



AUDIT COMMITTEE

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, TREDOMEN, YSTRAD MYNACH ON WEDNESDAY 10TH JUNE 2015 AT 10.00 AM

PRESENT:

Councillor D. Rees - Chair
Mr N. Yates - Vice Chair

Councillors:

Ms. L. Ackerman, Mrs K. Baker, W. David, N. Dix, C. Hawker, N. George, S. Morgan and Mrs G.D. Oliver

Together with:

I. Davies (PriceWaterhouseCoopers LLP) and N. Jenkins (Wales Audit Office)

N. Scammel (Acting Director of Corporate Services and S151 Officer), D. Street (Director Social Services), G. Williams (Interim Head of Legal Services and Monitoring Officer), R. Roberts (Performance Manager), C. Jones (Head of Performance and Property), K. Williams (Private Sector Housing Manager), C. Singler (Allocations Officer) and E. Sullivan (Democratic Services Officer)

1. TO APPOINT A CHAIR AND VICE-CHAIR FOR THE ENSUING YEAR

It was moved and seconded that Councillor D. Rees be appointed as Chair of the Audit Committee for the ensuing year and by a show of hands this was unanimously agreed.

RESOLVED that Councillor D. Rees be appointed Chair of the Audit Committee for the ensuing year.

It was moved and seconded that Mr N. Yates be appointed as Vice Chair of the Audit Committee for the ensuing year and by a show of hands this was unanimously agreed.

RESOLVED that Mr N. Yates be appointed as Vice Chair of the Audit Committee for the ensuing year.

2. CHAIRMAN'S ANNOUNCEMENT

The Chair on behalf of the Audit Committee wished Councillor Judith Pritchard a speedy recovery following her recently hip replacement surgery. The Committee requested that their best wishes be passed on to Councillor Pritchard.

3. APOLOGIES

Apologies for absence were received from Councillors Mrs E.M. Aldworth, D. Carter and J.A. Pritchard.

4. DECLARATIONS OF INTEREST

Councillor Ms. L. Ackerman declared a personal interest in Agenda Item No. 11, Business Continuity in Social Services, details are minuted with the respective item.

5. MINUTES – 11TH MARCH 2015

RESOLVED that the minutes of the meeting of the Audit Committee held on 11th March 2015 (minute nos. 1 - 11) be approved as a correct record and signed by the Chair.

REPORTS OF OFFICERS

Consideration was given to the following reports.

6. WALES AUDIT OFFICE – 2015 AUDIT PLAN (DRAFT)

Mr Ian Davies (Price WaterhouseCoopers LLP) presented the financial aspects of the 2015 Audit Plan and Ms Non Jenkins (Wales Audit Office) presented the performance aspects of the Plan.

In terms of the key audit financial risks outlined in the report Mr Davies drew Members attention to pages 10 to 13 and summarised the details contained therein. It was noted that the risks of fraud in revenue and expenditure recognised within the plan were not driven by any specific concerns but were standard to any organisation. Reference was made to 'Complex Supplier Arrangements' and the proposed audit response to this risk, ensuring that the accounting records for each arrangement were correct. In terms of audit risk and 'Property Plan and Equipment' (PPE), consideration would be given to the appropriateness and sufficiency of the Councils' PPE valuation and their accuracy tested. 'Management Estimates' would also be an audit priority to ensure that the judgements made were reasonable and in accordance with accounting and audit arrangements.

Ms. Jenkins referred Members to the summary of the proposed 2015-16 Performance Audit Programme. Focus would continue on assessing the progress made against the recommendation of the Special Inspection; with specific follow-up work on areas of improvement relating to Human Resources and Workforce Planning, Internal Audit, Self-Evaluation and Scrutiny. Specific projects were noted to include a service review of Leisure and Environmental Services, the scope of which would be agreed. Further work would also be done with regard to financial management arrangements following on from the 2014-15 review. This included a focus on reserves position, policy and the use of reserves. Members noted that 3 Local Government Studies across all 22 authorities would also be undertaken in 2015-16. Study 1 would focus on the strategic approach of Councils to income generation and charging for services. Study 2 would focus on Council funding of third-sector services and Study 3 would look at the effectiveness of local community safety partnerships. Members were referred to page 20 of the pack which outlined the proposed audit fees for the programme and page 21 which provided the contact details for the audit team.

The Chair thanked Mr Davies and Ms Jenkins for their report and Members questions were welcomed.

Clarification was sought in relation to Study 1 on page 19 of the agenda pack with regard to its starting point, although this information was detailed for Study 2 and 3, it was not present in the Study 1 outline. Ms Jenkins confirmed that this was currently being scoped and further information would be coming forward as part of the project plan.

A Member sought further information with regard to any checks and balances that this authority had to provide assurance that the audit analysis being used was correct. Mr Davies advised that in terms of the PPE and risk evaluations, a firm of Valuer's would be used to ensure that valuations were of a standard and the assumptions were valid. Existing testing criteria would be used to verify asset valuations and visits made to view new assets. Depreciation policies and applications would also be looked at to ensure they were properly stated within the accounts.

The Audit Committee noted and acknowledged the reduction in the proposed audit fees.

The Audit Committee have fully considered its content noted the Caerphilly County Borough Council 2015 Audit Plan.

7. REGULATOR PROPOSALS FOR IMPROVEMENT PROGRESS UPDATE

Ms R. Roberts, Performance Manager introduced the report which updated Members on progress made against the proposals made by all regulators since the last Audit Committee update in December 2014.

It was noted that since the last report a number of proposals had been addressed and no additions to the proposal register had been made. The Officer confirmed that of the current 31 proposals, 9 were being presented to the Audit Committee to consider closing, leaving 22 outstanding as of May 2014. Members were advised that 17 of the remaining 22 proposals had been outstanding for more than a year, with 3 outstanding for more than 2 years. However these proposals were more complex in nature with many associated actions and partnership based solutions not easily resolved within a year. The Committee was assured that progress was being made and specific review updates were provided.

In terms of Asset Management there were 6 proposals outstanding and these remained static due to the lack of clarity over the levels of future Welsh Government funding which made the development of comprehensive Asset Management Strategy impractical at this time. Assurances were given that individual strategies were in place but bringing them together into a single coherent strategy was difficult under current circumstances.

In conclusion Ms Roberts confirmed that good progress had been made overall.

The Chair thanked the Officer for her report and Members questions were welcomed.

Clarification was sought with regard to future Welsh Government funding and asset management in view of the decisions already taken with regard to building closures. The Member also requested that further information on partially completed or static proposal be incorporated on to the Action Plan to give a more rounded view on the reasons for the lack of progress.

Mr C. Jones, Head of Performance and Property responded to the query and updated the Committee on the dilemma facing the Asset Management Strategy. The Officer confirmed that in order to get a view on asset management going forward, the service requirements for that asset had to be gauged. At this point in time, Heads of Service were unable to identify

what properties they will need for service provision, because without confirmation of the level of funding they will receive, they cannot profile future service requirements. With regard to asset rationalisation and the closure of Pontllanfraith House, Mr Jones confirmed that there was enough corporate accommodation available to make the building surplus to requirements. Members were assured that the planning process had been taken as far as possible without knowing the exact requirements of future service provision.

Mrs Scammell acknowledged that asset management had been built into savings proposals however specific planning progression was dependent on a clear service profile and this could not be identified at the present time. For example in relation to Library Services, the current Head of Service could not advise on the number of buildings needed to provide the service until he knows how much funding he has to deliver that service. At present he does not know if there will have enough funding to keep all libraries open or if there will be a need to close 2, 3 or more libraries and as a consequence the asset rationalisation programme cannot be progressed, this same scenario would also apply to Leisure Centre's etc. Members noted that once the final settlement was received in October 2015 it would drive the asset portfolio forward. Members were assured that this did not mean that Officers did not have a good handle on the Authority's position and once the extent of the savings requirement was known, informed decisions could be taken on what assets will be needed, what can be let go and what will need to be protected.

Members agreed that under these circumstances this action should continue to be on-going in terms of the register.

Clarification was sought as to when the asset proposals would be brought forward for consideration and Officers confirmed that following the settlement outcome in October many of the proposals would come out of 'on hold' and the strategy geared-up to move forward, it was just difficult to take forward at the present time.

Reference was made to the Customer Services Review action and its associated targets which appeared to be 2 years out of date. Clarification was sought as to whether this was due to unrealistic target setting or external factors.

Mrs Scammell confirmed this had undergone a fundamental change in light of the Medium Term Financial Plan and would be subject of a future report to the Policy and Resources Scrutiny Committee; she acknowledged that the targets would need to be reviewed.

The Member expressed concern that this lengthy delay must have an impact customers and this timeframe was unacceptable in terms of the service. Officers acknowledged the concerns raised and suggested that they be taken forward to the Policy and Resources Scrutiny Committee. The fundamental nature of the changes that have taken place over the last two years were noted as was the impact on the Customer Services Strategy particularly when taken in tandem with Council's agreement that where possible services should be reduced rather than lost.

Ms Roberts acknowledged the points raised and agreed that while the action plan needed to keep the original action date, there should also provision within the plan to show how the action had been escalated and any new dates or changes as a consequence. Members agreed that the inclusion of a reason or some allowance for tracking change would be beneficial.

Members also agreed that status comments of 'partially completed' and 'on hold' were not descriptive enough and more information should be included on the nature of the progress being made. The Officer confirmed that this would be taken on board for the next update.

Having noted the report and monitored the progress made against the action plan it was moved and seconded that the recommendation contained in the Officers report be agreed and by a show of hands this was unanimously agreed.

RESOLVED that the proposals noted as closed within the Action Plan as attached in Appendix 1 of the Officers report be accepted.

8. CORPORATE RISK MONITORING

Mr C. Jones, Head of Performance and Property presented the report which provided an update on the Corporate Risk Register, to enable the Audit Committee to satisfy itself that the Council's risk management processes are regularly and robustly monitored and scrutinised.

Reference was made to the programme of Risk Management training for the Audit Committee which commenced on 30th October 2013. This training would be an ongoing programme of continuous development and would also be supplemented with training for Cabinet Members.

The Officer referred Members to Appendix 1 of the report which contained the Corporate Risk Register as at April 2015 and reminded the Committee that this was a 'living document' and as such would be subject to change, as new risks were introduced, existing risks are closed or the risk's RAG assessment is updated. Members were requested to accept the Corporate Risk Register update as part of the Audit Committee's commitment to regularly review its content.

The Chair thanked the Officer for this update and Members questions were welcomed.

Clarification was sought with regard to Waste Collection/Dry Recyclables noted as a high risk as to whether this could have been added to the register earlier. Mr Jones confirm that this had been on the register for 3 months with no change in status. He did not have the information to hand as to when it was first added but could update Members following the meeting.

Mrs Scammell confirmed that the Council became aware that there could be an issue at the end of January 2015, when after initiating the procurement process for the new contract, no tenders were returned. The Officer advised that no one had anticipated this and that additionally no interest would be expressed by the existing provider to continue to take it forward. Discussions with the existing contractor commenced in February 2015 and a Members Seminar was scheduled in March 2015 to fully apprise Councillors on the issue. Members were advised that the Council was now in a position to award the contract and confirmed that the notice of award would be published and followed-up by a confirmation email from the Chief Executive.

Further clarification was sought as to whether any investigations had been made as to why there were no expressions of interest. Mrs Scammell advised that she could not go into any detail due to confidentiality restrictions, but it was normal practice to go back and establish the reasons for the lack of response and these had been fully explored at the Member Seminar.

Reassurances were sought that during the period without a formal contract no additional waste was sent to landfill. Mrs Scammell advised that it was her understanding that short term arrangements had been put in place with a local contractor to take the clean dry recyclables with the contaminated portion of the collection sent to Project Gwyrdd but the exact arrangements would need to be confirmed by the relevant Head of Service. Members noted that it was not possible for 100% of the waste collected to be recycled, due to the proportion of contaminated items in every collection. Again although detail could not be provided at this meeting due to company confidentiality restrictions, Mrs Scammell confirmed that she could email the Committee with further information on dry recyclables if required.

Reference was made to risk reference CMT29 – WHQS programme and the rate of progress made in relation to the deadline for completion. It was noted that reports had been requested by the Caerphilly Homes Task Group and updates provided to the Policy and Resources Scrutiny Committee who were happy with the progress made and the reassurances given by lead Officers.

Clarification was sought in relation to risk reference CM18 and the Secondary School Surplus Places and the role the Audit Committee should take in monitoring the progress made. Mr Jones welcomed the question and confirmed that this issue would be taken forward by the Education for Life Scrutiny Committee, the Audit Committee's role would be to ensure that this is being picked up at Scrutiny.

The extent of the role the Audit Committee can take in relation to the issues highlighted on the Risk Register was discussed. Members agreed that they would like to see more information on the control measures being initiated against the identified risks so that they can be satisfied that the matter is being addressed. It was noted that the inclusion of this information would also highlight to CMT that the Audit Committee has considered the register. In relation to Surplus Places, it was noted that the 20th Century Schools project for the Islwyn West School (Phase 1) is moving forward however progression on to the Mid Rhymney Valley (Phase 2) project would be dependent on funding going forward.

Having fully considered the Corporate Risk Register update it was moved and seconded that it be accepted with the caveat that more information be included on the register with regard to progression through Scrutiny and by a show of hands this was unanimously agreed.

RESOLVED that the Corporate Risk Register update be accepted.

9. WALES AUDIT OFFICE REPORT: REVIEW OF MANAGEMENT ARRANGEMENTS FOLLOWING A HOMICIDE REPORT FROM HEALTHCARE INSPECTORATE WALES

Mr D. Street, Director of Social Services presented the report which provided an update on the progress made in achieving the objectives outlined in the Wales Audit Action Plan following an enquiry into the circumstances surrounding a homicide in the County Borough in March 2009 by an individual with mental health issues.

The formal review made a total of 23 recommendations covering all agencies and as a result a Working Group was established comprising of representatives from the Aneurin Bevan Health Board, Caerphilly Housing, Social Services and Voluntary Sector partners.

Having considered the recommendations the Group determined that an enhanced overarching protocol between Housing and Mental Health Services and a Personal Information Protocol was required. The protocols would be introduced simultaneously with the Personal Information Sharing Protocol ensuring that information is able to be shared between partners and the Joint Protocol providing the necessary framework to ensure that systems were in place to support staff in all agencies. Members were referred to the Protocol as attached in Appendix 1 of the report and were advised that it had already undergone an internal consultation with stakeholders and was now undergoing a wider external consultation exercise, which would be concluded later this month.

The Protocol will be audited by the Aneurin Bevan Health Board and its performance shared with Welsh Government. Mr Street confirmed that it was very difficult to broker mental health housing places as there is insufficient accommodation available and new build applications were often met with a great deal of opposition from local residents due stigma still associated with Mental Health issues. Members were assured that there was already a protocol in place however the document attached was enhanced and would be audited. It was noted that following the consultation process the Protocols would be presented to the Health Social Care

and Well Being Scrutiny Committee.

The Chair thanked the Director of Social Services for his report and full discussion ensued.

Clarification was sought with regard to the safeguarding of residents in relation to the placement of individuals. Mr Street confirmed that before making an individual placement, work would be done between all the partner agencies to ensure that the right kind of accommodation is provided and this would include giving very close consideration to the area of the placement, the level of support provided in that accommodation and whether the individuals needs could be met there. He acknowledged the very natural fear and resistance to mental health accommodation however it should be noted that the vast majority of placements provided low level, short term support for individuals who would not present any type of risk to the community but he accepted that there could be no guarantees.

Private mental health provision was discussed and Members queried if the private sector would be incorporated into or bound by the Protocol. Mr Street explained that individuals using the private sector may not be known to Social Services but where they are known the protocols are just as stringent. However it would be difficult to reach those individual who access private provision by choice and are not known to Social Services. Clarification was then sought with regard to rented accommodation and Members were advised that where companies are used by the Local Authority there is no differentiation and they would be held to the same standard. Reference was made to page 91 of the document and the Committee acknowledged that individuals also had the right to refuse and withdraw their consent with regard to the protocol.

Having fully considered its content, The Audit Committee noted the report and the Caerphilly Mental Health and Housing Joint Protocol 2015-18 and noted the progress made in response to the recommendations of the Wales Audit Office Report.

10. ANNUAL GOVERNANCE STATEMENT 2014/15

Mrs Nicole Scammell, Acting Director of Corporate Services introduced the report which presented the Annual Governance Statement (AGS) for 2014/15 to the Audit Committee for review.

It was noted that the majority of the changes to the 2013/14 plan related to the good progress made in respect of its Improving Governance Programme. Three areas of improvement have been reviewed by the Corporate Governance Programme Board namely; Interim Management Arrangements, Freedom of Information Requests and Business Continuity.

Due to the significant improvements made in relation to Business Continuity the report recommended that this issue be taken off as an area of improvement but that it still be monitored. With regard to Interim Management Arrangements, these arrangements had been presented previously and a subsequent report approved by Council; the report therefore also recommends that this be taken off the AGS as an area of improvement.

In relation to Freedom of Information requests response times it was noted that significant progress at also be made. With times improving from 72% in 2013 to 76% in 2014 and the first quarter of Jan 2015-March 2015 response times had been increased to 83%. With this in mind, the report recommended that this is also taken off the AGS as an area for improvement but that it continue to be closely managed going forward.

Members were advised that one area for improvement had been identified during the 2014/15 review process which related to the effectiveness of current Scrutiny arrangements. It was noted that a review of Scrutiny was currently underway and would be completed by October 2015 when a report would be presented to Council for consideration.

The Chair thanked Mrs Scammel for her report and full discussion ensued.

Having considered the Annual Governance Statement for 2014/15 and reviewed the changes contained therein it was moved and seconded it be accepted by the Audit Committee and by a show of hands this was unanimously agreed.

RESOLVED that the Annual Governance Statement for 2014/15 be accepted.

11. COMPLAINT MADE TO THE PUBLIC SERVICES OMBUDSMAN FOR WALES – CASE NUMBER 201301753

The report was introduced by Mrs Gail Williams, Interim Head of Legal Services and Monitoring Officer, Mr. K. Williams, Private Sector Housing Manager and Mr C. Singler Allocations Officer. Having previously been presented to the Standards Committee and Policy and Resources Scrutiny Committee the report detailed the progress made to date in respect of a complaint made to the Public Services Ombudsman for Wales and the recommendations contained within the Ombudsman's report.

It was noted that the Ombudsman's investigation had identified shortcomings in the Council's administration of the complainant's housing application. A number of recommendations had been made and Officers had previously advised the Policy and Resources Scrutiny Committee of the progress in relation to those recommendations. A further update was given and Members were asked to note that there had been some slippage with regard to the Common Housing Register but the Ombudsman had been advised of the delay in its implementation.

Members were advised that the key criticism had been the failure of staff to recognise the threat of homelessness earlier in the application process. Officers confirmed that training had been undertaken with all staff and guidance issued in this regard. Housing staff had also been restructured in order to accommodate the new demands placed on the department. The importance of the Corporate Records Management Policy, specifically in reference to good record keeping had been highlighted during team meetings and homelessness had been included in the staff induction process.

The Chair thanked the Officers for the report and full discussion ensued.

Clarification was sought as to whether this case might set a precedent or an expectation for individuals wishing be moved closer to relatives when there has been an illness within the family. Officers confirmed that the current policy gave preference in such circumstances; however this particular case had been very unique, falling over an extended period of time, straddling different computer systems and a mixture of shared and single categories and the additional consideration that the applicant had wanted a specific street.

Mrs Williams acknowledged the concerns raised and advised that no precedent had been set, the issue had been a complex one and the way in which the case had been handled had resulted in changes to the process. Also measures had been put in place to minimise the rise of a similar complaint in the future.

Officers confirmed that they are currently dealing with some 5200 applications for council housing and that this figure will rise to around 7500 applications when the Common Housing Register is introduced and as Members were aware there are not enough of certain types of housing to meet the demand.

Having fully considered its content the Audit Committee noted the report and the progress made against the Ombudsman recommendations.

12. BUSINESS CONTINUITY IN SOCIAL SERVICES

Councillor L. Ackerman declared a personal interest in that her mother receives a package of care from Social Services.

Mr D. Street, Director of Social Services presented the report which detailed the business continuity planning in place for Social Services. Members were advised that Social Services has a very good track record for continuing to deliver services in periods of disruption which have primarily related to prolonged periods of inclement weather. The specific action plans involved when prioritising staff in these circumstances was summarised and the role that family and friends played during these periods was noted.

Members were advised that when it was necessary to close Day Centre's arrangements would be made to ensure that clients received a meal via alternative means and staff relocated to other service areas. 4 x 4 vehicles would be introduced where and when necessary and staff groups prioritised within their locality to ensure continued service provision. Flu jabs are made available to staff and walking staff are provided with appropriate non-slip/ice grip footwear accessories. It was noted that the biggest difficulties would arise if the communications network went down, however carers are well aware of their normal calls and could continue to attend but communication would be difficult.

The Chair thanked the Officer for his report and full discussion ensued.

Clarification was sought with regard to the Independent Sector and whether they had such robust continuity plans in place and who would be liable should they fail to provide a service. Mr Street confirmed that all private providers contracted by the Council were required to have business continuity plans in place and he was able to confirm that they have been many quite powerful examples where they have gone above and beyond to ensure services have been delivered to their most vulnerable clients. In terms of liability as the commissioner of the service this would in all probability sit with the Council.

Having fully considered its content the Audit Committee noted the report.

13. FORWARD WORK PROGRAMME

The Forward Work Programme up to March 2016 was present for Member consideration. Members requested that the 'Responsible Officer' column be updated to reflect staff changes.

Having fully considered its content the Audit Committee noted the Forward Work Programme up to March 2016.

14. INFORMATION ITEMS

The Committee received and noted the following information items:-

- (1) Internal Audit Services Action Plan Update.
- (2) Caerphilly County Borough Council Partnerships and Collaborations Update.
- (3) Officer's Declarations of Gifts and Hospitality.
- (4) Register of Employees' Interests Forms.
- (5) Fraud Position Statement for 2014/15.
- (6) Minutes of the Corporate Governance Review Panel – 16th February 2015.
- (7) Minutes of the Corporate Governance Review Panel – 23rd April 2015.

The meeting closed at 12.06 pm.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 9th September 2015, they were signed by the Chair.

CHAIR