



# Complete Agenda

Democratic Services  
Swyddfa'r Cyngor  
CAERNARFON  
Gwynedd  
LL55 1SH

Meeting

## **GOVERNANCE AND AUDIT COMMITTEE**

Date and Time

**10.00 am, THURSDAY, 30TH JUNE, 2022**

Location

**Virtual Meeting**

Contact Point

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(DISTRIBUTED 23/06/22)

# **GOVERNANCE AND AUDIT COMMITTEE**

## **MEMBERSHIP (18)**

### **Plaid Cymru (8)**

#### Councillors

Menna Baines	Medwyn Hughes	Huw Rowlands
Paul John Rowlinson	Meryl Roberts	Elfed Wyn ap Elwyn
	(2 vacant seats)	

### **Independent (4)**

#### Councillors

Angela Russell	John Brynmor Hughes
Richard Glyn Roberts	Rob Triggs

### **Lay Members (6)**

Mr Hywel Eifion Jones  
Mrs Clare Hitchcock  
Mr Elwyn Rhys Parry  
Mrs Sharon Warnes

(2 vacant seats)

### **Ex-officio Members**

Chair and Vice-Chair of the Council

# AGENDA

**1. ELECT CHAIR**

To elect Chair for 2022 - 2023

**2. ELECT VICE CHAIR**

To elect Vice-chair for 2022 - 2023

**3. APOLOGIES**

To receive apologies for absence.

**4. DECLARATION OF PERSONAL INTEREST**

To receive any declaration of personal interest.

**5. URGENT ITEMS**

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

**6. MINUTES**

5 - 16

The Chairman shall propose that the minutes of the meeting of this committee, held on 10<sup>th</sup> February 2022, be signed as a true record.

**7. FINAL ACCOUNTS 2021/22 - REVENUE OUTTURN**

17 - 44

To receive the information, consider any risks arising from the actual expenditure and income against the 2021/22 budget, and scrutinise the Cabinet's decisions regarding managing the budgets of the Council and its Departments.

**8. CAPITAL PROGRAMME 2021/22 - END OF YEAR REVIEW (31 MARCH 2022 POSITION)**

45 - 55

The Committee is asked to note the position and any risks relating to the Council's capital programme, consider the Cabinet's decision and comment as necessary

**9. GWYNEDD HARBOURS' FINAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022**

56 - 66

To receive and approve the accounts

**10. GWYNEDD COUNCIL'S ANNUAL GOVERNANCE STATEMENT FOR 2021/22**

67 - 95

To consider and approve the statement so that it can be signed by the

Council Leader and the Chief Executive

- |                                                                                                                                                                                                |           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| <b>11. TREASURY MANAGEMENT 2021/22</b>                                                                                                                                                         | 96 - 104  |
| To consider and receive the report as information                                                                                                                                              |           |
| <b>12. OUTPUT OF THE INTERNAL AUDIT SECTION</b>                                                                                                                                                | 105 - 143 |
| To receive the report, comment on the contents and support the actions that have already been agreed with the relevant services                                                                |           |
| <b>13. HEAD OF INTERNAL AUDIT ANNUAL REPORT 2021/2022</b>                                                                                                                                      | 144 - 158 |
| To consider and accept the report                                                                                                                                                              |           |
| <b>14. INTERNAL AUDIT CHARTER</b>                                                                                                                                                              | 159 - 172 |
| To consider and approve the Charter                                                                                                                                                            |           |
| <b>15. INTERNAL AUDIT STRATEGY AND ANNUAL INTERNAL AUDIT PLAN 2022/2023</b>                                                                                                                    | 173 - 188 |
| To consider the report and approve the strategy and annual plan                                                                                                                                |           |
| <b>16. AUDIT WALES REPORTS</b>                                                                                                                                                                 | 189 - 207 |
| To consider and accept the report                                                                                                                                                              |           |
| <b>17. 2022 AUDIT PLAN – GWYNEDD COUNCIL AND MINOR JOINT COMMITTEES</b>                                                                                                                        | 208 - 223 |
| To consider the report                                                                                                                                                                         |           |
| <b>18. RECOMMENDATIONS AND IMPROVEMENT PROPOSALS OF EXTERNAL AUDIT REPORTS</b>                                                                                                                 | 224 - 249 |
| The Committee will need to satisfy itself that appropriate arrangements are in place in order to ensure that the improvement proposals that arise from external audit reports are implemented. |           |

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## AUDIT AND GOVERNANCE COMMITTEE 10-02-2022

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### Present:

**Councillors:** Chair: Councillor John Pughe Roberts,

Alwyn Gruffydd, John Brynmor Hughes, Peredur Jenkins, Aled Wyn Jones, Berwyn P Jones, Huw W Jones, Sion W Jones, W G Roberts, Paul Rowlinson, Angela Russell and Gethin Glyn Williams

Sharon Warnes (Lay Member)

### Officers:

Dewi Morgan (Head of Finance Department), Ffion Madog Evans (Senior Finance Manager), Delyth Jones-Thomas (Investment Manager), Caren Rees Jones (Group Accountant - Capital and Management), Luned Fôn Jones (Audit Manager), Aron John (Cynllun Yfory: Finance Professional Trainee), Iwan Evans (Head of Legal Services), Geraint Owen (Head of Corporate Support Department) and Lowri Haf Evans (Democracy Services Officer)

### Others invited:

Councillor Ioan Thomas (Cabinet Member for Finance)  
Councillor Nia Jeffreys (Cabinet Member for Corporate Support)  
Llywela Owain (Senior Language and Scrutiny Adviser)  
Bethan Adams (Scrutiny Adviser)  
Jeremy Evans (Audit Wales)  
Yvonne Thomas (Audit Wales)  
Morwena Edwards (Corporate Director)  
Dewi Wyn Jones (Council Business Service Support Manager)

#### 1. APOLOGIES

Apologies were received from Councillors Aled LI Evans and Selwyn Griffiths

#### 2. DECLARATION OF PERSONAL INTEREST

- a) Councillor Gethin Glyn Williams, in relation to item 5, as a member of his family was employed by the Council

The Member was of the opinion that it was a prejudicial interest, and withdrew from the meeting during the discussion on the item.

- b) Councillor W Gareth Roberts in relation to item 5 on the agenda, as a member of his family was employed by the Council

The Member was of the opinion that it was a prejudicial interest and he withdrew from the meeting.

#### 3. URGENT ITEMS

None to note.

#### 4. MINUTES

The Chair signed the minutes of the previous meetings of this committee, held on 18 November 2021 as a true record.

#### 5. CABINET DECISION 18/01/22: ITEM 6 CELEBRATING ST DAVID'S DAY

The Monitoring Officer highlighted the fact that the Audit and Governance Committee, in its role to scrutinise corporate matters, had the right to call in the Cabinet's decision for review, and to receive further information that was relevant to aspects of that decision.

Councillor Nia Jeffreys (Cabinet Member for Corporate Support) was invited to present the information and explain the background of the decision.

Members were reminded that on 7 October 2021, the Full Council had decided unanimously to ask the Cabinet to consider officially recognising St David's Day as an official holiday for its workforce. At the Cabinet meeting held on 18 January 2022, it was decided to designate St David's Day as an additional holiday for Council staff. It was noted that a request had been received for more details about the cost (approximately £200k) of implementing the decision, and also an observation that the money could be used for another purpose for the benefit of Gwynedd's residents.

The Cabinet Member explained that there was no cost of allowing an additional day's holiday on 1 March 2022 to staff who worked in an office or from home - the day would be added to their annual entitlement. There would be a direct cost in relation to care staff and waste collection staff who would receive an additional day to be taken at a future date. For these staff, cover costs would need to be paid (an additional cost of approximately £45k (Care) and £30k (Highways and Municipal)). It was reported that teaching assistants and school ancillary staff had the right to an additional day, but they had to work within the school terms - and they would receive an amendment to their salaries (a cost of approximately £90k). With Teachers' working conditions decided nationally, they could not be included in the decision.

It was explained that a corporate underspend would be used to pay these costs - money that would normally transfer to reserves, as opposed to money paid from individual services. It would be a one-off payment, with no impact on the 2022/23 budget. The estimated total cost was £200k. The money would not be released to the departments until the expenditure had been made.

The officers were thanked for responding to the decision by taking action and holding discussions with the Unions to ensure that the aspiration was realised. It was emphasised that the Cabinet had responded in good will to the Full Council's unanimous decision.

During the ensuing discussion, the following observations were made by members:

- Supported celebrating St David's Day, but it should be made a day's national holiday for everybody.
- The public response had been fairly negative
- The timing of the decision caused concern - in a period of tax and living cost increases, from where had the money come?
- Agree with the concept, but it was the wrong time
- Need to pressurise the Government again to reconsider making it an official holiday
- No information about the cost of an additional day's holiday had been submitted or discussed in the Full Council - would the result of the vote have been different?
- Proposals in the Full Council were out of control - a need to consider what was legal.
- £200k was a significant sum – there had been no consultation with staff

- Could better use be made of the money? Was this a misuse of public money?
- Did the Council have the necessary powers to grant an additional day's holiday?
- The matter should be referred back to Cabinet, in order to change the decision and continue to lobby Westminster
  
- The members expressed their thanks for the explanation and the clarification. It was accepted that there was a right to scrutinise the decision, but there was surprise that the matter had been called in by some members
- The Cabinet had responded to a unanimous motion by the Full Council
- The reasons cited by Paul Scully SM for rejecting to formally recognise St David's Day as a Bank Holiday were insulting
- Celebrating St David's Day was a reason to take pride in our culture
- Giving staff an additional day's holiday was a means of appreciating their efforts over the past two years.
- Other employers supported the decision and were following by example
- The Holiday needed official recognition
- It was a matter of pride that Gwynedd was taking the lead.

In response to an observation that notices of motion were becoming out of control in the Full Council, the Monitoring Officer noted that this specific notice of motion had been appropriately framed and that the Council's request for the Cabinet to consider the motion was also appropriate. It was added that the Full Council had the right to state a view, but did not have the power to make a decision.

In the context of statutory aspects, it was noted that the Council's powers to employ staff and set working conditions (including dates of holidays) fell under section 112 of the Local Government Act 1972. It was noted that the Council had a fundamental right to employ staff and set reasonable conditions under this Act.

In response to an observation about General Competence, it was explained that the Local Government and Elections Act 2021 had introduced a General Power of Competence that noted that the Council could not use its power to do something where previous Legislation restricted its ability to act. It was considered that the Power was not relevant in this case as the 1972 Act gave the Council the right to determine holidays.

It was added that the Wednesbury Principles, which noted that the Council had to come to a decision by considering only what was relevant, disregarding irrelevant arguments, had also been considered. The Monitoring Officer's view was that the Cabinet's decision continued to be within the authority's statutory powers as there was an appropriate funding source in place, and that the matter related to setting holiday dates for staff within the Council's jurisdiction. It was considered that the Cabinet's decision was not therefore illegal nor inappropriate.

In response to a comment that there had been no staff consultation, it was noted that officers had consulted with the recognised Labour Union representatives in accordance with the usual consultation arrangements.

It was proposed and seconded that the Cabinet should be asked to reconsider its decision to give staff a day's holiday as the cost of £200k was significant.

A vote was taken on the proposal.

## **RESOLVED**

**To accept the Cabinet's decision 18-01-2022**

**For the purpose of celebrating our Patron Saint's Day, to designate St David's Day 2022 as an additional holiday for those Council staff who work in accordance with local government workers' conditions of service, to be financed in accordance with paragraph 2.10 of the report.**

## **6. REVENUE BUDGET 2021/22 - End of November 2021 REVIEW**

A report was presented by the Senior Finance Manager, detailing the latest review of the Council's revenue budget for 2021/22, and the projections for the end of the financial year.

It was noted that the financial impact of Covid-19 had been substantial for the Council - a combination of additional costs, loss of income (to the value of over £20 million in 2020/21 and £10 million this year to date). It was added that applications for compensation from Welsh Government's Hardship Fund were being submitted on a monthly basis.

Despite creating an amended programme of savings for 2021/22 by cancelling, slipping and re-profiling savings schemes in January 2021, it was explained that there remained a delay in implementing savings in some fields, with delays as a result of the crisis an evident factor. Attention was drawn to a summary of the final position of all departments and further details of the main matters where there had been significant differences, and recommendations.

- Adults, Health and Well-being Department - an overspend of almost £1 million was forecast this year (£995k), with a failure to realise savings worth £855k being an obvious factor of the overspend. The main overspend fields - older people, learning disabilities and community care services with the impact of Covid remaining to have a significant impact on the Department. Again this year, a value of over £3 million had been claimed from the Welsh Government for the additional costs for the period. Bids to the value of over £1.6 million had been approved for the increasing pressure on the 2021/22 budget at the beginning of the financial year.
- Children and Families Department - £1.8 million in additional funding had been allocated to the Children and Families department in the 2021/22 funding cycle in order to meet the increasing pressure, as well as cancelling savings schemes to the value of £1.1 million that had not been achieved. Subsequently, the current financial projections were very promising.
- Highways and Municipal Department – overspend problems in the field of waste collection and disposal continued, and difficulties in realising financial savings in a number of fields (to the value of £666k). The department had also faced additional costs relating to Covid, but was confident that the Welsh Government would continue to compensate for the rest of the year.
- Corporate - prudent projections when setting the 2021/22 budget were responsible for additional tax yields and contributed to the underspend on Council Tax Reductions - the pressures on a number of budgets were not as severe as had been anticipated this year.

It was added that the Council's financial position was balanced as a result of an underspend on Corporate budgets and underspends by the majority of departments.

Thanks were expressed for the report.

During the ensuing discussion, the following observations were made by members:

- The Head of Highways and Municipal had appeared before the Controls Improvement Working Group to discuss improving compliance with the controls

and/or introducing new controls to reduce the risks the service was vulnerable to - had this been completed?

- Was it possible to analyse overspend problems in order to examine the long-term overspend projections (e.g. increases in fleet costs, costs of treating more waste etc.) separately to savings matters? This could highlight savings or the need to reconsider the budget
- Was there sufficient money in the budget, given that the same headings arose each year, while accepting that setting a budget for the Adults and Well-being Service was difficult.

In response to the observations, it was noted that the Adults, Health and Well-being Department were overspending due to a delay in realising savings - Adults, Health and Well-being had schemes to the value of £855k, while Highways and Municipal Department had £666k. Attention was drawn to the list of bids, and it was noted that consideration had been given to the pressures on services during the year as part of the bid arrangements, that the bids had then been effectively prioritised, in the hope that the funding would reach the areas of greatest need. It was added that this had succeeded when prioritising the 2021/22 bids for the Children and Families Department

In response to a question about the mandate from the Cabinet for the Chief Executive and the Head of Finance Department to get to the root of the problems in the Adults, Health and Well-being Department, it was confirmed that the system for gathering data and financial information was now operational and had improved the situation.

## RESOLVED

- **To accept the report and note the relevant risks in the context of the budgets of the Council and its Departments.**
- **To accept the Cabinet's decision 18/01/2022**

## 7. CAPITAL BUDGET 2021/22 - END OF NOVEMBER 2021 REVIEW

A report was presented by the Senior Finance Manager on the amended capital programme (position as at end of November 2021) and approval of relevant funding sources. Attention was drawn to the impact of the Covid-19 crisis on the capital programme, and it was highlighted that only 37% of the budget had been spent up to the end of November 2021, compared with 31% over the same period last year and 51% two years ago (2019/20 before the interruption of Covid19). It was added that an analysis per Department of the £127.7 million capital programme for the 3 years 2020/21 - 2023/24 had been included in the report.

Reference was made to the sources to fund the net increase of approximately £3.7 million since the last review, and it was added that the main conclusions were that the Council had specific plans in place to invest approximately £52.1 million this year, with £27.4 million of it, namely 53%, funded by attracting specific grants.

It was explained that £22.1 million in proposed spending had been re-profiled from 2021/22 to 2022/23 and 2023/24, with the main plans including

- £6.2 million in Housing Strategy Plans
- £5.8 million in Flood Prevention Schemes
- £5.4 million in 21st Century Schools Plans and Others (21st century).

Attention was drawn to the main plans, as well as the additional grants list that the Council had succeeded in attracting since the last review, including:

- £2.3 million School Maintenance Grant
- £1.4 million Welsh Government Grant towards Flood Prevention

- £0.4 million Economic Stimulation Fund Grant
- £0.3 million Ysgol Trefferthyr Childcare Grant.

At the meeting of the Cabinet (18 January 2022), it was resolved to accept the report and approve all the recommendations.

Thanks were expressed for the report

During the ensuing discussion, the following observations were made by members:

- The report reflected good news
- The staff who found and succeeded in attracting additional funding should be congratulated - it was a significant sum and was an investment in the Council's capabilities.

In response to a question regarding 2022/23 schemes that had been re-profiled since the original budget (and that the figure was the same from year to year), and whether the implications of increasing costs / prices had been built into the likely plan or slippage, it was noted that inflation was at its highest for many years and therefore, while there was a specific sum in the budget for capital items, there were limitations on how far the funding would stretch. Reference was made to a discussion in the Cabinet in October 2021 on the end of August capital budget review where the Chief Executive noted that an intentional decision had been made to try to slip some capital schemes, in order to wait for the prices of some commodities, such as timber, to stabilise. It was added that a reflection of these slippages had been included in the figures.

#### **RESOLVED**

- **To accept the report and note the relevant risks in the context of the capital programme of the Council and its Departments.**
- **To accept the Cabinet's decision 18/01/2022**

#### **8. SAVINGS OVERVIEW: PROGRESS REPORT ON REALISING SAVINGS SCHEMES**

Mr Dewi Morgan was welcomed to the meeting in his new role as Head of the Finance Department.

The report was presented by the Cabinet Member for Finance and it was noted that since 2015/16, as part of the Council's financial strategy, savings to the value of £35m had been approved to be realised during the 2015/16 - 2021/22 period. It was reported, in referring to the savings schemes for the period from the 2015/16 financial year to the 2020/21 financial year, where it appeared that 96%, namely over £32 million of the £34 million savings, had been realised. The main schemes that were yet to be achieved were schemes in the Adults, Health and Well-being Department and the Highways and Municipal Department.

The Head of Finance added that as the Council's Departments had focused on the response to the crisis since April 2020, the impact of Covid-19 had contributed to a slippage in the savings programme, as the Council had given utmost priority to safeguarding the health and lives of the people of Gwynedd.

It was reported that 45% of 2021/22 savings, namely the current financial year, had been achieved, with a value of £436k out of a total of £967k. It was added that the departments with the highest value of schemes that were yet to be achieved were the Highways and Municipal Department and the Adults, Health and Well-being Department.

It was acknowledged that realising savings to the value of £32.8 million (out of a total of £35 million) since April 2015 had been challenging, and although there were £1m of delayed savings schemes now moving onwards, it was considered that there were some risks in relation to realising schemes worth £0.8 million.

In the context of the savings schemes for 2022/23, it was reported that a recent review of the savings schemes scheduled for 2022/23 had been conducted by the Chief Executive, Corporate Director and Finance Officers. It was highlighted that it must be acknowledged that the situation had now changed so much that two savings schemes to the value of £489,750 - the 'End to End' review with a value of £279,750 in the Children and Supporting Families Department, and the 'Transfer of Playing Fields to others' in the Highways and Municipal Department could not be delivered. At the Cabinet's meeting on 18 January 2022, it was decided to abolish these two schemes from the budget and re-profile some savings schemes (worth £1,290,250) to 2023/24 and subsequent years. It was noted that the savings value of the remaining schemes to be deducted from the 2022/23 budget was £595,000.

Thanks were expressed for the report.

#### **DECISION:**

- **To accept the report and note the relevant risks in the context of the savings overview.**
- **To accept the Cabinet's decision 18/01/2022**

#### **9. OUTPUT OF THE INTERNAL AUDIT SECTION**

The Audit Manager presented a report updating the Committee on the internal audit work for the period from 1 February 2021 to 30 January 2022. It was highlighted that 7 audits from the operational plan had been completed, in addition to one grant audit.

Reference was made to every audit in turn - there were no matters arising

Thanks were expressed for the report.

#### **RESOLVED**

- **To accept the report**
- **To support the actions that have already been agreed with the relevant services**

#### **10. INTERNAL AUDIT PLAN 2021/22**

Submitted, for information, a report of the Audit Manager updating the Committee on the current situation in terms of completing the Internal Audit Plan 2021/22. Reference was made to the status of the work and the time spent on each audit. It was highlighted, as at the end of January 2022, that 45.24%, or 19 out of the 42 individual audits in the plan, had been released in a final version.

It was reported that 14 audits had been cancelled, due to staff from the unit being redirected to assist with the Track, Trace and Protect service and to assist the Benefits service to deal with Winter Fuel Assistance Scheme and Self-isolation Support Payments.

It was noted that it was intended to submit the Audit Plan 2022/23 to the next committee meeting

Thanks were expressed for the report

**RESOLVED:**

- **To accept the report, noting the progress made against the Audit Plan 2021/22**

**11. 2022/23 BUDGET**

A report was presented by the Cabinet Member for finance, noting that the Council had received a grant increase of 8.8%, equivalent to an £18.1m increase in external funding (9.4% was the average for Wales) for 2022/23, a significant improvement on previous years. Despite this year's reasonable settlement, it was reported that there were a number of factors that would create additional spending pressures on Council services in 2022/23. In addition to the highest inflation rates for a number of years, there was an opportunity to deal with wider expenditure pressures, including addressing continued costs stemming from the Covid-19 crisis, and cancelling or delaying savings schemes that were not practicable to realise in 2022/23.

At its meeting on 15/02/22, the Cabinet would be requested to recommend to the Full Council on 3/03/22 to establish a budget of £295.2m for 2022/23, to be funded by £213.2 of Government Grant, and £82m of Council Tax income (with an increase of 2.95%) and to establish a capital programme of £59m in 2022/23.

It was explained that Additional Expenditure Requirements had been considered in the budget (totalling £20.2m), and attention was drawn to four headings of increases.

- Salary Inflation of £8.5m – the budget set aside an estimated increase of 4% in the 2022/23 pay agreement for the whole workforce and an increase of 1.25% in National Insurance contributions that would become effective in April 2022.
- Other Inflation of £4m - A sum that included provision for the impact of the 'living wage' on costs and fees payable to private suppliers together with inflationary increases on fuel and energy budgets and prices following re-tendering.
- Pressure on Services of £6.7m - it was recommended that bids worth £6.7m for additional permanent resources submitted by Council departments to meet inevitable pressures on their services were approved. In addition to the permanent bids, it was also recommended that 'one-off' bids worth £6.2m should be funded from the Transformation Fund. It was noted that the submitted bids had been thoroughly challenged by the Leadership Team, prior to their recommendation by the Cabinet.
- Covid-19 pressures of £1.4m. Since April 2020, the Welsh Government had compensated local authorities for the additional costs and loss of income due to the pandemic from the Hardship Fund (the total assistance from the Government in 2020/21 was approximately £20m, and approximately £14.4m during 2021/22). However, the Welsh Government Finance Minister had stated unequivocally that this support would cease on 31 March 2022 and local authorities would be expected to fund any additional costs or loss of income due to the pandemic thereafter. It was noted, although £1.4m had been provided to establish a corporate fund in order to cope with the situation, the Head of Finance did not anticipate that it would be sufficient in itself to deal with the pressures, although he highlighted that other funds were available to assist. It was added that a Covid Recovery Fund had been established when the 2020/21 accounts were closed, and the Financial Strategy Reserve could be used if necessary.

In the context of the savings schemes, it was noted that Gwynedd Council had realised £32.8m of savings schemes since 2015/16. As a result of the flexibility that this year's settlement had offered, it was noted that savings worth £1.8m, originally planned to be

realised in 2022/23, would no longer contribute to closing the budgetary gap in 2022/23. Consequently, savings schemes worth £595,000 remained in the programme to be taken out of the 2022/23 budget rather than £2.4m.

The Head of the Finance Department was invited in his role as statutory finance officer to express his view on the robustness of the estimates that were the basis to the budget, along with the potential risks and mitigation steps. The Head of Finance was of the view that the budget was balanced and placed the Council in a robust situation, and despite the increase in Council Tax (which was lower than the all-Wales average) it would decrease pressures on the departments to make savings and would provide a better foundation to continue to provide services to the residents of Gwynedd.

Thanks were expressed for the report

In response to a question regarding demography and the statement that there was a net reduction in the numbers of primary pupils, and whether this was anticipated to be a long-term pattern, with fewer children and fewer families and fewer workers in the future? It was noted that although the situation fluctuated, there was a trend and concern that this reduction was a long-term reduction. The Head of the Finance Department noted that he would share the relevant data with the Councillor.

**RESOLVED:**

- **To accept the report and to note the content**
- **To accept the financial propriety of the proposals and the relevant risks**
- **To present observations from the discussion on the options for the Cabinet to consider when discussing the 2022/23 Budget at its meeting on 15/2/22**

**12. CAPITAL STRATEGY 2022/23 (INCLUDING INVESTMENT AND BORROWING STRATEGIES)**

The Investment Manager presented a report, providing an overview of the Council's Capital activities and treasury management. Members were reminded that they had received a presentation by Arlingclose, the financial consultants, explaining the detail behind the strategy in an understandable and comprehensive manner. Reference was made to the capital activities and attention was drawn to the fact that the Council intended to make capital spending of £64.1 million in 22/23, with the main schemes listed in the report, along with the funding sources. It was noted that the external resources were mainly from Welsh Government and the funds were our own resources. The remainder of the funding came from loans that would be repaid over a number of years, normally from revenue resources or from income from the sale of assets, which was consistent with the actions of previous years. This meant that the indicator - Council's Capital Funding Requirement, would be £176.6 million by the end of the 22/23 financial year, namely the level that the Council's long-term borrowing should remain below.

In the context of the Borrowing Strategy, it was recently highlighted that there had been no long-term borrowing strategy, only a short-term, low-cost requirement over the end of the financial year. It was reiterated that this would continue, with only long-term borrowing being anticipated for Gwynedd Council activities, and that the Council's debt remained under the Capital Funding Requirement.

Reference was made to one change to the liability benchmark, namely the introduction of the impact of the North Wales Economic Ambition Board's borrowing, and the need for future borrowing. It was noted that it was likely that the Joint Committee would move to the Corporate Joint Committee before any borrowing would be necessary. Consequently, the

Council would expect its borrowings to be higher than its liability benchmark as the Council had a higher level of reserves.

In the context of the investment strategy, the Council's policy was to prioritise security and liquidity over yield to ensure that money was available to pay for Council services. It was noted that £10m was being kept to ensure continuous liquidity and considering the uncertain period and current low returns, it was considered that retaining liquidity and security was a priority.

Reference was made to the risk management and governance, and the details of the long-term commitments of the Council e.g. to redress the deficit in the Pension Fund, and the impact of the funding costs on cash flow. It was also confirmed that officers had the relevant knowledge and skills, and that Arlingclose would continue to provide a financial advisory service to the Council for the coming years.

Thanks were expressed for the report

**RESOLVED:**

- **To accept the report and to note the information and relevant risks**
- **To support the Cabinet Member for Finance's intention to submit the Strategy to the Full Council for approval**

**13. WORKING FOR THE FUTURE AND THE MENTAL WELL-BEING SUPPORT**

The Head of Corporate Support Department presented a report in response to the request of committee members for information on the Council's plan in relation to future working arrangements and also the provision for supporting staff mental wellbeing. It was reported that the vision for working in the future would be presented formally to a meeting of the Cabinet on 15 February 2022.

It was reported that regular meetings were held to discuss well-being matters, working arrangements and to construct new methods of service provision. Reference was made to the main drivers for adopting new working arrangements for the future, and some of the principles that were the foundations for flexible working arrangements. It was emphasised that, where the circumstances of the post allowed, any flexible working arrangement would be voluntary for staff. It was highlighted that staff were encouraged to discuss their situation regularly with their line managers, with staff well-being at the centre of the new arrangements. Consultation had taken place with staff, and in response to the vision of future working, it was noted that offices were being adapted to facilitate the new working arrangements, a number of working conditions and employment policies were being reviewed, and a training programme would be provided that would include leadership skills and holding hybrid teams.

It was noted that the vision aligned with Welsh Government's commitment to develop a remote working strategy, with the aim of enabling 30% of the Welsh workforce to work close to or from their homes. It was added that the support provided for the health and wellbeing of staff by the Council had been recognised by Welsh Government as "Gold Level" Corporate Health Standard.

The members expressed their thanks for the report.

During the ensuing discussion, the following observations were made by members:

- The workforce had been forced to cope with the costs of heating, electricity and telephones over the period of the pandemic - a need to consider the impact of the income tax contributions in future.
- There would be a new Council in May - the importance of face-to-face contact and joint discussions
- In the context of staff well-being, it was difficult to identify problems when working from home
- Supported the vision and the emphasis on flexibility
- Anticipated that there would be opportunities for workers from the south of the county to apply for 'central' jobs
- Need to ensure that an element of team working was maintained
- A request to ensure that apprentices were given suitable opportunities to develop their characters and to collaborate within a team

In response to an observation that significant work would be required to make the offices secure, it was noted that the Housing and Property Department were leading the work, but they had only begun to identify the needs and the shape of the offices. It was noted that one office had already been adapted, and would be used as a template for the others.

In the context of income tax, it was noted that staff had been informed of HMRC regulations and a percentage had taken advantage of support / tax allowance for working from home. In the context of travel costs and a reference in the report, *'every member of staff will continue to have a named corporate workplace, and they can claim travel and sustenance costs from this location, and therefore no changes will be made to the existing policy on claiming travelling costs'* it was noted that discussions had been held with Unions, but no amendments would be made to employment contracts in relation to business travelling costs. The matter would need to be revisited if the 'work place' was changed in future.

The observations about the advantages of face-to-face communication were accepted and the importance of holding discussions between staff and Members, and offering support to apprentices were recognised. The Head of Corporate Support promised that every effort would be made to respond positively to this.

**RESOLVED:**

- **To accept the report and to note the plans for working for the future and note the support offered to staff in relation to mental well-being.**

#### **14. AUDIT WALES REPORTS**

Four reports had been submitted by Audit Wales updating the Committee on the Audit Wales work programme for Quarter 3 and reports published recently.

Jeremy Evans (Wales Audit) was welcomed to present the reports.

1. Quarterly Update - Quarter 3 (up to 31 December 2021)

The quarterly report was now part of the Committee's arrangements for receiving information about the work undertaken locally, regionally and nationally.

The information was accepted.

2. Commissioning Placements in Care Homes for Older People

It was noted that the report noted the findings of the Auditor General's review of arrangements for commissioning placements in care homes across North Wales. The work was part of the statutory programme of local audit work in each of the local

authorities in North Wales and Betsi Cadwaladr University Health Board. The findings were presented, and also recommendations for strengthening the method of commissioning placements in care homes and associated arrangements for working in partnership across North Wales.

On the whole, it was found that partners were working individually and jointly to provide suitable placements, but were also carrying significant risks. One of the highlighted risks was the structure of the Regional Partnership Board (RPB) - although it brought partners together to 'think regionally', its structures, largely set out by the Welsh Government, were extensive and complex, and lines of accountability needed to be strengthened.

In response, an observation was made that the report highlighted the weakness of the Cardiff Government's policy that forced regional working, creating a structure that prevented the Council from working effectively. Reference was made to work by the council, in collaboration with Betsi Cadwaladr University Health Board, to establish a new domiciliary care model in Gwynedd that would assist people to live their lives as fully as possible within their communities. The new model would improve the way that domiciliary care was organised and provided in Gwynedd, by keeping the arrangements as local as possible. Should these arrangements be adopted across North Wales?

In response to a question regarding how the North Wales Strategy for Commissioning Placements could be scrutinised, and whether it was the responsibility of the Audit and Governance Committee within each individual council or more widely, it was noted that a robust structure and clear accountability was needed - it was suggested that the structure of the Economic Ambition Board or other good examples could be examined and recommended to the RPB.

Morwena Edwards (Corporate Director) expressed thanks for the report and noted that this field was not easy to analyse, with a number of discussions having been held about implementing Welsh Government policy. She highlighted the importance of providing nursing and residential places as locally as possible, so that family and friends were supportive of the provision, while accepting the need to collaborate regionally to provide specialist care. It was added that this was not one solution by one region. It would be necessary to work with neighbouring councils e.g. Ceredigion, Conwy and Anglesey to ensure good quality and financial viability, whether internally or externally. Agreement should be reached, and the right relationship established.

The information was accepted.

### 3. Review of the Council's Performance Management

It was reported that the Council's performance management framework was developing well, although implementation was varied under the current circumstances, and some departments had considerable work to be done. Attention was drawn to the findings and the recommendations.

During the ensuing discussion, the following observations were made by members:

- Everyone should be eager to ensure the best performance - need to secure accurate information and data to make decisions
- A need to ensure that managers had used robust and appropriate information as the basis for decision-making, e.g. that there was value for money

In response to an observation about the functions and responsibilities of those who managed performance, it was noted that performance management was the responsibility of all - officers under the supervision of the Chief Executive should ensure that there was high quality information available so that councillors could make prudent decisions, scrutinise performance and note areas for improvement.

4. A summary of the work of Audit Wales 2021

Submitted - an annual summary of Audit Wales' work completed since the last Annual Audit in January 2021. It was noted that the report referred to the local, regional and national work that had been completed, as well as the summary of the main messages.

**RESOLVED:**

**To accept the reports**

The meeting commenced at 10:00 and concluded at 13:10

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**CHAIR**

# Agenda Item 7

**MEETING: AUDIT AND GOVERNANCE COMMITTEE**

**DATE: 30 JUNE 2022**

**TITLE: FINAL ACCOUNTS 2021/22 - REVENUE OUTTURN**

**PURPOSE: TO EXPLAIN AND SCRUTINISE THE FINAL FINANCIAL POSITION FOR 2021/22**

**ACTION: Receive the information, consider any risks arising from the actual expenditure and income against the 2021/22 budget, and scrutinise the Cabinet's decisions regarding managing the budgets of the Council and its Departments.**

**CONTACT OFFICER: FFION MADOG EVANS, SENIOR FINANCE MANAGER**

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

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1. The report submitted today, namely the "outturn" budget review, explains the final position for 2021/22 and shows each department's position. These figures form the basis for the statutory statements that will be submitted to the next meeting of the Audit and Governance Committee.
2. The usual practice is that the Cabinet report is presented to the Audit and Governance Committee to be scrutinised. The report was presented to the Cabinet meeting on 14 June 2022.
3. I note that part 7 and Appendix 4 of this report also deals with the review of the Council's reserves and provisions.
4. The Audit and Governance Committee is requested to note the position and the relevant risks regarding the budgets of the Council and its departments, consider the Cabinet's decisions, and comment as necessary.

**Appendices:**

14 June Cabinet report

## REPORT TO THE CABINET

14 JUNE 2022

**Cabinet Member:** Councillor Ioan Thomas, Cabinet Member for Finance

**Subject:** Final Accounts 2021/22 – Revenue Out-turn

**Contact Officer:** Ffion Madog Evans, Senior Finance Manager

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### 1. The decision sought / purpose of the report

#### The Cabinet is requested to:

- 1.1 To consider and note the final financial position of the Council's departments for 2021/22.
- 1.2 **To approve the amounts to be carried forward** (the "Revised Over/(Under) Spend" column of the summary in **Appendix 1**), namely -

DEPARTMENT	£'000
Adults, Health and Well-being	(69)
Children and Families	(97)
Education	(60)
Economy and Community	(72)
Highways and Municipal	0
Environment	(100)
Gwynedd Consultancy	(100)
Housing and Property	(100)
Corporate Management Team and Legal	(33)
Finance	(96)
Corporate Support	(63)

- 1.3 To approve the following recommendations and virements (as outlined in **Appendix 2**) –

- The Highways and Municipal Department to receive one-off financial support of £746k to fully abolish the overspend for the year, considering the exceptional circumstances relating to the crisis this year. This will allow the department to move on to face the challenges of 2022/23.
- In order to comply with the Financial Regulations, the following departments will not be keeping overspend above (£100k):
  - Environment Department (£91k)
  - Gwynedd Consultancy Department (£9k)
  - Housing and Property Department (£180k)

A Cabinet decision is sought to earmark a total of £280k for the post-Covid recovery arrangements to fund the associated financial challenges that will be facing the Council.

- On Corporate budgets:
  - that (£2,183k) relating to capital costs is allocated to a capital programme fund
  - with the remainder of the net underspend on Corporate budgets being earmarked as follows:
    - (£395k) placed in the Council's general balances
    - (£3,000k) to the Council's Transformation fund to fund the Council's priorities and work of a transformational nature
    - (£1,377k) to the post-Covid recovery arrangements Fund to fund the associated financial challenges that will be facing the Council.

- 1.4 To approve the virements from the specific reserves as outlined in **Appendix 4** following a review of the funds, harvesting (£851k) from funds and use £746k of it to assist the Highways and Municipal Department which has overspent in 2021/22 and transfer the remaining £105k to the Council's general balances.

## **2. Introduction / Background**

- 2.1 A summary of the final position of all departments has been outlined in **Appendix 1**, with the amounts to be carried forward (subject to Cabinet approval) in the "2021/22 Revised Over/(Under) Spend" column. At the end of the year, only one department is overspending, which is the Highways and Municipal Department, and all other departments are underspending.

- 2.2 In **Appendix 2**, further details are provided relating to the main issues and the fields where there were significant variances to what was reported previously, along with several specific recommendations. Those recommendations have been highlighted for consideration in 1.3 above.

- 2.3 In the last review of the revenue budget undertaken on the end of November position, it was noted that the projected deficit stood at £899k. Since then, the Council received a number of additional substantial grants, that has transformed the position by the end of the financial year. The main ones include:

- £7.1 million Welsh Government Hardship Fund
- £2.5 million Local Government Settlement Addition 2021/22
- £1.9 million Local Government Social Care Hardship
- £1.8 million School Maintenance
- £1.5 million Social Care Recovery Fund 2021/22
- £1.2 million Accelerated Learning in Schools

- £0.9 million towards Council Tax losses
- £0.8 million Support to deliver the priorities of the North Wales Regional Economic Framework and speed up the post-Covid economic recovery

2.4 As a result of receiving the above grants, together with other numerous grants, this means that the 2021/22 financial position shows an underspend that was not anticipated in previous reviews.

2.5 **The Cabinet is requested to approve the final financial position for 2021/22, which is the basis of the statutory financial statements.**

### 3. Covid-19

3.1 As reported to the Cabinet in 2020/21 and 2021/22, the financial impact of the Covid-19 crisis is significant to the Council, with a combination of additional costs and a loss of income, comes to a value of £17.5 million by the end of the financial year. See the details in **Appendix 3**.

3.2 Welsh Government established a hardship fund towards compensating for costs and loss of income incurred by Local Authorities. In Gwynedd, monthly applications to a value of over £14.9 million for 2021/22 have been submitted by the Accountants to Welsh Government, in order to compensate the Council for the additional expenditure for the year, with funding of £13.3 million already received.

3.3 In terms of income losses, the value of the claims for the year was worth £2.3 million, with the Council having already received £2 million of the sum by Welsh Government.

3.4 The Furlough scheme was operational for the first half of the financial year, which was worth £267k for the period, with the Council claiming and receiving the amount in full, which was £246k for Byw'n Iach and £21k for Gwynedd Council.

3.5 The impact of the additional costs and income losses seen within the figures reported by the departments can be seen in **Appendices 1 and 2**.

3.6 As well as the Hardship Fund and the furlough scheme, once again this year, a large number of various additional grants were received across the Council late in the year. This includes the seven main grants that are worth £10.6 million, listed in point 2.3 above.

#### **4. The Savings Situation**

- 4.1 After reviewing the savings situation, it appears that over £32.8 million, namely 94% of the amended savings schemes since 2015, have now been realised. Without a doubt, a delay was seen in the realisation of some savings schemes as a result of the Covid crisis.
- 4.2 It was seen that the delay in realising the savings was most prominent in the Adults, Health and Well-being Department with slippage on schemes to the value of £855k, whilst the Highways and Municipal Department had £608k.

#### **5. Council Departments**

- 5.1 What is very clear by the end of this year is the impact of the Covid crisis on the financial situation, as well as the impact of all late substantial grant receipts, which has improved the financial position by the end of the financial year. Although, the annual trend continues with substantial pressures in the Highways field. The main issues are as follows:

##### **5.2 Adults, Health and Well-being Department**

A substantial improvement was seen in the department's financial situation by the end of the year following the receipt of substantial grants during the last months of the year. The impact of Covid-19 has had a substantial impact on the Adults, Health and Well-being Department this year, which is worth over £3.7 million by the end of the year.

##### **5.3 Children and Families Department**

After the Council allocated £1.8 million in additional funding to the Children and Families Department in the 2021/22 funding cycle in order to meet the increasing pressure, as well as abolish savings schemes to the value of £1.1 million that were not delivering, an underspend of (£97k) at the end of the year. The pressures in different fields are lower than the 2020/21 levels, but there is an overspend in the Out-of-County Placement and Post-16 fields.

##### **5.4 Highways and Municipal Department**

The municipal field continues to overspend, with the most prominent problems in the field of waste collection and disposal. The department is facing difficulty in realising savings in a number of areas to the value of £608k. The department has also faced substantial additional costs relating to Covid19 to comply with the rules, with Welsh Government compensating us for this.

##### **5.5 Corporate**

The pressures on a number of budgets during 2021/22 was not as high as what was projected when setting the budget. Prudent projections were made when setting the 2021/22 budget, that was responsible for additional Council Tax outputs, and contributed to the underspend on Council Tax Reductions. Additionally, late grant receipts to the value of £3.3 million from Welsh Government is responsible for a substantial proportion of the underspend

reported. Numerous grant receipts and slippages on the capital programme means that there is a need for slippage in relevant revenue funding.

- 5.6 **In Appendix 1, the underspend / overspend position of each department is reported to the Cabinet, and a formal decision is sought to approve the sums to be carried forward.** Financial Procedure Regulation 16.3.1 details the arrangements for sums to be "carried forward" at the end of the year. There is one request for the Cabinet to cancel the departmental deficit, and three departments with an underspend position that is above the £100,000 threshold at the closure of 2021/22 accounts, and therefore, with underspend to harvest.
- 5.7 Generally, where departments have underspent, that position would be for one time in 2021/22 only.
- 5.8 Appropriate consideration was given to the budgets that are under pressure in the 2022/23 budgetary cycle, and most of those permanent matters have already been addressed in the financial strategy for 2022/23 (by management action to halt the trend and/or by amending the budget).

## 6. Schools

- 6.1 A section of **Appendix 2** details the budgetary position of schools, where a statute has presented delegated powers for governing bodies to carry balances forward at the end of a financial year. The county total of schools' balances has increased from £10.7m in 2020/21 to £16.7m in 2021/22. A significant increase was seen in school balances as a result of Covid and various numerous grant increases, with a reduction in balances seen in 3 schools only. We will soon be publishing detailed information on the balances of individual schools in a 'Section 52 Statement'.
- 6.2 The Education Department has arrangements to challenge individual schools to justify the need for their balances, and they are asking headteachers and the relevant schools' governing bodies to explain their intention to use their balances (particularly those with balances exceeding 5% of their budget). This year has again been exceptional due to Covid, and this must be considered when discussing with the schools.
- 6.3 No school has a deficit at the end of the 2021/22 financial year.

## 7. Corporate Budgets and Reserves

- 7.1 For many reasons, there has been one-off underspend on several Corporate budgets headings this year, as outlined in the last part of **Appendix 2**.
- 7.2 An underspend of £6,995k is reported on Corporate headings. It is suggested that a transfer of £2,183k should be made to the capital programme fund, £395k to the Council's general balances, £3 million to the Council's

Transformation Fund to support transformation work and work of a one-off nature, and that £1,377k is earmarked to a fund for post-Covid recovery arrangements.

- 7.3 The adequacy of the Council's specific reserves was reviewed by the Head of Finance Department once again at the closure of this year's accounts, in accordance with the policy approved some years ago. This review managed to harvest £851k of resources, as outlined in **Appendix 4**. £746k of this is to be used to assist to fund the overspend position by the Highways and Municipal Department, with the remaining £105k to be transferred to the Council's general balances.
- 7.4 With the Cabinet's support, if the departmental underspend above the £100k threshold is used by the Environment Department, Consultancy Department and Housing and Property Department as recommended in part 1.3 above, it will be possible to earmark £280k to a fund for post-Covid recovery arrangements.

## **8. Next steps and timetable**

- 8.1 The purpose of this report is to detail the out-turn position in terms of the underspend or overspend position of individual departments and the Council's expenditure as a whole in 2021/22. This information has already been reflected in the position when completing the draft Statement of Accounts. As Local Government Elections were held on 5 May, it was not possible to follow the usual procedure of receiving Cabinet approval to the revenue out-turn position before the draft Statement of Accounts was completed. The Chief Executive, Corporate Director and Head of Finance have agreed on the decision sought.

**Local member's views**

Not relevant

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**Views of the statutory officers****The Monitoring Officer:**

Nothing to add regarding propriety.

**Head of Finance:**

I have collaborated with the Cabinet Member in the preparation of this report and I confirm the content.

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**Appendices**

Appendix 1 - Final underspend / overspend position of each department

Appendix 2 - Main budgetary matters and fields where there were significant variances

Appendix 3 - Government Grant in light of the Covid-19 crisis

Appendix 4 - Harvested resources following a review of reserves

**Final Accounts 2021/22 – Revenue Out-turn - Summary of the position per Department**

	Final Review				Estimated End of November Position 2021/22 £ '000
	2021/22 Budget £'000	Gross Over / (Under) Spend 2021/22 £ '000	Recommended Adjustments £'000	Adjusted Over / (Under) Spend 2021/22 £ '000	
Adults, Health and Well-being	57,775	(69)	0	(69)	995
Children and Families	19,219	(97)	0	(97)	(113)
Education	93,798	(60)	0	(60)	(54)
Economy and Community	3,955	(72)	0	(72)	(86)
Highways and Municipal Environment	24,361	746	(746)	0	862
Environment	3,299	(191)	91	(100)	(178)
Gwynedd Consultancy	(106)	(109)	9	(100)	5
Housing and Property	3,729	(280)	180	(100)	(306)
Corporate Management Team and Legal	1,831	(33)	0	(33)	(87)
Corporate Support	7,176	(63)	0	(63)	(83)
Finance (and Information Technology)	6,420	(96)	0	(96)	(56)
Corporate Budgets <i>(Variances only)</i>	*	(6,955)	6,955	0	0
<b>Totals (net)</b>	<b>221,457</b>	<b>(7,279)</b>	<b>6,489</b>	<b>(790)</b>	<b>899</b>

<b>REVENUE BUDGET 2021/22 - FINAL ACCOUNTS</b>						
<b>Adults, Health and Well-being Department</b>	2021/22 Budget	2021/22 Position	<b>Gross Under / (Over) Spend 2021/22</b>	Use of Other Sources or Other Adjustments Recommended	<b>Adjusted Over / (Under) Spend 2021/22</b>	Estimated Over / (Under) Spend - November 2021/22 Review
<b>Field:-</b>	£'000	£'000	£'000	£'000	£'000	£'000
<b><u>Adults Services</u></b>						
Older People's Services						
Residential and Nursing - Homes	15,953	15,277	(676)	0	(676)	(890)
Domiciliary Care	7,451	7,817	366	0	366	633
Others	(121)	618	739	0	739	813
	23,283	23,712	429	0	429	556
Physical Disabilities Services	2,531	2,406	(125)	0	(125)	(45)
Learning Disabilities Services	21,320	21,604	284	0	284	511
Mental Health Services	3,642	4,085	443	0	443	215
Other Services (Adults)	3,307	3,199	(108)	0	(108)	(79)
<b><u>Adults Services Total</u></b>	<b>54,083</b>	<b>55,006</b>	<b>923</b>	<b>0</b>	<b>923</b>	<b>1,158</b>
<b><u>Provider Services (shows net budget)</u></b>						
Residential Care	(233)	(632)	(399)	0	(399)	(299)
Day Care	(33)	(168)	(135)	0	(135)	(138)
Community Care	294	1,244	950	0	950	542
Others	(3)	(13)	(10)	0	(10)	(13)
<b><u>Provider Services Total</u></b>	<b>25</b>	<b>431</b>	<b>406</b>	<b>0</b>	<b>406</b>	<b>92</b>

<b>REVENUE BUDGET 2021/22 - FINAL ACCOUNTS</b>						
<b>Adults, Health and Well-being Department</b>	2021/22 Budget	2021/22 Position	<b>Gross Under / (Over) Spend 2021/22</b>	Use of Other Sources or Other Adjustments Recommended	<b>Adjusted Over / (Under) Spend 2021/22</b>	Estimated Over / (Under) Spend - November 2021/22 Review
<b>Field:-</b>	£'000	£'000	£'000	£'000	£'000	£'000
<b><u>Other Services</u></b>						
Departmental Central Services ( <i>including Department savings</i> )	3,467	3,837	370	0	370	149
Care Workforce Additional Expenditure due to Covid-19	200	364	164	0	164	(75)
Social Care Hardship Grant	0	(1,932)	(1,932)	0	(1,932)	0
Use of the Department's Underspend Fund	0	0	0	0	0	(329)
<b><u>Other Services Total</u></b>	<b>3,667</b>	<b>2,269</b>	<b>(1,398)</b>	<b>0</b>	<b>(1,398)</b>	<b>(255)</b>
<b><u>Adults, Health and Well-being Total</u></b>	<b>57,775</b>	<b>57,706</b>	<b>(69)</b>	<b>0</b>	<b>(69)</b>	<b>995</b>

## **Adults, Health and Well-being**

The department received substantial grants late in the year which has transformed the financial position of the department, namely £1.9 million from the Local Government Social Care Hardship and £465k from the Social Care Recovery Fund.

**Older People's Services** - underspend on residential and nursing, however, an overspend on Domiciliary Care. Under 'Others', an overspend on Supported Accommodation, with the costs of the Hafod y Gest and Awel y Coleg schemes responsible for a substantial proportion of the relevant overspend, an increase was also seen in the number of direct payments packages and difficulties in realising savings.

**Physical Disabilities Services** - reduced demand for domiciliary care; however, increased pressure on supported, residential and nursing accommodation.

**Learning Disabilities Services** - costly new cases in supported housing and increasing pressure on direct payments, which is reduced by one-off funding this year.

**Mental Health Services** - increased pressures on residential and nursing with a new costly case leading to an increase in the overspend.

**Provider Services** - staffing above budget level and loss of income are issues within Community Care, whilst staff turnover has led to underspend in a number of homes for the elderly and Covid implications have disrupted the Day Care provision and is therefore underspending.

**Departmental Central Services** - added pressures on a number of budgets, as well as savings schemes still outstanding.

**2021/22 Budget** - this year, the department received bids to the value of over £1.6 million for the increased pressures on the 2021/22 budget, including for the Learning Disability, Older People and Physical Disability fields.

**Expenditure / Covid19 Grant and Other grants**- the impact of Covid-19 has had a substantial impact on the Adults, Health and Well-being Department again this year, with over £3.7 million already claimed from Welsh Government for the increased pressure up to the end of November.

**Savings** - failure to deliver savings is an obvious factor in the department's overspend, with savings to the value of £855k still to be realised.

<b>REVENUE BUDGET 2021/22 - FINAL ACCOUNTS</b>						
<b>Children and Families Department</b>	2021/22 Budget	2021/22 Position	<b>Gross Under / (Over) Spend 2021/22</b>	Use of Other Sources or Other Adjustments Recommended	<b>Adjusted Over / (Under) Spend 2021/22</b>	Estimated Over / (Under) Spend - November 2021/22 Review
<b>Field:-</b>	£'000	£'000	£'000	£'000	£'000	£'000
Service Management	599	546	(53)	0	(53)	(18)
Operational	2,107	2,164	57	0	57	175
Placements						
Out-of-County Placements	4,701	5,043	342	0	342	(133)
Fostering through an Agency	1,633	1,504	(129)	0	(129)	(116)
Fostering – Internal	2,405	2,373	(32)	0	(32)	29
Support Services and Others	1,678	1,664	(14)	0	(14)	(37)
	10,417	10,584	167	0	167	(257)
Post-16	1,243	1,267	24	0	24	65
Specialist/Derwen	1,848	2,010	162	0	162	263
Youth Justice	254	203	(51)	0	(51)	(37)
Early Years	153	79	(74)	0	(74)	(54)
Youth	782	535	(247)	0	(247)	(182)
Others	1,816	1,734	(82)	0	(82)	(68)
<b>Children and Families Total</b>	<b>19,219</b>	<b>19,122</b>	<b>(97)</b>	<b>0</b>	<b>(97)</b>	<b>(113)</b>

## Children and Families

After allocating over £1.8m in additional funding to the department for 2021/22, the removal of savings to the value of £1.1m and grant allocations, this has led to an underspend position.

**Operational** - overspend on salaries and support plans, which is reduced by grant receipts.

**Placements** - a bid allocation and removal of savings has had a substantial impact on this field, which has been overspending substantially over the past years. Ten new out-of-county placements were seen during the year, with seven placements coming to an end, with the average number increasing to 23.3 compared with 22 for 2020/21. The average numbers are also down for agency fostering, which is 30.9 this year, compared with 33.4 in 2020/21. In Internal Fostering, grants are assisting with the overspend on the Skills Payment and Staying On Schemes.

**Post-16** - this field has been the subject of a £100k bid this year, which has assisted to reduce the pressure on the budget deriving from the impact of a year full of cases.

**Specialist/Derwen** - impact of the increasing demand for support plans and specialist support over the past year to account for the overspend, along with a change in the emphasis in terms of how the service is being provided, with increasing pressure on direct payments now obvious. A reduction in the overspend reported following grant allocations.

**Youth Justice** - staff turnover and grant allocations means that there is an underspend on this heading.

**Early Years** - an increased use of grants funding the core expenditure and grant receipts in the childcare field are to account for the overspend.

**Youth** - a further grant receipt against the core expenditure as well as an underspend after remodelling the service. The service's activity has been disrupted by the impact of Covid and there is less expenditure as a result.

<b>REVENUE BUDGET 2021/22 - FINAL ACCOUNTS</b>						
<b>Education Department</b>	2021/22 Budget	2021/22 Position	<b>Gross Under / (Over) Spend 2021/22</b>	Use of Other Sources or Other Adjustments Recommended	<b>Adjusted Over / (Under) Spend 2021/22</b>	Estimated Over / (Under) Spend - November 2021/22 Review
<b>Field:-</b>	£'000	£'000	£'000	£'000	£'000	£'000
Devolved Schools	82,436	82,436	0	0	0	0
Schools Quality Services	(1,217)	(1,562)	(345)	0	(345)	(309)
Infrastructure and Support Services						
Transportation	5,518	5,624	106	0	106	101
Ancillary Services	448	871	423	0	423	378
Others	(165)	(252)	(87)	0	(87)	(35)
	5,801	6,243	442	0	442	444
Leadership and Management	2,470	2,341	(129)	0	(129)	(152)
Additional Learning Needs and Inclusion	4,308	4,280	(28)	0	(28)	(37)
<b>Education Total</b>	<b>93,798</b>	<b>93,738</b>	<b>(60)</b>	<b>0</b>	<b>(60)</b>	<b>(54)</b>

## Education

**Schools Quality Services** - a combination of further grant receipts, staff turnover, reducing expenditure and a reduced demand on some budgets are responsible for the increased underspend by the end of the year.

**Transportation** - Although £291k of additional funding has been allocated to this field for 2021/22, an overspend of £122 on Taxi Transport this year. Additional pressure was seen on the budget after Grŵp Llandrillo Menai educational courses were moved to Llangefni as well as the increase in the demand for taxis for the special school pupils of Hafod Lon and Pendalar. Grant receipt and one-off underspend on school buses this year assisted to reduce the overspend reported.

The Transport field has been the subject of a strategic review to try to control the increase in expenditure, with the need for further work by the Education Department and the Environment Department continuing, so that it is possible to take advantage of efficiency opportunities.

**Infrastructure and Support Services - Ancillary Services** - further overspend on staff costs and an increase in the school meal income losses and for the care element of breakfast clubs. Additional cleaning requirements in schools associated with Covid have been prominent this year, with a proportion of the relevant additional expenditure claimed from Welsh Government.

**Infrastructure and Support Services - Others** - less demand on a number of various budgets by the end of the financial year.

**Leadership and Management** - an underspend on a number of various budget headings.

**Additional Learning Needs and Inclusion** - mixed picture which is a combination of vacant posts and underspend on several varied headings, while circumstances involving one specific centre continue and responsible for an overspend of £208k.

<b>REVENUE BUDGET 2021/22 - FINAL ACCOUNTS</b>						
<b>Economy and Community Department</b>	2021/22 Budget	2021/22 Position	<b>Gross Under / (Over) Spend 2021/22</b>	Use of Other Sources or Other Adjustments Recommended	<b>Adjusted Over / (Under) Spend 2021/22</b>	Estimated Over / (Under) Spend - November 2021/22 Review
<b>Field:-</b>	£'000	£'000	£'000	£'000	£'000	£'000
Management	351	351	0	0	0	0
Community Regeneration and Support Programmes	347	413	66	0	66	58
Maritime and Country Parks	(173)	(362)	(189)	0	(189)	(216)
Leisure Contracts	976	971	(5)	0	(5)	21
Sports Programmes	28	21	(7)	0	(7)	0
Economic Development Programmes	(90)	21	111	0	111	54
Marketing and Events	318	329	11	0	11	14
Gwynedd Libraries	1,422	1,345	(77)	0	(77)	(56)
Museums, Arts and Gwynedd Archives	776	794	18	0	18	39
<b><u>Economy and Community Total</u></b>	<b>3,955</b>	<b>3,883</b>	<b>(72)</b>	<b>0</b>	<b>(72)</b>	<b>(86)</b>

## Economy and Community

**Community Regeneration and Support Programmes** - receipt of grants and additional one-off expenditure on regeneration programmes this year.

**Maritime and Country Parks** – a combination of reasons responsible for the underspend including staff turnover, exceeding income in the Country Parks and at Hafan Pwllheli as a result of an increasing number of tourists in the area and therefore in the demand of moorings following the easing of Covid-19 restrictions. It was also seen that beaches income exceeded the income targets following a busy year in terms of tourists in the area.

**Leisure Contracts** - the Leisure provision was transferred to the Byw'n Iach Company on 1 April 2019, but responsibility for the running costs of properties remained with the Council.

As Covid disrupted the ability of leisure centres to open and on the service provision, it has therefore impacted the ability to generate income, a bid for funding to compensate Byw'n Iach for additional costs and Covid-related income losses to Welsh Government totals £1.4 million for the financial year (£2.7 million in 2020/21).

**Economic Development Programmes** - grant receipt as well as additional expenditure on various schemes this year.

**Gwynedd Libraries** - vacant posts and staff turnover as well as an underspend on travelling and office costs.

**Museums, Arts and Gwynedd Archives** - Covid side-effects have negatively affected income levels, but has led to a drop in expenditure. There was a slippage in the timetable for opening Neuadd Dwyfor following the refurbishment work, which in turn has led to lack of income this year. Problems continue in Storiell with the deficit increasing to £61k by the end of the financial year.

<b>REVENUE BUDGET 2021/22 - FINAL ACCOUNTS</b>						
<b>Highways and Municipal Department (including Trunk roads)</b>	2021/22 Budget	2021/22 Position	<b>Gross Under / (Over) Spend 2021/22</b>	Use of Other Sources or Other Adjustments Recommended	<b>Adjusted Over / (Under) Spend 2021/22</b>	Estimated Over / (Under) Spend - November 2021/22 Review
<b>Field:-</b>	£'000	£'000	£'000	£'000	£'000	£'000
Highways Services (including Trunk roads)	9,831	10,098	267	0	267	(148)
Engineering Services	403	426	23	0	23	109
Municipal Services						
Waste	10,515	10,877	362	0	362	696
Others	3,612	3,706	94	0	94	205
Closure of 2020/21 Accounts				(746)	(746)	0
<b>Highways and Municipal Total</b>	<b>24,361</b>	<b>25,107</b>	<b>746</b>	<b>(746)</b>	<b>0</b>	<b>862</b>

### **Highways and Municipal (including Trunk roads)**

**Highways Services** - the current economic climate with an increase in the costs of energy, fuel and materials have had a financially negative impact, as well as a delay to realise savings schemes.

**Engineering Services** - failure to realise savings schemes including CCTV and Barmouth Bridge savings but discussions are continuing to seek a resolution. Reduction in the overspend due to empty posts.

**Waste** - late grant receipt to the value of £397k in March reducing the overspend reported. Number of matters responsible for the overspend, but mainly waste collection and recycling. Although the department had taken action to change shifts and waste collection route arrangements, there was a delay in the implementation. The new arrangements are in force in Dwyfor and Arfon, and are now operational in Meirionnydd since the beginning of the financial year, therefore, transitional costs associated with staffing and sickness costs have been prominent this year. An increase also seen in the number of tonnes of recycling and domestic waste collected. Furthermore, an overspend was seen on fleet costs and difficulties in realising savings.

**Other Municipal Services** - a mixed picture which is a combination of factors, with some of the main reasons including land maintenance income losses, additional pressure on commercial waste budgets, street cleaning and savings still to be realised. A higher income by the end of the year with bereavement services has reduced the overspend reported.

The impact of Covid-19 has affected the department considerably in terms of additional expenditure and loss of income, with almost £1.7 million already claimed from Welsh Government this year (£2.4m in 2020/21).

**It is recommended** that the Highways and Municipal Department receives one-off financial assistance of £746k to abolish the overspend in full, considering the exceptional circumstances relating to the crisis this year, allowing the department to move to face the challenge in 22/23.

<b>REVENUE BUDGET 2021/22 - FINAL ACCOUNTS</b>						
<b>Environment Department</b>	2021/22 Budget	2021/22 Position	<b>Gross Under / (Over) Spend 2021/22</b>	Use of Other Sources or Other Adjustments Recommended	<b>Adjusted Over / (Under) Spend 2021/22</b>	Estimated Over / (Under) Spend - November 2021/22 Review
<b>Field:-</b>	£'000	£'000	£'000	£'000	£'000	£'000
Department Management	622	642	20	0	20	(71)
Planning and Building Control Service	306	265	(41)	0	(41)	2
Street Care and Transport Services						
Network Management (Transportation)	296	(185)	(481)	0	(481)	(279)
Parking and Parking Enforcement	(2,142)	(1,952)	190	0	190	138
Integrated Transport	1,824	2,019	195	0	195	165
	(22)	(118)	(96)	0	(96)	24
Countryside and Access	672	701	29	0	29	11
Public Protection	1,721	1,618	(103)	0	(103)	(144)
Closure of 2020/21 Accounts Adaptation				91	91	0
<b>Environment Total</b>	<b>3,299</b>	<b>3,108</b>	<b>(191)</b>	<b>91</b>	<b>(100)</b>	<b>(178)</b>

## Environment

**Management** - expenditure on various budget headings has led to an overspend by the end of the year.

**Planning and Building Control Service** - the income projections have improved during the year after substantial bids were submitted over the past months. Underspend on various budgets including statutory notices and appeals.

### **Street Care and Transport Services**

**Network Management (Transportation)** - exceeding street work fees income, as well as empty posts and an underspend on a number of budget headings.

**Parking and Parking Enforcement** - increase in the lack of parking income by the end of the year which is reduced by an underspend on various budgets, including employment costs.

**Integrated Transport** - an increase in the overspend on public bus contracts, with the work of conducting a review to consider the provision now recommencing following a delay as a result of the Covid crisis.

**Public Protection** - empty posts and less expenditure on a number of the budget headings this year, including food and water samples, travelling and advertising.

In accordance with the Financial Regulations **it is recommended** to adhere with the usual practice is adhered to in order to allow the Environment Department to keep (£100k) of their underspend, and to move (£91k) which is the sum above (£100k), to be earmarked to the fund for post-Covid recovery arrangements in order to fund the associated financial challenges facing the Council.

<b>REVENUE BUDGET 2021/22 - FINAL ACCOUNTS</b>						
<b>Consultancy Department</b>	2021/22 Budget	2021/22 Position	<b>Gross Under / (Over) Spend 2021/22</b>	Use of Other Sources or Other Adjustments Recommended	<b>Adjusted Over / (Under) Spend 2021/22</b>	Estimated Over / (Under) Spend - November 2021/22 Review
<b>Field:-</b>	£'000	£'000	£'000	£'000	£'000	£'000
Roads and Engineering Services	(425)	(439)	(14)	0	(14)	(32)
Sustainable Urban Drainage Systems Unit (SuDS)	(14)	(14)	0	0	0	0
Flood Risk Management Unit	429	337	(92)	0	(92)	0
Building Service	(96)	(99)	(3)	0	(3)	37
Closure of 2020/21 Accounts				9	9	0
<b><u>Consultancy Total</u></b>	<b>(106)</b>	<b>(215)</b>	<b>(109)</b>	<b>9</b>	<b>(100)</b>	<b>5</b>

### **Consultancy**

**Roads and Engineering Services** - an increased number of empty posts that is having a negative impact on income levels that are being reclaimed on plans from external organisations such as other Councils and Welsh Government.

**Flood Risk Management Unit** - improved projections as a result of an underspend on works, staff costs and on the costs of transportation and travelling.

**Building Service** - staff turnover and income is higher by the end of the year than what was anticipated.

In accordance with the Financial Regulations **it is recommended** to adhere with the usual practice is adhered to in order to allow the Consultancy Department to keep (£100k) of their underspend, and to move (£9k) which is the sum above (£100k), to be earmarked to the fund for post-Covid recovery arrangements in order to fund the associated financial challenges facing the Council.

<b>REVENUE BUDGET 2021/22 - FINAL ACCOUNTS</b>						
<b>Housing and Property Department</b>	2021/22 Budget	2021/22 Position	<b>Gross Under / (Over) Spend 2021/22</b>	Use of Other Sources or Other Adjustments Recommended	<b>Adjusted Over / (Under) Spend 2021/22</b>	Estimated Over / (Under) Spend - November 2021/22 Review
<b>Field:-</b>	£'000	£'000	£'000	£'000	£'000	£'000
Management	203	154	(49)	0	(49)	(56)
Housing Services						
Homelessness	1,100	1,128	28	0	28	(33)
Private Sector Housing	401	357	(44)	0	(44)	(2)
Others	406	357	(49)	0	(49)	(35)
	1,907	1,842	(65)	0	(65)	(70)
Property Services						
Property	1,632	1,490	(142)	0	(142)	(141)
Caretaking, Catering and Cleaning	(13)	(37)	(24)	0	(24)	(39)
	1,619	1,453	(166)	0	(166)	(180)
Closure of 2020/21 Accounts				180	180	0
<b>Housing and Property Total</b>	<b>3,729</b>	<b>3,449</b>	<b>(280)</b>	<b>180</b>	<b>(100)</b>	<b>(306)</b>

### Housing and Property

**Management** - underspend on staff employment costs during the year, responsible for the situation.

**Housing Services** - once again this year, an increased pressure was seen on the Temporary Accommodation service in Homelessness deriving from the Covid crisis, in terms of moving the homeless off the street. During the year, the Welsh Government compensated us for a substantial proportion of the £2.9 million of relevant additional expenditure. Another obvious pressure this year is the cost of meeting the private Housing Leasing Scheme maintenance, with catching up to do with the maintenance element following a delay due to Covid. Prematurely, an underspend on staff costs in Homelessness and in the Enforcement field under the Private Sector Housing and also Gypsies and Travellers under 'Other'.

**Property Services** - vacant posts and secondments are mainly responsible for the underspend anticipated in Property, with a combination of reduced expenditure on property and services and supplies alleviating the income losses and staff overspend in the Caretaking, Catering and Cleaning field.

**It is recommended** to adhere with the usual practice is adhered to in order to allow the Housing and Property Department to keep (£100k) of their underspend, and to move (£180k) which is the sum above (£100k), to be earmarked to the fund for post-Covid recovery arrangements in order to fund the associated financial challenges facing the Council.

<b>REVENUE BUDGET 2021/22 - FINAL ACCOUNTS</b>						
<b>Central Departments</b>	2021/22 Budget	2021/22 Position	<b>Gross Under / (Over) Spend 2021/22</b>	Use of Other Sources or Other Adjustments Recommended	<b>Adjusted Over / (Under) Spend 2021/22</b>	Estimated Over / (Under) Spend - November 2021/22 Review
<b>Field:-</b>	£'000	£'000	£'000	£'000	£'000	£'000
Corporate Management Team and Legal	1,831	1,798	(33)	0	(33)	(87)
Finance (and Information Technology)	6,420	6,324	(96)	0	(96)	(56)
Corporate Support	7,176	7,113	(63)	0	(63)	(83)
<b>Central Departments Total</b>	<b>15,427</b>	<b>15,235</b>	<b>(192)</b>	<b>0</b>	<b>(192)</b>	<b>(226)</b>

### **Central Departments**

**Corporate Management Team & Legal** - a reduction in the underspend after the vacant Corporate Director post was earmarked to fund specific plans as well as the use made of agency solicitors, reduced the underspend on Legal staff turnover.

**Finance (and Information Technology)** - an increase in the underspend after receiving income fees for the administration of various Covid-related grants, including the self-isolation plan, winter fuel support and business grants. One-off underspend by the department due to vacant posts and income receipts in a number of fields.

**Corporate Support** - staff turnover and a number of services exceeding their income, nevertheless, the Covid side-effects have had negative implications on the internal income of the Printroom, with projected income deficits of £56k by the end of the financial year. Underspend on a number of headings across the department contributes to the general underspend position.

<b>REVENUE BUDGET 2021/22 - FINAL ACCOUNTS</b>						
<b>Corporate (Reflects variances only)</b>	<b>2021/22 Budget</b>	<b>2021/22 Position</b>	<b>Gross Under / (Over) Spend 2021/22</b>	<b>Use of Other Sources or Other Adjustments Recommended</b>	<b>Adjusted Over / (Under) Spend 2021/22</b>	<b>Estimated Over / (Under) Spend - November 2021/22 Review</b>
<b>Field:-</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Council Tax	*	*	(1,493)	1,493	0	0
Council Tax Reductions	*	*	(291)	291	0	0
Capital Costs	*	*	(2,183)	2,183	0	0
Interest Received	*	*	(72)	72	0	0
Budgets and Bids returned	*	*	(233)	233	0	0
Others	*	*	(204)	204	0	0
Local Government Settlement Addition 2021/22	*	*	(2,479)	2,479	0	0
<b>Corporate Total</b>	*	*	<b>(6,955)</b>	<b>6,955</b>	<b>0</b>	<b>0</b>

## Corporate

Grant receipts to the value of £3.3 million from Welsh Government at the end of the financial year responsible for a substantial proportion of the underspend reported.

**Council Tax** - during the year, the Valuer's Office approved 469 properties to transfer from Council Tax to Non-domestic Rates (506 in 2020/21, 397 in 2019/20, 453 in 2018/19). Nevertheless, a favourable situation of additional tax yield due to prudential projections when setting the 2021/22 budget as well as a grant receipt of £0.9 million late at the end of the year as a result of the Covid crisis. £6.5m of Council Tax Premium was received during 2021/22 to be earmarked for consideration for the Housing Strategy.

**Council Tax Reductions** - a reduction in the numbers who claim the reduction in Gwynedd compared with previous years as well as setting prudential estimates.

**Capital Costs** - as a result of numerous grant receipts to fund capital as well as slippages with plans in the capital programme, this means that revenue funding needs to be slipped and exchange funding methods when transferring revenue funding to the value of (£2,183k) in order to fund the capital programme in 2022/23.

**Interest Received** - receipt above the projections.

**Budgets and Bids returned and Others** - the pressures on many budgets not as much as anticipated this year.

**Local Government Settlement Addition 2021/22** - unexpected additional grant receipt in March of £2.5 million from Welsh Government.

**It is recommended** following the reserve harvesting exercise to the value of £851k detailed in **Appendix 4** to assist the Highways and Municipal Department which has overspent by £746k in 2021/22, by funding their overspend in full, transferring the £105k that remains from the harvesting of reserves to the Council's general balances.

- (£2,183k) relating to capital costs allocated to a capital programme fund
- with the remainder of the net underspend on Corporate budgets being earmarked as follows:
- (£395k) placed in the Council's general balances
- (£3,000k) to the Council's Transformation fund to fund the Council's priorities and work of a transformational nature
- (£1,377k) to the post-Covid recovery arrangements Fund to fund the associated financial challenges that will be facing the Council.

Month	Applica tion	Welsh Government Hardship Fund					Furlough								
		Compensation for Additional Expenditure		Applica tion	Compensation for Loss of Income		Contribution towards Wages								
		Application value	Grant Approved		Application value	Grant Approved	Application value		Grant Approved						
		£'000	£'000		£'000	£'000	Byw'n lach	Rest of Council	Byw'n lach	Rest of Council					
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000								
April	1	483	485	1	1,020	811	1	116	5	116	5				
May	2	813	811				2	35	5	35	5				
June	3	824	824				3	26	4	26	4				
July	4	1,434	1,423	2	687	567	4	27	3	27	3				
August	5	787	787				5	26	2	26	2				
September	6	891	839				6	16	2	16	2				
October	7	1,392	1,090	3	490	490	7								
November	8	1,773	1,773				8								
December	9	1,185	1,185				9								
January	10	1,365	1,334	4	113	113	10								
February	11	1,738	1,471				11								
March	12	2,221	1,257				12								
<b>TOTAL</b>		<b>14,906</b>	<b>13,279</b>									<b>2,310</b>	<b>1,981</b>		<b>246</b>

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Overview of all applications:

	Application value £'000	Grant Approved £'000
<b>TOTAL</b>	<b>17,482</b>	<b>15,527</b>
Byw'n lach Element	1,147	1,092
<b>Rest of Council</b>	<b>16,335</b>	<b>14,435</b>

## Harvested resources following a review of reserves

Following a review of the reserves, it is recommended to release the following sums:

<b>Fund</b>	<b>Sum to be released £'000</b>
Corporate Support Underspend (harvesting above specific threshold)	100
Corporate Management Team Underspend (harvesting above specific threshold)	48
Completed Various Historical Projects	216
Various historic Reserves	487
<b>Total</b>	<b>851</b>

using them to:

<b>Reserves harvested</b>	<b>Sum £'000</b>
Funding the overspend of the Highways Department which is overspending in	746
Return to the Council's balances	105
<b>Total</b>	<b>851</b>

# Agenda Item 8

**MEETING:                   AUDIT AND GOVERNANCE COMMITTEE**

**DATE:                       30 JUNE 2022**

**TITLE:                      CAPITAL PROGRAMME 2021/22 – END OF YEAR REVIEW  
(31 MARCH 2022 POSITION)**

**PURPOSE:                 MONITORING REPORT ON THE EXPENDITURE AND  
FINANCING OF THE CAPITAL PROGRAMME**

**ACTION:                    RECEIVE THE INFORMATION AND CONSIDER THE RISKS  
RELATING TO THE CAPITAL PROGRAMME**

**CONTACT OFFICER:      FFION MADOG EVANS, SENIOR FINANCE MANAGER**

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

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1. The attached report (capital programme end of year review) was presented to the Cabinet on 14 June for decisions relating to the revised programme and its financing.
2. The usual practice is that the Cabinet report is presented to the Audit and Governance Committee, to be scrutinised together with the relevant decision of the Cabinet meeting of 14 June which is on the following page.
3. The Audit and Governance Committee is asked to note the position and any risks relating to the Council's capital programme, consider the Cabinet's decision and comment as necessary.

## **Appendices:**

14 June Cabinet decision notice  
14 June Cabinet report

## GWYNEDD COUNCIL CABINET DECISION NOTICE

<b>Date of Cabinet Meeting:</b>	14 June 2022
<b>Date decision will come into force</b> and be implemented, unless the decision is called in, in accordance with section 7.25 of the Gwynedd Council Constitution	29 June 2022

### SUBJECT

Item 8: CAPITAL PROGRAMME 2021/22 - END OF YEAR REVIEW (31 MARCH 2022 POSITION)

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### DECISION

To accept the report on the end of year review (31 March 2022 position) of the capital programme.

The expenditure of £37,054,000 on the capital programme during the 2021/22 financial year was noted, which would be used in the statutory financial statements for 2021/22.

To approve the revised financing as shown in part 4 of the report, namely:

- £173,000 decrease in the use of loans
  - £11,304,000 increase in the use of grants and contributions
  - £94,000 reduction in the use of capital receipts
  - £426,000 reduction in the use of revenue contributions
  - No change in the use of the capital reserve
  - An increase of £1,003,000 in the use of renewal funds and others
- 

### REASONS FOR THE DECISION

It is the Cabinet's responsibility to take action, as necessary, to secure appropriate control over the Council's budgets (e.g. approval of significant virements or supplementary budgets) and to allow the formal final accounts to be completed.

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### DECLARATIONS OF PERSONAL INTEREST AND ANY RELEVANT DISPENSATIONS APPROVED BY THE STANDARDS COMMITTEE

No declarations of personal interest or relevant dispensations were received.

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### ANY CONSULTATIONS UNDERTAKEN PRIOR TO MAKING THE DECISION

The Statutory Officers were consulted to seek their views, which were included in the report.

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**REPORT TO THE CABINET**  
14 JUNE 2022

**Cabinet Member:** Councillor Ioan Thomas, Finance Cabinet Member

**Subject:** Capital Programme 2021/22 –  
End of Year Review (31 March 2022 position)

**Contact Officer:** Ffion Madog Evans, Senior Finance Manager

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**The decision sought / Purpose of the report**

- To accept the report on the end of year review (31 March 2022 position) of the capital programme.
  - Note the £37,054,000 spent on the capital programme during the financial year 2021/22, which will be included in the statutory financial statements for 2021/22.
  - Approve the revised financing as shown in part 4 of the report, that is:
    - £173,000 decrease in the use of borrowing
    - £11,304,000 increase in the use of grants and contributions
    - £94,000 decrease in the use of capital receipts
    - £426,000 decrease in the use of revenue contributions
    - No change in the use of the capital reserve
    - £1,003,000 increase in the use of renewal and other reserves
- 

**1. Introduction / Summary**

This technical report is presented as part of the 2021/22 end of year procedure. The main purpose of the report is to present the revised capital programme and to approve the relevant financing sources. There is a summary in parts 3 and 4 of the report, with the recommendations in part 6:

Part 3: Analysis by Department of the £139.289m capital programme for the 3 years 2021/22 – 2023/24.

Part 4: The sources of finance for the net increase of approximately £11.614m since the previous review.

Part 5: Detail on additional grants since the previous review.

The Cabinet has the authority to adapt the capital programme. Approval is sought for the proposed programme (part 3) and financing (part 4).

The remainder of the report is for information:

- Appendix A: Main changes per source of finance
- Appendix B: Movement from 2021/22 to 2022/23

## 2. Main Findings

The main findings that arise from the revised position are:

- The Council succeeded in spending approximately £37.1m in 2021/22 on capital projects, with £29.9m (81%) funded from specific grants and £4.1m from the general capital grant.
- The effect of the Covid19 emergency and the lockdown period on the capital programme can be seen clearly in that several of the capital schemes were delayed again this year. Additionally, because of the significant increase in building material prices, some schemes have been deliberately delayed. It is this combination of factors that has led to the picture as a whole.
- In addition to the £31.2m which was reported at the previous 2021/22 reviews a further £26.8m of proposed expenditure has been re-profiled from 2021/22 to 2022/23, but no loss of funding was caused to the Council where schemes have slipped.

## 3. Capital Programme 2021/22 to 2023/24

See below the final capital programme for 2021/22 as at the end of March 2022, with the proposed revised position for the subsequent years.

DEPARTMENT	END OF MARCH REVIEW				INCREASE / (DECREASE) SINCE THE PREVIOUS REVIEW £'000
	2021/22	2022/23	2023/24	TOTAL	
	£'000	£'000	£'000	£'000	
Education	7,521	17,811	4,310	29,642	1,424
Environment	10,288	4,943	121	15,352	464
Corporate Support	60	-	-	60	-
Finance	598	1,828	838	3,264	200
Economy and Community	2,882	2,498	180	5,560	469
Housing and Property	4,444	27,022	6,930	38,396	1,297
Adults, Health and Wellbeing	1,378	6,372	625	8,375	1,006
Children and Supporting Families	1,468	1,486		2,954	687
Highways and Municipal	8,045	9,199	3,133	20,377	1,975
Consultancy	370	8,470	42	8,882	(7)
Corporate	-	5,927	500	6,427	4,099
<b>TOTAL</b>	<b>37,054</b>	<b>85,556</b>	<b>16,679</b>	<b>139,289</b>	<b>11,614</b>

#### 4. Changes to the Sources of Finance

The budget for the three year programme shows an increase of £11.614m since the previous review. The finalised sources of financing for 2021/22 at the end of March 2022 can be seen below, with the proposed revised position for the subsequent years:

SOURCE OF FINANCE	END OF MARCH REVIEW				Technical Adjustment £'000	INCREASE / (DECREASE) SINCE THE PREVIOUS REVIEW £'000
	2021/22	2022/23	2023/24	TOTAL		
	£'000	£'000	£'000	£'000		
Supported Borrowing	2,719	7,968	6,610	17,297	(4,087)	0
Other Borrowing	266	9,498	3,289	13,053	-	(173)
Grants and Contributions	33,990	20,886	247	55,123	4,306	11,304
Capital Receipts	79	813	-	892	-	(94)
Departmental & Corporate Revenue	-	131	-	131	(2,162)	(426)
Capital Fund	-	18,248	204	18,452	8,060	0
Renewals & Other Funds	-	28,012	6,329	34,341	(6,117)	1,003
<b>TOTAL</b>	<b>37,054</b>	<b>85,556</b>	<b>16,679</b>	<b>139,289</b>	<b>0</b>	<b>11,614</b>

#### 5. Additional Grants

Since the previous review at the end of November, the Council has succeeded in attracting the following additional grants totalling £11,200k. A number of additional adjustments including a reduction in schemes lower than the original forecast brings the total movement to £11,304k (see Appendix A for more information) :

- £3,213k Additional General Capital Grant
- £3,100k Grants from the Land and Buildings Development Fund
- £1,305k Intermediate Care Fund (ICF) – adapting establishments as well as facilitating joint working arrangements with other agencies
- £1,122k Free School Meals Capital Grant
- £525k Grant funding to support delivery of the North Wales Regional Economic Framework and accelerate post-Covid economic recovery
- £409k Housing Grants including Homelessness and Transforming Towns
- £398k Local Nature Partnership Challenge Fund Grant
- £283k Local Transport Fund and the Active Travel Fund Grant

- £196k Flood Alleviation schemes Grant
- £195k All Wales Play Opportunities Capital Grant
- £177k Flying Start and Child Care Grants from Welsh Government
- £159k Grants from Welsh Government, Wales Council for Voluntary Action and Natural Resources Wales towards countryside schemes and environmental developments
- £118k Transforming Towns Grant from Welsh Government – Storiel adaptations

## 6. Recommendations

The Cabinet is asked to:

- **accept the report on the end of year review (31 March 2022 position) of the capital programme,**
- **note the £37,054,000 spent on the capital programme during the financial year 2021/22, and**
- **approve the relevant sources of finance (part 4 above).**

## 7. Reasons for Recommending the Decision

It is necessary to ensure appropriate financing arrangements for the Council's plans to spend on capital, and the Cabinet must approve the capital programme and its sources of funding.

Incorporating funding via grant is a point of order, but it is also necessary to deal with situations where there has been a change in expenditure profiles between years and the value of capital receipts and contributions.

These are recommendations to ensure definite sources of funding for the 2021/22 – 2023/24 capital schemes.

## 8. Relevant Considerations

These are technical issues regarding the financing of schemes and relevant implications and debates have already been addressed when the individual schemes were adopted.

## 9. Next Steps and Timetable

To implement the recommendations to finance the programme.

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**View of the Local Member**

Not relevant.

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**Views of the Statutory Officers****Monitoring Officer:**

No observations to add from a propriety perspective.

**Head of Finance:**

I have collaborated with the Cabinet Member in the preparation of this report and I confirm the content.

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**Appendices**

Appendix A – Details of Main Changes

Appendix B – Details of Budget Re-profiling

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## Details of Main Changes

See below the relevant schemes that have caused the main changes to the sources of finance since the previous review:

	2021/22	2022/23- 2023/24
	£'000	£'000
<b>Other Borrowing</b>		
<ul style="list-style-type: none"> <li>Correction of 2019-20 Flood Alleviation Scheme financing (<i>Consultancy Department</i>).</li> </ul>	(173)	
<b>Grants and Contributions</b>		
<ul style="list-style-type: none"> <li>Free School Meals Capital Grant (<i>Education Department</i>).</li> </ul>	1,122	
<ul style="list-style-type: none"> <li>Welsh Government grant to support delivery of the North Wales Regional Economic Framework and accelerate post-Covid economic recovery and Others (<i>Economy and Community Department</i>).</li> </ul>	525	
<ul style="list-style-type: none"> <li>Transforming Towns Grant from Welsh Government – Storiol adaptations (<i>Economy and Community Department</i>).</li> </ul>	118	
<ul style="list-style-type: none"> <li>Flying Start and Child Care Grants from Welsh Government (<i>Children and Families Department</i>).</li> </ul>	177	
<ul style="list-style-type: none"> <li>All Wales Play Opportunities Capital Grant (<i>Children and Families Department</i>).</li> </ul>	195	
<ul style="list-style-type: none"> <li>Intermediate Care Fund (ICF) – adapting establishments as well as facilitating joint working arrangements with other agencies (<i>Children and Families Department; Adults, Health and Wellbeing Department</i>).</li> </ul>	1,305	
<ul style="list-style-type: none"> <li>Local Nature Partnership Challenge Fund Grant towards wild flowers project (<i>Highways and Municipal Department</i>).</li> </ul>	398	
<ul style="list-style-type: none"> <li>Welsh Government Grant towards Flood Alleviation Schemes (<i>Consultancy Department</i>).</li> </ul>	196	

<ul style="list-style-type: none"> <li>Local Transport Fund (LTF) and the Active Travel Fund Grant (ATF) from Welsh Government towards several different schemes (<i>Environment Department</i>).</li> </ul>	283	
<ul style="list-style-type: none"> <li>Grants from Welsh Government, Wales Council for Voluntary Action and Natural Resources Wales towards countryside schemes and environmental developments (<i>Environment Department</i>).</li> </ul>	159	
<ul style="list-style-type: none"> <li>Housing Grants including Homelessness and Transforming Towns (<i>Housing and Property Department</i>).</li> </ul>	409	
<ul style="list-style-type: none"> <li>Grants from the Land and Buildings Development Fund from Welsh Government (<i>Housing and Property Department</i>).</li> </ul>	3,100	
<ul style="list-style-type: none"> <li>Additional General Capital Grant (<i>Corporate</i>).</li> </ul>	3,213	
<b>Capital Receipts</b>		
<ul style="list-style-type: none"> <li>Adjustment to the match funding for the Llandygai Recycling Centre (<i>Highways and Municipal Department</i>).</li> </ul>	(104)	
<b>Departmental Revenue</b>		
<ul style="list-style-type: none"> <li>Contributions from schools towards schemes (<i>Education Department</i>).</li> </ul>	356	
<ul style="list-style-type: none"> <li>Adjustment to the match funding for the Llandygai Recycling Centre (<i>Highways and Municipal Department</i>).</li> </ul>	40	
<ul style="list-style-type: none"> <li>Reduction in revenue contribution towards capitalised repairs and maintenance schemes (<i>Housing and Property Department</i>).</li> </ul>	(950)	
<ul style="list-style-type: none"> <li>Contribution towards increase in computer purchases because of Covid working practices (<i>Finance Department</i>).</li> </ul>	198	
<b>Renewals and Other Funds</b>		
<ul style="list-style-type: none"> <li>Expansion of County Highways Major Maintenance Programme by utilising the specific fund (<i>Highways and Municipal Department</i>).</li> </ul>	794	
<ul style="list-style-type: none"> <li>Vehicle renewals from renewals funds (<i>Highways and Municipal Department</i>).</li> </ul>	686	
<ul style="list-style-type: none"> <li>Net reduction in contributions to several schemes (<i>Consultancy Department; Housing and Property Department</i>).</li> </ul>	(508)	31

## Details of Budget Re-profiling

See below the main schemes that have been re-profiled since the original budget:

	2021/22 £'000	2022/23 £'000
Schools Capital Maintenance Grant (21/22 displaced resource reprofiled to 22/23 to be reallocated) ( <i>Education Department; Corporate</i> )	(1,575)	1,575
Schools' Schemes (21 <sup>st</sup> Century and Other) ( <i>Education Department</i> )	(6,462)	6,462
Free School Meals Capital Grant (21/22 displaced resource reprofiled to 22/23) ( <i>Education Department</i> )	(1,122)	1,122
Regeneration Schemes ( <i>Economy and Community Department</i> )	(279)	279
Maritime, Country Parks' and Leisure Schemes (a number of grants displaced resources which are reprofiled to 22/23) ( <i>Economy and Community Department</i> )	(652)	652
Neuadd Dwyfor Investment Scheme (grants displaced resource which has been reprofiled) ( <i>Economy and Community Department</i> )	(521)	521
Child Care Capital Grant Schemes ( <i>Children and Families Department</i> )	(765)	765
Maesgeirchen Integrated Centre Scheme ( <i>Children and Families Department</i> )	(221)	221
Additional Intermediate Care Fund (ICF) Grants (displaced resource reprofiled) ( <i>Children and Families Department</i> )	(520)	520
Penygroes Health and Care Hub ( <i>Adults, Health and Wellbeing Department</i> )	(2,500)	2,500
Residential Home Schemes, Adults Day Care Establishments' Schemes and other schemes ( <i>Adults, Health and Wellbeing Department</i> )	(2,152)	2,152
Vehicle Renewals ( <i>Highways and Municipal Department; Consultancy Department; Environment Department</i> )	(3,038)	3,038
Engineering, Structures, Highways and Municipal Schemes ( <i>Highways and Municipal Department</i> )	(1,681)	1,681
Flood Alleviation and Land Drainage Schemes ( <i>Consultancy Department</i> )	(7,240)	7,240
Transport Schemes ( <i>Environment Department</i> )	(3,196)	3,196

Town Improvements and Countryside schemes ( <i>Environment Department</i> )	(143)	143
Car Park Resurfacing ( <i>Environment Department</i> )	(219)	219
Vehicle Charging Points ( <i>Environment Department</i> )	(957)	957
Environment Department Specialist IT Systems ( <i>Environment Department</i> )	(72)	72
Housing Grants and Other Schemes ( <i>Housing and Property Department</i> )	(2,324)	2,324
Housing Strategy and Homelessness Schemes ( <i>Housing and Property Department</i> )	(7,596)	7,596
New Welsh Government housing function grants (displaced resource reprofiled) ( <i>Housing and Property Department</i> )	(3,953)	3,953
Office Adaptation Schemes ( <i>Housing and Property Department</i> )	(153)	153
Capitalised Repairs and Maintenance schemes ( <i>Housing and Property Department</i> )	(222)	222
Council's Carbon Management Schemes ( <i>Housing and Property Department</i> )	(1,368)	1,368
Asbestos Removal Schemes ( <i>Housing and Property Department</i> )	(491)	491
Economic Stimulus Schemes and Industrial Units ( <i>Housing and Property Department</i> )	(2,925)	2,925
IT Equipment Renewal ( <i>Finance Department</i> )	(1,045)	1,045
Asset Scheme Resources not allocated until 22/23 ( <i>Corporate</i> )	(1,328)	1,328
Additional General Capital Grant 21/22 ( <i>Corporate</i> )	(3,213)	3,213

**Note:**

The above re-profiling will not result in any loss in grant.

There is a variety of valid reasons behind the re-profiling in many cases, but the delay prior to implementing these schemes can mean that the services have to cope for longer with current assets which have not been improved.

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# Agenda Item 9

MEETING	<b>Audit &amp; Governance Committee</b>
DATE	<b>30 June 2022</b>
TITLE	<b>Gwynedd Harbours' Final Accounts for the year ended 31 March 2022</b>
PURPOSE	<b>To submit –</b> <ul style="list-style-type: none"><li><b>• The Revenue Income and Expenditure Account Report for 2021/22 and</b></li><li><b>• Statements of accounts return, duly certified, but subject to Audit.</b></li></ul>
AUTHOR	<b>Ffion Madog Evans, Senior Finance Manager</b>
ACTION	<b>Receive and Approve the Accounts</b>

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## **1. HARBOUR REPORTING REQUIREMENTS**

- 1.1 The Harbours Act 1964 requires that Gwynedd, as a harbour authority, prepares an annual statement of accounts relating to harbour activities.
- 1.2 Gwynedd Harbours, due to its turnover not exceeding £2.5m is considered to be a small local government body as defined in the Accounts and Audit (Wales) (Amendment) Regulations 2018.
- 1.3 For a “small local government body”, completion of a statements of accounts return prepared by the Wales Audit Office satisfies the statutory requirement. It will be subject to a separate audit, but production of full statutory financial statements (complying with “IFRS” International Financial Reporting Standards) are not required.

## **2. 2021-22 ACCOUNTS**

- 2.1 **The Revenue Income and Expenditure Account for 2021/22 is submitted herewith as Appendix A** in simple “out-turn” format.
- 2.2 **The Official Annual Return for 2021/22 is submitted herewith as Appendix B, duly completed and certified, by the Responsible Financial Officer**, namely Gwynedd Council’s Head of Finance (Dewi Aeron Morgan) as the Statutory Finance Officer for Gwynedd Harbours.
- 2.3 The accounts and return are already subject to audit by Wales Audit Office, Gwynedd Council’s external auditors appointed by the Auditor General for Wales.

Should any amendments be necessary following audit then a revised version will be presented to the Audit and Governance Committee on 13 October 2022.

- 2.4 Following audit and following any required amendments if required, the Auditor General's representative will certify the return prior to 30 November 2022.
- 2.5 Appendix A relates to the revenue account only whereas the accounting statements in Appendix B incorporates both revenue and capital. There was no capital expenditure for Gwynedd Harbours for 2021/22.

### **3. RECOMMENDATION**

3.1 **The Audit Committee is asked to receive and approve the information in the appendices, i.e.: –**

- Revenue Income and Expenditure Account for 2021/22 – Appendix A
- Annual Return for the Year Ended 31 March 2022, Subject to Audit – Appendix B

## Audit Committee

## Gwynedd Council Harbours' Report

## Income and Expenditure 2021/22

	Budget 2021-22	Actual Expenditure for 2021-22	Variance Over (Under) spend
<b>Gwariant</b>			
Employees			
Salaries	£209,980	£203,831	-£6,149
Training	£0	£5,630	£5,630
Insurance Liability	£3,350	£3,350	£0
Other Miscellaneous	£2,210	£1,410	-£800
Buildings			
Maintenance	£52,090	£26,478	-£25,612
Ground Maintenance	£12,760	£2,652	-£10,108
Energy	£10,440	£17,505	£7,065
Business Rates (NNDR)	£19,170	£19,293	£123
Water	£2,530	£2,301	-£229
Crown Lease	£2,820	£6,850	£4,030
Refuse Collection and Cleaning	£4,550	£4,797	£247
Buildings Insurance	£540	£540	£0
Transport			
Vehicle Running Costs (Including Boats)	£2,160	£728	-£1,432
Travel Expenses	£410	£431	£21
Supplies and Services			
Equipment - Including safety	£16,750	£11,662	-£5,088
Underwater Inspections			£0
Signiges	£0	£19,772	£19,772
Clothing	£2,060	£870	-£1,190
Boat Maintenance (finance from fund)	£3,200	£23,699	£20,499
Fees - Specialists	£41,410	£47,277	£5,867
Licences	£600	£75	-£525
Office Supplies & Network costs	£2,710	£3,861	£1,151
Audit Fees	£720	£520	-£200
Insurance on Handling Cash	£350	£40	-£310
Central Support			
Central Administration Costs	£43,913	£43,913	£0
<b>Total Expenditure</b>	<b>£434,723</b>	<b>£447,488</b>	<b>£12,765</b>
Income			
Grant	-£34,560	-£34,589	-£29
Fees 7 Charges	-£152,590	-£164,380	-£11,790
<b>Total Income</b>	<b>-£187,150</b>	<b>-£198,969</b>	<b>-£11,790</b>
<b>Total Net Expenditure</b>	<b>£247,573</b>	<b>£248,519</b>	<b>£975</b>

# Minor Joint Committees in Wales Annual Return for the Year Ended 31 March 2022

## LANGUAGE PREFERENCE

Please indicate how you would like us to communicate with you during the audit. Note that audit notices will be issued bilingually.

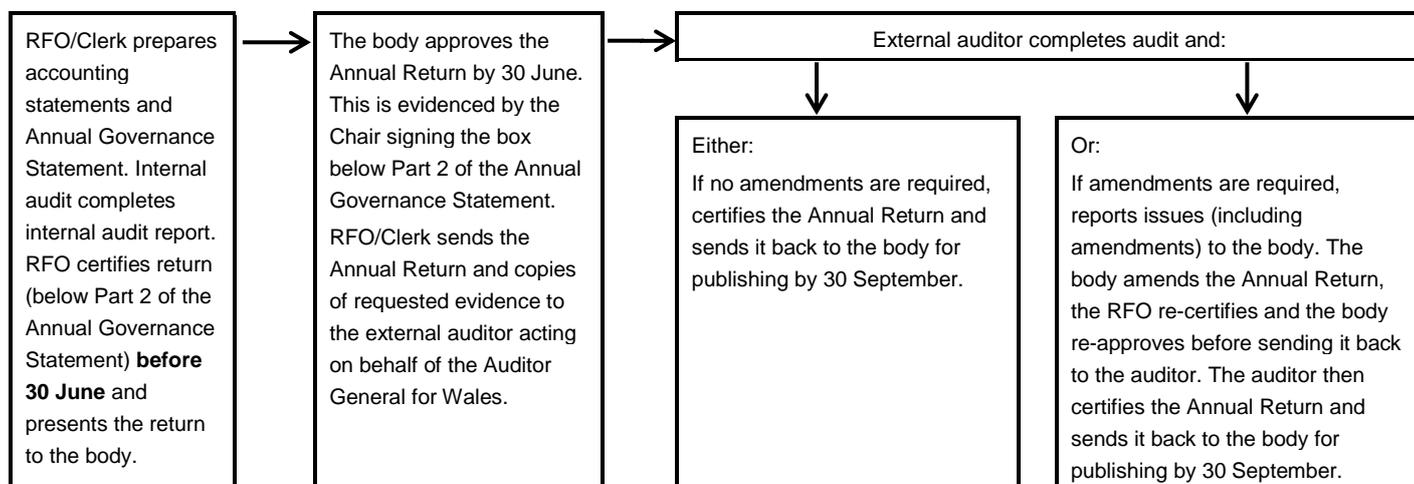
	<b>Yes</b>	<b>No</b>		<b>Yes</b>	<b>No</b>		<b>Yes</b>	<b>No</b>
<b>ENGLISH</b>	<input type="checkbox"/>	<input type="checkbox"/>	<b>WELSH</b>	<input type="checkbox"/>	<input type="checkbox"/>	<b>BILINGUALLY</b>	<input type="checkbox"/>	<input type="checkbox"/>

## THE ACCOUNTS AND AUDIT PROCESS

Section 12 of the Public Audit (Wales) Act 2004 requires local government bodies in Wales (including joint committees) to make up their accounts each year to 31 March and to have those accounts audited by the Auditor General for Wales. Regulation 14 of the Accounts and Audit (Wales) Regulations 2014 states that smaller local government bodies i.e. those with annual income and expenditure below £2.5 million must prepare their accounts in accordance with proper practices.

For minor joint committees with income and expenditure below £2.5 million, proper practices are set out in the One Voice Wales/Society of Local Council Clerks publication, **Governance and accountability for local councils in Wales – A Practitioners’ Guide** (the Practitioners’ Guide). The Practitioners’ Guide requires that they prepare their accounts in the form of an Annual Return. This Annual Return meets the requirements of the Practitioners’ Guide.

The accounts and audit arrangements follow the process as set out below.



Please read the guidance on completing this Annual Return and **complete all sections highlighted pink** .

## APPROVING THE ANNUAL RETURN

The Committee must approve the Annual Return **BEFORE** the accounts and supporting documents are made available for public inspection under section 30 of the Public Audit (Wales) Act 2004.

If it is unable to complete the approval process by 30 June 2022 or publish the audited return by 30 September, the Committee must publish notices as required by the Regulations.

The Auditor General for Wales’ Audit Certificate and report is to be completed by the auditor acting on behalf of the Auditor General. It **MUST NOT** be completed by the Clerk/RFO, the Chair or the internal auditor.

Audited and certified returns are sent back to the body for publication and display of the accounting statements, Annual Governance Statement and the Auditor General for Wales’ certificate and report.

## Accounting statements 2021-22 for:

Name of body: **Gwynedd Council Harbours**

	Year ending		Notes and guidance for compilers
	31 March 2021 (£)	31 March 2022 (£)	Please round all figures to nearest £. Do not leave any boxes blank and report £0 or nil balances. All figures must agree to the underlying financial records for the relevant year.
<b>Statement of income and expenditure/receipts and payments</b>			
1. Balances brought forward	0	0	Total balances and reserves at the beginning of the year as recorded in the financial records. Must agree to line 7 of the previous year.
2. (+) Income from local taxation/levy	221,829	248,519	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.
3. (+) Total other receipts	137,385	198,969	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.
4. (-) Staff costs	-199,271	-214,221	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and related expenses eg. termination costs.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).
6. (-) Total other payments	-159,943	-233,267	Total expenditure or payments as recorded in the cashbook minus staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	0	0	Total balances and reserves at the end of the year. Must equal $(1+2+3) - (4+5+6)$ .
<b>Statement of balances</b>			
8. (+) Debtors	32,405	63,598	<b>Income and expenditure accounts only:</b> Enter the value of debts owed to the body.
9. (+) Total cash and investments	-31,675	-57,004	<b>All accounts:</b> The sum of all current and deposit bank accounts, cash holdings and investments held at 31 March. This must agree with the reconciled cashbook balance as per the bank reconciliation.
10. (-) Creditors	-730	-6,594	<b>Income and expenditure accounts only:</b> Enter the value of monies owed by the body (except borrowing) at the year-end.
11. (=) Balances carried forward	0	0	<b>Total balances should equal line 7 above:</b> Enter the total of $(8+9-10)$ .
12. Total fixed assets and long-term assets	496,912	496,912	The asset and investment register value of all fixed assets and any other long-term assets held as at 31 March.
13. Total borrowing	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

## Annual Governance Statement (Part 1)

We acknowledge as the members of the Committee, our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2022, that:

	Agreed?		'YES' means that the Council/Board/Committee:	PG Ref
	Yes	No*		
<p>1. We have put in place arrangements for:</p> <ul style="list-style-type: none"> <li>effective financial management during the year; and</li> <li>the preparation and approval of the accounting statements.</li> </ul>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Properly sets its budget and manages its money and prepares and approves its accounting statements as prescribed by law.	6, 12
<p>2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.</p>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.	6, 7
<p>3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the Committee to conduct its business or on its finances.</p>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.	6
<p>4. We have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014.</p>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Has given all persons interested the opportunity to inspect the body's accounts as set out in the notice of audit.	6, 23
<p>5. We have carried out an assessment of the risks facing the Committee and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.</p>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Considered the financial and other risks it faces in the operation of the body and has dealt with them properly.	6, 9
<p>6. We have maintained an adequate and effective system of internal audit of the accounting records and control systems throughout the year and have received a report from the internal auditor.</p>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the body.	6, 8
<p>7. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the Committee and, where appropriate, have included them on the accounting statements.</p>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.	6
<p>8. We have taken appropriate action on all matters raised in previous reports from internal and external audit.</p>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Considered and taken appropriate action to address issues/weaknesses brought to its attention by both the internal and external auditors.	6, 8, 23

\* Please provide explanations to the external auditor on a separate sheet for each 'no' response given; and describe what action is being taken to address the weaknesses identified.

## Additional disclosure notes\*

The following information is provided to assist the reader to understand the accounting statement and/or the Annual Governance Statement

1.

2.

3.

\* Include here any additional disclosures the Council considers necessary to aid the reader's understanding of the accounting statement and/or the annual governance statement.

## Committee approval and certification

The Committee is responsible for the preparation of the accounting statements and the annual governance statement in accordance with the requirements of the Public Audit (Wales) Act 2004 (the Act) and the Accounts and Audit (Wales) Regulations 2014.

<p><b>Certification by the RFO</b></p> <p>I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Committee, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2022.</p>	<p><b>Approval by the Council/Board/Committee</b></p> <p>I confirm that these accounting statements and Annual Governance Statement were approved by the Committee under minute reference:</p>
<p><b>RFO signature:</b> </p>	<p><b>Minute ref:</b></p>
<p><b>Name:</b> Dewi Aeron Morgan</p>	<p><b>Chair of meeting signature:</b></p>
<p><b>Date:</b> 25/05/2022</p>	<p><b>Name:</b></p> <p><b>Date:</b></p>

# Auditor General for Wales' Audit Certificate and report

I report in respect of my audit of the accounts under section 13 of the Act, whether any matters that come to my attention give cause for concern that relevant legislation and regulatory requirements have not been met. My audit has been conducted in accordance with, guidance issued by the Auditor General for Wales.

I certify that I have completed the audit of the Annual Return for the year ended 31 March 2022 of:

**Gwynedd Council Harbours**

## Auditor General's report

### Audit opinion

[Except for the matters reported below]\* On the basis of my review, in my opinion no matters have come to my attention giving cause for concern that in any material respect, the information reported in this Annual Return:

- has not been prepared in accordance with proper practices;
- that relevant legislation and regulatory requirements have not been met;
- is not consistent with the Committee's governance arrangements; and
- that the Committee does not have proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

### Other matters arising and recommendations

I draw the Committee's attention to the following matters and recommendations which do not affect my audit opinion but should be addressed by the body. / There are no further matters or recommendations that I wish to draw to the Committee's attention.\*

External auditor's name:

External auditor's signature:

Date:

For and on behalf of the Auditor General for Wales

\* Delete as appropriate.

## Annual internal audit report to:

Name of body: **Gwynedd Council Harbours**

The Committee's internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2022.

The internal audit has been carried out in accordance with the Committee's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Committee.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
1. Appropriate books of account have been properly kept throughout the year.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
4. The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text
8. Asset and investment registers were complete, accurate, and properly maintained.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Insert text

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
9. Periodic and year-end bank account reconciliations were properly carried out.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Insert text
10. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Insert text

For any risk areas identified by the Committee (list any other risk areas below or on separate sheets if needed) adequate controls existed:					
	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
11. Insert risk area	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Insert text
12. Insert risk area	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Insert text
13. Insert risk area	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Insert text

\* If the response is 'no', please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\* If the response is 'not covered', please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.

[My detailed findings and recommendations which I draw to the attention of the Committee are included in my detailed report to the Committee dated May 2022.] \* .

### Internal audit confirmation

I/we confirm that as the Committee's internal auditor, I/we have not been involved in a management or administrative role within the body (including preparation of the accounts) or as a member of the body during the financial years 2020-21 and 2021-22 I also confirm that there are no conflicts of interest surrounding my appointment.

<b>Name of person who carried out the internal audit:</b> Luned Fôn Jones
<b>Signature of person who carried out the internal audit:</b> <i>Luned Fôn Jones</i>
<b>Date:</b> 25 <sup>th</sup> May 2022

## Guidance notes on completing the Annual Return

1. You must apply proper practices when preparing this Annual Return. Proper practices are set out in the Practitioners' Guide.
2. Make sure that the Annual Return is fully completed ie, no empty red boxes. Please avoid making any amendments to the completed return. If this is unavoidable, cross out the incorrect entries, make sure the amendments are drawn to the attention of the body, properly initialled and an explanation for them is provided to the external auditor. **Please do not use correction fluid.** Annual returns that are incomplete or contain unapproved and/or unexplained amendments or correction fluid will be returned unaudited and may incur additional costs. Ask your auditor for an electronic copy of the form if required.
3. Use a second pair of eyes, perhaps the Chair or a member, to review your Annual Return for completeness before sending the original form to the auditor.
4. Make sure that your accounting statements add up, that the balance carried forward from the previous year (line 7 of 2021) equals the balance brought forward in the current year (line 1 of 2022). Explain any differences between the 2021 figures on this Annual Return and the amounts recorded in last year's Annual Return.
5. Explain fully any significant variances in the accounting statements. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include a detailed analysis to support your explanation and be specific about the values of individual elements making up the variances.
6. Make sure that the copy of the bank reconciliation you send to your auditor with the Annual Return covers **all** your bank accounts and cash balances. If there are no reconciling items, please state this and provide evidence of the bank balances. The auditor should also be able to agree your bank reconciliation to line 9 in the accounting statements. More help on bank reconciliations is available in the Practitioners' Guide.
7. **You must send to the external auditor, information to support the assertions made in the Annual Governance Statement.** Your auditor will tell you what information you need to provide. Please read the audit notice carefully to ensure you include all the information the auditor has asked for. You should send **copies** of the original records to the external auditor and not the original documents themselves.
8. Please do not send the auditor any information that you are not specifically asked for. Doing so is not helpful.
9. If the auditor has to review unsolicited information, repeat a request for information, receives an incomplete bank reconciliation or explanation of variances or receives original documents that must be returned, the auditor will incur additional costs for which they are entitled to charge additional fees.
10. **Please deal with all correspondence with the external auditor promptly.** This will help you to meet your statutory obligations and will minimise the cost of the audit.
11. **Please note that if completing the electronic form, you must print the form for it to be certified by the RFO and signed by the Chair before it is sent to the auditor.**

Completion checklist – 'No' answers mean that you may not have met requirements		Done?	
Initial submission to the external auditor		Yes	No
<b>Accounts</b>	Do the papers to be sent to the external auditor include an explanation of significant variations from last year to this year?	✓	
	Does the bank reconciliation as at 31 March 2022 agree to Line 9?	✓	
<b>Approval</b>	Has the RFO certified the accounting statements and Annual Governance Statement (Regulation 15 (1)) no later than 30 June 2022?	✓	
	Has the body approved the accounting statements before 30 June 2021 and has Section 3 been signed and dated by the person presiding at the meeting at which approval was given?	✓	
<b>All sections</b>	Have all pink boxes in the accounting statements and Annual Governance Statement been completed and explanations provided where needed?	✓	
	Has all the information requested by the external auditor been sent with this Annual Return? Please refer to your notice of audit and any additional schedules provided by your external auditor.	✓	

If accounts are amended after receipt of the Auditor General's report on matters arising		Yes	No
<b>Accounts</b>	Have the amended accounting statements been approved and Section 3 re-signed and re-dated as evidence of the Committee's approval of the amendments before re-submission to the auditor?		

# Agenda Item 10

COMMITTEE	GOVERNANCE AND AUDIT COMMITTEE
DATE	30 JUNE 2022
TITLE	GWYNEDD COUNCIL'S ANNUAL GOVERNANCE STATEMENT FOR 2021/22
PURPOSE OF REPORT	TO PRESENT THE ANNUAL GOVERNANCE STATEMENT (INCORPORATING THE STATUTORY STATEMENT ON INTERNAL CONTROL) FOR 2021/22 TO THE GOVERNANCE AND AUDIT COMMITTEE FOR APPROVAL
AUTHOR	DEWI MORGAN, HEAD OF FINANCE
ACTION	TO APPROVE THE STATEMENT SO THAT IT CAN BE SIGNED BY THE COUNCIL LEADER AND THE CHIEF EXECUTIVE

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## 1. INTRODUCTION – WHAT DOES THE GOVERNANCE AND AUDIT COMMITTEE NEED TO DO?

1.1 In order fulfil its duties as "those charged with governance", it is necessary for the Governance and Audit Committee to:

- **Consider the Draft Annual Governance Statement that appears in the appendix.**
- **Challenge the Head of Finance on the risk scores that have been identified, and the narrative that explains the justification for the score.**
- **Consider the action plan contained in the draft Annual Governance Statement.**
- **Approve the Statement, and recommend that the Council Leader and Chief Executive sign it.**

## 2. BACKGROUND

2.1 There is a statutory requirement for an Annual Governance Statement as a result of:

- The Accounts and Audit (Wales) Regulations 2014, which state:

**The relevant body must ensure that there is a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk, and adequate and effective financial management.**

**The relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control. The findings of the review must be considered by the members of the body meeting as a whole or by a committee.**

**Following the review, the body or committee must approve a statement on internal control prepared in accordance with proper practices. The relevant body must ensure that the statement accompanies any statement of accounts which it is obliged to prepare.**

- CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom (the "SORP").
- CIPFA / SOLACE Framework *Delivering Good Governance in Local Government (2016)*.

## 3. SELF-ASSESSMENT OF THE EFFECTIVENESS OF THE GOVERNANCE ARRANGEMENTS

3.1 The Governance and Audit Committee has a key function in challenging the preparation procedures and the contents of the draft Annual Governance Statement. When signing the Governance Statement, the Chief Executive and Council Leader confirm:

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

3.2 The Annual Governance Statement summarises the results of the governance self-assessment, as updated by the Governance Arrangements Assessment Group, in a statement that tells the People of Gwynedd what our governance framework is, and how well it is working. The members of the Group are the Chief Executive, the Monitoring Officer, the Section 151 Officer, the Head of Corporate Support, Assistant Head of Corporate Support, the Risk & Insurance Manager and the Council Business Service Support Manager.

3.3 The Governance and Audit Committee needs to satisfy itself that the narrative justifying the scores is a fair reflection of the Council as far as it is aware, based on the information that it has received over the year.

#### 4. IDENTIFYING GOVERNANCE RISKS

4.1 The Annual Governance Statement is based on the CIPFA/Solace Framework that was published in 2016.

4.2 The new Framework identifies 7 Core Principles for Good Governance:

##### **A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

##### **B. Ensuring openness and comprehensive stakeholder engagement**

Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

##### **C. Defining outcomes in terms of sustainable economic, social, and environmental benefits**

The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available

##### **D. Determining the interventions necessary to optimise the achievement of the intended outcomes**

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

##### **E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

## **F. Managing risks and performance through robust internal control and strong public financial management**

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.

A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.

It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

## **G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Source: CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*

4.3 The Principles are then divided further into several sub-principles.

4.4 In response to the Framework, the Governance Arrangements Assessment Group has considered the Framework's Core Principles and Sub-principles and has created a Governance Risk Register, which is part of the Council's Corporate Risk Register. The Governance Risk Register identifies risks in 23 areas of governance, noting the controls that the Council has in place to mitigate these risks.

4.5 Specific responsibility for these risks have been distributed across the Council as follows

<b>Department</b>	<b>Number of risks</b>
Corporate Support	10
Finance	4
Housing and Property	1
Leadership Team and Legal	8
<b>Total</b>	<b>23</b>

4.6 The relevant department is responsible for assessing these risks continuously, with the Governance Arrangements Assessment Group keeping an overview of them.

4.7 As is usual in risk management arrangements, consideration is given to two factors when scoring the size of these risks:

- The **Impact** of the event if the risk were realised
- The **Likelihood** of the risk being realised.

4.8 The Impact and Likelihood are given a score of 1 to 5, using the following scoring guidelines.

**Impact**

Score	Impact	Definition
5	Catastrophic	A <b>catastrophic</b> effect on any resident (e.g. loss of life) or a destructive effect on the life or well-being of many residents
4	Destructive	A <b>destructive</b> effect on the life or well-being of several residents (e.g. where the quality of life or the well-being of someone has been effected to the degree that they have an intense need for assistance to allow them to live their lives) or a <b>very substantial</b> effect on many residents
3	Very Substantial	A <b>very substantial</b> effect on the life or well-being of several residents (e.g. the effect means that their quality of life or well-being is substantially lower than would otherwise be expected for a Gwynedd resident) or a <b>significant</b> effect on a many residents
2	Significant	A <b>significant</b> 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 <b>visible</b> effect on many residents
1	Visible	A <b>visible</b> effect on the life or well-being of some residents (e.g. the effect is visible but not significant to their well-being) or a <b>marginal</b> effect on many residents

- Several = 10s to 100s of residents
- Many = 1,000s to 10,000s of residents

**Likelihood**

Score	Likelihood	Definition
5	Happening now	The effect is to be seen now (i.e. it is happening)
4	Very likely	Very likely that it will be seen in the foreseeable future
3	Likely	A chance it may happen, but may not
2	Unlikely	The likelihood of it happening is low – but is still there
1	Very Unlikely	Very unlikely to happen

4.9 The Impact Score and Likelihood Scores are multiplied together to give a **Current Risk Score**, which are the risk scores based on the controls that are currently in place. The Risk Score is defined from very high to low as follows:

<b>Score 20-25</b>	<b>Very High Risk</b>
<b>Score 12-16</b>	<b>High Risk</b>
<b>Score 6-10</b>	<b>Medium Risk</b>
<b>Score 1-5</b>	<b>Low Risk</b>

4.10 The Governance Statement notes the risk scores for the 22 risk areas. The assessment by departments and the Governance Arrangements Assessment Group concluded:

- Number of very high risks: 0
- Number of high risks: 2
- Number of medium risks: 12
- Number of low risks: 9

4.11 Where the current risk scores continue to be higher than the Council is willing to accept, further implementation steps have been identified and outlined in the Statement. However, it is emphasised that the majority of matters that have been highlighted in this systematic analysis have already been identified by the Council.

## 5. CHANGES SINCE THE 2020/21 STATEMENT

5.1 Each of the governance risks have been reviewed during the year. This is done by the responsible department as a first step, with the Governance Arrangements Assessment Group undertaking a quality assurance role.

5.2 The score of two of the risks has changed during the year:

Risk	Previous score	Impact Score	Likelihood Score	Current Score	Comments
<u>Engagement</u> Failure to engage effectively with service users and individual citizens leads to prioritisation and poor decision making	9 (Medium)	Reduced from 3 to 2	Remain at 3	<b>6 (Medium)</b>	The work that has already been done in recent years is considered to place the Council in a strong position, even if no further work is carried out in the area.
<u>Health, Safety and Well-being</u> Inadequate arrangements and action by Council Services to manage health and safety risks effectively	12 (High)	Increased from 4 to 5	Remain at 3	<b>15 (High)</b>	Reflecting on the impact of Covid-19, the risk of another pandemic, and the impact the last two years have had on the Council's programmes, it is believed that the reality of the situation is that there would be a risk of a catastrophic effect as defined above without the mitigation procedures that are in place.

## 6. RECOMMENDATION

6.1 The Governance and Audit Committee is requested to

- Consider the Draft Annual Governance Statement that appears in the appendix.
- Challenge the Head of Finance on the risk scores that have been identified, and the narrative that explains the justification for the score.
- Consider the action plan contained in the draft Annual Governance Statement.
- Approve the Statement, and recommend that the Council Leader and Chief Executive sign it.

## **ANNUAL GOVERNANCE STATEMENT**

This statement meets with the requirement to produce an Internal Control Statement in accordance with Regulation 5 of the Accounts and Audit Regulations (Wales) 2014.

### **Part 1: SCOPE OF RESPONSIBILITY**

Gwynedd Council is responsible for ensuring that it conducts its business in accordance with the law and to proper standards and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. Gwynedd Council also has a duty under the Local Government (Wales) Measure 2009 to make arrangements to secure continuous improvement in the exercise of its functions, having regard in particular to strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency and innovation.

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

Gwynedd Council has approved and adopted a Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework, *Delivering Good Governance in Local Government*. A copy of the code is available on our website, or may be obtained by writing to Gwynedd Council, County Offices, Shirehall Street, Caernarfon, Gwynedd LL55 1SH. This statement explains how the Authority has complied with the code and also meets the requirements of regulation 5(5) Accounts and Audit (Wales) Regulations 2014 in relation to publishing a statement on internal control.

### **Part 2: THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

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

The system of internal control is a significant part of that framework and is designed to enable the Council to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks that are relevant to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework described above has been in place at Gwynedd Council for the year ending 31 March 2022 and remains applicable up to the date of the approval of the Statement of Accounts.

**Part 3: GOVERNANCE ARRANGEMENTS AND THEIR EFFECTIVENESS**

- 3.1 The **Governance Arrangements Assessment Group** monitors matters of governance continuously in a disciplined manner, raising a wider awareness of these, and promoting a wider ownership of the Annual Governance Statement. The Group comprises the Chief Executive, the Monitoring Officer, the Section 151 Officer, Head of Corporate Support, Assistant Head of Corporate Support, the Risk and Insurance Manager and the Council Business Service Support Manager.
- 3.2 To reflect the CIPFA/SOLACE Framework - *Delivering Good Governance in Local Government*, the local framework is set out in the form of a Governance Risk Register that is part of the Corporate Risk Register, identifying 23 areas of governance risks.
- 3.3 An outline is given of the Governance Areas, the relevant risks and the Council's arrangements to deal with these, and the effectiveness of these arrangements, in the remainder of this section of the Annual Governance Statement.
- 3.4 For each Governance Risk, a current score is shown, which is the score following an objective assessment of the control arrangements that are currently in place. Consideration is given to two factors:
- The **Impact** of the risk in the event of it being realised
  - The **Likelihood** that it will occur.
- 3.5 Impact scores vary from 1 (Visible impact) to 5 (Catastrophic impact), and the Likelihood scores from 1 (very unlikely) to 5 (occurring now). The risk score is calculated by multiplying the impact score and the likelihood score.
- 3.6 The comparative level of the risks is calculated as follows:

<b>Score 20-25</b>	<b>Very High Risk</b>
<b>Score 12-16</b>	<b>High Risk</b>
<b>Score 6-10</b>	<b>Medium Risk</b>
<b>Score 1-5</b>	<b>Low Risk</b>

- 3.7 Since March 2020, to the date of publication of the 2021/22 Statement of Accounts, the Council has continued to respond to the Covid-19 pandemic crisis. Where this has had a significant and visible impact on the council's governance arrangements, this has been noted below.

## Culture

**Risk: Inappropriate culture within the Council can hinder our ability to do the right things in the correct manner**

### Assessment:

We have assessed that this is currently a **High** risk, because:

- An appropriate culture can promote all aspects of governance noted in the register and, in the same manner, an inappropriate culture can hinder all aspects of governance.
- If the culture is correct, this can dominate everything else that affects our ability to achieve as the principles of good governance are an inevitable part of the day-to-day conduct of each individual within the establishment. The Ffordd Gwynedd Strategy notes that one of the Council's main aims is to place the people of Gwynedd at the heart of everything we do. In reality, this also describes the Council's values - namely anything that is in keeping with that objective.
- The six-day training programme for Service Managers on the principles of Ffordd Gwynedd (including robust performance management principles) was introduced in the summer of 2017. Each service manager has now followed this training and this training has been available for new managers as well as potential managers for the future. The Managers' Network has been re-established and has held its first series of meetings in March 2019. The early signs are reassuring, with the encouragement for managers and their teams to undertake reviews within their own services rather than the previous focus on undertaking intensive reviews. There is a significant progress in general but evidence remains that that progress is not consistent across the Council.
- The Ffordd Gwynedd Plan and work programme for the 2019-2022 period were adopted by the Cabinet on 23 July, 2019. The plan identifies nine areas that we will focus on in order to further embed the "way of working". With a view of ensuring that everyone is clear about the behaviours that are expected of them, a new job description was circulated to each manager/senior manager outlining the expected behaviours from them and generic content was agreed for a new job description for heads and assistant heads of departments. A consultation is ongoing on the final generic content of job descriptions for team leaders and staff in general.
- We have prepared a presentation for supporting managers to understand the close link between the culture of Ffordd Gwynedd and the requirements of the Well-being of Future Generations Act and have presented that session to the Management Network during February/March 2021.

### Current Risk Score:

Impact	Likelihood	Risk score
4	3	12

## Conduct

**Risk: Lack of integrity, ethics and respect in the conduct of members and officers, undermining the public's confidence in the Council**

### Assessment:

We have assessed that this is currently a **Low** risk, because:

- The Council has adopted codes of conduct for its members and officers, based on national regulations (codes such as the Member/Officer Relationship Code, Members' Code of Conduct, Officers' Code of Conduct, Anti-fraud and Anti-corruption Policy and the Whistle-blowing Code of Practice) and these together set the foundation to ensure integrity and ethics. There is evidence of action when it appears that these codes of conduct have been breached.
- There is clear evidence that the Council gives due consideration to the Ombudsman's reports as part of the work of the Standards Committee, which works effectively.

Current Risk Score:

Impact	Likelihood	Risk score
2	2	4

**Lawfulness**

**Risk: Ignoring the rule of law, which means that the Council is open to challenges from the courts**

Assessment:

We have assessed that this is currently a **Low** risk, because:

- Statutory Officers (the Monitoring Officer and the Head of Finance) have to offer comments on any formal decision, as part of a comprehensive constitution that is regularly reviewed.
- There are formal protocols in place in order to safeguard the rights of statutory officers.
- These arrangements have not changed during the period of the pandemic.

Current Risk Score:

Impact	Likelihood	Risk score
3	1	3

**Being open**

**Risk: A Council that is not open, meaning that it is not possible to hold it accountable for its decisions**

Assessment:

We have assessed that this is currently a **Low** risk, because:

- Only the minimum of Committee reports are exempt
- Publicity is given to the decision sheets of individual members, with procedures to ensure that this occurs.
- Background papers are published with committee reports in order to ensure that the decisions are made with full information.
- Many committee meetings that make decisions are web-broadcast.
- The Cabinet regularly considers performance reports as part of its meetings that are open and the Council publishes its Corporate Plan, Annual Performance Report and the Statement of Accounts to seek to give as much information as the residents need for us to be accountable.
- Various other methods are also used such as the website, 'Newyddion Gwynedd' and social media to try to ensure that Gwynedd residents are aware of what is happening within the Council.

Current Risk Score:

Impact	Likelihood	Risk score
2	1	2

## **Stakeholders**

**Risk: Weak relationship with institutional stakeholders, ending with sub-optimal services**

### Assessment:

We have assessed that this is currently a **Medium** risk, because:

- The willingness of public sector bodies, including Gwynedd Council, other neighbouring unitary councils, the Police, the Health Board, the third sector and others to co-operate for the joint delivery of public services can have a significant, visible impact for the People of Gwynedd.
- Work is still ongoing to respond to the requirements of the Well-being of Future Generations (Wales) Act 2015 which facilitates such a principle.
- Work has been undertaken to create a Well-being Plan and the relationship between organisations has matured.
- The Council is committed to the Public Services Board.
- The Public Services Board is not the only vehicle for working with other agencies and there is a risk that the wide range of joint working structures can hinder the whole objective of working together, creating confusion.
- The Council has had Partnership Criteria in place for several years, so that Gwynedd Council only enters partnerships where it is in the interests of the people of Gwynedd.
- Collaboration also occurs at a regional level which is not always as effective as it could be due to the footprint size and the difficulty of building a relationship with such a large number of people. There are some examples of success (e.g. North Wales Economic Ambition Board) and one of the Council's responses to the published White Paper on the future of Local Government was that there was a need to work together according to the benefits that would be generated rather than adhering dogmatically to a single model. It has also been noted that there is a need to ensure that no collaboration hinders local accountability for services.
- The Council is trying to play its part in simplifying the extremely complex working environment that has developed.
- There is also collaboration taking place at county level with varying success. Our relationship with the Third Sector continues to evolve and we try to ensure that we use that relationship to maximise the benefits that can flow from that to the people of Gwynedd. This journey will continue with the relevant departments continuing to develop the relationship.
- During the pandemic period there has been a marked enthusiasm among volunteers to help our communities, and the Council has been active in trying to assist those groups to succeed.

### Current Risk Score:

<b>Impact</b>	<b>Likelihood</b>	<b>Risk score</b>
3	3	<b>9</b>

## **Engagement**

**Risk: Failure to engage effectively with service users and individual citizens leads to prioritisation and poor decision making**

### **Assessment:**

We have assessed that this is currently a **Medium** risk, because:

- A range of corporate engagement procedures have been established to ensure that the Council receives the views of the public and other stakeholders as appropriate.
- Arrangements are in place to ensure that the Council's corporate engagement exercises reach groups and cohorts such as young people, LGBT+ people, ethnic minorities, refugees, adults with learning disabilities and Gwynedd businesses can be effectively engaged.
- The responsibility of the Research and Information Service is to support individual services to engage in the most appropriate way.

### **Current Risk Score:**

<b>Impact</b>	<b>Likelihood</b>	<b>Risk score</b>
2	3	<b>6</b>

## **Direction and vision**

**Risk: Direction and vision that is not rooted in the outcomes for individuals and therefore does not realise the needs of the People of Gwynedd**

### **Assessment:**

We have assessed that this is currently a **Medium** risk, because:

- The Council is effective in setting its priorities and managing expectations because of the culture of concentrating on what is important to the people of Gwynedd, with the performance measures that are used across all services derived from this.
- The Council's Plan 2018-23 (2022/23 review) was approved by the Full Council of Gwynedd on 3 March 2022. The Plan includes our seven Well-being Objectives, eight Improvement Priorities and every departmental plan. A great effort was made to ensure that it is clear and easy to read and understand.

### **Current Risk Score:**

<b>Impact</b>	<b>Likelihood</b>	<b>Risk score</b>
3	2	<b>6</b>

## **Sustainability**

**Risk: A risk of creating unsustainable answers that do not comply with the five principles of the Well-being of Future Generations Act and do not therefore look at the long term**

### **Assessment:**

We have assessed that this is currently a **Medium** risk, because:

- The Council has acknowledged the importance of acting in accordance with the Well-being of Future Generations Act and, jointly with its partners on the Public Services Board, has done initial work to identify what needs to be done to operate in accordance with the five principles - Long term, Prevention, Integration, Collaboration and Involvement.
- The Council is already complying with all the principles but to different degrees. The Management Group decided that the best way would be for Departmental Management Teams to pay attention to the principles when planning ahead. It is recognised that an assessment is needed if this way is successful or not. Reports coming before Cabinet are submitted in advance to the Corporate Support Department for review to keep track of situations where perhaps appropriate attention has not been given to the principles. By doing this we hope that we will embed the principles naturally rather than ticking boxes but time will tell if we will be successful.
- Following an audit by the Internal Audit Service in early 2020 further work was undertaken to identify the link between the principles of the Act and Ffordd Gwynedd; awareness raising sessions were held as part of the Managers Network meetings in spring 2021.

### **Current Risk Score:**

<b>Impact</b>	<b>Likelihood</b>	<b>Risk score</b>
3	3	<b>9</b>

## **Decisions**

**Risk: Unwillingness to make decisions on action, which means a delay in achieving the outcomes for the people of Gwynedd**

### **Assessment:**

We have assessed that this is currently a **Low** risk, because:

- Over the last few years there is evidence that Gwynedd Council is willing to take difficult or unpopular decisions, e.g. schools, externalising Council houses, acting on the difficult results of the Gwynedd Challenge, changing the Youths arrangements and taking steps to ensure implementation principles within Education.
- The Cabinet and full Council have met virtually through video conferencing software in accordance with the Local Authorities (Coronavirus) (Meetings) (Wales) Regulations 2020.

### **Current Risk Score:**

<b>Impact</b>	<b>Likelihood</b>	<b>Risk score</b>
2	2	<b>4</b>

## Planning Operations

**Risk: Intervention without sufficient planning, that could mean either acting on impulse or excessive planning wasting time and resources**

### Assessment:

We have assessed that this is currently a **Low** risk, because:

- The Council strives to maintain a suitable balance between Project Management procedures and working efficiently. As such, the Council is already maintaining robust project management arrangements for the largest projects, and uses a less comprehensive version for other projects, but based on the same principles.
- To ensure that the right things are measured each service's delivery measures are based on achieving a purpose and trying to ensure that any action improves our ability to achieve that.
- The Council tries to strike a balance between the need for order and the need to deliver as soon as possible by doing as little paperwork as is consistent with this, encouraging simple, brief reports that set out the main key points.
- The Council has a Medium Term Financial Strategy, with annual budgets based on this. The Council's work on financial planning is regularly praised by the external auditors, and the Governance and Audit Committee takes a leading role with financial scrutiny.
- In reviewing our scrutiny arrangements we will include more forward scrutiny and it is hoped that this will help cabinet to choose the appropriate actions to take in various areas. However if we are to do that we have already recognised that the way to achieve this is not by having a Scrutiny Committee look at something immediately before it is adopted, but rather for Scrutiny members to be involved in the assessment at the outset. This means that issues need to be known early in the process and Scrutiny used early enough. It remains to be seen whether the new arrangements will do so.
- There is an element of evidence that there remains a need to improve the communication between the Cabinet and the body responsible for co-ordinating the scrutiny.

### Current Risk Score:

Impact	Likelihood	Risk score
2	2	4

## Reviewing Outcomes

**Risk: Failure to review the outcomes of our actions, which means that we do not learn lessons by continuing to do the same things incorrectly**

### Assessment:

We have assessed that this is currently a **Medium** risk, because:

- The Council's arrangements for risk assessment, formulating a Corporate Plan and project management will ensure that the intended outcomes to be achieved are clear at the start of any project.
- The annual performance report will try to focus on assessing to what extent these outcomes have been achieved. There are good examples of where this has occurred and the situation is improving.
- Discussions continue to seek to ensure that the Improvement Priorities in our Corporate Plan are more clear in terms of outcomes, with the Performance Plan assessing the extent to which those outcomes have been achieved. Our intention in due course is to combine them into a single document that will be a vehicle for improving the situation.

Current Risk Score:

Impact	Likelihood	Risk score
3	2	6

**Property Assets**

**Risk: The Council's property assets not used to their full potential**

Assessment:

We have assessed that this is currently a **Low** risk, because:

- A new Asset Strategy for the 10 year period from 2019/20 to 2028/29 has been developed and was approved by the full Council on 07/03/2019.
- The result is that a number of buildings that were no longer needed have been disposed of.
- In terms of vehicles, a plan has been implemented to try and make better use of the Council's fleet that has already presented some financial savings and is likely to achieve more.

Current Risk Score:

Impact	Likelihood	Risk score
2	2	4

**Information Technology Assets**

**Risk: The Council's Information Technology assets not used to their full potential**

Assessment:

We have assessed that this is currently a **Medium** risk, because:

- The effective use of technology is an essential tool in ensuring that services are delivered in a way that meets the needs of residents, doing so in a cost-effective way.
- We have been operating in accordance with the work programme included in the Information Technology Strategy. There is a particular emphasis on bringing digital services closer to the people of Gwynedd by introducing an offer of new services, including:
  - apGwynedd, "My account" and a number of opportunities to make requests for service at a time that suits the citizen
  - an opportunity to follow progress against applications submitted, through the website, by telephone or face-to-face
  - a number of new services introduced during the Covid crisis, including administering grants to help businesses and an appointment procedure for visiting the recycling centres or Siop Gwynedd.
- The digital channel is an ongoing development and new services are constantly being released. There are several internal developments to improve internal administration, including a lengthy list of staff self-service developments and significant improvements to training arrangements. The self-service channels (internal and external) are not the only developments. Around fifty new systems are developed annually and these are tailored around the requirements of the services rather than having to adapt a service to meet the needs of a particular system. While there are many examples of where we have used technology to improve how we deliver services to the residents of Gwynedd, it is not happening at the pace that we would like it to happen and several applications remain for resources to develop them.

- The Information Technology Strategy sets out steps to extend the use of technology to support the improvement objectives of the Strategic Plan, while also strengthening the capacity of services to take advantage of opportunities for effective use of technology. There is an element of evidence that this is bearing fruit with self-service becoming more and more part of using technology to make it easier for residents to access services.
- In extending the use of technology we face further risks in terms of security and cybersecurity, with this element being an essential assessment of any new development or review of an inherent solution.

Current Risk Score:

Impact	Likelihood	Risk score
3	3	9

**Planning the Workforce**

**Risk: Council's workforce not being developed; this means that we cannot provide the best services for the people of Gwynedd**

Assessment:

We have assessed that this is currently a **Medium** risk, because:

- The People Plan prioritises improving arrangements for nurturing talent within the Council, improving our Workforce Planning arrangements, and ensuring that our learning and development arrangements are focused on the necessary things.
- To ensure that the Council is in a position to provide services that put the People of Gwynedd at the centre at all times, we must ensure that we have the right staff in the right place with the right skills. This means that we need to continually train staff, evaluate their performance, and nurture and develop their talent. Staff training arrangements are an important way of promoting and spreading the Ffordd Gwynedd mentality across the Council, and of course it is vital that the Council has officers who have the skills to carry out their jobs.
- The need to develop individuals to carry out specialist and key functions is being met in a number of ways with the focus on extending the number of existing apprenticeships, the “Arbenigwyr Yfory” scheme and developing leadership skills among the existing workforce by introducing the existing developing potential plan for implementation across all Departments in the Council..
- Difficulties in filling some senior roles within the Council suggest that there is a need to improve our ability to create succession, at least for senior positions. This has been identified in the People Plan as a basis for developing internal talent.
- Further, there are recruitment difficulties for some posts in specific geographical areas within Gwynedd (e.g. care workers in Meirionnydd). The Project Group and HR Team officers are currently working closely with the managers of the Adult, Health and Well-being Department and are focussing on identifying key posts and functions there. This Scheme has evolved over the last twelve months and since January 2021 incorporates work that includes the development of the apprenticeship scheme and Talent Identification and Development schemes within and beyond the existing workforce.

Current Risk Score:

Impact	Likelihood	Risk score
3	3	9

## Leadership

**Risk: Deficiencies in the Council's leadership means that we are not doing the right things**

### Assessment:

We have assessed that this is currently a **Medium** risk, because:

- Leadership sets the expected standard that every Member and Council employee should follow. Therefore, its impact is great – good Leadership can overcome everything else, whilst poor Leadership can destroy what the Council is trying to achieve. It is this that facilitates embedding the Council's culture.
- The roles of the Council, Cabinet, Individual Members and the Chief Officers, together with a clear scheme of delegation, are set out in the Council's Constitution. Gwynedd Council has also prioritised the development of its Leadership Programme and this is part of the People Plan adopted by the Cabinet.
- Whilst there is a clear commitment to try and continuously improve leadership, we have not always been clear regarding what this entails nor how to improve it.
- There is an element of evidence (via self-assessment) that leadership within the Council is improving with many examples of transformational leadership shown rather than transactional leadership. The increasing emphasis placed on "leading" rather than "managing" within the Ffordd Gwynedd culture is another strong indication of the strides made by Cabinet members in taking a leading role to promote good leadership by committing to their development as leaders. Furthermore, the definition of leadership within Gwynedd Council was agreed upon and is reflected in amended job descriptions for every head and manager within the Council. The commitment at the political and executive level demonstrates that these positive steps have borne fruit and that the need and the ability to lead is embedded as the norm within the Council.
- The recent recommencement of the Management Network, with the emphasis on developing leadership skills, is another key step in the shift in emphasis from a "management" to a "leadership" culture within the Council while the revised Management Review and job descriptions have also contributed to clarity in relation to the expectation of leadership.
- In light of all this, this work is considered to be something that continues to be key, but with the recognition that it is not as great a risk as it has been in the past.
- To reflect that, this work has been incorporated within the Ffordd Gwynedd Plan work programme rather than being a stand-alone project although a specific project continues to have a high improvement priority in relation to Women in Leadership within the Council.
- The Council recognises that the number of women performing a managerial function within the Council is disproportionate to the division of the whole workforce and therefore looks to boost the number of women applying and reaching senior positions within the Council.

### Current Risk Score:

Impact	Likelihood	Risk score
4	2	<b>8</b>

## **Risk Management**

**Risk: Weaknesses in our risk management arrangements that increase the threat of something going wrong or failure to take an opportunity to improve**

### Assessment:

We have assessed that this is currently a **Medium** risk, because:

- There are strong arrangements for monitoring our compliance with certain types of operational risks.
- Each risk in the Corporate Risk Register has been considered from the perspective of the risk to the people of Gwynedd, not from the Council's introverted point of view.
- A new Corporate Risk Register was launched on 6 March 2021. The new system has proven to be a convenient facility for users in every department as they consider their priorities and identify what needs to be done, and to assist members in challenging performance and ensuring that the expected action has been taken.
- Lessons have been learnt from the Covid-19 which have been valuable in subsequent crises, e.g. the war in Ukraine.

### Current Risk Score:

Impact	Likelihood	Risk score
5	2	<b>10</b>

## **Performance**

**Risk: Weaknesses in our performance management arrangements mean that we cannot take appropriate steps to achieve our purpose**

### Assessment:

We have assessed that this is currently a **Low** risk, because:

- The Council's Performance Management system focusses on ensuring that business units achieve their purpose and this is done by continuously reviewing if we are measuring the right things.
- Regular meetings take place with Cabinet Members and managers to assess the latest performance, with members of the relevant Scrutiny Committee also present to challenge. Regular performance reports are submitted by Cabinet members on their areas of responsibility to Cabinet meetings. Clear arrangements have been put in place for 2022/23.
- The Auditor General also observes our performance in different areas by publishing various reports and the Governance and Audit Committee takes an overview that any recommendations receive attention.
- The new Corporate Complaints Procedure continues to work well. The Services Improvement Officer ensures that we learn lessons from any complaints, and try to avoid repeating mistakes. The Complaints and Service Improvement Services has been able to continue to take action to address public concerns and support services throughout the pandemic period.

### Current Risk Score:

Impact	Likelihood	Risk score
2	2	<b>4</b>

## Internal Control

**Risk: Unsuitable internal control arrangements which means that we either do not protect ourselves from risks, or waste resources on over-control**

### Assessment:

We have assessed that this is currently a **Low** risk, because:

- The Audit Manager's annual report confirms that the Council's internal controls can be relied upon.
- Reviewing and adapting internal controls so that they are proportionate to what is necessary is central to the goal of placing the people of Gwynedd at the centre of to everything we do, by removing overly bureaucratic tasks. The removal of barriers is part of everyone's work, leading to a suitable level of internal control.
- The efficiency of the Internal Audit system is under continuous review and self-assessment indicates that the service satisfies professional standards in accordance with expectation.
- Gwynedd Council's Governance and Audit Committee has an agreed terms of reference. There is evidence that the Governance and Audit Committee is very effective in delivering its functions.

### Current Risk Score:

Impact	Likelihood	Risk score
2	2	4

## Information

**Risk: Failure to control information leading to the failure of safeguarding the information we hold, or not to make the best use of it**

### Assessment:

We have assessed that this is currently a **Medium** risk, because:

- The ERDMS system, iGwynedd, has now rolled out to everyone in the Council and is a foundation for sharing information more effectively, reducing duplication and enabling fewer stages in processes. . The upgrade of the system to the latest version of the technology is progressing during 2021 and 2022.
- The Research and Information Service supports departments in using information to make decisions with a focus on the highest priorities in the Council plan.
- There is a continuing need to raise awareness about Data Protection principles, and improving the approach in the field. This work continues.

### Current Risk Score:

Impact	Likelihood	Risk score
3	3	9

## **Finance**

**Risk: Weaknesses when controlling public finance which mean that the Council's finance is not used on its priorities**

### **Assessment:**

We have assessed that this is currently a **Medium** risk, because:

- The Council has effective financial planning and management arrangements, including internal accountants and auditors, led by the chief finance officer.
- Internal auditors have a focus on effective arrangements and controls in financial systems, while the accountants work closely with the departments and encourage management ownership of their systems, performance, and financial propriety.
- The review of expenditure against budgets, and monitoring that savings have been achieved by all Council departments, ensures that services operate efficiently.

### **Current Risk Score:**

<b>Impact</b>	<b>Likelihood</b>	<b>Risk score</b>
3	3	<b>9</b>

## **Accountability**

**Risk: Poor reporting, without transparency and unsuitable for the audience, does not highlight to the public what the Council does for them, undermining the democratic position**

### **Assessment:**

We have assessed that this is currently a **Low** risk, because:

- The Council has provided guidelines on preparing reports and on making good decisions, in order to ensure that the reports available to the public are clear.
- As well as formal reports for making decisions, the reports produced also include the Annual Performance Report, the Council's Plan (that includes departmental business plans) and the Annual Governance Statement produced in accordance with the CIPFA/Solace framework.
- The Council produces regular reports on its financial position.
- Monitoring of Cabinet reports will continue naturally with the Chief Executive taking a look at each one.

### **Current Risk Score:**

<b>Impact</b>	<b>Likelihood</b>	<b>Risk score</b>
2	2	<b>4</b>

## Assurance

**Risk: Lack of assurance and accountability that raises suspicion amongst the public regarding what the Council is doing**

### Assessment:

We have assessed that this is currently a **Medium** risk, because:

- There are many ways available within the Council to provide independent assurance that the Council's governance arrangements are working as they should. Statutory officers ensure that matters comply with the law and the procedures in the Constitution, whilst the Chief Executive and the Director continually challenge whether or not the departments are doing the right things. Cabinet members also meet often to challenge each other regarding developments.
- The Governance and Audit Committee keeps an overview of the governance arrangements as well as the implementation of the external auditor's recommendations.
- Supporting this is the Internal Audit Service that operates in accordance with the statutory professional standards, namely the Public Sector Internal Audit Standards. Covid-19 has had an adverse effect on Internal audit's ability to undertake as many audits during during 2020/21, and to a lesser extent in 2021/22, as in a usual year.
- However, formally it is the scrutiny procedure that should continue to hold the Cabinet to account. There is transparent and objective scrutiny and challenging of decisions and policies; however, there is uncertainty regarding how effective this is. This has received attention in the Scrutiny Review commissioned by the Audit Committee in 2016/17, but at its meeting on 3 March 2017 the Council resolved contrary to the Audit Committee's decision to adopt a different procedure in the future.
- The new procedure was implemented following the May 2017 elections. A promise was made to review the effectiveness of the amended arrangements and the Scrutiny Working Group, which includes members of the Cabinet, Scrutiny Forum and senior officers, has presented options for further reform of the arrangements. Workshops were held with Members during October 2019 to clarify and consider the options but the Council, at its meeting on 19 December 2019, accepted the recommendation of the Audit and Governance Committee to refuse to change the basic arrangements and thereby continue with three scrutiny committees, as established in May 2017.
- The new team established for strengthening support for scrutiny arrangements within the Council, is working closely with individual committee Chairs/Vice Chairs to ensure clarity and share best practice. This will extend to developing joint regional scrutiny arrangements with other authorities where relevant.

### Current Risk Score:

Impact	Likelihood	Risk score
2	3	6

## Health, Safety and Well-being

**Risk: Inadequate arrangements and action by Council Services to manage health and safety risks effectively**

Assessment:

We have assessed that this is currently a **High** risk, because::

- Up until the onset of COVID good work had taken place in this area, but the focus of the work over the last two years has had to be on the management of COVID risks. For example, up until the onset of COVID, the vast majority of Service Managers had attended an IOSH Managing Safely course within the last 3 years (with the exception of a small minimum where they do not manage significant risks). Due to turnover, and as no courses have been held over the last two years, this has slipped.
- Health and safety workshops held for staff and managers as a follow-up to the IOSH training in Departments where there are high risks.
- Work to assess managers' competence to manage health and safety across the Council started before the Covid crisis. That has identified weaknesses in the accurate completion of risk assessments or failure to put adequate mitigation measures in place. That work will need to be re-addressed as a matter of priority once the situation has been restored to a safe level in order to carry out programmed monitoring visits. The Managers report that the volume of work needed to raise all elements of their work to a standard is huge.

Current Risk Score:

Impact	Likelihood	Risk Score
5	3	15

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We have been advised on the implications of the result of **the review of the effectiveness of the governance framework** by the Governance and Audit Committee, and that the arrangements **continue to be regarded as fit for purpose in accordance with the governance framework**. The areas that have already been addressed and those which the Council will address specifically have new ongoing action plans and are outlined below.

**Part 4: SIGNIFICANT GOVERNANCE ISSUES**

- 4.1 The above scores indicate that it is not considered that any of the 23 areas of governance present a very high risk. However, there are 2 high risk and 12 medium risks.
- 4.2 Each of the areas of governance has been reviewed in the context of the Covid-19 pandemic and we are satisfied that Gwynedd Council has been able to modify its working arrangements in order to cope with the crisis weakening governance and internal control arrangements in a way that needs to be highlighted in this Annual Governance Statement.
- 4.3 Actions for the areas that are a high or medium risk are noted below.

**HIGH RISKS**

Governance Area	Response Arrangements	Department Responsible
The Council's Culture	<p>The final version of a revised job description for team leaders and the rest of the Council's staff confirming the expected behaviours of them has been agreed with a view to releasing the revised job descriptions by October 2022.</p> <p>A review of the progress of Ffordd Gwynedd across the Council is being undertaken in conjunction with Cabinet members and a Task and Finish Group of members of the Governance and Audit Committee. The review has included asking all Heads of Department to undertake a self-assessment of the development of the culture within their services. It is anticipated that a report setting out the conclusions of the review will be agreed before the end of July 2022. That will then form the basis of producing a fresh three-year work programme for further embedding the culture across the Council.</p>	Corporate Support
Iechyd, Diogelwch a Llesiant	<ol style="list-style-type: none"> <li>1. Hold an open discussion with the heads/senior managers / managers of each Department to understand their needs, clarify the principle behind a change in business model, and find the most effective way to resolve the situation.</li> <li>2. Agreement that the IOSH courses re-start in May 2022.</li> <li>3. A corporate health and safety project underway to undertake a full review of all elements across the organisation and a work plan in place.</li> <li>4. Undertake a full review of staff specific training, how mandatory training is delivered, and who provides it.</li> </ol>	Corporate Support

**MEDIUM RISKS**

Governance Area	Response Arrangements	Department Responsible
Stakeholders	<p>There are ongoing efforts in various areas to try to simplify a complex working relationship. However it must be acknowledged that there is only so much that can be done and there is room to question that the solution now is to try to find ways to work around the legislative barriers that have been set by the Government. We are already doing so quite successfully.</p>	Leadership Team and Legal
Engagement	<p>During 2022/23, we will use the Council's Regeneration Framework engagement exercise to:</p> <ul style="list-style-type: none"> <li>• undertake an engagement exercise that will benefit several key Departments, Services and projects including the Gwynedd and Anglesey Public Services Board Well-being Survey, Population Needs Assessment (Adult Department), Local Housing Need Survey (Housing and Property Department), Clean and Tidy Communities (Highways and Municipal), Sustainable Tourism Principles (Economy and Community);</li> <li>• pilot the use of new engagement software ("Bang The Table") that will make the experience of having their say simply and appealing to the public;</li> <li>• developing a new brand for the area of engagement (the "Our Area " brand);</li> <li>• piloting a new way of engaging at a local level rather than Gwynedd as a whole.</li> </ul> <p>We will also:</p> <ul style="list-style-type: none"> <li>• continue to develop and strengthen engagement arrangements across the Council;</li> <li>• continue to highlight the opportunities and support individual services to engage proactively with the people of Gwynedd;</li> <li>• continue to develop our arrangements for ensuring that we engage effectively with groups that we as a Council find difficult to reach;</li> <li>• complete the work on an engagement project that is part of the Council's Equality Scheme.</li> </ul>	Corporate Support
Direction and vision	The risk is accepted at its present level.	Corporate Support

Governance Area	Response Arrangements	Department Responsible
Sustainability	<p>We will look at our planning arrangements (including the Council's Plan, Annual Performance Reports and the corporate self-assessment that needs to be undertaken) to try to ensure that we have more regard to the principles of the Act while also reporting on progress.</p> <p>We will consider how awareness of the principles can be raised by relating them to the operating principles of Ffordd Gwynedd.</p> <p>As part of the new Equality impact assessment tool a contribution to the implementation of the five ways of working will need to be outlined, and respond to the 7 national well-being goals. The tool will be launched in May 2022.</p>	Corporate Support
Reviewing Outcomes	The risk is accepted at its present level.	Leadership Team and Legal
Information Technology Assets	Activity to produce a new Digital Strategy will be undertaken under the supervision of the Corporate Management Group through the auspices of the Digital Transformation Strategic Group. The digital strategy will be a natural step of the Information Technology Strategy.	Finance
Planning the Workforce	<p>The identification of gaps and proactive action, initiated with the Adult Department, will be disseminated to the rest of the Council during the current year with a cross-departmental Project Group meeting for the first time on 4 July 2022.</p> <p>A total of £1.1 million was approved by Cabinet in May 2021 to continue with the Apprenticeship Scheme and the Tomorrow's Managers and Tomorrow's Specialists Scheme. This will enable us to employ at least 20 apprentices a year for the next three years plus up to 6 professional trainees during the same period.</p> <p>The Internal Talent Development Plan has also been established and we will be looking to extend the Potential Development Programme to departments beyond Corporate Support in the coming year. A specific Potential Development Programme has also been developed for girls as part of the Women in Leadership Project. The first cohort of women has already undertaken the Programme with the second series scheduled and the registration for it closed.</p>	Corporate Support

Governance Area	Response Arrangements	Department Responsible
Leadership	<p>A specific Potential Development Programme has been developed for girls as part of the Women in Leadership Project. A Mentoring Scheme for girls has also been approved and specific training for the first cohort of "mentors" has been undertaken. We will continue to hold "over-the-ceding talks" for leaders and potential leaders across the Council and also for female councillors in the new Council.</p> <p>We will also develop the leadership behaviours expected of managers generally primarily through a combination of training relating to the "way of working" and by challenging the behaviours as part of the ongoing evaluation being promoted as part of establishing the culture.</p> <p>We will experiment with an alternative approach to the management network sessions by establishing groups of 12 managers who will be able to host and support each other. The first series of meetings have been held on a virtual basis earlier in the year with a view to holding the next series of face-to-face meetings during October 2022.</p>	Corporate Support
Risk Management	<p>Work still needs to be done to ensure that all Council departments maintain the procedure of recording their major risks and review them regularly. The Insurance and Risk Service will support all departments to ensure that the use of the Corporate Risk Register is consistent across the Council, and that risks are continuously updated. The procedure of considering the contents of risk registers when monitoring the performance of departments will develop further.</p>	Finance

Governance Area	Response Arrangements	Department Responsible
Information	<p>A new Information Plan is being produced for 2021-26 which will look to:</p> <ol style="list-style-type: none"> <li>1. Extend the support of services in the use and interpretation of data about their services and about Gwynedd</li> <li>2. Establish and promote Data Standards for areas where inconsistencies exist or have arisen.</li> <li>3. Reduce the risk in information security that exists across the Council (as a result of conducting a comprehensive assessment on the basis of the ICO audit framework)</li> <li>4. Introduce ways of ensuring that staff receive appropriate training on protecting the Council's data.</li> <li>5. Sort out information and dispose of information in a timely manner</li> <li>6. Expand the use of iGwynedd so that we make the most of what it offers</li> <li>7. Make information readily available</li> <li>8. Reduce the use of paper</li> <li>9. Strengthen CCTV management arrangements by appointing a contact person for non-town centre systems and body cameras.</li> </ol>	Corporate Support
Finance	<p>After a long period of finding and delivering savings, over £30m in the period since 2015/16, the plans are now so much more difficult to deliver with efficiency projects much more work than cutting services. All savings plans were reviewed to assess which are now unacheable, and a revised programme of savings has been drawn up for 2022/23. Through the robust arrangements we have in place to monitor how departments are delivering savings, we will ensure that this revised programme is delivered. We will also support departments with transformation costs, as they introduce new work arrangements.</p>	Finance

Governance Area	Response Arrangements	Department Responsible
Assurance	<p>The Scrutiny Team will work closely through the Scrutiny Forum with the new Chairs to take forward the scrutiny programmes over the coming year with arrangements in place for working groups with all members of each Scrutiny Committee before the end of July 2022.</p> <p>A report will be presented to a meeting of full Council on 23 June 2022 recommending responsibility for central services scrutiny from the Governance and Audit Committee to the Education and Economy Committee following changes being introduced to the role and composition of the Governance and Audit Committee as a result of the requirements of the Local Government and Elections (Wales) Act 2021.</p>	Corporate Support

**Part 5: OPINION**

We are of the opinion that the governance arrangements described above offer assurance that our governance arrangements work well overall. However, we intend to take measures to deal with the matters noted in Part 4 above during next year in order to improve our governance arrangements. We are satisfied that these measures will deal with the need to improve as identified in the effectiveness review, and we will monitor their operation as part of the next annual review.

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**DAFYDD GIBBARD**  
**CHIEF EXECUTIVE, GWYNEDD COUNCIL**

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**Cllr. DYFRIG SIENCYN**  
**LEADER, GWYNEDD COUNCIL**

**DATE:**

**DATE:**

# Agenda Item 11

MEETING:	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
DATE:	<b>30 JUNE 2022</b>
TITLE:	<b>TREASURY MANAGEMENT 2021/22</b>
PURPOSE:	<b>CIPFA's Code of Practice requires that a report on the results of the Council's actual treasury management is produced.</b>
RECOMMENDATION:	<b>RECEIVE THE REPORT FOR INFORMATION</b>
AUTHOR:	<b>DELYTH JONES-THOMAS, INVESTMENT MANAGER</b>

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## **Executive Summary**

During the 2021/22 financial year the Council's borrowing remained within the limits originally set and total interest received on deposits was £556,000 which was above the budgeted level of £433,000. There were no defaults by institutions in which the Council had deposited money.

### **1. Introduction**

The Council's Treasury Management Strategy for 2021/22 was approved at Full Council on 4<sup>th</sup> March 2021.

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.

This report compares the actual performance against the strategy for the financial year 2021/22 and fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the Welsh Government's Investment Guidance.

## 2. Year End Position

### Balance Sheet Summary

At 31 March 2022 the Council had net borrowing of £7m arising from its revenue and capital activities. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The movements are summarised in the following table:

	31.3.21 Actual £m	2021/22 Movement £m	31.3.22 Actual £m
CFR	174	(5)	169
Less: Other debt liabilities	(2)	1	(1)
<b>Borrowing CFR</b>	<b>172</b>	<b>(4)</b>	<b>168</b>
Less: Usable reserves	(108)	(35)	(143)
Less: Working capital	(16)	(2)	(18)
<b>Net borrowing</b>	<b>48</b>	<b>(41)</b>	<b>7</b>

Lower official interest rates have lowered the cost of short-term, temporary loans and investment returns from cash assets that can be used in lieu of borrowing. The Council pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low.

### Treasury Management Summary

	31.3.21 Balance £m	Movement £m	31.3.22 Balance £m	31.3.22 Rate %
Long-term borrowing	(103.1)	1.3	(101.8)	5.5
Short-term borrowing	(6.6)	5.0	(1.6)	6.4
PFI	(1.5)	0.1	(1.4)	n/a
<b>Total borrowing</b>	<b>(111.2)</b>	<b>6.4</b>	<b>(104.8)</b>	
Short-term investments	34.9	44.9	79.8	1.0
Cash and cash equivalents	28.7	(10.6)	18.1	0.6
<b>Total investments</b>	<b>63.6</b>	<b>34.3</b>	<b>97.9</b>	
<b>Net borrowing</b>	<b>47.6</b>	<b>40.7</b>	<b>6.9</b>	

### 3. Borrowing Activity

At 31<sup>st</sup> March 2022, the Council held £103.4m of loans, a decrease of £6.3m on the previous year, as part of its strategy for funding previous years capital programmes.

The debt interest paid in 2021/22 was £5.7 million on an average debt portfolio of £103.2 million at an average interest rate of 5.5%.

The year-end borrowing position and the year-on-year change is summarised in the following table:

	<b>31.3.21 Balance £m</b>	<b>2021/22 Movement £m</b>	<b>31.3.22 Balance £m</b>	<b>31.3.22 Rate %</b>	<b>31.3.22 WAM* years</b>
PWLB	86.9	(1.3)	85.6	5.75	18.21
Bank (Fixed term)	16.2	0.0	16.2	4.22	56.36
Local Authorities (Short term)	5.0	(5.0)	0.0	0.0	0
Other	1.6	0.0	1.6	0.0	3.47
<b>Total borrowing</b>	<b>109.7</b>	<b>(6.3)</b>	<b>103.4</b>		

\*Weighted average maturity

The Council's main 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 a secondary objective of flexibility to renegotiate loans should the Council's long-term plans change.

Further to these objectives, no new long-term borrowing was undertaken in 2021/22, with existing loans maturing without replacement. This strategy enabled the Council to reduce net borrowing costs (despite foregoing investment income) and reduce overall treasury risk.

### 4. Treasury Investment Activity

CIPFA published a revised Treasury Management in the Public Services Code of Practices and Cross- Sectoral Guidance Notes on 20<sup>th</sup> December 2021. These define treasury management investments that arise from the organisation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.

The Council has held significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2021/22 the Council's investment balances have ranged between £62.9 million and £147.9 million.

## Treasury Investment Position

	<b>31.3.21 Balance £m</b>	<b>2021/22 Movement £m</b>	<b>31.3.22 Balance £m</b>	<b>31.3.22 Rate %</b>	<b>31.3.22 WAM* days</b>
Banks & building societies (unsecured)	8.6	14.5	23.1	0.64	24.2
Local Authorities	20.0	10.0	30.0	0.52	69.2
Money Market Funds	26.0	(9.0)	17.0	0.54	1.0
Debt Management Office	0.0	18.0	18.0	0.55	16.8
Pooled Funds	8.9	0.9	9.8	4.44	365+
<b>Total investments</b>	<b>63.5</b>	<b>34.4</b>	<b>97.9</b>		

\*Weighted average maturity

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 investments before seeking the highest 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.

Ultra low short- dates cash rates, which were a feature since March 2020 when Bank rate was cut to 0.1%, prevails for much of the 12 month reporting period which resulted in the return on Money Market Funds being close to zero even after some managers have temporarily waived or lowered their fees. However, higher returns followed the increases in Bank Rate in December, February and March. At 31<sup>st</sup> March 2022, the 1- day return on the Council's MMFs ranged between 0.51%-0.58%.

Similarly, deposit rates with the Debt Management Office initially remained very low with rates ranging from 0% to 0.1%, but following the base rate increases, rates increased to between 0.55% and 0.85% depending on the deposit maturity. The average return on the Council's DMO deposits was 0.55%.

£9.8m of the Council's investments are held in externally managed strategic pooled equity and property funds where short term liquidity are lesser considerations, and the objectives instead are regular revenue income and long- term price stability. These funds generated an income return of 4.4% and an unrealised capital gain of £0.9m in this financial year.

In the nine months to December improved market sentiment was reflected in equity, and property and multi- asset fund valuations and, in turn, in the capital values of the Council's property and equity income funds in the Council's portfolio. The prospect of higher inflation and rising bond yields did however result in muted bond fund performance. In the January-March quarter the two dominant themes were tighter UK and US monetary policy and higher interest rates, and the military invasion of

Ukraine by Russia in February, the latter triggering significant volatility and uncertainty in financial markets.

In light of Russia’s invasion, Arlingclose contacted the fund managers of MMFs and strategic funds and confirmed no direct exposure to Russian or Belarusian assets has been identified. Indirect exposures were immaterial. It should be noted that any assets held by banks and financial institutions (e.g. from loans to companies with links to those countries) within MMFs and other pooled funds cannot be identified easily or with any certainty as that level of granular details is unlikely to be available to the fund managers or Arlingclose in the short-term, if at all.

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 Council’s medium to long term investment objectives are regularly reviewed. 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.

### Investment Benchmarking

	<b>Credit Score</b>	<b>Credit Rating</b>	<b>Bail-in Exposure</b>	<b>WAM* (days)</b>	<b>Income Rate of Return</b>
31.03.2021	4.73	A+	63%	25	0.77%
<b>31.03.2022</b>	<b>4.82</b>	<b>A+</b>	<b>54%</b>	<b>31</b>	<b>0.62%</b>
<b>Similar LAs</b>	<b>4.59</b>	<b>A+</b>	<b>46%</b>	<b>52</b>	<b>0.19%</b>
<b>All LAs</b>	<b>4.64</b>	<b>A+</b>	<b>66%</b>	<b>16</b>	<b>0.66%</b>

\*Weighted average maturity

## 5. Compliance Report

The section 151 officer reports that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in the following tables:

### Debt Limits

	<b>2021/22 Maximum</b>	<b>31.3.22 Actual</b>	<b>2021/22 Operational Boundary</b>	<b>2021/22 Authorised Limit</b>	<b>Complied</b>
Borrowing	£108.1m	£103.4m	£190m	£200m	✓

Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

### Investment Limits

	<b>2021/22 Maximum</b>	<b>31.3.22 Actual</b>	<b>2021/22 Limit</b>	<b>Complied</b>
The UK Government	£59.8m	£18m	Unlimited	✓
Local authorities & other government entities	£5m	£5m	£10m	✓
Secured investments	£0m	£0m	£10m	✓
Banks (unsecured)	£5m	£5m	£5m	✓
Building societies (unsecured)	£0m	£0m	£5m	✓
Registered providers (unsecured)	£0m	£0m	£5m	✓
Money Market Funds	£7m	£7m	£10m	✓
Strategic pooled funds	£5m	£5m	£10m	✓
Real estate investment trusts	£0m	£0m	£10m	✓
Other investments	£0m	£0m	£5m	✓

## 6. 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 time-weighted average credit score of its investment portfolio. This is calculated by applying a score to each investment and taking the arithmetic average, weighted by the length of each investment. Unrated investments are assigned a score based on their perceived risk.

	31.3.22 Actual	2021/22 Target	Complied
Portfolio average credit score	4.82	A score of 6 or lower	✓

**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 within a rolling three month period, without additional borrowing.

	31.3.22 Actual	2021/22 Target	Complied
Total cash available within 3 months	£78m	£10m	✓

**Interest Rate Exposures:** This indicator is set to control the Council's exposure to interest rate risk. The upper limits on interest rate exposures expressed as the proportion of net principal borrowed was:

	31.3.22 Actual	2021/22 Limit	Complied
Upper limit on one year revenue impact of a 1% rise in interest rates	£389,866	£635,000	✓
Upper limit on one year revenue impact of a 1% fall in interest rates	£0	£24,000	✓

**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 were:

	31.3.22 Actual	Upper Limit	Lower Limit	Complied
Under 12 months	1.52%	25%	0%	✓
12 months and within 24 months	2.37%	25%	0%	✓
24 months and within 5 years	13.61%	50%	0%	✓
5 years and within 10 years	6.91%	75%	0%	✓
10 years and above	75.59%	100%	0%	✓

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 long-term principal sum invested to final maturities beyond the period end were:

	2021/22	2022/23	2023/24
Actual principal invested beyond year end	£10m	£0	£0
Limit on principal invested beyond year end	£20m	£20m	£20m
<b>Complied</b>	✓	✓	✓

## Other

**Revised CIPFA Codes, Updated PWLB Lending Facility Guidance:** In August 2021 HM Treasury significantly revised guidance for the PWLB lending facility with more detail and 12 examples of permitted and prohibited use of PWLB loans. Councils that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management. The Council was not planning to borrow to invest primarily for commercial and so is unaffected by the changes to the Prudential Code.

CIPFA published its revised Prudential Code for Capital Finance and Treasury Management Code on 20<sup>th</sup> December 2021. The key changes in the two codes are around permitted reasons to borrow, knowledge and skills, and the management of non- treasury investments.

The principles of the Prudential Code takes immediate effect although local authorities could defer introducing the revised reporting requirement until the 2023/24 financial year, and the Council has chosen this date.

To comply with the Prudential Code, Councils must not borrow to invest primarily for financial return. This Code also states that it is not prudent for local authorities to make investment or spending decision that will increase the CFR unless directly related to the functions of the Council. Existing commercial investments are not required to be sold, however, authorities with existing commercial investments who expect to need to borrow should review the options for exiting these investments.

Borrowing is permitted for cashflow management, interest rate risk management, to refinance current borrowing and to adjust levels of internal borrowing. Borrowing to refinance capital expenditure primarily related to the delivery of a local authority’s function but where a financial return is also expected is allowed, provide that financial return is not the primary reason for the expenditure. The changes align the CIPFA Prudential Code with the PWLB lending rules.

Unlike the Prudential Code, there is no mention of the date of initial application in the Treasury Management Code. The TM Code now includes extensive additional

requirements for service and commercial investments, far beyond those in the 2017 version.

The Council will follow the same process as the Prudential Code, by delaying changes in reporting requirements to the 2023/24 financial year.

**IFRS 16:** The implementation of the new IFRS 16 Leases accounting standard was due to come into force for local authorities from 1<sup>st</sup> April 2022. Following a consultation, CIPFA/ LASAAC announced an optional two year delay to the implementation of this standard, a decision which was confirmed by the Financial Reporting Advisory Board in early April 2022. Councils can now choose to adopt the new standard on 1<sup>st</sup> April 2022, 1<sup>st</sup> April 2023 or 1<sup>st</sup> April 2024. The Council intends to adopt the new standard on 1<sup>st</sup> April 2024.

COMMITTEE	<b>GOVERNANCE AND AUDIT COMMITTEE</b>
DATE	<b>30 JUNE 2022</b>
TITLE	<b>OUTPUT OF THE INTERNAL AUDIT SECTION</b>
PURPOSE OF REPORT	<b>TO OUTLINE THE WORK OF INTERNAL AUDIT FOR THE PERIOD TO 30 APRIL 2022</b>
AUTHOR	<b>LUNED FÔN JONES – AUDIT MANAGER</b>
ACTION	<b>TO RECEIVE THE REPORT, COMMENT ON THE CONTENTS AND SUPPORT THE ACTIONS THAT HAVE ALREADY BEEN AGREED WITH THE RELEVANT SERVICES</b>

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**1. INTRODUCTION**

- 1.1 The following report summarises the work of Internal Audit for the period from 31 January 2022 to 30 April 2022.

**2. WORK COMPLETED DURING THE PERIOD**

- 2.1 The following work was completed on the 2021-22 plan in the period to 31 May 2022:

<b>Description</b>	<b>Number</b>
Reports on Audits from the Operational Plan	16

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 31 May 2022, indicating the relevant assurance level and a reference to the relevant appendix.

TITLE	DEPARTMENT	SERVICE	ASSURANCE LEVEL	APPENDIX
Safeguarding Arrangements	Corporate	-	Limited	Appendix 1
Brexit	Corporate	-	Satisfactory	Appendix 2
Financial Management Code	Corporate	-	High	Appendix 3
Language Designations	Corporate	-	Satisfactory	Appendix 4
Use Of Purchasing Cards	Corporate	-	Limited	Appendix 5
Unofficial School Funds	Education	Schools	Limited	Appendix 6
Food Hygiene	Environment	Public Protection	Limited	Appendix 7
Disaster Recovery Arrangements	Finance	Across the Department	Satisfactory	Appendix 8
Project Management – Upgrading E-Financials	Finance	Accountancy	High	Appendix 9
Changes in Standing Data	Finance	Pensions and Payroll	High	Appendix 10
Bonus Payments to Care Workers	Finance	Pensions and Payroll	Satisfactory	Appendix 11
Storiel	Economy and Community	Museums and Galleries	Satisfactory	Appendix 12
Lloyd George Museum	Economy and Community	Museums and Galleries	High	Appendix 13

TITLE	DEPARTMENT	SERVICE	ASSURANCE LEVEL	APPENDIX
Governance Arrangements – North Wales Economic Ambition Board	NWEAB	–	High	Appendix 14
Debtors	Adults, Health and Wellbeing	Adults	Satisfactory	Appendix 15
Safeguarding Clients’ Assets	Adults, Health and Wellbeing	Residential and Day	Satisfactory	Appendix 16

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

<b>LEVEL OF ASSURANCE</b>	<b>HIGH</b>	Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.
	<b>SATISFACTORY</b>	Controls are in place to achieve their objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.
	<b>LIMITED</b>	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.
	<b>NO ASSURANCE</b>	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 31 May 2022:

- Business Continuity Plans and Lessons Learned (*Corporate*)
- Complaints Procedure (*Corporate*)
- Countryside Grants (*Environment*)
- Risk Assessments and Training Programme (*Children and Family Support*)

### 4. RECOMMENDATION

4.1 The Committee is requested to accept this report on the work of the Internal Audit Section in the period from 31 January 2022 to 31 May 2022, comment on the contents in accordance with members’ wishes, and support the actions agreed with the relevant service managers.

## SAFEGUARDING ARRANGEMENTS

### 1. Background

1.1 It is a statutory requirement that everyone who works in the public sector complete a Domestic Abuse/Domestic Violence training module. The Regional Vulnerability and Exploitation Board reports that specialist domestic violence providers have seen a 35-40% increase in referrals. The Strategic Safeguarding Panel is eager to see an increase in staff numbers completing the module. Ensuring that staff have received this training is crucial to ensuring that the Council is doing all it can to support individuals and to raise awareness.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to review the number of Gwynedd Council staff who have completed the mandatory Domestic Abuse e-learning module, and that managers are aware of staff who haven't completed the module, in order to promote its importance and to increase the number of staff completing the module. In order to accomplish this, the audit scope included independently validating data from the MoDS system, checking that front line staff are included in the data, and that Managers have received instructions on the use of the Council's self-service system in order to be able to view their staff training records.

### 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
<b>LIMITED</b>	<b>Although controls are in place, compliance with the controls needs to be improved and / or introduce new controls to reduce the risks to which the service is exposed.</b>

### 4. Current Score Risk

4.1 The audit's risks are as follows:

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

### 5. Main Findings

5.1 It was seen that adequate arrangements are in place to ensure that all Gwynedd Council staff members have completed the mandatory Domestic Abuse e-learning module, but some aspects need to be tightened, and new procedures need to be introduced in order to mitigate the risks identified.

- 5.2 It was seen that the module has been the subject of regular discussion at the Operational Safeguarding Group meetings, with several attempts to encourage more staff to complete it. Information was received from the E-Learning Officer stating that the Service are able to export data identifying individuals who have completed the module from the MoDS system, but are not able to extract the data to identify staff who have not completed the module.
- 5.3 Through the self-service system, managers can check which staff members from their direct team who have not completed the training. It was seen that instructions on how to do this was distributed to the managers.
- 5.4 The E-learning Officer confirmed that everyone who has completed the module so far has done so through the Council's E-learning Portal. He explained that training packs are available for staff members who do not have access to the intranet, with the expectation that the line managers then send confirmation of all training that has been completed to the MoDS administrative staff to update the system. No manager has done this so far. Internal Audit exported data in relation to everyone who had completed the module as of 21 February 2022. It was identified that 3,324 staff members have completed the module at this time, with the E-learning Officer stating that none of the 3,324 are front line staff or staff without access to the intranet.
- 5.5 In relation to receiving data on staff members who have not completed the module, the Technological Innovation and System Maintenance Manager confirmed that it was possible to receive a report through MoDS reporting system, but that this function was not operational as no official request to create it had been received.
- 5.6 The data on 7 March 2022 confirmed that 4,665 staff members have still not completed the training. However, it was seen that the data included agency staff, staff members who have since left, and also the names of schools, libraries and leisure centres. The data cannot be relied upon to provide an accurate figure on the number of staff who have not completed the e-module, as many factors need to be taken into account such as the "cleanliness" of the data. The departments with the highest numbers of staff members who have not completed the e-module are those with the highest numbers of manual/casual workers, who do not have access to the intranet, namely Adults, Health and Wellbeing, and Highways and Municipal.

## **6. Actions**

**The MoDS Team have committed to implementing the following steps to mitigate the risks highlighted.**

- **Ensure adequate training is arranged for departments with high numbers of manual/casual staff, with instructions to distribute the training to staff who have not completed the Domestic Abuse training.**
- **With the help of the IT Service, produce a list of all staff who have not completed training according to MoDS reports, and distribute the list to departments/managers in order to encourage their staff to complete the training, emphasising the importance of verifying whether the data is current and correct.**

## BREXIT

### 1. Background

1.1 On 23 June 2016, 52% voted to leave the European Union in a referendum. On 31 December 2020, the United Kingdom left the European Union. Between these dates and beyond, there have been many uncertainties on many aspects of life in Gwynedd, Wales and United Kingdom with Brexit. It has been the Council's responsibilities during this period to ensure they are prepared to manage negative effects as a result of Brexit.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that relevant arrangements are in place to minimise the negative effects of Brexit on the people of Gwynedd and the Council. To accomplish this, the audit entailed reviewing arrangements for managing risks and any matters that arise due to Brexit that can affect the Council's operations, ensuring that appropriate officers have been designated, the identification and management of risks, and that sufficient communication arrangements exists internally and externally, such as reporting on risks and their controls and reporting on changes affecting the people of Gwynedd, and available resources.

### 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
<b>SATISFACTORY</b>	<b>There are controls in place to achieve objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.</b>

### 4. Current Score Risk

4.1 The audit's risks are as follows:

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

### 5. Main Findings

5.1 The Brexit Group was established in 2018 with the brief "to look at possible effects of Brexit on the establishment and how the Council can service continuity". A cross section of officers from different departments attend the Group meetings regularly.

- 5.2 The Group is responsible for updating the Brexit risk register when there are changes to any one of the related risks. It was seen that the Brexit risk register has records of Brexit related risks that have been highlighted by different officers. The related department is noted for each of the risks in addition to the area it affects, description of the risk, impact score, main related risks, likelihood score, risk score and control measures to consider/ implement. There is also a column in the register detailing the owners of each risk titled 'who's responsible'. It was seen that ownership was designated for most of the risks but 13 out of 64 risks did not contain names of officers, with four of the risks scoring low and the rest moderate, but it was seen that two of the risks had no action against them where it seems to be reliant on the affects/changes in the market (on the whole 17% without names against the actions).
- 5.3 To ensure that Gwynedd is operating to the highest standard, there was communication between the Council and other establishments. It was seen from the Group minutes that officers report back after they attend relevant discussions on Brexit with other bodies such as the Welsh Local Government Association, Welsh Government, the Police and other councils.
- 5.4 There are 10 risks on the Brexit risk register relevant to suppliers of products/ equipment. The possible steps to mitigate risks have been highlighted in the risk register and has been implemented where possible. The effects of Covid on the supply chain has been one of the main concerns since early 2020. A report has been compiled by Internal Audit on the risks with supply chain during Covid. It was found in the audit that good controls of risks exists with the supply chain since 2020.
- 5.5 The Department of Economy and Community has two risks on the Brexit risk register, 'Business Impact' and 'European Funding' with a high rating of 20/25. These risks affect funding for Gwynedd businesses. The Council cannot guarantee that money is available to businesses but they are taking steps to provide the best Service to Gwynedd businesses. The latest information on trading changes due to Brexit has been made available to businesses on the Council's website. The Department has also been responding to consultations on various government reports in relation to agriculture.

## 6. Actions

**Every Officer in the Group has committed to implementing the following to mitigate the risks highlighted.**

- **Ensure that a responsible officer is appointed for each action on the risk register.**

## FINANCIAL MANAGEMENT CODE

### 1. Background

1.1 The Financial Management Code is designed to support good practice in financial management and to help local authorities demonstrate their financial sustainability. The code focuses on value for money, governance, financial management styles, financial resilience and financial sustainability.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that Gwynedd Council meets the requirements of the CIPFA Financial Management Code. In order to achieve this, the audit encompassed the completion of a self-assessment in order to verify the Council's compliance with the code, and in order to identify if further steps need to be taken to strengthen financial management arrangements.

### 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
<b>HIGH</b>	<b>Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.</b>

### 4. Main Findings

4.1 It is a requirement for Local Authorities to prove that they meet the requirements of the code. To this end, Internal Audit and the Senior Finance Manager completed a self-assessment of the Council's compliance against the requirements of the code, including an assessment of governance processes, procedures and arrangements.

4.2 The self-assessment includes a set of 17 key questions prepared by CIPFA within a practitioner's guide that accompanies the Financial Management Code. The financial management arrangements in place by the Council were reviewed for each of the 17 standards, and it was found that the Council had a good level of compliance with the aspects of the Financial Management Code.

4.3 Adequate evidence from the Finance Department was found to support and justify the responses to the self-assessment. Evidence included reports to Cabinet and the Audit and Governance Committee, Annual Governance Statement, Financial Sustainability assessment, statements of accounts and financial strategies.

## LANGUAGE DESIGNATIONS

### 1. Background

1.1 Gwynedd Council's Welsh Language Policy was created in response to the Welsh Language Standards set by the Welsh Government, to offer services in Welsh to the public and to encourage more use of the Welsh language within services. The Policy states how the Council will plan and provide a bilingual service to the Gwynedd population, with work having started on the Language Designations Project in 2016.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that adequate arrangements are in place for mapping job language levels and the skills of Gwynedd Council staff, to ensure the people of Gwynedd receive the best possible bilingual service, as well as responding to the requirements of the Language Policy and the Welsh Language Standards. To accomplish this, the audit scope included reviewing the Language Designation Project Team's outputs with regards to designations and assessing speaking and listening, reading and understanding, and writing skills of Council staff, as well as reviewing that services operate appropriately where language skill requirements are not met.

### 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
<b>SATISFACTORY</b>	<b>There are controls in place to achieve objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.</b>

### 4. Current Score Risk

4.1 The audit's risks are as follows:

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

### 5. Main Findings

5.1 It was seen that adequate arrangements are in place for mapping job language levels and staff skills for Gwynedd Council, but that certain aspects need to be tightened to mitigate the risks identified.

- 5.2 It was seen that the Language Designation Team presented a self-assessment questionnaire on the Council's jobs language levels on its self-service system in 2019/20. In November 2021, it was seen that only one department's staff, YGC, of all the Councils departments had completed the self-assessment, with the other departments ranging between 27.3% and 94.4%. It appears that a low number of frontline staff have completed the questionnaire, as they don't have access to the intranet. The Learning and Development Officer - Welsh Language, confirmed that every effort was being made to visit these staff members to complete paper assessments.
- 5.3 As at 21 January 2022, 4,173 out of approx. 7,000 Gwynedd Council staff (including Byw'n lach and North and Mid Wales Trunk Road Agency staff) had completed a self-assessment to ascertain their language level. For the audit, a sample of 5% of assessments, 209 staff members was reviewed thoroughly to ascertain whether their language levels met their job requirements, or if not, that steps have been taken to increase their language levels. From the sample, the language levels of 31 staff members did not reach the language designation of their jobs. Of the 31 staff members, 4 have received/completed training to increase their language level. Of the 27 remaining, who work for services with a high number of frontline staff, suggests a lack of commitment from individuals and managers to prioritise the training, and to arrange suitable training that meets front line staff's requirements and working patterns.
- 5.4 It was seen that Heads of Departments receive quarterly reports on their department's statistics in relation to the number of staff members who have/haven't completed a self-assessment, and who do or do not meet their jobs language requirements. Language Designation Forum meetings are also held quarterly, where representatives from different departments within the Council meet to discuss any linguistic obstacles, with the Language Designation Team suggesting advice and solutions

## 6. Actions

**The Language Designations Team have committed to implementing the following steps to mitigate the risks highlighted.**

- **Continue to get 100% of Gwynedd Council staff to complete a language level self-assessment questionnaire, including presenting paper questionnaires to staff without access to the intranet.**
- **Continue to assess training requirements for staff who do not meet their jobs language designations, and to provide suitable options.**

## USE OF PURCHASING CARDS

### 1. Background

1.1 The Council uses Barclaycards to purchase goods/services and certain services have the right to withdraw cash with the cards. The system BSM (Barclays Spend Management) is used to code, approve, monitor and help manage the spending of the cards. During 2020/2021, the BSM system reported the 40 officers have purchased supplies/services by using the Council's credit card with 76 officers registered with a card from Finance.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that services have implemented the Council's purchase cards appropriately and that their use was valid, as well as to ensure that purchasing, monitoring and approval arrangements for payments had taken place in a timely manner. To achieve this, the audit encompassed reviewing a sample of credit card issued to confirm that appropriate procedures were in place and is in compliant with the Council's constitution and policies.

### 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
<b>LIMITED</b>	<b>Although controls are in place, compliance with the controls needs to be improved and / or introduce new controls to reduce the risks to which the service is exposed.</b>

### 4. Current Score Risk

4.1 The audit's risks are as follows:

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

### 5. Main Findings

5.1 The Council's constitution for administering/managing expenditure through purchase cards states, *'No credit or charge cards of any description to be used for any Council purpose shall be held or used by any officer except by prior agreement of the Head of Finance on application by the appropriate Chief Officer.'*

*Where purchase by credit card or charge card is permitted, the officer making use of the facility must provide adequate supporting documentation for each purchase, including a valid VAT invoice/receipt where VAT is chargeable. No private purchases using such a credit or charge card will be permitted.'*

- 5.2 It was seen that formal controls exist for providing credit cards to Council officers and establishing users on the BSM System with rules on how to administer and manage expenditure through the BSM system. It was seen that appropriate controls were in place and that the Senior Finance Technician is responsible for maintaining a record of users and conduct monthly reconciliations to ensure that payments reconcile at the year end.
- 5.3 From the sample of officers that spent during 2020 up to 2021, it was seen that only authorised officers had purchased and coded expenditure, and that the expenditure were within the allocated threshold.
- 5.4 Responsible officers receive weekly emails reminding them to update the system i.e. the need to code and/or approve expenditure. The monthly *Barclaycard* bills are paid by direct debit therefore all of the expenditure should be processed in the BSM system as soon as possible. However, from the sample checked, it was found not all officers code and approve promptly.
- 5.5 It was reported that responsible managers can access the system to create expenditure reports for their own Service. However, there is no requirement that they conduct a check for the purpose of monitoring expenditure meaning that they could fail to identify invalid transactions.
- 5.6 By auditing the selected sample, it was seen that Council officers had dealt with one case of suspicious transactions that showed on the account as a result of fraud by an external party using one of the card's details to receive goods. This was a total of 33 transactions between August 2020 and September 2020. It was seen that controls worked effectively as the transactions had been reported to the attention of the Finance Department, and the matter was resolved with the monies recovered from the card provider. It is the card provider's responsibility to investigate further on the matter.
- 5.7 In addition, there is no arrangements in the process to confirm that goods have been received, i.e. there is no confirmation to the one that should approve payments/code that the goods/service has been received. This means that the process is open to abuse and/or payments for goods/services not received.
- 5.8 It was seen also that it was possible to use the cards to purchase subscriptions but there is no guidance issued to manage this type of purchase.

## 6. Actions

**It is recommended that the Heads of Services remind the budget holders to implement the following steps to mitigate risks highlighted:**

- **Confirm/identify expenditure is valid by coding and approving on the system promptly.**

- **Conduct management checks for a sample of expenditure, in particular expenditure that is without coding and approval.**

**The Senior Finance Technician has committed to implementing the following steps to mitigate the risks highlighted.**

- **Review the use of credit cards guidance to include information on managing subscriptions.**
- **Include in the guidance the process for ensuring that goods/services have been received to accompany the information in the guidance on reporting to Barclaycard on expenditure of goods/services not received.**

## SCHOOL FUNDS

### 1. Background

1.1 Paragraph 16.22.1 of the Council's constitution states:

*Where an officer of the Council is, by virtue of his official position, responsible for money or goods which are the property of a fund connected with a Council establishment, the purpose of which are analogous to the service provided by the Council:*

*(a) The officer shall keep all monies or goods, the property of the unofficial fund, separate from those of the Council.*

*(b) Proper records of account shall be maintained and be kept separately from those of the Council.*

*(c) The fund's controlling body shall appoint a competent person as auditor, to audit the fund's activities annually and report to the fund's controlling body or in the case of schools and colleges the Board of Governors.*

*(d) Such annual reports shall be held available for inspection by the Internal Auditors if requested.*

### 2. Purpose and Scope of Audit

2.1 The purpose of the review was to ensure that accounting arrangements for the school funds were thorough and in accordance with the Council's financial rules. In order to achieve this, all headteachers of Gwynedd schools were contacted in order to achieve an overview of the situation, and in light of the responses, a further audit will be undertaken in the 2022-23 financial year, where schools will be selected for a full audit.

### 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
<b>LIMITED</b>	<b>Although controls are in place, compliance with the controls needs to be improved and / or introduce new controls to reduce the risks to which the service is exposed.</b>

### 4. Current Score Risk

4.1 The audit's risks are as follows:

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

## 5. Main Findings

5.1 A school funds questionnaire was sent to all headteachers of primary, secondary, all-through and special schools in Gwynedd. A response was received from 89% of the schools and at least 78% confirmed they have a school fund(s):

School Fund	Number	Percentage
Yes	74	78%
No	11	12%
Did not respond	10	10%

5.2 The funds are mainly used to pay for fruit, bus for swimming lessons, school trips, activities for pupils, paying for extra equipment and resources, donations, selling school uniform etc. Some schools also use the funds to reimburse staff for the purchase of resources. Many of the schools have more than one fund.

5.3 Of the 74 schools that stated that they have a school fund or funds, 52 (70%) have an existing policy or guidelines for administering the fund. Only 5 Headteachers (7%) had received training, one noted, *"received training years ago when the County was organising cluster meetings in Dolgellau."*

5.4 Information was received regarding the fund balances of 65 schools (note that some schools have more than one fund). Individual school balances varied significantly with the smallest amount being £351.39 in a primary school and the highest at £185,520.01 in a secondary school.

5.5 56 (76%) of the schools stated that an independent auditor audits their accounts and that approximately 59% of these accounts were audited in 2021, 2022 or are in the process of being audited at present. Some of the accounts had not been audited for some time with some noting 2017, 2018 and 2019 as when the last audit took place, some noted that this was affected by Covid-19. 14 of the schools do not have an independent auditor auditing their accounts.

5.6 The questionnaire asked when the accounts were last submitted to the governing body for scrutiny and approval. 34 schools have presented the accounts to the governing body for scrutiny either during 2021, 2022 or have indicated their intention to present them at their next meeting. Several responses were received stating that they had not done so since before the pandemic, and 2 schools stated that they were not aware that this was necessary.

5.7 The Assistant Resources Officer was asked about governor training arrangements on school funds and it was noted that no such training currently exists. General financial training is something that has already been highlighted as a subject that governors are keen to receive training on. The possibility of including information about school funds in such sessions was discussed if training was planned in the future.

In the meantime, it is thought that a presentation of basic information about the funds and their responsibilities would be appropriate for governors while the chairs receive more details. The Assistant Resources Officer noted that this could be added to the relevant induction sessions currently prepared for governors and chairs.

5.8 There is a requirement in the Financial Regulations where schools are expected to send a copy of their audited accounts to the Internal Audit Service, together with a copy of the minutes of the relevant governing body meeting scrutinising and receiving the accounts, but a very small number of schools comply with this.

## **6. Actions**

**The Internal Audit Service in conjunction with the Education Department has committed to implementing the following steps to mitigate the risks highlighted.**

- **Update guidance for governors and headteachers on the management of school funds.**
- **Provide training for headteachers including the management, administration and auditing of school funds.**
- **Provide training on school funds in the induction sessions for new chairs and governors.**
- **Prepare information for governors and chairs who have already been appointed ensuring they receive it in order to ensure that everyone is aware of the arrangements and their duties.**
- **Audit a sample of school fund accounts annually from 2022/23, providing assurance that the accounts and administration arrangements are appropriate, advising headteachers as required.**

## FOOD HYGIENE

### 1. Background

1.1 Like many other services within the Council, COVID-19 has made it difficult for the for the Food Hygiene Service to complete work in the normal way. The pandemic has impaired the service's ability to carry out visits and inspections. Guidance from the FSA (Food Standards Agency) sets out targets that all food hygiene services should meet to catch up with the outstanding inspections and in what order these should be completed.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that suitable arrangements are in place to provide an effective service to Gwynedd's businesses and consumers in accordance with the Food Hygiene Rating (Wales) Act 2013, and that the department's staff complied with Welsh Government guidelines when carrying out their duties during the pandemic. To achieve this, the audit encompassed reviewing the arrangements for planning, conducting and administering food hygiene visits.

### 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
<b>LIMITED</b>	<b>Although controls are in place, compliance with the controls needs to be improved and / or introduce new controls to reduce the risks to which the service is exposed.</b>

### 4. Current Score Risk

4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
<b>VERY HIGH</b>	0
<b>HIGH</b>	1
<b>MEDIUM</b>	4
<b>LOW</b>	0

### 5. Main Findings

5.1 The Council's website was checked and comprehensive information was available for Gwynedd food business owners, including application forms and advice on running a food business.

- 5.2 The Service has begun to use the 'Tascomi' system rather than the 'CIVICA' to manage and store data. When the data was migrated from the old system to the new, it was noted that elements of the old data such as the business contact details had not been transferred. From a sample of 10 businesses selected from the 'Tascomi' system, it was found that one in ten businesses had no contact details recorded.
- 5.3 The FSA's recovery plan states that new businesses should be prioritised first from 30/09/2021 and all establishments with a (high) risk category for food hygiene should be visited before 31/03/2022. It was found on the 'Tascomi' system that all organisations with risk category A had been visited so the service had reached its target ahead of the date set by the FSA.
- 5.4 A sample of 10 businesses registered during the 2021/22 financial year was selected. For this sample, 5 businesses had not been visited. Of the 5 who had received a visit, only 1 was within the target of 28 days with the longest taking 170 days. There is an expectation that some of these will be incomplete as the service was not operational during the lockdown period. However, there is concern and a risk that traders are operating for long periods in Gwynedd without assurance of their food standards.
- 5.5 It was discussed and agreed with the Manager that there was concern that people could sell produce and sell food to many people throughout the county via social media without being inspected for food standards. Local officers are aware of these businesses in their area but some websites do not have contact details and officers cannot contact them using their personal accounts and ensure the security of the individual's data in accordance with clause 17 of the Council's Data Protection Policy. This led to the possible solution of the Service having its own social media accounts and contacting the businesses directly through these methods.
- 5.6 A sample of 5 interventions conducted in 2021/22 was reviewed. The standard of 4 cases could not be reported as no suitable documentation had been uploaded to Tascomi following the visit. Adequate documentation for 1 was found to support the audit, i.e. duly completed and supporting information for what was reported. The Public Protection Manager (Food and Safety) stated that the lack of information being reported on the system following inspections was an issue that required the Service's attention.
- 5.7 The Public Protection Manager (Food and Safety) confirmed that it was his responsibility to review a sample of applications / visits (the day to day work of the Food Safety Officers) on a monthly basis, to confirm the quality of the work. He stated that these were taking place but there is no record of them.

- 5.8 A sample of 5 public complaints was selected to ensure that complaints received a timely response and that a proper service was provided to the public by the service. From the audit sample it appears that 3 received a prompt and adequate response. 1 was open and in progress, and it appears 1 had no action against it on the 'Tascomi' system since 13/12/2021, which appears to indicate a delay in the process. Any action / closure is expected to be marked 'closed' on the 'Tascomi' system.
- 5.9 A sample of 3 staff members' training records were reviewed. Documentation in the Food and Safety service's management files found that all 3 had met relevant Continuing Professional Development (CPD) requirements in the food hygiene area. However, it was found that there was a shortfall in completing Data Protection training (1 officer did not complete the e-module and 2 are yet to complete the Data Protection and Information Security policy).

## **6. Actions**

**The Public Protection Manager (Food and Safety) has committed to implementing the following steps to mitigate the risks highlighted.**

- **Ensure adequate information is recorded and saved on the 'Tascomi' system for interventions.**
- **Undertake more timely audits of new businesses.**
- **Set up social media accounts for the service to enable contact with businesses that operate exclusively online and without registration.**
- **Ensure all cases / complaints are updated promptly or dealt with after a specified time.**
- **Ensure that work quality assurance checks and their results are documented so that they can be referenced when needed e.g. improve the quality of training.**
- **Ensure that service staff have completed and received statutory Data Protection and Information Security policies.**

## IT DISASTER RECOVERY

### 1. Background

1.1 The Disaster Recovery Plan is a process or series of procedures documented to recover and defend IT business foundations should disaster happen. Such a plan is usually documented in a written form, with actions that the establishment will follow if disaster should happen.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that appropriate arrangements are in place to recover the Council's IT systems in a disaster. To achieve this, the audit entailed ensuring that there is an appropriate, purposeful plan in place, that relevant officers are aware of their responsibilities in a disaster, and reviewing arrangements for system backups.

### 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
<b>SATISFACTORY</b>	<b>There are controls in place to achieve objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.</b>

### 4. Current Score Risk

4.1 The audit's risks are as follows:

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

### 5. Main Findings

5.1 Following the audit undertaken in July 2018 due to a loss of IT systems, it was highlighted that a disaster recovery plan did not exist. The Council's systems were successfully recovered following the loss of power in 2018 which means the Council has demonstrated that it can effectively recover in an emergency situation. It was confirmed that there was no formal plan established to be able to recover from a disaster effectively, efficiently and in a consistent manner, including the ability to respond to the public in situations such as cyberattack/loss of information.

This means that the Council continues to be at risk of being unable to recover effectively and in a timely manner, that could lead to delays in providing key services to the people of Gwynedd, that could result in a disastrous and/or catastrophic effect on the wellbeing and life of the people of Gwynedd.

- 5.2 Cyber resilience has been recognised as one of the risks stated on the corporate risk register (live as at 23 of March 2022) with the Assistant Head - Information Technology designated as responsible for mitigating the risk. The following implementation was noted against the risk: *'We have done significant work to improve our defences and our ability to recover our services if an attack through the ranks were to happen. There is need to formalise arrangements to test these procedures.'* A target date does not seem to have been allocated suggesting that it is a continuous risk.
- 5.3 The Assistant Head - Information Technology stated that technological recovery rules for certain systems exist in addition to recovery priority of systems. A copy of the IT systems recovery priority was obtained and it was seen the spreadsheet seemed thorough, detailing which systems are the most important to recover first per services and a point of contact for each system.
- 5.4 The Assistant Head - Information Technology stated that work to create a disaster recovery plan has been in progress for some years. It is expected a plan should include procedures for recovery of natural disasters such as floods or fire in addition to disasters from cyberattacks and ransomware. Procedures include defining roles, contact details, information about backup arrangements including, location, strategy for gathering evidence to identify weaknesses/solutions and arrangements for responding in situations of disaster. The plan should be revised regularly to ensure that it is relevant

## 6. **Actions**

**The Assisting Head of IT has committed to implementing the following to mitigate the risks highlighted.**

- **Establish and retain a complete disaster recovery plan to ensure successful and timely recovery of the Council's services.**

## PROJECT MANAGEMENT – UPGRADING E-FINANCIAL SYSTEM

### 1. Background

1.1 The Council's Project Management Handbook 2016 has been developed to manage a wide variety of projects more effectively and efficiently. The Handbook explains the basic principles and practical guidance to enable officers to take appropriate steps. The level of use to follow will depend on the size of the project which means that it is not essential to use all headings for each project. The 'e-financials' system is a financial system that runs the following applications - debtors, creditors, ledger and business objects and has been commissioned, including the support element from the company, 'Advance'. The system is subject to an upgrade project in 2021/22. The Systems Consultant was appointed as the Project Manager to lead the project in 2021.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that suitable arrangements were in place to manage the project upgrade of the *e-financials* system. To achieve this, the audit encompassed ascertaining of the project management arrangements and documentation, and testing where possible to check that the project is operating effectively and efficiently based on Gwynedd Council's Project Management Manual 2016 which refers to the principles of PRINCE2 project management.

### 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
<b>HIGH</b>	<b>Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.</b>

### 4. Main Findings

4.1 The Statement of Work was received outlining the purpose and scope of the project and the work required to upgrade the current '*eFin solution*' system and migrate to release version 6 of the software whilst considering the impact on any other related products that are part of the *e-Fin* solution.

4.2 It was seen that the work was commissioned in December 2021. The statement of work and plan along with the timetable of required actions was ascertained, showing that the project was due to commence in January 2022 and to be completed/ transferred over to the Council by the first week of March 2022.

Following meetings in January and March 2022 with the System Consultant as the Project Manager it seems that the project has been successful in its delivery and has been implemented within the planned timeframe. It was reported that the system went live on the 25 February 2022 with minor issues arising after the go live date that have been identified and logged for 'Advance' to resolve.

- 4.3 It was reported on the 10 March 2022 that the project has been completed ahead of the planned date and within the days commissioned. It was explained by the Project Manager that any issues that have arisen since the transfer date is now being dealt with by 'Advance' as a part of their support service that the Council has commissioned.
- 4.4 Evidence was received for the following elements of project management that is significant in the project:
- Timetable of the project with deadlines
  - Log of issues including risk assessment rating against each issue
  - Check list for testing high risk aspects of the system with ownership for implementation/ communication.
  - Budget monitoring spreadsheet together with the list of timesheets
  - List of meetings with Advance showing regular communication on development and progress of the project has taken place
  - Lessons learnt log
  - Evidence that Advance has implemented as per the Statement of Works agreed on commencing the project
  - Reports of the different types of testing undertaken to prove that data has been migrated accurately
- 4.5 The System Consultant stated that there is no need for user training at the end of the project as the changes have not been significant enough to obstruct users not being able to conduct their work.

## CHANGES IN STANDING DATA - PAYROLL

### 1. Background

1.1 A wide range of staff data are stored in and read from the payroll system. This data needs to be changed occasionally. Changes range from changing an address or surname to changing employment arrangements such as honoraria. It is important that this data is secure and that efficient arrangements are in place to ensure that necessary changes are implemented correctly.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that suitable arrangements were in place to securely manage storage of and changes to the Council staff's payroll data. In order to achieve this, the audit encompassed reviewing the arrangements for inputting and editing staff standing data, checking the Payroll service's data security arrangements and reviewing a sample of data changes made to ensure they were executed appropriately.

### 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
<b>HIGH</b>	<b>Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.</b>

### 4. Main Findings

4.1 The Payroll service receives requests to change data from several sources. Applications generally come in the form of a TR139, TR139a or TR140 forms. These are the statutory forms to provide details of a member of staff starting a job, changing job/staff details and terminating a job respectively. The effectiveness and accessibility of these forms were checked and found to contain boxes for all relevant details and clear and easy to use. The self-service system enables staff to change certain details of specific data about themselves in the Payroll system without having to make a request. Changes to title, name, optional name, surname and address are automatically implemented in the Payroll system after a member of staff changes their details through the self-service system.

4.2 A sample of 20 requests made to the Payroll service through TR forms and alternative communications was reviewed. A range of requests from different payrolls were included in the sample.

In all cases checked, the change had been correctly implemented in the Payroll system based on 'ISWAS' reports from the system. An 'ISWAS' report is a data change identification report from the payroll system. The data on the system was reconciled to the sample of requests and it was found that the average time taken to implement system changes, from the date the service received the request was 5 days. This is believed to be an acceptable time and indicates that the service is acting on requests in a timely manner.

- 4.3 A sample of 10 new staff who have started since April 2021 was checked. 5 members of staff who started in May and 5 members who started in September were selected. A range of staff from different jobs and payrolls were selected to ensure that the sample was a reflection of the Council as a whole. The checks showed that the details entered in the payroll system agreed with that on the TR139 form for each member of staff in the sample.
- 4.4 The Payroll Manager stated that approximately 100 members of staff had access to the payroll system. These are mainly Finance staff: Salaries, Pensions, Audit, Accounting and IT. Some members of Support staff and individuals responsible for departmental sickness reporting also have access to the system. All accounts are required to change their password every 3 months. The Payroll Manager, as the system administrator, checks the list of staff who have access and deletes accounts that have not used the system for 6 months or more.
- 4.5 Where the data from the Payroll system is stored was investigated. It was reported that Payroll data was stored at 3 locations. Successful backups, which are done automatically are logged. A backup and replication is run for the whole system on a daily basis. Evidence was received from the Technical Lead (Applications) that the system had, in the past, been restored from a backup version. The process was found to be successful and there was a clear record of what was recovered and when.
- 4.6 The training of all Payroll staff on the Staff Development Module was checked using the Gwynedd Jobs System (System Swyddi Gwynedd). Out of 9 staff checked, 2 were found not to have completed Data Protection e-learning and 4 had not completed Information Security e-learning. Out of 9 staff, 2 were found not to have accepted one or more of the Data Protection and Information Protection policies. It has been over 3 years since every member of staff accepted these policies. Revised versions of these policies were approved in May 2021. Staff working with personal data should act in accordance with the Council's latest policies and training. During the consultation period of this report, copies of emails were received from the Payroll Manager requesting staff to complete the relevant training and policies.

## BONUS PAYMENTS TO CARE WORKERS

### 1. Background

1.1 Following the announcement on 17 of March 2021, the Health Minister announced that the Welsh Government will fund bonus payment to NHS and social care staff in recognition of their outstanding contribution during the COVID-19 pandemic. The payment is a one-off payment equivalent to £735 per head, with deductions for income tax, national insurance contributions and pension. After deductions most employees will receive around £500. The bonus comes on top of the special £500 payment to care home workers and home care workers introduced in May 2020 in recognition of their work during the first wave of the pandemic. This bonus was given to a wider group of social care workers, the guidance "*The Welsh Government's NHS and social care remuneration scheme*" states that eligible Social Services posts include: "*All local authority social services staff including; Directors of Social Services, heads of service and all staff under these managers including support staff, social workers and social work assistants.*"

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit is to ensure that suitable arrangements are in place for administering bonus payments to Care workers. To achieve this, the arrangements for identifying, communicating and validating payments were reviewed, a sample of payments made to ensure their eligibility were checked for accuracy and timeliness, as well as reviewing arrangements for the appeal process, reporting to Welsh Government and reclaiming payments.

**Part 2 of the audit will be conducted after March 2022 to ensure that the application has been received and paid by the Welsh Government, as well as that identified duplicate payments are implemented / recovered so that the amended application submitted to the Welsh Government is complete and accurate.**

### 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>
<b>VERY HIGH</b>	0
<b>HIGH</b>	0
<b>MEDIUM</b>	1
<b>LOW</b>	0

#### 5. Main Findings

- 5.1 Administration instructions for the Care Society Recognition Scheme were found to have been received by the Welsh Government (WG). The instructions set out important dates for administering and submitting information / requesting a refund. Local councils should submit an application for the grant to be reclaimed to the Welsh Government by 31 December 2021. The guidance requires all information to be submitted to Data Wales in mid-January 2022 for checks to be carried out final duplicate payments.
- 5.2 Suitable arrangements are in place for administering and processing claims for payment to care workers. Eligibility criteria were reported to all employees / managers, external providers and qualified persons to be able to verify eligibility. The criteria applied to many officers who were entitled to the £500 remuneration made in 2020/21, therefore the process to identify many individuals who were eligible for the payment had already been carried out.
- 5.3 It was seen that applications had been received from external providers to the Care email inbox and that these had been correctly and timely implemented for a sample of external providers verified.
- 5.4 From the sample verified, it was seen that payments had been made following confirmation from the line manager that their officer(s) were entitled to the payment by recording and submitting a spreadsheet to the support officer for implementation. In addition, it was confirmed that a supporting application form had been completed by the officer(s) themselves by asking line managers for a copy of the forms. 9/12 of these forms were received with 3 managers not responding to the request.
- 5.5 It was seen that only one appeal had been received during the bonus payment process and the application appeared to have been dealt with appropriately, the applicant having received a response within an appropriate timescale.
- 5.6 Following a sample of bonuses payments made, it was shown that the payments were taxable and properly dealt with in the payroll system.
- 5.7 The Project Manager (Category and Development Specialist Officer) explained that checks for duplicate payments had been carried out when processing applications received. In terms of identifying duplicates with other external care providers (Councils and the Health Board), it was reported that the data had been uploaded to the "Emyr" system by the Welsh Government, and many duplicates had been identified, most of which were from the Health Board.

The Service is awaiting further instructions from WG on how to deal with these but there is an opportunity to apply for a modified return/claim form to WG by 16 March 2022 following further checks.

- 5.8 The payments were found to be reconciled back to the ledger and appear to be correct. In addition, it was confirmed that the claim for refund had been submitted to WG on 28 January 2022 and had been accepted. The claim for a refund to WG was found to be complete i.e. includes all totals / expenses that have been paid out to the applicant.
- 5.9 The Project Manager reported that duplicate payments had been identified and included in the January 2022 refund claim. However, the duplicate payments will be corrected for final figures to be submitted to WG by 16 March 2022, together with any adjustments needed i.e payments or rebates.

**6. Actions**

The Category and Development Specialist Officer has reported that she is awaiting Welsh Government instructions for the recovery of identified duplicate payments, as well as acting on the final application with accurate figures to be submitted by 16 March 2022.

## STORIEL

### 1. Background

1.1 According to the Storiell website, *“The aim of Gwynedd Museums Service is to collect, care for, preserve, exhibit and interpret galleries/items based on the unique history and character of Gwynedd and ensure that these collections inspire and educate and are available for all to enjoy impartially and inclusively.”* Storiell opened in January 2016 as a museum that brings together social history collections from across the north, with a particular emphasis on Gwynedd.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that suitable arrangements were in place to mitigate the risk highlighted in the Corporate Risk Register of *“the quality of Storiell's offer deteriorating as it does not generate sufficient income to support activities”*. To achieve this, the audit encompassed a review of the actions in place, with the intention of enabling Storiell to continue to operate and maintain quality activities.

### 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
<b>SATISFACTORY</b>	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>
<b>VERY HIGH</b>	0
<b>HIGH</b>	0
<b>MEDIUM</b>	1
<b>LOW</b>	0

### 5. Main Findings

5.1 Gwynedd Council received support from the Wales Cultural Recovery Fund towards developing a scheme of work that would strengthen the resilience of Storiell and the Lloyd George Museum. Within these work plans there was a requirement to develop a business case that reviewed operations at both sites to improve income generation and sustainability, and to reassess the Local Authority's annual financial contributions. This review was carried out by external consultants.

- 5.2 A report of the work has been produced but the financial work is still ongoing following further discussions. Once this work is complete, it is intended to submit the review to the Storiel Board for discussion and approval before proceeding and taking action. The review includes the vision for Storiel, details of structure, budget, income, increased visibility, promotion of visitor flow etc.
- 5.3 An action plan has been drawn up as a result of the review with the actions grouped into categories e.g. marketing, finance, education, environmental etc. In marketing terms there is a particular focus on raising the awareness and visibility of Storiel in order to increase the number of new and repeat visits. In terms of funding, the action identifies the need to create a list of potential funders for Storiel to support short, medium and long-term goals. There are several references to funding in the report including grant funding and establishing a Trust to support the fundraising.
- 5.4 The Storiel Trust has not yet been established. Despite the efforts of the service several factors have held them back e.g. the requirements of the Charity Commission and the bank as well as Covid-19. However, it is intended to restart the process of establishing a Trust as well as appointing trustees. Once the business plan is finalized and approved by the Storiel Board, the intention is to present it to the trustees in order to provide a vision and estimates of the sums of money required to maintain Storiel.
- 5.5 Approval of the external consultants' report and action plan will enable work to progress towards improving Storiel's income generation and sustainability and continue to implement and maintain quality activities.

## **6. Actions**

**The Museums and Arts Manager has committed to implementing the following steps to mitigate the risks highlighted.**

- **Complete and approve the consultants review so that plans can be progressed e.g. establish a Storiel Trust, identify funding sources etc.**

## 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 the UK. The museum is a registered charity and 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. Because the museum's income exceeded the threshold of £25,000, the trustees' account and annual report must be submitted to the Charities Commission, including an independent examiner'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 2020-21 accounts, giving assurance that what is presented to the Charities Commission is correct. This was done by reconciling the accounts 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
<b>HIGH</b>	<b>Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.</b>

### 4. Main Findings

4.1 Following the Council's decision to cease running the Lloyd George Museum from 1 April 2017, the UK Government announced that the annual funding gap of £27,000 would be met by the UK Government for 3 years up to 31 March 2020. At its December 2019 Cabinet meeting, it was decided in its role as a Local Authority, to contribute £27,000 for 2020-21 from the Council's Transformation Fund to allow more time for the Trustees, which is also the Cabinet in a separate role, to consider new business models for the future. Of course, COVID-19 had an unforeseen significant impact on the museum, and on 12/01/21 Gwynedd Council's Cabinet was asked to make a one-off contribution to the museum's costs for 2021-22 to buy more time. The position and options for managing the charity were discussed at the Cabinet meeting - sitting as the charity's Trustees - on 14/09/21.

4.2 The accounts for 2020-21 were found to be appropriate and so the independent examiner's report was completed to state this.

## GOVERNANCE ARRANGEMENTS

### 1. Background

1.1 The North Wales Economic Ambition Board is a group of private and public organisations committed to promoting economic growth in Anglesey, Conwy, Denbighshire, Flintshire, Gwynedd and Wrexham. Their key objectives include improving the economic, social and environmental well-being of the region, and developing it in a sustainable way with opportunities for people to gain new skills for the future and have rewarding careers. The Welsh and UK Government have committed £240m to the Growth Plan, with the intention of realising further investment through match funding from external investors. The Growth Plan projects business cases are presented to the Board to be scrutinised prior to the release of public funding.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that the Board's governance arrangements were appropriate. To achieve this, the audit encompassed reviewing the Board's due diligence arrangements for scrutinising business cases and any potential beneficiaries, ensuring there is no conflict of interest, in response to UK Government Minister for Wales' concerns about weaknesses already identified in an unrelated project in the south.

### 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
<b>HIGH</b>	<b>Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.</b>

### 4. Main Findings

4.1 A letter was received from the UK Government Minister for Wales, dated 08/02/21, seeking assurances that the NWEAB has appropriate arrangements in place to prevent weaknesses identified in the 'Circuit of Wales' project, a project to build a car and motorcycle racing circuit in the south. The project received a financial contribution from the Welsh Government to encourage and support private investment in line with its regeneration and economic development objectives. In particular, the Minister sought assurance that the Board "*undertake robust due diligence in all cases*" and "*to ensure that robust processes are in place to manage any potential conflicts of interest, or appearance thereof, and that clear lines of accountability for the application of those processes exist*", in addition to having a "*proactive process in place to identify any transactions involving funds being conducted through related companies*". This internal audit was originally planned in 2020/21 in response to the letter, but was thought to be premature.

- 4.2 Following the NWEAB's response outlining their arrangements, a further letter was received from the Minister, giving praise for *“a clear indication of how seriously you are taking this matter. It is reassuring to see that you have a proactive process to identify and manage these situations if they should arise and where accountability for managing these issues lie. It is good to see that the procedures you have put in place have already been effective in highlighting conflicts of interest.”*
- 4.3 An Audit Wales report, 'Progress Review of the North Wales Growth Deal – North Wales Economic Ambition Board', dated May 2021, noted that *“the NWEAB has clear and established governance arrangements.”* Proposals for improvement were given and BUEGC reported the steps that are in place to achieve them. As part of this audit, the relevance of Audit Wales recommendations to the Welsh Government deriving from the weaknesses of the Circuit of Wales project, which also encompassed the use of public funds to encourage and support private investment in projects, were questioned, but no comments were received.
- 4.4 All Growth Plan projects' business cases are developed in line with the 'Better Business Cases' guidance and the Five Case model developed by Welsh Government and HM Treasury as well as HM Treasury's Green Book guide. All business cases are subject to independent Gateway Reviews by Welsh Government Integrated Assurance Hub, at all key decision points, in line with Cabinet Office Gateway Process. Sponsor procurement arrangements are scrutinised as part of this process.
- 4.5 The NWEAB has a Conflict of Interest policy, which sets out the guidelines and procedures for identifying, monitoring and controlling cases, whether they are real or potential. In line with the policy, the process mandates every individual to declare their interests in a pro forma register, and evidence of this was seen. A description, together with the details of any contact attached to the programs with which it relates, is recorded, and the pro forma is signed and kept on the portfolio office records. Elected members and advisers were subject to these arrangements in respect of conflict of interests through their code of conduct or the equivalent arrangements in Governance Agreement (GA) 1 and 2.
- 4.6 The funding agreement between NWEAB and the main project sponsors encompasses conflicts of interest as well as the need to procure in a transparent, competitive and sustainable manner.

## DEBTORS

### 1. Background

1.1 The National Health Service (NHS) is responsible for Continuous Health Care (CHC) and there is a national framework available for this purpose. In accordance with the framework the CHC pack is often formed and tailored together between NHS staff and the local authority's Social Services. The purpose is that one authority takes a leading role, and is responsible for the care and invoices the other establishment for their funding contribution, which is a percentage agreed while forming the care package. Disputes have risen on several occasions especially if the Health Board does not agree that an individual is entitled for CHC. In the past many problems and disagreements have occurred on the invoicing element across North Wales authorities, with invoices being challenged by the Health Board and a lack of evidence to support the levels of funding. This has led to many outstanding debts in Gwynedd, in addition to writing off bad debts.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that appropriate arrangements and controls are in place to present funding/contribution invoices to Betsi Cadwaladr National Health Board (BCNHB) and to ensure that payments are received. To achieve this, the audit encompassed reviewing existing arrangements with the relevant services including how the details of debts are summarised and recorded, recovery arrangements and dealing with lack of implementation or challenges from the Health Board.

### 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
<b>SATISFACTORY</b>	<b>There are controls in place to achieve objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.</b>

### 4. Current Score Risk

4.1 The audit's risks are as follows:

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

## **5. Main Findings**

- 5.1 At the time of the audit the Health Board's outstanding debts dated back to 2013. On November 23rd, 2021, the value of the outstanding debts raised up to end of March 2021 was £855k. As a result, the Adults, Health and Wellbeing Department and the Group Accountant have been in several discussions with the Health Board to facilitate the processes and tighten arrangements. The new arrangements in place are expected to mitigate the risk of debts not being paid. The Senior Care Accountant reported that the service anticipates by the year end 2021/22 the debt will be around £300k.
- 5.2 Care packages subject to CHC are formed across a number of different services within the department as well as within the Children and Family Support Department. Historically there was no specific guidance to assist staff in arranging joint packages of care with the Health Board. Individuals who are not eligible for the CHC package have led to significant problems in terms of agreement over the funding percentages. This has led to inconsistencies in the process resulting to challenges and arguments over the contents and amounts of some of the invoices from the Health Board and Gwynedd staff having to communicate and deal with several different members of staff from the Health Board. Naturally, it is Gwynedd's duty to provide the necessary care to the individual and pay the care providers before reclaiming the contribution from other establishments. However, several disputes have occurred recently where the Health Board is not in agreement with the amount of contribution, or is debating whether the individual is entitled to CHC at all. This means that much of staff resources is used trying to negotiate care plans that have already been agreed and implemented by the social worker.
- 5.3 Even though the Health Board and Gwynedd staff work together and follow the same framework, there is no training on the framework together. This means that training has been given by different training providers resulting to minor differences in the methods of implementation. This could lead to delay in assessment and conflicts on some aspects. A revised framework is expected to come into force in April 2022. At present it is uncertain what impact this will have on the future assessment process.
- 5.4 Historically, difficulties and disputes have emerged as the Health Board's assessment panel meet to discuss packages and assessments whilst reaching a different conclusion in some cases in terms of the level of care that individuals need and therefore the amount of contribution they are satisfied with. There is no representation from local authorities on the panel and the care packages are already in place before receiving details of the panel's decision. There have been instances where the panel has agreed an amount that did not match the amount from Gwynedd. This does not become apparent until invoices are found to have been partially paid.

- 5.5 The process now requires care packages to be fed into the social services system, WCCIS, to enable the Service to create a Service Placement (SP). These details will be used to prepare invoices to the Health Board for a specific contribution when Gwynedd takes on a lead commissioning role. There is a need to ensure that evidence is presented which confirms that the Health Board staff agree with their level of contribution in order to complete the SP. This has been a weakness in the past with SP being created following discussions but no evidence to confirm level of agreement. This has meant delays or failure to receive payments at the level of the original contribution. Failure to record can also result in joint care packages being implemented, but no invoice being charged to the Health Board. Historical inconsistencies resulted from Gwynedd being divided into three areas. It is anticipated that the current structure with the information and evidence input process incorporated into WCCIS is likely to mitigate some of the risks. However, it would be advantageous for the services to keep a separate register of the level of contributions to enable those responsible for raising the invoices to reconcile these figures.
- 5.6 To further facilitate and tidy up the invoicing process, the Group Accountant is expanding on a process where it piloted sending a report to the Health Board outlining what the contents of an invoice will be to ensure that the contents of the report have been agreed prior to invoicing. The intention is to reduce the cases where the Health Board refuses to pay an invoice in its entirety or partially pays the invoice which causes additional administration work and the status of the invoices and debts.
- 5.7 During the current financial year, a three-stage process was adopted to deal with any dispute. Social Workers and Nurses/Health Board officers are involved in the first phase, and if there is no agreement, the case is maximised to the second stage with Gwynedd Senior Management and the Health Board. If they do not manage to agree, there is a third stage where the Head of Department seeks to negotiate with an equivalent officer in the Health Board. Initial meetings have been effective and was successful in recovering debt of up to £200k. The procedure outlined appears effective and reasonable but in fact remains dependent on Gwynedd staff and the Health Board agreeing invoice totals and the debts. Naturally some elements remain beyond the control of Gwynedd staff.
- 5.8 The new arrangements for arranging packages and invoicing are in place to mitigate the risk of invoices being challenged, partially paid or converted into long-term debts. Other discussions are also in place to try to come to some compromise with the Health Board on the historic long-term debts. The intention is to seek to reduce or avoid such debts in the future as well as to reduce or eliminate the historical debts. The report's risk rating reflects these new processes rather than the situation that has resulted from historical weaknesses.

## **6. Actions**

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

- Consider adding a process of keeping a register within the services identifying the percentage/contribution amounts of each care package to facilitate the creation of SP and the raising of invoices and reconciliation.
- Ensure that evidence for any agreement with Health Board staff has been recorded and communicated to the relevant finance officers by the department staff to support and inform any package of care/invoice
- Emulate the process of using a pre-invoicing report across all department services and communicate this procedure with the Department for Children and Families.
- Continue to monitor new arrangements for dealing with and reviewing disputes with the Health Board if necessary.

## SAFEGUARDING CLIENTS' ASSETS

### 1. Background

1.1 An appointee has a legal right to act on behalf of individuals who are unable to manage affairs themselves. An appointee will arrange to receive all the benefits to which the individual is entitled, and to pay their bills using the money. The Council can be an appointee for a person receiving social care where there is no one else who is suitable, ready and able to act as their appointee. The role of Deputy (Deputy for Property and Affairs) gives further rights to access bank accounts, private / work pensions, to start and end tenancies, property sales, estate administration etc.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that appropriate arrangements are in place to safeguard the assets of care service users where Gwynedd Council has been appointed as their deputy or appointee. In order to achieve this, the audit encompassed reviewing the arrangements and the examination of a sample of clients to ensure that the Client Asset Management Unit acts in the best interests of the service users. In addition, the audit reviewed the Unit's new system and processes for administering client assets.

### 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
<b>SATISFACTORY</b>	<b>There are controls in place to achieve objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.</b>

### 4. Current Score Risk

4.1 The audit's risks are as follows:

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

### 5. Main Findings

5.1 The Office of the Public Guardian undertakes assurance visits as a means of supervising and supporting deputies. Assurance visits involve reviewing the records of a sample of clients, ensuring that the Council, as their deputy, appropriately manages and administers their clients' assets.

A positive letter was received from the Office of the Public Guardian, dated 15/02/2018, summarising the findings of their latest assurance visit. The OPG expressed *“It was noted that the deputyship officers demonstrated a strong level of competence and effectiveness... A good service is being provided and is meeting client needs well in a manner fully compliant with the Mental Capacity Act.”* In between these assurance visits, the Office of the Public Guardian also conducts spot checks on clients and it was seen that they were satisfied with the arrangements.

- 5.2 Due to the quality assurance arrangements already in place by the Office of the Public Guardian, and their satisfaction with the service provided, the audit also encompassed the Client Asset Management Unit's new system and processes for administering client assets.
- 5.3 The new system and process, which came into effect in 2019, replaces a bureaucratic system whereby a bank account had to be opened and administered for each of the over 200 clients. Because there were over a hundred accounts, it was not possible to bank online, and it required a visit to the local branch with the required paperwork and proof of identity to administer, such as every time standing orders were setup. In addition, cash was collected from the bank to keep in a safe before sharing with clients. This arrangement would not have been practicable during social distancing throughout the COVID19 pandemic.
- 5.4 The Unit's new system, BMAP (Barclays Multi Account Platform) holds all their clients' money in one bank account, with a virtual account set up for each client who has transferred from HSBC. All financial transactions are held in this one account before the Unit creates a rule in the system that identifies and transfers it (along with future transactions) to the correct virtual account. The accounts are regularly reconciled with the Casper database, which is a record of all client's regular income and expenditure
- 5.5 The Unit has also adopted the use of prepaid cards. Using such cards eliminates the risks associated with the use of cash. Clients can also use the card on the internet, and a trail exists for all spending. The controls embedded into the card include not being able to go into debt, and preventing the use of contentious spending, such as using the card for gambling.
- 5.6 The Unit charges its clients an administration fee on an annual basis, which is determined by the Court of Protection. However, it was seen that some historical debts are still outstanding to the Unit. The Unit agreed to investigate these invoices.

## 6. **Actions**

**The Client Assets Management Officer has committed to implementing the following steps to mitigate the risks highlighted.**

- **Investigate outstanding invoices due to the Unit.**

# Agenda Item 13

COMMITTEE	<b>GOVERNANCE AND AUDIT COMMITTEE</b>
DATE	<b>30 JUNE 2022</b>
TITLE	<b>HEAD OF INTERNAL AUDIT ANNUAL REPORT 2021/2022</b>
PURPOSE OF THE REPORT	<b>TO EXPRESS INTERNAL AUDIT'S OPINION ON THE OVERALL CONTROL ENVIRONMENT WITHIN THE AUTHORITY</b>
AUTHOR	<b>LUNED FÔN JONES – AUDIT MANAGER</b>
ACTION	<b>TO RECEIVE THE REPORT</b>

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## **1. INTERNAL AUDIT'S PURPOSE**

1.1 The purpose of the Internal Audit Service is:

*To give confidence to the citizen and the Council on the Council's control environment and governance arrangements through independent and objective reporting to the Head of Finance and the Audit and Governance Committee*

## **2. PUBLIC SECTOR INTERNAL AUDIT STANDARDS**

2.1 CIPFA'S Local Government Application Note for the Public Sector Internal Audit Standards (2019) states:

*"Each local government organisation is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit plays a vital part in providing assurance that that these arrangements are in place and operating properly. The annual internal audit opinion required under the PSIAS informs the governance statement and emphasises and reflects the importance of this aspect of internal audit work."*

2.2 The purpose of this annual report is to provide the Authority with such an annual internal audit opinion. In giving my opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the Council is a reasonable advice that there are no major weaknesses in the whole system of internal control.

2.3 In assessing the advice given, I have taken into account all audits relevant to 2021/2022 and any follow-up action taken in respect of audits from this and previous periods.

### **3. IMPACT OF COVID-19**

- 3.1 Throughout 2021-22, like the majority of Council services, Internal Audit officers were working from home. Conducting an audit where a visit to the establishment would be necessary was not possible due to the guidance issued by the Welsh Government and the constraints imposed.
- 3.2 The outbreak of the Covid-19 pandemic has had a significant impact on the authority as a whole and indeed on the work of Internal Audit. Council services were prioritised to ensure that the services of high priority were delivered. Internal Audit did not fall into this category. Internal Audit was not able to undertake its work fully during 2021-22 and hence Internal Audit officers were redeployed to assist and support the Council's main priority services.
- 3.3 Internal Audit staff assisted the Test, Trace and Protect Service. This programme was launched by the Welsh Government with the aim of leading Wales out of the pandemic through enhanced health surveillance in the community, effective and extensive contact tracing and support to people to self-isolate. A total of 98.57 days were spent assisting the Test, Trace and Protect Service.
- 3.4 Furthermore, at the request of the Head of Finance, Internal Audit officers assisted the Benefits Service in dealing with the processing of Self-Isolation Payments due to the increase in the number of cases in Gwynedd at the end of 2021 and early 2022. A total of 96.77 days were spent on this work.
- 3.5 The work plan for Internal Audit for the financial year 2021/2022 was presented to the Audit and Governance Committee on 27 May 2021. The annual internal audit plan was much more fluid than normal in 2021/2022 in order to reflect any emerging issues or changes to risks and priorities of the Council and to also ensure the health and safety of both Internal Audit and client officers.
- 3.6 New audit priorities were identified to cover the new risks and changes from the impact of Covid-19. The audits of the revised plan were completed during a challenging period with the focus of the audits being on the arrangements as a result of the pandemic and statutory audits such as grants.

#### **4. OVERALL ASSURANCE**

4.1 The Head of Internal Audit's annual opinion is based on three aspects of the Authority's arrangements:

- Governance
- Risk Management
- Internal Control

4.2 The results of the work carried out by internal audit, taken together with other sources of assurance, support the annual opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and internal control.

#### **4.3 Considerations**

My annual opinion would normally be based on evidence from the range of audit work conducted across the Council. The value provided by Internal Audit is in the detailed work conducted and the information and advice provided to service managers on internal controls, processes and procedures, and in the assessment of the actions required to mitigate inherent risks to an acceptable level. In forming my opinion, I have taken into consideration the limited number of internal engagements undertaken by the Internal Audit Service during 2021/2022 and reflected upon my experience within my role in Internal Audit over the previous years and my judgements about the calibre and actions of the Corporate Management Team, Management Group and Senior Managers. Under the unprecedented and extraordinary circumstances, as an exception again this financial year, to support my overall opinion, I have used evidence provided by external regulators to support my opinion for the year.

In giving my annual opinion, I have taken into consideration:

- Overall, good internal control was found within each of the Council's services examined.
- All Council departments have built on previous work to continue the development of their risk assessment arrangements. A report prepared by the Assistant Head of Finance was presented to the Audit and Governance Committee on 15 July 2021 to provide an update on developments in the risk management area, the next implementation steps to further strengthen the risk management arrangements. A specific Brexit Risk Register is maintained separately.
- The 23 governance risks as identified in the Annual Governance Statement (as approved by the Audit and Governance Committee on 27 May 2021) are continually assessed by the Governance Arrangement Group.
- Where significant control weaknesses were found, these matters were resolved by the Council's officers or otherwise by the Audit and Governance Committee.

- The Authority has received a number of reports from regulators during 2021/2022:
  - Financial Sustainability Assessment – Audit Wales issued in September 2021. The report concludes that ***“The Council has a good understanding of its financial position, but several challenges remain”***.
  - Annual Audit Summary 2021 – Auditor General. The report states that ***“The Auditor General gave an unqualified true and fair opinion on the Council’s financial statements on 19 October 2021”***. In respect of Continuous Improvement the report states ***“certified that the Council had met its remaining Local Government (Wales) Measure 2009 duties for the financial year 2020-21, as saved by an order made under the Local Government and Elections (Wales) Act 2021”***.
  - In respect of recovery planning, Audit Wales states that ***“they have seen the development of the Coronavirus Emergency Response Dashboard in a relatively short period of time with limited resources to capture key information about residents and corporate risks”***.
  - Assurance Check 2021: Gwynedd Council Social Services – Care Inspectorate Wales. Their main lines of questioning were based on the four principles of the Social Services and Well-being (Wales) Act 2014; People – Voice and Control, Prevention, Partnerships and Integration, Well-being. The report notes that the findings are positive.

#### 4.4 **Annual Opinion**

**On the basis of Internal Audit work completed during 2021/2022, in my opinion Gwynedd Council’s system of internal control during the financial year 2021/2022 operates to a level which provides reasonable assurance on the overall adequacy and effectiveness of the Authority’s framework of governance, risk management and internal control. This is based on the reduced level of coverage that has been achieved during the year.**

## 5. **AUDIT WORK** **Audit Plan**

- 5.1 A total of 42 assignments were contained in the revised audit plan for 2021/2022 Of these 30 were completed by 31 March 2022, which represents **71.43%** of the plan. For the purposes of this measure, an assignment is counted as being completed when the final report/memorandum has been released or, if there is no report/memorandum, the assignment has been closed and no further time is expected to be spent on it. The performance ambition was 95%.
- 5.2 The audits from the 2021/2022 plan that have contributed to the opinion contained in this annual report are listed in Appendix 1.

5.3 Where relevant, internal audit reports are provided with an assurance level which is based on an evaluation of the internal control environment and the number of risks identified together with their risk score. The current risk score are categorised in one of four risk categories:

<b>RISK LEVEL</b>	<b>SCORE</b>
<b>VERY HIGH</b>	<b>20 – 25</b>
<b>HIGH</b>	<b>12 – 16</b>
<b>MODERATE</b>	<b>6 - 10</b>
<b>LOW</b>	<b>1 - 5</b>

5.4 The general assurance levels of audits will fall into one of four categories as shown in the table below:

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

5.5 The aim of every agreed actions within the reports was to strengthen internal controls that mitigate operational risks, and to establish best practice.

5.6 Of the 30 assignments in the 2021/2022 audit plan, the following opinion categories were expressed:

<b>Opinion Category</b>	<b>Number of Audits</b>
High	14
Satisfactory	4
Limited	5
No Assurance	0
No Category	7
<b>Total</b>	<b>30</b>

5.7 Of the reports relating to 2021/2022 that were given an assurance level, 78.26% obtained an assurance level of “Satisfactory” or “High”.

5.8 5 audits received “Limited” assurance and no audit received a “No Assurance” level.

- 5.9 The full reports are presented to the Audit and Governance Committee after the final report has been agreed with the client and issued. Where a memorandum is issued rather than a full report, and where there is no assurance category, the Audit and Governance Committee is presented with a summary of the findings of the relevant audits where appropriate.
- 5.10 The table below shows which meeting of the Audit and Governance Committee has received the details of audits from the 2021/2022 plan. The dates of the relevant meeting of the Audit and Governance Committee are also shown in Appendix 1.

<b>Date of release of Final Report/Memorandum</b>	<b>Date of Report to the Audit and Governance Committee</b>
1 April 2021 – 30 September 2021	14 October 2021
1 October 2021 – 31 January 2022	10 February 2022
1 February 2022 – 31 March 2022	30 June 2022

#### **Revisions to the Plan**

- 5.11 Revisions to the audit plan were reported regularly to the Audit and Governance Committee during the year.

#### **Follow-up Work**

- 5.12 Due to the pandemic, and the resulting high probability of changes to procedures and arrangements, no follow-up work was undertaken during 2021/2022.

#### **Control Improvement Working Group**

- 5.13 The Working Group consists of the Chair and Vice Chair of the Committee and three other members (chosen by rotation) that meets between the Audit Committee meetings and discusses issues of control weaknesses that have arisen at the Committee meeting, in order to give them attention to greater depth. Officers are being invited to attend to explain the control weakness and, primarily, to explain the steps that have been taken to improve the situation. Due to the pandemic, no meeting of the Working Group was held.

## **6. INTERNAL AUDIT RESOURCES**

### **Staffing and Qualifications**

- 6.1 The Audit Manager undertakes the function of “Head of Internal Audit”. The Audit Manager is accountable to the Assistant Head - Revenue and Risk, who is accountable to the Head of Finance. The Audit Manager and one Audit Leader have a full CIPFA qualification and the other Audit Leader has the full ACCA qualification. Three Senior Auditors currently studying for the CIPFA qualification.

6.2 Since 1 April 2022, there are 7 full-time members in the Internal Audit Team and one Temporary Senior Auditor to cover the secondment of a Senior Auditor.

**Utilisation of staff resources**

6.3 Appendix 2 contains an analysis of the use made of the time of the Internal Audit officers during the period between 1 April 2021 and 31 March 2022. The Committee’s attention is drawn to the following:

- The table shows an increase in the number of productive days available to provide audits for Gwynedd Council from **557** days between 1 April 2020 and 31 March 2021 to **783** days for the same period in 2021/2022, an increase of **226** days. This was due mainly to the return from secondment of a Senior Auditor for the latter half of the year, no maternity leave and a reduction in sickness absence.
- The number of days used to complete special investigations or responsive audits was 25 days, compared to 11 days in 2020/2021.

**7. AUDIT PERFORMANCE**

7.1 The results of the internal audit service’s achievement measures in 2021/2022 were as follows:

<b>Description of Measure</b>	<b>2020/21 Performance</b>	<b>2021/22 Ambition</b>	<b>2021/22 Results</b>
% of audits in the Audit Plan that are ready to be presented to the Audit and Governance Committee because they have either been closed or the final report has been issued.	82.61%	95%	<b>71.43%</b>
% of internal audits with an assurance level of “Satisfactory” or better (corporate indicator)	100%	80%	<b>78.26%</b>
Number of agreed actions implemented within the timetable. (corporate indicator).	<b>See Note 1</b>	85%	<b>See Note 1</b>
Number of high risk or very high risk agreed actions implemented within the timetable (corporate indicator).	<b>See Note 1</b>	100%	<b>See Note 1</b>
Number of low or medium risk agreed actions implemented within the timetable (corporate indicator).	<b>See Note 1</b>	85%	<b>See Note 1</b>

**Note 1 – no follow-up audits were conducted during 2020/21 & 2021/2022.**

## 8. WORK PLANS AND TARGETS 2022/2023

8.1 The internal audit plan for 2022/2023 was presented to the Governance and Audit in its meeting on 30 June 2022.

8.2 Internal Audit achievement measures indicate how well we fulfil our purpose. Internal Audit's achievement measures for 2022/2023 are:

Measure	Ambition 2022/2023	Direction of Ambition
% of audits in the Audit Plan that are ready to be presented to the Audit and Governance Committee because they have either been closed or the final report has been issued.	95%	
% of internal audits with an assurance level of "Satisfactory" or better (corporate indicator)	80%	Maintain
Number of high or very high agreed actions implemented within the timetable (corporate indicator).	100%	
Number of low or medium risk agreed actions implemented within the timetable (corporate indicator).	85%	

## 9. INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

9.1 The result of the self-assessment conformance with the Public Sector Internal Audit Standards (PSIAS) were presented to the Audit and Governance Committee on 13 July 2017 along with the Quality Assurance Improvement Programme. The results of the External Assessment were presented to the Audit and Governance Committee on 17 October 2019. Progress against the Programme can be seen in Appendix 3.

9.2 The recommendation is for public sector bodies to review their audit procedures against the Public Sector Internal Audit Standards (PSIAS) at least once every five years. The results of the self-assessment against the standards and the revised Local Government Application Notes (2019) and the corresponding Quality Assurance Improvement Programme will be presented to the Audit and Governance Committee during 2022/2023.

## 10. RECOMMENDATION

10.1 The Committee is asked to accept this report as the formal annual report of the Head of Internal Audit pursuant to the Public Sector Internal Audit Standards for the financial year 2021/2022.



# Internal Audit Plan 2021/2022

<b>Audit Name</b>	<b>Assurance Level</b>	<b>Date Presented to the Audit and Governance Committee</b>
<b>CORPORATE</b>		
Supporting Ffordd Gwynedd Reviews	<b>No Category</b>	
Employment Statements	<b>Limited</b>	10 February 2022
Test, Trace and Protect Service	<b>No Category</b>	
Brexit	<b>Satisfactory</b>	30 June 2022
Financial Management Code	<b>High</b>	30 June 2022
Economic Social Responsibilities 2021	<b>No Category</b>	10 February 2022
Language Designations	<b>Satisfactory</b>	30 June 2022
Proactive Prevention of Fraud and Corruption and the National Fraud Initiative	<b>No Category</b>	
Use of Purchasing Cards	<b>Limited</b>	30 June 2022
<b>EDUCATION</b>		
<b>Resources</b>		
Regional Consortia School Improvement Grant	<b>High</b>	10 February 2022
Post-16 provision in Schools Grant	<b>No Category</b>	10 February 2022
Health and Safety - Playing Areas	<b>Limited</b>	10 February 2022
<b>Schools</b>		
Unofficial School Funds	<b>Limited</b>	30 June 2022
Schools - General	<b>No Category</b>	
<b>FINANCE</b>		
<b>Across the department</b>		
IT Systems and Security - Data Adequacy	<b>High</b>	14 October 2021
<b>Accountancy</b>		
Harbours Statement of Accounts 2020-21	<b>High</b>	14 October 2021
Joint Planning Policy Committee Statement of Accounts 2020-2021	<b>High</b>	14 October 2021
North Wales Economic Ambition Board Statement of Accounts 2020-2021	<b>High</b>	14 October 2021
<b>Pensions and Payroll</b>		
Changes in Standing Data	<b>High</b>	30 June 2022
Payments to Care Workers (Part 2)	<b>High</b>	14 October 2021
Bonus Payments to Care Workers	<b>Satisfactory</b>	30 June 2022
New Starters	<b>High</b>	14 October 2021
<b>Revenue</b>		
Self-isolation Payments	<b>No Category</b>	
Welsh Government Business Support Grants (2021-22)	<b>High</b>	14 October 2021

<b>Audit Name</b>	<b>Assurance Level</b>	<b>Date Presented to the Audit and Governance Committee</b>
<b>Community Regeneration</b> Welsh Church Fund	<b>High</b>	14 October 2021
<b>Record offices, museums and the arts</b> Lloyd George Museum	<b>High</b>	10 February 2022
<b>Business support</b> Lockdown Discretionary Grants	<b>High</b>	10 February 2022
<b>HOUSING AND PROPERTY</b>		
<b>Homelessness and Supported Housing</b> Housing Support Grant	<b>High</b>	14 October 2021
<b>Council Land and Property</b> Cleaning Arrangements	<b>Limited</b>	14 October 2021
<b>GWYNEDD CONSULTANCY</b>		
<b>Across the department</b> Project Management Arrangements	<b>Satisfactory</b>	10 February 2022

**Summary of the number of reports in each assurance level, 2021/22 Plan:**

<b>Assurance Level</b>	<b>Number of Audits</b>
High	14
Satisfactory	4
Limited	5
No Assurance	0
No Category	7
Total	30

**Analysis of Internal Audit Use of Time 1 April - 31 March:**

<b>2020/2021</b>		<b>2021/2022</b>
<b>2,019</b>	<b>Total Days</b>	<b>2,077</b>
231	Unproductive Time: Annual Leave	271
56	Unproductive Time: Statutory Holidays	67
287	<i>Less Holidays (Statutory and Non-Statutory)</i>	338
<b>1,732</b>	<b>Total Available Days</b>	<b>1,740</b>
	<i>Less:</i>	
14	Special Leave	20
135	Illness	70
39	Maternity Leave	0
78	Professional Training	25
41	Job Training	51
<b>1,425</b>	<b>Available Days</b>	<b>1,574</b>
	<i>Less Unproductive Time:</i>	
9	Medical Appointments	15
28	Time Recording and Management	30
88	Meetings and Committees	132
0	Training Presentation	1
51	Background Work	45
23	Admin etc.	29
14	iGwynedd Project	4
2	Audit Committee	2
108	Internal Audit Management	127
3	Absence Management	2
14	IT problems	19
0	Internal Audit Information Management Exercise	4
0	Meetings (WCAG & N&MWAP)	4
1	Meetings with External Audit	3
<b>1,084</b>	<b>Total productive days</b>	<b>1,159</b>
60	Work for SNPA	72
119	Community and Town Councils	118
40	Byw'n Iach Cyf.	42
248	Natural Resources Wales (Secondment)	131
60	Ffestiniog Town Council	13
<b>557</b>	<b>Total productive days, Gwynedd Council</b>	<b>783</b>

**Analysis of the use of Gwynedd Council productive days:**

<b>2020/21</b>		<b>2021/22</b>
510	Work on current year's plan	711
1	Completion of previous year's work	12
10	Commencement of next year's work	0
24	Advice and Consultancy	36
1	Follow-up work	0
11	Responsive Work / Special Investigations	25
<b>557</b>		<b>783</b>

## QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

ACTION NO.	PSIAS STANDARD	CONFORMANCE WITH THE STANDARD	PROPOSED ACTION	RESPONSIBILITY	ORIGINAL TIMESCALE	PROGRESS
01	<b>1110 – Organisational Independence</b>	Is feedback sought from the chair of the audit committee for the CAE's performance appraisal?	Gwynedd Council is in the process of developing a 360-degree appraisal system for managers – the Chair of the Audit and Governance Committee to be invited to provide feedback at the Audit Manager's next appraisal.	Head of Finance and Senior Manager – Revenues and Risk	31/03/2018	The 360-degree appraisal system has not yet been developed, but the Chair of the Audit and Governance Committee attends performance meetings along with the Cabinet Member for Finance.
02	<b>1310 – Requirements of the Quality Assurance and Improvement Programme</b>	Does the QAIP include both internal and external assessments?	An external assessment will be carried out by the CAE of Carmarthenshire County Council in accordance with the WCAG peer review arrangements.	Audit Manager	31/12/2017	The external assessment has been carried out by the Carmarthenshire County Council CAE.
03	<b>1320 – Reporting on the Quality Assurance and Improvement Programme</b>	Has the CAE reported the results of the external assessments to senior management and the board?	The result of the external assessment to be presented to the Audit and Governance Committee.	Audit Manager	08/02/2018	The results of the external assessment was presented to the Audit and Governance on 17 October 2019.

<b>ACTION NO.</b>	<b>PSIAS STANDARD</b>	<b>CONFORMANCE WITH THE STANDARD</b>	<b>PROPOSED ACTION</b>	<b>RESPONSIBILITY</b>	<b>ORIGINAL TIMESCALE</b>	<b>PROGRESS</b>
04	<b>1320 – Reporting on the Quality Assurance and Improvement Programme</b>	Has the results of ongoing monitoring of the quality and assurance programme and progress against the improvement plan been communicated at least annually?	Progress made against the quality assurance improvement programme to be included in the Head of Internal Audit Annual Report.	Audit Manager	10/05/2018	Progress against the quality assurance improvement programme is presented in the Head of Internal Audit Annual Report.
05	<b>1320 – Reporting on the Quality Assurance and Improvement Programme</b>	Do the results include the assessor's or assessment's team's evaluation with regards to the degree of the internal audit activity's conformance with the PSIAS?	The external assessments evaluation will be reported in the Head of Internal Audit Annual Report.	Audit Manager	10/05/2018	This is incorporated in the Head of Internal Audit Annual Report.
06	<b>1322 – Disclosure of Non-conformance</b>	Has the CAE reported any instances of non-conformance with the PSIAS to the board?	Any instances of non-conformance to be reported to the Audit and Governance Committee and any significant deviations to be included in the annual governance statement.	Audit Manager & Assistant Head of Finance	As required	There are no instances of non-conformance or any significant deviations.

ACTION NO.	PSIAS STANDARD	CONFORMANCE WITH THE STANDARD	PROPOSED ACTION	RESPONSIBILITY	ORIGINAL TIMESCALE	PROGRESS
07	<b>2450 – Overall Opinion</b>	Does the annual report incorporate: a) A statement of conformance with the PSIAS? b) The result of the QAIP? c) Progress against any improvement plans resulting from the QAIP?	The Head of Internal Audit Annual Report to incorporate a statement of conformance with the PSIAS and progress against any improvement plan resulting from the QAIP.	Audit Manager	10/05/2018	Head of Internal Audit Annual Report – this is done annually

COMMITTEE	<b>GOVERNANCE AND COMMITTEE</b>
DATE	<b>30 JUNE 2022</b>
TITLE	<b>INTERNAL AUDIT CHARTER</b>
PURPOSE	<b>TO PRESENT THE INTERNAL AUDIT CHARTER TO THE COMMITTEE</b>
AUTHOR	<b>LUNED FÔN JONES, AUDIT MANAGER</b>
ACTION	<b>TO APPROVE THE CHARTER</b>

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## **1. INTRODUCTION**

1.1 The *Public Sector Internal Audit Standards* (“PSIAS”) came into force on 1 April 2013 and were amended in April 2017. One of the requirements of the Standards is the need to set out an Internal Audit Charter. The Standards, and a supporting Local Government Application Note (2019) published by CIFPA, detail the necessary contents of an Internal Audit Charter for a Local Government Body.

1.2 According to the Standards and the Local Government Application Note, the necessary contents of an Internal Audit Charter for a Local Government Body are as follows:

- A formal definition of the purpose, authority and the responsibility of the internal audit activity, that is consistent with the Public Sector Internal Audit Standards (PSIAS).
- A definition of the terms ‘board’ and ‘senior management’, for the purposes of the internal audit activity (Note that it is expected that the audit committee will fulfil the role of the board in the majority of instances).
- Sets out the internal audit activity’s position within the organisation.
- Establish the Chief Audit Executive’s (CAE’s) functional reporting relationship with the board.
- Establish the accountability, reporting line and relationship between the CAE and those to whom the CAE may report administratively.
- Establish the responsibility of the board and also the role of the statutory officers (such as the Chief Finance Officer, the monitoring officer and the head of paid service) with regards to internal audit.
- Establish internal audit’s right of access to all records, assets, personnel and premises and its authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities.

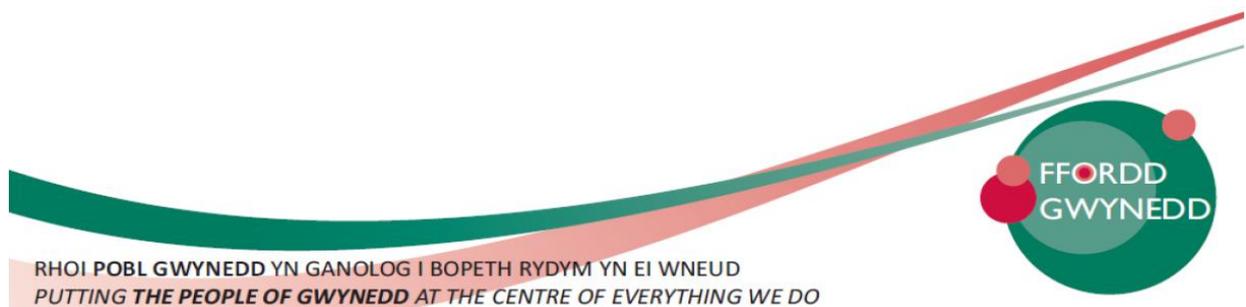
- A definition of the scope of internal audit activities.
- A recognition that internal audit's remit extends to the entire control environment of the organization.
- Establish the organisational independence of internal audit.
- The arrangements for appropriate resourcing.
- A definition of the role of internal audit in any fraud-related work.
- Set out the existing arrangements within the organisation's anti-fraud and anti-corruption policies, to be notified of all suspected or detected fraud, corruption or impropriety.
- The arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities.
- A definition of the nature of assurance services provided to the organisation, as well as assurances provided to parties external to the organisation.
- A definition of the nature of consulting services.
- A recognition of the mandatory nature of the PSIAS.

## **2. RECOMMENDATION**

- 2.1 The Governance and Audit Committee is asked to receive and approve the contents of the Internal Audit Charter, to approve it, and support Internal Audit in its undertakings.



# INTERNAL AUDIT CHARTER



## **INTERNAL AUDIT CHARTER**

### **1. PURPOSE**

1.1 The purpose of the Internal Audit Service is:

***To give confidence to the citizen and the Council on the Council's control environment and governance arrangements through independent and objective reporting to the Head of Finance and the Governance and Audit Committee***

### **2. THE ROLE OF INTERNAL AUDIT IN LOCAL GOVERNMENT**

2.1 There is a statutory requirement for an Internal Audit service in Local Authorities. This is implied in Section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”.

2.2 The Accounts and Audit Regulations (Wales) 2014 state:

- (1) A relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.
- (2) Any officer or member of that body must, if the body requires—
  - (a) make available such documents of the body which relate to its accounting and other records as appear to that body to be necessary for the purpose of the audit; and
  - (b) supply the body with such information and explanation as that body considers necessary for that purpose.
- (3) A larger relevant body must, at least once in each year, conduct a review of the effectiveness of its internal audit.
- (4) The finding of the review referred to in paragraph (3) must be considered as part of the consideration of the system of internal control referred to in regulation 5(3), by the committee or body referred to in that paragraph.

### **3. THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS**

3.1 The Public Sector Internal Audit Standards (PSIAS) are relevant to every internal audit service provider for the public sector, whether internal, shared service or external. These are defined as “proper internal audit practices”.

3.2 The Standards define Internal Audit as follows:

**“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”**

3.3 Whilst Internal Audit is primarily concerned with financial propriety, the remit of Internal Audit’s work extends to the entire control environment of the Council, and is not confined to purely financial risk.

### **4. RESPONSIBILITIES AND OBJECTIVES**

4.1 In Gwynedd Council, the Head of Finance is the officer who has the responsibility for "the proper administration of the Council's financial affairs" in accordance with section 151 of the Local Government Act 1972. Consequently, Internal Audit is located within Finance.

4.2 The Standards contain terminology that need to be defined clearly within the local Charter, namely the “Board”, the “Audit Committee”, the “Chief Audit Executive” and “Senior Management”.

#### **“Board” and “Audit Committee”**

The Standards define the Board as ***“the highest level of governing body charged with the responsibility to direct and/or oversee the activities and management of the organisation. ‘Board’ may refer to an audit committee to which the governing body has delegated certain functions”***. They define “Audit Committee” as ***“The governance group charged with independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting”***. In accordance with the Council’s Scheme of Delegation, consideration of and responding to reports by the Internal Audit Service is a function that has been delegated to the Governance and Audit Committee.

For the purpose of this Internal Audit Charter, therefore, the Governance and Audit Committee undertakes the role of both the “Board” and “Audit Committee” within Gwynedd Council in order to fulfil the requirements of the Standards.

**“Chief Audit Executive”**

The Audit Manager is the “*Chief Audit Executive*” in accordance with the terminology in the Standards.

**“Senior Management”**

Where the Standards refer to “*Senior Management*”, in the context of communicating the results of internal audit work and discussing the work plan, the Audit Manager is accountable to the Head of Finance, but has the freedom to report directly to the Chief Executive, the relevant Corporate Director, the Monitoring Officer or the Governance and Audit Committee if he/she is of the opinion that this is necessary, and in practical terms it is the Audit Manager who releases all reports to Internal Audit’s customers.

- 4.3 In order to ensure that the Council provides services of the highest possible quality within the resources available and in accordance with the needs of the people of Gwynedd, the appropriate use of the available resources is essential in order to ensure that the quality of service is of a high standard. The aims of Internal Audit is to provide assurance to the Head of Finance and the Governance and Audit Committee, and consequently to the residents of Gwynedd, that those resources which are available are managed and used appropriately, with transparency.
- 4.4 It shall do this by providing an independent and objective opinion to the Council on the control environment by auditing all financial systems and internal control procedures within the Authority, performing a combination of risk-based, system-based, regularity, computer and contract audits on a wide range of the Council's sections, in accordance with a strategy and audit plan based on an assessment of the Council's audit needs.
- 4.5 The Audit Manager shall ensure that internal audit is provided in accordance with the Public Sector Internal Audit Standards as far as practicable. To this end, the Audit Manager prepares an annual audit plan derived from an objective review of the risks that may affect the provision of the Council's services, and consultation with Heads of Departments and Senior Officers. It is agreed with the Head of Finance before it is presented to the Governance and Audit Committee to be adopted.

4.6 In addition to Gwynedd Council, Internal Audit has external clients. Any increase in the commitment for this work will be agreed with the Head of Finance beforehand, and the Governance and Audit Committee will be informed.

4.7 The responsibilities of Gwynedd Council's external auditors, is to give an independent opinion on the Council's financial statements and a conclusion on its arrangements for securing economy, efficiency and effectiveness in its use of resources. Internal Audit shall co-operate with the external auditors as required.

## 5. INDEPENDENCE, CODE OF ETHICS AND RIGHTS OF ACCESS

5.1 The Public Sector Internal Audit Standards emphasise the independence of Internal Audit in terms of reporting processes and freedom.

5.2 Every internal auditor shall be required to sign a Declaration of Auditor Independence annually which incorporates the duty to adhere to the four principles incorporated within the PSIAS Code of Ethics:

- Integrity
- Objectivity
- Confidentiality
- Competency

5.3 The Council's Financial Procedure Rules include provision for an Internal Audit service within the authority:

### 16.12 INTERNAL AUDIT

#### **PURPOSE:**

**The requirement for an internal audit function for local authorities is implied by Section 151 of the Local Government Act 1972. Accordingly, internal audit is an independent and objective appraisal function established by the authority for reviewing the system of internal control.**

16.12.1 A continuous internal audit, under the independent control and direction of the Head of Finance, shall be arranged to carry out an examination of accounting, financial and other operations of the Council in accordance with the Accounts and Audit Regulations.

16.12.2 The Internal Audit function shall be conducted, as far as is practicable, in accordance with the Public Sector Internal Audit Standards. The Audit Manager is the designated "Chief Audit Executive" pursuant to the Standards.

- 16.12.3 An Internal Audit Charter shall be prepared which will be approved and reviewed by the Governance and Audit Committee.
- 16.12.4 The Audit Manager will usually report directly to the Head of Finance. However, he/she may also report to or turn to the Chief Executive, the relevant Corporate Director, the Monitoring Officer and the Chairman of the Governance and Audit Committee if, in specific circumstances he/she considers it necessary.
- 16.12.5 **The Head of Finance, Assistant Head – Revenues and Risk** and the Audit Manager, or their authorised representative shall have authority to :-
- (a) enter at all reasonable times on any Council premises, land or contract sites;
  - (b) have access to all records, documents and correspondence relating to any financial and other transaction of the Council;
  - (c) require and receive such explanations as are in his/her opinion necessary concerning any matter under examination;
  - (d) require any employee of the Council to produce cash, stores or any other Council property under his control.
- 16.12.6 The Head of Finance shall agree the medium-term and annual audit plans prepared by the Audit Manager which takes account of the characteristics and relative risks of the activities involved. The plans shall be approved by the Governance and Audit Committee.
- 16.12.7 All relevant managers shall consider and respond promptly to audit reports findings. Chief Officers shall ensure that any agreed actions to mitigate risks identified during the audit are carried out in a timely and efficient fashion in accordance with the agreed action plan.
- 16.12.8 The Audit Manager shall report regularly to the Governance and Audit Committee:
- (a) On the results of Internal Audit work in the preceding period.
  - (b) On any substantial control weaknesses discovered or audited.
  - (c) On any agreed actions that were not implemented within the agreed timetable, where a failure to act on those action would prolong a substantial control weakness.
  - (d) Progress on completion of the Internal Audit Plan for the current year.

## **6. CORE PRINCIPLES**

6.1 For the internal audit function to be considered effective, the following core principles require that the internal auditor /internal audit activity:

- Demonstrates integrity
- Demonstrates competence and due professional care
- Is objective and free from undue influence (independent)
- Aligns with the strategies, objectives, and risks of the organisation
- Is appropriately positioned and adequately resourced
- Demonstrates quality and continuous improvement
- Communicates effectively
- Provides risk-based assurance
- Is insightful, proactive and future-focused
- Promotes organisational improvement

## **7. RELATIONSHIP WITH THOSE CHARGED WITH GOVERNANCE**

7.1 The Council has resolved that “those charged with governance” within Gwynedd Council shall be the Governance and Committee.

7.2 The Chair of the Governance and Audit Committee is usually the main points of contact between the Audit Manager and elected members. The Audit Manager shall ensure that good working relationships and channels of communication are maintained with the Chair of the Governance and Audit Committee.

7.3 The Audit Manager will prepare a report for every meeting of the Governance and Audit Committee outlining the work completed in the period leading up to that meeting.

7.4 The Audit Manager shall also provide the Governance and Audit Committee with regular reports on progress against the annual internal audit plan.

7.5 In order to facilitate the work of the Governance and Audit Committee, the Auditor Manager will:

- Attend audit committee meeting and contribute to the agenda
- Participate in the audit committee’s review of its own remit and effectiveness
- Seek to ensure that the audit committee receives and understands documents that describe how internal audit will fulfil its objectives (e.g. the risk-based plan, annual work programmes, progress reports)

- Determine whether anything arising from the work of the Governance and Audit Committee required changes to be made to the audit plan and whether matters arising from the work of internal audit need to be addressed by the Governance and Audit Committee

## 8. REPORTING

- 8.1 The Audit Manager will ensure procedures for work supervision and file review by the relevant Team Leaders, and will collect data and prepare reports on the Service's performance for the Head of Finance pursuant to the Council's performance management framework.
- 8.2 A formal report will be written for most audit assignments, except for some small audits where significant weaknesses were not discovered and where a full audit report was not deemed necessary. In these cases, memoranda will be sent to the relevant officers.
- 8.3 Where appropriate, each report will be placed in one of four assurance levels based on an evaluation of the internal control environment and the number of risks identified together with their risk score.

The current risk score will be categorised in one of four risk categories:

RISK LEVEL	SCORE
VERY HIGH	20 – 25
HIGH	12 – 16
MODERATE	6 - 10
LOW	1 - 5

- 8.4 The general assurance levels of audits are as shown in the table below:

ASSURANCE LEVEL	DEFINITION
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 that need tightening to further mitigate the risks.
LIMITED	Although controls are in place, compliance with the controls needs to be improved and/or introduce 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.

The use of assurance levels is likely to be less appropriate for reports that have been prepared following a special investigation, or for work containing “consultancy” aspects.

- 8.5 Following completion of audit work, a draft report of the findings as well as any areas of risks identified is prepared for the relevant managers so that they have an opportunity to consider the findings and possible solutions to mitigate risks and correct any factual errors. A period of 2-3 weeks is given to managers to respond to the draft, but a longer period will be considered if a request for an extension is received. If a response is not received by the stipulated date, the report is assumed to be acceptable and a final report will be issued. If comments are received, these will be considered (and the draft report may or may not be modified) before the final report is issued. If there is no agreement to mitigate risk(s), that will be addressed in the final report.
- 8.6 After an appropriate period, Internal Audit will conduct follow-up testing to ensure that what was agreed is operational. The results of follow-up work will be reported to Chief Officers and the Governance and Audit Committee.

## **9. ANNUAL AUDIT OPINION**

- 9.1 The Audit Manager shall prepare an Annual Report to the first meeting of the Governance and Audit Committee after the end of the financial year, in accordance with the Standards.

## **10. NON-ASSURANCE WORK**

- 10.1 In addition to the assurance work described, Internal Audit shall also:
- Provide financial advice to Council services, in particular on Financial Procedure Rules, Contract Standing Orders and Procurement, Financial Codes of Practice and the Council's Anti-fraud, Anti-corruption and Anti-bribery Strategy.
  - Assist service managers to prevent fraud and to investigate fraud on behalf of the Head of Finance, and offering advice and guidance on control improvements to avoid similar occurrences in future.
  - Gwynedd Council’s anti-fraud, anti-bribery and anti-corruption strategy states that members and the general public are encouraged to report concerns of fraudulent or corrupt behaviour by contacting the Assistant Head - Revenues & Risk or the Audit Manager.
  - Provide consulting services on specific projects (if capacity allows). An audit assurance level will not be provided on such projects.

## **11. INTERNAL AUDIT RESOURCE REQUIREMENTS**

- 11.1 Internal Audit comprises of the Audit Manager and two Audit Leaders, and five Senior Auditors. If the Audit Manager is of the opinion that he/she does not have sufficient resources to allow him/her to give an opinion on the control environment in accordance with the requirements of the Standards, he/she shall report this to the Head of Finance and also to the Governance and Audit Committee.
- 11.2 The Audit Leaders are responsible for supervising and reviewing work and for allocating the audit plan as projects for individual auditors.
- 11.3 A Management Team (comprising the Audit Manager and the Audit Leaders) will meet regularly to monitor performance and share information. The Audit Manager will meet with the Head of Finance to discuss performance and agree on Internal Audit's strategic direction.
- 11.4 From time to time, to reflect audit needs, and in the context of the resources available and the Council's Financial Procedure Rules, the Internal Audit service shall acquire external expertise to assist with audit work and in order to maintain the skill levels of permanent staff. This has been particularly true for the area of computer audit work, but other types of audit are not excluded from such arrangements.

## **12. TRAINING**

- 12.1 Members of the Internal Audit Service are actively encouraged to attend various seminars and courses to gain specialist knowledge in key areas including fraud, corruption and irregularities, IT, project management based on the PRINCE2 methodology, procurement and contracts. The training will be delivered either in-house or by attending external courses arranged by providers such as CIPFA.
- 12.2 Gwynedd Council's Internal Audit Service aims to continue to develop and reinforce the mix of skills and experience within the Service. The Internal Audit Service will continue with its objective of ensuring that a minimum of two auditors (not including the Audit Manager) will be qualified with a CCAB body or the IIA, in addition to ensuring that at least one auditor will be receiving training for a Professional qualification at any one time.
- 12.3 To comply with the CIPFA and ACCA qualification, Internal Auditors holding this qualification are required to undertake a minimum hours of continued professional development each year.

### **13. PERFORMANCE INDICATORS**

- 13.1 The key performance indicator for Internal Audit will be reported at each Governance and Audit Committee and performance will be reported in the Head of Audit Annual Report.
- 13.2 The Internal Audit Service participates in the Wales Chief Auditors Group benchmarking exercise.

### **14. QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME**

- 14.1 The Public Sector Internal Audit Standards and CIPFA's Local Government Application Note requires the Audit Manager (the "chief audit executive" in the Standards' terminology) to develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity.
- 14.2 A quality assurance and improvement programme is designed to enable an evaluation of the internal audit activity's conformance with the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. The Audit Manager shall encourage oversight by the Governance and Audit Committee ("the board" in the Standards' terminology) in the quality assurance and improvement programme.
- 14.3 The quality assurance and improvement programme will include both internal and external assessments.
- 14.4 An external assessment must be carried out at least once every five years by an independent, qualified reviewer from outside the organisation, either by conducting a full external assessment or a self-assessment validated by an external assessor.
- 14.5 The quality assurance and improvement programme and the results of both internal and external assessments will be presented to the Governance and Audit Committee by the Audit Manager.

## **15. RELEVANT DOCUMENTATION**

15.1 In addition to this report, the following documents are also of importance to the Internal Audit Service:

- The Governance and Audit Committee's Terms of Reference
- Financial Procedure Rules
- Financial Codes of Practice
- Contract Procedure Rules
- The Council's Anti-Fraud, Anti-Corruption and Anti-Bribery Strategy
- The Council's Whistleblowing Policy.

Internal Audit shall review and suggest changes to these documents as necessary.

COMMITTEE	<b>GOVERNANCE AND AUDIT COMMITTEE</b>
DATE	<b>30 JUNE 2022</b>
TITLE	<b>INTERNAL AUDIT STRATEGY AND ANNUAL INTERNAL AUDIT PLAN 2022/2023</b>
PURPOSE	<b>TO PRESENT THE INTERNAL AUDIT STRATEGY AND ANNUAL PLAN TO THE COMMITTEE</b>
AUTHOR	<b>LUNED FÔN JONES, AUDIT MANAGER</b>
ACTION	<b>TO APPROVE THE STRATEGY AND ANNUAL PLAN</b>

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## **1. INTRODUCTION**

- 1.1 The proposed Internal Audit Strategy and Internal Audit Plan for 2022/23 is attached for review and consideration by the Governance and Audit Committee.

## **2. BACKGROUND**

- 2.1. The Public Sector Internal Audit Standards (PSIAS) requires the Chief Audit Executive (Audit Manager), to develop a risk-based plan to determine the priorities of the internal audit activity, consistent with the Council's goals.
- 2.2 The Standard states that the risk-based plan should be fixed for a period of no longer than one year and should be sufficiently flexible to reflect the changing risks and priorities of the organisation. The risk-based plan takes into account the requirement to produce an annual internal audit opinion.
- 2.3 For internal audit to remain relevant, it must adapt to changing expectations and maintain alignment with the Council's objectives. The Internal Audit Strategy is fundamental to remaining relevant — playing an important role in achieving a balance between cost and value, while making meaningful contributions to the Council's overall governance, risk management, and internal controls.
- 2.4 A systematic and structured process was used to develop the Internal Audit plan, helping to enable the Internal Audit Service to achieve its vision and mission.

**3. RECOMMENDATION**

- 3.1 The Governance and Audit Committee is asked to receive and approve the contents of the Internal Audit Strategy and the Annual Internal Audit Plan for 2022/2023, to approve it, and support Internal Audit in its undertakings.



# INTERNAL AUDIT STRATEGY



# INTERNAL AUDIT STRATEGY AND ANNUAL AUDIT PLAN

## 2022-23

### 1. PURPOSE

1.1 The purpose of the Internal Audit Service is:

*To give confidence to the citizen and the Council on the Council's control environment and governance arrangements through independent and objective reporting to the Head of Finance and the Governance and Audit Committee*

### 2. DEFINITION

2.1 Section 4 of the Public Sector Internal Audit Standards sets out the Definition of Internal Auditing as follows:

**“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.**

### 3. STRATEGIC INTENTION

3.1 The Strategy sets out how the service will be delivered and developed and is underpinned by the Internal Audit Charter which describes the purpose, authority and responsibility and position of the Internal Audit Service within the organisation.

### 4. THE INTERNAL AUDIT PLAN

4.1 The Chief Audit Executive is required to develop a risk-based plan. The public sector requirement in PSIAS 2010 states that ***“the risk-based plan must incorporate or be linked to a strategic or high-level statement of how the internal audit service will be delivered and developed”***.

4.2 The annual risk-based plan takes into account the requirement to produce an annual internal audit opinion.

- 4.3 The Audit Manager will prepare an annual audit plan derived from an objective review of the risks that may affect the provision of the Council's services, and consultation with Heads of Departments and Senior Officers. It is agreed with the Head of Finance before it is presented to the Governance and Audit Committee to be adopted. Gwynedd Council Financial Procedure Rule 16.12.6 states: ***“The Head of Finance shall agree the medium-term and annual audit plans prepared by the Audit Manager which takes account of the characteristics and relative risks of the activities involved. The plans shall be approved by the Governance and Audit Committee”.***
- 4.4 When preparing the annual audit plan, detailed in Appendix A, consideration was given to what the Service needs to do in order to achieve its purpose.
- 4.5 In order to ensure that we are reviewing the right things, consideration was first given to the Corporate Risk Register, Gwynedd Council’s Plan along with any other significant developments. This is to ensure that the Council's key controls in order to deal with its main risks are addressed.
- 4.6 The result of this was to prepare an initial draft plan, which has been discussed with each Head of Department. This was an opportunity to further refine the plan, before being presented to the Governance and Audit Committee.
- 4.7 The Internal Audit plan 2022/2023 will also give appropriate consideration to the following:
- Will be aware at all times of the potential occurrence of fraud or corruption. We will therefore take advantage of the National Fraud Initiative, and undertake proactive fraud prevention work.
  - Continue to address specific grants, particularly where the conditions of the grant expect an Internal Audit review.
- 4.8 The audit plan will remain flexible in order to reflect any emerging issues or changes to risks and priorities of the Council and to also ensure the health and safety of both Internal Audit and client officers. Any revisions or amendments to the Plan will be reported to the Governance and Audit Committee in the usual manner.
- 4.9 To ensure flexibility, Internal Audit will use the AGILE methodology where possible. The objectives of applying the Agile principles are:
- Increasing audit quality
  - Short audit cycles
  - More interaction with the auditee
  - Providing insights

Agile provides a more flexible and dynamic Internal Audit Planning as a result of continuous risk monitoring.

- 4.10 It is projected that approximately 932 days of audit resources will be available to complete the 2022/23 audit plan. This is on the basis of analysis of the staffing resources available, including reasonable allowances for “unproductive” work such as holidays, illness, training, management and meetings and a provision of 40 days each for responsive and follow-up work.
- 4.11 Gwynedd Council’s Internal Audit provides an Internal Audit Service to several external clients including approximately 70 town and community councils, Snowdonia National Park, Byw’n Iach and GwE. These days have already been taken into consideration when calculating the number of days available to deliver the Gwynedd Council Plan, i.e. 932 days.
- 4.12 The 2022/2023 Audit Plan will be a plan with flexibility to enable the Service to support the Council in any emerging issues and to act promptly on any risks posed by those issues.

## **5. REPORTING**

- 5.1 The Audit Manager shall report regularly to the Governance and Audit Committee:
  - (a) On the results of Internal Audit work in the preceding period.
  - (b) On any substantial control weaknesses discovered or audited.
  - (c) On any agreed actions that were not implemented within the agreed timetable, where a failure to act on those action would prolong a substantial control weakness.
  - (d) Progress on completion of the Internal Audit Plan for the current year.
- 5.2 The Audit Manager will prepare a report on a regular basis to the Governance and Audit Committee outlining the work completed in the period leading up to that meeting.
- 5.3 The Audit Manager will also provide the Governance and Audit Committee with regular reports on progress against the annual internal audit plan.

## **6. ANNUAL AUDIT OPINION**

6.1 The Audit Manager shall prepare an Annual Report to the first meeting of the Governance and Audit Committee after the end of the financial year, in accordance with the Standards.

6.2 The Annual Report will principally include:

- An annual opinion on the framework for governance, risk management and control.
- A summary of the Internal Audit work completed from which the opinion is derived.
- An analysis of the utilisation of staff resources.
- Results of Internal Audit's Achievement measures.
- Internal Audit Quality Assurance and Improvement Programme.

## **7. FOLLOW-UP**

7.1 PSIAS Standard 2500 states ***"The PSIAS require a system to be in place for monitoring progress with management actions relating to audit findings, to confirm that these have been effectively implemented or, if not, that senior management have accepted the risk of not taking action."***

7.2 To this end, it is stated in paragraph 8.6 of the Charter ***"After an appropriate period, Internal Audit will conduct follow-up testing to ensure that what was agreed is operational. The results of follow-up work will be reported to Chief Officers and the Governance and Committee."***

7.3 Managers who do not address issues/risks arising from Internal Audit work will be required to attend the Controls Improvement Working Group.

## **8. INTERNAL AUDIT RESOURCE REQUIREMENTS**

8.1 As detailed in the Internal Audit Charter, if the Audit Manager is of the opinion that he/she does not have sufficient resources to allow him/her to give an opinion on the control environment in accordance with the requirements of the Standards, he/she shall report this to Head of Finance and also to the Governance and Audit Committee.

- 8.2 From time to time, to reflect audit needs, and in the context of the resources available and the Council's Financial Procedure Rules, the Internal Audit service shall acquire external expertise to assist with audit work and in order to maintain the skill levels of permanent staff. This has been particularly true for the area of computer audit work, but other types of audit are not excluded from such arrangements.

## **9. TRAINING AND DEVELOPMENT**

- 9.1 The Internal Audit Service will continue to invest in training to ensure the team continues their professional development and stays abreast of emerging risks and developments. We will also participate in the mandatory corporate training, as required.
- 9.2 The Internal Audit Service is also committed to coaching and mentoring its staff, and to providing opportunities for appropriate professional development. This is reflected in the high proportion of staff holding a professional accountancy qualification as well as several members of the team continuing professional training during 2022/23.

## **10. PERFORMANCE INDICATORS**

- 10.1 "Performance Challenge" meetings will be held four times a year in the presence of the Cabinet member for Finance, The Chief Executive or the Corporate Director and the Head of Finance. The Council Leader will attend one meeting per annum.
- 10.2 The key performance indicator for Internal Audit will be reported at each Governance and Audit Committee.

## **11. QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME**

- 11.1 The Public Sector Internal Audit Standards and CIPDA's Local Government Application Note requires the Audit Manager (the "chief audit executive" in the Standards' terminology) to develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity.

- 11.2 The PSIAS require each internal audit service to maintain a quality assurance and improvement programme based on an internal assessment which can be carried out on an ongoing basis and periodically, supplemented at least every five years by a full independent external assessment.
- 11.3 The outcomes from these assessments, including any improvement actions arising, will be reported to the Governance and Audit Committee, usually as part of the Head of Internal Audit Annual Report.
- 11.4 The Standards specify that the following core principles underpin an effective Internal Audit service:
- Demonstrates integrity
  - Demonstrates competence and due professional care
  - Is objective and free from undue influence (independent)
  - Aligns with the strategies, objectives, and risks of the organisation
  - Is appropriately positioned and adequately resourced
  - Demonstrates quality and continuous improvement
  - Communicates effectively
  - Provides risk-based assurance
  - Is insightful, proactive, and future-focused
  - Promotes organisational improvement.

**INTERNAL AUDIT PLAN 2022-23**

AUDIT CORPORATE	PURPOSE
Advice & Consultancy and Supporting Ffordd Gwynedd Reviews	To provide advice and support when considering issues regarding internal controls during reviews.
Ukraine Refugees Plan	A review to ensure that Ukranian refugees are supported by a fully embraced service to ensure their safety, sanctuary and access to public Services to assist them.
Psychological Safety	An assessment of psychological safety levels that will provide a reflection of how Ffordd Gwynedd is embedded within the Council.
Staff Recruitment and Retention Arrangements	With the increasing mobility of workers and the ability to work from home or hybrid with extensive Equipment employment opportunities, retention is now a pressing issue and it is essential that the risk of staff leaving are identifiaed. The audit will encompass a review of the retention strategy, succession planning and factors that may affect Recruitment and retention such as remuneration, trqaining arrangements and staff empowerment.
Safeguarding Arrangements - Estalishments	Provision for conducting "Safeguarding Arrangements" reviews when visiting establishments.
Proactive Prevention of Frand and Corruption and the National Fraud Initiative	Work is to be undertaken to ensure that robust arrangements are in place for dealing with the risks of fraud and corruption and the National Fraud Initiative which is run by the Wales Audit Office.
Information Managment - Establishments	Provision for conducting "Information Management" reviews when visiting establishments.
First Aid Payments	A review to ensure that appropriate officers have been designated as first-aiders and ensure that their qualification is up to date and that details displayed on notices in the offices are curent.
Payment and Authorisation Arrangements	A review of the ordering and payment arrangements across the Council to ensure compliacne with the Financial Procedure Rules and Contract Standing Orders.
Supporting Departments / Services with Business Arrangements following The Covid-19 Pandemic	Review the business arrangements adopted during the Covid-19 pandemic.

**AUDIT**

Absence Management and Referral Arrangements

**PURPOSE**

In a review conducted by the “Chartered Institute of Personnel and Development” (CIPD), 26% of employers now include long covid as the main reason for long-term sick leave. The pandemic has raised serious concerns about the mental health of individuals. The purpose of the audit is to review staff absence levels and ensure that there is an effective framework to support officers’ mental health by offering sources of support such as counselling, referral to the Occupational Health Service as well as ensuring that line managers have the support to support their teams.

Economic Social Responsibilities 2021 (Part2)

The Duty came into force on 31 March 2021 and is part of the Equality Act 2016. This review is a follow-up to the audit conducted in 2021-22.

Corporate Category Management

Undertake a review and select a sample of agreements to ensure that the Council spends public monies in a strategic and proper manner and review the development of cross-departmental strategic category plans. Ensure that the Service prioritises value for money and retains local benefit in the course of their work.

**EDUCATION****Resources**

Pupil Development Grant

The PDG has not been incorporated in the Regional Consortia School Improvement Grant; therefore it will be necessary to carry out a separate audit.

Regional Consortia School Improvement Grant

Requirement under the financial terms and conditions.

Post-16 provision in Schools Grant

Requirement under the financial terms and conditions.

**Schools**

Unofficial School Funds (Part 2)

Select a sample of school funds across Gwynedd to ensure that the accounts are properly maintained and that proper reporting arrangements to the Governing Body are complied with. The audit is a follow-up to a survey conducted in 2021-22.

Free School Meals

Ensure the arrangements for appropriate stock ordering and the use of School Gateway following the decision for primary school children to be entitled to free school meals as from September 2022.

## **AUDIT**

Education Business Centre

## **PURPOSE**

A review of the arrangements of the Education Business Centre. Since September 2019, the Education Business Centre has been established to develop support for schools and to rationalise and share management requirements. The core work of the Education Business Centre is to provide an information management service (SIMS) to primary schools, with an emphasis on providing a service level agreement to the primary schools that provides services such as written translation and simultaneous translation to the schools.

Schools Reserve Balances

A review of reserves to ensure that they are reasonable.

Schools - General

Annual provision for work involving providing advice and support.

## **ENVIRONMENT**

### **Planning and Environment**

Planning

A review of communication arrangements and timeliness of response.

### **Public Protection**

Taxi Safety

A review of the new taxi licensing arrangements to ensure the safety of all users by ensuring that appropriate DBS checks have been conducted together with vehicle condition checks.

### **Trafnidiaeth and Countryside**

Traffic and Projects

Reponse arrangements to enquiries and complaints across the Service.

Countryside Service

A progress review against the work programme following the Ffordd Gwynedd review.

## **NORTH WALES ECONOMIC AMBITION BOARD**

*To be agreed*

## **CORPORATE SUPPORT**

### **Democracy**

Arrangements for Returning Member Equipment

The purpose of the audit is to ensure that former cCouncil memers return items of IT equipemtn such as laptops and mobile phones back to the Council and that an adequate record exists so that all items of equipment can be accounted for and that control exists over software installed on qquipment sold to former members.

Member Training

A review to ensure that appropriate arrangements ar ein place to meet the training needs of memebrrs elected in May 2022.

<b>AUDIT FINANCE</b>	<b>PURPOSE</b>
<b>Across the Department</b> Data Protection	An audit to ensure that adequate arrangements are in place for Data Protection, not only electronic data and Access to systems, but also arrangements in respect of paper documentation, filing and disposal arrangements.
<b>Accountancy</b> Harbour Statement of Accounts 2021-22	This is a statutory requirement.
Joint Planning Committee Statement of Accounts 2021-22	This is a statutory requirement.
<b>Pensions and Payroll</b> Bonus Payments to Care Workers (Part 2)	Ensure that appropriate arrangements are in place for administering the bonus payment for care workers.
<b>Revenue</b> Self-Isolation Payments	Assist the Benefit Service in processing Self-Isolation Payments.
Cost of Living Support Payments	Ensure that the Cost of Living Support Payments meets the criteria for the scheme and that payments have been made correctly and in a timely manner.
Council Tax Refunds	A review to ensure that appropriate internal controls are in place for the administration and payment of council tax refunds.
<b>Information Technology</b> Ransomware	An area of high risk – ransomware can cause serious damage to data and devices, infrastructure and operations as well as financial loss and other significant consequences.
<b>ECONOMY AND COMMUNITY</b>	
<b>Community Regeneration</b> Welsh Church Fund	An independent check will be needed if the fund's income is over £25,000.
<b>Museums and Galleries</b> Lloyd George Museum	An independent check will be needed if the fund's income is over £25,000.
Neuadd Dwyfor	A review of the new arrangements established for the cafe, receipt of income and ordering and payment of invoices.

## **AUDIT**

**Economic Development Programmes**  
Shared Prosperity Fund

Beach Management Plan

## **PURPOSE**

Published on 13 April 2022, the UK Government's plans for the Shared Prosperity Fund, which replaces EU structural funding was announced. Between 2022-23 and 2024-25, £585m will be allocated to Wales through the Fund. Gwynedd's allocation from the Fund is £24.4m. This are will be subject to a continuous review.

This is an area of high risk. (Risk score - 20) The main risk is the safety of people in the sea which could be a threat to life, along with hazards from structures and objects on the beach.

## **ADULTS, HEALTH AND WELLBEING**

**Across the Department**

Use of Cash

A review to ensure robust controls are in place for cash withdrawals with the use of credit cards.

Liberty Protection Safeguards

New arrangements replacing DoLS – a review of arrangements for complying with the Liberty Protection Safeguards.

Staff Recruitment and Retention Arrangements

An area high risk in the Corporate Risk Register, it states that: "Our ability to maintain and deliver quality Services is wholly dependent on our workforce. This is true across the area, and indeed for independent providers as well. The risk of not having a competent, suitable and experienced workforce to provide the service needs of our residents is higher in some areas. We are also proving that the problem of being able to recruit and retain staff is more challenging in different parts of the County such as recruiting Home Carers in rural areas."

## **Business**

Transformation Team

A review of progress against the work programme of the Transformation Team.

## **Residential and Day**

Plas Gwilym

Ensure that the arrangements for the management and maintaining the home are appropriate and in accordance with relevant regulations and standards. The audit will encompass ensuring that the home's arrangements are adequate in terms of staffing and administration, budgetary control, procurement of goods and Services, health and safety, and monitoring performance and ensuring that Service users and their property are safeguarded.

Hafod Mawddach

See above.

Bryn Blodau

See above.

**AUDIT**  
**CHILDREN AND FAMILY SUPPORT**  
**Children and Families**  
Statutory Assessments (AMHP)

**PURPOSE**

This is a statutory requirement in accordance with the Mental Health Wales Measure. This has been identified as an area of high risk due to the lack of officers with the AMHP qualification.

**HIGHWAYS AND MUNICIPAL**  
**Across the Department**  
Ash Dieback

A review to ensure that the Department's arrangements are adequate following establishing an in-house team.

**Highways Maintenance**  
Highways – On Duty Arrangements

At the request of the Head. The Department is piloting new arrangements and the review will be beneficial in deciding whether to continue with the new arrangements or not.

**Municipal Works**  
Street Works Arrangements

A review of the arrangements in relation to rotas and overtime claims.

**Waste Management and Streets**  
Commercial Income

Significant Commercial income is received and the audit will encompass ensuring that the arrangements are adequate and operating in a proper manner.

**HOUSING AND PROPERTY**  
**Homelessness and Supported Housing**  
Housing Support Grant

Requirement under the terms of the grant and it states in the Corporate Risk Register that the risk is that the Grant is not being used to its full potential to reduce homelessness.

**Housing and Wellbeing**  
Grants for First Time Buyers

An audit to ensure that suitable arrangements are in place for verifying applications and allocating grants.

**Council Land and Property**  
Smallholdings

A review of the arrangements to ensure as is reasonably possible, that the smallholdings estate offer the best opportunities for Gwynedd's young farmers. The audit will include reviewing contracts, rents, repayments and repair and maintenance arrangements.

**CORPORATE LEADERSHIP TEAM**  
Local Government and Elections (Wales)  
Act 2021

A review to ensure that progress is made against the work plan.

**AUDIT**  
**GWYNEDD CONSULTANCY**  
Project Management Arrangements

**PURPOSE**

An audit was conducted in 2021-22 and the Head is eager for an audit in order to report on progress.

Inland and Coastal Work – the FCERM Strategy

Ensure that the Council is preparing a Local Flood Strategy and preparing a plan to reduce the risk and impact of flooding and coastal erosion on the residents of Gwynedd

<b>MEETING</b>	Governance and Audit Committee
<b>DATE</b>	30 June 2022
<b>TITLE</b>	AUDIT WALES REPORTS
<b>PURPOSE</b>	Provide an update to the Committee on the 2021-22 Audit Wales work programme for Quarter 4 and reports published recently
<b>RECOMMENDATION</b>	Members are asked to accept the report.
<b>AUTHOR</b>	Dewi W. Jones, Council Business Support Service Manager

## 1. BACKGROUND

- 1.1. The Governance and Audit Committee has a role to review and assess the risk management, internal control, performance management and corporate governance arrangements of the Council and as part of this role there is an expectation to consider the reports of external review bodies such as Audit Wales, Estyn and Care Inspectorate Wales (CIW).
  
- 1.2. As well as actively considering reports the committee are expected to assure themselves that there are arrangements in place to monitor and evaluate progress against any recommendations contained in them. To facilitate this work Audit Wales has prepared a quarterly update on the work of the review bodies and a copy of this document for Quarter 4 is included as **Appendix 1**.
  
- 1.3. A report on the current studies of Audit Wales, Estyn and Care Inspectorate Wales (CSSIW) and the progress made by the Council in response to proposals or recommendations was presented to the meeting of this committee on the 14th of October 2021. The next report will be presented to this committee on the 30<sup>th</sup> of June.

## Audit Wales Work Programme and Timetable – Gwynedd Council

### Quarterly Update: 31 March 2022

#### Work Programme Consultation

In early March 2022, we launched a [consultation](#) on the Auditor General's work programme for 2022-23 and beyond. We have requested responses by 8 April 2022, if possible, but will be considering responses received after this time to inform our ongoing work programme planning. We have circulated the consultation widely across our stakeholder base.

#### Annual Audit Summary

Description	Timetable	Status
<b>A report summarising completed audit work since the last Annual Audit Summary, which was issued in January 2022.</b>	December 2022	Draft to be issued November 2022.

## Financial Audit work

Description	Scope	Timetable	Status
<b>Audit of the Council's and its Joint Committees' 2021-22 Statement of Accounts</b>	To provide an opinion on the 'truth and fairness' of the financial statements for the financial year ended 31 March 2022.	Interim audit: <ul style="list-style-type: none"> <li>January 2022 through to April 2022.</li> </ul> Final audit: <ul style="list-style-type: none"> <li>June 2022 through to September 2022.</li> </ul>	Interim audit completed.
<b>Audit of the Gwynedd Pension Fund Accounts</b>	To provide an opinion on the 'truth and fairness' of the financial statements for the financial year ended 31 March 2022.	Interim audit: <ul style="list-style-type: none"> <li>April 2022 through to May 2022.</li> </ul> Final audit: <ul style="list-style-type: none"> <li>October 2022 through to November 2022.</li> </ul>	Interim audit completed.
<b>Certification of Grant returns: Teachers' Pension Contributions for the financial year 2021-22</b>	Certification that the end of year certificate is: <ul style="list-style-type: none"> <li>Fairly stated</li> <li>In accordance with the relevant terms and conditions</li> </ul>	Council deadline last working day in May 2022. Certification deadline 30 November 2022.	Deadline for completion of return by the Council not yet reached.

Description	Scope	Timetable	Status
<b>Certification of Grant returns: Housing Benefit Subsidy 2021-22</b>	Certification that nothing has come to our attention to indicate that the return is: <ul style="list-style-type: none"> <li>• Not fairly stated</li> <li>• Is not in accordance with the relevant terms and conditions</li> </ul>	Council deadline 30 April 2022. Certification deadline 31 January 2023.	Return received 27 April 2022.
<b>Certification of Grant returns: Non Domestic Rates 2021-22</b>	Certification that nothing has come to our attention to indicate that the return is: <ul style="list-style-type: none"> <li>• Not fairly stated</li> <li>• Is not in accordance with the relevant terms and conditions</li> </ul>	Council deadline 30 June 2022. Certification deadline 30 November 2022.	Deadline for completion of return by the Council not yet reached.

## Performance Audit work

2020-21 Performance Audit Work	Scope	Timetable	Status
<b>Commissioning Older People's Care Home Placements – the six North Wales Councils and Betsi Cadwaladr University Health Board</b>	A project common to the six North Wales Councils and Betsi Cadwaladr University Health Board that reviewed how partners collaborate in the strategic commissioning of residential and nursing home care.	December 2021	Final regional report published in December 2021. National report also published December 2021.
<b>Financial Sustainability</b>	A project common to all local councils that will assess financial sustainability in the light of current and anticipated future challenges building on work undertaken during 2019-20.	August 2021	Final local report published September 2021. National Summary Report published September 2021.

2021-22 Performance audit work	Scope	Timetable	Status
<b>Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations</b>	We will seek to integrate the delivery of our WFG examinations of steps to deliver wellbeing objectives with our other audit work. We will discuss this with the council as we scope and deliver the audit projects listed in this plan.	Not applicable	Not applicable
<b>Improvement reporting audit</b>	Audit of discharge of duty to publish an assessment of performance.	October 2021	Certificate issued August 2021.

2021-22 Performance audit work	Scope	Timetable	Status
<b>Assurance and Risk Assessment</b>	<p>Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources. At Gwynedd Council the project is likely to focus on:</p> <ul style="list-style-type: none"> <li>• Financial position</li> <li>• Self-assessment arrangements</li> <li>• Recovery planning</li> <li>• Implications of the Local Government and Elections (Wales) Act</li> <li>• Carbon reduction plans</li> </ul>	April 2021 to March 2022	Ongoing
<b>Springing Forward – Examining the building blocks for a sustainable future</b>	<p>As the world moves forward, learning from the global pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.</p>	<p>October 2021– March 2022. Focus on workforce and asset management.</p>	Fieldwork complete, report being drafted.

2021-22 Performance audit work	Scope	Timetable	Status
<b>Review of Performance Management</b>	Review the way performance management framework at the Council supports demand-led service delivery.	August 2021 to January 2022	Draft report issued to the Council in January 2022.

### Local government national studies planned/in progress

Study	Scope	Timetable	Status	Fieldwork planned at Gwynedd Council
<b>Direct Payments</b>	Review of how local authorities manage and promote the use of Direct payments	Publication April 2022	Publication	None
<b>Follow-up on People Sleeping Rough</b>	Review of how local authorities responded to the needs of people sleeping rough during the pandemic following up on the AGW's report of July 2020	N/A	N/A	This work is not progressing in 2021-22.

<b>Study</b>	<b>Scope</b>	<b>Timetable</b>	<b>Status</b>	<b>Fieldwork planned at Gwynedd Council</b>
<b>Poverty</b>	Understanding how local authorities ensure they deliver their services to minimise or reduce poverty.	Autumn 2021 – Autumn 2022	Fieldwork	Yes –interview with nominated officer at the Council.
<b>Social Enterprises</b>	Review of how local authorities are supporting and utilising social enterprises to deliver services	Autumn 2021 – Autumn 2022	Fieldwork	Yes – interview with nominated officer at the Council.
<b>Community Resilience</b>	Review of how local authorities can build greater resilience in communities	Autumn 2021 – Autumn 2022	Fieldwork	Yes – interview with nominated officer at the Council.

## Estyn

Estyn planned work 2021-22	Scope	Timetable	Status
<b>Local Government Education Services Inspections</b>	<p>Estyn has worked closely with Directors of Education to review their inspection guidance for local government education services (LGES) to reflect the experiences of the pandemic. Estyn has inspected three local authorities during the autumn and spring terms. The <a href="#">Cardiff and Merthyr Tydfil</a> reports have been published and the Torfaen report will be published on 18 May.</p>	<p>LGES inspections to resume from the late autumn term</p>	<p>N/A</p>
<b>Curriculum Reform thematic review</b>	<p><a href="#">Curriculum for Wales – how are regional consortia and local authorities supporting schools</a> published on 24 March.</p>	<p>Evidence collecting in September/October – published in March</p>	<p>N/A</p>

## Care Inspectorate Wales (CIW)

CIW planned work 2021-22	Scope	Timetable	Status
<b>National Assurance Check 2020-21</b>	CIW has now published all assurance check letters. CIW has published its national assurance check report highlighting key findings and recommendations.	Published	Complete
<b>Programme 2022-23</b>	CIW will run a cyclic programme of assurance checks, improvement checks and performance evaluation inspections.	April 2022- March 2023	In progress
<b>National review</b>	Support for disabled children and their families.	Published	Complete
<b>Development</b>	CIW will continue to develop its approach to inspection and review of local authorities.  CIW will consult further regarding its approach.	May-June 2022	In progress
<b>Deprivation of Liberty Safeguards Annual Monitoring Report for Health and Social Care 2020-21</b>	Completed	March 2021	Published
<b>Annual meeting with Statutory Directors of Social Services</b>	CIW will meet with all Directors of Social Services	December 2022 and January 2023	Planning

<b>CIW planned work 2021-22</b>	<b>Scope</b>	<b>Timetable</b>	<b>Status</b>
National review of Care Planning for children and young people subject to the Public Law Outline pre-proceedings	<p>Purpose of the review: To provide external scrutiny, assurance and to promote improvement regarding the quality of practice in relation to the care planning for children and young people subject to the public law outline pre-proceedings</p> <p>To consider the extent to which practice has progressed since the publication of both the CIW 'National Review of care planning for children and young people subject to public law outline pre proceedings' and the publication of the PLO working group report 2021 including best practice guidance.</p>	September 2022	Planning
<b>Joint Inspection Child Protection Arrangements</b>	Cross-inspectorate approach. Area to be determined.	Autumn 2022	Planning
<b>Deprivation of Liberty Safeguards Annual Monitoring Report for Health and Social Care 2021-22</b>	Following the publication of the 2020-21 report planning is underway for the next report.	2022-23	Planning
<b>Cafcass Assurance Check</b>	CIW will continue to develop its approach to inspection and review of Cafcass Cymru.	2022	Planning

## Audit Wales national reports and other outputs published since 1 April 2021

Report title	Publication date and link to report
Local Government Financial Sustainability Data Tool	<a href="#">February 2022</a>
Joint Working Between Emergency Services (including data tool)	<a href="#">January 2022</a>
Care Home Commissioning for Older People	<a href="#">December 2021</a>
The Welsh Government's Warm Homes Programme	<a href="#">November 2021</a>
Taking Care of the Carers? How NHS bodies supported staff wellbeing during the COVID-19 pandemic	<a href="#">October 2021</a>
Financial Sustainability of Local Government	<a href="#">September 2021</a>
NHS summarised accounts infographic	<a href="#">September 2021</a>
Picture of Public Services <sup>1</sup>	<a href="#">September 2021</a>
Town Centre Regeneration	<a href="#">September 2021</a>

<sup>1</sup> Main report published 15 September. Over the following six weeks we published five short sector commentaries: [A picture of local government](#), [A picture of healthcare](#), [A picture of social care](#), [A picture of schools](#), [A picture of higher and further education](#).

Report title	Publication date and link to report
Student finances	<a href="#">August 2021</a>
NHS finances data tool 2020-21	<a href="#">June 2021</a>
Rollout of the COVID-19 vaccination programme in Wales	<a href="#">June 2021</a>
Quality governance arrangements at Cwm Taf UHB – follow-up	<a href="#">May 2021</a>
Welsh Health Specialised Services Committee governance arrangements	<a href="#">May 2021</a>
At your Discretion – Local Government Discretionary Services	<a href="#">April 2021</a>
Procuring and Supplying PPE for the COVID-19 Pandemic	<a href="#">April 2021</a>

## Audit Wales national reports and other outputs (work in progress/planned)<sup>2</sup>

Title	Anticipated publication date
Welsh Government accounts commentary	To be confirmed – plans for this work are now under review
Unscheduled care – data tool and commentary	April 2022
Collaborative arrangements for managing local public health resources	April 2022
Welsh Government setting of well-being objectives	May 2022
COVID response and recovery/Welsh Government grants management – third sector support	May 2022
Curriculum reform	May 2022
NHS waiting times data-tool and planned care commentary	May 2022
Welsh Community Care Information System follow-up	May 2022

<sup>2</sup> We will continue to keep our plans under constant review, taking account of the evolving external environment, our audit priorities, the context of our own resourcing and the capacity of audited bodies to engage with us. This includes maintaining some flexibility so that we can respond to developments in Welsh Government policy and areas of possible interest for the new Public Accounts and Public Administration Committee.

Title	Anticipated publication date
Orthopaedic services	May/June 2022
NHS finances data tool update	June 2022
Welsh Government workforce	June 2022
Equality impact assessment	July 2022
Climate change – baseline review	July 2022
Broadband infrastructure/digital inclusion	Autumn 2022
Flood risk management	Autumn 2022
COVID response and recovery/Welsh Government grants management – other	To be confirmed
Affordable housing	To be confirmed

## Forthcoming Good Practice Exchange events and publications

Title	Anticipated publication/event date
Direct Payments Provision – A webinar discussing the upcoming report on Direct Payments Provision and how they can be a key part in implementing the principles of the Social Service and Well-Being (Wales) Act 2014	6 April 2022 – recording will be published following the event.
Climate Change Event - (Title to be confirmed) A webinar discussing emerging findings from our baseline review of public bodies' arrangements to respond to the Welsh Government's carbon reduction targets for 2030.	19 May 2022 (provisional)
Covid Perspectives: A series of recorded conversations learning how organisations have adapted to the extended period of uncertainty following the initial covid emergency	<a href="#">Good Practice   Audit Wales</a>

## Recent Audit Wales Blogs

Title	Publication date
<a href="#">Cyber resilience – one year on</a>	9 February 2022
<a href="#">Helping to tell the story through numbers</a> (local government financial sustainability data tool)	3 February 2022

Title	Publication date
<u>Call for clearer information on climate change spending</u>	2 February 2022
<u>Actions speak louder than words</u> (building social resilience and self-reliance in citizens and communities)	14 January 2022
<u>Wales' schools face the alarming challenge of the lowest birth-rate in 100 years</u>	21 December 2021

# Agenda Item 17



## 2022 Audit Plan – Gwynedd Council and Minor Joint Committees

Audit year: 2021-22

Date issued: May 2022

Document reference: 2891A2022

This document has been prepared as part of work performed in accordance with statutory functions.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

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# 2022 Audit Plan

## About this document

- 1 This document sets out the work I plan to undertake during 2022 to discharge my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

## My duties

- 2 I complete work each year to meet the following duties.

## Audit of financial statements

- 3 Each year I audit Gwynedd Council's financial statements to make sure that public money is being properly accounted for.

## Value for money

- 4 The Council has to put in place arrangements to get value for money for the resources it uses, and I have to be satisfied that it has done this.

## Sustainable development principle

- 5 The Council needs to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

## Impact of COVID-19

- 6 The COVID-19 pandemic has had an unprecedented impact on the United Kingdom and the work of public sector organisations.
- 7 While Wales is currently at Coronavirus Alert Level 0, Audit Wales will continue to monitor the position and will discuss the implications of any changes in the position with your officers.

## Audit of financial statements

- 8 It is my responsibility to issue a certificate and report on the financial statements. This includes:
  - an opinion on the on the 'truth and fairness' of the Council's financial statements for the financial year ended 31 March 2022; and
  - an assessment as to whether the Council's Narrative Report and Annual Governance Statement is prepared in line with the CIPFA Code and relevant

guidance and is consistent with the financial statements and with my knowledge of the Council.

- 9 In addition to my responsibilities for auditing the Council's financial statements, I also have responsibility for:
- certifying a return to the Welsh Government which provides information about the Council to support preparation of Whole of Government Accounts;
  - responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary);
  - the certification of a number of grant claims and returns as agreed with the funding bodies.
- 10 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Governance and Audit Committee prior to completion of the audit.
- 11 Any misstatements below a trivial level (set at 5% of materiality) I judge as not requiring consideration by those charged with governance and therefore will not report them.
- 12 There have been no limitations imposed on me in planning the scope of this audit.
- 13 I will also report by exception on a number of matters which are set out in more detail in our Statement of Responsibilities, along with further information about my work.

## Audit of financial statements risks

14 The following table sets out the significant risks I have identified for the audit of the Council.

### Exhibit 1: financial statement audit risks

This table summarises the key financial statement audit risks identified at the planning stage of the audit.

Audit risk	Proposed audit response
<b>Significant risks</b>	
<p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li> <li>• review accounting estimates for biases; and</li> <li>• evaluate the rationale for any significant transactions outside the normal course of business.</li> </ul>
<b>Other audit risks</b>	
<p><b>Impact of COVID-19</b> Although COVID-19 restrictions have now been removed, there have been ongoing pressures on staff resources and of remote working that may impact on the preparation, audit and publication of accounts. There is a risk that the quality of the accounts and supporting working papers, eg around estimates and valuations, may be compromised leading to an increased incidence of errors. Quality monitoring arrangements may be compromised due to timing issues and/or resource availability.</p>	<p>We will discuss your closedown process and quality monitoring arrangements with the accounts preparation team and make arrangements to monitor the accounts preparation process. We will help to identify areas where there may be gaps in arrangements.</p>

Audit risk	Proposed audit response
<p>The COVID-19 pandemic will have a significant impact on the risks of material misstatement and the shape and approach to my audit. The Welsh Government has made available various funding streams to the authority. In some cases, these monies provide financial support to the authority itself. In other cases, the funds have been administered by the authority, making payments to third parties on behalf of the Welsh Government.</p> <p>Payments have been made available through a number of different schemes over the course of 2021-22 and the amounts involved are material to the accounts.</p> <p>Examples of audit risks include:</p> <ul style="list-style-type: none"> <li>• Incorrect accounting treatment for COVID-19 funding ie principal or agency arrangements</li> <li>• Fraud/error risks</li> <li>• Potential year-end valuation uncertainty</li> <li>• Estimation of accrued annual leave provisions</li> </ul>	<p>We will review the funding streams received from the Welsh Government and confirm the appropriate accounting treatment with the authority.</p>
<p><b>Asset valuations</b></p> <p>Accounting for Property, Plant and Equipment and Intangible Assets continued to be one of the most challenging areas of the accounts and gives rise to most of our audit findings. In light of the COVID restrictions that were in place throughout 2021-22 and uncertainties over market values for assets since the start of the pandemic, there is a risk that the carrying value of assets reported in the accounts may be materially different to the current value of assets as at 31 March 2022. In particular, this may be the case where assets have been valued on a rolling basis and not as at the financial year-end.</p>	<p>We will review the Council's asset valuation programme to establish when individual groups of assets were valued and seek to confirm that valuations carried out earlier than as at 31 March 2022 are not materially different to the current value of assets as at the year-end.</p>

## Performance audit

- 15 In addition to my Audit of Financial Statements I also carry out a programme of performance audit work to discharge my duties as Auditor General as set out in paragraphs 4 and 5 in relation to value for money and sustainable development.
- 16 In response to the pandemic, I adopted a flexible approach to my performance audit work both in terms of topic coverage and methodology. This enabled me to respond to the fast-moving external environment and provide more real-time feedback in a range of formats.
- 17 For 2022-23, I intend to continue this approach to help enable my work to be responsive and timely, and where possible to share learning more quickly. As part of this approach, I anticipate that a significant proportion of my local performance audit programme will continue to be delivered through the Assurance and Risk Assessment Project, that will be ongoing throughout the year.
- 18 Given the high degree of commonality in the risks facing councils I also intend to deliver a number of thematic projects examining risks common to all councils.
- 19 During 2020-21, I consulted public bodies and other stakeholders on how I will approach my duties in respect of the Well-being of Future Generations (Wales) Act 2015 from 2020-2025.
- 20 In March 2021, I wrote to the public bodies designated under the Act setting out my intentions, which include a). carrying out specific examinations of how public bodies have set their well-being objectives and b). integrating my sustainable development principle examinations of steps to meet well-being objectives with my national and local audit programmes.
- 21 My auditors are liaising with Gwynedd Council to agree the most appropriate time to examine the setting of well-being objectives.
- 22 The examination of steps to meet well-being objectives will be conducted as part of work set out in this audit plan and successive audit plans, leading up to my statutory report under the Act in 2025.
- 23 For 2022-23 my performance audit work at Gwynedd Council is set out below.

## Exhibit 2: Performance Audit Programme 2022-23

This table summarises the performance audit programme for 2022-23.

Performance audit programme	Brief description
Assurance and Risk Assessment	<p>Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources and acting in accordance with the sustainable development principle</p> <p>At Gwynedd Council, the project is likely to focus in particular on:</p> <ul style="list-style-type: none"> <li>• Financial position</li> <li>• Capital programme management</li> <li>• Use of performance information – with a focus on service user feedback and outcomes</li> <li>• Setting of well-being objectives</li> </ul>
Thematic review – unscheduled care	<p>We intend to undertake a cross-sector review focusing on the flow of patients out of hospital. This review will consider how Gwynedd Council is working with its partners to address the risks associated with the provision of social care to support hospital discharge, as well as prevent hospital admission. The work will also consider what steps are being taken to provide medium to longer-term solutions.</p>
Thematic review (to be confirmed)	<p>To be confirmed following the consultation referred to in <b>paragraph 24</b> below.</p>
Local review	<p>Effectiveness of Scrutiny.</p>

- 24 In March 2022, I published a [consultation](#) inviting views to inform our future audit work programme for 2022-23 and beyond. In particular, it considers topics that may be taken forward through our national value for money examinations and studies and/or through local audit work across multiple NHS, central government and local government bodies. As we develop and deliver our future work programme, we will be putting into practice key themes in our new five-year strategy, namely:
- the delivery of a strategic, dynamic, and high-quality audit programme; supported by
  - a targeted and impactful approach to communicating and influencing.
- 25 The possible areas of focus for future audit work that we set out in the consultation were framed in the context of three key themes from our [Picture of Public Services](#) analysis in autumn 2021, namely: a changing world; the ongoing pandemic; and transforming service delivery. We also invited views on possible areas for follow-up work.
- 26 We will provide updates on the performance audit programme through our regular updates to the Council.

## Certification of grant claims and returns

- 27 I have also been requested to undertake certification work on the Council's grant claims, which I anticipate will include Housing Benefits, Teachers' Pensions and Non-Domestic Rates returns.

## Statutory audit functions

- 28 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
  - Section 31 Right to make objections at audit.
- 29 As this work is reactive, I have made no allowance in the fee table below. If I do receive questions or objections, I will discuss potential audit fees at the time.

## Fee, audit team and timetable

- 30 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with a timescale to be agreed taking into account the impact of COVID-19, to the quality expected and have been subject to a robust quality assurance review;
  - information provided to support the financial statements is in accordance with the agreed audit deliverables document;
  - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
  - all appropriate officials will be available during the audit;
  - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
  - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.
- 31 If I do receive questions or objections, I will discuss potential audit fees at the time.

## Fee

- 32 As set out in our Fee Scheme 2022-23 our fee rates for 2022-23 have increased by 3.7% as a result of the need to continually invest in audit quality and in response to increasing cost pressures.
- 33 The estimated fee for 2022 is set out in **Exhibit 3**. This represents a 3.6% (excluding grant certification work) increase compared to your actual 2021 fee.

### Exhibit 3: audit fee

This table sets out the proposed audit fee for 2022, by area of audit work, alongside the actual audit fee for last year.

Audit area <sup>1</sup>	Proposed fee (£) <sup>2</sup>	Actual fee last year (£)
Audit of accounts <sup>3</sup>	187,096	180,450
Performance audit work <sup>4</sup>	102,732	99,310
Grant certification work <sup>5</sup>	45,000-50,000	46,735
Other financial audit work <sup>6</sup>	1,225	1,200
Total fee	336,053	327,695

- 34 Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Council.
- 35 Further information can be found in my [Fee Scheme 2022-23](#).

<sup>1</sup> Separate Audit plans have been prepared for GwE and the North Wales Economic Ambition Board.

<sup>2</sup> The fees shown in this document are exclusive of VAT, which is not charged to you.

<sup>3</sup> Payable November 2021 to October 2022.

<sup>4</sup> Payable April 2022 to March 2023.

<sup>5</sup> Payable as work is undertaken.

<sup>6</sup> Payable November 2021 to October 2022 for work undertaken on the Joint Planning Policy Committee and Gwynedd Council Harbours.

## Audit team

36 The main members of my team, together with their contact details, are summarised in **Exhibit 4**.

### Exhibit 4: my audit team

This table lists the members of the local audit team and their contact details.

Name	Role	Contact number	E-mail address
Matthew Edwards	Engagement Director	029 20320663	<a href="mailto:matthew.edwards@audit.wales">matthew.edwards@audit.wales</a>
Yvonne Thomas	Audit Manager (Financial Audit)	029 22677830	<a href="mailto:yvonne.thomas@audit.wales">yvonne.thomas@audit.wales</a>
Sioned Owen	Audit Lead (Financial Audit)	029 20829338	<a href="mailto:sioned.owen@audit.wales">sioned.owen@audit.wales</a>
Jeremy Evans	Audit Manager (Performance Audit)	07825 052861	<a href="mailto:jeremy.evans@audit.wales">jeremy.evans@audit.wales</a>
Alan Hughes	Audit Lead (Performance Audit)	029 20829349	<a href="mailto:alan.hughes@audit.wales">alan.hughes@audit.wales</a>

37 There are some threats to independence that I need to bring to your attention relating to Yvonne Thomas the Audit Manager (Financial Audit) and Sioned Owen the Financial Audit Lead (Financial Audit). They both have acquaintances and/or family employed by the Council. As a result, they will either not be involved in any work in relation to the relevant services, or appropriate steps will be implemented to ensure that any potential conflicts are managed.

## Timetable

- 38 The key milestones for the work set out in this plan are shown in **Exhibit 5**.
- 39 The Public Audit (Wales) Act 2004 provides electors with the right to ask questions and to make objections to the Authority's accounts to the Auditor General. The rights to ask questions and make objections at audit are linked to electors' rights to inspect the accounts that are also set out in the 2004 Act.

### Exhibit 5: audit timetable

Planned output	Work undertaken	Report finalised
2022 Audit Plan	March 2022	April 2022
<b>Audit of Financial statements work:</b> <ul style="list-style-type: none"> <li>• Audit of Financial Statements Report</li> <li>• Opinion on Financial Statements</li> </ul>	June to September 2022	October 2022  October 2022
<b>Performance audit work:</b> <ul style="list-style-type: none"> <li>• Assurance and Risk Assessment</li> <li>• Thematic Review – unscheduled care</li> <li>• Thematic Review [to be confirmed]</li> <li>• Effectiveness of Scrutiny</li> </ul>	Timescales for individual projects will be discussed with the Council and detailed within the specific project briefings produced for each piece of work.	
<b>Grants certification work</b> <ul style="list-style-type: none"> <li>• Housing Benefit</li> <li>• Non-Domestic rates</li> <li>• List other schemes</li> </ul>	Autumn/Winter 2022	Autumn/Winter 2022

Planned output	Work undertaken	Report finalised
Annual Audit Summary	N/A	December 2022 subject to completion of accounts audits



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We welcome correspondence and telephone calls in Welsh and English.  
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

# Agenda Item 18

<b>MEETING</b>	<b>GOVERNANCE AND AUDIT COMMITTEE</b>
<b>DATE</b>	<b>30 June 2022</b>
<b>TITLE</b>	<b>Recommendations and Improvement Proposals of External Audit Reports</b>
<b>PURPOSE</b>	<b>Ensure that the Audit Committee satisfies itself that the actions created in response to recommendations in external audit reports are realised.</b>
<b>AUTHOR</b>	<b>Geraint Owen, Head of Corporate Support Department</b>

## **1 The decision sought/purpose of the report**

- 1.1 The Committee will need to satisfy itself that appropriate arrangements are in place in order to ensure that the improvement proposals that arise from external audit reports are implemented.

## **2 Introduction**

- 2.1 The Governance and Audit 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 Governance and Audit Committee in this matter is to **satisfy itself that arrangements and processes are underway to ensure that these improvement proposals are implemented**, and the Committee should not duplicate 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 Improvement Working Group.

## **3 Relevant Considerations**

- 3.1 In **Appendix 1**, a chronological list is submitted of inspections undertaken by external auditors between 2018 and June 2022, along with their improvement proposals. The 'local/relevant [reports] for Gwynedd Council' have been listed first, followed by the national reports.
- 3.2 We have noted 'the direction of the discussion on the recommendations' in order to show where the report and its recommendations have been discussed and, therefore, how any action plan was agreed upon.
- 3.3 We have noted 'Progress against improvement proposals' focusing on what has been achieved since the Committee last discussed this matter in October 2021.
- 3.4 We then note our 'Conclusion' of the progress made - have sufficient steps been taken to satisfy the Committee that the work of realising the recommendation is 'completed', or is it still 'on-going'? These conclusions have been agreed by the Council's Governance Group. It is a matter for this Committee to determine

whether or not it agrees with the 'Conclusions'. A key to the meaning of the conclusions can be viewed at the beginning of Appendix 1.

- 3.5 All of the reports in Appendix 1 had recommendations deemed 'not commenced', 'plan in progress' or 'on-going' when the matter was last discussed by this Committee in October 2021, or are reports that have been published since then.

#### **4 Reasons for Recommending the Decision**

- 4.1 The Governance and Audit 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 - Improvement Proposals in External Audit Reports 2018-2022.

## **Improvement Proposals - External Audit Reports 2019-2022**

### **Key to the conclusions –**

1. **Not commenced** - the report has not yet been considered.
2. **In the planning stages** - hold discussions in order to determine how to respond to the recommendations and plan if/how to implement.
3. **On-going** - agreement or action plan in place in order to respond to the recommendations and work has commenced.
4. **Completed** - action plan to respond to the recommendations being realised but it can be argued that the work of achieving the recommendations will never end as it is continuous work / or: the recommendations have been realised.

### **PART 1 - Local or regional reports that assess the work of Gwynedd Council**

1. **Gwynedd Council - Human Resources Information System** - Local report to Gwynedd published November 2018  
[Link to the report on Audit Wales website](#)

### **Improvement Proposals arising from the report –**

- (i) Establish a formal benefit verification programme to be able to appropriately evaluate the aims of the development project.
  1. Review technology options within the project:
- (ii) Improve access to enable more staff (for example, those who are in a remote location) to engage with the system.

### **The direction of the discussion on the recommendations**

The Project Board is monitoring the benefits of the project in order to assess whether the resolution offers value for money to the Council. As a result, it is proposed to submit a report in the near future that will make an assessment of this progress and outline what is to be achieved again. Due to the increasing demand on the time of developmental staff in the in-house IT Service and also the complexity of developing key modules there is an increasing possibility that we will need to look externally for some aspects of the solution.

### **Progress against improvement proposals**

Due to the impact of the pandemic, it was not possible to complete further work in terms of finding the IT skills levels of the workforce that are based in remote areas. It is proposed to resurrect the work, however, unfortunately to date no specific timetable has been drafted. However, as a sign of wider use it is good to note that over 90% of the Council workforce now has access to their wage slips by using the staff self-service portal.

## Conclusion

On-going.

## **2. Local Government Use of Data – Gwynedd Council**

Local report for Gwynedd from Audit Wales published in January 2019

[Link to the report on the Audit Wales website](#)

### Improvement Proposals arising from the report –

The Authority needs to develop a more unified and corporate approach to using data. A change in culture and stronger leadership on data is therefore crucial in Gwynedd and will support the creation of an environment that treats data as a key resource. This will help to extend the benefits of data-led decisions to all service areas and help to improve transparency and democracy.

Updating data sharing protocols and providing refresher training - focusing on what people can do rather than what they cannot do - will help to ensure that service managers know when and what they can share, thereby helping to avoid unnecessary and disproportionate risk aversion when it comes to data sharing.

The Authority should build on the work of its research and analytics unit to review the range and quality of information needed by decision makers and the format it is presented in. This will enable the Authority to set corporate data reporting standards to ensure the data that is presented to senior officers and Elected Members is accessible, easily understandable and supports decision makers to fulfil their responsibilities as effectively as possible.

### The direction of the discussion on the recommendations

The report and improvement recommendations were discussed at the Information Governance Operational Panel, and the matter is included in the Council's Risk Register (Governance level): "Fails to maximise the potential of information when supporting Council business and fails to meet statutory standards". Furthermore and as part of the Council's Digital Transformation Programme, a Data Sub-group was

established to get to grips with this field with a representative from every department contributing to an ambitious work programme to improve the use of data.

### Progress against improvement proposals

The Council's Information Plan 2021-26 was adopted by the Cabinet in January 2021. Along with the associated action plan, this sets out the Council's direction in the field of information over the coming years and includes the matters noted in the report.

### Conclusion

On-going.

### **3. Inspection Report – Gwynedd Domiciliary Care Services**

Local report for Gwynedd published by Care Inspectorate Wales January 2019

#### Improvement Proposals arising from the report:

1. Staff training (Regulation 16 (2)(a)). We found that the frequency of staff training was inconsistent and not all staff training records had been updated. Providing staff with a consistent and equal level of training was also recommended at the last inspection. We have not issued a notice on this occasion as we did not see this had negatively impacted people's well-being or upon staff development. Each staff member we spoke with told us they believed training provision could be improved and this was acknowledged by the management team.
2. Quality of service report (Regulation 23 (1), (2) & (3)). We found that the service had not completed an annual quality of service report and had not consulted with people using the service and their representatives. We have not issued a notice on this occasion as we did not see this had negatively impacted upon people's well-being or the care and support being provided.
3. Service delivery plans and risk assessments need to be reviewed in timely fashion.
4. The service needs to improve the way in which they document and record formal and informal discussions with families/representatives and staff. This will ensure a clear audit trail.
5. Ensure that staff receive formal supervision sessions that are timely and consistent, minutes of these sessions should be kept up to date, and staff should also receive an annual appraisal.

6. The service's information page needs to be updated, and it should include the correct contact details for CIW.

### The direction of the discussion on the recommendations

The six recommendations from the report have been given full consideration. The recommendations have been discussed in the service's management team meetings, and they're being integrated into the Council's wider Domiciliary Care Transformation programme. They will also be considered as part of the work programme for the Home Care Project, which explores the possibility of re-commissioning and re-modelling the way we provide services to individuals. Although the recommendations from this report have not been raised to the corporate risk register, we feel that the recommendations have an important role to play in ensuring that we provide services of the highest possible standard. Thus, we as a management team will be reviewing our progress against the recommendations on a regular basis.

### Progress against improvement proposals

The Department's intention was to ensure improvements across both internal and external provisions as part of the Home Care Project, and the Department has responded to the recommendations by establishing short term measures to improve the service. Although the Home Care Project is progressing by now, we must acknowledge that we experienced significant slippage to the original timeline due to the Covid-19 pandemic.

In addition, during the last two years there have been changes to the leadership of the service. Following the retirement of one senior manager, we have appointed a new individual to the role, and also appointed a Deputy Head of Department which oversees the Provider service.

As a result, we as a service have made the decision to focus on initially improving two key priority areas, which are: ensuring consistency in frequency and recording of staff training, and developing a consistent report of service quality.

Work has started on finding which members of staff have attended which training courses, and our intention is to develop an electronic method of storing this information more effectively. There's also a specific work stream of the Home Care Project that focuses on training for staff from internal and external providers, which will ensure that all members of staff have been offered the same level of training.

As part of the Home Care Project we have been engaging with staff and service users to update them on developments. The transition phase is a key part of the Home Care Project, and we hope to engage further with service users and their representatives during the Winter of 2022 to gather feedback for our quality report.

We are also aware of the four developmental points that need to be considered, and we will continue to include this as part of the Service Transformation work programme in order to realise these changes.

### Conclusion

On-going.

#### **4. The Well-being of Future Generations: Audit of 'Establishing a New Youth Service to Support Young People' - Gwynedd Council**

The Local report for Gwynedd from Care Inspectorate Wales published in September 2019

#### Improvement Proposals arising from the report –

1. Although it had responded to the opinion of service users, the Council's approach is mainly reactive and it is steered by a changing operational context - specifically, financial constraints. The Council's perception of the benefits of establishing an implementation model that can be increased or reduced in response to needs, is mainly involved with helping to respond easier to budgetary pressures.
2. Data sources used to enlighten the new model mainly focused on understanding the needs of current service users and not much use of data was made to model the service demand in future.
3. The newly remodelled mobile service is more able to be present on a temporary basis, as and when required and it has more ability to be more dynamic in terms of responding to social matters, helping to prevent them from exacerbating.
4. Increasing the effective use of data will give the Council a better understanding of fundamental cases, issues and service demand. This will help the Council to think more widely and use a more integrated method in terms of early intervention and prevention.
5. There is limited evidence to reflect that the Council has considered how this step contributes towards its wider well-being objectives, those of its partners or the seven national well-being aims. The Council did not use an integrated method when remodelling its youth service. Although the well-being objectives of the Council and partners had not been confirmed when the remodelling process commenced, its reactive method in nature, which was stimulated by financial considerations, meant that wider priorities were not considered effectively.

6. The Council places great emphasis on applying a 'citizen-focused' method, namely 'Ffordd Gwynedd', when implementing the action. However, in the action reviewed, the Council could not fully show that 'Ffordd Gwynedd' incorporated the sustainable development principle and the five ways of working. Doing so would facilitate more integration.
7. Although it created more opportunities to collaborate on an operational level, the Council cannot show that it has considered how to work strategically with partners to achieve the step. This reflects our findings in relation to integration.
8. One partner stated that a negative change had been seen in terms of engaging with the Council's youth service after it was newly remodelled, as this had unfavourably affected the preventative objectives and activities of the partner. Again, this reflects our findings in relation to integration.
9. The absence of a clear message stating the intention to close all the existing youth clubs in the 'Gwynedd Youth Service for Tomorrow' video is a key weakness in terms of how the Council conveyed potential changes to service users and citizens.

#### The direction of the discussion on the recommendations

In the previous reports that have been presented to the Audit Committee in November 2019 and October 2021, it was noted that the Council had noted a desire to seek a further discussion with Wales Audit Office on the outcomes and improvement proposals of the Youth Service audit. See the minutes of the Full Council dated 3 October 2019.

A Progress Report on remodelling the Youth Service was submitted to the Education and Economy Scrutiny Committee on 23 January 2020. This report did not refer to the improvement recommendations as the discussion with the Audit Office continued.

#### Progress against improvement proposals

Audit Wales agreed to undertake a follow-up review of the implementation of the new youth service model as a response to the concerns of the Full Council that their original report had not considered the quality of the new youth model.

It had been intended to complete the review during 2020-21 but due to the Covid-19 crisis, the work has been postponed. An agreement was made on a brief for the review in January 2021 but a completion timetable is yet to be confirmed. The review intends to examine the quality of the provision under the arrangements of the new model. The Youth Service has not implemented the new model since the beginning

of the crisis due to the need for them to adapt to respond to the needs of young people, and due to the fact that pandemic restrictions prevented them from providing some elements of the service entirely. Recovery work is already afoot but we do not anticipate that the Youth Service will fully recover to the new model for some time yet.

## Conclusion

In the planning stages.

### **5. Commissioning Placements in Care Homes for Older People - North Wales Councils and the Betsi Cadwaladr University Health Board**

A regional report focusing on the work of North Wales authorities in the field of commissioning care homes published 16 December 2021 - [Commissioning Care Homes for Older People | Audit Wales \(archwilio.cymru\)](#)

This report notes the findings of the Auditor General's review of arrangements for commissioning placements in care homes across North Wales. The work was undertaken as part of the statutory programme of local audit work in each of the local authorities in North Wales and Betsi Cadwaladr University Health Board.

#### Improvement Proposals arising from the report (or recommendations as they are called in the report) -

1. North Wales Councils and the Betsi Cadwaladr University Health Board need to ensure that consistent use is made of contracts prior to placement throughout the region.
2. The current method of commissioning placements in care homes may cause tensions between partners and lead to poor value and a poor experience for service users. North Wales Councils and the Betsi Cadwaladr University Health Board need to collaborate to review local arrangements to commission placements in care homes to erase the detrimental impacts that can be avoided to service users and to each organisation.
3. Accountability is one of the corner stones of the decision-making process in the public sector. Governance arrangements need to scrutinise decisions and bring decision makers to account. North Wales Councils and the Betsi Cadwaladr University Health Board need to strengthen their governance arrangements by working in partnership to ensure appropriate accountability and effective scrutiny.

4. North Wales Councils and the Betsi Cadwaladr University Health Board, through the Regional Commissioning Board, need to develop a commissioning placements strategy in care homes that is agreed regionally, and then, develop an associated delivery plan.
5. North Wales Councils and the Betsi Cadwaladr University Health Board need to review their commissioning arrangements for placements in care homes to ensure that they deliver their statutory responsibilities in relation to the Welsh language, and the Well-being of Future Generations Act.

#### The direction of the discussion on the recommendations

A report was presented to the Cabinet on the 28/06/22 following a review of the affordability of residential and nursing fees in 2022/23. The sustainability of the care provider market has been included on the Department's risk register.

#### Progress against improvement proposals

We are part of regional discussions on commissioning residential and nursing placements, and we expect to receive a regional contract to be used prior to placement in September 2022. Despite this, in order to ensure the sustainability and stability of the care market in Gwynedd, we will be stepping away from the North Wales Standard fees.

We are working closely with officers from the Betsi Cadwaladr Health Board to strengthen our governance arrangements for cases that are co-commissioned. Initial discussions have also begun among Council officers regarding language and the Wellbeing of Future Generations Act.

#### Conclusion

In the planning stages.

#### **6. Review of the Council's Performance Management**

Local report for Gwynedd from Audit Wales published in February 2022

[Link to the report on Audit Wales website](#)

#### Improvement Proposals arising from the report -

R1 - The Council must ensure that it has a range of useful measures for all departments and functions. It needs to pay particular attention to:

- ensuring that all services identify appropriate well-crafted (SMART) performance measures that reflect the purpose of the service;

- aligning the service purpose identified in performance challenge meetings with the purpose in the departmental service plans in the Council Plan;
- incorporating ambition/service standard/target and trend information to give the Council a clear picture of the Council's ambition and its progress toward achieving it; and
- ensuring that performance management arrangements are sufficiently agile to respond to new challenges faced by services, such as the current significant workforce issues faced by some services, by implementing specific measures.

R2 - The Council needs to improve its performance reporting to aid clarity by:

- expanding the use of visual tools such as colour coding to enable the reader to quickly focus on the key issues by highlighting areas where performance is on track or is of concern;
- ensuring that reports are balanced and provide a rounded, honest and balanced picture of how the Council is performing which highlights where improvement is needed to ensure tangible results;
- ensuring that an up-to-date dashboard (or measures appendix) is produced by each service and presented at every performance management meeting;
- publishing a performance report/corporate scorecard that reports on all key measures in one accessible document.

R3 - The Council needs to improve the integration of performance and financial information by:

- using actual service demand as opposed to demographics as the base for setting demand led budgets;
- articulating the pattern of actual demand against planning assumptions used to set the budget enabling a better understanding of current resource pressures on services;
- combining performance information with financial information to present a holistic and unified view of the resource position of services;
- combining performance and financial information to ensure that savings plans delivered over the medium term are still realisable;
- assure itself that demand-led budgets are set at a level which is sufficient to resource the current demand faced by services; and
- once the Council is assured that the budgets for key demand led services are set at the correct level, develop tools such as contingent funding to recognise and cope with a surge in demand of volatile budgets.

R4 - The Council should strengthen its performance management arrangements by:

- frequently communicating changes to the performance management framework to officers and Council members;
- ensuring that officers and Council members have appropriate support and training so they can deliver their respective roles effectively;
- reviewing the support arrangements for the performance management cycle;
- ensuring that all departments effectively incorporate the use of the risk register into their performance management cycle;
- embedding a 'One Gwynedd' approach that will open channels of dialogue to enable corporate learning and quickly eradicate instances where demand failure in one department increases demand on services in another;
- engaging with service users and stakeholders to understand the root cause of poor performance and unintended behaviours; and
- introducing milestones and identifying project owners to track progress and ensuring accountability for the delivery of projects that span several years.

R5 - The Council needs to incorporate consideration of the Well-being of Future Generations (Wales) Act 2015 sustainable development principle into service design, management, and performance review arrangements across all Council departments.

#### The direction of the discussion on the recommendations -

The report and its recommendations have been considered as part of a wider review of the corporate performance scrutiny arrangements, this review was led by the Chief Executive at the end of 2021/22. The final recommendations for the new corporate performance scrutiny arrangements (which included the majority of the recommendations presented in this report) were presented in February 2022.

#### Progress against improvement proposals

The new arrangements will be made operational following the election in May 2022, our aim is for the arrangements to be in place for the first set of performance scrutiny meetings in 2022/23. Guidance on the new arrangements will be prepared for the Departments, Cabinet Members and members of the Scrutiny Committee. In addition, a series of sessions will be organised to raise awareness of the changes to the scrutiny arrangements. During these sessions Cabinet Members and representatives from the various Departments will have the opportunity to ask questions and offer feedback on the changes, these will be held in May/June 2022.

Conclusion

On-going.

## **PART 2 - national or general reports that are relevant to Local Government**

### **1. How does Local Government Manage Demand – Homelessness**

National Report by Audit Wales published in January 2018

[Link to the report on Audit Wales website](#)

#### Improvement Proposals arising from the report –

1. We recommend that local authorities should do the following:
  - ensure that their staff are sufficiently able to deal with the new requirements of mediation, problem-solving, negotiating and influencing with homeless people; and
  - review and reorganise their services to engage more effectively with homeless people and those who could be homeless in order to prevent homelessness.
  
2. We recommend that local authorities should do the following:
  - draw up services to ensure that there is early contact with service users;
  - use triage methods to note and filter individuals who ask for help in order to determine the most appropriate response to address their needs; and
  - test the effectiveness of first point of contact services in order to ensure that they are fit for purpose.
  
3. We recommend that local authorities publish service standards that clearly note what their responsibilities are and how they will provide services in order to ensure that people know what they have the right to receive and what they have to do for themselves. Service standards should:
  - be written in accessible and simple language.
  - be accurate in terms of what applicants can expect and not expect, and when they can expect it to be resolved.
  - note clearly the role of the applicant in the process and how they can help the process to run more smoothly and quickly.
  - be drawn up on a joint basis with experts in the field and include people who use the service(s).
  - integrate effectively with the individual assessment process.
  - offer viable alternative options to authority services.
  - note the appeals and complaints processes. These should be based on fairness and equality for everyone in question and they should be available for all.
  
4. In order to improve current performance, we recommend that local authorities make better use of their websites in order to help manage demand by:

- testing the usefulness and effectiveness of existing information on websites by using our enquiry phone lines noted in Appendix 5;
  - increase and improve the range, quality and scope of on-line information; make better use of on-line programmes; and
  - link more effectively with information from specialist providers and advice experts, such as Citizens' Advice Bureau.
5. We recommend that local authorities note and agree on what they expect from partners, noting how they will collaborate in order to alleviate homelessness. This agreement should be reviewed regularly and the performance of partners should be reviewed in order to note fields for improvement.
6. We recommend that local authorities address weaknesses in their equality monitoring method and ensure that their homelessness service records and evaluates appropriate data correctly in order to show equal access for service users of which the local authority has a duty towards.

#### The direction of the discussion on the recommendations

Our working arrangements in relation to homelessness have been the subject of many internal and public meetings recently including the Care Scrutiny Committee in March 2021 and the Cabinet on 20 April 2021. The recommendations of the report have underpinned the restructuring within our Homelessness units, which are currently being implemented following the Cabinet's approval in April.

The number of homelessness presentations has substantially increased during the pandemic and the restructuring will enable us to respond and increase our capacity to provide support and early intervention to those who present as homeless.

#### Progress against improvement proposals

In July 2019, the Cabinet approved our Housing Strategy. Furthermore, our Housing Action Plan was approved by the Cabinet at its meeting on 15 December 2020 noting how we would proceed to achieve the objective that no one is homeless in Gwynedd. Collaborating with partners is a key part of realising this objective.

We have planned on a joint basis with experts to ensure that our service standards and the information we provide, which includes our responsibilities, is understandable.

One of the projects of the Housing Action Plan, which is currently being developed, is the establishment of a 'One Stop Shop' for housing matters and, as a result, our website and engagement arrangements will further evolve over the next few months.

## Conclusion

Completed.

## **2. Housing Adaptations**

National Report by Audit Wales published in February 2018

[Link to the report on Audit Wales website](#)

### Improvement Proposals arising from the report –

1. We recommend that local authorities should work with partner authorities (health bodies, housing associations and Care and Repair) to reinforce their strategic focus when providing adaptations by:
  - setting appropriate strategic objectives for adaptations that focus on well-being and independence;
  - improving the quality of information on the demand for adaptations by using a wide range of data to assess need, including seeking and using information by partners working in the local authority area; and
  - connecting the system to manage and deliver adaptations with policies and adapted housing registers in order to make the best use of homes already adapted.
2. We recommend that supply organisations should provide information on housing adaptation in Welsh and English, in accessible forms 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 through key partners. Ideally, information should be produced on a joint basis and policies should be aligned between supply bodies in order to extend their scope and increase their use.
3. As there is a vast number of pathways to follow in order to access services, supply organisations need to ensure that they have robust systems to deal with applications quickly and effectively. However, we saw that the processes used by supply organisations varied greatly, and that they often created difficulties for disabled people and older people who seek support (paragraphs 2.16 to 2.19). We recommend that supply organisations should simplify the application process by creating one comprehensive application form for every organisation within a local authority area. The form should be available via partners and on-line.
4. A variety of factors can cause delay when undertaking adaptations (paragraphs 2.20 to 2.33). In order to improve the timeliness of supply, we recommend the following:

- that local authorities provide or use home improvement agency services to assist disabled and older people to pursue their DFG applications efficiently;
- that supply organisations work with planning authorities to speed up and simplify the process for adaptations that require approval;
- that supply organisations use Trusted Assessors to undertake assessments for adaptation work of a simpler nature.

5. We recommend that supply organisations:

- introduce formal systems to accredit contractors to deliver adaptation work. These should include:
  - customer care standards such as keeping appointments, keeping the site tidy, noise control etc.;
  - auditing the financial position, tax status and VAT;
  - promoting good health and safety practices;
  - a requirement to use guarantee schemes;
  - ensuring sufficient insurance cover; and
  - requesting references.
- use framework agreements and contracts through a partnership to deliver adaptations;
- address weaknesses when issuing adaptations on a contract, update the Rates List used to tender out work and undertake competitive tendering exercises in order to support value for money when tendering work out in a contract;
- develop effective systems to manage and evaluate the performance of contracts by:
  - determining an appropriate range of information in order to determine the performance and achievement of the work, including the timeliness of the work; quality of the work; feedback of applicants/tenants; cost of the work (including variations); record in terms of health and safety; and customer feedback.
  - evaluating and reporting on performance regularly in order to find opportunities to improve services; and
  - providing formal feedback to contractors on their performance, discussing key matters such as client satisfaction, the level of any variation and how acceptable it is, work that is accurate the first time, post-inspection assessment and completing on time in accordance with the budget.

6. We recommend that local authorities should collaborate with partner authorities (health bodies, housing associations and Care and Repair) to develop and improve collaboration arrangements. The aim will be to increase the maximum use and benefit associated with adaptations in terms of supporting independence by merging resources, co-locating staff and creating integrated delivery teams.

7. In order to improve the use and number of people who take advantage of adaptations with health bodies, we recommend that supply organisations should jointly agree on joint service standards to deliver adaptations in every local authority area, and publish those joint-standards. It should be clearly noted in the service standards how every agency will proceed to deliver adaptations, and provide services to ensure that people know what they have the right to receive. Service Standards should:
- be in an accessible and comprehensible language;
  - be accurate in terms of what people can expect/not expect to receive;
  - be drawn up on a joint basis to include all adaptation services within an area;
  - note eligibility for the different funding streams, the application and assessment processes, time-scales and review processes; and
  - offer the potential options and the alternative choices to adaptation, which include linking with adapted housing registers to make the best possible use of homes that have already been adapted.

#### The direction of the discussion on the recommendations

The Housing Action Plan was submitted to Gwynedd Council Cabinet in December 2020, which includes our commitment to housing adaptations over the coming years. It was also discussed in detail at the Scrutiny Committee in January 2020.

We hold quarterly meetings with partners (Council departments, Health Board, Care and Repair) that encompass those recommendations.

#### Progress against improvement proposals

In December 2020, the Housing Action Plan was approved by Gwynedd Council Cabinet with £7.2m earmarked for 6 years for DFG and £600k for smaller adaptations (Enable).

The recommendations have been considered when drawing up our working arrangements. We are collaborating with partners such as Care and Repair, other Council departments, and the Health Board, with referrals being made via the Authority's Occupational Therapists. Supply organisations by now use Trusted Assessors to undertake assessments for adaptation work of a simpler nature.

We have appropriate systems in place to administrate the housing adaptations. Our contractors have been verified through a robust process and we are currently in the process of establishing a new framework of qualified and accredited contractors to undertake the adaptations. We appoint agencies to facilitate the process for applicants in cases that require substantial adaptations, as well as undertaking these internally when possible. We have established a standard Work Programme, with attached competitive prices to facilitate the tendering process for construction work. We have also adopted an e-tendering system, that includes a robust and safe system of sharing tender documents as well as receiving prices back from

Contractors, in accordance with the current NJCC practice, to ensure an alternative time-schedule.

We always provide formal feedback to contractors on their performance, discussing key matters such as client satisfaction, and we are very pleased that we are able to maintain a very good relationship with the Contractors who undertake work on our behalf, with many client writing to us to state their satisfaction with the process of receiving adaptations.

One of the projects of the Housing Action Plan, which is currently being developed, is the establishment of a 'One Stop Shop' for housing matters and, as a result, access to this service via our website and engagement arrangements will further evolve over the next few months.

We have amended our Private Sector Housing Policy to reflect the demand from the Welsh Government to remove any requirement for a means test for minor and medium adaptations, and hope to act on this as soon as the amended document has received formal approval.

### Conclusion

Completed.

### **3. Provision of Local Government Service to Rural Communities: Community Asset Transfer**

National Report by Audit Wales published in December 2018

[Link to the report on Audit Wales website](#)

#### Improvement Proposals arising from the report –

1. Local authorities need to do more to make CATs simpler and more appealing, help build the capacity of community and town councils, give them more guidance in raising finance, and look to support other community development models such as social enterprises that support social value and citizen involvement. In addition, we recommend that local authorities monitor and publish CAT numbers and measure the social impact of CATs.
2. Local authorities have significant scope to provide better and more visible help and support before, during, and after the community asset transfer process. We conclude that there is considerable scope to improve the business planning, preparation, and after-care for community asset transfer. We recommend that local authorities:

- identify community assets transfer's role in establishing community hubs, networks of expertise and clusters of advice and prevention services;
- work with town and community councils to develop their ability to take on more CATs;
- identify which assets are suitable to transfer, and clarify what the authority needs to do to enable their transfer;
- ensure their CAT policy adequately covers after-care, long term support, post-transfer support, signposting access to finance, and sharing the learning about what works well; and refer to access to funding, and share the learning regarding what works well; and
- support community-based leadership by developing networks of interest, and training, and encouraging volunteering.

### The direction of the discussion on the recommendations

Gwynedd Council is currently working on creating a new Regeneration Plan for the county. The county is split into 13 areas and a local area plan will be prepared for each of the 13 areas. As the initial part of the plan we have consulted with operational community groups and town and community councils to seek the views on the important themes for communities and how a model of collaboration can be built upon to act on these priorities. This is a convergence of several different cross-departmental consultations that are happening. Also, during 2022 we have opened the consultation out to the wider public, with the consultation closing at the end of June 2022, with the intention of holding workshops in each of the 13 areas in the next few months to develop the local area plans. This will be a way for us to respond cross-departmentally to the challenges that face communities and joint plan with the communities to ensure that we place the resources and support behind the activities/matters that are important to these local communities.

### Progress against improvement proposals

- A great number of plans to support rural communities are implemented, and some of these deal with providing resources that are fit for purpose. This does not always mean the transfer of assets that belong to the Council, however, the needs will become more evident when completing the work on drafting Regeneration Plans.
- Cyngor Gwynedd led a great deal in the Social Enterprise field in 2013. With the Social Enterprise Manager. Gwynedd received the first designation of being a Social Enterprise County in Wales by Social Enterprise UK and there was a Forum for the Enterprises. Since then changes have been seen within departments and within Social Enterprises that has seen the end of the Forum and no one directly leads the agenda.
- The Economy and Community Department has worked very closely with Arloesi Gwynedd Wledig to create community hubs. We are now developing a maker space

and repair cafés in 8 communities in the County. Each one will be a little different; however, the main aim will be to offer hot desking facilities and creation and maker spaces; repair cafés; interweaved with other community activities.

- Historically, the Department has undertaken a great deal of work in terms of the transfer of assets to Communities/Community Groups - e.g. Rhyd Ddu Outdoors Centre to be transferred to Antur Nantlle to be run as a bunk house business; former Library in Deiniolen transferred to Menter Fachwen. An Assets Transfer Procedure was created but has not been adopted. With changes in budgets and priorities there is no one who leads on this.

### Conclusion

In progress.

#### **4. Rough Sleeping in Wales - Everyone's Problem; No One's Responsibility**

National Report by Audit Wales published in July 2020

[Link to the report on Audit Wales website](#)

#### Improvement Proposals arising from the report –

Public bodies and third sector partners should ensure they use data to plan the right future services, and to put in place effective data sharing protocols to ensure they respond effectively and safely to people sleeping rough. We recommend that councils and their partners:

- invest in data analytical skills to better understand the current situation and predict future demand to prevent future homelessness;
- review and update data sharing protocols to ensure they support services to deliver their data sharing responsibilities; and
- introduce a single data capture and risk assessment process to help support safe decision-making in dealing with people sleeping rough.

Because public bodies are responding to people in crisis, they often deal with acute issues in isolation and rarely address the fundamental cause of the crisis. Doing this requires public bodies to design and create responsive service delivery models. We recommend that public bodies use our complex needs self-reflection tool to improve how they can jointly address complex needs in the future (the tool is set out in Appendix 2).

#### The direction of the discussion on the recommendations

Homelessness and rough sleeping is discussed at a number of meetings including our Emergency Planning Action Panel and other internal and cross-departmental meetings by collaborating to ensure that no one sleeps rough in Gwynedd.

The recommendations of the report have underpinned the restructuring within our Homelessness units, which are currently being implemented following the Cabinet's approval in April, and were discussed in detail by the Cabinet at its meeting on 20 April 2021, and by the Scrutiny Committee in March 2021.

#### Progress against improvement proposals

We collaborate with a number of third sector agencies to provide support to individuals. We analyse data to identify trends and we will build on this work following the appointment of a new data officer to support the department.

The recommendations have been relevant to restructuring our homelessness units and we are working closely with the health board including joint-employing a specialist staff member to provide mental health support to individuals.

#### Conclusion

Completed.

### **5. Regenerating Town Centres in Wales**

National report published in September 2021

[Link to the report on Audit Wales website](#)

#### Improvement Proposals arising from the report -

R1 - Non-domestic rates have not been reviewed in recent years, and the levels charged do not reflect the current rents being achieved in many town centres. We recommend that the Welsh Government review Non-domestic Rates to ensure the system better reflects town-centre conditions when the payments holiday ends in March 2022.

R2 - Many town-centre businesses are impacted adversely by charging for car parking, access to public transport and poor transport infrastructure. We recommend that the Welsh Government work with local authorities to review transport challenges facing town centres and agree how best to address these.

R3 - The Welsh Government has directly provided and levered in just under £900 million through 13 funding schemes to help regenerate town centres. However, some aspects of the Welsh Government's management of the funding are considered problematic. To ensure local authorities are able to maximise the impact of funding

and tackle the more difficult and longstanding problems that would help transform their town centres, we recommend that the Welsh Government:

- consolidate funding to reduce bureaucracy by streamlining processes and grant conditions and keeping requests for information and supporting materials to a minimum;
- move away from annual bidding cycles to multi-year allocations; and
- rebalance investment from capital to revenue to help local authorities address staff capacity and skills shortages.

R4 - The Welsh Government has provided all 22 local authorities with training on how best to use existing enforcement, financial assistance and debt recovery powers, but they are not being consistently nor effectively utilised to support regeneration. We recommend that local authorities take appropriate action, using these existing powers and resources available to achieve the best possible outcome for town centres by:

- using alternative methods of enforcement before using Compulsory Purchase Orders as a last resort;
- integrating enforcement strategies with wider departmental strategies across housing, environmental health, planning and regeneration teams to make more effective use of existing skills and resources; and
- ensuring there is capacity and the right expertise to use the full range of powers, working in collaboration with other councils to achieve good outcomes.

R5 - The Welsh Government's 'Town Centres First' approach looks to put the health of town centres at the heart of the decisions taken by the Welsh Government, local authorities, the wider public sector, businesses and communities. This requires a high degree of integration between cross-cutting policy frameworks and decision making to promote town centres above much else. We recommend that the Welsh Government set out how it plans to deliver this in practice, its expectations of partners and the practical steps it will take to make this ambition a reality.

R6 - Town centres are changing, and local authorities need to be receptive to these changes and plan to manage these shifts. We recommend that local authorities use our regeneration tool to self-assess their current approaches to identify where they need to improve their work on town-centre regeneration (the tool is here).

#### The direction of the discussion on the recommendations -

The report/recommendations have not been discussed at any formal Council committee. It is noted that some of the recommendations are relevant to matters

and further actions from the Welsh Government. The Council contributes to the work of the Regional Regeneration Officers Group who have discussed the recommendations. The fact that town centres and high street areas are facing a period of change and uncertainty has been identified by the Economy and Community Department within the risk register.

#### Progress against improvement proposals

It is anticipated that recommendations R1, R2 and R3 will be considered by the Welsh Government initially. R4 - Training sessions (one for the Cabinet and one for officers) organised by the Welsh Government have already been held. The Council has established a Cross-departmental Empty Property Group and has prepared an action plan approved by the Welsh Government.

R5 - Further information is expected from the Welsh Government

R6 - The report recommends a regeneration tool to self-assess existing approaches, that make use of data from the Understanding Welsh Places website. However, the Council has identified the need for additional data to identify and understand trends within town centre areas and has commissioned further work. The Council also contributes to joint work between the six North Wales authorities to develop the regional town centre regeneration framework that also provides detailed data for individual town centres.

#### Outcome

Completed.

### **6. Review of the work of local authorities to support their learning communities in schools and pupil referral units (PRUs)**

Report for Gwynedd from Estyn dated 18 January 2021 - This letter is a follow-up to a national thematic report published on 15 January 2021 - [Support for local authorities and regional consortia for schools and PRUs to respond to COVID-19](#)

A letter was received from the Chief Inspector of Estyn describing the work undertaken by Gwynedd Council between March and October 2020 to respond to learning challenges during the Covid-19 pandemic. There are descriptions of the work undertaken and a few observations on the success of the work; there are no firm recommendations for future implementation. To summarise; the letter does not highlight matters of concern that require action.

#### The direction of the discussion on the recommendations

The letter was shared with the Chief Executive, the Cabinet Member for Education, the Head of Education Department and members of the Education and Economy Scrutiny Committee.

The annual report of the Education Department was submitted to the Education and Economy Scrutiny Committee on 4 February 2021, and sections of the contents of the letter are quoted in this report.

### Progress against improvement proposals

The observations made in the letter as well as the national recommendations have received consideration from the Department and the Cabinet Member, and we have used the recommendations in planning how to support schools and learners through the pandemic.

Estyn offered positive observations on our progress against the national recommendations back in July 2021 (see the link below).



Gwynedd.pdf

### Conclusion

Completed.

### **7. Direct Payments for Adult Social Care**

National report published in April 2022 by Audit Wales

[Link to the report on Audit Wales' website](#)

### Improvement proposals arising from the report

In Part 1, the report recommends that local authorities:

- Review public information in discussion with service users and carers to ensure it is clear, concise and fully explains what they need to know about Direct Payments.
- Undertake additional promotional work to encourage take up of Direct Payments.
- Ensure advocacy services are considered at the first point of contact to provide independent advice on Direct Payments to service users and carers.

-Ensure information about Direct Payments is available at the front door to social care and are included in the initial discussion on the available care options for service users and carers.

-Provide training to social workers on Direct Payments to ensure they fully understand their potential and feel confident promoting it to service users and carers.

In part 2:

-Work together to develop a joint Recruitment and Retention Plan for Personal Assistants.

-Clarify policy expectations in plain accessible language and set out: what Direct Payments can pay for; how application and assessment processes, timescales and review processes work; how monitoring individual payments and the paperwork required to verify payments will work; how unused monies are to be treated and whether they can be banked; and how to administer and manage pooled budgets.

In part 3:

-Work together to establish a system to fully evaluate Direct Payments that captures all elements of the process – information, promotion, assessing, managing and evaluating impact on wellbeing and independence.

-Annually publish performance information for all elements of Direct Payments to enable a whole system view of delivery and impact to support improvement.

### The direction of the discussion on the recommendations

This report responds to National matters, therefore there are no specific recommendations to be implemented in Gwynedd. Despite this, the recommendations have been discussed internally within the Department. We as a Department are well aware that the use of Direct Payments in Gwynedd is the lowest in Wales, and that this matter needs attention.

As part of the process to transform the service, we have been out to tender for Direct Payment Support during 2021/22. Diverse Cymru's tender was successful, and they have started supporting us with this work. We experienced some obstacles during the early days of the contract, but our hope is that we will be able to tackle some of these issues moving forward by working closely with Diverse Cymru over the coming months. This issue is not currently on the Department's risk register, but it is possible that it might need to be added soon.

### Progress against improvement proposals

### Part 1:

-In terms of the public information and materials available to explain the Direct Payments system, this is something that requires our attention. These changes will be implemented with the support of the Business Project Officer and the Information Officer, and we aim to implement these changes by the end of 2022/23.

-Training for Social Workers is another work stream that requires further attention, and our hope is that further training will also promote the use of Direct Payments, and also enable workers to discuss this during initial conversations with individuals who receive services.

### Part 2:

-To address these recommendations we will be continuing our working relationship with Diverse Cymru, and ensuring that clear information and materials are made public, readily available, and written in understandable language for individuals and their families.

-To support with the recruitment and retention of personal assistants, we expect Diverse Cymru to develop a register where other providers across the county can access or input information.

### Part 3:

-Currently, there is no system in place to evaluate all elements of the Direct Payments process. This is something that needs to be looked at as soon as possible. The Business Project Officer will be reviewing the service with the support of the Senior Business Manager, and it is foreseen that they will present a report of their findings to the Cabinet in due course. Despite this, other projects are seen as higher priority at this moment in time, therefore although the performance measures will be developed soon the evaluation of all elements of the Direct Payments process will be completed by the end of 2023/24.

### Conclusion:

In the planning stages