</b></p> <p>Audit committees are a key component of corporate governance and are an important source of assurance about an organisation’s arrangements for managing risk, maintaining an effective control environment and reporting on financial and other performance. Consequently, the Committee’s terms of reference advocate its greater role in all aspects of assurance.</p> <p>This report provides the Committee with information about how the Council manages its insurance and its challenges going forwards.</p>	

## 1. INTRODUCTION

- 1.1. This report details the insurance arrangements and recent loss histories for the principal areas of insured risk.

## 2. RECOMMENDATION

- 2.1. That the Governance and Audit Committee notes the contents of the report.



# ANNUAL INSURANCE REPORT 2022-2023

June 2023

Julie Jones, Risk & Insurance Manager



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*Cover Photograph: Rhosneigr during ex-hurricane Ophelia, October 2017*

## INTRODUCTION

The Council has a variety of insurance policies in place of which the main ones are **public and employers' liability, property and motor**.

The **public and employers' liability** policies indemnify the Council against costs and damages that it is liable to pay when members of the public, businesses and employees present claims for damage, injury and illness arising from the Council's negligence.

The **property** policies compensate the Council for damage to its buildings and contents following damage caused by certain perils.

**Motor** insurance combines an element of both in that it indemnifies the Council against damage or injury caused to a third party by Council vehicles and compensates the Council for damage to its vehicles.

The Council uses a combination of **self-insurance** and **external insurance** to address the financial consequence of risk. In some cases, the Council has arranged external insurance but self-insures a proportion of the claims paid by opting for a large **excess**. On some policies, the financial uncertainty is reduced by an aggregate stop (cap); once this is reached, the insurer meets the cost of any further claims.

Since 1 October 2017, the excess for the main policies are as follows:

Public and Employers' Liability	£50,000
Motor	£1,000
Property - Schools	£25,000
Property - General Buildings and Housing	£10,000
Property - Smallholdings and Commercial	£250



The self-funding of losses is part of the Council's overall approach to managing risk. It provides a greater incentive to deal with risk more effectively given that any reduction in claims directly benefits the Council. It also reduces the premiums payable and the Council's liability for Insurance Premium Tax (currently levied at 12%<sup>1</sup>).

To meet the self-insured element of any claims, the Council has established an Insurance Fund. As at 31 March 2023, the Council's Insurance Fund consisted of £1.250m in an Earmarked Reserve and £380k in the Insurance Provision Account. While it is important to ensure that the Insurance Fund holds sufficient resources to meet its liabilities, there is an opportunity cost of maintaining a greater balance than is needed. To ensure that the Fund is sufficient to meet the cost of its claims but is not over resourced, the Risk and Insurance Manager, in conjunction with the Director of Function (Resources) and Section 151 Officer, reviews the Fund every year.

Following a tender exercise in 2017, a five-year contract was awarded to Zurich Municipal. An uncompetitive market, having limited resources available to invite tenders, and an offer from the incumbent insurer to extend the agreement on terms likely to be significantly better than any terms that the market would provide at that time led to this agreement being extended for two years in 2022. Thus, the current agreement ends on 30 September 2024.

External premiums paid in 2022/23 were approximately £784k including £80.75k of Insurance Premium Tax. This represents an increase of approximately 9.1% since 2021/22. Whilst a proportion of this relates to inflationary factors on the sums insured, especially for property, there have also been rate increases. These rate increases are sector wide therefore not specific to Anglesey, and mainly relate to property and some premiums being linked to average weekly earnings.

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<sup>1</sup> Insurance premium tax increased from 6% to 9.5% in November 2015, to 10% in October 2016 and on 1 June 2017, to 12%.

## CLAIMS SUMMARY

This report provides a summary of claims under or against the Council's external and internal insurance arrangements for the period **1 April 2017 to 31 March 2023**, based on the date the incident occurred and not the date the claim was made or presented, and for claims presented before 1 April 2023. The cost of the claims is the total cost to the Council and its insurer inclusive of damages and costs.

The summary of claims included in [Appendix A](#) of this report provides a breakdown per policy, per financial year for the Council as a whole of the number of claims that have:

- been paid,
- been settled without cost or payment being made, or
- where the claim has not yet been settled.

The summary also includes the amount paid in respect of those settled claims and the amount reserved against those claims not yet settled.

It should be emphasised that not all '*still open*' claims and that have a reserve against them will be paid or settled for the amount reserved against them. This is particularly true for liability claims; claims with large reserves often settle for much lower sums or are settled at no cost at all.

The number of claims might also increase over time, as claims are sometimes presented several years after the event. For example, a child injured in primary school has a period of three years after turning 18 years old to present their claim. Hence, both the number of claims and the amount reserved and paid will change over time.

## CLAIM TRENDS

### Employers Liability Claims

The number of claims for personal injury presented by employees remains low at an average of two per year over the six-year period. The majority of the claims presented are because of a specific accident at work. A reserve of over £140k applies to a claim where a former teacher has alleged work related stress, with legal costs of almost £28k already paid to solicitors appointed by our insurers to investigate the allegations made.

### Public Liability Claims

The number of public liability claims has remained low over the last six years.

Historically, injury to road users and damage to vehicles on the highway make up a considerable proportion of the claims received. Whilst there was a significant reduction of highway related claims during the first lockdown when footfall and traffic was restricted, the claims level has recovered to pre pandemic levels during 2022/23. Of the 190 highways related claims settled over the six-year period, no damages or costs were paid in 158 cases, namely 83% of the settled highway related claims. Of the thirty-four highway related claims that have reserves against them, there are three 'trip, slip or fall' claims with high reserves that total £267k. Of the public liability claims paid, the most significant are damages and costs of almost £44k paid following a trip on the highway.

Although there have been very few claims made against any other service, there are seven claims with high reserves that total around £598k. These include claims relating to child protection issues, maritime activities, and allegations of contamination and defective premises.

## Motor Claims

The number of motor claims has returned to pre-pandemic levels during 2022/23 and almost 60% of the 27 claims this year are attributable to errors by our drivers. The Fleet Section monitors collisions and speeding offences committed in Council vehicles and arranges driving assessments for repeat offenders.

The cost of motor claims continues to increase. This is a national trend brought about by the increased cost of parts, and the increased cost of hire cars. This is evidenced as far back as 2017/18 when four of the Council's electric vehicles were written off at a cost of over £72k, due to a flooding incident.

## Property Claims

The weather is the main driver for property damage claims. Storm Ophelia brought with it strong winds, with gusts of 70 to 80mph, in 2017 and resulted in over £85k of damage to the roof of Plas Arthur Leisure Centre. More recently, storm Arwen caused damage to agricultural buildings on a number of the Council's smallholdings. Fortunately, damage to the Council's properties due to fire and other perils are few and far between. The last fire claim relates to a smallholding in April 2022, accounting for over £46.5k of the reserve against 2022/23.

## Pre-2017 Claims

It should be noted that [Appendix A](#) provides details of claims relating to the period 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2023. There are other claims that remain open that relate to periods before this date. Currently there are two public liability claims which fall into this category; one highway related and the other school related. The outstanding reserves for these two claims amount to approximately £77k and these highlight that some claims can take many years to resolve or even be made.

Overall, the trend is that the number of claims are increasing but remain relatively low; however, claims are becoming more expensive.

## FUTURE CHALLENGES

The pandemic had a positive impact on claims numbers. However, some of the working practises introduced during the pandemic, could lead to claims in the future or affect the Council's ability to defend claims. Examples could include, an employee working from home in an unsuitable environment presenting postural type claim. Another example may be a highway related claim where, because of the requirement to social distance, the road was inspected by a single officer driving as opposed to the best practice of two officers to undertake the inspection; one driving and the other looking for defects.

Fraudulent activities increased throughout the UK during the pandemic and such activity is also common during economic downturns. Given the current economic climate it is possible that there will be an increase in fictitious or exaggerated claims being presented. The Insurance Team, as well as the Council's insurer, are alert to this increased risk.

The Council owns and manages approximately 4,000 housing properties and garages across the Island. Despite having achieved Welsh Housing Quality Standard (WHQS)<sup>2</sup> since 2012, a small number of claims alleging housing disrepair are received annually. Whilst the disrepair elements are not insurance matters, and therefore not reflected in the statistics presented in [appendix A](#), Council resources are required to investigate, rectify any issues, and pay compensation and costs where required. This may prove challenging if the number of claims increase to levels experienced by some local authorities.

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<sup>2</sup> The Welsh Housing Quality Standard (WHQS) is the Welsh Government standard of housing quality. The WHQS was first introduced in 2002 and aims to ensure that all dwellings are of good quality and suitable for the needs of existing and future residents. The Welsh Government set a target for all social landlords to improve their housing stock to meet the WHQS as soon as possible, but in any event by 2020. The Housing (Wales) Act 2014 reaffirmed this requirement.

We are all aware of the changing global climate and the resulting impact of storms, flooding, coastal erosion, and heatwaves globally and locally in recent times. As the planet continues to warm up such events are likely to occur more frequently and have a greater impact when they do occur. The impact on the individuals and communities that are affected is tragic but there is also an impact on insurers in terms of the costs of settling the resulting claims.

Generally, the cost of claims is increasing. Stubbornly high rates of inflation and a difficult labour market were witnessed in 2022/23; factors that have resulted in significantly higher repairs costs for both vehicles and buildings over the last 2 years. Technical advances in vehicles also means that more parts usually have to be replaced. For example, a bumper may now contain many sensors, which also need replacing following a minor collision. Similarly, the cost of construction materials has increased, and modern construction methods may increase the likelihood that more damage is caused. The cost of injury claims, particularly where there is an on-going care element, are also increasing. Labour supply in the care sector remains challenging and as society lives longer and prognoses improve due to advancing treatments, the cost of care increases.

All these factors will impact the amounts that insurers pay to settle the claims presented to them and are driving up the premiums charged by insurers. Another factor impacting premiums is the cost that insurers are having to pay for reinsurance. Reinsurance is insurance that an insurer buys from another insurer to insulate itself from the risk of a major claims event. For example, an insurer may offer to insure a building valued at £100m but may buy reinsurance to cover any loss over £50m, therefore limiting their exposure to the first £50m. The cost of reinsurance has increased significantly whilst at the same time the capacity of the reinsurance market has reduced. As a result, insurers are more selective of the risks that they are willing to insure making particular classes of business difficult to place. These include cyber insurance, some professional indemnity covers, and insurance for waste and recycling sites. Where insurers are willing to offer terms, they will often increase the premium, increase the excess, or limit the loss or indemnity limit.

It is therefore likely that the premiums that the Council pays for insurance moving forward will continue to increase regardless of the small number of claims made and received. Demonstrating to insurers that the Council has learnt lessons following any significant claim and that there are suitable processes and measures in place to manage risks are therefore key if premium increases are to be minimised and interest is to be generated when inviting insurers to tender in 2024. Managing risks well can also minimise the Council's self-insured losses and allow the Council to accept more risk by increasing excesses and deductibles, thus keeping a balance between the risks we insure and the cost of the premium.

## APPENDIX A – CLAIMS SUMMARY

Policy	Period	Number			Cost (£)	
		Paid	Settled at No Cost	Not Settled	Amount Paid	Amount Reserved
Public Liability	2017/2018	25	37	0	68389	0
	2018/2019	23	54	2	91840	195001
	2019/2020	13	40	3	31961	40273
	2020/2021	11	43	2	38276	238089
	2021/2022	8	23	7	10848	169973
	2022/2023	3	18	42	2904	433998
Employers' Liability	2017/2018	2	3	0	24662	0
	2018/2019	1	0	1	391	169021
	2019/2020	0	0	0	0	0
	2020/2021	0	1	0	0	0
	2021/2022	0	1	2	0	17853
	2022/2023	0	0	1	0	9597
Motor	2017/2018	17	6	0	97903	0
	2018/2019	14	20	0	13887	0
	2019/2020	13	8	1	34532	11046
	2020/2021	13	4	0	16487	0
	2021/2022	13	3	2	13294	13839
	2022/2023	18	1	8	24538	13993
Property	2017/2018	18	16	0	153594	0
	2018/2019	9	5	0	17500	0
	2019/2020	5	4	0	51097	0
	2020/2021	1	0	1	10000	720
	2021/2022	14	7	4	37910	20596
	2022/2023	2	1	5	2925	53265
Other	2017/2018	2	1	0	331	0
	2018/2019	2	0	0	743	0
	2019/2020	0	0	0	0	0
	2020/2021	0	1	0	0	0
	2021/2022	1	0	0	3600	0
	2022/2023	1	0	0	1188	0
Total	2017/2018	64	63	0	344879	0
	2018/2019	49	79	3	124362	364022
	2019/2020	31	52	4	117590	51319
	2020/2021	25	49	3	64764	238809
	2021/2022	36	34	15	65653	222261
	2022/2023	24	20	56	31554	510854



<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to:</b>	Governance and Audit Committee / County Council
<b>Date:</b>	29 June 2023 / 12 September 2023
<b>Subject:</b>	Annual Report of the Governance & Audit Committee 2022-23 – Chair’s Report
<b>Head of Service:</b>	Marc Jones Director of Function (Resources) and Section 151 Officer <a href="mailto:MarcJones@anglesey.gov.wales">MarcJones@anglesey.gov.wales</a>
<b>Report Author:</b>	Marion Pryor Head of Audit and Risk <a href="mailto:MarionPryor@anglesey.gov.wales">MarionPryor@anglesey.gov.wales</a>
<b>Nature and Reason for Reporting:</b> 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 2022-23.	

## 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 guidance<sup>1</sup> 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 2022-23 prior to its submission to the meeting of the County Council on 12 September 2023.

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<sup>1</sup> The Chartered Institute of Public Finance and Accountancy’s [Position Statement: Audit Committees in Local Authorities and Police \(2022\)](#) 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 2022-23 – CHAIR'S REPORT

**Marion Pryor BA MA CMIIA CPFA ACFS**

**June 2023**

**Head of Audit & Risk**

[MarionPryor@anglesey.gov.wales](mailto: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 (3.4.8.1.1).

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 (3.4.8.1.2)

It oversees internal (3.4.8.10) and external audit (3.4.8.11) and other regulators (3.4.8.13), helping to ensure effective assurance arrangements are in place. It also reviews, assesses and reports on the authority's ability to handle complaints effectively (3.4.8.14) and makes recommendations for improvement in this area. Following the enactment of the Local Government and Elections (Wales) Act 2021, it also receives and comments upon the Council's annual self-assessment report (3.4.8.15) and the report of the performance assessment panel (3.4.8.16).

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 (3.4.8.1.3).

To discharge their responsibilities effectively, the Chartered Institute of Finance and Accountancy's (CIPFA) guidance<sup>1</sup> 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 2022-23 against its terms of reference, incorporated within the Council's [Constitution](#)<sup>2</sup>, version 2.78 updated on 25 April 2023.

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<sup>1</sup> The Chartered Institute of Public Finance and Accountancy's [Position Statement: Audit Committees in Local Authorities and Police \(2022\)](#) and associated guidance sets out CIPFA's view of the role and functions of an audit committee.

<sup>2</sup> The relevant section of the Constitution is referenced in brackets.

## 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).

The Committee consisted of eight elected members and four lay members. Councillor Liz Wood took a brief leave of absence during the year. In her absence, Councillor Aled Morris Jones joined the Committee on a temporary basis. 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) and attended six out of the eight meetings of the Committee during 2022-23 ([Appendix A](#)).

As required by the Local Government and Elections (Wales) Act 2021, the Chair of the Governance and Audit Committee was a lay member and therefore not an elected councillor or 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 (hybrid meetings) on eight occasions, which included two special meetings to consider only the draft and final Statement of Accounts 2021-22 and the report of External Audit on the Financial Statements (ISA 260 Report). The attendance at meetings during 2022-23 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).

Existing members received ongoing training ([Appendix B](#)), reports on new legislation, professional guidance and research. A knowledge and skills survey was conducted with members of the Committee during the year, and the outcome passed to the HR Development Manager for inclusion in the 2023-24 members' training programme (3.4.8.2.9).

During 2021-22, the Committee considered and approved a fully revised terms of reference following changes made as a result of the Local Government and Elections (Wales) Act 2021. In February 2023, the Committee reviewed its current terms of reference for appropriateness and with reference to sector-specific guidance which was issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) in December 2022. As the guidance did not contain any changes that affected the Committee's existing terms of reference, the Committee resolved to approve them with no changes required.

## 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 2022-23, a knowledge and skills self-assessment was conducted with individual members of the Committee to assess their own effectiveness and to identify whether there were any areas for development and training. A programme of events in response has been developed in conjunction with the HR Development Manager (3.4.8.3.2).

The Chartered Institute of Public and Accountancy (CIPFA) has been commissioned to facilitate a qualitative self-assessment during 2023-24 with members of the Committee. It will also obtain feedback on the Committee's performance with those interacting with the Committee or relying on its work, including senior management, to evaluate whether and how the Committee is adding value to the organisation (3.4.8.3.2).

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.<sup>3</sup> During 2022-23, the Committee considered three items in private:

- Annual Cyber Security Report 2022 (September 2022)
- Strategic Risk Register Updates (September 2022 and February 2023)
- Internal Audit Report of 'Galw Gofal - Partnership Governance Arrangements' (February 2023)

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

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<sup>3</sup> 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.

In February 2023, a query was raised by a member of the Committee on the necessity of excluding the Strategic Risk Register in its entirety from being discussed in an open session on the basis that it was deemed there were elements of the Register which were of public interest. Following the meeting, the Head of Audit and Risk sought advice from the Chief Executive and Monitoring Officer on this matter and it was agreed that going forward the Strategic Risk Register will be discussed in open session (3.4.8.3.3).

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



## GOVERNANCE

The Committee considered the Council's Local Code of Governance at its meeting in December 2022. The Committee noted that it was being presented following an internal review process during 2022-23 via the Performance and Governance Review Group and Leadership Team, providing 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 (3.4.8.4.1/5).

The Committee highlighted inconsistency between the Welsh and English versions of the document and queried whether the document which is forward looking and will apply to the period from 2023 to 2028 should have as a reference point the current Council Plan as it comes to an end in 2022. In response, the Programme, Business Planning and Performance Manager advised that the commitments set out in the document demonstrate what the Council is seeking to achieve, with the evidence that these have been fulfilled provided by the sources of assurance. The evidence in terms of the new Council Plan for 2023 to 2028 was not yet in place.

In July 2022, 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). The Committee commented on the improved readability and layout of the Statement but noted that a condensed version might be helpful for public consumption. The Committee also queried the overall assessment against the core principles of the Framework has remained 'Good' in consecutive years with no movement up to next level. In response, the Chief Executive advised that the categories are broad in scope and that to move up to "Excellent" would require the Council to be able to demonstrate innovative practices which is not always easy with regards to governance.

Further, the Committee requested clarification on progress made with addressing governance matters identified during 2021-22 particularly those pertaining to new responsibilities and changes introduced by the Local Government and Elections (Wales) Act 2021. In response, the Chief Executive clarified that the Act imposes new duties and responsibilities on the Council some of which have been implemented and others which were in progress to be completed within the current financial year.

In January 2023, the Committee received the final version of the AGS and resolved to endorse it for 2021-22 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 (3.4.8.6.2).

The Governance and Audit Committee's Terms of Reference require it to review the governance and assurance arrangements available for significant partnerships or collaborations (3.4.8.4.6) and review the assurance available for managing partnership risks, including the risk profile of the Council as part of the partnership (3.4.8.8.1). Due to the new Council cycle, a report about significant partnerships was not available during 2022-23. In the absence of an annual report being available from the Partnership and Regeneration Scrutiny Committee, Internal Audit will undertake a piece of work to provide the Committee with this assurance during 2023-24.

## 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 September 2022, the Committee reviewed the **Annual Treasury Management Report 2021-22**, 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 capital expenditure and the underspend on the capital budget, maintaining the Council's purchasing power and increasing yield through investment. 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 2022, the Committee considered the mid-year review of treasury management activities and position. Following discussions around the Council's estimates for capital expenditure, causes of delays in the capital programme and security of lending and borrowing between local authorities, the Committee resolved to note and accept the mid-year review without further comment. The Committee also resolved to recommend to the Executive that the proposed change in counterparty limit to other local authorities from £5m to £10m is put forward for approval by the Full Council. (3.4.8.5.1/2/3/4).

In February 2023, the Committee considered the **Treasury Management Strategy Statement for 2023-24**, which incorporated the Annual Investment Strategy, the Annual Minimum Revenue Provision Policy Statement, the Treasury Management Policy Statement, and the Treasury Management Scheme of Delegation. (3.8.4.5.1/4)

Following discussions around practicalities of funding the capital budget, increases in external borrowing due to the Council reaching the limits of internal borrowing and future WG funding expectations and likely requirements e.g., net zero conditions, the Committee resolved to accept and to note the Treasury Management Strategy for 2023-24 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 July 2022, 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 April 2023, the Committee considered **Audit Wales's Annual Audit Summary 2022**, 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 2021-22 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 2021-22 financial statements, in which the Auditor General had been able to give an unqualified true and fair opinion on the Council's financial statements.

The Auditor General also certified that the Council had met its remaining Local Government (Wales) Measure 2009 duties for the financial year 2021-22, and that the Council had made good progress developing its arrangements to meet the requirements of the Local Government and Elections (Wales) Act 2021, including drafting its first annual self-assessment (see [Self-Assessment Report](#) below). In terms of carbon reduction plans, the Auditor General acknowledged that the Council has a vision for its decarbonisation ambition but is an early stage of its journey, with further work needed to understand its carbon footprint and the cost and carbon impact of its proposed actions.

The Committee resolved to note the Auditor General's Annual Audit Summary 2022 and 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 September 2022, the Committee received the Principal Health and Safety Officer's **Annual Corporate Health and Safety Report**. Discussion ensued around issues regarding attendance at training sessions and the ability to draw any emerging trends, patterns and/or learning points from any referrals made to the Health and safety Executive (HSE). 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 recommended that future Corporate Health and Safety Annual reports include data on the number of people expected to attend individual training sessions as well as the number actually attending (3.4.8.7.1).

Also in September 2022, the Committee received the **Annual ICT Cyber 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 (3.4.8.7.1).

In December 2022, the Committee received a report from the Chief Executive and Climate Change Manager outlining the **Council's response to reports from both Audit Wales and Zurich Risk Engineering on climate change approach in the public sector and within Isle of Anglesey County Council**. Discussion ensued around costs of achieving the net zero target; realisation of savings from measures already taken e.g., installation of solar panels on Council buildings; metrics to measure net zero progress; external support and expertise; and

the challenges with additional investment in decarbonisation initiatives when the budget situation is expected to worsen over the next two years. On noting the assurance provided, the Committee requested that it receive a further update on progress in spring 2023 (3.4.8.7.1/3.4.8.13).

In February 2023, 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 November 2021 to January 2023. 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 provision of training for school staff; the role of Cwmni CELyn in providing specialist information governance and data protection advice to local authorities; and arrangements for procuring software packages for schools whilst ensuring compliance with GDPR and data protection requirements. 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 (3.4.8.7.1).

## RISK MANAGEMENT

The Governance and Audit Committee has overseen the development and operation of risk management in the Council (3.4.8.8.1) during the year.

In September 2022, the Committee received an update on the Council's Strategic Risk Register, which highlighted changes to both the overall risk register as well as to any specific risks in terms of probability and impact following review by the Leadership Team. Discussion ensued around the seven key red/critical residual risks outlined, where the Committee accepted that some of these risks by their nature will always exist being linked to people, assets, information technology and the wider economy but having identified, assessed, and regularly monitoring them allows the Council to manage them to an acceptable level. The Committee resolved to note the amendments made to the Strategic Risk Register.

The Committee received a similar report in February 2023 and following discussion resolved to note the amendments made to the Strategic Risk Register and to take assurance that the Leadership Team has recognised and is managing the risks to the achievement of the Council's priorities.

In April 2023, the Committee considered the revised Risk Management Policy and Strategy as well as the supplementary Risk Management Guidance. Following discussions around determination of risk appetite settings for different risk categories within the Risk Appetite Statement; contract risk management, particularly within the building/construction sector; and capturing lessons learned from risks that have materialised, the Committee resolved to accept the Risk Management Policy and Strategy and note their contents.

## COUNTERING FRAUD AND CORRUPTION

In September 2022, the Committee received the Head of Audit and Risk's **Annual Counter Fraud, Bribery and Corruption report** for 2021-22 (3.4.8.9.4). As part of this report, the Head of Audit and Risk confirmed to the Committee current compliance rates (93%) for staff knowledge and understanding of the Whistleblowing Policy and Guidance (3.4.8.9.1).

Following discussion around the use of technology to help tackle fraud and the Council's participation in the National Fraud Initiative (NFI); Council Tax Single Person Discount fraud and the engagement of an external company to periodically analyse Single Person Discount data to identify anomalies and/or errors; the importance of educating staff about different types of fraud and the lack of current regional and local data about the extent of sector specific fraud, the Committee resolved to accept the report and to note its contents.

In December 2022, the Committee received the Head of Audit and Risk's **Counter Fraud, Bribery and Corruption strategy 2022-25** (3.4.8.9.2/3).

The Committee engaged in discussion around the recognition that cyber risks are those which the Council is most exposed and the need therefore to avoid complacency on account of the size of the authority, highlighting that cyber threats are pervasive and continually evolving.

Following further discussion on the need for robust cyber-risk management arrangements in schools and the use of "detection" as a key objective for the Council's strategy for counter-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). By 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 June 2022, the Committee received the **Internal Audit Strategy 2022-23** (3.4.8.10.1/2/5/6). Following discussion around the meaning of Financial Resilience for the Council in the context of rising energy prices and materials and clarification that the focus for Internal audit work in this area will be how the Council will plan ahead for the future; the Committee resolved to approve the Internal Audit Strategy for 2022-23 and to endorse the approach and priorities outlined as fulfilling the Council's assurance needs.

Also in June 2022, the Committee considered the **Annual Internal Audit Report 2021-22**, 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 (3.4.8.10.6/7/8/9/12/14/15). 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 2022, 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 would be undertaken during the summer via peer review by Flintshire County Council. (3.4.8.10.14).

Following discussion on a range of areas, in particular staff turnover, recruitment and retention of staff and remote working, the Committee noted the report.

In December 2022, 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). Following discussion on the use of the term "customers" to define the recipients of Internal Audit's services, 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 (June, September, December 2022 and February and April 2023). 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 2022 and April 2023 respectively (3.4.8.10.10/11). In September 2022, the Committee supported the proposal that action owners of major or amber rated issues/risks that are still not resolved 12 months after the original target date has passed, be asked to attend the Governance and Audit Committee to provide information on the reason for the delay in addressing the issue/risk.

As part of this new protocol, in April 2023, the Service Manager (Community Housing) updated the Committee on the position with regard to addressing a major or amber issue/risk identified during an audit of the Housing Allocations process. Following enquiries into timescales for the Housing Application process to be added to the Council's Customer Relationship Management (CRM) system, 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 June 2022, the Committee received Audit Wales's Plan for 2021-22, 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 February 2022, the Committee considered the external auditor's annual letter and ISA 260 report to *'those charged with governance'* (3.4.8.11.1/2). Following discussions around the provision for the Penhesgyn waste site; results of the revaluation of assets and the increase in value of Council dwellings; adjustments to the draft accounts and potential further improvements to the audit of the accounts; it was resolved to note the external auditor's report for its audit of the 2021-22 Financial Statements.

In April 2023, the Committee resolved to note Audit Wales's Annual Audit Summary report for 2022, which showed a summary of the outcome of each piece of work completed.

During the year, the Committee received quarterly updates (in June 2022, September 2022 and April 2023) and external audit reports, including the audit of the Housing Benefit Subsidy (June 2022); Direct Payments for Adult Social Care (September 2022); an assessment of the Council's arrangements for managing its assets and workforce (Springing Forward) (October 2022); and Public Sector Readiness for Net Zero Carbon by 2030 (December 2022).

The Committee monitored the implementation of external audit recommendations and received a report from the Head of Profession (HR) and Transformation in December 2022, 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).

The Committee was not compelled to make any recommendations on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies during the year (3.4.8.11.4).

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 July 2022 and January 2023, the Committee reviewed, prior to approval by full Council, the authority's draft and final annual financial statements for 2021-22 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).

In July 2022, in considering the draft financial statements, the Committee discussed a range of factors, including the increase in school balances, caused by additional grant funding from WG partly to help schools with the ongoing impact of the pandemic and partly to assist pupils catch up with missed learning during this period; the valuation of the Council's property assets, which does not include its highway network due to the challenge of accurately putting a value on highway infrastructure; and budget planning and forecasting challenges caused by late funding and the current economic situation.

Following further discussion on the pension liability and its impact on the accounts as well as underspends on both the Council's revenue and capital budgets, the Committee resolved to note the draft unaudited main financial statements for 2021-22.

In January 2023, 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 2021-22.

## COMPLAINTS HANDLING

The Committee has responsibility for reviewing and assessing the authority's ability to handle complaints effectively (3.4.8.14.1).

In September 2022, the Committee considered the Director of Function (Council Business) / Monitoring Officer's **Annual Concerns and Complaints report for 2021-22** which set out issues arising under the Council's Concerns and Complaints Policy for the period 1 April 2021 to 31 March 2022. Following discussion around the Council's performance in complaints handling and clarification from the Director of Function (Council Business) / Monitoring Officer that the main service areas where complaints are generally received are those that affect people personally such as Resources, Housing and Social Services; the Committee resolved to accept the report.

Also in September 2022, the Committee received the **Public Services Ombudsman for Wales (PSOW) Annual Letter 2021-22**. The document outlined the complaints standards work undertaken by the PSOW over a 12-month period as well as a summary of the Council's performance in this area. Following consideration and discussion, the Committee resolved to note and accept the Annual Letter 2021-22 and authorised the Director of Function (Council Business) / Monitoring Officer to write to the PSOW to confirm that the Governance and Audit Committee has given formal consideration to her Annual Letter and to provide reassurance that the Council will continue to monitor complaints and thereby provide Members with the information required to scrutinise the Council's performance (3.4.8.14.2).

## SELF-ASSESSMENT REPORT

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

In July and October 2022, the Committee considered the **draft Annual Self-Assessment Report 2021-22**, which was the Council's first corporate self-assessment report, prepared to fulfil the new duty placed on councils in Wales by the Local Government and Elections (Wales) Act 2021 to keep their performance under review (3.4.8.1.4)

The Committee welcomed the report as a positive assessment demonstrating a number of strengths. Detailed discussions ensued around use of buildings resources and the future implications of hybrid working practices; staff turnover rates; misinterpretation of an increased level of reserves in the context of the 'good' assessment rating for use of resources; potential for future internal audit appraisal of the self-assessment document; and styling and presentation of the report (3.4.8.4.4).

The Committee resolved to agree the contents of the self-assessment report for 2021-22 and recommend its consideration by Full Council, subject to consideration of the above points (3.4.8.15.1/2/3/4).

## PERFORMANCE PANEL ASSESSMENT

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.

A performance panel assessment was not conducted during 2022-23 (3.4.8.4.3/3.4.8.16).

## AUDITOR GENERAL SPECIAL INSPECTION

The Auditor General may carry out a special inspection of the Council (if it considers the Council is not, or may not, be meeting its performance requirements).

Following the report being sent to the Council, as soon as reasonably practicable after receiving such report, the Council is required to make it available to the Governance and Audit Committee. The Council's draft response must be made available to, and be reviewed by, the Governance and Audit Committee. The Committee may recommend changes to the response, including the action proposed by the Council. If the Committee's recommendations are not adopted by the Council before publication, the recommendations must be included in the response along with the reasons why the Council has not made the changes recommended by the Committee (3.4.8.17.1/2/3).

The Auditor General did not carry out any special inspections of the Council during 2022-23.



## APPENDIX A: FREQUENCY OF MEETINGS AND ATTENDANCE

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Members	29/06/22	26/07/22	28/09/22	20/10/22	08/12/22	18/01/22	07/02/23	18/04/23	Total meetings attended
Mr Dilwyn Evans (Lay Member) (Chair)	✓	✓	✓	✓	✓	✓	✓	✓	8
Cllr Euryrn Morris (Deputy Chair)	✓	✓	✓	✓	✓	✓	Apologies	✓	7
Cllr Geraint Bebb	✓	Apologies	✓	No	✓	✓	✓	✓	6
Cllr Neville Evans	✓	Apologies	✓	✓	✓	✓	✓	No	6
Cllr Dyfed Wyn Jones	✓	Apologies	✓	✓	Apologies	✓	Apologies	✓	5
Mr William Parry (Lay Member)	✓	✓	✓	✓	✓	No	✓	✓	7
Cllr Dafydd Roberts	✓	✓	✓	✓	✓	✓	✓	✓	8
Cllr Keith Roberts	✓	✓	✓	✓	✓	✓	✓	✓	8
Cllr Margaret M. Roberts	✓	✓	Apologies	✓	✓	✓	Apologies	✓	6
Ms Sharon Warnes (Lay Member)	✓	✓	✓	✓	✓	✓	✓	✓	8
Mr Michael Wilson (Lay Member)	✓	✓	✓	✓	✓	No	✓	✓	7
Cllr Liz Wood	✓	✓	✓	No	Apologies	✓	No	✓	5
Cllr Aled Morris Jones (appointed for one meeting only)	-	-	-	-	-	-	✓	-	1
Cllr Robin Williams (Finance Portfolio Holder)	✓	✓	Apologies	Apologies	✓	✓	✓	✓	6
<b>Total for Committee<sup>4</sup></b>	<b>13</b>	<b>10</b>	<b>11</b>	<b>10</b>	<b>11</b>	<b>11</b>	<b>10</b>	<b>12</b>	

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<sup>4</sup> In accordance with the Committee's Terms of Reference, the committee consists of eight elected members and four lay members. 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 2022-23

	Committee Specific						Mandatory				Total Attendance / Completion
	Induction	Financial Statements	Complaints	Treasury Management	General Data Protection Regulations (GDPR)	Cyber Awareness <sup>5</sup>	Basic Safeguarding Awareness	Violence Against Women, Domestic Abuse and Sexual Violence*	Prevent*	Modern Slavery*	
Mr Dilwyn Evans (Lay Member) (Chair)	23/06/22	13/07/22	09/09/22	14/09/22	05/09/22	12/05/22		Optional	12/09/19	Optional	88%
Cllr Euryrn Morris (Deputy Chair)	23/06/22	13/07/22	09/09/22	14/09/22	12/06/22	18/05/22	20/09/22	12/06/22	12/06/22	In progress	90%
Cllr Geraint Bebb	23/06/22	13/07/22	09/09/22	Apologies	06/09/22	12/05/22	Absent	29/09/22	Not started	In progress	60%
Cllr Neville Evans	23/06/22	Apologies	09/09/22	14/09/22	06/09/22	11/05/22	20/09/22	Not started	Not started	Not started	60%
Cllr Dyfed Wyn Jones	23/06/22	13/07/22	Apologies	Absent	06/09/22	11/05/22	26/09/22	Not started	Not started	Not started	50%
Mr William Parry (Lay Member)	Apologies	Absent	09/09/22	Absent				Optional	Optional	Optional	14%
Cllr Dafydd Roberts	23/06/22	13/07/22	Absent	14/09/22	11/20/22	12/05/22	20/09/22	01/04/18	12/10/22	12/10/22	90%
Cllr Keith Roberts	23/06/22	13/07/22	09/09/22	14/09/22	07/09/22	11/05/22	20/09/22	Not started	Not started	Not started	70%
Cllr Margaret M. Roberts	23/06/22	Apologies	21/07/21	Apologies	Absent	11/05/22	20/09/22	Not started	Not started	Not started	40%
Ms Sharon Warnes (Lay Member)	23/06/22	13/07/22	09/09/22	14/09/22	25/01/20	12/05/22		Optional	Optional	Optional	86%
Mr Michael Wilson (Lay Member)	23/06/22	13/07/22	09/09/22	14/09/22	22/02/19	12/05/22		21/12/17	Optional	Optional	88%
Cllr Liz Wood	23/06/22	13/07/22	Absent	Absent	Absent	11/05/22	Absent	Not started	Not started	Not started	30%
<b>Total</b>	<b>11/12 (92%)</b>	<b>9/12 (75%)</b>	<b>9/12 (75%)</b>	<b>7/12 (58%)</b>	<b>9/12 (75%)</b>	<b>11/12 (92%)</b>	<b>6/12 (50%)</b>	<b>4/12 (33%)</b>	<b>3/12 (25%)</b>	<b>1/12 (8%)</b>	

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<sup>5</sup> Cyber awareness formed part of introductory training for new Council cohort in May 2022

\*Optional for lay members.

<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to</b>	Governance and Audit Committee
<b>Date</b>	29 June 2023
<b>Subject</b>	External Quality Assessment of Conformance with the Public Sector Internal Audit Standards
<b>Head of Service</b>	Marc Jones Director of Function (Resources) and Section 151 Officer <a href="mailto:MarcJones@anglesey.gov.wales">MarcJones@anglesey.gov.wales</a>
<b>Report Author</b>	Marion Pryor Head of Audit and Risk <a href="mailto:MarionPryor@anglesey.gov.wales">MarionPryor@anglesey.gov.wales</a>
<p><b>Natur a Rheswm dros Adrodd / Nature and Reason for Reporting:</b>            This report provides the outcome of the five-year external quality assessment of the conformance with the Public Sector Internal Audit Standards of the Council's internal audit service, undertaken by Flintshire County Council.</p>	

## 1. INTRODUCTION

- 1.1 The Public Sector Internal Audit Standards (PSIAS) requires an external assessment of all internal audit services to be conducted at least once every five years by a qualified, independent reviewer from outside of the organisation.
- 1.2 The two possible approaches to external assessments outlined in the Standards include either a full external assessment or an internal self-assessment which is validated by an external reviewer.
- 1.3 Members of the Welsh Chief Auditors Group (WCAG) elected to adopt the self-assessment approach, with another member of the WCAG undertaking the validation.
- 1.4 A team from Flintshire County Council, consisting of the chief audit executive supported by the Principal Auditor, undertook the validation. Their report is attached.
- 1.5 The validation determined that the Isle of Anglesey County Council internal audit service 'Generally Conforms' with the requirements. 'Generally Conforms' reflects the highest level of conformance following an external assessment.

## 2. RECOMMENDATION

- 2.1 That the Governance and Audit Committee notes the assurance provided by the outcome of the external quality assessment of the Council's conformance with the Public Sector Internal Audit Standards undertaken by Flintshire County Council.

## Flintshire Internal Audit

### Assurance:

**Generally Conforms:** 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.

## Audit Report

**Title:** PSIAS External Assessment –  
Ynys Môn County Council  
Internal Audit Service

**Issued Dated:** 19 May 2023

**Internal Audit engagements are conducted in conformance with the Public Sector Internal Audit Standards.**

## **1.0 Introduction**

- 1.1 The Public Sector Internal Audit Standards (PSIAS) became effective from 1st April 2013 and introduced a requirement for an external assessment of all internal audit services, which must be conducted at least once every five years by a qualified, independent reviewer from outside of the organisation. The standards have been revised from 01 April 2017 to incorporate new and revised international standards and consequent amendments to the additional public sector requirements and interpretations. The external assessment has been benchmarked against the amended 2017 standards.
- 1.2 The two possible approaches to external assessments outlined in the Standards include either a full external assessment or an internal self-assessment which is validated by an external reviewer.
- 1.3 Members of the Welsh Chief Internal Auditors Group (WCIAG) elected to adopt the self-assessment approach, with another member of the WCIAG undertaking the validation.

## **2.0 Purpose**

- 2.1 The purpose of the external assessment is to help improve delivery of the audit service to Ynys Môn County Council. The assessment is designed to be a supportive process that identifies opportunities for development, which ultimately helps to enhance the value of the audit function.

## **3.0 Results**

- 3.1 In summary, there are 304 best practice questions within the PSIAS self-assessment. The Head of Audit & Risk undertook a self-assessment review of conformance against the PSIAS during September 2022 to be used as the basis of the external validation.
- 3.2 Following validation of the self-assessment by Flintshire County Council, the Internal Audit Service of Ynys Môn County Council '**Generally Conforms**' with the requirements. 'Generally Conforms' reflects the highest level of conformance following an external assessment.

## **4.0 Impact of non-compliance and steps to be taken to ensure compliance**

- 4.1 Any non-conformance with the Standards and their impact must be disclosed to Senior Management and the Governance and Audit Committee.  
One area of partial conformance was identified in the external quality assessment, this has been detailed in Section 5.  
Overall, the Ynys Môn County Council's Internal Audit Service complies with the standards in all significant areas and operates independently and objectively.

## 5.0 Improvement Action Plan

Ref No.	Link to PSIAS Self-Assessment / PSIAS Standards and IPPF	Improvement Area
1.	PSIAS Standard 1311 – Internal Assessments	<p>PSIAS Standard 1311 requires internal assessments to be carried out as part of the Quality Assurance and Improvement Programme (QAIP) which include:</p> <ul style="list-style-type: none"> <li>• Ongoing monitoring of the performance of the internal activity.</li> <li>• Periodic self-assessment or assessments by other persons within the organisation with sufficient knowledge of internal audit practices.</li> </ul> <p>Whilst evidence provided to support PSIAS self-assessment questions 102-111 suggest that ongoing monitoring of the performance of the internal audit activity takes place, no evidence (i.e., completed self-assessments undertaken between external quality assessments) has been provided to confirm periodic self-assessments have been undertaken.</p> <p>Whilst ongoing monitoring of performance generally focuses on the performance standards within PSIAS, the scope of periodic self-assessments is wider, considering conformance with the Mission and Definition of Internal Auditing, the Core Principles for the Practice of Internal Auditing, the Code of Ethics and the Attribute Standards.</p> <p>Periodic self-assessments should be evidenced using the PSIAS self-assessment template. The results of the self-assessment should be reported to the Governance &amp; Audit Committee alongside any action plans to address identified areas for improvement.</p>

## 6.0 Best Practice Suggestions

6.1 We have taken the opportunity to include some best practice suggestions. These are based on guidance provided in PSIAS and guidance issued by the Institute of Internal Auditors. Whilst these actions may not be prescribed in PSIAS or the Local Government Application Note (LGAN) they represent opportunities for development and it is considered implementation would support continuous improvement.

Ref No.	Link to PSIAS Self-Assessment / PSIAS Standards and IPPF	Best Practice Suggestions
1.	PSIAS Self-Assessment, (Q.30)	<p>The PSIAS self-assessment template confirms the requirement for the Internal Audit Charter to define the term ‘Board’, stating “it is expected that the audit committee will fulfil the role of the board in the majority of instances<sup>1</sup>”.</p> <p>Whilst the Head of Audit &amp; Risk (HA&amp;R) has a functional reporting line to the Governance &amp; Audit Committee, the Ynys Môn Internal Audit Charter currently defines the ‘Board’ as the ‘Executive.’</p> <p>We would suggest the Internal Audit Charter is updated to reflect the functional reporting line, with the Board defined as the Governance &amp; Audit Committee.</p>
2.	IPPF Implementation Guide, Standard 1111 - Direct Interaction with the Board	<p>The HA&amp;R has confirmed the terms of reference of the Ynys Môn Governance &amp; Audit Committee refer to scope for an annual private meeting between the HA&amp;R and the Governance &amp; Audit Committee, these private sessions do not however currently take place.</p> <p>Whilst this is not a requirement of PSIAS and is not referred to in the LGAN, the IPPF Implementation Guide for Standard 1111, Direct Interaction with the Board, does suggest an annual private meeting is held between the Governance &amp; Audit Committee and the Chief Audit Executive (CAE) without Senior Management present.</p> <p>A private meeting would be an opportunity to communicate sensitive matters or issues facing the internal audit function or the organisation. Private sessions allow the Governance &amp; Audit Committee to ask questions wider than the internal audit plan and gain useful insight from the Head of Audit. Discussion with the Chair of the Governance &amp; Audit Committee as part of the external assessment process indicated there is appetite for an annual private meeting.</p>

<sup>1</sup> The CIPFA LGAN suggests that in instances where judgement may be required to determine which group should be defined as the ‘Board’, CAE’s could review the terms of reference for each relevant group and map the results of that review to the PSIAS and those standards which reference the Board (CIPFA LGAN, Chapter 3, page 13).

Ref No.	Link to PSIAS Self-Assessment / PSIAS Standards and IPPF	Best Practice Suggestions
3.	PSIAS Standard 1110 – Organisational Independence	<p>PSIAS Standard 1110 requires the CAE to confirm to the Board, at least annually, the organisational independence of the internal audit activity.</p> <p>Evidence to support Question 154 of the PSIAS self-assessment states ‘independence of the internal audit activity is included in the Charter and Annual Report – reported annually to the G&amp;AC’. Review of the Internal Audit Annual Report 2021-22 however found no reference to independence of the internal audit activity.</p> <p>Whilst the Internal Audit Charter defines how internal audit independence is established and maintained, there is also a requirement for the CAE to confirm organisational independence to the board, at least annually (PSIAS Standard 1110). Whilst PSIAS and the LGAN do not specifically state that organisational independence should be confirmed in the internal audit annual report this would be best practice and consistent with the way in which other local authorities provide confirmation of their organisational independence.</p>
4.	PSIAS Self-Assessment (Q153)	<p>The PSIAS self-assessment template confirms the requirement for the risk based plan to include an adequately developed approach to using other sources of assurance and any work that may be required to place reliance upon those sources.</p> <p>The HA&amp;R has confirmed an assurance map is in the processes of being developed. The third line assurance has been populated and the assurance map is currently with the Performance Team to allow first and second line assurance to be populated.</p> <p>Whilst current processes for developing the risk based internal audit plan comply with PSIAS, the completion of an assurance map would ensure greater visibility of any assurance gaps or any areas of over assurance.</p>

## 7.0 Distribution List

Name	Job Title
Marion Pryor	Head of Audit and Risk, Ynys Môn County Council
Marc Jones	Head of Function (Resources) & Section 151 Officer, Ynys Môn County Council
Dilwyn Evans	Chair of Governance & Audit Committee, Ynys Môn County Council



<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to</b>	Governance and Audit Committee
<b>Date</b>	29 June 2023
<b>Subject</b>	Review of Forward Work Programme for 2023-24
<b>Head of Service</b>	Marc Jones Director of Function (Resources) and Section 151 Officer <a href="mailto:MarcJones@anglesey.gov.wales">MarcJones@anglesey.gov.wales</a>
<b>Report Author</b>	Marion Pryor Head of Audit and Risk <a href="mailto:MarionPryor@anglesey.gov.wales">MarionPryor@anglesey.gov.wales</a>
<b>Nature and Reason for Reporting</b> To provide a Forward Work Programme for 2023-24 to the members of the Governance and Audit Committee.	

## 1.0 INTRODUCTION

- 1.1 A Forward Work Programme is attached at [Appendix A](#), along with a training programme at [Appendix B](#).
- 1.2 The programme has been developed considering the Committee's terms of reference and its responsibilities under the Local Government and Elections (Wales) Act 2021.

## 2.0 RECOMMENDATION

- 2.1 That the Governance and Audit Committee:
  - considers whether the Forward Work Programme proposed for 2023-24 meets the Committee's responsibilities in accordance with its terms of reference.

## Appendix A – Forward Work Programme 2023-24

Core Function	29 June 2023	27 July 2023	21 September 2023	November 2023 <sup>1</sup>	07 December 2023	08 February 2024	18 April 2024
Accountability arrangements (3.4.8.3)	Review of Forward Work Programme 2023-24 (3.4.8.3.2)  Annual Chair's Report 2022-23 (3.4.8.3.1)		Review of Forward Work Programme 2023-24 (3.4.8.3.2)  Committee Self-assessment (3.4.8.3.2)		Review of Forward Work Programme 2023-24 (3.4.8.3.2)	Review of Forward Work Programme 2023-24 (3.4.8.3.2)  Annual Review of Committee's Terms of Reference (3.4.8.3.2)	Review of Forward Work Programme 2024-25 (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 2022-23 (3.4.8.4.4)		
Treasury Management (3.4.8.5)			Annual Report 2022-23 (3.4.8.5.1/2/3/4)		Mid-year Report (3.4.8.5.3)	Strategy and Prudential Indicators 2024-25 (3.4.8.5.3/4)	
Assurance Framework (3.4.8.7)	Annual Insurance Report		Annual Information Governance		Annual Information Governance in		

<sup>1</sup> Final date to be confirmed.

Core Function	29 June 2023	27 July 2023	21 September 2023	November 2023 <sup>1</sup>	07 December 2023	08 February 2024	18 April 2024
	2022-23 (3.4.8.7.1)  Climate Change Update (3.4.8.7.1)		Report 2022-23 (3.4.8.7.1)  Annual ICT Security Report 2022-23 (3.4.8.7.1)  Annual Health & Safety Report 2022-23 (3.4.8.7.1)		Schools Report 2022-23 (3.4.8.7.1)		
Risk Management (3.4.8.8)			Strategic Risk Register Update (3.4.8.7.1/2) (3.4.8.8.1)			Strategic Risk Register Update (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)
Countering Fraud and Corruption (3.4.8.9)			Annual Counter Fraud, Bribery and Corruption Report 2022-23 (3.4.8.9.4)  Annual Concerns, Complaints & Whistleblowing Report 2022-23 (3.4.8.9.1)		Annual Review of Counter Fraud, Bribery and Corruption Strategy 2023-26 (3.4.8.9.2/3)		
Internal Audit (3.4.8.10)	Annual Internal Audit Report 2022-23 (3.4.8.10.6/7/8/9/12/14/15) (3.4.8.6)		Internal Audit Update Report (3.4.8.10.10/ 11) (3.4.8.6)		Internal Audit Update Report (3.4.8.10.10/ 11) (3.4.8.6)	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)

Core Function	29 June 2023	27 July 2023	21 September 2023	November 2023 <sup>1</sup>	07 December 2023	08 February 2024	18 April 2024
	External Quality Assessment of Conformance with the Public Sector Internal Audit Standards (3.4.8.10.1/2/9/12/14)		Outstanding Issues/Risks (3.4.8.10.11)		Review of Internal Audit Charter (3.4.8.10.3/13)		Outstanding Issues/Risks (3.4.8.10.11)  Annual Internal Audit Strategy 2024-25 (3.4.8.10.1/2/5/6)
External Audit (3.4.8.11)	Work Programme and Timetable – Quarterly Update (Q4) (3.4.8.11.3)  Outline Annual Audit Plan 2023 (3.4.8.11.1/3)			Audit of Accounts Report (3.4.8.11.2) (3.4.8.12.3)		Annual Audit Summary 2023 (3.4.8.11.3)	
Financial Reporting (3.4.8.12)		Draft Statement of Accounts 2022-23 (3.4.8.12.1/2)		Final Statement of Accounts 2022-23 (3.4.8.12.1/2)			
Other regulators and inspectors (3.4.8.13)							
Complaints Handling (3.4.8.14)			Annual Concerns, Complaints & Whistleblowing Report 2022-23 (3.4.8.14.1/2)  Annual Letter of the Public Services				

Core Function	29 June 2023	27 July 2023	21 September 2023	November 2023 <sup>1</sup>	07 December 2023	08 February 2024	18 April 2024
			Ombudsman for Wales 2022-23 (3.4.8.14.1/2)				
Self-assessment (3.4.8.15)	Review of the Draft Annual Corporate Self-assessment report (3.4.8.15.1/2/3)						
Performance Panel Assessment (3.4.8.16) <sup>2</sup>							

<sup>2</sup> At least once during an electoral cycle a panel performance assessment will take place in the period between ordinary elections of councillors to the council. The council may choose to commission more than one panel assessment in an electoral cycle, but it is not a requirement of the legislation. (The Local Government and Elections (Wales) Act 2021). The council must make a draft of its response to the panel performance assessment available to its Governance and Audit committee, which must then review the draft response and may make recommendations for changes to the response to the panel assessment.

## Appendix B – Training Programme

### Committee-specific training

Area	Medium	Provider	Date Provided / Scheduled	Attendance
Risk Management	Hybrid	Julie Jones, Risk and Insurance Manager	Autumn 2023	
Treasury Management	Hybrid	Richard Bason, Treasury Management Advisor, Link Group	September 2023	

### Mandatory training

Area	Medium	Provider	Date Provided / Scheduled	Completed
General Data Protection Regulations (GDPR)	eLearning	Internal	Available any time	
Cyber Ninjas for Councillors	eLearning	Internal	Available any time	
Basic Safeguarding Awareness (Group A)	eLearning	Internal	Available any time	
Violence Against Women, Domestic Abuse and Sexual Violence (optional for lay members)	eLearning	Internal	Available any time	
Prevent (optional for lay members)	eLearning	Internal	Available any time	
Modern Slavery (optional for lay members)	eLearning	Internal	Available any time	