

Public Document Pack

Governance and Audit Committee Friday, 12 January 2024

MINUTES OF A MEETING OF THE GOVERNANCE AND AUDIT COMMITTEE HELD AT HYBRID MEETING - ZOOM - COUNTY HALL ON FRIDAY, 12 JANUARY 2024

PRESENT

Lay Member L Hamilton - Chair

Lay Members:

J Brautigam and G Hall

County Councillors:

G Breeze, P Lewington, WD Powell, GW Ratcliffe, A Williams

Cabinet Members in attendance:

J Berriman, J Charlton, P Roberts and D A Thomas

Other County Councillors in attendance:

A Davies (Chair of Finance Panel), A Davies (Chair of Economy, Residents and Communities Scrutiny Committee), J Ewing and G Thomas (Chair of Learning and Skills Scrutiny Committee).

Officers:

Bets Ingram (Strategic Equalities and Risk Officer), Clive Pinney (Head of Legal and Monitoring Officer), Craig Flynn (Deputy-Head of Finance), Emma Palmer (Chief Executive Officer), Jane Thomas (Head of Finance and Section 151 Officer), Sarah Quibell (Service Manager for Education Support Services), Wayne Welsby (Professional Lead Procurement and Commercial), Yvette Kottaun (Senior Fraud Investigator), Diane Reynolds (Interim Director of Economy and Community Services), Ellen Sullivan (Interim Head of Economy and Digital Services), Gemma Gabriel (Professional Lead Human Resources Management and Development), Paul Bradshaw (Head of Workforce and Organisational Development), Kath Flanagan-Jones (Senior Scrutiny Officer), Shaun James (Senior Manager Highways Technical, Business and Environmental Services), Tom Yeo (Programme Delivery Manager (Climate and Nature), Sian Barnes (Professional Lead Countryside Services and Recreation).

In attendance:

Richard Jones (Ysgol Calon Cymru Headteacher), Rosie McConnell Elliott (Ysgol Calon Cymru Chair of Governors), Emma Woodcock (Audit Manager Financial Audit, Audit Wales), Gareth Jones (Senior Auditor, Audit Wales), Matthew Brushett (Audit Wales) and Ian Halstead (SWAP Assistant Director).

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| 1. | APOLOGIES |
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Apologies for absence were received from County Councillors C Walsh, J Pugh, J Gibson-Watt (Leader and Cabinet Member for an Open and Transparent Powys), L Lovell (Director of Education and Children), N Davies (Director of Social Services and Housing) and M Perry (Interim Director of Environment).

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| 2. | DISCLOSURES OF INTEREST |
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No Disclosures of Interest were received from Members. Ian Halstead (SWAP Assistant Director) declared a potential conflict of interest regarding Item 7, due to a family member attending Ysgol Calon Cymru.

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| 3. | MINUTES AND ACTION LOG |
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Proposed by County Councillors A Williams and P Lewington, Governance and Audit Committee resolved to authorise the Chair to sign the minutes of the previous meeting, held on 24th November 2023, as a correct record.

Observations and Recommendations:

- Regarding Item 14 (Work Programme), County Councillor P Lewington noted that Governance and Audit Committee were due to receive the SWAP internal audit report on the Red Dragon, Newtown Project.
- The SWAP Assistant Director confirmed that SWAP auditors were gathering the necessary evidence to produce the report. An initial draft had been compiled and would be shared with Governance and Audit Committee at the next formal meeting.

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| 4. | NEW WAYS OF WORKING UPDATE |
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Documents Considered:

- New Ways of Working (NWOW) Presentation Slides

Background:

- The Head of Workforce and Organisational Development provided a short presentation (included within the agenda pack), to provide assurance to Members regarding outstanding staff flexi-time balances.
- Officers from the Workforce and Organisational Development Service provided an overview of NWOW at the 29th September 2023 Governance and Audit Committee meeting, alongside the associated guidance and documentation available to support staff and line managers.
- A notice was sent to all staff to advise that the interim changes to the flexi-time scheme made during the Covid pandemic would cease from November 2023.
- Data provided by the Service confirmed that there had been a significant reduction in average flexi hours held by staff. The average across Service Areas as of January 2024 was 5.47 hours. It was noted that up to 10 hours may be carried forward into the next period.

Issues Raised by the Committee and Responses Received:

| Issues Raised by the Committee: | Responses Received: |
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| Was the Service intending to produce a NWOW policy? | The Professional Lead – Human Resources Management and Development advised that producing a NWOW policy was difficult as it was determined by a large number of other policies. It would therefore be difficult to combine the various elements into a single NWOW policy. |

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| <p>The Committee accepted the constraints aspect, however, would feel more comfortable if there was a policy in place.</p> | <p>It was further noted that ways of working were different across Service Areas, so one single policy would unlikely cover all the diverse aspects. As Sustainable Powys developed, a degree of agility and flexibility was required from the workforce and a single policy may constrain that work, which could be undertaken within the existing NWOW guidance and framework instead.</p> <p>There were robust policies already in place on flexible working and performance management, in addition to the necessary structures to support managers in monitoring staff performance and any issues that may arise.</p> <p>The Cabinet Member for a Connected Powys was satisfied with NWOW and noted that there was no evidence to suggest that the processes were not working well.</p> |
| <p>The Committee mentioned the Audit Wales report considered by Governance and Audit Committee regarding the Planning Service, which highlighted issues that were resolved once staff had returned to some office-based working.</p> | <p>The Cabinet Member for a Connected Powys acknowledged the Audit Wales report into the Planning Service and explained that it was very beneficial for those specific teams to work from offices every Tuesday, and Members knew that they could book in-person appointments with Planning Officers on Tuesdays.</p> <p>It was further noted that other teams worked better outside of the office environment. The Strategic Property Team had advised that there were more people in Council offices now compared to six months ago. Productivity of staff, whether working in an office or remotely, was a matter for management according to good practice.</p> |
| <p>The Chair asked how Members could be assured that NWOW continued to ensure the health and wellbeing of staff working remotely.</p> | <p>The Professional Lead – Human Resources Management and Development explained that she felt assured that NWOW was working well,</p> |

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| | <p>provided that staff had access to support for their health and well-being whilst working remotely, and had support from their line management and colleagues, which may be less obvious when having difficult conversations over the phone at home for example.</p> <p>The Head of Finance added that post-Covid pandemic, flexible working arrangements were valued by staff, and was demonstrated through performance. Generally, the flexibility meant that staff went above and beyond within their role as they may be working outside of standard office working hours.</p> <p>The Head of Finance further noted working from home does not work for everyone, whether personal preference or due to the requirements of the job role, and more team-building and training days were being undertaken in offices. The flexible working arrangements as an employment benefit also helped to retain and recruit staff.</p> <p>The Head of Workforce and Organisational Development explained there was an expectation for managers to maintain contact and support for staff. Feedback from the staff survey following the Covid pandemic showed an upward trend around health and wellbeing.</p> |
| <p>Now that the Council knew which office/building spaces were required under NWOW arrangements, would this inform on the asset review? Was hotdesking being considered, rather than maintaining desk spaces for specific staff?</p> | <p>The Cabinet Member for a Connected Powys noted that the asset review was ongoing. There had been requests for offices from Children's and Adult Services at the Ladywell House, Newtown office. It was then a matter for the Service to decide how they utilised their allocated desk space.</p> <p>Office accommodation was being scaled down, at County Hall, zonal heating was utilised to reduce heating costs as much as possible, guided by</p> |

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| | the Workforce and Organisational Development Service. |
| Was horizon scanning being utilised to identify partner agencies and to include them in any discussions around asset disposal, to ensure sustainable decisions are made? | <p>The Cabinet Member for a Connected Powys confirmed that horizon scanning was undertaken with partners. Dyfed Powys Police were included in discussions to provide new office spaces in Brecon. Spaces were also rented to Powys Teaching Health Board and Welsh Government elsewhere.</p> <p>The Head of Finance noted it was important to look towards the future and consider the carbon emissions and footprint of the Council's assets.</p> |

Observations and Recommendations:

- Governance and Audit Committee noted the report for information.

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| 5. WHISTLEBLOWING POLICY |
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Documents Considered:

- Powys County Council Whistleblowing Policy.

Background:

- The Chair noted that Governance and Audit Committees in Wales had a duty under the Local Government and Elections (Wales) Act 2021, to consider the Council's approach to complaints, including seeking assurance of the overall effectiveness of the Council's complaints policy.
- The Professional Lead – Human Resources Management and Development explained that the renewed policy included the definition of a protected disclosure (and what was not); the legal protections for staff to prevent dismissal or victimisation, and so encouraged staff to make protected disclosures where relevant.
- The policy was reviewed in September 2023 with minor changes, such as the addition of the fraud and investigation process and general updates to contact details. The policy was reviewed every five years.
- A plan was being developed (for September 2024) to produce a toolkit to complement the grievance policy, followed by a similar toolkit for the whistleblowing policy. The toolkit would promote initiatives around raising awareness of the policies, encourage staff to speak up and report their concerns, in addition to supporting staff who raise concerns or protected disclosures.

Issues Raised by the Committee and Responses Received:

| Issues Raised by the Committee: | Responses Received: |
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| The renewed Whistleblowing Policy was welcomed, however a review of | The Monitoring Officer shared statistics regarding whistleblowing complaints |

the whistleblowing governance framework would be beneficial, considering the outstanding actions listed within the quarterly fraud report.

The Member requested a case study of whistleblowing and protected disclosures, advising that lessons learnt must be presented to Governance and Audit Committee, to fully understand the governance, assurance framework and anti-fraud arrangements in place. This may extend to identifying the internal controls, treatment of whistleblowers and how the Anti-Fraud Team operates. **ACTION**

The Member noted that whistleblowers were one of the first lines-of-defence against fraud and corruption, ultimately protecting the public purse. A further request was made for whistleblowing statistics to be reported to Governance and Audit Committee, and to review the whistleblowing policy and associated code. **ACTION**

Members provided further support regarding the request for a case study into the Council's whistleblowing arrangements, noting that Governance and Audit Committee had a duty to consider the effectiveness of whistleblowing policy and its wider governance.

Assurance that whistleblowing cases had been reviewed properly was necessary, however it would not be within Governance and Audit Committee's remit to look at individual cases. Health and wellbeing of staff was paramount.

for the previous five years. In general, the Council received around two complaints per year.

The Monitoring Officer confirmed that Governance and Audit Committee's role did not include considering individual whistleblowing complaints. The other requests were appropriate.

The SWAP Assistant Director noted the internal audit report (released April 2023) had not been considered by Governance and Audit Committee as the findings were a 'Low-Reasonable' rating. The SWAP Assistant Director was able to provide the report for Members' consideration. **ACTION**

The Chair added that the Council's Constitution (Section 22) implied that Governance and Audit Committee had been consulted on the whistleblowing policy and arrangements, however this had not occurred for the current year (2023).

The Chair asked whether wider engagement was necessary around whistleblowing to ensure staff were aware of the procedures and protections available to make protected disclosures. The Monitoring Officer noted that the toolkit being developed could provide this support for staff. The Professional Lead – Human Resources Management and Development agreed with this.

The Head of Finance clarified that whistleblowing did not always involve fraud, although it may be linked in some cases. The low number of whistleblowing cases could also be due to local resolution. From a policy perspective and the role of the Committee, the fraud item which was later on the meeting agenda would further pick up on these discussions.

The Council operated a zero-tolerance approach to fraud. Mandatory training

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| | <p>had now been released for all staff and Members to complete. The Council also had a memorandum of understanding with the police, and where the Council's fraud investigation reached the necessary threshold, it would be referred to the police for criminal investigation.</p> |
| <p>Section 22 of the Constitution required that whistleblowing statistics be provided to the Governance and Audit Committee, which to the best of the Members' knowledge had not occurred previously.</p> <p>Regarding the wellbeing of whistleblowers, the Council needed a clear approach in how it responded to whistleblowers at the end of the investigation.</p> | |
| <p>The Chair advised that any case study would need to be fictional rather than a true individual case, which would be confidential.</p> <p>The Chair asked that the SWAP internal audit report (undertaken April 2023) be provided to Committee Members as soon as possible, rather than waiting until the next meeting for consideration. ACTION.</p> <p>Request for the terms of reference to be drafted around the whistleblowing governance framework. Governance and Audit Committee should then agree the terms of reference before implementation at the next meeting. ACTION</p> | <p>The Chief Executive agreed with this approach as the investigations were an operational matter, however noted that Members needed to be assured of the policies and strategies and should consider the SWAP audit in the first instance to consider its findings and actions.</p> <p>There should be an annual commitment to report the numbers of whistleblowing cases to Governance and Audit Committee, which could also be included within the Council's annual self-assessment and annual governance statement.</p> <p>Whistleblowing was an emotive subject, the Chief Executive encouraged whistleblowing to ensure that concerns were raised and dealt with appropriately.</p> |
| <p>The Member asked for clarity around the whistleblowing case study.</p> | <p>The Chair requested that a study of a fictional case be used as a tool for the Committee to consider, in terms of the whistleblowing investigation pathway, processes, risks and potential areas where mistakes or errors could be made.</p> |

Actions:

- To add to the Forward Work Programme:

- To consider the SWAP Internal Audit report on the Council's whistleblowing arrangements.
- To consider the draft terms of reference for a whistleblowing fictional case study.
- Purchase Card VAT compliance and the potential for fraud.
- The SWAP Internal Audit report on the Council's whistleblowing arrangements (dated April 2023) to be shared as soon as possible with Governance and Audit Committee Members.

Observations and Recommendations:

- Recommendation for whistleblowing complaints statistics to be included in the Council's complaints report or other suitable report and be provided to Governance and Audit Committee for consideration on an annual basis.

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| 6. DIGITAL STRATEGY REVIEW |
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Documents Considered:

- Audit Wales Digital Strategy Review – Powys County Council.
- Organisational response.

Background:

- The Senior Auditor (Performance) provided a high-level overview of the report.
- The Digital Strategy Review was a thematic review carried out by Audit Wales across all 22 councils in Wales.
- A national summary report was planned once all individual reports were finalised (likely to be March 2024).
- The review's focus was around the Council's strategic approach to digital, to secure value for money and its considerations around the sustainable development principle. The ultimate question was whether the Council had a clear and well developed strategic approach to digital.
- The review found that the Council had a clear, integrated and well-developed digital strategy, informed by a good understanding of its current situation and possible future trends. The Council engaged with stakeholders to inform its strategy and collaborated with partners to deliver it.
- The review found that the Council did not routinely monitor the effectiveness of its partnerships.
- Resources were in place for the delivery of the digital strategy, to deliver long-term benefits.
- The Council had strong arrangements for measuring progress of an impact of its digital strategy, reviewed the effectiveness of the strategy and shared lessons learnt.
- The only recommendation made was for the Council to strengthen its arrangements to secure effectiveness, efficiency and economy through partnership working when delivering the digital strategy. The Council should develop arrangements to assess the effectiveness of its partnerships.
- Audit Wales would follow up on the recommendation and progress according to the future audit programme.
- Noted that appendix one included the full range of questions which Audit Wales sought answers from, in addition to the audit criteria.
- The Senior Auditor (Performance) thanked officers and elected members involved in the review for their positive cooperation, noting the presentation and organisation of documentary evidence and fieldwork were excellent.
- The Interim Head of Economy and Digital Services fully accepted the recommendation. The organisational response explained that the Service's

partnerships and their effectiveness would be constantly reviewed and assessed by building in appropriate governance; this would cover the stages of growth, cultivate, innovate, monitor and optimise within the partnership itself.

- The work around refreshing the digital strategy had already began and would be finalised around August 2024. This would ensure enough time was allocated to align the digital strategy with feedback from the Council's Sustainable Powys and place-based planning programmes, as there would be extensive engagement with partners and communities.

Issues Raised by the Committee and Responses Received:

| Issues Raised by the Committee: | Responses Received: |
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| <p>The Head of Service mentioned Sustainable Powys and the place-based approach around localities going forward. The Governance and Audit Committee HTR Working Group previously received a presentation around geographical information system (GIS) used for mapping assets, protected monuments, listed buildings etc. which improved efficiency when planning tarmacking work.</p> <p>The GIS enabled various utility services to liaise with the Council. A comprehensive GIS (across all Council Service Areas) could be considered as part of the renewed digital strategy, as communities often had different issues and problems to address.</p> | <p>The Interim Director of Economy and Community Services noted the Council did have access to a mapping system (GeoDiscoverer) which presented layered information down to the granular level. The Wellbeing Bank was also available for public access, which presented information from sources such as the Census and other socioeconomic data, but also around social care and local connectivity.</p> <p>Cabinet Member for a Connected Powys noted that a new joint ICT system between the Planning Service and Public Protection was underway.</p> |
| <p>The positive audit report was welcomed, it was clear that the Council had made many developments in its digital services. During the Covid pandemic, the Council led the way in Wales around developing digital solutions.</p> | |
| <p>Internet connectivity was hugely important for the public to access services including education and employment. Training was required for residents who struggle to gain connectivity and experience technological issues, especially in rural areas of the County. The cost element of internet services was also a concern for residents.</p> <p>Information security was still an issue despite the legal protections afforded</p> | <p>Regarding information security, the Council required staff to undertake annual cyber security and GDPR mandatory training. The Information Governance Team had also been strengthened to ensure policies, frameworks and training were improved. Council cyber security had also seen investment.</p> <p>The Interim Director of Economy and Community Services agreed that digital connectivity was incredibly important,</p> |

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| <p>by the General Data Protection Regulations (GDPR).</p> | <p>to ensure residents could participate in society which had become increasingly digitised. The Council had secured grant funding from Welsh Government to improve internet connection in the most rural parts of Powys, and further funding was available as part of the Mid Wales Growth Deal to improve connectivity across the region, working in partnership with internet providers and governments.</p> <p>In collaboration with Powys Teaching Health Board, libraries were offering training to people to access health services online, as well as improving their skills to access other online services. This work was recognised by an award for partnership work.</p> |
| <p>Could assurance be provided that town and community councils would be included as partners within the Council's digital strategy?</p> | <p>The Interim Director for Economy and Community Services would share the resources and offer to join a connectivity stakeholder group with town and community councils, previously shared with County Councillors.</p> |

Observations and Recommendations:

- Governance and Audit Committee considered the report and organisational response.

7. SWAP INTERNAL AUDIT ADVERSE REPORT (YSGOL CALON CYMRU)

Documents Considered:

- SWAP Internal Audit Adverse Report - Ysgol Calon Cymru

Background:

- The Chair noted that there may be crossover between the remit of Governance and Audit Committee and Learning and Skills Scrutiny Committee, where this occurred, the points would be referred to the Chair of the Scrutiny Committee.
- The SWAP Assistant Director provided a presentation (slides were available within the agenda pack) outlining the audit and its findings:
 - The main concerns were around finance and budgeting, the school's ability operate within their budget window and to deliver a balanced budget. Otherwise, the school was generally performing well.
 - Minor improvements could be made around governance and ICT.
 - 12 recommendations were made around the topic of finance:
 - For context, Ysgol Calon Cymru's annual budget was £5.8 million.

- The school had operated with a deficit budget since 2019, suggesting there was a longer-term finance issue.
 - For 2023/24 at the time of the audit, the in-year deficit was forecasted at £627,000, with the overall deficit slightly exceeding £1.5 million.
 - The school’s budget remained unlicensed by the Council, meaning it had not yet been approved by the Council.
 - By 2026/27, the accumulative deficit was forecasted to rise to £2.4 million.
 - The annual in-year deficit was forecasted to significantly improve by 2026/27, from £600,000 to £70,000.
 - A budget recovery plan had been submitted to the Council but had yet to be approved.
 - An officer from the Council’s Finance Team was closely supporting the school amounting to several days per week, in addition to the other financial support provided to all schools in Powys.
- The Chair invited the Ysgol Calon Cymru Headteacher and Chair of Governors to respond to the audit findings and their experiences, noting that Governance and Audit Committee wanted to see understand how the actions could be reasonably delivered, and was not an adversarial environment.

Issues Raised by the Committee and Responses Received:

| Issues Raised by the Committee: | Responses Received: |
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| <p>The audit report was based on a self-assessment questionnaire. What was SWAP’s role in substantiating the answers received, and how would the actions be monitored for compliance?</p> | <p>The SWAP Assistant Director explained that the self-assessment questionnaires were sent to five different parties, ranging from the school; finance team; chair of governors; school improvement team and governor support team.</p> <p>The answers were then matched against each other and considered alongside data gathered independently across different angles. Where there was contradiction in answers, this suggested that there was an issue to be further investigated.</p> <p>Compared to a traditional audit which required a physical visit on-site, the revised SWAP audit process identified more recommendations and actions.</p> |
| <p>The Chair asked the Head of Finance whether a similar financial position to that of Ysgol Calon Cymru was being seen elsewhere in other rural Welsh schools.</p> | <p>The Head of Finance explained that public sector organisations were under a considerable level of financial pressure, with rising inflation and pay awards above funding being provided, therefore it was a unilateral pressure. The financial position of Ysgol Calon Cymru was individual to the school and its budget management, although it was working very hard to produce a recovery</p> |

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| | <p>plan, and assurance had been provided by Finance and Education Service officers assisting the school.</p> <p>The Head of Finance further noted the Council's proposed budget had been published, and it was clear that over the next few years, public sector finances would see even greater pressures. It was therefore incredibly important that historical financial issues were addressed beforehand.</p> <p>The Head of Education reported that Ysgol Calon Cymru was the first school where the Council had undertaken a finance deep dive. The results of the deep dives informed the Council to review funding for schools with two campuses, and other elements of the school funding formula such as deprivation and additional learning need (ALN).</p> |
| | <p>The Headteacher of Ysgol Calon Cymru noted that the school was in a unique position following the merger in 2018, between Llandrindod and Builth Wells High Schools. Following its creation, the school's deficit budget had accumulated.</p> <p>With the support of the Council, the school was set to present a robust budget recovery plan, with a surplus budget in future years. The Headteacher's priority was to balance the improvement of the school and the wellbeing of pupils. Noted that it had taken four years of strong leadership to produce a leaner and more efficient organisation.</p> |
| <p>Could the Head of Finance define 'improvement', and confirm which financial year the school was expected to produce an in-year balanced budget?</p> | <p>The Headteacher responded by explaining that the previous year's recovery plan did not go far enough despite making savings. The Council had issued a financial warning notice to the School in December 2023, which sharpened the school's focus to work in partnership with Council colleagues and improved the Headteacher's professional learning around the financial management of the school with</p> |

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| | <p>experts.</p> <p>At present, the school had an in-year deficit of around £22,747. The school had been proactive in generating income through partnership work, with some staff on secondment with Welsh Government and in securing funding through being a lead creative school. The budget was reasonable, and risk rated, and where necessary business cases were included where staffing was affected by proposals.</p> <p>The position for 2025/26 (which may change slightly) was £74,084 in surplus, although efficiency savings may impact on this surplus figure. For year 3 (2026/27), the school predicted a surplus of £229,331. The Headteacher noted he would not want learners to face less subject choices due to efficiency savings.</p> |
| <p>As the school was relatively new, being established in 2018, why had the School fallen into budget deficit so quickly?</p> <p>If this was a result of the Council's error in setting its budget formula, the School were being unfairly penalised for this.</p> | <p>The Head of Education reported the deep dive into the School's finances had identified savings in the previous year and were being implemented although it was difficult at times to synchronise this with the academic year. The deep dives had encouraged officers to look further afield at the suitability of school budgets in other areas. Curriculum development could be undertaken whilst making budget savings.</p> |
| <p>To what extent was the business management function drawn upon by the Headteacher and his senior leadership team? This role had been of benefit to other schools in the past, with scope to develop the role further.</p> <p>The School Improvement Plan was considered by the sub-committee, however its consideration by the full School Governing Body was not taking place until some months later. Assurance was required that there was urgency from School Governors. The deficit figure would surely require an extraordinary meeting of the Governing Body.</p> | <p>The Headteacher provided assurance that the Governing Body Committee and its working groups were fully committed to thorough financial management of the School and budget. The recovery plan was to be ratified by the full Governing Body.</p> <p>Wider work was ongoing around governance within the School, especially considering the demands put on Governors, which is a voluntary position, planned for Spring 2024.</p> |

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| <p>Clearly there were lessons for other schools to learn, especially as all Powys high schools were in a deficit position.</p> | <p>The Head of Finance advised she had not yet seen the recovery plan and full details of the figures mentioned by the Headteacher. Finance officers had identified some miscalculations, which were corrected, however the projected deficit figure had increased as a result.</p> <p>The Head of Finance asked the Headteacher to clarify for the Committee the figure projected for September 2024. Some actions could have been undertaken sooner within the school.</p> |
| <p>The discipline around purchase card use within the school should have been imposed earlier.</p> | <p>Purchase cards were useful for the Council, by removing many transactions requiring administration within the Council's financial management system. The cost savings had outweighed some of the implications noted by Members.</p> <p>Detailed transaction reports were now provided to Heads of Service for corporate oversight, which had identified some purchases that were subsequently challenged.</p> <p>A previous audit had been undertaken, however the main issue was user compliance. Challenge was required during the approval process for purchase cards transactions, requiring sufficient documentation to reclaim VAT. The Head of Finance suggested these issues, although declining, could be considered within the appropriate Governance and Audit Committee working group.</p> |
| <p>The Cabinet Member for a Learning Powys noted that as a previous Chair of Learning and Skill Scrutiny</p> | |

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| <p>Committee, a SWAP report was commissioned around the formation of Ysgol Calon Cymru, which Members may be interested to read.</p> <p>The finance deep dives proved effective and should be taken up by all schools.</p> | |
| <p>The Chair provided the comments received by the County Councillor for Builth Wells.</p> | |
| <p>The Chair of Finance Panel noted that the step process mentioned in the presentation slides and by the Headteacher, needed to be implemented by the Council to ensure schools complied with financial regulations, which had not happened across many schools.</p> | <p>The Cabinet Member for Finance and Corporate Transformation responded that he had made it clear to officers that warning notices were a tool which were expected to be used as soon as it was appropriate, not as a last resort.</p> |

Observations and Recommendations:

- Governance and Audit Committee considered the report and responses from the Headteacher, Members and Officers.

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| 8. | CORPORATE FRAUD AND ERROR REPORT - QUARTER 3 2023 |
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Documents Considered:

- Corporate Fraud and Error - Quarter 3 Report

Background:

- The report was provided within the agenda pack and considered as read by Members.
- The Senior Fraud Investigator provided updates on the action log included in the appendix of the quarterly Corporate Fraud and Error report.

Issues Raised by the Committee and Responses Received:

| Issues Raised by the Committee: | Responses Received: |
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| <p>Could there be uniformity across reports and policies to reference 'anti-fraud' rather than 'fraud'?</p> <p>Would this report be suitable to provide whistleblowing statistics for consideration by Governance and Audit Committee?</p> <p>There appeared to be missing</p> | <p>Agreed.</p> <p>The Senior Investigator advised that she was not ordinarily informed of whistleblowing reports unless the Head of Legal Services and Monitoring Officer referred these matters to her. All reports of potential fraud were recorded and logged.</p> <p>Some actions could not be completed</p> |

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| <p>responses to the actions set out in Appendix 1 action log, could this be reviewed as to whether a response was required or if the action was completed, it be updated and closed?</p> | <p>without input from other officers or services, which sometimes took time to sufficiently consider and implement measures before closing the action.</p> <p>The Head of Finance responded that anti-fraud work was uncoordinated in the past, work had improved between officers within the Income and Awards Team and auditors. There was now closer liaison between officers when considering cases to investigate and to decide on the appropriate steps taken, such as audit review, formal investigation or disciplinary.</p> <p>Regarding the action relating to the programme of counter-fraud work not being provided or agreed, the Senior Investigator noted this was an old evaluation and the counter-fraud programme was well established. Sometimes there were instances when the anti-fraud team needed to move away from the programme (which was repeated annually) to focus on additional work, although this was agreed in advance with the Head of Finance.</p> |
| <p>The Chair asked whether the anti-fraud policies had been shared with Members, as the Public Services Ombudsman for Wales was not willing to include anti-fraud references within the Model Code of Conduct.</p> | <p>ACTION to confirm whether anti-fraud policies had been shared with Members, due to the Member Code of Conduct not being updated with anti-fraud references.</p> |
| <p>What did the Senior Investigator need to happen to close the outstanding red actions, which were out of her control?</p> | <p>The usual issue preventing the red outstanding actions from being acted upon and completed was general business of officers.</p> <p>The Chair asked that officers at least provide a date for when the action could be completed by, so that Governance and Audit Committee could hold them to accountable to the date.</p> |
| <p>The Cabinet Member for Finance and Corporate Transformation noted the good work carried out by the small Anti-Fraud Team and suggested that an indication be included within the</p> | |

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| action log if an action had been completed. | |
| The SWAP Assistant Director advised that SWAP was due to undertake a fraud baseline maturity assessment follow-up. This would review some of the areas contained within the actions/recommendations included in the report appendix. This would also consider where the Council was in terms of prevention and protection against fraud. | |

Actions:

- To confirm whether anti-fraud policies had been shared with Members, due to the Member Code of Conduct not being updated with anti-fraud references.

Observations and Recommendations:

- Governance and Audit Committee considered and noted the report.
- Suggestions were made around the action log contained within paragraph six of the report.

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| 9. | ANTI-FRAUD AND CORRUPTION POLICY |
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Documents Considered:

- Renewed Anti-Fraud and Corruption Policy.

Background:

- The Senior Investigator guided Members through the Anti-Fraud and Corruption Policy and highlighted the main changes.
- A second appendix had been added to clarify the role and responsibility of all staff, senior officers and Members in reporting potential fraud or corruption.
- Details of the fraud hotline were added to the policy, although there had been situations where frustrated customers rang the hotline due to not having their call answered by other Service Areas.

Issues Raised by the Committee and Responses Received:

| Issues Raised by the Committee: | Responses Received: |
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| Who provided the definition of fraud within the policy? Could the reference be included? | The definition would either had been taken from the Fraud Act 2006 or from CIPFA. |
| Should the Anti-Fraud and Corruption policy refer to the Whistleblowing Policy at paragraph 4.13? | Agreed, this would be added to the policy. ACTION |
| Paragraph 5.5 mentioned a 'proactive detection service', could this be explained further? | The Anti-Fraud Team carry out proactive reviews, for example, where council tax exemptions are applied for, such as when a person has died and no one is living at a property, this |

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| <p>Paragraph 6.10 ended with ‘this list is not exhaustive’, should it not be ‘exhaustive’?</p> | <p>would be checked against the probate register, rather than waiting to be informed when the exemption no longer applied.</p> <p>The Anti-Fraud team also carry out proactive data matching with various databases to identify errors and potential frauds, such as single-person council tax discount reviews, business rates and charitable reviews.</p> <p>The Senior Investigator noted that the list was not exhaustive as frauds were always changing and expanded from the more traditional frauds involving benefits and council tax.</p> |
| <p>Noted that the title page needed to be updated.</p> <p>Would it be worthwhile to include the anti-fraud responsibilities within job descriptions, especially in those who may not normally think they were responsible for identifying fraud?</p> <p>Would additional staffing resource increase the funds recovered through anti-fraud initiatives?</p> | <p>Agreed, this would be updated following approval of the policy by Governance and Audit Committee</p> <p>The Senior Investigator would welcome such a change, although it was likely not feasible to alter existing job descriptions.</p> <p>The Head of Finance noted that anti-fraud responsibilities were included in certain job descriptions such as her own as Section 151 Officer and within the Senior Investigator’s job description.</p> <p>It would be beneficial to have more staffing resource, as proactive work could be focused on to recoup any financial loss to frauds, and to prevent the fraud from happening in the first instance.</p> |
| <p>The Cabinet Member for Finance and Corporate Transformation noted that the Council took a zero-tolerance approach to fraud in all circumstances.</p> | |
| <p>The Head of Legal and Monitoring Officer confirmed that Democratic Services Committee approved a change to the Council’s Constitution, to insert into Section 20 (Code of Conduct for Employees) a requirement for employees to be vigilant about potential fraud, and to report their concerns to the Anti-Fraud Team.</p> | |

Actions:

- To add reference to the Whistleblowing Policy within paragraph 4.13.

Observations and Recommendations:

- Governance and Audit Committee approved the renewed Anti-Fraud and Corruption policy, subject to the agreed amendments being made.

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| 10. CLIMATE EMERGENCY (EDR0011) RISK DEEP DIVE |
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Documents Considered:

- Risk Deep Dive presentation - Climate Emergency (EDR0011)

Background:

- The Programme Delivery Manager (Climate and Nature) provided a presentation to outlining the risks and mitigating actions involved with the Strategic Risk EDR0011 – Climate Emergency.
- The previous administration of Powys County Council had declared a Climate Emergency, noting the consequences of not taking action, such as increased flooding, poor air quality and the impact on nature and communities. Both Climate and Nature Emergency strategic risks were rated as Severe, therefore there would be severe consequences without mitigation.
 - Several areas were considered in order to mitigate the strategic risk, including influencing national and regional action planning, ensuring effective business continuity, emergency planning procedures and improving dynamic flood risk.
 - Planning and transforming the Council's aging fossil-fuel fleet vehicles, use of assets, buildings and delivery of services was necessary to reduce its carbon footprint.
- The residual risk remained high due to the global context of climate change, the issues were likely to remain regardless of the delivery of the Council's mitigations. As the Council could not influence other regions or nations to decarbonise by 2030, it needed to remain vigilant to the changing climate and its impact on delivery of services, impact on residents, communities and businesses.
- Climate change would lead to hotter, dryer summers and extreme temperatures on a more regular basis. Impacts included worsening air quality and therefore worsened asthma, increased risk to heart health and related cardiovascular diseases, heat stress, and the increased demand for summer cooling would lead to increased energy bills for households, exacerbating fuel poverty. In contrast, winters will be wetter and warmer, increasing incidences of volatile and extreme weather events causing financial losses, poor mental health, injuries and deaths.
- Transport services and networks would also be impacted due to flooding and damage to infrastructure. Increased flooding also had the greatest impact on the hardest-hit communities, not only affecting river quality but also increasing distress, damage and demand for flood alleviation.
- The Council was implementing mitigating actions, working with partners and stakeholders at a national, regional and local level to identify opportunities to work collaboratively where possible. Developing intelligence and an evidence-base to inform action and prioritise resources to areas with the greatest potential for change.

- The Council’s Climate Strategy would set the vision and framework across its own operations, but also the wider territory as a county, to reduce emissions and contributions to climate change, ultimately lowering the risk of climate change’s impact on delivering services.
- Carbon Accounting was undertaken, although not an exact science, it did provide a clear baseline and benchmark to inform plans of action, such as how the Council utilised its assets and delivered services, and subsequently how it should distribute resources and funding to make the most difference.
- A Climate Report had been commissioned to inform the Senior and Corporate Leadership Team on the best route for action, such as through a transformation programme or through action plans, Sustainable Powys or wider initiatives.

Issues Raised by the Committee and Responses Received:

| Issues Raised by the Committee: | Responses Received: |
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| <p>Would it be more appropriate to state that it was an ambition rather than a target, to reach net zero by 2050.</p> | <p>The Programme Delivery Manager (Climate and Nature) agreed that it was an ambition for the Council, although it was necessary to make the best effort possible to reach net zero by 2050, as a target.</p> |
| <p>To what extent does spend to save investment play in tackling the climate emergency?</p> | <p>The Programme Delivery Manager (Climate and Nature) responded that the Council needed to explore all options, which would need to include decarbonising assets such as buildings and vehicles, which required a substantial upfront capital investment.</p> <p>It was therefore important to first understand what opportunities were available, such as prioritising the buildings most in need of retrofitting with insulation, to reduce carbon footprint. Similarly for the Council’s farm estate, assessment of buildings needed to be undertaken to prioritise resources. These issues were also being considered at a regional level, as part of an energy working group looking at regional energy planning.</p> <p>The Cabinet Member for a Greener Powys responded around language, and noted that strong language was necessary, and although it was possible that the target would not be reached it was important to aim towards it.</p> <p>The Cabinet Member confirmed that spend to save was being considered,</p> |

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| | and was a necessary step being taken by all councils across Wales. |
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Observations and Recommendations:

- Governance and Audit Committee considered the Climate Emergency risk deep dive presentation and responses from Officers and Members.

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| 11. NATURE EMERGENCY (HTR0018) RISK DEEP DIVE |
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Documents Considered:

- Risk Deep Dive presentation - Nature Emergency (HTR0018)

Background:

- The Professional Lead – Countryside Access and Recreation provided a presentation outlining the risks and mitigating actions involved with the Strategic Risk HTR0018 – Nature Emergency.
- The initial risk rating was scored at 25 as it was almost certain that the risk would have a severe effect on the County. The residual risk had been revised to 20 due to its effect globally.
- The Council had already declared a nature emergency, establishing a cross-party Nature Emergency Working Group, a nature champion and temporary funding for a Nature Recovery Officer.
- Reliance on grant funding for posts was a challenge, although it had allowed support for the local nature partnership.
- Following consideration by the Senior Leadership Team, the risk was escalated to the Strategic Risk Register alongside its mitigating actions.
- The Professional Lead noted that the nature emergency mattered due to biodiversity being fundamental to survival on Earth, in acting as the life support system. Declining biodiversity impacted on food provision, changing climate, the resilience of Humans as a species and in other areas such as cultural services, which was important for Powys as a rural county.
- A Powys Nature Recovery Action Plan had been developed to deliver against the Council's duties as a local authority to maintain and advance biodiversity in addition to partnership actions.
 - In accordance with statutory duties, a nature recovery action plan must be reported every three years. However, the Powys Nature Recovery Action Plan sets out 10-year actions. This included assisting Powys to achieve the 30 by 30 target (to protect and effectively manage at least 30% of the County's land, fresh water and sea for nature by 2030).
- Whilst separate and distinct, Nature and Climate risks were interdependent when considering actions to address biodiversity loss, such as through nature-based solutions. An example provided was carbon sequestration, such as by incorporating wildflower species within public green spaces.
- If impacts of the nature emergency were not addressed, there would be effects on food, reduced productivity of agriculture, forestry and fisheries, in addition to the livelihoods of residents that are linked through employment. This was a key issue in Powys where most people are connected to nature, agriculture, forestry and farming.
- A decline in pollination would result in reduced food availability, as well as other factors such as a decline in soil health and fertility.

- Climate change and changes in ecosystems cause environments to be more susceptible to invasion by pests and diseases, potentially requiring pesticides to reduce crop damage.
- It was reported that if grant funding ceased, the Council’s nature recovery work would reduce to a minimal level, delivered through core resources such as road verge management.
- The risk was rated as Severe due to it being a challenging task to address within a short timescale, especially as it required world-wide activity, and local actions only go so far without support from partners.

Issues Raised by the Committee and Responses Received:

| Issues Raised by the Committee: | Responses Received: |
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| <p>The Chair noted that as the strategic risk was a global issue, it was appreciated that not all aspects could be controlled by the Council’s actions.</p> | |
| <p>Regarding the global impact of climate change, the Council could not influence other countries to reduce their carbon emissions. Tourism was important for Powys, although there was an associated increase in emissions because of travel journeys. How could these factors be balanced?</p> <p>Noted that towns were now establishing partnerships between local people, business, voluntary and public sector. Such partnerships were important stakeholders to engage with around the nature emergency.</p> | <p>Regarding collaborative action, the local nature partnership network was well developed across Wales.</p> <p>On the issue of sustainable tourism, the considerations were around how tourists travelled to and around Powys. Work was ongoing such as active travel and low-carbon transport methods.</p> <p>The Professional Lead would pass the details onto the Biodiversity and Nature Recover Officers.</p> |
| | <p>The Cabinet Member for a Greener Powys added that it was pleasing to see a risk deep dive into the Nature Emergency strategic risk, especially as it was linked with the Climate Emergency risk. The Cabinet Member added that the Council could take communities along the nature emergency recovery journey, as their support was necessary.</p> |

Observations and Recommendations:

- Governance and Audit Committee considered the Nature Emergency risk deep dive presentation and responses from Officers and Members.

The item was postponed to the next meeting of Governance and Audit Committee.

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| 13. WORKING GROUPS |
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Documents Considered:

- Governance and Audit Committee HoWPS Working Group Report.
- Governance and Audit Committee HTR Working Group Report.

Proposed by County Councillor A Williams and seconded by Lay Member G Hall, the Committee:

RESOLVED that the Governance and Audit Committee noted the findings of the HoWPS and HTR Working Group reports, and recommended that Cabinet accept the recommendations contained within the reports.

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| 14. WORK PROGRAMME |
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Documents Considered:

- Governance and Audit Committee Forward Work Programme 2023/24

Actions:

- To add to the Forward Work Programme:
 - Session to update Governance and Audit Committee Members on the Global Centre for Rail Excellence (GCRE), including:
 - governance arrangements,
 - potential conflicts of interest,
 - risks associated with the Council being involved in GCRE,
 - whether the risks had increased or decreased.
 - Review the Supplementary Payments SWAP report before consideration at Governance and Audit Committee.
- Risk deep dives – prepare report/presentation slides for inclusion in the agenda pack.
- Draft terms of reference to be prepared to establish a Purchase Card Working Group.
- Request for a Member Development session on the work of the Anti-Fraud Team and its procedures.
- Request for a wider Member Development session on the new International Audit Standards.

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| 15. REGULATORY TRACKER: QUARTER 2 2023/24 UPDATE |
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The exempt item was postponed to the following meeting of Governance and Audit Committee.

Governance and Audit Committee Friday, 12 January 2024

County Councillor