



Annual Governance Statement 2021/22

Contents

Scope of Responsibility	3
The Governance Framework.....	4
Review of Effectiveness	5
Annual Review of the Effectiveness of the Council’s Governance Framework.....	6
CIPFA Financial Management Code (2019)	7
Significant Governance Issues.....	8
Governance matters identified	9
Progress on Identified Governance Matters 2020/21	9
Identified Governance Matters 2021/22.....	10
Certifying the Annual Governance Statement	12

Scope of Responsibility

The Isle of Anglesey County Council is responsible for ensuring that it conducts its business in accordance with the law and proper standards, and that it safeguards and properly accounts for public money, and how public money is used.

- Economically,
- Efficiently and
- Effectively.

The Council also has a duty under the Local Government and Elections (Wales) Act 2021 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk together with adequate and effective financial management.

The Council approved and adopted a revised local code of corporate governance in March 2022, which is consistent with the seven core principles of the CIPFA/SOLACE Framework, Delivering Good Governance in Local Government.

This statement explains how the Council has complied with the code and meets the requirements of non-statutory proper practice encouraging the publication of an Annual Governance Statement. It also meets the requirement of regulation 5 of the Accounts and Audit (Wales) Regulations 2014 in relation to the publication of a statement on internal control.

The Governance Framework

The governance framework comprises the systems, processes and cultural values by which the Council is directed and controlled. It also guides the activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can only provide reasonable and not absolute assurance of effectiveness. Follow this link for more information on the [committees](#).

Annwen Morgan was the appointed Chief Executive up until her retirement on the 18th March 2022. Following her retirement, Dylan Williams, the former Deputy Chief Executive, was appointed Chief Executive and started his position on the 21st March 2022. Rhys H Hughes, the former Director of Education, Skills and Young People was appointed as the Deputy Chief Executive on the 29th March 2022. Following his appointment, the Director of Education, Skills and Young People role is empty and the Council is currently recruiting for this post.

Rhys Hughes, Senior Solicitor, was appointed as the temporary Director of Function (Council Business) / Monitoring Officer on the 24th November 2022 in the absence of the Director of Function (Council Business) / Monitoring Officer, Lynn Ball.

The Council uses the 'Three Lines Model' as demonstrated in the graphic, where each line provides assurance. A range of assurance activities from across all lines provides a robust assurance picture.



Review of Effectiveness

The Isle of Anglesey County Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The effectiveness of the governance framework has been evaluated by a combination of:-

- the results of the regular in-year review and monitoring by officers and committees;
- a review of relevant documents prepared during the year or relating to the year;
- the review of progress against the Corporate Plan;
- reviews of feedback from Estyn and CIW and the related scrutiny panels on the improvement work in relation to Education and Children's Services;
- a series of interviews with key officers;
- discussion with, and receiving comments from, groups of officers and members including the SLT and the Executive.

In addition, regular in-year review and monitoring includes:-








- formal risk management activity, including specific consideration of those risks linked to governance processes;
- internal audit, whose work includes auditing the highest risks identified in the Strategic Risk Register, including risk management, in accordance with the annual internal audit strategy, and which includes 'follow-up' work to ensure that senior officers address agreed 'Issues / Risks';
- the work of the Council's Scrutiny and other Committees, including its Governance and Audit and Standards committees;
- the opinions and recommendations of the Council's external auditors and other review agencies and inspectorates;
- the regular monitoring of improvement and performance against the Corporate Plan and its supporting plans and strategies by members and senior managers.

The Executive approves key policies and any amendments to them, and where appropriate, the full Council formally adopts.

The overall assessment for this report will follow the following self-assessment grading –

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

Annual Review of the Effectiveness of the Council's Governance Framework

Core Principles of the Framework	Overall Assessment	Conclusion of Self-Assessment
Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	 Good	The County Council has clear, transparent decision-making processes which incorporate strong ethical values and are lawful. The codes of conduct set out expectations for behaving with integrity.
Principle B: Ensuring openness and comprehensive stakeholder engagement	 Good	The County Council exists to serve its residents and is dependent on a wide variety of stakeholders for working effectively in partnership. Engagement and consultation mechanisms are in place.
Principle C: Defining outcomes in terms of sustainable economic, social, cultural and environmental benefits	 Good	The County Council works with communities to plan outcomes. In setting policies and strategies, the County Council take a long term view about outcomes, taking into account sustainable economic, social, cultural and environmental benefits.
Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes	 Good	The County Council takes decisions on interventions based on its clear vision for services, engaging with communities, regulators and practical expertise of professional service officers. This combination leads to optimising the achievement of intended outcomes.
Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it	 Good	The County Council has the appropriate structures and leadership in place and people with the right skillsets and qualifications to ensure it is operating efficiently and effectively to achieve its intended outcomes. There are clear policies and strategies in place to demonstrate that it has the capacity to fulfil its mandate and that management has the operational capacity
Principle F: Managing risks and performance through robust internal control and strong public financial management	 Good	The County Council has an effective performance management system that facilitates effective and efficient delivery of services. Risk management and internal control are integral and important parts of the performance management system and are crucial to achieving the outcomes of the Council Plan.
Principle G: Implementing good practices in transparency, reporting, and audit to deliver	 Good	The County Council's elected members and Senior Management are accountable for making decisions and delivering services which are supported by both internal and external audits. The activities undertaken are in a transparent and clear manner in which stakeholders are able to understand and respond to.

A further breakdown with updates against each principle including some of the work carried out over the year can be found in Appendix 1.

CIPFA Financial Management Code (2019)

CIPFA's Financial Management Code (2019) is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The Code is not prescriptive and is based on six principles supported by specific standards considered necessary to ensure continued financial resilience within the Local Authority setting. The six principles of effective financial management underpinning the Code are as follows:

- Leadership
- Accountability
- Transparency
- Professional Standards
- Assurance
- Sustainability

The six principles are translated into seventeen Financial Management (FM) standards (denoted from A-Q), grouped into seven sections. All local authorities were required to demonstrate full compliance with the Code by 31st March 2022.

Following the publication of the code, an internal audit was undertaken in January 2020 to review if the Council complied with its requirements. The internal audit report states:

“Overall, our review concludes that within the context of the current financial climate, the Council has several effective controls in place to manage the implications of continued funding cuts. We can also confirm that in the main, the Council complies with the requirements of CIPFA’s newly updated Financial Management Code (2019).”

The review identified four actions to undertake to strengthen arrangements in this area, two of which have been fully addressed and the remaining two are in progress.

Significant Governance Issues

The Council's Internal Audit report for 2021/22 came to the following conclusion –

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

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

There are no qualifications to this opinion.”

Governance matters identified

Progress on Identified Governance Matters 2020/21

The table below outlines the governance matters identified during 2020/21 and an update on progress during 2021/22:

Actions identified to address weaknesses	Lead Officer / Service / Board	Update on progress
1. Programmes and projects linked to the Council Plan have been delayed due to the Covid-19 Pandemic	Corporate Programme Boards	Programmes and projects that were delayed because of the pandemic have been re-established.
2. The Council does not have processes for formally monitoring the implementation of External Audit recommendations	Transformation / Resources	External Audit recommendations are monitored using the 4Action system. Recommendations are actioned and implemented accordingly and are reported to the Governance and Audit Committee annually (December).
3. The Local Government and Elections (Wales) Act 2021 introduces new responsibilities and significant change to the Council	Monitoring Officer	Matters requiring attention in 2021/22 have been implemented accordingly. Further work on the remaining matters needing implementation are planned for 2022/23 and actions are monitored by the Leadership Team.
4. The Council does not currently map sources of assurance	Transformation / Resources	The Council has adopted the 'three lines' model, utilizing the Strategic Risk Register and its software system as one method to collect information to assist with assurance mapping. The assurance mapping exercise has commenced but is not yet fully complete.
5. The Covid-19 Pandemic has significantly impacted on service resources	SLT / All Services	The impacts of the Covid-19 pandemic on service resources have been monitored throughout the year and have been reported quarterly to the Executive.

Identified Governance Matters 2021/22

No significant governance matters were identified during 2021/22, however the Self-Assessment process did identify the following Governance Matters that will be addressed in 2022/23.

Governance matters identified	Actions identified to address weaknesses	Lead Officer / Service / Board	What will happen if these are not achieved?	By When
1. There are currently difficulties with the recruitment and retention of staff across the UK	<ul style="list-style-type: none"> Develop and deliver a recruitment and retention action plan 	Head of Profession HR and Transformation	<ul style="list-style-type: none"> Possible continuation of recruitment problems Possible increase in staff turnover Increased vacancies leading to an impact on current staff backfilling and a loss of service provision and quality 	March 2023
2. The Local Government and Elections (Wales) Act 2021 introduces new responsibilities and significant change to the Council	<ul style="list-style-type: none"> Matters related to the Local Government and Elections (Wales) Act 2021 are implemented accordingly 	Monitoring Officer	<ul style="list-style-type: none"> Failure to comply could lead to further scrutiny from the Welsh Government and a loss of reputation 	March 2023
3. The new Council needs to identify its capital spending in line with the new Council Plan	<ul style="list-style-type: none"> The Council develops and adopts a capital strategy aligned to the new Council Plan (2023-28) 	Chief Executive	<ul style="list-style-type: none"> Failure to strategically prioritise capital spend 	December 2022
4. The Council needs to ensure it learns lessons following the Covid-19 pandemic so that it's better prepared for future emergencies	<ul style="list-style-type: none"> Review the work undertaken by the Council to respond to the Covid-19 pandemic 	Executive Manager (Leadership Team)	<ul style="list-style-type: none"> Failure to learn from previous experiences Possible service failure 	March 2023

Governance matters identified	Actions identified to address weaknesses	Lead Officer / Service / Board	What will happen if these are not achieved?	By When
5. The Council does not currently map sources of assurance	<ul style="list-style-type: none"> Complete the assurance mapping exercise for the Council 	Transformation / Resources	<ul style="list-style-type: none"> Possible governance issues which were not identified Unable to continually improve the Council's performance Possible service failure Insufficient or duplication of assurance provision 	March 2023

Certifying the Annual Governance Statement

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Governance and Audit Committee and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined in the document.

We propose to take appropriate steps to address these and the other weaknesses identified in the Annual Governance Statement and to further enhance our governance and assurance arrangements in the forthcoming year. We will monitor the implementation and operation of improvements through the Governance and Audit Committee and as part of our next annual review.

On behalf of the Isle of Anglesey County Council



Llinos Medi
Leader, Anglesey County Council
January 2023



Dylan Williams
Chief Executive, Anglesey County Council
January 2023