

**MINUTES OF A MEETING OF THE GOVERNANCE AND AUDIT COMMITTEE HELD
BY ZOOM ON FRIDAY, 1 MARCH 2024**

Present:

Chair – Lynne Hamilton

County Councillors: Chris Walsh, Pete Lewington, Ange Williams, Graham Breeze, and Gareth Ratcliffe.

Co-opted Members: J Brautigam (Vice Chair) and Gareth Hall.

Cabinet portfolio Holders in Attendance:

County Councillor David Thomas, Cabinet Member for Finance and Corporate Transformation.

Officers: Emma Palmer - CEO, Jane Thomas - S151 Officer Head of Finance, Director of Corporate Transformation, Clive Pinney - Monitoring Officer, Craig Flynn - Deputy Head of Finance, Diane Reynolds - Interim Director of Economy and Community Services, Dan Paley - Financial Reporting & Policy Accountant, Wayne Welsby - Professional Lead Procurement and Commercial Services, Yvette Kottaun - Senior Investigator, Paul Bradshaw - Head of Workforce and Organisation Development, Catherine James - Head of Transformation and Democratic Services, Bets Ingram - Strategic Equalities and Risk Officer.

In attendance

David Hill, Director Swap Audit

Audit Wales:

Emma Woodcock, Matthew Brushett

1. APOLOGIES

Apologies for absence were received from:

County Councillors James Gibson Watt Leader and Portfolio Holder for an Open and Transparent Powys and William Powell.

Officers: Mari Thomas Deputy Head of Finance, Lynette Lovell, Director of Education and Children's Services. Ian Halstead - Swap Audit, Kevin Price - Swap Audit, Rupert Bamberger - Swap Audit.

2. DISCLOSURES OF INTEREST

There were no Declarations of Interest from Members relating to items to be considered on the agenda.

3. MINUTES AND ACTION LOG

Governance and Audit Committee resolved to authorise the Chair to sign the minutes as a true reflection of the meeting held on 12th December 2023, once the corrections on pg. 19 to attribute comment to the Cabinet Member for a Learning Powys and pg. 26 re: Newtown Partnership had been made.

Cllr P Lewington requested it be noted the disappointment that the Audit report into Red Dragon had again been delayed until the next meeting on the 18th April 2024.

4. AUDIT WALES - WORK PROGRAMME & TIMETABLE

Background: Audit Wales gave a brief update on their work programme and timetable and advised that links were available on the Audit Wales website for the quarterly reports.

Issues Raised by the Committee and Responses Received:

Issues Raised by the Committee:	Responses Received:
What was meant by the comment noted against the Capital Programme Management Audit as currently exploring options.	This work was originally due to take place in 2022-23 across all councils. As not a current priority for Audit Wales, there was an intention to undertake this work at some stage.
Were there plans to undertake a Corporate Governance review.	Work was in the process of being scoped around Corporate Governance Reviews.
In relation to Audit Committees would Audit Wales have scheduled over Spring 2024 any Good Practice Events	An event is being finalised for May 2024 in Cardiff, will notify of further details in due course.
When work was undertaken on Capital Managements Programmes, where there was good practice could this be shared across the LA's.	Good practice would usually form part of the published reports and could be shared with the Chair and Committee.

5. INTERNAL AUDIT QUARTERLY UPDATE

Background:

- The work undertaken by the SWAP Audit team was focussed on the links between the Corporate and Sector risks, in alignment with the Authorities corporate goals and any themes in relation to the organisational health.
- 82% of the opinion work carried out confirmed the internal control environment was effective.
- In this quarter there have been no significant risks reported that require the Committees attention.
- At the time of this report there were 87 management actions which required remediation, this figure now stood at 57.
- The Internal Audit Working Group meeting earlier this week and received a demonstration of the SWAP Dashboard.

Issues Raised by the Committee and Responses Received:

Issues Raised by the Committee:	Responses Received:
Chair commented that Members would be encouraged to use the SWAP Dashboard, however it must be noted that Members would have full access and therefore must refrain from crossing into Operational management. Confidentiality was to be maintained	

and Members were reminded to keep within the remit of the Committee.	
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6. PLANNING PROCESS DOCUMENT

Background:

- In agreement with the Chair of the Committee SWAP would reflect on its annual planning process within the dynamic and evolving nature of the Public Sector.
- The rolling plan has to hold a degree of flexibility to audit areas that are relevant to PCC at the appropriate time rather than having a list of audits planned many months in advance which also allows for continual risk assessment.
- The rolling plan would facilitate more regular communication about audit coverage, alongside the dynamic dashboard providing daily updates.

Noted: The Committee were unanimously in favour of approving the new SWAP Annual Audit rolling plan, as per the Committees Terms of Reference to approve the Annual Audit.

7. SUPPLEMENTARY PAYMENTS

Background:

SWAP Audit are aware that Management within the Council are considering questions that have been put forward by the Committee and that this report will become a focus of the Internal Audit Working Group to gain the necessary assurance.

The S151 Officer gave assurance, in regard to the entry, that it was appropriate, when individuals are made redundant from the organisation, of which there are clear policies in place to process and assess. There is a difference between Local Government and Teachers Pension Schemes.

The entry to be discussed relates to Teacher Pension Scheme, where for Local Government Scheme, pension costs attributable to releasing individuals early in line with policy and those are capitalised when they occur. In terms of teachers, those costs are met on a monthly ongoing basis and hence the budget is available to meet those costs as those teachers are released.

It was felt that those questions raised should be discussed in the Working Group forum, and feedback conclusions to the Committee.

Action - Supplementary Payments to added to the Internal Audit Working Group programme.

8. STRATEGIC RISK MANAGEMENT QUARTER 3 REPORT
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Background:

The report sets out information to allow Cabinet to review the risks across the whole organisation and any escalation, de-escalation, and any recommendations.

Issues Raised by the Committee and Responses Received:

Issues Raised by the Committee:	Responses Received:
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<p>Chair commented that the report gave the Committee a high level of assurance that both cabinet and the Corporate Leadership Team are diligently examining the risk profile of the LA.</p>	
<p>Could committee be informed as to why Procurement Risk 008 has been reduced.</p> <p>Would it be possible for a sentence to be included in the narrative for assurance purposes to explain reasoning for risk levels being changed.</p>	<p>Cabinet receives the report quarterly, this is the snapshot at the end of Q3. In terms of the procurement risk, this would be monitored routinely with the level of risk being reported in that quarter.</p> <p>At the commencement of the Ukraine war, the risk to the supply chain costs and availability of items was higher for the organisation, at the end of Q3 when the risk was assessed there was more stability in the impact on the Council specifically by the supply chain i.e., energy costs.</p> <p>There are a number of market conditions that have changed. The Service were part of the Welsh Marketing Expert Intelligence Group resulted in increased awareness of impact of global issues. i.e., Suez Canal.</p> <p>Further streams of information were secured by the Cabinet Office, through bi-weekly reports.</p> <p>Information on any change to level of risk would be included on the covering paper moving forward.</p>
<p>Further clarity requested in relation to the actions in progress, over what time period were they and how far did the actions go to mitigate or remove the risk.</p>	<p>In terms of the detail, there was a lot of detail behind the individual risks, held by the service areas. To include all of that detail would make the reports too cumbersome for an overall view. The individual Scrutiny Committees do get the detail and provide appropriate challenge to the Officers; therefore, assurance could be given that risks and actions were fully reviewed</p>
<p>Were any of the risks that possibly cross over 2 Committee weakened, or could fall between gaps, from a governance level, assurance sought that the appropriate levels of scrutiny are undertaken on all risks.</p>	<p>Deep dives undertaken by this committee, capture those strategic level risks from an overview perspective. The S151 Officer and the Strategic Risk Officer will take an action away to ensure that all risks are reviewed and fall into the remit of the relevant committee.</p> <p>Each risk is a departmental</p>

	<p>responsibility, which the CEO would have covered also.</p> <p>This committee has a different role, to obtain the assurance that the process and governance for how the LA manage risk, at an overarching level was undertaken i.e. through deep dives.</p> <p>In addition, some of the more financial aspects would be picked up by Finance Panel.</p>
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Action: The S151 Officer and the Strategic Risk Officer will take an action away to ensure that all risks are reviewed and fall into the remit of the relevant committee.

9.	CORPORATE SAFEGUARDING BOARD ACTIVITY REPORT
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Background:

- Committee were informed that this paper would be presented to the Health and Care Scrutiny Committee on the 8th March.
- The Corporate Safeguarding Board review progress of actions on the Safeguarding Regulatory Tracker, all actions were either completed or in progress.
- Highlighted within the Regional Safeguarding Annual Report was Powys CC's work on Child Exploitation, the strategy for which has been rolled out across other regions.
- The National Safeguarding Week held in November was considered very successful.
- The Boards focus in December was on Child Performance Licencing and Child Work permits, this included a spotlight on safeguarding to raise awareness, and further awareness raising scheduled for the Royal Welsh Show.
- There has been an increase in the number of 16-17yr olds in need of interim accommodation due to homelessness. The Board has requested data of Powys Care Experienced young people will be included in future reports to retain a focus.
- There has been a significant improvement (72%) in contact with Elective Home Educated (EHE) children and families.
- Powys will be participating in a pilot on Children Missing Education.
- In relation to Safeguarding Compliance, concern was raised of School staff compliance with VAWDASV level 1 with training, the Board were informed of ongoing work to improve the position, with a steering group established and Level 3 trained staff to support across the schools service.
- For noting the JICPA (Joint Investigation on Child Protection Arrangements) was completed in October 2023, the report has been received and will be on the Safeguard Boards agenda for the March meeting.

Issues Raised by the Committee and Responses Received:

Issues Raised by the Committee:	Responses Received:
Committee requested assurance on a point within the report on Adult Social	In some cases, referrals were not actual safeguarding referrals. Referrals

<p>Care safeguarding performance that there may be some to gaps in knowledge of home care staff, could committee be assured that training was provided, if not what form of supervision was being undertaken to address training records for that staff group.</p>	<p>are not always made by members of staff; therefore, it would not be possible to access all training records of referrals. Assurance could be given that the Safeguard Board opinion was that there was nothing out of the ordinary reflected in safeguarding referrals, there were no concern was being raised. If concerns are raised in respect to any care home, there were robust systems in place to oversee investigations. In addition, there was a Joint Information Monitoring Panel made up of partner agencies partners (CIW/ PTHB /PCC) to share information and trends, with governance to decide what actions are required.</p> <p>ACTION: Director to pick up with relevant service areas re: training on Safeguarding referrals, and clarify position at the next Safeguarding Board</p>
<p>In relation to Children’s Services there was discussion around changes in performance and Safeguarding Assessment, with reference to the WCCIS downtime could assurance be given that the downtime has not caused any challenges or issues in relation to the safety of children or to the professional accountability of our staff in being unable to access systems.</p>	<p>It was noted by the Safeguarding Board the impact of the slowness or downtime of the WCCIS system. It was a risk and was a known significant risk reflected on the Risk Register as at times staff were unable to access live data Assurance given that this remains a priority and were working across the service on data cleansing. The Director advised that they would provide an update on any changes.</p>

10.	RISK ASSURANCE - PROCUREMENT AND CONTRACTS
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Background: Presentation provided by Officers and forwarded to Committee Members.

- Red Dragon Audit is scheduled to be discussed at the April meeting.
- To provide a greater assurance that Project Bank accounts were covered in the Commercial Risk Register.
- Council’s 3rd Party expenditure is circa £250m per annum
- At any given time, the Council has approximately 1000 live contracts in place.
- The Council commercial activity has traditionally focussed on tender processes but limited pre-procurement strategy development and contract management.
- Commercial Services were now embedding an improvement programme across the full Commercial Lifecycle to deliver:
 - All contract Service objectives
 - Reduced supply chain risks and

- Increased benefits realisation, including Social Value and Net Zero.
- A monthly Commercial Performance and Risk Board has been established, to provide oversight, challenge, and support.
- Developed a new monthly Commercial Dashboard to provide commercial performance and risk information, shared with Board members, CLT and the Portfolio Holder.
- Implemented a new Contract Management Improvement Programme.
- Established a Green Network to develop a Community of Expertise from across the Council to drive Net Zero targets.

Issues Raised by the Committee and Responses Received:

Issues Raised by the Committee:	Responses Received:
In terms of Control 006, had it been considered to input a performance bond if cannot do a project bank account as another possible control.	Yes, assurance given that performance bonds are a mechanism used for contracts. A performance bond was used in the Red Dragon, which would be covered within the Audit.
On reviewing the summary of controls, was there assurance that the controls in place worked and were effective. Could the controls be cross checked against Red Dragon work, with update brought to Committee of the effectiveness of the controls and framework.	Quite a significant element would be covered in the Audit response to the Red Dragon. Could provide further updates to future meetings of this Committee, in regard to the controls in place across the Commercial Risk Register.

11. SELF-ASSESSMENT ACTION PLAN UPDATE

Chair reminded Committee Members of the hybrid option for the Self-Assessment meeting scheduled for the 15th March, which would be reflecting on the Committee’s work over the last year.

12. DRAFT TERMS OF REFERENCE - WHISTLEBLOWING

Issues Raised by the Committee and Responses Received:

Issues Raised by the Committee:	Responses Received:
This Item had been discussed in depth at the January Governance and Audit Committee that a draft Terms of Reference would be drafted with a Working Group to be established to review a case study not just the toolkit. Chair requested that consideration of the Whistleblowing Governance framework and the need for assurance be conducted under the remit of a Task and Finish group. Cllr Pete to Chair with Lynne Hamilton and John Brautigam volunteering to	

<p>attend, with a request for other committee member volunteers. It would be beneficial to understand from the Terms of Reference what would be considered as in and out of scope and to assure that any work undertaken firmly sits within the remit of the Governance and Audit Committee.</p>	
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Action: - Whistleblowing Task and Finish group to be established.

13.	FRAUD - IAWARD0009
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Background:

- Presentation provided to meeting and slides shared with Committee Members following the meeting.
- The risk was first identified in 2022, following the fallout out of the “mini budget” of September 2022.
- With ensuing soaring inflation, high interest rates and a cost-of-living crisis, the risk of fraud increased.
- Over 120 Investigations had been undertaken in the period April – December 2023.

Issues Raised by the Committee and Responses Received:

Issues Raised by the Committee:	Responses Received:
<p>Point raised of above inflation increases in Council Tax may lead to fraud, due to individuals' inability to pay.</p>	<p>This would be covered under the soaring inflation and interest rates. Council Tax would impact on our residents the impacts of which, are fully assessed during the budget setting process. There was a careful balance required between level of increase levied across residents to support the Councils costs, whilst ensuring that the appropriate level of services were maintained for those who required them including Schools and Council Services.</p>
<p>Was there any benchmarking undertaken or comparative data shared across the Welsh LA's, in regard to loss of money through fraudulent activity, mitigation and development of strategies, to protect the public purse.</p>	<p>In essence there was not. The working groups that the Fraud Team are part of discuss emerging threats and what was being lost. The Cabinet Office complete a measure for the Counter Fraud Tracker, which was shared. Audit Wales complete a bi-annual report on the National Fraud Initiatives (NFI) data, which was last published May 2023, which gave a wholesale approach but would not include a table for performance quartile of individual LA's. However, that information is held internally.</p>

	<p>The NFI, Cabinet Office information can leave an enormous gap, the data is dated, and things have moved on. The PCC team carry out rolling proactive reviews and horizon scanning, using live data, to catch issues as soon as possible, rather than waiting for the matches to protect before issues hit.</p>
<p>Within the Councils Fraud training, there was a section in relation to separation and rotation of duties of individuals, were the Service satisfied this was sufficiently completed.</p>	<p>Every investigation or case reviewed if this were not happening it would be raised as a heightened risk and remedial actions or controls would be applied.</p> <p>This was a really key factor and difficult to achieve as resources are reduced. We are acutely aware of the financial pressures on the Council and the impact on the whole Organisation. This was not about council staff investigations as would form a very limited number, but the wider fraud across Council Tax and Benefits etc. Council internal controls were reviewed, the Internal Audit Team were fundamental in ensuring controls were in place, where able duties were rotated. To protect the Council and members of staff we have to make sure systems were robust, for assurance Internal Audit's would provide opinion, along with the wide coverage of reports into this Committee.</p> <p>Not all LA's have a fraud team in place like Powys, albeit a small team, it was often recognised across Wales as requests for support had been received.</p>

14. WORKING GROUPS

Internal Audit Working Group: - Had a very good session earlier in the week on the new Dashboard, for those unable to join the session was recorded.

The Capital Working Group: - Met last week met and discussed the initial draft of a final report. The subject matter was wide ranging with informative engagement from various officers, which will result in a very constructive report. There will be no requirement to hold further meetings and a final report will be shared with Group Members and Committee in due course.

The HOWPS and HTR Working Groups: - Recommendations reports were presented to Cabinet this week. There has been favourable feedback formally on the HoWPS recommendations and awaiting equally favourable response in relation to HTR. Both papers will be presented to Committee at the next meeting.

15.	WORK PROGRAMME
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Action: Request to add timetable an annual report on Whistleblowing, Chair felt this could sit alongside the Complaints report.

16.	EXEMPT ITEM
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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).

The Monitoring Officer has determined that category 3 of the Access to Information Procedure Rules applies to the following item. His view on the public interest test (having taken account of the provisions of Rule 14.8 of the Council's Access to Information Rules) was that to make this information public would disclose information relating to the financial or business affairs of any particular person (including the authority holding that information).

These factors in his view outweigh the public interest in disclosing this information. Members are asked to consider these factors when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.

Proposed by John Brautigam and seconded by Cllr Graham Breeze with all Committee Members in agreement.

17.	REGULATORY TRACKER QUARTER 2 UPDATE
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The Committee received a presentation on the Regulatory Tracker from Catherine James Head of Transformation and Democratic Services.

Chair & Lay Member L Hamilton