

<b>MEETING</b>	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
<b>DATE</b>	<b>28 November 2019</b>
<b>TITLE</b>	<b>Recommendations and Proposals for Improvement from 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>AWDUR</b>	<b>Geraint Owen, Head of Corporate Support</b>

## **1 Decisions sought/purpose of the report**

1.1 Two decisions are sought:

### 1.2 Decision 1

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

### 1.3 Decision 2

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

## **2 Introduction**

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

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

## **3 Relevant Considerations**

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

3.2 Decisions:

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

(ii) to ask the Care Scrutiny Committee to consider scrutinising the matters highlighted by CSSIW's 2013/14 and 2014/15 reports, the report on 'Helping People to Live Independently: Are Councils Doing Enough?', together with the report titled 'National Inspection of care and support for people with learning disabilities' (A joint-review by CSSIW and the Health Care Inspectorate), and the work undertaken to respond to the improvement proposals;

(iii) to ask the Communities Scrutiny Committee to consider scrutinising the matters highlighted in the report 'Delivering with Less - the impact on environmental health services and citizens', and the work undertaken to respond to the improvement proposals;

(iv) to receive confirmation of which committee should give consideration to the report titled 'Asset Management [Land and Buildings]';

(v) that the Committee receives a report regarding the 'Community Safety in Wales' report, if the matter was in the Committee's terms of reference;

(vi) to receive an explanation as to why three proposals for improvement under the 'People Strategy' report had not been completed;

(vii) to ask the Scrutiny Forum to consider the situation regarding pre-scrutiny of business cases for changes to services.

Actions:

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

Decision 1

3.4

Appendix 1

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

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

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

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

### Decision 2

3.5

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

3.6

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

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

### The Pathway for External Auditors' Reports

3.7

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



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



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

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

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

#### **4 Reasons for Recommending the Decision**

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

#### **5 Next steps and timetable**

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

#### **6 List of Appendices/Literature**

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