GOVERNANCE AND AUDIT COMMITTEE

Minutes of the meeting held in the Committee Room and on Zoom on 25 June 2026

PRESENT:	Dr Geraint Jones (Lay Member) (Chair) Councillor Euryn Morris (Deputy Chair) Councillors Geraint Bebb, Kenneth Hughes, Gwilym O. Jones, Keith Roberts. Lay Members: Mr Adam Jones
IN ATTENDANCE:	Chief Executive (for item 10) Director of Function (Resources)/Section 151 Officer Head of Internal Audit & Risk (MP) Head of Housing Services (for item 5) Strategic Performance and Projects Manager (GP) (for item 10) Committee Officer (ATH) Webcasting (AS)
APOLOGIES:	Willliam Maund, William Parry (Lay Members), Councillor Robin Williams (Deputy Leader & Portfolio Member for Finance, Corporate Business and Customer Experience), Lora Williams and Carwyn Rees (Audit Wales)
ALSO PRESENT:	Head of Adult Services, Principal Auditor (NW), Senior Auditor (AM) (IoACC)

The Deputy Chair welcomed Members and Officers to the meeting. He extended his and the committee's condolences to Mr William Parry, Lay Member following a recent bereavement. He informed the committee of a change in the order of business, bringing forward item 10 on the agenda to be taken after item 2.

1 ELECTION OF CHAIRPERSON

Dr. Geraint Jones was elected Chairperson of the Governance and Audit Committee.

2 DECLARATION OF INTEREST

No declaration of interest was received.

3 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meetings of the Governance and Audit Committee held on 14 May, 2026 were presented and were confirmed as correct.

4 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 and progress of the actions and decisions it had agreed upon.

The Head of Audit and Risk updated the committee with regard to item 5 on the log confirming that the Leadership Team has given final approval to the AI Policy. An operational group has been established to co-ordinate the policy launch with the necessary resources, communications and training. Alignment with the training elements is pending as these depends on external factors.

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.

5 INTERNAL AUDIT OF DISABLED FACILITIES GRANTS - PROGRESS UPDATE

The Head of Housing Services gave a verbal update on progress in implementing outstanding actions from the follow-up audit review of Disabled Facilities Grants (DFGs) which had resulted in a Limited assurance opinion. The audit identified four areas requiring improvement: DFG administration and record keeping, accuracy of KPI performance data, duplicate payments and procedures for registering DFG related local land charges.

He reported that a central database of DFG cases has now been established, supported by a dedicated resource for two days per week to maintain accurate records and generate timely performance information. Monthly monitoring meetings with the Service Development Manager and Business Support Manager are in place to ensure effective operation of the database and associated processes. The DFG payment process has been reviewed by the Service Accountant with credit notes issued where appropriate. Work to strengthen DFG related land charge registration procedures is ongoing and the relevant documentation is under review by the Contracts Solicitor.

Regarding KPIs, he noted that targets are challenging. DFG approvals were paused at the end of Q3 2024/25 due to the budget being fully committed, which placed the service at a disadvantage at the start of 2025/26 and created a backlog. Targets for 2026/27 have not been finalised but it is hoped they will reflect the loss of a quarter’s activity and the resulting impact on performance.

In response to questions about the core reasons for the underlying issues, the Head of Housing Services explained that the service previously operated with three technical officers and two administrative staff but this has reduced to one technical officer creating an administrative gap that is now being addressed. He confirmed that responsibilities can be absorbed within existing posts, avoiding additional staffing costs. With regard to paused approvals, he explained that approximately 90 days were lost from a 220 day target. While he did not expect the target to be extended by the full amount, meeting the current target will be more challenging as a result. Approvals for applications submitted after Q3 2024/25 could not be issued until 1 April 2025, when the new budget became available, although approvals were then issued without delay. The KPI clock starts when the care plan is transferred to the Housing Service.

In response to a member request, the Director of Function (Resources)/Section 151 Officer explained the capital funding basis for DFGs highlighting the limitations on that funding which in turn limits the number of approvals. The Executive is reviewing the position, and a bid for additional funding in 2026/27 will be submitted to address the backlog. However longer term pressures remain due to increasing demand linked to an ageing population.

Members were reminded that performance is influenced not only by process and targets but also by funding levels, contractor availability and the complexity of cases.

The Housing Service continues to strengthen DFG processes, and the Executive will be asked to approve additional funding. The DFG budget will also need review as part of the 2027/28 budget setting process.

Members expressed concern about the delays in delivering DFGs and emphasised the need for sufficient funding and robust processes to support timely delivery. They also acknowledged the complexity of the issues and range of factors involved and requested that the July meeting include a short written update on further progress against the four areas identified for improvement.

It was resolved to note the update and that a further written update will be provided to the committee's July meeting.

6 ANNUAL REPORT OF THE GOVERNANCE AND AUDIT COMMITTEE 2025/26

The annual report of the Chair of the Governance and Audit Committee for 2025/26 was presented for the committee's endorsement. It outlined how the committee fulfilled its terms of reference during the year. The report also evaluates the committee's own effectiveness and its compliance with CIPFA guidance on the role and functions of an audit committee.

Councillor Euryn Morris, Deputy Chair presented the report highlighting that the committee discharged its core responsibilities across seven meetings, maintaining effective oversight of governance, financial reporting, treasury management, internal and external audit, risk management, counter fraud activity and complaints handling. He confirmed that the committee is satisfied that it effectively fulfilled its remit and provided independent assurance to the Council, while recognising that continued management attention is required in specific areas to sustain and strengthen governance arrangements.

It was resolved to endorse the Annual Report of the Governance and Audit Committee for 2025/26 prior to its submission to the meeting of the County Council on 24 September 2026.

7 INTERNAL AUDIT ANNUAL REPORT 2025/26

The report of the Head of Audit and Risk incorporating the Internal Audit Annual Report for 2025/26 was presented for the committee's consideration. The annual report provides the Head of Audit and Risk's overall opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control during the year.

The Head of Audit and Risk presented the report and confirmed that based on the work carried out during the year and the assurances provided, the Isle of Anglesey County Council has an adequate and effective framework of risk management, governance and control for the year ending 31 March 2026. While there are no areas of significant corporate concern, some areas require the introduction or improvement of internal controls to ensure the achievement of objectives and these are the subject of monitoring. There are no qualifications to this opinion.

In outlining the basis for this opinion, the Head of Audit and Risk reported that Internal Audit met its key performance target by reviewing 80% of the Council's 11 strategic risks with red or amber residual risk ratings within the planned 24 month period. All but one of these risks received "Reasonable" assurance; the Secondary School ICT Security review

received “Limited” assurance, and a follow up is underway. Assurance for one strategic risk relating to the Council’s Net Zero goals was provided by an external body.

Of the nine audits of other key areas, one received “Substantial” assurance, five “Reasonable” assurance and three “Limited” assurance. Overall, Internal Audit provided “Reasonable” assurance or above for 73% (72% in 2024/25) of all the audits undertaken, with four audits (27%) receiving “Limited” assurance and none receiving “No” assurance.

The service continued to meet professional standards. The most recent External Quality Assessment in 2023 conducted by Flintshire County Council concluded that the service “Generally Conforms” which is the highest level of conformance. A self-assessment against the new Global Internal Audit Standards in June 2025 confirmed that the service generally meets the new requirements with some strengthening needed around evidence gathering.

Internal Audit performed well against most of its 2025/26 performance indicators with four out of six targets met, including the core target of reviewing 80% of the red and amber residual risks in the Strategic Risk Register.

In response to questions by the committee, the Head of Audit and Risk explained the distinction between an advisory review and a formal audit review. She also clarified that whereas Internal Audit previously carried out compliance checks across services, capacity constraints and a leaner audit team mean this is no longer feasible. Consequently, responsibility for compliance checking now rests with service managers, with most services supported by their own Business Service Manager to undertake this work.

It was resolved –

- **To note the Internal Audit Annual Report for 2025/26 including the Head of Audit and Risk’s opinion that the Council’s governance, risk management and internal control arrangements are adequate and effective.**
- **To note the summary of the work carried out during the year and the assurances provided as a basis for the opinion.**
- **To note the performance of the internal audit function, in particular the level of conformance with the Global Internal Audit Standards in the UK Public Sector.**

8 INTERNAL AUDIT CHARTER

The report of the Head of Audit and Risk incorporating the revised Internal Audit Charter was presented for the committee’s consideration and approval. The Charter set out the purpose, authority and responsibilities of the Council’s Internal Audit service in line with the new Global Internal Audit Standards in the UK Public Sector (GIAS in UK Public Sector) that came into effect in April 2025.

The Head of Audit and Risk presented the report noting that the Charter was last reviewed and approved in June 2025 and ensured the requirements of the new standards were explicitly incorporated. Work to implement the further requirements of GIAS in UK Public Sector has identified the need for a methodology to confirm the implementation of recommendations or action plans, including criteria for determining when follow up assessments should take place.

Internal Audit’s follow up protocol has now been formally documented and included in the Charter at Appendix B. The protocol has also been strengthened following discussion with Members during the committee’s private session on 14 May 2026. Under the revised arrangements, where an internal audit report is presented to the committee and the

assurance level remains “Limited” after the first follow-up review, the relevant portfolio holder will be formally requested to attend the committee meeting at which the report is considered. This is intended to reinforce accountability, support timely progress on agreed actions and ensure that the committee has direct oversight of the service’s response concerned. She confirmed that this is the only revision to the Charter approved in June 2025.

A query was raised regarding the follow-up protocol, specifically the provision that actions rated as critical or major which remain unresolved 12 months after their original completion date would require action owners to report to committee on the reasons for the delay. The committee expressed concern that 12 months is a long period for an action to remain open and questioned whether this timeframe was reasonable or risked giving services a false sense of assurance about how long they have to address issues.

The Head of Audit and Risk explained that some actions require progression through democratic processes, which can take time. She emphasised that Internal Audit wants the committee to focus on the most significant issues, and that reducing the timeframe to 6 months would likely result in the committee reviewing a high volume of uncompleted actions. She also noted that Internal Audit encourages services to set realistic completion dates, as overly short timeframes can lead to repeated visits by Internal Audit when actions are not completed. She confirmed that Internal Audit does proactively chase services before actions fall due.

It was resolved to approve the revised Internal Audit Charter.

9 INTERNAL AUDIT STRATEGY AND PLAN 2026/27

The report of the Head of Audit and Risk incorporating the Internal Audit Strategy and Plan for 2026/2027 was presented for the committee’s consideration. The strategy sets out how the internal audit function will provide independent, risk-based assurance to support the Council in achieving its strategic objectives.

The Head of Audit and Risk presented the report noting that the strategy has been developed in line with the new Global Internal Audit Standards (GIAS) and CIPFA requirements and reflects the challenging environment in which the Council continues to operate, particularly ongoing financial pressures. Internal Audit will continue to apply an agile, risk based approach, updating the plan throughout the year as risks and priorities change.

The strategy outlines a vision for a mature, innovative and collaborative internal audit function, supported by three strategic objectives – achieving a fully skilled and qualified team, embedding audit technology and data analytics into audit work and seeking opportunities for collaborating regionally and nationally. She reported that the plan prioritises audits of the Council’s strategic risks over a rolling two year period as detailed in Appendix B with a focus on inherent “red” risks and residual “red” or “amber” risks.

She outlined the proposed IT audit work programme to be delivered by Salford Council’s IT auditors together with other areas of audit activity that will be continually updated and refreshed, as well as outstanding reviews from 2025/26. The strategy also includes performance measures for 2026/27 with two new indicators covering assurance of Corporate Plan strategic objectives and staff self-assessment against the IIA Competency Framework.

The committee discussed the following matters –

- Members sought clarification of the extent to which the plan can be amended, mindful that the committee cannot direct Internal Audit.

The Head of Audit and Risk explained that CIPFA guidance is clear that audit committees must not direct Internal Audit work, in order to prevent conflicts of interest, for example, an audit committee steering Internal Audit away from politically sensitive areas. She emphasised that the Council's Internal Audit service has a strong working relationship with officers and with the committee, and that through an agile approach, Internal Audit can adjust the plan to accommodate requests for review where specific issues arise.

- Whether allergens is an issue in Anglesey's schools, noting that the matter is the subject of an audit deferred from 2025/26. The Head of Audit and Risk explained that an incident in a neighbouring authority had highlighted weaknesses in how school meal provision considered allergens, and that the North and Mid-Wales Audit Partnership had also examined the issue. She confirmed that the situation in Anglesey is different as school meal provision is outsourced.

The committee further enquired about the impact on internal audit resources of this and potential other requirements under the new standards.

The Head of Internal Audit explained that because the service was already operating in a modern way, the introduction of the GIAS did not have major impact on its work, other that requiring a stronger evidence base to support its activity. She noted that the service is seeking to meet this requirement in a smart way to avoid unnecessary administrative burden. While no further major overhaul of the standards is expected for some time, topical requirements are being introduced for specific areas e.g. in relation to cyber security and the internal audit service is able to draw on Salford Council's specialist IT audit expertise in this area.

In response to a question about whether constraints on Salford Council's IT audit capacity could affect the Council's Internal Audit plans or present a risk, the Head of Audit and Risk advised that the Salford Council IT audit team is large, serves multiple clients and operates almost as a semi-professional unit. It is able to absorb staff absences and she therefore did not consider this a risk. She added that the market for IT audit providers is limited and external providers are often expensive whereas as a local authority, Salford Council's IT audit service is cost-effective.

- Under Strategic Objective 2, members asked about the use of data analytics in audits and how this is measured.

The Head of Audit and Risk explained that the service now has software enabling it to examine large volumes of data quickly, and that internal audit practice is moving away from sampling to reach broad conclusions about subject areas. While data analytics cannot be applied to every audit, the service intends to expand its use with progress measured by the number of audits undertaken in the year and how many of those utilised data analytics.

It was resolved –

- **To approve the risk based Internal Audit Strategy and Plan for 2026/27 as providing the Council with the assurance it needs.**
- **To confirm that the committee is content with Internal Audit's resources requirements and the use of other sources of assurance and that there are no inappropriate scope or resource limitations.**

- **To approve the Internal Audit performance measures as set out in the strategy and plan.**

10 PANEL PERFORMANCE ASSESSMENT

The report of the Chief Executive incorporating the Panel Performance Assessment report was presented for the committee's consideration. The peer assessment required by the Local Government and Elections Wales Act 2021, took place in November 2025, was facilitated by the Welsh Local Government Association and was conducted by a panel of four. It looked at how effectively the council exercises its functions, uses resources and governs itself.

The Chief Executive presented the report highlighting that the panel performance assessment found the Council is exercising its functions in line with the performance duties set out in the Local Government and Elections Act 2021, despite financial and workforce pressures. The assessment confirmed that the Council demonstrates sound governance, constructive member-officer relationships and a clear improvement journey since 2018. The assessment also notes partnership working, particularly with the voluntary sector, as a particular strength of the Council along with a committed and engaged workforce. The Panel concludes that Anglesey is in a strong position to build on its progress and respond effectively to the challenges ahead.

The Chief Executive stated that the independent panel assessment is a source of pride and provides assurance that the Council is on the right track. The Council's draft response, set out in section 4 aligns with WLGA expectations and outlines actions to address the eight recommendations, which will be embedded into and monitored through the Annual Delivery Document and Service Delivery Plans. Further information will be added following presentation of the assessment to the Executive and the work will be integrated into the Council's wider programme during the period leading up to the local government election in May 2027. It will then feed into and be mainstreamed within the new Council Plan driving improvement over the next five years.

The committee raised the following matters on the Panel Performance Assessment report -

- The committee sought an update on recommendation 4 which advises the Council to accelerate its capacity and resilience in delivering projects, noting that the target completion date is July 2026.

The Chief Executive confirmed that a review of governance arrangements is underway and is expected to be completed by the end of July 2026.

- The committee noted the Panel's recommendation that the Council develop an aspirational economic strategy to respond to major opportunities such as Wylfa SMR. The committee asked whether the Council has the specialist technical capacity and dedicated resources to shape such a strategy internally, given the complexity of the nuclear industry.

The Chief Executive clarified the Council's role as the host community and local planning authority for Wylfa SMR, which is driven by the statutory planning process and does not extend to safety or technical matters. He explained that although the Council does not have dedicated internal capacity, the Planning Performance Agreement (PPA) with the developer – which is about to be signed off - provides a mechanism for resourcing the work. Through this agreement, the developer funds the Council's handling of the application, protecting core service delivery while enabling the Council to increase capacity

and capability without putting the cost onto ratepayers. A budget has been allocated for 2026/27, and the Council will submit work packages to release this funding and begin building capacity. As the project progresses, the scale of the PPA is likely to increase.

- The committee asked for clarification of the Council's response to the recommendation that it considers establishing a dedicated Economy Scrutiny Panel.

The Chief Executive explained that Scrutiny is already operating at the limits of its capacity in administering two committees and three panels. Establishing an additional panel would require scaling back activity elsewhere or securing extra capacity at additional cost. He noted that a wider programme is reviewing Scrutiny, and the recommendation will be considered as part of that work. Members' input will be sought to inform a report setting out proposals for the Scrutiny arrangements that the new Council will determine after the election in May 2027.

- The committee sought assurance on how addressing the actions in the work plan would sit with day-to-day operational activities.

The Chief Executive explained that there is a commitment to prioritise the actions, several of which were already under consideration. By integrating them into strategic planning rather than treating them as standalone projects, they will become part of the Council's operating framework and will drive ongoing improvement. He noted that some actions represent substantial pieces of work and will require monitoring to ensure they do not lead to slippage elsewhere. A member of the Leadership Team will support each action with updates provided to one of the Council's corporate boards, to the Executive informally and to the relevant portfolio holders. The Council will seek external input where necessary e.g. in relation to developing an economic strategy and in relation to modernisation which is a broad and complex area requiring careful consideration.

- The committee asked whether weaknesses were considered to exist in the Council's internal and external communication processes noting that this area had been highlighted in the assessment.

The Chief Executive clarified that the assessment found that the Council's communication processes could be strengthened, particularly in being more proactive in communicating its achievements, challenges and future ambitions, and adopting a more varied approach including increased face to face engagement and greater use of social media. The Council has a small communications team undertaking a significant volume of work. Recent improvements include the introduction of the internal "story of the day" for staff and the development of a draft communications strategy. The Council will also consider how best to use social media channels while ensuring that communication reaches all residents.

Having reviewed the panel performance assessment report, the committee welcomed the report for its positivity and areas of praise. Members noted that they looked forward to receiving updates on progress. The Chief Executive confirmed that he would be happy to report back, in line with the committee's work programme and timetable, on progress against the work plan either in its entirety or on individual elements.

It was resolved to note the Panel Performance Assessment Report and to endorse the Council's action plan in response.

11 REVIEW OF FORWARD WORK PROGRAMME 2026/27

The report of the Head of Audit and Risk incorporating the committee's Forward Work Programme for 2026/27 updated to reflect the most recent changes, was presented for the committee's consideration. A members' development programme was included at Appendix B.

The Head of Audit and Risk informed members of two upcoming training sessions in relation to the Statement of the Accounts scheduled for 25 August and 10 September 2026.

In response to a member query about whether it would be feasible for the committee in its oversight role for systems and processes, to request a report from the Council's Local Development Plan team on the development of the new plan for Anglesey, the committee was advised that if the development of the LDP had been identified as a strategic risk it would be reviewed by internal audit. Otherwise, oversight of the plan sits with the Planning Policy Committee, unless weaknesses in the processes underpinning the LDP's development created a risk of challenge, in which case it could become a matter for this committee.

It was resolved to confirm the Forward Work Programme for 2026/27 as meeting the committee's responsibilities in accordance with its terms of reference.

Dr Geraint Jones
Chair