

GOVERNANCE AND AUDIT COMMITTEE

Minutes of the meeting held in the Committee Room and on Zoom on 19 September 2024

PRESENT: Mr Dilwyn Evans (Lay Member) (Chair)
Councillor Margaret M. Roberts (Deputy Chair for this meeting only)

Councillors Trefor Lloyd Hughes, MBE, Keith Roberts.

Lay Members: Sharon Warnes, William Parry, Michael Wilson.

IN ATTENDANCE: Director of Function (Resources) and Section 151 Officer
Head of Internal Audit & Risk (MP)
Head of Housing Services (NM) for item 5)
Head of Profession (HR) and Transformation (CE) (for item 4)
Business and Performance Manager (Learning) (AH) (for item 4)
Data Protection Officer and Corporate Information Governance Manager
(HP) (for items 4 and 5)
Chief Public Protection Officer (TO) (for item 4)
Principal Auditor (NW)
Committee Officer (ATH)
Webcasting officer (FT)

APOLOGIES: Councillors Geraint Bebb, Dyfed Wyn Jones, Euryrn Morris, Ieuan Williams, Liz Wood.

ALSO PRESENT: Councillor Robin Williams (Deputy Leader & Portfolio Member for Finance), Alan Hughes (Performance Audit Lead – Audit Wales), Rachel Freitag (Financial Audit Manager – Audit Wales), Andrew Lewis (Senior Internal Auditor)

In the absence of Councillor Euryrn Morris the Deputy Chair, Councillor Margaret M. Roberts was elected to serve as Deputy Chair for this meeting of the Governance and Audit Committee.

1 **DECLARATION OF INTEREST**

No declaration of interest was received.

2 **MINUTES OF THE PREVIOUS MEETING**

The minutes of the previous meeting of the Governance and Audit Committee held on 18 July, 2024 were presented and were confirmed as correct.

3 **GOVERNANCE AND AUDIT COMMITTEE ACTION LOG**

The report of the Head of Audit and Risk incorporating the committee action log was presented for consideration. The report updated the Committee on the status of the

actions/decisions it had agreed upon since the introduction of the action log at the 18 April 2024 meeting.

The Head of Audit and Risk referred to the action numbered eight on the log and advised that the Chief Digital Officer has been asked to arrange for a specialist from the WLGA to brief the committee on Artificial Intelligence and the measures that can be taken to mitigate the risks in relation to this developing area of technology.

With regard to the action numbered twelve on the log, the Director of Function (Resources)/ Section 151 Officer clarified the requirements regarding the General Power of Competence and advised that the Local Government and Elections (Wales) Act 2021 provides councils in Wales with a new power of competence which gives local authorities the power to do anything that an individual could lawfully do, for example to enter into commercial ventures and to innovate. This power has been available and exercised by local authorities in England for some time. The Isle of Anglesey County Council has not used the power to date and does not envisage doing so at present. A decision to do so would have to have the Executive's approval based on advice and due process. As there is no immediate intention to use the GPC it is not considered a training priority for Members.

It was resolved to note the actions detailed in the action log table and to confirm that the Committee is content that the actions have been implemented to its satisfaction.

4 INFORMATION GOVERNANCE: ANNUAL REPORT OF THE SENIOR INFORMATION RISK OWNER (SIRO) 2023/24

The report of the Director of Function (Council Business)/Monitoring Officer providing an analysis of the key information governance issues for the period 1 April 2023 to 31 March 2024 including current information risks and mitigations, was presented for the committee's consideration. The report provided the Senior Information Risk Owner's statement and overview of the Council's compliance with legal requirements in handling corporate information and compliance with the UK GDPR, Data Protection Act 2018, Freedom of Information Act 2000, Regulation of Investigatory Powers Act 2000 (Surveillance) and relevant codes of practice.

The report was introduced by the Data Protection Officer and Corporate Information Governance Manager who highlighted the key points with regard to contact with external regulators, security incidents, breaches of confidentiality and/or near misses during the period.

At the invitation of the Chair, Officers on behalf of the Learning, Public Protection, Resources and Information Technology services gave account of the reasons for their services' late responses to Freedom of Information Act (FOIA) requests during the reporting period and the remedial actions being taken to achieve the expectations of the Information Commissioner's Office that 90% of FOIA requests are answered within twenty working days. The lack of a dedicated resource to manage FOIA requests within services, the complexity of requests and having to balance retrieving and providing the information for applicants with day-to-day operational duties were cited as reasons for not responding promptly to FOIA requests in all instances.

The following were points of discussion by the committee –

- The responsibility within the Council for assigning FOI requests to various service areas and whether the timeline for responding applies from when the request is received centrally by the Council or from when it is allocated to the service and/or information holder.

- The process with regard to the twenty-nine subject access requests which are on hold pending confirmation or clarification regarding the identity of the applicants.
- Whether the Council is responsible for ensuring that the partner organisations, external bodies, and/or companies it works with, is contracted to, or operate on its behalf comply with GDPR and data protection requirements.

The Committee was further advised as follows –

- That while FOIA requests are normally received and distributed centrally by the Data Protection Officer and Corporate Information Governance Manager's team, an FOIA request may on occasion be embedded in ongoing correspondence or a general enquiry in which case it would be forwarded to the central team. The first day of the twenty working days timeline commences the day following the day on which the FOIA request is received. The Council has been developing the CRM system as a means of hosting and managing the administration of the FOIA and complaints processes. It is envisaged that using the CRM system to manage the contact relationship between the central team and officers will result in improved performance.
- That there is no requirement on the Council to process the twenty-nine subject access requests currently on hold unless the applicant is able to prove their identity as to disclose information to an individual who is not entitled to receive it is unlawful. Most of the requests are on hold because the applicant has failed to provide the Council with evidence of identity. The requests will be deleted after a period of time as they are not valid and cannot be actioned without breaching the same law which the Council is seeking to uphold.
- That the Council is responsible for ensuring that its GDPR and data protection responsibilities extend along the chain when contracting for services. The legislation imposes a duty on the Council to ensure that in cases where it commissions another body to provide a service which involves the processing of personal data an agreement is put in place which places the same responsibilities for managing information risks and ensuring the security of the data on the body so commissioned, and on any sub-contractors which the body may engage. While there is no legal requirement for such an agreement in instances where the Council works in partnership with other councils and/or charities, there is an expectation that the same standards of data protection are adhered to. In addition, the Council should when procuring services from other providers assure itself that cyber risks have been considered and that it only procures from companies that operate to a high level of data protection and cyber security.

It was resolved to accept the report and to approve the recommendation that the SIRO and the Council's senior leaders are provided with regular updates on cyber risks and mitigations so that informed, strategic decisions relating to the constant cyber threat to the integrity and confidentiality of the Council's data assets can be made promptly and effectively.

5 ANNUAL CONCERNS, COMPLAINTS AND WHISTLEBLOWING REPORT 2023/24

The report of the Director of Function (Council Business)/Monitoring Officer setting out issues arising under the Council's Concerns and Complaints Policy along with the number of whistleblowing disclosures made under the Council's Whistleblowing Policy for the period 1 April, 2023 to 31 March, 2024 was presented for the committee's consideration. The report included Social Services complaints but only those where the complainant was not a service user. Social Services user complaints are dealt with separately under the

Social Services Policy – Representations and Complaints Procedure for Children and Adults which are reported annually to the Corporate Scrutiny Committee.

The report was presented by the Data Protection Officer and Corporate Information Governance Manager who provided an overview of the key points from the way complaints and concerns were dealt with by the Council's services under its formal Concerns and Complaints Policy during 2023/24. He also updated the committee on the development of the CRM as a means of hosting and managing the complaints process which will provide services with real time information regarding their performance via a dashboard that will be available to Senior Managers and Leaders thereby enabling them to access on a daily basis, data in relation to complaints, timescales and the progress of responses.

Having been invited by the Chair to account for the high number of concerns and complaints recorded against Housing Services, the Head of Service explained that the highest level of engagement with the public occurs through Housing Services by virtue of the service's function in managing the Council's housing stock which involves regular interaction with tenants and housing applicants. Given this level of contact, the potential for and volume of comments and complaints received by the Housing Service is therefore likely to be greater than for other services. The Head of Housing Services assured the committee that the service's Performance Team is focusing on complaints handling as an area where improvements can and are being made particularly with regard to communication with poor communication having been recorded as the most common cause of complaints against the service and that he was hopeful that the report for 2024/25 would reflect the improvement.

The following were points of discussion by the Committee –

- In noting that Social Services user complaints are dealt with separately under the relevant statutory processes and reported elsewhere, members suggested that it would be helpful in enabling the Governance and Audit Committee to obtain a complete council wide picture of complaints management, for the committee to be provided with and for the annual report to include, the headline figures for Social Services complaints and concerns.
- The length of time taken by the Public Services Ombudsman for Wales (PSOW) to determine complaints against elected members. A member noted that two of the five code of conduct complaints against elected members during 2023/24 continue to be investigated (the other three having been closed after initial assessment without any investigation) and was concerned by the impact of the delay and lack of resolution both on the members concerned and on the complainants. The concern was noted and following further discussion it was agreed that it would be appropriate for the concern to be brought to the attention of the Standards Committee.

With regard to Social Services user complaints the Committee was further advised by the Data Protection Officer and Corporate Information Governance Manager that in principle information about Social Services user complaints could be included in the annual report to assist the committee gain a view of the complaints position and management across the organisation with the proviso that comparison is not feasible as the Social Services complaints procedure, policy and timescales differ from those for the Council's Corporate Concerns and Complaints Policy.

It was resolved –

- **To accept the report as providing reasonable assurance that the Council is compliant with the processes required under its Concerns and Complaints Policy and Whistleblowing Policy.**
- **To note the information provided by the services to the Corporate Information and Complaints Officer in the Lessons Learnt Table at Appendix 2 to the report and to confirm that the Governance and Audit Committee is satisfied with the level of detail captured.**

Additional Actions –

- **The Annual Concerns, Complaints and Whistleblowing Report for 2024/25 to the committee to include salient information regarding Social Services service user concerns and complaints.**
- **The concern expressed with regard to the delay in the PSOW process in relation to the complaints against two elected members be referred to the attention of the Standards Committee.**

6 ANNUAL TREASURY MANAGEMENT REVIEW 2023/24

The report of the Director of Function (Resources)/Section 151 Officer which provided a review of treasury management activity in 2023/24 was presented for the Committee's consideration. The report set out the key treasury management issues in the reporting period and provided a comparison of performance against the 2023/24 Treasury Management Strategy and the Prudential Indicators.

The report was presented by the Director of Function (Resources)/Section 151 Officer who summarised the key points with regard to the external context, the Council's capital expenditure and financing during the year, its reserves and cash balances position, borrowing and investment activities, and compliance with prudential indicators confirming that the performance was in line with strategy and indicators.

The following were points of discussion by the committee –

- The reduction in school balances and the implications for schools going forward.
- The use of the present tense in the report as well as references to occurrences since the reporting period when the report is documenting activities, and performance from the previous year, 2023/24.

The Committee was further advised as follows –

- That school balances have fallen during 2023/24 from £6.7m to £5.5m with schools having used their available balances to set a balanced budget. Smaller schools with fewer pupils are more likely to experience difficulties as a result of reduced funding as they have limited flexibility as regards class sizes. Schools in deficit are required to have a financial recovery plan and for some schools the deficit will be reversed naturally as pupil numbers increase. It is envisaged that schools will further utilise their balances in 2024/25 and if the financial position and outlook remain unchanged then it is likely that school balances will continue to decrease. An aggregate deficit on school balances would show as a liability on the Council's accounts and would reduce the Council's overall balances of which they form a part.
- That some sections of the report e.g. the review of the economy derive directly from advice provided by the Council's Treasury Advisors who provide the Council with an economic update which might account for a variation in tense. The report will be

reviewed ahead of its submission to the Executive and Full Council to ensure that the information is conveyed clearly and correctly and the use of tense is appropriate.

It was resolved to note the annual treasury management report for 2023/24 and to forward the report to the Executive without further comment.

Additional action – the Annual TM report to be reviewed to ensure tense consistency and clarity.

7 ANNUAL COUNTER FRAUD, BRIBERY AND CORRUPTION REPORT 2023/24

The report of the Head of Audit and Risk setting out the activity carried out by Internal Audit during 2023/24 to minimise the risk of fraud, bribery and corruption occurring within and against the Isle of Anglesey County Council was presented for the committee's consideration. The report provided an assessment of the effectiveness of the Council's arrangements to minimise the risk of fraud and its progress in responding to the Auditor General's recommendations and highlighted current areas of fraud risk and the challenges and opportunities going forward. A delivery of counter fraud, bribery, and corruption action plan 2022-2025 was included as Appendix 2 to the report.

The following were points of discussion by the committee –

- Whether the regional counter fraud working group, a sub-group of the North and Mid-Wales Audit Partnership will be replicated on Anglesey to examine fraud, bribery, and corruption issues at local level.
- The ways in which the CRM system and the STAR programme which is aimed at improving procurement processes within the Council might support counter-fraud activity.

The committee was further advised as follows –

- That the regional counter fraud working group was established to work collaboratively to address the recommendations of the Auditor General that applied to local government by way of sharing information, data, and learning. The working group has been developing a template of best practice for counter fraud arrangements which will be submitted to the next meeting of the North and Mid Wales Audit Partnership for approval. Internally within the Council, the aim is to designate counter fraud champions within each service who would work together to share experiences and raise awareness of areas where there is a risk of fraud. Using their local knowledge of each service and supported by Internal Audit's expertise, they would identify where fraud could be occurring and take appropriate action.
- That STAR Consultancy will be working to develop declaration of interest requirements to ensure that interests are declared in all procurement contracts. The Customer Relationship Management system (CRM) will host the fraud reporting tool whereby people will be able to report fraudulent activities using the Council's website after which they will be logged and tracked via the CRM.

It was resolved to note the activity carried out during 2023-24 to minimise the risk of fraud, bribery and corruption occurring within and against the Council along with the assurance provided on the effectiveness of the Council's arrangements to minimise the risk of fraud.

8 INTERNAL AUDIT UPDATE

The report of the Head of Audit and Risk providing an update as at 31 August, 2024 on the audits completed since the previous update as at 30 June 2024 was presented for the committee's consideration. The report also set out the current workload of Internal Audit and its priorities for the short to medium term going forward. Members of the committee were provided under separate cover with copies of the assurance reports finalised in the period in relation to Direct Debit Management (Reasonable Assurance) and Continuous Monitoring – Duplicate Payments (Reasonable Assurance).

The Head of Audit and Risk provided an overview of the report and referred to the progress made by the Payments Team through key improvements in internal controls, to reduce duplicate invoice payments confirming that a further review is planned in twelve months to continue monitoring improvement efforts.

A point of discussion by the committee was the treatment of duplicate payments in the Council's accounts.

The Director of Function (Resources)/Section 151 Officer advised that once a duplicate payment has been detected and confirmed, the supplier would be notified and in the case of regular suppliers the funds would be recovered by ongoing payments. Occasional suppliers to the Council might provide a credit note which would remain on the system until payments have been made equal to the value of the credit note. For a one-off supplier, an invoice would be raised and would remain on the debtors file until paid. In response to a further question about bad debts, the Section 151 Officer clarified that in instances where debts have not been paid a bad debt provision is calculated based on the age and value of the debt. The carrying value of the provision is compared with the debt and increased/decreased accordingly and then credited or debited to the revenue account and the service to which the debt relates is charged in the year. Debts are written off against the provision and if the provision is insufficient the excess is charged back to the service.

It was resolved to note the outcome of Internal Audit's work, the assurance provided and priorities going forward.

9 OUTSTANDING ISSUES, RISKS AND OPPORTUNITIES

The report of the Head of Audit and Risk which set out the Council's performance in addressing outstanding actions was presented for the committee's consideration.

The report was presented by the Principal Internal Auditor who updated the committee on the status of the outstanding risks that Internal Audit has raised.

It was resolved to note the Council's progress in addressing the outstanding Internal Audit issues/risks/opportunities as satisfactory.

10 EXTERNAL AUDIT: AUDIT WALES PROGRAMME AND TIMETABLE QUARTERLY UPDATE (Q1 2024/25)

The report of Audit Wales providing an update as of 30 June 2024 on its work programme and timetable in relation to work at the Isle of Anglesey County Council and nationally, was presented for the Committee's information. The report also provided an overview of the regulatory work being undertaken by Estyn and CIW.

Ms Rachel Freitag, Audit Wales Financial Audit Manager and Mr Alan Hughes, Audit Wales Performance Audit Lead brought the Committee up to date on the progress of the delivery

of Audit Wales's work programme with regards to the financial audit work and performance audit work outlined in the report.

The Head of Audit and Risk advised with regard to the reference in the introductory report to the Thematic Review of Unscheduled Care, that the outcome of this work would now be reported to the November meeting of the Partnership and Regeneration Scrutiny Committee which representatives of the BCUHB would be attending.

It was resolved to note the report and the assurance provided.

11 REVIEW OF FORWARD WORK PROGRAMME

The report of the Head of Audit and Risk incorporating the Committee's updated Forward Work Programme and Training Programme for 2024/25 was presented for the Committee's consideration.

In response to a question about there being no scheduled meeting of the committee in the period from September to December 2024, the Director of Function (Resources)/Section 151 Officer updated the committee on the timetable and arrangements for the submission and sign-off of the audited accounts to this committee and Full Council which may require the Governance and Audit Committee to meet towards the end of November. The options are being considered dependent on when the audit of the accounts is concluded.

It was resolved to accept the Forward Work Programme 2024/25 as meeting the Committee's responsibilities in accordance with its terms of reference.

**Mr Dilwyn Evans
Chair**