

# Public Document Pack

Governance and Audit Committee Friday, 31 March 2023

## MINUTES OF A MEETING OF THE GOVERNANCE AND AUDIT COMMITTEE HELD AT BY ZOOM ON FRIDAY, 31 MARCH 2023

### **PRESENT:** L Hamilton (Chair)

County Councillors G Breeze, P Lewington, W Powell, G Ratcliffe and A Williams  
Independent / Lay Members: J Brautigam.

Cabinet Portfolio Holders In Attendance: County Councillors D Thomas (Cabinet Member for Finance and Corporate Transformation) and S Cox (Cabinet Member for a Caring Powys)

Officers: Jane Thomas (Head of Finance), Wyn Richards (Scrutiny Manager and Head of Democratic Services), Nina Davies (Director of Social Services and Housing), Rachel Evans (Interim Head of Adult Services), Martyn Harding (Income and Awards Manager), Yvette Kottaun (Senior Investigator, Income and Awards), James Chapelle (Capital and Finance Planning Accountant) and Rachel Ysart (Strategic Business and Programme Manager, Children's Services)

Other Officers In Attendance: Ian Halstead (Assistant Director – SWAP); David Burridge, Bethan Hopkins (Audit Wales)

<b>1. APOLOGIES</b>
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Apologies for absence were received from:  
County Councillor Chris Walsh  
Independent / Lay Member Gareth Hall  
Officers: Lynette Lovell & Dr. Caroline Turner

<b>2. DISCLOSURES OF INTEREST</b>
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There were no Declarations of Interest from Members relating to items to be considered on the agenda.

<b>3. MINUTES AND ACTION LOG</b>
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### 3.1. Minutes

#### **Documents Considered:**

20-01-23 – Agreed by all present as a true and accurate reflection of the meeting and ratified accordingly by the Chair.

09-02-23 – Agreed by all present as a true and accurate reflection of the meeting and ratified accordingly by the Chair.

### 3.2. Action Log

Action log trackers presented by the Scrutiny Manager and Head of Democratic Services, informal tracker developed by DS team, Committee members have been forwarded links to view trackers.

Question	Response
Who will sign or authorise items on the tracker as closed and support officers when opening and closing items.	Officer Response Committee endorse close off, re-open, any changes will be noted and changed

**Outcomes:**

The Committee agreed to proceed with the Action log/ tracker.

<b>4.</b>	<b>CORPORATE FRAUD AND ERROR - QUARTER 4 REPORT</b>
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**Documents Considered:**

- Quarter 4 report

**Issues Discussed:**

- Overpayment and Rebill Figures (these are recoverable) have improved further since report issued, £409k to add.
- Income gains/saved and/or additional revenue for the Council have increased since report was issued by an additional £203k.
- Net Consent – BI asked to establish which of the 650 employees, who have not accepted policies, are still working for Council and which services they belong to and are working on this still.
- E-Learning Fraud Module updated subject to translation when completed will roll-out.
- Fraud Training for Members to be rolled out as and when requested/needed but post E-Learning Fraud module completion.
- Internal Audit SWAP fraud risk assessment – all tasks completed bar one.
- Fraud Risk assessments – will be undertaken once SWAP has finished its work if directed/required. Planning workshops with service areas to look at areas to be considered (or have been highlighted by SWAP work)
- Fraud External website – work completed. Fraud hotline established. Apparently been advised cannot have 'fraud report button' on the intranet – this was available on the old intranet and used frequently so may miss reports by this now not being available.
- Fraud and corruption risk actions – intend to give Head of Finance bi-annual report with identified risks and issues (first report already complete and submitted). Committee asked if any items to be added to work programme for the team.
- Code of Conduct for officers and Members – being reviewed by HR and Legal services.

**Questions:**

Question	Response
With reference to the Council Tax reduction scheme, has the department reviewed anomalies as increases workload.	Officer Response A large number of Individuals on Universal Credit are 'passported' to Council Tax Reduction (CTR) from the DWP rather than applying directly to PCC therefore Income and Awards are unable to check benefits/eligibility prior to inclusion to the Council Tax

	<p>Reduction award. Anomalies are difficult to manage due to the numbers who are passported by DWP into the CTR system.</p>
<p>In Section 3.3 it states 31 cases of proven fraud, what was the total overall cost of the cases and what lessons have been learned.</p> <p>Section 4 confirmed £1.6m saved by Fraud, can you confirm how this would be prevented from happening again, is this set out in Section 6.1</p>	<p>Officer Response Housing Benefit investigation cases were taken back by the DWP in 2015. There is joint working where there is a beneficial interest.</p> <p>More proactive reviews undertaken particularly reviewing council tax and business rates and where exemptions, disregards and discounts exist. Data cleansing exercises have been undertaken (and will continue) with a plan to increase work in this area.</p> <p>As issues are identified through the teamwork tougher controls brought in as we learn from experience. Fraud is not static and quickly changes. Declarations improved as to what Businesses and individuals are applying for, what their responsibilities with regard information to be given and to reporting changes in their circumstances.</p>
<p>Interested in the potential recovery values in the table but also the cost of the team relative to the value of recovery.</p>	<p>Officer Response Gains and outcomes are the actual values.</p> <p>Officer Response Some of the gains are not necessarily cash to the Council's budget but can be prevention of fraud.</p>
<p>How much fraud did we encounter how much did we prevent.</p> <p>Distilled bullet point format and could be useful in future</p>	<p>Officer Response Placing an actual financial figure on prevention would be difficult if not impossible to measure, income gains are not always a 'prevention figure,' for e.g., second or holiday homes rules are changing therefore Council's would now be able to get access those funds if fraud can be identified and proven.</p> <p>Cabinet Member: Thanked the Income and Awards team for their work, effectively increasing the deterrent value which cannot be measured.</p>

<p>Deliberate deprivation of assets, Committee require a greater understanding of the policy i.e., individuals concealing assets (property) to avoid social care costs.</p>	<p>Officer Response Dealt with deprivation of capital, usually inter familial financial abuse. Continued work with the financial assessment team and working with ASC. Ongoing work and very much on the radar.</p> <p>Officer Response S4 of The Social Care and Wellbeing Act for Wales and S5 of the All-Wales policy cover deprivation of assets. When issues do become known, they are investigated. There is no specific policy held by PCC.</p>
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**Outcomes:**

- The Committee welcomed:
  - The updated and improved position of additional £409k
  - Tougher control measures brought in due to lessons learned.
- The Committee noted:
  - Not all fraud prevention work can be measured financially, the work undertaken is also an effective deterrent.

<b>5.</b>	<b>TREASURY MANAGEMENT - QUARTER 3 REPORT</b>
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**Documents Considered:**

- Treasury Management Q3 Report ending 31<sup>st</sup> December 2022 in line with CIPFA guidance.

**Issues Discussed:**

- Interest rate continues to climb, which enables the Council to earn money on surplus cash.
- The Council has a significant Capital programme currently with 42% borrowing which is expected to fall by the end of the year.
- £10m loans will give a discounted saving over the long-term.
- Net revenue stream has increased for 2023/24 onwards due to an increased settlement from WG, however, higher interest rates have increased the financing costs.
- Sundry debt update as at 19.01.23 with KPI's and economics update provided by Link as ay 31<sup>st</sup> Dec 2022.

**Questions:**

Question	Response
<p>Sundry debt still predominant issue is Adult Social Care and the PTHB. How much of the debt issue with PTHB is resolved and what is outstanding</p>	<p>Officer Response Some of the historic debt has been resolved, with Committee made aware of past amounts written off. Currently in</p>

	<p>discussions with PTHB with regard the level of debt outstanding. Finance will undertake a deep dive, which would add value to the data in future, and outcomes will be provided to Committee.</p>
<p>Could comment be made as to why VAT recovery still appears to be an issue</p>	<p><b>Officer Response</b>                  There are a substantial number of checks in place to make sure we have the correct documentation to recover VAT, which would safeguard the Council if the HMRC audited as could evidence methods undertaken to potentially correct errors where possible.                  Other issues are VAT that was reclaimed in error, so these have been corrected, much of this (£20k) is through purchase cards.</p> <p><b>Officer Response</b>                  Part of training undertaken is to reinforce the need to obtain VAT invoices to make sure the Council claims back every penny available. With purchase cards the Council has the sanction to remove cards where there are persistent errors by individuals. About £1m per month spent through purchase cards, so sums shown are small by comparison.</p>

**Outcomes:**

The Committee noted:

- Continuing discussion with PTHB in respect of sundry debt
- Ongoing VAT recovery work and training.

<b>6.</b>	<b>SWAP AUDIT PLANNING REPORT QUARTER 1, 2023-24</b>
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**Documents Considered:**

- Q1 Report 2023-24

**Issues Discussed:**

- Internal Audit Planning Report. Committee asked to approve the interim plan.
- SWAP looking to build long term assurances which link to corporate priorities.
- Interim plan will be replaced with longer term plan (over 12 months). This will be the start of a basis assurance map.

- Interim plan includes items carried forward from Q4 to be completed and includes work identified.

**Questions:**

Question	Response
<p>Chair commented that as the plan becomes firmer and is aligned with the CIP of Stronger, Fairer, Greener, this should show where actions have been achieved, clarity about number of days to achieve the plan and number of days to deal with emerging issues.</p> <p>Going forward the Committee should approve the IA report in Q4 of the previous year.</p> <p><b>Action:</b> To be added to the Forward Work Programme</p>	
<p>Committee would support a better forward view of planned activity for the period to allow for greater evaluation.</p> <p>With regard to the various funds coming from UK Government i.e., Levelling Up funding, Shared Prosperity funding, to what extent can the Authority allocate and scrutinise how the funds will be delivered?</p>	<p>Officer Response</p> <p>Completion of business cases form part of the ongoing internal audit function. Impact Assessments align with scrutiny functions to ensure proper and due diligence to make sure early warning signs of issues are acted upon.</p> <p>Officer Response</p> <p>In terms of some of the funds from UK Government the evidence required for some of these projects are very tight. Finance work closely with colleagues in Ceredigion about assurances on these projects.</p>

**Outcomes:**

The Committee approved interim plan with the expectation that an annual plan for sign off will be provided in Q4 with clarity on allocated timescales for service improvements and also performance against the plan.

<b>7.</b>	<b>AUDIT WALES - OUTLINE AUDIT PLANS</b>
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**Documents Considered:**

Outline Audit Plans – PCC and Powys Pension Fund

**Issues Discussed:**

Planning commenced later due to accounts not signed off until Jan 2023. International ISA315 standard revised, with a new process for identifying and assessing the risks of material misstatements in accounts.

Audit Wales expect to have a detailed plan to Committee by July 23 with results of Risk assessment.

Link to fee scheme confirmed by the Senedd.

Future timetable would be to sign off accounts in November 2023, aim to return to Pre-COVID September accounts sign-off in 2-3 years.

Similar timetable for the Pension Fund, end of November 2023 to meet the statutory deadline for the pension fund.

Head of Finance added that the longer timeframes are disappointing. The Council will still be aiming to meet earlier closedowns i.e., end of June.

**Questions:**

Questions	Response
<p>On review of appendix 1, the revised ISA315 would appear to increase the burden on the Council's resources, is this practicable</p> <p>Chair requested that PCC Finance and Audit Wales keep the Committee informed as work in ISA315 progresses.</p>	<p>Officer Response Throughout the implementation year, we will continue to work closely with Audit Wales whilst Risk work is completed, and then will assess outcome.</p> <p>Audit Officer Response This is a quite a change and will be onerous for the teams both in PCC and Audit Wales. However ultimate aim is to improve the quality of audit to be more effective, with the outcome that the risk assessing process reduces workload.</p>
<p>What is the vehicle to bring reflections to the relevant authorities.</p> <p>Chair commented that the Committee has responsibility to respond to and be cognisant to the impact of this on resources and raise where appropriate. ISA315 is not unique to the Public Sector as the Private Sector must also comply, it would be useful to understand the impacts encountered by other companies including Audit Wales</p>	<p>Cabinet member This is a much wider Standard on Auditing affecting both public and private sectors alike.</p>

**Outcomes:**

- The Audit Wales detailed plan to be added to the Forward Work Programme for July 2023

<b>8.</b>	<b>DEBT POLICY</b>
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**Documents Considered:**

Sundry Debtors – Invoicing Collection and Recovery Policy  
 Billing Collection and Recovery Framework Jan 2022

**Issues Discussed:**

Income and Awards council tax and business rates align to the All Wales Policy. The sundry debtor’s policy is held under a separate framework and amended last year re: authorisation element of write off.  
 Liability orders are made prior to involvement of enforcement agents. All matters are for recovery, sundry debt recovery may use enforcement agents but would be a rare occurrence.

Questions	Response
<p>With reference to the business late payments in Policy 1, the interest rate of 8% requires updating to 8% above BoE base rate.</p> <p>The date of policy 2 is quoted as 2016, the charges and fees in appendix 3 charges needs to be reviewed, please advise what is the Council normal policy review cycle.</p>	<p>Officer Response                      Yes, would revise sundry debt policy accordingly.</p> <p>That policy needs to be revised every 2 - 3 years, cannot offer explanation why quoted as 2016, however the framework process and methodology remain the same.</p> <p>Officer Response                      The Council corporately holds a policy register, income and award policies have been added and are monitored via EMT, including responsible officers.</p>
<p>Bring updated policies where Committee would have an interest as tracked changes</p>	<p>Officer Response                      In agreement</p>

**Outcomes:**

Committee to be notified of Sundry Debt policy updates.

<b>9.</b>	<b>DUPLICATE PAYMENT - WINTER FUEL GRANT</b>
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**Documents Considered:**

Duplicate Payment – Winter Fuel Grant

**Issues Discussed:**

The report provides an update on the duplicate payments of fuel support grant made to recipients in October 2022  
 Report gives breakdown of collected and amount remaining outstanding, Training to avoid repetition in future. Have sufficient measures been put in place to ensure it does not reoccur, also to consider whether a level of debt will need to be written off.



Questions	Response
If controls are built into the system is there a risk of repetition	<p>Officer Response</p> <p>The human element would always bring risk, where able will automate, minimising risk.</p>
The report states 194 cases remain outstanding, are these all either suspected of no longer operating as businesses or having no intention of repayment, therefore resulting in being written off	<p>Officer Response</p> <p>A certain level of funds having to be written off is inevitable, the team will always pursue where able, but this cannot be for an indefinite period. The normal write off procedures will stand.</p>
Has the possibility of using an agency for debt management been considered	<p>Officer Response</p> <p>All options are considered prior to writing off any debt.</p> <p>Cabinet member</p> <p>Confident that controls can be put in place to minimise this issue again. Income and Awards Team issues large number of grants over the past 3 years with minimal increase in resources</p> <p>Officer Response</p> <p>Errors occurs in the creditors team rather than the income and awards team</p>

**Outcomes:**

Noted

**10. RISK DEEP DIVES**

10.1. Welsh Community Care Information System (WCCIS)

The Committee considered an extract of the Strategic Risk Register in relation to WCCIS and a presentation by the Service with the majority of questions heard in confidential session as per the below Resolution.

Questions	Response
Is the system improving with fewer periods of downtime	<p>Officer Response</p> <p>The feedback is significantly better than where we were, but there are still frustrations with the national system. We have done what we can to pass the issues to the national team but sorting those systems are out the control of the Council. There are continued frustrations voiced amongst staff.</p> <p>Officer Response</p>

	There are fewer periods of down time. Teams are more experienced now with WCCIS and can find work arounds.
Who is the National Team	Officer Response WCCIS is a Welsh Government system, and the national team are linked to Welsh Government.
One of the most alarming aspects is the impact on staff well-being, satisfaction, and retention. To what extent are the problems faced due to the digital infrastructure in Powys by comparison to other counties. Are we suffering disproportionately by comparison to others.	Officer Response The digital transformation team were reviewing jobs logged and whether these are due to national issues or local issues. Powys was one of the first authorities to use WCCIS so the volume of information used is greater than for others, which may impact on our IT systems.
Is this a systems failure between the Council, the Health Board or is it a person issue. Is this a problem across all Wales.	Officer Response This is not just a Powys issue. Information Sharing Protocols have to be agreed rather than a WCCIS issue

**RESOLVED to exclude the public for the following item of business on the grounds that there would be disclosure to them of exempt information under category 3 of The Local Authorities (Access to Information) (Variation) (Wales) Order 2007).**

#### 10.2. Social Care Provider Failure

The Committee in confidential session considered an extract of the Strategic Risk Register in relation to Social Care Provider failure and a presentation by the Service as per the below Resolution.

**RESOLVED to exclude the public for the following item of business on the grounds that there would be disclosure to them of exempt information under category 3 of The Local Authorities (Access to Information) (Variation) (Wales) Order 2007).**

<b>11. WORKING GROUPS - FEEDBACK REPORTS</b>
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**Issues Discussed:**

Internal Working Group has not met yet scheduled April 2023  
Reports will come to meetings as they move forward.

#### 11.1. HOWPS Working Group

HOWPS Working Group: - Feedback Report received.

**Outcomes:** - noted

#### 11.2. HTR Working Group

HTR Working Group: - Feedback Report received.

**Outcomes:** - noted

11.3. Capital Working Group

Capital Working Group: - Feedback Report received.

**Outcomes:** - noted

<b>12. FINANCE PANEL - FEEDBACK REPORT</b>
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**Outcomes:**

Gareth Hall has offered apologies for this meeting, therefore the report to be re-scheduled for the next G&A Committee meeting.

<b>13. WORK PROGRAMME</b>
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To consider the forward work programme and whether any additional items should be included.

**Outcomes:** - Noted

**L Hamilton  
Chair**

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