

# GOVERNANCE AND AUDIT COMMITTEE

## Minutes of the virtual meeting held on 20 July, 2021

- PRESENT:** Councillor Peter Rogers (Chair)  
Mr Dilwyn Evans (Lay Member) (Vice-Chair)
- Councillors Jeff Evans, John Griffith, Gwilym O. Jones, Dylan Rees, Alun Roberts, Margaret Roberts.
- IN ATTENDANCE:** Director of Function (Resources) and Section 151 Officer  
Head of Internal Audit & Risk (MP)  
Principal Corporate Health and Safety Advisor (SN) (for item 3)  
Committee Officer (ATH)
- APOLOGIES:** Councillor Richard Griffiths, Mrs Annwen Morgan, (Chief Executive), Mr Rhys Hughes (Director of Education, Skills and Young People)
- ALSO PRESENT:** Councillor Robin Williams (Portfolio Member for Finance), Mr Alan Hughes (Audit Lead – Performance Audit, Audit Wales), Yvonne Thomas (Financial Audit Lead – Audit Wales), Principal Internal Auditor (NW), Mr Gareth Williams (Local Democracy Reporter)
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The Chair welcomed everyone present to this virtual meeting of 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 23 June, 2021 were presented and were confirmed as correct.

### 3. CORPORATE HEALTH AND SAFETY ANNUAL REPORT 2020/21

The report of the Principal Corporate Health and Safety Advisor setting out the Authority's performance with regard to Health and Safety during the period from 1 April, 2020 to 31 March, 2021 was presented for the Committee's consideration.

The Principal Corporate Health and Safety Advisor reported that the annual report is presented in a format prescribed by the Welsh Local Government Association (WLGA) which has developed a framework and guidance for the production of annual health and safety performance reports. The framework was not intended to be a comprehensive analysis of health and safety but should assist in identifying the commitment, ability and direction of the

management of occupational health and safety. The main points to be drawn from the report were as follows –

- The Covid 19 crisis has dominated the work carried out by the Council during 2020/21. The formation of the Emergency Management Response Team (EMRT) to oversee the corporate response to the Coronavirus pandemic and all activities and reactive work related thereto enabled the implementation of tight risk controls to address the health risk.
- The presentation of plans and risk assessments to the EMRT before work was allowed to be carried out ensured that work was undertaken in as safe a manner as possible. The scale of the work done to ensure continued service delivery by the Council should not be underestimated. During the year to which the report refers, new risk assessment formats, new guidance and new operational plans were developed to address the risk from Covid 19 as explained in further detail in section 9 of the report. A total of 482 risk assessments and reviews were undertaken during the year an analysis of which is provided at Table 15. The risk assessment process is a continual process with risk assessments reviewed on an ongoing basis to ensure they remain current and new risk assessments being developed.
- The Corporate Health and Safety Plan for 2020/21 was not implemented because of the need to address the immediate and evolving demands during the Covid 19 crisis. Most of the actions from the plan have been incorporated into the 2021/22 plan whilst recognising the additional risks and demand of living, working and delivering services in a Covid 19 world. There have been some amendments to the plan in acknowledgement of the possible need to address issues which may arise during the ongoing crisis situation.
- The report contains a comparison of the data for all accidents and incidents reported during 2020/21 and the data for employee only incidents with the same data for 2018/19 and 2019/20. For both categories there has been a significant decline in the number of incidents in 2020/21 (Tables 1 to 6 refer) on the previous two years which is directly related to the reduced number of services operating and reduced activities under Covid 19 restrictions. The figures show an increase in incidents for the second and third quarters of the year mirroring the periods during which schools re-opened which historically account for the largest number of incidents per service.
- The ongoing pandemic also had a significant impact on training provision during 2020/21 with classroom sessions being suspended and training moving online where feasible. Nevertheless, a total of 13 corporate health and safety sessions were successfully held and were attended by a total of 81; these included classroom sessions with limited capacity for which a Covid related risk assessment was undertaken beforehand. Table 7 of the report provides a breakdown of the corporate health and safety sessions held and the numbers attending and Table 8 shows the corporate health and safety E-Learning completions. As well as the corporate training provision, health and safety courses and E-Learning also continued to be arranged around the ongoing restrictions for the social care sector (Tables 9 and 10 refer).
- Staff health and well-being have been key priorities during the pandemic and several initiatives have been introduced in 2020/21 including a Working from Home well-being page. This has since evolved into a Health and Well-being section and now includes a number of pages around specific health and well-being themes and has registered 1,343 users in the last month of 2020/21. Table 12 in the report shows the number of corporate health and well-being sessions held in the year for the courses documented and the number attending whilst Table 13 provides the same data for social care health and well-being sessions; Table 14 provides information about health and well-being E-Learning Completions.
- The Health and Safety Executive has carried out some proactive work in the year in relation to Covid 19 including inspections of six Anglesey schools to assess Covid

control measures; no significant issues arose from the inspections. Compliance with an Improvement Notice issued by the HSE in December 2018 in relation to a Hand-Arm Vibration (HAVS) case was completed in January, 2020 and a letter of confirmation was received. Work has continued to monitor the controls implemented as a result of the Improvement Notice which include regular meetings with the Chief Executive, Head of Housing Services, the Housing Health and Safety Officer and Corporate Health and Safety.

- The management of the Covid 19 crisis by the EMRT can be seen as a key achievement over the year as can the continued supply and distribution of PPE. The capacity for the type of reporting that produces the weekly Situation Reports providing senior management with up to date information on staff capacity, work carried out and potential areas of concern should be considered for future monitoring of the Council's health and safety performance. Likewise, the speedy and efficient adaptation of the Learning Pool as a method of providing specific information and training on Covid 19 risks and controls has the potential to provide access to training and information on other health and safety topics.

The Committee thanked the Officer for the report and raised the following points on the information presented –

- Issues around the delivery of training and attendance at training, particularly the complications with delivering in person training during the Covid pandemic. The Corporate Health Advisor explained that where refresher training has been required, then efforts have been made to safely fulfil that requirement as opposed to holding training events where participants attend en masse, e.g. First Aid training certificates last for three years before they have to be renewed. The re-introduction of in-person training has only been considered in the past few months as restrictions allow otherwise the Human Resources Department has successfully adapted a great part of the training offerings to a virtual format.
- The health and well-being implications of remote working and increased screen time and whether these are being given more considered attention within the Corporate Health and Safety Action Plan. The Corporate Health and Safety Advisor confirmed that employee well-being was a consideration from the outset of the pandemic when home working arrangements were mandated. An online training module to enable staff to undertake their own Display Screen Equipment (DSE) assessment has been made available and helps staff to identify what they need to do to ensure their home work place and work station are suitable; all staff whose work regularly involves the use of display screen equipment are required to complete the module. This was an aspect of the workplace that was being looked at prior to the pandemic which has since been escalated because of Covid 19 and has been recognised as a significant risk. Where staff have identified issues after undertaking the DSE assessment, they have been provided with additional equipment to allow them to work safely from home.
- The delay in complying with the Improvement Notice issued by the HSE in relation to the HAVS case and the current situation. The Corporate Health and Safety Advisor clarified that the case is a historic case and was reported to the HSE because it involved an occupational condition (Hand arm vibration syndrome) that is reportable under RIDDOR; following an inspection by HSE an improvement notice was issued with a six month timeline in which to comply. The delay was due to the time taken to verify the information provided by the Council which included meetings with Council officials; once that process was completed to the HSE's satisfaction a closing meeting was held to review the documentation and a letter of confirmation was subsequently received. The current controls in place meet with HSE's stipulation regarding what needed to be done, and the situation is the subject of ongoing internal monitoring by the Council's Officers including by the Chief Executive.

**It was resolved to accept the Annual Corporate Health and Safety Report for 2020/21 and to endorse the recommendation therein that the Council should follow the strategic plan for the management of Health and Safety and implement the Corporate Health and Safety Action Plan whilst also acknowledging that due to the continued Covid 19 situation, the actions in the Corporate Health and Safety Action Plan may be delayed or replaced with more urgent actions to address the risk from Covid 19.**

## **NO FURTHER ACTION WAS PROPOSED**

### **4. ANNUAL TREASURY MANAGEMENT REPORT 2020/21**

The report of the Director of Function (Resources)/Section 151 Officer incorporating the Treasury Management Review for 2020/21 was presented for the Committee's consideration. The report is produced to comply with the regulations issued under the Local Government Act 2003 and with the Council's Treasury Management Scheme of Delegation for 2020/21 and forms one of a trio of treasury management reports that are issued in accordance with the minimum reporting requirements for 2020/21. The report provides an overview of the Council's borrowing and investment activities during the year and highlights performance against the Prudential Indicators set by the Council.

The Director of Function (Resources)/Section 151 Officer referred to the main points as follows -

- The external factors that have influenced treasury management activity and decisions in the year including interest rate movements, the state of the UK economy and the significant impact which the Covid pandemic has had thereon as well as the part conclusion of the Brexit process with the final agreement on a trade deal.
- The internal factors which determine the treasury management outturn position which include the following :
  - **Capital expenditure and financing** – the table at 3.1 shows the actual capital expenditure and how this was financed. Actual General Fund capital expenditure financed by borrowing was significantly lower than that projected (£20m actual against £39m estimated) due to the large underspend on the capital projects listed at 3.1 many of which were delayed as a result of Covid 19 restrictions.
  - **Reserves and cash balances** – the Council's cash balances comprise revenue and capital resources and cash flow monies. The Council's core cash resources are set out in the table at 3.2 of the report and they include the Council Fund General Reserve; the provisional pre-audit figures show that the General Reserve increased from £7.060m as at 31 March, 2020 to £11.594m as at 31 March, 2021. The Council's total usable reserves and provisions stood at £45.245m as at 31 March, 2021 (up from £31.124 at 31 March, 2020).
  - **Gross borrowing and the Capital Financing Requirement (CFR)** – The CFR reflects the Council's total underlying need to borrow to finance its capital expenditure and is a gauge of the Council's debt position. It results from the capital activity of the Council and the resources utilised to pay for the capital spend. It represents the 2020/21 capital expenditure financed by borrowing and prior years' capital expenditure funded by borrowing which has not yet been paid for by revenue or other resources. In order to ensure that borrowing levels are prudent over the medium term and is only for a capital purpose, the Council should ensure that its gross external borrowing does not except in the short-term, exceed the total of the capital financing requirements in the preceding year plus the estimates of any additional capital financial requirement for the current and next two financial years.

The gross borrowing of £124.5m at 31 March, 2021 is less than the forecast CFR for the following two years.

- **Internal borrowing** – at the beginning of the year, the internal borrowing position whereby the Council uses its own cash reserves to fund capital expenditure was overfunded by £2.3m. By repaying the £10m short term PWLB loan taken out in March, 2020 as contingency going into the Covid 19 crisis, and no other new loans taken out in the 2020/21 financial year, the internal borrowing position at 31 March, 2021 was underfunded by £12.1m. (CFR minus the gross borrowing position).
- **Debt repayments** – Three PWLB loans matured during the year as detailed in paragraph 3.5 of the report. No short-term borrowings are outstanding.
- **Investments** – Investment returns which had been low during 2019/20 plunged during 2020/21 to near zero. Average balances of £43.7m returned £0.035m at an average interest rate of 0.079% against an interest budget that was set at £0.053m. Limited investment in other local authorities and interest rates dropping to below that anticipated at budget setting contributed to this decrease in interest receivable. The forecast for interest rates in the 2020/21 Treasury Management Strategy was invalidated by the Covid pandemic which led to the Bank Rate being cut down to 0.1% to counter the impact of lockdown on large swathes of the economy. Part of the Council's deposits were held in no notice deposit accounts whilst there was one loan to another local authority.
- In accordance with the Treasury Management Strategy for 2020/21, no debt rescheduling was done in the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made it unviable. During the year, the Council did not borrow more than or in advance of its needs purely in order to profit from the investment of extra sums borrowed. The investment activity during the year conformed to the approved strategy and the Council had no liquidity difficulties. When the Council invests its surplus cash, the most important aspect of the investment is the security of the money invested followed by liquidity and then the yield. The strategy on investing surplus cash would be to borrow short term with other local authorities to maximise returns in a secure way.
- During 2020/21 the Council complied with its legislative and regulatory requirements. The key data for actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year with comparators are set out in the table at paragraph 6.1 of the report. Capital expenditure was lower than that forecast at the time of producing the Prudential indicators due to reasons of underspend on capital projects; likewise the CFR was significantly lower than that projected when agreeing the Prudential Indicators due to the underspend on the 21st Century Schools Programme thereby reducing the amount of unsupported borrowing needed in 2020/21. Neither the Authorised Borrowing Limit (£183m) nor the Operational Boundary (£178m) were breached in the year with the amount of external debt peaking at £139.2m only. The financing costs as a proportion of the net revenue stream for the General Fund (4.80%) was very close to the anticipated total (5.15%) meaning this indicator performed as expected and also in line with the previous year. The financing costs as a proportion of net revenue stream for the HRA (16.34%) was below the anticipated total (17.16%) due to lower financing costs the net revenue stream also being lower than expected when the proposed indicator for 2020/21 was set.
- The Council's treasury management performance during the year was in line with the strategy of low risk, low return on investments and a planned approach to borrowing to minimise interest charges. Performance against the strategy takes into account the external economic factors and is kept under regular review to ensure the strategy remains the most appropriate.
- The Council approved the Treasury Management Strategy Statement for 2021/22 in March, 2021; the strategy is not expected to change significantly as long as the Bank Rate remains at its current low level; however the Council will be guided by its Treasury

Advisors when making decisions about where and when to invest and/or borrow. It is forecast that the Council will need to increase its borrowing in the next three years to fund its capital programme which will in turn affect the General Fund with an increased Minimum Revenue Provision being charged to fund the capital financing costs.

In considering the report the Committee raised the following points –

- Clarity around the practice of investing with other councils, specifically whether that is done on the basis of a council's creditworthiness and whether the process incurs an administration fee. The Director of Function (Resources)/Section 151 Officer clarified that the process is normally undertaken via a broker whose fee is paid for by the borrowing authority. In instances where the Council has an established connection or relationship with the borrowing authority, e.g. in a case where Anglesey Council invested with another North Wales council, the initial investment was arranged via a broker but the subsequent rollover of the investment was undertaken without a brokerage service. While the local authority sector is viewed overall as a safe place for investment, the Council does undertake due diligence checks on the councils with which it invests by way of examining their accounts for example; additionally councils which are in financial difficulties are generally known within the sector and the Council also receives guidance from its Treasury Advisors about the councils that are financially sound and therefore safe to invest with, and those that are not.
- Whether in light of the significant increase in school balances in 2020/21 and past criticism of schools for having balances deemed as excessive, Head teachers and governing bodies should now be looking to spend the surplus cash on suitable schemes or whether they should retain their balances as "rainy day" money to mitigate any financial pressures that may arise in future. The Director of Function (Resources) and Section 151 Officer advised that school balances have reduced greatly over the past two years as schools have utilised their reserves to make up budget shortfalls. The increase in school balances is not unique to Anglesey and is attributable to three factors one being the provision by Welsh Government of additional grant funding late in the financial year to enable schools to help pupils catch up with their education which will be spent by schools in this financial year. Another factor is the reduced expenditure incurred by schools in 2020/21 due to periods of lockdown related closure in the year with the Authority deciding not to claw back the unused funding from the delegated school budget. The third factor which applies to secondary schools is the payment which the schools have made to the WJEC examining board which is significantly reduced from the payment that would have been due had the examinations taken place as normal. The advice to schools would be that whilst balances can be spent on specific projects that benefit the school, it is also useful to have balances available to draw upon to bridge the gap in a year when pupil numbers fall and the funding falls with it. Additionally, should there be an indication that budgets will decrease in the long term making savings necessary, then it is better that schools should implement those savings sooner in a planned way rather than later when it has to be done which only serves to weaken the financial position of the school.
- Reference was made to the interest rate forecast from Link Asset Services at Table 7.5 of the report as not being reflective of the rising inflation rate, and the implications for treasury management if the interest rate is increased to counter inflationary pressures. Additionally, it was suggested that given that interest rates are at historically low levels it might be prudent to consider undertaking borrowing now in readiness for the time when capital is required especially if capital expenditure which has consistently fallen short of the budget, can be speeded up. The Director of Function (Resources) and Section 151 Officer advised that the Bank of England's thinking is that the increase in inflation is temporary and is being driven by pent-up demand as restrictions are lifted and that it will reduce as demand evens out and life returns to normal. The long-term view is that the

inflation rate will return to under 2% and that a short-term increase in interest rate is not necessary. Although the view might change if inflation continues on an upward trend, there is no immediate desire to depress consumer spending as the economy tries to recover. With regard to whether or not to borrow to take advantage of low interest rates and accelerate capital expenditure, that would be possible if the capacity and schemes were available; rushing out schemes because money is available and because it is cheap to borrow may mean the Council ending up with a debt burden for schemes that are not in line with its priorities thereby restricting future borrowing when there may be schemes on which the Council wants to spend that meet its corporate objectives.

**It was resolved –**

- **To note that the outturn figures in the annual treasury management report for 2020/21 will remain provisional until the audit of the 2020/21 Statement of Accounts is completed and signed off; any resulting significant adjustments to the figures included in the report will be reported as appropriate.**
- **To note the provisional 2020/21 prudential and treasury indicators in the report.**
- **To accept the annual treasury management report for 2020/21 and to forward the report to the next meeting of the Executive without further comment.**

**5. ANNUAL COUNTER FRAUD, BRIBERY AND CORRUPTION REPORT 2020/21**

The report of the Head of Audit and Risk incorporating the Annual Counter Fraud, Bribery and Corruption report 2020/21 was presented for the Committee's consideration. The report presents the activity carried out in 2020/21 to minimise the risk of fraud, bribery and corruption occurring within and against the Council; it highlights some of the current and emerging areas of fraud risk including those related to the Covid-19 pandemic and provides a conclusion on the effectiveness of the Council's arrangements to minimise the risk of fraud.

The Head of Audit and Risk guided the Committee through the annual report with reference to the following -

- The contextual information including the definition of fraud as advocated by the CIPFA Counter Fraud Centre and the reasons why countering fraud is important. Fraud poses a major financial threat for councils and can affect their reputation and divert funding from vital public services undermining public trust, financial sustainability and organisational efficiency. In Wales the Auditor General's 2019 report highlighted that Welsh public services could be losing anything up to £1 billion per year to fraud.
- The Wales wide arrangements for counter fraud. Following the transfer of fraud investigators from Local Government to the Department for Work and Pensions in 2014, most councils in Wales including the Isle of Anglesey County Council, no longer have a dedicated council wide fraud resource with the counter fraud role instead being assigned to Internal Audit. Neither is there any over-arching group or professional network that specifically promotes counter fraud in local government. To fill this gap in North Wales a sub-group of the North and Mid Wales Audit Partnership has recently been formed to share and drive good practice in relation to counter fraud.
- Current and emerging fraud risks. UK Councils reported that approximately 47,000 instances of fraud had been detected or prevented in 2019/20 with the biggest losses arising from Council Tax fraud (estimated at £35.9m) followed by disabled parking concession and housing fraud. The largest growing fraud area in the UK is housing tenancy with an estimated £60.1m lost in 2019/20 compared to £47.7m in 2018/19. The Head of Housing Services has assessed that generally, tenancy fraud is low in Anglesey. However, an awareness raising article was included within a newsletter circulated to all tenants informing them of what to do if they suspected anything in a neighbouring

property and the Service's Housing Management Officers have undertaken tenancy fraud training.

- Council Tax single person discount (SPD) is the next largest growing fraud area in the UK which has an estimated increase of £9.6m to an estimated value of £29m from cases detected/prevented in 2018/19. The Council uses an external company to review and validate its SPD claims on a periodic basis to identify claims at risk of fraud and error. The last exercise in August 2018 identified errors to the value of £340,347 with an error rate of 4.3%. The two highest perceived fraud risk areas for 2019/20 are procurement and Council Tax SPD followed by business rates, adult social care and tax reduction respectively. A review of the Council's vulnerability to procurement fraud will be undertaken in 2021/22.
- CIPFA endorses a common set of principles across the public services to improve counter fraud practice and these are set out in its 2014 Code of Practice on Managing the Risk of Fraud and Corruption. An assessment of the Council's practices benchmarked against the five principles within the Code has been carried out and the report provides a high level summary of the results.
- Fraud attempted against the Council during 2020/21. This included two malicious redirection frauds also known as mandate frauds when someone impersonates a third party such as a supplier, one of which was detected by the genuine supplier's bank and the other which was thwarted by a Payroll Officer. The Grants Team also detected and stopped a number of attempted fraudulent Covid 19 business grant applications.
- Some level of public sector fraud is likely even in normal times but 2020/21 was a year of unprecedented challenges as the Covid 19 pandemic dramatically transformed the work of the Council, the lives of its staff and lockdown restrictions significantly impacted on the economy. The planned work to improve the Council's counter fraud arrangements were put on hold while the team supported the Council's response to the pandemic. However, the redeployment of one member of the Internal Audit Team to the team distributing Covid 19 business grants helped ensure a rigorous and robust challenge to the payment of the grants. The effective management of fraud and corruption risks is a critical part of an effective, modern council that manages its resources efficiently to secure value for money.
- The government, law enforcement, security agencies, regulators and the private sector are continuing to work together to protect the public and businesses from all types of fraud. Fraud is hard to predict and while these organisations are monitoring crime trends carefully, the most important thing is to get the message out to staff and to the general public to be aware and to be alert. Therefore a comprehensive programme of counter fraud awareness raising via E-Learning and the refreshing of policies will be the cornerstone of the fraud prevention strategy for 2021/22. There is also a need for a tough stance supported by elected members, chief executives and those charged with governance. For anti-fraud and corruption measures to be successful they need to be embedded within the organisation creating a culture in which fraud is not accepted or tolerated.

The following points were raised by the Committee in discussing the annual report –

- In the context of housing tenancy fraud, reference was made to the difficulties caused when housing benefit is paid directly to tenants and the tenant has no intention of using it to pay rent to their landlord thereby leading to loss of funds to the Council and loss of income to landlords. Although recognising that legislation requires local authorities to make housing benefit payment directly to the tenant, in light of the magnitude of the problem, the losses it entails, and the wider problems it causes, it was queried whether the Council can take any steps to address the issue especially in cases where a tenant has a history of not paying rent. The Director of Function (Resources)/Section 151 Officer advised that housing benefit is a claim made by the tenant which is processed by

the Council which then issues payment based on the claim; the Council is not responsible for ensuring that claimants use the payment to clear any contractual obligations they have with the landlord. The legislation makes it is clear that it is the tenant's right to have the money paid directly to them; the Council administers the benefit but does not pay rent on the tenant's behalf. If the claim for benefit is fraudulent in that the claimant has no entitlement to it, then it becomes a matter for the DWP (fraud investigation having transferred from local authorities to DWP in 2014) to whom the Council will forward any evidence it has. Therefore the Council is limited in what it can do with regard to the matter since it is required to pay housing benefit to a claimant making a valid claim and, in cases where fraud is suspected the responsibility for prosecuting it now lies with the DWP.

- Reference was made to the publicity given in the local media to sanctions and enforcement in connection with cases of Council Tax fraud and Housing Benefit fraud so as to deter others but not so with cases involving the misuse of disabled parking concessions (blue badges) and whether this is due to failure to detect cases or to there being no such cases on Anglesey. The Head of Audit and Risk advised that in the UK context in which the reference in the report is made, the misuse of blue badges is a significant problem in large city and borough council areas where parking comes at a premium and where the costs to the local authority in lost parking income for example arising from this type of fraud can therefore be very high. In Anglesey, it is not considered a particular risk nor a fraud to which the Council is especially vulnerable.
- Whilst agreeing that publicity is an useful tool in deterring fraud, it was suggested that the creation of a counter fraud post would help in terms of proactive work to prevent fraud and also to gather information for enforcement action, and that a soft touch approach is not likely to yield the results which the Council is looking for. The Director of Function advised that it is the job of internal controls to prevent fraud; over time the nature and opportunity for fraud have changed as have the mechanisms to detect and counter fraud e.g. less use of cash and increased availability and digitisation of information making cross referencing and data checking easier. Being a smaller sized authority means that the risk of fraud is reduced and detection more likely, but it is not eliminated altogether. Fraudsters tend to target larger authorities where the returns for successfully perpetrating a fraud are likely to be that much higher. Where fraud occurs in Anglesey it is on a much reduced scale.
- Whether External Audit has a greater role to play in fraud detection. Mr Alan Hughes, Performance Audit Lead for Audit Wales advised that while Audit Wales can review the scope of its work when planning its work programme with corporate management at the beginning of the year and share examples of good practice, it is the Council's responsibility to put in place internal controls in the form of policies, systems and processes to manage the risk of fraud, to obtain assurance that those controls are operating effectively and to ensure that training is up to date and that staff across the organisation are sufficiently fraud aware.

Councillor Robin Williams, Portfolio Member for Finance highlighted the importance of educating staff about different types of fraud which should be refreshed at least once a year and obtaining staff buy-in to tackling fraud within and against the organisation.

**Having considered the information presented and commented thereon it was resolved to accept the Annual Counter Fraud, Bribery and Corruption Report for 2020/21 and to note its contents.**

**NO ADDITIONAL ACTION WAS PROPOSED**

## **6. UPDATE ON INTERNAL AUDIT STRATEGY AND PRIORITIES 2021/22**

The report of the Head of Audit and Risk updating the Committee on Internal Audit activity as at 12 July, 2021 was presented for consideration. The report provided a synopsis of the audits completed and current workload since the last report to Committee in April, 2021.

The Head of Audit and Risk referred to the assurance work completed since the last update to Committee as at Table 3 of the report with the first four reports (IT Service Continuity – Phishing; Covid 19 Emergency Management Assurance; Identification of Duplicate Invoices and Recovery of Duplicate Payments, and IT Resilience – First Follow-Up) having been presented to the Committee in May, 2021. The three remaining reports (Social Care Workforce Special Payments Scheme; Coping with Homelessness and the Effects of Covid 19 and Management of School Unofficial Funds - First Follow – Up) are presented with the agenda for today’s meeting and all have resulted in either a Substantial or Reasonable Assurance opinion with only one moderate issue having been raised in connection with the Management of School Unofficial Funds. She highlighted the contribution of the Learning Service’s staff to progressing the issues raised by the audit of the Management of Unofficial School Funds and to their having been fully engaged in the work, and she confirmed that all schools bar one have now been issued with an audit certificate for their school funds and that the remaining one is in progress. Audit work in progress is shown in Table 4 of the report and an overview of outstanding actions is provided by the dashboard at Appendix 1 of the report.

In reflecting on the information presented, the Committee queried the 35 outstanding issues/risks attributed to the Resources Service which appear disproportionate to the actions outstanding to other services. The Head of Audit and Risk clarified that as a great part of Internal Audit’s recent work has been in relation to aspects of service within Resources the greater the likelihood that a higher number of issues will be outstanding for the Resources function; however, only 7 of the 35 issues categorised as outstanding are overdue with the remainder not having reached their due date and being work in progress.

**It was resolved to accept the report and to note Internal Audit’s assurance provision going forward.**

**NO ADDITIONAL ACTION WAS PROPOSED**

## **7. EXTERNAL AUDIT: AUDIT WALES IOACC WORK PROGRAMME AND TIMETABLE**

The report of External Audit setting out the Audit Wales Work Programme and Timetable in relation to the Isle of Anglesey County Council was presented for the Committee’s consideration.

Mr Alan Hughes, Performance Audit Lead for Audit Wales advised that the report presents the Audit Wales work programme and timetable in relation to Anglesey and nationally in a new format and includes the work scheduled to be undertaken by other regulators. Also included is a summary of Audit Wales’s published and planned national reports and other outputs. The report represents a single point of information for regulatory activities both in the offing and completed at local and national levels and it will be generated quarterly and submitted to the next available meeting of the Governance and Audit Committee.

**It was resolved to accept and to note the Audit Wales IOACC Work Programme and Timetable.**

## **8. UPATED FORWARD WORK PROGRAMME**

The report of the Head of Audit and Risk incorporating minor amendments to the approved Forward Work Programme for 2021/22 due to workload issues and/or legislative changes was presented for the Committee's consideration.

**It was resolved to note the minor amendments to the approved Forward Work Programme for 2021/22.**

**Councillor Peter Rogers  
Chair**

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