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For all enquiries relating to this agenda please contact Kim Houghton
(Tel: 01443 864267 Email: houghk@caerphilly.gov.uk)

Date: 22nd January 2019

Dear Sir/Madam,

A meeting of the **Audit Committee** will be held in the **Sirhowy Room - Penallta House, Tredomen, Ystrad Mynach** on **Tuesday, 29th January, 2019** at **2.00 pm** to consider the matters contained in the following agenda. Councillors and the public wishing to speak on any item can do so by making a request to the Chair. You are also welcome to use Welsh at the meeting, both these requests require a minimum notice period of 3 working days, and a simultaneous translation will be provided if requested.

All Committee meetings are open to the Press and Public, observers and participants are asked to conduct themselves with respect and consideration for others. Please note that failure to do so will result in you being asked to leave the meetings and you may be escorted from the premises.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Chrissy'.

Christina Harrhy
INTERIM CHIEF EXECUTIVE

AGENDA

- | | Pages |
|---|-----------------------------------|
| 1 | To receive apologies for absence. |
| 2 | Declarations of Interest. |

A greener place Man gwyrddach



Councillors and Officers are reminded of their personal responsibility to declare any personal and/or prejudicial interest(s) in respect of any item of business on this agenda in accordance with the Local Government Act 2000, the Council's Constitution and the Code of Conduct for both Councillors and Officers.

To approve and sign the following minutes: -

- | | | |
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| 3 | Audit Committee held on 16th October 2018. | 1 - 8 |
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To receive and consider the following reports: -

- | | | |
|---|--|-----------|
| 4 | Audit Committee Forward Work Programme. | 9 - 20 |
| 5 | Internal Audit Reports - "In Need of Improvement". | 21 - 116 |
| 6 | Certification of Grants and Returns 2017-18 - Caerphilly County Borough Council. | 117 - 132 |
| 7 | Regulator Proposals for Improvement Progress Update | 133 - 140 |

To receive and note the following information items:-

- | | | |
|----|--|-----------|
| 8 | Caerphilly Certificate of Compliance - Audit of Caerphilly County Borough Council's Assessment of 2017-18 Performance. | 141 - 142 |
| 9 | Regulation of Investigatory Powers Act 2000. | 143 - 144 |
| 10 | Officers Declarations of Gifts and Hospitality - July to September 2018. | 145 - 148 |
| 11 | Corporate Governance Panel Minutes - Monday 24th September 2018. | 149 - 152 |

**If a member of the Audit Committee wishes for any of the above information reports to be brought forward for discussion at the meeting please contact Kim Houghton, 01443 864267, by 10.00 a.m. on Monday 28th January 2019*

Circulation:

Councillors Mrs E.M. Aldworth, J. Bevan, D.T. Davies, C. Elsbury, A. Gair, Ms J. Gale, D.T. Hardacre, B. Miles, Mrs T. Parry, Mrs M.E. Sargent (Chair), G. Simmonds and J. Simmonds

Lay Member – Mr N.D. Yates (Vice Chair)

Auditors –Ms N. Jenkins (Wales Audit Office), Ms G. Hawkins (Grant Thornton UK LLP) and Mr B. Morris (Grant Thornton UK LLP)

And Appropriate Officers.

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Those individuals that attend committee meetings to speak/give evidence will be named in the minutes of that meeting, sometimes this will include their place of employment or business and opinions expressed. Minutes of Meetings including details of speakers will be publicly available to all via the Council website at www.caerphilly.gov.uk. except for discussions involving confidential or exempt items.

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Agenda Item 3



AUDIT COMMITTEE

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, TREDOMEN, YSTRAD MYNACH ON TUESDAY 16TH OCTOBER 2018 AT 2.00 PM

PRESENT:

Councillor M.E. Sargent – Chair

Councillors:

Mrs E. Aldworth, D.T. Davies, Mrs A. Gair, Mrs B. Miles, Ms T. Parry and J. Simmonds.

Together with:

G. Jones (Wales Audit Office)

R. Edmunds (Corporate Director for Education and Corporate Services), N. Scammell (Head of Corporate Finance and Section 151 Officer), S. Harris (Interim Head of Business Improvement Services), D. Gronow (Acting Internal Audit Manager), E. Lucas (Head of Digital and Customer Services), R. Roberts (Performance Manager) S. Couzens (Chief Housing Officer), P. Smythe (Housing Technical Manager) and K. Houghton (Committee Services Officer).

1. APOLOGIES

Apologies for absence were received from Councillors J. Bevan, C. Elsbury, Ms J. Gale, D. Hardacre, G. Simmonds and Mr N. Yates (Vice Chair)

2. DECLARATIONS OF INTEREST

There were no declarations of interest made at the beginning or during the course of the meeting.

3. MINUTES – 24TH JULY 2018

It was moved and seconded that the minutes of the meeting held on the 24th July 2018 be agreed as a correct record and by a show of hands this was unanimously agreed.

RESOLVED that the minutes of the Audit Committee held on the 24th July 2018 (Minute No. 1 –12) be approved as a correct record.

REPORTS OF OFFICERS

Consideration was given to the following reports.

4. WALES AUDIT OFFICE REPORT – OVERVIEW AND SCRUTINY FIT FOR THE FUTURE? – CAERPHILLY COUNTY BOROUGH COUNCIL

The representative from the WAO introduced the report which advised Members of the outcome of the review undertaken by the Wales Audit Office (WAO) as outlined in Appendix 1 entitled 'Overview and Scrutiny Fit for the Future'. Having been discussed at the Scrutiny Leadership Group on 11th October 2018, the report was before Audit Committee for its consideration.

The representative from the WAO explained that the WAO undertook a review of the scrutiny function across all 22 Welsh local authorities and looked at how well they were responding to current challenges such as the Wellbeing of Future Generations Act 2015, scrutiny of Public Services Boards and continued pressure on public finances. The review also looked at the progress made by the local authorities in addressing the recommendations made as a result of a WAO national improvement study 'Good Scrutiny? Good Question' in 2014. He referred Members to Appendix 1 which detailed the characteristics that formed the framework of the review.

The key findings and recommendations as a result of this review were outlined to Members, this included a judgement that the Council values its overview and scrutiny but Members required more focused training, development and support with a clear action plan in place to maximise the impact of scrutiny. He highlighted the WAO recommendations as being improving the provision of training and development opportunities for Members, clarifying the role of Cabinet Members within the overview and scrutiny process to ensure that arrangements support transparency and accountability and setting clear priorities and actions for improvement for the scrutiny function taking into account current and future challenges.

A Member enquired as to whether the 2017 newly elected cohort of Members experiencing scrutiny for the first time would have skewed the results of the review. The representative from the WAO confirmed that both newly and re-elected Members had been invited to workshops and acknowledged that it had been a steep learning curve for new scrutiny Members which is why detailed recommendations propose an ongoing training package for throughout a Member's term rather than one-off training sessions when a Member is selected to sit on a scrutiny committee.

A Member raised concerns in regard to the accuracy of the WAO report, a concern previously raised at a meeting of the Scrutiny Leadership Group on the 11th October 2018. As Chair of the Regeneration and Environment Scrutiny Committee, the Member felt that the Committee's actions on a meeting observed by the WAO in December 2017 had been inaccurately portrayed and was concerned that there was no consultation with Members prior to the publication of the report. The representative from the WAO responded that prior to the finalisation and publication of the report the WAO agreed an approach with CCBC for producing a draft report which could be viewed by the Authority in order to judge the accuracy, tone and balance. The Corporate Director for Education and Corporate Services acknowledged that scrutiny Chairs should see the draft reports and although this did not happen on this occasion, it will do in the future. The Member raised a further concern that the specific report under discussion remained unchanged with the inaccuracy included. The Corporate Director for Education and Corporate Services offered to provide an apology in writing and an opportunity for the Member to discuss the matter further outside of the meeting.

In summary, the representative from the WAO advised Members that following agreement from the Scrutiny Leadership Group on 11th October 2018, to develop an action plan, the WAO would return to review progress subject to discussions with the Council.

The Chair thanked the Officer for their report and Members for their questions and comments. Members noted the contents of the report.

5. WHQS – ACCEPTABLE FAILS UPDATE

The Housing Technical Manager presented the report which sought the views of Members on the application and volume of Welsh Housing Quality Standard (WHQS) elements classified as “Acceptable Fails” and the process for managing incidences of No Access on the programme for the surveying of properties and the completion of works on site. This report had been previously presented, for comment, to the Policy and Resources Scrutiny Committee as an information item on 2nd October 2018 and the Caerphilly Homes Task Group on 20th September 2018.

Officers provided Members with a definition of an ‘Acceptable Fail’ as set out in the Welsh Government’s WHQS revised guidance document (2008) which recognises that it may not be possible to bring all elements within a property up to the required standard offering one or a combination of the following criteria for an ‘Acceptable Fail’ – cost of remedy, timing of remedy, residents choice and physical constraints.

Members were advised that in addition to the ‘Acceptable Fail’ criteria there are properties which may have elements categorised ‘Previously Achieved’ where improvements were undertaken prior to the commencement of WHQS which were to the WHQS standard, and ‘No Access’ where every attempt is made to gain access to the property if the tenant opts out of the improvement programme. It was explained to Members that the ‘opt out’ option is not available when the upgrade was an electrical installation improvement on the basis of health and safety and an Electrical No Access procedure is followed in those cases.

Officers’ highlighted to Members that the total expenditure on the WHQS capital programme for 2017/18 was £42m, of which £18m related to internal works and £17.5m related to external works. The remainder of the spend was in relation to fees, large scale voids, adaptations and garages and to date there had not been any borrowing for WHQS.

Members sought clarification on the cost implications for the Council if contractors carry out substandard work and it requires remedial work and who carries the costs incurred from recorded fails. The Chief Housing Officer informed Members that properties are not deemed as completed until the Clerk of Works and Tenant sign off on the works carried out. If there are issues then the expectation is that the contractor remedies the work at no cost. He advised Members that there had been some issues early on in the project with contractors and this had led to the employment of replacement contractors. A Member asked a follow up question regarding the level of monitoring of contractor work. The Chief Housing Officer confirmed that through the Tenant Liaison Officers and Standard of Work Monitor, the work is closely monitored.

Members referred to the personnel implications detail in the Appendix which sited staff movement and recruitment difficulties as a risk to the programme and sought assurance in terms of how this risk was being addressed. The Chief Housing Officer confirmed that there had been staff movements to ensure coverage for key positions and a succession plan had been put in place. A recruitment drive is ongoing and agency staff have also been employed.

Members discussed the Electrical No Access Procedure as detailed in Appendix 3 and the 4% of properties where access has been refused by the tenants where electricity or gas is involved and how often the Notice Seeking Possession has been used to gain access to a property. The Housing Technical Manager advised Members that the number of No Access properties was relatively low and had been reducing due to the procedures in place for electrical or gas related surveys and improvements. The process is stringent as it is a health and safety matter but forced entry does not happen often.

Members enquired as to the cost implications in instances where lease holders are asked for a financial contribution to meet costs and the impact if these costs are not met. Members were informed that there was a specific legislative process in place for lease holders and two tenders for works are required prior to any work being carried out so that it is cost effective

and realistically priced for the lease holder to meet costs. The costs are charged quarterly and therefore there is no shortfall for the Council. If the costs are beyond the lease holders means than a payment plan can be arranged.

A Member referred to a specific issue with the costs of repairing concrete fronted housing. The Member agreed to discuss this matter with the Chief Housing Officer outside of the meeting as it was beyond the Audit Committee's remit.

Members enquired as to the current levels of refusal of access and whether the figures included Electrical No Access properties. Members were advised that 305 of the 800 properties designated as No Access are ones relating to Electrical and Gas surveying and improvement. This number of No Access properties is a sustainable and reducible level. In cases where there is not a requirement to access the property for electrical or gas reasons then the tenant is offered three opportunities to allow the improvements to be made prior to contractors moving onto a different area. However tenants can change their mind once the contractor has moved on as 'mop up' teams have been established to conduct these works.

The Chair thanked the Officer for their report and Members for their questions and comments.

6. JOURNAL TRANSFER AUTHORISATION LIMITS

The Head of Corporate Finance and Sections 151 Officer introduced the report which presented the Members with the option to implement authorisation levels within the software module used by the Council to process journals entries in its Ledger.

The review addresses concerns raised by the Committee at the 24th July 2018 meeting regarding implementing authorisation thresholds on journals to ensure large value transactions are required to be reviewed and authorised by senior staff. These concerns are as a result of Grant Thornton's 2017-18 ISA260 report where although the current journal authorisation structure within the Council was considered acceptable it was considered a risk. It was agreed at the 24th July 2018 Audit Committee that the introduction of authorisation limits would be explored.

The Head of Corporate Finance and Section 151 Officer referred Members to the proposals as a result of the review, detailed in the Officer's report and asked Members to endorse the recommendation by Officers to implement an authorisation threshold of £100,000 to the Council's journal transfer software.

The Chair thanked the Officer for their report and Members comments were welcomed.

Members raised concerns regarding the authorisation threshold being set at £100,000 and this being too high. They questioned whether this provided enough accountability and mitigation of the risk identified by Grant Thornton in the 2017-18 ISA260 report. Officers highlighted to Members that journal transfers were an internal function and usually used when an invoice had been paid under the incorrect cost centre. The £100,000 does not represent a financial loss to the Council as it does not go out of the Authority but simply moves around it. A threshold set at £100,000 allows for a manageable amount of authorisation required without having to employ additional staff which cannot be supported by the current Council budget. The representative from Grant Thornton further commented that ideally all journal transfers should be authorised but this is impractical in a local authority setting. The setting of a threshold does however mitigate the risk.

Following consideration of the report it was moved and seconded that the recommendation to implement an authorisation threshold of £100,000 to the Council's journal transfer software be approved and by a show of hands this was agreed by the majority present.

RESOLVED that the implementation of an authorisation threshold of £100,000 to the Council's journal transfer software be approved.

7. PRESENTATION – CUSTOMER SERVICES UPDATE

The Head of Digital and Customer Services presented the Members with a Customer Services update which detailed recent developments and the current status of the service and the introduction of customer service standards.

Members were informed that Customer Services now forms part of the Customer and Digital Services team and it is proposed as part of the MTFP savings target and the team's transformation agenda that the service will undergo a restructure prior to April 2019.

Further to this, Members were advised that a report had gone to Cabinet requesting investment in digital technologies for front-facing services. This included the introduction of an end to end online payment system and a new telephony system which allows the Authority to carry out immediate surveys with the customer following service requests. As part of the implementation of new and emerging technologies, Officers will be introducing opportunities for customer feedback as part of the standard service. She also updated Members that the Authority's Customer Services Standards are now in place and work is ongoing with management teams to embed these standards in the culture of the entire Council. All the feedback gathered will be fed into the service improvement plan and individual staff development plans.

Members enquired as to where the customer feedback would be formally reported to and whether the feedback gathered so far had had a positive impact? The Head of Digital and Customer Services confirmed that the customer feedback would be reported to the Policy and Resources Scrutiny Committee but if Members were minded, it could also be reported to the Audit Committee. In terms of the feedback, she advised Members that it had proved positive and had already led to improvements including ensuring that the appointments booking system is targeted at the right people, that call-takers asked the right questions and also in assisting with support and training of staff in dealing with abusive calls.

The Chair thanked the Officer for her presentation and Members for their questions and comments.

8. CORPORATE RISK REGISTER MONITORING (Q2 – 2018/19)

The Interim Head of Business Improvement Services introduced the report which provided Members with an update on the Corporate Risk Register in accordance with the Council's Risk Management Strategy.

It was outlined to Members that under the Council's Risk Management Strategy, the Corporate Management Team (CMT) own, manage, monitor and review the Council's Corporate Risks on a quarterly basis, with six monthly progress reports submitted to Cabinet. Updates are provided to Audit Committee, who have the role of reviewing and challenging the Risk Register and where relevant, resultant actions plans for the Council's key strategic and corporate risks.

Members were advised that the Officer's report focusses on the CMT update of the 20th September 2018, which will be reported to Cabinet on 30th January 2019 and Members were asked to note a summary of changes made to the Risk Register as detailed in the table at 4.4 of the Officer's report.

Members took note of School Attainment as an identified risk and sought reassurance that there was a comprehensive strategic improvement plan in place and if so how would progress be assessed and objectives met. The Corporate Director for Education and Corporate Services assured Members that an improvement plan was being developed and the Service was in the process of conducting meetings with Secondary Schools to pin point what was

needed out of the plan as well as formulating individual schools improvement plans. These plans will be brought forward to Members in autumn 2019. Members questioned the risk designation as long-term and whether short term should be applied in order to impact on the education of as many children at the earliest opportunity, as they move through the education system. The Corporate Director for Education and Corporate Services advised Members that the improvement strategy was a whole system change and so would be a long term strategy however there are short term improvements being made at all key stages.

A Member enquired about the Education Achievement Board regarding its aims and who was invited to sit on the board. Officers responded that the Board provided the opportunity to test the improvement plan with education professionals and other interested parties but it was not seen to be in place of the Education for Life Scrutiny Committee. A Cabinet Member and one other Member sit on the Board as the Service is keen to keep it small and not overlap with the function of the Scrutiny Committee. Members were informed that there would be a meeting of the Board on the 14th November 2018 where its terms of reference would be agreed.

Members asked whether there were contingency plans in place regarding the fragility of the Social Care market risk. The Interim Head of Business Improvement Services reassured Members that there are provisions in place if the arrangements with providers should fail however he would seek a more detail answer to Members questions from the Corporate Director for Social Services.

Members highlighted the Local Development Plan risk and whether the recent change in TAN 1 guidance had been taken into account when assessing the risk level. The Interim Head of Business Improvement Services advised Members that he would seek a more detailed response to the Members' questions from the Head of Planning and Regeneration.

A final question from Members was put to the Officers regarding Local Government Reform and whether there had been a change in the risk following Welsh Government's move away from mandatory mergers. Officers informed Members that they were awaiting more detail on this and once it was received they would update the Committee.

The Chair thanked the Officer for his presentation and Members for their questions and comments.

9. INTERNAL AUDIT SERVICES – ANNUAL OUTTURN REPORT 2017/18

The Acting Internal Audit Manager introduced the report that informed Members of the work carried out by Internal Audit Services during 2017/18 and provided a Statement of Assurance in respect of the Council's overall system of internal controls.

The Officer informed Members that the report was overdue and sited several factors that have contributed to the delay as outlined in the report. Several areas where improvement had been identified and solutions implemented were highlighted to Members. These areas included issues with staffing capacity which has been addressed with the Principal Auditor acting as the Internal Audit Manager and a secondment from Corporate Finance. In addition to these measures funding for an apprentice auditor/accountant to be shared between Audit and Corporate Finance has been approved and recruitment is expected to take place before the end of the calendar year. Steps have also been taken to procure an automated audit management software tool to support the audit planning and reporting process along with improving the quality of and information for future reporting to Audit Committee.

Members were referred to Appendix 1 and 2 which provides the detail of the review findings. Members were informed that in the course of the review of Internal Audit activity during 2017/18, no fundamental issues came to light as a result of audits carried out on both major financial systems and other financial and administrative systems, procedures and establishments. Where issues had been identified, an action plan and follow up process had been put in place to drive through improvements. Despite a variety of resourcing pressures

throughout 2017/18, the Council was considered to be operating within a control environment that was effective and supports the assurance statement within the Annual Governance Statement.

The Chair thanked the Officer for their report and Members comments were welcomed.

Members enquired about section 4.7.1 of Appendix 1 which refers to audit reports “in need of improvement” which all relate to schools and why these reports were difficult to produce. The Acting Internal Audit Manager identified the difficulty being that financial responsibility lies with the school and its governing body so information can be hard to extract. However working directly with the Education service greatly mitigates this.

Members discussed the impact of recruiting an apprentice, to be shared between Internal Audit and Corporate Finance. Officers advised Members that the apprenticeship was part of an accredited 4 years training process through Newport and Cardiff Universities. This apprenticeship would assist in succession planning within Internal Audit and Corporate Finance. A member sought clarification as to why the post would be shared between the two services. Officers clarified that the post required direct experience in Finance which could not be solely supported by Internal Audit and so the post is being shared with Corporate Finance.

Following consideration of the report it was moved and seconded that the report be noted and by a show of hands this was agreed by the majority present.

RESOLVED that the report be noted.

10. INTERNAL AUDIT SERVICES – REVISED METHODOLOGY FOR 4 TIER AUDIT OPINIONS, RISK RATINGS AND ASSURANCE – DRAFT REPORT

The Head of Corporate Finance and Section 151 Officer introduced the report which informed Members of the revised methodology used by internal audit to assign risk to the findings or points arising from an audit and the consequent priority rating of the recommendations arising. This revision is following the July Audit Committee and the ISA 260 report from the External Auditors (Grant Thornton) where it was agreed that management would provide additional information to the Committee in respect to audit assignments undertaken. This prompted a review of the current method of rating audit findings and how these relate to the “opinion” expressed in respect to the assignment. Members were informed that the opinions generated from assignments support and inform the overall Statement of Assurance given by the Internal Audit Manager which is included in the Annual Governance Statement.

The Head of Corporate Finance and Section 151 Officer advised Members that a new reporting regime will be started which will see audits within certain opinion categories reported to the Committee which means more detail and improved flagging of issues for the Audit Committee. This also ensures there is a transparent and clear criteria relating to the rationale behind all audit opinions

Members were referred to the detail of the report and appendix and asked to note the contents of the report and endorse the revised methodology.

The Chair thanked the Officer for their report and Members comments were welcomed.

Members discussed the new methodology and expressed their appreciation for the revised approach to reporting.

Following consideration of the report it was moved and seconded that the report be noted and the recommendation be endorsed and by a show of hands this was agreed by the majority present.

RESOLVED that the content of the report be noted and the evaluation process that is applied in rating each finding, the opinions and overall level of assurance generated by each assignment, and how it supports and informs the overall AGS process, be endorsed.

11. AUDIT COMMITTEE FORWARD WORK PROGRAMME

The Interim Head of Business Improvement Services presented the Audit Committee's Forward Work Programme (FWP) for the period of October 2018 – April 2019.

The Audit Committee FWP is a working document and is updated regularly when additional reports are identified by Members and Officers. The FWP is made up of reports identified by Officers and Members and the Committee is asked to review this programme at every meeting going forward.

The reports planned for the 29th January 2019 Audit Committee were highlighted to Members with the proposed addition of a report from the Welsh Audit Office providing grant certification for 2017/18.

Members were advised that they could submit their report requests either during the Committee meeting or via email

The Chair thanked the Officer for his report and following consideration of the report it was moved and seconded that subject to the aforementioned addition, the Audit Committee Forward Work Programme for October 2018 – April 2019 be approved and by a show of hands this was agreed by the majority present.

RESOLVED that the October 2018 – April 2019 Audit Committee Forward Work Programme be approved.

INFORMATION ITEMS

The Committee received and noted the following information items:-

- (i) Caerphilly County Borough Council – Annual Audit Letter 2017-18
- (ii) Regulation of Investigatory Powers Act 2000
- (iii) Officers Declaration of Gifts and Hospitality – April to June 2018

The meeting closed at 15:46pm.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 29th January 2019, they were signed by the Chair.

CHAIR



AUDIT COMMITTEE – TUESDAY 29TH JANUARY 2019

SUBJECT: AUDIT COMMITTEE FORWARD WORK PROGRAMME

REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES

1. **PURPOSE OF REPORT**

1.1 To report the Audit Committee Forward Work Programme.

2. **SUMMARY**

2.1 The Audit Committee Forward Work Programme is essential to ensure that the committee agendas reflect its responsibilities in the reviewing and consideration of the Authorities financial affairs and financial statements, including the oversight of the internal and external audit arrangements of the Council and the reviewing and assessment of risk management, internal control and corporate governance arrangements.

3. **LINKS TO STRATEGY**

3.1 The operation of an Audit Committee is to provide direction concerning the accounting records and control systems of the Council and is required by the Accounts and Audit Regulation (Wales) 2005 and Local Government Act 1972. The Audit Committee Forward Work Programme contributes to the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2016 by ensuring there is effective overview of financial, governance and risk management procedures:

- A prosperous Wales
- A resilient Wales
- A healthier Wales
- A more equal Wales
- A Wales of cohesive communities
- A Wales of vibrant culture and thriving Welsh language
- A globally responsible Wales

4. **THE REPORT**

4.1 The Audit Committee forward work programme includes all reports that were identified at the Audit Committee meeting on 16th October 2018. The work programme outlines the reports planned for Audit Committee until October 2019.

4.2 The Audit Committee Forward Work Programme is a working document and is updated regularly when additional reports are identified by Members and Officers. The forward work programme is made up of reports identified by officers and members and the Committee will review this work programme at every meeting going forward.

4.3 The Audit Committee Forward Work Programme is attached at Appendix 1.

5. WELL-BEING OF FUTURE GENERATIONS

5.1 This report contributes to the well-being goals as set out in links to strategy above. It is consistent with the five ways of working as defined within the sustainable development principle by ensuring the audit function is effective when reviewing the financial, governance and risk management procedures of the Council.

6. EQUALITIES IMPLICATIONS

6.1 There are no specific equalities implications arising as a result of this report.

7. FINANCIAL IMPLICATIONS

7.1 There are no specific financial implications arising as a result of this report.

8. PERSONNEL IMPLICATIONS

8.1 There are no specific personnel implications arising as a result of this report.

9. CONSULTATIONS

9.1 There are no consultation responses that have not been included in this report.

10. RECOMMENDATIONS

10.1 That Members consider any changes and agree the final forward work programme.

11. REASONS FOR THE RECOMMENDATIONS

11.1 To improve the operation of the Audit Committee.

12. STATUTORY POWER

12.1 Accounts and Audit Regulation (Wales) 2005

Author: Kim Houghton, Committee Services Officer

Consultees: Richard Edmunds, Corporate Director for Education and Corporate Services
Nicole Scammell, Section 151 Officer
Steve Harris, Head of Business Improvement Services
Rob Tranter, Head of Legal Services and Monitoring Officer

Appendices:

Appendix 1 Audit Committee Forward Work Programme.

Audit Committee Forward Work Programme – Jan to Oct 2019

MEETING DATE: TUESDAY, 29TH JANUARY 2019				
Report Deadline (Reports to Committee Services – 12noon)	Subject	Purpose	Key Issues	Responsibility
ITEMS FOR DISCUSSION				
11.01.19	Audit Committee Forward Work Programme	To ensure that the committee agendas reflect its responsibilities in the reviewing and consideration of the Authorities financial affairs and financial statements, including the oversight of the internal and external audit arrangements of the Council and the reviewing and assessment of risk management, internal control and corporate governance arrangements.	It includes all reports that were identified at the Audit Committee on 16th October 2018 Outlines the reports planned for Audit Committee until Oct 2019	R. Edmunds
	Certification of Grants and Returns 2017-18 – Caerphilly County Borough Council			Grant Thornton
	Regulator Proposals for Improvement Progress Update			R. Roberts
	Internal Audit Reports – “In Need of Improvement”			N. Scammel

INFORMATION ITEMS				
	Caerphilly Certificate of Compliance – Audit of Caerphilly County Borough Council’s Assessment of 2017-18 Performance.	Letter from the Auditors to say we met our statutory duties under the Local Government Measure 2009.		S. Harris
	Regulation of Investigatory Powers Act 2000	To advise Members of the numbers of covert surveillance operations undertaken by the Council in accordance with the provisions of the Regulation of Investigatory Powers Act 2000 (RIPA)	To provide an update on the number of operations undertaken in accordance with RIPA for the period TBC to 30 th TBC, 2018/19.	R. Tranter
	Officers Declarations of Gifts and Hospitality - July to September 2018	To provide the Audit Committee with the information regarding the Register of Employees’ Interests Forms completed by officers of the Council (excluding Schools) regarding Gifts and Hospitality for the period July to September 2018 i.e the first quarter of the financial year 2018/19 and a comparison with the previous three quarters.		L. Donovan
	Corporate Governance Panel Minutes – Monday 24th September 2018			S. Harris

MEETING DATE: TUESDAY, 23RD APRIL 2019				
Report Deadline (Reports to Committee Services – 12noon)	Subject	Purpose	Key Issues	Responsibility
ITEMS FOR DISCUSSION				
09.04.19	Audit Committee Forward Work Programme	To ensure that the committee agendas reflect its responsibilities in the reviewing and consideration of the Authorities financial affairs and financial statements, including the oversight of the internal and external audit arrangements of the Council and the reviewing and assessment of risk management, internal control and corporate governance arrangements.	It includes all reports that were identified at the Audit Committee on 29th January 2019 Outlines the reports planned for Audit Committee until TBC 2019	R. Edmunds
	AP Forensics Software			N. Scammell
	Corporate Risk Register Monitoring (Q3 – 2018/19)			R. Roberts
	Internal Audit Services Annual Audit Plan			R. Harris
	2019 Audit Plan – Caerphilly County Borough Council			Grant Thornton

	Review and Update of the Audit Charter	To present the Audit Committee with proposed changes to the Audit Charter	The current Audit Charter was approved by the Audit Committee on the 10th September 2014. The purpose of this report is to present an updated Charter to the Audit Committee for consideration	R. Harris
	Progress Report on the Public Sector Internal Audit Standard (PSIAS) Action Plan	To update the Audit Committee on progress against the PSIAS Action Plan	At its meeting on the 10th April 2018, the Audit Committee was presented with the Action Plan arising from the internal self-assessment and external peer review of compliance with the PSIAS. This report will provide an update on progress against the Action Plan.	R. Harris
	Internal Audit Annual Opinion Report			R. Harris
INFORMATION ITEMS				
	WAO – WHQS Follow Up Report			WAO
	WAO – WHQS Service Users Perspective Review			WAO

Appendix 1
Audit Committee Forward Work Programme 2019

	Regulation of Investigatory Powers Act 2000	To advise Members of the numbers of covert surveillance operations undertaken by the Council in accordance with the provisions of the Regulation of Investigatory Powers Act 2000 (RIPA)	To provide an update on the number of operations undertaken in accordance with RIPA for the period TBC to TBC, 2019.	R. Tranter
	Officers Declarations of Gifts and Hospitality – October to December 2018	To provide the Audit Committee with the information regarding the Register of Employees' Interests Forms completed by officers of the Council (excluding Schools) regarding Gifts and Hospitality for the period TBC 2018/19 i.e the first quarter of the financial year 2018/19 and a comparison with the previous three quarters.		L. Donovan
MEETING DATE: TUESDAY, 11TH JUNE 2019				
Report Deadline (Reports to Committee Services – 12noon)	Subject	Purpose	Key Issues	Responsibility
ITEMS FOR DISCUSSION				
28.05.19	Audit Committee Forward Work Programme	To ensure that the committee agendas reflect its responsibilities in the reviewing and consideration of the Authorities financial affairs and financial statements, including the oversight of the internal and external audit arrangements of the Council and the reviewing and assessment of risk management, internal control and corporate governance arrangements.	It includes all reports that were identified at the Audit Committee on 29th January 2019 Outlines the reports planned for Audit Committee until TBC 2019	R. Edmunds

Appendix 1
Audit Committee Forward Work Programme 2019

	Regulator Proposals for Improvement Progress Update			R. Roberts
	Corporate Risk Register (Q4 – 2018/19)			R. Roberts
	Draft Annual Governance Statement 2018/19			R. Edmunds
INFORMATION ITEMS				
	Annual Review of Complaints Received Under the Council's Corporate Complaints Policy – April 2018 – 31 st March 2019			R. Tranter
	Register of Employees' Interest Forms 2018/19			L. Donovan
	Corporate Governance Panel Minutes – TBC			S. Harris
	Regulation of Investigatory Powers Act 2000	To advise Members of the numbers of covert surveillance operations undertaken by the Council in accordance with the provisions of the Regulation of Investigatory Powers Act 2000 (RIPA)	To provide an update on the number of operations undertaken in accordance with RIPA for the period TBC to TBC, 2019.	R. Tranter
	Officers Declarations of Gifts and Hospitality – January to March 2019	To provide the Audit Committee with the information regarding the Register of Employees' Interests Forms completed by officers of the Council (excluding Schools) regarding Gifts and Hospitality for the period		L. Donovan

		TBC 2019 i.e the first quarter of the financial year 2018/19 and a comparison with the previous three quarters.		
MEETING DATE: TUESDAY, 23RD JULY 2019 (SPECIAL)				
Report Deadline (Reports to Committee Services – 12noon)	Subject	Purpose	Key Issues	Responsibility
ITEMS FOR DISCUSSION				
09.07.19	Local Government Financial Statements and the Role of the External Auditor			Grant Thornton
	Audit Committee Assurance Over Management Processes and Arrangements			N. Scammell
	Financial Statements for 2018/19			N. Scammell
INFORMATION ITEMS				

Appendix 1
Audit Committee Forward Work Programme 2019

MEETING DATE: TUESDAY, 15TH OCTOBER 2019				
Report Deadline (Reports to Committee Services – 12noon)	Subject	Purpose	Key Issues	Responsibility
ITEMS FOR DISCUSSION				
01.10.19	Audit Committee Forward Work Programme	To ensure that the committee agendas reflect its responsibilities in the reviewing and consideration of the Authorities financial affairs and financial statements, including the oversight of the internal and external audit arrangements of the Council and the reviewing and assessment of risk management, internal control and corporate governance arrangements.	It includes all reports that were identified at the Audit Committee on 29th January 2019 Outlines the reports planned for Audit Committee until TBC 2019	R. Edmunds
	Corporate Risk Register Monitoring (Q2 – 2019/20)			R. Roberts
	Internal Audit Services – Annual Outturn Report 2018/19			R. Harris
	Internal Audit Services Mid-Year Progress Report			R. Harris
INFORMATION ITEMS				
	Caerphilly County Borough Council – Annual Audit Letter 2018/19			N. Scammell

Appendix 1
Audit Committee Forward Work Programme 2019

	Regulation of Investigatory Powers Act 2000	To advise Members of the numbers of covert surveillance operations undertaken by the Council in accordance with the provisions of the Regulation of Investigatory Powers Act 2000 (RIPA)	To provide an update on the number of operations undertaken in accordance with RIPA for the period TBC to TBC, 2019.	R. Tranter
	Officers Declarations of Gifts and Hospitality – April to June 2019	To provide the Audit Committee with the information regarding the Register of Employees' Interests Forms completed by officers of the Council (excluding Schools) regarding Gifts and Hospitality for the period TBC 2019 i.e the first quarter of the financial year 2018/10 and a comparison with the previous three quarters.		L. Donovan

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AUDIT COMMITTEE – 29TH JANUARY 2019

SUBJECT: INTERNAL AUDIT REPORTS – “IN NEED OF IMPROVEMENT”

REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES

1. PURPOSE OF REPORT

- 1.1 Following the October Audit Committee and the ISA 260 report from External Auditors Grant Thornton in July, it was agreed that additional information would be provided to Audit Committee in respect of the audit assignments undertaken in order to better inform the Committee of the work being undertaken, risks identified agreed actions and any associated impact on the Authority’s Annual Governance Statement Process.
- 1.2 This report aims to inform members in line with the agreed processes and to allow members to seek clarification or explanation where there are areas of concern and to identify where further action is deemed necessary. Also this allows members to assess whether the recommendations made by Internal Audit and agreed management responses are reasonable and support an improvement in internal control processes.
- 1.3 This will ensure that the Audit Committee discharges its responsibilities in respect of reviewing and forming an opinion on the overall control environment in place across the Council, which underpins the Annual Governance Statement process at the end of the financial year

2. SUMMARY

- 2.1 The October Committee received a report suggesting changes in the methodology of reporting opinions on audit assignments undertaken, and it was agreed that those classified as “In need of improvement” would be reported to audit committee and those classified as “effective with opportunity to improve” would be reported to committee if progress was not made in implementing recommended improvements.
- 2.2 The new system has been in place since October 2018 and has been applied to Audits completed and where reports have been agreed and issued to management between October and December 2018. In the period 2 reports were issued which were noted as being “in need of improvement” in line with the agreed criteria.
- 2.3 However it must be noted that the number of completed assignments in a reporting period may vary greatly from one committee cycle to the next and many factors influence this e.g. the size and complexity of the exercise, how many staff are involved and the urgency or sensitivity of the aspects under review and issues such as staff leave and other absences. As a result it will not be possible to accurately forecast the numbers of completed reports in any period and the opinion that will be given in the associated reports.

- 2.4 Members agreed that in line with the new processes lead auditors and relevant Heads of Service / Head teachers etc. will be invited to attend Committee meetings, where any reports are to be presented so that relevant and appropriate explanations or clarification can be provided to members in respect of the audit assignments under review.
- 2.5 As this is a new process and is likely to be a regular agenda item,(although the content / number of reports that will be included cannot be forecast) clarification is being sought from the Committee as to how these are to be reported in future and any other processes to support this,

3. LINKS TO STRATEGY

- 3.1 The work of Internal Audit Services provides assurance on the robustness of internal controls and the corporate governance arrangements operating within the Authority and identifies areas for improvement. Strong corporate governance arrangements are an essential element of ensuring that the Council's key priorities are effectively delivered and this in turn contributes to the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015: -
- A prosperous Wales.
 - A resilient Wales.
 - A globally responsible Wales.

4. THE REPORT

- 4.1 The revised 4 tier methodology of assessing audit assignments has been in place since October 2018, and since that time changes in working practices and reporting have been required to accommodate those changes. Members will appreciate that these are relatively new and are still evolving. Primarily this now requires finalised and issued audit assignment reports falling into the criteria of "In Need of Improvement" or "Inadequate" to be reported to Audit Committee where Heads of Service / Service Managers or Head Teachers / Chairs of Governors together with relevant Internal Audit staff attend to offer further clarification on the issues raised as required.
- 4.2 Furthermore, it was also agreed in October Committee that any audit assignment reports where the overall opinion was "effective with opportunity to improve" would be monitored and the implementation of agreed reconditions reviewed. Any reports falling into this criteria where improvements have not been made with agreed timeframes will be reported to Audit Committee where Heads of Service or Service Managers together with relevant Internal Audit staff attend to offer further clarification on the issues raised as required.
- 4.3 Members will appreciate that the audit process involves planning the assignment, field work and testing, reporting on risks and weaknesses to Management, issuing recommended improvements and agreeing these within a formal report to management and evaluating an overall opinion in line with the revised 4 tier system and this takes some time.
- 4.4 In addition where report opinions fall into the "effective with opportunity to improve" criteria, adequate time will be needed to allow agreed recommendations to be implemented and evaluated. In addition where managers have given a future date to implement recommendations follow up evaluation can only take place once those dates have elapsed.
- 4.5 Given the newness of these processes only a small number of audit assignments have been fully completed under the new criteria and no follow ups have been undertaken. However as this process becomes embedded and audit assignments are completed these will be reported on in due course, and it is anticipated that the number of reports requiring referral to committee may increase.

- 4.6 Given the newness of this process and the uncertainty of the number or volume of these reports it is not known exactly how many (if any) reports falling into the 3 reportable criteria above will be brought to the Audit Committee within any cycle. In addition Service Managers, Heads of Service, Head Teachers and Chair of Governors may require notice to attend Committee, and it may not be possible to foresee the requirement for their attendance until the audit or follow up is completed and the overall opinion evaluated.
- 4.7 For the purposes of this committee 2 audits have been completed in the period since October 2018 and issued to managers which fall within the criteria of requiring to be reported to Audit Committee and these are as follows:-
- WHQS data validation progress. **APPENDIX 1.** The conclusion of this report was that control processes were **in need of improvement** and compliance with controls **was in need of improvement**. Management accepted the recommendations and are working towards implementing recommendations made.
 - Social Services Section 17 payments **APPENDIX 2.** The conclusion of this report was that the control procedures were **good** but compliance with controls was **in need of improvement**, as compliance with best practice was not always seen. Management accepted recommendations and are working towards implementing recommendations made.

5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 This report contributes to the Well-being Goals as set out in Links to Strategy above. It is consistent with the five ways of working as defined within the sustainable development principle in the Act in that consideration is being given to improving the clarity and transparency of the future reporting to audit committee and this will lead to long term improvements in these processes.

6. EQUALITIES IMPLICATIONS

- 6.1 There are no equalities implications arising from this report.

7. FINANCIAL IMPLICATIONS

- 7.1 There are no direct financial implications arising from this report.

8. PERSONNEL IMPLICATIONS

- 8.1 There are no direct personnel implications arising from this report.

9. CONSULTATIONS

- 9.1 All responses from consultations have been incorporated in the report.

10. RECOMMENDATIONS

- 10.1 The Audit Committee is asked to note the content of the attached Internal Audit reports and consider management comments in respect of issues noted and assess whether the recommendations made by Internal Audit will be effective in improving the systems of internal controls in operation in the council.

10.2 The Audit Committee is asked to consider the future process in relation to the reporting of completed and issued audit assignments to the committee.

11. REASONS FOR THE RECOMMENDATIONS

11.1 To ensure that the Audit Committee adheres to its terms of reference in relation to the Annual Governance Statement process in the Financial Accounts and associated reporting.

12. STATUTORY POWER

12.1 Local Government Act 2000.

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Consultees: Richard Edmunds, (Ed) Corporate Director for Education and Corporate Services
Nicole Scammel, Head of Corporate Finance and s151 officer
Councillor Mrs Barbara Jones, Cabinet member for Finance, Performance and Governance
Dave Street Corporate Director Social Services
Shaun Couzens Chief Housing Officer
Gareth Jenkins – Assistant Director Children’s Services

Appendices:
Appendix 1 Audit Report WHQS Validation Progress 2018/19
Appendix 2 Audit Report Section 17 Payments 2017/18



Directorate of Education & Corporate Services
Cyfadran Gwasanaethau Corfforaethol ac Addysg
Internal Audit Services
Gwasanaethau Archwiliad Mewnol

Final Internal Audit Report

WHQS Validation Progress 2018/19

Page 25

Date issued: 30th November 2018
Lead Auditor(s): Huw Jones
Review Manager: Deborah Gronow - (Acting Audit Manager)
Report Distribution: Shaun Couzens(Chief Housing Officer)
Paul Smythe (Housing Technical Manager)

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Tredomen Park
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Acknowledgements

Thanks are extended to all staff concerned for their co-operation and assistance during the course of the audit.

This audit and associated report was conducted in conformance with the requirements of the Public Sector Internal Audit Standards.

1. Executive Summary

The Chief Housing Officer requested that an audit review of Welsh Housing Quality Standard (WHQS) Data Validation Processes within the Housing (Caerphilly Homes) Division of the Social Services and Housing Directorate be undertaken in order to support and inform the Housing Service in relation to the accuracy of information held in the various systems in use. This took place during August to October (inclusive) 2018.

The audit Scope was agreed with the Chief Housing Officer and is attached as Appendix 6.2.

The objectives of the review are to provide assurance that:

- The systems and processes in place are achieving the Authority's objectives.
- The reliability and integrity of financial information is in accordance with both the Authority's Financial Regulations and any other appropriate policies.
- All operations, procedures and controls in place are effective.
- The Authority's assets are safeguarded.
- Internal procedures, policies and any statutory requirements are complied with.

Page 27 This audit concentrated solely on the adequacy and accuracy of records (as per data supplied on 8th and 31st August 2018) supporting the status / categorisation of works undertaken at properties as part of the WHQS Programme; this data is used for the production of various reports including those relating to Key Performance Indicators by Caerphilly Homes. The audit did not cover the day-to-day operational processes of Caerphilly Homes or the progress in the delivery of the main WHQS Programme, and reports on exceptions only. It should be noted that all checks undertaken were done on a random sample basis only, some of which related to historical data. It should also be noted that both during and subsequent to the audit new validation processes were / have been evolved and introduced by officers, resulting in data cleansing / correction which would address the majority of issues highlighted in this Report.

2. Control Risk Areas

Specific System / Service area risks and controls in place under review are shown in the table below.

Control Risk area	Control / Risk Outcomes (Compliance Testing)
Control Risk 1: Ensuring the accuracy of Internal Works Acceptable Fails Data across all sources but principally the Control Spreadsheet and Keystone.	Control Objective partially met (see Points Noted 5.1.1 and 5.1.2).
Control Risk 2: Ensuring the existence of records to evidence / support the Categorisation of WHQS Internal Works Elements as Acceptable Fails.	Control Objective partially met (see Points Noted 5.2.1 to 5.2.8).
Control Risk 3: Verifying the correct categorisation of Acceptable Fails in terms of the Main Fail Reasons.	Control Objective partially met (see Point Noted 5.3.1).
Control Risk 4: Ensuring the existence of records to evidence / support the Categorisation of WHQS External Works Elements as Acceptable Fails.	Control Objective partially met (see Point Noted 5.4.1).
Control Risk 5: Verifying the status of ongoing External Works as shown on Keystone.	Control Objective met in full (see Point Noted 5.5.1).
Control Risk 6: Ensuring the accuracy of End of Tenancy related Works as shown on Keystone.	Control Objective partially met (see Points Noted 5.6.1 to 5.6.3).
Control Risk 7: Ensuring the accuracy of Control Spreadsheet Data	Control Objective partially met (see Point Noted 5.7.1).
Control Risk 8: Ensuring the adequacy and reasonableness of Compliance Procedures	Control Objective partially met (see Points Noted 5.8.1 and 5.8.2).
Control Risk 9: Ensuring the existence and retention of adequate documentation.	Control Objective partially met (see Point Noted 5.9.1).
No of Audit Points Noted: Total 19 High risk 0 Medium risk 18 Merits Attention 0 For Information 1	

NB: Any significant issues identified during the course of the audit which were not included in the original scope have been included in the report for completeness.

3. Conclusion

Overall, the conclusion from the work undertaken is that the control procedures which were in place were:-

In need of improvement - based on the results of the audit work undertaken it is considered that the control framework that was in place was in need of improvement. In May 2018 however, new procedures were introduced which are well documented and set out the processes for relevant staff to follow. These address the control issues going forward, but procedures now need to be developed to address historical issues identified by the audit. In addition staff resources, in the form of a dedicated team of Officers supported by the Housing Technical Manager and Housing Group Accountant, have been made available to evolve and introduce new validation processes to address the main subject of this audit.

Compliance with the controls are considered to be:-

In need of improvement - based on the results of the audit work undertaken it is considered that the control framework that was in place was in need of improvement. In May 2018 however, new procedures were introduced which are well documented and set out the processes for relevant staff to follow. These address the control issues going forward, but procedures now need to be developed to address historical issues identified by the audit. In addition staff resources, in the form of a dedicated team of Officers supported by the Housing Technical Manager and Housing Group Accountant, have been made available to evolve and introduce new validation processes to address the main subject of this audit.

Due to the levels of Conclusions above Chief Housing Officer will be invited to the next audit committee.

The criteria used for the opinions generated from Audit Reports was approved by the Audit Committee in October 2018 and are attached as Appendix 6.1 for information.

4. Audit Assurance Statement

Overall assurance is taken from an evaluation of the findings and audit opinion, taking into account the individual risk assessment of the system or process and its materiality or impact.

The assurance for the audit review of Welsh Housing Quality Standard (WHQS) Data Validation Processes within the Housing (Caerphilly Homes) Division of the Social Services and Housing Directorate **is felt to be:**

Partial

Whilst the audit has identified areas for improvement, this relates to the accuracy of data gathering / recording only and therefore comments contained in this Report do not relate to or reflect on the delivery of the WHQS Programme specifically. It was apparent during the audit that in addition to the validation processes already introduced earlier in the year new processes were constantly being evolved and introduced by a dedicated team of Officers supported by the Housing Technical Manager and Housing Group Accountant. These processes will be in place for the remainder of the WHQS Programme and will facilitate the development of the post WHQS Programme Planned Maintenance works.

In a number of instances recommended actions have already been implemented and resultant improvements achieved; these are detailed / reflected in the body of the Report.

5. Detailed Findings / Points noted

5.1 Control Risk 1 - Ensuring the accuracy of Internal Works Acceptable Fails Data across all sources but principally the Control Spreadsheet and Keystone.

Acceptable Fails (Internal Works) - Comparison of Control Spreadsheet Data to Keystone Records (for a sample of properties)

5.1.1 Point Noted	Implications	Recommendations	Rating
Of a sample of 26 properties checked all were shown as complete on both the Control Spreadsheet and Keystone other than Property A (details supplied to Service area), for which Internal Works were not shown as completed on Keystone.	1) An apparent discrepancy between the 2 sets of data resulting in an inability to categorically validate the accuracy of said data. 2) As this check is based on a sample of properties it is not known how representative this result is. 3) Errors may exist in historical data, which may adversely affect the data and related Key Performance Indicators.	1) Senior Officers review the instance highlighted in order to establish the prevailing situation, and take any appropriate remedial action considered necessary, to both correct any invalid data and address the reasons for the variations. 2) Senior Officers consider some further or more extensive checking to establish the extent of this issue, particularly with regard to historical data.	MR
Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)	
The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme. As part of the new validation processes Control Spreadsheet and Keystone data is being compared and verified to identify any discrepancies.	Any discrepancies in data highlighted will be investigated and corrected in order to accurately reflect the true situation. P. S (Housing Technical Manager) - by December 2019. This will be undertaken as part of our overall managerial tasks.	Achieved (Y/N) Action taken Further Action Required?	

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5.1 Control Risk 1 - Ensuring the accuracy of Internal Works Acceptable Fails Data across all sources but principally the Control Spreadsheet and Keystone.

Acceptable Fails (Internal Works) - Comparison of Control Spreadsheet Data to Keystone Records (for a sample of properties)

5.1.2 Point Noted	Implications	Recommendations	Rating
<p>There were variations in the data held on the Control Spreadsheet and Keystone for the categorisation of the four work elements making up Internal Works; of the 26 properties checked variations were noted for 4 (15%) comprising 7 elements.</p> <p>These related to elements shown as Acceptable Fails on the Control Spreadsheet being shown differently on Keystone e.g. Part Works / Full Works / Achieved Previously.</p> <p>Details are shown in Appendix 6.3.(Supplied to Service Area but redacted for Audit Committee)</p> <p>Note: The WHQS Guidance requires that work required to convert an Acceptable Fail to a Pass must be undertaken prior to relet of a property with Landlords recording such instances so that future works can be appropriately planned and budgeted for. This situation is complicated in cases of Physical Constraint / Cost and Timing of Remedy.</p>	<ol style="list-style-type: none"> 1) An apparent discrepancy between the 2 sets of data resulting in an inability to categorically validate the accuracy of said data. 2) There may be inconsistencies between the classification of historical works in different records and this may impact on Key Performance Indicators. 3) Any failure to accurately record the correct situation could lead to future problems with the programming / time tabling / costing (and accuracy thereof) of future work commitments. 4) As this check is based on a sample of properties it is not known how representative this result is. 	<ol style="list-style-type: none"> 1) Senior Officers review the instances highlighted in order to establish the prevailing situation, and take any appropriate remedial action considered necessary, to both correct any invalid data and address the reasons for the variations. 2) Senior Officers consider some further or more extensive checking to establish the extent of this issue, particularly with regard to consistency of classification criteria in relation to historical works. 3) Senior Officers consider whether a specific full scale Acceptable Fail verification exercise should be undertaken, including, if necessary, individual property visits. 	<p>MR</p>

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Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)
<p>The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme. The above may occur in instances where tenants originally refused to have work undertaken resulting in the Acceptable Fail categorising, but may have changed their mind when the contract commenced in their area. Whilst this identifies an issue with categorisation, it does not impact on the overall compliance that is being reported for the programme.</p> <p>As part of the new validation processes Control Spreadsheet and Keystone data is being compared and verified to identify any discrepancies.</p>	<p>Any discrepancies in data highlighted will be investigated and corrected in order to accurately reflect the true situation.</p> <p>P. S. (Housing Technical Manager) - by December 2019.</p> <p>This will be undertaken as part of our overall managerial tasks</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>

5.2 Control Risk 2 - Ensuring the existence of records to evidence / support the Categorisation of WHQS Internal Works Elements as Acceptable Fails.

Tenants have a choice about the improvement works proposed for their homes; if they decide that they do not want works undertaken this will be accepted (unless there are health and safety issues). Such refusals are recorded as Acceptable Fails (due to) Tenants Choice. Also where improvement works are not physically possible (as opposed to refused by Tenants) due to issues such as the age or layout of a property these will also be recorded as Acceptable Fails (but due to) Physical Constraint.

Acceptable Fails (Internal Works) – Supporting Documentation (1)

5.2.1 Point Noted	Implications	Recommendations	Rating
<p>There was a lack of documentation i.e. WHQS Tenant Opt Out Forms, to support the categorisation of the work elements as Acceptable Fails; of 24 properties checked Forms were not seen for 3 (12%). As part of this check requests were made to the relevant WHQS Implementation Managers for copies of any relevant documentation (refer also Points Noted 5.2.3 and 5.8.1 below).</p> <p>Note: the 2 other properties checked would not have needed Forms if the Keystone data is taken as correct.</p> <p>Note: The WHQS Guidance requires that work required to convert an Acceptable Fail to a Pass must be undertaken prior to relet of a property with Landlords recording such instances so that future works can be appropriately planned and budgeted for.</p>	<ol style="list-style-type: none"> 1) An inability to categorically validate the accuracy of said data. 2) An inability to evidence the basis and validity of Acceptable Fails. 3) Any failure to accurately record the correct situation could lead to potential challenges by existing / future Tenants in terms of levels of works completed / required. 4) As this check is based on a sample of properties it is not known how representative this result is. 5) This may suggest the current forms and controls are not meeting the aims of the Project. 	<ol style="list-style-type: none"> 1) Senior Officers review the 3 instances highlighted where no Forms were seen in order to establish the prevailing situation, and take any appropriate remedial action considered necessary, both to correct any invalid data and address the apparent lack of Forms. 2) Senior Officers consider some further or more extensive checking to establish the extent of this issue. <p>Refer also Point Noted 5.2.3 below.</p>	<p>MR</p>

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Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)
<p>The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme. The Tenant Opt Out Form is only used to record a tenant's refusal to have certain internal works undertaken. Other Acceptable Fails such as physical constraint, timing / cost of remedy would not require the Opt Out Form to be completed.</p>	<p>Following these findings the Opt Out Form will be reviewed and amended to record all work undertaken whilst also including Acceptable Fails together with reasons. New processes will address these issues going forward.</p> <p>P. S. (Housing Technical Manager) - by 31st March 2019.</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>

5.2 Control Risk 2 - Ensuring the existence of records to evidence / support the Categorisation of WHQS Internal Works Elements as Acceptable Fails.

Tenants have a choice about the improvement works proposed for their homes; if they decide that they do not want works undertaken this will be accepted (unless there are health and safety issues). Such refusals are recorded as Acceptable Fails (due to) Tenants Choice. Also where improvement works are not physically possible (as opposed to refused by Tenants) due to issues such as the age or layout of a property these will also be recorded as Acceptable Fails (but due to) Physical Constraint.

Acceptable Fails (Internal Works) – Supporting Documentation (2)

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5.2.2 Point Noted	Implications	Recommendations	Rating
<p>There were variations between Tenant Opt Out Form details and the data held on the Control Spreadsheet and Keystone; of the 21 Forms seen the details on 11 (52%) did not match the data held on the Control Spreadsheet and Keystone (in all 11 instances the data held on the Control Spreadsheet and Keystone matched).</p> <p>Note: The WHQS Guidance requires that work required to convert an Acceptable Fail to a Pass must be undertaken prior to relet of a property with Landlords recording such instances so that future works can be appropriately planned and budgeted for.</p>	<ol style="list-style-type: none"> 1) An inability to categorically validate the accuracy of said data. 2) An inability to evidence the basis and validity of Acceptable Fails. 3) Any failure to accurately record the correct situation could lead to potential challenges by existing / future Tenants in terms of levels of works completed / required. 4) As this check is based on a sample of properties it is not known how representative this result is. 5) This may suggest the validation exercise is not meeting the aims of the Project and may need to be extended to include a check of the Opt Out forms at property completion stage. 	<ol style="list-style-type: none"> 1) Senior Officers review the 11 instances highlighted in order to establish the prevailing situation, and take any appropriate remedial action considered necessary, to both correct any invalid data and address the reasons for the variations. 2) Senior Officers consider some further or more extensive checking to establish the extent of this issue. <p>Refer also Point Noted 5.2.3 below.</p>	<p>MR</p>
Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)	
<p>The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme.</p>	<p>Further investigations be undertaken to establish the reasons for the Opt Out Forms not matching data within our systems and records amended based on the findings. New processes will address these issues going forward.</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

<p>Following the completion of the Opt Out Form the tenant can change their mind and request to have the work undertaken. As the information on the Control Spreadsheet and Keystone matches, this is likely to be the case in the instances provided.</p>	<p>P. S. (Housing Technical Manager) - by 31st December 2019.</p>	
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5.2 Control Risk 2 - Ensuring the existence of records to evidence / support the Categorisation of WHQS Internal Works Elements as Acceptable Fails.

Tenants have a choice about the improvement works proposed for their homes; if they decide that they do not want works undertaken this will be accepted (unless there are health and safety issues). Such refusals are recorded as Acceptable Fails (due to) Tenants Choice. Also where improvement works are not physically possible (as opposed to refused by Tenants) due to issues such as the age or layout of a property these will also be recorded as Acceptable Fails (but due to) Physical Constraint.

Acceptable Fails (Internal Works) – Supporting Documentation (3)

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5.2.3 Point Noted	Implications	Recommendations	Rating
<p>Further to point Noted 5.2.1 above for 7 properties documents other than Opt Out Forms were seen, namely WHQS Works Sign Off Sheets (3) or WHQS Internal Works Surveys (4). For 5 of the properties, these documents were in addition to Opt Out Forms.</p> <p>For 2 of the 3 WHQS Work Sign Off Sheets the details shown for Works Undertaken <u>do not match</u> the data held on the Control Spreadsheet and Keystone (the third relates to Point Noted 5.2.1 above where no Opt Out Form would be needed if the Keystone data is taken as correct).</p> <p>For the 4 WHQS Internal Works Surveys the details shown match the data held on the Control Spreadsheet and Keystone.</p>	<ol style="list-style-type: none"> 1) An inability to categorically validate the accuracy of said data. 2) An inability to evidence the basis and validity of Acceptable Fails. 3) Any failure to accurately record the correct situation could lead to potential challenges by existing / future Tenants in terms of levels of works completed / required. 4) Inconsistency in the levels of document retention. 5) A lack of standardisation in document retention. 	<ol style="list-style-type: none"> 1) Senior Officers review the instances highlighted in order to establish the prevailing situation, and take any appropriate remedial action considered necessary, to correct any invalid data, address the reasons for the variations and clarify document retention policies. 2) Senior Officers consider some further or more extensive checking to establish the extent of this issue. <p>Refer also point Noted 5.8.1 below.</p>	<p>MR</p>
Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)	
<p>The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review</p>	<p>The Opt Out Form and Sign Off Sheet will be reviewed to establish if the required data can all be held on one form which can then be checked at property completion stage. Staff</p>	<p>Achieved (Y/N)</p> <p>Action taken</p>	

<p>and amend processes to ensure the accuracy of data before the end of the programmes. It is possible that the two properties referred to above became void after the WHQS work and more work was undertaken at that time, which the previous tenant may have refused.</p>	<p>training will be provided to ensure consistency.</p> <p>P. S. (Housing Technical Manager) - by 31st March 2019.</p>	<p>Further Action Required?</p>
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5.2 Control Risk 2 - Ensuring the existence of records to evidence / support the Categorisation of WHQS Internal Works Elements as Acceptable Fails.

Tenants have a choice about the improvement works proposed for their homes; if they decide that they do not want works undertaken this will be accepted (unless there are health and safety issues). Such refusals are recorded as Acceptable Fails (due to) Tenants Choice. Also where improvement works are not physically possible (as opposed to refused by Tenants) due to issues such as the age or layout of a property these will also be recorded as Acceptable Fails (but due to) Physical Constraint.

Acceptable Fails (Internal Works) – Supporting Documentation (4)

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5.2.4 Point Noted	Implications	Recommendations	Rating
<p>The WHQS Opt Out Form consists of 3 sections allowing for:</p> <ul style="list-style-type: none"> • The recording of <u>all</u> improvement works offered to the Tenant, • The recording of all offered works from which the Tenant wishes to Opt Out, • The Tenants reasons for opting out of offered works. <p>Completion of all 3 sections would allow for the evaluation / recording of the processes undertaken together with the clear evidencing of Tenants decisions.</p> <p>It appears however that instead of completing the 3 sections in full, there is a practice of recording only details relating to “Opted Out” works; whilst this is not the case in all instances, at best, there appears to be inconsistency in the level of details</p> <p>This is compounded by instances of</p>	<ol style="list-style-type: none"> 1) An inadequate completion methodology of the Opt Out Form. 2) The Form is the prime record by which the decisions made by Tenants in relation to WHQS works are recorded and therefore all details should be recorded as necessary - the current methodology represents a failure to obtain and evidence said information. 3) The current methodology does not allow for the capture of all relevant information in this area, thereby reducing the relevance and effectiveness of the Form. 4) Full completion of the document would assist greatly in instances of challenges by existing / future Tenants in terms of levels of works completed / required. 	<p>Senior Officers issue instructions to all relevant Officers requiring that the 3 sections of the Opt Out Form are completed in full to show:</p> <ol style="list-style-type: none"> a) all improvement works offered, b) all offered works from which the Tenant is Opting Out, c) all reasons for which the Tenant is Opting Out - which must correspond with the details in b) above. <p>The CCBC Officer present should not sign and date the Form until all of the required details are shown.</p>	<p>MR</p>

<p>sections of the Form not being completed at all, including:</p> <ul style="list-style-type: none"> • The offered works from which the Tenant wished to Opt Out’, • The offered works from which the Tenant wished to Opt Out plus the Tenants reasons for opting out of offered works. • The Tenants reasons for opting out of offered works. <p>In these instances it was not clear what exactly had been offered to the Tenants, what they had refused and why.</p>			
<p>Management Comments</p>	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme. As mentioned above, the Form will be reviewed.</p>	<p>Review the Opt Out Form and Sign Off Sheet with a view to combining information onto one Form for full completion at sign off stage. Staff training will be provided to ensure consistency.</p> <p>P. S. (Housing Technical Manager) - by 31st March 2019.</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

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5.2 Control Risk 2 - Ensuring the existence of records to evidence / support the Categorisation of WHQS Internal Works Elements as Acceptable Fails.

Tenants have a choice about the improvement works proposed for their homes; if they decide that they do not want works undertaken this will be accepted (unless there are health and safety issues). Such refusals are recorded as Acceptable Fails (due to) Tenants Choice. Also where improvement works are not physically possible (as opposed to refused by Tenants) due to issues such as the age or layout of a property these will also be recorded as Acceptable Fails (but due to) Physical Constraint.

Acceptable Fails (Internal Works) – Supporting Documentation (5)

5.2.5 Point Noted	Implication	Recommendation	Rating
<p>In addition to point Noted 5.2.4 above the general standards of completion of WHQS Opt Out Forms is considered inadequate with instances of:</p> <ul style="list-style-type: none"> • Full Tenant / Property details not being shown, • Failure to print name (Tenant), • Failure to show the date of completion (Tenant), • Lack of completion (name and date or date only) by CCBC Officers. <p>Full completion of the Form, by both Tenants and CCBC Officers, would assist greatly in instances of challenges by existing / future Tenants in terms of levels of works completed / required, by clearly identifying both the persons responsible for making and evidencing any decisions, and when said actions were carried out.</p>	<p>The Form is the prime document for recording the situation regarding WHQS works and is specific to an individual property and therefore Tenant and enables both to be clearly identified – any failure to complete the required details reduces the relevance and effectiveness of the Form.</p>	<p>Senior Officers issue instructions to all relevant Officers requiring that the following details on the Opt Out Form are completed in full to show:</p> <ul style="list-style-type: none"> a) Full Tenant / Property details, b) Tenant’s printed name, c) The Tenant’s date of completion of the Form, d) The attending CCBC Officer’s name and date of completion of the Form. <p>The CCBC Officer present should not sign and date the Form until all of the required details in a) to c) are shown. Such actions should form part of a Quality Control element of any processes introduced in relation to document completion / retention.</p>	<p>MR</p>

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Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)
<p>The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme. As mentioned above, the Form will be reviewed.</p>	<p>Review the Opt Out Form and Sign Off Sheet with a view to combining information onto one Form for full completion at sign off stage.</p> <p>P. S. (Housing Technical Manager) - by 31st March 2019.</p> <p>Random ongoing checks to be initiated to ensure correct completion of the form.</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>

5.2 Control Risk 2 - Ensuring the existence of records to evidence / support the Categorisation of WHQS Internal Works Elements as Acceptable Fails.

Tenants have a choice about the improvement works proposed for their homes; if they decide that they do not want works undertaken this will be accepted (unless there are health and safety issues). Such refusals are recorded as Acceptable Fails (due to) Tenants Choice. Also where improvement works are not physically possible (as opposed to refused by Tenants) due to issues such as the age or layout of a property these will also be recorded as Acceptable Fails (but due to) Physical Constraint.

Acceptable Fails (Internal Works) – Supporting Documentation (6)

5.2.6 Point Noted	Implications	Recommendations	Rating
<p>The design of the WHQS Opt Out Form is considered inadequate in that:</p> <ul style="list-style-type: none"> • The work elements listed do not necessarily reflect the Internal Works required under the WHQS Programme • There is no specific facility to record any “Achieved Previously” work elements, • The Form is targeted only at Internal Works and does not provide for External Work; • There is no requirement / facility for the CCBC Officer to print their name (unlike the Tenant). <p>This Form has been in use since the commencement of the WHQS Programme.</p>	<ol style="list-style-type: none"> 1) The Form is considered unfit for purpose. 2) As the prime document for recording the situation regarding WHQS Internal Works at each property the Form should reflect all works elements / options available – the present design does not facilitate this. 3) The Form does not provide for the true situation relating to each work element to be recorded e.g. where no work is required due to being “Achieved Previously” this is not reflected as the Form is intended for use only in instances of Opt Outs. This is exacerbated by the current methodology of completion (see point Noted 5.2.4 above). 4) Whilst the situation relating to External Works differs to Internal Works, in terms of “Opting Out”, the Form does not provide for the recording of the true situation relating to each work element 	<p>Further to Points Noted 5.2.4 and 5.2.5 above Senior Officers consider a redesign of the Form to show for both Internal and External Works:</p> <ol style="list-style-type: none"> a) all improvement works offered, b) all offered works from which the Tenant is Opting Out, c) all reasons for which the Tenant is Opting Out - which must correspond with the details in b) above. <p>The new design should allow for situations where, rather than the Tenant Opting Out, work that has been Achieved Previously or is not to be / cannot be undertaken due to other issues e.g. Cost of Remedy / Timing of Remedy / Physical Constraint can be recorded. If it is felt that one Form</p>	<p>MR</p>

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	<p>5) for the former, particularly where works may not be undertaken due to Fails (see ? below).</p> <p>6) The easy identification of all participants in the compilation / completion of any Form should be a prerequisite – in terms of the CCBC Officer involvement the present design does not facilitate this.</p>	<p>Is cumbersome then one each for Internal and External Works could be considered.</p> <p>Any Form(s) should provide for both the Tenant and CCBC Officer to sign and print their names and to show the date of completion. Such actions should form part of a Quality Control element of any processes introduced in relation to document completion / retention.</p> <p>Refer also Points Noted 5.2.7 and 5.9.1 below.</p>	
<p>Management Comments</p>	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme. As mentioned above, the Form will be reviewed</p>	<p>Review the Opt Out Form and Sign Off Sheet with a view to combining information onto one Form for full completion at sign off stage.</p> <p>P. S. (Housing Technical Manager) - by 31st March 2019.</p> <p>Random ongoing checks to be initiated to ensure correct completion of the form.</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

5.2 Control Risk 2 - Ensuring the existence of records to evidence / support the Categorisation of WHQS Internal Works Elements as Acceptable Fails.

Tenants have a choice about the improvement works proposed for their homes; if they decide that they do not want works undertaken this will be accepted (unless there are health and safety issues). Such refusals are recorded as Acceptable Fails (due to) Tenants Choice. Also where improvement works are not physically possible (as opposed to refused by Tenants) due to issues such as the age or layout of a property these will also be recorded as Acceptable Fails (but due to) Physical Constraint.

Acceptable Fails (Internal Works) – Supporting Documentation (7)

5.2.7 Point Noted	Implication	Recommendation	Rating
Further to point Noted 5.2.6 above the design of the WHQS Internal Works Survey document is considered inadequate in that: <ul style="list-style-type: none"> • There is no requirement / facility for the Tenant to print and sign their name as evidence of who has completed the Survey, • There is no requirement / facility for the Tenant to provide a date as evidence of when the Survey has been completed. 	The easy identification of all participants in the completion of any Form together with the date of said completion should be a prerequisite – the present design of the Survey does not facilitate this. Such details assist greatly in the event of any subsequent query.	Senior Officers consider a redesign of the Survey to provide for the Tenant to sign and print their name and to show the date of completion.	MR
Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)	
The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme. Further investigations have determined that this actually relates to the documents used as an internal customer satisfaction questionnaire.	Work is already ongoing to revise this and other customer satisfaction questionnaires based on a response from Welsh Government on the national 7 core 'Star' questions. Unable to progress further until response received. P. S. (Housing Technical Manager) – by 31 st March 2019.	Achieved (Y/N) Action taken Further Action Required?	

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5.3 Control Risk 3 - Verifying the correct categorisation of Acceptable Fails in terms of the Main Fail Reasons.

Acceptable Fails (External Works) – Main Fail Reasons

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5.3.1 Point Noted	Implications	Recommendation	Rating
<p>The Main Reasons for which External Works can be identified as Acceptable Fails are::</p> <ul style="list-style-type: none"> • Cost of Remedy • Timing of Remedy • Physical Constraint • Resident Choice <p>Discussions with the WHQS Project Implementation Manger (External Works) indicated that Cost of Remedy was being / had been used in instances where works were not actually required. Although brought to the attention of other WHQS Officers it appears that there is no simple remedy for this situation. This may relate to the apparent limit in usage to the 4 narratives shown above.</p>	<ol style="list-style-type: none"> 1) Possible inaccurate data resulting in potentially inaccurate WHQS data. 2) An inability to categorically validate the accuracy of said data. 3) An inability to evidence the basis and validity of Acceptable Fails. 4) Potential difficulties in responding to challenges by existing / future Tenants in terms of levels of works completed / required 	<p>Senior Officers review the prevailing situation in this area with a view both to correcting any inaccurate data and addressing the situation going forward.</p>	<p>MR</p>
Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)	
<p>The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme. This was in the process of being reviewed prior to the audit as manual inputting errors had been identified.</p>	<p>An initial desk top exercise is being carried out to review the use of the category 'cost of remedy' and where necessary property visits will be undertaken to ensure the accuracy of recording. This will be progressed during 2019 when spare surveying capacity will be available.</p> <p>P. S. (Housing Technical Manager) – by 31st December 2019.</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

5.4 Control Risk 4 - Ensuring the existence of records to evidence / support the Categorisation of WHQS External Works Elements as Acceptable Fails.

Acceptable Fails (External Works) – Supporting Documentation

5.4.1 Point Noted	Implications	Recommendation	Rating
<p>There was a lack of documentation to support the categorisation of work elements as Acceptable Fails; no records were seen for any of the 22 properties checked (100%).</p> <p>The Fails for the 22 properties related to :</p> <ul style="list-style-type: none"> • Windows – 4 no. • External Doors – 3 no. • Gardens and External Storage 18 no. <p>There were no Fails for Roofs and Associated Components.</p> <p>Discussions with the WHQS Project Implementation Manger (External Works) indicated that unlike Internal Works, where Tenants complete Opt Out Forms, there is no such requirement for External Works; further a Report presented to a recent Policy and Resources Scrutiny Committee indicated that “data on the reasons for refusing external works was not held.”</p>	<ol style="list-style-type: none"> 1) An inability to categorically validate the accuracy of said data. 2) An inability to evidence the basis and validity of Acceptable Fails. 3) Any failure to accurately record the correct situation could lead to potential challenges by existing / future Tenants in terms of levels of works completed / required with resultant / corresponding budgetary implications. 	<p>Senior Officers consider the introduction of a Form for External Work, similar in principle to the Internal Works Opt Out Form.</p> <p>Refer also point Noted 5.1.2 above.</p>	<p>MR</p>
Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)	
<p>The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this</p>	<p>The use of acceptable fail criteria for external works will be reviewed to ensure data is accurately recorded. This will include the</p>	<p>Achieved (Y/N)</p> <p>Action taken</p>	

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<p>time as it provides sufficient scope to review and amend processes to ensure the accuracy. Issues identified are accepted</p>	<p>determination of an element as being compliant rather than being recorded as an acceptable fail and also the reason for an acceptable fail if this is confirmed.</p> <p>P. S. (Housing Technical Manager) – by 31st December 2019.</p>	<p>Further Action Required?</p>
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5.5 Control Risk 5 - Verifying the status of ongoing External Works as shown on Keystone.

External Works – Drive- By Visits to Selected Location

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5.5.1 Point Noted	Implication	Recommendation	Rating
<p>For Information Only Drive-By visits were performed to various properties (on the basis of whole streets rather than individual properties), throughout the County Borough where External Works were shown on Keystone as part completed / ongoing; no anomalies / areas of concern, in terms of what was seen during the visits relative to the corresponding Keystone records, were considered worthy of note.</p>	<p>N/a</p>	<p>N/a</p>	<p>N/a</p>
<p>Management Comments</p>	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>N/a</p>	<p>N/a</p>	<p>Achieved (Y/N) Action taken Further Action Required?</p>	

5.6 Control Risk 6 - Ensuring the accuracy of End of Tenancy related Works as shown on Keystone.

End of Tenancy (EOT) Works – Comparison of Control Spreadsheet Data to Keystone Records and Environmental Finance Group Data (based on EOT Works completed and recharged by Housing Repair Operations – HRO)

5.6.1 Point Noted	Implications	Recommendation	Rating
<p>Of 18 properties for which large scale EOT works had been completed by (HRO) all were shown as complete on the Control Spreadsheet but only 17 were shown as complete on Keystone.</p> <p>However no details relating to the categorisation of the four work elements were shown on the Control Spreadsheet; this appears to be due to a timing issue in that whilst the works were completed in 2016/17 the Control Spreadsheet was being populated initially from 2018/19 only.</p> <p>Of the 18 properties reference to being completed by HRO as EOT works was made for 13 (72%) on Keystone; for the remaining 5 although the four work elements were populated there was no indication of their completion as part of EOT works.</p> <p>Note: there are possible queries over the detail of the large scale EOT works and whether or not they are of WHQS standard – clarification is being sought by the Environmental Finance Group Administrative Section Head. No response had been received at the time of writing.</p>	<ol style="list-style-type: none"> 1) An apparent discrepancy between the various sets of data resulting in an inability to categorically validate the accuracy of said data. 2) Any failure to accurately record the correct situation could lead to future problems with the programming / time tabling / costing (and accuracy thereof) of future work commitments. 	<p>Senior Officers review the instances highlighted in order to establish the prevailing situation, and take any appropriate remedial action considered necessary, to correct any invalid data and address the reasons for the variations.</p>	<p>MR</p>

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Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)
<p>The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme. As part of the new validation processes Control Spreadsheet and Keystone data is being compared and verified to identify any discrepancies.</p>	<p>Any discrepancies in data highlighted is being investigated and corrected in order to accurately reflect the true situation. Property visits are being carried out where necessary to provide confirmation.</p> <p>P. S. (Housing Technical Manager) - ongoing to end March 2020.</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>

5.6 Control Risk 6 - Ensuring the accuracy of End of Tenancy related Works as shown on Keystone.

End of Tenancy (EOT) Works – Comparison of Control Spreadsheet Data to Keystone Records and Housing Repair Operations (HRO) Data (based on EOT Works shown as undertaken by Housing Repair Operations – HRO)

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5.6.2 Point Noted	Implications	Recommendation	Rating
<p>Of 8 properties for which EOT works had been completed by HRO all were shown as complete on the Control Spreadsheet but only 5 (62%) were shown as complete on Keystone.</p> <p>However although details relating to the categorisation of the four work elements were shown on the Control Spreadsheet; these did not reference the fact that the works may have been completed via EOT works; as the works were all completed in 2018/19 the reasons for these omissions are unknown.</p> <p>Of the 8 properties no reference to being completed by HRO as EOT works was made on Keystone; discussions with WHQS Officers indicated that there is an ongoing problem with Keystone interfaces which is affecting the data in this area.</p>	<ol style="list-style-type: none"> 1) An apparent discrepancy between the various sets of data resulting in an inability to categorically validate the accuracy of said data. 2) Any failure to accurately record the correct situation could lead to future problems with the programming / time tabling / costing (and accuracy thereof) of future work commitments. 	<p>Senior Officers review the instances highlighted in order to establish the prevailing situation, and take any appropriate remedial action considered necessary, to correct any invalid data and address the reasons for the variations.</p>	<p>MR</p>
Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)	
<p>The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme. This is a system issue with work ongoing to seek a resolution for historical completions only. The</p>	<p>Historical validation checks to be made of EOT records within Keystone and the Control Spreadsheet to identify any anomalies. These will then be investigated and rectified. A WHQS certificate is also in use for all void allocations to record all elements that have been brought up to WHQS and a copy provided to the tenant.</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

new validation process has rectified the problem going forward.	P. S. (Housing Technical Manager) - by 31 st December 2019.	
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5.6 Control Risk 6 - Ensuring the accuracy of End of Tenancy related Works as shown on Keystone.

End of Tenancy (EOT) Works – Information Provision to WHQS by Other Service Areas

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5.6.3 Point Noted	Implications	Recommendation	Rating
<p>Further to points Noted 5.6.1 and 5.6.2 above information regarding EOT works is currently provided to WHQS Officers by both the Environmental Finance Group and HRO Officers; although based on different source data there is no interaction between the two Service Areas to provide one agreed set of data. Also there is no cross-matching of the current 2 sets of data, by WHQS Officers, to ensure completeness / accuracy.</p> <p>Note: Following discussions during the course of the Audit WHQS Officers agreed to introduce some form of cross-matching of the information supplied.</p>	<ol style="list-style-type: none"> 1) Possible inconsistency in the data provided resulting in potentially inaccurate WHQS data. 2) A lack of co-ordination in the production of the data. 3) The duplication of effort, and associated inefficiencies in the use of staffing resources, in providing the “same” data. 	<p>Senior Officers review the current procedures in this area with a view to assessing the ongoing need for such data, the methodology of the provision of the data and the usage of the data one received.</p>	<p>MR</p>
Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)	
<p>The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme. Cross-matching has now been included in the most recently introduced validation processes.</p>	<p>New validation process has been introduced which will rectify the issue going forward.</p> <p>P. S. (Housing Technical Manager) - completed 23rd November 2018.</p>	<p>Achieved - Yes</p> <p>Action taken – Refer Proposed Actions (left)</p> <p>Further Action Required – No</p>	

5.7 Control Risk 7- Ensuring the accuracy of Control Spreadsheet Data

Anomalies Checks – Sample Reviews of Instances of Possible Erroneous Data Based on a Review of Control Spreadsheet Data

5.7.1 Point Noted	Implications	Recommendation	Rating
<p>Based on documentation available there appear to be two 2 instances of WHQS Standard works being completed by external contractors as EOT works but not being shown either as completed or as EOT works on either the Control Spreadsheet or Keystone. The works were completed in 2017/18.</p> <p>Discussions with WHQS Officers could not indicate why this situation had arisen.</p> <p>The 2 properties concerned are:</p> <p>Property B (details supplied to Service area) Property C (details supplied to Service area)</p>	<ol style="list-style-type: none"> 1) An apparent discrepancy between the various sets of data resulting in an inability to categorically validate the accuracy of said data. 2) Any failure to accurately record the correct situation could lead to future problems with the programming / time tabling / costing (and accuracy thereof) of future work commitments. 	<p>Senior Officers review the instances highlighted in order to establish the prevailing situation, and take any appropriate remedial action considered necessary, to both correct any invalid data and address the reasons for the variations.</p>	<p>MR</p>
Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)	
<p>Investigations have confirmed that this was a one-off issue due to staffing changes within HRO</p>	<p>Remedial action has been taken based on the findings.</p> <p>P. S. (Housing Technical Manager) - completed 27th November 2018.</p>	<p>Achieved - Yes</p> <p>Action taken – Refer Proposed Actions (left)</p> <p>Further Action Required – No</p>	

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5.8 Control Risk 8 - Ensuring the adequacy and reasonableness of Compliance Procedures

A Review of the Compliance Procedures (1)

5.8.1 Point Noted	Implications	Recommendation	Rating
<p>The Procedure documents appeared generally adequate and satisfactory. However whilst reference is made to various documents, files and folders and in some instances specific WHQS Officers in terms of corresponding actions, there is not necessarily specific reference as to how all such records are to be controlled on a daily basis.</p> <p>Also whilst there is reference to a “property folder” it is not clear as to how each / every document in use throughout the various processes / stages are to be handled / retained – refer Point Noted 5.9.1 below.</p>	<ol style="list-style-type: none"> 1) Possible incomplete records. 2) Inconsistency in the levels of document retention. 3) A lack of standardisation in document retention. 4) An apparent lack of control in relation to document retention. 5) Possible resultant difficulties in the ability to evidence decisions and the basis of any resultant actions. 	<p>Senior Officers consider the introduction of some form of Document Retention Policy to establish guidelines in relation to:</p> <ol style="list-style-type: none"> a) the creation of a property master record or file, b) what documents are in use, c) what documents should be in use, d) the format in which the documents are to be retained e.g. paper and / or electronic, e) where said documents should be retained e.g. Keystone / IDOX (Housing) / manual files. f) Officers responsible for compliance with the Policy. <p>The Guidelines should refer to a “check list” of all required documents to be retained in one specific location. Consideration could be given to the usage of a Handover Certificate type document (refer point Noted 5.8.2 below).</p>	<p>MR</p>

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Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)
<p>The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme. Findings accepted.</p>	<p>Document review will be undertaken and a new retention policy agreed.</p> <p>P. S. (Housing Technical Manager) - by 31st December 2019.</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>

5.8 Control Risk 8 - Ensuring the adequacy and reasonableness of Compliance Procedures

A Review of the Compliance Procedures (2)

5.8.2 Point Noted	Implications	Recommendations	Rating
<p>Further to Point Noted 5.8.1 above and the various documents / actions referred to, it appears that for external contractors Handover Certificates (1 per property) are in use which list some, but not all, documents required (in effect a check list) as part of the works completion processes; this is signed off by appropriate CCBC Officers and a representative of the Contractor. There are issues with this document in terms of:</p> <ul style="list-style-type: none"> • It is only in use for works completed by external contractors; there is no equivalent for works completed by Caerphilly Homes, • There is no requirement / facility for the CCBC Officers or contractor’s representative to print their name, • There is no requirement / facility for the CCBC Officers or contractor’s representative to provide a date of completion, • It may not allow for all relevant documents to be attached or referenced. <p>Refer also Point Noted 5.9.1 below.</p>	<ol style="list-style-type: none"> 1) Inconsistency in the usage of the Certificate. 2) The easy identification of all participants in the completion of any Form together with the date of said completion should be a prerequisite – the present design of the Certificate does not facilitate this. Such details assist greatly in the event of any subsequent query. 	<ol style="list-style-type: none"> 1) Senior Officers consider the introduction of a Certificate for works completed by Caerphilly Homes; this should be incorporated into the suggested Document Retention Policy referred to in Point Noted 5.9.1 below 2) Senior Officers consider a redesign of the Certificate to provide for all persons to sign and print their name and to show the date of completion. 3) Senior Officers consider a redesign of the Certificate to allow for all relevant documentation to be attached or referenced. 	<p>MR</p>

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Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)
<p>The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme. Accepted that the handover certificate needs to be reviewed and utilised in a consistent manner</p>	<p>All documents, including the handover certificate will be reviewed together with the process to ensure consistency across all internal works.</p> <p>P. S. (Housing Technical Manager) – by 31st March 2019.</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>

5.9 Control Risk 9 - Ensuring the existence and retention of adequate documentation

General Documentation Issues

5.9.1 Point Noted	Implications	Recommendation	Rating
<p>The general levels and consistency of documentation held throughout the various systems in use is identified as an area <u>in need of</u> improvement. There appears to be no standardisation in the documents held on the various systems, although it is assumed that, to a large extent, the documents in use throughout the various processes / stages apply equally to each property.</p> <p>It should be noted that in relation to Internal Works Opt Out Forms 4 were received from WHQS Implementation Managers which could not be found on either Keystone or IDOX (Housing) – refer also Point Noted 5.2.1 above</p> <p>Note: the Systems accessed as part of this Review were Keystone, IDOX (Housing) and Capita Housing. It is appreciated that as non-users of these systems Internal Audit Officers may not be familiar with their full capabilities; however on occasion WHQS Officers were also asked to provide copies of relevant documentation.</p> <p>Refer also Points Noted 5.8.1 and 5.8.2 above.</p>	<ol style="list-style-type: none"> 1) The lack of a single master file or record for each property containing / referencing all relevant documents. 2) Possible incomplete records. 3) Inconsistency in the levels of document retention. 4) A lack of standardisation in document retention. 5) An apparent lack of control in relation to document retention. 6) Possible resultant difficulties in the ability to evidence decisions and the basis of any resultant actions. 	<p>Senior Officers consider the introduction of some form of Document Retention Policy to establish guidelines in relation to:</p> <ol style="list-style-type: none"> a) the creation of a property master record or file, b) what documents are in use, c) what documents should be in use, d) the format in which the documents are to be retained e.g. paper and / or electronic, e) where said documents should be retained e.g. Keystone / IDOX (Housing) / manual files. f) Officers responsible for compliance with the Policy. <p>The Guidelines should refer to a “check list” of all required documents to be retained in one specific location. Consideration could be given to the usage of a Handover Certificate type document (refer point Noted 5.8.2 above).</p> <p>Refer also Point Noted 5.8.1 above.</p>	<p>MR</p>

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Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)
<p>The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme. Accepted that key documents require to be reviewed together with the process for their use.</p>	<p>All documents will be reviewed to ensure the accurate recording of key information together with the process to ensure consistency across all areas.</p> <p>P. S. (Housing Technical Manager) – by 31st March 2019.</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>

6. Appendices

- 6.1 Audit Report Opinions and Criteria (as approved by the Audit Committee October 2018).
- 6.2 Agreed Scope of Audit.

Internal Audit

Audit Opinion Criteria - as approved by the Audit Committee October 20128

Control Risk Areas

Control weaknesses or other issues noted during the audit will be assessed and rated according to the criteria below, as High, Medium or Merits Attention.

Risk ratings

High Risk Issues (HR)	<p>These are defined as issues where key / fundamental controls are absent, inadequate or ineffective. The risks have not been managed properly. Recommendations in this category must be implemented as the risk is identified as unacceptably high. HR recommendations that cannot be agreed are referred up to the Section 151 officer.</p>
Medium Risk Issues (MR)	<p>These are defined as issues where some controls are absent or existing controls need to be improved or enhanced. Recommendations in this category should be implemented to address system risks and weaknesses. MR recommendations that cannot be agreed will be referred to the appropriate level of management for consideration.</p>
Merits Attention (MA)	<p>These are issues which have been identified which are one off minor administrative issues or relate to best practice improvements in procedures, which managers may wish to consider. Recommendations in this category are included for management to consider and deal with as appropriate</p>

Conclusion and opinion

At the end of our audit we will use the findings and control weaknesses noted to evaluate our overall opinion. This will take into account the individual points noted, their risk and impact. Our conclusion and opinion will be one of the following

- 1. Effective** - based on the results of the audit work undertaken it is considered that the control framework in place is good and should result in system risks being minimised
- 2. Effective with opportunity to improve** (to be reported to Audit Committee if no improvement seen on the follow up of recommendations made) based on the results of the audit work undertaken it is considered that the control framework in place is satisfactory with a number of expected controls in place, however a number of control weaknesses have been identified resulting in some system risk.
- 3. In need of improvement** (To be reported to Audit Committee) based on the results of the audit work undertaken it is considered that the control framework in place is in need of improvement as a result of a number of absent or ineffective controls
- 4. Inadequate and in need of immediate improvement** (To be reported to Audit Committee) based on the results of the audit work undertaken it is considered that the control framework in place is inadequate and in need of immediate improvement which needs immediate action to rectify

If the audit falls into opinion **rating 2** – [Head of Service/Service Manager/ Head teacher/ Chair of Governing body] may be required to report to audit committee if no improvements are shown when follow up review is undertaken or if recommendations/agreed actions are not implemented.

If the report falls into opinion **rating 3 or 4** above [**Head of Service/Service Manager/ Head teacher/ Chair of Governing body**] will be required to report to audit committee, where the report will be considered.

Audit report opinions and criteria

The table below gives further explanation of the criteria to be used when evaluating the overall opinion in the report. **(As agreed by Audit Committee October 2018)**

Opinion	Rationale or criteria
Effective	<p>All internal high risk controls are in place and are operating effectively</p> <p>No high or medium findings noted</p> <p>Very small number of “merits attention” findings</p> <p>All high level risks are controlled and no safeguarding risks identified</p>
Effective with opportunity for improvement	<p>Controls considered adequate but some exceptions exist</p> <p>Small number of medium or low risk / medium or low impact weaknesses noted e.g. minor administrative breaches, which should be relatively straightforward to resolve.</p> <p>Some areas for improvements noted which should be relatively straightforward to implement.</p> <p>All high level risks adequately controlled</p> <p>No immediate risk to assets property, cash, or revenue or risk of breach of Code of Practice, regulations or legislation.</p> <p>No safeguarding risks identified</p>
In need of Improvement	<p>At least one high level risk noted</p> <p>A relatively high number of medium risk weaknesses noted & a large number of areas for improvements noted</p> <p>Risk of fraud, theft, loss or misappropriation of assets, cash or data or other regulatory/ legislation or code or practice breach if improvements are not implemented within relative short term. In general these will be reported to Service Managers or Head of Service before finalising report.</p> <p>Potential for illegal or unlawful activity</p> <p>No immediate safeguarding risks</p> <p>System improvements are not immediately required, but there is a need for improvement identified by the findings noted</p> <p>Processes are considered inefficient, ineffective or poor value for money</p> <p>Non-financial risks identified as a result of poor practice e.g. reputational or impact on other stakeholders.</p> <p>Performance or practices identified does not conform to corporate plan or conflict with improvement plans.</p> <p>Some non-compliance with policy and procedures</p>
Inadequate and needs immediate improvements	<p>At least one or more high risk noted together with a number of medium risk findings over a number of separate areas.</p> <p>Safeguarding risk issues noted</p> <p>Actual fraud, theft, losses of assets or cash, overpayments or loss of revenue reported. In general these will be reported to Service Managers or Head of Service before finalising report, and may lead to additional reviews or investigations.</p> <p>Actual illegal or unlawful activity identified</p> <p>Actual breach of regulatory processes, codes of practice or legislation noted</p> <p>Control systems considered not fit for purpose, inadequate/ non-existent and below standard with significant exceptions or unfit for purpose</p> <p>Large scale noncompliance with policies and procedures & Immediate improvements are required to systems and controls</p> <p>High non-financial risks identified or risk of impact on stakeholders</p>

Audit Assurance Statement

The overall audit report opinion and assurance will support and provide evidence for the Annual Governance Statement process.

Overall assurance is taken from an evaluation of the findings and audit opinion, taking into account the individual risk assessment of the system or process and its materiality or impact.

Assurance Categorisation Table

System Controls	Compliance With Controls	Assurance gained
Effective	N/a or Effective	High
Effective	Effective with opportunity for improvement	Moderate
Effective	In need of Improvement	Partial
Effective	Inadequate and needs immediate improvements	Partial /minimal *
Effective with opportunity for improvement	N/a or Effective	Moderate
Effective with opportunity for improvement	Effective with opportunity for improvement	Partial
Effective with opportunity for improvement	In need of Improvement	Partial / Minimal *
Effective with opportunity for improvement	Inadequate and needs immediate improvements	Minimal *
In need of Improvement	Compliance opinion irrelevant	Minimal/none *
Inadequate and need immediate improvements	Compliance opinion irrelevant	Minimal/ none *

*NB Such evaluations must take into account the system, process or establishment under review and its individual risk assessment within the audit universe and its individual materiality and significance.

Assurance Statement Explanations

High	<ul style="list-style-type: none"> • Where a control system is considered good and no high risk points or findings have been noted. • The number of findings are generally low in number or impact • Where an establishment audit findings show good compliance to external or centrally regulated corporate systems and no high risk points or findings have been noted • Materiality and significance and inherent risk of the system, process, establishment etc. under review also needs to be considered in this evaluation.
Moderate	<ul style="list-style-type: none"> • where a control system is considered good and audit findings are low in number , minor, low risk, only merit attention or are considered low impact • Where an establishment audit findings show only minor noncompliance minor risks or low risk issues or which are considered low impact • Materiality and significance and inherent risk of the system, process, establishment etc. under review also needs to be considered in this evaluation.
Partial	<ul style="list-style-type: none"> • Weaknesses are noted in the control system which are medium risk or impact • A relatively large number of points are noted over a number of different processes under review • Weaknesses are noted in the establishment review which are medium risk or impact • Large scale noncompliance with central or corporate systems or best practice are noted • Materiality and significance and inherent risk of the system, process, establishment etc. under review also needs to be considered in this evaluation
Minimal	<ul style="list-style-type: none"> • The control system/s in operation have procedural or control weaknesses considered to be high risk or high impact • High risk findings are noted in an establishment review • Materiality and significance and inherent risk of the system, process, establishment etc. under review also needs to be considered in this evaluation
None	<ul style="list-style-type: none"> • There is no effective control system or it is not fit for purpose

Appendix 6.2**WHQS Validation Progress – Scope of Audit Review 2018/19**

The main aim of the Review is to ensure the current and ongoing completeness and accuracy of the data held in relation to the Council's meeting of its WHQS Programme, this to include the verification of the existence of associated adequate and reasonable procedures. The following exercises are suggested to achieve this aim:

1. A review of the Compliance Procedures in place to ensure adequacy and reasonableness.
2. The verification of the accuracy of the data shown in the Internal and External Compliance Spreadsheets relative to Keystone Records (and vice versa) – sample basis primarily on completed properties.
3. A review of the reasonableness of the Complete status indicators as shown on the Internal and External Compliance Spreadsheets via reference / comparison to the Status indicators for each Element of the WHQS (Kitchen / Bathroom etc.); the investigation of any possible anomalies – sample basis.
4. Verification of the accuracy and completeness of Voids data via reference to Total data – sample basis.
5. A review of instances of Acceptable Fail indicators for each Element of the WHQS (Kitchen / Bathroom etc.) to ensure correct / reasonable usage; to include the verification of the existence of adequate evidence to support the usage of the indicator – sample basis.
6. A review of anomalies re. isolated non-completed properties in otherwise fully completed roads / streets, to include the verification of the data shown – sample basis.
7. A general review of any apparent anomalies found on the Internal and External Compliance Spreadsheets on a type-by-type basis – sample basis.
8. Verification of the physical completion of works via reference to WHQS Compliance Certificates / Customer Satisfaction Surveys / Questionnaire drop to Tenants / Drive By Visits (External Works) – sample basis (this may involve the usage of officers from other service areas – e.g. Caerphilly Homes)

Notes:

- a) Where possible / if relevant all samples referred to above will ensure complete coverage of all in-house / external contractor works and geographical / operational areas.
- b) Any areas of significant concern highlighted during the Audit Review will be notified to relevant officers immediately for appropriate (remedial) action.

Directorate of Corporate Services

Cyfadran Gwasanaethau Corfforaethol

Internal Audit Services

Gwasanaethau Archwiliad Mewnol

Final Audit Report (Audit Committee Copy)

Section 17 Payments 2017/18

Date issued: 20/12/2018

Lead Auditor(s): Lai Beale – Senior Audit Assistant

Review Manager: Deborah Gronow – Acting Audit Manager

Report Distribution: Gareth Jenkins – Assistant Director, Children Services
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Acknowledgements

Thanks are extended to all staff concerned for their co-operation and assistance during the course of the audit.

This audit was conducted in conformance with the requirements of the Public Sector Internal Audit Standards.

1. Executive Summary

An audit review of Section 17 payments within the Directorate of Social Services was undertaken during November 2017 to January 2018.

The audit encompassed:

- The identification and review of the documentation and procedures in place in relation to all aspects of the Section 17 payments process.
- The identification of controls via enquiry or completion of an ICQ.
- Testing and assessment of the controls in place within the identified procedures.
- An examination on a sample basis of files and/or records covering all possible scenarios relating to Section 17 payments with a view to assessing the completeness and accuracy of the documentation and compliance with the prescribed procedures.

The objectives of the review are to provide assurance that:

- The systems and processes in place are achieving the Authority's objectives.
- The reliability and integrity of financial information is in accordance with both the Authority's Financial Regulations and any other appropriate policies.
- All operations, procedures and controls in place are effective.
- The Authority's assets are safeguarded.
- Internal procedures, policies and any statutory requirements are complied with.

Specific System / Service area risks and controls in place under review were

- Risk 1 – Significant risks identified in previous audits have not been addressed or measures implemented have not achieved control objectives
- Risk 2 - Payments made are not in line with the Law (The Children Act 1989) and CCBC Social Services Policy and Procedure Document
- Risk 3 – Vulnerable children and their families are not supported in line with the provisions of The Children Act 1989.

Any significant issues identified during the course of the audit which were not included in the original scope have been included in the report for completeness.

Conclusion

Overall, the conclusion from the work undertaken is that the control procedures in place are good – based on the results of the audit work undertaken it is considered that the control framework in place is good and should result in system risks being minimised

Compliance with the controls are considered to be in need of improvement - Compliance with the procedures in place is in need of improvement as this audit has identified an inconsistent and poorly managed approach and non-compliance with best practise leading to an increased risk of errors or system failures.

The review has identified areas where there are risks to the Directorate of Social Services - Children Services as a result of weaknesses in control or administration or where management of the Section 17 payments may not currently be aware of or are failing to comply with issued guidance or regulations. Management’s attention is drawn to those issues within the body of the report and appropriate corrective action is required to ensure that the risks identified are addressed.

Where desirable controls have been identified as being absent and as a result minor risks identified appropriate recommendations have been made which should be considered for implementation by management

Any points of a minor or best practice nature have also been included to assist management with ongoing improvement of administrative and financial systems and procedures.

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Control risk area	Internal Control Questionnaire (ICQ) findings	Control / Risk Outcomes (Compliance Testing)
Significant risks identified in previous audits have not been addressed or measures implemented have not achieved control objectives	Most controls in place (see 3.1)	Control objective substantially met (see 4.1)
Payments made are not in line with the Law (The Children Act 1989) and CCBC Social Services Policy and Procedure Document	Most controls in place (see 3.2)	Control objective is not met (see 4.2).
Vulnerable children and their families are not supported in line with the provisions of The Children Act 1989.	All controls in place (see 3.3)	Control objective met in full (see 4.3)
<p>No of Audit points noted total ...39... High risk ...16... Medium risk ...21... Merits Attention ...2....</p>		

2. Risk Categorisations

The detailed findings / points noted are set out in the following section and are focused on areas identified as requiring attention / improvement. In order to assist management with the implementation of the agreed improvement actions, a ranking of the risks identified has been undertaken to allow management to prioritise efforts to address the higher risk / more critical areas first.

Recommendations fall into 3 categories:-

<p>High Risk Issues (HR)</p>	<p>These are defined as issues where key / fundamental controls are absent, inadequate or ineffective. The risks have not been managed properly.</p> <p>Recommendations in this category must be implemented as the risk is identified as unacceptably high. HR recommendations that cannot be agreed are referred up to the Section 151 officer.</p>
<p>Medium Risk Issues (MR)</p>	<p>These are defined as issues where some controls are absent or existing controls need to be improved or enhanced.</p> <p>Recommendations in this category should be implemented to address system risks and weaknesses. MR recommendations that cannot be agreed will be referred to the appropriate level of management for consideration.</p>
<p>Merits Attention (MA)</p>	<p>These are issues which have been identified which are one off minor administrative issues or relate to best practice improvements in procedures, which managers may wish to consider.</p> <p>Recommendations in this category are included for management to consider and deal with as appropriate</p>

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3. Internal Control Questionnaire Evaluation

3.1 Significant risks identified in previous audits have been addressed and measures implemented have achieved control objectives or mitigated previously identified control weaknesses. The findings below is only on areas and procedures that are still relevant following feedback from Finance. Audit was advice that there has been a restructure of the admin role since the last audit report (February 2014) and some of the issues were naturally resolved as part of this process or is no longer applicable.

3.1.1 Point Noted	Implication	Recommendations	Rating
<p>Children’s Payment Request Forms (i) Not all purchases of goods and arrangement of services raised are requested or supported by a Children’s Payment Request Form. In practice, it is only completed for petty cash payments and where requests have to be made to the Finance Team, i.e. OLAS or SWIFT payments. Enquiries with the Admin. Staff from various Childcare Teams also indicated they could be used to request orders to be raised from the Proactis system but an email request approved by the Team Manager will also be accepted and this is also the case with purchase card transactions. All written requests seen from the sample testing of Proactis payments are made from email requests.</p> <p>The request and arrangement for the provision of child minding and nursery services agreed under S.17 is also dealt by an entirely different process (Completion of Children’s Social Services Childminding Provision Placement Referral Form to the Childminding Placement Officer) which is not reflected in the policy and procedure. Discussions with the Admin Officer also identified the current ICS system will be replaced by WCCIS sometime in 2018/19 and this itself, could bring changes to the existing payment methods.</p>	<p>(i) Either the 2013 Policy and Procedure for Section 17 Monies is not being complied with where it states the “Worker must complete children’s payment from providing details of the user, reason for financial assistance, amount requested and payment method” or there is a lack of formal guidelines in some expenditure areas such as Proactis payments and contract payments for the provision of childcare services.</p>	<p>(i) In view of the new WCCIS system, Senior Management and Finance to prioritise and agree a suitable time to review the current policy and incorporate any changes due. The guidelines to be up dated to cover all methods of payment, e.g. purchase card, Proactis, OLAS, Petty Cash. Procedures regarding the arrangement of the Childminding/ nursery care contracts and payment procedures should also be incorporated or made reference to.</p>	<p>MR</p>

Management Comments (3.1.1)	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)
<p>Internal Audit attended Children’s Services Divisional Management Team Meeting on 8th November to consider the key themes and issues emerging from this audit.</p>	<p>Children’s Services DMT agreed to establish a Task & Finish Group to identify the required actions to address the issues raised and populate the Evaluation document. This Group will report back to DMT early in the New Year for DMT to review progress and ratify the action planning. Responsible person: SW (Administration Manager) & planned date to complete: June 2019</p>	<p>Achieved (Y/N) Action taken Further Action Required?</p>

3.1.2 Point Noted	Implication	Recommendations	Rating
<p>Cash Donations to Individuals/ Service Users</p> <p>(i) The Policy and Procedure notes for Section 17 have not been reviewed and revised to incorporate the previous recommendations made in respect of the Children Services Form that was being used for the handing over of cash donations to clients. The current finding is still the same in that form / A4 sheet is un-numbered and the recipient will not be given a copy unless requested. There is no reference to the Children Services Form in the 2013 Policy and Procedure notes. The guidance states “worker must get a signature on a receipt from the service user – this can be e.g. signature on the children’s payment request form – a receipt from a shop or receipt book.”</p> <p>In practice, receipt books are not in use, there are now 2 unofficial versions in circulation but other the heading of the document, they are identical in the information and signatories requested. One is headed by the “Leaving Care Team” for recipients under the Sixteen Plus Team and the other form is headed as “Children Services” which are used by some of the locality childcare teams. It is possible that the forms are now used to a lesser degree in the absence of any other additional staff training or procedure notes available to the admin. teams. Whilst the Admin. Officer oversees the Admin. Assistant, she is based at Pontygwindy House whereas the Admin. Assistants and Clerical staff are based in designated locality teams so it is possible that procedures may vary from team to team. Feedback from the Admin. Officer of the Locality Offices indicated that staff are however experienced and new trainees would have in hand training which would include informal guidance as well as formal system training.</p>	<p>(i) The 2013 Section 17 Policy and Procedures does not equate to what is happening and best practice.</p>	<p>(i) Consideration should be given to review the current documentation being used for evidencing the handing over of cash or items donated to service user. To ensure an effective audit trail exists, the document should ideally be a) pre-numbered, b) in duplicate copy for the service user c) cross referenced to the Children Services Payment Request Form d) able to select the type of assistance given, i.e. cash or purchases and e) signed by the worker and the service user to evidence the donation received. The S.17 Policy and Procedures should either be revised to incorporate the use of the form or alternatively, for each team to be given suitable duplicate copy pre-numbered receipt books receipt with supporting guidance required to evidence the donation. The receipt should be cross referenced to the Children Services Payment Request and be handed to the Admin. Team for retention with the relevant Payment Request Form.</p>	<p>MR</p>
<p>Management Comments</p>	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>See 3.1.1</p>	<p>Task & Finish Group / SW / June 2019</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

3.1.3 Point Noted	Implication	Recommendations	Rating
<p>Formalising Internal Procedures</p> <p>(i) Whilst all admin teams visited were found to have relevant operational user guides at hand for systems such as Proactis, Petty Cash and Purchasing Card, none of the teams have any standard procedure/ training notes regarding the actual day to day administration and payment processes in relation to Section 17 expenditure. Inconsistencies between the teams were noted regarding:-</p> <p>a) The way the S.17 budgetary control sheets were updated. For example, some of the locality sheets were correctly updated when a Proactis order is raised with the amount entered on the estimated cost column and then would update the actual paid column as part of the payment process whilst other sheets (Blackwood & Risca) are not being updated until the Proactis invoice is received.</p> <p>b) The choice of subjective codes used. Examination of the budget sheets noted the Caerphilly East, Bargoed and Blackwood Teams are using subjective code "Q501" other payments to individuals" for expenditure in respect of blood/ hair tests and/or professional GP reports. Other than the odd coding error, other Teams are posting this nature of spend to Q268 which has been confirmed by Finance to be the correct one. Audit was advised that there is a separate budget set up for Q268 which is exclusively for professional fees. This enables Finance to disregard this spend from the S.17 budget.</p> <p>c) The retention records in respect of Proactis payments. Not all the Proactis paperwork raised for the Caerphilly With Disabilities Team (CwD) are retained in the same file and location. Audit was advised that all records for Argos payments are kept separately in the Energlyn Office in case the Argos receipts are needed as a guarantee for purchases. All other payments are retained by the Admin in Ty Pontygwindy.</p>	<p>(i) Inconsistencies and incorrect working practices could be innocently passed on to newer staff during their hand over period / training when there are no guidance notes available to assist and confirm as a reference. There are inconsistencies between the teams in the way the administration and payment processes are carried out even though they are undertaking the same functions.</p>	<p>(i) For consistency and best practice, consideration should be given to introducing a single set of standardised procedures to cover all expected duties undertaken by the admin teams. This should include the updating of the budgetary control sheets, document retention as well as the actual processing of payment requests. The procedure notes should address all payment requests that go through to the Admin Team including those where involvement may only be partial, e.g. the preparing of payment requests for Finance e.g. for OLAS and SWIFT payments, items to be procured through the corporate purchase card if there is no designated purchase card administrator within the team as well as payments that are fully processed by the Team e.g. Proactis and petty cash.</p>	<p>MR</p>
<p>Management Comments</p>	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>Most issues to be addressed through Task and Finish group but Finance can issue a list of subjective codes in the interim.</p>	<p>GB (Assistant Accountant)</p> <p>31/12/18</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

3.2 Control area 2

Payments made are not in line with the Children’s Act and CCBC Social Services Policy and Procedure Document.

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3.2.1 Point Noted	Implication	Recommendations	Rating
<p>Policy Update/ Review (i) Whilst the current Policy and Procedure is in line with the Children’s Act 1989, no review has taken place to ascertain if the document needs to be revised / updated to incorporate any changes required from the latest legislation, i.e. S.15 of the Social Services and Well Being (Wales) Act 2014 places a duty on the Local Authorities to provide or arrange for the provision of a range of preventative and support services. The Act came into force on 6th April 2016 and the current S.17 Policy and Procedure is dated August 2013.</p>	<p>(i) The current Policy and Procedure may not be in line with the latest legislation.</p>	<p>(i) Consideration should be given to assess if there is a need for the current “Policy and Procedure for use of Section 17 monies” to be reviewed / revised to ensure the procedures concerning with financial payments/ support meets the criteria and principle set out in S.15 of the Social Services and Well Being (Wales) Act 2014.</p> <p>(ii) All procedure and guidance documents should be diarised for periodic review.</p>	<p>MR</p>
<p>Management Comments</p>	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>See 3.1.1</p>	<p>Task & Finish Group / SW / June 2019</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

3.2.2 Point Noted	Implication	Recommendations	Rating
<p>Awareness & Access to Policy (i) Discussions with 3 of the 4 Team Managers either indicated that front line staff are probably not aware of how to access a copy of the S.17 Policy and Procedure or it is felt that this should be an area where staff should revisit. All Managers however, pointed out that a discussion will always take place to agree assistance before a formal request for S.17 expenditure takes place.</p>	<p>(i) Staff responsible for making S.17 expenditure request cannot or do not know how to access the relevant Policy and Procedure notes.</p> <p>(ii) Staff maybe unaware of the content of these guidance notes.</p> <p>(iii) Errors or inconsistent practices may arise.</p>	<p>(i) For good working practice, all frontline and support staff should either be given a copy of the S.17 Policy and Procedure notes for reference or at the very least, be made aware on how a copy can be accessed. All relevant staff should have access to the intranet and a copy of the policy can be accessed via the Social Services Children’s Services link under policies, procedures and guidelines.</p>	<p>MR</p>
Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)	
<p>See 3.1.1</p>	<p>Task & Finish Group / S W / June 2019</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

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3.3 Control area 3

Vulnerable children and their families are supported in line with the provisions of the Children’s Act.

There are no areas of concern found within this section of the report.

4. Detailed Findings / Points noted

4.1 Control/risk 1

This section tested the internal controls of any significant risks identified in previous audits have not been addressed or measures implemented have not achieved control objectives.

4.1.1 Point Noted	Implication	Recommendations	Rating																																												
<p>Receipt Form for Cash/ Items Donated</p> <p>(i) The sample testing of petty cash payment records identified a number of instances where <i>either</i></p> <p>a) No receipt for cash/ items form has been completed to confirm the exchange of money/ goods received by the service user, i.e.</p> <table border="1" data-bbox="149 613 831 1073"> <thead> <tr> <th>Team</th> <th>CS No.</th> <th>Date</th> <th>Cash/ Item</th> </tr> </thead> <tbody> <tr> <td>16+</td> <td>CS0011872</td> <td>26/06/2017</td> <td>£30.00</td> </tr> <tr> <td>CwD</td> <td>CS0011313</td> <td>28/06/2017</td> <td>£40.00</td> </tr> <tr> <td>CwD</td> <td>CS0011314</td> <td>28/06/2017</td> <td>baby gate</td> </tr> <tr> <td>Risca</td> <td>CS11244</td> <td>17/05/2017</td> <td>£25.00</td> </tr> <tr> <td>Risca</td> <td>CS11255</td> <td>30/05/2017</td> <td>£20.00</td> </tr> <tr> <td>Risca</td> <td>CS11268</td> <td>09/06/2017</td> <td>£30.00</td> </tr> <tr> <td>Risca</td> <td>CS11272</td> <td>09/06/2017</td> <td>£50.00</td> </tr> <tr> <td>Risca</td> <td>CS11290</td> <td>28/06/2017</td> <td>£50.00</td> </tr> <tr> <td>Blackwood</td> <td>CS00283</td> <td>19/06/2017</td> <td>£20.00</td> </tr> <tr> <td>Blackwood</td> <td>CS11284</td> <td>19/06/2017</td> <td>£24.00</td> </tr> </tbody> </table> <p>or</p> <p>b) The forms have not been included with the petty cash records, they were located in IDOX instead, i.e. CS11286 for £20 & CS11910 for £20 from the Blackwood Team.</p>	Team	CS No.	Date	Cash/ Item	16+	CS0011872	26/06/2017	£30.00	CwD	CS0011313	28/06/2017	£40.00	CwD	CS0011314	28/06/2017	baby gate	Risca	CS11244	17/05/2017	£25.00	Risca	CS11255	30/05/2017	£20.00	Risca	CS11268	09/06/2017	£30.00	Risca	CS11272	09/06/2017	£50.00	Risca	CS11290	28/06/2017	£50.00	Blackwood	CS00283	19/06/2017	£20.00	Blackwood	CS11284	19/06/2017	£24.00	<p>(i)-(ii) This is contrary to the S.17 guidance which states “worker must get a signature on a receipt from the service user.”</p> <p>There is no evidence that the donation/ benefit in kind have been received by the intended service user. The lack of transparency could result in staff being unable to provide the necessary proof should an accusation be made or there is a risk that any false claims made by Staff will not be detected.</p> <p>There are inconsistencies within staff and team practices where some are completing forms and others are not and some of the forms are given to the Petty Cash Administrator where appropriate whilst others are scanned straight into IDOX. There are different practices when staff are performing the same task.</p>	<p>(i)-(ii) Team Managers to ensure all appropriate staff are aware of the requirement that a signatory must always be obtained from the service user to evidence the exchange of cash or items donated.</p> <p>If the cash or purchase has been made through the petty cash account, the signatory should be handed to the Petty Cash Administrator to ensure it can be kept with the relevant “CS” payment request form.</p> <p>For items purchased via Proactis, the signatory should be handed into the Admin Team to be retained with the relevant Proactis paperwork.</p>	<p>HR</p>
Team	CS No.	Date	Cash/ Item																																												
16+	CS0011872	26/06/2017	£30.00																																												
CwD	CS0011313	28/06/2017	£40.00																																												
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Blackwood	CS11284	19/06/2017	£24.00																																												

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4.1.1 Point Noted	Implication	Recommendations	Rating
<p>Receipt Form for Cash/ Items Donated (Cont'd) (ii) No petty cash sample testing was undertaken for the Bargoed Team as the account is rarely used but enquiries with the Admin. Assistant regarding purchases ordered from Proactis indicated that none of the Social Workers would obtain a receipt or signatory from the recipient/ service user when the items are handed over.</p>	<p>(ii) Please refer to the previous page.</p>	<p>(ii) Please refer to the previous page.</p>	<p>HR</p>
Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)	
<p>See 3.1.1</p>	<p>Task & Finish Group / S W / June 2019</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

4.2 Control/ risk 2

Payments made are not in line with the Children’s Act and CCBC Social Services Policy and Procedure Document. Due to the level of sensitivity contained in the records held by Social Services and that information can be shared with external organisations/ agencies, the examination of policy and procedure documents has been extended to policies related to information security.

4.2.1 Point Noted	Implication	Recommendations	Rating
<p>Budget Set Up for S.17 It is noted that the S.17 budget is set up in OLAS as a subjective code (R012 – assistance in cash & kind) instead of an individual cost centre code for each Team/ budget holder. None of the payments / transactions are posted and offset against the budget set up in OLAS and therefore, reducing balances are not available for as a result. Instead, each budget holder is set up with 2 cost centres for use when making S.17 payments but either of them contain any budget provision / allocated for the financial year as this is allocated to R012, one is specifically for childminding/ nursery care costs (ranges from 1961, 1970 – 1976) and the other cost centre (1910 – 1916) covers all other expenditure relevant to S.17 e.g. foods, clothing allowance, travelling expenses, payments to individuals etc. Enquiries with Finance however, explained that each Team are expected to monitor their own budgets via the completion of the budget control sheets. Finance will issue an OLAS transaction report periodically for Admin to check and reconcile against the control sheets. None of the Teams have access to OLAS. This should be every month but can take longer depending on time of year, particularly during year end.</p>	<p>The way the budget structure has been set up in OLAS means that budget holders are still having to rely on the traditional method of maintaining a manual system (budget control sheet) in order to monitor their budget when this information could easily be accessed via the OLAS system if the S.17 budget allocation is up as a cost centre for each budget holder. The reliance of the manual recording and reconciliation system is a more time consuming and resource intensive process. It requires Finance staff having run periodic OLAS transaction reports to all budget holders which are sometime subject to delay and resources of each Admin Team to update and reconcile the budget.</p>	<p>Management to consider if it is more cost efficient and practical for the budget holders or their Admin. Support Team to be given access to the OLAS system to review their own budget. The budget allocation in the OLAS system would have to be set up so that expenditure can be posted against a budget provision so that a meaningful balance can be maintained.</p>	<p>MR</p>
<p>Management Comments</p>	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>Team have budget sheets set up for them from finance each year for their use – ideally it should be used a reducing balance record of available budget – and aid decision making in the area office. However as part of the bi-monthly reporting each budget line is looked at in depth by the Assistant Accountant and discrepancies and concerns are reported back to DMT as part of the budget monitoring process.</p>	<p>Finance and the Admin Manager do not see the need for admin staff to have access to Olas. However admin staff do need refreshing as to the implications of not keeping records up to date – this will be addressed as part of the task and finish group.</p>	<p>Achieved (Y/N) Action taken Further Action Required?</p>	

4.2.2 Point Noted	Implication	Recommendations	Rating
<p>Accuracy of Budgetary Control Sheets</p> <p>(i) The current monitoring and reconciliation process for the remainder of the S.17 budget sheets is failing to maintain an accurate up-to-date balance of the total spend and available budget. This is because not all S.17 expenditure goes through to the individual Admin Support Teams despite them having the responsibility for the updating of the budgetary control sheets. The following areas of spend bypasses the Admin Teams:-</p> <ul style="list-style-type: none"> • Nursery care and child minding. An analysis of the 2017/18 OLAS expenditure download found that between 41% to 93% of the budget has been spent in this area by 4 of the 8 budget holders. A breakdown of the individual budgets is available in Appendix 1. • Recharges via internal invoices. Expenditure in this area is to a lesser degree. <p>As a result, the expenditure is updated retrospectively by the Admin. Officers on receipt of the OLAS transaction reports for S.17 expenditure. The reports are issued periodically (monthly or sometimes 2+ months) to reconcile against the control sheets. However, due to the lack of information available, these transactions are simply “taken off” the transaction report and entered on the sheets rather than used for checking where there are differences between the 2 records.</p>	<p>(i) The inaccuracies of the budgetary sheets will impact on the management of resources and could result in:-</p> <p>a) Overspends where some nature of spend is not updated until at least 1 month after payment.</p> <p>b) Any punching or omission errors being missed where there are no other records available to verify the transactions listed on the OLAS transaction report.</p> <p>c) An insufficient use of staff resources when time is spent by Finance in producing all the OLAS transaction reports and by the Admin Officers who are in effect updating the sheets “blindly” and mostly on a “catch up” basis.</p>	<p>(i)-(ii) A review should be undertaken on the way the budget monitoring process is carried out to improve the efficiency of the process and to ensure that Staff who are given the responsibility of updating the budget control sheets are able to accurately update all areas of spend relevant to the appropriate budget as soon as the expenditure is approved and committed. It is believed that the same budget system is used for other locality budget provisions, not just S.17 payments so consideration should be given for the Admin Support staff to have access to the OLAS General Ledger system as part of the budget reconciliation process. Formal procedures notes and staff training should also be considered to reduce the inconsistencies between the Teams.</p>	<p>HR</p>
<p>Management Comments</p>	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>As 4.2.1</p>	<p>Task & Finish Group will refresh training/awareness to staff of the importance of keeping their budget records up-to-date.</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

4.2.2 Point Noted	Implication	Recommendations	Rating																				
<p>Accuracy of the Budget Control Sheets (Cont'd) (ii) An analysis of the 2017/18 budget control sheets for each locality office identified the volume of expenditure being updated retrospectively are significant in the following offices:-</p> <table border="1" data-bbox="52 373 751 641"> <thead> <tr> <th>Team</th> <th>Total payments</th> <th>Total from trans. report</th> <th>% from trans. report</th> </tr> </thead> <tbody> <tr> <td>Caer West</td> <td>£5575</td> <td>£5035</td> <td>90%</td> </tr> <tr> <td>Risca</td> <td>£4733</td> <td>£4117</td> <td>87%</td> </tr> <tr> <td>Black'd</td> <td>£1962</td> <td>£1527</td> <td>78%</td> </tr> <tr> <td>Rhymney</td> <td>£554</td> <td>£392</td> <td>67.5%</td> </tr> </tbody> </table> <p>A sample testing of payments identified that in addition to the retrospective update of childcare payments and internal recharges already highlighted, some of the Teams are not updating the budget sheets straight away in regards to OLAS/ SWIFT payment requests sent to Finance and Proactis orders. Feedback from the Bargoed/ Rhymney Team identified that OLAS/ Swift payment requests are updated but this may take place after they are sent. The initial enquiries with a newer member of staff identified she was not familiar with the procedures for dealing with OLAS payment requests which was subsequently confirmed by another member of staff. With regards to the Risca/ Blackwood Team, Audit was advised that only expenditure paid via Proactis and Petty Cash are currently updated onto the control sheet and with the Proactis orders, they would not be updated until an invoice comes in. Of 2 Proactis payments examined for the Risca/ Blackwood Team, the 1 order was totally omitted (PO10620593 – Homestyle of Blackwood).</p>	Team	Total payments	Total from trans. report	% from trans. report	Caer West	£5575	£5035	90%	Risca	£4733	£4117	87%	Black'd	£1962	£1527	78%	Rhymney	£554	£392	67.5%	<p>(ii) There is a lack of consistencies between the Teams as to when and what type of transactions should be updated onto the control sheets. The delay in updating the sheets will impact on the management of resources, overspends could occur where the budget sheet showing actual spend and remaining balance is not kept up-to-date. The OLAS transaction reports are not always sent out on a monthly basis but 2 months+ particularly towards financial year end and the beginning of the new financial year. S.17 budget is cash limited requiring budget holders to take their role in managing resources seriously but the current budget control / management information is not a reliable tool for budget holders to carry out this function effectively.</p>	<p>(ii) Please refer to the recommendations highlighted on the previous page.</p>	<p>HR</p>
Team	Total payments	Total from trans. report	% from trans. report																				
Caer West	£5575	£5035	90%																				
Risca	£4733	£4117	87%																				
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<p>Management Comments</p>	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>																					
<p>Finance have very much advised that commitments must be recorded on the sheets as they are made rather than when invoices etc are received. However due to the complexity of these budgets –as they cover a broad scope admin teams will not be involved in all aspects of expenditure.</p>	<p>It was discussed at DMT on 29th November to review this budget and set up a new format from 1/4/19.</p>	<p>Achieved (Y/N) Action taken Further Action Required?</p>																					

4.2.3 Point Noted	Implication	Recommendations	Rating
<p>Errors not identified via budget reconciliation</p> <p>(i) The following errors have not been picked up despite reconciliation carried out:-</p> <p>a) Payment to Granville West, Chives & Morgan for £201.00 in respect of order number PO10609303 has not been updated to the Risca budget sheet. Part of a payment to a childminder, KC in respect of person A for child minding cost has not been transferred to the Risca budget sheet from the budget reconciliation. This may be an oversight as part of the invoice (£52.30), no. JASE-9 is in respect of the previous financial year (31/3/17) whilst the remainder, £154.76 (for 2-3/4/17) was expected to be updated from the period 1 OLAS transaction report.</p> <p>b) Two of the payments recorded on the S.17 sheets were not paid out of the S.17 budget, they were correctly posted to the special guardianship cost centre and as such, should have been identified and removed from the S.17 budget sheet as part of the reconciliation process. These were:</p> <ul style="list-style-type: none"> • 11/5/17 – Person B - inv. no. SDQ000034623266 – Sports Direct - £75.20 updated on the Rhymney sheet for cost centre 1914 but this payment has been paid on cost centre 1014 (special guardianship – Rhymney). Examination of the CS payment request form, CS0010070 identified it was incorrectly entered as S.17 expenditure but this was picked up and corrected by Finance as part of their verification process. The Swift ID was left blank on the payment form by the Admin Team. <p>It is also noted that there is no suitable column on the budget sheet for the CS payment request number to be entered for requests sent to Finance for processing. This number is only recorded under the “PC No” column where a CS payment form is filled in for petty cash from the Admin Team. This reconciliation columns have been left blank (unreconciled) for this entry.</p>	<p>(i) Errors expected to be picked up as part of the reconciliation process has either been missed or left as unreconciled. This impact on accuracy of the available budget balance and compromises on the role of the budget holders in the management of resources particularly as the S.17 budget is cash limited.</p> <p>(ii) It is more difficult for Finance to identify the service user in the absence of the Swift ID which could impact on the budget verification checking process. In the case of person B, the individual could not be identified in ICS via the name search option, the surname recorded on the CS form is not how the person has been set up as on the system where a joint surname has been entered.</p> <p>(iii) The CS request number is processed as the invoice number which filters through to the OLAS transaction report. Budget reconciliation is made more difficult if this number is not recorded on the budget sheet.</p>	<p>(i) Any differences between the sheet and transaction report is investigated as part of the budget reconciliation. Transactions listed on the report but not on the control sheet should be checked for omission errors. Equally, items update on the sheet but does not on the report should also be followed up with Finance. The errors highlighted should now be rectified.</p> <p>(ii) Staff should be reminded of the importance of completing all relevant details on the CS payment request form. The Swift ID is crucial information that allows Finance to correctly identify the individual for verification purposes.</p> <p>(iii) The budget control sheet should include a provision for the CS payment number to be entered for transactions that are sent to Finance for processing. This number can be completed by the Team before the form is sent off.</p>	<p>MR</p>

4.2.3 Point Noted	Implication	Recommendations	Rating
<p>Errors not identified via budget reconciliation (Cont'd) (i) b) • 14/6/17 – Person C for transport dated 12/ - 23/6/17 for £73.60 updated on the Bargoed Sheet against cost centre 1910 but checks carried out confirmed that the payment is correctly coded to cost centre 1010 (special guardianship - Bargoed). The entry has been marked as reconciled on 12/7/17.</p>	<p>(i) Please refer to the previous page.</p>	<p>(i) Please refer to the previous page.</p>	<p>MR</p>
Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)	
<p>There is not the capacity in Finance to reconcile the teams budget sheets at year end or periodically.</p>	<p>However these issues will be addressed in the revised process and budget setting and as part of the task and finish group.</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

4.2.4 Point Noted	Implication	Recommendations	Rating
<p>Unreconciled and Pending Transactions</p> <p>(i) Not all expected transactions on the budget sheets have been marked off as reconciled. A check of the Blackwood budget sheet identified 2 entries that weren't marked off during the first reconciliation on 12/7/17 even though both entries were listed on the OLAS transaction report. Both are petty cash entries listed as petty cash no. PC11215 (dated 11/4/17) for £15.96 in respect of food and PC11230 (2/5/17) to pay for birth certificate - £10. A check on the Caerphilly East sheet identified a transaction that has been updated to the S.17 sheet (cost centre 1913) in error but has not been identified as the expected budget reconciliation have not been performed, i.e. entry dated 11/5/17 in respect of person D for £765.00 should be on the budget sheet for cost centre 1983. Whilst there were only a few transactions on the spreadsheet, none of them have been updated as reconciled.</p> <p>(ii) Long standing pending or incomplete entries do not appear to have been followed up to confirm their status of progress, i.e.</p> <ul style="list-style-type: none"> 7/6/17 – Person E – possible Proactis order to be confirmed for a baby gate with £26.24 committed to the estimated cost projection. There was still no progress at the latest reconciliation undertaken on 18/9/17 and a check on OLAS carried out by Audit confirmed that no payment had been made matching to the details recorded on the sheet but a check to the ICS system identified person E became LAC on 6/6/17 and hence, if a purchase has been made, it is possible that it would be coded to a different cost centre. There is no amount entered on the Bargoed sheet on either of the costing columns (cost projection & actual payment) for entry dated 5/9/17 – PO10630556 for safety gate. An OLAS enquiry identified the order has been fully paid, i.e. £42.47 on 27/9/17. 	<p>(i) There is no evidence that that the reconciliation has been fully completed against the relevant OLAS transaction report. There is no obvious reason as to why the columns entitled "Transaction list check" have not been completed or reconciliation not performed when the transactions were listed on the report.</p> <p>(ii) The accuracy of the budgetary control sheet is dependent on the sheet being correctly and regularly updated as and when transactions occur. Balances may not be correct if long standing pending transactions are not reviewed to confirm their status. Also by not entering an amount on the sheet, the spreadsheet cannot calculate an appropriate deduction and generate a correct running balance of the remaining budget.</p>	<p>(i) A full reconciliation should be undertaken following receipt of the OLAS transaction report and the transaction list check should be updated accordingly.</p> <p>(ii) It should be ensured that all longstanding pending or incomplete entries are followed up as part of the budget reconciliation. The two entries highlighted should now be followed to ensure appropriate action is undertaken.</p>	<p>MR</p>
<p>Management Comments</p>	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>Further training needed once task and finish group completed their work.</p>	<p>Children's Services DMT agreed to establish a Task & Finish Group to identify the required actions to address the issues raised and populate the Evaluation document. Responsible person: SW & Date: June 2019</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

4.2.5 Point Noted	Implication	Recommendations	Rating
<p>Incomplete transactions and formula error on budget sheets (i) Examination of the budget sheets noted:-</p> <p>a) Two instances where the transaction details are incomplete, i.e.</p> <ul style="list-style-type: none"> The order number (PO10639766) have not been updated on the Caerphilly East sheet in respect of person F for invoice no. 72490 The invoice number, referenced as “CS-0010911XD” have not been updated on the Bargoed sheet in respect of person C for transport fare for 12 – 23/6/17. This is made on a children’s payment request form, no. CS0010911 sent to Finance. As highlighted in point 4.2.3, the reconciliation process did not identify that this was in fact updated on the wrong budget sheet (s/b 1010 not 1910). <p>b) One instance was noted where a formal cell error has occurred on an entry from the Blackwood budget sheet which has affected the accuracy of the reducing budget balance which is overstated by £87.54.</p>	<p>(i)</p> <p>a) It is more difficult to match and reconcile the budget if transaction details are not fully recorded onto the control sheet. The recording error regarding person C may have been identified if the order number was entered, it would have assisted in ensuring the transaction was correctly reconciled, i.e. the order number could have been used to track the payment in Proactis and identify which cost centre the payment was and should have been paid from upon discovery that the transaction was not on the S.17 transaction listing.</p> <p>b) The available balance calculated by the spreadsheet is incorrect and could unknowingly, result in a minor overspend.</p>	<p>(i)</p> <p>a) Staff should be reminded of the importance of completing the budget sheet fully and accurately. If some of the details cannot be confirmed straightaway, it could be updated as “to be confirmed” until the information is available. This will prompt the completing officer that further information is required.</p> <p>b) Arrangement to be made with Finance for the cell error to be corrected.</p> <p>c) Periodically checks should be undertaken to ensure that spread sheet calculation formula etc. are valid.</p>	<p>MR</p> <p>MR</p>
<p>Management Comments</p>	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>Further training needed once task and finish group completed their work.</p>	<p>Children’s Services DMT agreed to establish a Task & Finish Group to identify the required actions to address the issues raised and populate the Evaluation document. Responsible person: SW & Date: June 2019</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

4.2.6 Point Noted	Implication	Recommendations	Rating
<p>Looked After Children Various sample tests have identified the following payments taken from the S.17 budget were either in respect of children already being looked after by the Authority (LAC) prior to the expenditure requested or during the delivery of an on-going provision. Just over half of these are in respect of childminding. Audit was advised by Finance that they would only be allocated a different cost centre if it is for foster carer childminding (CC: 1829 – foster carer support). Details as follows:-</p> <ul style="list-style-type: none"> • Person G (Rhymney) for child minding during 2/5/17 – 11/7/17. A systems' enquiry identified that LAC started as of 26/11/14 with no end date. The case notes did however show that G was domiciled with the birth parent at the time the sessions took place and the allocation of budget in this situation appears ambiguous. • Family 1 (Rhymney) for child minding requested and received on 8/8/17 and the family became LAC on 3/7/17 with no end date. However, despite the LAC status, the request was made to relieve and support the birth parents who were struggling with their parenting role. • Family 2 (Rhymney) for child minding on 30/8/17 and LAC start date for the siblings is 25/7/17. Start date of foster parent is 30/8/17. • Person H (Rhymney) who became LAC and under foster care on the same day as the first child minding session took place, i.e. 30/8/17. • Person I (Caerphilly East) in respect of drug testing for father, invoice number 46335, order no. PO10637361 for £765 (net) entered on the budget sheet on 4/9/17. LAC commenced on 17/2/17 with no end date. This invoice was subsequently cancelled as it was identified as a duplicate as highlighted in Section 4.2.6. The first payment entered by Finance was correctly coded to 1983 (other LAC Services – Caerphilly East). 	<p>Based on the feedback from Finance, the budget allocation of childminding payments appears to be treated differently which is not reflective of the key principles set out in the S.17 policy and procedure notes. One of the key principles outlined is “to prevent children entering Local Authority care where appropriate and to support them appropriately within their families. With the exception of person G and family 1 who were living with their birth parents at the time, all other child minding expenditure are in respect of children in foster placements and they were all recorded as being under LAC. Under the current practice, the S.17 budget which is cash limited is being taken up for children who are being looked after and whose related costs should be allocated to different budget codes. This would make the budget difficult to manage and distorts the actual spend in respect of Looked After Children, impacting on the factual accuracy of spends to be reported and in response to any freedom of information requests. The current way of coding the childminding spend does not appear to be transparent.</p>	<p>It is recommended that:</p> <p>a) A review is carried out on the allocation of childminding cost as the current coding of expenditure conflict with the principles of the S.17 policy and procedure notes. As recommended in an earlier section of this report, the arrangement and payment of this spend should be incorporated or made reference to within the S.17 policy and procedures or with the related additional guidance. All relevant staff responsible for coding childminding/ childcare expenditure is able to select the correct cost centre for use. Staff training to be given if deemed appropriate.</p> <p>b) Management to be satisfied that the reporting of spends for S.17 expenditure and Looked After Children are accurate.</p>	<p>HR</p>

4.2.6 Point Noted	Implication	Recommendations	Rating
<p>Looked After Children (Cont'd)</p> <ul style="list-style-type: none"> • Person F (Caerphilly East) in respect of drug testing for mother, invoice number 72490 for £521.00 (net), dated 4/9/17. LAC episode is from 28/7/17 to 7/2/18. • Person J (Caerphilly West) for day nursery provision that goes back from 1/2/16 – 4/9/17 and the child became LAC on 26/1/16. Other enquiries carried out identified that foster allowance in respect of “J” is costed to 1982 (Other LAC Services – Caerphilly West). The total spend over financial year 16/17 & 17/18 is £15k. The whole S.17 budget for 17/18 is £9067. • Person A (Risca) for the provision of child minding during 3/2/-10/4/17. This person became LAC shortly after the childcare started, 17/2/17 but the expenditure continued to be charged against the S.17 budget. Feedback from the Team Manager indicated that this was an oversight as the cost centre would normally have been changed. • Person K (Risca) to pay for passport (£46) requested on CS0011295 (dated 6/7/17) sent to Finance. The LAC status was missed as a search was carried out on the wrong name. Looking at the handwriting on the CS form, the swift ID was filled in by someone else other than the requesting officer who had to carry out a name search to undertake checks but had mistakenly searched the name wrong way round and hence, the check was made against the wrong person. Person K became LAC since 16/12/16 so it should have come out of the LAC budget as ticked on the CS request form. Despite this being a genuine error, it should have been identified via the budget reconciliation process for period 4 for the Rhymney budget. Due to the wrong name search, the expenditure was also coded to an incorrect cost centre (1914 - Rhymney) but no journal adjustment has been made carried out to suggest the error was identified and corrected. The item would have been listed on the OLAS transaction list against the 1914 cost centre but not recorded on the budget control sheet. A query for possible miscoding should have been raised with Finance. 	<p>It is also possible that there is a training issue with the Finance Team as a check on cost centre coding against payments for one of the childminders (KC – CCP00774) has identified that other cost centres are being used, e.g. 1821 – own foster – Blackwood, 1981 – other LAC Services – Blackwood, 1984 – other LAC Services Rhymney.</p> <p>The partial completion of the CS payment request form by the requesting officer has resulted in an error made in respect of the identity of the child.</p> <p>Where genuine coding error is being made, it is not being picked up by the current internal processes. The budget reconciliation has failed to identify the miscoding of cost centre in the instance of person K – passport. The budget reconciliation does not appear to have been properly performed.</p>	<p>c) All “CS” payment request forms are fully and accurately completed by the requesting officer.</p> <p>d) Key staff should report any changes that would require a cost centre/ budget change of the S.17 budget, i.e. where children become looked after by the Authority. The change of circumstances should be reported to the children services admin team and the paying department if this is different.</p> <p>e) Staff responsible for undertaking budget reconciliation need to ensure that any differences flagged up between the budget control sheet and the OLAS transaction report is followed up to ensure appropriate action is undertaken.</p>	<p>See previous page</p>

4.2.6 Point Noted	Implication	Recommendations	Rating
<p>Looked After Children (Cont'd)</p> <ul style="list-style-type: none"> • Person L (Blackwood) for child minding during 20/2/-14/10/17 and “L” became LAC on 10/7/13. Foster allowance is paid from cost centre 1981 (Other LAC Services – Blackwood). • Family 3 (Blackwood) for reimbursement of £21.10 in respect of bus fare on the 15th, 19th and 20th June requested and paid on payment request no. CS11288. The LAC episode for the siblings took place from 24/2 – 21/6/17. 	<p>Please refer to the previous pages.</p>	<p>Please refer to the previous pages.</p>	<p>See previous page.</p>
Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)	
<p>The above errors should be reduced by further training following Task and Finish Group work.</p> <p>The Childminding is part of the overall Prevention and Support budget as is Section 17 though the two elements are not dependent on each other.</p> <p>For DMT reporting they are separated as they have separate CC's.</p>	<p>Children’s Services DMT agreed to establish a Task & Finish Group to identify the required actions to address the issues raised and populate the Evaluation document. Responsible person: SW & Date: June 2019</p> <p>Addressed by redesign of Prevention and Support budget</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

4.2.7 Point Noted	Implication	Recommendations	Rating
<p>Evidencing the Criteria for S.17 Request A few instances were found for petty cash expenditure where no evidence was provided to substantiate that the assistance given met the authorisation criteria required by the S.17 policy. Details as follows:-</p> <ul style="list-style-type: none"> • CS11314 completed by the Caerphilly with Disabilities Team (CwD), dated 28/6/17 for a baby gate in respect of Person M. The record check included case notes from 7/6 – 4/7/17 and the examination of the Care & Support Plan. • CS11290 completed by the Risca Team, dated 28/6/17 for financial assistant of £50.00 in respect of person N. Notes were found that “N” was re-located to a temporary change of residence for the period concerned but no further information was located to substantiate the assistance was needed or in fact requested by the recipient. • CS11259 completed by the Blackwood Team on 1/6/17 for reimbursement of contact expenses, £24.40 in respect of person “O”. It is acknowledged however that some of the personal information fields within the ICS system for the individual were not displayed, this may be due to the sensitivity of this case which needed higher levels of restricted access. • CS11284 completed by Blackwood on 19/6/17 for £24 in respect of school bus fare for person D. Whilst there were case notes to substantiate “D” was in temporary accommodation at the time of payment, no notes were found to substantiate that the assistance was needed or asked for by the family concerned. 	<p>This does not demonstrate that the authorisation criteria outlined in the S.17 Policy and Procedures has been met. This states that S.17 expenditure will only be authorised under this policy in respect of children in need who:-</p> <ul style="list-style-type: none"> • Has been assessed by a social care practitioner. • Has a care plan in place, which cannot be implemented without the proposed S.17 expenditure. • Is ineligible for state benefits or where benefits are not made immediately available. <p>The additional guidance also states that staff need to note that all decision making and authorisation of actions should clearly be visible in recordings.</p>	<p>Staff involved in the requesting and authorisation process are reminded that there should be clear records made to identify and support the purpose behind the request for assistance under S.17.</p>	<p>HR</p>
<p>Management Comments</p>	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>Future practices will be discussed by Task and finish group.</p>	<p>Named contact for Task & Finish Group is SW and planned completion of action date: June 2019</p>	<p>Achieved (Y/N) Action taken Further Action Required?</p>	

4.2.8 Point Noted	Implication	Recommendations	Rating
<p>Outside the Scope of S.17 & Special Guardianship</p> <p>(i) The childminding provision for 1 of the payments examined, person A does not appear to be within the scope of S.17, i.e. to prevent children from coming into the Authority’s care. The anticipated outcome of the childcare provision was to add safeguard to “A” but for long term, the Local Authority to issue care proceedings.</p> <p>(ii) It is unclear if a payment in respect of person Q (Rhymney) for the purchase of drawers on order no. PO10609764 – Argos, dated 2/5/17 – £67.44 should have been coded to S.17 (cost centre 1914). Person Q resides with special guardians who are receipt of fortnightly maintenance allowance that is paid from the special guardianship cost centre (1014).</p>	<p>(i)-(ii) The costing to S.17 does not appear to be appropriate/ suitable in the findings highlighted. One of the key principles for financial support is to prevent children entering Local Authority care where appropriate and to support them appropriately within their families.</p>	<p>(i)-(ii) Finance to clarify if the two payments meet the S.17 Policy and Procedures and to offer advice / guidance to key staff where it is confirmed the expenditure was not appropriate for S.17.</p>	<p>HR</p>
<p>Management Comments</p>	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>As per comments for 4.2.6, the above errors should be reduced by further training following Task and Finish Group work. The Childminding is part of the overall Prevention and Support budget as is Section 17 though the two elements are not dependent on each other. For DMT reporting they are separated as they have separate CC’s.</p>	<p>Addressed by redesign of Prevention and Support budget</p> <p>This will be in operation from 1/4/19.</p> <p>Person Responsible: GB (Assistant Accountant)</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

4.2.9 Point Noted	Implication	Recommendations	Rating
<p>Long Term Financial Assistance Examination of the S.17 expenditure under the CwD Team noted that a majority of the budget was spent supporting the 1 family, i.e. family 4. Weekly support of £200 is paid and the actual spend (£10171) for 2017/18 has exceeded the S.17 budget for the Team, i.e. £9067.00. However, this is a unique case to CCBC where long term financial support has been agreed by the Assistant Director – Children Services. The family are residing here illegally and have “no recourse to public funds” so cannot access any welfare benefit payments. The outcome of the C&S plan dated 8/3/16 was that the Local Authority would provide adequate financial resources until the family became successful in accessing funds elsewhere. The case has been put on review since 6/6/17 as all the outcomes have been met. The Assistant Director confirmed that there is no alternative but for the Local Authority to provide support until such time when their circumstances change. The only other alternative would be for the children in the family to become Looked After. The costs would then be significantly higher than what it is currently and would be more detrimental to the children and the family. Whilst it is critical for the family to be supported, no case notes or any other correspondence have been found as to how the family’s circumstances / immigration status is being followed up since the case was put on review on 6/6/17. Audit has been advised by the Team Manager that it is monitored every 2 months, the parents is contacted by telephone for an update before a new period of payments is set up. There is also no outcome noted from enquiries with Legal Services in January 16. Notes were made that Legal Services was going to seek advice from other Authorities on Asylum Seekers since CCBC did not have a policy. Recent enquiries confirmed there is still no policy to date but the Assistant Director has also stated that in reality, a policy would only have confirmed the current situation.</p>	<p>The financial support for this family has put a strain on the S.17 budget resulting an unavoidable overspend.</p> <p>Other than having to ask the Team Manager, it is not apparent that the family is being contacted to check on possible change of circumstances / immigration status since the case has been put on review. There are no notes detailing any telephone conversations with the family or is this reflected as reviewed on the payment request forms.</p> <p>It is unclear if advice has been sought from other Authorities which may be of assistance to the Authority and the family concerned.</p>	<p>Although the case has been put on review, it is recommended that any contact with the family is always noted so a full history of discussions/ visits is still being maintained. As the continuation of financial support is dependent on whether the family is able to gain citizenship, it is advisable that all checks/ enquiries over this matter is clearly documented.</p> <p>It would still be worthwhile to seek new enquiries with other Authorities as to how asylum seekers are currently supported and how their costs are resourced. Any other funding streams available could alleviate the S.17 budget.</p>	<p>MR</p>
	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>This is exceptional circumstances that are unavoidable – this budget is the only one available to SS for children not under their care and so it is the most appropriate.</p>	<p>This will continue as long as necessary. No further action to be taken.</p>	<p>Achieved (Y/N) Action taken Further Action Required?</p>	

4.2.10 Point Noted	Implication	Recommendations	Rating
<p>Unexpected Long Term Child Minding Provision (i) Although the contract for person R was open ended, the anticipated outcome entered on the childcare referral form was that it would be short term support while assessments are completed and the grandmother returns. However, examination of the payments noted the contract went on for 40 weeks (2/3/-9/12/17). No case notes, reviews or authorisation were found to confirm why the child minding continued longer than expected. A few notes were on “R’s” records for non attendance between Sept – Oct 17 with the last dialogue from the Childminder (13/10/17) that she had been told by “R’s” mother that the service was no longer needed.</p>	<p>(i) There is no evidence to reflect why a much longer commitment took place then what was recorded as the anticipated outcome. As the S.17 budget is cash limited and cannot be exceeded, the policy states it is not acceptable to promise packages of care that cannot be honoured. In the case of person R, there has been no authorisation from the Team Manager or the Service Manager throughout the whole process, the Team Manager’s authorisation was also missing from the initial contract agreement. In the absence of any actual review notes, it is possible that the provision could have ended sooner.</p> <p>(ii) Childminders may need written notice under any contracted agreement. This may not constitute as proper notice.</p>	<p>(i) The continuation of the childminding service must be reviewed where no end date has been established at the beginning of the contract and this review must be clearly evidenced. All relevant staff must be fully aware of their expected roles and responsibilities in this matter. As per the current policy, adequate authorisation must be obtained depending on the length of provision.</p>	<p>HR</p>
<p>Management Comments</p>	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>Childminding has changed and is monitored by the Commissioning team – Finance will refuse to pay if not within the contract.</p> <p>We no longer use the Childcare Co-ordinator who worked in Education.</p>	<p>No further action needed.</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

4.2.11 Point Noted	Implication	Recommendations	Rating
<p>Changeover of Child Team for Person R (i) Person R was transferred from the CwD Team to Caerphilly West on 21/6/17 but examination of the childminding expenditure highlighted in the previous point (4.2.10) identified that payments which began in March 17 continued to be charged against the original team’s budget until Dec 17. Although this had already been identified by the Team Manager (CwD) and reported to Finance for rectification, it has not been carried out correctly. Two journal adjustments took place but 2nd one overlapped with the period already journaled in the 1st and has resulted in an over reimbursement to CwD (cost centre 1976) and overpayment to Caerphilly West’s budget (1972) by £1563.09. An OLAS download / breakdown of the transactions found is included as Appendix 2.</p>	<p>(i) The change of cost centre was not actioned straight away when person R was transferred to the Caerphilly West Team, resulting in a journal transfer being made at the end of November. It is now too late to rectify the over inflated credit and debit entries from the second journal transfer due to 2017/18 year end. Any management/ financial report based on the OLAS data for 2017/18 for the two teams is incorrect, i.e. understated spend on cost centre 1976 and over stated on 1972.</p>	<p>(i) The Team Manager and key staff to ensure that all active casework with the individual/ service user is properly handed over on the agreed transfer date. This to include notification to a change of cost centre to all relevant departments. Finance should also check their internal processes to ensure adequate controls are in place to prevent incorrect journal entries.</p>	<p>HR</p>
<p>Management Comments</p>	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>This was human error</p>	<p>We would expect our team (Finance) to journal correctly.</p> <p>We do not currently have plans to check the journals.</p> <p>However this is a topic that is being discussed by the Finance Managers Group and we will adhere to any decisions or advice from that group.</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

4.2.12 Point Noted	Implication	Recommendations	Rating
<p>Open Ended Contracts for Childminding/Nursery Care No evidence has been presented or found to evidence the continued requirements of the childminding provisions is reviewed where no end or review date has been entered on the contract agreement drawn at the initial meeting. 7 of the 9 contracts examined did not have any agreed contract end or review date. Four of the 7 open ended contracts continued for over 16 weeks, the period ranged from 17 to 40 weeks. No records / notes were found via ICS and IDOX to evidence any reviews or discussions of continued sessions or any agreements to end the contracts. Audit was advised that in an absence of an end date, the contract is normally end via a telephone request from the Social Worker.</p> <p>Furthermore, no amendments to contract were found for slight variances between agreed and paid hours in 4 of the 9 contracts (3 of the contracts had a reduction in hours and 1 was increased). Audit was advised that it is standard procedure to review every contract after 6 weeks but all parties (Social Worker and parents) can also request changes at anytime and in which case, authorisation for the amendment is requested from the Team Manager. Despite several requests for the amended information of the 4 contracts placed with the Childminding Co-ordinator, none were received. Details of the individual contracts examined have been included as Appendix 3.</p>	<p>There is no evidence to confirm that contracts are being reviewed after the 6 weeks where no end date or planned review date is being entered at the contract. Contracts could continue unnecessarily if reviews are not undertaken. The continuation of childcare in the long term is not sustainable under the S.17 budget which is cash limited. There is no evidence to suggest that further and sufficient level of authorisation is obtained where the contract continues for more than a 4 week period. The S.17 policy and procedure states “expenditure must not be authorised for longer than an initial 4 week period and be reviewed at the 4 week period when it can be agreed for a further 12 week period if it is clearly demonstrated that the service is effective and the need ongoing – expenditure beyond this 12 week period can only be agreed with Service Manager in exceptional circumstances. Any incorrect or over charge on invoices may go undetected in the absence of relevant information to check the validity of the invoice charges.</p>	<p>The arrangement of the childcare contract and subsequent reviews thereafter to be examined to ensure all essential details including the duration of the contract is updated onto the contract agreement. If a contract end date can’t be established initially, a review date should be agreed and entered on the contract so that the date can be used as a “trigger” to carry out a follow up of the service users needs. Any reviews, follow ups undertaken and amendment of contract should be properly evidenced. This should include the authorisation of Management where amendments to contract have been requested. It should be ensured that invoices are not paid without verification to the services agreed as per contract or amendment to contract where applicable. Contractual notice periods will need to be recorded and complied with wherever possible.</p>	<p>MR</p>
<p>Management Comments</p>	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>As per 4.2.10, Childminding has changed and is monitored by the Commissioning team – Finance will refuse to pay if not within the contract.</p>	<p>No further action needed.</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

4.2.13 Point Noted	Implication	Recommendations	Rating
<p>Missing Referral Forms for Childcare Placements and Contract</p> <p>(i) No “Referral form for childcare” could be located for 2 of the 10 childminding agreements selected for sample checking despite further follow ups with both the Childminding Placement Officer and the Team Manager (Blackwood). These were in respect of:-</p> <ul style="list-style-type: none"> • Person L for childminding services with KC (CCP00774) which started on 2/3/17. As highlighted above “L” was already under LAC as at 10/7/13 with his guardian in receipt of foster allowance. • Person S for childminding services also with KC starting on 12/1/17. Enquiries in ICS identified that whilst childminding was discussed as a possibility in the initial legal planning meeting (14/12/16), it was to be concluded in the next meeting 18/1/17 which by then the provision had started. <p>Referral forms from all other Teams were present. Audit was advised by the Team Manager (SW) that referral forms would have been filled in otherwise the placements would not have gone ahead.</p> <p>(ii) The referral form and contract was not provided for examination for the 1 sample despite several follow ups. This was in respect of person J assigned to the Caerphilly West Team in respect of day nursery provision with Abigail’s Day Nursery between 1/2/16 – 4/9/17. Subsequent examination of the care plan identified that nursery provision was agreed but no further meeting minutes or case notes were found to confirm if any discussion regarding a termination date or reviews took place. As highlighted earlier, this should have been coded to the LAC budget. The contract continued for a total of 81 weeks and came to a natural end when “J” was old enough to attend School. The total spend on day care is £20,690.</p>	<p>(i)-(ii) Without seeing the referral form which contains the anticipated outcome for the request, it is difficult to ascertain if the expenditure was appropriate for S.17. The reason for the request of service is not apparent or albeit, can be difficult and time consuming to ascertain if the request has not been included in the care plan, resulting in further searches in IDOX and/ or ICS for relevant information. In case of CF, no prior formal approval / decision could be found before the childminding took place despite enquiries with various staff and record searches via ICS and IDOX. In the absence of a contract, there is no written agreement to confirm exactly what was agreed, i.e. hours/ days needed, meals, duration of contract, planned review date, fees agreed and no confirmation that the provision was agreed by all relevant parties. This is contrary to S.18 of the Financial Regulations whereby Invoices cannot be verified to ensure prices are in accordance with the agreement and the account is arithmetically correct.</p>	<p>(i)-(ii) The Childcare Co-ordinator should ensure procedures are being adhered to for all requests, i.e. a referral form for childcare is completed by the Social Worker and a contract is drawn up and properly signed by all parties following the initial contract meeting. Consideration should be given for both set of records and any other supporting documentation to be scanned into IDOX for retention. This will ensure access to records following the close down of files. Consideration should also be given for the Social Worker to email a copy of the referral form to their Admin. Support Team so that a copy can be scanned in IDOX for their purposes/ future reference.</p>	<p>MR</p>
<p>Management Comments</p>	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>See 4.2.10, the monitoring of childminding contracts have changed now they are under the Commissioning Team.</p>	<p>No further action is needed.</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

4.2.14 Point Noted	Implication	Recommendations	Rating
<p>Incomplete Contract Details for Childminding No actual contract details, i.e. Section 4, 5 & 6 regarding requirements, contracted hours, fees and charges have been completed for 1 of the 9 contracts examined, i.e. person A under the Risca Team. Although details of proposed/ enquired hours has been completed on the initial Referral Form for Childcare, not all of the hours/pick ups entered made sense as overnight stay needed to be discussed. There is also no evidence that the Team Manager has authorised the contract (this is dealt with as a separate point further on in the report). All other parties have signed the relevant section of this agreement, i.e. Childminder, Childminding Placement Officer & Parent(s)/ Guardian.</p> <p>The examination of expenditure for “A” noted a majority of the weekly invoices paid is just over £207 which is made up of 28.15hrs of childcare plus overnight, mileage and meal charges. A total of 11 weeks of invoices have been paid from the 9.17 cost centre (last invoice for 12/4/17) to which the charges cannot be verified in the absence of the contract details.</p> <p>Details of the days and times entered on the referral form and actual invoice charges have been included as Appendix 4.</p>	<p>The contract is invalid and would not have provided any assurances/ clarification had any contract issues risen given that it is incomplete and it has not been properly authorised.</p> <p>On this occasion, 4 of the 5 individuals have given their signatures knowing that all of the crucial information regarding service delivery has yet to be completed. The Authority who is responsible for paying the service provision could be exploited as a result. The Childcare Co-ordinator has failed to safeguard all relevant parties.</p> <p>Invoices are being paid without verification of what provision was agreed. There are 4 types of invoice charges being paid and there is no proof that any of them has been agreed. Payments appears to be made without question which is not in compliance to S.18 of the Financial Regulations and could result in over or underpayment being made.</p>	<p>In future, it should be ensured that all contract details are fully completed and that invoices are checked to ensure the invoice charges are in accordance to the provisions agreed in the signed contract or any subsequent official amendment of contract.</p> <p>The current invoice verification process must be reviewed to ensure invoices are not approved for payment without appropriate checks as required by S.18 of the Financial Regulations. Any differences/ issues found from the invoice check must be properly followed up and resolved, the checking officer (Childminding Placement Officer) must be satisfied the invoices charges are correct and that the payment is due.</p>	<p>HR</p>
<p>Management Comments</p>	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>As per 4.2.10, the monitoring of childminding contracts have changed now they are under the Commissioning Team – Finance will refuse to pay if not within the contract.</p>	<p>No further action needed.</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

4.2.15 Point Noted	Implication	Recommendations	Rating
<p>Authorisation of Childminding Contract</p> <p>(i) Of 9 childminding contracts examined, no Team Manager authorisation appeared to have been received for the following 5 contracts:-</p> <ul style="list-style-type: none"> • Family 5 (Caerphilly West) • Person R (Caerphilly with Disabilities for initial contract) • Family 6 (Bargoed) • Person T (Risca) • Person A (Risca) <p>Authorisation is usually obtained via an email as the Team Managers are not expected to attend the initial meeting in the arrangement of contract, this is attended by the Social Worker/ Referrer. Once the contract details are agreed by the other parties, a summary of the agreed services e.g. day/time, travelling, meals etc. is emailed to the Team Manager for approval.</p> <p>(ii) Parent signature have not been obtained for 2 of the contracts:-</p> <ul style="list-style-type: none"> • Family 5 – should have been signed by the mother. • Family 1 (Rhymney) - Although, it is noted that CCBC has joint parent responsibility with the parents, neither the birth parents or CCBC has signed the appropriate parents/ guardian sections (3, 7 & 12). 	<p>(i)-(ii) Official approval of the contract has not been obtained by all relevant parties. The contract is not legally binding where full signatures are not obtained. There is no proof that each relevant person has understood, agreed and accepted to fulfil their individual responsibilities, obligations and general terms and conditions of the contract.</p> <p>In terms of S.17, there is no proof that the request made by Social Worker have been discussed and supported by their Team or Service Manager. It is the Managers responsibilities to ensure that financial resources are planned, targeted and will improve outcomes for the child.</p>	<p>(i)-(ii) In future, it should be ensured that all signatures (Childminder, Childminding Placement Officer, Social Worker/ Referrer, Parent(s)/ Guardian(s) and Team Manager are obtained to ensure the formal childminding contract is legally binding. Where the Team Manager is not present to sign the contract, a copy should be provided by email for checking so the Team Manager could authorise via a reply. At the very least, Section 2 (terms of contract), 4 (requirements of the referral), 5 (contracted hours), 6 (contracted fees and charges) and 12 (acceptance of contract and guidance – all parties to sign) should be given/ emailed to the Team Manager instead of emailing a separate note of summary where details could be missed or mistyped.</p>	<p>(i) HR</p> <p>(ii) HR</p>
<p>Management Comments</p>	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>See 4.2.10</p>	<p>No further action needed.</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

4.2.16 Point Noted	Implication	Recommendations	Rating
<p>Lay out of Childcare Placement Contract Examination of the layout of the childcare placement contract agreement noted that the signature section for the placement requirements including the breakdown of contracted hours, fees and other costs (e.g. overnight fees, meals, transport, leisure activity costs) is on the next page. A copy of the relevant pages is included as Appendix 5.</p>	<p>As the signatory section (Section 7 – joint agreement to details of placement contract – all parties to sign) linked to actual contract details and requirements is on a separate page, any replacement of contract details page could go undetected.</p> <p>The amendment of contract process could be bypassed where the format of the initial agreement could allow placement details to be substituted.</p>	<p>To revise the “Children’s Social Services Childcare Provision Placement Contract Form” so that the signature section is also on the same page as to the actual contract requirements on Section 4, 5 & 6 or parties should countersign both pages.</p>	<p>HR</p>
Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)	
<p>4.2.10</p>	<p>No further action needed.</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

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4.2.17 Point Noted	Implication	Recommendations	Rating
<p>Duplicate payments to Lextox & Atkinson Lewis Ltd A sample test of the payments from the Caerphilly East Budget sheet has identified a concern over the arrangement and payment for the provision of drug, alcohol and DNA testing with the preferred suppliers above. Work undertaken identified a number of identical invoices were entered by Finance via direct input into OLAS and by the 2 Caerphilly Locality Teams via retrospective orders. The duplicates were however, identified and cancelled by the OLAS Team as part of their payment run checking processes. Whilst these were picked up in time, the duplicates had occurred due to a combination of factors; poor communications/ lack of awareness of internal procedures, weaknesses in the budget reconciliation process, invoices being put through the retrospective order route, the lack of access to OLAS for the Locality/ Admin Teams to check for prior payment plus the supplier, Lextox were emailing invoices to more than 1 department. The findings were reported to the Contract Officer straight away and interim processes have been implemented as a result. The contract for this provision is currently under tender and a new set of procedures will be drawn for the new contract. However, it is noted that none of the cancelled invoices have been updated in Proactis to reflect their true status. Details as follows:-</p> <ul style="list-style-type: none"> • Invoice 46335 to Lextox for £765.00 (net), order no. PO10637361 • Invoice 59475 to Lextox for £180.00 (net), order no. PO10644516 • Invoice 59483 to Lextox for £180.00 (net), order no. PO10644518 • Invoice 59533 to Lextox for £135.00 (net), order no. PO10644517 • Invoice 5998934 to Atkinson Lewis Ltd for £862.00 (net), PO10653739 	<p>Duplicate payments would have been made if they had not been identified by the OLAS Teams. The Admin Team have paid invoices that they are not responsible for and have paid them using the retrospective order route which increases the risk of duplicate payments.</p> <p>By not updating Proactis, it is not apparent that the systems' invoice status, i.e. "fully invoiced" is incorrect. This is because the invoice cannot be cancelled from Proactis once it has been posted to the OLAS system for payment. There is also no on-line explanation to identify why the payment is cancelled and what other actions have been undertaken. Incomplete action could be overlooked. The systems' order and invoice status is therefore, distorted.</p>	<p>Payments should not be made via retrospective orders or without seeking advice from Finance where invoices have been received for provisions that have not been requested or arranged via the Admin Team. As per interim procedures, all invoices for this provision should be passed to Finance.</p> <p>It should be ensured that where invoices / payments have to be cancelled in OLAS instead of Proactis, the cancelled status is correctly reflected onto the invoice notes facility. Details to be updated should include reason for the cancellation and any replacement details (i.e. reference to the new / replacement order number etc.) or actions required. Assistance is available from Proactis Support on 01443 863159 if required.</p>	<p>HR</p>
<p>Management Comments</p>	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>This area of expenditure must now go through the Commissioning Team who maintain a spreadsheet. Finance have access to this spreadsheet and will refuse to pay if not within the contract or contained on the spreadsheet.</p>	<p>No further action needed</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

4.2.18 Point Noted	Implication	Recommendations	Rating
<p>Retrospective Orders Examination of 2 orders from the joint Risca/Blackwood Team identified both were raised retrospectively using the “confirmation orders” template. Feedback from the Clerical staff indicated it is likely that the Social Workers have made the arrangements themselves, if they had gone through to the Admin Support Team first, the orders would have been raised in advance.</p> <ul style="list-style-type: none"> • Superstars Schools Services Ltd, raised on retrospective order, no. PO106350556, dated 18/8/17 by the Blackwood Team in respect of person U for attending a School holiday scheme between 31st July – 4th August and 14th – 18th August 17. Although the invoice received date is entered as 16/8/17 (before the order date), it is noted the invoice is dated 20/7/17. • Homestyle of Blackwood, raised on retrospective order PO10628421 dated 4/7/17 for £380.00 (net) by the Risca Team. As above, the invoice received date entered is 12/7/17 which is after the order date but the invoice is dated a month earlier on 13/6/17. 	<p>Financial Regulations are not being complied with, where an official order is not raised to support a request for goods or services at the time of, or in advance of the request, (other than in respect of utilities). Control of the ordering system is weakened as there is no record of the item details, i.e. quantity & prices etc. to check against the subsequent delivery/ invoice and the risk of making a duplicate payment is also increased. Items could be ordered which have not been approved or for which there may be insufficient budget for. This running balance of the budget control sheet will not be up-to-date where the financial commitment is not registered in advance.</p> <p>It is also possible that either the invoice receipt date entered on the system is incorrect or there is a problem in the receiving of invoices. It is noted that the Unit number of the Business Park does not form part of the defaulted invoice address on the Proactis orders. If late payments are occurring, the Team could be liable to late payment fees under the Late Payments of Commercial Debts (Interest) Act 1998 for an interest claim by the business.</p>	<p>All requests for goods and services that require an order to be raised must go through to the Admin Support Team to enable an order to be raised in advance. If an order is placed over the telephone or if there are circumstances where the Social Worker has to make the arrangements then this information must be passed to the Admin Support Team so that a confirmation order can be raised within one working day to comply with Financial Regulations.</p> <p>The Admin. Officer to investigate if there are any problems with that is causing a delay in the receipting of invoices and to rectify as appropriate.</p>	<p>MR</p>
<p>Management Comments</p>	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>Will be addressed as part of task and finish group.</p>	<p>As per 3.1.1 - Task & Finish Group / SW / June 2019</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

4.2.19 Point Noted	Implication	Recommendations	Rating
<p>Authorisation of Proactis Orders</p> <p>(i) Proactis orders are authorised on the system remotely by the Admin Officer (TS) who is based at Ty Pontygwindy. This is because the orders are raised at different localities, Woodfieldside (Blackwood & Risca), Ty Gilfach (Bargoed), Rhymney Intergrated Centre (Rhymney) & Ty Pontygwindy (Caerphilly East & West). Each admin support team are however, expected to obtain appropriate management authorisation either in the form of an email or a CS payment request form for the order to be raised and all paperwork should then be retained on file. Invoices are authorised on Proactis by a designated staff within the relevant admin support team. However, the examination of 7 payments across the localities found that management authorisation was not present for 3 of the orders. These were:-</p> <p>Two orders raised by Woodfieldside, i.e. Superstars Schools Services Ltd, PO10628421 in respect of person U for 2 weeks at a school holiday scheme and Homestyle of Blackwood, PO10620593 in respect of person T for the purchase & fitting of carpets (£380). The only relevant record found in ICS and IDOX for "U" was where the request was not granted by the Service Manager on the basis that other financial support had already been approved (legal cost & legal aid). This decision was made in a Legal Plan meeting on 14/6/17. It was noted for reconsideration in the future but no further correspondence was found to support any subsequent approval given. With person "T", a reference was made in a home visit note dated 22/5/17 about the family being informed that the request was agreed by the Service Manager but no formal authorisation from the Service Manager could be located.</p>	<p>(i) This is not in compliance to internal procedures. There is no proof to confirm that management approval had been obtained before the provision or purchases were made. In terms of S.17, there is no proof that the request made by Social Worker have been discussed and supported by their Team or Service Manager. It is the Managers responsibilities to ensure that financial resources are planned, targeted and will improve outcomes for the child.</p> <p>In the case of person U, the request for financial assistance was discussed but it was not granted by the Service Manager. In the absence of official authorisation, the subsequent financial assistance given is contrary to the Service Manager's decision. The current processes of having a remote Proactis order authoriser is failing to pick up instances where management authorisation has not been obtained. It is also not the Admin. Officer's role and responsibilities to make management decision on budget spends.</p>	<p>(i)-(ii) The procedure for raising orders should be consistent for all teams. Consideration is given to reviewing the current authorisation processes so that orders are not authorised remotely. Ideally, the order authoriser should be a Team Manager and the Service Manager in their absence. It should be ensured that the relevant level of management authorisation (depends on the value of proposed spend) is obtained before the order is raised. Orders should not be raised where only verbal authorisation has been obtained.</p> <p>In practice, it appears that where written authorisation is obtained, it is in the form of an email and as such, a copy must be printed off and retained with the relevant order and not be left on the individual's email account which is also not considered as good practice under the recent General Data Protection Reform.</p>	<p>(i) MR</p>

4.2.19 Point Noted	Implication	Recommendations	Rating
<p>Authorisation of Proactis Orders (Cont'd)</p> <p>(i)</p> <ul style="list-style-type: none"> • One order raised by the Rhymney Team, i.e. Argos, PO10609764 for £52.91. This was in respect of asset of drawers for person Q. Feedback from the Clerical Assistant indicated that it is likely that only verbal agreement was given on that occasion. <p>(ii) Two of the Team Manager’s email authorisation were not printed off and retained with the relevant copy order. These were:-</p> <ul style="list-style-type: none"> • Argos, order no. PO10606981 for £66.65 raised by the Bargoed Team for 2 car seats. They were pooled car seats for Social Workers to access if needed. • Argos, order no. PO10630556 for £42.47 raised by the Bargoed Team. This was for 3 safety gates in respect of family 7. Audit was advised by SP that the email authorisation was not present as it was sent to AD, SP’s predecessor. SP has subsequently asked the Team Manager to forward the authorisation on for Audit’s request but this has not been passed on. 	<p>(i) Please refer to the previous page.</p> <p>(ii) There is inadequate audit trail to confirm that appropriate authorisation had been obtained for the order to be raised. The non retention of the email authorisation with the copy order has caused a problem where staff has moved on as seen in the authorisation search for PO10630556. Problems could also occur where there is more than 1 admin. Staff involved / set up to undertake the same Proactis processes but emails received to individuals are not being transferred into a shared file.</p> <p>There are also inconsistencies in the way records are being kept between individual teams.</p>	<p>(i) Please refer to the previous page.</p> <p>(ii) Please refer to the previous page.</p>	<p>(i) MR</p> <p>(ii) MR</p>
<p>Management Comments</p>	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>Will be addressed as part of task and finish group.</p>	<p>As per 3.1.1 - Task & Finish Group / S W / June 2019</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

4.2.20 Point Noted	Implication	Recommendations	Rating
<p>Supporting Records for Proactis Purchases The sample testing found 2 occasions where it was not apparent which individual the provision was for due to the lack of details given on the request placed for the order to be raised. Details as follows:-</p> <ul style="list-style-type: none"> Argos, order no. PO10617160 for a mattress. The request from the Social Worker (CwD Team) stated it was for family 8 and the transaction was updated on the budget sheet against the name of a particular child within the family household but the examination of this child's case notes and C&S plan did not support this. There were 3 other siblings in the same household so subsequent enquiries with the Team Manager identified it was definitely for a different sibling. Argos, order no. 10606981 for 2 car seats raised by the Bargoed Team. None of the supporting paperwork for the order identified who the purchase was for. Subsequent enquiries identified there were bought so Social Workers could use them to transport individuals if needed. They are kept as a "pool" item in the Office. The purchases have not updated on the inventory record due to the purchase value being below the traditional guideline (i.e. for item value £50+). 	<p>It is difficult to ascertain if the criteria for S.17 monies has been met if the Admin Team are not advised of which service user the request is for. The Admin Team are responsible for ensuring expenditure is coded appropriately and be paid out of the correct budget.</p> <p>Relevant records may not be indexed where this information is unknown.</p> <p>Because the car seats are used for offsite purposes, they can be easily forgotten about where they are not on the inventory record, particularly if the items are not required to be signed out and back into the Office.</p>	<p>For good practice, every effort should be made by the person making the making the order request to ensure sufficient details such as the service user's name and swift number is included in the request. This will enable the support/ processing staff to undertake their verification processes and tasks correctly.</p> <p>For good practice, Managers to consider including any desirable and portable items on the inventory record. The benefit of this is that they will be reviewed via a physical inspection on an annual basis thereafter and for the car seats, the prompt check should identify any seats that will require replacement if they are no longer safe/ fit for purpose. Any valuable pooled items that are expected to be taken offsite should also be updated on a record of items taken offsite. An example of this record is included as Appendix 6.</p>	<p>MR</p>
<p>Management Comments</p>	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>Will be addressed as part of task and finish group.</p>	<p>As per 3.1.1 - Task & Finish Group / SW / June 2019</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

4.2.21 Point Noted	Implication	Recommendations	Rating
<p>Training for Staff Cover The sample testing of payments noted that the payment request forms sent to Finance by the Risca Team during mid June to July 17 were not fully completed, i.e. CS0011295 (6/7/17) - the Swift ID, payment address is in the same handwriting as the Section for Finance use only but should have been completed by the Social Worker or the Admin Support Team. The cost centre and subjective code was also not been completed. As highlighted in point 4.2.6 of the report, incompleteness of the form led to a check being made on the wrong individual and the payment being allocated to the S.17 budget in error. No amount was entered on CS0011271 (13/6/17) for a 3 weeks maintenance cost. Audit was advised by the Admin. Assistant it was during the period that she was not in work so the forms were completed by other members of staff.</p>	<p>Errors could and has occurred on the one form, CS0011295 as a result of the form being incomplete where the looked after status was missed for the individual (person K) as highlighted in point 4.2.6 and the expenditure was posted as a S.17 payment instead.</p> <p>This maybe a training issue for any staff who are only expected to undertake the duties as a cover role only, they maybe less experience as it is not part of their normal routine and particularly in the absence of any “on the job” training/ procedure notes available.</p>	<p>All payment request forms should be fully and accurately completed. Enquiries should be made with Staff who are expected to cover absences to ascertain if and what training needs are required. Staff should be confident in determining the correct order and payment methods required e.g. petty cash, Proactis, Swift or OLAS, procurement card and how these should be administered and by which department, e.g. Finance, Commissioning (Contract Officer) or Admin Support etc. All Admin Support staff would benefit greatly if appropriate training notes could be introduced detailing all the different kinds of ordering and payment methods that exist and what they should be used for, the actual processes involved, including the level / types of authorisation required, the updating of the expenditure to the budget control sheets and documents to be retained.</p>	<p>MR</p>
	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>Will be addressed as part of task and finish group.</p>	<p>As per 3.1.1 - Task & Finish Group / SW / June 2019</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

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4.2.22 Point Noted	Implication	Recommendations	Rating
<p>Re-claim of Staff Expenses Three of the petty cash receipts examined included the reimbursement of minor staff expenses during outreach work with the service user. These were all in respect of outdoor activities with person V claimed through the Risca Team on payment requests CS11243 (17/5/17) for £5.70, CS11281 (16/6/17) for £7.10 & CS11908 (14/7/17) for £8.98. A majority of the expenditure is incurred by the service user for admission & refreshments, the staff related expense is for the purchase of a soft drink on each occasion. Whilst none of these attribute to a material amount, Audit was advised by the Principal Income & Assessment Officer that it is a general policy that all staff related expenses should be made via Payroll and not petty cash. The Assistant Accountant also confirmed that only the service users' expenses are allowed to be re-claimed from petty cash. Regarding what can be claimable by staff, there is no formal policy/ guidelines at present, it is unclear if this is a local decision where each team make their own arrangements.</p>	<p>The method of reimbursing staff expenses via petty cash however minor value is contrary to the Authority's best practice and Financial Regulations. There is very little transparency where Staff and Service users' expenses are not recorded and accounted for separately.</p>	<p>In future all staff related expenses should be reclaimed through Payroll expenses and not Petty Cash. All relevant staff including the Petty Cash Administrator should be made aware of this requirement. Management or Finance to consider if there is a need to produce any formal guidance on what staff are able to claim for.</p>	<p>MR</p>
<p>Management Comments</p>	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>Staff must not claim back in any other way than expenses – when finance are aware of this they refuse payment – however this needs to be addressed as part of task and finish group to ensure consistency throughout out the directorate.</p>	<p>As per 3.1.1 - Task & Finish Group / SW / June 2019</p>	<p>Achieved (Y/N) Action taken Further Action Required?</p>	

4.2.23 Point Noted	Implication	Recommendations	Rating
<p>Reclaiming of VAT on utility top ups The examination of petty cash receipts identified a few occasions where VAT is re-claimed in error on receipts submitted for energy (electricity and gas) top up payments procured by the service user. In these instances, cash payments have been given to the service user as an “assistance in kind” but a receipt is received from the service user as proof that the cash donation has been spent on what it was intended for. The top ups are therefore third party purchases which the Authority are not able to re-claim VAT on. This was identified on the following petty cash payment requests in respect of person W administered by the Risca Team:-</p> <ul style="list-style-type: none"> • CS11244, dated 17/5/17 for £25.00 • CS11255, dated 30/5/17 for £20.00 <p>It is acknowledged that it is difficult for the Petty Cash Administrator and the Central Petty Cash Team to clearly establish who (Worker or Service User) has procured the energy top ups under the current paperwork handed over. The audit trail ends once the Worker has signed for the cash disbursed by the Petty Cash Administrator. Service Users are generally not asked to sign a receipt to acknowledge and evidence what has been received, e.g. cash or purchases.</p>	<p>The re-claiming of VAT for third party purchases has resulted in the Authority treating VAT incorrectly. The money becomes the service users’ as soon as it is handed over and it is the individual that then ordered and will benefit from the supply so the Authority cannot recover VAT from HMRC.</p>	<p>It should be ensured that VAT is only reclaimed for purchases made by CCBC staff and then donated to service users. Under the advice of the VAT Officer, the Admin. Officer has already been informed to revisit this area as a VAT adjustment for incorrect re-claims must go back over the last 4 years.</p> <p>To assist the Petty Cash Administrator and the Central Petty Cash Team in identifying the correct treatment of VAT, it is important that the Case Worker obtains a signed receipt from the service user that clearly outlines the type of benefit they have received, i.e. cash or items/ purchases. This is crucial in determining whether or not the Authority is able to re-claim VAT. The recommendation made in Section 3.1.2 regarding donations to service users should address this problem.</p>	<p>MR</p>
<p>Management Comments</p>	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>As discussed with yourselves – vat should not be claimed for clients purchases however SS staff often make purchase to ensure money used for its intended purpose – task and finish group to review what paperwork is appropriate and to reduce confusion for admin staff</p>	<p>As per 3.1.1 - Task & Finish Group / SW / June 2019</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

4.2.24 Point Noted	Implication	Recommendations	Rating
<p>Over-claim of Petty Cash A few instances were noted where minor over-reimbursement of petty cash occurred, details as follows:-</p> <ul style="list-style-type: none"> • Blackwood Team, payment request CS11258 in respect of person K dated 01/06/17. £26.30 was reimbursed for school clothing but examination of the receipts noted that only £16.00 was for school uniform. The other items purchased were in respect of clothing for a younger child and groceries. • Risca Team – CS11908 in respect of person V dated 14/07/17, £8.98 was reimbursed instead of £8.28 in respect of outreach expenditure. It is also noted that correction fluid was used to amend the original entry. 	<p>The discrepancies have been missed by the Petty Cash Administrator resulting in an over reimbursement of expenditure.</p> <p>The audit trail of the original entries is lost where it is covered over by correction fluid.</p>	<p>When making a reimbursement, the Petty Cash Administrator must check the receipts submitted to ensure they fully support the nature of the request and that the amount requested is arithmetically correct. Any purchases on the receipt that is outside the scope of what has been requested/ agreed should not be reimbursed without clarification and further approval.</p> <p>For good practice, correction fluid should not be used to cover up original entries.</p>	<p>MA</p>
Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)	
<p>Addressed as part of training following agreed procedures within task and finish group.</p>	<p>As per 3.1.1 - Task & Finish Group / SW / June 2019</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

4.2.25 Point Noted	Implication	Recommendations	Rating
<p>Stock Records for Homeless Packs A review and physical check of the stock and issue of the homeless packs (made up of toiletries and other sundry items) maintained by the 16+ Team identified that whilst the material value of the packs are not high and no more than 10 packs are made up at the time, stock records are not currently maintained. A list of whom the packs been given to is maintained, it requires the name of the recipient's and staff who has handed out the pack to be recorded. Other information such as running balance, date of receipt and recipient's signature is not maintained. The stock are currently not locked away, they are stored in full view in the office near the door entrance. There were 4 boxes of various sundry items (toiletries and food/drinks) in addition to the 4 packs stored on the shelves and floor at the time a physical check was made. Audit was advised that the stock were from hampers donated to the Leaving Care Team at Christmas.</p>	<p>Any missing packs will go undetected in the absence of stock records. The current donation list maintained is so limited that it will not assist in identifying any recent issues and how many packs should be left. There is also no proof that the individuals have received a pack in the absence of their signature. The risk of items being taken is also increased where items are displayed in full view of the office.</p>	<p>For good practice, consideration should be given to introducing a stock record for the packs and for physical checks to be undertaken periodically to ensure the packs are properly accounted for and that where differences are found, it is properly followed up to identify why. Items donated should also be signed for by the individual using the current receipt form that is already being used by the 16+ Team for cash donations administered from the petty cash system. All items of stock for the homeless packs should be kept securely, where the items can be locked away. A sample stock control sheet is included as Appendix 6.</p>	<p>MA</p>
	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>Addressed as part of training following agreed procedures within task and finish group.</p>	<p>As per 3.1.1 - Task & Finish Group / SW / June 2019</p>	<p>Achieved (Y/N) Action taken Further Action Required?</p>	

4.2.26 Point Noted	Implication	Recommendations	Rating
<p>Names Entered in OLAS Payments It is noted that either the service user's name or in some instances the name and identification number (Swift) are being entered on payments that are processed directly by Finance onto OLAS. It is entered as part of the line description field which is viewable by OLAS users from other service areas. It has probably been entered this way so that relevant non-processing staff are able pick out who the service user in order to perform their admin tasks. As highlighted in an earlier section, staff responsible for budget reconciliation do not have access to the OLAS system but the line description form part of the information data on the OLAS transaction report which is then used to either update or to reconcile against the budget sheet.</p>	<p>The display of personal information such as service user names could be deemed as being non-compliant with the recent General Data Protection Reform. Some of the key changes to the data protection principles is accountability for purpose limitation and data minimisation. The current processing of data allows service users to be identified by all staff that are able to access the OLAS system instead of limiting the details to those that would require the information to undertake their task.</p>	<p>Service user's names should not be entered into any systems that can be viewed by staff who should not be privy or need to know this information. Consideration should be given to either using the initials or the service user's unique identification rather the full names when processing details of payment or to seek advice from the OLAS Team to the possibility of restricting access to supplier accounts/ references that would contain sensitive or personal information.</p>	<p>HR</p>
<p>Proposed Actions / Person responsible / Date</p>		<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>Make more use of WCCIS references. Will be addressed as part of the task and finish group.</p>	<p>As per 3.1.1 - Task & Finish Group / SW / June 2019</p>	<p>Achieved (Y/N) Action taken Further Action Required?</p>	

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4.2.28 Point Noted	Implication	Recommendations	Rating
<p>Storage of Active Paperwork Audit was advised by the Bargoed Team Manager that whilst all staff have been fully trained and are aware/ reminded of the importance of information security, there are occasions where correspondence such as referral forms and other active records containing personal and sensitive information are left in the individual's working tray at the end of the day. It is felt that improvements can be made to the security and storage of manual working papers around the office. The Team are due to re-locate to a different office room at any time and all individual staff will have their owned locked pedestals to secure manual working papers to improve information security.</p>	<p>This is contrary to Section 6.11 of the Authority's Information Security Policy (version 11.0 – Jan 18) which states that all employees must ensure that sensitive personal information must not be left on desks and must be locked away when not required.</p> <p>In the event where the information gets into the wrong hand/ misuse, the Authority could face a substantial financial penalty (up to £17m or 4% of annual turnover), legal claims for compensation, personal liability plus the loss of trust to the service delivery. The range of Information held by Social Services is also likely to fall into the data category where a higher level of protection is required.</p>	<p>The Team Manager is already making improvements on the security of the office and is fully aware of the importance of the retention of personal data. As staff have already undertaken the relevant training which should include the mandatory on-line course on protecting information, it is important that all staff handling information are reminded of their individual responsibility and accountability to the Information Security Policy. All employees must ensure that paper records are kept secure; for active records these should be kept in lockable filing cabinets making sure they are only accessible to authorised personnel on a 'need to know basis ' Inactive/ semi active records should be kept in a secure storage area. Sensitive personal information must not be left on desks and must be locked away when not required.</p>	<p>HR</p>
	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>Addressed as part of training following agreed procedures within task and finish group.</p>	<p>As per 3.1.1 - Task & Finish Group / S W/ June 2019</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

4.2.28 Point Noted	Implication	Recommendations	Rating
<p>Security of Incoming Mail from External Source A sample test on the security of incoming and outgoing emails from external sources identified 1 instance where although the sender from the external organisation (Gwent Police) had used the approved public services network (PSN) secure extranet, the email was sent to a member of CCBC staff (RH – Bargoed Locality Team) that is not set up with access to the same network (GCSX user account for CCBC staff). The Principal ICT Security Officer advised that the email would probably have been received into the Caerphilly.gov.uk users inbox via the internet which is outside of the PSN secure extranet. It is noted that the email contained an attachment that contained personal and sensitive data.</p> <p>It is also noted that generally, a majority of the expected staff such as Social Workers and Senior Practitioners are not set up with a separate secured account (GCSX & Egress) to enable secure communications between CCBC and other external organisations/ agencies. Audit was advised by Team Managers that the protocol is that all communications with external organisations should go through to the relevant Child Admin Team where there is a secured PSN account set up. This is also a requirement from the point that important correspondence can be picked up when individuals may be absent.</p>	<p>The incoming email was not delivered via a secured network as the recipient did not have a suitable secured email account set up. Any emails received this way will therefore be easier to intercept and the risk in the compromise of confidential, sensitive and personal data is increased.</p>	<p>Staff should be reminded that they should not be giving their individual Caerphilly.gov.uk email account for external correspondence to be received if they are likely to contain sensitive data. To adhere to the office protocol, all incoming mail from external sources should be directed to the secured account set up within the relevant Child Admin Team.</p> <p>The GCSX email accounts have recently been replaced with a list of secure emails addresses via TLS encryption for some external organisation such as some of the Welsh Police Forces with their email account ending “.pnn.police.uk”. This means that email communications between Caerphilly.gov.uk email addresses and Gwent.pnn.police.uk addresses are now encrypted so there is no need to use GCSX email to send this information. A list of all the external organisations that are set up with TLS encryption as at 16/7/18 is included as Appendix 7.</p>	<p>HR</p>
	<p>Proposed Actions / Person responsible / Date</p>	<p>Action Plan review (to be completed by Internal Audit)</p>	
<p>Agreed</p>	<p>Staff reminded to adhere to protocol. S W to cascade message down through staff supervision 30/6/19</p>	<p>Achieved (Y/N) Action taken Further Action Required?</p>	

4.3 Control /risk 3

Vulnerable children and their families are not supported in line with the provisions of The Children Act 1989.

There are no areas of concern found within this section of the report.

5. Appendices

Appendix 1 - Percentage of childcare expenditure posted to S.17 budget for 2017/18 as at 12/10/17

Appendix 2 - OLAS download of transactions in respect of person R

Appendix 3(a) & (b) - Details of child minding/ day nursery contracts examined and unconfirmed contract amendments where variations were identified between actual invoice charges to the contract agreement

Appendix 4 – Incomplete childminding arrangement details in respect of person A

Appendix 5 - Page 3 & 4 of the Children's Social Services Childcare Provision Placement Contract Form

Appendix 6 – Record of Items Taken Offsite

Appendix 7 - Sample Stock Record

Appendix 8 - List of external organisations that apply TLS encryption to their email account

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WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Certification of Grants and Returns 2017-18

Caerphilly County Borough Council

Audit year: 2017-18

Date issued: January 2019

Document reference: CCBCCERT201718

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Agenda Item 6

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@audit.wales.

The team who delivered the work comprised Barrie Morris (Engagement Lead), Gail Turner-Radcliffe (Manager) and Grace Hawkins (Assistant Manager)

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Summary

- 1 Under Paragraph 20 of Schedule 8 to the Government of Wales Act 2006 the Auditor General shall, if required by a local government or other public body, make arrangements for certifying claims and returns (referred to as claims, hereafter).
- 2 We undertook our work with the aim of certifying individual claims and to answer the question:
'Does Caerphilly County Borough Council (the Council) have satisfactory arrangements in place to ensure the production of co-ordinated, accurate, timely and properly documented grant claims?'
- 3 We have completed our certification work and conclude that while the Council had adequate arrangements in place for the submission of its claims, there is scope for improvement. We are continuing to work with the Council to support these improvements in 2018-19. For 2017-18 we certified 10 grant claims and returns and 1 narrative report (18 in 2016-17). The Council submitted all its 2017-18 grant claims to us on time. We can confirm that we have certified all the claims, at a total audit cost of £41,788 (£54,070 for 2016-17). Overall, our work resulted in two disclosure adjustments amounting to £177,870 on a total grant value of £159,355,313 (0.01% of total grant value).

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Exhibit 1: Breakdown of claims

	£	Additional Comments
Additional Grant to CCBC	0	
Grant to be Clawed back from CCBC	0	
Disclosure Adjustments	177,870	See exhibit 5 for details
Total	177,870	

- 5 The proportion of claims that were qualified is 1:11 which compares favourably with the long-term Welsh average of 1:4 for 2015-16, the most recent years for which all-Wales data is available.

Summary of certification work outcomes

Introduction and background	<p>This report summarises the results of work on the certification of the Council's 2017-18 grant claims and returns</p> <ul style="list-style-type: none"> • As contractors to the Wales Audit Office we are asked, on behalf of the Auditor General, to certify grant claims made by the Council. • We certified 10 claims with a total value of £159,355,313. • The financial element of Concessionary Fares (TRA23) is now included in the 'Summary of Certified Welsh Government Grants (LA99)'. Auditors were required to report on the management of Smartcard Data and ISAM chips under CI TRA23 • We have produced this report to provide collective feedback to those officers having the responsibility for grant management so that we can work together to identify further improvements in claim preparation.
Timely receipt of claims	<p>Our analysis shows that 100% per cent of claims given to us during the year were received by the deadline set for the Council in terms and conditions.</p>
Certification results	<p>We issued unqualified certificates for 9 claims and returns but a qualification was necessary in 1 case (11 per cent).</p> <p>The reasons for qualifying the claim can be found in Exhibit 5.</p>
Audit adjustments	<p>Adjustments were necessary to 2 (22 per cent) of the Council's claims as a result of our work this year.</p> <p>The adjustments were disclosure in nature and had no impact in the grant payable to the Council.</p>
The Council's arrangements	<p>The Authority has adequate arrangements for preparing its grants and returns and supporting our certification work but improvements are required in some areas, as detailed in the body of this report.</p>
Fees	<p>Our overall fee for certification of grants and returns for 2017-18 is £41,788 (£54,070 in 2016-17).</p>

- 6 The following page provides a summary of the key outcomes from our certification work on the Council's 2017-18 claims and returns, showing where either audit amendments were made or where we had to qualify our auditor certificate.
- 7 A qualification means that issues were identified concerning the Council's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant-paying body will require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate.

Exhibit 3: Key information for 2017-18

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Key information for 2017-18
Overall, we certified 10 grants and returns and issued 1 narrative report:
6 were error free
1 was qualified and required some amendment to the final figures
1 was unqualified but required some amendment to the final figures
2 had errors with low values (less than £10k) which did not require amendment or qualification
1 required a narrative report

Exhibit 4: Summary of Key Outcomes

Ref	Grants and returns	Claim due	Claim received	Late	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)	Unqualified certificate
BEN01	Housing Benefits and Authority Tax Subsidy	30/04/2018	25/04/2018	No	Yes	Disclosure		
TRA15	Local Transport Grant	30/09/2018	25/09/2018	No			Disclosure	
RG03	Communities First – All Clusters	31/07/2018	06/07/2018	No				Yes
EDU18	21st Century Schools	30/09/2018	26/09/2018	No				Yes
LA01	Non-Domestic Rate	31/05/2018	31/05/2018	No				Yes
HLG01	Gwent Frailty Partnership	27/04/2018	25/04/2018	No				Yes
HLG03	Section 28a Annual Voucher - Wanless	30/09/2018	07/09/2018	No				Yes
HLG03	Section 28a Annual Voucher - Learning and Disability	30/09/2018	07/09/2018	No				Yes
PEN05	Teachers Pensions	31/05/2018	30/04/2018	No				Yes
LA99	Summary of Certified Welsh Government Grants	15/06/2018	31/05/2018	No				Yes
TRA23	Free Concessionary Travel <i>(The financial element of this claim is now included in the 'Summary of Certified Welsh</i>							

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Ref	Grants and returns	Claim due	Claim received	Late	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)	Unqualified certificate
	<i>Government Grants (LA99)'. Auditors were required to report on the management of Smartcard Data and ISAM chips under CI TRA23).</i>							
	Total				1	£177,870	£0	8

This table summarises the key issues behind each of the adjustments or qualifications that were made.

Exhibit 5: Summary of Key Issues

Ref	Summary observations	Amendment Financial Impact
1	<p><u>Housing Benefit and Authority Tax Subsidy</u></p> <p>A number of issues were identified, which resulted in a qualification, including:</p> <p><u>Rent Allowances</u></p> <ul style="list-style-type: none"> • Total expenditure related to cases not requiring referral to the rent officer – this error was identified in year where the incorrect rent liability was used when calculating the benefit. This led to an extrapolated overstatement in cell 102 of £71 with a corresponding understatement of cell 113. • Total Expenditure (Benefit Granted) – this is an error that has also been identified in prior years, where the average weekly income was calculated incorrectly, this led to an extrapolated overstatement of £541 with a corresponding understatement in cell 113. • Eligible Overpayments (current year) – this is an error that has also been identified in prior years, where expenditure was misclassified as eligible overpayment rather than LA Error, this led to an extrapolated overstatement in cell 114 of £0.46 with a corresponding understatement of cell 99. <p>Two of the ‘In year reconciliation’ cells on the claim form did not agree. This was reported in the Qualification Letter.</p> <p>An amendment was also made to the claim to ensure accuracy of information reported. Cell 229 (Average actual weekly rent per dwelling for 2017-18) was adjusted by £2.43 and Cell 230 (Rental Income for 2017-18) was adjusted by £177,868 to read £82.64 and £45,743,368 respectively. These adjustments had no impact on the subsidy claimed.</p>	<p>£0 (£177,870) disclosure only)</p>

Ref	Summary observations	Amendment Financial Impact
	<u>Local Transport Grant</u> The claim was incorrectly completed in £000's causing an overstatement of the expenditure on the claim form. This was adjusted and has no impact on the grant award claimed.	£0
	Total effect of amendments to the Council's claims and returns	£0

Recommendations

- 8 We have given each recommendation a risk rating and agreed what action management will need to take. We will follow up this recommendation during next year's audit.

Exhibit 6: Recommendations' Risk Rating

Priority 1	Priority 2	Priority 3
<p>Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.</p>	<p>Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p>	<p>Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p>

Exhibit 7: Recommendations

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
Unapproved / ineligible expenditure included – Housing Benefit	The Authority's subsidy claim may be qualified. This will lead to a partial loss of subsidy if the total error made exceeds a permitted threshold set by the Department for Work and Pensions. If overpayments are not classified correctly, the Authority will not realise the level of its total error. Some claimants will be overpaid, and the Authority may have to request a repayment.	<p>Two issues identified within the qualification letter have been recurring for a number of years.</p> <p>We recommend that the council implement training to address the following issues prior to the next certification process:</p> <ul style="list-style-type: none"> • the correct classification between claimant and local authority error. • correctly calculate the weekly income of a claimant with a focus on what pay elements are included and excluded. 	1	<p>We continue to strive for 100% accuracy by raising awareness of the errors that are found. We will also focus on training and carry out targeted checks where weaknesses have been identified.</p> <p>With regards to classification of overpayments it has to be noted that there has been an improvement to previous years. 80 claims were checked (40 Council Tenants and 40 Private Tenants). The 40 Council Tenant claims were all correct but unfortunately there was one Private Tenant where a small overpayment was misclassified. As a result of this we will deliver refresher training on overpayment classification and increase the percentage checking of overpayments to prevent this reoccurring.</p> <p>With reference to earnings we will also deliver refresher training and a process will be put in place whereby staff will escalate claims that have complex wages to seek advice before entering them for assessment. We will also increase the targeted checking of earned income claims in order to identify errors in miss keying amounts which is generally due to human error.</p>	<p>Amanda Main (Housing & Council Tax Benefits Manager)</p> <p>April 2019</p>

Fees

Our overall fee for the certification of grants and returns was £41,788.

Exhibit 8: Fees

Breakdown of fee by grant/return	2017-18	2016-17
Housing Benefit and Authority Tax Subsidy (BEN01)	£18,090	£20,945
Teachers' Pension (PEN05)	£2,920	£3,287
Free Concessionary Travel (TRA23)	£1,279	£2,927
Section 28a Annual Voucher - Wanless (HLG03)	£1,363	£1,732
Section 28a Annual Voucher - Learning and Disability (HLG03)	£1,363	£1,732
Flying Start - Capital (EYCO2)	N/A	£1,680
Flying Start - Revenue (EYC01)	N/A	£2,706
21st Century Schools (EDU18)	£1,773	£1,409
Families First (EYC14)	N/A	£1,680
Communities First - Caerphilly Basin (RG03)	N/A	£1,133
Communities First - Upper Rhymney Valley (RG03)	N/A	£1,133
Communities First - Mid Valley East (RG03)	N/A	£1,133
Communities First - Mid Valley West (RG03)	N/A	£1,133
Communities First - All Clusters (RG03)	£2,904	N/A
Land Drainage - Donkey's Field (LD02)	N/A	£1,335

Breakdown of fee by grant/return	2017-18	2016-17
Land Drainage - Glenview Terrace (LD02)	N/A	£1,335
Non-Domestic Rate (LA01)	£2,570	£2,596
Local Transport Grant (TRA15)	£1,111	£1,250
Gwent Frailty Partnership (HLGO1)	£1,688	£2,500
Single Statement (LA99)	£3,945	N/A
Planning, admin & reporting	£2,782	£2,424
Total fee	£41,788	£54,070

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AUDIT COMMITTEE – 29TH JANUARY 2019

SUBJECT: REGULATOR PROPOSALS FOR IMPROVEMENT PROGRESS UPDATE

REPORT BY: DIRECTOR OF EDUCATION & CORPORATE SERVICES

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update members on progress against proposals or recommendations made by all regulators since the last Audit Committee update (July 2018) and to advise on any new proposals that have been added since that time.

2. SUMMARY

- 2.1 Since July 2018 there has been **4** proposals addressed and **4** new ones added onto the register.
- 2.2 We have received **2** reports since the last time an update was provided (and one certificate of compliance). There are **2** reports which have been received in draft and are going through clearance. These will be reported on the next update. Any proposals or recommendations for improvement from these reviews are not included within the numbers in 4.1 and 4.2.
- 2.3 Currently we have 1 recommendation and 12 proposals on the register totalling **13** altogether. There are 4 proposals which are now complete and if this is agreed by the Audit Committee, would leave **9** outstanding.
- 2.4 For clarity, the Wales Audit Office issue Proposals and Recommendations. The difference between the two is that a proposal is a 'suggestion for improvement'. This means the authority does not have to act on it, but if it is on the register it has been agreed that we will. A recommendation has a statutory element to it which means we have a 'statutory duty' to act on the recommendation.

3. LINKS TO STRATEGY

- 3.1 Although the Well-being of Future Generations (Wales) Act 2015 has been introduced and replaces Part 1 of the 2009 Local Government Measure, Part 2 is still a legal requirement and this part puts a duty on an authority to 'make arrangements to continuously improve'. The reporting of progress against regulator proposals and recommendations for improvement are part of those arrangements.

4. THE REPORT

- 4.1 There have been two finalised regulator outputs (one is completing its final clearance) since the last update and one further output, which is a 'certificate of compliance' for the production of the Council's Annual Performance Report. This has no proposal or recommendation but confirms the Council has complied with its statutory duty to produce a Performance Report and the 'Certificate' is part of Audit Committee papers (29th Jan 19) as an information only item.

- 4.2 As of January 2019 Audit Committee, there are 13 proposals / recommendations outstanding including 4 new ones. We are recommending 4 are closed down as completed leaving 9 outstanding. See breakdown below:

Name of Report	How many proposals / recommendation outstanding	How many completed in this reporting period	How many left
Customer Service Review	1	1	0
Asset Management	1	0	1
Financial Position	1	0	1
Financial Resilience	1	0	1
Leisure Review	1	1	0
Review of arrangement to address external audit inspection	1	0	1
Good governance when determining significant service changes.	1	1	0
Savings planning (Financial Resilience)	1	0	1
Welsh Housing Quality Standard	1	1	0
New: Service User Perspective Review	1	New	1
New: Scrutiny Fit for the Future?	3	New	3
Total	13	4	9

- 4.3 As of June 2018, one of the proposals have been on the register since 2013 [see para 4.5]. One proposal has been on the register for three years and two have been on the register for two years. There have been **113** proposals or recommendations since the register began.
- 4.4 **The Customer Services Review** report was provided in 2013 and started with seven proposals. After a slow start the proposals gathered pace in their completion with one aspect outstanding as of early last year. Audit Committee requested a presentation by the Head of Customer Services who attended in July 2018 and provided the wider background and discussed the ways in which the organisation would want to transform customer service, in particular with digital services. Members had the opportunity to discuss customer service aspects and ask questions. As all the actions have been carried out with some aspects evolving or being superseded through other work, we are recommending this is now closed.
- 4.5 **Asset Management** - The last proposal remains and will do so for next 18 months as members were advised at the last update. The service has appointed an Asset Management Coordinator (AMC) on a two year contract starting in August 2018. The AMC is working with service area teams in developing Service Area Asset Management Plans and this will be ongoing for the next 18months.
- 4.6 **Financial Position Review** has one outstanding proposal from summer 2015 about ensuring priorities are taken into account when making savings. The Council's Well-being Objectives now run over a five year period in line with the Medium Term Financial Plan so both run concurrently. The Well-being and Future Generations Act also requires each public body to

state how their Well-being Objectives will be resourced and this is shown in the Council's Corporate Plan. We will be in a position to suggest this proposal be closed at the next update to Audit Committee, appendix A provides further details.

- 4.7 **Financial Resilience** – The proposal was to develop an 'Income generation policy' however in the current climate we have moved to a greater understanding of the benefits of a wider 'commercialisation strategy'. This will be presented to Cabinet at the end of May 2018, at which time we will be in a position to suggest closure of this proposal.
- 4.8 **Leisure Review** – As noted in the Appendix, we recommend that this proposal be closed as Cabinet approved the Sport and Active Recreation Strategy 2019-29 on 14th November 2018.
- 4.9 **The Welsh Housing Quality Standard (WHQS)**. The recommendation (R3) was to "Ensure it (the Council) has sufficient project management capacity to deliver the Councils WHQS programme effectively by 2020". This resulted in four actions which have all been completed. The new follow up WAO report that is currently going through clearance concluded that 'the council has responded positively' and is 'making significant improvements' and that 'we are likely to meet the WHQS' by Dec 2020. While there is more to do and the new report has three new proposals, these are unconnected to this specific recommendation. There are no current issues with project management capacity and we would recommend this now be closed.
- 4.10 Reports that have come into the system since the last report are:

Name of Report	Where Report was presented to?	Comment
Scrutiny Fit for Future?	Scrutiny Leadership Panel 11 th Oct Audit Committee 16 th Oct	3 proposals. Added to register
Service user perspective	Cabinet 30 th Jan 19	1 proposal Added to register
Audit of Caerphilly County Borough Council's Assessment of 2017-18 Performance	Audit Committee 29 th Jan 19	For Information only item.

- 4.11 Reports that are just finishing the clearance process and will come through the system for the next Audit Report are: The Wales Housing Quality Standard – Follow Up and WAO 'steps examination' which looks at one of the steps we said we would take to deliver one of our well-being objectives.
- 4.12 Education Directorate advise there are no ESTYN reports to report on this occasion. Social Services also advise there are no final Care Inspectorate Wales reports or studies to report on at this time.
- 4.13 The Wales Audit view is that the decision on whether a proposal is completed is an internal matter for the organisation to decide, (although it is within their remit to make more proposals if they do not believe it has been addressed). The register is forwarded onto the Wales Audit Office for their information and updated once seen and agreed by Audit Committee.
- 4.14 We recommend four proposals be closed down as completed and encourage members to view the specific proposals attached within Appendix A, and judge if they concur that the proposals are now complete.
- 4.15 When monitoring progress against the proposals, members are advised to consider what value the proposals are making and what difference the activity in addressing them has made for our citizens.

5. WELL-BEING OF FUTURE GENERATIONS IMPLICATIONS

- 5.1 There are no specific implications to the Well-being of Future Generations within this report however some proposals when realised will benefit future generations The Sport and Active Recreation Strategy, for example, is designed to help deliver the goals and principles set out in the Wellbeing of Future Generations (Wales) Act 2015. More specifically the Strategy recognises clear opportunities for collaboration between the Strategy and the Caerphilly Public Services Board's Well-being Plan. The Well-being Plan also aims to help residents manage their own physical and mental well-being by creating supportive environments to do this. Working in partnership with the rest of the public sector is intrinsically linked to how we will deliver sport and active recreation. The Strategy also provides a vision and rationale for the future that is directly linked to the Council's Wellbeing Objectives, its strategic priorities, as set out in the Corporate Plan (2018-2023).
- 5.2 Some of the proposals may impact change of planning for example developing a longer term MTFP, from three years to five years and developing income generation policies. In terms of the five ways of working, these should be included within the actions to address these proposals and are not specific to the proposals themselves.

6. EQUALITIES IMPLICATIONS

- 6.1 No specific Equalities Impact Assessment has been undertaken on this report; however the Local Government Measure 2009 cites fairness and accessibility as part of the definition of what 'Improvement' means.

7. FINANCIAL IMPLICATIONS

- 7.1 There are no financial implications arising from this report although of note external audit fees can be reduced, if regulators are assured and place reliance on the organisation's own ability to monitor and challenge itself to improve.

8. PERSONNEL IMPLICATIONS

- 8.1 There are no personnel implications arising from this report.

9. CONSULTATIONS

- 9.1 This report has been sent to the Consultees listed below and all comments received are reflected in this report

10. RECOMMENDATIONS

- 10.1 It is recommended that Audit Committee note the contents of this report and give their agreement (where appropriate) to close the proposals that are noted as 'recommended to be closed' within the Appendix.

11. REASONS FOR THE RECOMMENDATIONS

- 11.1 To ensure members are aware of progress the Council's actions for progressing regulator recommendations and proposals and have assurance that progress is being made through an opportunity to monitor and challenge content.

12. STATUTORY POWER

12.1 Local Government Measure (Wales) 2009.

Author: Ros Roberts Corporate Performance Manager roberr@caerphilly.gov.uk
Consultees: Ed Edmunds, Corporate Director for Education & Corporate Services
Christina Harray, Interim Chief Executive
Cllr Barbara Jones, Deputy Leader and Cabinet Member for Finance, Performance and Governance
Dave Street, Corporate Director of Social Services
Mark S. Williams, Interim Corporate Director Communities
Liz Lucas, Head of Procurement and Customer Services
Mark Williams, Head of Property Services
Rob Hartshorn, Head of Public Protection, Community and Leisure Services
Lynne Donovan, Head of People Services
Stephen Harris, Interim Head of Business Improvement Services
Shaun Couzens, Chief Housing Officer
Cath Forbes-Thompson, Scrutiny Manager
Robert Tranter, Head Of Legal Services And Monitoring Officer
Keri Cole, Chief Education Officer
Kathryn Peters, Corporate Policy Manager, Corporate Policy Unit
Anwen Cullinane, Senior Policy Officer, Corporate Policy Unit
Dave Roberts, Principal Group Accountant, Corporate Services.
Shaun Watkins, Principal Personnel Officer, Social Services

Appendices:

Appendix A: Update of Proposal / Recommendation Register Jan 2019

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Action Plan 2018 Response to Regulator Proposals

Number and reference of action	Original Document	Regulator Proposal	Action	Previous Update July 2018	Service Officer Responsible	When will be completed by	Update January 2019	Status	Percentage completed
39	Customer Services Review (August 2013)	P2: Information and data. Strengthen the approach to evaluating and improving customer services in a proactive way. This should include collecting and analysing customer views and satisfaction data for e-mail and telephone correspondence.	1) Review the Customer Service standards and measures. 2) Implement survey forms for one-stop-shops and survey of contact centre 3) Broaden to other contact e.g Housing repairs to find out what they do 4) add performance data to Ffynnon CMT scorecard	A detailed survey of customers visiting the customer service centres was completed in March 2018. The process is complete and we now need to build on the findings. Responses to customer e-mails include a link to an online customer survey where customers can leave their comments. A formal survey of customers who call the Contact Centre has not yet been carried out for this year. However, recordings of phone calls are being sampled to gauge customer satisfaction, we are looking at technology to automate the collection of customer feedback, and we are carefully analysing call handling data to gauge customer preferences	Liz Lucas Head of Customer Services	Nov-14	Action 1 and 4 were closed a year ago. Action 2 - January 2019 the Authority started the journey to digitally transform customer services across the Authority and customer feedback will be a key element of the service development. This will move into day to day operations. Action 3 continues as part of our cross cutting review of how we manage customer contact and will be engaging with external customers across the authority. The Head of Customer Services attended the July Audit committee to update members and answer any questions. We now believe this 'proposal' should be closed as the activities continue to move on as part of day to day management.	30 Jan 18 - Service Recommended Completed Audit Committee decided to keep open & requested head of CS come and present progress . 29th Jan 19 - Recommend Closure	Change from 95% to 100%
46	Asset Management (Land and Property) Strategy Review (September 2013)	P2: Ensure that the individual service asset management plans are developed as soon as possible and are used to inform the Council's financial planning process.	Develop Service Asset Management Plan (SAMP) and consider impact on the Medium Term Financial Plan (MTFP)	An Asset Management Coordinator (AMC) has been appointed on a two year contract and will commence duties in August 2018. The AMC will work with and assist service area teams in developing Service Area Asset Management Plans. The Draft Sport and Active Recreation Strategy was published in June 2018 for	Mark Williams	Jan-Mar '14 (change of completion date to March 2018 due to number of reviews that affect the outcome). Date changed to March 2020 see update	The Asset Management Coordinator is liaising with individual services to aid in the completion of service strategies. By completing service strategies, the AMC can clearly understand the service property requirements for the short, medium and long term to aid in the completion of the asset management plans. AMC has currently liaised with Property Services, Countryside, Social Services, Infrastructure, Adult Education and Youth Services	In progress	75%
FPA2015/1	Financial Position Assessment Issued May 2015	P1 The Council should ensure that its priorities and improvement objectives are explicitly taken into account when determining its savings plans	Continue to develop linkages between Council priorities and the Medium-Term Financial Plan (MTFP).	The 'Corporate Plan & Well-being Objectives 2018 - 2023' was approved by Council on the 17th April 2018. This Plan includes details of Cabinet commitments and revised MTFP savings principles. These will now be incorporated into the process of developing savings proposals from the 2019/20 financial year onwards.	Stephen Harris	Ongoing	The Corporate Management Team (CMT) is currently working with the Cabinet to establish a vision for "Caerphilly 2022". This will determine the Council's direction of travel in the context of the significant financial challenges that we continue to face. As part of this process there will be close alignment between the Council's priorities and the Medium-Term Financial Plan (MTFP). The Future Generations Act specifically requires the Well-being objectives publication to explain how the objective will be resourced and that is detailed in the Corporate Plan 2018-2023	In progress	90%
New 181A2016	Financial Resilience 2015/2016 issued April 2016	Developing income generation/charging policies.	A corporate policy on income generation/charging will be progressed once the WAO produces a final national report on its "All Wales Local Government Improvement Study: Strategic approach to income generation and charging".	The drafting of an Income Generation Policy has completed and is due to be presented to Corporate Management Team. It will then be finalised by the end of April 2018. Benefits and outcomes from the policy should be monitored for effectiveness. This will be considered by the Business Improvement Portfolio (BIP) Board during 2018/19.	Stephen Harris	01/04/2017 (changed) July 17	As part of the work currently underway in relation to "Caerphilly 2022", a Commercial Strategy is being drafted for Cabinet consideration. This Strategy will replace the Income Generation Policy that was previously drafted. It is anticipated that the Commercial Strategy will be presented to Cabinet for approval by the end of May 2018.	In progress	75%
181A2016	Leisure Review (May 16)	R1 The Council needs to urgently develop and agree a vision and strategy for its sports and leisure services, and set out how it will achieve this. In doing so, the Council should ensure that: 1. there is effective involvement of, and engagement between, politicians and officers to strengthen corporate oversight of process 2. relevant expertise is involved across the Council at an early stage 3. there is a clear plan for public and stakeholder engagement 4. There are clear links to corporate plans, priorities and the MTFP 5. Options appraisals are undertaken based on robust information base, (costs, benefits, risk etc) each option is assessed. 6. Appropriate consideration is given to the impact by applying the principles of the Well-being of Future Generations Act 7. Governance and accountability mechanisms are identified to report and monitor progress in developing the vision 8. Consideration is given to capacity of the service to	Following member approval the authority has engaged a consultant to: i) To establish a clear purpose for its business and other activities in Sport & Leisure. ii) Analyse and recommend "placement" of the service into the future taking into account existing practice alongside exploring opportunities for development based on current and projected demand in the Sport & Leisure Industry. iii) Establish a set of recommendations that is appropriate to the needs of the County Borough's communities and is affordable going forward. iv) An assessment of the most appropriate operating model(s) for the Authority. v) The preparation of a new, over-arching strategy, and delivery plan that:- Fully takes into account national strategies/priorities as well as local needs and issues set in the context of financial constraints; • Places the future rationale, and appropriate operational models for Sports & Leisure in Caerphilly in accord with the "direction" being supported by Welsh Government; • Delivers a bespoke approach appropriate to the needs and demands of the communities in the County Borough. vi) To suggest next steps (eg: user engagement, etc.) that	A 10 year Sport & Active Recreation Strategy has been drafted. This was considered by Regeneration & Environment Scrutiny on 26th June 2018, and then Cabinet on 27th June 2018. Approval will be sought for a public consultation process to start on the 16th July following a Member Seminar scheduled for 9th July 2018.	R.Hartshorn	Previously May 2017, changed to Oct 2018	Following a 10 week public consultation exercise an updated draft Sport and Active Recreation Strategy 2019-29 was endorsed by a special meeting of Regeneration and Environment Scrutiny Committee on 8th November 2018. The Sport and Active Recreation Strategy 2019-29 was approved by Cabinet on 14th November 2018. The Strategy sets out a future purpose and direction for the provision of sport and active recreation in Caerphilly County Borough - it establishes the key principles and vision which will inform future decisions and actions. The Strategy adopts Welsh Government and Sport Wales 'Facilities for Future Generations' blueprint for Sport and Active Recreation together with a decision making matrix for determining the provision of strategic leisure facilities.	Recommended for closure	100%
344A2016 (Audit year 15/16) Issued May 2016 / reported August 16	Review of arrangements to address external audit, inspection and regulation and proposals for improvement.	P1 As the Council develops its vision and considers the future shape of the organisation, it should identify and plan for the workforce requirements to implement its vision.	Develop Staff Vision and Values to complement Cabinet Commitments. Research and Develop a holistic organisational development plan, that includes age profiling, re-skilling and potential apprenticeships. This would include supporting agile working policy and practise.	Cabinet Commitments have been launched and widely promoted. Workforce vision and values are being developed to complement this. However we are in a different place since this proposal was made and we need to ask different questions and look at wider solutions. We need an organisational development plan that is inclusive, moving away from individual service workforce plans to a more holistic and lateral plan - making connections with other areas such as re-skilling staff so they can support vacancy's in different disciplines with a more agile workforce. We need to grow our own in house skills and develop apprenticeships and this will take proper research and time to ensure we develop the right kind of organisational development. This work has started and is likely to develop further over the next two years with a draft OD policy due to go to P&R scrutiny between Nov 2018- Jan 19 with routine updates to this committee on progress.	Lynne Donovan	Oct 2017 Changed to April 2019	We are looking at what the Council needs to support future service delivery, (however services may look), which will involve a review of all our HR policies and also the production of relevant strategies including Workforce Planning / Organisational Development and also Wellbeing. The HR policies and strategies will be essential to support a future workforce that is fit for purpose and able to meet the needs of changing delivery models. The principles of agile working are now in operation and the policy will be developed along with the review of the other workforce flexibility policies to ensure they all integrate. The OD policy is still being developed in line with other workforce policies with an aim to be finished early spring. We will then be in a position to close this proposal as it moves into day to day business.	In progress	40%

118A2017 - (issued Feb 2017) deferred due to election til June	Good governance when determining significant service changes. Presented Cabinet 5th July 17	P1 Introducing a more systematic and transparent arrangement for monitoring the impact of service changes	As part of the Council Report in February each year to establish a balanced budget for the next financial year an Appendix will be attached to this report listing all the service changes due to take place in the next financial year. This Appendix will include a description of the service, estimated date for implementation of changes and the relevant responsible Senior Officer and Cabinet Member. This list will be reviewed half yearly in the first instance by Corporate Management Team, followed by a report to Cabinet during the Autumn of each year as part of the mid-year budget monitoring report. This report will provide a commentary on any adverse impacts not originally envisaged/reported with actions where possible to address or mitigate these variations	There were no major service changes arising from the savings agreed by Council for the 2018/19 financial year. However, progress in delivering the approved savings will continue to be monitored through the budget monitoring reporting process. As we move forward there will inevitably be more significant changes required to achieve savings targets and this will be closely project managed through progress reporting to the Business Improvement Board.	Stephen Harris	Feb-18	Detailed reports in relation to the 2019/20 draft savings proposals were presented to a series of Special Scrutiny Committees in December 2018. These reports also included Equality Impact Assessments for those proposals that are likely to have a public impact if approved. Final 2019/20 Budget Proposals will be presented to Cabinet and Council in February 2019. Arrangements will be put into place to review progress in delivering approved savings through the Council's budget monitoring process and the Business Improvement Board for more significant items.	Recommended for closure	100%
654A2016 (issued March deferred due to election til June)	Savings planning (Financial Resilience Presented Cabinet 5th July 2017)	P1. Strengthen financial planning arrangements by ensuring that savings plans are underpinned by robust business cases	1 Develop a new template to capture detailed information on future savings proposals. The template will include consideration of the Well being of Future Generations (Wales) Act 2015 to further develop links between the MTFP & Council Priorities an objectives. 2. Guidance notes to be produced to help managers understand why and how to complete.	The pilot has been completed in the Communities Directorate. The Business Improvement Board will determine the next steps in relation to business case requirements linked to significant service change proposals. As part of business as usual all savings proposals that are likely to have an impact on the public will require detailed reports to be prepared for consideration by Scrutiny Committees.	Stephen Harris	Oct - Dec 18	The pilot template has been used again by the Communities Directorate as part of the process for developing draft savings proposals for 2019/20. The Business Improvement Board is yet to finalise the next steps in relation to business case requirements linked to significant service change proposals but this will be completed by the end of June 2019. As part of business as usual all savings proposals that are likely to have an impact on the public will continue to require detailed reports to be prepared for consideration by Scrutiny Committees.	In progress	Jan 75%
New WAO ref 365A2017	Welsh Housing Quality Standard Issued June 2017 Presented Cabinet 1st Nov 2017	R3 Ensure it has sufficient project management capacity to deliver the Councils WHQS programme effectively by 2020	Project management capacity: Through our periodic management reviews and periodic reports to CHTG/Scrutiny/Cabinet, any revision to delivery of the WHQS project plan will address resource matters to secure sufficient project management capacity and the ongoing delivery of the WHQS programme. Oct 2017: 1. Business case approved for the appointment of additional resources, allowing recruitment to take place as and when required. 2. Project management of sheltered housing programme being carried out by in-house team following consultation with tenants. 3. Project management of various aspects of the programme is being undertaken by other services to spread the workload and maximise the use of existing resources..... 4. A restructure of Caerphilly Homes to be undertaken....	No current issues with project management capacity. Existing Resources are sufficient and a New Housing Technical post was appointed to better integrate WHQS and reactive maintenance services. A Cross-Party Working Group Report was submitted on 11 Jan 2018 clarifying status of addressing this recommendation/proposal.	Shaun Couzens	Jan/Feb 2018	The Council has made significant progress in identifying the investment and resources it needs to complete its WHQS programme by the end of 2020. During 2018, an ongoing re-structure of the Caerphilly Homes services was progressed to improve better integration across functions and maximise the skills, experience and capacity within the service. WAO Report (Dec 2018) noted: Overall, we found that: The Council has responded positively to our June 2017 WHQS report and statutory recommendations by making significant improvements and as a result we now conclude that it is likely to meet the WHQS by December 2020.	Recommended for closure. This is part of ongoing business.	100%
New WAO Ref 609A2018-19	Overview and Sctutiny - Fit for the Future? Issued July 2018	P1 Improving the provision of training and development opportunities for members to help a) improve their understanding of their role in overview and scrutiny; b) develop their skills to be able to scrutinise effectively; and c) improve their understanding and consideration of the Well-being of Future Generations Act when undertaking scrutiny activity by providing further training. P2 Clarifying the role of Cabinet Members within the overview and scrutiny process to ensure that arrangements support transparency and accountability. P3 Setting clear priorities and actions for improvement for the scrutiny function taking into account current and future challenges	a) & b) - To run a self-evaluation Survey of officers and members (based on the good characteristics of scrutiny guidelines). Once the results have been analysed, the results and the WAO findings will be used to form a member workshop. The outcomes of member workshops will be used to triangulate these 3 different forms of intelligence to set an action plan for improvement. This outcome of this action is to have a developed action plan that will then be monitored by the Scrutiny Leadership Group. The above action to complete the survey and hold workshops with input from the WAO report will form the action plan that will address this proposal and will be monitored by Scrutiny Leadership Group The above action to complete the survey and hold workshops with input from the WAO report will form the aciton plan that will address this proposal and will be monitored by Scrutiny Leadership Group	New Report no previous narrative New Report no previous narrative New Report no previous narrative	Cath Forbes-Thompson Cath Forbes-Thompson Cath Forbes-Thompson	Jul-19 Jul-19 Jul-19	a) & b) The self-evaluation survey is being completed and the results will be analysed in January. The survey results and the WAO findings will inform the basis for new member workshops. From September the 2 year member training programme was put on the members portal. The training programme was informed by the training needs analysis in which members identified their training needs. C) Additional training has been provided to all Scrutiny's in the Well-being of Future Generations Act and the 5 ways of working (Sustainable Development Principle), so this proposal is now complete. The same update from the above column applies here The same update from the above column applies here	In progress. In progress In progress	50% 50% 10%
New WAO ref 826A2018-19	Service User Perspective Review Issued Draft October -final - Dec	P1 To ensure that the WHQS programme meets the needs of all tenants and leaseholders the Council should; • strengthen its communication approaches with all tenants and leaseholders, taking account of the experiences of different groups of residents; • monitor and report compliance with the Charter for Trust to address any identified issues; and • analyse complaints about the WHQS programme systematically to address the root causes and share learning to improve tenants' and leaseholders' experience of the programme	Communication: Current communication approaches will be reviewed with our tenant working group whilst also considering the responses received from the household survey. Charter for Trust: included within all contract documentation and promoted at each pre-contract meeting, ensuring that information is required to be passed on to all members of the workforce including sub-contractors. Feedback from tenants to be analysed to learn from experiences. Complaints: Tenant satisfaction returns will be reviewed to ensure any areas of concern are identified and addressed. As part of our complaints process each complaint will be considered to establish if any service changes are required to improve customer experiences for the future.	New Report no previous narrative A Housing Services - Governance and Performance Framework was drafted (2017) to identify key aspects that influence the delivery of the WHQS programme, including reporting groups and intelligence categories (data sources) established.	Shaun Couzens	Mar-19	Communications methodologies and feedback received through the following groups, is cotinuously under review and open to improvement suggestion: - Newsletters, social media, events -Tenant Liaison Group /Tenant Liaison Officers - Surveyors - Contractors/Workforce - Tenant letters - Enforcement orders - feedback and complaints Charter for Trust: customer satisfaction questionnaires are issued and responses reviewed to learn from tenant experiences and make improvements to service delivery. Complaints: Response rates for 'Internal Works' has been well monitored for a number of years with follow up actions addressed as and when required. However, for 'External Works' implementation has only occurred these past 2 years with low response rates. The current satisfaction process is being reviewed with the aim of improving level and quality of responses received.	In progress with ongoing monitoring	75%



Reference: 938A2018-19

Date issued: November 2018

Audit of Caerphilly County Borough Council's assessment of 2017-18 performance

Certificate

I certify that I have audited Caerphilly County Borough Council's (the Council) assessment of its performance in 2017-18 in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Council has discharged its duties under sections 15(2), (3), (8) and (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

Respective responsibilities of the Council and the Auditor General

Under the Measure, the Council is required to annually publish an assessment which describes its performance:

- in discharging its duty to make arrangements to secure continuous improvement in the exercise of its functions;
- in meeting the improvement objectives it has set itself;
- by reference to performance indicators specified by Welsh Ministers, and self-imposed performance indicators; and
- in meeting any performance standards specified by Welsh Ministers, and self-imposed performance standards.

The Measure requires the Council to publish its assessment before 31 October in the financial year following that to which the information relates, or by any other such date as Welsh Ministers may specify by order.

The Measure requires that the Council has regard to guidance issued by Welsh Ministers in publishing its assessment.

As the Council's auditor, I am required under sections 17 and 19 of the Measure to carry out an audit to determine whether the Council has discharged its duty to publish an assessment of performance, to certify that I have done so, and to report whether I believe that the Council has discharged its duties in accordance with statutory requirements set out in section 15 and statutory guidance.

Scope of the audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information. Other assessment work that I will undertake under section 18 of the Measure may examine these issues. My audit of the Council's assessment of performance, therefore, comprised a review of the Council's publication to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the assessment complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing it.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.



Adrian Crompton

Auditor General for Wales

CC: Alun Davies – Cabinet Secretary for Local Government and Public Services
Non Jenkins, Manager
Gareth Jones, Performance Audit Lead



AUDIT COMMITTEE – 29TH JANUARY 2019

SUBJECT: REGULATION OF INVESTIGATORY POWERS ACT 2000

REPORT BY: HEAD OF LEGAL SERVICES & MONITORING OFFICER

1. PURPOSE OF REPORT

- 1.1 To advise Members of the numbers of covert surveillance operations undertaken by the Council in accordance with the provisions of the Regulation of Investigatory Powers Act 2000 (RIPA) for the period 1st October to the 31st December, 2018.

2. SUMMARY

- 2.1 To provide an update on the number of operations undertaken in accordance with RIPA for the period 1st October to 31st December, 2018.

3. LINKS TO STRATEGY

- 3.1 The Council is under an obligation to comply with legislative requirements - this report helps to achieve that.
- 3.2 The Regulation of Investigatory Powers Act 2000 (RIPA) provides a statutory mechanism for authorising directed surveillance and the use of a covert human intelligence source, which aims to ensure that any interference with the individual's right to privacy under Article 8 of the European Convention is necessary and proportionate, and that both the public interest and the human rights of individuals are protected and as such contributes to the following wellbeing goals within the Well-being of Future Generations act (Wales) 2015.
- A prosperous Wales
 - A resilient Wales
 - A healthier Wales
 - A globally responsible Wales

4. THE REPORT

- 4.1 The Regulation of Investigatory Powers Act 2000 (RIPA) sets out strict controls for public authorities wishing to carry out covert surveillance of individual members of the public as part of their exercise of their statutory functions. In addition to the Act, advice and guidance is found within the Codes of Practice issued by the Investigatory Powers Commissioner's Office.
- 4.2 The Authority has a corporate policy, which provides guidance on how surveillance should be used by the relevant officers.

- 4.3 Public Authorities undertaking covert surveillance of individual members of the public are subject to inspection by the Investigatory Powers Commissioner's Office.
- 4.4 Members are advised that for the period 1st October, 2018 to 31st December, 2018 there have been no RIPA operations undertaken.

5. EQUALITIES IMPLICATIONS

- 5.1 None, the report is for information only.

6. WELL BEING OF FUTURE GENERATIONS

- 6.1 This report contributes to the Well-being goals as set out in the Links to Strategy above as compliance with the provisions of RIPA ensures that any interference with an individual's right to privacy under Article 8 of the European convention is necessary and proportionate, and that both the public interest and the human rights of individuals are protected.

7. FINANCIAL IMPLICATIONS

- 7.1 None, the report is for information only.

8. PERSONNEL IMPLICATIONS

- 8.1 None, the report is for information only.

9. CONSULTATIONS

- 9.1 None. The report is for information only.

10. RECOMMENDATIONS

- 10.1 None. Members note the information provided.

11. REASONS FOR THE RECOMMENDATIONS

- 11.1 To ensure compliance with statutory requirements.

12. STATUTORY POWER

- 12.1 Regulation of Investigatory Powers Act 2000.

Author: Robert Tranter, Head of Legal Services & Monitoring Officer
(trantrj@caerphilly.gov.uk)

Consultees: Lisa Lane, Deputy Monitoring Officer & Corporate Solicitor
(lanel@caerphilly.gov.uk)



AUDIT COMMITTEE – 29TH JANUARY 2019

**SUBJECT: OFFICERS DECLARATIONS OF GIFTS AND HOSPITALITY
JULY TO SEPTEMBER 2018**

REPORT BY: HEAD OF PEOPLE SERVICES

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to provide the Audit Committee with information regarding the Register of Employees' Interests Forms completed by officers of the Council (excluding Schools) regarding Gifts and Hospitality for the period 1 July to 30 September 2018 i.e. the second quarter of the financial year 2018/19 and a comparison with the previous three quarters.

2. SUMMARY

- 2.1 Enclosed as Appendix 1 is a list of Register of Employees' Interests Forms in respect of Gifts and Hospitality completed by officers of the Council (excluding Schools) for the 3 months 1 July to 30 September 2018.

3. LINKS TO STRATEGY

- 3.1 The Council's Code of Conduct for Employees confirms that in performing their duties, employees must act with integrity, honesty, impartiality and objectivity and that they must act in accordance with the principles set out in this Code, recognising the duty of all public sector employees to discharge public functions reasonably and according to the law. This is a Statutory Code requirement.
- 3.2 The Council acting through the Audit Committee is required to report officer declarations regarding Gifts and Hospitality on a quarterly basis.

4 THE REPORT

- 4.1 The Council's Code of Conduct for Employees sets out guidance for employees on a range of issues, including the completion of a Register of Employee Interests form, which will help maintain and improve the high standards of conduct within local government and protect employees from misunderstandings and confusion.
- 4.2 Completed Register of Employees' Interests forms are submitted to Heads of Service, Directors or the Chief Executive who countersign the forms to show they are aware of the declaration. The form also records details of any controls / action taken to protect the Council's interests in the circumstances outlined on the form. A copy of the countersigned form is given to the employee and a copy sent to Human Resources for filing on the employee's personal file.

- 4.3 The Head of Service, Director or Chief Executive retains the original form and maintains a summary spreadsheet to record the forms. On a monthly basis the summary spreadsheet or a nil return is submitted to Human Resources for collation and monitoring for consistency and compliance.
- 4.4 In accordance with the Council's Code of Conduct for Employees, Gifts / Hospitality of less than £25 may be accepted by the employee but any Gift / Hospitality which could be seen by a third party as placing the employee under an improper obligation such as more than one Gift / Hospitality from the same party must be refused, irrespective of its value.
- 4.5 Employees may accept small offers of Hospitality only where the activity is of a nature where there is a genuine need to impart information or to represent the Council in the community. Offers to attend purely social or sporting functions should be accepted only when these are part of the life of the community or where the Council should be seen to be represented.
- 4.6 The table below details the number of declarations regarding Gifts submitted by Directorate for the period 1 July to 30 September 2018 and the previous three quarters for comparison. The declarations for the previous quarters have been adjusted to reflect the new Directorate structures.

Directorate	Number of declarations received - Gifts			
	July – Sept 2018	April – June 2018	Jan – March 2018	Oct – Dec 2017
Communities	0	0	0	1
Education and Corporate Services	0	1	0	4
Social Services and Housing	20	0	0	1
Total	20	1	0	6

- 4.6.1 Appendix 1 provides details of the Gifts declared during the period July to September 2018.
- 4.6.2 The Gifts agreed in Adult Services have been considered by the Director of Social Services and Housing and the Head of People Services and acknowledged in the circumstances.
- 4.7 The table below details the number of declarations regarding Hospitality submitted by Directorate for the period 1 July to 30 September 2018 and the previous three quarters for comparison. The declarations for the previous quarters have been adjusted to reflect the new Directorate structures.

Directorate	Number of declarations received - Hospitality			
	July – Sept 2018	April – June 2018	Jan – March 2018	Oct – Dec 2017
Communities	0	3	0	1
Education and Corporate Services	0	0	0	0
Social Services and Housing	0	0	0	0
Total	0	3	0	1

4.8 The Head of People Services will continue to monitor the declarations submitted and work with Heads of Service to improve their understanding, promote best practice and corporate compliance of the Code of Conduct where appropriate.

5. WELL-BEING OF FUTURE GENERATIONS

5.1 Having considered the five ways of working, they will not be affected by the contents of this report.

6. EQUALITIES IMPLICATIONS

6.1 There are no equalities implications, as the reason for declaring an interest applies equally to all staff, regardless of their individual characteristics.

7. FINANCIAL IMPLICATIONS

7.1 None.

8. PERSONNEL IMPLICATIONS

8.1 The personnel implications are included in this report.

9. CONSULTATIONS

9.1 There are no consultation responses that have not been included in the report.

10. RECOMMENDATIONS

10.1 The Audit Committee are asked to note the contents of this report.

11. REASONS FOR THE RECOMMENDATIONS

11.1 The recommendations are designed to ensure members of the Audit Committee have an oversight of the position in relation to officers' Gifts and Hospitality.

12. STATUTORY POWER

12.1 Local Government Act 2000.

Author: Lynne Donovan, Head of People Services.
Consultees: Nicole Scammell, Head of Corporate Finance and Section 151 Officer
Robert Tranter, Head of Legal Services and Monitoring Officer
Cllr Colin Gordon, Cabinet Member for Corporate Services

Appendices:
Appendix 1 - Declarations of Gifts 1 July to 30 September 2018

Appendix 1
Declarations of Gifts 1 July to 30 September 2018

Directorate	Service Area	Post Title of Employee Making the Declaration	Type of Declaration	Details Of Declaration	Post Title of Head of Service, Director or Chief Executive who authorised the declaration	Outcome
Social Services and Housing	Adult Services	Deputy Manager	Gift	Cash gift of £50 from family member of service user	Assistant Director Adult Services	Accepted
Social Services and Housing	Adult Services	Social Care Worker (x 19)	Gift	Cash gift of £50 from family member of service user	Assistant Director Adult Services	Accepted

Agenda Item 11

MINUTES

CORPORATE GOVERNANCE PANEL

HELD ON

MONDAY 24TH SEPTEMBER 2018

IN THE

EXECUTIVE BOARD ROOM, PENALLTA HOUSE

Panel Members Present:

R. Edmunds (RE), D. Gronow (DG), S. Harris (SH), J. Jones (JJ), L. Lucas (LL), K. Peters (KP), N. Scammell (NS) and R. Tranter (RT)

1. APOLOGIES

An apology for absence was received from Councillor B. Jones

2. MINUTES

The minutes of the meeting held on the 19th January 2017 were agreed as a correct record.

3. NEW ISSUES ARISING FROM THE 2017/18 ANNUAL GOVERNANCE STATEMENT (AGS) AND PROGRESS ON ANY ISSUES FROM 2016/17

An update was given on the establishment and remit of the Corporate Governance Panel arising from the WAO Special Inspection recommendations.

In terms of the issues arising from the AGS the 2016/17 actions and progress made were outlined. It was noted that due to staff absences and secondments the Panel had not met since January 2018.

DG confirmed that Head of Service (HoS) checklists for this years review had been sent out with the intention of this group meeting on a quarterly basis with the minutes being reported to the Audit Committee. It was agreed that following the return of the checklists and the updating of the AGS a report would be presented to CMT some time in April 2019. Given the time frame and taking into account year end it was agreed that DG would produce a flowchart of process and timelines.

Reference was made to the recommendation of Grant Thornton in relation to the HR Strategy Group and it was agreed that an invitation be extended to Lynne Donovan to attend future Panel meetings.

4. ISSUES ARISING FROM EXTERNAL AUDIT REPORT TO AUDIT COMMITTEE

DG outlined the agreed actions arising from the Public Sector Internal Audit Standards (PSIAS) action plan. In relation to the agreed actions for the Audit Plan it was confirmed that this would be presented to the Audit Committee for consideration

Reference was made to internal assessments and planning and it was agreed that timeframes would be reviewed in terms of outstanding actions and Head of Service input would be requested. It was agreed that the matter be taken to Directorate Senior Management Team meetings in order to engage them in the process.

In terms of the WHQS audit and its inclusion into the plan, DG confirmed that this was being worked through. It was agreed that the structures on which the current plan was based required a refresh.

The content of the Annual Audit Plan and how each risk was assessed was summarised and was noted to cover the main financial risks as well as reputational and other risk and is reported annually to the Audit Committee.

Key Performance indicators were discussed and it was agreed that they needed to be reviewed in order to establish if they are still valid. It was noted that future Audit Committee reports would need to give more context and narrative on the audit. It was agreed that a review of how reports/actions are escalated following an audit was required and an appropriate process needs to be put in place. It was noted that the new computerised system that is being procured would close the loop on this by introducing an automated system that would email recommendations to Managers for response. Managers would then take ownership of the actions and take forward. The software portal would streamline the process, simplifying reporting and factoring in timescales, allowing recommendations to be followed up over time. It was agreed that those in need of improvement would be sent to the Audit Committee. The Annual Governance Statement would also be collated from the new system.

The coverage of the financial system and data matching was discussed and DG provided examples of data matching.

Audit Committee process and reporting was discussed and DG agreed to look at good practice in other authorities and provide feedback to the next meeting. It was accepted that some information that now required reporting at committee may need to be done in exempt session.

6. ISSUES ARISING FROM PSIAS REVIEW (AUDIT COMMITTEE TOR, AUDIT CHARTER ETC)

The outcome of the external peer review on compliance with the Public Sector Internal Audit Standards (PSIAS) was reviewed and the current position in terms of code compliance noted.

DG confirmed that the external assessment was undertaken every five years with this latest review undertaken by Newport City Council's Chief Internal Auditor. The process highlighted a number of actions for consideration but the overall outcome was that the main areas in the Standards were well covered and no fundamental issues were outstanding.

Reference was made to updating the Audit Charter and it was confirmed that this would be done in January 2019. It was agreed that a progress report be presented to the next Group meeting.

7. REVIEW/RECAP OF CURRENT POSITION ON CODE COMPLIANCE (FOLLOWING LIVE WORK THROUGH OF DOCUMENT)

It was noted that Richard Harris would take this forward and this would be added to the Audit Committee forward work programme for January 2019.

8. PARTNERSHIP AND COLLABORATION

KP provided an update on partnership and collaboration and confirmed that the current list was presented to the Audit Committee on a quarterly basis and sought views on changing this practice to an annual basis only. KP advised that the current data base would be reviewed in order to ensure the information it contained was still relevant and robust as it presently noted all collaborations including informal collaboration and queried if this depth of detail would continue to be required going forward.

NS advised that it was such informal collaborations that had historically presented issues in terms of governance, issues being highlighted in previous audits.

KP confirmed that she was looking for a steer on what collaboration/partnerships means and how to report and the level to pitch this going forward. For example looking at Formal/Joint Delivery, only at those with SLA's in place, areas for improvement, associated risks etc.

The implications of GDPR and data protection in terms of informal collaboration was discussed and the risks for personal information, reputational risk and other risks that could be framed within an informal collaboration. The reframing of the criteria and a review of the protocol was discussed and it was agreed that a review was now required as the Authority is in a different position. It was also felt that Service Managers would benefit from the review as it could give them clear definitions and instructions.

Reference was made to the importance of ensuring that data on all known collaborations was in one place identifying who is the lead and that appropriate governance arrangements are in place.

KP agreed to review the protocol in discussion with colleagues and feedback to the next Panel meeting.

9. AUDIT COMMITTEE FORWARD WORK PROGRAMME

The forward work programme for the Audit Committee was noted and in relation to the item on WHQS Acceptable Fails SH queried whether Shaun Couzens was aware that he would be needed at the meeting. It was agreed that a reminder would be sent.

10. ANY OTHER BUSINESS

4-TIER

DG sought the Panels' views on the proposal for 4 tier audit opinions, risk ratings and assurance namely: -

Effective

Effective with Opportunities for Improvement (to be reported to Committee if no improvement seen on follow up recommendation made)

In Need of Improvement (to be reported to Committee)

Inadequate and In Need of Immediate Improvement (to be reported to Committee)

The Panel agreed to seek the Audit Committee's approval and endorsement for using the 4 tier themes when future audit reports start coming forward, as this would provide the rationale behind all audit opinions and support the AGS.

GDPR

JJ provided an update on GDPR and the Information Governance Team. It was noted that the team had rolled out packages of training and awareness rising in relation to GDPR. Templates for contracts and terms and conditions were being progressed. Privacy Notice templates had been completed and shared with other local authorities however due to staff pressures there was a backlog on fully completed notices.

It was noted that the biggest challenge for the Team were the privacy notices. JJ had looked at what other authorities had published and there was a mixed picture in terms of numbers and the levels of completion. It was confirmed that 30 privacy notices were currently in draft format and JJ sought a view from the Panel as to whether they should be published in their current form or held back until there were sufficient staffing resources available to fully complete.

Consideration was given to the balance between the need to publish against publishing draft notices. JJ advised that ideally she would like to have something on line by the 28th September 2019 and was of the opinion that the current notices should be adequate for compliance under GDPR. It was agreed that the notices should be published as is with the priority given to high risk items first.

An update was then provided on a notification of a breach to the Information Commissioners Office.

It was noted that a GDPR checklist had been embedded into all audits.

JJ emphasised the importance of staff undertaking the annual e-learning module on information governance and data protection and advised that Managers should be tracking compliance.

WAO – PROJECT BRIEF – ASSURANCE AND RISK ASSESSMENT REVIEW

The Panel noted the project brief circulated by the WAO and the content of the brief was discussed. It was noted that this would be a national 'light touch' piece of work which would seemingly concentrate on document reviews, a limited number of interviews and observing meetings.

It was agreed that the review should be added to the CMT forward work programme for their consideration.

Meeting Closed At: 12.05pm