

Public Document Pack

Audit Committee – 10 December 2020

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT BY TEAMS ON THURSDAY, 10 DECEMBER 2020

PRESENT

County Councillors JG Morris (Chair), M Barnes, , D R Jones, M J Jones, K Laurie-Parry, DW Meredith, D A Thomas, A Williams, J M Williams and R Williams and Mr J Brautigam

Cabinet Portfolio Holders In Attendance: County Councillor A W Davies

Officers: Jane Thomas, Head of Finance, Paul Bradshaw, Head of Workforce and Organisational Development and David Morris, Income and Awards Senior Manager

Other Officers In Attendance: Mr P Pugh, Audit Wales

1. APOLOGIES

Apologies for absence were received from County Councillors K Lewis, R G Thomas and T J Van-Rees

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES

The Chair was authorised to sign the minutes of the previous meeting, held on 19 November 2020 as a correct record.

4. SWAP AUDIT REPORT LEARNING AND DEVELOPMENT
--

Documents:

- Report of the Head of Workforce and Organisational Development

Discussion:

- The Head of Workforce and Organisational Development was satisfied that the Internal Audit report had not identified any issues that had not already been resolved or picked up in the service's ongoing work-plan
- Training Needs Analyses had been completed for all twelve service areas this year and were being completed again now for next year
- The return on the investment made in training needs to be monitored and systems are being put in place to do this
- The Corporate Induction Programme is a key building block, which following a delay in implementation due to the pandemic, will be launched virtually
- Service induction programmes are in place with guidance provided to ensure a consistent good quality standard. Management induction is also in place
- It had been reported that staff appraisals had increased to c84% this year, but Members questioned how the quality of those appraisals was

monitored. Managers can already undertake checks as to the quality and standard of checks and with the procurement of the latest HR System in June, the plan was to move to an electronic appraisal process next year, which would make checks / assessment a lot easier to do

- The need for training in the declaration of conflicts of interest had been highlighted and the plan was to ensure that staff were fully briefed about the need to declare any conflicts and were clear about their responsibility. This would be highlighted through induction, the appraisal process and at least once a year by a formal reminder withing the Council's logging in system
- The Committee noted that 75% of GDPR training had been undertaken and was concerned that this was low given that the training was mandatory and had potential legal implications. The Head of Workforce & OD highlighted how the recording system was still new and included all Council staff and reported the statistics in that context. As however, some staff had undertaken the same type of training at a higher level, they did not in fact need to undertake the mandatory module. This meant that this was distorting the statistics by under-inflating the percentage of staff who had completed the training, against who actually needed to.
- An exercise is therefore being undertaken to identify just those staff who needed to complete each particular module and once this has been completed shortly, the Council will see the real completion rate, which will be higher
- Members were of the opinion that Fraud training should be mandatory for all staff
- The provision of support to town and community councils was discussed and it was clarified that the Council provides support with DBS checks to c400 organisations across Wales and England including town and parish councils. The WOD service also undertakes some ad-hoc work for town and community councils on occasion
- The terms of the engagement of contractors or consultants was not within HR's remit but was a matter for Commercial Services
- Whilst the drafting / content of the conflicts of interest policy is overseen by the Head of Legal and Democratic, the Head of Workforce & OD will put arrangements in place to ensure that it is clearly communicated to staff in the ways outlined earlier in the meeting.

Outcomes:

- **The report be noted**

5. AUDIT WALES - RAISING OUR GAME - TACKLING FRAUD

Documents:

- 'Raising our Game' – Tackling Fraud in Wales
- The National Fraud Initiative in Wales
- Presentation slides

Discussion:

- The Head of Finance reported that the Authority would be completing an action plan in response to the recommendations in the reports but due to the pandemic the current pressures of work had delayed its preparation
- The Chair had joined a Wales Audit Chairs briefing on the same topic
- The Auditor General had undertaken a study in 2019 and the report provided an overview of the scale of fraud and counter measures in place
- This report is a follow up based on more extensive fieldwork
- Fraud was estimated to be 0.5% of revenue
- In Powys this could represent a minimum of £2.1M or a maximum of £21.5M
- Leaders across Wales have been sceptical about the level of fraud and very few counter fraud arrangements are in place
- Fraudsters will appear instantly an opportunity presents itself – there have been 15 convictions so far in relation to the Grenfell Tower disaster and flooding earlier in the year provided further opportunities
- There has been an increase in fraud due to Covid both through cyber-crime and fraudulent support applications
- Fraud is constantly evolving
- Reactive and proactive arrangements need to be in place
- Resources dedicated to counter fraud are variable across Wales
- The NHS tends to be better prepared than local government
- Austerity has led to a reduction in resources in this area over several years
- The 2018 National Fraud Initiative highlighted the variation in levels of commitment across Wales
- Informal networks are in place but there is a gap in resources
- Information is typically provided to Audit Committees, but the quality of that information varies considerably. Scrutiny does not tend to be involved.
- Information on recovery is not shared across authorities
- Key findings across local government:
 - Absence of strategic leadership
 - Zero tolerance must be reinforced from the top
 - Authorities have made very little investment in fraud services
 - Within Powys there are two members of staff in Income and Awards with counter fraud accreditation and arrangements are more advanced than in other authorities. However, the key policy was out of date and could not be located – a number of policies have since been put in place and reported to Audit Committee.
 - Integrated Business Plans do not contain a risk assessment of the impact of fraud on service delivery
 - Counter fraud training is available in Powys but is not mandatory
 - Internal Audit, HR and Income and Awards could work together to increase capacity, but this could also lead to a lack of coordination
 - Whilst senior management have demonstrated their commitment, there is little evidence that this is being actively pursued
 - There is a lack of clarity around individual's responsibilities
- The Head of Finance acknowledged the need for an action plan to address the recommendations
- Regular reporting to Audit Committee would be introduced hopefully with effect from the next meeting in February if capacity allows

- The Committee was informed that over the past year £300K of overpayments have been recovered alongside weekly income savings of £600K
- The Fraud Plan and other policies have been reviewed and presented to senior managers. All employees will be asked to confirm they have read the policies.
- A confidential fraud line has been provided and face to face conversations could be arranged as appropriate. Members suggested this should not be staffed by officers of the authority but by an independent person.
- Corporate Fraud will investigate any instances of fraud – there is no minimum level

Outcomes:

- **A letter to be sent to the Chief Executive and Leader recommending that fraud training be mandatory for all staff**
- **An update on progress on the Action Plan to be provided to the next meeting**

6. DATE OF NEXT MEETING

The next meeting is scheduled to take place on Thursday 11 February 2021 at 10am.

County Councillor JG Morris (Chair)