

AUDIT AND GOVERNANCE COMMITTEE 14/2/19

Present: Councillor R. Medwyn Hughes (Chair)
Councillor John Brynmor Hughes (Vice-chair)

Councillors: Aled Ll. Evans, Alwyn Gruffydd, Aled Wyn Jones, Charles Wyn Jones, Siôn W. Jones, Dewi Wyn Roberts, Paul Rowlinson, Angela Russell and Cemlyn Williams.

Lay Member: Sharon Warnes

Others invited: Councillors Peredur Jenkins (Cabinet Member for Finance - for items 5-9 on the agenda) and Edgar Owen (Ex-officio Member).

Also in Attendance: Dafydd Edwards (Head of Finance Department), Dewi Morgan (Senior Revenue and Risk Manager), Ffion Madog Evans (Senior Finance Manager - for items 5-9 on the agenda), Dilwyn Williams (Chief Executive - for items 5-9 on the agenda), Caren Rees Jones (Principal Capital and Control Accountant - for item 9 on the agenda), Caroline Lesley Roberts (Investment Manager - for Item 9 on the agenda), Luned Fôn Jones (Audit Manager) and Bethan Adams (Member Support Officer).

Apologies: Councillors Berwyn Parry Jones, Huw G. Wyn Jones, John Pughe Roberts and Gethin Glyn Williams.

1. DECLARATION OF PERSONAL INTEREST

Councillor Alwyn Gruffydd declared a personal interest in item 5 on the agenda 'Revenue Budget 2018/19 - End of November Review', as he owned an empty property.

The member was of the opinion that it was not a prejudicial interest, and he did not withdraw from the meeting during the discussion on the item.

2. MINUTES

The Chair signed the minutes of the previous meeting of this Committee, held on 29 November 2018, as a true record.

3. REVENUE BUDGET 2018/19 - END OF NOVEMBER REVIEW

The report was submitted by the Senior Finance Manager, she set the context and elaborated on the content of the report that had been submitted to Cabinet on 22 January 2019. She highlighted that since 2015 the Council had faced realising savings of approximately £27 million, and this was a challenge to achieve. She noted that the end of November review of the budget showed a mixed picture with acceptable financial control in a number of Council departments. She explained that significant overspend was anticipated by the Education Department, Children and Families Department together with the Highways and Municipal Department and there were specific actions to ensure control of their budgets by 31 March 2019.

Attention was drawn to the Cabinet's decision:

"To accept the report on the end of November 2018 review of the Revenue Budget and note the latest financial position in respect of the budgets of every department/service.

- To ask the Cabinet Member for Adults, Health and Well-being, together with the Head of Department, to get to the root of the Provider service overspend and take steps to reduce the overspend, and report to the Cabinet on the response plan.
- Due to an increase in the overspend on a number of budget headings by the Children and Families Department since the last review, to consider the situation when receiving the Cabinet Member's performance report (29/01/19 Cabinet) with a view to attempt to reduce the overspend by the end of the financial year.
- Because of the level of overspend on pupils' transport by the Education Department, to consider the situation when receiving the Cabinet Member's report (29/01/19 Cabinet).
- To allow the Environment Department to allocate (£60k) of the department's underspend to conduct a review by commissioning research by the University and employing extra officers to collect evidence in the Public Transport field following a number of issues over recent years.
- Harvest (£2,984k) of the net underspend on Corporate budgets,
 - with (£700k) associated with the Council Tax premium to be allocated to a specific fund to be considered for the Housing Strategy.
 - (£435k) relating to capital costs to be transferred to the capital programme's financing fund.
 - with the remainder namely (£1,849k) to be transferred to the Supporting the Financial Strategy Fund to assist with inevitable one-off pressures on the Council's budgets."

During the ensuing discussion, officers and the Finance Cabinet Member responded to members' observations and enquiries as follows:

- That the overspend on pupil transport had been discussed at the Cabinet meeting on 29 January 2019, in the context of the Education Cabinet Member's performance report. A solution to reduce the overspend would take time. It was intended to change the method of providing transport in order to get a cheaper provision, because it was a long-term solution additional funding was placed in the 2018-19 budget to address the overspend. The additional funding did not address all the overspend as a solution was expected from the Education Department and the Environment Department.
- In terms of the income of parks and beaches in the Economy and Community Department, that the report reflected the general departmental income position. Generally, income generated by a department was used for other services within the specific department.
- There was a tendency to overspend in the Homeless Service as the homeless numbers were increasing. The situation was not unique to Gwynedd and the increase in the number of homeless people was a national issue.
- That the Council communicated with the Welsh Government in the context of home owners registering their houses as a business in order not to pay a Council Tax Premium. Increasing pressure was being placed on the Welsh Government to change these arrangements, however, not overly confident that the arrangements would change. The Council Leader was part of the discussions on this matter.
- There was pressure on the Council to provide services with less money, discussions would take place in the context of home owners registering their houses as a business and the financial impact on councils at the Welsh Local Government Association Rural Forum meetings. The Head of Finance was gathering information on the financial cost of registering houses as a business on councils in the context of Council Tax income loss. It was hoped that the other eight councils, who were members of the Forum, would agree that arrangements needed to be changed.
- In terms of the financial impact of houses being registered as a business on the Council, that a reclassification in the context of the tax base would mean that the Council would gain financially in terms of the Welsh Government grant but would lose out financially when a house is registered as a business and is back-dated. The Valuation Office did not have sufficient resources to challenge the applications appropriately. A specific sum could not be stated in terms of the loss to the Council as a

result of houses being registered as a business, but it was likely that there would be approximately £2 million of additional income to the Council as part of the Council Tax Premium Scheme.

- In favour of the proposal when the Council Tax Premium Scheme was established to charge a premium tax on holiday homes to generate additional income. A portion of the income deriving from the Council Tax Premium Scheme had been earmarked for the Housing Strategy. That there was increasing political pressure to revise the system of registering houses as businesses, with Members of Parliament and Assembly Members part of the campaign. The Council was lobbying the Welsh Government in the context of the need to change the system by presenting a requirement to receive permission via the planning system to change a house into a business.
- Regarding the Adults, Health and Well-being Department's budget, in the context of the budget's size the variations under the headings were not substantial. Departments have the right to move underspend from one heading to another, however, there was a tendency when there was a substantial overspend not to move money as this was a better measure of the actual situation. There was some movement in terms of providing services, with the underspend and overspend under the headings reflecting the demand. That the work done as part of the Alltwn Scheme was being rolled-out to other areas together with significant funding (£800k) for the staffing costs of Dementia units that was a financial bid as part of the budget recommended for the 2019/20 financial year and a response to the increasing demand.
- Pleased to receive information from a member in the context of the arrangements of a council in England that was charging for care costs on the councils where the individual had moved. If there was an opportunity then the Council would look into this matter.
- That research by Bangor University, commissioned by the Environment Department, was part of the review of the Public Transport sector. This did not include the transport of pupils in the Education Department, there was specific work to be completed in this field by the Education Department and the Environment Department.
- That the overspend in the 2018/19 financial year was more evident as more departments had overspent. There was expenditure on child protection and vulnerable adults areas and inevitable expenditure on the transport of additional learning needs pupils in the Education Department. Overspend on children's services was not unique to Gwynedd as there was overspend in this area in Britain. Services are provided in accordance with Ffordd Gwynedd by placing the people of Gwynedd at the centre of any actions.

RESOLVED to note the situation and the relevant risks in the context of the Council's budgets and those of its departments.

4. CAPITAL PROGRAMME 2018/19 - END OF NOVEMBER REVIEW

Submitted - the report of the Head of Finance Department, providing details of the revised programme and the relevant sources of finance.

The Senior Finance Manager set out the context and elaborated on the contents of the report submitted to Cabinet on 22 January 2019. The officer noted that there was an increase of £4.249 million in the budget for the capital programme since the previous review, with a slippage of an extra £3.4 million into the 2019/20 financial year, but there was no funding loss. It was explained that firm plans were in place to invest approximately £28.5 million in 2018/19, with £9.2m (32%) funded by attracting specific grants. Attention was drawn to the Cabinet's decision.

RESOLVED to note the situation and the relevant risks in the context of the Council's capital programme.

5. SAVINGS OVERVIEW: PROGRESS REPORT ON REALISING SAVINGS SCHEMES

The report of the Head of Finance Department was submitted which gave the latest situation on realising the saving schemes.

The Senior Finance Manager set the context and elaborated on the content of the report that had been submitted to Cabinet on 22 January 2019. It was noted that over 95%, namely £23m of the total £24m of savings schemes for the period 2015/16 - 2017/18, had been achieved with only a little slippage with 15 schemes.

Attention was drawn to the fact that over £2.5m of savings had been planned in the 2018/19 Financial Strategy, and 62% of the 29 schemes had been realised, with seven on track to be delivered on time with slippage on only five. The officer elaborated that one of the slippages was the 'End to End' scheme in the Children and Families Department, with savings of £250,280 for 2018/19. It was explained that the scheme had been the subject of a joint review between the Children and Families Department, Finance and the Research and Information Manager, in which the assumptions of the original 'End to End' model were revisited. It was noted that the number of nights for looked-after children in residential placements had reduced, however, due to the change in profile and the complexity of cases there had been an impact on the average cost of placements. There was also a reduction in the contributions from the Health Service.

She noted that it was inevitable that realising nearly £27 million in savings since April 2015 had been challenging. It was confirmed that progress had been made across the Council to realise the savings. Attention was drawn to the Cabinet's decision.

In response to a question from a member regarding the reduction in contributions from the Health Service, the Senior Finance Manager explained that changes in the types of cases meant that the Health Service's contributions were less.

In response to an observation by a member, the Finance Cabinet Member noted that the Cabinet constantly considered the position in terms of realising savings. He explained that a slippage in achieving the savings plans was the responsibility of the Head and the relevant Cabinet Member. He noted that although he was not happy that savings had to be found he was content in terms of the savings realised and that firm arrangements were in place to ensure that savings would be realised.

RESOLVED to note the situation and the relevant risks in the context of the savings overview.

6. 2019/20 BUDGET

Submitted – the report of the Cabinet Member for Finance on the Council Budget for 2019/20, providing an opportunity for the Audit and Governance Committee to scrutinise the information in terms of its financial propriety prior to the report being submitted to the Cabinet on 19 February.

The Cabinet Member for Finance set out the background and context of the report. He explained that all members had an input to this in workshops and that a public consultation had taken place on the Council Tax together with the savings plans. He noted that detailed discussions had led to the recommended budget.

The Head of Finance Department gave further details on the content of the report, and noted that there was a financial gap of £13 million, which included inflation costs of £7.5 million and the inevitable demand for services of £4 million. He noted that the grant increase from the Welsh Government to local authorities was insufficient to meet these costs. He made reference to Appendix 2 of the report which detailed the unavoidable financial bids to respond to the pressures on services, total value of £2.5 million. He

elaborated that the financial bids had been discussed in workshops in December where members consented that the expenditure was inevitable. He highlighted that the 2019/20 expenditure requirements, before savings, was £253.2 million.

He noted that £2.48 million of savings had already been approved, that £2.45 million of proposed savings, £0.5 million of further efficiency savings, which came to a total of £5.4 million savings to reduce the gap.

He drew attention to what was recommended to the Cabinet for approval, namely:

"(a) To recommend to the Council (at its meeting on 7 March 2019) that:

1. A budget of £247,797,900 should be established for 2019/20, funded by a £176,551,790 Government Grant and £71,246,110 Council Tax income, with an increase of 5.5%.
2. £18,316,130 should be added to the capital programme for spending in 2019/20 in order to establish a capital programme with a value of £34,991,250 by 2019/20 to be funded from the sources noted in Appendix 4 of the report.

(b) To approve proceeding to implement the saving schemes list in Appendix 3, in order to establish the budget recommended to the full Council.

(c) To note the Medium Term Financial Strategy and the projections in Appendix 8, and adopt the plan in section 18-20."

He noted that what was being recommended was subject to the Cabinet's decision to approve proceeding to implement the savings schemes listed in Appendix 3, or not to implement some schemes, as suggested in Appendix 12. He explained that if the decision was not to implement the five schemes in Appendix 12, the figures would change to:

- establish a budget of £247,869,620 for 2019/20,
- to be funded via a Government Grant of £176,551,790,
- and £71,317,830 Council Tax income with an increase of 5.6%.

He referred to the equality impact assessment, the well-being assessment in terms of the requirements of the Well-being of Future Generations (Wales) Act 2015 along with an assessment of the robustness of the risk estimations.

He highlighted that the Medium Term Financial Strategy had been drafted, notwithstanding considerable uncertainty about the future, mainly due to the Westminster Government 2019 Expenditure Review. He noted that having considered the projections that it was likely that more future savings would be required, therefore it would be necessary to bring pressure to bear on the Welsh Government to fund local authorities appropriately.

Members were given an opportunity to ask questions and make observations. During the discussion, the following main points were highlighted:-

- Concern regarding the impact of the annual Council Tax increase on residents. Would it be possible to raise awareness of the Council Tax Reduction Scheme? Was assistance available for residents to claim a reduction?
- What was the level of risk in terms of specific grants?
- Concern regarding the consequences of financial hardship and the impact on residents, bearing in mind that Gwynedd was one of the poorest areas in Western Europe. It would be difficult to keep things on an even keel if financial austerity did not end.
- The increase in Council Tax was consistently higher in Gwynedd over the last six years and Anglesey and Conwy councils proposed to increase their Council Tax for 2019/20 by 9% to keep up with the increase in Gwynedd. The number who had

responded to the public consultation was disappointing. In consideration of the low number of responses how can a decision be made?

- Council Tax cannot continue to be increased with residents having to make difficult choices on how to spend their money.
- That members had been given ample opportunities to contribute to the process and they were grateful for the open discussions. The financial position would be so much worse without the work of the Finance Department over the years, and the Welsh Local Government Association should convey a strong message to the Welsh Government in terms of the need to fund local authorities appropriately. In order to have a balanced budget it was necessary to choose between increasing Council Tax and cutting services.
- The report referred to £0.5 million of further efficiency savings, would it be possible to note more details and time schedule for achieving these in the report prior to its submission to Full Council? Encourage the Cabinet to listen to the views of members in the workshop and to not act on the five schemes noted in Appendix 12 and consequently increase Council Tax by 5.6%.

A response was given to the questions and observations as follows:-

- That the Council at its meeting on 6 December 2018 had adopted the 2019/20 Council Tax Reduction Scheme. In accordance with Ffordd Gwynedd, staff in the Tax Unit assisted residents with paying or clearing a debt and when appropriate supported them to claim reductions.
- The majority of grants were Welsh Government grants, there was a risk due to a higher level of provision in the budget and if the grant was terminated. Grants received from the European Union were for specific projects rather than to fund services. Should a grant be terminated, the Council would have to stop the specific provision or face the cost. The Council had to live with the risk.
- Agree in terms of financial hardship, one of the Cabinet's main considerations when assessing the savings schemes was their impact on the people of Gwynedd. The only option for the Council was to implement the savings schemes and increase Council Tax in order to address the financial gap.
- That it was a fair point to note the number of responses to the public consultation. The people of Gwynedd were given an opportunity to voice their opinion on two occasions, with a consultation on what was important for the people of Gwynedd as well as the consultation on the savings schemes. In a representative democracy system Council members represented their electors. The majority of members in a workshop noted that some of the savings schemes should be re-visited and these specific schemes would be considered by the Cabinet prior to determining a recommendation to the Full Council.
- Whilst Council Tax in Gwynedd Council was the sixth highest in Wales, this stemmed mainly from the grant allocation split on reorganisation in 1996 as it did not reflect the expenditure split at the time. Evidence indicates that the increase in Council Tax in Gwynedd Council has been less than in 14 other Councils in Wales over the period and shows that it was not the decisions of Gwynedd Council that meant it was sixth highest, but what had occurred at reorganisation in 1996.
- That it was legislatively necessary for the Council to have a balanced budget, the only options available to the Council to fund the gap was to implement savings schemes and increase Council Tax. Welsh Government needed to look at how local government is funded as the position of councils was getting more difficult. That what was recommended in terms of the budget was fairly acceptable for 2019/20, however, the 2021/22 financial position was dependent on the Welsh Government.
- In terms of further efficiency savings, that there were ideas on how to realise further efficiency savings and it was trusted that it was possible to achieve, however, no details could be given as it was a sensitive situation in terms of jobs.

- It was confirmed that the five savings schemes noted in Appendix 12 would receive consideration in the Cabinet's discussions on 19 February.

An appreciation of the work of the officers in the Finance Department, the Cabinet Member for Finance and the Chief Executive was noted.

RESOLVED to note and accept the report and the relevant risks.

7. 2019-20 CAPITAL STRATEGY REPORT

The Senior Finance Manager submitted the report, and noted that it was a new requirement by CIPFA (Chartered Institute of Public Finance) on Councils, that came into effect for the 2019/20 financial year onwards. It was explained that the report's intention was to give the long-term context to capital expenditure decisions and investments by Councils and considering the risks. The report brought the capital programme and the usual Treasury Management report together within one report.

Details were given on the contents of the report and attention was drawn to the intention to spend £35 million of capital expenditure in 2019/20, and nearly £18.8 million for 2020/21 and £9.3 million in 2021/22. It was noted that the main capital projects for 2019/20 included expenditure of £8.7m on Twenty First Century Schools, £2.7m on highways repair and £2.7m on the Housing Strategy, with £11.7m for the Assets Management Plan to be allocated. It was highlighted that the Treasury Management section of the report included information about the borrowing strategy, investment, commitments, liquidity management, economic forecast and credit forecast with the supporting information and details included in Appendix C.

It was explained that the Committee was required to adopt the information in the report and to consider any risks that would arise from the strategy prior to its submission to the Full Council on 7 March 2019.

A member noted appreciation of the training held on 16 January, 2019 for Committee members in treasury management with consultants from Arlingclose company, namely the Council's treasury management consultants, and that thanks should be conveyed to the consultants.

In response to an enquiry from a member about finance for the Housing Strategy, the Chief Executive noted that the Adults, Health and Well-being Department were discussing specific plans with the Housing, Leisure and Culture Cabinet Member and the Housing Strategy would be submitted to the Cabinet soon.

In response to a further enquiry, the Chief Executive explained that the £2.7 million for highway repairs was a grant received from the Welsh Government and that the £2.7 million for the Housing Strategy was Council Tax Premium income. The Head of Finance elaborated and stated that the Housing Strategy was ambitious and looked at an extended period of 5 to 10 years and was currently being fine-tuned. The member noted that he was looking forward to hearing about the plans attached with the Housing Strategy.

In the context of past decisions, a member enquired about Council borrowing and were any changes anticipated in interest rates. In response, the Head of Finance Department explained that there were higher interest rates on loans dating back to the 1980s and most of them were coming to an end. He added that this would be a positive adjustment to the budget as the Council would not pay higher interest rates and it was not anticipated that interests would rise high. He explained that the Council did self-borrow keeping external borrowing to a minimum.

RESOLVED to note and accept the report and the relevant risks.

8. OUTPUT OF THE INTERNAL AUDIT SECTION 19/11/18 - 1/2/19

Submitted - the report of the Audit Manager outlining the Internal Audit section's work for the period. It was noted that 12 reports on audits from the action plan and one grant audit had been completed. Attention was drawn in terms of follow-up audits that acceptable action had been taken on 71.17% of the agreed steps, namely 116 out of 163.

Consideration was given to each individual report and during the discussion reference was made to the following main matters –

Safeguarding Arrangements - Establishments

In response to an enquiry by a member, the Audit Manager explained that the system highlighted when it was necessary to renew a disclosure by the Disclosure and Barring Service (DBS). She expanded that it was a long process and that it was the individual's responsibility to submit an application. She added that weaknesses had been identified in terms of presenting safeguarding training modules to staff and as a result an audit in the context of a review of training arrangements on the range of safeguarding modules had been included in the 2019/20 Internal Audit Plan.

A member noted her concern regarding the variety in the number of staff who had completed the safeguarding modules at the leisure centres. She asked what the arrangements would be following the transfer of the leisure centres to Byw'n Iach Cyf. In response, the Audit Manager noted that follow-up work on leisure centre audits would be completed before transfer to the company on 1 April 2019, and the findings would be reported to Committee. She elaborated that the audit reports would be presented to Byw'n Iach Cyf Board following transfer.

In response to a further question, the Audit Manager noted that it was likely that the company would operate in accordance with the Council's procedures in the context of disclosures.

A member noted that the audit should receive consideration by the Controls Improvement Working Group as deficiencies had been highlighted.

In response to a comment, the Audit Manager noted that as it was a corporate issue training arrangements varied and with seasonal workers it was more problematic, but it was also important that they received training. It was explained that if the audit received the consideration of the working group, that it was the Chair of the Safeguarding Operational Panel who would be present and it would be difficult for him to explain the situation in terms of beach and harbour staff. It was noted that the Operational Panel sent a message to the departmental management teams and this should be cascaded to managers to ensure action.

Attention was drawn to the action to continue to raise the awareness of Council workers of corporate safeguarding arrangements and the need to complete training, however, additional work was required to improve the level of assurance that was currently limited.

General Data Protection Regulation

A member noted that the audit should be considered by the Controls Improvement Working Group as the audit had received a level of limited assurance.

Welsh Church Act Fund

The Audit Manager explained that the Fund covered Gwynedd, Conwy and Anglesey with a long term cross-border dispute in the context of a parcel of land now resolved and a movement to dismantle the fund.

In response to a member's question, the Audit Manager noted that follow-up work would be completed and that an audit had been included in the 2019/20 Internal Audit Plan.

Recurring Billing

The Audit Manager noted that the audit of recurring billing in the Environment Department derived from finding cases, as part of the audit, where some Council smallholding tenants had not been invoiced. She elaborated that several attempts had been made to receive an update from the Property Service if customers remained in properties, and if there were rent arrears due to the Council or otherwise in relation to two customers, but unfortunately no confirmation had been received. She explained that the recurring billing system now produced invoices until the arrangement was cancelled.

A member noted that the situation was unacceptable and it was necessary to ensure that the information was received. A member added that the Committee's concern should be conveyed to the Department requesting a response.

Diesel Tanks and Diesel Management

The Audit Manager noted that weaknesses had been highlighted some time ago and they still existed at the time of audit. In response to a member's observation regarding the situation on one site, the Audit Manager noted that the site manager had expressed his concern about the condition of the diesel tank and the drainage system on several occasions. It was emphasised that the site manager had acted appropriately and in accordance with Ffordd Gwynedd, taking responsibility by reporting the deficiency.

A member noted that the audit should be considered by the Controls Improvement Working Group.

RESOLVED:

- (i) to accept the report on the work of the Internal Audit for the period of 19 November 2018 to 1 February 2019 and support the agreed actions that had already been submitted to the managers of the relevant services;**
- (ii) that the Chairman and Vice-chairman of the Committee, along with Councillors Dewi Wyn Roberts, Angela Russell and Cemlyn Williams serve on the Controls Improvement Working Group with Councillor Alwyn Gruffydd as a substitute, to consider the following audits:**
 - **Safeguarding Arrangements - Establishments**
 - **General Data Protection Regulation**
 - **Diesel Tanks and Diesel Management**
- (iii) send a message to the Environment Department stating the Committee's concern regarding the lack of response to enquiries attached to the Recurring Billing audit requesting a response.**

9. INTERNAL AUDIT PLAN 2018/19

The report of the Audit Manager was submitted, providing an update on the current situation in terms of completing the 2018/19 internal audit plan.

It was reported that the Internal Audit Service up to 1 February 2019 had completed 58.33% of the plan, with 35 of the 60 audits in the 2018/19 plan released in a finalised version. Attention was drawn to the amendments to the Plan.

RESOLVED to accept and note the contents of the report as an update of progress against the 2018/19 audit plan.

10. DRAFT INTERNAL AUDIT PLAN 2019/20

Submitted – the report of the Audit Manager, in which details of the draft plan of the Internal Audit Service's work for the 2019/20 financial year were set out for comment and approval by the Committee. It was noted in order to ensure that the correct matters are reviewed, that firstly consideration was given to the Corporate Risk Register as well as the risk registers of each department.

It was envisaged that approximately 766 days of audit resources would be available to complete the 2019/20 audit plan.

In response to a member's observation in the context of trends seen across Council departments, the Senior Revenue and Risk Manager noted that recording risks identified trends with departmental risk registers able to feed into the Corporate Risk Register. He added that highlighting trends was dependent on the quality of information and the Insurance and Risk Service would contact each department to support them to ensure that risks are recorded appropriately.

A member asked if it would be possible to look at corporate plans and how they can be packaged to respond to cross-departmental aspects. The member asked further regarding the number of days designated for the 'Culture and Ethics' audit and noted that it was a complex issue and the number of days designated for the audit should be re-considered to get a more comprehensive picture.

In response, the Audit Manager noted that she referred to the Council Plan when drafting the audit plan. Attention was drawn to the fact that it was the project managers who are responsible for corporate plans and with the scarcity of audit resources it was difficult to earmark many days to undertake an audit in a specific area, however, they did look at project management in terms of the time-schedule, that it had been planned correctly and if a record of the financial elements was maintained.

A member noted that measuring 'Culture and Ethics' would be difficult to achieve and asked how it was proposed to measure this. In response, the Audit Manager noted that it was proposed to draft a simple questionnaire asking questions on issues such as recording hours correctly and the implementation of the Whistle Blowing Policy.

In response to further observations from members regarding the 'Culture and Ethics' audit, the Audit Manager noted that she would undertake research into this area.

RESOLVED to approve the draft Audit Plan for the period 1 April 2019 to 31 March 2020.

11. GWYNEDD COUNCIL'S ANTI-FRAUD, ANTI-CORRUPTION AND ANTI-BRIBERY STRATEGY AND RESPONSE PLAN

Submitted - the report of the Senior Revenue and Risk Manager that gave an update on the Council's anti-fraud and anti-corruption arrangements together with the work programme for the next three years.

It was noted that although 'Risk of Fraud, Bribery and/or Corruption' was considered a low risk the Council continued to be aware of the risk and the Council had suffered as a result of major fraud in the past. Further details were given on the contents of the report.

It was explained that the Committee would receive regular reports (approximately every six months) on the Council's anti-fraud, anti-corruption and anti-bribery efforts.

A member noted that the fraud linked to Express Motors had been shocking and it would be useful to have a sub-group of the Committee to look in detail and to learn lessons from this case. Reference was made to the Strategy and it was asked how regular did workshops take place with relevant officers to discuss issues that arise, apparent risks and to share good practice. It was asked which agencies the Council cooperated with and how regularly the Strategy was reviewed.

In response to the above observations, the Senior Revenue and Risk Manager noted:

- That the Committee had already received a report on the Express Fraud at its meeting on 29 November 2018 and had discussed the matter in detail. At the time, the Environment Department was asked for a report regarding mitigating the risks to the Council of committing to a new agreement with the Welsh Government's Concessionary Fares Scheme. That it was a decision for the members if they wished to discuss the two cases of fraud in public transport at the Controls Improvement Working Group, however, there was a danger that by focusing on this fraud that they would lose sight of other risks bearing in mind that the Council has a wide range of services.
- The Council did not have a specific anti-fraud resource, the work will be completed within the resources with internal audit undertaking the research. It was intended to conduct regular workshops with officers from different services such as audit, benefits, tax and others, looking at risks that arose from the experiences of other authorities.
- Although the Response Plan had not been revised since 2013, it continued to be fit for purpose with only changes in job titles.
- The Wales Audit Office led on the National Fraud Initiative that is held every two years by comparing agency data and if anything was highlighted then the relevant agency would be contacted. It was noted that once there was sufficient evidence to be presented to the police following an investigation by internal audit then the information would be referred to the Monitoring Officer.

A member noted that he was of the opinion that consideration needed to be given to the two cases of fraud in the public transport area in the Controls Improvement Working Group.

A member asked if there was a system in place to respond when incidents of fraud occurred. In response, the Senior Revenue and Risk Manager noted that this was the purpose of the Response Plan. It was noted that managers and officers were in the best position to discover fraud and awareness needed to be raised in order that they were alert to the risk of fraud and to be willing to report on possible fraud. There was also an external risk from companies sending false invoices.

In response to a further observation in the context of collaboration with other agencies, the Senior Revenue and Risk Manager noted that as part of the National Fraud Initiative there was a contact point in each agency and these could be used with fraud outside the initiative as well as a starting point.

A member gave thanks for the report. Reference was made to the fact that Council Tax fraud was not highlighted in the document. The member asked if housing benefit fraud was relevant in terms of the response plan as the Government had the responsibility. In response, the Senior Revenue and Risk Manager noted that there was no reference to Council Tax fraud in the document and consideration would be given to add this. He added that it was intended to place more focus on the Council Tax Reductions Scheme over the next few years. He explained that it was the UK Government's Work and Pensions Department who had been responsible for investigating housing benefits fraud for approximately four years. He elaborated that the Council had a contact point in the Work and Pensions Department and cases were referred to their attention, however, it was not as efficient as when the work was undertaken internally, with a requirement to complete a number of forms.

A member noted that it was impossible to get rid of fraud completely, however, the Strategy and the response plan confirmed that there were processes in place to prevent fraud and they should be approved.

RESOLVED to accept the report as an explanation of the Council's arrangements for investigating and preventing fraud and corruption within the system and to approve the Anti-Fraud, Anti-Corruption and Anti-Bribery Strategy and the Fraud and Corruption Response Plan.

The meeting commenced at 10.05am and concluded at 1.15pm

CHAIR