

AUDIT AND GOVERNANCE COMMITTEE 17/6/21

Attendance:

Councillors: Chair: Councillor John Pughe Roberts
Vice-chair: Councillor Medwyn Hughes

Selwyn Griffiths, Alwyn Gruffydd, John Brynmor Hughes, Aled Wyn Jones, Berwyn P Jones, Huw W Jones, Sion Jones, Dewi Roberts, Paul Rowlinson and Angela Russell

Sharon Warnes (Lay Member)

Officers:

Dafydd Edwards (Head of Finance Department), Dewi Morgan (Assistant Head - Revenue and Risk), Ffion Madog Evans (Senior Finance Manager), Delyth Jones-Thomas (Investment Manager), Siân Pugh (Group Accountant - Corporate and Projects), Geraint Owen (Head of Corporate Support Department), Eleri Williams (Website Team Leader) and Lowri Haf Evans (Democracy Services Manager)

Others invited:

Councillor Ioan Thomas (Cabinet Member Finance)
Councillor Nia Jeffreys (Cabinet Member for Corporate Support)
Yvonne Thomas (Audit Manager, Audit Wales)
Bethan Adams (Scrutiny Advisor)

1. APOLOGIES

Apologies were received from Councillors Aled LI Evans, Peredur Jenkins and Gethin Glyn Williams.

2. DECLARATION OF PERSONAL INTEREST

No declarations of personal interest were received from any members present.

3. URGENT ITEMS

None to note.

4. CORPORATE WEBSITE SELF-SERVICE PROJECT

A report was submitted to the Committee, following a discussion held at the Scrutiny Working Group (10/05/21), outlining the efforts made since 2016 to increase the interactive provision on the website and to make it easier to contact the Council about a number of matters 24 hours a day, 7 days a week. It was noted that there was a significant increase in the number of residents using the service, which was positive and confirmed the value of the investment. It was reiterated that the service continued to develop and collaborate with Services and consulted with other Authorities in an attempt to improve the provision. The possibility of establishing an internal system to support the provision was noted, and although the project itself could not claim any direct savings, it had assisted in making savings in Services e.g. Galw Gwynedd to save £23,000 by developing an internal system.

It was highlighted that the pandemic had led to the introduction of on-line services in fields where there were previously none, and this had led to an increase in requests for on-line services generally. Reference was made to future developments that included establishing a web-chat function, sharing school admission details, maritime forms along with further requests to submit, e.g. Housing waiting list, recycling equipment, crematorium slots for undertakers, foster carer applications. It was considered that this should be welcomed and posed another challenge to prioritise all the requests in a way that brought benefits to our customers and the services in question.

The Cabinet Member reiterated that the Cabinet was fully supportive of the project and was proud of the good work being undertaken. She noted that the option to use technology for 24 hour contact was beneficial and that Gwynedd was breaking new ground in offering the service bilingually.

Gratitude was expressed for the report.

During the ensuing discussion, the following observations were made by members:

- The service was undertaking excellent work - it was certainly the way forward
- The perseverance and enthusiasm of the Team should be congratulated
- There was a need to review the 'draw attention to potholes' steps - too complex
- A good experience needed to be ensured if a 'web-chat' was to be introduced - it had to be ensured that back-office staff had up-to-date information and carefully considered which Services were suitable to offer. Needed to avoid a frustrating and impersonal situation for the customer.
- Needed to ensure that a Powys postcode was accepted in 'Where I Live' - some of these postcodes were relevant to Gwynedd residents

In response to a question on responding to poor feedback and whether those comments had a pattern, should it be a technical matter, it was noted that the Website Team would deal with the matter with support from the IT Service. If one of the other Council Services received poor feedback, then the response would be likely to vary from Service to Service but that every attempt would be made to ensure a response. In terms of a pattern to comments, it was noted that the Project Team was examining analysis software to undertake this work.

In response to a question on the time-scale of responding to comments, it was noted that the Project Team would work with Services to agree on a time-scale, while insisting that a response period was set in order to ensure regulation of the situation.

In response to a question on completing an application on behalf of someone else and having to submit personal bank details as a result, attention was drawn to the fact there was a specific box to input a different address, but that the request for bank details remained. It was agreed to look into this.

In response to a concern that the on-line service put jobs in Galw Gwynedd at risk, although the service had saved £23,000 for Galw Gwynedd, it was noted that this had not led to any redundancies. It was added that saving administrative time had been the greatest advantage by releasing time to achieve other work such as referring a resource to 'chat'. It was reiterated that discussions had been held with Galw Gwynedd staff and that they were committed to the project.

In response to a suggestion that the service could be offered to wider sectors, it was stated that the possibility was desirable albeit premature - needed to develop the standard before sharing further.

RESOLVED:

To accept the report**5. STATEMENT OF ACCOUNTS 2020 / 21**

The Cabinet Member for Finance took the opportunity to thank all staff at the Finance Department for their commitment to ensure that the Council's (draft) Accounts Statement had been submitted to Audit Wales, namely the external auditors, before the statutory date (31 May 2021). The Head of the Finance Department reiterated his gratitude to the staff for completing the work while responding to a new challenging statutory timetable amidst the Covid-19 crisis. The IT Service was also thanked for enabling working from home developments. He noted that he had already certified the draft accounts and that it would be good practice to share the accounts with Members to give them an opportunity to question / make observations. The final accounts would be submitted to the Committee for approval on 14/10/21.

In terms of the Main Statements and Notes, it was explained that the Statement had been completed in CIPFA standard form. It appeared clumsy and technically complex and it was highlighted that the pension figures tended to skew the figures. Reference was made to information in Note 38 in order to better understand the situation. The Head of Finance noted that he, along with other Treasurers across the UK, were holding discussions with CIPFA to try to persuade them to abolish the pension figures, which led to a misapprehension of some aspects in the Statement.

The Senior Finance Manager added that six sets of accounts had been completed but it was not possible for them to be audited and approved until the autumn term, as there was a need to ensure that public rights were implemented. Reference was made to the Narrative Report that provided information about the Accounts and on the vision and priorities of Gwynedd, the Financial Strategy and the financial performance measures. Members were guided through the report and details were provided on some elements:

- Movement in Reserves Statement (page 22 of the agenda), which summarised the Council's financial position for 2020/21 - attention was drawn to the additional information columns:
 - column 1: the Council's general balances had increased by £1.8 million during the year, £7.5 million at the end of March 2020 to £9.4 million by the end of March 2021
 - column 2: referred to an increase of £20 million during the year in reserves, £59 million at the end of March 2020 to £79 million by the end of March 2021
 - column 3 - School balances - an increase of £6.4 million from £4.3 million at the end of March 2020 to £10.8 million by the end of March 2021.

It was highlighted that the main reasons for the increase was the receipt of various substantial grants.

- New arrangements for this year, jointly with other Councils, related to Covid (page 94), including the Test, Trace and Protect Programme.

Members were reminded that the (draft) accounts were subject to an Audit and a report from the External Auditors (Audit Wales), along with final accounts, would be submitted to the Committee for approval on 14/10/21.

Gratitude was expressed for the report.

In response to a question regarding the receipt of grants towards specific purposes, which had resulted in a changed position, the Head of Finance Department noted that some of the grants were for a specific purpose but that many grants did not have a specific purpose and, as a result, had been put aside in the Council's Transformation Fund and the Covid

Recovery Fund. There would be an opportunity, in accordance with the usual procedure, to submit applications for the funding.

RESOLVED

To accept and note the Statement of the Council's Accounts (subject to audit) for 2020 / 21

6. TREASURY MANAGEMENT 2020 / 21

The Investment Manager submitted a report in relation to the actual results of the Council's treasury management during 2020/21, compared with the strategy approved by the Full Council on 5/3/20. It was noted that the Council's borrowing activity was within the limits originally set, and £422,000 of interest had been received on investments, which was higher than the £400,000 within the budget. It was confirmed that there were no defaults by institutions in which the Council had deposited money with.

It was reported that it had been a challenging year with interest rates declining, restrictions on where to invest money along with substantial amounts being processed with the Council administering over £100 million of Covid-19 grants to businesses. However, the Council had managed to ensure that the investments were secure and had reached the investment income target.

Attention was drawn to the balance sheet and to the details of borrowing activities, highlighting the fact that loans had remained within the strategy to keep borrowing costs low. No long-term loans were made during the year and not much use was made of short-term loans as funding levels had been too high compared to the end of the previous financial year where short-term loans were made due to the uncertainty of the Covid-19 crisis.

In the context of investments, it was reported that the Council had continued to invest with Banks, Cash Market Funds and Pooled Funds, but there was an increase in using Local Authorities as opportunities with banks and similar organisations were very limited, and the cash market rates were very low. It was reiterated that returns had been very low, but that pooled funds had saved the day as they had bounced back following the slump at the end of the 2019/20 financial year. It was highlighted that the value of investments had increased by £0.6 million during the year, with a rate of 5.13% contributing towards the interest income ensuring that there was no deficit against the budget.

In the context of the compliance report and indicators, it was reported that full compliance had taken place separately to the interest rate disclosure. It was highlighted that this disclosure showed a one-year revenue impact of a 1% increase in interest rates, highlighting the serious impact the pandemic has had on investment returns compared to what had been projected at the beginning of March 2020 when the restricted level was set - pre-Covid-19. It was reiterated that returns on pooled funds had recovered the interest decline.

Gratitude was expressed for the report.

During the ensuing discussion, the following observations were made by members:

- Although pleased to receive grants, Gwynedd Council has resolved to use its funding to reduce the effects of Covid-19 on Council residents
- A need to correct the Treasury Management Summary (page 100 of the agenda) to highlight £'000 instead of £m

In response to an observation in the report 'that the duration of investments and number of institutions available to deposit money with has been reduced based on the advice received from Arlingclose', and whether a decline in the credit rate or the advice received was responsible, it was reported that the decision to protect the investments was a combination of both elements and that a cautious approach was needed. In response to a supplementary question in terms of the significant reduction in institutions, it was highlighted that foreign institutions had reduced along with reductions from 90 days to 35 by banks. It was emphasised that the main objective of the Council when investing money was to strike an appropriate balance between risk and returns - by investing prudently, attention would be given to the security and liquidity of its investments before seeking higher rates of returns.

RESOLVED

To accept the report for information

7. COUNTER-FRAUD, ANTI-CORRUPTION AND ANTI-BRIBERY ARRANGEMENTS

A report was submitted by the Assistant Head of Finance (Revenue and Risk) updating the Committee on the Council's anti-fraud and anti-corruption arrangements, progress on the programme of work of Gwynedd Council's Anti-Fraud, Anti-Corruption and Anti-Bribery Strategy for 2019 - 2022 adopted by the Committee on 14/02/2019. It was noted that the Strategy included eight actions that should be delivered during the three years to strengthen the Council's anti-fraud arrangements within available resources. It was reiterated that work would commence on drawing up a work programme for 2022/25 during the summer.

It was emphasised that Council officers were not currently investigating allegations of fraud against it.

It was reported that specific workshops had not been held to identify new risks, but an Internal Audit Manager had met with all Heads of Department to discuss aspects of risk that would need to be included in the 2021/22 Internal Audit Plan.

One element that could not be implemented due to the ongoing pandemic situation was to conduct fraud interviews against the Council Tax Reduction Scheme, which would lead to an administrative penalty or prosecution in the most serious cases. Although an attempt was made to plan further actions, the situation this year has not allowed developments in this field.

Attention was drawn to the National Fraud Initiative (NFI) that undertakes a data-matching exercise that helps public bodies to detect and prevent fraud and overpayments from the public purse. The data-matching work would be undertaken every two years and a full exercise would take place soon. Data has already been provided to Audit Wales for them to undertake the work and the results of that work will start to be verified by Internal Audit (which has earmarked 40 days to complete the task in the 2021/22 plan) The Committee will receive an update on the work and any cases that emerge as the work progresses.

It was reiterated that the National Fraud Initiative was also helping to review the grant payments made to Gwynedd Businesses during the lockdown periods. There were five grant schemes during 2020/21 and over £106m of grant funding was distributed. It was noted that early signs suggested that no fraudulent applications had emerged through the NFI exercise and that this confirmed that robust arrangements were in place within the Taxation Service that administered the grants.

Gratitude was expressed for the report.

RESOLVED

To accept the information as an update on the anti-fraud and anti-corruption steps the Council is taking.

The meeting commenced at 10.00 and concluded at 11.45

CHAIR