

MEETING: **AUDIT COMMITTEE**

DATE: **21 January 2016**

TITLE: **External Audit Reports**

PURPOSE: **To submit a summary of implementation steps established by the services in response to external audit reports and their recommendations for consideration by the Audit Committee**

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CABINET MEMBER: **Councillor Dyfrig Siencyn**

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## **I. INTRODUCTION**

1.1 One of the primary duties of the Audit Committee as outlined in the Local Government (Wales) Measure 2011, is to **review and assess the authority's risk management, internal control and corporate governance arrangements**. The Statutory Guidelines published pursuant to the Measure states that, in order to do this, the Committee needs to:

- *“report on the adequacy of the authority's risk management and internal control arrangements, and comment on their effectiveness, as well as following up on risks identified by auditors and requiring reports as to action taken in response;”* and
- *“the authority will need to ensure there is no unnecessary duplication between the audit committee and any overview and scrutiny committee in considering such reports”*.

1.2 At its meeting on 3 December 2013, the Audit Committee approved new arrangements of reporting in order to strengthen governance arrangements and scrutiny of the main reports avoiding any duplication or vagueness. The principal reports are:

- ESTYN Reports
- Care and Social Services Inspectorate Wales (CSSIW) Reports
- Annual Reports of the Wales Audit Office (WAO)

1.3 The Audit Committee has a responsibility to ensure that arrangements and processes are in place to ensure that any recommendations included in external audit reports are implemented.

1.4 The Scrutiny Chairs Forum at its meeting on 24 January 2014, accepted the proposal for the relevant scrutiny committees to scrutinise the principal external audit reports, and this arrangement continues.

- 1.5 A summary was submitted to the Audit Committee of the action steps established by the services in response to the external audit reports and their recommendations. The summary was submitted to the committee as the recommendations of the main reports or any other substantive recommendations came to our attention.
- 1.6 It has now become apparent that we need more thorough arrangements to enable the Audit Committee to satisfy itself that the action steps to respond to the improvement proposals of external auditors' reports have been implemented.
- 1.7 Submitted in Appendix I therefore, is a list of inspections held by external auditors over the past three years together with their proposals for improvement, their action plans and their progress to date. The committee will need to consider whether it is satisfied with the progress which has taken place.
- 1.8 This arrangement is proposed as an arrangement for the future for the Audit Committee to be satisfied about the Council's actions to respond to external auditors' reports. National reports will be included in the arrangements in future.
- 1.9 In order for the Audit Committee to fulfil its role in full and receive assurance that all the of the external auditors recommendations receive due attention, it is proposed that the the proposals/recommendations will continue to be presented to the Committee until it is satisfied either that the proposal/recommendation have been implemented, or that it is no longer relevant.
- 1.10 The Committee can satisfy itself on the progress of the proposal/recommendation by considering the comments that have been submitted in Annex I, or by requesting that members or officers to attend a meeting of the Committee to provide further clarification.
- 1.11 When the Committee is satisfied that the proposal/recommendation has been completed, the proposal/recommendation can be removed from the list that is presented every 6 months.
- 1.12 Of the 74 proposals/recommendations contained in Appendix I, a summary of progress on them is as follows:

<b>Progress</b>	<b>Number</b>
Not started	9
Being planned	4
In progress	30
In progress (continuous)	2
Completed	22
Completed (continuous)	4
Completed to a large extent	3
<b>Total</b>	<b>74</b>

1.13 It is seen that 29 out of 74 have been completed, or have been completed to a large extent.

## **2.0 Summary of the reports in Appendix I**

Below is a summary of the reports in Appendix I.

### **2.1 Annual Improvement Report WAO 2012-13 (1.1.1 in Appendix I)**

The action steps agreed upon to respond to this report have been completed.

**Recommendation: The the committee accepts the evidence that the action steps to respond to this report have been completed.**

### **2.2 Annual Improvement Report 2013-14 (1.1.2 in Appendix I)**

The report did not include neither a new proposal nor improvement.

### **2.3 Annual Improvement Report WAO 2014-15 (1.1.3 in Appendix I)**

Improvement has happened on the action steps which were agreed, and the work is continuing.

### **2.4 Annual Performance Evaluation CSSIW 2012-13 (1.2.1 in Appendix I)**

Progress has happened on the action steps agreed following the 2012-13 performance evaluation, and the services were evaluated again as part of the CSSIW Annual Performance Evaluation in 2013-14.

### **2.5 Annual Performance Evaluation CSSIW 2013-14 (1.2.2 in Appendix I)**

Progress has happened on the action steps agreed upon, and the work is continuing.

The CSSIW Annual Performance Evaluation 2014-15 has now been completed, and an action plan in response to the areas for improvement noted is expected.

**Recommendation: To consider the CSSIW Annual Improvement Evaluation 2014-15.**

### **2.6 Annual Performance Evaluation CSSIW 2014-15 (1.2.3 in Appendix I)**

The report was published on 30 October 2015, and the conclusions of the report are being considered by the Services Scrutiny Committee on 26 November 2015. A responding action plan is expected.

### **2.7 Estyn 3 year inspection: Inspection on the Quality of Gwynedd Local Authority Education Service for children and young people during March 2013 (1.3.1 in Appendix I)**

The progress information in the report provides evidence of the progress made during the period following the inspection to Estyn's final visit in December 2014.

Following that inspection, a letter was received recording Estyn's monitoring results:

" Gwynedd Council is judged to have made sufficient progress in relation to the recommendations that arose from the inspection in March 2013. As a result, Her Majesty's Chief Inspector of Education and Training in Wales is removing the authority from follow-up activity".

### **2.8 Local Authorities Safeguarding Children Arrangements – Gwynedd Council (WAO) – October 2014 (2.1 in Appendix I)**

It is clear that progress has happened on the action plan to respond to the proposals for improvement.

**2.9 Gwynedd Domiciliary Care Services Review by CSSIW – March 2014 (2.2 in Appendix I)**

Arrangements are offered to monitor the implementation of the action plan which was agreed following the review.

**2.10 National review of the use of deprivation of liberty safeguards (DOLS) in Wales 2014 – Gwynedd Local Authority and Betsi Cadwaladr University Health Board (CSSIW) (2.3 in Appendix I)**

An action plan to respond to the proposals noted in the review is expected.

**2.11 Gwynedd Fostering Service (CSSIW) – January 2015 (2.4 in Appendix I)**

It is noted in the report: “We did not identify any areas of non-compliance with the requirements of The Fostering Services (Wales) Regulations 2003; however we have identified areas where practice could be further developed to assist in improving the standard of the service provided.”

It is noted that any recommendations will be included in the department’s work plan.

**2.12 Housing and Council Tax Benefit Service Review (WAO) 2012 (2.5 in Appendix I)**

Comprehensive evidence is offered in the report on the progress made to respond to the WAOs proposals for improvement.

**Recommendation: That the Audit Committee considers to what extent the evidence offered on progress in the action plan is sufficient.**

**2.13 Gwynedd Council Information Management Feedback (WAO) 2012 (2.6 in Appendix I)**

The evidence offered on the progress made to date to respond to the proposals for improvement suggest that further monitoring work is required before the action plan which was agreed is completed.

**3.0 Recommendations**

**3.1 The committee will need to decide which ones of the recommendations and proposals for improvement in the auditors’ reports listed in Appendix I it is satisfied that have been implemented. It can decide if it is to call any matter in for further consideration, either to the full committee or to the Controls Improvement Working Group.**

**3.2 That the Audit Committee approves this arrangement as an arrangement for the future so that the committee can be satisfied with the Council’s actions to respond to external auditors’ reports, including national reports.**