
GOVERNANCE AND AUDIT COMMITTEE 21 May 2026

Attendance:

Councillors: Menna Baines, Elwyn Jones, Edgar Wyn Owen, Geraint Parry, Huw Rowlands, Meryl Roberts, Richard Glyn Roberts, Angela Russell, Ioan Thomas and Wendy Cleaver

Lay Members: Peter Barnes, Carys Edwards, Eifion Jones, Dewi Lewis, Paul Millar Mills and Rhys Parry

Officers: Dewi Morgan (Head of Finance), Ffion Madog Evans (Assistant Head of Finance - Accounting and Pensions), Luned Fôn Jones (Internal Audit Manager), Delyth Jones-Thomas (Investment Manager), Caren Rees Jones (Group Accountant - Capital and Management) and Lowri Haf Evans (Democracy Services Officer)

Others invited:

Cllr Huw Wyn Jones (Cabinet Member for Finance) and Dylan Owen (Statutory Director of Social Services)

Item 15: Arwel Evans (Procurement Manager) and Iwan Evans (Head of Legal Services - Monitoring Officer)

Item 16: Yvonne Thomas and Carwyn Rees (Audit Wales)

Item 17: Siwan Glyn (Audit Wales) and Gwion Jones (Senior Accountant)

Item 18: Dewi Wyn Jones (Business Support Service Manager) and Carwyn Rees (Audit Wales)

Item 19: Alun Gwilym Williams (Assistant Head of Business)

1. ELECTION OF CHAIR

RESOLVED to elect Rhys Parry as chair of this Committee for 2026 / 27

2. ELECTION OF VICE-CHAIR

RESOLVED to elect Dewi Lewis as vice-chair of this Committee for 2026 / 27

3. APOLOGIES

Apologies were received from Councillor Elfed Wyn ap Elwyn

4. DECLARATION OF PERSONAL INTEREST

None to note

5. URGENT ITEMS

None to note

6. MINUTES

The Chair accepted the minutes of the previous meetings of this committee held on 15 January 2026 and 3 February 2026 as a true record.

7. IMPLEMENTING THE DECISIONS OF THE COMMITTEE

A report was submitted providing an outline of how the Council's departments had responded to the decisions of the Governance and Audit Committee so that Members could be assured that their decisions were being addressed. It was noted that the report gave Members an opportunity to consider the decision made with the intention of removing the item / decision when the action had been completed.

In relation to the Council's Response Plan to the Our Bravery Brought Justice Report, a member asked that by approving the response plan the matter had been removed from the action sheet and how would the Committee therefore receive progress reports? The Head of Finance Department noted that the Committee members' observations had been included in a report to the Cabinet and to an extraordinary meeting of the Council and it was therefore appropriate to note that the issue had been 'deleted'. However, he highlighted that a further report had been submitted to Cabinet on 18 May 2026, 'Commissioning Investigations' and there was a need to consider which elements of that report would be appropriate for submission to the Scrutiny Committees and the Governance and Audit Committee. He stressed that there was an intention, corporately, to keep an eye on the implementation.

RESOLVED

- **To accept the contents of the report**
- **That an update on a report published by Care Inspectorate Wales (CIW) and Estyn - a Joint Inspection (November 2025) be submitted to the Committee meeting in July 2026**

Note: Use the word 'implemented' rather than 'delete' in the report to highlight a more positive position

8. ANNUAL REPORT OF THE GOVERNANCE AND AUDIT SCRUTINY COMMITTEE 2025 / 2026

A report was submitted by the former chair of the Committee in response to CIPFA guidance which stated that 'the committee should prepare an annual report which gives assurance to all those responsible for governance that it is delivering its purpose and can demonstrate impact'. The report covered the Committee's work over 2025/26 and highlighted how the Committee had fulfilled its statutory duties and added value to Cyngor Gwynedd governance arrangements.

The members thanked the officer for the report

During the ensuing discussion, varying opinions were presented about the significantly extensive content and it was suggested that a bullet point format could be used to make it easier to read. It was considered that including less information would spark more discussion and raise concern about what had been left out. It was agreed that, while a more concise document would be beneficial; detailed, full and transparent information had to be shared to highlight the Committee's work to the public.

RESOLVED:

To accept the contents of the report

9. FINAL ACCOUNTS 2025/26 - REVENUE OUTTURN

It was noted that the report detailed the Council's expenditure in 2025/26, the out-turn underspend or overspend position of individual departments, and the reasons for it. Reference was made to an abbreviation of the final position of all departments which highlighted the amounts to be 'carried forward' at the end of the financial year along with the main issues and areas where there were significant differences.

- Expenditure in the fields of child out-of-county placements, waste, residential care and domiciliary care had continued to exceed the budget they were allocated.
- A favourable position on several corporate budgets was helping to alleviate the financial situation for the Council as a whole by the end of the financial year.
- That £3.2 million from the Financial Strategy Fund would need to be used to balance out the departments' financial deficit situation.

Adults, Health and Well-being Department: the department's budgetary deficit had reduced to £1.4 million by the end of the financial year. The pressures on the provider services continued and was responsible for £1 million of the departmental pressure, which was mainly overspend on staffing and the use of agency staff on residential care. The pressure also continued on the residential side of Mental Health services but there had been an improvement in the financial position of older people and the Learning Disability Service. There were also savings and cuts worth £1.5 million that had not been realised.

Children and Families Department: since the November review, there had been an increase of 11 out-of-county placements, including exceptional cases of non-registered placements, which were more costly, leading to an increase in the department's financial deficit from £1.9 million to £3.4 million by the end of the financial year. There had also been increasing pressure on the Post-16 Service budget and on support plans and field workers. However, there had been a reduction in pressure on the Derwen Service which continued to overspend by £443k at the end of the year.

The Economy Department / Byw'n Iach Company: over the past few years, the Byw'n Iach company had received financial support from the Council above the contractual payment. Although the amount was lower than last year's amount, the required amount would be £269k by the end of the year.

Highways, Engineering and YGC Department; a financial deficit of £407k with a reduction in the work being commissioned by external agencies having a negative impact on the income on Highways services. In Municipal, there was a combination of additional pressures on public toilet cleaning staff budgets, while there were income losses in land maintenance and public toilets.

Environment Department; a budgetary deficit of £1.38 million at the end of the year, with a continuing trend of overspend in waste accounting for £1.26 million of the departmental position. Despite the drop in parking income deficit since last year, the deficit stood at £464k. It was reported that several savings schemes in various services worth £1.27 million were slipping. The overspend in waste was to be funded from the gains from refunding Parc Adfer and income from a levy on packaging materials for producers and retailers.

Housing and Property Department; significant pressure remained on the emergency accommodation service, with expenditure in this area at £6.1 million this year, which was consistent with 2024/25. The financial position followed an additional budget of £4.2 million allocated from the Council Tax premium and an additional one-off budget of £859k allocated as a part of the bids system to assist with the increasing pressures.

Following a review of spending on Homelessness, it was suggested that a one-off bid of up to £800k should be allocated to assist with the pressure on emergency accommodation in 2026/27.

For many reasons, one-off underspending was reported on Corporate headings

Schools; school balances had seen a reduction of £1.2 million, with a decrease from £8.3 million in 2024/25 to £7.1 million in 2025/26. Seven primary schools and three secondary schools had been in deficit at the end of the 25/26 financial year and that the Finance Unit and the Education Department were working with the schools and governing bodies of these schools to correct the deficits.

Funds; the Council's specific funds had been reviewed at the closure of the accounts. It was reported that two virements totalling £8.1 million were to be implemented from the Financial Strategy Support Fund, with £6.5 million to increase the Council's general balances and £1.5 million to be moved to a buildings safeguarding fund relating to the Corbett Arms, Tywyn. All virements, at the close of the accounts, meant that the Financial Strategy Fund was reduced to £12.7 million by the end of the financial year.

All recommendations and financial virements had been approved by the Cabinet on 19 May 2026 and regarding the next steps, it was noted that work was underway to complete the 2025/26 statutory financial statements for Audit Wales to audit.

The members thanked the officers for the report.

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

- Of the £3.5 million savings, there was no reference to how much savings had been achieved in 2025/26 – this information would have been useful. While these amounts could not be changed, lessons must be learned from previous years.
- The settlement had been better than expected and had consequently helped to adjust the budgets of some departments that had been significantly overspending, nevertheless it would be beneficial to invite Heads of Department who regularly overspent to explain the rationale for the overspend – accountability was needed.
- Heads of Department and Managers needed to take responsibility for the overspend – needed to change the mindset of 'there will be money available' – we needed to share information and work together to improve the situation.
- Review agreements with providers – although incentives were given there was also a need to invoke penalties – suggested that there was room for improvement here by conducting a legal review.
- There was a need to invest more in the economy and bring jobs into the area
- The advent of the Small Group Homes for specialist child care was a welcome development – a means of avoiding the use of external provision and reducing costs. Welcomed that two homes, accommodating 2 children in each home, were already operational and a third was on the way in 2026/27.
- Welcomed an increase in reserve balances – there was a need to try to keep the balance at least 2.5% at the end of the year and not to be tempted to use it to help in a crisis. Welcomed that the situation has been reviewed and the level of emergency use had risen.
- That 'money that had been spent, but was not visible' needed to be highlighted, e.g., the legal costs of Article 4. A significant amount of money had been lost here due to carelessness. Were there other amounts being hidden within budgets?

In response to a question about Byw'n Iach's relationship with Cyngor Gwynedd and why the Council had subsidised the company significantly over recent years and continued to do so, it was noted that Byw'n Iach was an arm's length company originally set up to save business tax for the Council. During covid, the use of leisure centres decreased tremendously and the situation to date had not been fully recovered. Cyngor Gwynedd was the owner of Byw'n Iach

and although the company had not performed within the fee of the original agreement (namely a fee paid by the Council to Byw'n Iach to run the company on its behalf), the business tax benefits still existed.

In response to a question about seven primary schools and three secondary schools with a deficit at the end of the 2025/26 financial year and the scale of the problem, it was noted that the three secondary schools had a deficit of between £7,000 and £786,000 (£1 million in total) and the scale of the primary schools deficit was between £11 and £1,700 (£80,000 in total) – varied from school to school depending on the circumstances. It was reiterated that both the Education and Finance Departments were working together to discuss the largest deficits. It was questioned how the deficit of one secondary school was £786,000 - how was the debt so big? And why was there no control over the spending?

In response to a question regarding which Department's budget was responsible for purchasing houses specifically for the provision of child placements (Small Group Homes), it was noted that the costs fell under the Children and Families Department, but that a grant had also been received towards the cost of purchasing the houses. It was reiterated that there were additional costs during the transitional period of not using external provision and opening the Small Group Homes.

It was reiterated that Audit Wales would be submitting two reports to the Committee in the near future, relating to issues relevant to the above - 'Report on Children's Services' and 'Local Government Funding'.

RESOLVED:

- **To accept the report and note the relevant risks**
- **To invite the Heads of those Departments that were overspending to the Committee to report on the overspend**
- **That a report be submitted to the committee on the legal costs of Article 4**

10. CAPITAL PROGRAMME 2025-26 - END OF YEAR REVIEW (31 MARCH 2026 POSITION)

The Assistant Head of Finance - Accountancy and Pensions highlighted that the main purpose of the report was to submit the amended capital programme at the end of the financial year (situation as at 31/03/2026) and approve the relevant funding sources. The report had been submitted to Cabinet on 19 May 2026 where all recommendations were approved. The Committee was asked to accept the information and consider the risks relating to the capital programme.

Reference was made to a Departmental breakdown of the £164.9 million capital programme for the 3 years 2025/26 - 2027/28 along with the sources available to fund the net increase of approximately £12.7 million since the last review.

The main conclusions of the review: the Council had successfully spent £83.8 million in 2025/26 on capital schemes, of which £52.7 million (63%) was funded through specific grants.

It was explained that an additional £21.9 million of proposed expenditure had been re-profiled from 2025/26 to 2026/27 and 2027/28 and the main schemes that had slipped since the original budget included:

- £10.9 million School Schemes (Sustainable Learning Communities and Others)
- £6.1 million Shared Prosperity Fund Schemes
- £3.2 million Carbon Management and Solar Panels Schemes
- £3.2 million Vehicle and Equipment Renewals

In addition, the Council had managed to attract further grants since the last review, which included:

- £3.2 million - Transitional Accommodation Capital Programme (TACP) grant from the Welsh Government.
- £2.4 million – Additional School Maintenance Grant 2025/26.
- £2.3 million – Additional General Capital Grant from the Welsh Government.
- £1.8 million – Grant from the Welsh Government towards the Learning Disability Community Hub, Canolfan Dolfeurig.

Reference was made to the information about the Council's Capital Prudential Indicators, and it was highlighted that the Council had complied with the policy on borrowing for capital purposes.

The members thanked the officer for the report

In response to a question about the diversity of grants available to departments and that this tended to be uneven with some Council departments receiving grants more easily than others, it was agreed that some departments were successful in some specific areas and it was noted that an element of the applications was dependent on what was available and what the Government invited. It was reiterated that there was an element of risk with some grants as they did not always align with the Council's priorities and that the capital programme reflected those priorities.

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

- Why create a competition for a grant? Wouldn't it be better for the Government to give the money to the Councils in the first place?
- It was important that all departments applied for the grants available
- The grants received for capital schemes were to be welcomed – it was good news and benefitted work and employment in the County

RESOLVED:

To accept the information and note the risks relating to the capital programme

11. GWYNEDD HARBOURS' FINAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026

The report was submitted by the Assistant Head of Finance - Accountancy and Pensions. It was explained, in accordance with the statutory requirements under the Harbours Act 1964, as a harbour authority, that Cyngor Gwynedd was required to provide an annual accounts statement relating to the activities of Gwynedd harbours. As the turnover of the harbours was below £2.5m, it was deemed to be a smaller local government body, and therefore an annual return provided by Audit Wales had to be prepared in accordance with statutory requirements.

Reference was made to the out-turn report, which clarified the Harbours' final income and expenditure position for 2024/25, and highlighted that there was £22k underspend at the end of the year. Of this amount, a number of budget headings were reported to be underspending and contributing to the situation which included employment costs (£500), Property Department maintenance (£16k) and the Specialist Equipment Survey budget (£8k); they also exceeded fees and rents for the year by almost (£7k). In the context of overspending, which had led to a reduction in underspend, there were costs related to electricity, equipment, signage and warnings.

Reference was made to a one-off expenditure of £42k on Porthmadog Harbour Office which had been financed by funds.

Attention was drawn to the standard form of the external auditors together with the Annual Governance Statement, which ensured a robust internal control system. It was highlighted that the accounts had already been subject to an internal audit and had now been sent to Audit Wales for inspection. It was reiterated that a revised version would only be submitted to the Committee in September if changes needed to be implemented following the audit.

The members thanked the officer for the report.

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

- That staff training costs appeared high
- Given the use of the Harbours, they should be making money
- The performance of each harbour could not be scrutinised individually – this was a composite report

RESOLVED:

To accept the report

To approve:

- **Revenue Income and Expenditure Account 2025/26**
- **The Annual Return for the year ending 31 March 2026, subject to audit by Audit Wales**
- **The Chair to sign the form electronically**

12. TREASURY MANAGEMENT QUARTERLY UPDATE

A report was submitted by the Investment Manager reporting that the Treasury Management Strategy for the year 2026/27 had been approved at the Full Council meeting in March 2026. It was noted that the strategy required the Investment Manager to report on treasury management prudential indicators every quarter with a review of the full financial year to also be submitted to the Committee when timely.

It was explained that the report before the committee provided an update on the period up to 31.12.2025.

It was reported that the period had been stable with the Council having invested money and generated significant interest income; the position on 31 December 2025 was very strong with the Council in a net investment position due to the high level of investments and operational capital, which also included Pension Fund funding. It was noted that since 31 March 2025 it had been decided to repay a historical loan of £16.2m from the bank due to favourable terms and the Strategy enabled the Council to reduce net borrowing costs (despite lost investment income) and reduce the Council's overall treasury risk.

Reference was made to the Prudential Indicators with particular emphasis on the Commitments Benchmark. It was explained that the Council expected to continue to borrow above its Benchmark up to 2026, because the Council held reserve funds with the cash flow, so far, lower than the projections made when the money had been borrowed. By 2027, it was projected there would be a very small amount of borrowing at the end of the financial year and therefore it would be possible to finance this through short-term borrowing and there would be no need for long-term borrowing based on current projections.

It was noted that all activities fully complied with the CIPFA code of practice.

The members expressed their thanks for the report.

RESOLVED

To accept the report and note the information

13. OUTPUT OF THE INTERNAL AUDIT SECTION

In accordance with the requirements of Global Internal Audit Standards (GIAS), Standard 11.3 Communication of Results, which noted that "the chief audit executive must communicate the results of internal audit services to the board (Governance Committee) and senior management from time to time and for each audit as appropriate", a report was submitted by the Audit Manager updating the Committee on the internal audit work for the period from 26 January 2026 to 31 March 2026. It was highlighted that 12 of the audits in the existing plan had been completed and given a high assurance level; adequate or restricted.

Each audit was referred to in turn and Members were given an opportunity to question or comment on the findings.

The members thanked the officer for the report

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

- School Transport Follow-up - adequate assurance level. Although the audit related primarily to financial matters, consideration needed to be given to the safeguarding element and school objectives such as attendance and safe arrival / departure from the premises. There was a need to ensure that there was no deviation from established arrangements to achieve other objectives.
- Breakfast Club Follow-up - limited assurance level. Concern about a lack of consistency of information related to allergies that could lead to a serious issue. Needed assurance that the actions were robust enough.
- Fire Arrangements - adequate level of assurance. That actions needed to be followed up and ensure they were completed – this was crucial to worker safety
- Deprivation of Liberty Safeguards (DoLS) – a limited level of assurance. Despite an improvement in the procedure, a lack of guidance from Deprivation of Liberty Safeguards measures led to an increase in the completion of applications / assessments.
- Fleet - Fuel Consumption - limited assurance level. The current fleet system did not appear to be fit for purpose, and therefore the arrangements needed to be revisited. It was difficult to understand that there was no system for sharing vehicles between departments or a means of identifying which department owned which vehicle. The Council's fleet as a whole needed to be looked at.
- Category Management - Environment Follow-up - limited assurance level. It was proposed and seconded that a report providing an update on the work of the Category Team be submitted to the Committee so that Members received information on how the Team prioritised value for money and keeping the benefit local.

It was proposed and seconded to hold an improvement working group to consider in greater detail some of the above-mentioned matters.

RESOLVED

- **To accept the report and support the actions that have already been agreed with the relevant services - a specific request to revisit Fleet - Fuel Consumption arrangements.**
- **To call in School Transportation, Breakfast Clubs and Fire Arrangements before the Service Improvement Working Group to examine the concerns in greater detail.**

- To nominate Rhys Parry (Chair), Dewi Lewis (Vice-chair) and Councillors Richard Glyn, Menna Baines and Ioan Thomas, as members of the Working Group
- That a report on Category Management – Environmental is to be submitted to the Committee

14. HEAD OF INTERNAL AUDIT ANNUAL REPORT 2025-2026

The report of the Audit Manager was submitted, expressing Internal Audit's view of the general management environment within the Authority during 2025/26 providing an annual conclusion on the overall adequacy and effectiveness of the Authority's Governance, risk management and internal control framework. It was noted that, overall, on the basis of the work completed during the year, the Council's arrangements operated at a level that provided reasonable assurance of their adequacy and effectiveness and that this view was based on a wide range of audits across Council services, together with relevant evidence from other sources of assurance, including the work of external regulators.

However, reference was made to several overarching management themes that had emerged. In particular, inconsistency in the implementation of controls, lack of managerial oversight in some areas, and weaknesses in the recording and documentation of processes and decisions. It was reiterated that some services also faced challenges in terms of capacity and resources, which could affect the ability to operate controls on a consistent basis – a significant proportion of audits having received "Limited" assurances during the year. While this did not undermine the overall conclusion of reasonable assurance, it clearly highlighted the need for a sustained corporate focus on strengthening internal controls and ensuring consistency across Council services.

In the context of performance, 88% of the audit plan was completed, which was slightly below the target of 95%. In addition, approximately half of the audits received assurance of "Adequate" or better – these results were consistent with the management issues identified and showed that there was room for improvement in the strength and consistency of controls.

Looking ahead to 2026/2027, it was reported that the performance measures had been reviewed to ensure they better reflected the impact and value of the Internal Audit service. It was noted that the service intended to move towards a more balanced approach to audit with greater emphasis on the efficiency of the service, the quality and impact of the work, and the relevance of the work to the Council's strategic risks. As a result, two key new measures would be introduced;

- measuring productive hours as a percentage of available time gave a better understanding of how we used the service's resources. This would help the service to identify any inefficiencies and ensure that they were using the audit team's capacity in the most effective way.
- a measure around strategic and corporate risks in the audit plan which would ensure that their work was more strongly focused on the areas that were most critical to achieving the Council's objectives. This would mean that the service aligned its work more closely with the corporate risk register and the Gwynedd Plan Priorities and Ambitions and highlighted more clearly how Internal Audit provided assurance over the most significant risks.

It was considered that this would give the Committee greater transparency and enable it to scrutinise not only how much work was being completed, but also how effectively that work supported governance and risk management.

It was reiterated that the Council continued to operate on a sound footing in terms of governance, risk management and internal controls, but that further improvements were

needed to strengthen consistency and effectiveness across services. It was considered that the new performance measures would support this by essentially ensuring that the work of Internal Audit continued to develop as a value-adding function, focusing on the risk areas that were most important to the Council.

The members thanked the officer for the report

In response to a question on the detailed work and the good results of the Unit despite a low number of staff, and whether any news of progress or work had been done to meet these staffing levels, it was noted that a bid for an apprentice for the Unit had been successful as part of Cyngor Gwynedd's Apprenticeship Scheme.

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

- Grateful for the work which contributed greatly to the Council's governance responsibilities
- That the Unit was supportive of the departments – highlighted shortcomings and offered guidance
- That the information presented to Councillors was clear and honest

RESOLVED:

To accept the report in accordance with the requirements of the Public Sector Internal Audit Standards for the 2025/26 financial year.

15. PROCUREMENT THRESHOLDS AND AMENDMENTS TO THE CONTRACTS PROCEDURE REGULATIONS

Arwel Evans (Procurement Manager) and Iwan Evans (Head of Legal Services - Monitoring Officer) were welcomed to the meeting.

A report was submitted setting out the need to review the Council's tender and quotation thresholds in light of the change to national contracting and procurement legislation and a significant increase in the prices of goods and services due to inflation. It was explained that the current procurement thresholds had been in place since 1996 and that since then prices and inflation had increased by an average of around 3% per annum. Although neither the Welsh Government nor the Welsh Local Government Association intended to harmonise thresholds across Local Authorities, information was presented to Members about the thresholds of North Wales Councils.

Reference was also made to the National Procurement Regulations setting out minor technical changes to the regulations for the purpose of raising awareness of the value of the contract where it was necessary to publish a contract details notice and include a consultation condition to ensure compliance and appropriate use of the arrangements. It was reiterated that these changes would be implemented by the Legal Services.

The Committee was asked to support the increase in the thresholds and recommend that the Full Council approve amendments to the National Procurement Regulations.

RESOLVED

- **To accept the report**
- **To support changes to the Procurement Thresholds**
- **To recommend that the Full Council approve Amendments to the Constitution - Section 17: Contracts Procedure Regulations**

16. AUDIT WALES – CYNGOR GWYNEDD ANNUAL AUDIT SUMMARY 2025 AND DETAILED AUDIT PLAN 2026

Yvonne Thomas and Carwyn Rees (Audit Wales) were welcomed to the meeting to present the reports

- a) Submitted - an Annual Audit Summary 2025 summarising the main findings of the 2025 audit work which was part of the duties of the Auditor General, together with the Audit of the Accounts, audit of appropriate arrangements to ensure that resources were used prudently, efficiently and effectively and complying with the sustainable development principles.

Attention was drawn to the findings of the 'Commissioning Arrangements' and 'Strategic use of Reserves' reviews as well as the national reports and outputs published during the year.

- b) Cyngor Gwynedd's Detailed Audit Plan 2026 was submitted which highlighted Audit Wales' Statement of Responsibilities. In the context of the materiality of financial statements, the levels of materiality (planning, performance and reporting threshold) and significant financial statement risks were highlighted noting that the 'risk of management override' was a mandatory risk that appeared in all audit plans.

Audit Wales intended to present the findings of the financial statements to the Governance and Audit Committee in September 2026 (had been moved forward one month to return to a pre-covid timeframe).

In the context of proposed performance audit work, three specific areas were highlighted to fulfil the 2026/27 duties namely Risk Management Arrangements, Project Outcomes Effectiveness and Council Tax Collection.

The total estimated fee for the 2026 work would be £429,346. It was noted that Audit Wales was not entitled to make a profit and therefore any difference in fees would be refunded.

The officers were thanked for their reports and it was welcomed that the Auditors saw the need to consider risk and opportunities when completing audits.

RESOLVED:

To accept the reports

17. GwE JOINT COMMITTEE – AUDIT PLAN 2026

The Assistant Head of Finance - Accounting and Pensions (Cyngor Gwynedd) explained that Cyngor Gwynedd, as the host Council, had been responsible for undertaking accounting responsibilities and reporting on the financial matters of the GwE Joint Committee. GwE ended on 31 May 2025, and as the GwE Joint Committee had expired, the arrangement decided was for the April and May accounts relating to 2025/26, to be submitted to the Governance and Audit Committee, as the position for the year was finalised. It was noted that the accounts had been subject to an audit by Audit Wales.

On behalf of Audit Wales, Siwan Glyn noted that the level of relevance was appointed to try and acknowledge and correct misstatements that could otherwise mislead those who used the accounts. A planning relevance level of £33,000 was determined for the 2025/26 audit based on the 2025/26 draft financial statements (calculated as 5% relevance).

Attention was drawn to the auditors' risk schedule which highlighted how they were addressed as part of the audit. It was reported that because the Joint Committee had ended in its current form at the end of May 2025 with services being transferred back to the Local Authorities, there was a risk that the financial statements had not been prepared on an appropriate basis and were not accurate or complete and did not adequately explain the end of the Joint Committee and the transfer of services. It was accepted that this was an unusual situation that could lead to a possible misstatement. It was reiterated that the 'risk of management override' was a mandatory risk that appeared in all audit plans.

Reference was made to the audit schedule of the financial statements and to the estimated completion fee for the work.

The members thanked the officer for the report

RESOLVED:

To accept the report

18. AUDIT WALES REPORTS

The Building Blocks? Capital Planning in Councils in Wales Additional Learning Needs - Do public bodies know if the system is working?

Yvonne Thomas and Carwyn Rees (Audit Wales), and Dewi Wyn Jones (Business Support Service Manager) were welcomed to the meeting.

- a) *The Building Blocks? Capital Planning in Councils in Wales* report was submitted by Audit Wales highlighting findings of a national audit undertaken to look at how Councils planned their capital expenditure with a focus on the Councils' annual capital programme and capital strategies. The importance of the work was outlined as Councils provided a significant number of new assets each year for their areas seeking to strike a balance between delivering value for money, choosing to maintain older assets or build from scratch, or investing in assets that were unfit for purpose.

A document with Cyngor Gwynedd's response was submitted which outlined what the Council intended to do to respond to Audit Wales' recommendation. The Head of Finance stated that he welcomed the report and that while he was comfortable with the Council's current capital arrangements, this was a good opportunity to review and provide an overview of them. He added that as with any capital programme the cycle was a slow one and therefore it was likely that the work would be completed towards the end of the year.

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

- Outlined the importance of having a property register to weigh up and measure use and maintenance costs
- Needed to ensure that an Asset Management Plan was in place and up to date
- Further discussions were needed to discuss the significant funding and costs required to improve / maintain property
- The Council's Property Register needed to be reviewed

- b) *The Additional Learning Needs (ALN) - Do public bodies know if the system is working?* report was submitted by Audit Wales highlighting findings of a national audit carried out to look at whether the Welsh Government and Councils understood the demand, capacity and skills of the workforce, costs and outcomes where ALN was in question. The recommendations had been submitted to the Welsh Government in its role as an enabler

of change at a national level, and therefore a general response was not to be expected from Cyngor Gwynedd.

The officers were thanked for the reports

RESOLVED

- **To accept both national reports**
- **To accept the Council's response to the recommendation in The Building Blocks? Capital Planning in Councils in Wales report – 'Councils should review their capital planning arrangements in order to identify and implement opportunities for improvement'.**

Note: Request to submit Cyngor Gwynedd's Asset Management Plan to the Committee

19. SPECIAL AUDIT REPORT UPDATE - DOMICILIARY CARE

Following on from the findings of an Internal Audit special audit commissioned by the Chief Executive into domiciliary care in Cyngor Gwynedd, an update was received from the Head of Adults, Health and Well-being Department on the detailed work programme that had been drawn up to prioritise and strengthen the domiciliary care provision at the February 2025 Committee meeting. Following the update, Members had requested a further update from the Department in 12 months' time on the progress and success of the work programme.

Alun Gwilym Williams (Assistant Business Head of Adults, Health and Well-being Department) was welcomed to submit the update. Reference was made to the successes and advancements of the work programme as well as the challenges facing the service.

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

- The team were congratulated for their work – the findings were damning and therefore it was important to acknowledge the response
- There had been noticeable progress in the work, the situation was being appropriately addressed and was improving
- Despite a reduction in block hours that did not go to direct care, the number of hours here remained high – was there a specific timetable for this work?
- Wage levels needed to be reviewed – better wages were available in other sectors. There was a need to harmonise wages if Cyngor Gwynedd was to continue to offer standard care.

In response to the above observation about a reduction in block hours, it was highlighted that the service would not be in a position to be able to reach a point where all block hours went to direct care (this was the principle of the model, flexibility etc) but would clearly continue to work with providers to bring these hours down further.

In response to a question about existing domiciliary care contracts expiring in October 2027 and whether work was being done to review lessons learned from the old system before drawing up new agreements, it was noted that discussions were taking place with domiciliary care users and their families, staff, providers and stakeholders to ensure a better model for the future. It was reiterated that discussions were also taking place with other Councils who had piloted similar models, to ensure a more effective model for Gwynedd.

In response to a question about how the service was approaching staff recruitment and retention, with some areas suffering more than others, it was noted that the challenge of recruitment was a significant one across the sector. He reiterated that despite efforts locally and the development of a Care Academy in Gwynedd, the appointments did not meet the demand and that plans were underway to address a national challenge here. In response to

a supplementary question about the effects of the government's decision to stop recruiting care workers from overseas, they noted the hope of seeing changes to the system by 2028 – that recruiting workers from abroad was an effective means of maintaining care.

They were thanked for the update.

RESOLVED

- **To accept and note the progress to the Council's Domiciliary Care arrangements**
- **That a further update is needed in six months' time on the progress and success of the work programme**
- **To look at reconciling salaries across all sectors - this is crucial if Cyngor Gwynedd is to continue to offer quality care**

20. THE GOVERNANCE AND AUDIT COMMITTEE'S FORWARD PROGRAMME

A forward programme of items for the Committee's meetings until May 2027 was submitted.

RESOLVED:

- **To accept the work programme for May 2026 – May 2027**
- **To add the Asset Management Plan and Category Management – Environment to the work programme**

The meeting commenced at 10:00 and concluded at 13:15

CHAIR