

**MINUTES OF A MEETING OF THE GOVERNANCE AND AUDIT COMMITTEE HELD
AT TEAMS LIVE ON THURSDAY, 18 NOVEMBER 2021**

PRESENT

County Councillors JG Morris (Chair), D R Jones, DW Meredith, WD Powell, D A Thomas, A Williams and J M Williams and Mr J Brautigam

Cabinet Portfolio Holders in Attendance: County Councillor A W Davies

Officers: Dan Paley, Financial Reporting and Policy Accountant and Jane Thomas, Head of Finance

Other Officers In Attendance: Mr D Burridge, Audit Wales

1.	APOLOGIES
-----------	------------------

Apologies for absence were received from County Councillors M Barnes, M J Jones, K Lewis and T J Van-Rees

2.	DECLARATIONS OF INTEREST
-----------	---------------------------------

There were no declarations of interest.

3.	POWYS PENSION FUND
-----------	---------------------------

Documents:

- Report of the Head of Finance
- Audit Wales – ISA 260
- Letter of Representation
- Pension Fund Accounts 202/21

Discussion:

- A later valuation for private equity has been used which shows an increase of £6.5M which reflects throughout the accounts
- The accounts have been compiled in compliance with the Code
- Additional notes have been provided for clarity on stock lending and derivatives values
- Pensions and Investment Committee will review the Annual Report at their meeting on 25 November
- The Vice Chair noted that changes in the value of the Pension Fund could impact on Authority's reported reserves position. There was a movement of £85M in the remeasurement of the net defined benefit liability and whilst this may be temporary, he sought assurance that the issue was in hand. The Head of Finance assured him that it was and that the next Actuarial Review was due in March 2022. That review would assess all aspects and ensure that the Pension Fund could pay all due benefits. The change in equity valuations could be attributed to recent events but the long term strategy was sufficiently diverse to smooth such fluctuations.
- Audit Wales reported that it was intended to issue an unqualified audit opinion

- There had been an emphasis of matter in the previous year's accounts regarding property valuations but there were no such uncertainties in the accounts under consideration
- The report noted that some work had been outstanding, but Audit Wales confirmed this had now been completed
- There were no uncorrected misstatements
- The impact of covid had led to the audit commencing later than planned but the accounts will meet the statutory deadline

Outcomes:

- **The 2020-21 Pension Fund Accounts and Letter of Representation be approved and can be formally signed by Chair of the Committee and the Section 151 Officer**

4. STRATEGIC RISK REGISTER

Documents:

- Scrutiny covering report
- Report of the Head of Finance
- Report of the Portfolio Holder for Finance
- Strategic Risk Register Q2
- Heat Map

Discussion:

- The Committee are asked to review arrangements to ensure there was an appropriate understanding of risk and monitoring of risks
- Risks that have been escalated to the Strategic Register include the shortage of lorry and bus drivers and failure of social care providers. This is a national issue. Welsh Government Hardship Funding is supporting social care providers, but this will cease in March 2022. There are challenges in recruiting social workers and care staff as well as difficulties in recruiting and retaining staff across all services.
- Risks within the Covid Risk Register need to be reviewed and, if they remain a risk be incorporated within the appropriate service risk register
- The Committee need to be assured that progress is being taken against actions and are satisfied with the proposed mitigation
- There was some concern that the language used, such as 'catastrophic' could alarm the public. Whilst the inherent risk may be 'catastrophic' the residual risk should also be clear following mitigation. The detail is contained within the register itself, but the overarching report should draw attention to the detail.
- Two further risks, HOWPS and Cyber Security, were existing risks and had not been reported separately as new risks. The Committee were of the opinion that trends would be useful.
- WCCIS – remains a significant risk. This is a national system and the Authority are actively pursuing solutions. The service has reported that the system is more stable with less downtime.
- Children's Services Budget -the residual risk was falling despite an increased predicted overspend at year end. There is a clear understanding of the risk and the service have requested a virement

- which will be considered by Cabinet shortly. The overspend will be reviewed during Q3. The number of children looked after is decreasing but there are significant costs on a number of placements.
- Budget – there has been significant support from the Hardship Fund which will cease at the end of the financial year. It is not yet known how the settlement will be affected by the increased funding allocated at the spending review. Non achievement of cost reductions stands at 22% and it was essential that 100% of cost reductions are achieved
 - Cyber Security – there appeared to be an anomaly in the information presented which would be reviewed by the Head of Finance and corrected prior to the report being considered by Cabinet. Cyber security remains a significant risk despite many mitigation measures being in place.
 - Scrutiny – the Audit Wales review of scrutiny arrangements would be included in Q3 data
 - HOWPS – the Head of Property, Planning and Public Protection joined the meeting to explain why HOWPS was still considered to be a high risk. A reassessment of the residual risk had been given following a review by Corporate Health and Safety which indicated that events were likely despite mitigation. The reviews are to be increased to monthly and be undertaken by a broader team. The Head of Service had sat on the Board and this was not considered to represent effective control. Performance monitoring is part of the contract and duplication was taking place. The Committee noted that there would be a further meeting of the Working Group shortly and more information would be provided at that meeting
 - Building materials – in response to a question, the Head of Finance said there were no specific requests for virements to date due to the increase in the cost of building materials. Projects in development are being constantly reviewed.
 - There was further concern regarding development of housing, the phosphates regime and the increase in Air B&B properties. The Committee questioned whether Housing Policies were sufficiently robust to deal with these issues. Affordable Housing was a key issue for the Authority.

Outcomes:

- **An observations report would be drafted and forwarded to the Portfolio Holder before Cabinet**

County Councillor JG Morris (Chair)