

At: Aelodau'r Pwyllgor Llywodraethu  
Corfforaethol

Dyddiad: 31 Ionawr 2018

Rhif Union: 01824706204

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Annwyl Gyngorydd

Fe'ch gwahoddir i fynychu cyfarfod y **PWYLLGOR LLYWODRAETHU CORFFORAETHOL, DYDD MERCHER, 7 CHWEFROR 2018** am **1.00 pm** yn **CONFERENCE ROOM 1A, COUNTY HALL, RUTHIN.**

Yn gywir iawn

G Williams  
Pennaeth Gwasanaethau Cyfreithiol, AD a Democrataidd

## **AGENDA**

### **1 YMDDIHEURIADAU**

### **2 DATGANIADAU O FUDDIANT** (Tudalennau 5 - 6)

Dylai'r Aelodau ddatgan unrhyw gysylltiad personol neu gysylltiad sy'n rhagfarnu ag unrhyw fater a nodwyd fel un i'w ystyried yn y cyfarfod hwn.

### **3 MATERION BRYD**

Rhybudd o eitemau y dylid, ym marn y Cadeirydd, eu hystyried yn y cyfarfod fel materion bryd yn unol ag Adran 100B(4) Deddf Llywodraeth Leol 1972.

### **4 COFNODION** (Tudalennau 7 - 14)

Derbyn cofnodion cyfarfod y Pwyllgor Llywodraethu Corfforaethol a gynhaliwyd ar 29 Tachwedd 2017 (copi'n amgaeedig).

### **5 DIWEDDARIAD AR REOLI'R FFLYD GORFFORAETHOL** (Tudalennau 15 - 32)

Ystyried adroddiad gan y Prif Archwilydd Mewnol (copi ynghlwm) sy'n rhoi diweddariad i'r aelodau ar gynnydd gweithredu'r cynllun gweithredu a oedd yn cyd-fynd â'r adroddiad Rheoli Fflyd Corfforaethol ym mis Hydref 2015.

- 6 ADRODDIAD CYNNYDD ARCHWILIO MEWNOL** (Tudalennau 33 - 50)  
Ystyried adroddiad gan y Prif Archwilydd Mewnol (copi'n amgaeedig) yn rhoi gwybod i aelodau am gynnydd Archwilio Mewnol.
- 7 RHEOLIAD DIOGELU DATA CYFFREDINOL**  
Derbyn diweddariad ar lafar, gan Reolwr y Gwasanaeth Cyfreithiol a Rheolwr y Tîm Gwybodaeth Busnes ar y Rheoliad Diogelu Data Cyffredinol.
- 8 STRATEGAETH FLYNYDDOL RHEOLI'R TRYSORLYS** (Tudalennau 51 - 84)  
Ystyried adroddiad gan y Prif Swyddog Cyllid (copi'n amgaeedig) ar Reoli Trysorlys.
- 9 CAU'R DATGANIAD CYFRIFON** (Tudalennau 85 - 88)  
Ystyried adroddiad gan y Prif Gyfrifydd (copi wedi'i amgáu) yn diweddarau aelodau ar y cynnydd o ran y broses statudol o gau'r cyfrifon yn gynnar.
- 10 LLYTHYR ARCHWILIO BLYNYDDOL** (Tudalennau 89 - 90)  
Derbyn gwybodaeth ar gyfer Llythyr Archwilio Blynyddol Cyngor Sir Ddinbych 2016 – 17, gan Swyddfa Archwilio Cymru (copi wedi'i amgáu).
- 11 RHAGLEN WAITH SWYDDFA ARCHWILIO CYMRU** (Tudalennau 91 - 102)  
Adroddiad gwybodaeth gan Swyddfa Archwilio Cymru (copi ynghlwm) sy'n dangos rhaglen waith arfaethedig i archwiliad Swyddfa Archwilio Cymru ar gyfer archwilio ariannol ac archwilio perfformiad.
- 12 RHAGLEN WAITH Y PWYLLGOR LLYWODRAETHU CORFFORAETHOL** (Tudalennau 103 - 106)  
Ystyried rhaglen gwaith i'r dyfodol y pwyllgor (copi'n amgaeedig).

## **AELODAETH**

### **Y Cynghorwyr**

Mabon ap Gwynfor  
Tony Flynn  
Martyn Holland

Alan James  
Barry Mellor  
Joe Welch

### **Aelod Lleyg**

Paul Whitham

**COPIAU I'R:**

Holl Gynghorwyr er gwybodaeth  
Y Wasg a'r Llyfrgelloedd  
Cynghorau Tref a Chymuned

Mae tudalen hwn yn fwriadol wag

DEDDF LLYWODRAETH LEOL 2000

Cod Ymddygiad Aelodau

## DATGELU A CHOFRESTRU BUDDIANNAU

Rwyf i,  
(enw)

\*Aelod /Aelod cyfetholedig o  
(\*dileuer un)

**Cyngor Sir Ddinbych**

**YN CADARNHAU** fy mod wedi datgan buddiant **\*personol / personol a sy'n rhagfarnu** nas datgelwyd eisoes yn ôl darpariaeth Rhan III cod ymddygiad y Cyngor Sir i Aelodau am y canlynol:-  
(\*dileuer un)

Dyddiad Datgelu:

Pwyllgor (nodwch):

Agenda eitem

Pwnc:

Natur y Buddiant:

(*Gweler y nodyn isod*)\*

Llofnod

Dyddiad

Noder: Rhwng ddigon o fanylion os gwelwch yn dda, e.e. 'Fi yw perchennog y tir sy'n gyfagos i'r cais ar gyfer caniatâd cynllunio a wnaed gan Mr Jones', neu 'Mae fy ngŵr / ngwraig yn un o weithwyr y cwmni sydd wedi gwneud cais am gymorth ariannol'.

Mae tudalen hwn yn fwriadol wag

## PWYLLGOR LLYWODRAETHU CORFFORAETHOL

Cofnodion cyfarfod o'r Pwyllgor Llywodraethu Corfforaethol a gynhaliwyd yn Ystafell Bwllgor 1A, Neuadd Y Sir, Rhuthun LL15 1YN, Dydd Mercher, 29 Tachwedd 2017 am 9.30 am.

### YN BRESENNOL

Y Cynghorwyr Mabon ap Gwynfor, Tony Flynn, Martyn Holland (Is-Gadeirydd), Alan James, Barry Mellor (Cadeirydd) a/ac Joe Welch

Aelod Lleyg Paul Witham

Cynghorydd Julian Thompson-Hill, Aelod Arweiniol dros Gyllid, Cynllun Corfforaethol a Pherfformiad.

Cynghorydd Huw Hilditch Roberts, Aelod Arweiniol Addysg, Plant a Phobl Ifanc

Mynychodd y Cynghorydd Emrys Wynne fel sylwedydd.

### HEFYD YN BRESENNOL

Pennaeth Gwasanaethau Cyfreithiol, Adnoddau Dynol a Democrataidd (GW), Pennaeth Cyllid (RW), Pennaeth Addysg a Gwasanaethau Plant (KE), Prif Reolwr Addysg (GD), Prif Archwilydd Mewnol (LL) a'r weinyddwr Pwyllgor (SJ).

Cynrychiolwyr Swyddfa Archwilio Cymru - Gareth Evans a Gwilym Bury.

### 1 YMDDIHEURIADAU

Dim

### 2 DATGANIADAU O FUDDIANT

Datganodd y Cynghorwyr Tony Flynn, Martyn Holland, Barry Mellor, Mabon ap Gwynfor, Emrys Wynne, Huw Hilditch-Roberts a Julian Thompson- Hill gysylltiad personol ag eitemau 5 a 6 ar y rhaglen gan eu bod yn llywodraethwyr ysgol.

Datganodd y Cynghorydd Alan James gysylltiad personol yn eitem 5 ar y rhaglen gan fod ei ferch yn Bennaeth ar ysgol a oedd mewn anhawster ariannol.

Datganodd y Cynghorydd Joseph Welch gysylltiad personol yn eitem 5 ar y rhaglen gan ei fod yn rhiant i blentyn sy'n mynychu ysgol dan reolaeth Cyngor Sir Ddinbych.

Datganodd yr Aelod Lleyg, Paul Witham, gysylltiad personol yn eitem 5 ar y rhaglen gan fod yn Daid i blentyn yn un o'r ysgolion a restrwyd yn yr adroddiad.

### 3 MATERION BRYD

Ni chodwyd unrhyw fater bryd.

## 4 COFNODION

Cyflwynwyd cofnodion cyfarfod y Pwyllgor Llywodraethu Corfforaethol a gynhaliwyd ar 27 Medi. 2017

### **Cywirdeb -**

Nodwyd fod yr Aelod Lleyg Mr Paul Whitham yn bresennol yn y cyfarfod.

### **Materion yn codi -**

Eitem 10 Prosiect Maes Parcio Loggerheads – Gwnaeth y Cynghorydd Martyn Holland gais ynghylch y lefel uchel o arian at raid gyda'r datblygiad hwn ac i nodi'r fformiwla a ddefnyddir i gyfrifo swm yr arian at raid. Gofynnodd yr Aelod Lleyg i Paul Witham am eglurhad o'r diffiniad o Arian at Raid ac i hyn gael ei gylchredeg i aelodau fel y nodwyd yn y cofnodion.

Cadarnhaodd y Pennaeth Gwasanaethau Cyfreithiol, Adnoddau Dynol a Gwasanaethau Democraidd y byddai'n gwirio hynny ac yn rhoi gwybod i Aelodau'r Pwyllgor.

***PENDERFYNWYD*** yn amodol ar yr uchod, y dylid derbyn a chymeradwyo cofnodion cyfarfod y Pwyllgor Llywodraethu Corfforaethol fel cofnod cywir.

## 5 YSGOLION MEWN TRAFFERTH ARIANNOL

Cyflwynwyd yr adroddiad (a ddisbarthwyd yn flaenorol), gan y Cynghorydd Julian Thompson-Hill, Aelod Arweiniol Cyllid, Perfformiad ac Asedau Strategol, i egluro polisi'r Cyngor a'r dull i weithio gydag ysgolion mewn trafferth ariannol.

Arweiniodd y Cynghorydd Thompson-Hill yr Aelodau drwy'r adroddiad. Cyfeiriwyd at y siart cynnydd (yn atodiad 1, wedi'i ddisbarthu'n flaenorol), a oedd yn dangos y broses ar gyfer herio a chefnogi cyllid ysgolion. Rhoddwyd eglurhad o ran y camau lle mae Awdurdod Lleol yn ymyrryd a'r camau dilynol.

Clywyd pryderon ynglŷn â nifer yr ysgolion mewn trafferth ariannol. Cadarnhawyd bod nifer yr ysgolion mewn trafferth ariannol wedi gostwng dros y blynyddoedd diweddar. Roedd Cyngor Sir Ddinbych wedi'i amlygu fel un o'r Awdurdodau Lleol yn y diffyg mwyaf.

Eglurodd y Pennaeth Addysg a Gwasanaethau Plant fod y penderfyniadau o ran rheoli cyllidebau ysgol yn mynd drwy'r fforwm cyllidebau ysgolion. Roedd penderfyniadau'n cael eu gwneud drwy gyfrwng sgwrs ac ystyriaeth lefel uchel. Ailadroddodd y Pennaeth Cyllid y broses sydd yn ei lle i herio a chefnogi ysgolion, i reoli cyllideb dreigl 3 blynedd. Mae'r broses a chyllidebau ysgolion yn cael eu monitro'n barhaus.

Yn ystod trafodaethau, codwyd y materion canlynol:



- Colli swyddi – Cadarnhawyd bod y dull o dalu arian colli swydd wedi newid yn 2012. Roedd ysgolion nawr yn gyfrifol am ariannu unrhyw swyddi a gollwyd.
- Fforwm Cyllidebau Ysgolion – cadarnhaodd y Pennaeth Addysg a Gwasanaethau Plant fod y fformiwla i bennu cyllidebau Ysgolion yn destun craffu gan y Fforwm Cyllidebau Ysgolion. Mae Pennaeth Addysg a Gwasanaethau Plant, Pennaeth Cyllid, Pennaethiaid cynrychioladol, Aelod Arweiniol Addysg, Plant a Phobl Ifanc, a Swyddogion cynrychioladol yn dod i'r fforwm. Roedd gwaith da wedi'i wneud ar gryfhau'r Fforwm, gan fynd ati i gydweithio i wella cyllid yr ysgol.
- Roedd ymgysylltiad rhwng swyddogion ac ysgolion yn hanfodol i geisio gwella cyllid, cyn cymryd unrhyw gamau gweithredu. Gweithiodd Swyddogion yn agos gydag ysgolion a sut mae ysgolion yn cael eu rhedeg. Mae GwE yn rhoi adborth ar gyfranogiad gydag ysgolion. Cafodd y ddyletswydd i ddarparu'r lefel orau o addysg i bobl ifanc yn Sir Ddinbych ei hadlewyrchu yn y canlyniadau arholiadau gwell.
- Roedd fforwm Llywodraethwyr cadarn wedi'i ddylunio i ymgysylltu a chyfathrebu gyda llywodraethwyr wedi helpu i ddeall y broses sydd yn ei lle. Arsylwyd ar nifer o swyddi gwag ar gyfer llywodraethwyr ysgol.

Diolchodd y cadeirydd i'r swyddogion am y gwaith a wnaed i ddatblygu a monitro ysgolion. Daeth i'r casgliad bod cyrhaeddiad ysgolion ac addysg a lles pobl ifanc yn Sir Ddinbych yn hanfodol.

**PENDERFYNWYD** bod y Pwyllgor Llywodraethu Corfforaethol yn derbyn ac yn nodi cynnwys yr adroddiad blynyddol, wedi i bawb ddangos eu dwylo i gytuno â hynny'n unfrydol.

## 6 RHEOLI GWYBODAETH A RHEOLI TG MEWN YSGOLION

Cyflwynodd y Pen Reolwr Cymorth Addysg yr adroddiad (a ddsbarthwyd yn flaenorol) i roi diweddariad ar y gwaith a wneir mewn ymateb i'r adroddiad a rannwyd 28 Medi 2016, a rhagor o dystiolaeth a roddwyd 25 Ionawr 2017, a oedd yn rhoi manylion ynghylch Rheoli Gwybodaeth a Rheoli TG mewn ysgolion a gafodd sgôr Sicrwydd "Isel".

Darparwyd gwybodaeth am sut mae'r Cyngor yn gweithredu gwelliannau yn y ffordd mae ysgolion yn rheoli gwybodaeth ers cyhoeddi'r adroddiad Archwilio Mewnol a roddodd 'Sicrwydd Isel'. Roedd y Pwyllgor Llywodraethu Corfforaethol wedi gofyn am ail adroddiad cynnydd i ddiweddarau aelodau, i sicrhau bod materion yn cael sylw.

Roedd Swyddfa'r Comisiynydd Gwybodaeth wedi cwblhau hyfforddiant i Bennaethiaid a Rheolwyr Busnes ar 9 Chwefror, 2017. Cafodd hyfforddiant hefyd ei gyflwyno i Lywodraethwyr Ysgol. Roedd rhagor o hyfforddiant wedi'i gynnig ar Ddiogelwch Data, a gynhaliwyd 15 Chwefror 2017.

Bydd rhagor o hyfforddiant yn cael ei drefnu pan fydd y Rheoliadau Diogelu Data Cyffredinol yn eu lle ym Mai 2018.

Roedd y datblygiad o becyn gwaith archwiliad ar-lein rhanbarthol a oedd yn galluogi ysgolion a'r Awdurdod Lleol i fonitro, cefnogi a herio wedi digwydd. Cadarnhaodd y Pen Reolwr Cymorth Addysg fod pob ysgol â mynediad at y pecyn cymorth i gwblhau archwiliad a neilltuo tasgau i unigolion erbyn dyddiadau cau penodol. Gall staff ysgol, Awdurdod Lleol a Llywodraethwyr Ysgol fonitro cynnydd a gwelliannau, ac fe gynigir cefnogaeth lle bo angen. Mae ysgolion wedi mabwysiadu'r pecyn gwaith yn dda, ac fe arsylwyd ar ganlyniad a gwaith cadarnhaol. Roedd cysylltiadau at bolisiâu a gweithdrefnau ar Wefan Sir Ddinbych wedi'u cynnwys yn y pecyn gwaith i ganiatáu Ysgolion i gael cyswllt uniongyrchol at dudalennau perthnasol er gwybodaeth. Roedd hyfforddiant i bob unigolyn a oedd yn gweithio gyda'r pecyn gwaith yn cael ei roi.

Byddai rheolaeth gyffredinol o'r pecyn gwaith yn cael ei neilltuo i becyn gwaith yr ysgol, a fyddai'n galluogi'r unigolyn hwnnw i neilltuo a monitro'r gwaith a gwblhawyd.

Rhoddodd y Pennaeth Addysg a Gwasanaethau Plant wybod i'r pwyllgor bod y pecyn gwaith, a ddatblygwyd gan swyddogion Sir Ddinbych, eisoes wedi'i fabwysiadu gan 6 sir Gogledd Cymru, ac yn gweithio'n effeithiol.

Codwyd pryderon gan y Cynghorydd Emrys Wynne o ran casglu gwastraff cyfrinachol. Cadarnhaodd y Swyddog Monitro fod contractwyr yn eu lle i gael gwared ar wastraff cyfrinachol, a gellid trefnu casgliadau ychwanegol os oedd angen.

**PENDERFYNWYD** bod y Pwyllgor Llywodraethu Corfforaethol yn nodi'r adroddiad a bod adroddiad diweddarau'n cael ei gyflwyno i'r Pwyllgor Llywodraethu Corfforaethol mewn 6 mis.

Ar y pwynt hwn (11.45 a.m.) cafwyd toriad am 10 munud.

Ailddechreuodd y cyfarfod am 11.55 a.m.

## **7 ADRODDIAD RIPA (DEDDF RHEOLEIDDIO PWERAU YMCHWILIO 2000) BLYNYDDOL**

Cyflwynwyd adroddiad er gwybodaeth (a ddosbarthwyd yn flaenorol) ar ddefnydd y Cyngor o'i bwerau gwyliadwriaeth dan RIPA (Deddf Rheoleiddio Pwerau Ymchwilio 2000).

Darparodd y Pennaeth Gwasanaethau Cyfreithiol, Adnoddau Dynol a Democrataidd drosolwg o RIPA ac eglurodd sut y gallai pwerau o dan y Ddeddf honno gael eu defnyddio gan y cyngor, ynghyd â'r prosesau ar waith. Nid oedd unrhyw ddefnydd wedi ei wneud o'r pwerau hyn ers yr adroddiad diwethaf i'r Pwyllgor Llywodraethu Corfforaethol Darparwyd sesiynau hyfforddiant mewnol rheolaidd i swyddogion gan ddefnyddio'r pwerau hynny gyda'r sesiwn nesaf wedi ei chynllunio ar gyfer 30 Mawrth 2017. Bydd digwyddiad hyfforddiant atgoffa yn cael ei ddarparu i Swyddogion Awdurdodi'r Cyngor y flwyddyn nesaf i'w galluogi i herio a chraffu ar unrhyw weithrediad yn effeithiol.

Eglurodd y Pennaeth Gwasanaeth wrth aelodau mai gwyliadwriaeth yw'r dewis olaf. Mae'n rhaid defnyddio pob ffordd a dull arall cyn y rhoddir awdurdod i ddefnyddio gwyliadwriaeth.

Diolchodd y Cadeirydd i'r Pennaeth Gwasanaeth am roi'r wybodaeth ddiweddaraf.

**PENDERFYNWYD** derbyn a nodi'r adroddiad RIPA Blynyddol (*Deddf Rheoleiddio Pwerau Ymchwilio 2000*).

## **8 ADRODDIAD RHANNU PRYDERON BLYNYDDOL**

Adroddiad gan y Swyddog Monitro, a oedd yn darparu gwybodaeth ynghylch gweithrediad Polisi Rhannu Pryderon y Cyngor ers i'r adroddiad diwethaf gael ei gyflwyno i'r Pwyllgor Llywodraethu Corfforaethol ym mis Gorffennaf 2016.

Roedd yr adroddiad wedi ei gyflwyno yn unol â Pholisi Rhannu Pryderon y Cyngor, a oedd yn cynnwys gofyniad bod y Swyddog Monitro yn cyflwyno adroddiad i'r Pwyllgor Llywodraethu Corfforaethol o leiaf unwaith y flwyddyn ar weithrediad y Polisi ac unrhyw newidiadau mewn ymarfer a gyflwynwyd o ganlyniad i bryderon a godwyd o dan y Polisi. Mae'r adroddiad yn edrych ar y cyfnod o 14 Gorffennaf hyd heddiw, yn ystod y cyfnod hwn nid oes unrhyw bryderon wedi eu codi dan y polisi rhannu pryderon.

Cadarnhaodd y Swyddog Monitro fod yr Uwch Dîm Arweinyddiaeth wedi cytuno ym mis Mawrth 2017 i 'fodiwl e-ddysgu rhannu pryderon' fod yn orfodol i bob un o weithwyr Cyngor Sir Ddinbych. Dylai'r modiwl e-ddysgu fod yn barod i'w lansio ym mis Ionawr 2018.

Mewn ymateb i bryderon a godwyd gan yr aelod lleyg Paul Witham, cadarnhaodd y Swyddog Monitro y byddai'n cadarnhau fod contractwyr yn ymwybodol o sut i gael mynediad i'r polisi ar-lein.

**PENDERFYNWYD** bod y Pwyllgor Llywodraethu Corfforaethol yn derbyn ac yn nodi cynnwys yr adroddiad blynyddol.

## **9 ADRODDIAD CYNNYDD ARCHWILIO MEWNOL**

Cyflwynodd y Prif Archwilydd Mewnol adroddiad diweddar Archwilio Mewnol (a ddosbarthwyd ymlaen llaw) yn rhoi diweddariad i'r aelodau ar gynnydd Archwilio Mewnol o ran cyflwyno gwasanaeth, darparu sicrwydd, adolygiadau a gwblhawyd, perfformiad ac effeithiolrwydd wrth sbarduno gwelliant.

Mae'r adroddiad yn darparu gwybodaeth am waith yr Adain Archwilio Mewnol ers y cyfarfod diwethaf y Pwyllgor. Aeth y Prif Archwilydd Mewnol drwy'r adroddiadau a oedd yn rhoi'r wybodaeth ddiweddaraf hyd fel ydoedd fis Tachwedd 2017 ar:

- Adroddiadau archwilio mewnol a gyflwynwyd yn ddiweddar
- Adroddiadau Archwilio Mewnol dilynol
- Cynnydd gwaith Archwilio Mewnol hyd yma yn 2017/18.
- Crynodeb o brosiectau nesaf yr Adain Archwilio Mewnol
- Safonau perfformiad Archwilio Mewnol

Codwyd y materion canlynol wrth drafod –

- Arian Mân – Tachwedd 2017 – Eglurodd y Prif Archwilydd Mewnol fod yr arian mân o glybiau gweithgareddau'r ysgol fel y clwb brecwast, clybiau ar ôl ysgol, wedi achosi dryswch. Eglurodd y Prif Archwilydd Mewnol fod cynllun gweithredu wedi cael ei ddatblygu er mwyn galluogi'r cyngor i reoli'r risgiau sy'n gysylltiedig â chyfrifon arian mân. Mae'r Cyngor yn gyfrifol am arian parod o wahanol feysydd i fewn y cyngor megis meysydd parcio a chyfleusterau cyhoeddus, gyda rheolaethau penodol i'w rheoli. Fodd bynnag, gofynnwyd am asesiad o arian mân mewn perthynas ag arian ysgolion e.e. clybiau brecwast, a byddai adroddiad yn cael ei gyflwyno yn ôl i'r Pwyllgor Llywodraethu Corfforaethol ymhen 6 mis.
- Rheoli'r risg o dwyll a llygredigaeth – Tachwedd 2017 – Cadarnhaodd y Prif Archwilydd Mewnol fod y cyngor wedi ymrwymo i ymagwedd dim goddefiaeth tuag at dwyll a llygredigaeth. Roedd rhai meysydd i'w gwella wedi'u canfod y gellid eu goresgyn yn hawdd. Bydd Twyll Tenantiaeth Tai Cyngor yn destun adolygiad fel rhan o gam 3 yr adolygiad.
- Mynegwyd pryderon ynghylch y nifer o adroddiadau dilynol - Eglurodd y Prif Archwilydd Mewnol fod yr adroddiadau'n cael eu codi ar lefel y Penaethiaid Gwasanaeth lle mae pryder ynghylch y cynnydd a wnaed.

Diolchodd y Cadeirydd i swyddogion am yr adroddiad manwl a'r ymatebion i bryderon a godwyd gan aelodau.

**PENDERFYNWYD** bod y Pwyllgor Llywodraethu Corfforaethol yn derbyn yr adroddiad diweddar a nodi'r cynnwys.

## **10 DATGANIAD LLYWODRAETHU BLYNYDDOL – DIWEDDARIAD AR Y CYNLLUN GWEITHREDU**

Cyflwynodd y Prif Archwilydd Mewnol adroddiad (a ddosbarthwyd yn flaenorol) yn diweddarau'r Aelodau ar y cynnydd a wnaed o ran gweithredu'r cynllun gwella llywodraethu a oedd yn dod gyda'r Datganiad Llywodraethu Blynyddol 2016/17.

Dywedodd y Prif Archwilydd Mewnol wrth yr Aelodau fod yr holl gamau gweithredu yn symud ymlaen a hynny mewn modd amserol, ac i gyd ar y trywydd iawn i gwrdd â'r terfynau amser.

**PENDERFYNWYD** bod y Pwyllgor Llywodraethu Corfforaethol yn derbyn ac yn nodi cynnwys yr adroddiad.

## **11 SAFONAU HUNANASESIAD ARCHWILIO MEWNOL**

Cyflwynodd y Prif Archwilydd Mewnol adroddiad (a ddosbarthwyd yn flaenorol) yn darparu canlyniadau'r hunanasesiad archwilio mewnol yn erbyn Safonau Archwilio Mewnol y Sector Cyhoeddus.

Eglurodd y Prif Archwilydd Mewnol fod datblygu rhaglen sicrwydd ansawdd a gwella i werthuso cydymffurfiaeth gyda'r safonau wedi cael ei gwblhau. Roedd y rhaglen yn cynorthwyo monitro effeithlonrwydd archwilio mewnol a nodi cyfleoedd ar gyfer gwella.

Cadarnhaodd y Prif Archwilydd Mewnol wrth yr aelodau fod y canlyniadau cyffredinol o'r hunanasesiad wedi bod yn bositif. Roedd Atodiad 1 yn dangos i'r Aelodau y meysydd a amlygwyd yn y Cynllun Gweithredu Sicrwydd Ansawdd a Gwella.

Bydd asesiad allanol gan Brif Swyddog Archwilio Cyngor Gwynedd yn cael ei wneud yng ngwanwyn 2018, yn unol â'r safonau.

***PENDERFYNWYD*** bod y Pwyllgor Llywodraethu Corfforaethol yn derbyn ac yn nodi cynnwys yr adroddiad.

## **12 RHAGLEN WAITH Y PWYLLGOR LLYWODRAETHU CORFFORAETHOL**

Rhoddodd y Pennaeth Gwasanaethau Cyfreithiol, Adnoddau Dynol a Democrataidd wrth y Pwyllgor y gallai dyddiad y cyfarfod nesaf newid.

Cyflwynwyd Rhaglen Gwaith i'r Dyfodol y Pwyllgor Llywodraethu Corfforaethol. (a glychredwyd yn flaenorol) er gwybodaeth.

Cymeradwywyd Rhaglen Gwaith i'r Dyfodol y Pwyllgor Llywodraethu Corfforaethol yn amodol ar y diwygiadau canlynol:-

24 Ionawr 2018-

- Strategaeth Flynyddol Rheoli'r Trysorlys
- Cau'r Datganiad Cyfrifon
- Rheoli Fflyd - Dilyniant
- CIPFA (Canllawiau Ymarferol y Pwyllgor Archwilio)

25 Ebrill 2018-

- Strategaeth Archwilio Mewnol
- Datganiad Llywodraethu Blynyddol Drafft
- Adroddiad Blynyddol Archwilio Mewnol

11 Gorffennaf 2018-

- Datganiad Cyfrifon Drafft

26 Medi 2018-

- Cymeradwyo'r Datganiad Cyfrifon

21 Tachwedd 2018-

- Adroddiad RIPA Blynyddol (Deddf Rheoleiddio Pwerau Ymchwilio 2000)
- Adroddiad Rhannu Pryderon Blynyddol

***PENDERFYNWYD*** yn amodol ar yr uchod bod y Pwyllgor Llywodraethu Corfforaethol yn cymeradwyo'r Rhaglen Gwaith i'r Dyfodol.

**Daeth y Cyfarfod i ben am 13:05 p.m.**

Mae tudalen hwn yn fwriadol wag

<b>Adroddiad i'r:</b>	Pwyllgor Llywodraethu Corfforaethol
<b>Dyddiad y Cyfarfod:</b>	7 Chwefror 2018
<b>Aelod Arweiniol / Swyddog:</b>	Lisa Lovegrove – Prif Archwilydd Mewnol
<b>Awdur yr Adroddiad:</b>	Lisa Lovegrove – Prif Archwilydd Mewnol
<b>Teitl:</b>	Diweddariad ar Reoli'r Fflyd Gorfforaethol

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- 1. Am beth mae'r adroddiad yn sôn?**

Mae'r adroddiad hwn yn rhoi'r wybodaeth ddiweddaraf am y cynnydd wrth weithredu'r cynllun gweithredu sy'n cyd-fynd â'r adroddiad Archwilio Mewnol ar Reoli'r Fflyd Gorfforaethol ym mis Hydref 2015.
- 2. Beth yw'r rheswm dros lunio'r adroddiad hwn?**

Bwriad yr adroddiad hwn yw darparu gwybodaeth am sut mae'r Cyngor yn gweithredu gwelliannau mewn rheoli fflyd ers cyhoeddi'r adroddiad Archwilio Mewnol yn 2015. Rhoddodd yr adroddiad archwilio 'Sicrwydd Isef', felly gofynnodd y Pwyllgor Llywodraethu Corfforaethol am adroddiad cynnydd i sicrhau bod y materion yn cael sylw. Dyma'r pedwerydd adroddiad cynnydd, gyda'r rhai blaenorol ym mis Mawrth 2016, Medi 2016 a Gorffennaf 2017.
- 3. Beth yw'r argymhellion?**

Y Pwyllgor i adolygu cynnydd ac i benderfynu a oes angen adroddiad cynnydd pellach.
- 4. Manylion yr Adroddiad**

Atodiad 1 yw'r cynllun gweithredu dilynol i'r Archwiliad Mewnol, sy'n dangos bod cynnydd da yn cael ei wneud wrth weithredu'r materion a'r risgiau a nodwyd yn yr Archwiliad Mewnol.

O'r 13 mater a godwyd yn ystod ein harchwiliad gwreiddiol, mae 12 bellach wedi'u datrys yn llwyddiannus, sy'n cynnwys y rhai hynny a ystyriwyd yn fwy sylweddol, fel datblygu Polisi Cludiant newydd, gwelliannau i iechyd a diogelwch a gwiriadau gyrwyr, a monitro cyflenwadau tanwydd. Er bod un mater yn dal yn weddill mewn perthynas â chaffael a gweithredu System Rheoli Fflyd newydd, roedd hwn mewn gwirionedd yr ail adolygiad o'r cam gweithredu penodol, ac mae gwaith yn mynd rhagddo i roi sylw iddo.
- 5. Sut mae'r penderfyniad yn cyfrannu at y Blaenoriaethau Corfforaethol?**

Amherthnasol - nid oes angen gwneud penderfyniad gyda'r adroddiad hwn.
- 6. Faint fydd yn ei gostio a sut y bydd yn effeithio ar wasanaethau eraill?**

Amherthnasol - nid oes angen gwneud penderfyniad gyda'r adroddiad hwn.
- 7. Beth yw prif gasgliadau'r Asesiad o Effaith ar Les?**

Amherthnasol - nid oes angen gwneud penderfyniad gyda'r adroddiad hwn.

**8. Pa ymgynghoriadau sydd wedi'u cyflawni gyda'r Pwyllgor Archwilio ac eraill?**  
Amherthnasol - nid oes angen gwneud penderfyniad gyda'r adroddiad hwn.

**9. Datganiad y Prif Swyddog Cyllid**  
Amherthnasol - nid oes angen gwneud penderfyniad gyda'r adroddiad hwn.

**10. Pa risgiau sydd ac a oes unrhyw beth y gallwn ei wneud i'w lleihau?**  
Amherthnasol - nid oes angen gwneud penderfyniad gyda'r adroddiad hwn.

**11. Pŵer i wneud y Penderfyniad**  
Amherthnasol - nid oes angen gwneud penderfyniad gyda'r adroddiad hwn.



# Action Plan

**Audit Follow-up Review of:** Corporate Fleet Management

**Date:** January 2018

**Action Plan Contacts:**

Head of Highways & Environmental Services  
 Fleet Performance Manager

Corporate Risk/Issue Severity Key	
<b>0</b>	<b>Critical</b> – Significant CET and Cabinet intervention
<b>0</b>	<b>Major</b> – intervention by SLT and/or CET with Cabinet involvement
<b>1 o/s</b>	<b>Moderate</b> – Containable at service level. Senior management and SLT may need to be kept informed

<b>Risk Issue 6</b>	The Fleetmaster system is a legacy system with limited vendor support and its reporting function is weak. There is an opportunity to streamline the workshop’s paper-heavy processes and reduce non-productive time through using a more modern fleet management system.	
<b>Tudalen 17 Background Detail</b>	<p>The Fleetmaster system has several weaknesses that could be resolved with a more modern system:</p> <ul style="list-style-type: none"> <li>• The supplier no longer supports the system and so there will be no further enhancements to it.</li> <li>• It provides limited management information. For example, the system was unable to produce a report showing vehicles that did not make their scheduled safety inspection appointment. We also raised this issue as part of our previous audit of Fleet Services in 2010/11.</li> <li>• There is an opportunity to streamline the fleet maintenance process, which is currently very paper-heavy and time-consuming to administer.</li> <li>• There is poor integration with other Council IT Systems e.g. general ledger. Fleet Services must manually process recharges, and reports from service users suggest that this is often causing delays to budget monitoring information.</li> </ul>	
<b>Agreed Action i</b>	<i>A business case for a new system will be developed (ICT to be part of any subsequent procurement). Funding streams e.g. Modernisation Board will be investigated to cover the purchase cost.</i>	
<b>Agreed Action ii</b>	<i>If agreed, a new fleet management system will be implemented to replace the existing Fleetmaster system.</i>	
<b>Responsibility &amp; Deadline</b>	Waste & Transport Manager / Fleet Manager / ICT	<p>April 2016 (i)</p> <p>April 2017 (ii)</p>

1 <sup>st</sup> Follow up Status	<p>Fleet Services is in discussion with its ICT Business Partner and developing a specification for the replacement software.</p> <p>All neighbouring Councils use the same specialist software (i.e. Tranman) and so options and costs are currently being investigated.</p>	Not yet due – March 2016
2 <sup>nd</sup> Follow up Status	<p>The specification requirements for the new system have now been outlined and the Fleet Manager is currently consulting with ICT and Procurement to identify the appropriate way forward in terms of competitive tendering. Following this process, the Service anticipates a provisional installation and go live date of December 2017. We will therefore re-visit this issue again in January 2018 to confirm that the new system is operational, and has effectively resolved the original issue raised regarding report functionality, paper intensity and general efficiency of the Fleetmaster system.</p>	In progress – April 2017
3 <sup>rd</sup> Follow up Status	<p>The Fleet Manager has advised that this work has not moved on as fast as he would have liked due to resource pressures within the department. The specification for the new system has now been reviewed and agreed by both ICT and Procurement. The next stage is for the tendering advert to be formatted so that it can be advertised on the Sell to Wales website, after which the formal tendering selection process will commence. The Fleet Manager expects the new system will be procured by October 2018.</p>	<p>In progress – January 2018</p> <p><i>Next follow up scheduled for October 2018</i></p>

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Risk Issue 12	<p><b>No stock checks are carried out to ensure that fuel is accounted for and to aid detection of any loss, waste or theft.</b></p>	
Agreed Action	<p><i>Fleet Services will investigate the cost of installing a fuel tank gauge, which will provide:</i></p> <ul style="list-style-type: none"> <li>• <i>accurate record of tank contents</i></li> <li>• <i>accurate reading of fuel deliveries</i></li> <li>• <i>warnings of any tank leakages</i></li> </ul> <p><i>If an electronic system is not deemed as financially viable, a manual system will be introduced and a stock check performed periodically. IA note: Stock check needs to be carried out by an independent person(s).</i></p>	
Responsibility & Deadline	Fleet Manager	Either electronic or manual system in place by December 2015

<b>1<sup>st</sup> Follow up Status</b>	<p>The Fleet Manager has investigated costs for electronic solutions.</p> <p>The Waste &amp; Transport Manager prefers a manual system but this has not progressed.</p>	<p>In progress – March 2016</p>
<b>2<sup>nd</sup> Follow up Status</b>	<p>Bunkered fuel tank dispensers are tested independently every six months to evaluate the condition of the tanks and assess calibration accuracy. At the end of the financial year, the Fleet Manager supplies data of fuel dispensed to Finance for reconciliation with fuel purchased.</p> <p>Fleet Services does not believe that fuel tank gauges (costing roughly £10k) offer value for money. Therefore, a new manual process has been agreed with the Street Scene team whereby storekeepers will monitor and document fuel levels in the bunkers and e-mail the details to the Fleet Manager each month for reconciliation.</p> <p>We will need to review this arrangement at a future date.</p>	<p>In progress – September 2016</p>
<b>3<sup>rd</sup> Follow up Status</b>	<p>A manual fuel stock checking process is now in place, whereby the storekeepers at Kinmel Park and Lon Parcwr monitor and document fuel levels in the bunkers each month. This information is provided to the Fleet Manager, however no reconciliation with fuel purchased is currently undertaken.</p> <p>Internal Audit have agreed to meet with the Service and provide guidance on how to complete the reconciliation to ensure all fuel is properly accounted for.</p>	<p>In progress – June 2017</p>
<b>4<sup>th</sup> Follow up Status</b>	<p>The Fleet Manager now receives information from the storekeepers at Kinmel Park and Lon Parcwr depots when a delivery of fuel is made including the delivery date, fuel type and volume. This is then monitored against the fuel level information also provided. As the Fleet Manager is reliant on the integrity of the storekeepers as part of this process, we consider it should be strengthened by ensuring that the Fleet Manager receives copies of the fuel delivery notes at these sites. A similar process is operating at the Rhyl Botanical Gardens depot, whereby the Fleet Manager receives all fuel delivery notes along with fuel level readings for monitoring purposes, which is working well.</p> <p>Immediately following our review, the Fleet Manager updated the bunkered fuel reporting procedure to include the requirement for storekeepers to scan and email copies of fuel delivery notes. This was issued to the relevant staff and their Line Managers. Going forward, the Fleet Manager will ensure this information is received as appropriate. Overall, we are satisfied that the risk is now being better managed than at the time of our original review. Therefore, a further follow up is not required.</p>	<p>Complete – January 2018</p>

## Actions complete as at previous review:

<b>Risk Issue 1</b>	<b>The Transport Policy is out of date and was removed from the intranet for this reason.</b>	
<b>Background Detail</b>	Without effective communication of each driver's responsibility and acceptable use of Council vehicles, there is a risk that non-compliance is not taken seriously. Communication is needed at all levels of the organisation, supported by the Senior Leadership Team (SLT) to ensure that it is read and applied by all employees.	
<b>Agreed Action</b>	<i>The Waste &amp; Transport Manager will present the revised Transport Policy at a SLT meeting to promote staff awareness and get senior management buy-in.</i>	
<b>Responsibility &amp; Deadline</b>	Waste & Transport Manager	December 2015
<b>1<sup>st</sup> Follow up Status</b>	The review of the Transport Policy is now complete and the Waste & Transport Manager will request for it to be included on the next SLT meeting agenda. This will be supplemented with a one page summary for SLT to be made aware of key changes.  There are also plans for separate Drivers Handbook for drivers to reference to key matters.	In progress – March 2016
<b>2<sup>nd</sup> Follow up Status</b>	Sections within the Transport Policy have been reordered to provide better focus and clarity for the drivers and managers that it is applicable to. This is supplemented by "Driving for Denbighshire – Managers Guide" and "Vehicle Manual" to provide specific instructions to drivers and managers.  Attempts to get the Transport Policy on the SLT agenda have so far been unsuccessful and so the Waste & Transport Manager will instead communicate via attendance at Service Management Team Meetings and Service Review Meetings.	In progress – September 2016
<b>3<sup>rd</sup> Follow up Status</b>	The Service is still having difficulties getting the Transport Policy on the SLT agenda. In the interim however, the policy and the supplementary guidance for managers and Fleet drivers have been published on the Council's intranet. The Waste and Transport Manager has also circulated the Transport Policy and guidance to Service Managers and raised awareness at Service Team Management meetings.	Complete – June 2017

<b>Risk Issue 2</b>	<b>Ineffective identification of vehicles reaching the end of their economic life can lead to unnecessary costs e.g. extra maintenance work needed and leasing to replace vehicles that are no longer serviceable.</b>	
<b>Background Detail</b>	There are inconsistent arrangements within Council services for replacing fleet vehicles. Ineffective identification of the vehicles that are reaching the end of their economic life may lead to unnecessary costs e.g. additional repair and maintenance, and short-term leasing. Individual services are responsible for deciding which vehicles to procure and dispose of, and Fleet Services facilitates this process.	
<b>Agreed Action</b>	<p><i>Lists of vehicles will be reviewed at Fleet &amp; Service Review meetings to identify vehicles that are reaching an end of their economic life. An assessment on the continued use or replacement will be identified and recorded.</i></p> <p><i>(Meetings with Street Scene, Building Services, Street Lighting and Housing Services have taken place, with Waste Services, Countryside Services and Social Services left to do).</i></p> <p><i>Service users will be trained on how to interpret and use the monthly management information report, which will help them to understand which vehicles are no longer economical to maintain.</i></p>	
<b>Responsibility &amp; Deadline</b>	Waste & Transport Manager / Fleet Manager	January 2016
<b>1<sup>st</sup> Follow up Status</b>	<p>Service review meetings have been held with the main service users and the Waste &amp; Transport Manager has devised a schedule for other service users.</p> <p>At these meetings, the Waste &amp; Transport Manager will go through the monthly management information report and, if needed, provide support to service managers on its use and interpretation to identify vehicles that are costly to maintain so that they can plan for their replacement where relevant.</p>	In progress – March 2016
<b>2<sup>nd</sup> Follow up Status</b>	<p>This is included on the agenda for each Fleet &amp; Service User Meetings. Meetings have been held/arranged with:</p> <ul style="list-style-type: none"> <li>- Street Scene;</li> <li>- Social Services;</li> <li>- Building Services;</li> <li>- Waste Services;</li> <li>- Street Lighting;</li> </ul>	Complete – September 2016

	<ul style="list-style-type: none"> <li>- Countryside Services;</li> <li>- Leisure Services; and</li> <li>- Property Services.</li> </ul> <p>Minutes of Countryside Services' meeting shows that Fleet Services has advised Service Managers of its ageing fleet vehicles, and prompted them to review which need replacing so that procurement activity can be initiated.</p> <p>The Waste &amp; Transport Manager confirms that Building Services prefer to replace vehicles every 5 years rather than extending to 7 years, to maintain a fresh image and ensure that the vehicles are reliable.</p> <p>We are satisfied that a process has been established, and Fleet Services will continue to prompt services to review their aged vehicle profile at future Fleet &amp; Service User meetings.</p>	
<b>Risk Issue 3</b>	<p>Although it has improved, communication between Fleet Services and service users (and vice versa) is causing avoidable service downtime. Fleet Services has recently started to meet key service user representatives to discuss performance and recurring issues. Periodic meetings should be arranged with all fleet user services, with a set agenda and a record kept of the agreed actions for both parties.</p>	
<b>Background Detail</b>	<p>There is still negative feedback from both sides about lack of notification, which causes avoidable service downtime. Fleet Services has started to meet key service user representatives to discuss performance and recurring issues. Periodic meetings should be arranged with all fleet user services, with a set agenda and a record kept of the agreed actions.</p>	
<b>Agreed Action</b>	<p><i>Fleet &amp; Service Review meetings are scheduled, a standard agenda is defined (although additional agenda items can be added), and minutes are now formally recorded.</i></p>	
<b>Responsibility &amp; Deadline</b>	Waste & Transport Manager / Fleet Manager	December 2015
<b>1<sup>st</sup> Follow up Status</b>	Some service review meetings have been held with key service user representatives and a schedule of future service review meetings has been set to cover all service users.	In progress – March 2016
<b>2<sup>nd</sup> Follow up Status</b>	Fleet & Service User meetings have now taken place with all main service users with an agreed schedule of upcoming meetings arranged for the remainder of the year.	Complete – September 2016

	<p>The set agenda for each meeting includes:</p> <ul style="list-style-type: none"> <li>- Procurement,</li> <li>- Maintenance,</li> <li>- Compliance, and</li> <li>- Any other Business.</li> </ul> <p>We are satisfied that meetings are helping to improve communication between Fleet Services and its main service users. Although this matter will be an ongoing one for Fleet Services and its service users, we are satisfied with action taken to date and so we will not need to review this matter again.</p>	
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Risk Issue 4	<b>Few formal agreements are in place with Fleet Services' external customers to protect its cash flow and contractual position by stipulating a cooling off period for ending a maintenance arrangement.</b>	
Background Detail	Few formal agreements are in place with the Fleet Services' external customers. Where an external customer's work is above a certain value, the Council should seek to formalise the agreement to protect its cash flow and contractual position by specifying a cool off period, e.g. 30 days' notice, to terminate the maintenance arrangement.	
Agreed Action	<i>A trigger of £15,000 will be introduced, whereby when an external customer's work exceeds this defined value, a service level agreement will be issued (to include provision for 30-day notice of service break).</i>	
Responsibility & Deadline	Fleet Manager	December 2015
1st Follow up Status	<p>The Waste &amp; Transport Manager, in discussion with Finance, to set up a mechanism for notifying Fleet Services when a supplier was nearing the threshold.</p> <p>The Principal Finance Officer confirmed that they would not have the necessary information to identify which external customer was nearing the threshold.</p>	No progress – March 2016
2nd Follow up Status	The Finance & Assurance Officer and Fleet Administrative Officer will review the income received from each external customer to ascertain which need a formal maintenance agreement.	No progress – September 2016

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	The potential for running periodic reports from the Sundry Debtor system will be investigated.	
<b>3<sup>rd</sup> Follow up Status</b>	<p>The Finance &amp; Assurance Officer now runs a quarterly report which outlines the level of income received from each external customer. It is therefore easy to identify customers which exceed the £15K threshold. At the time of our review, there were two customers which exceeded this amount, but neither had a formal maintenance agreement in place.</p> <p>While the Waste and Transport Manager has recently contacted both customers to discuss the possibility of establishing a more formal arrangement, both have been reluctant to enter into an agreement of this nature. The Service has not pursued this further as they consider there is a risk that the business could be lost as a result, owing to other servicing facilities existing locally that could be used instead of Denbighshire. However, such competition actually strengthens the reason to seek a more formal agreement stipulating a cooling off period in order to protect the Service's cash flow.</p> <p>We are advised that where individual customer spend exceeds the £15K threshold in future the Service will approach them seeking a more formal agreement, including provision for 30-day notice of service break.</p>	Complete – June 2017
<b>Risk Issue 5</b>	<b>Fleet Services has limited policies and procedures in place to guide consistent working practices, support business continuity, and assist health and safety or fraud investigation.</b>	
<b>Background Detail</b>	<p>This includes, but is not limited to:</p> <ul style="list-style-type: none"> <li>• guidance for new workshop employees; and,</li> <li>• disposal of vehicles i.e. redeployment, available methods for disposal, treatment of proceeds from sales, and capture the reason and approval for the disposal.</li> </ul> <p>For example, at the time of our review, a new employee was due to start in the workshop; however, little written guidance is available to support induction training to ensure that they are sufficiently aware of relevant health and safety precautions (e.g. HSG 261: Health &amp; Safety in Motor Vehicle Repair and Associated Industries) before being allowed into the workshop.</p>	
<b>Agreed Action</b>	<p><i>Current policies and procedures in place include:</i></p> <ul style="list-style-type: none"> <li>• <i>Health and safety – risk assessments, safe working procedures are in place.</i></li> <li>• <i>Toolbox talks are regularly provided to staff (and recorded).</i></li> <li>• <i>New employees are inducted via use of the corporate induction form.</i></li> </ul>	



	<p><i>This will be supplemented by:</i></p> <ul style="list-style-type: none"> <li>• <i>As part of the induction process, new employees will be required to read health and safety procedures and sign to evidence this. This will incorporate emergency procedures, accident reporting and first aid.</i></li> <li>• <i>Disposal of vehicles will be incorporated into the Transport Policy (see Risk/Issue 1).</i></li> </ul>	
<b>Responsibility &amp; Deadline</b>	Waste & Transport Manager / Fleet Manager	October 2015
<b>1<sup>st</sup> Follow up Status</b>	<p>The Corporate Induction Pack is used along with site specific guidance that has been developed.</p> <p>A HSE inspection (December 2015) of the Fleet Depot advised Fleet Services that new starters should be given the necessary Safe Working Procedures to read and then conduct a test to evaluate their understanding to make sure is it sufficient. This will be applied to future new starters, and a record kept.</p> <p>New HGV fitter started in February 2016, so scope to check that records are in place as described.</p> <p>Disposal Procedures are included in the recently revised Transport Policy.</p>	Complete – March 2016

<b>Risk Issue 7</b>	<p>Although two thirds of the employees that drive a Council vehicle have completed a form (D796) allowing Fleet Services to check their driving licence validity, there is no evidence that managers check driver licences as part of the recruitment and selection process for a post that involves driving. This is necessary to show that the Council only employs individuals who are competent to carry out their roles.</p>	
<b>Background Detail</b>	<p>Despite it forming part of the Interview Assessment Form Checklist, there is no evidence that managers check driver licences as part of the recruitment and selection process for a post that involves driving.</p> <p>Once in post, Fleet Services check driving licences before handing over the driver's tracker fob and ask them to complete the D796 form so that the Council can check driving licence validity directly with the DVLA. At the time of our review, two thirds of drivers had given their consent to this.</p>	

	We suggest that consent is sought at the time of appointment along with other checks, such as references and eligibility to work in the UK. This is to ensure that the Council employs persons who are eligible to drive and are able to carry out their roles effectively.	
<b>Agreed Action i</b>	<i>As per Risk/Issue 1, the Transport Policy will be updated to clarify roles and responsibilities for carrying out driver licence checks.</i>	
<b>Agreed Action ii</b>	<i>Online driving licence checks will be introduced as part of the recruitment process. All new members of staff will be asked to complete the D796 form at the time of appointment i.e. when other checks are carried out on work references and eligibility to work in the UK.</i>	
<b>Responsibility &amp; Deadline</b>	Waste & Transport Manager/ Fleet Manager/ Head of Legal, HR & Democratic Services	December 2015  In place (HR process introduced)
<b>1<sup>st</sup> Follow up Status</b>	i. Transport Policy & Procedures have been updated to include this requirement. See Risk Issue 1 for further details.	Complete - March 2016
	ii. HR has a new process whereby it issues forms to successful candidates (positions that require driving a Council vehicle) as part of the recruitment process. Once returned, HR forwards the completed form to Fleet Services. In November 2015, Fleet Services issued the D796 form to all employees who drive a Council vehicle and a majority have returned the completed form (1050 employees approx. 90%). Gaps are mostly Social Services and Education staff that drive Council vehicles. HR has asked Fleet Services to carry out checks on the remainder of Council employees (i.e. those that use their own car on Council business only), whereby HR issues and collect the forms and forwards to Fleet Services for processing.	In progress - March 2016
<b>2<sup>nd</sup> Follow up Status</b>	ii. A new process is now in place whereby HR issues a D796 form to all new starters. Fleet Manager confirms that coverage of drivers and eligibility to drive is much improved and therefore reduces this risk. Fleet Services are liaising with HR about how to capture all existing employees to include grey fleet and a few council vehicle drivers whose eligibility to drive is not currently being checked.  Further work is underway to ensure that all drivers' eligibility to drive is checked.	Complete - September 2016

	We are satisfied that a process is in place to reduce this risk and action is being taken to ensure that eligibility to drive is checked for all employees who drive on Council business.	
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<b>Risk Issue 8</b>	Details of incidents and near misses captured in insurance claims are not always reviewed to prevent recurrence. This would help the Council to take action to reduce the risk of such incidents recurring and safeguard the public and employees from potential harm. This issue was raised in our previous audit 2010/11.	
<b>Background Detail</b>	The Corporate Road Risk Advisor reacts to road traffic incidents logged via the Health and Safety Incident Management Database by performing a post-incident driver assessment and driver training. However, several collisions resulting in insurance claims were not captured on the database and, as a result, there is no evidence that an assessment or training was provided to reduce the risk of recurrence. We raised a similar issue as part of our previous audit of Fleet Services in 2010/11.	
<b>Agreed Action</b>	<i>As per Risk/Issue 1, the Transport Policy will be updated to include the requirement for drivers of corporate vehicles to report incidents in such a way that it will trigger a review and remedial action where necessary.</i>	
<b>Agreed Action</b>	<i>Employees and line managers will be reminded that the Incident Management Database (on the intranet) should be completed following an incident involving a Council vehicle. The accident management procedure will be set out at each Fleet &amp; Service Review meeting.</i>	
<b>Agreed Action iii</b>	<i>The Corporate Road Risk Advisor will review insurance claim forms relating to road traffic incidents to ensure that all are captured on the Incident Management Database. If any are missed, Health and Safety will escalate with the relevant line manager and, if it is a recurring problem, the Head of Service.</i>	
<b>Responsibility &amp; Deadline</b>	Waste & Transport Manager/ Fleet Manager  Corporate Road Risk Advisor	December 2015 (i) In place (ii) October 2015 (iii)
<b>1<sup>st</sup> Follow up Status</b>	i. The Transport Policy has been updated with details on what to do in the event of an accident i.e. complete an incident form which goes to the Corporate Road Risk Advisor and the Insurance & Risk Manager. It also highlights the need to update the Incident	Complete - March 2016

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	Management Database which prompts a driver performance review by the Corporate Road Risk Advisor to address any poor driving practices.	
	ii. As above, a prompt is now included in the Transport Policy with a link to the Incident Management Database which is available on the intranet. Service Review Meetings have been scheduled and this will form part of the agenda for the meeting.	Complete – March 2016
	iii. The Corporate Road Risk Advisor confirmed that he gets the information through the Incident Management Database and puts into action any assessments that need doing, mainly through the respective managers.	Complete – March 2016

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<b>Risk Issue 9</b>	<b>Council vehicles over 12 years of age are not being maintained in line with the VOSA Guide to Maintaining Roadworthiness. This states that vehicles over 12 years of age should have safety checks every 6 weeks, as they are more prone to defects. The Council must notify the Traffic Commissioner if maintenance is done less often, giving the reason.</b>	
<b>Background Detail</b>	The VOSA Guide to Maintaining Roadworthiness states that vehicles and trailers over 12 years of age should have safety inspections every 6 weeks, as defects and annual MOT failure rate is more likely. (See Appendix 1 in original report for a diagram showing VOSA's "Guide to Safety Inspection Intervals") Our sample testing confirmed that this interval has not been applied to the relevant Council fleet and, at the time of our review, the Traffic Commissioner has not been notified as such.	
<b>Agreed Action</b>	<i>The Council has spoken with the Traffic Commissioner regarding this point and he is satisfied with the inspection frequency regime currently in place (given the Council's excellent maintenance procedures and records).</i>	
<b>Responsibility &amp; Deadline</b>	Fleet Performance Manager	Complete
<b>1<sup>st</sup> Follow up Status</b>	Verbal confirmation from the Traffic Commissioner that he is satisfied with the Council's current arrangements.	Complete – March 2016

<b>Risk Issue 10</b>	<b>Fuel management costs recharged to services are not an accurate reflection of the actual costs.</b>	
<b>Background Detail</b>	Recharge of fuel management cost seems excessive given that administration of fuel has been streamlined. This arrangement no longer reflects the costs of the process and services are being charged disproportionately.	

<b>Agreed Action</b>	<i>There is a fuel management on-cost of 6%, which does not go to Fleet, it goes to stores. The 6% charge for stores is excessive. A 2% on-cost (1% to fleet, 1% to stores) would be fairer. This will be discussed with Head of Street Scene (who covers Stores).</i>	
<b>Responsibility &amp; Deadline</b>	Waste & Transport Manager/ Head of Street Scene/ Chief Finance Officer	November 2015
<b>1<sup>st</sup> Follow up Status</b>	The Waste & Transport Manager contacted the Principal Finance & Assets Officer to revise the current method used. A decision was taken to keep the fuel 'on-cost' at 6% rather than change it. The 'on-cost' only applies to bunkered fuel and it is Street Scene and Waste which are the main users of this. As the 'on-costs' go to stores, if this was taken away, it would just be pushing money round in circles as Street Scene and Waste would have to fund the 6% because stores runs the depots for the Council.	No further Action intended – March 2016

<b>Risk Issue 11</b>	<b>More could be done to promote efficient use of fuel across the Council.</b>	
<b>Background Detail</b>	The Council spends nearly £1m a year on fuel yet there is little evidence of a campaign to promote efficient fuel use e.g. through altering driver style, inflating tyres correctly. Although information is available through the tracker system and fuel reports, these are not currently used to propel effective action to reduce fuel use.	
<b>Agreed Action i</b>	<i>An updated fuel management procedure will be implemented to include:</i> <ul style="list-style-type: none"> <li><i>the statement that fuel cards are to be used for business purposes only; and</i></li> <li><i>a requirement to enter accurate odometer readings. Members of staff will have to read and sign the updated issue form before a fuel card or tracker fob is handed over.</i></li> </ul>	
<b>Agreed Action ii</b>	<i>Investigate potential to introduce driver behaviour equipment in Council vehicles (Building Services and Street Scene) to highlight to drivers audibly when they are driving inefficiently.</i> <i>Contact Gwynedd County Council Fleet Services to gain their feedback on the viability of the system.</i>	
<b>Responsibility &amp; Deadline</b>	Fleet Performance Manager  Waste & Transport Manager/ Fleet Manager	In place (i)  Initial assessment by December 2015. If viable, implement by March 2016 (ii)

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	<b>2<sup>nd</sup> Follow up Status</b>	<p>ii. Waste &amp; Fleet Services have looked into this jointly with Building Services. A verbal response was received from Gwynedd County Council that savings achieved from piloting driver behaviour equipment matched costs to install and therefore justification to proceed is borderline, and less attractive now that fuel prices have declined considerably.</p> <p>i. Fuel management procedure has been included in the updated policy to state that fuel cards are for use for business only, and odometer readings must be entered accurately.</p> <p>The Waste &amp; Transport Manager will update the Fuel Management section of the Transport Policy to encourage more economical driving styles e.g. maintaining accurate tyre pressure, avoiding harsh braking and excessive speeds.</p>	Complete – March 2016
	<b>2<sup>nd</sup> Follow up Status</b>	<p>i. Fuel management procedure has been included in the updated policy to state that fuel cards are for use for business only, and odometer readings must be entered accurately.</p> <p>The Waste &amp; Transport Manager will update the Fuel Management section of the Transport Policy to encourage more economical driving styles e.g. maintaining accurate tyre pressure, avoiding harsh braking and excessive speeds.</p>	Complete – September 2016

<b>Risk Issue 13</b>	<b>The Fuel Card Acceptance form does not clearly state that fuel purchased using the fuel card should be used solely for business reasons.</b>
<b>Background Detail</b>	Controls over fuel cards needs strengthening to reduce the Council’s risk of fuel cards being misused. Fuel Card Acceptance forms should clearly state that fuel purchased using the fuel card is solely for business reasons.
<b>Agreed Action</b>	<i>As per Risk/Issue 11, a fuel management procedure will be implemented and all members of staff will be required to sign a declaration that they have read it and agree to its contents. This will be rolled out to new employees and existing employees when fuel cards are renewed.</i>

<b>Responsibility &amp; Deadline</b>	Fleet Manager	In place
<b>1<sup>st</sup> Follow up Status</b>	The Fuel Card Acceptance Forms have been updated to make it clear that fuel cards are used for business reasons only.	Complete - March 2016

Mae tudalen hwn yn fwiadol wag



<b>Adroddiad i'r:</b>	Pwyllgor Llywodraethu Corfforaethol
<b>Dyddiad y Cyfarfod:</b>	7 Chwefror 2018
<b>Aelod Arweiniol / Swyddog:</b>	Lisa Lovegrove – Prif Archwilydd Mewnol
<b>Awdur yr Adroddiad:</b>	Lisa Lovegrove – Prif Archwilydd Mewnol
<b>Teitl:</b>	Diweddariad Archwilio Mewnol

- 1. Am beth mae'r adroddiad yn sôn?**  
Mae'r adroddiad hwn yn rhoi diweddariad i'r Pwyllgor Llywodraethu Corfforaethol ar gynnydd diweddaraf Archwilio Mewnol o ran sut y mae'n darparu gwasanaeth, darparu sicrwydd, adolygiadau a gynhaliwyd, perfformiad ac effeithiolrwydd mewn ysgogi gwelliant.
- 2. Beth yw'r rheswm dros lunio'r adroddiad hwn?**  
Mae'r adroddiad hwn yn darparu gwybodaeth ar y gwaith a gynhaliwyd gan Archwilio Mewnol ers cyfarfod diwethaf y pwyllgor. Mae'n galluogi'r Pwyllgor fonitro perfformiad a chynnydd yr Adain Archwilio Mewnol yn ogystal â darparu crynodebau o adroddiadau'r Adain Archwilio Mewnol er mwyn i'r Pwyllgor dderbyn sicrwydd ar wasanaethau eraill y Cyngor a meysydd corfforaethol.
- 3. Beth yw'r argymhellion?**  
Dylai'r Pwyllgor ystyried cynnwys yr adroddiad, asesu cynnydd a pherfformiad yr Adain Archwilio Mewnol a phenderfynu a oes angen unrhyw sicrwydd pellach ar adroddiadau archwilio.
- 4. Manylion yr Adroddiad**  
Darperir y manylion llawn yn yr adroddiad cynnydd amgaaedig. Mae'r diweddariad hwn yn cynnwys adran newydd i gynnwys gwaith gwrth-dwyll.
- 5. Sut mae'r penderfyniad yn cyfrannu at y Blaenoriaethau Corfforaethol?**  
Amherthnasol - nid oes angen gwneud penderfyniad gyda'r adroddiad hwn.
- 6. Faint fydd yn ei gostio a sut y bydd yn effeithio ar wasanaethau eraill?**  
Amherthnasol - nid oes angen gwneud penderfyniad gyda'r adroddiad hwn.
- 7. Beth yw prif gasgliadau'r Asesiad o Effaith ar Gydraddoldeb a gynhaliwyd ar y penderfyniad? Dylid cynnwys yr Asesiad o Effaith ar Gydraddoldeb a gwblhawyd fel atodiad i'r adroddiad.**  
Amherthnasol - nid oes angen gwneud penderfyniad gyda'r adroddiad hwn.
- 8. Pa ymgynghoriadau sydd wedi'u cyflawni gyda'r Pwyllgor Archwilio ac eraill?**  
Amherthnasol - nid oes angen gwneud penderfyniad gyda'r adroddiad hwn.
- 9. Datganiad y Prif Swyddog Cyllid**  
Amherthnasol - nid oes angen gwneud penderfyniad gyda'r adroddiad hwn.
- 10. Pa risgiau sydd ac a oes unrhyw beth y gallwn ei wneud i'w lleihau?**

Amherthnasol - nid oes angen gwneud penderfyniad gyda'r adroddiad hwn.

**11. Pŵer i wneud y Penderfyniad**

Amherthnasol - nid oes angen gwneud penderfyniad gyda'r adroddiad hwn.



***Denbighshire Internal Audit Services***  
***Caledfryn, Smithfield Road, Denbigh LL16 3RJ***

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# Corporate Governance Committee Update

February 2018



## Introduction

1. This report provides an update on Internal Audit's latest progress in terms of its service delivery, assurance provision, reviews completed, performance and effectiveness in driving improvement.
2. The report provides an update as at January 2018 on:
  - Internal Audit reports recently issued
  - Follow up of previous Internal Audit reports
  - Progress on Internal audit work to date in 2017-18
  - A summary of upcoming Internal Audit projects
  - Progress with Counter Fraud work
  - Internal Audit performance standards.

## Internal Audit reports recently issued

3. The following section provides an overview of recent Internal Audit reports, including the overall Assurance Rating and the number of Risks/Issues raised in the report's action plan.

### Definitions of Assurance Rating

<b>Green</b>	High Assurance	Risks and controls well managed and objectives being achieved
<b>Yellow</b>	Medium Assurance	Minor weaknesses in management of risks and/or controls but no risk to achievement of objectives
<b>Amber</b>	Low Assurance	Significant weaknesses in management of risks and/or controls that put achievement of objectives at risk
<b>Red</b>	No Assurance	Fundamental weaknesses in management of risks and/or controls that will lead to failure to achieve objectives

### Definitions of Risks/Issues

<b>Green</b>	Low	Advisory issues discussed with managers during the audit and not included in audit reports and action plans
<b>Yellow</b>	Moderate	Operational issues that are containable at service level
<b>Amber</b>	Major	Corporate, strategic and/or cross-service issues potentially requiring wider discussion at SLT and/or CET

<b>Red</b>	<b>Critical</b>	Significant issues to be brought to the attention of SLT, CET, Cabinet Lead Members and Corporate Governance Committee
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## Revenues and Benefits – January 2018

Partnership Arrangements – High Assurance	Housing Benefits & Council Tax Reduction – High Assurance	Sundry Debtors – High Assurance	Council tax & business rates – High Assurance
0	0	0	0
Moderate Risks/Issues	Moderate Risks/Issues	Moderate Risks/Issues	Moderate Risks/Issues
0	0	0	0
Major Risks/Issues	Major Risks/Issues	Major Risks/Issues	Major Risks/Issues
0	0	0	0
Critical Risks/Issues	Critical Risks/Issues	Critical Risks/Issues	Critical Risks/Issues

4. Partnership governance arrangements has shown steady improvement over the previous two years, and this year’s review confirms this trend is continuing as the partnership continues to apply suitable governance to manage its risks. The Operations Board (which has representatives from both Civica and the Council) functions effectively and the Contract & Performance Manager monitors performance to ensure service delivery continues to perform well.
5. Performance management is regularly monitored through periodic reports to the Operations Board. Sundry debtors’ performance is regularly monitored but it is the only service area which currently does not have a performance indicator. We confirmed that the Contract & Performance Manager is reviewing the situation.
6. Reconciliations continues to perform well with suitable transition following the recent retirement of a longstanding officer. We confirmed that staff are being trained to provide service cover.
7. Processes and controls in the Council Tax and Business Rates systems are operating well and we have raised no formal issues. Reconciliation between the Valuation Office and Council Tax data ensures that all properties are identified, with prompt billing and recovery action to ensure that revenues are maximised.

8. Housing Benefits and Council Tax Reductions continue to operate well with good processes. Better data matching information means higher volumes of overpayments are being identified, which has resulted in Civica falling short of the agreed performance targets for overpayment collection. The Contract & Performance Manager and Operations Board is monitoring the situation closely.
9. Risk Based Verification is built into the benefits IT system and applies a risk score to each claim based on set criteria for each claimant. Sample testing by the system supplier confirms the effectiveness of this system. We note that the Risk Based Verification Policy needs updating to reflect the partnership arrangements now in place.
10. Sundry Debtors processes invoices promptly; however, there are still instances of invoices being raised for small values (less than £25) contrary to advice as it is deemed uneconomical to pursue. We accept that certain situations need invoices to be raised for values under £25; however, further work is needed to investigate the potential for services to invoice more efficiently, e.g. by consolidating several small invoices into one.
11. Debt recovery processes are adequate as are those for credit notes and write-offs. The number of debtors with credit balances has reduced significantly since we highlighted this issue last year.
12. Considerable effort has been made to address the issues outstanding from our previous reviews with three now outstanding.
13. Based on the scope of our review and the results of our testing, we give a **high** assurance overall as governance and controls are sufficient to manage key risks and service objectives are being met.

### Settlement Agreements – January 2018

14. The process for managing settlement agreements in the Council has strengthened significantly since the introduction of the revised process in November 2016. We are satisfied that in all cases reviewed, there was a reasonable justification for the decision to settle, and the associated payment was in line with policy and not excessive.

<b>Medium Assurance</b>	
2	Moderate Risks/Issues
0	Major Risks/Issues
0	Critical Risks/Issues

15. We are satisfied that this process is now more embedded, with services clearer on their responsibilities and what is required of them, in particular the need for early consultation with relevant departments such as HR, Finance and Legal. However there are still some weaknesses in the controls around authorisation and document retention of settlement cases. Weaknesses in these areas could result in unauthorised settlement agreements being reached, as well as potential harm to any case brought against the Council as a result of loss of key documentation. Both increase the financial risk to the Council as well as potential damage to its reputation:

- While we have no concerns with the legitimacy of any of the agreements reviewed as part of our testing, there were inconsistencies in the authorisation of some i.e. we could not find evidence that all required signatories had authorised the agreement.
- Further, improvements are needed in the general housekeeping and document retention of relevant case files. While we were able to locate all documentation needed for our review, we found case files were often split between departments, documents duplicated and no central record held.

16. Despite raising two moderate risk issues, the results of our review are positive as we note a significant improvement in the process for managing settlement agreements, therefore we are able to provide a **medium assurance** rating overall.

## Summary of outstanding issues from Internal Audit reports

Audit Report	No. of Actions in the Audit Action Plan									Next IA F/up	Comments
	Actions Due			Actions Complete			Actions Outstanding				
<b>Community Support Services</b>											
Paris Financials	0	2	5	0	0	1	0	2	4	Mar 18	•3 follow ups carried out
Cefndy Healthcare	0	0	7	0	0	7	0	0	0	N/a	•Now complete
Payments to External Providers	0	0	2	0	0	2	0	0	0	N/a	•Now complete
POVA	0	0	7	0	0	6	0	0	1	Mar 18	•2 follow ups carried out
<b>Education &amp; Children's Services</b>											
Governance in Schools	0	0	19	0	0	15	0	0	4	Jan 18	•3 <sup>rd</sup> follow up in progress
Ysgol Mair RC	0	2	20	0	2	20	0	0	0	N/a	•Now complete
IT & IM Management in Schools	0	0	17	0	0	8	0	0	9	Sep 17	•2 <sup>nd</sup> follow up in progress
Management of Voluntary School Funds	0	0	8	0	0	0	0	0	8	Sep 17	•1 <sup>st</sup> follow up in progress
<b>Facilities, Assets &amp; Housing</b>											
Housing Rents	0	0	5	0	0	4	0	0	1	Jun 18	•4 follow ups carried out
Housing Allocations & Voids	0	0	5	0	0	4	0	0	1	Mar 17	•2 follow ups carried out
Industrial Estates	0	0	2	0	0	1	0	0	1	Feb 18	•4 <sup>th</sup> follow up in progress
Review of On-site Income & Security at Leisure Sites	0	0	9	0	0	9	0	0	0	N/a	•Now complete
Ruthin Craft Centre	0	0	4	0	0	4	0	0	0	N/a	•Now complete
Rhyl Harbour - Review of Operational Management	0	0	4	0	0	4	0	0	0	N/a	•Now complete
<b>Finance</b>											



Revenues Services - in Partnership with Civica	0	0	16	0	0	13	0	0	3	N/a	•Follow up reported as part of 2017/18 audit
Financial services	0	2	8	0	0	5	0	2	3	N/a	•Follow up being reported as part of 2017/18 audit
<b>Highways &amp; Environmental Services</b>											
Street Works	0	0	5	0	0	3	0	0	2	Mar 18	•4 follow ups carried out
Corporate Fleet Management	0	7	12	0	7	11	0	0	1	Jan 18	•3 follow ups carried out
Passenger Transport	0	0	5	0	0	4	0	0	1	Jan 18	•2 follow ups carried out
<b>Legal, HR &amp; Democratic Services</b>											
HR Management in Schools	0	1	5	0	0	4	0	1	1	Feb 18	•2 follow ups carried out
Management & Administration of Legal Services	0	5	7	0	5	7	0	0	0	N/a	•Now complete
<b>Planning &amp; Public Protection</b>											
Community Enforcement	0	0	9	0	0	9	0	0	0	N/a	•Now complete
Housing Enforcement	0	0	2	0	0	1	0	0	1	Mar 18	•2 follow ups carried out
Parking Services	0	0	13	0	0	13	0	0	0	N/a	•Now complete
<b>Corporate Reviews</b>											
Corporate Procurement	0	0	5	0	0	1	0	0	4	Mar 18	•1 follow up carried out
Developing the Local Economy	0	1	2	0	0	2	0	1	0	Jan 18	•1 follow up carried out
IT Access Management	0	2	8	0	1	3	0	1	5	Feb 18	•4 follow ups carried out
Physical Security of information	0	3	3	0	1	2	0	2	1	Apr 17	•2 <sup>nd</sup> follow up in progress
Sickness Absence	0	0	9	0	0	9	0	0	0	N/a	•Now complete
Corporate Safeguarding	0	0	19	0	0	18	0	0	1	N/a	•1 outstanding issue transferred to procurement follow up

Modernising the Council	0	0	2	0	0	0	0	0	2	May 18	• 1 follow up carried out
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## Progress in delivering the Internal Audit Assurance 2017-18

17. The following table shows a summary of Internal Audit's work to date for this year. As the new Internal Audit Strategy has an 'organic' plan, this table will be added to during the year as more projects commence.
18. Where projects have been completed since 1 April 2017, the table provides assurance ratings and number of issues raised for the completed reviews.
19. The following projects have not yet commenced but are scheduled for the coming months:
- Catering;
  - Project Management:
    - Denbigh Extra Care Housing Scheme;
    - Ruthin Town: Glasdir Development – Relocation of Ysgol Pen Barras & Rhos Street School;
    - Ruthin Area Review – New Area School for Ysgol Carreg Emlyn;
  - Risk Management;
  - Health & Safety in Schools;
  - Business Continuity Management.

Internal Audit Assurance Plan Areas of Work	2017-18 Days to Date	Likely Outturn Days	Current Status of Work	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
<b>2017-18 Projects</b>								
Corporate document retention	31	31	Complete	Low	0	3	1	
Modernising the Council to deliver efficiencies and improve services for our customers	44	44	Complete	Medium	0	0	2	
Highways asset management – Improving our roads	10	10	Complete	Medium	0	0	2	
AONB Grant	2	2	Complete	n/a				Certification of grant – no report issued
Welsh Government Grants	12	12	Complete	n/a				Certification of grant – no report issued
ALN & Inclusion / Recoupment & Out of County Placement / Special Education	8	40	On hold until end February 2018					Head of Service request to delay start review while the service is undergoing a restructure.
Citizens Advice Bureau – Governance Arrangements	16	16	Complete	High	0	0	1	
Corporate Communications	24	24	Complete	Medium	0	0	3	

Internal Audit Assurance Plan Areas of Work	2017-18 Days to Date	Likely Outturn Days	Current Status of Work	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
Revenues Services: <ul style="list-style-type: none"> <li>Partnership Governance</li> <li>Council Tax &amp; Business Rates</li> <li>Housing Benefits &amp; Council Tax Reductions</li> <li>Sundry Debtors</li> </ul>	80	80	Complete	High	0	0	0	
Settlement Agreements	25	25	Complete	Medium	0	0	2	
Procurement	36	40	Draft					Joint audit with Flintshire County Council of the shared service
Travel and Subsistence	17	20	Draft					
Financial Services 2017/18: <ul style="list-style-type: none"> <li>Accounts Payable</li> <li>Payroll</li> <li>BACS Controls</li> <li>Accounting Systems</li> <li>Treasury Management</li> <li>Bank Reconciliation</li> </ul>	67	70	Closing meeting					
Registrars	14	25	Fieldwork					Initial investigation concluded. Further work planned in Q4
Court of protection	6	15	Fieldwork					

Internal Audit Assurance Plan Areas of Work	2017-18 Days to Date	Likely Outturn Days	Current Status of Work	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
CCTV Partnership	15	18	Fieldwork					Nearing completion
Public Conveniences	17	20	Draft					
Catering	0	15	Scoping					
Project Management	1	10	Scoping					
Risk Management	0	10	Scoping					
Health & Safety in Schools	1	10	Scoping					
Business Continuity Management	1	10	Scoping					
<b>Projects Brought Forward from 2016-17</b>								
Corporate risk management assurance	6	6	Complete	High	0	0	0	
Financial assurance 2016-17	34	34	Complete	Medium	0	0	5	
Petty cash review	38	38	Complete	Medium	0	0	3	
<b>Fraud &amp; Corruption Work</b>								
National Fraud Initiative	41	50	In progress					
Managing the Risk of Fraud & Corruption Phase 1	10	10	Complete	Medium	0	0	2	
Managing the Risk of Fraud & Corruption Phase 2	11	13	Closing meeting					

Internal Audit Assurance Plan Areas of Work	2017-18 Days to Date	Likely Outturn Days	Current Status of Work	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
General fraud enquiries and counter fraud work	17	20	In progress					
<b>Follow-up Reviews</b>								
IA project follow-ups	102	120	In progress					
Management of follow-ups	6	8						
<b>Other Areas of Work</b>								
School Fund admin & audits	29	35	In progress					
Corporate Governance Framework 2017-18	1	10	In progress					
Corporate working groups	8	10	In progress					
Consultancy & corporate areas	27	40	In progress					
<b>IA Support &amp; Management</b>								
Team Meetings / 1:1s	40	45						
Management	59	70						
Training & development	39	40						
<b>Total Days</b>	<b>895</b>	<b>1096</b>						

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## Progress with Counter Fraud Work

### Referrals 2017/18

Date Referred	Investigation Details	Outcome
April 2017	Anonymous complaint from a previous employee claiming that a member of staff is making personal gain from an arrangement with a Council contractor.	Allegation not proven.
June 2017	Concern raised about the management of School Fund.	Nothing proven. School Fund guidance being finalised to stipulate key controls for managing the funds.
July 2017	Referral was received concerning a member of staff attempting to obtain reimbursement from school funds by deception.	Ongoing – with HR.
July 2017	A referral was received concerning a member of staff overcharging for a service and potential that they were keeping the difference.	Internal disciplinary proceeding and non-compliance proven. Member of staff resigned and recommendations have been made to strengthen controls.
September 2017	Solicitor attended a deceased client's property to take possession and found the property empty. Concern raised regarding who emptied the property.	Ongoing.
October 2017	NFI match showing a member of staff with the same address as a business. Potential conflict of interest in awarding work.	Ongoing

20. Other counter fraud work carried out during 2017/18 includes:

- Providing advice on counter-fraud to officers on request;
- Co-ordinating the National Fraud Initiative (NFI) data matching exercise;
- Involvement with the Welsh Chief Auditor's Group to share learning regarding potential vulnerabilities and control weaknesses; and
- Ongoing audit review using the CIPFA Code of Practice for Managing the Risk of Fraud and Corruption.



## Internal Audit performance standards

21. Internal Audit measures its performance in two key areas:

- Follow-up audit work – Two measures to ensure that Internal Audit carries out its follow-up work promptly and that services implement agreed improvement actions.
- Customer Standards – A range of indicators to ensure that Internal Audit delivers a good service to its customers.

22. The table below shows Internal Audit's performance to date for 2017/18.

Internal Audit commences follow-up reviews in the planned month

Targets – Excellent 100% – Good 90% – Acceptable 80%

**Current performance 100%**

Services have implemented agreed improvement actions from Internal audit reviews

Targets – Excellent 75% – Good 70% – Acceptable 65%

**Current performance 75%** – Performance will be cumulative during the year and should improve as the year goes on.

Contact customers at least 2 weeks in advance to arrange a date for our visit

Targets – Excellent 99% – Good 95% – Acceptable 90%

**Current performance 100 %**

Send customers the agreed Project Scoping Document before we commence work

Targets – Excellent 99% – Good 95% – Acceptable 90%

**Current performance 100 %**

Send the customer a draft report within 10 working days of the closing meeting

Targets – Excellent 99% – Good 95% – Acceptable 90%

**Current performance 100%**

Send the customer our final audit report within 5 working days of draft agreement

Targets – Excellent 99% – Good 95% – Acceptable 90%

**Current performance 90%** – Due to lead auditor sickness absence, one report was sent 8 working days after draft agreement.

Mae tudalen hwn yn fwriadol wag

<b>Adroddiad i'r:</b>	Pwyllgor Llywodraethu Corfforaethol
<b>Dyddiad y Cyfarfod:</b>	7 Chwefror 2018
<b>Aelod Arweiniol / Swyddog:</b>	Y Cyngorydd Julian Thompson-Hill
<b>Awdur yr Adroddiad:</b>	Y Prif Swyddog Cyllid
<b>Teitl:</b>	<b>1. Datganiad Strategaeth Rheoli'r Trysorlys (DSRhT) 2018/19 a Dangosyddion Darbodus 2018/19 i 2020/21 (Atodiad 1)</b> <b>2. Adroddiad Diweddarau ar Reoli'r Trysorlys (RhT) 2017/18 (Atodiad 2)</b>

## **1 Am beth mae'r adroddiad yn sôn?**

- 1.1 Mae'r DSRhT (Atodiad 1) yn dangos sut y bydd y Cyngor yn rheoli ei fuddsoddiadau a'i fenthyciadau ar gyfer y flwyddyn i ddod ac yn pennu'r polisiâu ar gyfer gweithredu'r swyddogaeth RhT. Mae'r adroddiad hefyd yn amlinellu effaith debygol y Cynllun Cyfalaf ar y strategaeth hon ac ar y Dangosyddion Darbodus. Mae Adroddiad Diweddarau RhT (Atodiad 2) yn rhoi manylion gweithgareddau RhT y Cyngor yn ystod 2017/18.
- 1.2 Dylid nodi bod y ffigurau a gynhwysir yn y DSRhT yn rhai drafft a gallent gael eu diweddarau cyn eu cymeradwyo gan y Cyngor ar sail y seiliedig ar y Cynllun Cyfalaf diweddaraf a'r Cynllun Busnes Stoc Tai ym mis Chwefror 2018.

## **2 Beth yw'r rheswm dros lunio'r adroddiad hwn?**

- 2.1 Mae Cod Ymarfer y Sefydliad Siartredig Cyllid Cyhoeddus a Chyfrifyddiaeth ar Reoli Trysorlys (y "Cod RhT SSCCCh") yn ei gwneud yn ofynnol i'r Cyngor gymeradwyo'r DSRhT a'r Dangosyddion Darbodus yn flynyddol. Mae'n ofynnol i'r Pwyllgor Llywodraethu Corfforaethol adolygu'r adroddiad hwn cyn iddo gael ei gymeradwyo gan y Cyngor ar 20 Chwefror 2018. Ar ben hynny, rhan o rôl y Pwyllgor yw derbyn y wybodaeth ddiweddaraf am y gweithgareddau RhT ddwywaith y flwyddyn.

## **3 Beth yw'r argymhellion?**

- 3.1 Bod y Pwyllgor yn adolygu DSRhT 2018/19 a Dangosyddion Darbodus ar gyfer 2018/19, 2019/20 a 2020/21 (Atodiad 1).
- 3.2 Bod aelodau'n nodi adroddiad diweddarau RhT (Atodiad 2).
- 3.3 Bod y Pwyllgor yn cadarnhau ei fod wedi darllen, deall ac ystyried yr Asesiad o Effaith ar Les (Atodiad 3) fel rhan o'i ystyriaethau.

## **4 Manylion yr Adroddiad**

### **Cefndir**

- 4.1 Mae RhT yn golygu edrych ar ôl arian parod y Cyngor, sy'n rhan hanfodol o waith y Cyngor gan fod tua £0.5bn yn mynd drwy gyfrif banc y Cyngor bob blwyddyn.
- 4.2 Ar unrhyw un adeg, mae gan y Cyngor hyd at £20m mewn arian parod, felly mae angen iddo wneud yn siŵr ei fod yn cyflawni'r gyfradd enillion orau bosibl heb roi'r arian parod mewn perygl, a dyma pam ein bod yn buddsoddi arian gyda nifer o sefydliadau ariannol.

Wrth fuddsoddi, blaenoriaethau'r Cyngor yw:

- cadw arian yn ddiogel (diogelwch);
- sicrhau bod yr arian yn dod yn ôl pan fydd ei angen (hylifedd);
- sicrhau ein bod yn cael cyfradd elw dda (arenillion).

### **DSRhT 2018/19**

- 4.3 Mae DSRhT 2018/19 wedi'i gynnwys yn Atodiad 1. Mae'r adroddiad hwn yn cynnwys Dangosyddion Darbodus sy'n gosod cyfyngiadau ar weithgarwch RhT y Cyngor ac yn dangos bod benthycu'r Cyngor yn fforddiadwy.

### **Dangosyddion Darbodus**

- 4.4 Mae dangosyddion Cronfa'r Cyngor yn seiliedig ar y dyraniadau bloc a'r bidiau cyfalaf arfaethedig diweddaraf, a bydd y rhain yn cael eu diweddarau i gynnwys yr amcangyfrifon diweddaraf am gost ymrwymadau ar gyfer y Cynllun Corfforaethol newydd cyn i'r adroddiad gael ei gyflwyno i'r Cyngor ei gymeradwyo ar 20 Chwefror 2018.
- 4.5 Mae'r dangosyddion Cyfrif Refeniw Tai wedi cael eu cyfrifo ar sail yr amcangyfrifon diweddaraf o'r Cynllun Busnes Stoc Tai ond gallent gael eu hadolygu cyn cyflwyno'r adroddiad i'r Cyngor ar ôl cytuno ar y Cynllun Busnes Stoc Tai terfynol.
- 4.6 Mae'r Dangosyddion Darbodus unigol a argymhellwyd i'w cymeradwyo wedi'u nodi yn Atodiad 1, Adran A.

## **5 Sut mae'r penderfyniad yn cyfrannu at Flaenoriaethau Corfforaethol?**

- 5.1 Mae strategaeth RhT effeithlon yn galluogi'r Cyngor i leihau ei gostau benthycu a rhyddhau cyllid ar gyfer ei flaenoriaethau buddsoddi.

## **6 Faint fydd hyn yn ei gostio a sut y bydd yn effeithio ar wasanaethau eraill?**

- 6.1 Nid oes unrhyw oblygiadau cost yn codi o ganlyniad i bennu Dangosyddion Darbodus. Pwrpas y Strategaeth RhT yw cael yr enillion gorau o fewn fframwaith risg a reolir yn briodol.

## **7 Beth yw prif gasgliadau'r Asesiad o Effaith ar Les?**

- 7.1 Dylai cynllunio ariannol a gwneud penderfyniadau sicrhau y rhoddir ystyriaeth briodol i ofynion Deddf Llesiant Cenedlaethau'r Dyfodol ac yn benodol, ystyriaeth briodol i effaith hirdymor penderfyniadau ariannol, gan gynnwys y cyfnod ad-dalu a chostau oes gyfan penderfyniadau buddsoddi cyfalaf, cynigion cyllideb â'u heffaith wedi'i asesu'n briodol a strategaethau dyled a buddsoddiad hirdymor (rheoli trysorlys). Mae egwyddorion pwyll, fforddiadwyedd a chynaliadwyedd eisoes wedi'u cynnwys o fewn gofynion y Cod Darbodus a dylent fod yn sail i gynllunio ariannol a gwneud penderfyniadau.
- 7.2 Yng nghyd-destun rheoli'r trysorlys, mae'r gofynion presennol i asesu ac adrodd ar effeithiau hirdymor penderfyniadau buddsoddi a benthyca, gan ddefnyddio dangosyddion darbodus a chynllunio dyled hirdymor, yn cefnogi nodau cynaliadwyedd y Ddeddf Llesiant.
- 7.3 Mae'r adroddiad yr Asesiad o Effaith ar Les wedi'i gynnwys yn Atodiad 3 ac yn dangos sut mae strategaeth Rheoli Trysorlys effeithlon yn hyrwyddo nodau lles y Ddeddf.

## **8 Pa ymgynghoriadau sydd wedi'u cyflawni gyda'r Pwyllgor Archwilio ac eraill?**

- 8.1 Paratowyd Cynllun Cyfalaf a Chyllideb Refeniw'r Cyngor mewn ymgynghoriad â Phenaethiaid Gwasanaeth, Cyfarwyddwyr Corfforaethol, Pwyllgorau Archwilio, y Cabinet a'r Cyngor.
- 8.2 Bydd y Cynllun Busnes Stoc Tai a chyllidebau refeniw a chyfalaf yn cael eu cyflwyno i'r aelodau. Ymgynghorir â Ffederasiwn Tenantiaid a Thrigolion Sir Ddinbych ar y cynigion hefyd.
- 8.3 Mae'r Cyngor wedi ymgynghori gyda'i ymgynghorwyr RhT, sef Arlingclose Ltd

## **9 Datganiad y Prif Swyddog Cyllid**

- 9.1 Mae Rheoli Trysorlys yn golygu gofalu am symiau sylweddol o arian parod, felly mae'n rhan hanfodol o waith y Cyngor. Mae'n gofyn am strategaeth gadarn a rheolaethau priodol i ddiogelu arian y Cyngor, er mwyn sicrhau enillion rhesymol ar fuddsoddiadau a bod dyled yn cael ei reoli'n effeithiol ac yn ddoeth.
- 9.2 Mabwysiadodd y Cyngor God Ymarfer diwygiedig SSCCCh ar RhT (Tach 11) yn ei gyfarfod ar 28 Chwefror 2012. Mae'n ofynnol dan y Cod hwnnw i'r Cyngor gymeradwyo DSRhT pob blwyddyn ariannol. Cyhoeddodd SSCCCh ei rifyn 2017 newydd o'r Cod ar ddiwedd 2017, ond nid yw'r nodiadau arweiniol

sector benodol diweddaredig, sy'n cynnwys dangosyddion Rheoli Trysorlys ar gyfer awdurdodau lleol, wedi eu cyhoeddi eto.

## **10 Pa risgiau sydd ac a oes unrhyw beth y gallwn ei wneud i'w lleihau?**

- 10.1 Mae risgiau cynhenid ynghlwm ag unrhyw weithgaredd Rheoli Trysorlys fel yr amlinellir yn y Datganiad Strategaeth. Mae gan y Cyngor bolisi rheoli risg ond mae'n amhosibl dileu'r risgiau hyn yn gyfan gwbl.

## **11 Pŵer i wneud y Penderfyniad**

- 11.1 Mae Deddf Llywodraeth Leol 2003 yn pennu'r gofyniad i awdurdodau lleol osod Dangosyddion Darbodus ac yn ei gwneud yn ofynnol i'r Cyngor gydymffurfio â Chod Darbodus Cyllid Cyfalaf ar gyfer Awdurdodau Lleol a luniwyd gan y Sefydliad Siartredig Cyllid Cyhoeddus a Chyfrifyddiaeth (SSCCCh).

**Denbighshire County Council**

**Treasury Management Strategy Statement  
and Investment Strategy 2018/19 to 2020/21**

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- 2. Treasury Position**
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- 4. Borrowing Strategy**
- 5. Debt Rescheduling**
- 6. MRP Statement 2018/19**
- 7. Reporting Treasury Management Activity**
- 8. Other Items**

**Annexes**

- A. Prudential Indicators
- B. Interest Rate Outlook
- C. Glossary

# Treasury Management Strategy Statement and Investment Strategy 2018/19 to 2020/21

## 1 Background

- 1.1 The Council is responsible for its Treasury Management decisions and activity which involves looking after the Council's cash. This is a vital part of the Council's work because approximately £0.5bn passes through the Council's bank account every year.
- 1.2 On 28 February 2012 the Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy statement (TMSS) before the start of each financial year. CIPFA published its new 2017 edition of the Code at the end of 2017 but updated sector specific guidance notes, which include the Treasury Management indicators for local authorities, have yet to be published.
- 1.3 In addition, the Welsh Government (WG) issued revised *Guidance on Local Authority Investments* in March 2010 that requires the Authority to approve an investment strategy before the start of each financial year.
- 1.4 This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the WG Guidance.
- 1.5 The purpose of the TMSS is to set the:
  - Treasury Management Strategy for 2018/19
  - Annual Investment Strategy for 2018/19
  - Prudential Indicators for 2018/19, 2019/20 and 2020/21 (Annex A)
  - Minimum Revenue Provision (MRP) Statement

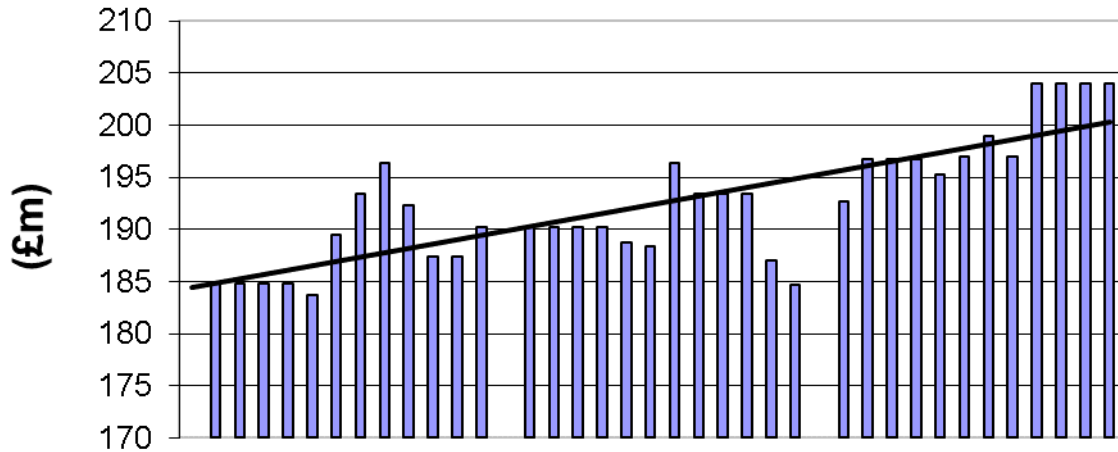
## 2 Treasury Position

- 2.1 The levels of the Council's borrowing and investment balances over the last three years are shown in the graphs below. The first chart shows the Council's borrowing has increased over this period because the Council has been borrowing to fund its capital plan either from the Public Works Loan Board (PWLB) or on a temporary basis from other local authorities. The second chart shows a decrease in the amount of money which is available for investment because the Council has been maintaining a minimal amount of investment balances only to meet monthly cash flow requirements.

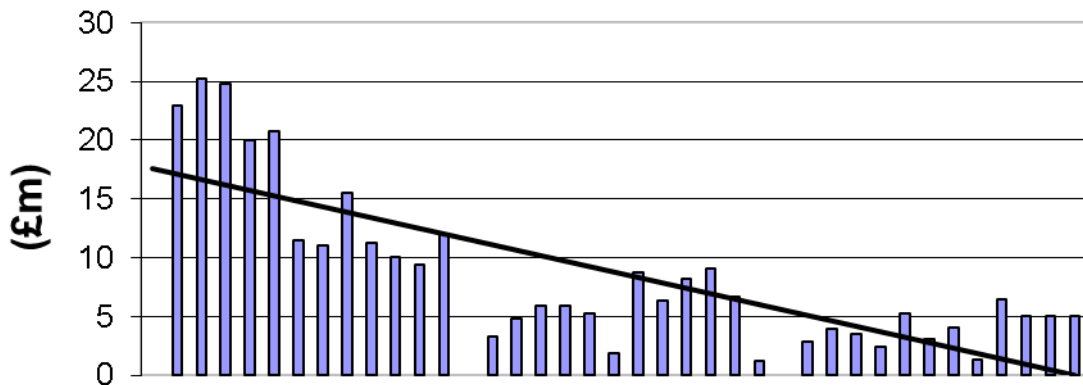


**Treasury Management Strategy Statement  
and Investment Strategy 2018/19 to 2020/21**

### Borrowing Balances (2015/16 - 2017/18)



### Investment Balances (£m) (2015/16 - 2017/18)



### 3 Investment Strategy

3.1 Both the CIPFA Code and the WG Guidance require the Authority 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 Authority’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.

**Treasury Management Strategy Statement  
and Investment Strategy 2018/19 to 2020/21**

- 3.2 Given the increasing risk and very low returns from short-term unsecured bank investments, the Council will continue to hold a minimal amount of investments for short-term cash flow purposes and will continue to place a far greater emphasis on investing with the UK Government's Debt Management Office and other local authorities in order to minimise these risks.
- 3.3 The Authority may invest its surplus funds with any of the counterparty types in table 1 below, subject to the cash limits (per counterparty) and the time limits shown.

**Table 1: Approved Investment Counterparties and Limits**

<b>Credit Rating</b>	<b>Banks / Building Societies Unsecured</b>	<b>Banks / Building Societies Secured</b>	<b>Government / Local Authorities</b>	<b>Corporates</b>	<b>Registered Providers</b>
UK Govt	n/a	n/a	£Unlimited 50 years	n/a	n/a
AAA	£5m 5 years	£10m 20 years	£8m 50 years	£5m 20 years	£5m 20 years
AA+	£5m 5 years	£10m 10 years	£8m 25 years	£5m 10 years	£5m 10 years
AA	£5m 4 years	£10m 5 years	£8m 15 years	£5m 5 years	£5m 10 years
AA-	£5m 3 years	£10m 4 years	£8m 10 years	£5m 4 years	£5m 10 years
A+	£5m 2 years	£10m 3 years	£8m 5 years	£5m 3 years	£5m 5 years
A	£5m 13 months	£10m 2 years	£8m 5 years	£5m 2 years	£5m 5 years
A-	£5m 6 months	£10m 13 months	£8m 5 years	£5m 13 months	£5m 5 years
BBB+	£5m 100 days	£10m 6 months	£8m 2 years	£5m 6 months	£5m 2 years
None	£1m 6 months	n/a	£8m 25 years	£5m 5 years	£5m 5 years
Pooled funds	£8m per fund				

## Treasury Management Strategy Statement and Investment Strategy 2018/19 to 2020/21

**Credit Rating:** Investment limits are set by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

**Banks Unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

**Banks Secured:** Covered bonds, reverse repurchase agreements (REPOs) and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in.

**Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

**Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

**Registered Providers:** Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Welsh Government and, as providers of public services, they retain the likelihood of receiving government support if needed.

**Pooled Funds:** Shares in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts.

## **Treasury Management Strategy Statement and Investment Strategy 2018/19 to 2020/21**

- 3.4 Natwest is the Council's banker and will continue to be used for operational and liquidity purposes by transferring cash in and out of the instant access account as required even if its credit rating falls below those shown in the table above.
- 3.5 For a group of banks under the same ownership, the banking group limit is equal to the individual bank limit.
- 3.6 Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
  - any existing investments that can be recalled or sold at no cost will be, and
  - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 3.7 The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices (the cost of banks insuring themselves against default), financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.
- 3.8 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

The reduction in investment income which the Council has suffered over the last nine years due to the historically low level of the official bank rate and the minimal amount of cash held is illustrated in Table 2 below:

## Treasury Management Strategy Statement and Investment Strategy 2018/19 to 2020/21

**Table 2: Investment Income**

2008/09 Interest £000	2009/10 Interest £000	2010/11 Interest £000	2011/12 Interest £000	2012/13 Interest £000	2013/14 Interest £000	2014/15 Interest £000	2015/16 Interest £000	2016/17 Interest £000
2,219	635	398	408	239	265	230	108	32

3.9 **Specified Investments:** The WG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
  - the UK Government,
  - a UK local authority, parish council or community council, or
  - a body or investment scheme of “high credit quality”.

The Authority defines “high credit quality” organisations as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher.

3.10 **Non-specified Investments:** Any investment not meeting the definition of a specified investment is classed as non-specified. The Authority does not intend to make any investments denominated in foreign currencies. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement; those that are defined as capital expenditure by legislation, such as shares in money market funds and other pooled funds, and investments with bodies and schemes not meeting the definition of high credit quality. Limits on non-specified investments are shown in table 3 below.

**Table 3: Non-Specified Investment Limits**

	<b>Cash limit</b>
Total long-term investments	£10m
Total invested in Money Market Funds	£10m
Total invested in other pooled funds	£10m
Total investments without credit ratings or rated below A- (except the UK government and UK local authorities)	£10m
Total investments (except pooled funds) with institutions domiciled in foreign countries rated below AA+	£10m
Total non-specified investments	£50m

## **Treasury Management Strategy Statement and Investment Strategy 2018/19 to 2020/21**

- 3.11 **Non-Treasury Investments:** Although not classed as treasury management activities and therefore not covered by the CIPFA Code or the WG Guidance, the Authority may also purchase property for investment purposes and may also make loans and investments for service purposes.

Such loans and investments will be subject to the Authority's normal approval processes for revenue and capital expenditure and need not comply with this treasury management strategy.

### **4 Borrowing Strategy**

- 4.1 Borrowing strategies continue to be influenced by the relationship between investment and borrowing rates. The interest rate forecast provided in **Annex B** indicates that an acute difference between investment and borrowing rates is expected to continue. This difference creates a "cost of carry" for any new longer term borrowing where the proceeds are temporarily held as investments because of the difference between what is paid on the borrowing and what is earned on the investment.
- 4.2 In view of this, the strategy which has been in place for some time now has been to reduce investment balances and rely on internal borrowing as much as possible instead of external borrowing from the Public Works Loan Board (PWLB).
- 4.3 The Council has been accessing temporary borrowing from other local authorities at very low rates to cover short term cash flow requirements and will continue to do so as this is a good source of readily available cash at historically low rates varying between 0.3% and 0.5%. At the same time, the Council will also continue to monitor its cash position and interest rate levels to ensure that long term borrowing from the PWLB is undertaken at the optimal time to fund on-going Capital commitments.
- 4.4 While the Council can borrow from a number of banks, it normally only borrows long term from the PWLB which is a Government body that lends to public sector organisations.

The approved sources of borrowing are listed below:

- PWLB and any successor body
- any institution approved for investments
- any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds (except Clwyd Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

## **Treasury Management Strategy Statement and Investment Strategy 2018/19 to 2020/21**

### **5 Debt Rescheduling**

- 5.1 The Council is able to pay off loans earlier than it has to and to replace them with cheaper loans in order to save money or to reduce the risk to the Council. Sometimes, these loans will be replaced and sometimes not, depending on market conditions and interest rates.
- 5.2 The lower interest rate environment and changes in the rules regarding the premature repayment of PWLB loans has adversely affected the scope to undertake meaningful debt rescheduling although occasional opportunities arise. A weekly update on this is received from the Council's treasury management advisers so the position is kept under review.

### **6 Minimum Revenue Provision (MRP) Statement**

- 6.1 The Council's MRP policy was reviewed during 2017/18 to explore potential savings options and the changes have been implemented from 2017/18. The revised MRP policy was agreed by Council on 17 October 2017.
- 6.2 The Council sets aside money each year to repay debt and this is known as the Minimum Revenue Provision (MRP).
- 6.3 There are four different methods of calculating MRP and the Council needs to say each year which methods it will use. This is known as the MRP Statement.
- 6.4 The MRP Statement is submitted to Council before the start of each financial year. If the terms of the original MRP Statement are revised again during the year, a revised statement will be put to Council at that time.

#### **6.5 MRP Statement**

The Council will apply the Asset Life Method to calculate MRP on outstanding supported borrowing incurred up to 31 March 2017 using a straight line calculation over 50 years. This represents a change from the Regulatory Method which had been applied previously.

The Council will apply the Asset Life Method to calculate MRP on supported borrowing incurred on or after 1 April 2017 using a straight line calculation over an appropriate number of years, dependent on the period of time that the capital expenditure is likely to generate benefits. This also represents a change from the Regulatory Method which had been applied previously.

The Council will apply the Asset Life Method to calculate MRP on all capital expenditure funded from unsupported borrowing. This represents a continuation of the previous policy.

## **Treasury Management Strategy Statement and Investment Strategy 2018/19 to 2020/21**

- 6.6 Adopting International Financial Reporting Standards (IFRS) has resulted in leases coming on the balance sheet. This affects how much it appears the Council has borrowed but this is effectively covered by grant payments. MRP in respect of leases brought on the balance sheet under IFRS will match the annual principal repayment for the associated deferred liability. This is a technical accounting adjustment which is cost neutral for the Council.
- 6.7 MRP on housing assets funded through Prudential Borrowing is charged at 5% of the HRA's CFR. MRP on all other items such as new builds are charged at 2% of the HRA's CFR.

### **7 Reporting Treasury Management Activity**

- 7.1 The Section 151 Officer (Chief Finance Officer) will report to the Corporate Governance Committee on treasury management activity / performance as follows:
- (a) The Treasury Management Strategy Statement and Prudential Indicators will be submitted to the committee in January each year prior to approval by Council.
  - (b) Two treasury management updates will be submitted to the committee in January and July each year.
  - (c) An annual report on treasury activity will be submitted to the committee in July each year for the preceding year prior to approval by Cabinet.
- A treasury update showing the latest investment and borrowing position will be included in the monthly Revenue Monitoring report and borrowing will also be reported on in the Capital Plan to Council.

### **8 Other items**

#### **8.1 Investment Training**

##### **8.1.1 Member Training**

The CIPFA Code of Practice on Treasury Management requires the Section 151 Officer to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, understand fully their roles and responsibilities.

The Council has nominated the Corporate Governance Committee as the committee which has responsibility for scrutiny of the treasury management function.



## **Treasury Management Strategy Statement and Investment Strategy 2018/19 to 2020/21**

### **8.1.2 Staff Training**

Staff attend training courses, seminars and conferences provided by Arlingclose and CIPFA. There is a team of three members of staff who cover TM duties on a rota basis to ensure that their knowledge is kept up to date. These members of staff are also members of professional accountancy bodies including the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Association of Accounting Technicians (AAT).

### **8.2 Treasury Management Advisers**

The Council uses Arlingclose Ltd as Treasury Management Advisers and receives the following services:

- Credit advice
- Investment advice
- Borrowing advice
- Technical accounting advice
- Economic & interest rate forecasts
- Workshops and training events

The Council maintains the quality of the service with its advisers by holding quarterly strategy meetings and tendering every 5 years. Following a tendering exercise, the contract was renewed with Arlingclose from 01 January 2014 for three years with an option to extend for a further two year period. The Council reviewed the contract at the end of 2016 and decided to continue for a further two year period which means that the contract is due to be renewed at the end of 2018.

### **8.3 Markets in Financial Instruments Directive (MIFID)**

8.3.1 The way that local authorities can access financial services changed in January 2018 as a result of the second Markets in Financial Instruments Directive (MIFID) from the EU. Under the new regulations, local authorities can only continue to be classed as professional clients if they have at least a £10m investment balance and staff with relevant experience. Local authorities not meeting the criteria are reclassified as retail clients. Retail clients have greater protection when placing investments because there is a requirement for firms to ensure that investments are suitable for the client. Professional clients are assumed to have greater knowledge and therefore need less protection.

8.3.2 The Council is not in a position to be classed as a professional client because it does not have an investment balance which is consistently above £10m so it is classified as a retail client. In practice, this does not have an impact on the Council's treasury management activities which consist of cash deposits or loans which are outside the scope of MIFID. The Council's investment advisers, Arlingclose, will continue to advise retail

## **Treasury Management Strategy Statement and Investment Strategy 2018/19 to 2020/21**

clients as they have a retail adviser who is able to advise on any investment products which come under the scope of MIFID such as shares and bonds.

### **8.4 Investment of Money Borrowed in Advance of Need**

The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit of £250 million. The maximum period between borrowing and expenditure is expected to be three years, although the Authority is not required to link particular loans with particular items of expenditure.

### **8.5 Policy on Use of Financial Derivatives**

In the absence of any explicit legal power to do so, the Authority will not use standalone financial derivatives (such as swaps, forwards, futures and options). Derivatives embedded into loans and investments, including pooled funds and forward starting transactions, may be used, and the risks that they present will be managed in line with the overall treasury risk management strategy.

**Treasury Management Strategy Statement  
and Investment Strategy 2018/19 to 2020/21**

**ANNEX A**

**PRUDENTIAL INDICATORS 2018/19 TO 2019/20**

**1 Background**

1.1 The indicators are calculated to demonstrate that the Council’s borrowing is affordable and are underpinned by the following regulations. There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA’s Prudential Code for Capital Finance in Local Authorities (the “CIPFA Prudential Code”) when setting and reviewing their Prudential Indicators.

**2 Gross Debt and the Capital Financing Requirement**

2.1 This is a key indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional increases to the capital financing requirement for the current and next two financial years.

2.2 The Section 151 Officer reports that the Council had no difficulty meeting this requirement in 2017/18 to date nor are there any difficulties envisaged in future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

**3 Estimates of Capital Expenditure**

3.1 This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax and in the case of the HRA, housing rent levels.

<b>Capital Expenditure</b>	<b>2017/18 Approved £000</b>	<b>2017/18 Revised £000</b>	<b>2018/19 Estimate £000</b>	<b>2019/20 Estimate £000</b>	<b>2020/21 Estimate £000</b>
Council Fund	8,153	22,573	22,312	6,005	5,834
Corporate Plan (2014-17)	22,324	18,453	24,904	12,903	1,560
HRA	10,058	11,045	10,233	13,883	13,772
<b>Total</b>	<b>40,535</b>	<b>52,071</b>	<b>57,449</b>	<b>32,791</b>	<b>21,166</b>

## Treasury Management Strategy Statement and Investment Strategy 2018/19 to 2020/21

3.2 Capital expenditure will be financed as follows:

<b>Capital Financing</b>	<b>2017/18 Approved £000</b>	<b>2017/18 Revised £000</b>	<b>2018/19 Estimate £000</b>	<b>2019/20 Estimate £000</b>	<b>2020/21 Estimate £000</b>
<b>Council Fund</b>					
Capital Receipts	650	4,123	866		
Grants & Contributions	1,943	6,293	4,638	1,829	1,829
Revenue Contributions & Reserves	148	2,369	2,211		
Supported Borrowing	3,866	1,657	5,543	3,005	3,005
Prudential Borrowing	1,546	8,131	9,054	1,171	1,000
	<b>8,153</b>	<b>22,573</b>	<b>22,312</b>	<b>6,005</b>	<b>5,834</b>
<b>Corporate Plan (2014-17)</b>					
Capital Receipts	0	197	41	0	0
Grants & Contributions	7,916	10,326	4,960	303	0
Revenue Contributions & Reserves	2,991	4,201	2,837	2,105	0
Supported Borrowing	0	33	0	0	0
Prudential Borrowing	11,417	3,696	17,066	10,495	1,560
	<b>22,324</b>	<b>18,453</b>	<b>24,904</b>	<b>12,903</b>	<b>1,560</b>
<b>Total</b>	<b>30,477</b>	<b>41,026</b>	<b>47,216</b>	<b>18,908</b>	<b>7,394</b>
<b>HRA</b>					
Capital Receipts	20	126	0	1,100	0
Grants & Contributions	2,420	2,409	2,409	2,409	2,409
Revenue Contributions & Reserves	1,710	1,710	2,050	1,436	884
Supported Borrowing	0	0	0	0	0
Prudential Borrowing	5,908	6,800	5,774	8,938	10,479
<b>Total</b>	<b>10,058</b>	<b>11,045</b>	<b>10,233</b>	<b>13,883</b>	<b>13,772</b>

## 4 Ratio of Financing Costs to Net Revenue Stream

4.1 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs. It shows how much of its budget the Council uses to repay debt and interest.

## Treasury Management Strategy Statement and Investment Strategy 2018/19 to 2020/21

4.2 The ratio is based on costs net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2017/18 Approved £000	2017/18 Revised £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000
Financing Costs	12,864	12,962	11,005	10,995	10,995
Net Revenue Stream	189,252	189,252	194,418	193,370	191,343
<b>Council Fund Ratio</b>	<b>6.80%</b>	<b>6.85%</b>	<b>5.66%</b>	<b>5.69%</b>	<b>5.75%</b>
Financing Costs	6,602	6,261	6,757	7,250	8,002
Net Revenue Stream	14,864	14,566	15,535	16,532	17,022
<b>HRA Ratio</b>	<b>44.42%</b>	<b>42.98%</b>	<b>43.50%</b>	<b>43.85%</b>	<b>47.01%</b>

## 5 Capital Financing Requirement

5.1 The Capital Plan relies on various sources of finance i.e. grants, contributions and capital receipts. Once these are used up, the Council needs to rely on borrowing and the Capital Financing Requirement (CFR) is the amount of borrowing which is needed. Total borrowing shouldn't therefore go above the CFR. The Council's CFR and borrowing levels are compared in the table below for the current and future years.

Capital Financing Requirement	31/03/18 Approved £000	31/03/18 Revised £000	31/03/19 Estimate £000	31/03/20 Estimate £000	31/03/21 Estimate £000
Council Fund	186,054	181,333	207,549	215,528	215,921
HRA	74,215	71,769	75,570	78,966	82,363
<b>Total CFR</b>	<b>260,269</b>	<b>253,102</b>	<b>283,119</b>	<b>294,494</b>	<b>298,284</b>
<b>Total Debt</b>	<b>205,192</b>	<b>205,192</b>	<b>220,802</b>	<b>231,430</b>	<b>237,839</b>

## 6 Incremental Impact of Capital Investment Decisions

6.1 This indicator shows the equivalent impact on Council Tax of the decision to undertake Prudential Borrowing as well as the investment interest lost by using capital receipts and reserves to part fund the Capital Plan. The impact of supported borrowing has not been included because it is assumed that the Council would always spend its supported borrowing to fund its Capital Plan.

## Treasury Management Strategy Statement and Investment Strategy 2018/19 to 2020/21

Incremental Impact of Capital Investment Decisions	2017/18 Approved £	2018/19 Estimate £	2019/20 Estimate £	2020/21 Estimate £
Increase in Band D Council Tax due to:				
Prudential Borrowing	5.37	6.66	2.57	2.57
Capital Receipts	0.00	0.00	0.00	0.00
Reserves	0.61	0.44	0.00	0.00
<b>Total</b>	<b>5.98</b>	<b>7.10</b>	<b>2.57</b>	<b>2.57</b>

### 7 Authorised Limit & Operational Boundary for External Debt

- 7.1 The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.
- 7.2 The **Authorised Limit** sets the maximum level of external borrowing. It is measured on a daily basis against all external borrowing items on the Balance Sheet i.e. long and short term borrowing, overdrawn bank balances and long term liabilities. This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices. This is reported as a part of the Capital Monitoring Report.
- 7.3 The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.
- 7.4 The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit) and if it is breached, it would be reported to the next Council meeting.

Authorised Limit for External Debt	2017/18 Approved £000	2017/18 Revised £000	2018/19 Proposed £000	2019/20 Proposed £000	2020/21 Proposed £000
Borrowing	250,000	240,000	250,000	260,000	260,000

- 7.5 The **Operational Boundary** links directly to the Council's estimates of the CFR and estimates of other cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

## Treasury Management Strategy Statement and Investment Strategy 2018/19 to 2020/21

Operational Boundary for External Debt	2017/18 Approved £000	2017/18 Revised £000	2018/19 Proposed £000	2019/20 Proposed £000	2020/21 Proposed £000
Borrowing	245,000	235,000	245,000	255,000	255,000

### 8 Adoption of the CIPFA Treasury Management Code

- 8.1 This indicator demonstrates that the Council has adopted the principles of best practice. The Council adopted the original Code in March 2002. A revised Code was issued in November 2009 and another in November 2011. One of the recommendations is that the Code is adopted by Council.

Adoption of the CIPFA Code of Practice in Treasury Management
The Council approved the adoption of the revised CIPFA Treasury Management Code (Nov 2011) at its meeting on 28 February 2012.

### 9 Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

- 9.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. This Council calculates these limits on a net interest paid basis (i.e. interest paid on fixed rate debt net of interest received on fixed rate investments).
- 9.2 The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments.

	2017/18 Approved %	2018/19 Estimate %	2019/20 Estimate %	2020/21 Estimate %
Upper Limit for Fixed Interest Rate Exposure	100	100	100	100
Upper Limit for Variable Rate Exposure	40	40	40	40

- 9.3 The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council's treasury management strategy.

### 10 Maturity Structure of Fixed Rate borrowing

- 10.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates

## Treasury Management Strategy Statement and Investment Strategy 2018/19 to 2020/21

and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

- 10.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

<b>Maturity structure of fixed rate borrowing</b>	<b>Actual %</b>	<b>Lower Limit %</b>	<b>Upper Limit %</b>
under 12 months	2.44	0	30
12 months and within 24 months	2.43	0	30
24 months and within 5 years	6.91	0	30
5 years and within 10 years	7.11	0	30
10 years and above	81.11	50	100

### 11 Credit Risk

- 11.1 The Council considers security, liquidity and yield, in that order, when making investment decisions.
- 11.2 Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Council's assessment of counterparty credit risk.
- 11.3 The Council also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:
- Published credit ratings of the financial institution (minimum A- or equivalent) and its sovereign (minimum AA+ or equivalent for non-UK sovereigns);
  - Sovereign support mechanisms;
  - Credit default swaps (where quoted);
  - Share prices (where available);
  - Economic fundamentals, such as a country's net debt as a percentage of its GDP;
  - Corporate developments, news, articles, markets sentiment and momentum;
  - Subjective overlay.
- 11.4 The only indicators with prescriptive values are credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.



**Treasury Management Strategy Statement  
and Investment Strategy 2018/19 to 2020/21**

**12 Upper Limit for total principal sums invested over 364 days**

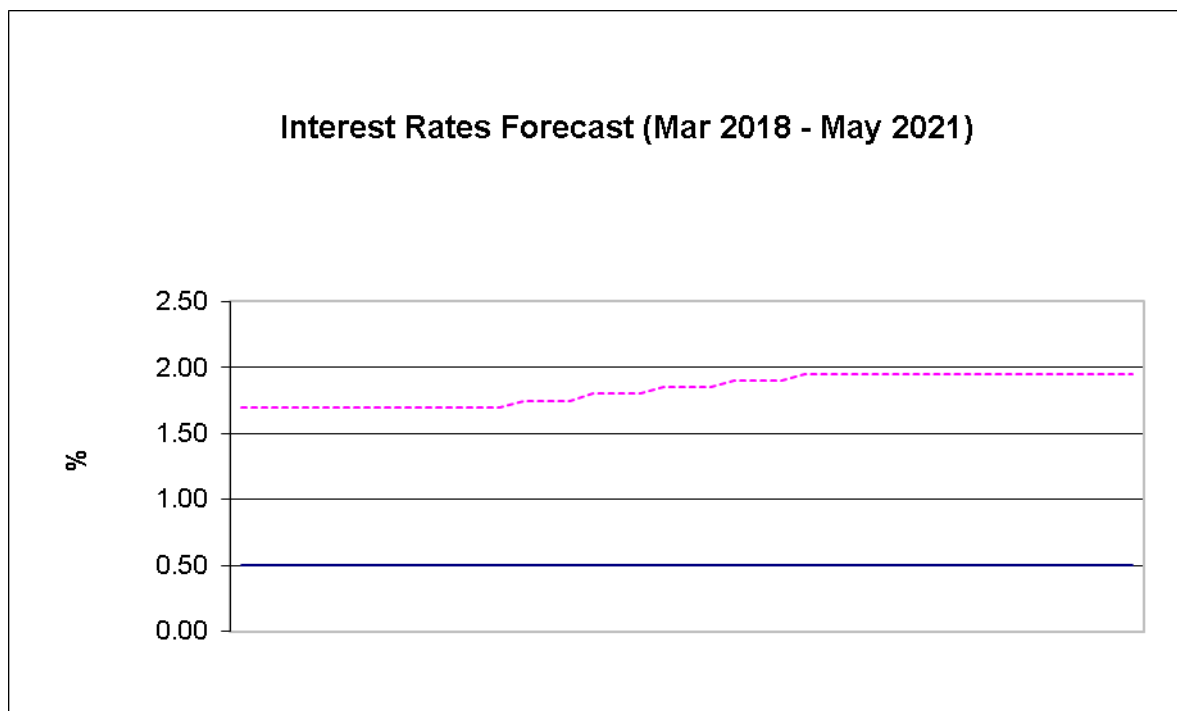
12.1 The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

<b>Upper Limit for total principal sums invested over 364 days</b>	<b>2017/18 Approved £m</b>	<b>2018/19 Estimate £m</b>	<b>2019/20 Estimate £m</b>	<b>2020/21 Estimate £m</b>
	10.00	10.00	10.00	10.00

INTEREST RATES FORECAST

The graph below shows the interest rate forecast for the Official UK Bank Rate and the 50 year GILT rate from March 2018 to May 2021. The Official Bank Rate influences the rate at which the Council can invest. The GILT rate is the rate at which the Government borrows money and therefore this affects the rate at which the Council can borrow from the PWLB which is approximately 1% above GILT rates.

As the graph shows, it's much more expensive to borrow than to invest at the moment with the Official UK Bank Rate expected to remain constant over the period. The graph illustrates that the difference between investment and borrowing rates is approximately 2%. This means that the cost of carry referred to in paragraph 4.1 in **Appendix 1** is approximately £20,000 for every £1m borrowed because the Council could borrow for 50 years at a rate of approximately 2.5% but could only invest at a rate of approximately 0.5%.



—— Official Bank Rate

- - - - 50-yr GILT Rate

**Treasury Management Strategy Statement  
and Investment Strategy 2018/19 to 2020/21**

**ANNEX C**

**GLOSSARY - Useful guide to Treasury Management Terms and Acronyms**

<b>BANK OF ENGLAND</b>	UK's Central Bank
<b>BANK RATE</b>	Bank of England Interest Rate (also known as Base Rate)
<b>CPI</b>	Consumer Price Index – a measure of the increase in prices
<b>RPI</b>	Retail Price Index – a measure of the increase in prices
<b>DMO</b>	Debt Management Office – issuer of gilts on behalf of HM Treasury
<b>FSA</b>	Financial Services Authority - the UK financial watchdog
<b>GDP</b>	Gross Domestic Product – a measure of financial output of the UK
<b>LIBID</b>	London Interbank Bid Rate - International rate that banks lend to other banks
<b>LIBOR</b>	London Interbank Offer Rate – International rate that banks borrow from other banks (the most widely used benchmark or reference for short term interest rates)
<b>PWLB</b>	Public Works Loan Board – a Government department that lends money to Public Sector Organisations
<b>MPC</b>	Monetary Policy Committee - the committee of the Bank of England that sets the Bank Rate
<b>LONG TERM RATES</b>	More than 12 months duration
<b>SHORT TERM RATES</b>	Less than 12 months duration
<b>BOND (GENERAL)</b>	An investment in which an investor loans money to a public or private company that borrows the funds for a defined period of time at a fixed interest rate
<b>GOVERNMENT BOND</b>	A type of bond issued by a national government generally with a promise to pay periodic interest payments and to repay the face value on the maturity date

## **Treasury Management Strategy Statement and Investment Strategy 2018/19 to 2020/21**

<b>CORPORATE BOND</b>	A type of bond issued by a corporation to raise money in order to expand its business
<b>COVERED BOND</b>	A corporate bond issued by a financial institution but with an extra layer of protection for investors whereby the investor has recourse to a pool of assets that secures or “covers” the bond if the financial institution becomes insolvent
<b>GILT</b>	A bond that is issued by the British government which is classed as a low risk investment as the capital investment is guaranteed by the government
<b>REPO</b>	A repurchase agreement involving the selling of a security (usually bonds or gilts) with the agreement to buy it back at a higher price at a specific future date For the party selling the security (and agreeing to repurchase it in the future) it is a REPO For the party on the other end of the transaction e.g. the local authority (buying the security and agreeing to sell in the future) it is a reverse REPO
<b>FTSE 100</b>	Financial Times Stock Exchange 100 - An index composed of the 100 largest companies listed on the London Stock Exchange which provides a good indication of the performance of major UK companies

### Treasury Management (TM) Update Report

#### 1 Changes in the external environment

##### Economic Outlook

- 1.1 The political backdrop to the UK remains uncertain and fragile as the Brexit negotiations continue ahead of Britain's planned withdrawal from the EU in March 2019. In view of this uncertainty, the Council will continue to take a cautious approach in relation to its investments.

#### 2 Investment Strategy

- 2.1 Conventional bank deposits have become riskier because of a lower likelihood that the UK and other governments will support failing banks. As the Banking Reform Act 2014 was implemented in the UK from January 2015, banks were no longer able to rely on government bail-outs if they got into difficulty. They would be required instead to bail themselves out by taking a proportion of investors' deposits to build up their capital. This new risk has been termed 'bail-in' risk and is potentially a greater risk to investors than the 'bail-out' risk of the past.
- 2.2 Given the increasing risk and continued low returns from short-term unsecured bank investments, the Council has only held a minimal amount of investments for short-term cash flow purposes and has placed a far greater emphasis on investing with the UK Government's Debt Management Office and other local authorities in order to minimise these risks.

#### 3 Borrowing Strategy

- 3.1 The Council has reviewed its borrowing strategy and has decided to continue with its strategy of internal borrowing to fund its borrowing requirement. The Council has also decided to continue to undertake temporary borrowing from other local authorities as required to cover short-term cash flow requirements as this is a good source of readily available cash at historically low rates.
- 3.2 The Council will continue to monitor its cash position and interest rate levels to ensure that long term borrowing is undertaken from the PWLB at the optimal time to fund on-going Capital commitments.

## **4 Controls**

### **4.1 Prudential Indicators**

The Council sets prudential indicators which set boundaries within which its treasury management activity operates. The indicators are calculated to demonstrate that the Council's borrowing is affordable and include measures that show the impact of capital and borrowing decisions over the medium term. The Council has remained within all of its borrowing and investment limits for 2017/18 agreed by Council in February 2017. The Council has not deviated from the Capital related indicators either.

### **4.2 Audit Reviews**

Following a positive internal audit review in February 2017, another audit review was undertaken in November 2017 following a decision by Internal Audit to change the timing of the annual audit review of financial systems. The final audit report following this review is awaited

## **5 Future**

### **5.1 TM Strategy for next six months**

As the Corporate Plan is progressing, the Council will continue to review its cash position to ensure that borrowing is undertaken if required. The Council will also monitor market conditions and interest rate levels to ensure that external borrowing is undertaken at the optimal time in line with the TM strategy.

### **5.2 Reports**

The next reports will be the annual TM Review Report 2017/18 and the TM Update Report 2018/19 which will be reported to the Corporate Governance Committee in July.

# Treasury Management Strategy Statement 2018/19

## Wellbeing Impact Assessment Report

This report summarises the likely impact of a proposal on the social, economic, environmental and cultural well-being of Denbighshire, Wales and the world.

Assessment Number:	148
Brief description:	The Treasury Management strategy for 2018/19
Date Completed:	17/01/2018 10:32:52 Version: 3
Completed by:	Rhys Ifor Jones
Responsible Service:	Finance
Localities affected by the proposal:	Whole County,

# IMPACT ASSESSMENT SUMMARY AND CONCLUSION

Before we look in detail at the contribution and impact of the proposal, it is important to consider how the proposal is applying the sustainable development principle. This means that we must act "in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs."

## Score for the sustainability of the approach

Could you do more to make your approach more sustainable?

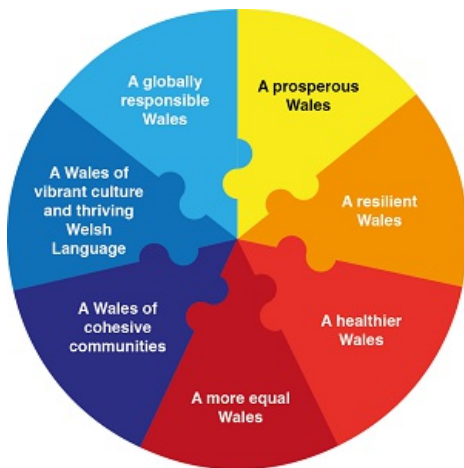


(2 out of 4 stars)

Actual score : 12 / 24.

## Summary of impact

Wellbeing Goals



A globally responsible Wales	A prosperous Denbighshire	Positive
A Wales of vibrant culture and thriving Welsh Language	A resilient Denbighshire	Positive
A Wales of cohesive communities	A healthier Denbighshire	Neutral
A more equal Wales	A more equal Denbighshire	Neutral
A healthier Wales	A Denbighshire of cohesive communities	Neutral
A resilient Wales	A Denbighshire of vibrant culture and thriving Welsh language	Neutral
A globally responsible Wales	A globally responsible Denbighshire	Neutral

## Main conclusions

An effective Treasury Management strategy ensures that the Council's investment and borrowing decisions will contribute towards the goal of maximising income and minimising costs which supports efficient service delivery.



# THE LIKELY IMPACT ON DENBIGHSHIRE, WALES AND THE WORLD

## A prosperous Denbighshire

Overall Impact	Positive
Justification for impact	An effective Treasury Management strategy ensures that the Council's investment and borrowing decisions will contribute towards the goal of maximising income and minimising costs which supports efficient service delivery.

### Positive consequences identified:

The Treasury Management strategy and Prudential Indicators ensure that the Council's cash is safeguarded as much as possible by making investments in banks recommended in the annual strategy statement.

Sound investment and borrowing decisions relating to the Council's cash will maximise the Council's income within the guidelines set in the Treasury Management strategy.

The strategy ensures that the Council's borrowing is monitored and is within set limits and is affordable. It identifies current financing requirements for the Capital Plan and estimates the proposed capital requirements for the next three financial years.

Financial planning and decision making ensures that proper consideration of the long term impact of financial decisions is given, including the payback period and whole life costs of capital investment decisions, properly impact assessed budget proposals and long term debt and investment (treasury management) strategies.

The Prudential Indicators are a statutory requirement which demonstrate the affordability of our plans and contribute towards the overall financial wellbeing of Denbighshire.

### Unintended negative consequences identified:

### Mitigating actions:

## A resilient Denbighshire

Overall Impact	Positive
Justification for impact	A sound Treasury Management strategy ensures that the Council's cash is secure and new borrowing is affordable. It also enables the Council to react quickly to market volatility by continual monitoring of the financial institutions throughout the year.

### Positive consequences identified:

Good investment decisions will help the Council to develop more efficient working practices which will use less resources.

The strategy is set at the start of the financial year but it is monitored carefully throughout the year to ensure that the Council reacts quickly to any market volatility and the impact on the banking institutions.

### Unintended negative consequences identified:

### Mitigating actions:

## A healthier Denbighshire

Overall Impact	Neutral
Justification for impact	Proposals have little or no direct impact on the vast majority of residents as the strategy involves managing the Council's investments and borrowing.

### Positive consequences identified:

The strategy contributes to the overall financial health of Denbighshire and therefore supports the delivery of the annual budget.

### Unintended negative consequences identified:

### Mitigating actions:

## A more equal Denbighshire

Overall Impact	Neutral
Justification for impact	A good treasury management strategy contributes to the overall financial resilience of the Council and supports the on-going work of the Authority without impacting on residents.

### Positive consequences identified:

An efficient treasury management strategy contributes to the financial resilience of the Council and supports service delivery.

### Unintended negative consequences identified:

### Mitigating actions:

## A Denbighshire of cohesive communities

Overall Impact	Neutral
Justification for impact	A good treasury management strategy contributes to the overall financial resilience of the Council and supports the on-going work of the Authority without impacting on residents.

### Positive consequences identified:

### Unintended negative consequences identified:

### Mitigating actions:

## A Denbighshire of vibrant culture and thriving Welsh language

Overall Impact	Neutral
Justification for impact	A good treasury management strategy contributes to the overall financial resilience of the Council and supports the on-going work of the Authority. It has no direct impact on the language and the culture because any treasury management decisions are based on the treasury strategy and advice from financial consultants.

**Positive consequences identified:**

**Unintended negative consequences identified:**

**Mitigating actions:**

## A globally responsible Denbighshire

Overall Impact	Neutral
Justification for impact	A good treasury management strategy contributes to the overall financial resilience of the Council and supports the on-going work of the Authority. It has no direct impact on the local area.

**Positive consequences identified:**

All investments are undertaken from national institutions in line with the strategy and financial advice. The strategy determines the institutions with the minimum credit rating which the Authority is permitted to invest with.

All borrowing is undertaken from central Government as detailed in the strategy and in line with other local authorities.

**Unintended negative consequences identified:**

**Mitigating actions:**

Mae tudalen hwn yn fwriadol wag

**Adroddiad i'r:** Pwyllgor Llywodraethu Corfforaethol

**Dyddiad y Cyfarfod:** 7 Chwefror 2018

**Aelod Arweiniol / Swyddog:** Y Cyngorydd Julian Thompson-Hill / Richard Weigh,  
Pennaeth Cyllid

**Awdur yr Adroddiad:** Steve Gadd, Prif Gyfrifydd

**Teitl:** **Cau Cynnar - Datganiad Cyfrifon**

## 1. Am beth mae'r adroddiad yn sôn?

Darparu crynodeb i'r Pwyllgor Llywodraethu Corfforaethol (PLIC) o'r gwaith sy'n rhan o'r broses gau ar ddiwedd y flwyddyn ariannol a diweddariad o'r gwaith sy'n cael ei wneud tuag at gau cynnar statudol y cyfrifon. Amlygu'n arbennig sut y bydd newid a gytunwyd i'r ffordd y mae'r Cyngor yn ymdrin â gwallau ansylweddol a nodir yn ystod yr archwiliad yn effeithio ar adroddiad terfynol Swyddfa Archwilio Cymru i'r PLIC.

## 2. Beth yw'r rheswm dros lunio'r adroddiad hwn?

Rhoi diweddariad i'r PLIC ynglŷn â'r broses gau bresennol a'r cynnydd sy'n cael ei wneud tuag at gau cynnar statudol y cyfrifon, a sut y bydd hyn yn effeithio ar yr adroddiadau a'r wybodaeth a dderbynnir gan y pwyllgor.

## 3. Beth yw'r argymhellion?

Argymhellir fod y PLIC yn nodi'r canlynol ynglŷn â chau'r cyfrifon ariannol:

- i) Y cynnydd tuag at gyflawni'r dyddiadau cau cynnar a bennir gan reoliadau Llywodraeth Cymru.
- ii) Y newid yn y dull y bydd y Cyngor yn ei ddefnyddio i ymdrin â gwallau ansylweddol a nodir yn ystod yr archwiliad a sut y bydd hyn yn effeithio ar adroddiad terfynol Swyddfa Archwilio Cymru i'r PLIC.

## 4. Manylion yr Adroddiad

Ar hyn o bryd, mae gofyn i Swyddog Adran 151 y cyngor ardystio fod y Datganiad Cyfrifon yn rhoi golwg gywir a theg o'r sefyllfa ariannol ar ddiwedd y flwyddyn y mae'r datganiad yn gysylltiedig â hi erbyn 30 Mehefin yn syth ar ôl y flwyddyn honno fan bellaf, a rhaid i'r datganiad gael ei gyhoeddi erbyn 30 Medi fan bellaf. Disgwylir i archwiliad o gyfrifon y flwyddyn ariannol gynt ddod i ben cyn 30 Medi a bydd datganiadau cyfrifon a gyhoeddir yn cynnwys barn a thystysgrif yr archwilwyr.

Nododd Lywodraeth Cymru nifer o anfanteision â'r amserlen statudol bresennol yn eu dogfen ymgynghori yn 2016:

- Mae cyrff llywodraeth leol yn cyhoeddi eu datganiadau cyfrifon yn ddiweddarach yn y flwyddyn na'r rhan fwyaf o rannau eraill y sector cyhoeddus.
- Mae cyfrifon llywodraeth leol yn creu cydran sylweddol o Gyfrifon Llywodraeth Gyfan ledled y DU ac ystyrir yr amserlen llywodraeth leol bresennol fel un o'r rhwystrau sy'n atal Trysorlys Ei Mawrhydi rhag dwyn dyddiad cyhoeddi'r cyfrifon hynny ymlaen.

- Bydd y rheoliadau cyfatebol sy'n cael eu gorfodi mewn cyrff llywodraeth leol yn Lloegr yn dwyn y dyddiadau paratoi a chyhoeddi datganiadau cyfrifon ymlaen i'r flwyddyn ariannol sy'n dechrau ym mis Ebrill 2017. Bydd hyn yn creu gwahaniaeth pellach rhwng amserlenni cyrff llywodraeth leol Cymru a Lloegr.

Gan hynny cynigodd Llywodraeth Cymru ddwyn yr amserlen ymlaen ar gyfer cyhoeddi datganiadau cyfrifon awdurdodau lleol fel eu bod yn gydnaws â rhannau eraill o'r sector cyhoeddus. Byddai dwyn yr amserlen ymlaen yn gwella atebolrwydd awdurdodau ac yn gwneud y cyfrifon yn fwy defnyddiol i breswylwyr lleol gan y byddai datganiadau cyfrifon ar gael yn fwy prydlon. Dylai hefyd gynorthwyo ein rheolaeth ariannol trwy ddarparu sicrwydd cynharach o alldro ariannol y flwyddyn flaenorol a rhyddhau mwy o staff cyllid i helpu i hwyluso proses y gyllideb ar gyfer y flwyddyn ganlynol. Amlinellir manylion yr amserlen ddiwygiedig arfaethedig yn y tabl isod.

	Current Dates	Interim Dates for SofA 2018/19 and 2019/20	Proposed Final Position from 2020/21
Final date on which the Chief Finance Officer must sign and date the statement of accounts	30th June	15th June	31st May
Date that council must approve and publish an audited statement of accounts	30th September	15th September	31st July

Y newyddion da yw bod y Cyngor yn gwneud cynnydd da tuag at gyrraedd terfynau amser y cyfrifon dros dro a'r cyfrifon terfynol sydd heb eu harchwilio fel y dangosir yn y tabl isod.

Statement of Accounts	Signed off by S151 Officer and passed to WAO
2015/16	21-Jun-16
2016/17	13-Jun-17
2017/18	06 - Jun - 18 (proposed)

Mae cau cyfrifon yn gynnar yn golygu bod angen gwneud llawer iawn o waith cynllunio ac ad-drefnu i'r amserlen cau cyfrifon. Bydd hefyd yn golygu defnyddio mwy o amcangyfrifon a chadw'n fwy caeth at yr amserlen cau cyfrifon a gallai hynny effeithio ar alldro ariannol y gwasanaeth. Er enghraifft, y terfyn amser drafft ar gyfer prosesu cronadau yw 2 Mai ac ni dderbynnir unrhyw groniadau ar ôl y dyddiad hwnnw oni bai eu bod yn mynd i gael effaith sylweddol ar y Datganiad Cyfrifon. Cytunir ar y trothwy a ddefnyddir ar gyfer y flwyddyn ariannol hon gyda Swyddfa Archwilio Cymru cyn diwedd y flwyddyn ariannol.

Eleni bwriedir newid y dull o drin camddatganiadau ansylweddol a nodir gan SAC wrth iddynt archwilio cyfrifon. Yn y gorffennol mae pob camddatganiad wedi'u cywiro yn y Datganiad Cyfrifon sydd wedi caniatáu i SAC gynnwys y datganiad canlynol yn eu Hadroddiad Archwilio'r Datganiadau Ariannol i PLIC bob mis Medi: "Nid oes unrhyw gamddatganiadau wedi'u nodi yn y datganiadau ariannol, sy'n dal i fod heb eu cywiro". Bu raid i'r Tîm Technegol wneud llawer iawn o waith i gyflawni hyn – fodd bynnag yn

bwysicach roedd yn golygu nad oedd modd i SAC gwblhau eu harchwiliad nes bo'r holl gywiriadau, waeth pa mor fach, wedi'u hail-wneud a'u rhoi yn y Datganiad Cyfrifon diwygiedig ac wedi cael eu hail-archwilio gan SAC wedyn. Bydd y terfynau amser diwygiedig yn ei gwneud yn anodd i SAC ddarparu eu dyfarniad archwilio yn y dyfodol. Gan hynny mae CSDd a SAC wedi cytuno na fydd y Datganiad Cyfrifon drafft fel arfer yn cael ei ddiwygio i gywiro camddatganiadau ansylweddol. Mae hwn yn newid allweddol a fydd yn galluogi'r Cyngor a SAC i gyrraedd y dyddiadau cau diwygiedig. Mae'n bwysig nodi'r canlynol:

- Ni fydd y newid hwn yn y broses yn effeithio'r farn archwilio gyffredinol.
- Er bod SAC wedi cytuno â'r dull hwn, maent yn rhwymedig trwy statud i adrodd wrth y PLIC am unrhyw gamddatganiadau sy'n dal heb eu cywiro. Dylai'r PLIC ddisgwyl gweld y rhestr hon mewn adroddiadau SAC yn y dyfodol, ond ni fydd hynny'n golygu bod ansawdd y gwaith a wneir gan yr Adran Gyllid wedi gostwng.

**5. Sut mae'r penderfyniad yn cyfrannu at Flaenoriaethau Corfforaethol?**

Mae darparu gwybodaeth ariannol yn brydlon ac yn gywir yn cyfrannu at foderneiddio'r cyngor i ddarparu arbedion effeithlonrwydd ac mae'n galluogi'r preswylwyr i graffu ar weithgareddau'r Cyngor.

**6. Faint fydd yn ei gostio a sut y bydd yn effeithio ar wasanaethau eraill?**

Mae cynhyrchu Datganiad Cyfrifon wedi'i gyflawni o fewn cefndir yr Adran Gyllid yn cyflawni targedau arbedion. Ni ragwelir unrhyw adnoddau ychwanegol.

**7. Beth yw prif gasgliadau'r Asesiad o Effaith ar Les?**

Barn broffesiynol y Swyddog Adran 151 yw nad oes angen Asesiad o Effaith ar Les ar gyfer yr adroddiad hwn.

**8. Pa ymgynghoriadau sydd wedi'u cyflawni gyda'r Pwyllgor Archwilio ac eraill?**

Fel rhan o ddatblygu'r Amserlen Cau Cyfrifon, mae'r Adran Gyllid yn ymgynghori'n eang a gwasanaethau er mwyn sicrhau fod y terfynau amser yn gyraeddadwy. Ymgynghorir â Swyddfa Archwilio Cymru yn gyfan gwbl yn ystod y cyfnod cynllunio.

**9. Datganiad y Prif Swyddog Cyllid**

Mae cynhyrchu Datganiad Cyfrifon yn ofyniad cyfreithiol a byddai methu â chyrraedd y terfynau amser yn cael effaith sylweddol ar enw da'r cyngor. This report highlights some of the changes that are required in order to maintain the excellent track record of producing a set of accounts on time while continuing to achieve an unqualified audit opinion. Er bod cau cyfrifon yn gynnar yn gallu bod yn risg ac yn her, mae cyfleoedd ar gael i greu proses fwy effeithlon.

**10. Pa risgiau sydd ac a oes unrhyw beth y gallwn ei wneud i'w lleihau?**

Y risg yn y pen draw yw na fydd y Datganiad Cyfrifon yn cael ei gynhyrchu ar amser, neu ei fod yn cael ei gynhyrchu gyda gwallau sylweddol a fyddai'n arwain at weld SAC yn amodi'r cyfrifon. Byddai canlyniad felly yn cael effaith andwyol ddifrifol ar enw da CSDd.

**11. Pŵer i wneud y Penderfyniad**

Mae'r Safon Ryngwladol ar Archwilio (Y DU ac Iwerddon) 240 (ISA 240) yn nodi mai'r rheolwyr a'r 'rheini sydd yng ngofal llywodraethu', sef y Pwyllgor Llywodraethu Corfforaethol yng Nghyngor Sir Ddinbych, sydd yn bennaf gyfrifol am atal a chanfod twyll. Mae ISA 240 yn nodi'r gofyniad am archwiliad allanol i gael dealltwriaeth o sut mae'r Cyngor yn cyflawni ei gyfrifoldebau.





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Cysylltwch â ni'n Gymraeg neu'n Saesneg.

Y Cyngorydd Hugh Evans - Arweinydd / Dr Mohammed Mehmet – Prif Weithredwr

Cyngor Sir Ddinbych

Neuadd y Sir

Ffordd Wynnstay

Rhuthun

Sir Ddinbych LL15 1YN

**Cyfeirnod:** 280A2017-18

**Dyddiad cyhoeddi:** 30 Tachwedd 2017

Annwyl Hugh a Mohammed

## Llythyr Archwilio Blynyddol Cyngor Sir Ddinbych 2016-17

Mae'r llythyr hwn yn crynhoi'r negeseuon allweddol sy'n deillio o'm cyfrifoldebau statudol o dan Ddeddf Archwilio Cyhoeddus (Cymru) 2004 a'm cyfrifoldebau adrodd o dan y Cod Ymarfer Archwilio.

### Cydymffurfiodd Cyngor Sir Ddinbych â'i gyfrifoldebau yn ymwneud ag adroddiadau ariannol a defnyddio adnoddau

Cyfrifoldeb Cyngor Sir Ddinbych (y Cyngor) yw:

- rhoi systemau rheolaeth fewnol ar waith i sicrhau rheoleidd-dra a chyfreithlondeb trafodion a sicrhau bod ei asedau'n ddiogel;
- cadw cofnodion cyfrifyddu cywir;
- paratoi Datganiad Cyfrifon yn unol â gofynion perthnasol; a
- sefydlu ac adolygu'n barhaus drefniadau priodol i sicrhau darbodusrwydd, effeithlonrwydd ac effeithiolrwydd yn ei ddefnydd o adnoddau.

Mae Deddf Archwilio Cyhoeddus (Cymru) 2004 yn ei gwneud yn ofynnol i mi:

- roi barn archwilio ar y datganiadau cyfrifyddu;
- adolygu trefniadau'r Cyngor i sicrhau darbodusrwydd, effeithlonrwydd ac effeithiolrwydd yn ei ddefnydd o adnoddau; a

- rhoi tystysgrif yn cadarnhau fy mod wedi cwblhau'r broses o archwilio'r cyfrifon.

Mae awdurdodau lleol yng Nghymru yn paratoi eu datganiadau cyfrifyddu yn unol â gofynion Cod Ymarfer CIPFA/LASAAC ar Gyfrifyddu Awdurdodau Lleol yn y Deyrnas Unedig. Mae'r Cod hwn yn seiliedig ar Safonau Adrodd Ariannol Rhyngwladol.

Ar 28 Medi 2017, rhoddais farn archwilio ddiamod ar y datganiadau cyfrifyddu, gan gadarnhau eu bod yn rhoi darlun gwir a theg o sefyllfa a thrafodion ariannol y Cyngor. Mae fy adroddiad wedi'i gynnwys yn y Datganiad Cyfrifon. Nodwyd y materion allweddol a oedd yn deillio o'r archwiliad o gyfrifon i aelodau'r Pwyllgor Llywodraethu Corfforaethol yn fy Archwiliad o Ddatganiadau Ariannol ar 27 Medi 2017.

Cyhoeddais dystysgrif yn cadarnhau bod yr archwiliad o'r cyfrifon wedi'i gwblhau ar 28 Medi 2017.

### **Rwy'n fodlon bod gan y Cyngor drefniadau priodol ar waith i sicrhau darbodusrwydd, effeithlonrwydd ac effeithiolrwydd o ran ei ddefnydd o adnoddau**

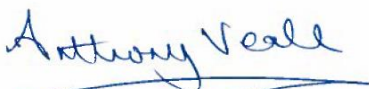
Mae fy ystyriaeth o drefniadau'r Cyngor i sicrhau darbodusrwydd, effeithlonrwydd ac effeithiolrwydd wedi bod yn seiliedig ar y gwaith archwilio a wnaed ar y cyfrifon ac rwyf hefyd wedi dibynnu ar y gwaith a gwblhawyd o dan Fesur Llywodraeth Leol (Cymru) 2009. Mae'r Archwilydd Cyffredinol wedi tynnu sylw at y meysydd lle nad yw effeithiolrwydd y trefniadau hyn wedi'i brofi eto neu lle y gellid gwneud gwelliannau yn ei [Adroddiad Gwella Blynyddol 2016-17](#).

### **Nid yw'r gwaith a wnaed gennyf hyd yma yn ardystio hawliadau a ffurflenni grant wedi nodi materion sylweddol a fyddai'n effeithio ar gyfrifon 2016-17 na systemau ariannol allweddol**

Bydd adroddiad manylach ar fy ngwaith ardystio grantiau yn dilyn yn 2018 unwaith y bydd rhaglen waith ardystio eleni wedi'i chwblhau.

Ar hyn o bryd, disgwylir i'r ffi archwilio ariannol ar gyfer 2016-17 fod yn unol â'r ffi y cytunwyd arni a nodir yn y Cynllun Archwilio Blynyddol.

Yn gywir



**Anthony Veale**

**Cyfarwyddwr Ymgysylltu**

**Dros ac ar ran Archwilydd Cyffredinol Cymru**

**cc: Richard Weigh – Pennaeth Cyllid**



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru  
Auditor General for Wales

# Rhaglen Waith Swyddfa Archwilio Cymru: Diweddariad y Pwyllgor Llywodraethu Corfforaethol, Chwefror 2018 – **Cyngor Sir Ddinbych**

Blwyddyn archwilio: 2017-18

Dyddiad cyhoeddi: Ionawr 2018

Cyfeirnod y ddogfen: 307A2017-18

Paratowyd y ddogfen hon fel rhan o'r gwaith a gyflawnir yn unol â swyddogaethau statudol.

Os gwneir cais am wybodaeth y gallai'r ddogfen hon fod yn berthnasol iddi, tynnir sylw at y Cod Ymarfer a gyhoeddwyd o dan adran 45 o Ddeddf Rhyddid Gwybodaeth 2000. Mae Cod adran 45 yn nodi'r arfer a ddisgwylir gan awdurdodau cyhoeddus wrth ymdrin â cheisiadau, yn cynnwys ymgynghori â thrydydd partiön perthnasol. Mewn perthynas â'r ddogfen hon, mae Archwilydd Cyffredinol Cymru a Swyddfa Archwilio Cymru yn drydydd parti perthnasol. Dylid anfon unrhyw ymholiadau ynglŷn â datgelu neu aildefnyddio'r ddogfen hon i Swyddfa Archwilio Cymru ar [swyddog.gwybodaeth@archwilio.cymru](mailto:swyddog.gwybodaeth@archwilio.cymru).

This document was produced by the Wales Audit Office. We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi. This document is also available in Welsh.

Lluniwyd y ddogfen hon gan Anthony Veale, Gwilym Bury, Michelle Phoenix a Jeremy Evans.

# Cynnwys

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# Rhaglen gwaith archwilio

## Gwaith archwilio ariannol 2016-17 – Cyngor Sir Ddinbych

Arddangosyn 1: Gwaith archwilio ariannol 2016-17 – Cyngor Sir Ddinbych

Gweithgaredd	Cwmpas	Statws
Archwilio'r Datganiadau Ariannol 2016-17	Cynllun ar gyfer gwaith archwilio ariannol 2016-17.	Cwblhawyd yr adroddiad ym Mawrth 2017. Cyflwynwyd i'r Pwyllgor Llywodraethu Corfforaethol ym Mawrth 2017.
Archwilio'r Datganiadau Ariannol 2016-17	Archwilio Datganiadau Ariannol 2016-17 Cyngor Sir Ddinbych (y Cyngor).	Cyflwynwyd yr adroddiad i'r Pwyllgor Llywodraethu Corfforaethol ym Medi 2017.
Barn ar y Datganiadau Ariannol	Barn ar Ddatganiadau Ariannol 2016-17 y Cyngor.	Cyflwynwyd yr adroddiad i'r Pwyllgor Llywodraethu Corfforaethol ym Medi 2017.
Llythyr Archwiliad Blynyddol	Llythyr yn crynhoi ein gwaith archwilio ariannol ar gyfer 2016-17.	Cyflwynwyd y llythyr i'r Cyngor ym mis Tachwedd 2017 a chaiff ei gyflwyno i'r Pwyllgor Llywodraethu Corfforaethol ym mis Chwefror 2018.

## Gwaith archwilio perfformiad 2016-17 – Cyngor Sir Ddinbych

### Arddangosyn 2: Gwaith archwilio perfformiad 2016-17 – Cyngor Sir Ddinbych

Gweithgaredd	Cwmpas	Statws
<b>Cynllun Archwilio</b>	Cynllun ar gyfer gwaith archwilio perfformiad 2016-17.	Cwblhawyd – Pwyllgor Llywodraethu Corfforaethol Mawrth 2016.
<b>Archwilio'r Cynllun Gwella</b>	Archwilio sut mae'r Cyngor yn cyflawni ei ddyletswydd i gyhoeddi cynllun gwella.	Cwblhawyd – Cwblhawyd yr adolygiad. Cyflwynwyd tystysgrif.
<b>Asesu perfformiad</b>	Archwilio sut mae'r Cyngor yn cyflawni ei ddyletswydd i gyhoeddi asesiad o berfformiad.	Cwblhawyd – gweler uchod.
<b>Adroddiad Gwella Blynyddol</b>	<p>Adroddiad gan Archwilydd Cyffredinol Cymru yn adolygu perfformiad a threfniadau'r Cyngor.</p> <p>Roedd yr Adroddiad Gwella Blynyddol yn cynnwys y gwaith prosiect lleol. Yn yr adolygiad hwn deuthum i'r casgliad:</p> <ul style="list-style-type: none"> <li>• bod y Cyngor yn parhau i gyflawni ei ofynion statudol o ran gwella'n barhaus;</li> <li>• bod y Cyngor wedi gwneud cynnydd sylweddol yn cyflawni ei weledigaeth gyffredol, ac wrthi'n llunio cynllun diweddar i ddisgrifio ei weledigaeth a'i uchelgeisiau allweddol ar gyfer y dyfodol a sut bydd yn gweithredu fel sefydliad;</li> <li>• bod gan y Cyngor fframwaith clir a threfniadau llywodraethu cadarn ar gyfer gwneud newidiadau mawr mewn gwasanaethau, ond nid yw'r gwaith o werthuso effaith newid mewn gwasanaethau bob amser yn amserol; ac</li> <li>• yn gyffredinol, fod y Cyngor yn rheoli ei adnoddau'n effeithiol, ond bod diffyg cydlynu rhwng strategaethau corfforaethol eraill yn gallu cyfyngu ar y cyfraniad y gall gwasanaethau unigol ei wneud at nodau'r Cyngor.</li> </ul>	Cyhoeddwyd Mehefin 2017.

<b>Gweithgaredd</b>	<b>Cwmpas</b>	<b>Statws</b>
<b>Astudiaeth Thematig: Cadernid Ariannol</b>	Ffocws: Cynlluniau Arbedion.	Cyflwynwyd adroddiad lleol Chwefror 2017.
<b>Astudiaeth Thematig: Llywodraethu</b>	Ffocws: Llywodraethu newidiadau mawr mewn gwasanaethau.	Cyflwynwyd adroddiad lleol Mehefin 2017.
<b>Astudiaeth Thematig: Trawsnewid</b>	Casglu barn swyddogion am y prif bryderon a wynebant wrth ddelio â newid/trawsnewid.	Cwblhawyd y Prosiect. Adrodd yn ôl i'r Prif Weithredwr Hydref 2017.
<b>Astudiaeth Wella Llywodraeth Leol – Gwella llesiant drwy haddasiadau tai</b>	Cwblhawyd y gwaith maes.	Cyhoeddi gaeaf 2018.
<b>Astudiaeth Wella Llywodraeth Leol – Awdurdodau lleol yn comisiynu gwasanaethau anabledd dysgu yn strategol</b>	Cwblhawyd y gwaith maes.	Cyhoeddi gaeaf 2018.
<b>Astudiaeth Wella Llywodraeth Leol – Sut mae llywodraeth leol yn delio â'r galw – Gwasanaethau digartrefedd</b>	Cwblhawyd y gwaith maes.	Cyhoeddi gaeaf 2018.



## Gwaith archwilio perfformiad 2017-18 – Cyngor Sir Ddinbych

### Arddangosyn 3: Gwaith archwilio perfformiad 2017-18 – Cyngor Sir Ddinbych

Gweithgaredd	Cwmpas	Statws
<b>Cynllun Archwilio</b>	Cynllun ar gyfer gwaith archwilio perfformiad 2017-18.	Cwblhawyd yr adroddiad Mawrth 2017.
<b>Archwilio'r Cynllun Gwella</b>	Archwilio sut mae'r Cyngor yn cyflawni ei ddyletswydd i gyhoeddi cynllun gwella.	Cwblhawyd – Cyflwynwyd tystysgrif Ebrill 2017.
<b>Asesu perfformiad</b>	Archwilio sut mae'r Cyngor yn cyflawni ei ddyletswydd i gyhoeddi asesiad o berfformiad.	Cwblhawyd – Cyflwynwyd tystysgrif Tachwedd 2017.
<b>Adroddiad Gwella Blynyddol</b>	Adroddiad gan Archwilydd Cyffredinol Cymru yn adolygu perfformiad a threfniadau'r Cyngor.	I'w gyhoeddi haf 2018.
<b>Astudiaeth Thematig: Llesiant Cenedlaethau'r Dyfodol – Asesiad Ilinell sylfaen</b>	Sylwebaeth Blwyddyn Un: Bydd Swyddfa Archwilio Cymru yn casglu tystiolaeth ar sut mae'r 44 corff yn dechrau ymateb i ofynion y Ddeddf LICD ac yn nodi esiamplau o ymarfer nodedig sy'n dod i'r amlwg. Bwriedir y gwaith i gefnogi gwelliant a hysbysu gwaith archwilio i'r dyfodol dan y Ddeddf.	Cwblhawyd y gwaith maes. Adroddiad cryno cenedlaethol gwanwyn 2018.
<b>Astudiaeth Thematig: Craffu – Parod at y Dyfodol</b>	Bydd yr adolygiad hwn yn archwilio effaith y Ddeddf LICD ar waith y pwyllgorau craffu.	I'w gynnal gydol blwyddyn archwilio 2017-18. Cyflwynwyd Briff y Prosiect. Gwaith maes i gael ei gwblhau Ionawr 2018.

Gweithgaredd	Cwmpas	Statws
<b>Astudiaeth Thematig: Adolygiad defnyddwyr gwasanaethau Safon Ansawdd Tai Cymru (SATC)</b>	Bydd y prosiect hwn yn profi cysylltiad defnyddwyr gwasanaethau ym mhob awdurdod. Bydd yr adolygiad yn gwerthuso sut mae'n teimlo (i aelod o'r cyhoedd) ddelio â gwasanaethau'r cyngor, yn cynnwys detholiad o wasanaethau a senarios. Hefyd, diben y trosolwg lleol hwn yw canfod a oes gan y Cyngor drefniadau effeithiol ar waith i'w alluogi i gyrraedd safonau SATC.	I'w gynnal gydol blwyddyn archwilio 2017-18. Cwblhawyd y gwaith maes. Cyflwynir adroddiad drafft yn Chwefror 2018.
<b>Astudiaeth Wella Llywodraeth Leol – Cronfa Gofal Integredig</b>	Cafodd y Gronfa Gofal Canolraddol ei hailenwi'n ddiweddar yn Gronfa Gofal Integredig (ICF). Bydd yr adolygiad yn edrych ar y trefniadau llywodraethu sy'n gysylltiedig â'r ICF, ar lefel genedlaethol a lleol drwy'r byrddau partneriaeth rhanbarthol.	Bydd Briff y Prosiect yn cael ei gyflwyno.
<b>Astudiaeth Wella Llywodraeth Leol – Defnyddio data yn effeithiol</b>	Bydd yr astudiaeth hon yn canolbwyntio'n bennaf ar rôl awdurdodau lleol o ran pa mor effeithiol ydynt am ddefnyddio ac ymdrin â data. Bydd hefyd yn ystyried pa mor effeithiol yw awdurdodau am gyrchu a defnyddio data a ddelir gan bartneriaid. Cydnabyddir, er hynny, fod cynghorau ar gamau gwahanol iawn o ran sut maent yn defnyddio data. Bydd yr archwiliad hwn felly yn asesu pob awdurdod lleol ar ei berfformiad gan nodi pa mor dda y mae awdurdodau yn perfformio ar hyn o bryd o ran casglu data, dadansoddi data a defnyddio data i helpu i wneud penderfyniadau a defnyddio adnoddau.	Cyflwynwyd Briff y Prosiect – Mehefin 2017. Cyflwynwyd yr arolwg i Sir Ddinbych yn hydref 2017.

Gweithgaredd	Cwmpas	Statws
<b>Astudiaeth Wella Llywodraeth Leol – Pa mor dda y mae cyrff cyhoeddus yn darparu gwasanaethau i gymunedau gwledig</b>	Bydd yr adolygiad hwn yn canolbwyntio ar asesu pa mor effeithiol y mae sefydliadau cyhoeddus yng Nghymru yn gweithio gyda'i gilydd i asesu anghenion, nodi blaenoriaethau, cyflenwi a chynnal darpariaeth y prif wasanaethau gweithredol i fodloni anghenion pobl mewn cymunedau gwledig.	Cyflwynwyd Briff y Prosiect – Mehefin 2017. Cyflwynwyd yr arolwg i Sir Ddinbych yn haf 2017.
<b>Adroddiad Cenedlaethol Swyddfa Archwilio Cymru</b>	<ul style="list-style-type: none"> <li>• Adolygiad o'r tirwedd caffael cyhoeddus</li> <li>• Rheoli gwastraff (atal gwastraff)</li> <li>• Rhaglen Cefnogi Pobl</li> <li>• Gweithredu Deddf Cyllid GIG (Cymru) 2014 (cynlluniau tymor canolig integredig)</li> <li>• Gwasanaethau gwybodeg GIG Cymru</li> <li>• Mynediad i wasanaethau cyhoeddus gyda chefnogaeth cyfieithu a dehongli arbenigol</li> <li>• Paratodau ar gyfer gweithredu'r datganoli ariannol yng Nghymru (adroddiad dilynol)</li> </ul>	Cyhoeddwyd adroddiad Cefnogi Pobl Awst 2017. Cyhoeddwyd adroddiad caffael cyhoeddus Tachwedd 2017. Yr adroddiadau sy'n weddill yn cael eu drafftio. Cyhoeddi gaeaf/gwanwyn 2018.

## Gwaith archwilio arall 2017-18 – Cyngor Sir Ddinbych

### Arddangosyn 4: Gwaith archwilio arall 2017-18 – Cyngor Sir Ddinbych

Gweithgaredd	Cwmpas	Statws
<b>2017-18 Estyn</b>	Ar wahân i'r rhaglen arolygu ysgolion leol, bwriedir cynnal archwiliad o wasanaeth addysg Sir Ddinbych gyda'r gwaith maes yn mynd rhagddo yn Chwefror 2018.	Cyhoeddwyd adroddiad dilynol GwE Tachwedd 2017. Cyhoeddir yr adroddiad ar wasanaeth addysg Cyngor Sir Ddinbych yn ystod gwanwyn 2018.
<b>2017-18 AGGCC</b>	Yn genedlaethol, mae AGGCC yn gwneud cyd- adolygiad o'r gwasanaethau iechyd meddwl cymunedol. Ni chyhoeddwyd dim gwaith dilynol lleol yn Sir Ddinbych hyd yma.	Adroddiad cenedlaethol.

Diweddarwyd ddiwethaf: 16.12.17



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## Rhaglen Gwaith i'r Dyfodol y Pwyllgor Llywodraethu Corfforaethol

<b>7 MAWRTH 2018</b>		<b>Eitemau Sefydlog</b>	
	1	Materion a Gyfeiriwyd gan y Pwyllgorau Archwilio (os oes rhai)	Cydlynnydd Archwilio - Rhian Evans
	2	Adroddiadau Rheoleiddio Allanol Diweddar a Dderbyniwyd (os oes rhai)	Pennaeth Gwella Busnes a Moderneiddio - Alan Smith, Nicola Kneale
	3	Diweddariad Archwilio Mewnol	Prif Archwilydd Mewnol – Lisa Lovegrove
	4	Rhaglen Gwaith i'r Dyfodol	Gwasanaethau Democrataidd
		<b>Adroddiadau</b>	
	5	Adroddiad Cyrff Allanol	Pennaeth y Gwasanaethau Cyfreithiol, AD a Democrataidd / Gary Williams
	6	CIPFA – Canllaw Ymarferol Pwyllgor Archwilio	Pennaeth Archwilio Mewnol – Lisa Lovegrove
<b>5 EBRILL 2018</b>		<b>Eitemau Sefydlog</b>	
Tudalen 103	1	Materion a Gyfeiriwyd gan y Pwyllgorau Archwilio (os oes rhai)	Cydlynnydd Archwilio - Rhian Evans
	2	Adroddiadau Rheoleiddio Allanol Diweddar a Dderbyniwyd (os oes rhai)	Pennaeth Gwella Busnes a Moderneiddio - Alan Smith, Nicola Kneale
	3	Diweddariad Archwilio Mewnol	Prif Archwilydd Mewnol – Lisa Lovegrove
	4	Rhaglen Gwaith i'r Dyfodol	Gwasanaethau Democrataidd
		<b>Adroddiadau</b>	
	5	Strategaeth Archwilio Mewnol	Prif Archwilydd Mewnol – Lisa Lovegrove
	6	Adroddiad Blynyddol Archwilio Mewnol	Prif Archwilydd Mewnol – Lisa Lovegrove
	7	Datganiad Llywodraethu Blynyddol Drafft	Prif Archwilydd Mewnol – Lisa Lovegrove

## Rhaglen Gwaith i'r Dyfodol y Pwyllgor Llywodraethu Corfforaethol

<b>6 MEHEFIN 2018</b>		<b>Eitemau Sefydlog</b>	
	1	Materion a Gyfeiriwyd gan y Pwyllgorau Archwilio (os oes rhai)	Cydlynnydd Archwilio - Rhian Evans
	2	Adroddiadau Rheoleiddio Allanol Diweddar a Dderbyniwyd (os oes rhai)	Pennaeth Gwella Busnes a Moderneiddio - Alan Smith, Nicola Kneale
	3	Diweddariad Archwilio Mewnol	Prif Archwilydd Mewnol – Lisa Lovegrove
	4	Rhaglen Gwaith i'r Dyfodol	Gwasanaethau Democrataidd
		<b>Adroddiadau</b>	
<b>FURFFENNAF 2018</b>		<b>Eitemau Sefydlog</b>	
	1	Materion a Gyfeiriwyd gan y Pwyllgorau Archwilio (os oes rhai)	Cydlynnydd Archwilio - Rhian Evans
	2	Adroddiadau Rheoleiddio Allanol Diweddar a Dderbyniwyd (os oes rhai)	Pennaeth Gwella Busnes a Moderneiddio - Alan Smith, Nicola Kneale
	3	Diweddariad Archwilio Mewnol	Prif Archwilydd Mewnol – Lisa Lovegrove
	4	Rhaglen Gwaith i'r Dyfodol	Gwasanaethau Democrataidd
		<b>Adroddiadau</b>	
	5	Datganiad Cyfrifon Drafft	Pennaeth Cyllid – Richard Weigh
<b>26 MEDI 2018</b>		<b>Eitemau Sefydlog</b>	
	1	Materion a Gyfeiriwyd gan y Pwyllgorau Archwilio (os oes rhai)	Cydlynnydd Archwilio - Rhian Evans
	2	Adroddiadau Rheoleiddio Allanol Diweddar a Dderbyniwyd (os oes rhai)	Pennaeth Gwella Busnes a Moderneiddio - Alan Smith, Nicola Kneale
	3	Diweddariad Archwilio Mewnol	Prif Archwilydd Mewnol – Lisa Lovegrove
	4	Rhaglen Gwaith i'r Dyfodol	Gwasanaethau Democrataidd



## Rhaglen Gwaith i'r Dyfodol y Pwyllgor Llywodraethu Corfforaethol

		<b>Adroddiadau</b>	
	5	Cymeradwyo'r Datganiad Cyfrifon	Pennaeth Cyllid – Richard Weigh
<b>21 TACHWEDD 2018</b>		<b>Eitemau Sefydlog</b>	
	1	Materion a Gyfeiriwyd gan y Pwyllgorau Archwilio (os oes rhai)	Cydlynedd Archwilio - Rhian Evans
	2	Adroddiadau Rheoleiddio Allanol Diweddar a Dderbyniwyd (os oes rhai)	Pennaeth Gwella Busnes a Moderneiddio - Alan Smith, Nicola Kneale
	3	Diweddariad Archwilio Mewnol	Prif Archwilydd Mewnol – Lisa Lovegrove
	4	Rhaglen Gwaith i'r Dyfodol	Gwasanaethau Democrataidd
Tudalen 105		<b>Adroddiadau</b>	
	5	Adroddiad Blynyddol Chwythu'r Chwiban	Pennaeth y Gwasanaethau Cyfreithiol, AD a Democrataidd / Gary Williams
	6	RIPA Blynyddol (Deddf Rheoleiddio Pwerau Ymchwilio 2000)	Pennaeth y Gwasanaethau Cyfreithiol, AD a Democrataidd / Gary Williams

DS Nid yw union ddyddiad cyhoeddi adroddiadau achlysurol gan er enghraifft Swyddfa Archwilio Cymru neu Adroddiadau Blynyddol gan yr Ombwdsmon yn hysbys ar hyn o bryd. Bydd dyddiad cyfarfod yn cael ei neilltuo ar eu cyfer cyn gynted ag y bo'n ymarferol.

Diwygiwyd 25.01.2018 SJ

Mae tudalen hwn yn fwiadol wag