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CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

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RHYBUDD O GYFARFOD	NOTICE OF MEETING
PWYLLGOR LLYWODRAETHU AC ARCHWILIO	GOVERNANCE AND AUDIT COMMITTEE
DYDD IAU, 19 MEDI 2024 am 2:00 y. p.	THURSDAY, 19 SEPTEMBER 2024 at 2.00 pm
YSTAFELL BWYLLGOR, SWYDDFEYDD Y CYNGOR AC YN RHITHIOL DRWY ZOOM	COMMITTEE ROOM, COUNCIL OFFICES AND VIRTUALLY VIA ZOOM
Swyddog Pwyllgor	Ann Holmes 01248 752518 Committee Officer

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

Ieuan Williams

LLAFUR CYMRU/WELSH LABOUR

Keith Roberts

ANNIBYNNWYR MÔN / ANGLESEY INDEPENDENTS

Liz Wood

AELODAU LLEYG / LAY MEMBERS

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

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A G E N D A

1 DECLARATION OF INTEREST

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

2 MINUTES OF THE PREVIOUS MEETING (Pages 1 - 10)

To present the minutes of the previous meeting of the Governance and Audit Committee held on 18 July 2024.

3 GOVERNANCE AND AUDIT COMMITTEE ACTION LOG (Pages 11 - 14)

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

4 INFORMATION GOVERNANCE: ANNUAL REPORT OF THE SENIOR INFORMATION RISK OWNER (SIRO) 2023/24 (Pages 15 - 28)

To present the report of the Director of Function (Council Business)/ Monitoring Officer.

5 ANNUAL CONCERNS, COMPLAINTS AND WHISTLEBLOWING REPORT 2023/24 (Pages 29 - 36)

To present the report of the Director of Function (Council Business)/ Monitoring Officer.

6 ANNUAL TREASURY MANAGEMENT REVIEW 2023/24 (Pages 37 - 48)

To present the report of the Director of Function (Resources)/Section 151 Officer.

7 ANNUAL COUNTER FRAUD, BRIBERY AND CORRUPTION REPORT 2023/24 (Pages 49 - 66)

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

8 INTERNAL AUDIT UPDATE (Pages 67 - 72)

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

9 OUTSTANDING ISSUES, RISKS AND OPPORTUNITIES (Pages 73 - 82)

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

10 EXTERNAL AUDIT: AUDIT WALES PROGRAMME AND TIMETABLE QUARTERLY UPDATE (Q1 2024/25) (Pages 83 - 100)

To present the report of Audit Wales.

11 REVIEW OF FORWARD WORK PROGRAMME (Pages 101 - 108)

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

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GOVERNANCE AND AUDIT COMMITTEE

Minutes of the meeting held in the Committee Room and on Zoom on 18 July 2024

- PRESENT:** Mr Dilwyn Evans (Lay Member) (Chair)
Councillor Euryrn Morris (Deputy Chair)
- Councillors Geraint Bebb, Trefor Lloyd Hughes, MBE, Dyfed Wyn Jones, Keith Roberts, Margaret M. Roberts, Ieuan Williams.
- Lay Members: Michael Wilson, William Parry, Mrs Sharon Warnes
- IN ATTENDANCE:** Director of Function (Resources) and Section 151 Officer
Head of Audit and Risk
Corporate Planning, Performance and Programme Manager (GP) (for items 5 and 6)
Finance Manager (CK) (for item 4),
IT Team Manager (MH) (for item 7)
Committee Officer (ATH)
Webcasting Officer (FT)
- APOLOGIES:** None received.
- ALSO PRESENT:** Councillor Robin Williams (Deputy Leader and Portfolio Member for Finance), David Tomalin (Audit Wales), Principal Auditor (IoACC) (NW), Senior Auditor (IoACC) (AL).
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The Chair welcomed all those present to this meeting of the Governance and Audit Committee. The Chair extended his and the Committee's members' condolences to Mr Alan Hughes, Audit Wales's Performance Audit Lead on a recent close family bereavement.

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 the 27 June, 2024 were presented and were confirmed as correct subject to noting that Councillors Dyfed Wyn Jones and Margaret Roberts had tendered apologies for absence for the meeting.

3. GOVERNANCE AND AUDIT COMMITTEE ACTION LOG

The report of the Head of Audit and Risk incorporating the committee action log was presented for consideration. The report updated the Committee on the status of the actions/decisions it had agreed upon at its previous two meetings (the action log having been introduced for the 18 April 2024 meeting) to allow members to monitor progress against all actions.

The Head of Audit and Risk confirmed that two actions had been completed and would be removed from the log and that reports in connection with the remaining actions were not scheduled to be presented until later in the year. The action under number 10 is in progress and will be completed by December, 2024.

It was resolved to note the actions detailed in the action log table and to confirm that the Committee is content that the actions have been implemented to its satisfaction.

4. DRAFT STATEMENT OF THE ACCOUNTS 2023/24

The report of the Director of Function (Resources)/Section 151 Officer incorporating the draft Statement of the Accounts for the 2023/24 financial year was presented for the Committee's consideration. The Statement of the Accounts is a statutory document that is prepared in accordance with proper accounting practices and is produced annually to give electors, local taxpayers, members of the Council, employees, and other interested parties information about the Council's finances in the previous financial year.

The report was presented by the Director of Function (Resources)/Section 151 Officer who thanked the Finance team and all those who had had an input into the production of the draft accounts for their work in enabling the draft accounts to be published by the deadline which for 2023/24 has been extended by Welsh Government to 30 June 2024. The Director of Function (Resources)/Section 151 Officer referred to the principal purpose of the accounts as being to provide their readers with the information to allow them to form an opinion about the Council's financial position and its management and use of public money. He provided an overview of the main sections of the accounts comprising of the core financial statements and the key explanatory notes and what they reflect as regards the Council's financial standing, and referred to Tables 1, 2 and 3 in the introductory report which summarised the Council's reserves and balances position including how each type of reserve has changed over the year. The accounts show that at the end of 2023/24 the draft Council reserves stood at £15.604m and the total usable reserves stood at £50.099m. The value of the council's net assets increased by £37.682m from £404.650m last year to £442.332m as at 31 March 2024.

The following were points of discussion by the Committee –

- School balances and whether schools in a deficit position are an emerging development.
- Electrical Installation Condition Report (EICR) Certificates as a contingent liability. Questions were asked about the reasons why in some instances copies of the certificates confirming the completion of electrical checks were not provided to Council tenants as required as well as the total rent that might have to be repaid to those tenants who did not receive copies of the certificates as compensation and whether it would have a bearing on the accounts.
- The increase of £7.896m in short-term creditors to £42.465m as a result of a backlog of invoices.
- Clarification of the £6.615m of capital grants received in advance for the Council's share in the North Wales Economic Ambition Board (NWEAB) which it was noted was greater than the £4.618m stated as an increase in grants received in advance.
- The reduction in the Housing Revenue Account balance. Questions were also asked about whether S106 Housing Developer contributions and the affordable housing reserve are transferred to HRA balances.
- Over expenditure in Children and Families' Services as a risk to the Council's financial health going forward.
- The use of reserves to fund significant costs. Questions were asked about the amount of reserves used and whether any portion of that amount was REFCUS (Revenue Expenditure Funded from Capital under Statute).

- Expenditure that has been capitalised. It was suggested that the total capitalised amount as per the table at Page 4 of the narrative report should read £30.636m rather than £50.574m as £19.938m was charged to the Comprehensive Income and Expenditure Statement as it was either in support of assets that are not in direct Council ownership (£5.422m) or did not increase the value of the capital assets (14.516m).
- The substance of the expenditure on earmarked reserves.
- The 8.4% increase in Council Tax income against a 5% increase in the Council Tax rate for 2023/24 and whether the increased income was due to an improved collection rate.
- The usefulness of the Statement of Accounts as a document which the public can engage with and from which they can derive a clear picture of the Council's finances and position given its complexity and the level of technical detail it contains.

The Director of Function (Resources)/Section 151 Officer further advised as follows –

- That some schools have in previous years been in deficit and have been required to formulate a plan to address the deficit. During the pandemic, schools' finances were boosted by Covid funding grants provided by Welsh Government which eliminated deficits and improved school finances in aggregate nationally. Those grants were subsequently used in line with Welsh Government expectations to help pupils catch up with their education. Schools have since been drawing on their reserves to balance their budgets and although the Council has historically sought to protect the schools' budget, it was reduced by 1.5% in 2024/25. It is anticipated that school balances will continue to decline and unless the funding position improves, it is likely that more schools will fall into deficit. The five primary schools in deficit at 31 March 2024 have a plan to address the situation. The trend will be monitored notwithstanding that as a percentage of the total schools budget Anglesey's school balances are the highest by this measure.
- That although electrical checks have been carried out in Council properties and electrical installations confirmed as safe, not all tenants have received copies of the EICR certificates particularly tenants who have access to communal areas within blocks of flats which are subject to the checks. Should the Council have to repay rent to those tenants who did not receive copies of certificates, as compensation then the obligation would be in the region of £1.2m. It has been assessed as an unprovided contingent liability because it is not certain that the obligation will have to be met as the outcome of a court case relating to another local authority on this matter is pending the contention being that this is a technical rather than safety breach. In the event of payment having to be made the obligation would be covered by HRA balances.
- That the increase in short term creditors because of a backlog of invoices was due to a concurrence of factors including technical issues, capacity, and timing with the volume and value of invoices tending to increase towards the end of the financial year when issues were being experienced. Work to clear the backlog took place throughout April and May of the new financial year and the situation has now improved and the creditor balance has reduced.
- That the NWEAB is funded by Welsh and Westminster Government grants with the latter being received in fifteen instalments every year. This funding has not been spent due to a delay in starting projects but is still being received and is in a holding reserve. Welsh Government has taken the view that no further funding will be distributed until what has already been allocated is used.
- That the 30-year HRA Business Plan provides for the use of the HRA reserve to support the development of new housing. The revenue surplus on the HRA account is also used for capital purposes to maintain the current housing stock to WHQS standards as well as investment in new housing. The strategy is to wind down the HRA reserve to a level in the region of £1m with new development to be funded thereafter through borrowing. S106 developer contributions depending on the terms of the agreement, are contributions towards the provision of affordable housing and as such are an additional contribution to

the HRA. The Affordable Housing reserve is derived from the Council Tax premium on second homes and long-term empty properties and is used to fund housing grants, loans, and projects to help first time buyers. The annual allocation to the reserve was not made in 2024/25 because it was deemed there were sufficient funds in the reserve to meet these budgets. Income from the Council Tax premium is not allocated to the HRA because it is not used to develop new Council housing.

- That over expenditure on Children and Families' Services is a financial risk to the Council and is due to an increase in the number of children needing to be looked after by the Council, the complexity of needs, a shortage of suitable placements and rising costs. The Council has invested significantly in children's social care by increasing inhouse provision and by putting in place preventative measures that support children and families sooner in an effort to manage expenditure.
- That £4.425m of the Council's general balances was used to balance the budget in 2024/25 and in £3.78m in 2023/24. The Council has sought to be open and transparent about its use of reserves to balance its budget by specifying the allocation from reserves in its budget proposal; without the contribution from general reserves the Council would have been overspent which would in any case have had to be funded from reserves. REFCUS is where the Council funds capital expenditure on assets that it does not own e.g. Disabled Facilities adaptations to homes and as such this expenditure is ascribed to revenue. It does not affect the Council's balances as it is mainly grant funding.
- That £50.574m has been spent in capital funding of which £30.636m has resulted in an asset that has been created, is in use and has been included on the Balance Sheet. It includes work in progress and REFCUS. In response to further questions about the appropriateness of applying the term "capitalised" to the total sum of £50.574m, the Section 151 Officer advised that the use of the term in that context would be reviewed.
- That the Council's earmarked reserves are allocated for specific projects on which the Council plans to spend or risks which are known to the Council. The Director of Function (Resources)/Section 151 Officer said that he would forward to the Chair a copy of the report to the 23 July meeting of the Executive regarding the use of balances and reserves.
- That the increased Council Tax income includes the Council Tax premium on second homes which was increased from 75% to 100% as well as the Police and town and community council precepts. Changes to the Council Tax base with the addition of new home also increases the income received.
- That the Statement of the Accounts is a financial accounting statement that can be difficult to understand by people with no finance experience. The budget monitoring reports presented to the Executive provide a clearer picture of how the Council is performing financially and show that overall the general state of the Council's finances is currently healthy although some reserves have reduced as the Council continues to face financial pressures. An unforeseen event, extra pressures in children's social care resulting in costly placements or rising homelessness demands could test the Council's financial resilience. These are pressures which the public are not necessarily aware of and are areas where the expenditure is high.

Having scrutinised the draft Statement of the Accounts, the Governance and Audit Committee resolved to note the draft unaudited main financial statements for 2023/24.

Additional action - Director of Function (Resources)/Section 151 Officer to review the use of the term capitalisation in connection with the sum of £50.574m in the table on page 4 of the Narrative Report.

5. DRAFT ANNUAL GOVERNANCE STATEMENT 2023/24

The report of the Head of Profession (HR) and Transformation incorporating the draft Annual Governance Statement for 2023/24 was presented for the Committee's consideration. The

Governance Statement shows how the Council is complying with the core and supporting principles contained within CIPFA/Solace's Framework for Delivering Good Governance in Local Government 2016 in having proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions including arrangements for the management of risk together with adequate and effective financial management.

The report was presented by the Corporate Planning, Performance and Programme Manager who provided an overview of the conclusion of the assessment of the effectiveness of the Council's Governance arrangements against the core principles of the CIPFA/Solace Framework as per the table at page 5 of the document. The report also contained a summary of progress against the governance matters identified last year as well as governance matters identified by the assessment process for 2023/24.

The following were points of discussion by the Committee –

- The discrepancy between the timeline of March 2026 which the Council has set for complying with the requirements of the new Procurement Act 2023 and the date on which the provisions of the Act will come into effect which is 28 October 2024.
- With regard to governance matters identified in 2022/23 in relation to the Local Government and Elections (Wales) Act 2021, it was suggested that the statement that the Council did not undertake the planned training on the General Power of Competence and has no plans to undertake this training is an unsatisfactory response and leaves the matter unresolved and requiring explanation especially as it relates to legislation which it might be inferred requires the training to be undertaken.
- With regard to managing and rationalising the Council's assets to ensure they are fit for purpose and if not, identify the work required to bring them up to standards, how success against this objective will be measured given that upgrading the Council's assets requires significant investment which is unlikely to be realised.
- Whether with regard to the financial resilience of the Council, the processes requiring review and streamlining to improve the efficiency and effectiveness of services and reduce the impact of reduced funding have been identified and a schedule compiled, whether there is capacity/expertise to undertake the task and whether the Committee will be party to that work.

The Committee was further advised as follows –

- That the Procurement Act 2023 provides a transition period for local authorities to comply with its requirements. The Council has put in place a strategic plan and work programme to ensure that it is in a position to meet the new requirements.
- That the training on the General Power of Competence is no longer offered by the WLGA due to the emergence of other priorities. The Local Government and Election (Wales) Act 2021 affords local authorities in Wales general powers of competence and it is a matter for the Council to decide whether and how the power is to be used. It was agreed that the Director of Function (Council Business)/Monitoring Officer be asked to clarify the requirements with regard to the General Power of Competence.
- That the Council has adopted a Capital Strategy 2024-29 along with an Asset Management Strategic Plan where it is recognised that the investment required to bring the Council's assets up to standard is beyond the resources available to the Council. The lack of investment means that the condition of assets continues to deteriorate creating further costs in terms of repair and maintenance. The capital funding which the Council receives from Welsh Government in grant and core funding is insufficient to meet the Council's capital requirements and any borrowing to that end would have implications for the revenue budget and thereby for Council Tax. The situation will be kept under review going forward.

- That the Council has commenced the work of reviewing its processes and is moving towards increased use of digital technology in its operations and in how it communicates and engages with residents with the introduction of the CRM and a new telephone system. Most services have their own Business Manager role to review the effectiveness of the service's business processes and each service produces an annual service delivery plan which identifies the service's priorities for the year including process review; those plans feed into the Annual Delivery Document which sets out the annual priorities for delivering on the Council's strategic objectives as defined by the Council Plan. While large scale projects are managed by the Transformation Boards, work to improve the efficiency of business processes takes place on multiple levels.

It was resolved to approve the draft Annual Governance Statement for 2023/24 that will form part of the 2023/24 Statement of the Accounts.

Additional Actions –

- **That the Director of Function (Council Business)/Monitoring Officer be asked to clarify the requirements with regard to the General Power of Competence.**
- **That the Committee be provided with an update at its December 2024 meeting on progress against the governance matters identified by the 2023/24 assessment process.**

6. REVIEW OF THE ANNUAL DRAFT CORPORATE SELF-ASSESSMENT REPORT 2023/24

The report of the Head of Profession (HR) and Transformation incorporating the draft Annual Corporate Self-Assessment Report for 2023/24 was presented for the Committee's consideration. The report provides an evidential basis of how the Council has performed over the year using its available resources whilst managing and mitigating associated risks in line with the expectations of the Local Government and Elections (Wales) Act 2021.

The report was presented by the Corporate Planning, Performance and Programme Manager who referred to the seven key areas which are the focus of the self-assessment. Four areas (service planning, financial planning, workforce planning and performance management) are assessed as exceeding expectations while three areas (asset management, procurement and contract management, and risk and audit management) are assessed as meeting expectations. The report also identifies several areas as presenting opportunities for improvement and monitoring throughout 2024/25.

The following were points of discussion by the Committee –

- The contradiction between financial planning which is an area where the performance has been assessed as exceeding expectations and the Council's financial resilience which has been identified as an area where the Council could do better due to the cost-of-living crisis and a decrease in funding. Similarly with regard to workforce planning which has also been assessed as exceeding expectations but where addressing workforce challenges is an area identified as presenting opportunities for improvement and monitoring throughout 2024/25.
- The Council's risk appetite and approach to risk. Questions were asked about the positive aspects of risk in terms of presenting opportunities for improvement and progress and the extent to which the Council is willing to take risks to maximise those opportunities.

The Committee was further advised as follows –

- That the overall assessment rating for each of the 7 key areas is based on each service's self-evaluation of its performance in those areas against one of 5 criteria as set out in the Council's Service Position Statement at the end of the document. Financial planning involves the strategic management of the Council's finances, creating plans to allocate resources and budgeting whilst financial resilience relates to the Council's preparedness and ability to withstand financial shocks that may occur in the longer term. Opportunities for improvement and monitoring have been recognised with regard to the latter. Similarly, the assessment recognised that the Council has a strong understanding of workforce planning and has the requirements in place for achieving its commitments, plans and objectives as regards human resources but that there are areas where implementing the actions identified could further improve performance to take it to the next level.
- That the Council's approach to risk and its risk appetite as evidenced by the strategic risk register is based on managing the risks that may prevent it from achieving its objectives rather than on taking risks in order to improve performance which may not lead to the desired outcome. The Council has not formally assessed its risk appetite from the perspective of how much risk it is willing to accept to realise additional benefits. The Council's change projects are tested before they are implemented to ensure as far as possible that they deliver as planned and to minimise any negative consequences.

Having reviewed the document and commented thereon, the Governance and Audit Committee resolved to endorse the draft Corporate Self-Assessment Report 2023/24 and to recommend the same to the Executive.

7. INTERNAL AUDIT UPDATE

The report of the Head of Audit and Risk providing an update as at 30 June, 2024 on the audits completed since the previous update as at 31 March 2024 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 under separate cover with copies of the three internal audit reports finalised since the last update in relation to Destination – Maritime Team – Income Processes (Reasonable Assurance); IT Audit – IT Supplier Management (Limited Assurance); Robustness of estimates and adequacy of reserves assessment (Section 25 of the Local Government Act 2003) (Reasonable Assurance). The Limited Assurance report was accompanied by an action plan to address the issues/risks raised by the internal audit review.

The following were points of discussion by the Committee –

- That the Corporate Self-Assessment assessed procurement and contract management as meeting expectations whereas the internal audit review of IT Supplier Management has identified a number of procurement issues/risks that require management action.
- The capacity of Internal Audit and the savings derived from the vacancy set against the costs of engaging third party expertise.
- The issues raised by the audit review in relation to Destination – Maritime Team – Income Processes. This matter was taken in private at the end of the meeting the Chair having proposed and the Committee approved under Section 100 (A) (4) of the Local Government Act 1972 that the press and public be excluded from the meeting during the discussion on the grounds that the matter involved the disclosure of exempt information as defined in Paragraph 14 of Schedule 12A of the said Act as it refers to the business affairs of the Council which could prejudice the interests of the Council commercially, financially and legally. Members raised questions about the income generated set against the costs of the service and they also sought assurance regarding the vulnerabilities highlighted by the audit review and the actions required to overcome them.

The Committee was advised as follows –

- That the new Procurement Act 2023 places a number of responsibilities on local authorities and public sector organisations. Due to limited capacity, the Council has commissioned an external consultancy to review the Council's procurement arrangements and its readiness for the changes which the new legislation will introduce. They have developed a two-year improvement programme to ensure the Council complies with the new requirements and have been re-engaged to provide support in delivering the improvement plan. Not all requirements have to be met by October 2024 when the legislation comes into effect. The IT Team Manager updated the Committee with regard to the 2 issues pertaining to the IT Unit from the IT Supplier Management review and confirmed that they are progressing in line with the timeframe.
- That the savings in Internal Audit are from the vacancy at Senior Auditor level due to the continuation of a long-term secondment which are being used to commission third party support, as necessary. The delivery of the risk and insurance function is also being reviewed which may produce savings that could be applied to Internal Audit.
- The Head of Audit and Risk elaborated on the issues raised by the Destination – Maritime Team – Income Processes review and confirmed that actions to address those issues and to improve income processes had been agreed with management in an action plan that is available separately.

It was resolved to note the outcome of Internal Audit's work, and to accept the assurance provided and priorities going forward.

Additional Action – Head of Audit and Risk to provide the Committee's members with a copy of the Destination – Maritime Team – Income Processes review action plan.

8. NATIONAL FRAUD INITIATIVE 2022-24 OUTCOMES PROGRESS REPORT

The report of the Head of Audit and Risk setting out the latest outcomes from the National Fraud Initiative in relation to Council Tax Reduction and Housing Benefit was presented for the Committee's consideration. The report detailed the progress made by the Council in responding to the findings of the NFI and the relevant outcomes including the financial outcome estimated to be savings of £3,838.

The following was a point of discussion by the Committee –

- The inability of the Benefits team to allocate resources to analyse matches leading to missed counter-fraud opportunities and potential benefits. Questions were asked about the availability of resources for the next NFI exercise for 2024-26.

The Committee was advised that the Council did historically have a Counter Fraud service before the function was centralised by the DWP leading to the loss of the resource for the Council. The Council receives grant funding from the DWP to administer housing benefit on its behalf. This funding is reducing as claimants transition from Housing Benefit to Universal Credit. However the Council remains responsible for assessing claims under the Council Tax Reduction scheme which means that the caseload is not reducing at the same rate as the grant funding. The Council is using the DWP grant to focus on processing those applications meaning there is currently no resource available to assign to benefit fraud work. The Council has allocated resources to Council Tax to investigate single person discount claims and non-payment of the premium and the latter has generated additional income for the Council.

It was resolved to confirm that the Governance and Audit Committee takes assurance from the report that the council, taking account of the need to prioritise its resources, is seeking to actively embrace opportunities provided by the National Fraud Initiative to use data analytics to strengthen both the prevention and detection of fraud.

9. REVIEW OF FORWARD WORK PROGRAMME

The report of the Head of Audit and Risk incorporating the Committee's Forward Work Programme and Training Programme for 2024/25 was presented for the Committee's consideration. One change to the scheduling of reports was highlighted by the Head of Audit and Risk.

It was noted by the Committee that the proposed agenda for the Committee's September 2024 meeting is especially busy; it was suggested that the Head of Audit and Risk in consultation with the Chair consider the feasibility of rescheduling some of the items of business proposed for the meeting and/or designating items for information only where appropriate.

It was resolved to accept the Forward Work Programme proposed for 2024/25 as meeting the Committee's responsibilities in accordance with its terms of reference.

Additional action - Head of Audit and Risk in consultation with the Chair to review the business scheduled for the Committee's September 2024 meeting with a view to streamlining the agenda.

**Mr Dilwyn Evans
Chair**

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	19 September 2024
Subject:	Governance and Audit Committee Action Log
Head of Service:	Marc Jones Director of Function (Resources) and Section 151 Officer MarcJones@anglesey.gov.wales
Report Author:	Marion Pryor Head of Audit and Risk MarionPryor@anglesey.gov.wales
Nature and Reason for Reporting: This report informs the members of the Governance and Audit Committee about the status of the actions / decisions it has agreed upon.	

1. Introduction

- 1.1. This action log is updated prior to each meeting to enable the Committee to monitor the progress and completion of the actions/decisions it has agreed upon.

2. Recommendation

- 2.1. That the Governance and Audit Committee notes the actions detailed in the following table and is content that the actions have been implemented to its satisfaction.

Governance and Audit Committee Action Log

No.	Date of Meeting	Agenda Item	Action	Action Owner	Action Taken	Status
4	18/04/24	8	The format and content of future reports regarding national reviews and their related recommendations be amended as suggested.	Corporate Planning and Performance Manager	Next report due December 2024.	
6	18/04/24	13	The Annual Cyber Security Report in future include instances (if any) where the Council's IT/cyber security defences have been penetrated and the remedial actions taken.	IT Manager	Next report due December 2024.	
8	27/06/24	7	Head of Audit and Risk to schedule a session on risk mitigation and an introduction to Artificial Intelligence within the Committee's training programme for 2024/25.	Head of Audit and Risk		
9	27/06/24	7	A further update on the Committee's Effectiveness Review Action Plan be presented at the end of six months.	Head of Audit and Risk	The Head of Audit and Risk will present an update to the Governance and Audit Committee at its meeting on 5 December 2024.	

No.	Date of Meeting	Agenda Item	Action	Action Owner	Action Taken	Status
10	27/06/24	9	Monitoring the number of people in economic inactivity be included as part of the Council's population trends dataset.	Corporate Planning and Performance Manager	Council will be establishing a baseline for economic inactivity as part of a wider socio- economic analysis of the Island's population.	In-progress – will be completed by December 2024
11	18/07/24	4	Director of Function (Resources) / Section 151 Officer to review the use of the term capitalisation in connection with the sum of £50.574m in the table on page 4 of the Narrative Report.	Director of Function (Resources) / Section 151 Officer	Will be considered as part of the finalisation of the Statement of Accounts.	In progress. The deadline to finalise the Statement of Accounts is 30 November 2024.
12	18/07/24	5	Director of Function (Council Business) / Monitoring Officer to be asked to clarify the requirements with regard to the General Power of Competence.	Director of Function (Council Business) / Monitoring Officer	Director of Function (Council Business) / Monitoring Officer provided an update to the Chair of the Governance and Audit Committee, who will share with the Committee at the next meeting (19/09/24).	Complete
13	18/07/24	6	Committee be provided with an update at its December 2024 meeting on progress against the governance matters identified by the 2023/24 assessment process.	Corporate Planning and Performance Manager		

No.	Date of Meeting	Agenda Item	Action	Action Owner	Action Taken	Status
14	18/07/24	7	Head of Audit and Risk to provide Committee members with a copy of the Destination – Maritime Team – Income Process Review Action Plan	Head of Audit and Risk	The Head of Audit and Risk provided Committee members with a bilingual copy of the Action Plan by email on 26/07/2024.	Completed
15	18/07/24	9	Head of Audit and Risk in consultation with the Chair to review the business scheduled for the Committee meeting in September 2024 with a view to streamlining the agenda.	Head of Audit and Risk in conjunction with the Chair	Agenda streamlined.	Completed

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	19 September 2024
Subject:	Information Governance – Annual Report of Senior Information Risk Owner (SIRO) for the period 1 April 2023 – 31 March 2024.
Head of Service:	Lynn Ball Director of Function (Council Business) / Monitoring Officer / SIRO.
Report Author:	Lynn Ball Director of Function (Council Business) / Monitoring Officer / SIRO
Nature and Reason for Reporting: To provide the Senior Information Risk Owner’s analysis of the key Information Governance (IG) issues for the period 1 April 2023 to 31 March 2024 and to summarise current information risks and mitigations.	

1.0 Introduction

It is good practice within the public sector to have a data security accountability framework including the designation of a Senior Information Risk Owner (SIRO). The SIRO is required to provide assurance of practice, progress, and developments in information risk management.

This report provides the Senior Information Risk Owner’s statement and overview of the Council’s compliance with legal requirements in handling corporate information, including compliance with the United Kingdom General Data Protection Regulation (UK GDPR); Data Protection Act 2018; Freedom of Information Act 2000; Regulation of Investigatory Powers Act 2000 (Surveillance) and relevant codes of practice.

The report provides information about the Council’s contact with external regulators and gives information about security incidents, breaches of confidentiality, or “near misses”, during the period.

Key data about the Council’s information governance is given below in Appendices 2-8.

It is my view that the greater part of the Council's information risk relates to digital data sets and cyber threats. As SIRO, I recognise that the direction of travel in terms of good practice, which is aimed at helping organisations to achieve and demonstrate an appropriate level of cyber resilience, will ensure that the role of SIRO will be closely aligned with managing cyber threat and evidencing good practice.

It is my intention to revise the focus of my report for the period 2024-2025 to refer to this risk and the effectiveness of the Council's controls and mitigations to manage this threat.

Therefore, I recommend that:

The SIRO and the Council's senior leaders are provided with regular updates on cyber risks and mitigations so that informed, strategic decisions relating to the constant cyber threat to the integrity and confidentiality of the Council's data assets can be made promptly and effectively.

Appendix 1. The number of data security incidents recorded by the Council during the year.

Data security incidents (23/24): 13 incidents

Level 0 – Level 1 (near miss or confirmed as a data security incident but **no** need to report to ICO and other regulators) = **12**

Level 2 incidents (data security incident that **must** be reported to the ICO because of the risk presented by the incident = **1**

Category Level 0 -1	Number
Disclosed in error	12
Lost data/ hardware	0
Unauthorised disclosure	0
Lost in transit	0
Other	0
Category 2	Number
Disclosed in error	0
Unauthorised disclosure	0
Technical failing	0
Other	1

Appendix 2. Agreed actions following data security incidents.

Action

No formal actions were agreed during the period of this report.

Appendix 3. Data breaches reported to the ICO.

- 1.0 A data breach was reported to the ICO in July 2023. The report was made following the discovery that the Council's partners in an enterprise involving the processing of personal data, including special categories of personal data*, were processing it in a way that appeared to be contrary to the statutory obligations of the partners under data protection law.

The report was made independently of the Council's partners, in compliance with the statutory duty under Article 33(1) of the UK GDPR.

The incident was allocated to a case officer then escalated by the ICO for formal investigation. The ICO provided their report in November 2023 and found that the incident reported demonstrated that the processing breached Articles 28(2); 5(1)(a); and 6 of the UK GDPR.

The ICO decided not to proceed with enforcement action, a decision that was based on mitigations that had been implemented by the partnership following the report.

** Personal data revealing race or ethnicity, political views, religion or philosophical belief, trade union membership, processing genetic data or biometric data to identify a natural person, health data or data relating to sexual life or sexual bias.*

Appendix 4. Information about Freedom of Information Act 2000 requests and complaints

4.1 Freedom of Information Act 2000 requests

During 1 April 2023 and 31 March 2024 the Council received 1002 requests for information comprising 6329 individual elements.

i.	Total Number of Requests Received	1002
ii.	Total Number of Elements Received	6329
iii.	Percentage of requests responded to within statutory timescale	80.1%
iv.	Total number of requests for an Internal Review in accordance with the Statutory Code of Practice	10

Exemptions used and frequency:

Section 12 (above the appropriate limit) on 3 occasions.

Section 14 (repeated requests) on 1 occasion.

Section 21 (accessible by other means) on 8 occasions.

Section 30 (investigations & proceedings) on 2 occasions.

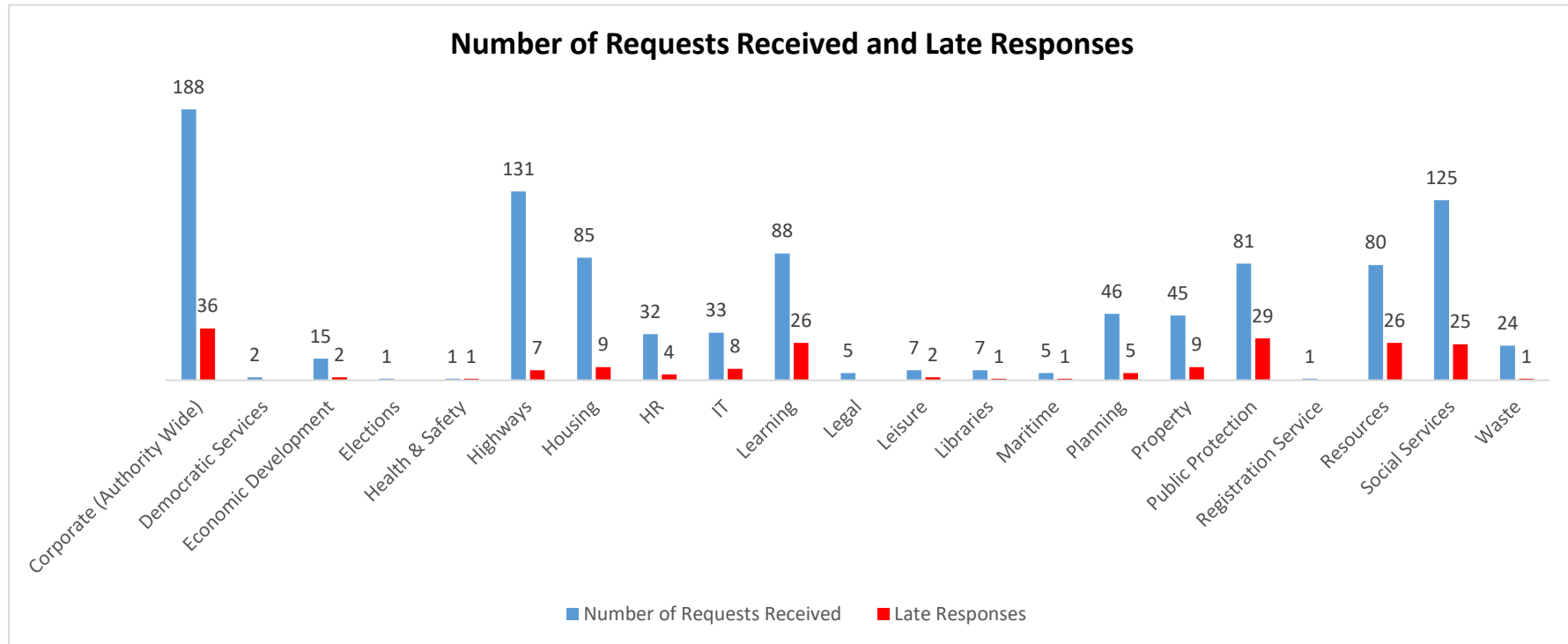
Section 40 (personal data) on 1 occasion.

Section 41 (information provided in confidence) on 22 occasions.

4.2 Freedom of Information Act 2000 requests and late responses.

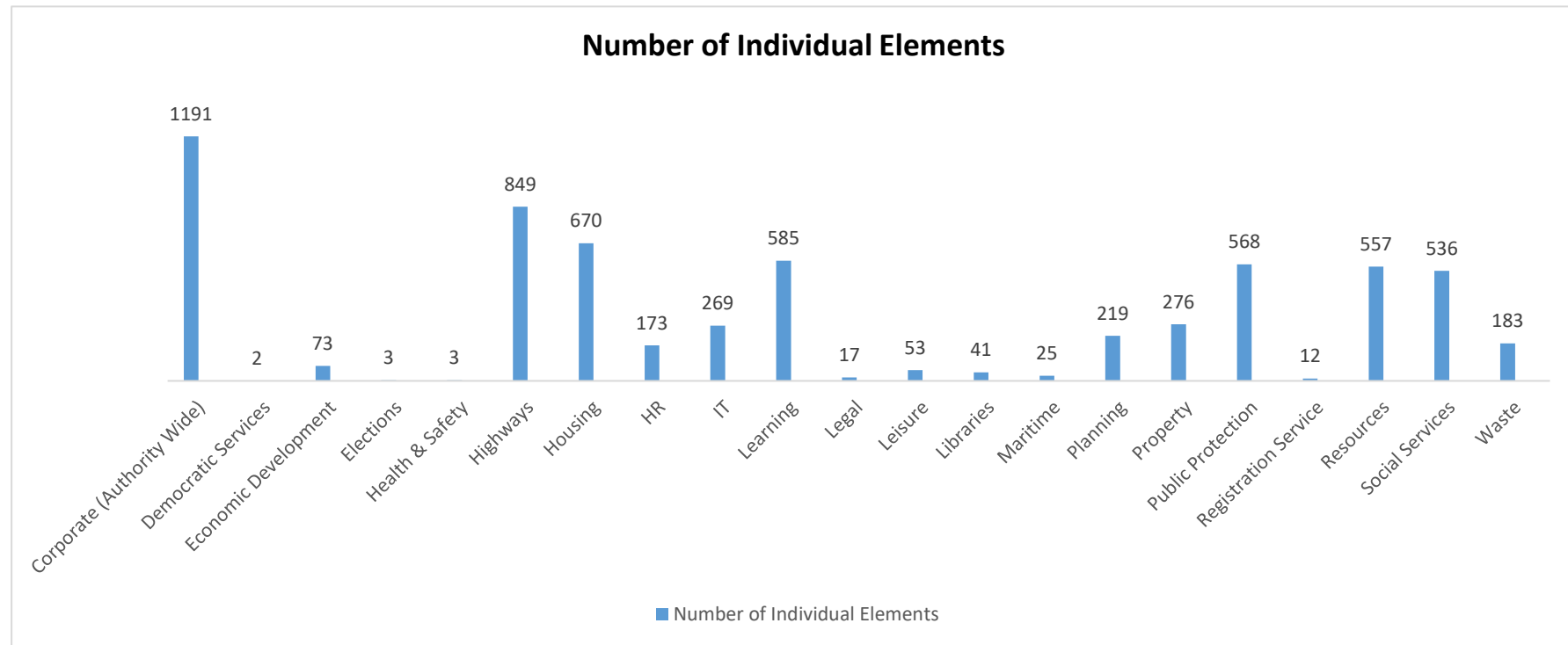
During 1 April 2023 and 31 March 2024 the Council received 1002 requests for information.

There were 192 late responses. The number of requests received (shown in blue), and the number of late responses (shown in red) are presented below.



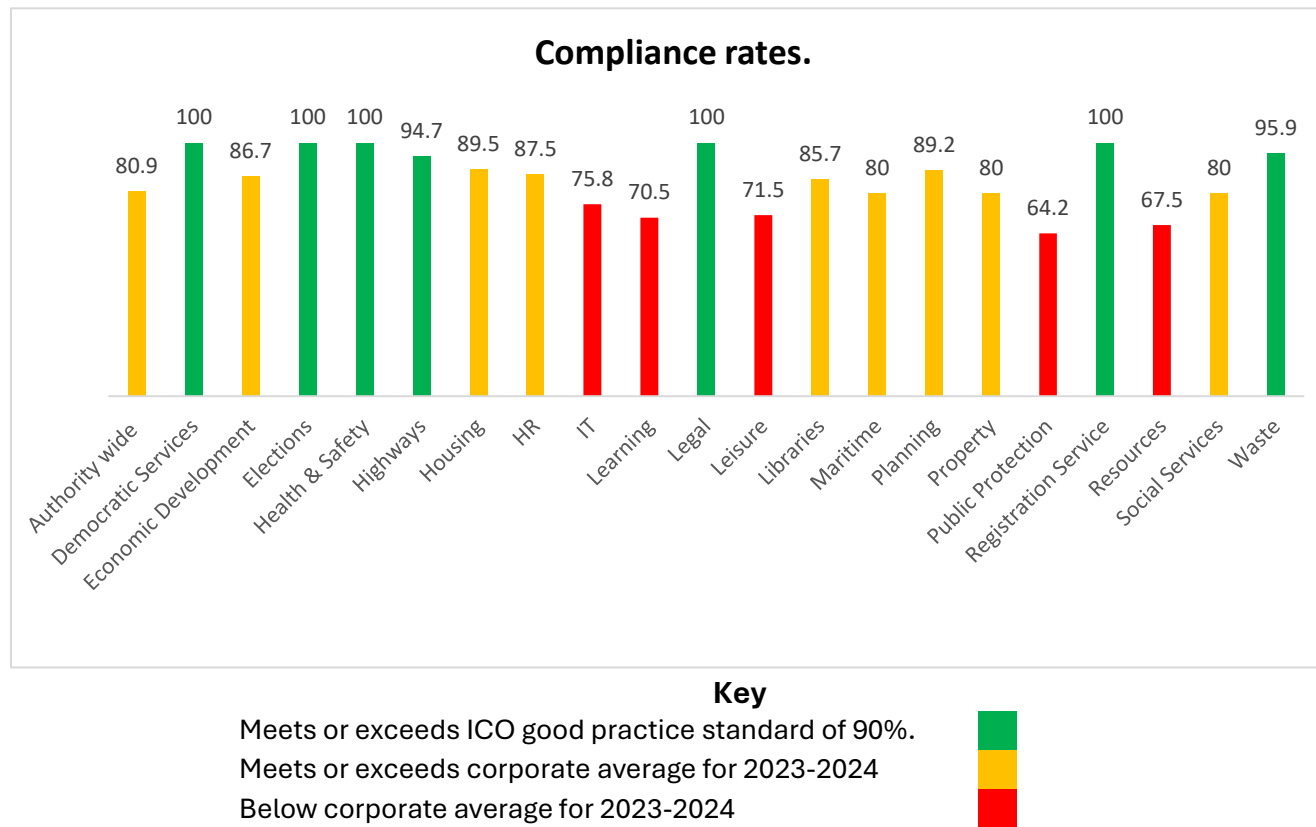
4.3 Freedom of Information Act 2000 requests.

During the period 1 April 2023 to 31 March 2024, the Council received 1002 requests, which contained **6329 individual elements** or questions. Information about the allocation of these elements is provided below.



4.4 Compliance broken down by service areas.

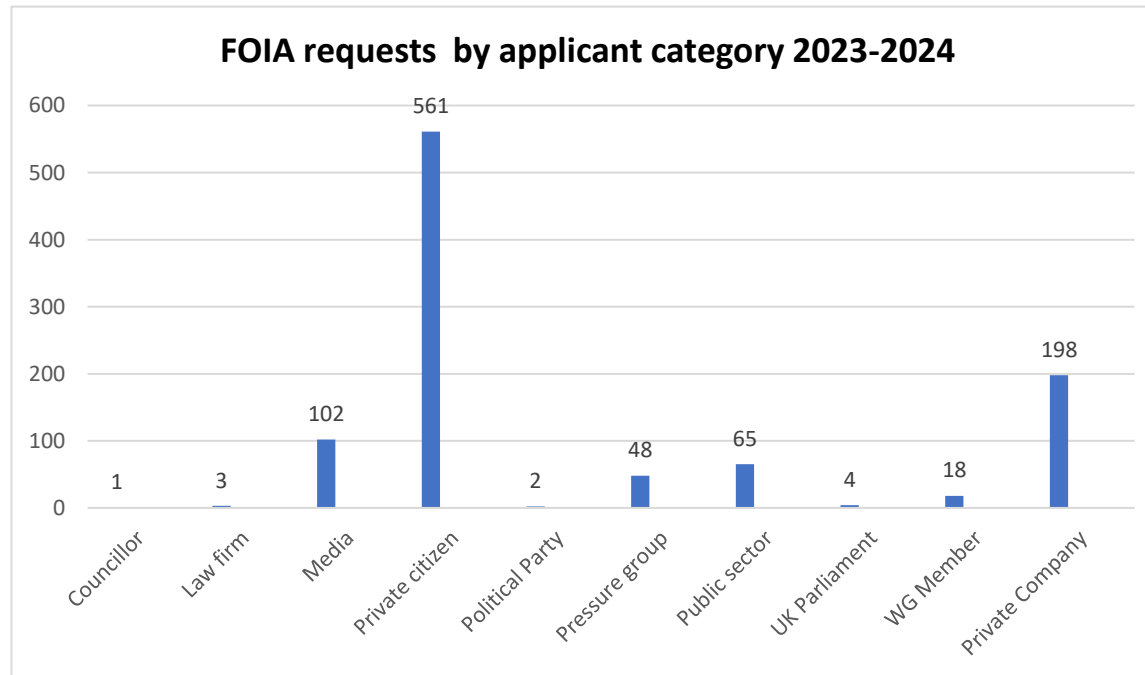
The ICO advises that public authorities should respond to 90% of FOIA requests within 20 working days. During the year 1 April 2023 - 31 March 2024, the Council’s corporate average compliance was 80.1%. Whilst there are pockets of compliance with the ICO standard of good practice, it is evident that there are performance challenges being demonstrated in some services. The information presented below should be compared with the information in 4.3 (above) for a comprehensive view.



4.5 Freedom of Information Act 2000 requests.

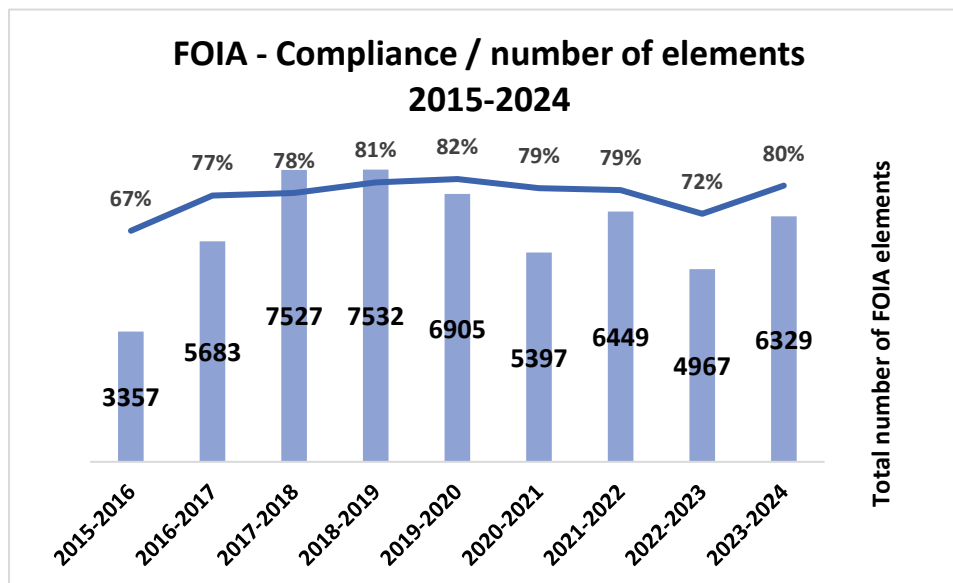
The Council categorises requests based on types of applicants that submit FOIA requests.

During the period of this report, it is apparent that majority of requests were submitted by private citizens in a personal, non-official or non-business capacity.



4.5 Comparative data on Freedom of Information Act 2000 requests and performance 2015-2024.

Over the past 9 years, the Council has received and processed 54,146 FOIA elements or questions. This equates to an average of 6016 FOIA elements per year. The average compliance rate (response within 20 working days) over this period is 68%. It is interesting to note that whilst the number of requests received dipped during the Pandemic, the Council’s FOIA compliance rates did not diminish. However, the decreased number of FOIA elements processed and the dip in compliance evidenced during 2022-2023 is likely the result of staffing issues on the Council’s processes during this time.



Appendix 5. Information about the number of data protection complaints made to the Council during the year by individuals about its processing of their personal information.

Data protection legislation consolidates the rights of individual data subjects to complain about the way organisations have used or propose to use their personal data or otherwise infringed their data subject rights.

Data Protection Act Complaints to the Council

2 DPA complaints were received,

1 complaint related to a request to **erase personal data**

1 complaint related to an **objection** to the Council's processing of personal data

Following investigation by the Data Protection Officer, it was found that:

1 case was upheld. The Council's processing had compromised an individual's rights;

1 case was not upheld. The Council's processing had not compromised the individual's data protection rights.

Appendix 6. Information about the number of data protection Subject Access Requests and the Council's performance.

Subject Access Requests and compliance

I am only able to report on the number of data subject access requests that have been received by the DPO and processed by Social Services.

49 SARs were received during the period with 50% (19) responses sent within the appropriate statutory deadline, i.e. within 1 month with 1 late response. A total of 29 requests are on hold pending confirmation or clarification regarding the identity of the applicants.

7.1. The Investigatory Powers Commissioner’s Office

The Investigatory Powers Commissioner’s Office (IPCO) oversees the conduct of covert surveillance and covert human intelligence sources by public authorities in accordance with the Police Act 1997, the Protection of Freedoms Act 2012 and the Regulation of Investigatory Powers Act 2000 (RIPA). The RIPA regime aims to ensure that directed surveillance is carried out in a way that is compliant with human rights. This is achieved through a system of authorisation by senior officers who have to be satisfied that the surveillance is necessary and proportionate; the authorisation must then be judicially approved.

As the Council’s SIRO, I am also Senior Responsible Officer (SRO) for the Council’s RIPA compliance. I can confirm that during the period of this report that:

- i. The Council’s arrangements for compliance with the legislation were inspected by IPCO and were deemed to be compliant. There were no recommendations for improvement and Sir Brian Levenson confirmed: “As such, your Council will not require further inspection....”
- ii. No authorisations were made during the period of this report.

7.2 Information Commissioner

The Information Commissioner is responsible for enforcing and promoting compliance with the Data Protection Act 2018 and the UK GDPR; the Freedom of Information Act 2000; the Privacy and Electronic Communications Regulations; the Environmental Information Regulations; the Re-use of Public Sector Information Regulations; the INSPIRE Regulations. The Information Commissioner has power to assess any organisation’s processing of personal data against current standards of ‘good practice’.

Information about the number of data protection complaints from individuals about the Council’s processing of their personal information which were investigated by the Information Commissioner’s Office (ICO) during the period of this report.

Two complaints were investigated by the ICO, with one investigation running beyond the period of this report. In both cases, the ICO required no further action from the Council.

Freedom of Information Act Appeals to the ICO

Two decisions were appealed to the ICO during the period of this report:

In one case, the decision of the ICO being that the Council ought to provide a substantive response to the request within 10 working days;

The other case required the Council to consider the data protection elements of the FOIA complaint separately, but no further steps were required.

7.3. Surveillance Camera Commissioner

I have nothing to report for this period.

Appendix 8. Update on resolutions of the Committee in respect of the 2022-2023 report.

In February 2024, I presented my annual report for the period 2022-2023 and made the following recommendations, which the Committee resolved to accept. These are shown, below, with an update (to 31 March 2024).

- i. assess the Council’s use of CCTV and its use, of any, of drone technology.**
It has not been possible to undertake this assessment due to lack of capacity within the IT Service.
- ii. undertake an assessment of the data protection risks of partnership working, together with the cyber threat of contract management/procurement in the Council.**
The Head of Function (Resources) & S151 Officer advises that this issue will be addressed as part of the Council-wide STAR Procurement improvement programme, for which a workplan has been developed and agreed with STAR. This includes workstreams for the development and revision of the Procurement Strategy, the new Procurement Regulations and Contract Management, specifically: *PS2-6* – Development, agreement, and promotion of Procurement Strategy; *NPR1-3* – Implementation plan focusing on the four key areas of processes and policies, systems, people and transition. Areas to consider premarket engagement and supplier assessment along with governance documentation; *CON 1* – Contract Management roles and responsibilities to be agreed; *CON 2* – More detailed guidance and support to be developed; *TRA2* – More specific training sessions on key areas where need to mitigate risks such as evaluation, commercial awareness, contract management and risk in procurement, including cyber risk.
- iii. put in place appropriate arrangements to ensure that the Leadership Team is adequately sighted on the Council’s cyber threats and mitigations.**
It has not been possible to undertake this assessment owing to lack of capacity within the IT Service. However, this issue aligns closely with the Council’s intention to adoption of the National Cyber Security Centre’s Cyber Assurance Framework (CAF).

CYNGOR SIR YNYS MON / ISLE OF ANGLESEY COUNTY COUNCIL	
MEETING:	Governance and Audit Committee
DATE:	19 September 2024
TITLE OF REPORT:	Concerns, Complaints and Whistleblowing 2023-2024
PURPOSE OF THE REPORT:	Assurance on Policy Compliance
REPORT BY:	Director of Function (Council Business) / Monitoring Officer
CONTACT OFFICER:	Data Protection Officer and Corporate Information Governance Manager

CONCERNS AND COMPLAINTS

Introduction & Summary

This report provides information on issues arising under the Council’s [Concerns and Complaints Policy](#) for the period 1st April 2023 – 31st March 2024. The report is also intended to include any whistleblowing disclosures made during the same period.

This report includes Social Services complaints but only those where the complainant is not a service user. Service user complaints are dealt with under the [Social Services Policy – Representations and Complaints Procedure for Children and Adults](#). These are reported annually to the Corporate Scrutiny Committee.

Complaints provide valuable information about the performance of the Council’s services, the opinions of users about the Council’s services and the overall customer experience of users. Importantly, complaints data provides valuable insight about how and where the Council could improve.

During the period 1st April 2023 – 31st March 2024, 235 concerns were received by the Council (down from 321 in previous year) and 48 complaints were received by the Council (up from 40 in previous year). 47 have received a response at the time of writing this report, with the other complaint having been discontinued.

The Public Services Ombudsman for Wales (PSOW) defines a “concern” as an expression of dissatisfaction that can be resolved ‘there and then’, at the initial point of contact, or very soon thereafter. A complaint is usually more serious in nature, may often not be possible to remediate, and generally requires an investigation into the circumstances before a response or resolution can be achieved.

Of the complaints addressed during the period, 5 were upheld in full, 4 were partly upheld and 38 were not upheld. One complaint was discontinued following discussions with the PSOW. Of the 38 complaints that were not upheld, 6 complaints were escalated to the PSOW. The PSOW rejected 4 of those prior to formal investigation and 2 were resolved through early resolution, where the Council accepts the PSOW's proposed actions.

Please also refer to section 3 which provides information about all complaints dealt with by the PSOW in 2023/24.

The number of complaints investigated by the Council during this year increased by 7, (up from 40 in 2022/23) and these are shown in the attached table (**Appendix 1**).

The overall rate of responses to complaints issued within the specified time limit (20 working days) was 83%. When responses are late, services are expected to write to the complainant to keep them informed of progress, to explain reasons for the delay and to give an estimated response time.

A total of 8 (16%) of the 48 complaints resulted from escalated concerns but this continues to indicate that Services are dealing effectively with concerns and that this is limiting the number of matters that escalate to formal complaints.

A total of 3 of the 48 complaints were referred to the Council by the PSOW, who refused to deal with them until the Council's internal process has first been exhausted.

Lessons Learnt

The [Concerns and Complaints Policy](#) places an emphasis on learning lessons from complaints and thereby improving services. Previous recommendations endorsed by this Committee have now become embedded as part of business as usual when dealing with complaints.

As mentioned above, during 2023/24, 5 complaints were upheld and 4 complaints partly upheld. **Appendix 2** explains what lessons have been learnt and any practice which has evolved as a consequence.

Complaints to the PSOW

Complaints about Services

The [Concerns and Complaints Policy](#) enables a complainant to refer a complaint to the PSOW if they remain dissatisfied with the Council's response. However, complainants frequently complain to the PSOW without first complaining to the Council; these types of contact are classified as premature by the PSOW.

During the period covered by this report, 41 complaints were lodged with the PSOW. These include matters dealt with under the Social Services complaints process and 3 complaints carried forward from 2022/23).

6 of the 41 were escalated to the PSOW after receiving formal responses under the Council's Complaints Procedure. 7 matters related to Social Services complaints, of which 4 were escalated following responses under the Social Services Procedure. 8 matters related to reviews of previous decisions and the remaining 20 were complaints made direct to the PSOW.

Of the 41 cases referred to the PSOW, 13 matters were closed as premature, 4 matters were out of jurisdiction, 14 were not investigated and 10 resulted in early resolution with the Council agreeing to the PSOW's proposed resolution.

Complaints about Members

Any complaint against an elected member must be based on an alleged breach, or breaches, of the Members' Code of Conduct, with the PSOW exercising 'first sift' jurisdiction (i.e. assessing merit) before deciding if, and how, to proceed.

During 2023/24, 5 code of conduct complaints were received by the PSOW against County Councillors and 3 were closed after initial assessment without any investigation. Limited information about such complaints is formally reported to the County Council's Standards Committee twice a year. 2 complaints against 2 County Councillors continue to be investigated by the PSOW. For the sake of completeness, complaints about the elected members of Town and Community Councils, in relation to the same Code of Conduct, are also reported twice a year to the County Council's Standards Committee.

Welsh language complaints

Information relating to complaints about the Council's use of the Welsh language are reported annually in the [Welsh Language Standards Annual Report](#), which is published on the Council's website.

4.2 During the period of the report, there were 7 complaints about the Council's use of the Welsh language. In addition, the public have the right to complain direct to the Welsh Language Commissioner but these complaints are not sent back to the Council to be investigated and are not therefore included in this report. These complaints are noted in the [Welsh Language Standards Annual Report](#) which is published on the Council's website.

Whistleblowing

The Council's [Whistleblowing Policy](#) and local Guidance document were devised to encourage and enable employees to raise those concerns, which fall within the ambit of the Policy, without fear of victimisation or discrimination. Whistleblowing is the popular term used when a member of staff (it includes contractors but does not relate to the public or elected

members) raise concerns about fraud, criminality, danger or serious risk that might threaten the public, their co-workers or the Council's reputation.

The level of information usually provided in this report has been agreed by the Leadership Team as, owing to the inevitably sensitive nature of such matters, and the Council's legal obligation to protect Whistleblowers from detriment in the workplace, only limited information will ever be disclosed.

During 2023/24, 0 whistleblowing concerns were received.

Decision/Recommendations of this Committee

The Committee accepts that this report provides reasonable assurance that the Council is compliant with the processes required under its **Concerns and Complaints Policy** and **Whistleblowing Policy**.

That the Committee reviews the Lessons Learnt table at **Appendix 2**, which consists of information provided by the services to the Corporate Information and Complaints Officer, and the Committee provides feedback to the services on the level of detail captured and to make recommendations for any remedial actions required e.g. particular training etc.

Appendix 1

Summary of Concerns and Complaints by Service for 2023 – 2024

Service	No. of concerns	No. of complaints	Number upheld	Number partly upheld	Number rejected	No. of late responses (x days late)	Compliments
Council Business							
Council Business	-	-	-	-	-	-	8
Highways, Waste & Property							
Highways & Property	15	4	1	-	18	1 (7 days)	19
Waste	19	2	09	-	12	-	15
Housing							
Housing	101	12	15	3	95	3 (7 days plus 2 x over 3 months **)	9
*Housing/ Social Services	-	2	1	-	1	-	-
Learning							
Learning (excludes schools)	6	-	-	-	6	-	12
Regulation & Economic							
Economic Development/ Maritime	-	1	-	-	1	-	4
Leisure	28	1	3	-	26	-	28
Planning	13	12	-	-	25	-	96
Planning / Highways	-	1	-	-	1	-	-
Public Protection	10	-	2	-	8	-	44
Resources							
Resources	43	13(12 as 1 discontinued)	8	1	46	4 (2 /18 /11 & 64 days)	31
Transformation							
Cyswllt Môn	-	-	-	-	-	-	8
H R	-	-	-	-	-	-	12
Totals	235	48 (47)	39	4	239	8	286

* Relates to more than 1 service

** 2 cases not correctly identified as Complaints according to the PSOW

Summary of Lessons Learnt from Complaints Upheld in Full or in Part					
Reference number	Complaint Reference	Service	Error(s) identified	Remedial Action	Action completed
Housing					
1	41	Housing Maintenance	Poor communication	Apology and £200 credited to Rent Account. Complainant should have been made aware of the delays and staff were reminded of the importance of good communications with tenants.	Actions completed. 26/03/2023
2	64	Housing Maintenance	Workers visited property without confirmed appointment and left void calling card. Lack of communication to keep tenant informed of developments.	Apology issued and work practices to be reviewed. Staff reminded of the importance of good communications with tenants.	25/04/24
3	65	Housing	Poor Communication – not dealing with as a complaint	Moved tenant out to alternative address and engaged with Environmental Health to resolve issues	Actions completed. 14/03/2024
4	69	Housing Maintenance	Poor communication and lack of clear and consistent advice/responses to communications about proposed capital improvement works.	Clear instructions issued and single point of contact established to liaise with the complainant and arrange for works to be undertaken satisfactorily.	Action completed. 13/05/2024

				Renewable Heating to be installed (ASHP) in lieu of existing electrical system during Q1 2024-25.	
5	71	Housing Maintenance	Poor Communication in connection with responsive repairs.	Apology issued for inconvenience caused. Staff reminded of the importance of clearly communicating any changes to agreed works and timescales for undertaking work with tenants.	Actions completed 22/11/2023
6	73	Housing Maintenance	Boiler Screw Cap not replaced during annual gas service.	Steps taken to ensure staff and external supporting contractors given refresher training on all processes relating to gas work and/or servicing.	Actions completed 15/03/2024
7	74	Housing Maintenance	Issue was with external company contracted to undertake work on behalf of Housing. Investigations found that the contractor did not plan or undertake works at a particular property in accordance with contractual expectations.	Contractor confirmed that they would formally review any claim for compensation and that they would contact the complainant direct to discuss the claim process. Apology issued to the complainant and arrangements confirmed to complete outstanding snagging works.	Actions completed 19/01/2024
Housing / Social Services					
8	46	Joint Protocol	Lack of Communication in relation to Adaptations Required in the Property	Additional training to be looked at for Occupational Therapists to support them with the communication with the individuals.	Actions completed. September 2023.

Resources					
9	75	Benefits	Poor Communication – substantive issue not upheld	Customers Care Issues - Customer care issues discussed at meetings. The importance in dealing with initial dissatisfaction as early as possible to avoid escalation of complaints.	January 2024

ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	GOVERNANCE AND AUDIT COMMITTEE
DATE:	19 SEPTEMBER 2024
SUBJECT:	ANNUAL TREASURY MANAGEMENT REVIEW FOR 2023/24
PORTFOLIO HOLDER(S):	COUNCILLOR R WILLIAMS – DEPUTY LEADER & FINANCE PORTFOLIO HOLDER
LEAD OFFICER(S):	MARC JONES – DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER
CONTACT OFFICER(S):	JEMMA ROBINSON - JemmaRobinson@ynysmon.llyw.cymru
Nature and reason for reporting	
<p>To comply with regulations issued under the Local Government Act 2003 and with the Council's Treasury Management Scheme of Delegation for 2023/24 (Appendix 10 of the Treasury Management Strategy Statement 2023/24). In accordance with the Scheme of Delegation, this report is due to be presented to the Executive and then the full Council once it has been scrutinised by this Committee.</p>	

1. Introduction

The Council is required by regulations issued under the Local Government Act 2003, to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2023/24. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2023/24, the minimum reporting requirements were that the full Council should receive the following reports:-

- an annual treasury strategy in advance of the year (received on 9 March 2023);
- a mid-year treasury update report (received on 7 March 2024);
- an annual review following the year describing the activity compared to the strategy (this report).

In addition, the Council has received quarterly treasury management update reports (quarter one and quarter three) which were received and approved by the Portfolio Holder.

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

This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Governance & Audit Committee before they were reported to the full Council. Member training on treasury management issues was undertaken on 15 September 2023 in order to support members' scrutiny role.

The Section 151 Officer confirms that borrowing was only taken out for capital purposes and the statutory borrowing limit (the authorised limit) was not breached.

Furthermore, the report sets out the following outcomes in the financial year 2023/24:-

- External factors – including a review on the economy, the interest rate performance during the year;
- Internal factors – including the performance of capital expenditure, the impact on the reserves and cash balances, risk appetite to investments, the borrowing taken by the Council and the impact on the Capital Financing Requirement (CFR);
- The Treasury Management Strategy in 2023/24 – including the debt management of the Council, and the Council’s borrowing and investments during the year;
- Controlling Treasury Management – what are the Prudential Indicators and how are they measured;
- Comparison in Prudential Indicators – a comparison on the actual Prudential Indicators compared to the forecast at the beginning of the year;
- Looking forward to 2024/25 and beyond; and
- Conclusion.

2. A Review of the Year – External Factors

2.1 Interest Rates – By March 2023, Bank Rate had finished at 5.25%. Bank Rate increased steadily throughout 2023/24, starting at 4.25% and finishing at 5.25%.

2.2 The Economy – United Kingdom - Against a backdrop of stubborn inflationary pressures, the Russian invasion of Ukraine and war in the Middle East, UK interest rates have continued to be volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2023/24.

Markets have sought an end to central banks’ on-going phase of keeping restrictive monetary policy in place on at least one occasion during 2023/24 but, to date, only the Swiss National Bank has cut rates and that was at the end of March 2024.

UK, EZ and US 10-year yields have all stayed stubbornly high throughout 2023/24. Inflation is easing, albeit gradually, but labour markets remain very tight by historical comparisons, making it an issue of fine judgment as to when rates can be cut.

The Bank of England sprung no surprises in their March meeting, leaving interest rates at 5.25% for the fifth time in a row and, despite no Monetary Policy Committee (MPC) members no longer voting to raise interest rates, it retained its relatively hawkish guidance. The Bank’s communications suggest the MPC is gaining confidence that inflation will fall sustainably back to the 2.0% target. However, although the MPC noted that “the restrictive stance of monetary policy is weighing on activity in the real economy, is leading to a looser labour market and is bearing down on inflationary pressures”, conversely it noted that key indicators of inflation persistence remain elevated, and policy will be “restrictive for sufficiently long” and “restrictive for an extended period”.

Of course, the UK economy has started to perform a little better in Q1 2024, but is still recovering from a shallow recession through the second half of 2023. Indeed, Q4 2023 saw negative Gross Domestic Produce (GDP) growth of -0.3% while y/y growth was also negative at -0.2%.

But it was a strange recession. Unemployment is currently sub 4%, against a backdrop of still over 900k of job vacancies, and annual wage inflation is running at above 5%. With gas and electricity price caps falling in April 2024, the Consumer Price Index (CPI) measure of inflation - which peaked at 11.1% in October 2022 – is now due to slide below the 2% target rate in April and to remain below that Bank of England benchmark for the next couple of years, according to Capital Economics. The Bank of England still needs some convincing on that score, but upcoming inflation and employment releases will settle that argument shortly. It is noted that core CPI was still a heady 4.5% in February and, ideally, needs to fall further.

Shoppers largely shrugged off the unusually wet weather in February, whilst rising real household incomes should support retail activity throughout 2024. Furthermore, the impact of higher interest rates on household interest payments is getting close to its peak, even though fixed rate mortgage rates on new loans have shifted up a little since falling close to 4.5% in early 2024.

From a fiscal perspective, the further cuts to national insurance tax (from April) announced in the March Budget, will boost real household disposable income by 0.5 - 1.0%. After real household disposable income rose by 1.9% in 2023, Capital Economics forecast it will rise by 1.7% in 2024 and by 2.4% in 2025. These rises in real household disposable income, combined with the earlier fading of the drag from previous rises in interest rates, means GDP growth of 0.5% is envisaged in 2024 and 1.5% in 2025. The Bank of England is less optimistic than that, seeing growth struggling to get near 1% over the next two to three years.

As for equity markets, the FTSE 100 has risen to nearly 8,000 and is now only 1% below the all-time high it reached in February 2023. The modest rise in UK equities in February was driven by strong performances in the cyclical industrials and consumer discretionary sectors, whilst communications and basic materials have fared poorly.

3. A Review of the Year – Internal Factors

3.1 Capital Expenditure and financing 2023/24 - The Council undertakes capital expenditure on long-term assets. These activities may either be:-

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

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

	2023/24 Estimate (£'m)	2023/24 Actual (£'m)
General Fund capital expenditure	48	31
Housing Revenue Account (HRA) capital expenditure	20	20
Total Capital Expenditure	68	51
General Fund financed in year by Grants & Contributions	35	23
HRA financed in year by Grants & Contributions	8	7
General Fund financed in year by Council Resources	5	4
HRA financed in year by Council Resources	12	13
General Fund capital expenditure financed by borrowing	8	4
HRA capital expenditure financed by borrowing	0	0

The main reason for the underspend was the large underspend against the projects listed below:-

Scheme	Underspend £'m	Comment
Capital works due to Reinforced Autoclaved Aerated Concrete (RAAC)	1.014	The RAAC issues required the Council to commit to expenditure, without any certainty on additional funding, in order to ensure the safety of everybody at the schools affected. Discussions then took place with the WG in respect of additional funding, and, in the latter part of 2023/24, the Authority was awarded £1.695m of additional grant funding for capital works relating to RAAC. The grant funding was used to fund capital expenditure on RAAC works to date, and the remaining on education buildings in 2023/24, replacing funding from the Authority's own resources. The funding saved by the Authority from this grant will now be used to fund remaining RAAC works in 2024/25.
Additional Learning Needs (ALN) Grant	0.372	In 2022/23, the Authority was awarded £0.476m of grant funding to support learners with ALN. There was minimal expenditure in 2022/23, and expenditure incurred in 2023/24 resulted in an £0.111m underspend. Similarly, the allocation for 2023/24 resulted in a £0.261m underspend, with WG allowing a carry forward of £0.108m to complete committed works.
Disabled Access Education Buildings	0.134	This is due to disabled adaptations being completed in all secondary schools except one. The remaining secondary school is on hold pending the outcome of feasibility studies. Works to primary schools are completed as and when required. Though substantial investment has been undertaken, further work may be required in the future to address the needs of individuals not yet known to us and, therefore, the underspend is required to be slipped to 2024/25.
Various Flood Schemes	1.009	Some schemes are ongoing and span across different financial years. Others have seen delays and time extensions for completion agreed by WG to carry forward the funding, and other schemes have completed.
Levelling Up Fund	6.151	The tendering process resulted in bids received being much higher than budget, which then resulted in having to retender the works with reduced scope to a manageable level. Ultimately, this resulted in delays to the schemes and, out of the underspend, £4.905m is requested to carry forward to complete the committed schemes.
Holyhead Regeneration Townscape Heritage Initiative (THI) Phase II	0.625	There has been a general slowdown this financial year and an underspend was predicted, as per previous monitoring reports. As a result, the majority of the spend will be in 2024/25.
Waste Management Recycling Equipment	0.256	The service has reviewed and prioritised its capital spend in line with their strategy and 5-year financial plan and is now procuring four items of plant and machinery. However, the potential lead time after successful tenders mean that the plant and machinery are unlikely to be delivered this financial year, however, the funding is fully committed.

Scheme	Underspend £'m	Comment
Maritime Infrastructure	0.178	The scheme is currently in the re-design stage and, due to timing, the budget is requested to roll forward into 2024/25 in order to complete the scheme. This is in line with previous monitoring reports.
Visitor Infrastructure	0.194	Underspend was expected, as per prior monitoring reports, due to match funding being required for Shared Prosperity Fund grant and it being beneficial to the region to maximise grant expenditure this year and provide our match funding next financial year. It is, therefore, requested to carry this over to financial year 2024/25.
Low Carbon Heat Grants (LCHG)	3.805	Due to the late award of the LCHG and, as discussed in paragraph 3.1, £5.744m was secured in 2023/24, with £1.939m expenditure incurred.
Capital works to existing assets	0.503	The remaining budget has been committed to works that span 2023/24 and 2024/25.
Upgrade Public Conveniences	0.280	The service is in the process of developing a public conveniences improvement plan, which will give a better idea of the capital requirements in the next financial year. It is also envisaged that further grant funding for capital works to public conveniences may be forthcoming, and part of this budget could again be used as match funding if the opportunity arises.
Vehicles & Gritters	0.771	The budget for gritters was not spent due to the availability to procure suitable vehicles. Other vehicles were ordered before year end, however, due to the lead time in delivery, they will be received post year end and, so, the budget will be required to slip to financial year 2024/25.

3.2 Reserves and Cash balances - The Council's cash balances comprise revenue and capital resources and cash flow monies. The Council's core cash resources comprised as follows:-

Usable Reserves and Provisions	Draft 31-Mar-2024 £'m	Final 31-Mar-2023 £'m
Council fund general reserve	15.604	14.039
Earmarked reserves	16.779	19.637
Housing Revenue Account (HRA) reserve	8.189	12.107
HRA capital reserve	0.509	0.00
School reserves	5.577	6.716
Capital receipts Reserves	2.390	1.908
Capital Grant Unapplied	0.464	0.407
North Wales Economic Ambition Board Reserve	0.587	0.000
Total Usable Reserves	50.099	54.814
Provisions	4.703	5.037
Total Usable Reserves and Provisions	54.802	59.851

3.3 Externalisation of borrowing – The Council’s underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council’s debt position. The CFR results from the capital activity of the Council and the resources utilised to pay for the capital spend. It represents the 2023/24 capital expenditure financed by borrowing, and prior years’ capital expenditure funded by borrowing which has not yet been paid for by revenue or other resources. Part of the Council’s treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the Treasury Service organises the Council’s cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board (PWLB), or the money markets) or utilising temporary cash resources within the Council. There was no externalisation of borrowing in the 2023/24 financial year.

3.3.1 Gross borrowing and the CFR - In order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure.

The internal borrowing strategy has now been implemented over the last few years. The gross borrowing of £122.4m at 31 March 2024 is less than the forecast CFR for the following two years:-

	Actual 2023/24 £'m	Estimated 2024/25 £'m	Estimated 2025/26 £'m
Capital Financing Requirement	146.7	154.5	170.8

3.3.2 Internal borrowing - is when over the medium term, the investment rates are expected to continue to be below long-term borrowing rates. This means that value for money considerations would indicate that value could best be obtained by avoiding new external borrowing and by using internal cash balances to finance new capital expenditure, or to replace maturing external debt. This would maximise short term savings. The Internal borrowing figure is the difference between the CFR and the Gross Borrowing Position. As can be seen in the table below, at the beginning of the year the internal borrowing position was £20.3m. There were no new PWLB loans in the year and £1.0m principal repayments. This has resulted in the Internal borrowing position at 31 March 2024 now being £24.3m:

	31 March 2023 Actual £'m	31 March 2024 Actual £'m
Gross borrowing position	123.8	122.4
CFR	144.1	146.7
(Under) / overfunding of CFR	(20.3)	(24.3)

3.4 Other Borrowing- During the year, the Council did not enter into any other short-term borrowings.

3.5 Debt Repayments – There were three PWLB loans that matured during the year. £1m matured 16 January 2024 and was repaid on this date. The loan was originally taken in May 1995 at an interest rate of 8.5%. £0.569m matured 31 March 2024, was repaid on 2 April 2024 and is, therefore, accounted for as being outstanding as at 31 March 2024. The loan was originally taken in October 1993 at an interest rate of 7.875%. £0.285m matured 31 March 2024, was repaid on 2 April 2024 and is, therefore, accounted for as being outstanding as at 31 March 2024. The loan was originally taken in May 1995 at an interest rate of 8.5%.

3.6 Investments – The expected investment strategy was to keep to shorter term deposits (up to 364 days) although the ability to invest out to longer periods was retained. Cash balances were expected to be up to £62.3m, ranging between £31.6m and £62.3m. The interest budget of £1.423m that was set for 2023/24 was based on estimated cash balances and likely investment return based on Base rate. However, with interest rates rising to above what was anticipated at the time of producing the 2023/24 budget and, hence, providing more opportunities for investment of surplus cash, average balances of £48.7m returned £1.831m, at an average interest rate of 4.32%.

Investment returns picked up throughout the course of 2023/24 as central banks, including the Bank of England, continued to respond to inflationary pressures that were not transitory, and realised that tighter monetary policy was called for. Starting April at 4.25%, Bank Rate moved up in stepped increases of either 0.25% or 0.5%, reaching 5.25% by August. By the end of the financial year, no further increases were anticipated.

Part of the Council's deposits were held in no notice deposit accounts, which pay interest at rates near the prevailing base rate, £16.602m at 4.11% on 31 March 2024 (31 March 2023 £11.521m at 1.25%). There were three other short-term investments as at 31 March 2024 - £15.0m at an interest rate of 5.18% (£30.0m at 3.96% as at 31 March 2023). All investments were for under 1 year.

The investments that were outstanding as at 31 March 2023, matured in financial year 2023/24 and were reinvested on the same date. Details of all new investments in the year, with their respective interest rates, are detailed in the table below:-

Counter Party	Start Date	End Date	Interest Rate	Amount	Investment Principal at 31 March 2024
			%	£	£
National Westminster Bank Fixed Term	11/1/2023	11/7/2023	4.10%	10,000,000	-
National Westminster Bank Fixed Term	11/7/2023	11/1/2024	5.88%	10,000,000	-
National Westminster Bank Fixed Term	11/1/2024	11/3/2024	5.25%	10,000,000	-
National Westminster Bank Fixed Term	11/3/2024	11/6/2024	5.23%	5,000,000	5,000,000
Santander	10/2/2023	10/5/2023	4.00%	7,500,000	-
Santander	10/5/2023	10/11/2023	4.76%	7,500,000	-
Santander	10/11/2023	9/2/2024	5.34%	5,000,000	-
Santander	9/2/2024	9/5/2024	5.19%	5,000,000	5,000,000
Nationwide Building Society	6/4/2023	6/7/2023	4.17%	5,000,000	-
Nationwide Building Society	6/7/2023	8/1/2024	5.47%	5,000,000	-
Nationwide Building Society	8/1/2024	8/4/2024	5.11%	5,000,000	5,000,000
Goldman Sachs	22/12/2022	22/6/2023	3.83%	7,500,000	-
Goldman Sachs	22/6/2023	22/12/2023	5.52%	7,500,000	-
Wakefield Council	22/8/2023	22/9/2023	5.23%	5,000,000	-
Wrexham County Borough Council	25/10/2022	25/4/2023	3.80%	5,000,000	-
Wrexham County Borough Council	25/04/2023	25/10/2023	4.30%	5,000,000	-

3.7 Treasury Position at 31 March 2024 – The Council’s debt and investment position is organised by the Treasury Management Service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting detailed in the summary, and through officer activity in accordance with the Treasury Management Strategy 2023/24. The upper limits for fixed rate and variable rate exposures were not breached during the year. The borrowing and investment figures for the Council as at the end of the 2022/23 and 2023/24 financial years are as follows: -

	31 MARCH 2023			31 MARCH 2024		
	£'m	Average Rate (%)	Average Maturity (years)	£'m	Average Rate (%)	Average Maturity (years)
Debt PWLB	119.6	4.54	29.15	118.5	4.47	30.9
Debt Non-PWLB	4.2	0	3.73	3.9	0	4.49
Total	123.8			122.4		
CFR	144.1			146.7		
Over / (under) borrowed	(20.3)			(24.3)		
Fixed term investments (all < 1 year, managed in house and fixed rate)	30.000	3.96		15.000	5.18	
No notice investments (all managed in house)	11.521	1.25		16.602	4.11	
Total Investments	41.521	3.21		31.602	4.62	

Borrowing is further broken down by maturity as:-

	31 MARCH 2023		31 MARCH 2024	
	£'m	% of total	£'m	% of total
Total borrowing	123.8	100	122.4	100
Under 12 months	2.3	1.9	1.2	1.0
1 – 3 years	3.3	2.7	5.0	4.1
4 – 6 years	5.6	4.5	3.5	2.8
7 – 10 years	3.8	3.1	4.3	3.5
10 years and above	108.8	87.8	108.4	88.6

There have been no new borrowings taken out in the year (long or short term). Debt repayments have been as described in point 3.5 above. Therefore, the movement in the categories above are simply as per the loan maturity dates.

4. The Council’s Treasury Management Strategy in 2023/24

4.1 Debt rescheduling - No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

4.2 Borrowing in advance of need – During the year, the Council did not borrow more than, or in advance of, its needs, purely to profit from the investment of the extra sums borrowed.

- 4.3 Investment Policy** – The Council’s investment policy is governed by the Ministry of Housing, Communities and Local Government investment guidance, which has been implemented in the annual Treasury Management Strategy Statement approved by the Council on 9 March 2023. This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.). The investment activity during the year conformed to the approved strategy and the Council had no liquidity difficulties. When the Council invests its surplus cash, the most important aspect of the investment is security, followed by liquidity and then the yield. This essentially means that the main priority is the safety of the cash, followed by how readily available the cash is should the Council require it, followed by the percentage interest rate return that the Council will receive for the investment. The strategy on investing surplus cash would be to borrow short term with other Local Authorities to maximize returns in a secure way.
- 4.4 Borrowing strategy and control of interest rate risk** - During 2023/24, the Council maintained an under-borrowed position. This meant that the capital borrowing need (the Capital Financing Requirement) was not fully funded with loan debt, as cash supporting the Council’s reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were very low and minimising counterparty risk on placing investments also needed to be considered.
- 4.5 Minimum Revenue Provision (MRP) Policy** – In 2022/23, the Council implemented its new MRP policy after seeking advice from its Treasury advisor. The policy is a more prudent measure with the MRP charge reflecting more closely the change in asset values. The new policy can be seen in Appendix 6 of the Treasury Management Strategy Statement 2023/24, that was approved by full Council on 9 March 2023.

5. Controlling Treasury Management

The following Prudential indicators are contained in Appendix 11 of the Treasury Management Strategy Statement. See below a brief explanation of what the indicators are and how they are calculated. Section 6 of this report analyses the differences between the Actual and the forecast Prudential Indicators for 2023/24.

- **Capital expenditure – Estimates of Capital Expenditure** - This is the forecast Capital Expenditure from 2023/24 to 2026/27 and is based on the Capital Programme for 2023/24 and the Capital Strategy for 2024/25.
- **The Council’s borrowing need (the Capital Financing Requirement - CFR)** - Another prudential indicator is the Council’s (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is, essentially a measure of the Council’s underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR. The CFR does not increase indefinitely, as the (MRP) is a statutory annual revenue charge which, broadly, reduces the borrowing need in line with each asset’s life and, so, charges the economic consumption of capital assets as they are used.
- **Prudence - Gross Debt and the CFR** - The Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

- **External Debt - The authorised limit for external debt** - A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. This is the statutory limit determined under Section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised. The Section 151 Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans and the proposals in the budget report. The Authorised Limit is set annually in the Treasury Management Strategy Statement and is approved by full Council.
- **The operational boundary** - This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached. The Operational Limit is set annually in the Treasury Management Strategy Statement and is approved by full Council.
- **Affordability - Ratio of financing costs to net revenue stream** - This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

6. Prudential Indicators Actual vs Expected

- 6.1 During 2023/24, the Council complied with its legislative and regulatory requirements. The key data for actual prudential and treasury indicators, detailing the impact of capital expenditure activities during the year, with comparators, are as follows:-

Data for actual prudential and treasury indicators	2022/23 Actual £'m	2023/24 Original £'m	2023/24 Actual £'m
Capital Expenditure			
• Non-HRA	29.510	15.110	30.768
• HRA	11.180	31.847	19.806
• Total	40.690	46.957	50.574
Total Capital Financing Requirement:			
• Non-HRA	105.825	116.576	108.545
• HRA	38.287	60.101	38.151
• Total	144.112	176.677	146.696
Gross Borrowing	123.800	159.610	122.400
External Debt	123.800	159.610	122.400
Investments			
• Longer than 1 year	0	0	0
• Under 1 year	41.522	15.000	31.603
• Total	41.522	15.000	31.603
Financing costs as a proportion of net revenue stream – Council Fund	3.11%	2.23%	3.16%
Financing costs as a proportion of net revenue stream – HRA	7.26%	21.14%	5.09%

6.2 The first Prudential Indicator in the above table is the Capital Expenditure. The forecast Capital Expenditure at the time of producing the Prudential indicators for 2023/24 was £46.957m. However, the actual expenditure was £50.574m. The prudential indicator was based on the estimates of capital spend from various sources for 2023/24, at the time of writing the report. In reality, the final capital budget approved for 2023/24 was £37.962m, made up of general fund £24.205m and HRA £13.557m. However, this budget does not include any slippage amounts from the previous year and also the fact that, throughout the year, additional schemes are added to the capital programme, hence why the non-HRA capital expenditure is higher than what was originally budgeted for. Please refer to paragraph 3.1 in this report for the final non-HRA capital budget compared with the actual expenditure and the reasons for the actual underspend against budget.

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

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

The forecast CFR at the time of producing the Prudential Indicators for 2023/24 was £176.677m. However, the actual CFR was significantly lower at £146.696m. The anticipated CFR for HRA included £20m of borrowing in 2023/24. There was no new borrowing for HRA in 2023/24 and, therefore, the reduction in the HRA CFR is due to no borrowing in 2023/24 for HRA. One of the reasons for the reduced Non-HRA CFR was the reduced amount of Unsupported Borrowing needed in relation to the Sustainable Communities for Learning programme in 2023/24. The expenditure was mainly funded by grant, hence reducing the need for borrowing. Another reason was that additional grants were awarded during the year to subsidise other funding sources, such as Supported Borrowing. This meant less Supported Borrowing was needed and therefore reducing the CFR figure. However, in future years, this subsidised funding source will be used to fund the Capital Expenditure in 2024/25 and will increase the CFR.

6.4 The Authorised Borrowing Limit (£210m) and the Operational Boundary (£205m) were not breached during the year, with the amount of External debt peaking at £123.8m only.

6.5 The Financing costs, as a proportion of net revenue stream for the General Fund (3.16%) was slightly higher than anticipated (2.23%) which is due to the financing costs being higher than anticipated at the time of producing the indicator. The Financing costs, as a proportion of net revenue stream for the HRA (5.09%), was lower than the anticipated total (21.14%) which is due to the financing costs being significantly lower than expected at the time of producing the proposed indicator for 2023/24 (attributed to both the change in MRP calculation, resulting in a lower MRP charge and reduced borrowing requirements).

7. Looking forward to 2024/25 and beyond

- 7.1** On 7 March 2024, the full Council approved the Treasury Management Strategy Statement for 2024/25. The Strategy Statement was based on the Capital Strategy, and it is now forecast that the Council will need to borrow an additional £9.049m in 2024/25 for the General Fund and converting £15m of internal borrowing to external borrowing, a total of £17.7m in 2025/26 and a further total of £12.0m in 2026/27 to fund its Capital Programme, noting that the majority of the borrowing is forecast to fund the HRA capital programme. This additional borrowing will affect the Minimum Revenue Provision (MRP) being charged to fund the capital financing costs. In 2024/25 the forecast MRP is £1.2m, in 2025/26 £1.5m and £1.7m in 2026/27.
- 7.2** On 8 April 2024, the Isle of Anglesey County Council invested £5m with Goldman Sachs International Bank for 6 months, with an interest rate of 5.29%.
- 7.3** On 9 May 2024 a £5m investment with Santander matured and was rolled over for a further 6 months, with an interest rate of 5.07%.
- 7.4** On 9 May 2024, the Isle of Anglesey County Council invested 5m with National Westminster Bank Plc for 3 months, with an interest rate of 5.23%.
- 7.5** On 11 June 2024, a £5m investment with National Westminster Bank Plc matured and was rolled over for a further 6 months, with an interest rate of 5.23%.
- 7.6** There are no principal repayments of PWLB borrowing due by the Isle of Anglesey County Council in the 2024/25 financial year.
- 7.7** The interest receivable budget of £0.885m that was set for 2024/25 was the estimated balances of liquid cash and investment balances and an estimate of an average interest rate. Interest received to quarter 1 of 2024/25 was £465k and is anticipated that the interest receivable budget can be met in 2024/25.
- 7.8** The latest interest rate forecast from Link Group (as at July 2024) can be seen in the table below:-

Bank Rate	Now	Jun 2024	Sep 2024	Dec 2024	Mar 2025	Jun 2025	Sep 2025	Dec 2025	Mar 2026	Jun 2026	Sept 2026	Dec 2026	Mar 2027
Link Group	5.25%	5.25%	5.00%	4.50%	4.00%	3.50%	3.25%	3.25%	3.25%	3.25%	3.00%	3.00%	3.00%

8. Conclusion

The Council's Treasury Management performance during the year was in line with the strategy of low risk, low return investments and a planned approach to borrowing designed to minimise interest charges.

The performance against the Prudential Indicators set by the Council show that the Council's Treasury Management activities are being undertaken in a controlled way which ensure the financial security of the Council and do not place the Council at any significant financial risk in terms of unaffordable or excessive borrowing.

The Council's Treasury Management Strategy and its performance against the strategy take into account the external economic factors and it is constantly reviewed to ensure that it is the most appropriate strategy moving forward.

R MARC JONES
DIRECTOR OF FUNCTION (RESOURCES) & SECTION 151 OFFICER

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	19 September 2024
Subject:	Annual Counter Fraud, Bribery and Corruption Report 2023-24
Head of Service:	Marc Jones, Director of Function (Resources) and Section 151 Officer MarcJones@anglesey.gov.wales
Report Author:	Marion Pryor, Head of Audit and Risk MarionPryor@anglesey.gov.wales
<p>Nature and Reason for Reporting: The Governance and Audit Committee’s terms of reference require it to oversee any major areas of fraud, identified in an annual report and monitor action plans to address control weaknesses (3.4.8.9.5). They also require the Committee to consider the assurance provided by internal audit (3.4.8.9.6).</p> <p>This report presents the activity carried out by internal Audit during 2023-24 to minimise the risk of fraud, bribery and corruption occurring within and against the Council and provides assurance to the Committee on the effectiveness of the Council’s arrangements to minimise the risk of fraud.</p>	

1. INTRODUCTION

- 1.1. The Public Sector Internal Audit Standards 2022 (PSIAS) require internal audit to evaluate the potential for fraud occurring and how the organisation manages fraud risk (Standard 2120).
- 1.2. In addition, the Accounts and Audit (Wales) Regulations 2014 state that the Council’s responsible financial officer (Section 151 Officer) must ensure that its accounting control systems include measures to enable the prevention and detection of inaccuracies and fraud.

2. RECOMMENDATION

- 2.1. That the Committee considers and comments on the activity carried out during 2023-24 to minimise the risk of fraud, bribery and corruption occurring within and against the Council and notes the assurance provided to the Committee on the effectiveness of the Council’s arrangements to minimise the risk of fraud.

Annual Counter Fraud, Bribery & Corruption Report 2023-24

August 2024



Marion Pryor BA MA CMIIA CPFA ACFS

Head of Audit & Risk



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Introduction

1. This report presents the activity carried out during 2023-24 to minimise the risk of fraud, bribery and corruption¹ occurring within and against the Isle of Anglesey County Council.
2. This supports the requirements of the Public Sector Internal Audit Standards, 2022 (PSIAS), which require internal audit to evaluate the potential for fraud occurring and how the organisation manages fraud risk (Standard 2120).
3. In addition, the Accounts and Audit (Wales) Regulations 2014 state that the Council’s responsible financial officer (Section 151 Officer) must ensure that its accounting control systems include measures to enable the prevention and detection of inaccuracies and fraud.
4. A [report](#) by the Auditor General for Wales in 2019 stated that the value the public sector loses to fraud is unknown. A Cabinet Office [report](#) in 2019 identified an upper and lower range for likely losses in government spend between 0.5% and 5% of expenditure.
5. Applying those estimates to the £208.5 million gross revenue [budget](#) of the Isle of Anglesey County Council in 2023-24 suggests that losses to fraud and error may be anywhere between £1.04 million and £10.4 million per annum.
6. A further [report](#) of the Auditor General for Wales on fraud published in 2020 made 15 recommendations to public bodies in Wales.
7. This report provides an assessment on the effectiveness of the Council’s arrangements to minimise the risk of fraud, and its progress in responding to the Auditor General’s recommendations. It highlights some of the current and emerging areas of fraud risk and the challenges and opportunities going forward.

¹ An explanation of what constitutes fraud, bribery and corruption is included at [Appendix 1](#)

Why is Countering Fraud, Bribery and Corruption Important?

8. Each pound lost to fraud, bribery and corruption represents a loss to the public purse and reduces the ability of the public sector to provide services to people who need them.
9. At a time of increasing financial pressure, it is more important than ever for all public bodies in Wales to seek to minimise the risks of losses through fraud and support financial sustainability.
10. Fraud can also affect the public sectors' reputation, undermining public trust and organisational efficiency.
11. When councils take effective counter fraud measures, they rebuild this public trust, and ensure that scarce funds are used effectively.
12. The public sector is now being increasingly targeted due to their larger financial transactions and the greater potential profits for fraudsters.
13. CIPFA, in its 'Code of Practice on Managing the Risk of Fraud and Corruption'² advocates that:

“Leaders of public services organisations have a responsibility to embed effective standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management”.

Current Context

14. There is real concern in the public and private sectors in the UK that fraud is now at unprecedented levels – according to the Home Office, fraud accounts for over 40% of crime but receives less than 1% of police resource.³
15. It costs the UK economy billions every year. The National Fraud Intelligence Bureau, part of the City of London Police, has quantified the value of reported losses due to fraud in the year ended 31 December 2023 at £2.1 billion.
16. Despite the latest figures from the Crime Survey for England and Wales (CSEW) for the year ending March 2024 (3.2 million fraud incidents) showing that fraud crime decreased by 10% compared with the year ending March 2023 (3.5 million incidents), fraud is the most commonly experienced crime in England and Wales today.⁴
17. However, the CSEW estimates showed that fewer than one in seven fraud offences were reported to the police or Action Fraud (the public-facing national fraud and cybercrime reporting centre). This under-reporting hampers understanding of the threat.
18. With the war in Ukraine and the cost-of-living crisis, other business-critical risks such as supply chain disruption, staff retention, and cyber threats, the opportunities for fraud continue to increase, and fraudsters will take advantage of the situation using increasingly sophisticated tools to commit crime.
19. In response we have seen the UK government issue its Fraud Strategy⁵ and there is new legislation including the 'failure to prevent fraud' offence introduced in the Economic Crime and Corporate Transparency Act 2023, which received Royal Assent in October 2023.

² [Code of Practice on Managing the Risk of Fraud and Corruption](#), CIPFA, 2014

³ [Fraud Barometer 2023: A snapshot of fraud in the UK](#), KPMG, February 2024

⁴ [Crime in England and Wales](#), ONS, March 2024

⁵ [Fraud Strategy: stopping scams and protecting the public](#), June 2023

20. This offence is intended to encourage organisations to take responsibility for poor systems and controls that may be exploited by individuals to break the law. The organisation will be able to avoid prosecution if it is able to prove that, at the time that the fraud offence was committed, it had 'reasonable procedures' in place to prevent this type of fraud from occurring.
21. Fraud risk is also recognised as a serious issue by many in terms of the internal threat from management and staff. A report⁶ by Zurich UK, based on Freedom of Information data from 43 police forces in England and Wales, highlighted that employee theft jumped as the rising cost of living triggered a wave of workplace crime.
22. This increase was replicated in the North Wales Police force area, with employee thefts increasing from 55 in 2021 to 68 in 2022; a 24% increase.
23. Along with Hampshire, Cheshire and Surrey police force areas, the North Wales Police force area was in the top quartile of force areas to see an increase in employee theft (13th highest increase).
24. Although national figures reveal that this figure has dropped slightly in 2023-24, from 6,560 workers to 6,244 caught stealing from their employer, this still amounts to over 500 incidents every month in England and Wales.⁷
25. Zurich has also seen an increase in insurance claims for social engineering, where fraudsters manipulate employees into making payments or handing over bank details and passwords. This includes cases where criminals have hacked a senior employee's email and sent urgent payment instructions with fraudulent bank details to other staff members and external parties.

⁶ [Employee theft jumps by a fifth as cost-of-living pressures mount](#), Zurich UK, February 2023

Assessment of Counter Fraud Arrangements at the Council

26. CIPFA endorses a common set of principles across public services to improve counter fraud practice, set out in its [Code of Practice on Managing the Risk of Fraud and Corruption](#). Using this code as a benchmark, an assessment against the five principles was carried out and a high-level summary of the results appears below.

Acknowledge responsibility

27. The first principle of the Code advocates that the governing body should acknowledge its responsibility for ensuring that the risks associated with fraud and corruption are managed effectively across all parts of the organisation.
28. A framework of policies exists, as recommended by the guidance and policy acceptance software tracks staff's acceptance and understanding of some policies. The following policies were issued to staff for them to confirm their knowledge and understanding and as at 10/10/23⁸ acceptance was confirmed as:

Policy	Compliance Rate
Officers' Code of Conduct and Local Guidance	90% (976 of 1,083)
Whistleblowing Policy and Guidance	95% (1,024 of 1,083)

29. A comprehensive programme of policy refreshment, counter fraud awareness raising, and an eLearning package is being delivered as part of the Counter Fraud Strategy for 2022-2025.

⁷ [Number of theft by an employee offences in England and Wales from 2002/03 to 2023/24](#), Statista 2024

⁸ The policy acceptance software is currently being upgraded

Identification of fraud and corruption risks

30. The second principle advocates fraud risk identification as essential to understanding specific exposures to risk, changing patterns in fraud and corruption threats and the potential consequences to the organisation and its service users.
31. The Code supports the consideration of fraud and corruption risks as business risks and for them to be managed as part of the organisation's risk management process. The Council has a mature risk management framework and fraud risk is considered during this process.
32. In conjunction with the Training and Development Team, a programme of counter fraud training events was provided in December 2023 and March 2024, targeted at elected and lay members, and managers and officers with financial and procurement responsibilities.

Counter fraud and corruption strategy

33. The third principle advocates that organisations need a counter fraud strategy setting out its approach to managing its risks and defining responsibilities for action.
34. The Council has a clearly defined three-year strategy, approved at the highest level (Governance and Audit Committee, December 2021), which is focused on outcomes, helping to ensure that the risk of fraud and corruption is taken seriously in the Council.
35. Progress with delivering the Action Plan within the Strategy is detailed at [Appendix 2](#).

Provision of resources

36. The fourth principle advocates that organisations should make arrangements for appropriate resources to support the counter fraud strategy. Similar to all services within the Council, there has

been limited capacity and resources within the Council towards counter fraud arrangements.

37. However, resource within Internal Audit and Risk Management was identified during the year to:
 - Investigate allegations of fraud.
 - Coordinate data required from the Council by the National Fraud Initiative for its biennial data matching exercise.
 - Explore high-risk matches identified by the NFI data matching exercise.
 - Distribute National Anti-Fraud Network alerts to relevant officers.
 - Attend the North & Mid Wales Audit Partnership's Counter Fraud Working Group.
38. In total, 67 days (8%) of the Internal Audit Team's work was involved in counter fraud activities during 2023-24 (28 days / 4% in 2022-23), including 7 days (8 days 2022-23) undertaking work for the National Fraud Initiative and 60 days (20 days 2022-23) involved with pro-active fraud work, general fraud queries and investigations.

Take action

39. The final principle advocates that organisations put in place the policies and procedures to support the counter fraud and corruption strategy and take action to prevent, detect and investigate fraud.
40. It establishes that the ability to take action will be dependent upon the size and nature of an organisation and the size of its counter fraud capacity. Irrespective of the size and activities of an organisation, however, it needs to take appropriate action and report on that action to its governing body.

41. The most efficient and effective way to fight fraud is to prevent fraud occurring in the first place. This can be achieved by sharing knowledge and raising awareness.
42. During 2023-24:
- the Council's bank, Nat West, provided a national seminar on Tackling Fraud Together - Top Threats to Local Authorities.
 - Internal Audit shared National Anti-Fraud Network alerts to the relevant parts of the organisation regularly throughout the year (see [Appendix 3](#))
 - A programme of training was provided to elected and lay members, managers and officers with financial and procurement responsibilities. A total of 10 sessions were provided on a face-to-face basis, which were attended by 129 participants (see attendance below and flyer right)

Attendees	Number
Members	16
Managers	17
Officers	35
Financial System Users	61
Unable to attend but registered an interest	8

Fraud & Corruption Awareness

Fraud and Corruption can pose **serious risks** to our teams and organisation. We are all responsible for managing these risks and operating safely and legally. This course is essential for those involved with generating and processing **Purchase Orders, invoices** and other **financial transactions**.

Training for Managers
Our Managers' session will provide you with practical knowledge about the **risks of Fraud and Corruption**, and equip you with the skills required to effectively manage them.

Training for Officers
This session provides the necessary tools to **recognise and prevent** potentially corrupt behaviours and schemes; not only will Officers be able to **protect themselves**, but also the Authority and Public Finances.

Training for Users of Financial Systems
This short-course explores the current **Cyber-crime** landscape and emerging tactics deployed by criminals to steal money and information from organisations, and is **essential learning for Finance- and Payment-system users**.

Penmon Meeting Room
Anglesey Business Centre
Llangefni, Isle of Anglesey
LL77 7XA

This is a face-to-face learning session.
Hybrid classrooms are not available.

Training@Anglesey.gov.wales

Book now on Learning Pool

INTERNATIONAL FRAUD AWARENESS WEEK
November 12th to 18th, 2023

Progress with Implementing the Auditor General's Recommendations

43. We assessed the progress that the Council has made to implement the 15 recommendations made in the Auditor General for Wales's 2020 [report](#) on fraud to the Welsh Public Sector.
44. Of the 15 recommendations, one applied to Welsh Government and the remaining 14 applied to the wider public sector in Wales, including local government.
45. In response, a Counter Fraud Working Group, a sub-group of the North and Mid-Wales Audit Partnership (N&MWAP), was established to work collaboratively to address the recommendations that applied to local government. This addressed one of the recommendations regarding better collaboration across the sector.
46. A template of 'best practice' has been developed by the Working Group, which will be submitted to the next meeting of the N&MWAP for approval by the chief audit executive members, on 1 October 2024.
47. Much work to address the recommendations has been identified in the Council's Counter Fraud, Bribery and Corruption Strategy 2022-2025, but there is still more to be done.
48. The role-appropriate fraud awareness training has helped to increase the Council's effectiveness in preventing, detecting, and responding to fraud.
49. Work will continue to build the Council's anti-fraud culture with the launch of the eLearning and Fraud Reporting Tool and the refreshed policies, to coincide with the International Fraud Awareness Week in November 2024. This will actively promote the importance the Council gives to countering fraud and will give confidence to staff and members of the public that fraud is not tolerated.

50. The Council seeks to maximise benefit from its National Fraud Initiative work and will continue to use data analytics in its continuous monitoring work, extending this to include payroll data.
51. Where fraud is identified and successfully addressed it will be publicised to re-enforce a robust message from the top that fraud will not be tolerated.
52. The Governance and Audit Committee is engaged with counter-fraud. It receives reports of the outcome of fraud investigations, and provides support and direction, monitoring and holds officials to account.
53. While the Council has trained counter-fraud staff that meet recognised professional standards, capacity remains an issue and the limited resources will need to be prioritised on a risk basis.
54. Key to responding to the risks the Council faces from fraud is using its available resources to bring together services to undertake comprehensive fraud risk assessments, using appropriately skilled staff, using national intelligence as well as organisation-specific intelligence.
55. These fraud risk assessments will be used as a live resource and integrated within the general risk management framework to ensure that the risks identified are appropriately managed and escalated as necessary.

Fraud Attempted Against the Council During 2023-24

Internal Fraud

56. In August 2023, in accordance with the Policy for the Prevention of Fraud and Corruption, a Head of Service referred a potential internal fraud to the Head of Audit and Risk, who conducted an internal investigation into the matter. The employee was suspended from duty while the investigation was conducted.
57. At the conclusion of the investigation, the Head of Audit and Risk submitted a report to the Chief Executive, who asked for the matter to be reported to North Wales Police. This was endorsed by the Director of Function (Council Business) / Monitoring Officer and the Director of Function (Resources) / Section 151 Officer in accordance with the Constitution.
58. North Wales Police asked the employee to make arrangements with them to be interviewed. Following this, the employee decided to resign, and the Council accepted the employee's resignation.
59. Following an interview under caution, where the former employee admitted an offence under Section 2 of the Fraud Act 2006, North Wales Police issued the former employee with a Conditional Caution.

North Anglesey Regeneration Grant

60. Following a referral from a member of the public in June 2023, the Director of Function (Resources) and Section 151 Officer asked Internal Audit to investigate a claim that a grant recipient had fraudulently obtained and was not entitled to the award of a North Anglesey Regeneration grant of £7,500.
61. Our investigation sought to confirm whether the qualifying criteria and eligibility requirements had been met when awarding the grant.

62. Our investigation confirmed that the applicant had correctly followed the procedure to apply for the grant and had submitted the documentation required by the Council. All documentation and proof of purchase of the asset met the requirements of the grant. All were submitted and carried out in the correct order and within the specific timelines.
63. A panel of officers within the Council concluded that the prime objective of the scheme was met, and the application was processed in accordance with this conclusion.

Housing Waste Disposal

64. The former Leader, Councillor Llinos Medi, received a complaint from a member of the public, regarding the arrangements for purchasing materials and disposing of waste within the Housing Maintenance Unit, and alleging favouritism towards a particular supplier.
65. The former Leader referred the complaint to Internal Audit. Similar concerns were investigated in 2021 but found unsubstantiated. The complainant also submitted Freedom of Information requests and raised the issue with Audit Wales, who decided not to investigate further.
66. Due to increased contract expenditure, Internal Audit conducted a further internal review to assess whether correct procedures were followed and if value for money was achieved. The investigation confirmed that procurement rules were followed, but minor discrepancies and potential overpayments in waste disposal charges were identified. An action plan was agreed to strengthen controls, reclaim overpayments, and improve contract management.
67. The investigation, supported by the outcome of previous investigations, also concluded that there was no inappropriate favouritism towards the waste management provider.

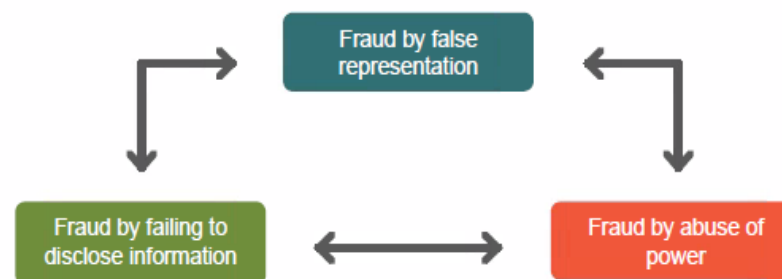
Conclusion

68. Some level of public sector fraud is likely, even in normal times, and 2023-24 continued to be a year of unprecedented challenges. Given that all elements of the classic fraud triangle in which fraud thrives (motivation, opportunity and rationalisation) are heightened, the prediction for fraud is that it continues to pose a major financial threat for councils, with no sign of slowing down.
69. The Council is not immune to theft in the workplace, which can go undetected for years, and occur at all levels. Unless we have the right protections in place, the Council will have little chance of recovering stolen cash and goods, and may face other expenses, such as regulatory fines. The effective management of fraud and corruption risks is a critical part of an effective, modern council, one that manages its resources efficiently to secure value for money outcomes. The Council can reduce the risk of employee theft by implementing robust payment controls, regular audits, and a positive work culture.
70. Good progress is being made with delivering the Counter Fraud, Bribery and Corruption Strategy 2022-2025. Continued delivery of the Action Plan will ensure the Council is successful in fighting fraud. A key next step is the development of a Council-wide fraud risk assessment which will help to improve the Council's ability to identify potential instances of fraud, as well as any weaknesses in its counter-fraud arrangements or areas at higher risk of fraud. This will allow the Council to better target its limited resources and activities appropriately, particularly if and when new fraud risks emerge.
71. Finally, the behaviours and actions of individuals play a crucial role in tackling fraud risks. We must all, staff and members alike, play our part in creating a culture hostile to the risks of fraud and corruption, clearly setting out the line between acceptable and unacceptable behaviour within the Council.

Appendix 1 – What is Fraud, Bribery and Corruption?

Fraud

The Fraud Act 2006 sets out three ways in which the crime can be committed:



It involves leading the perpetrator to make a gain (generally financial), causing a loss to another (including an organisation), or exposing someone else to loss.

For example, fraud by false representation is where the perpetrator deliberately submits false overtime claims or submits false qualifications during the recruitment process.

An example of fraud by failing to disclose information includes not disclosing information to a judge during litigation which results in the organisation losing the case and paying compensation.

Fraud by abuse of position includes where a member of staff abuses their position to award contracts to friends and family or transferring creditor payments into their own personal account.

Bribery

The Bribery Act 2010 sets out four ways in which the crime can be committed:

- Giving bribes either directly or through a third party
- Receiving bribes
- Bribery of a foreign public official
- Failure of a commercial organisation to prevent bribery (corporate offence)

The concept of bribery is broad and includes the offer, promise or giving of a financial or other advantage intended to induce or reward the improper performance of a public function or business activity. Special consideration is also given in the Act to certain areas of activity, including hospitality and gifts.

For example, someone giving a Council employee an advantage in return for them not performing their function properly. Just offering or promising a bribe is a criminal offence, there does not have to be any payment or reward given; accepting a bribe is a criminal offence as is agreeing to take or asking for a bribe. The advantage can be money, concert tickets or any other type of gift or hospitality. Examples include if someone offers money in return for:

- Not checking the accuracy of a benefits application
- Providing confidential information on a tendering process
- Influencing a Council outcome e.g., lobbying for private companies.

The Council is legally bound to prevent bribery and could face a fine for not doing so. Staff are under a duty to report any suspicions they have about financial or professional misconduct. The penalty for being involved in bribery is up to 10 years in prison and / or an unlimited fine.

Corruption

While there is no legal definition of corruption, corruption is often seen as a precursor to bribery and His Majesty's Government uses the definition developed by the Home Office.⁹

Corruption is often seen as a precursor to bribery and has been defined as:

"...the abuse of entrusted power for private benefit that usually breaches laws, regulations, standards of integrity and/or standards of professional behaviour."

Corruption or someone being 'corrupt' relates to behaviour and is the lack of integrity or honesty (which may involve bribery) or the abuse of position for dishonest gain.

It is used to describe someone who engages in fraud, theft, money laundering and other potential criminal or damaging practices where they act against the interests of the Council for their or another's gain.

For example:

- Deliberate misrepresentation of performance information
- Taking money or a gift to award a contract
- Theft of assets (laptops, equipment)
- Passing sensitive information to third parties for their advantage in a tendering process
- Not disclosing a conflict of interest for financial gain
- Using their influence to secure a job for friends / family members.

⁹ [Government Counter Fraud Functional Strategy 2024-2027](#)

Appendix 2 – Delivery of Counter Fraud, Bribery and Corruption Action Plan 2022-2025

Issue / Risk	Action	By Whom	By When	Current Status
The risk of 'insider threat' has increased by over half since 2021	We will undertake an internal audit review of the arrangements for declaring potential conflicts of interest during 2022-23.	Internal Audit	March 2023	Informal draft report has been prepared and shared with the Director of Function (Resources) and Section 151 Officer, and Head of Profession (HR) and Corporate Transformation. However, this has been parked due to the STAR programme to improve procurement processes within the Council. It has a workstream to develop Declaration of Interest requirements, to make them more robust and mandated through the Contract Procedure Rules (CPRs). An updated template is to be developed to reflect best practice, and agreement as to when and how these declarations should be used, which will be included in procurement processes and the Procurement Handbook.
Disabled Facility Grants are identified by the FFCL as one of the main fraud risks in local government	We will undertake an internal audit review of the arrangements for managing fraud risks within Disabled Facility Grants during 2023-24.	Internal Audit	March 2024	Complete. Report to Governance and Audit Committee in April 2024 .
Tenancy fraud is the largest growing fraud area in the UK	Although the Head of Housing Services has assessed that, generally, tenancy fraud is low in Anglesey, we will work with the NFI to identify: <ul style="list-style-type: none"> where an individual appears to be resident at two different addresses suggesting possible cases of subletting or dual tenancies 	Head of Audit and Risk in conjunction with the Service Manager Community Housing, Housing Services	March 2023	Complete. NFI matches passed to Housing Service and investigated. See National Fraud Initiative Outcomes Report 2022-23 . Also, an Internal Audit of Managing the Risk of Tenancy Fraud was completed in September 2023 and concluded that the Housing Service had adequate arrangements in place to manage the risk of housing tenancy fraud, with

Issue / Risk	Action	By Whom	By When	Current Status
	<ul style="list-style-type: none"> cases where a housing tenant has died, but the Council may not have been notified so has not removed them from the tenancy where an individual appears to have registered on the waiting list using a different address to the one on the housing rents system, suggesting possible undisclosed changes in circumstances or that false information has been provided. 			<p>fundamental controls in place to deter and mitigate the risk of fraud provided for within its policies and contracts. However, there were some moderate governance weaknesses and internal controls that could be improved, and we raised five issues for management to consider.</p> <p>Ongoing support for the Service Manager Community Housing, Housing Service is being provided, including advice and guidance on the Housing Service's Tenancy Fraud policy.</p>
Council tax single person discount is the second largest growing fraud area in the UK	<p>We will continue to work with the Revenues and Benefits Service Manager to support the periodic review of single person discounts.</p> <p>We will also pass on the results of the matches of the council tax single person discount and electoral roll from the 2022-24 NFI data matching exercise.</p>	Head of Audit and Risk in conjunction with the Revenues and Benefits Service Manager	<p>Ongoing</p> <p>March 2023</p>	Complete. Matches provided to Revenues and Benefits Service. However due to other priorities, matches have not been investigated by the service. We provided the Governance and Audit Committee with two reports on progress with the National Fraud Initiative, in December 2023 and July 2024 .
Disabled parking concession (Blue Badge Scheme) represents 17% of the total cases of UK estimated public sector fraud	<p>We will work with Cyswllt Môn to bolster our counter-fraud activities in this area.</p> <p>We will also pass on the results of the matches of the disabled parking concessions and deceased persons from the 2022-23 NFI data matching exercise.</p>	Head of Audit and Risk in conjunction with the Cyswllt Môn Customer Experience Manager, Corporate Transformation	<p>Ongoing</p> <p>March 2023</p>	<p>Complete. Work with Cyswllt Môn to ensure internal control processes will be strengthened to ensure that the 'Blue Badge' administrators are able to proactively cross reference permit holders' details with deceased records, ensuring that badges are cancelled promptly.</p> <p>Complete. See National Fraud Initiative Outcomes Report 2022-23, December 2023.</p>
Procurement was one of the highest perceived fraud risk areas in 2019-20	We will work with the Procurement Manager to implement the action plan following the internal audit review of 'Managing the Risk of Fraud and Corruption	Head of Audit and Risk	March 2023	<p>Work in progress. Two out of six 'Issues/Risks' remain outstanding from the Action Plan.</p> <ol style="list-style-type: none"> The Counter Fraud Working Group has not yet been set up

Issue / Risk	Action	By Whom	By When	Current Status
	in Procurement', undertaken in August 2022.			2. A mechanism for confidentially reporting potential or actual fraud is in development with the Web Team and will be hosted on the Customer Relationship Management (CRM) system. It is planned for go live in November 2024.
Purchase to pay processes are vulnerable to fraud given their large processing volumes, diverse suppliers, staffing challenges, and high-value transactions	We will continue to work with the Creditors Team to identify and prevent error and fraud, including through the use of data analytics (continuous monitoring) and issuing National Anti-Fraud Network (NAFN) and other fraud alerts.	Head of Audit and Risk in conjunction with Payroll and Payments Team Manager	Ongoing	Ongoing. Continuous monitoring is carried out annually. Report issued in September 2024 and submitted to the Governance and Audit Committee. NAFN alerts issued- see Appendix 3 .
Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.	Having a corporate counter-fraud framework, which provides a whole range of high-level parts, will contribute to the Council having an effective counter-fraud strategy. The Council has a robust framework of procedures and policies, which combine to act as an effective deterrent to fraudulent activity and provide the means for reporting or detecting fraud or corruption. We will therefore undertake: <ul style="list-style-type: none"> • a comprehensive programme of policy refreshment • counter-fraud awareness raising • an eLearning package 	Head of Audit and Risk	December 2023	Work in progress: <ul style="list-style-type: none"> • Policy refreshment will be completed by the end of 2024-25. • A weeklong programme of training was provided in December 2023, with two mop-up sessions in March 2024. • An eLearning package has been developed and will be rolled out to coincide with the International Fraud Awareness Week 17-23 November, 2024
The identification, assessment and understanding of fraud risks is a cornerstone of	We will, in conjunction with services, develop three key work streams which will: <ul style="list-style-type: none"> • seek to identify fraud risks across the Council 	Head of Audit and Risk	December 2023	The establishment of a Counter Fraud Working Group is key to this action. A proposal will be made to Leadership Team in 2024 to seek support for the establishment of this group.

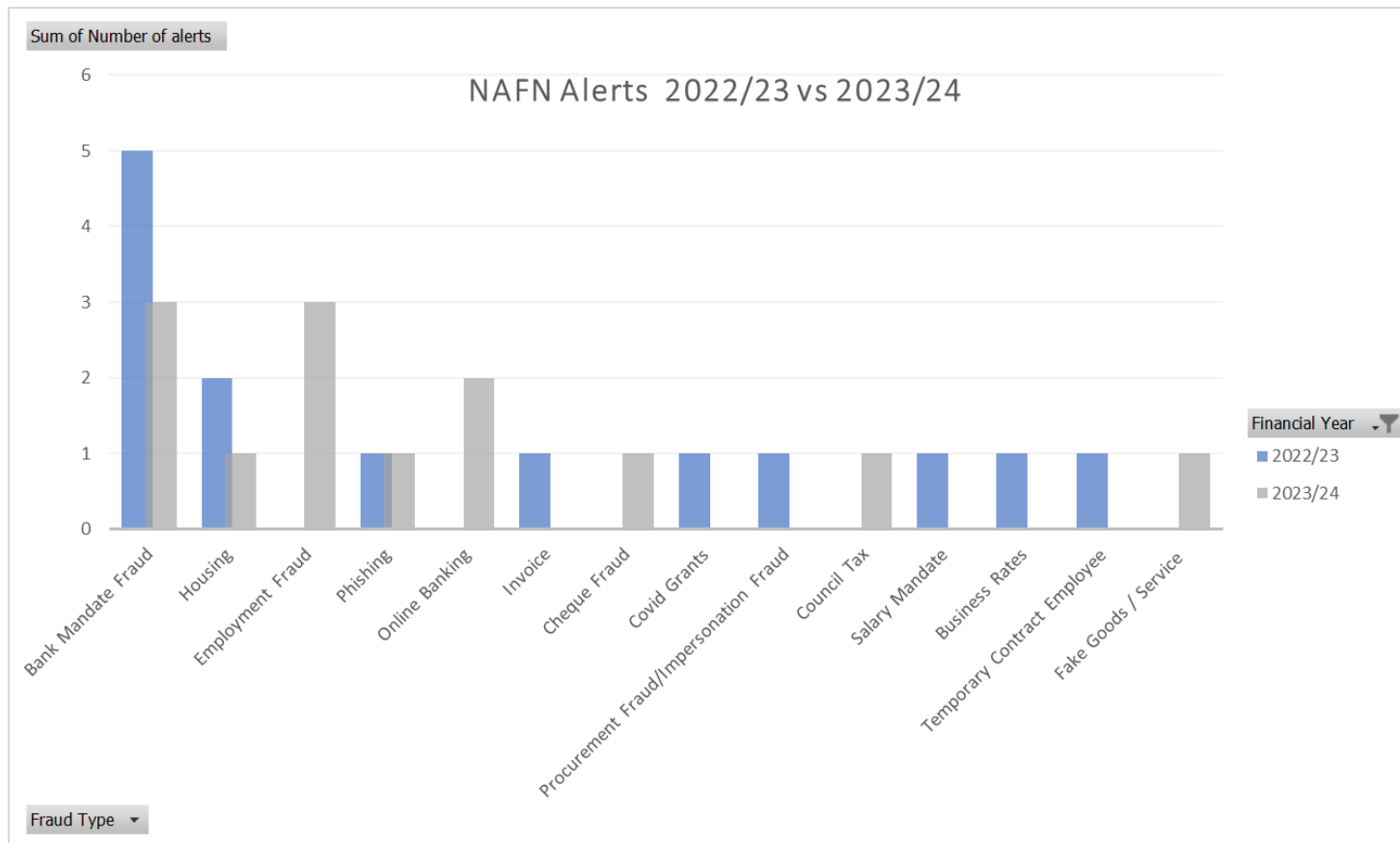
Issue / Risk	Action	By Whom	By When	Current Status
effective counter-fraud arrangements	<ul style="list-style-type: none"> • assess fraud control activities and their effectiveness, and • dedicate the right level of resource to investigating and detecting fraud where reported <p>A counter-fraud working group will be developed to help identify fraud risk across the Council.</p> <p>We will work with the group to develop a fraud risk assessment to identify the possible frauds to which services may be exposed. The assessment will estimate both the potential impact of a given fraud and the likelihood of it occurring. The results of the assessments will enable the Council to understand better the fraud-threat environment in which it operates. The assessments will also be used as a tool to assist in focusing resources on the most relevant fraud risks.</p>			
Reactive referrals are often the primary source of work for the Internal Audit Team.	It is often the alertness of the public or employees that generate referrals and enables detection to occur. We will explore the provision of a fraud-reporting tool for staff and public to report concerns.	Head of Audit and Risk in conjunction with the IT Team Manager	June 2023	Work in progress. Work was delayed due to the Web Team’s work on the Customer Relationship Management System. A fraud reporting tool has been developed and is currently being tested with the assistance of the Resources Service Business Strategy Manager with an anticipated go-live date to coincide with the International Fraud Awareness Week 17-23 November 2024
Making the best use of information and	We will participate in the annual and biennial NFI exercises, which use data provided by	Head of Audit and Risk in	Ongoing	Ongoing. See National Fraud Initiative Outcomes Report 2022-24 submitted to the

Issue / Risk	Action	By Whom	By When	Current Status
technology by participating in the National Fraud Initiative	some 1,200 participating organisations from across the public and private sectors to prevent and detect fraud. The NFI matches electronic data within and between public and private sector bodies, which include police authorities, local probation boards, fire and rescue authorities as well as local councils and a number of private sector bodies. The NFI data matching plays an important role in protecting the public purse against fraud risks.	conjunction with services		Governance and Audit Committee in December 2023 and July 2024 . The timetable for the 2024-2026 exercise has just been released with data upload in October 2024.
Promotion of an anti-fraud culture	We will promote an anti-fraud culture across the Council by publicising the impact of fraud on the Council and the community, through social media.	Head of Audit and Risk in conjunction with the Corporate Communications Team	Ongoing	Not started. Although a programme of fraud awareness training has been provided, and the National Anti-Fraud Network alerts have been circulated, a programme of more general communications has not yet started.
Raising awareness	The best way to prevent fraud is to share knowledge and raise awareness. Therefore, we will in conjunction with the Training and Development Team, hold regular fraud awareness raising events, including issuing newsletters, training sessions and briefings.	Head of Audit and Risk in conjunction with the Training and Development Manager	Ongoing	Ongoing. A weeklong programme of training was provided in December 2023, with two mop-up sessions in March 2024. Discussions are being held with the trainer to provide more sessions later in 2024. The eLearning and fraud reporting tools will be launched to coincide with the International Fraud Awareness Week 17-23 November 2024.
Fraud Reporting	All fraud occurrences are required to be reported to Internal Audit. We will report investigation outcomes and lessons to be learned to the Governance and Audit Committee and the Leadership Team.	Head of Audit and Risk in conjunction with services	Ongoing	Ongoing. Information is provided to the Governance and Audit Committee through the Annual Counter Fraud, Bribery and Corruption Report and the Internal Audit Updates which are submitted to every meeting of the Governance and Audit Committee.

Issue / Risk	Action	By Whom	By When	Current Status
Collaboration, learning lessons and closing the gap	We will continue collaborating across the north Wales region to drive forward improvements in counter-fraud activity, including addressing the 15 recommendations made by the Auditor General in his July 2020 report. We will also continue collaborating across national boundaries to collaborate with the North West Chief Audit Executive Counter Fraud Sub Group, to learn lessons, share good practice and close the gap.	Head of Audit and Risk	Ongoing	Ongoing. The North and Mid Wales Audit Partnership Counter Fraud Working Group has completed its work on developing a template to address the 15 recommendations made by the Auditor General. The Group will continue meeting to share knowledge, organise training and discuss emerging risks.
Protecting the Council and its residents	To ensure our counter-fraud strategy aligns with the Council's safeguarding responsibilities to actively protect the most vulnerable in our communities, we will work closely with social care teams to develop joint approaches to identify best practice in countering risks relating to social care fraud.	Head of Audit and Risk in conjunction with the Director of Social Services	Ongoing	Not yet started.

Appendix 3 – National Anti-Fraud Network¹⁰ Alerts

The graph below highlights the variety and scope of alerts received and distributed across the Council over the last two years:



¹⁰ NAFN Data and Intelligence Services is a public sector organisation currently hosted by Tameside MBC. NAFN was established in 1997 by a core group of local authorities from across England and Wales to work collaboratively to explore the exchange of intelligence to address fraud across the country. Currently, almost 90% of local authorities are members, along with affiliated wider public authorities including social housing providers. NAFN provides an extensive range of data and intelligence services. Along with our colleagues in Trading Standards, we use NAFN for a variety of purposes. In particular, we use NAFN’s service to alert colleagues of current frauds being perpetrated across the sector in England and Wales. These alerts have been instrumental in raising the awareness of officers, particularly in the Payments Team, of frauds that are currently being attempted against the sector.

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	19 September 2024
Subject:	Internal Audit Update
Head of Service:	Marc Jones Director of Function (Resources) and Section 151 Officer MarcJones@anglesey.gov.wales
Report Author:	Marion Pryor Head of Audit and Risk MarionPryor@anglesey.gov.wales
<p>Nature and Reason for Reporting:</p> <p>The Governance and Audit Committee’s Terms of Reference has an explicit requirement for the Committee to oversee the Council’s internal audit arrangements as part of its legislative duties under the Local Government (Wales) Measure 2011. (3.4.8.10.1)</p> <p>The Committee is required to consider updates on the work of internal audit including key findings, issues of concern, management responses and action in hand as a result of internal audit work. It is required to consider summaries of specific internal audit reports as requested, including the effectiveness of internal controls and will monitor the implementation of agreed actions. (3.4.8.10.10)</p> <p>This report also fulfils the requirements of CIPFA’s Position Statement: Audit Committees in Local Authorities and Police 2022, specifically, in relation to the authority’s internal audit function and the Public Sector Internal Audit Standards, which require the chief audit executive to report information about progress and the results of audit activities. (Standard 2060)</p>	

1. Introduction

1.1 This report updates the Committee, as at 31 August 2024, on the audits completed since the last update as at 30 June 2024, the current workload of internal audit and our priorities for the short to medium term going forward.

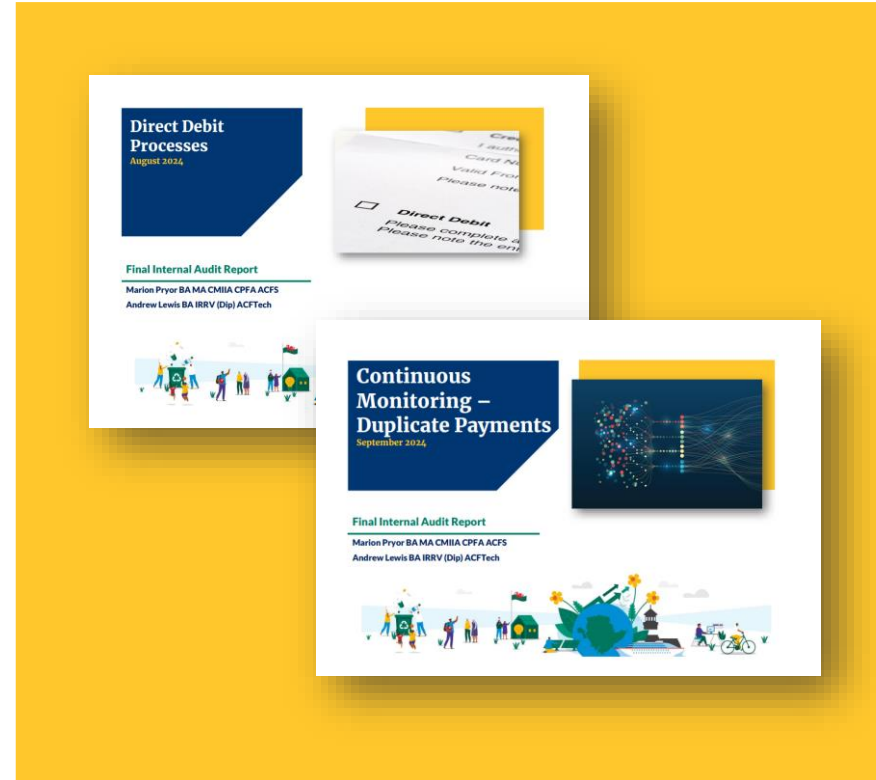
2. Recommendation

2.1 That the Governance and Audit Committee considers:

- the outcome of Internal Audit’s work,
- the assurance provided and
- our priorities going forward.

Internal Audit Update

September 2024



Marion Pryor BA MA CMIIA CPFA ACFS

Head of Audit & Risk



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- Outstanding Actions _____ 3
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Summary of Assurance Work Completed Since Last Update

1. This section provides an overview of assurance reports finalised since the meeting in July 2024, including the overall assurance rating and the number of issues/risks/opportunities raised.
2. We have finalised **two** pieces of assurance work in the period, summarised below and discussed in more detail later in the report:

Title	Assurance Level	Critical	Major	Moderate
Direct Debit Management	Reasonable	0	0	3
Continuous Monitoring - Duplicate Payments	Reasonable	0	0	0

Direct Debit Management

Reasonable Assurance	Issues/ Risks / Opportunities	
	0	Critical
	0	Major
	3	Moderate

3. Our review sought to answer the following key question:
Does the Council have effective processes in place to ensure direct debits are processed correctly, in full, at the right time, on the right day and only once?
4. Our review of the Council's direct debit payment processes across Income, Housing Rents, Social Services, and Leisure services found that internal controls are generally robust. A combination of system automated and manual quality checks ensures the integrity of direct debit data and payments, and we found no evidence of error. However, some moderate operational risks and inefficiencies were identified:
 - Paperless Direct Debit: Only Housing Rents offers a paperless direct debit option, which reduces errors and costs. Expanding this across all services could improve efficiency and prompt income collection.
 - Homecare Direct Debits: Inefficiencies exist in the homecare direct debit process, leading to overcharges and increased administrative work. Improvements are being explored.
 - Segregation of Duties: There is a lack of segregation in the direct debit process, particularly in Income and Housing Rents, increasing the risk of errors and fraud. Compensatory controls are recommended.
5. Despite these issues, the review provided **reasonable assurance** of effective governance, risk management, and control, with an agreed action plan for improvement.

Continuous Monitoring – Duplicate Payments

Reasonable Assurance	Issues / Risks / Opportunities	
	0	Critical
	0	Major
	0	Moderate

6. Our review sought to answer the following key question:
Has the Council paid any invoices where a payment has previously already been made?¹
7. Our review found that the Payments Team has improved its internal controls, effectively reducing duplicate invoice payments. Although a small number of duplicates were still detected, these were due to persistent issues such as duplicate creditor accounts, invoice scanning errors, and insufficient scrutiny by authorising officers in services. While progress in recovering previously identified duplicate payments has been slow, the team has now established clear roles and procedures, and contact with relevant suppliers is expected to begin soon.
8. Twelve likely duplicate payments totalling £42,424 were identified, with £37,720 already recovered. The Payments Team will investigate the remaining £4,704. The low number of duplicates supports management's claim that internal controls have become more robust. Key improvements include better invoice validation, increased scrutiny, and more thorough analysis of duplicate payment reports.
9. Future system upgrades and new business intelligence software will further strengthen these controls by enabling more precise identification of potential duplicates. However, while the review's outcome is positive, absolute assurance cannot be provided that no other duplicates occurred during the test period. Another review is planned in 12 months to continue monitoring improvement efforts.

¹ Between August 2022 and July 2024

Work in Progress

10. The following pieces of work are currently in progress:

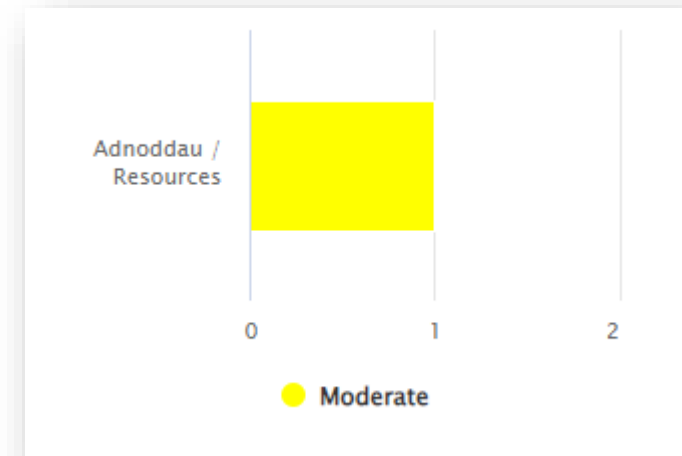
Area	Reason for Audit	Stage
National Fraud Initiative	Counter Fraud, Bribery and Corruption Strategy 2022-2025	Ongoing
Declarations of Interest	Counter Fraud, Bribery and Corruption Strategy 2022-2025	Postponed
Partnership Oversight	Internal Audit Strategy 2023-24	Draft Report 17/06/24 v1 26/07/24 v2 LT
Childcare and Welsh Medium Education Provision	Requested by the Chief Executive Officer	Fieldwork
Counter fraud controls within Revenues refunds	Counter Fraud, Bribery and Corruption Strategy 2022-2025 (emerging risk)	Fieldwork
Management of the Council's Assets	Strategic Risk Register (YM14)	Fieldwork
Investigation - Property Services	Complaint	Fieldwork
Investigation - Housing Services	Complaint	Fieldwork
IT Audit: Cybersecurity Assessment Framework (CAF) Gap Analysis	Strategic Risk Register (YM3)	Fieldwork
IT Audit: Purchase Card Industry Data Security Standards (PCI DSS)	Strategic Risk Register (YM3)	Fieldwork
Recruitment and Retention	Strategic Risk Register (YM2)	Fieldwork
The Council's Housing Strategy	Strategic Risk Register (YM9)	Fieldwork

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Outstanding Actions

11. Work is progressing to support services with addressing all 'Issues / Risks / Opportunities' raised and implementing all outstanding actions.
12. As at 31 August 2024, one moderate-rated issue / risk / opportunity remains unaddressed beyond its target date, as can be seen below.
13. This action relates to an issue assessed as 'moderate' which was raised during an audit of 'Supplier Maintenance and Duplicate Payments' regarding the recovery of duplicate creditor payments identified during the original audit and discussed earlier in this report.
14. A more detailed report is submitted separately to this meeting of all actions outstanding.

Overdue Issues / Risks / Opportunities by Service



Priorities

Short/Medium Term Priorities

15. Our current workload can be seen in [Work in Progress](#) detailed earlier in this report. We are making steady progress with our Annual Internal Audit Strategy for 2024-25 and Counter Fraud, Bribery and Corruption Strategy 2022-2025.
16. As part of our counter fraud work, we have been developing the Council's fraud reporting tool in collaboration with the IT Team. We have also commissioned and are adapting a counter fraud eLearning package on behalf of the Training and Development Team. We are also assisting the Housing Service with its Tenancy Fraud policy.

Longer Term Priorities

Review of the Public Sector Internal Audit Standards

17. The International Internal Auditing Standards Board (IIASB) issued new [Global Internal Audit Standards](#) (GIAS) on 9 January 2024, with a one-year transition period before they take effect. The Relevant Internal Audit Standard Setters (RIASS) have agreed to adopt these standards for the UK Public Sector and have tasked the UK Public Sector Internal Auditing Standards Advisory Board ([IASAB](#)) with reviewing and adapting them for sector-specific use. The new standards, as interpreted by IASAB, will take effect on 1 April 2025, to align with the UK's financial year and governance requirements.
18. The Head of Audit and Risk is part of a CIPFA working group to consider and advise on their applicability to the UK local government sector. The Committee will be kept informed of any impacts on its work.

Update of CIPFA and Solace Guidance on the Annual Review and Annual Governance Statements

19. The Head of Audit and Risk is also part of a CIPFA Reference Group to oversee the update of the 2016 guidance on the annual review and Annual Governance Statement in UK local government bodies and to make recommendations to CIPFA and Solace.

ISLE OF ANGLESEY COUNTY COUNCIL		
Report to:	Governance and Audit Committee	
Date:	19 September 2024	
Subject:	Outstanding 'Issues / Risks / Opportunities'	
Head of Service:	Marc Jones Director of Function (Resources) / Section 151 Officer MarcJones@anglesey.gov.wales	
Report Authors:	Marion Pryor Head of Audit and Risk MarionPryor@anglesey.gov.wales	Nanette Williams Principal Auditor NanetteWilliams@anglesey.gov.wales
<p>Nature and Reason for Reporting: This report meets the requirements of the Local Government (Wales) Measure 2011, which sets out the legislative duties to be performed by a council's audit committee, specifically, to oversee the authority's internal audit arrangements.</p> <p>The Governance and Audit Committee's terms of reference provide a responsibility for it to monitor the implementation of agreed actions (3.4.8.10.10). This report provides an update on the status of the outstanding risks that Internal Audit has raised.</p> <p>This report also fulfils the requirements of the Public Sector Internal Audit Standards, which require the chief audit executive to establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action. (Standard 2500)</p>		

1. Introduction

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

2. Recommendation

- 2.1. That the Governance and Audit Committee:
 - considers the Council's progress in addressing the outstanding Internal Audit 'Issues / Risks / Opportunities' and determines whether this is satisfactory.

Outstanding Issues / Risks / Opportunities

September 2024

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Marion Pryor BA MA CMIIA CPFA ACFS

Nanette Williams MSc CMIIA CIA



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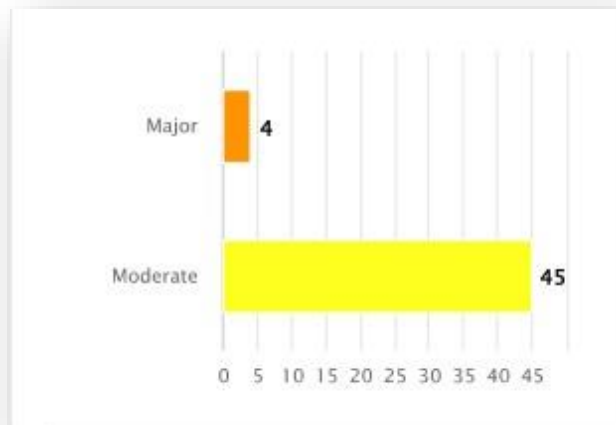
Introduction

1. The Governance and Audit Committee’s terms of reference provide a responsibility for it to monitor the implementation of actions taken by management to address issues and risks raised by Internal Audit during the course of its work.
2. To discharge this duty, the Committee requested that it receives a detailed report showing the Council’s performance in addressing outstanding actions twice a year, at its meetings in April and September.
3. As previously reported, Internal Audit has moved away from making recommendations to reporting ‘Issues’ and ‘Risks’ and more recently ‘Opportunities’. To encourage management to have ownership for these risks, it is their responsibility to develop an action plan to address the issues, risks and opportunities identified, and we monitor how these have been addressed.
4. Reports which have received ‘Limited’ or ‘No’ Assurance are subject to a formal follow up review by Internal Audit, with an audit report produced and an assurance rating given. We monitor all other issues, risks and opportunities using the Council’s corporate action tracking system (4action).
5. We have developed and refined a user dashboard on 4action, which displays a real-time snapshot of current performance in addressing outstanding actions and enables effective tracking and reporting of this information.
6. We continuously monitor ‘overdue’ actions to enable us to promptly obtain progress updates from management.

Current Performance

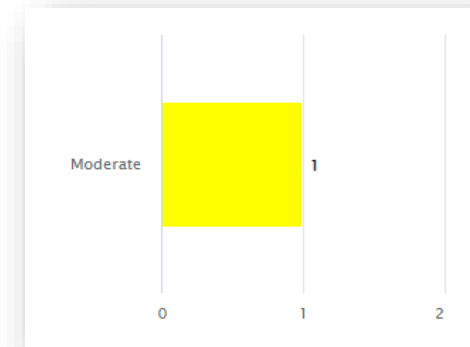
7. The following five graphs show the outstanding actions across the Council as of 31 August 2024. A detailed status update of the 4 outstanding 'major' rated issues / risks / opportunities is also shown at [Appendix 1](#).
8. It should be noted that no 'Red' or 'Critical' issues / risks / opportunities were raised during the year and there are no Red or 'Critical' 'issues / risks / opportunities' currently outstanding.
9. As of 31 August 2024, we are tracking 49 outstanding actions. Of these, 4 are assessed as 'major' (amber) and 45 'moderate' (yellow) risks, as shown in graph 1.

Graph 1 – Total Outstanding Actions



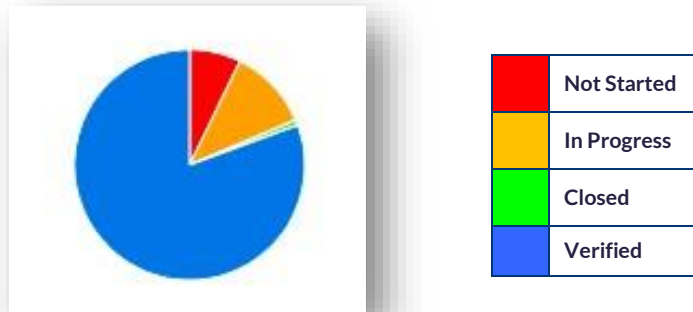
10. We actively monitor all actions and pursue them with management when they become due to ensure they are addressed. There is currently one action that has reached the date management was due to finish implementation, and is now 'overdue', as shown in the graph below.

Graph 2 – Overdue Actions



11. This action relates to an issue assessed as 'moderate' which was raised during an audit of 'Supplier Maintenance and Duplicate Payments' regarding the recovery of duplicate creditor payments identified during the original audit.
12. We provide more detail on recovery of these payments in our report of Continuous Monitoring – Duplicate Payments included in the Head of Audit and Risk's update report.

Graph 3 – Total Issues / Risks / Opportunities by status

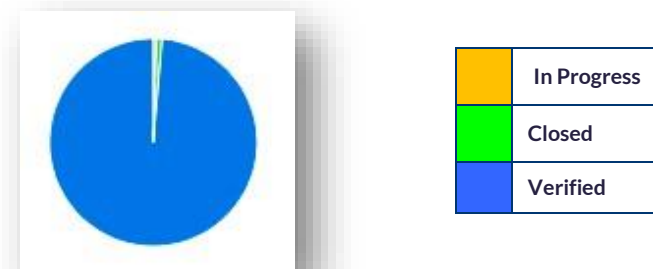


- Graph 3 shows the status of all outstanding actions (irrespective of the date by when management agreed to address them). It shows that management have now addressed 81% of their agreed actions and Internal Audit has verified 80%¹.
- The remaining 1% yet to be formally verified relates to an audit of 'Destination - Maritime Team: Income Processes'. We will be conducting a follow up audit of this area in January 2025 and will verify that management has successfully implemented these actions during this piece of work.

¹ Internal Audit verifies all 'closed' actions to ensure we are satisfied that the action taken by management has addressed the risk originally identified.

- The actions showing as 'not started' relate to several recently completed audits where the actions identified have not yet reached their anticipated completion dates. These include:
 - IT Audit: IT Corporate Access Management
 - IT Audit: IT Supplier Management
 - The Administration of Disabled Facilities Grants
 - Destination - Maritime Team: Income Processes.
- When these dates approach, we will actively pursue updates from management to determine progress.

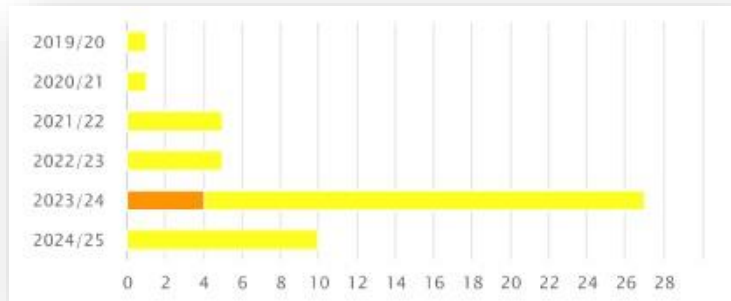
Graph 4 – Total Issues / Risks / Opportunities by status (where due)



- In contrast, Graph 4 shows the status of all actions that have reached their target date. It shows that where due, 99% have been addressed.

18. Of these, Internal Audit have verified virtually all, however as detailed above, those that have yet to be verified relate to an audit of 'Destination - Maritime Team: Income Processes'. The action showing as 'in progress' is the one that is overdue, as detailed in paragraph 11 above.
19. We will occasionally extend completion dates for some actions, but only if the service can demonstrate a legitimate reason for the extension, e.g., it becomes clear that the original date is unachievable, as significantly more work is needed to address the issue/risk/opportunity.

Graph 5 – All outstanding Issues / Risks / Opportunities by year



	Critical
	Major
	Moderate

20. As detailed above, 49 outstanding actions have yet to be fully completed.
21. These are spread between financial years 2019/20 and 2024/25. While graph 5 indicates the majority relate to the current and last financial year, there are two issue/risks dating back to 2019/20 and 2020/21 that management has yet to fully address.
22. These relate to finalising the Council's assurance mapping arrangements and the recovery of a small number of duplicate creditor payments, which are both in the progress of being addressed.
23. They are both rated as 'moderate' or 'yellow' in risk priority, and we are assured by management that:
 - The Council has completed the upgrade of its Risk Management system and Internal Audit has completed its population of the third line assurances. However, work to populate the first- and second-line assurances is ongoing.
 - As detailed at paragraph 11, work to recover the duplicate payments identified during the original audit is ongoing. We provide more information on this work in our report of Continuous Monitoring – Duplicate Payments included in the Head of Audit and Risk's update report.

24. It should be noted that there are no 'major' rated issues / risks / opportunities dating back further than 2023/24. This demonstrates that management are prioritising addressing risks of higher priority.
25. In addition, to ensure that services are successfully addressing their issues / risks / opportunities promptly, where a 'major' rated issue / risk / opportunity is still not resolved 12 months after the original completion date has passed, action owners are asked to provide an update to the Committee on the reasons for the delay in addressing it.
26. There are currently no 'major' rated issues /risks / opportunities to which this applies.
27. A detailed status update of all four outstanding 'major' rated issues /risks / opportunities currently being tracked in 4action follows at [Appendix 1](#).
28. We will endeavour to pursue all outstanding actions to ensure completion.

Appendix 1: Detailed Status of Outstanding 'Major' Rated Issues / Risks / Opportunities

Audit Title	Audit Year	Report Issue Date	Current Target Date	Assurance Rating*	Issue /Risk/Opportunity Summary	Current Status
Recovery of Council Tax, Non-Domestic Rates and Sundry Debts	2023/24	Sept 2023	01/10/24	Limited	<p>Many aged sundry debts have not been actively pursued for several years.</p> <p>There is a risk that by not implementing a regular, systematic process to review aged debts, outstanding amounts will both become and remain dormant, resulting in financial loss for the Council.</p>	<p>Action 75% complete Where possible, facilities for upfront payment of services are now in place e.g. through the CRM or card payment. Going forward, this will help to reduce the overall number of sundry debts raised.</p> <p>Work to analyse all aged debts has commenced and progress monitored by the Resources Business and Strategy Manager. At the time of writing, the service has reviewed and acted on circa £431k of Sundry Debts, £281k of Council Tax and £518k of NDR aged debts i.e. write off agreed / actioned, where appropriate debts cancelled, charging orders in place, liability dispute processes or enforcement action.</p> <p>Work in this area is ongoing. We will carry out a further formal follow up review in October 2024 to confirm that processes for ongoing review of aged debts are established and embedded.</p>
Recovery of Council Tax, Non-Domestic Rates and Sundry Debts	2023/24	Sept 2023	01/10/24	Limited	<p>Many aged Council Tax debts have not been actively pursued for several years.</p> <p>There is a risk that by not implementing a regular, systematic process to review aged council tax debts, outstanding amounts will both become and remain dormant, resulting in financial loss for the Council.</p>	<p>Action 75% complete</p> <p>As above.</p>

Audit Title	Audit Year	Report Issue Date	Current Target Date	Assurance Rating*	Issue /Risk/Opportunity Summary	Current Status
Recovery of Council Tax, Non-Domestic Rates and Sundry Debts	2023/24	Sept 2023	01/10/24	Limited	The Council has not attempted to recover unpaid sundry debts via the County Court since 2019-20.	<p>Action 50% complete. Due to concerns regarding the accuracy of the debtor system's historic case notes and therefore the ability to recover these debts, management are in the process of transferring responsibility of printing sundry debt invoices / reminders / final notices and pre-legal letters from the Income team to external printers. This will be included within an existing contractual arrangement currently in place for council tax and NDR correspondence, currently being renewed.</p> <p>As detailed above, we will carry out a further formal follow up review in October 2024.</p>
Managing the risk of housing tenancy fraud	2023/24	Sept 2023	01/01/25	Reasonable	The Housing Service does not undertake periodic/risk-based tenancy audits. From a counter-fraud perspective, tenancy audits are an effective tool to mitigate the risk of the Council's housing stock being unlawfully occupied/sub-let/abandoned/misused.	<p>Action 50% complete. The Housing Service has developed a draft tenancy fraud policy and procedures, which includes the provision for regular risk-based tenancy audits.</p> <p>Following staff consultation, the policy will be submitted for Executive approval. The Service intends to include tenancy fraud audits as part of a targeted programme of annual property inspections (approx. 10% per annum) that will be undertaken by Housing Maintenance Officers (Estates).</p>

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

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to	Governance and Audit Committee
Date	19 September 2024
Subject	FOR INFORMATION: Audit Wales Work Programme and Timetable – Quarterly Update 30 June 2024
Head of Service	Marc Jones Director of Function (Resources) and Section 151 Officer MarcJones@anglesey.gov.wales
Report Author	Marion Pryor Head of Audit and Risk MarionPryor@anglesey.gov.wales
<p>Nature and Reason for Reporting</p> <p>The Governance and Audit Committee’s Terms of Reference require it to oversee the external audit arrangements (3.4.8.11.3) and oversee the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies (3.4.8.11.4). The Committee is also required to receive and consider reports from any other regulators or inspectors, which will be a useful source of assurance (3.4.8.13.1).</p>	

1.0 INTRODUCTION

- 1.1 This report sets out the status of the delivery of Audit Wales’s work programme with regards:
- the delivery of the Annual Audit Summary, which is planned for issue in December 2024 and which will commence on completion of the Audit of the Council’s 2023-24 statement of accounts
 - financial audit work on the 2023-24 Statement of Accounts, which is currently in progress and planned to be completed in November 2024
 - ongoing Certification of Grant Returns, including Teachers’ Pension Contributions, Non-domestic Rates, and Housing Benefit Subsidy, which the majority are planned to be completed by November 2024
 - 2022-23 performance audit work, including the Thematic Review of Unscheduled Care which is submitted separately to this meeting, and
 - 2023-24 performance audit work, which includes thematic reviews of Commissioning and Financial Sustainability and a local project following up on the Welsh Housing Quality Standard audit from 2018.
- 1.2 The report also provides an overview of the local government national studies that are planned and in progress and whether fieldwork is planned at the Isle of Anglesey County Council. Currently, there is no confirmed fieldwork at the Council for any of the national studies.

- 1.3 Additionally, the report provides an overview of the work being undertaken by Estyn and the Care Inspectorate Wales across Wales. This does not detail any specific work relating to the Council.
- 1.4 The report provides a list of the Audit Wales national reports published since March 2023, along with work in progress and planned. None of these refer to the Council specifically.
- 1.5 Finally, the report provides the details of Good Practice Exchange events and resources. It provides details of an event titled “Audit Committees: Effective practices and a positive impact” being held in the Conwy Business Centre on 9 October 2024, with a [link](#) to book a place if members would like to attend.

2.0 RECOMMENDATION

- 2.1 That the Governance and Audit Committee:
 - Considers the report and notes the assurance it provides.

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

Quarterly Update: 30 June 2024

Annual Audit Summary

Description	Timetable	Status
A report summarising completed audit work since the last Annual Audit Summary, which was issued in February 2024.	December 2024	Drafting will commence on completion of the Audit of the Council's 2023-24 statement of accounts.

Financial Audit work

Description	Scope	Timetable	Status
Audit of the Council's 2023-24 Statement of Accounts	We will complete the Statutory audit of the Council's Financial Statements & Annual Governance Statements	August-November 2024	In progress
Certification of Grant Returns: Teachers' Pension Contributions for the financial year 2023-24	Certification that nothing has come to our attention to indicate that the return is: <ul style="list-style-type: none"> • Not fairly stated • Is not in accordance with the relevant terms and conditions 	To be completed by 19 November 2024	Ongoing

Description	Scope	Timetable	Status
<p>Certification of Grant Returns:</p> <p>Non-Domestic Rates 2023-24</p>	<p>Certification that nothing has come to our attention to indicate that the return is:</p> <ul style="list-style-type: none"> • Not fairly stated • Is not in accordance with the relevant terms and conditions 	<p>To be completed by 18 November 2024</p>	<p>Ongoing</p>
<p>Certification of Grant Returns:</p> <p>Housing Benefit Subsidy 2022-23</p>	<p>Certification that nothing has come to our attention to indicate that the return is:</p> <ul style="list-style-type: none"> • Not fairly stated • Is not in accordance with the relevant terms and conditions 	<p>To be completed by 30 November 2024</p>	<p>Ongoing</p>
<p>Certification of Grant Returns:</p> <p>Housing Benefit Subsidy 2023-24</p>	<p>Certification that nothing has come to our attention to indicate that the return is:</p> <ul style="list-style-type: none"> • Not fairly stated • Is not in accordance with the relevant terms and conditions 	<p>To be confirmed</p>	<p>Ongoing</p>

Performance Audit work

2022-23 Performance Audit work	Scope	Timetable	Status
Assurance and Risk Assessment	<p>Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources and acting in accordance with the sustainable development principle.</p> <ul style="list-style-type: none"> Setting of well-being objectives 	<p>February 2023 – February 2024</p>	<p>Final report issued in May 2024 and presented to Governance and Audit Committee in June 2024</p>
Thematic Review – Unscheduled Care	<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 – October 2023</p>	<p>Reporting from July 2024 onward.</p>

2023-24 Performance Audit work	Scope	Timetable	Status
Thematic review – commissioning	A review focusing on how councils' arrangements for commissioning, apply value for money considerations and the sustainable development principle.	March – December 2024	Scoping
Thematic review – Financial Sustainability	A review of councils' financial sustainability including a focus on the actions, plans and arrangements to bridge funding gaps and address financial pressures over the medium term.	March – July 2024	Fieldwork undertaken in May 2024, report being drafted.
Local project – Follow-up on WHQS 2018	We will review the Council's response to the findings of our 2018 report.	To be confirmed	Scoping

Local government national studies planned/in progress

Study	Scope	Timetable	Status	Fieldwork planned at the Isle of Anglesey County Council
Governance of Fire and Rescue Authorities	Review of systems and effectiveness of governance	September 2023 – August 2024	Fieldwork complete. Publication due August 2024	No
Homelessness	Examining how services are working together to progress the response to homelessness.	tbc	Scoping	Tbc
Capital Planning in Local Government	Examining whether capital investment in the asset base in local government is able to keep pace with demand	tbc	Not started	Tbc

Study	Scope	Timetable	Status	Fieldwork planned at the Isle of Anglesey County Council
Financial constraints / discretionary local government services	Examining the potential impacts and councils' decision making processes in the context of the sustainable development principle.	tbc	Not started	tbc

Estyn

Our link inspectors are continuing to work with Torfaen as part of our follow-up process for an authority causing significant concern.

We inspected two local government education services during the summer term, which were Ceredigion and Caerphilly. The reports will be published in late August and early September respectively.

During the summer term piloted our enhanced link visits in Pembrokeshire and Neath Port Talbot. The visits were carried out by three link inspectors visiting the local authorities for two days focusing on two specific aspects of the local authority's work. In Pembrokeshire we looked at the asymmetric timetabling arrangements in 24 of their schools and their approaches to improving attendance. In Neath Port Talbot, the focus was on their support for curriculum development and attendance. We carried out field work in nearly all local authorities on the Implementation of the Additional Learning Needs and Education Tribunal [Wales] Act 2018 in non-maintained settings, primary and secondary schools and all age schools. This review follows on from the year 1 review of the implementation of the ALNET Act in schools, which was published in September 2023. We also carried out field work focusing on 'the impact of poverty in educational attainment, support, provision and transition for early education' in nearly all local authorities.

Care Inspectorate Wales (CIW)

CIW planned work 2023-25	Scope	Timetable	Status
Thematic reviews Community Learning Disability Team (CLDT)	Working jointly with HIW we completed an assurance check inspection in Rhondda Cynon Taff focusing on Community Learning Disability Teams (CLDT). RCT CLDT Joint inspection	2024-25	Published April 2024
	A second single agency assurance check inspection in Blaenau Gwent	March 2024	Published May 2024

CIW planned work 2023-25	Scope	Timetable	Status
	We will continue an annual programme of joint work focusing on CLDT and Community Mental Health Team (CMHT)		
Joint Inspection Child Protection Arrangements (JICPA)	<p>We will complete a further two multi-agency joint inspections in total.</p> <p>The findings from Bridgend County Borough Council - Joint Inspectorate Review of Child Protection Arrangements (JICPA): Bridgend 2023 Care Inspectorate Wales</p> <p>Our findings from the Cardiff County Council Cardiff Joint Inspection Report</p> <p>The findings from Denbighshire County Council Joint Inspectorate Review of Child Protection Arrangements (JICPA): Denbighshire 2023 Care Inspectorate Wales</p> <p>The findings from Powys County Council - Joint Inspectorate Review of Child Protection Arrangements (JICPA): Powys 2023 Care Inspectorate Wales</p>	<p>April 2023 – April 2024</p> <p>June 2024</p> <p>7 May 2024</p> <p>Feb 2024</p> <p>October 2023</p>	<p>National report due to be published September 2024</p> <p>Published</p> <p>Published</p> <p>Published</p> <p>Published</p>

CIW planned work 2023-25	Scope	Timetable	Status
Performance review of Local Authorities	<p><u>We continue to inspect Local Authorities in line with our updated Code of Practice for our local authority inspection activity Care Inspectorate Wales</u></p> <p><u>How we inspect local authority services and CAFCASS Cymru</u></p> <p><u>We are currently reviewing our Code of Practice and will be publishing shortly.</u></p> <p>Inspection of Flintshire County Council children and adult services in February 2024 - <u>Inspection report for Flintshire County Council's adults and children's services published Care Inspectorate Wales</u></p> <p>We published <u>Monmouthshire County Council children's services Inspection report PEI Care Inspectorate Wales</u></p> <p>We published Pembrokeshire - Improvement check inspection <u>Improvement-check Pembrokeshire-county-council-adult services</u></p> <p>We undertook a PEI in Swansea adult service in May 2024</p>	<p>Ongoing</p> <p>22 Feb 2024</p> <p>2 May 2024</p> <p>13 June 2024</p> <p>11 July 2024</p>	<p>Ongoing</p> <p>Review</p> <p>Published</p> <p>Published</p> <p>Published</p> <p>Publication due</p>
Her Majesty's Inspectorate of Probation – Youth Offending Inspection	<p>We supported the delivery of HMIP's Youth Offending Services Inspection in Denbighshire and Conwy. <u>A joint inspection of youth justice services in Conwy & Denbighshire (justiceinspectors.gov.uk)</u></p>	<p>8 May 2024</p>	<p>Published</p>

Audit Wales national reports and other outputs published since June 2023

Report title	Publication date and link to report
A465 Section 2 – update	June 2024
Community Pharmacy data matching pilot	May 2024
Governance of National Park Authorities	April 2024
Supporting Ukrainians in Wales	March 2024
From firefighting to future-proofing – the challenge for Welsh public services	February 2024
Betsi Cadwaladr University Health Board – board effectiveness follow up	February 2024
Local Government Financial Sustainability Data tool update uses data from the draft 2022-23 accounts	January 2024
Planning for sustainable development – Brownfield regeneration	January 2024
Corporate Joint Committees – commentary on their progress	November 2023
Governance arrangements relating to an employment dispute at Amgueddfa Cymru – National Museum Wales	November 2023
Failures in financial management and governance and losses incurred – Harlech Community Council	November 2023

Report title	Publication date and link to report
Putting out the false alarms: Fire and Rescue Authorities' responses to Unwanted Fire Signals	October 2023
Covering teachers' absence – follow-up (letter to the Public Accounts and Public Administration Committee)	October 2023
NHS workforce – data briefing	September 2023
Income Diversification for National Park Authorities in Wales	September 2023
Approaches to achieving net zero across the UK	September 2023
Springing Forward: Lessons learnt from our work on workforce and assets (in local government)	September 2023
NHS finances data tool – to 31 March 2023	September 2023
Public interest reports – Ammanford Town Council and Llanferres Community Council	September 2023
Cwm Taf Morgannwg University Health Board - Quality Governance Arrangements Joint Review Follow-up	August 2023
'Cracks in the Foundations' – Building Safety in Wales	August 2023
Maximising EU funding – the Structural Funds Programme and the Rural Development Programme	June 2023

Audit Wales national reports and other outputs (work in progress / planned)^{1, 2}

Title	Indicative publication date
Local government digital strategy review – national summary	July 2024
Local government use of performance information, outcomes and service user perspective – national summary	July 2024
NHS finances data tool – to 31 March 2024	July 2024
Affordable housing	August 2024
Active travel (report and data tool)	August / September 2024
Findings from GP registration data matching pilot	September / October 2024
National Fraud Initiative – bi-ennial report	October 2024
Cancer services	October 2024
NHS workforce planning (national messages)	Autumn 2024

¹ 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. Follow up work could also lead to other outputs, as may other local audit work where we consider there is merit in a national summary output of some kind.

² Our [Annual Plan 2024-25](#) also lists work in progress, some of which has since been published, or work planned to start during 2024-25. [Our work programme for 2023-2026](#) – also provides some additional detail about certain topics and will continue to inform our work programme planning for 2025-26.

Title	Indicative publication date
Unscheduled care (national messages – patient flow in hospital and delayed discharge)	Autumn 2024
Financial management and governance in town and community councils	Autumn 2024
Addressing biodiversity decline (pan-public sector and at Natural Resources Wales)	Pan-public sector review – autumn 2024 NRW to be confirmed (scoping)
Welsh Government capital and infrastructure investment	Late autumn 2024
Challenges for the cultural sector	By end of 2024 (local reporting)
New Velindre Cancer Centre	Early 2025
Findings from sustainable development examinations (statutory report under the WFG Act)	By early May 2025
The senior public service	Scoping underway, delivery planned early summer
Rebalancing care and support	To be confirmed (scoping)
Tackling NHS waiting lists (local audit work at health boards)	To be confirmed (local work at each Health Board started in May 2024)
Access to education for children with Additional Learning Needs	To be confirmed (scoping)

Title	Indicative publication date
Further and higher education funding and oversight – Commission for Tertiary Education and Research	To be confirmed (scoping)
Support for business	To be confirmed (starting in 2024-25)
Support for bus and rail services	To be confirmed (starting in 2024-25)
Progress with investment in school and college buildings through the Sustainable Communities for Learning Programme	To be confirmed (starting in 2024-25)
NHS bodies' approaches to digital transformation (local audit work)	To be confirmed (starting in 2024-25)

Good Practice Exchange events and resources

Title	Link to resource
Sgwrs a Paned with Alex Swift: Re-Defining Our Lives: Towards a Social Understanding of Neurodiversity	You can book a place here .
<p>Audit Committees: Effective practices and a positive impact</p> <p>Good governance arrangements are a critical part of how public service organisations function effectively and deliver value for money services for the citizens and communities of Wales. Audit Committees are one of the foundation stones that support good governance. With significant current and future pressures on public sector finances, there is an increasing need for effective practices and a positive impact. Audit Committees play a vital role in this. This event provides an opportunity to share experiences, learn, and network with peers across the public sector in Wales.</p>	<p>9th October 2024, 10:30 – 15:30 Conwy Business Centre</p> <p>You can book a place here.</p> <p>The resources from our event in Cardiff on 22 May are available here.</p>

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to	Governance and Audit Committee
Date	19 September 2024
Subject	Review of Forward Work Programme for 2024-25 v3
Head of Service	Marc Jones Director of Function (Resources) and Section 151 Officer MarcJones@anglesey.gov.wales
Report Author	Marion Pryor Head of Audit and Risk MarionPryor@anglesey.gov.wales
<p>Nature and Reason for Reporting A Forward Work Programme for 2024-25 is provided to the members of the Governance and Audit Committee to assist them in fulfilling the Committee’s Terms of Reference.</p>	

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 2024-25 meets the Committee’s responsibilities in accordance with its terms of reference.

Appendix A – Forward Work Programme 2024-25

Core Function	27 June 2024	18 July 2024	19 September 2024	05 December 2024	11 February 2025	May 2025
Composition and arrangements (3.4.8.2)	Review of Committee's Terms of Reference (3.4.8.2.1)					Annual Review of Committee's Terms of Reference (3.4.8.2.1) Private meeting with internal and external audit without officers present (3.4.8.2.6) (3.4.8.10.15) (3.4.8.11.5)
Accountability arrangements (3.4.8.3)	Action Log Review of Forward Work Programme 2024-25 (3.4.8.3.2) Annual Chair's Report 2023-24 (3.4.8.3.1/2) Update on the Governance and Audit Committee Effectiveness Review Action Plan (3.4.8.3.2)	Action Log Review of Forward Work Programme 2024-25 v2 (3.4.8.3.2)	Action Log Review of Forward Work Programme 2024-25 v3 (3.4.8.3.2)	Action Log Review of Forward Work Programme 2024-25 (3.4.8.3.2) Update on the Governance and Audit Committee Effectiveness Review Action Plan (3.4.8.3.2)	Action Log Review of Forward Work Programme 2024-25 (3.4.8.3.2)	Action Log Review of Forward Work Programme 2024-25 (3.4.8.3.2)
Governance (3.4.8.4)		Draft Annual Governance Statement 2023-24		Final Annual Governance		Annual Scrutiny Report 2024-25 (3.4.8.4.4)

Core Function	27 June 2024	18 July 2024	19 September 2024	05 December 2024	11 February 2025	May 2025
		(3.4.8.4.1/2/3) (3.4.8.6.1/2/3) (3.4.8.8.2)		Statement 2023-24 (3.4.8.4.1/2/3) (3.4.8.6.1/2/3) (3.4.8.8.2) Annual Report of the Partnership and Regeneration Scrutiny Committee 2023-24 (3.4.8.4.4) (provisional)		
Treasury Management (3.4.8.5)			Annual Report 2023- 24 (3.4.8.5.1/2/3/4)	Mid-year Report (3.4.8.5.3)	Strategy and Prudential Indicators 2025-26 (3.4.8.5.1/3/4)	
Value for money (3.4.8.6)	<i>Annual Internal Audit Report 2023-24</i> (3.4.8.10.6/7/8/9/12/ 14/15) (3.4.8.6.3)	<i>Draft Annual Governance Statement 2023-24</i> (3.4.8.4.1/2/3) (3.4.8.6.1/2/3) <i>Draft Statement of Accounts 2023-24</i> (3.4.8.12.1/2) (3.4.8.6.1/2/3)		<i>Final Annual Governance Statement 2023-24</i> (3.4.8.4.1/2/3) (3.4.8.6.1/2/3) <i>Final Statement of Accounts 2023-24</i> (3.4.8.12.1/2) (3.4.8.6.1/2/3) <i>Audit of Accounts Report (3.4.8.11.2/3)</i> (3.4.8.6.3)	<i>Annual Audit Summary 2024</i> (3.4.8.11.2/3) (3.4.8.6.3)	
Assurance Framework (3.4.8.7)			Annual Information Governance (SIRO)	Annual Information Governance in Schools Report		

Core Function	27 June 2024	18 July 2024	19 September 2024	05 December 2024	11 February 2025	May 2025
			Report 2023-24 (3.4.8.7.1/2/3) Annual ICT Security Report 2023-24 (3.4.8.7.1/2/3) Annual Health & Safety Report 2023-24 (3.4.8.7.1/2/3)	2023-24 (3.4.8.7.1/2/3) Annual ICT Security Report 2023-24 (3.4.8.7.1/2/3) Annual Health & Safety Report 2023-24 (3.4.8.7.1/2/3)		
Risk Management (3.4.8.8)			Climate Change Update (3.4.8.8.3) (provisional)	Strategic Risk Register Update (3.4.8.7.1/2) (3.4.8.8.1) Climate Change Update (3.4.8.8.3) (provisional)	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 2023-24 (3.4.8.9.4/5/6) National Fraud Initiative 2022-24 Outcomes - Progress Report (3.4.8.9.6)	Annual Counter Fraud, Bribery and Corruption Report 2023-24 (3.4.8.9.4/5/6) Annual Concerns, Complaints & Whistleblowing Report 2023-24 (3.4.8.9.1) (3.4.8.14.2)		Counter Fraud, Bribery and Corruption Strategy 2025-28 (3.4.8.9.2/3)	

Core Function	27 June 2024	18 July 2024	19 September 2024	05 December 2024	11 February 2025	May 2025
Internal Audit (3.4.8.10)	Annual Internal Audit Report 2023-24 (3.4.8.10.5/6/7/8/11/14/15) (3.4.8.6.3) Internal Assessment of Conformance with the Public Sector Internal Audit Standards (3.4.8.10.1/8/11/13)	Internal Audit Update Report (3.4.8.10.9/10) (3.4.8.6.3)	Internal Audit Update Report (3.4.8.10.9/10) (3.4.8.6.3) Outstanding Issues / Risks / Opportunities (3.4.8.10.9/10)	Internal Audit Update Report (3.4.8.10.9/10) (3.4.8.6.3)	Internal Audit Update Report (3.4.8.10.9/10) (3.4.8.6.3)	Internal Audit Update Report (3.4.8.10.9/10) (3.4.8.6.3) Outstanding Issues / Risks / Opportunities (3.4.8.10.11) Annual Internal Audit Strategy 2025-26 (3.4.8.10.1/2/4/5) Review of Internal Audit Charter (3.4.8.10.2/12)
External Audit (3.4.8.11)	Work Programme and Timetable – Quarterly Update (Q4 2023) (3.4.8.11.2/3) Annual Audit Plan 2024 (3.4.8.11.1/3)		Work Programme and Timetable – Quarterly Update (Q1 2024) (3.4.8.11.2/3)	Work Programme and Timetable – Quarterly Update (Q2 2024) (3.4.8.11.2/3) Audit of Accounts Report (3.4.8.11.2/3) (3.4.8.6.3) (3.4.8.12.4)	Work Programme and Timetable – Quarterly Update (Q3 2024) (3.4.8.11.2/3) Annual Audit Summary 2024 (3.4.8.11.1/2/3) (3.4.8.6.3)	Work Programme and Timetable – Quarterly Update (Q4 2024) (3.4.8.11.2/3)
Financial Reporting (3.4.8.12)		Draft Statement of Accounts 2023-24 (3.4.8.12.1/2/3/5) (3.4.8.6.1/2/3)		Final Statement of Accounts 2023-24 (3.4.8.12.1/2/3/5) (3.4.8.6.1/2/3)		

Core Function	27 June 2024	18 July 2024	19 September 2024	05 December 2024	11 February 2025	May 2025
Other regulators and inspectors (3.4.8.13)				National Reviews and their Related Recommendations (3.4.8.13.1)		
Complaints Handling (3.4.8.14)			Annual Concerns, Complaints & Whistleblowing Report 2023-24 (3.4.8.14.1/2) Annual Letter of the Public Services Ombudsman for Wales 2023-24 (3.4.8.14.1)			
Self-assessment (3.4.8.15)		Review of the Draft Annual Corporate Self-assessment report 2023-4 (3.4.8.15.1/2/3)				
Performance Panel Assessment (3.4.8.16) ¹						
Auditor General Special Inspection (3.4.8.17) ²						

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

² If the Auditor General carries out a special inspection (as it considers the Council is not, or may not, be meeting its performance requirements, and a report is sent to Council, as soon as reasonably practicable after receiving such report, the Council must make it available to the Governance and Audit Committee.

Appendix B – Training Programme (3.4.8.2.10)

Committee-specific training

Area	Date last provided	Medium	Provider	Date provided / scheduled	Attendance
Understanding Local Authority Accounts for Councillors	June 2023 August 2023				
Treasury Management (3.4.8.5.2)	September 2023				
Effective Chairing Skills	October 2023				
Countering Fraud and Corruption	December 2023				
Risk Management	March 2024				

Mandatory training

Area	Medium	Provider	Date Provided / Scheduled
General Data Protection Regulations (GDPR)	eLearning	Internal	Available any time
Cyber Ninjas for Councillors ³	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

³ The Cyber Ninjas module is again live on the Members Dashboard of Learning Pool. As a requirement of the grant funding, the Training & Development team will be required to report on quarterly progress, and will be raising further awareness with members shortly.

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