

GOVERNANCE AND AUDIT COMMITTEE

Minutes of the meeting held in the Committee Room and virtually on Zoom on 16 July, 2026

PRESENT:

Dr Geraint Jones (Lay Member) (Chair)
Councillor Geraint Bebb (Deputy Chair for this meeting only)

Councillors Kenneth Hughes, Gwilym O. Jones, Keith Roberts, Margaret M. Roberts

Lay Members: Adam Jones, William Maund, William Parry

IN ATTENDANCE:

Director of Function (Resources)/Section 151 Officer
Director of Education, Skills and Young People (for item 5)
Head of Internal Audit & Risk (MP)
Head of Digital, Modernisation and Performance (for items 8 & 9)
Head of Housing Services (for item 4)
Head of Human Resources, Communications & Customer Experience (for item 11)
Chief Public Protection Officer (TO) (for item 12)
Principal Corporate Health & Safety Advisor (SN) (for item 12)
Strategic Performance and Projects Manager (GP) (for item 8)
Housing Service Manager (Strategy, Commissioning & Policy) (ELI) (for item 4)
Education Business and Performance Manager (LT) (for item 5)
Committee Officer (ATH)
Webcasting Officer (FT)

APOLOGIES:

Councillor Euryn Williams (Deputy Chair)

ALSO PRESENT:

Councillor Robin Williams (Deputy Leader & Portfolio Member for Finance, Corporate Business and Customer Experience),
Lora Williams (Audit Wales), Rachel Freitag (Audit Wales),
Accountancy Services Manager (BHO), Finance Manager (CK)
Principal Auditor (NW), Senior Auditor (AM) (IoACC)

In the absence of the Deputy Chair, Councillor Geraint Bebb was elected to serve as Deputy Chair for this meeting only.

1. DECLARATION OF INTEREST

No declaration of interest was received.

2. MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meetings of the Governance and Audit Committee held on 25 June, 2026 were presented and were confirmed as correct.

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

The Head of Audit and Risk confirmed that all actions on the log had been completed, including the finalisation of the AI policy (action 24). A Generative AI policy, together with staff guidance on its use was launched today, 16 July, 2026.

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. INTERNAL AUDIT OF DISABLED FACILITIES GRANTS – PROGRESS UPDATE

The report of the Head of Housing Services on progress since the previous update to the committee's meeting on 25 June 2026, in addressing the outstanding issues and risks identified by the internal audit of Disabled Facilities Grants, was presented for consideration. The report provided a further update on the steps taken to strengthen record-keeping, financial controls, and monitoring and oversight arrangements.

The Head of Audit and Risk confirmed that the identified contractor overpayment of £775 had been recovered, and that a recovery approach using credit notes had been agreed with the service. In response to a Member request, she outlined the preventative controls now in place to avoid duplicate DFG payments leaving the council's accounts, noting that all work is now raised through purchase orders, which include an inbuilt mechanism to detect duplicate payments and thereby reduce risk.

It was resolved to note the progress made to date.

5. INTERNAL AUDIT UPDATE

The report of the Head of Audit and Risk providing an update as at 30 June 2026 on the audits completed since the previous update as at 28 April 2026 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 a copy of the five assurance reports finalised in the period in relation to School Fund Certificates (Reasonable Assurance), Early Education and Childcare Grant Programmes (First Follow Up) (Reasonable Assurance), Secondary Schools ICT Security (First Follow Up) (Reasonable Assurance), Managing the Strategic Risk: Safeguarding (Supply Teachers) (Limited Assurance) and Financial Systems – Creditors (Limited Assurance).

The Head of Audit and Risk reported that good progress had been made in implementing the actions from the Secondary Schools ICT Security first follow up review, enabling the assurance rating to be raised from Limited to Reasonable.

She outlined the findings of the Supply Teacher Safeguarding Limited assurance review, noting that five major and one moderate issues/risks were raised, with an action plan and target completion dates of September 2026 for four actions and November 2026 for the remaining action. A follow up review will be undertaken and reported back to the committee at its February 2027 meeting.

With regard to the Creditors Limited Assurance review, she explained that assurance varied across the three areas examined – Service Compliance, Policy, and the Payroll and Payments Team. She referred to the most significant concerns relating to inconsistent compliance by services with required procedures along with outdated guidance for non-financial users. Overall, six issues/risks were raised including five major requiring management and whole council engagement. An action plan has been agreed for completion by June 2027 with a follow up review scheduled for December 2026 which will be reported to the committee in February 2027.

During discussion of the **Supply Teacher Safeguarding Limited assurance review**, the committee queried whether Internal Audit was satisfied that all schools held complete DBS information, noting two instances in the sample where DBS and EWC renewals had not been completed. The Head of Audit and Risk advised that, without reviewing all schools she could not provide definitive assurance; however, the sample indicated weaknesses in DBS and EWC recording processes.

In response to questions about reminding schools of the need to maintain up to date DBS records for all individuals on school premises, the Director of Education, Skills and Young People confirmed that reminders had been issued. He noted that schools engage supply teachers in different ways – individually, via agencies, or through the Teacher Booker system - and he expressed confidence that all schools would be fully compliant by September 2026. He encouraged Members in their role as school governors, to reinforce the message and highlighted differences in practice between the primary and secondary sectors.

Members also asked whether the issue was one of individual responsibility rather than process. The Director of Education, Skills and Young People emphasised that the authority has a role in providing assurance and support to schools to ensure processes are understood and consistently followed, with school governors also holding accountability. The authority is proactively addressing the need to tighten arrangements.

In response to a question about whether someone could teach without DBS clearance, the Head of Audit and Risk clarified that in the cases identified, DBS checks had expired after the three year period rather than not being undertaken at all. The weakness lay in the absence of a process to ensure timely renewal. She noted that DBS checks provide only a point in time snapshot.

Members expressed concern that given the two expired DBS checks found in the sample, they would have expected headteachers to be asked to confirm that all DBS records had been checked promptly. The Director of Education, Skills and Young People reaffirmed that the headteachers had been reminded of expectations and he noted that safe recruitment also includes references, EWC registration and individual declarations. He remained confident that processes would be more robust by September. The Education Business and Performance Manager added that revised procedures are being introduced within the Learning Service to strengthen oversight of DBS arrangements, including alerts for upcoming renewals.

The committee while noting that responsibility sits at several levels expressed concern regarding the situation and given the number of supply days, members emphasised the need for schools to have a firm understanding of DBS arrangements. Where schools use the same individuals regularly, they should be added to the register so renewal dates can be tracked and assurance maintained that the system is fit for purpose.

With regard to the **Financial Systems – Creditors Limited assurance review**, the committee asked how Management ensures that service managers follow agreed procurement procedures. The Head of Audit and Risk advised actions are already underway, including raising the findings of the audit at the Management Team meeting to highlight the importance of improving compliance. The Procurement Handbook will be updated once the Civica payments system is upgraded and migrated to the Cloud, although technical issues have delayed this work.

The committee also queried whether the action plan timeline should be brought forward given the risks identified. It was explained that internal checks within the Payments Team verify the accuracy of payments and prevent duplication, providing an end of process

control. Transitioning to the new system will mean updating guidance and training for staff. Work is additionally required to strengthen procurement compliance in schools. Members were assured that although the action plan completion date is June 2027, actions are already being progressed. A follow up review will be undertaken in December 2026 to monitor progress.

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

6. ANNUAL TREASURY MANAGEMENT REVIEW 2025/26

The report of the Director of Function (Resources)/Section 151 Officer incorporating the treasury management review for the 2025/26 financial year was presented for the committee's consideration. The report set out in line with statutory requirement, how the Council managed its treasury activity during 2025/26 including borrowing and investments.

The Director of Function (Resources)/Section 151 Officer reported on the external factors that influence treasury management decisions. He confirmed that during 2025/26 no new borrowing was undertaken with the intention being to delay any borrowing for as long as possible as interest rates continued to fall. An underspend of approximately £16m on the 2025/26 capital budget meant that external borrowing was not required. Additionally in March 2025, the Council's cash balances were significantly increased on receipt of £11m of capital seed funding for the Freeport which allowed the Council to postpone additional borrowing planned for March 2026.

The Council's investments through fixed term investment, call accounts and current accounts generated £1.006m in interest. The Council prioritises the security of investments while also ensuring that investments take account of the Council's need to access a level of cash instantly. The yield generated is the final consideration.

The review confirms that the Council's treasury activities during 2025/26 complied with the prudential indicators and authorised limits as well as the Council's own treasury management strategy. It concludes that the Council maintained a low risk approach and managed its treasury management activities in a controlled way ensuring the financial security of the Council.

The committee considered the treasury management review for 2025/26 and members raised questions on the pattern of loan repayments in appendix 1, specifically repayment peaks in certain years; the reasons for capital underspend and cashflow management.

The Director of Function (Resources)/Section 151 Officer clarified that the large loan repayment scheduled for 2045/46 represents the final instalment of the loans taken out to fund the Council's exit from the HRA subsidy scheme. As the repayment date approaches, the Council will either refinance and roll the borrowing forward or restructure it into smaller repayments over time. Early repayment is considered where financially advantageous but only undertaken when early repayment premiums do not make it uneconomical.

He explained that slippage arises from a variety of factors including regulatory requirements, involvement of third parties, late receipt of grants, internal capacity constraints, and timing issues particularly around school refurbishment programmes. For grant funded schemes, grant conditions allow funding to be carried forward and the Council prioritises expenditure against grant resources.

As regards cashflow management, the Council aims to maintain £10m in liquid cash. If cash balances fall below this threshold, internal borrowing is converted into external borrowing.

Cashflow is monitored daily and the Council has a clear understanding of major outgoing and incoming payments, excepting some grants which are not always known in advance. He confirmed that no project had been deferred in order to maintain the treasury management strategy principle of not borrowing ahead of need. Where a project is included in the approved capital programme, the Council will ensure that the necessary cash is available. The Council will borrow when there is a genuine need.

It was resolved to note the Treasury Management Review report for 2025/26.

7. DRAFT ANNUAL STATEMENT OF THE ACCOUNTS 2025/26

The report of the Director of Function (Resources)/Section 151 Officer incorporating the draft annual Statement of the Accounts for 2025/26 was presented for the committee's consideration.

The Director of Function (Resources)/Section 151 Officer presented the report, noting that the Statement of the Accounts is produced annually to give electors, local taxpayers, members of the Council, employees and other interested parties clear information about the Council's finances. The figures in the report are unaudited and may change once the external audit is completed.

He explained that the report is required under the Accounts and Audit (Wales) Regulations which state that the Section 151 Officer must sign the accounts and confirm that they present a true and fair view of the financial position of the Council. Although Welsh Government has extended the draft accounts deadline from 31 May to 30 June, the deadline for publishing the audited final accounts has been reduced to 30 September. As the revised draft accounts deadline has not been written into regulations, each council must publish a notice explaining the delay from the original date of 31 May.

The draft accounts were signed by the Section 151 Officer on 30 June, 2026 and the audit of the accounts commenced on 1 July 2026 and is ongoing. The Section 151 Officer thanked the Finance Service team for their work in producing the draft accounts by 30 June.

Referring to the draft Comprehensive Income and Expenditure Account he explained that although it shows a surplus of £30.622m, once the required accounting adjustments are applied, the movement in reserves and balances is a reduction of £245k.

In response to a question by the committee about how the accounts can be communicated to local taxpayers in a clearer and more accessible way, the Section 151 Officer explained that the content and format are prescribed nationally by the regulations and CIPFA Code of Practice. The quarterly budget monitoring reports to the Executive provide a more straightforward picture of how the Council manages its finances.

The committee noted that the final audited Statement of the Accounts for 2025/26, together with the auditors' report would be presented in September for final scrutiny and approval.

It was resolved to note the draft unaudited main financial statements for 2025/26.

8. DRAFT ANNUAL GOVERNANCE STATEMENT 2025/26

The report of the Head of Digital, Performance and Modernisation incorporating the draft Annual Governance Statement for 2025/26 was presented for the committee's consideration.

The Strategic Performance and Projects Manager presented the report noting that it outlines how the Council ensures its business is conducted in accordance with the law and proper

standards, that public money is safeguarded and properly accounted for, and that resources are used economically, efficiently and effectively.

The Statement sets out the governance arrangements in place during 2025/26 and evaluates their effectiveness against the seven core principles in the CIPFA/SOLACE Framework for Delivering Good Governance in Local Government, with the work this year supported extensively by the internal Governance Group. It also includes the professional assessments of the statutory officers, providing assurance on the effectiveness of the Council's risk management and governance arrangements. While no significant governance issues were identified, several areas for improvement have been highlighted, and an update on progress against the governance matters reported last year is also provided.

In response to a question about any risk in meeting the requirements of the new Procurement Act 2023, the committee was advised that the newly appointed Procurement Manager is reviewing processes and documentation and is introducing the new system. The team will be strengthened by an additional post, with an appointment pending, which will increase capacity and allow the manager to focus on strategic matters. It was confirmed that the Act has not been breached.

It was resolved to approve the Draft Annual Governance Statement for 2025/26 that will form part of the 2025/26 Statement of the Accounts.

9. STRATEGIC RISK REGISTER UPDATE

The report of the Head of Audit and Risk incorporating the strategic risk register (Appendix B) as at 30 June 2026 was presented for the committee's consideration.

The Head of Audit and Risk reported on the ongoing work to strengthen the risk management framework as set out in section 2 of the report. She noted that the Direction of Travel Report at Appendix A shows that the overall residual risk profile remains broadly stable with most risks rated as Moderate or Major. Two risks are rated Critical – physical assets and the newly identified cyber-attack and data breach risk which has been separated from Digital Resilience to provide greater clarity over the Council's digital and cyber risk profile and to highlight cyber security and data breach as key areas requiring senior oversight. This has resulted in reducing the residual risk rating for Digital Resilience from Critical to Moderate.

- Members sought clarification on how often the Strategic Risk Register is reported to the committee and were assured that the Register is presented for review by the committee twice a year and the Risk Framework once a year. The Executive Manager also meets with the Executive to review portfolio risks.
- The committee questioned what assurance exists that the Council is staying on top of mitigating actions, particularly for Critical risks with completion dates extending into 2027 and beyond. It was suggested that milestones should be introduced to provide clearer oversight of long-term mitigating actions.
- The committee also queried whether an addendum should be provided setting out how the Council intends to move from the current position to the actions scheduled for 2027 and beyond.

The Head of Audit and Risk confirmed that she would relay those points to the Executive Manager.

- A further question was raised about whether anything could be done to accelerate the response to the Cyber Attack and Data Breach risk given that some actions run to 2027.

The Head of Digital, Performance and Modernisation advised that work to strengthen the Council's cyber posture is progressing in three areas - additional staff resources, specialist software and a retained service that can be called upon in the event of a cyber-attack. Funding has been approved by the Council. The remaining steps relate to the procurement process for the retained service and software, and to the employment market for the required staff resources. He confirmed that the timescales set out in the register are achievable.

It was resolved to confirm that the committee takes assurance from the work that has been undertaken to date as part of the wholesale review of the strategic risk register, the reconfiguration of the risk management system, the staff training and the continuous review of the strategic risk register.

Additional action – the Head of Audit and Risk to raise with the Executive Manager the possibility of incorporating milestones to ensure that long term actions can be monitored more clearly along with an addendum to show the interim steps for delivering long term mitigating actions.

10. ANNUAL COUNTER FRAUD, BRIBERY AND CORRUPTION REPORT 2025/26

The report of the Head of Audit and Risk incorporating the Annual Counter Fraud, Bribery and Corruption Report for 2025/26 was presented for the committee's consideration. The report provided an overview of Internal Audit's counter fraud, bribery and corruption activity during 2025/26.

The Head of Audit and Risk presented the report noting that Internal Audit continued to deliver the Counter Fraud, Bribery and Corruption Strategy 2025-2028 and associated Delivery Plan during the year. She summarised the main areas of activity and highlighted the Fraud Reporting Tool introduced in November 2024 as a key development. It received 61 allegations during the year mostly relating to council tax. She also referred to proactive counter fraud reviews, including one of the Council's administration of the Homes for Ukraine Thank You payment schemes which found that controls were operating effectively.

The Head of Audit and Risk responded to questions by the committee on the annual report as follows –

- Regarding malicious allegations, she noted that these are typically submitted anonymously, whereas valid concerns are more often raised by identifiable individuals. Reports received through the Fraud Reporting Tool are triaged by the Counter Fraud Officer who assesses whether there is any supporting evidence before determining the next steps.
- In relation to Cabinet Office estimates of likely losses to fraud in government spend of between 0.5% and 5% of expenditure (between £1.39m and £13.9m per annum for Anglesey based on the Council's gross revenue budget), she explained that the Council operates in a different environment and culture compared to larger cities, and losses to fraud locally are not on that scale.
- Regarding the outstanding action from the Managing the Risk of Fraud in Procurement action plan, she noted that competing priorities and capacity constraints have meant that establishing a formal Counter Fraud Working Group has not yet been possible. The revised implementation date of December 2026 reflects these pressures. Now that a dedicated Counter Fraud Officer is in post, it is anticipated that this work can progress, although collaboration across services already takes place informally.
- She provided clarification of paragraphs 43 and 44 of the report and noted that Internal Audit through the Counter Fraud Strategy aims to reduce the risk of fraud, not eliminate it entirely, which is not possible.

- In relation to the adequacy of resources dedicated to counter fraud work, she stated that funding must be proportionate, given the Council's competing priorities. Fraud is a national issue and historically the Council did have dedicated counter fraud team, but the resource was transferred to the DWP in 2014 as part of establishing a single fraud investigation service.
- In relation to Audit Wales sharing best practice from its reviews, she confirmed that Audit Wales is currently reviewing fraud arrangements across all councils in Wales. Their wider report on fraud in the public sector in Wales recommended that Welsh Government adopt an all Wales approach to fighting fraud. Locally, Heads of Audit across North Wales share fraud information and the North and Mid Wales Audit Partnership includes a subgroup on fraud. The Council also continues to engage with the National Fraud Initiative.
- She confirmed that statistics relating to employee perpetrated fraud are included in the annual report, and that no such cases were reported during the year.

It was resolved to note the activity carried out during 2025/26 to minimise the risk of fraud, bribery and corruption occurring within and against the Council, and to accept the assurance provided on the effectiveness of the Council's arrangements to minimise the risk of fraud.

11. AUDIT WALES: RECRUITMENT AND RETENTION CHALLENGES – ISLE OF ANGLESEY COUNTY COUNCIL

The report of Audit Wales on recruitment and retention challenges faced by the Isle of Anglesey County Council along with Management's response were presented for the committee's consideration. The report examined how the Council understands and responds to its recruitment and retention challenges, and whether it evaluates the value for money of its approaches.

The Strategic Performance and Projects Manager presented the report and noted that although the review found that the Council is taking a wide range of actions to tackle its recruitment and retention challenges many of which have been successful, it does not generally assess the value for money of those approaches. Audit Wales recommends the Council should ensure it has the information and data it needs to enable it to understand current and future recruitment and retention trends and should develop an approach to assessing the value for money of its recruitment and retention activities. Management accepts the recommendations and has developed a plan of action in response.

- The committee asked how emerging workforce risks are being monitored given that the agreed workforce data will not be available until December 2026. The Head of Human Resources, Communications & Customer Experience explained that the Council already collects workforce data and monitors trends so it is not starting from a zero base. It now needs to bring this information together at a strategic level to better inform future recruitment decisions.
- Members suggested that exit interviews should be undertaken for all staff leaving the Council, ideally by a manager other than their line manager, to gain a clearer insight into reasons for leaving. They also emphasised the need for a more proactive approach to recruitment and retention, given the cost of recruitment, ongoing recruitment challenges and the risks associated with single point of failure posts.

The Head of Human Resources, Communications & Customer Experience agreed on the importance of understanding why staff leave, and to use this intelligence to inform recruitment and retention strategies. However, the Council cannot compel staff to participate in exit interviews. He confirmed that the aim is to anticipate workforce risks earlier and develop proactive, forward looking workforce plans.

- The committee asked about the success of the graduate trainee scheme. The Head of Human Resources, Communications & Customer Experience reported that the scheme is successful and attracts high calibre candidates, with the challenge being to retain them by creating long-term career opportunities. He added that robust data is needed to demonstrate that the scheme provides value for money.
- Members asked what data could be provided to give assurance on recruitment and retention initiatives. The Head of Human Resources, Communications & Customer Experience said that as a single example of what could be possible and useful, reliable information is needed on the time taken to fill vacancies across services to tighten processes and achieve a consistent recruitment dataset.
- The committee also enquired about long-term vacancies in specialist areas. The Head of Human Resources, Communications & Customer Experience confirmed that hard to fill roles such as in legal and social services are recognised in the report and are difficult to fill nationally. Although councils are working to address these issues, national action on pay and working conditions is required particularly in the care sector, alongside continued collaboration with other councils and the WLGA.

Lora Williams, Audit Wales noted that the review had been undertaken across every council in Wales and that the overall findings would be used to develop good practice, to be shared with HR managers at an event in December 2026.

It was resolved –

- **To note the Audit Wales report and to take assurance from its findings.**
- **To endorse the proposed actions in response to the review's recommendations as appropriate.**

12. ANNUAL CORPORATE HEALTH AND SAFETY REPORT 2025/26

The report of the Head of Regulation and Economic Development incorporating the annual corporate health and safety report for 2025/26 was presented for the committee's consideration. The annual report set out the Council's health and safety performance during the year, outlining key achievements, incident trends, governance arrangements and future priorities. Also included was a draft Health and Safety Strategic Plan for 2026 to 2031.

The report was presented by the Chief Public Protection Officer.

- Members commented that the annual report was overly general, with limited root cause analysis. While it provided information on trends, it did not give assurance on what arrangements were being put in place to address areas of concern, the timelines for action, and progress where measures had already been introduced.

Members suggested that including mitigating actions would give the committee a more rounded oversight of how areas of concern are being managed.

The Health and Safety Advisor said that future reports could include more details. Where issues arise, the service responds, but once the strategy is in place the aim is to adopt a more proactive approach, identifying potential problems earlier and putting preventative measures in place. The Chief Public Protection Officer added that several projects are underway but bringing them to completion takes time and requires input from other services.

- The committee sought assurance that the Council is robust in managing incidents of abuse towards staff.

The Health and Safety Advisor explained that the service plans to trial an electronic reporting system linked to the Risk of Violence Marker process. A test system is in place, which will allow a clearer indication of the completion timescale. He added that many assault incidents relate to schools, with an increasing trend in the primary sector. He described ongoing work with the Learning Service, including monthly meetings, analysis of incidents and pupils, and expansion of support through the Early Intervention Team.

Members noted that, while they looked forward to fuller and more detailed reports in future, they acknowledged that good work is being undertaken.

It was resolved subject to the additional action below –

- **To note the Annual Corporate Health and Safety Report 2025/26 including the Council's activities to address the risks and priorities of the Council.**
- **To confirm that the committee takes assurance that reasonable measures are in place to manage health and safety risks to an acceptable level.**

Additional action – to request that future Corporate Health and Safety annual reports include details on root cause analysis, mitigations put in place, timelines for completing actions, and progress on measures implemented in order to provide clearer assurance on how risks are being managed.

13. 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.

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)**