



Complete Agenda

Democratic Services
Swyddfa'r Cyngor
CAERNARFON
Gwynedd
LL55 1SH

Meeting

AUDIT AND GOVERNANCE COMMITTEE

Date and Time

10.00 am, THURSDAY, 28TH NOVEMBER, 2019

Location

Siambr Hywel Dda, Council Offices, Caernarfon, Gwynedd, LL55 1SH

Contact Point

Lowri Haf Evans

01286 679878

lowrihafevans@gwynedd.llyw.cymru

(DISTRIBUTED 21/11/19)

AUDIT AND GOVERNANCE COMMITTEE

MEMBERSHIP (19)

Plaid Cymru (10)

Councillors

Aled Ll. Evans
Huw Gruffydd Wyn Jones
W. Gareth Roberts
Vacant Seat - Plaid Cymru

Aled Wyn Jones
Berwyn Parry Jones
Paul John Rowlinson

Charles Wyn Jones
Peredur Jenkins
Gethin Glyn Williams

Independent (5)

Councillors

John Brynmor Hughes
Dewi Wyn Roberts
Angela Russell

Richard Medwyn Hughes
John Pughe Roberts

Llais Gwynedd (1)

Councillor
Alwyn Gruffydd

Gwynedd United Independents (1)

Councillor
Vacant Seat - Gwynedd United Independents

Individual Member (1)

Councillor
Sion W. Jones

Lay Member

Mrs Sharon Warnes

Ex-officio Members

Chair and Vice-Chair of the Council

A G E N D A

1. APOLOGIES

To receive apologies for absence.

2. DECLARATION OF PERSONAL INTEREST

To receive any declaration of personal interest.

3. URGENT ITEMS

To note any items which are urgent business in the opinion of the Chairman so they may be considered.

4. MINUTES

5 - 8

The Chairman shall propose that the minutes of the meeting of this committee, held on 17th October 2019, be signed as a true record.

5. A REVIEW OF SCRUTINY ARRANGEMENTS

9 - 26

To consider the report

6. THE CORPORATE SUPPORT DEPARTMENT, FINANCE DEPARTMENT, THE CORPORATE MANAGEMENT TEAM AND LEGAL'S SAVINGS PROPOSALS TO MEET THEIR SHARE OF THE POTENTIAL £2M BUDGET GAP FOR 2020/21.

27 - 31

Cabinet Members – Councillors Nia Jeffreys and Ioan Thomas

To consider the report

7. ANNUAL AUDIT LETTER – GWYNEDD COUNCIL 2018-19

32 - 36

To note and accept the Annual Audit Letter for 2018-19

8. FINANCIAL STRATEGY - 2020/21 BUDGET REMIT

37 - 40

To consider the report

9. TREASURY MANAGEMENT 2019/20 - MID-YEAR REVIEW

41 - 51

To consider the report

10. RECOMMENDATIONS AND PROPOSALS FOR IMPROVEMENT FROM EXTERNAL AUDIT REPORTS 52 - 89

To consider the Head of Corporate Support's report

11. COUNTER FRAUD, ANTI-CORRUPTION AND ANTI-BRIBERY ARRANGEMENTS 90 - 97

To consider the report of the Assistant Head of Finance (Revenues and Risk)

12. OUTPUT OF THE INTERNAL AUDIT SECTION 98 - 118

To consider the report of the Audit Manager

13. INTERNAL AUDIT PLAN 2019/20 119 - 124

To consider the report of the Audit Manager

SPECIAL MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE 17/10/19

Present: Councillor John Brynmor Hughes (Chair)
Councillor Angela Russell (Vice-chair)

Councillors: Aled Ll. Evans, Alwyn Gruffydd, Aled Wyn Jones, Berwyn Parry Jones, Huw G. Wyn Jones, Sion Wyn Jones, Dewi Wyn Roberts, John Pughe Roberts, Paul Rowlinson and Gethin Glyn Williams.

Lay Member: Sharon Warnes

Others invited: Councillor Ioan Thomas (Cabinet Member – Finance)

Also in Attendance: Dafydd Edwards (Head of Finance Department), Ffion Madog Evans (Senior Finance Manager), Dewi Morgan (Assistant Head – Revenue and Risk), Luned Fôn (Audit Manager) and Lowri Haf Evans (Democratic Services Manager)

1. APOLOGIES:

Apologies were received from Councillors R. Medwyn Hughes, Peredur Jenkins and W Gareth Roberts

2. DECLARATION OF PERSONAL INTEREST

No declarations of personal interest were received from any members present.

3. URGENT ITEMS

None to note

4. MINUTES

The Chair signed the minutes of the previous meetings of this Committee, held on 29 July and 13 September 2019, as a true record.

5. OUTPUT OF THE INTERNAL AUDIT SECTION 1/4/2019 – 4/10/19

The Audit Manager presented a report, outlining the Internal Audit's work for the period up to 4 October 2019. Attention was drawn to the relevant assurance level of the plan's audits, and it was noted that the outcomes were positive, and that they all fell into the two highest categories, namely satisfactory (controls are in place to achieve their objectives but there are aspects of the arrangements that need tightening to further mitigate the risks) and high (certainty of propriety can be stated as internal controls can be relied upon to achieve objectives).

No observations were made about the individual audits.

RESOLVED to accept the report and support the actions that have already been agreed with the relevant services.

6. INTERNAL AUDIT PLAN 2019/20

The report of the Audit Manager was submitted for information, which provided the Committee with an update on the current situation in terms of completing the 2019/20 Internal Audit Plan. It was noted that a total of 60 audits had been included in the plan, with the service aiming to have 95% of the audits in the plan either closed or with the final report released by 31 March 2020. As at 4 October, it was noted that Internal Audit's actual achievement was 16.67% (target of 20% by the end of quarter 2), with 10 individual reports having been released in a final version.

It was noted that there had been minor amendments to the plan, with four audits added to the plan. In order to implement this, and in consideration of the support provided by a Senior Auditor to assist Snowdonia National Park Authority to prepare its 2018/19 year end accounts (a total of 52 days), it had been decided to prioritise the audits in the plan based on risk. It had been concluded that seven audits would be cancelled.

In response to a request to clarify the '5 Ways of Working', the Audit Manager noted that the phrase represented statutory working arrangements, where Welsh Government place a statutory requirement to give appropriate consideration to certain principles.

In response to a question regarding the audit work undertaken to assist Snowdonia National Park Authority, it was reported that there was an agreement with the Park to provide 30 days of the Internal Audit section's work, and that 52 days of additional support to prepare the Park Authority's 2018/19 Accounts had been paid separately.

In response to a question regarding the decision to cancel seven of the audits, it was noted that the entire procedure and the annual plan had been considered in conjunction with the Assistant Head – Revenue and Risk. It was added that the seven audits would not 'drop out' of the medium-term plan, as they would be a priority within the 2020/21 Internal Audit plan.

It was suggested, in future update reports on the Internal Audit Plan, that it would be beneficial to include a sentence noting the rationale for any audit 'slippages', in order to clarify the situation.

RESOLVED to accept the report.

7. EXTERNAL ASSESSMENT OF THE INTERNAL AUDIT SERVICE TO ENSURE CONFORMANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS)

The Audit Manager presented a report which outlined the outcomes of the external assessment completed by Carmarthenshire's Chief Executive. Members were reminded that the Public Sector Internal Audit Standards required an external assessment to be carried out of all the Internal Audit services at least every five years by an independent, qualified reviewer from outside the organisation.

It was reported that there were 334 best practice requirements within the Standards, and that Gwynedd Council conformed in general to 307 of the requirements, and conformed partially to 13 of the other requirements.

Reference was made to the ratings that designated the 'conformity level', and highlighted that 'generally conforms' meant that the internal activity had a charter, policies and processes that were judged to be in compliance with the standards.

The Audit Manager added that she welcomed the result of the self-assessment. She also noted that no formal feedback on the Chief Auditor's performance would be submitted, but Gwynedd Council's processes in which quarterly performance monitoring meetings were held gave the Cabinet Member an opportunity to report and clarify the delivery measures and to discuss the unit's performance and work.

The Head of Finance Department thanked the Audit Manager and her staff for their commendable work, and it was agreed that the result was one to be proud of.

RESOLVED to accept the report and to congratulate the Internal Audit Service for the professional quality of its work.

8. REVENUE BUDGET 2019/20 – END OF AUGUST REVIEW

The report was presented by Councillor Ioan Thomas (Cabinet Member for Finance) for information, for members to consider the risks that arose from the expenditure projections against the budget. It was highlighted that the report had been submitted to the Cabinet on 15 October. Attention was drawn to the summary of each department's situation, and the resulting mixed picture.

Reference was made to the Adults Service that had an overspend of £1.6m, partially stemming from the failure to deliver the savings plans. It was noted that the Chief Executive had since called a meeting with relevant officers to gain a better understanding, and a clear programme of response. It was noted that the Children's Department had also shown an overspend of £2.9m, and a Task Group had been arranged in order to examine the Department's overspend. It was highlighted that there had been a 15% increase in looked after children during 2018/19 and that the situation was not unique to Gwynedd. The Cabinet Member for Finance further noted that the Children's Department's Task Group would be reporting on improvements in February 2020. It was also noted that there had been an overspend of £733k in the Highways Department, due to problems relating to waste collection and disposal. It was reported that the Environment Department had been given permission to earmark £220k of underspend for unavoidable costs (due to reasons beyond the Council's control) following a recent judicial review relating to the Llanbedr access Road.

Attention was drawn to the status of the Corporate budget, where an underspend of £2,867k was being transferred to funds, partially to mitigate the risk of Council departments overspending in 2019/20.

In response to a question about whether the Chief Executive had met relevant officers in the Adults Department, it was noted that initial meetings had been held, and that the officers had accepted the task of examining the information.

An observation was made that the Youth Department highlighted mixed messages, given that the service had been remodelled in response to the savings programme, but was now showing a significant underspend. In response, it was clarified that changes to posts and activities were responsible for this. It was added that grants had also been received, which meant that there was no underspend against the core budget.

In response to a question about the latest situation regarding the Council Tax Premium, it was reported that it was expected that £2.7m would be collected in the current year in line with the budget estimate, and that officers and Members were pressurising Welsh Government for an update regarding properties that transferred to become businesses.

An observation was made that a Task Group of the Communities Scrutiny Committee had been established to consider options for managing parking in light of financial challenges,

but it appeared from the report on the 2019/20 budget that the Environment Department had already exceeded their target income. In response, the Cabinet Member noted that the Environment Department had a historical savings scheme to deliver by 2020/21, and furthermore, in the schemes to realise the current £2m target, departments should propose savings that reduced expenditure, or offered a new income stream, instead of increasing the prices of existing services.

RESOLVED to accept the report and note the situation and relevant risks in the context of the budgets of the Council and its departments.

9. CAPITAL PROGRAMME 2019/20 – END OF AUGUST REVIEW

The report was presented by Councillor Ioan Thomas (Cabinet Member for Finance) for information, for members to consider the risks that arose from the capital programme and to scrutinise the Cabinet's decisions. Reference was made to the main conclusions that were listed in the report, and the details of the additional grants that the Council had succeeded in attracting since the original budget was established. Attention was drawn to the changes to the funding sources that meant an increase of £17.85m in the three-year capital programme since the original budget had been set. It was noted that an additional £5,353k of borrowing in the funding table derived from the Flood Prevention Schemes. In relation to the Local Government Borrowing Initiative, it was explained that Welsh Government funded 75% of the scheme's cost, by recompensing the Council's borrowing costs over a 25-year period through the annual Revenue Support Grant. It was confirmed that the 25% to be funded by the Council had already been earmarked as part of the Assets Plan.

In the context of the Westminster Government's recent decision to increase the PWLB interest rates by 1%, which meant higher borrowing costs for local authorities, it was explained that it was Welsh Government that would fund the interest through the Initiative Plan. As a result, a question was asked whether the funding that we received from the Government reflected the higher interest rate that we had to pay in order to borrow? It was confirmed that the conditions of the arrangement enabled the Council to claim a larger contribution, as the movement in the rate exceeded 0.5%, and therefore Welsh Government would fund the increase.

In response to the observation about the increase in the interest rate, it was noted that rates had fallen in the past, and that this increase was a return to a low level, rather than 'something unusual'. The Head of Finance noted that the recent increase had been unexpected and although rates had fallen gradually since 2008, an increase of 1% was now a fairly significant jump.

RESOLVED to accept the report and note the situation and relevant risks in the context of the Council's capital programme.

The meeting commenced at 10.00am and concluded at 11.00am

CHAIR

MEETING	AUDIT AND GOVERNANCE COMMITTEE
DATE	28 NOVEMBER 2019
TITLE	A REVIEW OF SCRUTINY ARRANGEMENTS
AUTHOR(S)	Geraint Owen (Head of Democratic Services) Vera Jones (Democracy and Language Manager)
PURPOSE	To formulate a recommendation to the full Council, at its next meeting, on a new scrutiny model for May, 2020

BACKGROUND

1. At its meeting on 2 March 2017, the Full Council adopted the current scrutiny arrangements. Under the current arrangements, there are three Scrutiny Committees as well as a role to scrutinise corporate matters by the Audit and Governance Committee. Scrutiny investigations are held, where approximately five members of a Scrutiny Committee investigate a specific matter in a series of informal meetings, before submitting a report to the Scrutiny Committee with recommendations for the attention of Cabinet Members.
2. A review of the current scrutiny arrangements was carried out because:
 - We received observations that scrutiny did not add value, that our current arrangements are developing slowly, and a feeling that things could be done better
 - up to 50% of scrutiny committee items are items for information to Members of the specific scrutiny committee
 - there are vacant seats on many of our scrutiny committees (over the past months) as Members were not eager to sit on scrutiny committees
 - seeking continuous improvement by reviewing and challenging our arrangements is a good thing, we have pledged to do this as the new arrangements were adopted in March 2017 and that Wales Audit Office supports this.
3. A working group of members and officers was set up to review the arrangements. The working group's membership consisted of Councillors Simon Glyn, Nia Jeffreys, Beth Lawton, Dyfrig Siencyn along with Aled Davies (Head of Adults, Health and Well-being Department), Geraint Owen (Head of Democratic Services), Sioned Williams (Head of Economy and Community Department) and Dilwyn Williams (Chief Executive).
4. The working group concluded that the purpose of scrutiny should be defined in order to ensure a joint understanding of the purpose of scrutiny in Gwynedd. The definition is noted below:

TO FACILITATE DRIVING IMPROVEMENT IN SERVICES FOR THE PEOPLE OF GWYNEDD

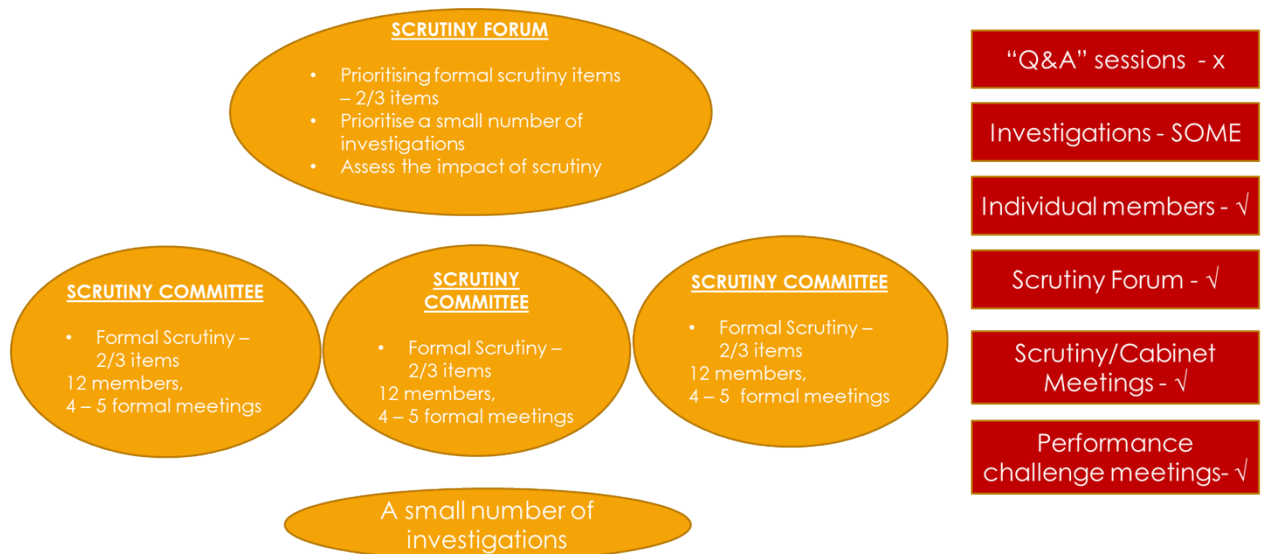
This will be done constructively by:

- Investigating concerns regarding the quality of our services
- Acting as a Critical Friend, and ensuring that appropriate attention is given to the citizen's voice
- Identifying good practice and weaknesses
- Holding the Cabinet and its members to account
- Review or scrutinise, decisions or actions, that are not the responsibility of the Cabinet

The definition is based on the Centre for Public Scrutiny's best practice. It does not redefine the statutory requirement in the Local Government Act 2000, but rather confirms the ethos of Scrutiny in Gwynedd.

DRAWING UP OPTIONS

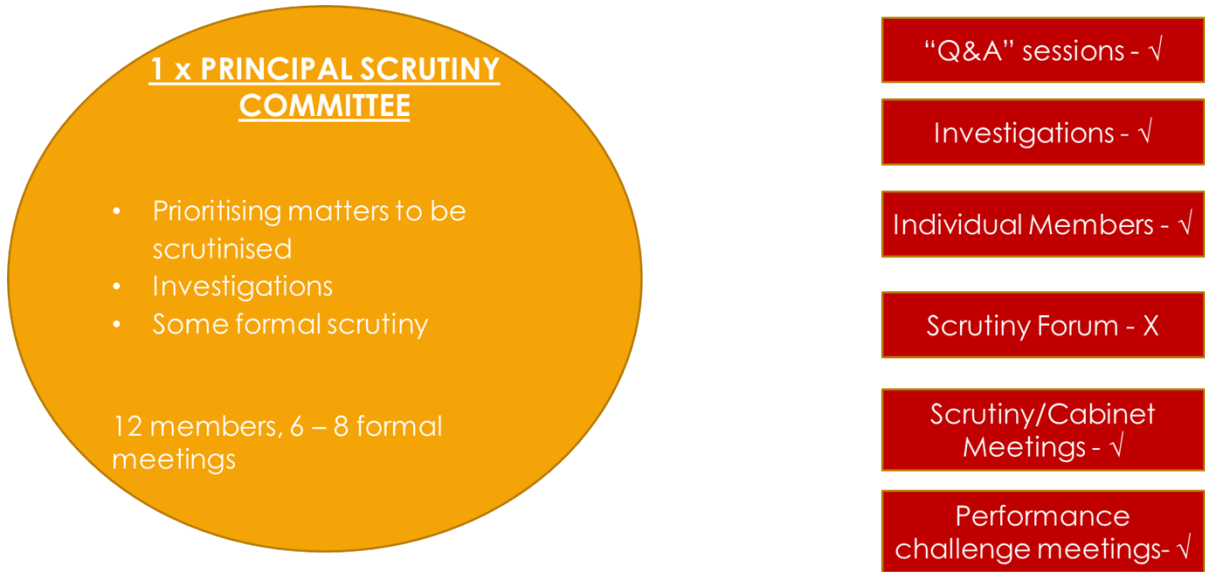
5. The working group was of the opinion, given the matters noted in 2 above, that there is room to improve our current arrangements, with the hope that it would lead to better services for the people of Gwynedd.
6. In attempting to draw up options to improve our scrutiny arrangements and ensure that scrutiny fulfils the purpose, attention was given to the following principal considerations:
 - Information sharing arrangements with all members
 - The advantages and disadvantages of formal scrutiny arrangements in a committee
 - The advantages and disadvantages of investigations
 - Resources and time
7. Three options were drafted for consideration:
 - Option 1 - Three Scrutiny Committees (Adapt the current arrangements)



This option would adapt the current arrangements with three Scrutiny Committees of 12 members compared to the 18 members at present. The Audit and Governance Committee would continue to have the role of scrutinising corporate matters. A small number of investigations would be undertaken due to the resources required to support the work of the Committees.

The Scrutiny Forum (meeting of Scrutiny Chairs and Vice Chairs), liaison meetings between Cabinet members and Scrutiny Forum members would continue, and the arrangement of 2 members of a Scrutiny Committee attending Cabinet Members' performance challenge meetings would also continue.

- Option 2 - One Principal Scrutiny Committee

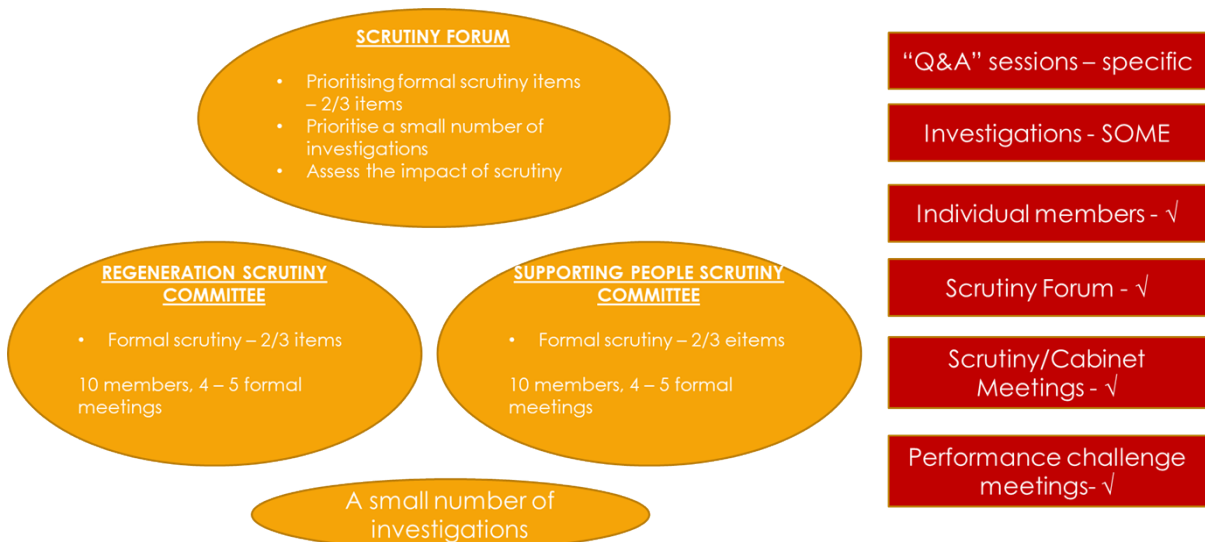


This option would establish a single Principal Scrutiny Committee of 12 members who would scrutinise the most important elements of the Executive's work (Cabinet and officers) across all Council services. As well as managing all of the Council's scrutiny work and commission and coordinating a series of Scrutiny Investigations and Scrutiny Working Groups, that will consider subjects in detail and draw-up recommendations for improvement, and propose them to the relevant Cabinet Members. The majority of the scrutiny work will take place through investigations or task and finish groups.

Informal "question and answer" sessions would be held to share information with all members outside scrutiny arrangements. Up to 20 sessions a year with 2 sessions per year per Cabinet Member and Head of Department.

Liaison meetings would be held between Cabinet Members and members of the Principal Scrutiny Committee and a member of the Principal Scrutiny Committee would attend Cabinet Members performance challenge meetings.

- Option 3 - Two Scrutiny Committees



This option would establish two Scrutiny Committees with 10 members on each Committee. As with Option 1, the Audit and Governance Committee would continue to have the role of scrutinising corporate matters and a small number of investigations would be undertaken due to the resources required to support the work of the Committees.

Arrangements to ensure the sharing of information with all Members would also be a core part of the arrangements to support this option, but only for specific subjects.

The Scrutiny Forum (meeting of Scrutiny Chairs and Vice Chairs), liaison meetings between Cabinet Members and Scrutiny Forum members would continue, and the arrangement of 2 members of a Scrutiny Committee attending Cabinet Members' performance challenge meetings would also continue.

CONSULTATION

8. Two sessions were arranged to seek the views of all Members on the options that had been developed. The Members who attended the workshops (26 in total) were asked about the advantages and disadvantages per option. A summary of the responses have been included per option in Appendix 1 of this report.
9. Every member who was present was asked which option they preferred, and why. In the first workshop, most members preferred Option 2 (One Principal Scrutiny Committee) with most members in the second workshop preferring Option 1 (Three Scrutiny Committees). Some members preferred Option 3.
10. Here is a summary of the members' reasons for preferring a specific option:

Option 1

- This is the best way to achieve the best for the people of Gwynedd, but I am still concerned about the number of vacant seats.
- The members have a right to ask officers already, therefore there is no benefit in changing the scrutiny arrangements.
- The current arrangements do work, improve somewhat on what we have, and abolishing the Scrutiny Forum should be considered.
- It gives the power to the scrutiny committees, and the Cabinet Members must take notice. Concerned about capacity to hold investigations with only 12 members, keep to 18.
- This option provides room for more Members on a Committee.
- Option 2 is too similar to a shadow cabinet, but with room to change the current membership to 15 members rather than 18, and have Education and Social Services together.
- Option 2 places too much of a burden on members of the Principal Scrutiny Committee, and not enough of an opportunity for all Members.

Option 2

- We need to change the way we scrutinise. Investigations are beneficial as everyone gets an opportunity to ask informally and get to the root of things to get a better understanding. Also, it is a better way of prioritising the right matters to be scrutinised. However, commitment is required by all Members.
- The "Question and Answer" sessions are available to all members and it is an opportunity to learn more about a wide range of various fields, rather than the field of one scrutiny committee alone.
- There is potential for the "Q&A" sessions to be informal scrutinising, but with the possibility of referring matters on to formal scrutiny.
- Investigations have brought more value than formal scrutiny - this is the way forward.
- It must be ensured that the workload is not too heavy for 12 members.

Option 3

- Two committees seem more sensible, but there is still room to have some information through the specific sessions. We are unable to maintain the current arrangements as Members are unwilling to participate fully.
 - This is what currently attracts me
11. Observations were received from some members in the workshops in relation to their wish to return to previous governance arrangements. It must be borne in mind that Gwynedd Council has been implementing Cabinet and Scrutiny arrangements since 2012 in accordance with the requirements of the Local Government (Wales) Measure 2011. Therefore, it is not possible to return to previous governance arrangements. The scrutiny review keeps within the Measure's legal requirements.
 12. A consultation was also held with the Corporate Management Group (Heads of Department). They had no specific observations per option, but they wished to convey the following general messages:
 - That an informal dialogue between Members and Heads of Department is beneficial, and that they have seen the value of having such arrangements
 - That there is room to refine the arrangements for identifying and prioritising matters for scrutiny, and that there is room for members to be more clear on what exactly needs to be scrutinised and why
 - That they are willing to operate within any of the scrutiny system options
 13. At a meeting of the Scrutiny Forum (a meeting consisting of the Chairs and Vice-chairs of the Scrutiny Committees) on 24 October 2019, consideration was given to the observations received as part of the consultation. Members of the working group were invited to the meeting in order to discuss the observations and address specific matters, such as the responsibility fields of the Scrutiny Committees, the role of the Scrutiny Forum, the number of members on committees and the number of meetings per option.
 14. At the meeting, a discussion was held on the options. The observations varied, although they tended to favour option 1.

THE OPTIONS

15. The details of the options, along with the advantages and disadvantages per option, are included in Appendix 1 of this report. Following the observations received on the options during the consultation period, and the discussion at the Scrutiny Forum meeting, the options have been amended. One major change is that the number of committee members under each option has increased to 18.
 16. At the Scrutiny Forum meeting, it was agreed that the Communities Scrutiny Committee would scrutinise Housing and Property Department matters under Option 1. As a result of receiving comments following the meeting, a discussion was arranged between the Chair and Vice-Chair of the Care Scrutiny Committee along with the Chair and Vice-Chair of the Communities Scrutiny Committee, to discuss which committee should scrutinise Housing and Property Department matters under Option 1.
 17. Prior to the above meeting, a discussion was held at the Care Scrutiny Committee's Informal Session on 14 November 2019. At the meeting the view was noted that the Care Scrutiny Committee would be best placed to scrutinise housing and property matters for the following reasons:
 - Housing issues e.g. homelessness, children, vulnerable adults etc, are issues that affect people, and so it makes more sense to include them in the care field.
 - Members of the Care Scrutiny Committee already have expertise in the field, as this Committee has been scrutinising housing matters for many years.
 - Although property issues have historically been going to the Communities Scrutiny Committee, very little property work needs to be scrutinised anyway. There is a lot more emphasis on the housing side.
- The Head of the Housing and Property Department was present at the meeting and supported the above view with support for the position also noted by the Head of the Adults, Health and Well-being Department.
18. A discussion took place between the Chair and Vice-Chair of the Care Scrutiny Committee together with the Chair of the Communities Scrutiny Committee on 14 November. The Chair of the Communities Scrutiny Committee had no objection in principle to the Care Scrutiny Committee scrutinising housing and property matters.
 19. Members of the Communities Scrutiny Committee have not had the opportunity to discuss the matter. The next meeting of the Communities Scrutiny Committee will be held on 5 December 2019.
 20. For information, the areas of responsibility of the Communities Scrutiny Committee under Option 1 would be those of the Environment Department, Highways and Municipal Department, Gwynedd Consultancy, the Local Development Plan, Crime and Disorder and the Public Services Board.

21. The Scrutiny Committees' areas of responsibility have been divided in order to ensure that a Cabinet Member reports to one Scrutiny Committee. The Audit and Governance Committee is asked to consider which scrutiny committee should scrutinise Housing and Property Department matters.
22. The constitution will need to be amended to incorporate any changes, the way this is done depends on which option is adopted at the Full Council meeting on 19 December 2019. If the Monitoring Officer considers that they are minor changes, he will make the changes, however should significant changes be required, a further report would be submitted for approval to the Full Council meeting on 5 March 2020.

RESOURCES TO SUPPORT SCRUTINY

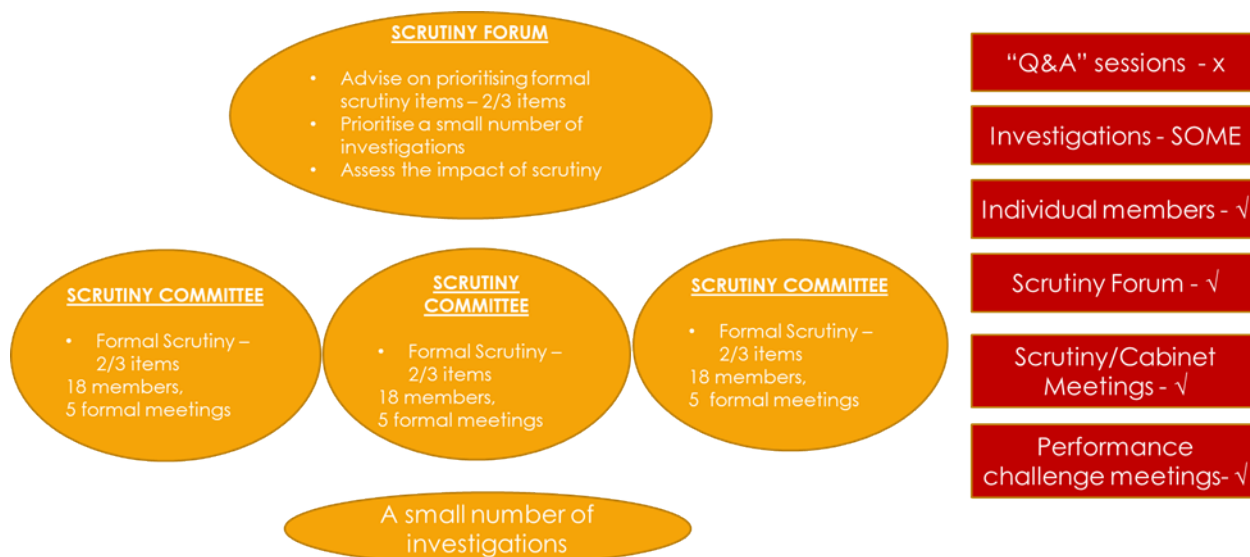
23. As the Head of Democratic Services (Head of Corporate Support Department) I have already identified the need to strengthen the support to scrutiny, and have proceeded to restructure within the Service in order to support this element.
24. Now, support is offered to the scrutiny element from the Democracy and Language Manager (a proportion of the officer's time), Senior Language and Scrutiny Advisor (half of the officer's time spent on scrutiny), and a Scrutiny Advisor (full-time). Also, there are three Business Support Officers available to lead on scrutiny investigations.

RECOMMENDATION

25. The Audit and Governance Committee is asked to:
 - consider the options,
 - consider which scrutiny committee should scrutinise the Housing and Property Department's matters under Option 1, either the Communities Scrutiny Committee or the Care Scrutiny Committee,
 - consider whether one option predominates, and make a recommendation to be submitted to the Full Council on 19 December 2019.

APPENDIX 1

OPTION 1 - THREE SCRUTINY COMMITTEES (ADAPT THE CURRENT ARRANGEMENTS)



A - INFORMATION SHARING

1. There would be no new arrangements for sharing information with this option. Individual Members would have to make their own enquiries for information.
2. Neither would there be arrangements for sessions on specific subjects.

B - ROLES

3. **SCRUTINY FORUM** - The role of the Scrutiny Forum is essential, with the Chairs and Vice-chairs taking an overview of all the Council's scrutiny work in their informal Forum, and challenging each other to ensure that the right matters are prioritised. The role of the Scrutiny Forum will be as follows:

- Advise to **PRIORITISE** scrutiny items (Majority being formal scrutiny with a small number of investigations) and challenge the basis of identifying matters to scrutinise.
- Identify the most effective scrutiny method within the resources available (formal scrutiny / investigation)
- The Forum will also have a role to identify matters that need specific attention through the information sharing arrangements.
- Assess the contributions of the individual committees and assess the **IMPACT** of the scrutiny work, and review our scrutiny arrangements on an ongoing basis.

4. The role of the Scrutiny Committees will be as follows:

- Scrutinise formal items at a meeting - there would be a maximum of 2-3 items per meeting.
- A small number of investigations will be held. The investigations will follow the same format as recommended for the Principal Scrutiny Committee. With an opportunity for other members to participate, unless a sufficient number of members of the relevant scrutiny committee state an interest to be part of an investigation. With an aim to ensure political representation from the various groups on every investigation.
- Pre-scrutiny - No investigation is required but independent input is required when developing. A small group of members give their independent view to the Cabinet Member on the developments as they progress, and report on the recommendations of the Task and Finish Group to the Committee.
- Every committee will review the **impact** of their scrutiny work on an ongoing basis with the Chair to report that to the Scrutiny Forum.

C - PRACTICAL ARRANGEMENTS

FIELD	ARRANGEMENTS
The responsibility fields of the Committees	Education and Economy Scrutiny Committee (Education Department, Economy and Community Department, GwE and the North Wales Economic Ambition Board)
	Communities Scrutiny Committee (Environment Department, Highways and Municipal Department, Gwynedd Consultancy, Housing and Property Department, Local Development Plan, Crime and Disorder and the Public Services Board)
	Care Scrutiny Committee (Adults, Health and Well-being Department, Children and Supporting Families Department and Health)
	Audit and Governance Committee (Corporate Support Department, Finance Department, Leadership Team, Legal Service and Corporate Plans, e.g. the Council Plan)
Membership	18 per committee Subject to the political balance*
	Co-opted members on the Education and Economy Scrutiny Committee
Chairmanship	Subject to the political balance**
Meetings	5 informal meetings per year

Identifying matters to be scrutinised	Keep a register on the scrutiny log
	Members of the Committee and individual Members able to identify matters - refer to the Chair
	Performance challenge meetings - Members of the committee attending with a responsibility for reporting back to the committee
	Informal meetings between the Chair/Vice-chair, the relevant Cabinet Member and the relevant Head of Department
	Scrutiny Forum Meeting/all Cabinet Members

*The allocation of seats and chairmanships of the Scrutiny Committees, without any change to the political balance or to the numbers of any other Committee, would be the same as the current situation.

5. Formal contact with the Cabinet - There is also room to improve our arrangements for submitting recommendations to the Cabinet Member. Every item (be it an investigation or a committee item) will have ensured clear recommendations and will note the explanation behind these recommendations.

- Those recommendations will be formally submitted to the Cabinet Member after the Committee Members approve them.
- If a matter has been scrutinised and is then submitted to Cabinet, there will be a need to refer to the Scrutinisers' recommendations formally as part of the report.
- The right to submit a formal report to the Cabinet or to a Cabinet Member could also be used, requesting a response within the timescale noted in the constitution, should the need arise.

Ch - THE OPINION OF THE MEMBERS AT THE WORKSHOPS

<u>THE ADVANTAGES OF OPTION 1</u>	<u>THE DISADVANTAGES OF OPTION 1</u>
<ul style="list-style-type: none"> • Committees have demonstrated that they can be effective as they focus on a specific subject • It is required to empower and refine the current arrangements (but without the accountability to the Scrutiny Forum) • The number of Committee meetings - more meetings happening more frequently • More members being able to participate as there are three Committees • Chair/Vice-chair able to meet with the relevant Cabinet 	<ul style="list-style-type: none"> • A 'set piece' element in Committees • Keep to the Committees - not everyone gets an opportunity to be a part of every field • Is it sustainable? Members failing to turn up. • A lot of work for scrutiny members • Members currently not feeling part of Council arrangements • Scrutiny Investigations - not as swift as they should be, not open for all Council members to be

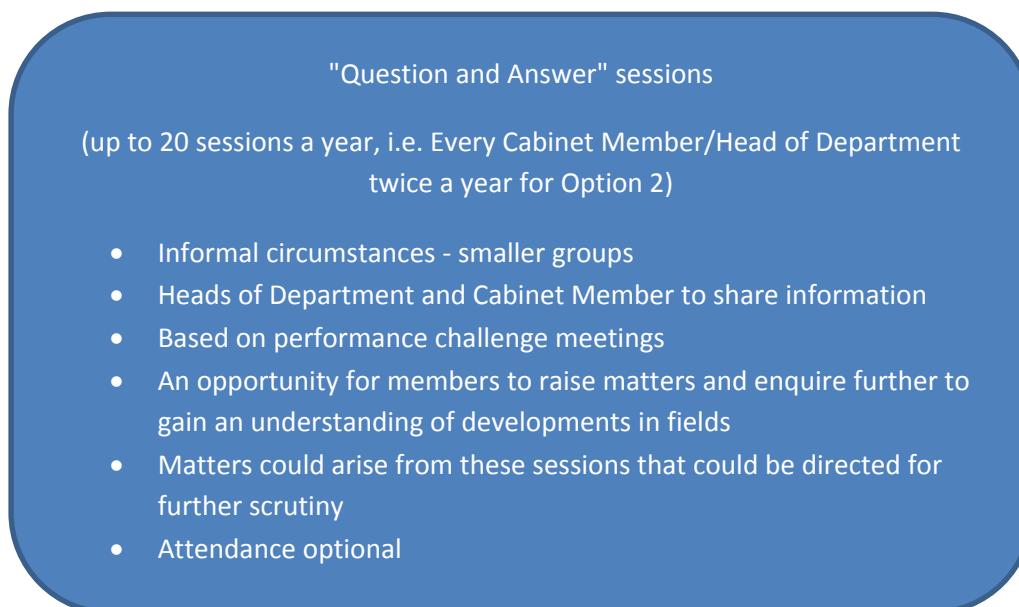
<p>Member and Head of Department</p> <ul style="list-style-type: none"> • Investigation work (despite the small numbers) bringing better outputs • Members more likely to be part of investigations as they "belong" to the Committee • Room to invite members who are not on the relevant scrutiny Committee into any investigation • The role of the Scrutiny Forum has been good • Expertise per field to members of the specific Committee • Scrutiny Forum - an overview of matters across all scrutiny matters and challenge each other 	<p>part of them, fewer investigations being held</p> <ul style="list-style-type: none"> • A small number of investigations • The Role of the Scrutiny Forum - dislike the prioritisation role by the Scrutiny Forum • No "Question and Answer" opportunity
---	---

OPTION 2 - ONE PRINCIPAL SCRUTINY COMMITTEE



A - INFORMATION SHARING

1. This option would be based on establishing information sharing arrangements for all members outside scrutiny arrangements, informal "Question and Answer" sessions.
2. HOW?



B - ROLES

3. It is recommended that the role of the Principal Scrutiny Committee will be as follows:

- to take an overview of the scrutiny work across the Council and **PRIORITISE** items to scrutinise and identify the most effective way of scrutinising.
- The **majority** of the scrutiny work will take place through **investigations/task and finish groups**, but with some formal scrutiny as well.
- Formal scrutiny - There will be some formal scrutiny, e.g. items to report formally to the committee where there is no need for an investigation; however, there remains a need to hold the Cabinet Member to account for a lack of progress. The Committee would also need to scrutinise specific matters such as Crime and Disorder, the Local Development Plan, the North Wales Economic Ambition Board, GwE and the Public Services Board.
- Pre-scrutiny - No investigation is required but independent input is required when developing. A small group of members give their independent view on the developments as they progress, and report on the recommendations of the Task and Finish Group to the Committee.
- The Principal Scrutiny Committee would have a role to review the **impact** of scrutiny on an ongoing basis and to review the arrangements to the future.

4. As the investigations are integral to this option, the following arrangements are highlighted:

Scrutiny Investigations

- A small group of members (a maximum of five - with an aim to ensure political representation from the various groups on every investigation.)
- One member of the Principal Committee to serve on every investigation - in line with their field of responsibility
- EVERY member could be part of investigations (the Principal Scrutiny Committee would need to appoint which members are a part of the investigations, along with a brief and clear timetable.)
- It **MUST** be ensured that every investigation or formal scrutiny item comes to a conclusion with
 - Clear recommendations that are evidence-based, and
 - A clear reason behind every recommendation (i.e., the "why" we need to recommend this)
- All investigations to formally report back to the Committee

- Investigations will be prioritised in accordance with the needs, not according to numbers.

Task and Finish Groups

- There will be some matters that could be dealt with through the medium of one or two meetings alone. These are called Task and Finish groups.

C - PRACTICAL ARRANGEMENTS

FIELD	ARRANGEMENTS
The responsibility fields of the Principal Committee	Scrutinise the most important elements of the Executive's work (Cabinet and officers) across all Council services, manage all of the Council's scrutiny work and commission and coordinating a series of Scrutiny Investigations and Scrutiny Working Groups that will consider subjects in detail and draw-up recommendations for improvement and propose them to the relevant Cabinet Members.
Membership	18 per committee Subject to the political balance* Education co-opted Members
	a) Every Member of the Principal Scrutiny Committee would be responsible for a specific field. b) The members would attend the performance challenge meeting relevant to their field of responsibility. c) The Member(s) would lead the investigation in the field (where possible or acting as a contact person). ch) Every Member (be a member of the Principal Scrutiny Committee or not) would be required to be a part of an investigation or a Task and Finish Group.
Chairmanship	Subject to the political balance**
Meetings	6 - 8 informal meetings per year
Identifying matters to be scrutinised	Keep a register on the scrutiny log Members of the Committee and individual Members able to identify matters - refer to the Chair Performance challenge meetings - Members of the committee attending with a responsibility for reporting back to the committee "Question and Answer" sessions Scrutiny Forum Meeting/all Cabinet Members

*Should the Principal Committee be established today, without any change to the political balance or to the numbers of any other committee, then the membership of the Principal Scrutiny Committee would likely be as follows - Plaid Cymru Group (10), Independent Group (5), Llais Gwynedd Group (2), Gwynedd United Independents (1) and Individual Members (0).

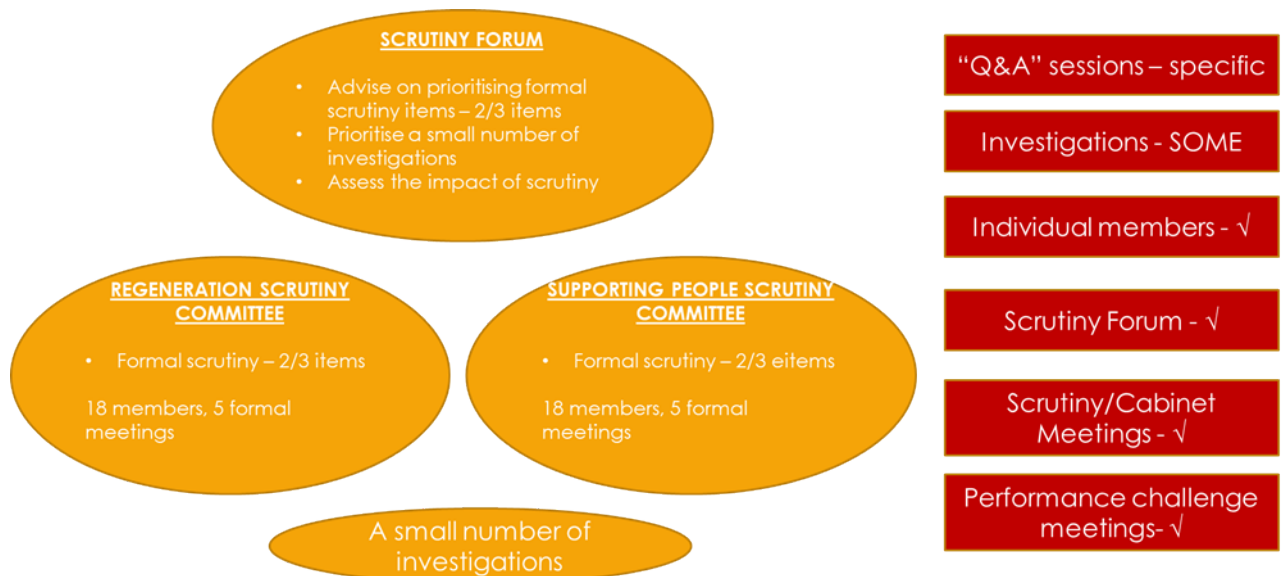
** Likewise, the Chairmanship of the Committee is designated to the Independent Group. If the political balance would continue to be the same after two years, the Chairmanship would remain with the Independent Group.

5. Formal contact with the Cabinet - In the same way as what was noted in option 1, there is room to tighten the formal contact with the Cabinet.

Ch - THE OPINION OF THE MEMBERS AT THE WORKSHOPS

<u>THE ADVANTAGES OF OPTION 2</u>	<u>THE DISADVANTAGES OF OPTION 2</u>
<ul style="list-style-type: none"> • "Question and Answer" sessions are available to all • The Cabinet Member submitting information to the Council has been good - similar to the "Question and Answer" Session • "Question and Answer" - divide into small groups so that members can have their say • Prioritising the most important issues • Enthusiastic members • An opportunity for members to commit to a specific field • Better scrutiny in small groups • Investigations - go into more detail and get a better impact and recommendations (impact seen) • Tying with performance challenge would be beneficial • More investigations 	<ul style="list-style-type: none"> • Considerable work and time pressure on members of the Principal Scrutiny Committee - doing the work of the Scrutiny Forum, members leading on the investigations and work on specific fields • The burden on the Committee Chair • The work of three Scrutiny Committees into one Scrutiny Committee • Workload - need expertise in work fields • Fewer Members participating in the scrutiny procedure • Other Members taking a step back • Difficult to get other members to be part of scrutiny investigations

OPTION 3 - TWO SCRUTINY COMMITTEES



A - INFORMATION SHARING

1. Arrangements to ensure that information is shared with **all Members** would be an integral part of the arrangements to support this option as well, but for specific SUBJECTS only.
2. HOW?

The information sharing sessions would take place for specific subjects only in this option, e.g. Growth Deal sessions, awareness of developments in the Education field, planning sessions, etc. that have been held this year.

B - ROLES

3. **SCRUTINY FORUM** - The role of the Scrutiny Forum is essential, with the Chairs and Vice-chairs taking an overview of all the Council's scrutiny work in their informal Forum, and challenging each other to ensure that the right matters are prioritised. The role of the Scrutiny Forum will be as follows:

- Advise to **PRIORITISE** scrutiny items (Majority being formal scrutiny with a small number of investigations) and challenge the basis of identifying matter to scrutinise.
- Identify the most effective scrutiny method within the resources available (formal scrutiny / investigation)
- There will also be a role for the Forum to consider and prioritise matters requiring specific attention as a result of the information sharing arrangements, by prioritising which specific subjects would receive attention.

- Assess the contributions of the individual committees and assess the **IMPACT** of the scrutiny work, and review our scrutiny arrangements on an ongoing basis.

4. The role of the Scrutiny Committees will be as follows:

- Scrutinise formal items at a meeting - there would be a maximum of 2-3 items per meeting.
- A small number of investigations will be held. The investigations will follow the same format as recommended for the Principal Scrutiny Committee, with an opportunity for all Members to participate. With an aim to ensure political representation from the various groups on every investigation
- Pre-scrutiny - No investigation is required but independent input is required when developing. A small group of members give their independent view to the Cabinet Member on the developments as they progress, and report on the recommendations of the Task and Finish Group to the Committee.
- Every committee will review the **impact** of their scrutiny work on an ongoing basis with the Chair to report that to the Scrutiny Forum.

C - PRACTICAL ARRANGEMENTS

FIELD	ARRANGEMENTS
The responsibility fields of the Committees	Regeneration Scrutiny Committee (Economy and Community Department, Environment Department, Highways and Municipal Department, Gwynedd Consultancy, Housing and Property Department, Local Development Plan, the North Wales Economic Ambition Board and Crime and Disorder).
	Supporting People Scrutiny Committee (Education Department, Adults, Health and Well-being Department, Children and Supporting Families Department, Health, GwE and the Public Services Board)
	Audit and Governance Committee (Corporate Support Department, Finance Department, Leadership Team, Legal Service and Corporate Plans, e.g. the Council Plan)
Membership	18 per committee Subject to the political balance*
	The Supporting People Scrutiny Committee would be responsible for looking at the education field specifically and so the co-opted education members would serve on this committee.

Chairmanship	Subject to the political balance**
Meetings	5 formal meetings per year
Identifying matters to be scrutinised	Keep a register on the scrutiny log
	Members of the Committee and individual Members able to identify matters - refer to the Chair
	Performance challenge meetings - Members of the committee attending with a responsibility for reporting back to the committee
	Informal meetings between the Chair/Vice-chair, the relevant Cabinet Member and the relevant Head of Department
	Scrutiny Forum Meeting/all Cabinet Members

* If the committees would be established today, without any change to the political balance or to the numbers of any other committee, then the membership of the Principal Scrutiny Committee would likely be as follows -

18 members	Plaid Cymru	Independent	Llais Gwynedd	Gwynedd United Independents	Individual Members	TOTAL
Regeneration Scrutiny Committee	10	5	2	1	0	18
Supporting People Scrutiny Committee	10	6	1	0	1	18

Similarly, the Chairmanship of the Committees would be allocated as follows - Independent Group - 1, Plaid Cymru Group - 1

5. Formal contact with the Cabinet - In the same way as what was noted in option 1, there is room to tighten the formal contact with the Cabinet.

Ch - THE OPINION OF THE MEMBERS AT THE WORKSHOPS

THE ADVANTAGES OF OPTION 3	THE DISADVANTAGES OF OPTION 3
<ul style="list-style-type: none"> • "Fudge" - middle of the road between both options - works to some extent • Share the workload between two committees • Education and care scrutiny work in one Committee • Scrutiny Forum - an overview of matters across the Scrutiny Committees 	<ul style="list-style-type: none"> • Workload - Education and Care together is too much • The Scrutiny Forum prioritising differently to the wishes of members

REPORT TO THE AUDIT AND GOVERNANCE COMMITTEE

- Committee:** Audit and Governance Scrutiny Committee
- Date:** 28 November 2019
- Title:** The Corporate Support Department, Finance Department, the Corporate Management Team and Legal's savings proposals to meet their share of the potential £2m budget gap for 2020/21.
- Purpose:** Scrutinise the proposals of the Corporate Support Department, the Finance Department, Corporate Management Team and Legal's to find the amount of savings and consider what those, or the alternative options, would mean.
- Contact Officer:** Head of Corporate Support – Geraint Owen
Head of Finance – Dafydd L Edwards
Chief Executive – Dilwyn Williams
- Cabinet Member:** Corporate Support Department – Nia Jeffreys
Finance Department – Ioan Thomas
-

1. Introduction / Background

Over the past 12 years, the grant we receive from the Welsh Government has not been sufficient to meet inflation, which has led to a financial situation where the Council has had to make significant savings.

It is not possible at this time to give assurances on the financial position of 2020/21, as it is premature to confirm the pay agreement, financial settlement, the level of grant for 2020/21, as well as a number of other factors. However, we considered how we are going to cope with the situation, and the possibility that our settlement might not be adequate.

A report on coping with the 2020/21 financial position was presented to Cabinet on 23/7/19, which stated that the Council needed to plan on the basis of a financial gap with a range of between £2m and £7m. It was decided to plan on the basis that a £2m gap (the most optimistic situation) needed to be met by asking departments to find their share to address that amount, which corresponds to the resource deficit the Council is likely to face due to inflation.

If the gap faced by the Council exceeds £2m, the intention is to use balances and/or set a higher increase on Council Tax to give us time to find a permanent solution.

2. Proportion to be found by Departments

The Council's accountants have apportioned the £2 million between departments, on the basis of a standard share of 0.78% of gross budgets, having adjusted for grants, etc. Departments were informed of their share of the sum to be found in July 2019, with the relevant amount for the Corporate Support Department being £61,340, Finance Department being £58,930 and the Corporate Management Team and Legal being £16,800.

Departments can identify part of the savings by not adding inflation in full or in part to some of the budgets that can be managed and reduced, such as travel costs, office supplies, etc. In addition, it is permissible to identify a new stream of income as a source, but it is not possible to raise the level of fees and charges to find the savings.

3. Departmental Proposals

See **Appendix 1** which contains the departmental proposals to meet the required amount, together with the implications of using the source as savings on the Department.

4. Recommendations

Ask Members to:

- Approve departmental proposals to meet their share of relevant savings

Appendices

- Appendix 1 – Corporate Support Department’s Savings Proposals List
- Finance Department’s Savings Proposals List
 - Corporate Management Team and Legal’s Savings Proposals List
-

Corporate Support Department's Proposal List

Amount £	Budget Heading and Proposals	Impact on Residents
£16,140	To not add inflation to supplies and materials' budgets within the Department.	None - when considering other proposals to cut supplies and materials budgets, not adding inflation to those budgets in 2020/21 is considered as a step which would not affect the Department's ability to fulfil its function.
£7,200	To not renew the NDL Licence.	None - currently NDL software is used to directly transfer information from the Customer Contact Service to the Planning Service's APAS system. Changes to the operational process as from the 1 st April 2020 means that investing in this licence is not required in future.
£24,000	Reduce a variety of central budgets and specifically within the Business Support and Support Services.	None - this is a combination of smaller savings within the Department, a reduction in expenditure on printing corporate documents e.g. Council Plan, Performance Report, as well as reduce expenditure on supplies and materials.
£10,000	Attract additional income from a new source.	None - provide services to a new external establishment.
£4,000	Reduction in expenditure on salaries within the Customer Contact Service.	None - this saving emanates from the increasing use of the self-service provision along with a recent managerial re-structure within the Customer Contact Service.
£61,340	Total	

Finance Department's Proposal List

Amount £	Budget Heading and Proposals	Impact on Residents
£14,000	Inflation - Various - Not to add inflation for 2020/21 on some budgets other than staff.	No impact on Gwynedd residents - the Department can continue to fulfill it's role whilst not putting inflation on some budget headings.
£14,000	Accountancy/Management - Attract additional income through new contracts.	No impact on Gwynedd residents - the income will come from providing services to a new external organisation.
£11,000	Information Technology - Attract additional income, a combination of new deals and additional activities.	No impact on Gwynedd residents - more income from an external customer for a higher level of provision.
£12,000	Non-Domestic Rates - Attract additional income from the Business Improvement District (BID) scheme's administration fee.	No impact on Gwynedd residents - this 'new' income comes from an agreement that is now dependable.
£7,930	Modernisation - Reducing many budgets by implementing new ways of working across the department.	No impact on Gwynedd residents - when using online services, less will be spent on postage, statutory notices and on specialised services.
£58,930	Total	

Corporate Management Team and Legal's Proposal List

Amount £	Budget Heading and Proposals	Impact on Residents
£5,000	Forego inflation on some headings in the Management Team; Legal; Electoral registration and Coroner Budgets.	No obvious effect. We should be able to cope with the budgets under consideration at their current levels.
£3,000	Management Team & Monitoring Officer - Reduce postage, furniture and equipment budgets.	None. As we have moved to greater use of technology we are spending much less on postage and it can be reduced substantially.
£3,390	Management Team - Reduce conference budgets.	None. In the light of the proposal to keep one Director post vacant we will have less ability to attend meetings on behalf of the Council and there will therefore be a lower associated costs.
£2,500	Legal - Lexcel fees.	None. We intend to stop obtaining the external Lexcel accreditation but internal Office Management will continue to be undertaken in accordance with the principles.
£2,910	Legal - Income.	None. Over the years, in order to meet the savings targets the Legal service has been doing external work in order to generate income. Current levels of activity suggest that we are generating more than we anticipated.
£16,800	Total	

Agenda Item 7

MEETING: AUDIT AND GOVERNANCE COMMITTEE

DATE: 28 NOVEMBER 2019

TITLE: ANNUAL AUDIT LETTER – GWYNEDD COUNCIL 2018-19

PURPOSE: To summarise the key messages arising from the statutory responsibilities of the External Auditor on their audit work in 2018/19

ACTION: To note and accept the Annual Audit Letter for 2018-19

CONTACT OFFICER: DAFYDD L EDWARDS, HEAD OF FINANCE

CABINET MEMBER: COUNCILLOR IOAN THOMAS, FINANCE CABINET MEMBER

1. The 'Annual Audit Letter - Gwynedd Council 2018-19' summarises the key messages arising from the Auditor's statutory responsibilities under the Public Audit (Wales) Act 2004 and the reporting responsibilities under the Code of Audit Practice.

Appendix:

Annual Audit Letter – Gwynedd Council 2018/19



24 Cathedral Road / 24 Heol y Gadeirlan
Cardiff / Caerdydd
CF11 9LJ

Tel / Ffôn: 029 2032 0500

Fax / Ffacs: 029 2032 0600

Textphone / Ffôn testun: 029 2032 0660

info@audit.wales / post@archwilio.cymru

www.audit.wales / www.archwilio.cymru

Dilwyn Williams
Cllr Dyfrig Siencyn
Gwynedd Council,
Shirehall Street
Caernarfon
LL55 1SH

Reference: IH/CS 18-19

Date issued: 5 November 2019

Dear Dilwyn and Dyfrig

Annual Audit Letter – Gwynedd Council 2018-19

This letter summarises the key messages arising from the Auditor General for Wales's (Auditor General's) statutory responsibilities under the Public Audit (Wales) Act 2004 and his reporting responsibilities under the Code of Audit Practice.

The Council complied with its responsibilities relating to financial reporting and use of resources

It is Gwynedd Council's (the Council's) responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a Statement of Accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires the Auditor General to:

- provide an audit opinion on the accounting statements;
- review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming that he has completed the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This Code is based on International Financial Reporting Standards.

On 13 September 2019 the Auditor General issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's financial position and transactions.

It is also worth noting that the Council lead on the preparation of the accounts of the GwE Joint Committee and also prepared Annual Returns for the Gwynedd Harbours, the Joint Planning Policy Committee (JPP) and the North Wales Economic Ambition Board (NWEAB). On 13 September 2019:

- The Auditor General issued an unqualified opinion on GwE Joint Committee's accounts confirming that they present a true and fair view of the Committee's financial position and transactions; and
- The Auditor General confirmed that the information contained in the annual returns for Gwynedd Harbours, JPP and NWEAB Joint Committees was in accordance with proper practices.

The key matters arising from these audits were reported to the relevant committees where appropriate.

From 2020-21 onwards, Committee dates will need to be brought forward to incorporate the earlier statutory deadlines whereby the draft financial statements need to be prepared and signed by the responsible finance officer (S151 officer) by 31 May 2021 and the financial statements need to be approved by the Council and published by 31 July 2021. We will continue to work closely with Council officers over the Autumn to identify and implement further improvements to the preparation and audit of the 2019-20 financial statements, with the aim of meeting the revised deadlines by 2020-21.

The Auditor General is satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources

The Auditor General's consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed under the Local Government (Wales) Measure 2009 and under the Well-being of Future Generations (Wales) Act 2015.

The Auditor General is satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources, although in August

2019 the Auditor set out in my Annual Improvement Report¹ some areas where improvements could be made.

Notwithstanding the above conclusion, the Auditor General wishes to highlight that he is currently undertaking a review of the Council's financial sustainability, on which he expects to report to the Council by December 2019. The Auditor General's report will set out any specific areas where improvements could be made.

The Auditor General issued a certificate confirming that the audit of the accounts has been completed on 13 September 2019

Having given an audit opinion on the financial statements and concluded on the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources, the Auditor General was able to certify that the audit was complete when he issued his audit opinion.

Work to date on certification of grant claims and returns is underway

A more detailed report on the Auditor General's grant certification work will follow early in 2020 once this year's programme of certification work is complete.

Financial audit fee

The financial audit fee for 2018-19 is currently expected to be in line with the agreed fee set out in the Annual Audit Plan.

Yours sincerely



Ian Howse

For and on behalf of the Auditor General for Wales

¹ <http://www.audit.wales/publication/gwynedd-council-annual-improvement-report-2018-19>

Agenda Item 8

MEETING: **AUDIT AND GOVERNANCE COMMITTEE**

DATE: **28 NOVEMBER 2019**

TITLE: **FINANCIAL STRATEGY – 2020/21 BUDGET REMIT**

PURPOSE: **PRESENT A TIMETABLE FOR FINANCIAL PLANNING**

AUTHOR: **DAFYDD L EDWARDS, HEAD OF FINANCE**

CABINET MEMBER: **COUNCILLOR IOAN THOMAS, FINANCE CABINET MEMBER**

ACTION: **FOR INFORMATION**

1. The purpose of this report is to give an outline of the budget setting procedure for the year 2020/21, in accordance with the Committee's forward work programme.
2. The Council's accountants have carried out much of the budget preparation work in terms of the 2020/21 spending requirements, by estimating the impact of pay agreements, other inflation, adjusting pension contributions and other spending commitments.
3. Several requests for additional resources have been submitted by Council services facing unavoidable pressure, and these will be addressed by the Corporate Management Team and Cabinet members over the coming months.
4. The other side of the coin is the grant resources which will be available to the Council in order to fund these commitments. I enclose in **Appendix B** the Welsh Government's statement, noting that they intend to publish their 2020/21 provisional settlement on 16 December 2019 (compared to 10 October 2018) and the final local government settlement on 25 February 2020 (compared to 19 December 2018).
5. This timetable will be challenging for local authorities, but we had already predicted a range of possible scenarios and reported on that to the Cabinet on 23 July. As a result, all Council departments are in the process of presenting savings plans worth 0.78% of their budgets for scrutiny.
6. In January, Cabinet members will consider the savings proposals and unavoidable spending commitments in the context of the provisional grant settlement, before the Finance Cabinet Member and the Head of Finance consult with all Council Members in a series of seminars.
7. The Council's budget timetable is in **Appendix A**.
8. We will be adhering to the usual annual timetable of reporting to the Audit and Governance Committee (13 February), the Cabinet (18 February), and full Council (5 March), as the Council Tax must be set by 11 March.
9. The Audit and Governance Committee is asked to consider the timetable, question the Head of Finance and the Finance Cabinet Member as necessary, to offer comments, and to note for information.

2020/21 BUDGET TIMETABLE

2019	
14 November	Care Scrutiny Committee - consider 2020/21 Savings
21 November	Education and Economy Scrutiny Committee - consider 2020/21 Savings
28 November	Audit & Governance Committee - consider 2020/21 Savings
5 December	Communities Scrutiny Committee - consider 2020/21 Savings
16 December	Draft Welsh Government Budget and Provisional local authorities' Settlement
2020	
January	Cabinet – consider the savings put forward
20 January	Budget Seminar for Members Pwllheli
21 January	Budget Seminar for Members Caernarfon (evening)
22 January	Budget Seminar for Members Dolgellau
27 January	Budget Seminar for Members Caernarfon (day)
13 February	Audit & Governance Committee - scrutinise the draft budget and consider relevant risks
18 February	Cabinet - consider the financial strategy and recommend to Council
25 February	Final Welsh Government Budget and Final Settlement for local authorities
5 March	Full Council - set the budget and tax for 2020/21 <i>(11 March 'back-up date' in case of snow on 5/3)</i>

**WRITTEN STATEMENT
BY
THE WELSH GOVERNMENT**

TITLE **Update on the timetable for the 2020-21 Welsh Government Budget**

DATE **8 November 2019**

BY **Rebecca Evans AM, Minister for Finance and Trefnydd**

On 17 September I updated Members on the implications of the UK Government's Spending Round 2019 for Wales and our plans in relation to the timing of the Welsh Government's budget for 2020-21. At that time, we remained resolute in our commitment to do everything in our power to deliver the certainty and stability that Welsh public services, businesses and communities need. It is why we announced plans to bring forward and publish the Welsh Government's budget earlier to November.

Since then, the UK general election has been called and we are now in the pre-election period. I have discussed the implications of this for the timing of the Welsh Government's budget with the Business and Finance Committees and subject to the agreement of the Business Committee we will defer publication of the Welsh Government's budget until after the UK general election.

It is, however, always our ambition to publish our plans before Christmas to support delivery partners and stakeholders with their forward financial planning. Subject to the agreement of the Business Committee next Tuesday, on an exceptional basis we will publish the Welsh Government's draft Budget 2020-21 on 16 December in recess. I will then make a statement as soon as possible in plenary on the draft Budget - on 7 January 2020 - in line with Standing Orders. Given the implications of our budget process for local government, we will publish the provisional local government settlement for 2020-21 on the same day as the draft Budget in order to enable Authorities to engage with their communities and undertake their own democratic scrutiny before setting their budgets and council tax rates by 11 March.

As a consequence, following scrutiny of our plans by the National Assembly Committees, the debate on the draft Budget will be on 4 February. We will then publish the final Budget 2020-21 and the final local government settlement for 2020-21 on 25 February, with the debates in plenary on 3 March and 4 March respectively.

I am aware that these arrangements will impact on the period for scrutiny. The Budget Protocol agreed between the Welsh Government and the National Assembly

for Wales acknowledges that providing eight weeks of scrutiny may not be possible on all occasions. The proposed timetable will allow seven weeks of scrutiny.

I would like to place on record my gratitude for the support of the Business and Finance Committees in considering these changes which are influenced by external factors beyond our control.

MEETING:	AUDIT AND GOVERNANCE COMMITTEE
DATE:	28 NOVEMBER 2019
TITLE:	TREASURY MANAGEMENT 2019/20 – MID YEAR REVIEW
PURPOSE:	CIPFA’s Code of Practice recommends that a report on the Council’s actual Treasury Management during the current financial year is produced.
RECOMMENDATION:	RECEIVE THE REPORT FOR INFORMATION
AUTHOR:	DAFYDD L EDWARDS, HEAD OF FINANCE

EXECUTIVE SUMMARY

During the six month period between 1 April and 30 September 2019, the Council’s borrowing and investments remained well within the limits originally set. There were no new defaults by banks in which the Council deposited money. Furthermore, it is estimated that the Council’s actual investment income will exceed the expected income in the 2019/20 budget.

1. INTRODUCTION

The Chartered Institute of Public Finance and Accountancy’s Treasury Management Code (CIPFA’s TM Code) requires that Authorities report on the performance of the treasury management function at least twice yearly (mid-year and at year end). This report provides a mid-year update.

The Council’s treasury management strategy for 2019/20 was approved by full Council on 8th March 2019. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council’s treasury management strategy.

The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Council’s Capital Strategy, complying with CIPFA’s requirement, was also approved by full Council also on 8th March 2019.

2. EXTERNAL CONTEXT

Economic background: UK Consumer Price Inflation (CPI) fell to 1.7% year/year in August 2019 from 2.0% in July, weaker than the consensus forecast of 1.9% and below the Bank of England's target. The most recent labour market data for the three months to July 2019 showed the unemployment rate edged back down to 3.8% while the employment rate remained at 76.1%, the joint highest since records began in 1971. Nominal annual wage growth measured by the 3-month average excluding bonuses was 3.8% and 4.0% including bonuses. Adjusting for inflation, real wages were up 1.9% excluding bonuses and 2.1% including.

The Quarterly National Accounts for Q2 GDP confirmed the UK economy contracted by 0.2% following the 0.5% gain in Q1 which was distorted by stockpiling ahead of Brexit. Only the services sector registered an increase in growth, a very modest 0.1%, with both production and construction falling and the former registering its largest drop since Q4 2012. Business investment fell by 0.4% (revised from -0.5% in the first estimate) as Brexit uncertainties impacted on business planning and decision-making.

Politics, both home and abroad, continued to be a big driver of financial markets over the last quarter. Boris Johnson won the Conservative Party leadership contest and has committed to leaving the EU on 31st January 2020 regardless of whether a deal is reached with the EU. Mr Johnson prorogued Parliament which led some MPs to put forward a bill requiring him to seek a Brexit extension if no deal is in place by 19th October. The move was successful and, having been approved by the House of Lords, was passed into law. The Supreme Court subsequently ruled Mr Johnson's suspension of Parliament unlawful.

Tensions continued between the US and China with no trade agreement in sight and both countries imposing further tariffs on each other's goods. The US Federal Reserve cut its target Federal Funds rates by 0.25% in September to a range of 1.75% - 2%, a pre-emptive move to maintain economic growth amid escalating concerns over the trade war and a weaker economic environment leading to more pronounced global slowdown. The euro area Purchasing Manager Indices (PMIs) pointed to a deepening slowdown in the Eurozone. These elevated concerns have caused key government yield curves to invert, something seen by many commentators as a predictor of a global recession. Market expectations are for further interest rate cuts from the Fed and in September the European Central Bank reduced its deposit rate to -0.5% and announced the recommencement of quantitative easing from 1st November.

The Bank of England maintained Bank Rate at 0.75% and in its August Inflation Report noted the deterioration in global activity and sentiment and confirmed that monetary policy decisions related to Brexit could be in either direction depending on whether or not a deal is ultimately reached by 31st January 2020.

Financial markets: After rallying early in 2019, financial markets have been adopting a more risk-off approach in the following period as equities saw greater volatility and bonds rallied (prices up, yields down) in a flight to quality and anticipation of more monetary stimulus from central banks. The Dow Jones, FTSE 100 and FTSE 250 are broadly back at the same levels seen in March/April.

Gilt yields remained volatile over the period on the back of ongoing economic and

political uncertainty. From a yield of 0.63% at the end of June, the 5-year benchmark gilt yield fell to 0.32% by the end of September. There were falls in the 10-year and 20-year gilts over the same period, with the former dropping from 0.83% to 0.55% and the latter falling from 1.35% to 0.88%. 1-month, 3-month and 12-month LIBID (London Interbank Bid) rates averaged 0.65%, 0.75% and 1.00% respectively over the period.

Recent activity in the bond markets and PWLB interest rates highlight that weaker economic growth remains a global risk. The US yield curve remains inverted with 10-year Treasury yields lower than US 3-month bills. History has shown that a recession hasn't been far behind a yield curve inversion. Following the sale of 10-year Bunds at -0.24% in June, yields on German government securities continue to remain negative in the secondary market with 2 and 5-year securities currently both trading around -0.77%.

Credit background: Credit Default Swap (CDS) spreads rose and then fell again during the quarter, continuing to remain low in historical terms. After rising to almost 120bps in May, the spread on non-ringfenced bank NatWest Markets plc fell back to around 80bps by the end of September, while for the ringfenced entity, National Westminster Bank plc, the spread remained around 40bps. The other main UK banks, as yet not separated into ringfenced and non-ringfenced from a CDS perspective, traded between 34 and 76bps at the end of the period.

There were minimal credit rating changes during the period. Moody's upgraded The Co-operative Bank's long-term rating to B3 and Fitch upgraded Clydesdale Bank and Virgin Money to A-.

3. LOCAL CONTEXT

On 30th September 2019, the Council had net borrowing of £56m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) was £176m, while usable reserves and working capital are the underlying resources available for investment. The Council had £106.7m of borrowing and £36.0m of investments.

These factors are summarised in the table below.

Balance Sheet Summary

	31.3.19 Actual £m	Movement £m	30.9.19 Actual £m
General Fund CFR	178	(2)	176
Less: *Other debt liabilities	(3)	0	(3)
Borrowing CFR	175	(2)	173
External borrowing	(118)	0	(118)
Internal borrowing	57	(2)	55
Less: Usable reserves	(74)	12	(62)
Less: Working capital	(27)	(22)	(49)
Net borrowing	(44)	(12)	(56)

* finance leases, PFI liabilities

The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low.

The treasury management position at 30th September 2019 and the change during the period is shown in the table below.

Treasury Management Summary

	31.3.19 Balance £m	6 month Movement £m	30.9.19 Balance £m	30.9.19 Rate %
Long-term borrowing	106.4	(1.7)	104.7	5.6
Short-term borrowing	0	2.0	2.0	0.7
Total borrowing	106.4	0.3	106.7	5.6
Long-term investments	10.0	0	10.0	5.7
Short-term investments	10.0	9.0	19.0	0.9
Cash and cash equivalents	14.6	(7.6)	7.0	0.8
Total investments	34.6	1.4	36.0	1.7

4. BORROWING STRATEGY

At 30th September 2019 the Council held £104.7m of loans as part of its strategy for funding previous years' capital programmes and £2.0m of loans for cash flow purposes. Outstanding loans on 30th September are summarised in the table below.

Borrowing Position

	31.3.19 Balance £m	6 months Movement £m	30.9.19 Balance £m	30.9.19 Rate %
Public Works Loan Board	90.2	(1.7)	88.5	5.9
Bank (long term)	16.2	0	16.2	4.2
Local Authority	0	2.0	2.0	0.7
Total borrowing	106.4	0.3	106.7	5.6

The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.

With short term interest rates remaining much lower than long term rates, the Council considered it to be more cost effective in the near term to use internal resources and borrow short term loans instead. This strategy enabled the Council to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.

PWLB Certainty Rate and Project Rate Update

On the 9th October 2019 the standard PWLB interest rate rose by 1%, the Council does not foresee any PWLB borrowing requirement at present.

The Council qualified for borrowing at the 'Certainty Rate' (0.20% below the PWLB standard rate) for a 12 month period from 1 November 2018. In October 2019 the Council submitted its application to the Treasury to access this reduced rate for a further 12 month period from 1 November 2019.

Debt Rescheduling

The premium charge for early repayment of PWLB debt remained relatively expensive for the loans in the Council's portfolio and therefore unattractive for debt rescheduling activity. No rescheduling activity was undertaken as a consequence.

Changes in the debt portfolio over the period have achieved a reduction in the level of borrowing as well as a reduction in credit risk by repaying loans from investment balances.

5. INVESTMENT ACTIVITY

The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During the 6 months, the Council's investment balance ranged between £71.2 and £33.0 million due to timing differences

between income and expenditure. The investment position during the period is shown in the table below.

Treasury Investment Position

	31.3.19	6 month	30.9.19	30.9.19
	Balance	Movement	Balance	Income
	£m	£m	£m	Returns
				%
Banks & building societies (unsecured)	15.2	(4.9)	10.3	0.9
Local authorities	0.0	9.0	9.0	0.9
Money Market Funds	9.4	(2.7)	6.7	0.8
Pooled Funds (initial investment)	10.0	0.0	10.0	5.7
Total investments	34.6	1.4	36.0	1.7

Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Interest of £ 287k was received in the period 1st April to 30th September 2019.

Security of capital has remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2019/20.

£10m of the Authority's investments are held in externally managed strategic pooled property and equity funds where short-term security and liquidity are lesser consideration, and the objectives instead are regular revenue income and long-term price stability. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued stability in meeting the Authority's investment objective are regularly reviewed.

The performance of our pooled property and equity funds at 30 September 2019 can be seen below:

FUND NAME	ASSET CLASS	No of Units Held in Period	Current Value £	Capital Growth £	Dividends Earned £	Holding Period (yrs)	Capital Return	Income Return	Total Return	Volatility	
CCLA - LAMIT PROPERTY FUND	PROPERTY	1,524,344	4,559,770	-440,231	111,699	0.6	-8.80%	2.23%	-6.57%	7.5%	
INVESTEC DIVERSIFIED INCOME FUND	MULTI ASSET	1,209,599	1,224,814	-25,186	38,652	0.6	-2.01%	3.09%	1.08%	2.2%	
KAMES DIVERSIFIED MONTHLY INCOME FUND	MULTI ASSET	1,158,480	1,281,164	31,164	44,299	0.6	2.49%	3.54%	6.04%	3.9%	
SCHRODER INCOME MAXIMISER FUND	EQUITY - UK	4,783,773	2,261,290	-238,710	165,007	0.6	-9.55%	6.60%	-2.95%	9.5%	
GRAND TOTAL			9,327,038	-672,963	359,657	0.6	-6.73%	3.60%	-3.13%	4.9%	
Capital gains and losses under one year are not annualised							Annualised Returns:	-6.73%	6.10%	-0.63%	

It is evident that the combined capital value of £9.3m is less than the initial investment at 30 September 2019 of £10m. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters, and even years; but with the confidence that over a three to five year period total returns will exceed cash interest rates. Investment in these funds will be maintained in the medium term.

Investment Benchmarking

The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in the table below.

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
31.03.2019	3.96	AA-	43%	48	0.55
30.06.2019	3.85	AA-	42%	52	0.69
30.09.2019	4.97	A+	58%	43	0.86
Similar LAs	4.22	AA-	52%	96	0.78
All LAs	4.19	AA-	62%	28	0.83

Treasury Management Performance

The Council measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates.

The average cash balances were £58.4m during the six months and the UK Bank base Rate has been set at 0.75% since July 2018.

The Council's budgeted investment income for the year is £0.18m, however the actual expected investment income for the year 2019/20 is estimated at £0.4m. This is based on an investment return of 1.7% for the whole year. There has been a significant increase due to the Council now investing in pooled property funds, which was not forecasted in the budget.

I can confirm that all treasury management activities undertaken during the period complied fully with CIPFA Code of Practice and the Council's approved Treasury Management Strategy.

Debt Limits

	Maximum during period	30.9.19 Actual	2019/20 Operational Boundary	2019/20 Authorised Limit	Complied
Borrowing	£106.7m	£106.7m	£180m	£190m	✓
PFI & finance leases	£4.0m	£4.0m	£0	£0	✓
Total debt	£110.7m	£110.7m	£180m	£190m	✓

Investment Limits

	Maximum during period	30.9.19 Actual	2019/20 Limit	Complied
Any single organisation, except the UK Government	£6m	£5m	£8m each	✓
Any group of organisations under the same ownership	£0	£0	£8m per group	✓
Any group of pooled funds under the same management	£11m	£5m	£20m per manager	✓
Negotiable instruments held in a broker's nominee account	£0	£0	£40m per broker	✓
Limit per non-UK country	£3m	£2m	£8m per country	✓
Registered providers	£0	£0	£20m in total	✓
Unsecured investments with building societies	£4m	£4m	£8m in total	✓
Loans to unrated corporates	£0	£0	£8m in total	✓
Money Market Funds	£31.5m	£6.7m	£40m in total	✓
Real Estate Investment Trusts	£0	£0	£20m in total	✓

Treasury Management Indicators

The Council measures and manages its exposures to treasury management risks using the following indicators.

Security: The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating or credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment.

	Target	Actual	Complied
Portfolio average credit score	6.0	4.97	✓

Liquidity: The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments.

	30.9.19 Actual	2019/20 Target	Complied
Total cash available within 3 months	£22.0m	£10m	✓

Interest Rate Exposures: This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one year revenue impact of a 1% rise or fall in interest was:

Interest rate risk indicator	2019/20 Limit	2019/20 Target	Complied
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£761,000	£547,000	✓
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£0	£0	✓

Maturity Structure of Borrowing: This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Upper	Lower	Actual
Under 12 months	25%	0%	0%
12 months and within 24 months	25%	0%	0.3%
24 months and within 5 years	50%	0%	4.9%
5 years and within 10 years	75%	0%	16.3%
10 years and within 20 years	100%	0%	25.5%
20 years and within 30 years	100%	0%	12.7%
30 years and within 40 years	100%	0%	16.6%
40 years and within 50 years	100%	0%	8.7%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal Sums Invested for Periods Longer than 364 days: The purpose of this indicator is to control the Council’s exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

	2019/20	2020/21	2021/22
Actual principal invested beyond year end	£2.2m	£0	£0
Limit on principal invested beyond year end	£20m	£20m	£20m
Complied	✓	✓	✓

7. INVESTMENT TRAINING

During the period, officers have attended investment training with Arlingclose and CIPFA relevant to their roles.

8. OUTLOOK FOR THE REMAINDER OF 2019/20 AND BEYOND

Remainder of 2019/20

The global economy is entering a period of slower growth in response to political issues, primarily the trade policy stance of the US. The UK economy has displayed a marked slowdown in growth due to both Brexit uncertainty and the downturn in global activity. In response, global and UK interest rate expectations have eased dramatically.

There appears no near-term resolution to the trade dispute between China and the US, a dispute that the US appears comfortable exacerbating further. With the 2020 presidential election a year away, Donald Trump is unlikely to change his stance.

Central bank actions and geopolitical risks will continue to produce significant volatility in financial markets, including bond markets.

Our treasury advisor Arlingclose expects Bank Rate to remain at 0.75% for the foreseeable future but there remain substantial risks to this forecast, dependant on Brexit outcomes and the evolution of the global economy. Arlingclose also expects gilt yields to remain at low levels for the foreseeable future and judge the risks to be weighted to the downside and that volatility will continue to offer longer-term borrowing opportunities.

	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22
Official Bank Rate													
Upside risk	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arlingclose Central Cas	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Downside risk	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75

Readiness for Brexit

The next scheduled leave date for the UK to leave the EU is now 31st January 2020 and there remains little political clarity as to whether a deal will be agreed by this date and there is the possibility that the exit date is pushed back yet again. As 31st January approaches the Authority will ensure there are enough accounts open at UK-domiciled banks and Money Market Funds to hold sufficient liquidity required in the near term and that its account with the Debt Management Account Deposit Facility (DMADF) remains available for use in an emergency.

Proposed changes

The Welsh Government is consulting on proposed changes to its Statutory Guidance on Local Government Investments to be effective from the 2020/21 financial year. This involves a complete re-write along the lines of the guidance issued last year by the Ministry of Housing, Communities and Local Government (MHCLG) for local authorities in England.

The definition of investments is widened to include “all of the financial and non-financial assets a local authority has invested money into primarily or partially for the purpose of generating a surplus including investment property” providing it has been made using the power to invest contained in the Local Government Act 2003. In addition, loans to wholly-owned companies or associates, to a joint venture, or to a third party count as investments, irrespective of the purpose or legal power used.

Agenda Item 10

MEETING	AUDIT AND GOVERNANCE COMMITTEE
DATE	28 November 2019
TITLE	Recommendations and Proposals for Improvement from External Audit Reports
PURPOSE	Ensure that the Audit Committee satisfies itself that the actions created in response to recommendations in external audit reports are realised.
AWDUR	Geraint Owen, Head of Corporate Support

1 Decisions sought/purpose of the report

1.1 Two decisions are sought:

1.2 Decision 1

The Committee will need to satisfy itself that there are appropriate arrangements in place in order to ensure that recommendations for improvements arising from external audit reports are realised. The Committee will need to agree or disagree with the 'conclusion' for each report.

1.3 Decision 2

That the Committee agrees on the Council's future processes for assessing recommendations for improvement arising from external audit reports.

2 Introduction

2.1 The Audit and Governance Committee has a responsibility to consider external audit reports (national, and those local to Gwynedd), the recommendations contained in them, and the implications of these for governance, risk control or management.

2.2 The role of the Audit and Governance Committee in this matter is to satisfy itself that there are arrangements and processes in place for ensuring that these improvement proposals are considered and implemented, and the Committee should not re-conduct an investigation into matters that are within the remit of one of the other scrutiny committees. However, if the Committee is of the view that the arrangements - including the operation of one of the Scrutiny Committees - are inadequate, it may call in any matter for further consideration, either to the full committee or to the Controls Improvement Working Group.

3 Relevant Considerations

3.1 Before considering the background to the two decisions, here is an update on actions following the decisions of this Committee on 28 June 2018 -

3.2 Decisions:

(i) to accept the report, subject to noting that improvement proposal 6 under the 'Local authorities' arrangements for charging for services and generating income' report "has been completed";

- (ii) to ask the Care Scrutiny Committee to consider scrutinising the matters highlighted by CSSIW's 2013/14 and 2014/15 reports, the report on 'Helping People to Live Independently: Are Councils Doing Enough?', together with the report titled 'National Inspection of care and support for people with learning disabilities' (A joint-review by CSSIW and the Health Care Inspectorate), and the work undertaken to respond to the improvement proposals;
- (iii) to ask the Communities Scrutiny Committee to consider scrutinising the matters highlighted in the report 'Delivering with Less - the impact on environmental health services and citizens', and the work undertaken to respond to the improvement proposals;
- (iv) to receive confirmation of which committee should give consideration to the report titled 'Asset Management [Land and Buildings]';
- (v) that the Committee receives a report regarding the 'Community Safety in Wales' report, if the matter was in the Committee's terms of reference;
- (vi) to receive an explanation as to why three proposals for improvement under the 'People Strategy' report had not been completed;
- (vii) to ask the Scrutiny Forum to consider the situation regarding pre-scrutiny of business cases for changes to services.

Actions:

- 3.3 Point (i) - implemented.
- Points (ii) and (iii) – The Care and Communities Scrutiny Committees, when forming their work programmes, have considered the request and have decided that scrutinising the progress is not a matter of priority.
- Points (iv), and (vi) – these reports are within the Audit and Governance Committee's remit, and progress reports against the recommendations for improvement are included in Appendix 1.
- Point (v) – The Communities Scrutiny Committee has been declared a Crime Scrutiny Committee. A progress report will be submitted to the meeting on 5 December on 'Annual Report by the Community Safety Partnership (Gwynedd and Môn).
- Point (vii) – the Scrutiny Forum concurs with this principle. There have been examples where business cases have been reviewed and scrutinised since introducing the new arrangements in May 2017, but it's fair to say that is hasn't happened on every occasion. Further comments on the current scrutiny review can be seen in Appendix 1.

Decision 1

3.4

Appendix 1

Appendix 1 presents a list of the inspections undertaken by external auditors between 2014/15 and 2019/20, together with their recommendations for improvement, and the progress made by the Council against those recommendations. We then offer a conclusion, namely whether the work has 'not started', is 'being planned' is 'in progress' or is 'completed'.

Part 1 lists in chronological order the inspections that focus on Gwynedd Council work only (local reports), while the general or national reports that relate to local government are listed chronologically in Part 2.

For the reports received before June 2018, only the improvement recommendations that remain outstanding are noted in Appendix 1. Sometimes, more recommendations may have originally been raised from these reports, but this committee has already judged that it is satisfied that there are adequate arrangements in place and that they have been completed.

The reports that have not appeared before the Audit and Governance Committee previously have also been included in Parts 1 and 2, namely every report since June 2018. All the recommendations for improvement for these reports are listed in their entirety, together with any progress already made.

Decision 2

3.5

As noted above, the role of the Audit and Governance Committee in this matter is to satisfy itself that there are *arrangements and processes* in place to ensure that these proposals for improvement are considered and implemented. It seems that the focus in the past has been on scrutinising the *nature* of the progress against the recommendations, although that progress might possibly already be under consideration and scrutiny elsewhere.

3.6

To avoid duplicating information, we therefore propose that we refine our internal processes of reviewing recommendations made by external auditors, and ensure that the progress made on implementing the recommendations continues to be shared publicly.

The considerations below have already been approved by the Scrutiny Forum and the Governance Group.

The Pathway for External Auditors' Reports

3.7

The Cabinet Member and the Chief Executive/Director/Head of Department consider recommendations for improvement that are noted in external auditors' final reports – agree whether any matters need to be escalated to the corporate risk register, and agree on action plans for responding to the recommendations.



Performance Challenging Reports by Cabinet Members: (public reports to the meetings of the Cabinet 3 times a year) – in preparing these reports, matters that are on the risk register will be addressed; every new report by external auditors and the plan for responding to them will be addressed; and a progress report on action plans that have already been agreed will also be addressed. Since members of the Scrutiny Committee also observe these preparatory meetings, they will have the opportunity to refer any external auditor report, and the action plan, to the attention of one of the Scrutiny Committees.



Audit and Governance Committee – the Committee will continue to receive a report every 6 months on the progress made against external auditor recommendations that are on the corporate risk register; information about any new reports by external auditors and what arrangements are in place to respond to them; a brief report outlining the arrangements that are in place to respond to uncompleted recommendations.

- 3.8 Some external auditors conduct annual reviews of the Council’s performance – eg. Care Inspectorate Wales conduct an annual review of social services in local government, and then publish a report with any improvement proposals. If there are any outstanding matters which haven’t been “concluded” within the year then those should then be highlighted again in the following year’s performance report.

So that this Committee doesn’t receive repetitive information, we therefore recommend that only the most recent such annual report from auditors is assessed

4 Reasons for Recommending the Decision

- 4.1 The Audit and Governance Committee needs to ensure correct governance within the Council by having overview of how we will respond to improvement proposals made in external audit reports.

5 Next steps and timetable

- 5.1 Responding to most of the improvement proposals is continuous work. Should the committee agree with the conclusions on the progress made against the proposals for improvement, then those that have been "completed" will not be addressed by this Committee again. Those "in progress" will be returned to this Committee to be considered again in 6 months' time.

6 List of Appendices/Literature

Appendix 1 – Proposals for Improvement made in External Auditors' Reports 2014-19

Improvement Proposals in External Audit Reports 2013-2019**Part 1 – Local or regional reports on the performance of Gwynedd Council**

1. **Annual Performance Appraisal of the Care and Social Services Inspectorate for Wales (CSSIW) 2013/14** - Local report to Gwynedd published October 2014

Improvement Proposals arising from the report -

1. The Council has reduced the number of looked after children from 203 in 2012/13 to 185 in 2013/14. It has secured substantial improvement in its performance in terms of the timeliness of conducting reviews of LAC care plans, with 94.3% being carried out within statutory time-scales, compared with 75.4% in 2012/13. However, this remains below the average percentage in Wales (95.9%).

Progress against improvement proposals**Children in care / statutory reviews**

31/3/14 185

31/3/15 194

31/3/16 207

31/3/17 218

31/3/18 227

31/3/19 253

30/9/19 265

There has been a 43% increase in the number of children in care since 31/3/2014

	Number of reviews during the year Conducted / Total	Performance
2013/14	515 / 546	94%
2014/15	510 / 544	94%
2015/16	544 / 599	91%
2016/17	613 / 674	91%
2017/18	588 / 662	89%
2018/19	595 / 700	85%
2019/20 (6 months)	329 / 379	87%

The above data shows a significant increase over a 6 year period in the number of children in the care of Gwynedd Council. This is in-line with the national pattern and reflects the increase in the need for the Service, and the change in the nature of the cases which come to the service's attention. The needs are more intense, and several complex matters have become apparent in the profile of looked after children, for example sexual exploitation, inappropriate sexual behaviour, self-harm, mental health etc. Each child and young person's care plan needs to be reviewed in accordance with statutory guidelines by an independent review officer.

As seen in the table above, there has been a significant increase in the number of review meetings over the years. Performance improved during the earlier years and then dropped during the periods where we see an increase in the number of children coming into care. The service's capacity, in terms of officers, has remained static since 2014 and therefore the performance has dropped because of an inability to reach all the recommendations within the statutory timetable.

The Service regularly challenges its performance in this area via the internal performance processes, and this information is included in the Cabinet Members' Performance Report. The department also keeps detailed records of the reasons why reviews are held outside the statutory timetable. The Service has also submitted a bid for additional resources for some years, including this year.

Conclusion

Based on what is noted above, the Audit and Governance Committee is asked to agree that the improvement proposal above be noted as "completed".

2. **Annual Performance Appraisal of the Care and Social Services Inspectorate for Wales (CSSIW) 2014/15** - Local report to Gwynedd published October 2015

Improvement Proposals arising from the report -

1. The Council has started to develop a mental health commissioning strategy, and mental health services will be a field where CSSIW will take follow-up steps in 2015-2016.
2. Assistance for Carers -

The Council assessed or reviewed the needs of 241 adult carers in 2014-2015, which is less than 298 carers assessed in the previous year. This is a cause for concern as the number of those caring for adults and who receive an assessment of their own needs has increased over the past four years in Wales, despite the fact that the number has been falling continuously in Gwynedd. The

number of adult carers assessed or re-assessed in their own right during the year in which a service was provided for them was 132.

3. Timeliness of child protection conferences -

The Council's performance in holding initial child protection conferences has improved slightly, but it is lower than the Wales average (85% compared with 93%). Also, a drop was seen in the Council's performance in holding statutory reviews and child protection review conferences. The loss of the child protection coordinator and staff sickness contributed to the drop in performance in these fields. The timeliness of child protection conferences is a field that still requires improvement. Also, the Council needs to maintain and improve the timeliness of LAC reviews, which are currently managed by the safeguarding and quality unit.

4. Timeliness of looked after children reviews -

The Council's performance in holding initial child protection conferences has improved slightly, but it is lower than the Wales average (85% compared with 93%). Also, a drop was seen in the Council's performance in holding statutory reviews and child protection review conferences. The loss of the child protection coordinator and staff sickness contributed to the drop in performance in these fields. The timeliness of child protection conferences is a field that still requires improvement. Also, the Council needs to maintain and improve the timeliness of LAC reviews, which are currently managed by the safeguarding and quality unit.

5. Timeliness of health assessments for looked after children -

The Council only made small improvements in the percentage of looked after children receiving health assessments during the year, and this remains substantially lower than the Wales average (51% compared with 81%).

Progress against improvement proposals

1 & 2 – Since the provision in the fields of mental health and carers are matters which arise in subsequent reports, and because they also feature in the department's performance monitoring meetings, we are confident that the department has sufficient procedures in place to support this improvement proposal.

3&4 –

	Number of initial child protection conferences Conducted / Total	Performance
2013/14	120 / 145	83%

2014/15	134 / 157	85%
2015/16	163 / 188	87%
2016/17	129 / 147	88%
2017/18	122 / 149	82%
2018/19	110 / 143	77%
2019/20 (6 months)	92 / 99	93%

	Number of child protection review conferences Conducted / Total	Performance
2013/14	248 / 256	97%
2014/15	267 / 279	96%
2015/16	241 / 282	85.5%
2016/17	239 / 261	92%
2017/18	253 / 281	90%
2018/19	251 / 268	94%
2019/20 (6 months)	91 / 115	79%

The Council's performance in conducting initial child protection conferences has gradually improved over a period of years, apart from 2018/19 when illness led to our ability to maintain continuity in performance. This measure is regularly challenged and the departments keeps detailed records of why conferences are held outside the statutory timeline.

The Council's performance in conducting child protection review conferences has improved gradually over a number of years. This measure is also regularly challenged and the department is conscious of the reasons for being outside the timelines.

5

	Number of health assessments	Performance
2013/14	125 / 272	46%
2014/15	130 / 257	51%
2015/16	171 / 284	60%
2016/17	198 / 291	68%
2017/18	196 / 302	65%
2018/19	186 / 312	60%
2019/20 (6 months)	86 / 161	53%

The performance of this measure has improved over the period since the Council has been working closely with the Health Board. There is still room for improvement

but performance for the first 6 months of this year bodes well for the future. There has been a significant increase in the number of looked after children, and therefore in the number needing health assessments.

Conclusion

Based on what is noted above, the Audit and Governance Committee is asked to agree that the improvement proposal above be noted as "completed".

3. **National review of care and assistance for people with learning disabilities (Joint-review carried out by the Care and Social Services Inspectorate Wales and the Health Care Inspectorate)** - Local report for Gwynedd published June 2016

Improvement Proposals arising from the report -

1. Strategic planning with health colleagues is needed in order to develop long-term aspirations and plans. A joint commissioning strategy should be developed between health and social services based on an analysis of needs.
2. The local authority should continue to develop and improve its communication with service providers, and include them in the work of drawing up a statement of the market's position and in discussions about a joint commissioning strategy with the health sector.
3. The local authority should review the way it safeguards people's rights where they are deprived of their liberty (DoLS) to ensure that human rights are supported and properly protected.

Progress against improvement proposals

Work to monitor the progress against the above improvement proposals is conducted via the performance monitoring meetings of the department, and by the Care Scrutiny Committee. This is continuous work, therefore from a governance viewpoint we believe that this receives sufficient scrutiny.

Conclusion

Based on what is noted above, the Audit and Governance Committee is asked to agree that the improvement proposal above be noted as "completed".

4. **Asset management [Land and Buildings]** - Local report to Gwynedd published October 2016

Improvement Proposals arising from the report –

1. The Council should lead the way by reopening discussions with local and regional partners regarding the development of a systematic way of joint asset planning, including opportunities to: agree on joint performance management systems, and use them; establish a joint property services provision body; establish a joint asset retention bodies.

Progress against improvement proposals

Welsh Government lead on the regional partnership arrangements through the National Assets Working Group.

The Housing and Property Department is a member of the North Wales Regional Group which meet regularly to share and learn good practice from across Wales, but more importantly to develop working partnerships with workers from other public bodies and to identify opportunities to work together.

Conclusion

Based on what is noted above, the Audit and Governance Committee is asked to agree that the improvement proposal above be noted as "completed".

5. **People Strategy** - Local report to Gwynedd published November 2016

Improvement Proposals arising from the report –

1. Update all people management policies and the guidance for managers to reflect the new People Strategy.
2. Put a comprehensive corporate workforce plan in place.
3. Introduce the new evaluation process to all staff.

Progress against improvement proposals

1. A Working Conditions Project Group has been set up under the Human Resources Manager with the emphasis on ensuring that those working conditions align with the culture and working practices that we identify as 'Ffordd Gwynedd' (please refer to the Ffordd Gwynedd Plan 2019-22).
2. The Workforce Planning Project Group has been set up under the Human Resources Manager. The policy and implementation guidelines have been reviewed and strengthened, with a briefing note to managers. Further, new innovative plans to attract the talent and skills needed by the Council have been introduced – e.g. Apprentices, manager of the future, specialists of the future.

3. The Council has adopted a process of continuous evaluation, rather than an annual evaluation. The consultation upon, and publication of a new job description, and the generic expectation of every manager, is a focus of this new evaluation process.

Conclusion

Based on what is noted above, the Audit and Governance Committee is asked to agree that the improvement proposal above be noted as "completed".

6. **Risk Management - An assessment that is based on the risk of the Council's corporate arrangements** - Local report to Gwynedd published January 2017

Improvement Proposals arising from the report –

1. The Council's risk management arrangements would benefit from: developing a tracking or summary of risks document as part of its Corporate Risk Register; delivering greater consistency when determining and managing risks in papers and reports submitted to the Members; giving greater attention to the concept of 'willingness to face risk' in its work of managing risk; submit a Risk Strategy and Operations Handbook to comply with the Council's amended arrangements; train the officers and the Member about risk management as part of the wider initiative to raise awareness.

Progress against improvement proposals

A further report was submitted to the Audit and Governance Committee on 19 July 2018 outlining the Council's vision for our risk management procedures, and also outlines, point by point, the work underway in order to respond to matters arising in the auditor's letter.

During the period since introducing the report, the Assistant Head of Finance (Revenue and Risk) and the Risk Co-ordinator and Insurance Manager have held talks with each department's management team in order to give guidance to update their risk register. In addition, the Chief Executive has raised the matter in the Management Group.

As a result, the departments have shared information with the Risk and Insurance Service in order for it to populate the Register in its new format on our IT system (iGwynedd). We await information from some departments, but the work will be completed shortly.

Conclusion

Developing the risk management procedures is continuous work, and we believe that what has been accomplished thus far leads us to note that the above recommendations are “completed”.

7. **Good governance when determining significant service changes** - Local report to Gwynedd published March 2017

Improvement Proposals arising from the report –

1. Provide an opportunity for the scrutiny committees to review and challenge business cases in changes to services in a timely manner before the Cabinet makes a final decision.

Progress against improvement proposals

There have been examples where business cases have been reviewed and challenged since the new arrangements were introduced in May 2017 but it would be fair to add that this was not always the case.

The review of the scrutiny structure arrangements has recently been undertaken with the Audit and governance Committee being asked to provide recommendations on the way forward to a meeting of the Council on December 19th 2019.

Conclusion

Based on what is noted above, the Audit and Governance Committee is asked to agree that the improvement proposal be noted as being "in progress".

8. **Savings Schemes** - Local report to Gwynedd published March 2017

Improvement Proposals arising from the report –

1. Strengthen the financial planning arrangements by ensuring that delivery timetables in business cases are robust
2. Strengthen the financial planning arrangements by establishing a more corporate method of determining income opportunities

Progress against improvement proposals

In recent years the council's departments have been responsible for proposing the savings plans for their service area, with the savings going through detailed challenge and scrutiny actions. By following this regime, by the end of 2018/19 96% of savings plans, over £25 million of the savings since 2015/16 were realised.

The realisation of the individual plans is the responsibility of relevant Cabinet Members, and members' performance reports, which are presented regularly to Cabinet meetings, detail the progress of individual savings plans within their portfolios, as the situation is at the time. The Cabinet Member for Finance has responsibility for keeping an overview of the whole picture and regularly reports to Cabinet meetings on progress.

In terms of financial planning arrangements to establish a more corporate approach to determining income opportunities, Cabinet members have already selected income headings for strategic consideration and further work is being undertaken to look at the detail.

Conclusion

Based on what is noted above, the Audit and Governance Committee is asked to agree that the two improvement proposals be noted as being "in progress".

9. Gwynedd Council – Overview and Scrutiny – Fit for the Future? - Local report to Gwynedd published September 2018

Improvement Proposals arising from the report –

1. Further develop scrutiny forward work programming to:
 - provide a clear rationale for topic selection;
 - being more outcome focussed and explaining this to the public; and
 - ensure that the method of scrutiny is best suited to the topic area and the outcome desired, and consider more innovative methods for undertaking scrutiny activity.
2. Review the type of scrutiny support required to enable the scrutiny function to respond to current and future challenges.
3. Clarify the role of scrutiny committee members and officers in the service performance review meetings, ensuring that committee members challenge service performance appropriately and hold officers to account.

Progress against improvement proposals

The review of scrutiny arrangements is ongoing. Three options have been drawn up by a working group of members and officers working collaboratively to try to ensure the most effective scrutiny arrangements for Gwynedd. The considerations

set out below, together with a number of other considerations, have informed the formulation of the options.

Workshops were held for all members to discuss the strengths and weaknesses of the various options and to comment further in order to sharpen the options and improve our arrangements. The work of the Working Group and the Scrutiny Forum will be reported to their Audit and Governance Committee on 28th November, and then to the full Council for a decision.

Conclusion

Based on what is noted above, the Audit and Governance Committee is asked to agree that the two improvement proposals be noted as being "in progress".

10. The Service User Perspective – the Library Service – Gwynedd Council - Local report to Gwynedd published November 2018

Improvement Proposals arising from the report –

1. Ensure there are effective arrangements to share information between library-based staff and centrally located library service management.

Progress –

Improving communication within the service has been identified by us as a staff team as a process that needs to be addressed as part of our implementation of the Ford Gwynedd way of working. Service and performance messages are now communicated to all individual staff. We have brought together staff groups this year in order to draw staff into decision making processes, and a programme of specific training has been undertaken during the year with all staff, as well as task groups, supported by the Learning and Development Service, and this is in addition to our in-house provision. The purpose of this programme is to empower staff, together with increasing the level of knowledge and skills.

The iGwynedd file sharing system is very helpful in facilitating the process. Team leader staff are encouraged to visit libraries on a weekly basis to encourage effective two-way communication. The Libraries Manager meets regularly with members of the library team individually, and also meets on a quarterly basis.

2. Communicate the outcomes of future consultations so that service users understand the issues raised and what the Council has done in response.

Progress

We will consider and act on this recommendation with any major and significant consultation that we will undertake in the future that could have a fundamental impact on the service, and ensure better and more robust collaboration with the communications Unit to ensure that Service users receive follow-up information as a result of any changes made.

3. Improve the level of support provided to users of the mobile library service. In particular:
 - (a) where possible provide ICT equipment and internet access in mobile libraries to meet the needs of library service users; and
 - (b) explore how the service might be used to enable rural residents to access other Council services.

Progress

- (a) We have provided a tablet with 3G connectivity at Arfon, Dwyfor and Meirionnydd mobile libraries. This will enable Internet connectivity, but we cannot guarantee consistent and regular contact in all geographical areas because of the current broadband access restrictions in Gwynedd.
- (b) The 3G link will enable access to the Gwynedd Council website which will enable our staff to signpost people to the right information or resources. We are currently in the process of reviewing our mobile library service in order to better identify those users who are frail and eligible under the Home Service category. The Home library service is a regular link with the most vulnerable residents in our society, and our drivers can be an important link between other council services in terms of connection or onward referral. We are in the process this year to organise a more focused training programme for the Home library service drivers to equip them to respond to support opportunities or signpost information.

We also, following discussion between the Information, Advice and Support service, offer home visits from Librarians for digital sessions, to facilitate digital engagement and inclusion, improve well-being and access to services and information from home.

Conclusion

Based on what is noted above, the Audit and Governance Committee is asked to agree that the two improvement proposals be noted as being "in progress".

11. **HR Information System – Gwynedd Council** - Local report to Gwynedd published November 2018

Improvement Proposals arising from the report –

Review and strengthen project management arrangements:

- (i) Create a formal Project Initiation Document, based on the Project Board Terms of Reference, containing reference to all key project activities and documentation.
Progress - A formal project set up document has been created which is based on formal project methodology and refers to all key project activities and documents. The Assistant Head of Corporate Support is leading the project with the help of a Project Manager and members of the Project Group.
 - (ii) Clarify the project timeline to avoid the risk of 'always developing – never getting there'.
Progress - Setting a definite timetable for the project is not possible. This is due to the evolving nature of the work and the need to continually develop and update. However, regular progress meetings are held with an ongoing challenge to deliver in the most effective way possible.
 - (iii) Review the layout of the project risk matrix to reduce the potential to mark all risks as medium.
Progress - The risk matrix used initially reflects the Council's risk scoring matrix.
 - (iv) Establish a formal Communications Strategy or Plan and publish regular highlight reports. Involve the Council's Communications Team in identifying a suitable name or brand identity for SGG and the HR systems suite.
Progress - Each module within the Project Plan has its own communications plan that is consistent with the 'Self Service' brand.
 - (v) Establish a formal benefit realisation programme so the aims of the development project can be properly evaluated
 - (vi) Progress - Measuring the impact of these developments is overseen by the Project Group. Currently, the information collected is largely based on management data.
2. Review technology options within the project
- (i) Improve access to enable more staff (for example those remotely based) to engage with the system.
Progress - The percentage of staff who have access to self-service has increased from 44% in May 2019 to 68% by the end of October

this year. The technology for universal access is in place, which means that the focus is now on reaching those staff who need further instructions to ensure access. That work is already happening.

- (ii) Network with other councils to gather and share practice examples. Progress - Networking and discussing developments with other organisations is ongoing. Examples include the North Wales Human Resource Officers Group and the National Group of Heads of Human Resources.

- (iii) Consider a cloud implementation. Progress - As part of ongoing work by the Information Technology Service to improve provision for Gwynedd residents, an independent review of Gwynedd Council's arrangements and reliance on its data centres was commissioned. The main scope of the report was to receive guidance on proposed changes following the failure of the main data centre back in 2018. A number of technical solutions for local data centres (private cloud) and use of the public cloud were compared. The result of the report was confirmation that the Council's direction on changes that had been or were being made were offering significant improvements to the elasticity of our systems in a cost effective way. It was noted that the Council made use of the public cloud for some provisions, but it would not be cost effective to move everything to the cloud.

Conclusion

Based on what is noted above, the Audit and Governance Committee is asked to agree that the improvement proposals 1(i), 1(ii), 1(iii), 1(iv), 2(ii) and 2(iii) be noted as being "completed", and that the improvement proposals 1(v) and 2(i) are noted as "in progress".

12. Review Report: Homecare Services in Gwynedd - Local report to Gwynedd published January 2019

Improvement Proposals arising from the report –

1. Staff Training (regulation 16 (2)(a)). We saw that the frequency of staff training was inconsistent and staff training records had not been updated. The idea of providing a consistent and equal level of training for staff was also recommended at the last inspection. We have not served notice on

this occasion as we did not find that this had a negative impact on the well-being of the people or the development of staff. All staff we spoke to told us that they felt that training provision could be improved and this was recognised by the management team.

2. Quality of Service report (regulation 23 (1), (2) and (3)). We saw that the service had not completed an annual report on the quality of the service and had not consulted with people using the service or their representatives. We have not served notice on this occasion as we did not find that this had a negative impact on the well-being of the people or the care and support provided.
3. Service delivery plans and risk assessments need to be reviewed in a timely manner.
4. The service needs to improve the way it documentation and records formal and informal discussions with families/representatives and staff. This will ensure that a clear audit trail can be followed.
5. Ensures that staff receive formal timely and consistent supervision sessions and an annual appraisal and keep an up-to-date record of the meetings held.
6. The service information leaflet needs to be updated and it needs to include the correct CIW contact details.

Progress against improvement proposals

The Adults, Health and Well-being Department has received this report and will assess its content in more detail jointly with the Cabinet Member, to see how these recommendations are relevant to the work of Gwynedd Council as we provide a service to our residents.

Conclusion

Based on what is noted above, the Audit and Governance Committee is asked to agree that all the improvement proposals above be noted as "in progress".

Well-being of Future Generations: An examination of 'Establishing a New Youth Service to Support Young People' – Gwynedd Council - Local report to Gwynedd published September 2019

Improvement Proposals arising from the report –

1. Despite responding to service users' views, the Council's approach is mostly reactive and driven by a changing operating context – specifically, financial constraints. The Council's perception of the benefits of establishing a scalable operating model is mostly centred on helping it to respond more easily to budgetary pressures.
2. Data sources used to inform the new model mostly focused on understanding the needs of current service users with little use of data to model future demand on the service
3. The newly remodelled mobile service has greater ability to 'pop-up' as and where needed and can therefore be more dynamic in responding to social issues identified and help to prevent them escalating
4. Increasing the effective use of data will give the Council a better understanding of the root causes of issues and demand on the service. This will help the Council to widen the scope of its thinking and have a more holistic approach to early intervention and prevention.
5. There is little evidence to reflect that the Council has considered how the step contributes to its wider well-being objectives, those of its partners, or the seven national well-being goals. The Council lacked an integrated approach in remodelling its youth service. Despite the Council and partners' well-being objectives not being established when the remodelling began, the financially driven, reactive nature of its approach meant that wider priorities were not effectively considered.
6. The Council places great emphasis on applying its 'citizen-focused' approach 'Ffordd Gwynedd' in implementing the step. However, in the step reviewed, the Council cannot demonstrate that 'Ffordd Gwynedd' fully incorporates the sustainable development principle and the five ways of working. Doing so would facilitate greater integration.
7. Despite creating more opportunities for collaboration on an operational level, the Council cannot demonstrate its consideration of how to strategically work with partners in delivering the step. This reflects our findings in relation to integration.
8. One partner reported a negative shift in engaging with the Council's newly remodelled youth service, impacting adversely on the partners' objectives and preventative activities. Again this reflects our findings in relation to integration.
9. The absence of a clear message communicating the intention to close all the existing youth clubs in the 'Gwynedd Youth Service for Tomorrow' video is a key weaknesses in how the Council communicated potential changes to service users and citizens.

Progress against improvement proposals

The Council has noted its wish to seek further discussion with the Wales Audit Office on the conclusions and improvement opportunities of the above report. Please refer to the minutes of the Council meeting dated 3 October 2019.

Conclusion

Based on what is noted above, the Audit and Governance Committee is asked to agree that all the improvement proposals above be noted as "in progress".

Part 2 – national or general reports relevant to local government

1. **Good Scrutiny? Good Question** - National Report by the Wales Audit Office published May 2014

Improvement Proposals arising from the report –

1. Explain the roles of executive members and senior officers in contributing to the scrutiny process.
2. Ensure that scrutiny members, specifically scrutiny chairs, receive training and assistance in order to ensure that they possess all skills required to conduct effective scrutiny work.
3. Further develop scrutiny forward planning processes in order to:
 - Prepare a clear logic for selecting subjects
 - Focus more on outcomes
 - Ensure that the most suitable scrutiny method for the subject field and the desired outcome is used.
4. Reconcile scrutiny programmes and performance management, self-evaluation and Council improvement arrangements.
5. Ensure that the impact of scrutiny is appropriately appraised and that it is implemented in order to improve the function; including conducting follow-up work on proposed actions and auditing results.
6. Carry out regular self-evaluations of scrutiny arrangements by using the 'effective outcomes and features of effective overview and scrutiny arrangements for local government' developed by the Wales Scrutiny Officers Network.

Progress against improvement proposals

The proposals included in the above report have, in truth, been included in the consequent report – 'Gwynedd Council – Overview and Scrutiny – Suitable for the Future?' published in June 2018, and are a continuous consideration to the scrutiny system in the Council.

Conclusion

Based on what is noted above, the Audit and Governance Committee is asked to agree that all the improvement proposals above be noted as "completed".

2. **Delivering with Less - the impact on environmental health services and citizens** - National Report by the Wales Audit Office published October 2014

Improvement Proposals arising from the report -

1. Amend the best practice standards in order to:
 - reconcile work in the environmental health field,
 - note the more extensive contribution of environmental health towards achieving the strategic priorities of Welsh Government,
 - note the benefits and impacts of environmental health services in terms of safeguarding citizens.

2. Engage better with local residents regarding plans to cut budgets and change services by:
 - consulting with residents on the proposed changes in services and use the findings to drive decisions;
 - outline which services will be cut and how these cuts will affect residents, and
 - note plans to increase payments to change service standards.

3. Improve efficiency and value for money by:
 - Noting the statutory and non-statutory duties of Councils' environmental health services
 - Agreeing on environmental health priorities for the future and the role of councils when delivering these
 - Determining an 'acceptable standard of performance' for environmental health services (maximum and minimum) and publicise them amongst citizens
 - Improving efficiency and maintaining performance on the agreed level by doing the following
 - Collaborating and/or integrate with others in order to reduce costs and/or improve quality
 - Awarding services on external contracts where they can be provided in a more cost-effective way in accordance with the standards agreed upon
 - Introducing and/or increasing payments and focusing on activities that generate income
 - Using grants in a strategic way in order to ensure the greatest impact and profit

- Reducing activities in order to focus on core statutory and strategic priorities.
4. Improve strategic planning work by:
- noting, gathering and analysing financial data, data on performance and data on demand/need in relation to environmental health services;
 - analysing the data gathered in order to drive and understand the relationship between 'cost:benefit:impact' and use this information as grounds to decisions on Councils' health services in the future;
 - agree how digital information can be used to plan and develop environmental health services in the future.

Progress against improvement proposals

- Work has been underway on a national level to amend the best practise standards in consultation with the WLGA.
- Councils work together in areas where obvious gains in doing so have been identified.
- The Department's Management Team continuously reviews how we meet our citizens' needs.
- The Head of Department regularly discusses the challenges of maintaining the service with the Cabinet Member, in order to ensure that resources are effectively prioritised.
- The efficiency of the service that we provide is regularly challenged, via the performance monitoring meetings, by the Cabinet Member and the Chief Executive.

Conclusion

Based on what is noted above, the Audit and Governance Committee is asked to agree that all the improvement proposals above be noted as "completed".

3. **Helping People to Live Independently: Do Councils Do Enough?** - National Report by the Wales Audit Office published October 2015

Improvement Proposals arising from the report -

1. Improve the engagement and information for older people and the arrangements for disseminating that information.
2. Ensure effective management of the performance of the range of services assisting older people to live independently.

Progress against improvement proposals

This work is ongoing and we will be submitting further information in the next update report to this committee.

Conclusion

Based on what is noted above, the Audit and Governance Committee is asked to agree that all the improvement proposals above be noted as "in progress".

4. **Community Safety in Wales** - National Report by the Wales Audit Office published October 2016

Improvement Proposals arising from the report –

1. Improve strategic plans in order to better co-ordinate community safety by establishing a national strategy supported by regional and local plans that focus on achieving community safety priorities agreed on a national level, instead of the existing planning framework.
2. Improve strategic work with partners by formally creating effective safety community boards instead of the existing community safety structures, that formalise and unify the work of Welsh Government, the Police, local authorities, the health boards, the fire and rescue authorities, WACSO and other key stakeholders.
3. Ensure that community safety performance is effectively managed by: setting appropriate measures on every level in order to enable members, officers and the public to judge the progress of completing actions for community safety services; ensure that the information on performance includes the work of all relevant agencies; establish measures to judge the inputs, outputs and the impact in order to be able to understand the effect of investment decisions and to support the scrutiny and overview work.

Progress against improvement proposals

1. Welsh Government has created a Review Board in order to improve elements of community safety and the work programmes are monitored by the Welsh Government. We await the National Plan.
2. Gwynedd and Anglesey Community Safety Board has developed a local plan which is based on the regional and national priorities.

3. The Board has placed measures against each of the 7 priorities in the local plan, and monitoring and performance reports are assessed quarterly. The plan can be seen on the Council's website.

Conclusion

Based on what is noted above, the Audit and Governance Committee is asked to agree that improvement proposals 2 and 3 above be noted as "completed", and improvement proposal 1 be noted as "in progress".

5. **Public Procurement in Wales** - National Report by the Wales Audit Office published October 2017

Improvement Proposals arising from the report –

1. It was clear from our sampling that some procurement strategies are out-of-date and there has also been a mixed response to new policy and legislation such as the Well-being of Future Generations (Wales) Act 2015. We recommend that public bodies review their procurement strategies and policies during 2017-18 and on an annual basis thereafter to ensure that they reflect wider policy and legislative changes and support continuous improvement.

Progress against improvement proposals

The Council's Procurement Strategy is highlighted in the Council Plan as one of the key priorities to create a viable and prosperous economy. The Council have established performance measures to see how the Council's procurement results in 'keeping the benefits local'. The Council's latest performance can be seen on the site below:

<https://www.gwynedd.llyw.cymru/en/Council/Strategies-and-policies/Corporate-plans-and-strategies/Procurementpolicies.aspx>

We have also applied the Well-being Act to the commissioning and procurement approaches by incorporating the well-being goals and the five ways of working to the Council's Sustainable Procurement Policy. This Procurement Policy was approved by the Council's Cabinet on 23 July 2019. A copy of the policy is also available on the link above.

Conclusion

Based on what is noted above, the Audit and Governance Committee is asked to agree that all the improvement proposals above be noted as "completed".

6. **How Local Government Manages Demand – Homelessness** - National Report by the Wales Audit Office published January 2018

Improvement Proposals arising from the report –

1. We recommend that local authorities:
 - ensure their staff are sufficiently skilled to deal with the new demands of mediating, problem solving, negotiating and influencing with homeless people; and
 - review and reconfigure their services to engage more effectively with homeless and potentially homeless people to prevent homelessness.

2. We recommend that local authorities review their funding of homelessness services to ensure that they can continue to provide the widest possible preventative approach needed. Reviews should consider use of Supporting People as well as General Council fund monies to support delivery of the authority's homelessness duties.

3. We recommend that local authorities:
 - design services to ensure there is early contact with service users;
 - use 'triage' approaches to identify and filter individuals seeking help to determine the most appropriate response to address their needs; and
 - test the effectiveness of first point of contact services to ensure they are fit for purpose.

4. We recommend that local authorities publish service standards that clearly set out what their responsibilities are and how they will provide services to ensure people know what they are entitled to receive and what they must do for themselves. Service standards should:
 - be written in plain accessible language;
 - be precise about what applicants can and cannot expect, and when they can expect resolution;
 - clearly set out the applicant's role in the process and how they can help the process go more smoothly and quickly;
 - be produced collaboratively with subject experts and include the involvement of people who use the service(s);
 - effectively integrate with the single assessment process;
 - offer viable alternatives to the authority's services; and
 - set out the appeals and complaints processes. These should be based on fairness and equity for all involved and available to all.

5. To improve current performance we recommend that local authorities make better use of their websites to help manage demand by:
 - testing the usability and effectiveness of current website information using our lines of enquiry set out in Appendix 5;
 - increasing and improving the range, quality and coverage of web based information; making better use of online applications; and
 - linking more effectively to information from specialist providers' and advice specialists, such as Citizens Advice.
6. We recommend that local authorities set out and agree their expectations of partners identifying how they will work together to alleviate homelessness. The agreement should be reviewed regularly and all partners' performance reviewed to identify areas for improvement.
7. We recommend that local authorities address weaknesses in their equalities monitoring, and ensure that their homelessness service accurately records and evaluates appropriate data to demonstrate equality of access for all service users that the local authority has a duty towards.
8. We recommend that local authorities use the checklist set out in Appendix 10 to undertake a self-assessment on services, to help identify options to improve how they can help manage demand.

Progress against improvement proposals

1. Staff have received Training on the new Legislation, as well as motivational interviewing, hoarding, defend possession cases, Universal Credit, understanding substance misuse problems, and mental health. Engagement arrangements are part of the Council's new Housing Strategy and will therefore become part of the core work of the Service going forward.
2. Supporting People funding already funds several homelessness prevention projects: Prisoner Resettlement Scheme (2018 to 2020); Intensive Support Scheme For people with complex needs; Drop in Service for young people and people coming out of prison. The Service has also recruited one new member of staff to help deal with increased demand.
3. The Housing Options service provides a 'triage' service to filter individuals, and there is an agreement with the Housing Associations for early referral of people threatened with homelessness. In the future, the Service will review how effective these arrangements are.

4. The Service has had discussions with Shelter Cymru's 'Take Notice' project, and a paperwork and information review of the homelessness strategy action plan is due to take place in January 2020.
5. Website development work on Homelessness strategy action plan- underway January 2020.
6. Review of contracts with Housing Associations will take place from January 2020.
7. Some of the information is already collected, but the assessment form needs to be amended to include all the equality information. This will also form part of the homelessness strategy action plan which will be in place from January 2020.
8. The checklist is already in use.

Conclusion

Based on what is noted above, the Audit and Governance Committee is asked to agree that the improvement proposals 2 and 8 be noted as "completed", and that improvement proposals 3, 4, 5, and 6 are noted "in progress".

7. **Housing Adaptations** - National Report by the Wales Audit Office published February 2018

Improvement Proposals arising from the report –

1. We recommend that local authorities work with partner agencies (health bodies, housing associations and Care and Repair) to strengthen their strategic focus for the provision of adaptations by:
 - setting appropriate strategic objectives for adaptations that focus on wellbeing and independence;
 - improving the quality of information on the demand for adaptations by using a wide range of data to assess need including drawing on and using information from partners who work in the local-authority area; and
 - linking the system for managing and delivering adaptations with adapted housing policies and registers to make best use of already adapted homes.
2. We recommend that delivery organisations provide information on housing adaptations in both Welsh and English, and accessible formats including braille, large fonts, audio versions and other languages. Information should be promoted widely via a range of media including social media, websites and published information, and also through key partners. Preferably, information should be

produced jointly and policies aligned between delivery bodies to improve coverage and usage.

3. Given the wide number of routes into services, delivery organisations need to ensure they have robust systems to deal effectively and quickly with applications. However, we found that the processes used by delivery organisations vary widely and often create difficulties for disabled and older people seeking assistance (paragraphs 2.16 to 2.19). We recommend that delivery organisations streamline applications by creating single comprehensive application forms covering all organisations within a local authority area that are available via partners and online.

4. Delivery of adaptations can be delayed by a variety of factors (paragraphs 2.20 to 2.33). To improve timeliness in delivery we recommend that:
 - the Welsh Government reviews whether local authorities should continue to use the means test for Disabled Facilities Grants (DFGs);
 - local authorities provide or use home improvement agency services to support disabled and older people to progress their DFG applications efficiently;
 - delivery organisations work with planning authorities to fast track and streamline adaptations that require approvals;
 - delivery organisations use Trusted Assessors to undertake less complex adaptation assessments; and
 - the Welsh Government streamlines its approval processes for Physical Adaptation Grants (PAGs).

5. We recommend that delivery organisations:
 - introduce formal systems for accrediting contractors to undertake adaptations. These should include:
 - standards of customer care such as keeping to appointments, keeping the site tidy, controlling noise etc;
 - vetting of financial standing, tax and VAT status;
 - promoting good health and safety practices;
 - requiring the use of warranty schemes;
 - ensuring that adequate insurance is held; and
 - requiring references.
 - use framework agreements and partnered contracts to deliver adaptations.
 - address weaknesses in the contracting of adaptations, updating Schedule of Rates used to tender work and undertaking competitive tendering to support value for money in contracting.
 - develop effective systems to manage and evaluate contractor performance by:
 - setting an appropriate range of information to judge performance and delivery of works covering timeliness of work; quality of work; applicant/ tenant feedback; cost of work (including variations); health and safety record; and customer feedback;

- regularly reporting and evaluating performance to identify opportunities to improve services; and
- providing formal feedback to contractors on their performance covering key issues such as client satisfaction, level and acceptability of variations, right first-time work, post-inspection assessment and completion within budget and on time.

6. We recommend that local authorities work with partner agencies (health bodies, housing associations and Care and Repair) to develop and improve joint working to maximise both take-up and the benefits of adaptations in supporting independence by pooling of resources, co-locating staff and creating integrated delivery teams.
7. To enhance take-up and usage of adaptations with health bodies we recommend that delivery organisations jointly agree and publish joint service standards for delivery of adaptations within each local-authority area. The service standards should clearly set out how each agency approaches delivery of adaptations and how they will provide services to ensure people know what they are entitled to receive. Service Standards should:
 - be written in plain accessible language;
 - be precise about what people can and cannot expect to receive;
 - be produced collaboratively to cover all adaptations services within an area;
 - set out the eligibility for the different funding streams, application and assessment processes, timescales and review processes; and
 - offer the viable options and alternatives for adaptations including linking with adapted housing registers to maximise use of already adapted homes.

Progress against improvement proposals

This work is ongoing and we will be submitting further information in the next update report to this committee.

Conclusion

Based on what is noted above, the Audit and Governance Committee is asked to agree that all the improvement proposals above be noted as "in progress".

8. **Speak my language: Overcoming language and communication barriers in public services** - National Report by the Wales Audit Office published April 2018

Improvement Proposals arising from the report –

Public bodies are required to ensure that people can access the services they need. To take account of the requirements of the 2010 Equality Act and other legislation, we recommend that public bodies regularly review the accessibility of their services to people who do not speak English or Welsh as a main language including Deaf people who use sign language. This assessment can include using our checklist.

Progress against improvement proposals

The Council has developed a Strategic Equality Plan 2020-24, with the draft version being presented to the Cabinet on 26 November requesting a public consultation on its contents. The Council's internal arrangements to consult with residents regarding any barriers they may face when dealing with the Council receives attention in the Plan.

Conclusion

Based on what is noted above, the Audit and Governance Committee is asked to agree that all the improvement proposals above be noted as "in progress".

9. **Strategic Commissioning of Accommodation Services for Adults with Learning Disabilities** - National Report by the Wales Audit Office published May 2018

Improvement Proposals arising from the report –

1. We recommend that local authorities continue to focus on preventing people becoming dependent on more expensive placements in care homes by providing effective support at home and a range of step up accommodation by:
 - improving the evaluation of prevention activity so local authorities understand what works well and why;
 - utilising the mapping of prevention services under the Social Services and Well-being (Wales) Act 2014 that covers other agencies and service providers;
 - improving the signposting of additional help so carers and support networks can be more resilient and self-reliant. This should include encouraging carers to make long-term plans for care to maintain and protect their dependant's wellbeing; and
 - sharing risk analysis and long term planning data with other local authorities, service providers, and partners to agree a shared understanding of the range of options.

2. We recommend that local authorities improve their approach to planning services for people with learning disabilities by building on the Regional

Partnership Boards population assessments for people with learning disabilities and agreeing future priorities.

3. We recommend that local authorities do more to integrate commissioning arrangements with partners and providers and take account of the work of the National Commissioning Board by:
 - understanding the barriers that exist in stopping or hindering further integration;
 - improving the quality of joint strategic plans for learning disability services (see also paragraphs 3.11-3.14);
 - establishing investment models and sustainable financial structures, joint workforce planning and multi-year budgeting; and
 - developing appropriate governance and data sharing frameworks with key local partners that include a clear process for managing risk and failure.
4. We recommend that local authorities do more to involve people with learning disabilities and their carers in care planning and agreeing pathways to further independence by:
 - consistently including people with learning disabilities and their carers in the writing, monitoring and development of care plans;
 - systematically involving carers and advocacy groups in evaluating the quality of services;
 - involving people with learning disabilities in procurement processes; and
 - ensuring communications are written in accessible and appropriate language to improve the understanding and impact of guidance and information.
5. We recommend that local authorities collaborate with providers, the third sector and suppliers in understanding challenges, sharing data, and pooling expertise by:
 - improving the quality range, and accessibility of tendering information; and
 - working with providers to shape local markets by coming to a common understanding of the opportunities, risks, and future priorities in providing learning disabilities services.
6. We recommend that local authorities develop a more appropriate set of performance indicators and measures of success that make it easier to monitor and demonstrate the impact of service activity by:
 - co-designing measures, service and contract performance indicators with service providers, people with learning disabilities and their carers;
 - ensure commissioners have sufficient cost and qualitative information on the full range of placement and care options available;
 - equipping commissioners with data to demonstrate the long term financial benefits of commissioning choices, this includes having the right systems and technology;

- integrating the outcomes and learning from reviews of care plans into performance measures;
- evaluating and then learning from different types of interventions and placements; and
- including learning disability services in local authority scrutiny reviews to challenge performance and identify improvements.

Improvement Proposals arising from the report –

Responding to all the above improvement proposals is part of the work involved in completing the projects in the Council's Plan, 'Redesigning our Care Services', 'Community Resilience' and 'The Workforce and Recruitment within the field of Care'. This work is done collaboratively with a number of partners through the Area Teams.

Monitoring progress of these proposals happens through the Department's performance monitoring arrangements, and in the Care Scrutiny Committee. This is ongoing work, so in terms of governance and appropriate arrangements, we believe that this work is properly managed.

Conclusion

Based on what is noted above, the Audit and Governance Committee is asked to agree that all the improvement proposals above be noted as "in progress".

10. The Effectiveness of Local Planning Authorities in Wales - National Report by the Wales Audit Office published June 2019

Improvement Proposals arising from the report –

1. Local planning authorities:

- (i) test current engagement and involvement practices and consider the full range of other options available to ensure involvement activities are fit for purpose;

Progress: A review of the Development Control Service is in the process of being undertaken with the objective of ensuring that the customer/citizen is central to how the service is delivered. The review has included engagement with customers to obtain its views on the service and information about their needs from the service. The service will be redesigned to ensure that it is more resilient, meets its purpose and meets customer needs. From a planning policy perspective we have been preparing a set of supplementary planning guidance by taking advice from the Council's communications service in terms of engagement and

ensuring that the arrangements meet statutory requirements as well as national guidance relevant to methods of engagement and consultation. It is therefore believed that the Council is acting on this.

- (ii) use 'Place Plans' as a vehicle to engage and involve communities and citizens in planning choices and decision making; and

Progress: The Joint Local Development Plan (Gwynedd and Anglesey) was adopted in July 2017 and the emphasis on this has been on preparing supplementary planning guidance and putting in place monitoring arrangements for the preparation of the scheme's first annual monitoring report. Therefore, 'Place Plans' have not been prepared by the Council at this stage, but the Joint Planning Policy Service would provide support to any party wanting to prepare a place plan, subject to the provision of appropriate resources.

- (iii) improve transparency and accountability by holding planning meetings at appropriate times, rotating meetings to take place in areas which are subject to proposed development, webcasting meetings and providing

Progress: This is already being implemented with planning committee meetings taking place in Caernarfon, Pwllheli and Dolgellau – dependent on the location of planning applications. Arrangements which provide third parties with the right to speak in planning committees have also been in place for some time. Web broadcasting provision is also in place.

2. To improve resilience, we recommend that local planning authorities:
- review their building control fee regimes to ensure the levels set, better reflect the actual cost of providing these services and make the service self-funding;

Progress: Fees on planning applications is a matter for the Welsh Government and it is noted that those fees have not risen for some years. The Council has always provided a service advising on submitting an application and recovering these costs through discretionary fees, before this became statutory with statutory fees attached. The Council as a joint local planning authority with other LPAs - through the Planning Officers Society for Wales (in partnership with the Welsh Government) – has been working on a cost recovery project for providing a planning service. The second part of a project commissioned by the Welsh Government (and supported by the Planning Officers Society for Wales) has slipped in terms of timescale. It is noted that planning policy work and planning enforcement are not elements of the work that bring fees.

and

• improve capacity by working regionally to:

(i) integrate services to address specialism gaps;

Progress: It is believed that the Council is already doing this considering that we have a Joint Planning Policy Service with Anglesey since 2011 and as a result, Joint Local Development Plan – the only example in Wales. We are also part of the regional arrangement for the provision of a waste mineral planning service in North Wales, which is being led by Flintshire. Also, the North Wales Planning Officers Group has been looking at several other areas of work over the years including building conservation and the natural environment, and leading on these issues nationally.

(ii) develop joint supplementary planning guidance;

Progress: 4 Joint Supplementary Planning Guidance documents have been adopted with work progressing on a series of other guidance documents.

(iii) develop future local development plans regionally and in partnership with other local planning authorities.

Progress: We have already prepared a joint local development plan, joint supplementary planning guidance and an annual joint monitoring report.

3. We recommend that local planning authorities improve the effectiveness of planning committees by:

(i) reviewing their scheme of delegation to ensure planning committees are focussed on the most important strategic issues relevant to their authority;

Progress: We have already acted on this with a new delegation scheme adopted by the Council in May 2018. This is now being monitored and the evidence currently shows that the number of applications that need to be reported to a committee has fallen. This may involve reducing the number of Planning Committee meetings per year from 15 to 12 – but we will continue to monitor for now.

- (ii) revising reporting templates to ensure they are clear and unambiguous to help guide decision making and reduce the level of officer recommendations overturned; and
Progress: Planning reports are thought to be comprehensive but clear and we have not had any complaints from customers indicating otherwise. It must be noted that as part of our internal performance monitoring arrangements we liaise with customers to obtain their views and the feedback is generally very positive. It is also noted that we have standard arrangements in place in the Committee to refer an application to a "cooling off period" if it is considered that there are risks associated with the Committee's decision.
- (iii) enforcing the local planning authorities' standards of conduct for meetings.

Progress: We train consistently on issues of propriety and lobbying. The Committee will also, through the Chair, ensure compliance with the Council's constitutional requirements with a solicitor present on behalf of the monitoring officer at each meeting to advise.

Conclusion

Based on what is noted above, the Audit and Governance Committee is asked to agree that the improvement proposals 1(i), 2, 2(i), 2(iii), 3(ii) and 3(iii) above be noted as "completed", and that the improvement proposals 1(i), 1(ii), 2(ii) and 3(i) above be noted as "in progress".

11. The 'Front Door' to Adult Social Care - National Report by the Wales Audit Office published June 2019

Improvement Proposals arising from the report –

To improve awareness of the front door we recommend that:

- local authorities:
 - review their current approaches, consider their audience, and ensure that good-quality information is made available in a timely manner to avoid needs deteriorating and people presenting for assistance in 'crisis';
 - work in partnership with public and third-sector partners to help ensure people accessing via partner referrals, or other avenues, are given the best information to help them;

- ensure that advocacy services are commissioned and proactively offered to those who need them at first point of contact; and
- to take local ownership and lead on the co-ordination and editing of local information published on Dewis Cymru locally.

2. We recommend that:

- local authorities:
 - map the availability of preventative services in their area to better understand current levels of provision and identify gaps and duplication;
 - involve third-sector partners in co-producing preventative solutions to meet people's needs and ensure people have equitable access to these services;
 - work with third-sector partners to tailor and commission new services where gaps are identified; and
 - work with partners to improve data to evaluate the impact of preventative services on individuals and the population more generally.

Progress against improvement proposals

The Adults, Health and Well-being Department has received this report and will assess its content in more detail jointly with the Cabinet Member, to see how these recommendations are relevant to the work of Gwynedd Council as we provide a service to our residents.

Conclusion

Based on what is noted above, the Audit and Governance Committee is asked to agree that all the improvement proposals above be noted as "being planned".

13. **Review of Public Services Board** - National Report by the Wales Audit Office published October 2019

Improvement Proposals arising from the report –

We recommend that PSBs:

- conduct formal assessments to identify the potential impact on people with protected characteristics and the Welsh language and review agreed actions to ensure any adverse impacts are addressed;

- improve transparency and accountability by making PSB meetings, agendas, papers and minutes accessible and available to the public;
- strengthen involvement by working to the guidance in the National Principles for Public Engagement in Wales; and
- feedback the outcome of involvement activity identifying where changes are made as a result of the input of citizens and stakeholders.

To improve scrutiny, we recommend that:

- PSBs and public bodies use the findings of the Auditor General for Wales' Discussion Paper: Six themes to help make scrutiny 'Fit for the Future' to review their current performance and identify where they need to strengthen oversight arrangements and activity; and
- PSBs ensure scrutiny committees have adequate engagement with a wider range of relevant stakeholders who can help hold PSBs to account.

To help build capacity, consistency and resourcing of activity we recommend that:

- PSBs take the opportunity to discharge other plan and strategy obligations through the Local Wellbeing Plan;
- the Welsh Government enables PSBs to develop flexible models of working including:
 - merging, reducing and integrating their work with other forums such as Regional Partnership Boards; and
 - giving PSBs flexibility to receive, manage and spend grant monies subject to PSBs ensuring they have adequate safeguards and appropriate systems in place for management of funding; effective budget and grant programme controls; and public reporting, scrutiny and oversight systems to manage expenditure.

Progress against improvement proposals

It is early days, but as a Council, and a member of the Public Services Board, we will contribute to the discussion with our partners on how to respond to the above recommendations.

Conclusion

Based on what is noted above, the Audit and Governance Committee is asked to agree that all the improvement proposals above be noted as "being planned".

Agenda Item 11

COMMITTEE

AUDIT AND GOVERNANCE COMMITTEE

DATE

28 NOVEMBER 2019

TITLE

COUNTER FRAUD, ANTI-CORRUPTION AND ANTI-BRIBERY ARRANGEMENTS

PURPOSE OF REPORT

TO UPDATE THE COMMITTEE ON THE COUNCIL'S ANTI-FRAUD AND ANTI-CORRUPTION WORK, AND PROGRESS ON THE WORK PROGRAMME FOR THE NEXT THREE YEARS

AUTHOR

DEWI MORGAN, ASSISTANT HEAD OF FINANCE (REVENUES AND RISK)

ACTION

CONSIDER AND CHALLENGE THE CONTENTS OF THE REPORT

Introduction

- 1 The “**Risk of Fraud, Bribery and/or Corruption**” has been identified as one of the Council’s corporate risks. Currently, this is considered to be of a **low risk** (score of 4) within the context of the Council’s governance framework because of:
 - An **Impact score of 2** (A **significant** effect on the life or well-being of several residents (e.g. an effect on life or well-being, but falling within the expected range of day-to-day life) or a **visible** effect on many residents), and
 - A **Likelihood score of 2** (the likelihood of it happening is low – but is still there). It is believed that the likelihood is low because internal controls are generally robust; this is confirmed by the work of Internal Audit.
- 2 The purpose of this report is to:
 - Present information to the Committee on the Council’s fraud investigations.
 - Update the Audit and Governance Committee on progress on the programme of work of Gwynedd Council's Anti-Fraud, Anti-Corruption and Anti-Bribery Strategy for 2019-2022 adopted by the Audit and Governance Committee on 14 February 2019
 - To present information to the Committee on National developments in the context of fraud against the public sector.

FRAUD INVESTIGATIONS

- 3 The Council's officers are not currently investigating allegations of fraud against it. In the period since 1 April 2019, the benefit service has referred 22 Housing Benefit cases to the Department for Work and Pensions (UK government) for further investigation.

PROGRAMME OF WORK OF THE ANTI-FRAUD, ANTI-CORRUPTION AND ANTI-BRIBERY STRATEGY

- 4 Gwynedd Council's Anti-Fraud, Anti-Corruption and Anti-Bribery Strategy for 2019-2022 was adopted by the Audit and Governance Committee on 14 February 2019. The strategy includes eight actions which should be delivered over the three years to strengthen the Council's anti-fraud arrangements within available resources.

IDENTIFYING EMERGING RISKS

Action: Hold regular workshops of relevant officers to discuss matters arising, emerging risks and share good practice

- 5 The holding of such a workshop in order to identify new areas of potential fraud (as well as to assess the risks of which we are already aware) will be part of the planning of Internal Audit's work programme for 2020/21, and subsequent years. To this end, such a workshop is planned for December 2019 or early January 2020, before the Audit Manager and Assistant Head of Finance attend departmental management team meetings to discuss the draft audit plan for its submission to the Audit and Governance Committee on 13 February 2020.
- 6 Following the first meeting, we will be programming six-monthly meetings to consider developments.

COUNCIL TAX REDUCTION FRAUD

Action: Collaboration with the Department for Work and Pensions to develop the work of investigating Council Tax Reduction fraud

- 7 Concrete steps have been taken to address this.
- 8 Three Benefits officers and three Taxation officers are currently working for the CIPFA Accredited Counter Fraud Technician (ACFTech) qualification. This is a significant investment in our fraud prevention procedures. The course will examine the impact of fraud in the UK and includes an overview of the civil and criminal justice systems. It focuses on fraud awareness, how to gather evidence and how to obtain information without prejudicing any later investigation. In addition, it looks at:
 - the civil and criminal justice systems
 - the Fraud Act 2006 and other relevant acquisitive crime legislation
 - the UK Bribery Act 2010
 - types of evidence, elementary 'rules of evidence', maintaining probity and exhibits handling
 - human rights legislation and the impact on investigations
 - compliance with procedural legislation including data protection, whistleblowing and disclosure of investigative material
 - witness and suspect interviews and obtaining statements
 - fundamentals of managing an investigation.
- 9 The qualification is accredited by the Counter Fraud Professional Accreditation Board, and on completion, the officers will be recognised as 'Accredited Counter Fraud Technicians'. This will be an important step forward in developing the skills and qualifications necessary for Benefit Officers to be able to work more closely with the Department for Work and Pensions (DWP) fraud investigators.
- 10 When the strategy was presented to the Committee in February 2019, members were keen to ensure that Council Tax fraud was also addressed. The qualification of Taxation officers will also enable them to develop their fraud investigation skills.

- 11 In addition to Benefits and Taxation officers, two internal auditors also undertaking the training.

CIPFA COUNTER FRAUD CENTRE

Action: Continue to subscribe to the CIPFA Counter Fraud Centre and make use of the facility, including the source for identifying fraud risks, to ensure access to good practice

- 12 We are committed to membership for the current financial year, and we expect that we will continue thereafter. Further, we aim to be proactive, and have contributed to the service's annual "Fraud Tracker" exercise.

COMMITTEE REPORT

Action: Include an item on counter fraud work on the Audit and Governance Committee agenda twice a year

- 13 Following the presentation of this update, we expect to report to the May and November meetings of the Committee, and this will be noted on the forward programme as it is updated from time to time.
- 14 The Audit Manager's report, [INTERNAL AUDIT OUTPUT 2/2/2019 - 31/3/2019](#) was presented to the Audit and Governance Committee on 13 June 2019. The report included reference to the report "**Managing the Risk of Fraud and Corruption**". The report received an opinion of an "Satisfactory" level of assurance. The main findings were:

The self-assessment against the checklist shows that the Council complies fully with 22 out of the 34 standards, with 12 partially complying.

Several of the standards refer to an Anti-Fraud Team. Gwynedd Council does not have a dedicated Counter Fraud Team, but fraud and investigations will be carried out by the Internal Audit Service. For local authorities with dedicated anti-fraud teams, they have specific work plans for carrying out fraud investigations as well as proactive anti-fraud and prevention work.

The work of conducting fraud investigations in Gwynedd falls on the Internal Audit Service. In the annual audit plan, provision is made for fraud and corruption prevention work together with the National Fraud Initiative exercise. The provision for 2019-20 is 40 days and a 40 day provision has been earmarked for undertaking responsive work.

Due to the fact that Gwynedd Council does not have a dedicated Anti-Fraud Team, this means that it is not possible to comply fully with the 34 standards.

Actions have already been identified for:

- Workshops are held and good practice shared
- Working together to develop fraud investigations
- Report to the Audit and Governance Committee on fraud prevention work biannually
- Raise awareness of fraud across the Council
- Provide training.

It was seen that the Anti-Fraud, Anti-Bribery and Anti-Corruption Strategy 2019-22 was at present not available to staff on the Policy Centre.

Source: Internal Audit report, "Managing the Risk of Fraud and Corruption" March 2019

- 15 The report contained one agreed action, which was to **Ensure that the Anti-Fraud, Anti-Bribery and Anti-Corruption Strategy 2019-22 is made available on the Council's Policy Centre**. This has been implemented.

Action: Assess the possibility of using data better in order to identify and investigate fraud

Review of Council Tax Discounts

- 16 The main current scheme for using data to identify and investigate fraud is the Taxation Service's exercise to review some of the discounts and exemptions allowed to the county's Council Tax accounts.
- 17 The last such exercise was undertaken in 2016, but this time the review will take place on a continuous basis over three years. As part of this work, the Council will ensure that only those households who are entitled to receive Council Tax exemptions do so, including the single person discount – a 25% reduction in the amount payable.
- 18 To put this work in context, recent research has revealed that falsely claiming Single Person Discount is the third most prevalent type of fraudulent activity carried out by adults in Wales. The work was commissioned by Cifas and was carried out by WPI Economics.
- 19 Cifas is an organisation bringing together members working in a number of industries in the fight against fraud. Set up initially in 1988 by seven retail credit companies, its membership has now grown to over 400 members from various sectors such as banking, retail, insurance, mortgages and credit card providers. The aim is to share fraud intelligence and details of fraudulent conduct from both the public and private sector on the National Fraud Database, the only cross sector data sharing platform in the UK, to help prevent further fraud.
- 20 The WPI Economics study looked specifically at "First party fraud", that is, fraud perpetrated by consumers, rather than fraud perpetrated by workers or offenders who had stolen someone else's identity. In the study, 2,070 adults across England, Wales and Scotland (including 99 in Wales) were interviewed in March 2019 (from the specialist company ComRes).
- 21 The individuals in the sample were presented with 10 scenarios and were asked if they, or someone they knew, had committed the fraud in the 10 scenarios. They were also asked if committing these types of fraud is reasonable. Overall, one in seven (14%) respondents either admitted to committing one or more of these types of fraud, or knew someone who had.
- 22 Across all locations, age, gender, and socio-economic group, there were two types of frauds far beyond the rest in terms of prevalence and being seen as reasonable. These were "Deshopping" (purchasing an item of clothing, wearing it once and then returning it to the supplier by claiming that it is not suitable) and "Fronting" (taking out a car insurance policy in the name of someone who is not a principal driver, usually a parent on behalf of a young person). 44% of respondents either achieved "Deshopping" themselves, or knew someone who had, with the corresponding figure for "Fronting" at 41%.
- 23 However, taking the whole sample, the third highest in incidence was claiming a single person council tax discount when the household had more than one liable person. 25% of people in the whole sample (England, Scotland and Wales) admitted that they or someone they knew had perpetrated this type of fraud – and 10% felt that committing this type of fraud was reasonable. Taking Wales separately, the incidence figure increased to 31%. That is, almost 1 in 3 people in Wales in the sample had either fraudulently claimed a single person's discount themselves or knew someone who had. The Welsh figure is slightly lower than Scotland (which is 33%), but higher than in all the English regions.
- 24 This shows that single person discount fraud is common and recurring – and there is no reason to think that Gwynedd is different to the rest of Wales.

- 25 At present, almost 18,000 Gwynedd households are in receipt of a 25% Council Tax single person discount which is awarded when there is only one adult living at a property.
- 26 Therefore, to ensure that all discounts and exemptions awarded are correct, Gwynedd Council will be working with Datatank, a leading service provider which specialises in these types of reviews and has worked with the Council in the past. The review will confirm the discount for genuine claimants and identify those people who are claiming a 25% single persons discount on their Council Tax when they are not entitled to it.
- 27 Where incorrect claims are identified, the Council will terminate the claims, writing to the taxpayer and seeking to reclaim the discount.

National Fraud Initiative

- 28 The National Fraud Initiative (NFI) is a biennial data-matching exercise that helps detect and prevent fraud and overpayments from the public purse across the UK.
- 29 The NFI matches data across organisations and systems to help public bodies identify fraud and overpayments. A full NFI exercise will not be undertaken during 2019/20 – one was held in 2018/19, with a further exercise in 2020/21. However, there will be an annual review which compares Council Tax single person discount data with the electoral register. Data will be uploaded onto the NFI system on 2 December.
- 30 The Council's contract with Datatank means that a monthly review will take place, which looks at more data than just the electoral register (although it is likely that the information of the electoral register will be up to date given that there will be a general election on 12 December). As part of the agreement, Datatank will compare the outcome of the NFI exercise with their own results in order to update information.

NEW DEVELOPMENTS

Action: The Council will be alert to the risk of fraud with new developments within the Council

- 31 This action goes hand-in-hand with the work to strengthen and develop the Council's risk management arrangements. With that in place, it should become natural for officials to identify new developments within the Register. It is important to note that the main risk of the majority of developments is not fraud, but we must be aware that there is potential fraud in any situation where money transfers.

RAISING AWARENESS

Action: Establish a team Task and Finish Group to identify ways of raising awareness of fraud across the Council

- 32 This has not yet happened. It is aimed to implement it during quarter 4 of the current financial year.

TRAINING EVENTS

Action: Being proactive by attending training events provided by professional bodies, and/or provide training jointly with other authorities in order to maximise effectiveness

- 33 It is noted above that a number of council officers are undertaking an Accredited Counter Fraud Technician training course. In addition, two internal audit officers attended the "Working in partnership to combat fraud" event in Llanrwst organised by the Good Practice Exchange (part of the Wales Audit Office) in May 2019. Learning, and course material, will assist in the planning of internal audit work for 2020/21.

NATIONAL CONTEXT

- 34 In November 2018, the National Assembly's Public Accounts Committee requested that the Auditor General for Wales review the situation with regards to fraud perpetrated against the public sector in Wales.
- 35 The Auditor General's report, "***Counter-fraud Arrangements in the Welsh public Sector – An overview for the Public Accounts Committee***", was published in June 2019. Since the purpose of the report is to provide the Public Accounts Committee with an overview, it does not contain recommendations or proposals for improvement. However, it is a report that gives a picture of the types of fraud that could be committed against the public sector in Wales, and the arrangements that are in place within the different types of public bodies.
- 36 From a local government perspective, the Auditor General states in the report that:

There are 22 Unitary Local Authorities in Wales. Each is a corporate body responsible for exercising the functions devolved to them under the Local Government (Wales) Act 1994.

These elected councils are responsible for policy formulation and determining spending priorities. Accordingly, each council determines how much resource to allocate to counter fraud and what policies and strategies they wish to follow.

The counter-fraud landscape across Local Government differs markedly from the NHS and Central Government in Wales. There is no all-Wales team responsible for local government counter-fraud or an overarching strategy or policy framework. Arrangements vary widely from council to council.

Source: *Counter-fraud Arrangements in the Welsh public Sector – An overview for the Public Accounts Committee, Auditor General for Wales, June 2019*

- 37 A copy of the full report is found here:

<http://www.audit.wales/system/files/publications/Counter%20fraud%20arrangements%20-%20english.pdf>

- 38 On 1 July, Public Accounts Committee held an event for stakeholders to exchange support, good practice and knowledge about counter fraud in the public sector. The event considered:
- How key organisations (Welsh Government, police, NHS, local government, CIPFA, National Crime Agency etc) interact and promote an effective anti-fraud and corruption culture and policy framework across the Welsh public sector.
 - Identified how and quantified the extent to which the resources are allocated towards preventing and detecting fraud and corruption across the Auditor General's audited bodies in the context of wider financial pressures; and
 - Quantified the total identifiable loss across our audited bodies arising from fraud and corruption together with case study type analysis of significant instances of loss.

39 After the event of 1 July, the Chair of the Public Accounts Committee wrote to the Welsh Government. A copy of the letter is found here: <http://www.senedd.assembly.wales/documents/s93429/Letter%20from%20the%20Committee%20Chair%20to%20the%20Permanent%20Secretary%20Welsh%20Government%20-%2027%20August%202019.pdf>, but some of the points raised were:

- “The resources devoted to counter-fraud activity vary widely across the public sector in Wales;
- NHS Wales invests extensively in both national and local counter-fraud activity;
- Welsh Government activity prioritises investigation, rather than prevention; and
- across local government in Wales, counter-fraud resourcing arrangements differ markedly from council to council and there is no all-Wales team responsible for local government counter-fraud activities or any overarching strategy or policy framework.”

“With regards to Local Government we were particularly concerned to hear that most councils no longer have a dedicated council-wide counter-fraud team, and instead, Internal Audit has been designated the counter-fraud role in many councils. Not all internal audit teams have received any formal training in this specialist area, and many teams lack counter-fraud experience.”

“We would like to see greater collaboration led at a national level within Wales, particularly in relation to the sharing of information and good practice with local authorities. Currently, there is no overarching group or professional network that specifically promotes counter-fraud in local government. Councils do have some links with CIPFA and often use its published information (for example, the ‘Fighting Fraud Locally Strategy’). However, most councils do not tend to engage actively with CIPFA. On cost grounds, only two councils currently subscribe to the resources and expertise available from the CIPFA Counter Fraud Centre.”

“We ask that the Welsh Government consider whether there is scope and potential to support a national counter fraud team to work across Wales to ensure that at least a basic level of counter fraud work is undertaken in each local authority area by suitably trained staff.”

“The Committee intend to continue to scrutinise counter-fraud across the Welsh public sector and are particularly encouraged that, building on his initial landscape review, the Auditor General now intends to undertake local audit work across all parts of the Welsh public sector to examine how effective their counter-fraud arrangements are in practice and to make recommendations for improvement.”

Source: Letter from the Chair of the Public Accounts Committee (NAW), August 2019

40 The response of the Permanent Secretary in the Welsh Government is found here: <http://www.senedd.assembly.wales/documents/s94312/Letter%20from%20the%20Permanent%20Secretary%20to%20the%20Committee%20Chair%20-%2024%20September%202019.pdf>. In her reply, the Permanent Secretary notes:

“The Welsh Government recognises and fully supports local authorities addressing fraud within the £8 billion of their general revenue expenditure. As independent democratically led organisations, the prime responsibility for the detection and prevention of fraud is for each of the 22 councils themselves. As such, we would expect all to be fully engaged in this work and for local politicians to understand and provide leadership. To make sure that the recommendation is understood and given priority, officials will raise the matter with Ministers to secure an item on the Partnership Council agenda as well as its Finance Sub Committee. Subject to Ministers’ agreement, we will agenda an item for the next possible meeting.”

“Therefore, I believe the Welsh Government can achieve the outcome desired by identifying strategies to support the work of the [Wales Fraud] Forum, raising its profile within the Welsh Public Sector and seek a high level of commitment to support it. I will ask Officials to engage with the Forum to discuss strategies for strengthening its effectiveness by the end of the calendar year.”

“I will write to provide the Committee with an update on the actions taken by the end of the current financial year.”

Source: Letter from the Permanent Secretary, Welsh Government, September 2019

- 41 The Public Accounts Committee has endorsed the Auditor General's proposal to undertake a Phase 2 follow-up review across a range of Welsh public sector bodies to examine the effectiveness of the anti-fraud arrangements in practice and to make recommendations on for improvement.
- 42 The Phase 2 review will address the following overall question: '**Are the arrangements for preventing and detecting fraud in the Welsh public sector effective?**' More specifically, the Wales Audit Office will be considering the following issues:
- Does the top tier demonstrate a commitment to counter-fraud and provide the necessary leadership to fight fraud?
 - Does the organisation have a suitable structure and sufficient skilled resources to prevent and detect fraud?
 - Does the organisation have a sound policy framework to support effective counter-fraud arrangements?
 - Does the organisation have an effective fraud risk assessment together with appropriate responses to emerging issues?
 - Does the organisation's internal control environment support effective arrangements for preventing and detecting fraud?
 - Does the organisation have an appropriate response to fraud?
 - Does the organisation have proper reporting and scrutiny in place to ensure its counter-fraud culture and framework is operating effectively?

43 According to WAO:

We are aiming to publish our Phase 2 report in June 2020. This national report will concentrate on the key messages rather than ranking or describing in detail the actual arrangements in place at audited bodies. That said, we anticipate that our local audit teams will provide tailored local feedback to audited bodies in order to help generate improvements.

Source: Client Briefing: A review of the effectiveness of counter-fraud arrangements in the Welsh Public Sector, Wales Audit Office, September 2019

- 44 A request for information has been submitted to the Head of Finance in October, and the information requested has been submitted. The Audit and Governance Committee is asked to note the WAO timetable to report the results; this may of course be subject to change, and we will report to the Committee on the outcome of the work, and particularly any issues specific to Gwynedd Council.

Agenda Item 12

COMMITTEE	AUDIT AND GOVERNANCE COMMITTEE
DATE	28 NOVEMBER 2019
TITLE	OUTPUT OF THE INTERNAL AUDIT SECTION
PURPOSE OF REPORT	TO OUTLINE THE WORK OF INTERNAL AUDIT FOR THE PERIOD TO 15 NOVEMBER 2019
AUTHOR	LUNED FÔN JONES – AUDIT MANAGER
ACTION	TO RECEIVE THE REPORT, COMMENT ON THE CONTENTS AND SUPPORT THE ACTIONS THAT HAVE ALREADY BEEN AGREED WITH THE RELEVANT SERVICES

1. INTRODUCTION

- 1.1 The following report summarises the work of Internal Audit for the period from 7 October 2019 to 15 November 2019.

2. WORK COMPLETED DURING THE PERIOD

- 2.1 The following work was completed in the period to 15 November 2019:

Description	Number
Reports on Audits from the Operational Plan	8

Further details regarding this work are found in the body of this report and in the enclosed appendices.

2.2 Audit Reports

2.2.1 The following table shows the audits completed in the period to 15 November 2019, indicating the relevant assurance level and a reference to the relevant appendix.

TITLE	DEPARTMENT	SERVICE	ASSURANCE LEVEL	APPENDIX
Section 106 Agreements	Environment	Planning	Satisfactory	Appendix 1
AONB Grant	Environment	Countryside and Access Unit	High	Appendix 2
Gwynedd Council's Role in relation to Universal Credit	Finance	Revenues	High	Appendix 3
Lloyd George Museum Accounts	Economy & Community	Record Offices, Museums and the Arts	High	Appendix 4
Bed and Breakfast Costs	Adults, Health and Wellbeing	Homelessness and Supported Housing	Satisfactory	Appendix 5
Plas Pengwaith	Adults, Health and Wellbeing	Residential and Day	Satisfactory	Appendix 6
Bryn Blodau	Adults, Health and Wellbeing	Residential and Day	Satisfactory	Appendix 7
Llys Cadfan	Adults, Health and Wellbeing	Residential and Day	Satisfactory	Appendix 8

2.2.2 The general assurance levels of audits fall into one of four categories as shown in the table below.

LEVEL OF ASSURANCE	HIGH	Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.
	SATISFACTORY	Controls are in place to achieve their objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.
	LIMITED	Although controls are in place, compliance with the controls needs to be improved and / or introduces new controls to reduce the risks to which the service is exposed.
	NO ASSURANCE	Controls in place are considered to be inadequate, with objectives failing to be achieved.

3. WORK IN PROGRESS

3.1 The following work was in progress as at 18 November 2019:

- Supporting Ffordd Gwynedd Reviews (*Corporate*)
- Overtime (*Corporate*)
- The 5 Ways of Working (*Corporate*)
- Safeguarding Arrangements – *Establishments (Corporate)*
- Culture and Ethics (*Corporate*)
- Proactive Prevention of Fraud and Corruption and the National Fraud Initiative (*Corporate*)
- Information Management – *Establishments (Corporate)*
- GwE – Travelling Costs (*Education*)
- Appointment and Cost of Supply Teachers – *Secondary (Education)*
- Trust Funds (*Education*)
- Schools –*General (Education)*
- Ysgol Pendalar (*Education*)
- Ysgol Hafod Lon (*Education*)
- Road Safety Unit (*Environment*)
- Arrangement for Returning Equipment (*Finance*)
- Benefits – Review of Key Controls (*Finance*)
- Welsh Church Fund (*Economy and Community*)
- ARFOR (*Economy and Community*)
- Harbours – Health and Safety (*Economy and Community*)
- Parc Padarn Safety Measures (*Economy and Community*)
- Use of P6 Forms (*Adults, Health and Wellbeing*)
- Absence Management (*Social Service*)
- Plas Gwilym (*Adults, Health and Wellbeing*)
- Youth Club Accounts (*Children and Supporting Families*)
- Payments to Foster Carers (*Children and Supporting Families*)
- Hafan y Sêr (*Children and Supporting Families*)
- Repair and Maintenance of Playing Areas (*Highways and Municipal*)

4. RECOMMENDATION

4.1 The Committee is requested to accept this report on the work of the Internal Audit Section in the period from 7 October 2019 to 15 November 2019, comment on the contents in accordance with members' wishes, and support the actions agreed with the relevant service managers.

SECTION 106 AGREEMENTS

1. Background

- 1.1 Planning obligations under Section 106 of the Town and Country Planning Act 1990 are a means of mitigating the negative effects of planning developments by forcing developers to include certain works as part of the scheme, or to contribute financially towards the provision of public services that the proposed development affects, in cases where the capacity of the existing infrastructure is insufficient to cope with the development.
- 1.2 The planning obligations must be necessary for making developments that would otherwise be unacceptable, acceptable in planning terms. In addition, the obligations must be fair and evidence based. This means that obligations cannot be imposed on every development with the intention of generating income, but only to mitigate the negative effects of the development.
- 1.3 Although each planning application needs to be treated separately, the Local Development Plan (LDP), supported by a series of Supplementary Planning Guidance, includes planning policies to be used in determining applications for development and land use in the Gwynedd and Anglesey LDP area, including the use of section 106 legal agreements and a consistent basis for the obligations.
- 1.4 The range of development types that may be subject to a planning obligation are varied. It should be noted that many planning obligations may not fit neatly into a simple categorisation and consequently the Planning Authorities will consider each development proposal on its merits. Whilst the following list provides an indication of the principal categories, they are not listed in any particular order of priority, neither the list is designed to be exhaustive. The categories of obligation relate to:

- | | | |
|---|---|--|
| <ul style="list-style-type: none"> • Affordable Housing • Renewable and Low Carbon Energy • Environment • Public Realm • Education | <ul style="list-style-type: none"> • Training and Employment • Community Facilities (including Sports and Leisure Facilities) • Healthcare facilities • Broadband Infrastructure • Flood Risk Management | <ul style="list-style-type: none"> • Transportation • Open Space and Recreation • Welsh Language • Recycling and Waste |
|---|---|--|

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that suitable arrangements were in place when imposing section 106 planning obligations in order to mitigate the negative effects of developments. To achieve this, the audit encompassed selecting a sample of development obligations, ensuring they were appropriate and implemented.

3. Audit Level of Assurance

- 3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
SATISFACTORY	There are controls in place to achieve objectives but there are aspects where the arrangements can be tightened to further mitigate the risks.

4. Current Score Risk

4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
VERY HIGH	0
HIGH	0
MEDIUM	1
LOW	0

5. Main Findings

- 5.1 A sample of planning developments that have been subject to section 106 agreements over the last 5 years was selected, in order to include developments that would have been completed. The sample consisted of agreements with financial obligations in order to provide e.g. education provision, open space and transport, as well as developments where no financial contribution was requested e.g. the provision of affordable housing.
- 5.2 The rationale behind the specific planning obligations were reviewed in order to ensure that they were justified and supported by a sufficient audit trail, such as how the financial contributions or the number of affordable houses were calculated, and they were found to be appropriate and in accordance with the relevant Supplementary Planning Guidance. Legal and monitoring costs were seen to have been paid by the applicant.
- 5.3 Due to the sample encompassing a long period, it was possible to verify that the Council used any financial contribution appropriately and in accordance with the agreements, that is, to fund work that mitigated the negative impacts of the developments. Any work to mitigate the negative effects must be approved in advance by the Enforcement Team Manager to ensure compliance with the agreement, and must be completed before the funding is received. It was seen from the financial ledger that money received some years ago for many developments remains unspent, despite the Planning Service's efforts to encourage organisations such as Community Councils to spend them. This can create the risk of having to pay the money back to the developers, with interest.

6. Actions

The Planning Service has committed to implementing the following to mitigate the risks highlighted.

- Remind the relevant parties of the need to plan how to spend the money arising from section 106 agreements.

AONB GRANT

1. Background

1.1 The Sustainable Development Fund was established by the Welsh Government in 2001 as part of the ongoing support for protected landscapes such as the 5 Areas of Outstanding Natural Beauty (AONB) in Wales. An annual fund of £55,000 provides grant aid for innovative environmental, economic and community projects that encourage and develop more sustainable lifestyles within the Llŷn Peninsula AONB. The scheme is present across all 5 AONB in Wales.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that suitable arrangements were in place for the management and administration of the Sustainable Development Fund and that payments were made in accordance with fund guidelines and Council rules. In order to achieve this, the audit involved selecting a sample of projects and ensuring that appropriate and correct steps had been followed throughout the funding process.

3. Audit Level of Assurance

3.1 The controls for risk mitigation were checked. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
HIGH	Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.

4. Current Risks

4.1 The audit's risk are as follows:

<u>Risk Level</u>	<u>Number</u>
VERY HIGH	0
HIGH	0
MEDIUM	0
LOW	1

5. Main Findings

5.1 The grant has run successfully in recent years with much interest annually ensuring that all available funding is allocated to applicants. Approximately 20 successful projects have received support annually over the last 3 years.

- 5.2 A number of grant applications are received during the first two quarters of the year and the funding available is earmarked for the successful projects. No more applications are accepted unless one of the successful applications withdraws soon after approval, usually before the end of quarter 3 in order to allow sufficient time for an applicant to prepare and submit an application and complete their project before the end of the year.
- 5.3 Officers from the AONB Service may award grants up to a maximum of £3,000. Applications for greater amounts are discussed and either approved or rejected by a panel. The panel includes representation from Community Councils and other local groups and Natural Resources Wales. A scoring system and a means test have been set by the Government, and are being followed.
- 5.4 According to the ledger and data from the fund, a total of £55,000 has been fully allocated for the last 3 years. However, this was found to include a year-on-year 'Service Claim' figure for the administration of the grant. The Government allows up to 10% of the Fund to be used for administration but Gwynedd has claimed less in order to fund more projects. The amount appears to be calculated depending on the difference between the total fund and the final amount claimed by the successful applicants.
- 5.5 Payments to successful applicants are made from the Department's budget before a claim is submitted to the Welsh Government to reclaim the total at the year end. In order to receive payment applicants must submit evidence such as invoices / receipts and photographs and if necessary the AONB Officers also visit to check that work has been carried out to the required standards.
- 5.6 There is a wide variety of applications received and due to the success of the fund and the amount available there has been no need for promotional campaigns to encourage more applicants.
- 5.7 The administrative arrangements for the Gwynedd AONB Service was found to be appropriate but no confirmation has been received that the Welsh Government will continue with the scheme in 2020 and beyond. No long-term security has been provided by the Government for a number of years and as a result there has been little commitment to adapt administration procedures and the awarding of applications.
- 5.8 No definitive guidance is being given by the Government regarding the document retention period. As a result individuals' personal details are kept for long periods of time and many documents and files require storage.

6. **Actions**

The AONB Service Officer has committed to implement the following steps to mitigate the risks highlighted:

- **Enquire with the Welsh Government for guidance on the necessary retention periods before destruction of documents.**

GWYNEDD COUNCIL'S ROLE IN RELATION TO UNIVERSAL CREDIT

1. Background

1.1 Since 12 December 2018, Gwynedd is a full Universal Credit service area. Universal Credit is a new benefit that supports people who are on low income or out of work which has replaced the 6 working age benefits such as Income-based Jobseeker's Allowance, Income-related Employment and Support Allowance, Income Support, Working Tax Credit, Child Tax Credit and Housing Benefit.

2. Purpose and Scope of Audit

2.1 The aim of the audit was to ensure that the Council had suitable arrangements in place to deal with the introduction, changes and transfers from historic benefit payments to Universal Credit payments. In order to achieve this, the audit encompassed a review of the steps the Council has taken to deal with changes to facilitate the system for customers who are competent and/or transferring over to the new system.

3. Audit Level of Assurance

3.1 The risk mitigation controls were checked. The auditor's assessment concludes that the assurance of the audit Gwynedd Council's role in relation to Universal Credit is as follows

Assurance Level	Description
HIGH	Certainty of propriety can be stated as internal Controls can be relied upon to achieve objectives.

4. Main findings

4.1 The Department for Work and Pensions (DWP) holds quarterly engagement workshops across England, Scotland and Wales with local authorities in Department for Work and Pensions centres. The workshops aim to provide up to date information on Universal Credit and to gain insight feedback from local authorities. The Benefits manager noted that members of the Council had attended these workshops and were continuing to do so. It was discovered that the Council had received the 'Full Service Support Pack' version 20, which is designed to help local authorities support staff in roles affected by Universal Credit's introduction.

4.2 The Council's website was reviewed and it was seen that there are accurate and appropriate information available to members of the public that notes Universal Credit changes. Information such as how to apply, processing time for applications and any delays, monthly payments, information for landlords etc. were published on the council's website, as well as a 'Universal Credit and you' pack and a link from the Council's website to the government's website for further details.

- 4.3 It appears that the Council provides appropriate and adequate facilities for the implementation of the Universal Credit changes as the service provides free access to computers and the internet at various sites across Gwynedd. Trained staff are available to help fill the applications at some sites or residents can use the computers free of charge without support at other sites. All of this information was made available to the public on the Council's website, including a list of all available sites.
- 4.4 It was discovered that training had been held specifically on Universal Credit in the current year and in November 2018 on how to make Universal Credit applications online, Universal Credit theory training, complex updates and applications. Appropriate staff such as benefits, council tax and homelessness officers were seen to have received some form of training on Universal Credit. This ensures that all frontline staff have received relevant information and training to deal with enquiries and signpost the public to the appropriate place for further assistance or information. In addition, the benefits manager noted that staff from Siop Gwynedd and the libraries had received training on the effects of Universal Credit as they are front line services who deal with open inquiries.
- 4.5 The Benefits Manager explained that the Council had a funding agreement for the delivery of financial and digital support to customers ("Universal Support"), but that ended in April 2019 when Citizen's Advice Bureau were awarded the contract by the Department for Work and Pensions. The Council was seen to accept 'New Burdens Allocation Funding', and the benefits manager explained that it is paid to councils for various aspects of the additional work that Universal Credit is creating and there is no request for them to provide data for this money as the Department for Work and Pensions uses a formula themselves to allocate the money.

LLOYD GEORGE MUSEUM ACCOUNTS

1. Background

1.1 The Lloyd George Museum and his childhood home, Highgate, Llanystumdwy, traces the life of the former Prime Minister of Britain. The museum is administrated by Gwynedd Council with help from Friends of the Museum who support and assist with the development of the museum and its educational use. As the museum is a registered charity, that in 2018-19 exceeded the income threshold of £25,000 thanks to a grant from the Government, the trustees' account and annual report must be submitted to the Charities Commission, including an independent auditor's report of the accounts.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to complete the independent examiner's report on the museum's 2018-19 accounts, giving assurance that what is presented to the Charities Commission is correct. This was done by reconciling them with the Council's main accounting system, ensuring that all transactions were relevant to the museum.

3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
HIGH	Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.

4. Main Findings

4.1 It was found that the accounts were appropriate and therefore the independent examiner's report to the Charities Commission was completed in order to declare that.

BED AND BREAKFAST COSTS

1. Background

An increasing number of people are homeless or threatened with homelessness in Gwynedd. There has been a 36% increase in demand for the service since 2014/15, and current evidence suggests that this increase will continue. The main causes of homelessness in Gwynedd are the loss of accommodation, leaving prison, parents and relatives unwilling to accommodate any longer, relationships breakdown and domestic violence. A high number of people presenting as homeless are single individuals, and over-use of a bed and breakfast resource is being used to support them, rather than fixed units.

2. Purpose and Scope of Audit

2.1 The aim of the audit was to ensure that suitable arrangements were in place for the administration of homelessness applications where applicants are placed in bed and breakfast accommodation. In order to achieve this, the audit covered reviewing a proportion of relevant cases for Arfon, Dwyfor and Meirionnydd during 2018-19, where the validity of the individuals to receive the service was examined, checking that officers had received appropriate training, the budgetary arrangements and performance measurement of the service together with the measures in place to reduce the cost to the Authority.

3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
SATISFACTORY	There are controls in place to achieve objectives but there are aspects where the arrangements can be tightened to further mitigate the risks.

4. Current Score Risk

4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
VERY HIGH	0
HIGH	0
MEDIUM	2
LOW	0

5. Main Findings

- 5.1 Gwynedd Council is working with other local authorities across North Wales to create a Regional Homelessness Strategy. This is supported by the local delivery action plan to respond to the problems in Gwynedd and was identified in the Regional Homelessness Review 2018. The regional homelessness strategy was adopted by the Council in December 2018 and under theme 2 of the local action plan, the priority is to reduce the use of temporary accommodation and 'bed and breakfast'.
- 5.2 A list of homeless applicants for 2019/20 was received from the service and out of the 181 applicants in the Arfon area, it appeared that there were no record that an assessment had been taken for 20. These 20 applicants were checked against the 'Academy Housing' homelessness system and were seen to have been referred promptly or support had been given before applications were closed.
- 5.3 A sample of 23 bed and breakfast cost payments (from the Ledger, account VD02 4038) were selected for auditing and an invoice was found for each payment. The candidates' files linked to the invoices/allocated to the accommodation were checked to ensure that the applicants were placed in Bed and Breakfast accommodation as an emergency or as a last resort, but were for a maximum period of up to 6 weeks and that the invoice was valid to be paid. It was discovered that the 'Academy Housing' system is not suitable for the purpose of the service as no record was seen for one candidate on the system and it was not possible to follow 9 out of 21 of the sample back into the system, where the individuals were on the system but there were no Bed and Breakfast accommodation record on the system to match the sample of invoices for them. However, it was discovered that the service uses the Housing Invoicing system for identifying and maintaining a record of invoices. All invoices in the sample apart from one were found to be correctly recorded on this system.
- 5.4 The arrangements for conducting financial assessments for candidates for the sample selected were checked and suitable arrangements were seen to have been followed. A financial assessment was carried out for the whole sample and an application for entitlement had been made for applicants who were valid to receive housing benefit. One of the sample was found not to be in receipt of housing benefit but evidence was seen that contribution had been received. It was seen that a 'memo' is sent to the benefits unit with the start date, accommodation address, and cost details and then after the candidates have left the bed and breakfast another 'memo' is sent indicating the date of departure. The Homelessness and Housing Support Manager explained that the homelessness unit receives the housing benefit, not the Bed and Breakfast individual/organisation, so any outstanding benefit payments will be claimed/backdated to cover existing bed and breakfast accommodation has been paid by the service.

- 5.5 It was reported that the service had recently received a staff cut as part of the savings programme. However, the manager noted that the loss in staff has resulted in the service failing to deal with the requirement to find permanent accommodation for applicants in Bed and Breakfast accommodation on time resulting in some remaining in Bed and Breakfast accommodation longer than 6 weeks. Of the sample of candidates selected, it was verified if these had been re-located in long-term accommodation within 6 weeks. It appears from the Bed and Breakfast cost invoices that 13 out of 21 homeless applicants have been occupying the accommodation for a period longer than 6 weeks. Out of the checked invoices, it was seen that no invoices had been raised for over 31 days, but it was discovered that the invoices were being charged on a weekly or monthly basis.
- 5.6 It was seen that the budget had been reduced in the last three years due to cuts within the Authority to save money. In addition to staff loss, specifically in the Arfon area where the percentage of homeless applicants is greatest, there is a perceived lack of resources to remove applicants from bed and breakfast accommodation. The statistics show that there is an increase in the number of homeless applicants wanting single bed accommodation but that there is a lack of single bed accommodation available impacting on spending within the budget. As a result, there are Financial pressures on local government budgets and homelessness services, including uncertainty about current homelessness funding and moving to flexible funding. It is therefore important to recognise that any reduction in funding would have a significant impact on the levels of homelessness in the future.

6. Actions

The Homelessness Unit has committed to implementing the following steps to mitigate the risks highlighted.

- **The service to consider modernising the 'Academy Housing' system to enable officers to work efficiently and to maintain the organisation of bed and breakfast accommodation applications.**
- **Continue to work on the schemes that are in place to increase alternative accommodation for temporary accommodation use in place of Bed and Breakfast, such as leasing of two properties by Grŵp Cynefin in Caernarfon as temporary accommodation, the use of innovative housing programme grant funding for the provision of four properties on four single individuals and search for suitable properties for addition to the leasing property portfolio.**

PLAS PENGWAITH

1. Background

1.1 Plas Pengwaith is a residential home for the elderly in the village of Llanberis, and is registered with the Care Inspectorate for Wales in order to provide a residential care service. The home has 4 units, Dorothea and Ceirios with 7 single bedrooms each and Glasfryn and Heulwen with 8 each. The home is registered to provide care for 31 people.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that the management and maintenance of Plas Pengwaith Residential Home is appropriate and in accordance with relevant regulations and standards.

2.2 In order to achieve this, the audit included verifying that the Home's arrangements were sufficient in terms of administration and staffing, budgetary control, procurement of goods and receiving income, health and safety, and performance monitoring along with ensuring that service users and their property were protected.

3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
SATISFACTORY	There are controls in place to achieve objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.

4. Current Score Risk

4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
VERY HIGH	0
HIGH	0
MEDIUM	4
LOW	0

5. Main Findings

5.1 A sample of 3 residents' care plans were checked and it was observed that none of the three care plans were complete or current. It was discovered that there were incomplete parts such as a quick profile, a signature form, end of life form, monthly and annual reviews, and that there were no dates/signatures on some of the leaflets that had been completed.

It was observed that notes on the file cover indicated which parts needed updating. Daily dates for the three residents in the sample were seen to be kept separate. There is a requirement for further work to be undertaken on the care plans in order to include sufficient detail on how best to support the individual and to be consistent with the expectations of the regulation and inspection of Social Care (Wales) Act 2016.

- 5.2 The care plans were checked for 'Personal Items forms'. No form, record or pictures of the personal items of the residents in the sample were seen. The manager explained that the pictures of all residents' personal items are currently on an electronic device, ready to be printed and placed in the files. The manager was notified of the need to note on the form if the residents has no items.
- 5.3 Plas Pengwaith's inventory was checked and found to be per room/setting. The inventory had not been updated since April 2018. The manager was informed of this and noted that there had been a lot of recent work on the home, such as refurbishment on the upstairs rooms, and that she was waiting until the building work had finished before updating the inventory, but has arranged time for completing this in the next few weeks.
- 5.4 It appears that the training of every member of staff at the home is not up to date. Some cases were seen where training needed to be updated and some staff needed to attend courses for the first time. There has been a lack of training, or training requiring updating in a number of different areas such as safeguarding (POVA), first aid and e-learning modules. The manager stated that she has provided names to attend the safeguarding and first aid courses, i.e. up to 2020, but that there is only a space for three members of staff on the courses, so it can be a slow process to ensure that every member of staff's training is up to date. It was observed that a very low number of staff had completed the e-learning modules related to domestic abuse and safeguarding. The Manager explained that there had been a recent difficulty with the web/wi-fi at the home and that she hopes this will be resolved in the near future so that staff members can complete these modules.
- 5.5 The supervision records of four staff members were checked. The Manager stated that she and the Assistant Manager try to conduct supervision every three months but it appears that no time had been allocated for the supervision of one staff member in the sample since October 2018. For the remainder of the sample, evidence was seen that one member had received the practice supervision in June and July 2019 and another member had received supervision in April 2019. Internal Audit recognises that the home has struggled to recruit new staff, it can put pressure on the home not to redirect staff time away from front-end care.
- 5.6 The fire log book was viewed and it was seen that all relevant tests had been carried out regularly in September 2019. However, it was observed that the fire control plan was not up to date as it contained details of the former Manager and was dated 11/01/2017. This has already been implemented following the visit.

- 5.7 A visit to the home indicated that the temperature of the medication room was 25°C and the refrigerator temperature was 8.3°C. It appeared that the staff members of the home did not keep a record of the temperatures of the medication stores. The manager stated that the night care assistants check them but no records have been completed. This has been raised in an annual inspection by Boots pharmacy recently. It is expected that arrangements are in place for recording the temperature including date, time and by whom.
- 5.8 A sample of invoices were selected for inspection and it was observed that a received stamp had not been used for all invoices from the sample. The manager explained that they had struggled with the stamp and had therefore stopped using it, but had re-started now. The manager was informed that if this happened again, a signature and date would be sufficient on the invoices. Duplicate batches were checked and 3 different invoices were sent to the Payments Unit twice. The manager was informed of this and was unaware that they had tried to process invoices already paid.
- 5.9 The Care Inspectorate Wales (CIW) February 2019 report was received and was seen to indicate that the home was complying with legislation. However, it was observed that there are a number of requirements and recommendations that the home is expected to deliver in order to improve the service. The manager explained that she had already completed or in the process of implementing on these.

6. Actions

The Care Home has committed to implementing the following steps to mitigate the risks highlighted.

- **To update the care plans of all residents of the home and ensure that they are up to date, dated, containing pictures of personal items and that all parts have been completed correctly.**
- **To ensure that staff supervision takes place regularly every three months and that formal records are kept.**
- **To update the home's inventory and ensure that the record is reviewed annually.**
- **Ensure that appropriate arrangements are in place for the temperature recording of the medication room and the fridge including date, time and by whom.**

BRYN BLODAU

1. Background

1.1 Bryn Blodau Residential Home is located in the village of Llan Ffestiniog. The Home is registered to provide care for 41 people including individuals with dementia. The Home also offers day care to individuals who wish to access the service but are not residents.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that the management and maintenance of Bryn Blodau Residential Home is appropriate and in accordance with relevant regulations and standards.

2.2 In order to achieve this, the audit included verifying that the Home's arrangements were sufficient in terms of administration and staffing, budgetary control, procurement of goods and receiving income, health and safety, and performance monitoring along with ensuring that service users and their property were protected.

3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
SATISFACTORY	There are controls in place to achieve objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.

4. Current Score Risk

4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
VERY HIGH	0
HIGH	0
MEDIUM	1
LOW	0

5. Main Findings

5.1 It was found that strong internal controls exist at Bryn Blodau Home, but that some aspects need to be tightened. The areas requiring attention are detailed below:

- 5.1.1 A sample of 3 Care Plans were checked and appeared tidy and well organized. However, the Service has identified that further work needs to be done on the Care Plans so that they are consistent with the expectations of the Regulation and Inspection of Social Care (Wales) Act 2016. There is an expectation that the Care Plans are focused on Service users outcomes and how these are addressed. Work has already begun on the 'What matters' documentation that identifies the service user's outputs that need to be met by the service. It is intended to lead on this document and obtain further input from service managers, once a draft Care Plan has been drawn up it will be necessary to ensure that it meets the statutory requirements of the Care Inspectorate Wales (CIW) and the Quality Assurance Team. It then needs to be developed across services including County homes.
- 5.1.2 The Home maintains a spreadsheet with details of each staff member's training records, the spreadsheet identifies when the training needs to be refreshed, whilst checking the spreadsheet it was found that it did not always recognize this so the Manager and Clerk were notified so they don't miss anything.
- 5.1.3 Staff training was not up to date e.g. some members need to attend the training for the first time and others need refreshers. It was explained that the Home is only allocated 3 spaces for members of staff to attend some of the courses so it can take time to ensure that all staff have received the current training. It was seen that the Home had arranged for staff to attend First Aid, Medication, Fire courses etc. over the coming weeks and months.
- 5.1.4 A sample of invoices were selected to audit, not all of which were date stamped. It was explained that only the invoices that come to the office are marked, the kitchen invoices are not stamped. The Manager and Clerk were informed of the need to mark all invoices and it was noted that a signature and date would be sufficient if no stamp was available.
- 5.1.5 The Home's inventory was undated, it was explained that it had been compiled in Summer 2019. The Manager was informed of the need to sign and date the list when conducting a review. This was implemented following the visit.
- 5.1.6 The records of residents' personal items were checked in their Care Plans, there were pictures as well as lists of the items. However, the listings were dated 2016 and no dates were seen on the photos. The Manager was informed that consideration should be given to dating and signing this information and to periodically revisit it from now on to ensure that it is current. There is a possibility that family members or friends would take residents' personal items home to keep them safe or bring more items into the Home.
- 5.1.7 The Home's generic risk assessments had not been reviewed since June 2018, the Manager was aware that this needed to be acted upon. Following the visit, evidence was received that the Home's generic risk assessments had been reviewed.

5.1.8 The Care Inspectorate Wales report dated 1 May 2018 notes that the Home has escalated concerns to the local authority and that the Joint Interagency Monitoring Panel's (JIMP) Corrective Action Plan is in place to monitor and improve the service. Copies of action plans and records of actions already completed had been received, it was seen that some areas such as the Care Plans needed further action to ensure that they identify the residents desired outcomes etc. Unannounced monitoring will continue in the Home over the coming months and the Quality Assurance Officer will return in January 2020 to carry out a full monitoring review.

6. Actions

The Provider Services Team has committed to implementing the following steps to mitigate the risks highlighted.

- **Produce a Care Plan that focuses on supporting service users' desired outcomes that meet the requirements of CIW and the Quality Assurance Team.**
- **Once an appropriate Care Plan has been drawn up move forward and begin the process of training staff and adopting the plan in Council homes.**

LLYS CADFAN
ADULTS, HEALTH AND WELLBEING

1. Background

1.1 Llys Cadfan is a residential home in Tywyn, which offers day care and permanent care for up to 33 residents.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that the management and operation of Llys Cadfan is appropriate and in accordance with relevant regulations and standards. To achieve this, the audit included verifying that the home's arrangements were sufficient in terms of administration and staffing, budgetary control, procurement of goods and receiving income, health and safety, and performance monitoring along with ensuring that service users and their property were protected.

3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
SATISFACTORY	There are controls in place to achieve objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.

4. Current Score Risk

4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
VERY HIGH	0
HIGH	0
MEDIUM	1
LOW	1

5. Main Findings

5.1 The home was found to be homely and friendly and the management and operation of the home was effective. The latest Care Inspectorate Wales (CIW) report following an inspection of the home reinforces what was seen as part of the audit.

- 5.1.1 From the sample of invoices selected, it was found that a date stamp was not used to record the received date on each invoice, and as a result it is not possible to keep a detailed record of the time period between receipt of the invoice and its payment. The date of receipt rather than the invoice tax point is used to improve, and ensure the accuracy of, the punctuality of invoice payment. The Manager explained that a number of invoices for orders for the kitchen were received with the goods and as a result were not brought to the attention of the clerk in the office whilst other invoices were received by email. It is necessary to ensure that a receipt stamp or date of receipt is recorded on all invoices received.
- 5.1.2 There were several examples of risk assessments on the health and safety database where the review date had passed before the assessments were updated.
- 5.1.3 Requests for reimbursements to the imprest account were seen for amounts in excess of 2/3 of the total. In addition a request was made to temporarily increase the imprest level from £170 to £470. The Clerk explained that the purpose was to cover the increase in costs over the Christmas period where this account was used in order to purchase Christmas gifts on behalf of the residents.
- 5.1.4 The home was piloting a new system to administer medication and stock levels. The Omnicell eMAR system is currently used in one of the home's units. The system provides a very detailed audit trail for all staff, residents and all drugs which reduces the likelihood of any errors. The system has contributed to a reduction in the number of errors in the administration of medication. This system has a live link to the Chemist, which is convenient but as a result a very expensive system that would be too expensive to expand into more units and other homes. As a result the Manager is part of a project team working with the Council's Information Technology service to develop a similar system internally to the Council.
- 5.1.5 It was seen that the home continues to use the 2010 Gwynedd Medication Policy and staff continue to record and sign that they have read and accepted this version rather than the latest one. The Manager explained that the latest policy has not been officially adopted.
- 5.1.6 A report was received in May 2019 following a visit by CIW, and although CIW had no concerns they recommended a number of actions that the home was expected to undertake in order to comply. The Manager has already implemented or is in the process of taking these steps.

6. Actions

The home has committed to implementing the following steps to mitigate the risks highlighted.

- **Ensure risk assessments are reviewed and updated in a timely manner.**
- **Ensure receipt stamp is used or date recorded on all invoices.**

COMMITTEE	AUDIT AND GOVERNANCE COMMITTEE
DATE	28 NOVEMBER 2019
TITLE	INTERNAL AUDIT PLAN 2019/20
PURPOSE OF REPORT	TO GIVE THE COMMITTEE AN UPDATE ON PROGRESS AGAINST THE 2019/20 AUDIT PLAN
AUTHOR	LUNED FÔN JONES – AUDIT MANAGER
ACTION	FOR INFORMATION

1. INTRODUCTION

1.1 This report is a progress report on completion of the 2019/20 Internal Audit Plan.

2. SUMMARY OF PROGRESS AGAINST THE PLAN

2.1 The 2019/20 internal audit plan is included in Appendix 1 with the status of the work as at 15 November 2019 noted, together with the time spent on each project. The status of the work in the operational plan at that date was as follows:

Audit Status	Number
Planned	11
Working Papers Created	5
Field Work Started	15
Field Work Completed	2
Awaiting Review	1
Draft Report	2
Final Report Issued	18
Total	54
Cancelled	14

2.2 The service aims to have 95% of the audits in the plan to be either closed or with the final report released by 31 March 2020. The quarterly profile of this indicator is as follows:

End of quarter 1	8%
End of quarter 2	20%
End of quarter 3	50%
End of quarter 4	95%

2.3 As seen from the table above, Internal Audit's actual achievement up to 15 November 2019 was **33.33%** - out of **54** individual audits contained in the 2019/20 plan, **18** had been released in a finalised version.

3. AMENDMENTS TO THE PLAN

3.1 The following audits have been added to the plan:

- Use of P6 Forms – Adults, Health and Wellbeing– 10 days
- Absence Management – Social Services – 10 days

Amendments are also required to reflect the following:

- Terminating Temporary Auditor Post – 30 days
- Maternity Leave – 75 days

3.2 To reflect the above in the Annual Plan, it was decided to prioritise the audits in the plan based on risk and it was concluded that the following audits would be cancelled:

- Learning Disabilities – Day Centres – a substantial amount of work has been undertaken over recent years involving the arrangements at y Frondeg, Caernarfon and Tan y Marian, Pwllheli. As a result, it is believed that this audit can be delayed until the financial year 2020/21.
- Value for Money – 20 days- work commenced on the arrangements in respect of leasing photocopiers in school, but were informed by the Education Department that a project in this area is already underway.
- Staff Development Module – 8 days – the module is already live but further developments are in progress.
- STEM Gogledd – 8 days – it is considered premature to conduct an audit in this area as the plan is in its infancy.
- Accreditations (North and Mid Wales Trunk Road Agency) – 15 days – this area is now considered to be low risk following re-structuring within the Agency with a specific officer undertaking quality assurance duties.
- Council Tax – Self-service - 10 days – this is a part of a wider development in providing self-service facilities to the public.
- Post-16 Travelling Costs – 12 days - a Post-16 Travelling Policy was introduced in September 2019, hence it is considered premature to undertake an audit.

4. RECOMMENDATION

4.1 The Committee is asked to note the contents of this report as an update on progress against the 2019/20 audit plan, and offer comments thereon and accept the report.



Internal Audit Plan 2019/2020

Audit Code	Audit Name	Original Plan	Adjustment	Revised Plan	Actual Days	Audit Status
CORPORATE						
1-CORFF-08/2020	Value for Money	20.00	0.00	20.00	1.95	Cancelled
1-CORFF-09/2020/001	Supporting Ffordd Gwynedd Reviews	20.00	0.00	20.00	4.14	Field Work Started
1-CORFF-09/2020/002	Women in Leadership	5.00	0.00	5.00	0.14	Planned
1-CORFF-09/2020/003	Staff Development Module	8.00	0.00	8.00		Cancelled
1-CORFF-11/2020	Overtime	25.00	0.00	25.00	12.26	Field Work Started
1-CORFF-13/2020	Travelling Expenses - Self-service	5.00	0.00	5.00	4.96	Final Report Issued
1-CORFF-15/2020/001	The 5 Ways of Working	0.00	30.00	30.00	6.82	WP Created
1-CORFF-19/2020/001	Safeguarding Arrangements	15.00	0.00	15.00	0.54	Planned
1-CORFF-19/2020/002	Safeguarding Arrangements - Establishments	4.00	0.00	4.00	0.47	Field Work Started
1-CPGV-01/2020/001	Culture and Ethics	15.00	0.00	15.00	9.57	Field Work Started
1-CPGV-01/2020/002	Customer Relationship Monitoring	10.00	0.00	10.00		Cancelled
1-CPGV-02/2020	Proactive Prevention of Fraud and Corruption and the National Fraud Initiative	40.00	0.00	40.00	9.55	Field Work Started
2-ADN CGC-DPA/2020cy	Information Management - Establishments	6.00	0.00	6.00	1.09	Field Work Started
Communications						
BD-PW-03/2020	Use and Control of Social Media	8.00	0.00	8.00	11.54	Final Report Issued
EDUCATION						
Resources						
4-DAT-X-ADD/2020GDD	Pupill Development Grant	10.00	0.00	10.00	11.19	Final Report Issued
4-DAT-X-ADD/2020GGA	Regional Consortia School Improvement Grant	15.00	0.00	15.00	15.31	Final Report Issued
4-DAT-X-ADD/2020o16	Post-16 provision in Schools Grant	3.00	0.00	3.00		Planned
4-DAT-X-ADD/2020TC	Post-16 Budgeting Arrangements	10.00	0.00	10.00		Cancelled
GwE						
4-GWE/2020	GwE – Travelling Costs	20.00	0.00	20.00	7.74	WP Created
Schools						
EADDA16/2020	Appointment and Cost of Supply Teachers - Secondary	25.00	0.00	25.00	23.31	Field Work Complete
EADDA18/2020	Trust Funds	5.00	0.00	5.00	2.77	Field Work Started

Audit Code	Audit Name	Original Plan	Adjustment	Revised Plan	Actual Days	Audit Status
EADDA32/2020	School Funds	20.00	0.00	20.00		Planned
EADDA35/2020	Schools - General	5.00	0.00	5.00	0.92	Field Work Started
EADDAY7002/2020	Ysgol Pendalar	12.00	0.00	12.00	11.51	Draft Report Issued
EADDAY7010/2020	Ysgol Hafod Lon	12.00	0.00	12.00	10.55	WP Created
ENVIRONMENT						
Planning						
DCYN-RD-01/2020	Section 106 Agreements	15.00	0.00	15.00	16.18	Final Report Issued
Council Land and Property						
BA-EID-04/2020	Smallholdings	15.00	0.00	15.00		Cancelled
BA-EID-05/2020	Category Management	15.00	0.00	15.00	2.20	Cancelled
Transportation and Street Care						
DDAT-CC-01/2020	Transport - Post-16 Travelling Costs	12.00	0.00	12.00		Cancelled
PPR-RD-03/2020	Road Safety Unit	8.00	0.00	8.00	7.70	Field Work Started
Countyside and Access UNit						
4-AMG-X-GRANT/2020	AONB Grant	10.00	0.00	10.00	10.26	Final Report Issued
NORTH AND MID WALES TRUNK ROAD AGENCY						
3-AMG-ACGC/2020	Accreditations	15.00	0.00	15.00		Cancelled
FINANCE						
Across the department						
AW-TG-12/2020	IT Systems	30.00	-15.00	15.00		Planned
AW-TG-12/2020/001	Exit Interviews	0.00	15.00	15.00	13.47	Field Work Started
Financial						
AE-TAL-01/2020	Payments System - Change in Standing Data	10.00	0.00	10.00	11.70	Final Report Issued
Accountancy						
AN-ACY-08/2020/001	Harbours Statement of Accounts 2018-19	0.00	4.00	4.00	3.82	Final Report Issued
AN-ACY-08/2020/002	Joint Planning Policy Committee Statement of Accounts 2018-19	0.00	4.00	4.00	4.07	Final Report Issued
AN-ACY-08/2020/003	North Wales Economic Ambition Board Statement of Accounts 2018-19	0.00	4.00	4.00	3.77	Final Report Issued
AN-ACY-13/2020	Banc Reconciliation	20.00	0.00	20.00		Planned

Audit Code	Audit Name	Original Plan	Adjustment	Revised Plan	Actual Days	Audit Status
Revenue						
AB-BD-01/2020cc	Universal Credit	15.00	0.00	15.00	15.24	Final Report Issued
AB-BD-01/2020kc	Benefits – Review of Key Controls	12.00	0.00	12.00	10.81	Field Work Started
AC-TR-01/2020	Council Tax - Self-service	10.00	0.00	10.00		Cancelled
ECONOMY AND COMMUNITY						
Community Regeneration						
EADDZ-01/2020	Welsh Church Fund	3.00	0.00	3.00	1.08	Field Work Started
Across the department						
DDAT-CON-01/2020	Llanbedr Project	15.00	0.00	15.00		Cancelled
Record offices, museums and the arts						
EDIW-MU-01/2020/001	Lloyd George Museum Accounts	5.00	0.00	5.00	5.07	Final Report Issued
Business support						
DDAT-AD-04/2020/001	ARFOR	8.00	0.00	8.00	2.76	Field Work Started
DDAT-AD-04/2020/002	STEM Gogledd	8.00	0.00	8.00		Cancelled
Maritime and country parks						
EHAMM-02/2020	Harbours - Health and Safety	5.00	0.00	5.00	5.24	Field Work Complete
EHAMZ-01/2020	Parc Padarn Safety Measures	3.00	0.00	3.00	2.20	Field Work Started
Strategy and development Programmes						
DDAT-AD-05/2020	North Wales Economic Ambition Board	15.00	0.00	15.00		Cancelled
ADULTS, HEALTH AND WELLBEING						
Across the department						
5-GOF-GCY/2020/01	Use of P6 Forms	0.00	10.00	10.00	0.68	Planned
5-GOF-GCY/2020/02	Absence Management	0.00	10.00	10.00	2.03	Planned
Supporting People						
GDAPR-SP01/2020	Supporting People Grant	15.00	0.00	15.00	14.95	Final Report Issued
Homelessness and Supported Housing						
T-TAI-D01/2020/001	Syrian Refugees Relocation Plan	8.00	0.00	8.00	11.54	Final Report Issued
T-TAI-D01/2020/002	Bed and Breakfast Costs	10.00	0.00	10.00	17.70	Final Report Issued
Residential and Day						

Audit Code	Audit Name	Original Plan	Adjustment	Revised Plan	Actual Days	Audit Status
5-GOF-CART1340/2020	Plas Pengwaith	12.00	0.00	12.00	14.91	Final Report Issued
5-GOF-CART1344/2020	Plas Gwilym	12.00	0.00	12.00	8.51	Field Work Started
5-GOF-CART1355/2020	Bryn Blodau	12.00	0.00	12.00	13.00	Final Report Issued
5-GOF-CART1357/2020	Llys Cadfan	12.00	0.00	12.00	13.61	Final Report Issued
GGWAS-D04/2020	Learning Disabilities - Day Centres	25.00	0.00	25.00		Cancelled

CHILDREN AND FAMILY SUPPORT

Children and Families

EADDI01/2020clwb	Youth Club Accounts	8.00	0.00	8.00	7.45	Manager Review
GGWAS-P03/2020	Payments to Foster Carers	12.00	0.00	12.00	15.16	Draft Report Issued
GGWAS-PLANT2/2020	Hafan y Sêr	12.00	0.00	12.00	7.26	WP Created

HIGHWAYS AND MUNICIPAL

Highways Maintenance and Municipal

PZ01/2020	Business Continuity Plans	12.00	0.00	12.00	0.58	Planned
-----------	---------------------------	-------	------	--------------	-------------	---------

Municipal Works

M-GMG-C01/2020	Repair and Maintenance of Playing Areas	12.00	0.00	12.00	4.57	WP Created
----------------	---	-------	------	--------------	-------------	------------

Highways Works

PPR-CON-01/2020	Bridges - Work Programme	10.00	0.00	10.00	1.89	Planned
-----------------	--------------------------	-------	------	--------------	-------------	---------

Waste Management and Streets

3-AMG-TOI/2020	Public Conveniences	12.00	0.00	12.00		Cancelled
----------------	---------------------	-------	------	--------------	--	-----------

GWYNEDD CONSULTANCY

Across the department

PYMG-CON/2020	Accreditations	15.00	0.00	15.00		Planned
---------------	----------------	-------	------	--------------	--	---------