



## **GOVERNANCE AND AUDIT COMMITTEE**

### **MINUTES OF THE MEETING HELD VIA MICROSOFT TEAMS ON WEDNESDAY 16TH MARCH 2022 AT 2.00 P.M.**

PRESENT:

Mr N. Yates (Lay Member) – Chair

Councillors:

M.A. Adams, Mrs E.M. Aldworth, C.P. Mann, B. Miles, Mrs T. Parry, J. Ridgewell, and J. Simmonds.

Together with:

S. Harris (Head of Financial Services and S151 Officer), D. Gronow (Acting Internal Audit Manager), L. Lane (Head of Democratic Services and Deputy Monitoring Officer), R. Roberts (Business Improvement Manager), J. Pearce (Business Improvement Officer), J. Lloyd (Committee Services Officer), J. Thomas (Committee Services Officer).

M. Jones (Audit Wales), B. Roberts (Audit Wales)

### **RECORDING AND VOTING ARRANGEMENTS**

The Chair reminded those present that the meeting was being recorded and would be made available to view following the meeting via the Council's website, except for discussions involving confidential or exempt items - [Click Here to View](#). Members were advised that voting on decisions would take place via Microsoft Forms.

#### **1. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors J. Bevan, D.T. Hardacre, Mrs M.E. Sargent (Chair), G. Simmonds, Mrs J. Stone and Mrs E. Stenner Cabinet Member (Performance, Economy and Enterprise), together with R. Edmunds (Corporate Director of Education and Corporate Services), L. Donovan (Head of People Services) and S. Richards (Head of Education Planning and Strategy).

#### **2. DECLARATIONS OF INTEREST**

There were no declarations of interest received at the commencement or during the course of the meeting.

#### **3. MINUTES – 25<sup>TH</sup> JANUARY 2022**

Subject to two corrections at page 3 of the minutes (to reflect Miss Roberts rather than Miss Jones) it was moved and seconded that the minutes of the Governance and Audit Committee held on 25<sup>th</sup> January 2022 be approved as a correct record, and by way of

Microsoft Forms and verbal confirmation (and in noting there were 7 for, 0 against and 1 abstention) this was agreed by majority present.

RESOLVED that the minutes of the meeting held on 25<sup>th</sup> January 2022 (minute nos. 1-14) be approved as a correct record.

#### **4. GOVERNANCE AND AUDIT COMMITTEE FORWARD WORK PROGRAMME**

The Head of Financial Services and S151 Officer presented the Governance and Audit Forward Work Programme for the period March 2022 to April 2022.

Members noted the details of reports scheduled for the forthcoming meetings and were advised that an Outline plan for the next 12 months to be added to the Forward Work Programme for the meeting scheduled for 14<sup>th</sup> June 2022.

It was moved and seconded that subject to the inclusion of the aforementioned report, the Forward Work Programme be approved. By way of Microsoft Forms and verbal confirmation (and in noting there were 8 for, 0 against and 0 abstentions) this was unanimously agreed.

RESOLVED that subject to the inclusion of the Outline plan for the next 12 months report for the meeting on 14<sup>th</sup> June 2022, the Forward Work Programme as appended to the meeting papers be approved.

#### **REPORTS OF OFFICERS**

Consideration was given to the following reports.

#### **5. AUDIT WALES WORK PROGRAMME AND TIMETABLE – CAERPHILLY COUNTY BOROUGH COUNCIL**

Mr Mark Jones (Audit Wales) presented the report, which informed Members that all outstanding grants from 2020-21 have now been certified and Blackwood Arts Centre's 2020-21 accounts have been certified since the last Governance and Audit Committee meeting. Members were also advised that audit planning has commenced for the 2021-22 statement of accounts.

Miss B. Roberts (Audit Wales) outlined the report in relation to the Performance Audit Work and advised Members that the update was brief as the full information required would not be received until 31<sup>st</sup> March 2022. The Annual Audit report summarised the financial and performance audit work undertaken in the last year which also includes a summary of the key findings from reports issued by relevant regulators.

A Member clarified that the reference to Blackwood Arts Centre was in relation to the same premises as Blackwood Miners Institute and queried the nature of the certification by Audit Wales. Members were advised that Audit Wales had established that there were some issues with how the cash flow was being shown through the accounts and Officers were working to correct this for the 2021/22 accounts, which would be audited later this year. The Head of Financial Services and S151 Officer confirmed that this matter was in the process of being addressed.

Following consideration of the report, the Governance and Audit Committee noted its contents.

**6. SIX MONTH UPDATE ON CORPORATE COMPLAINTS RECEIVED FOR THE PERIOD 1<sup>ST</sup> APRIL TO 30<sup>TH</sup> SEPTEMBER 2021.**

The Head of Democratic Services and Deputy Monitoring Officer advised Members that the purpose of the report was to provide the Governance and Audit Committee with an overview of the complaints dealt with under the Corporate Complaints policy for the period 1st April to 30th September 2021 together with the outcomes and lessons learned. Members were advised that the report will also be presented to Cabinet. Members were also advised that the Local Government and Elections Wales Act 2021 sets out provisions for the Governance and Audit Committee to “review and assess the authority's ability to handle complaints effectively and to make reports and recommendations in relation to the authority's ability to handle complaints effectively”.

Members were reminded that on 19<sup>th</sup> March 2021 the Audit committee considered a report regarding the implementation of a new Corporate Complaints Policy based on guidance from the Public Services Ombudsman for Wales. The Committee provided comments on the draft policy which were considered by Cabinet at its meeting on 24<sup>th</sup> March 2021 who adopted the new policy along with an updated policy dealing with unacceptable and unreasonable actions by complainants under the complaints policy. The new Policy became effective on 1<sup>st</sup> April 2021. In addition, Members were advised, in October last year, over 80 staff were trained in complaints handling by the Public Services Ombudsman for Wales and further training will be sought in the coming months. This training raised staff awareness in recognising a complaint and the process of recording and dealing with the contact within the policy guidelines.

Members were informed that Digital and Customer Services alongside the Complaints Officers are working with an external partner to design and implement a new Complaints system. This will help to both streamline controls and improve data records within the complaints process. It is anticipated that the system will be ready for trial in the Spring of 2022. Complaints Officers will participate in all elements of testing and provide feedback to ensure the process is fit-for-purpose before going live. The new system in the longer-term will improve data mining options and facilities to enable and secure appropriate management information reporting improvements, utilising the built in Complaints Dashboard for reporting key statistics. This will mitigate the need for multiple data systems held across each directorate, that require much administration and manual interrogation to produce meaningful intelligence and learning.

Members were also advised that officers have a long-established Learning from Complaints Group comprising Complaints Officers from each directorate, the Corporate Complaints Officer, the Council's Senior Policy Officer (Equalities Welsh Language and Consultation), representatives from the Council's Corporate Policy Unit and a representative from the Council's Internal Audit Section. These meetings are chaired by the Deputy Monitoring Officer. Following recent meetings, the Group have discussed new ways of reporting the data and with the assistance of the Policy Unit a template has been created which has been utilised by the Complaints Officers for each directorate to report on their specific data. The intention of this new way of reporting is for members to be provided with a more in-depth view of the complaints dealt with and the service areas affected. However, members views and feedback were welcomed on this new reporting structure which will be fed back to the Group in subsequent meetings. It was also explained that it was timely to provide members with a fresh overview of the service areas within each Directorate given that several changes have occurred over recent years.

A Member sought clarification on information in relation to Housing Directorate complaints and a complaint in relation to mediation. Members were advised that this may not have been dealt with under this complaint process but enquiries would be made with Housing and information forwarded on to Members. Members requested that where incidents required mediation, these could be included in the complaints report going forward.

A Member sought further information regarding the complaint about a mutual exchange which was set out in the report.. The Head of Democratic Services and Deputy Monitoring Officer advised Members that clarification on this matter would be sought from Housing and information would be forwarded on to Members.

The Chair thanked the Officer for the presentation and a member wished to note the good, detailed content of the report.

Having reviewed and assessed the effectiveness of complaints handling for this six-month period, the Governance and Audit Committee noted the contents of the report.

## **7. CORPORATE RISK REGISTER (Q2 21/22 6 MONTH UPDATE).**

The Business Improvement Manager introduced the report which provided Members with an update of the Corporate Risk Register in accordance with the Councils' Risk Management Strategy. Members were advised that the risks were last updated to the Governance and Audit Committee on 20<sup>th</sup> July 2021 and there are currently 15 risks on the register, of which 11 are medium and 4 are rated as high. Members were advised that 2 new risks have been added since the register was last reported in July 2021. The first one relates to changes to the supply and demand chain which has been given a rating of medium and the second one relates to the Recruitment and Retention of Staff which has been given a risk rating of high. Members were also advised that 2 risks that were high are now classed as medium and 1 medium risk has now been increased to a high risk. The remaining risk ratings have stayed the same and no risks have been removed from the register since July 2021. Members were referred to the recommendation on the report that the Brexit risk is removed going forward as the ongoing impacts are now being reflected elsewhere.

The Head of Financial Services and S151 Officer advised Members that the current cost of living crisis, inflation, and the impact on households, including the impact of the situation in Ukraine would also affect the risk register and these aspects would be added to the risk register in the future.

A Member sought clarification on school attainment in relation to children who do and don't receive school meals. Members were advised that this information would be sought outside of the meeting and Members would be subsequently advised.

A Member queried the recent events in the Ukraine and the impact on the risk register. Members were advised that the DPA would be updated in this fast-moving environment, in relation to the Ukraine and noted that Officers were working extremely hard to determine the potential for housing requirements. Updates would be provided to Members as soon as possible.

A Member referred to the number of trees that had been identified in the Ash die back programme, and whether any funding was available towards the removal of the trees. Members were advised that Council had agreed to set aside one-off funding of £750,000 to address Ash die back priority areas over a three-year period. Members were also advised

that there was a possibility that more money could be earmarked at the end of this financial year.

A Member sought clarification on the fragility of the social care market and commented on the high-risk level in the report. Members were referred to the budget report in February which set aside £5.7m to address the issues in social care. A report is due to be prepared for Cabinet on proposed independent sector provider fee increases and it is hoped that additional funding will become available later in the year in the form of grants.

A Member queried the location of the 350,000 trees included in the Ash die back. Members were advised that priority areas would be targeted, and further information would be sought and referred to Members outside of the meeting.

A Member sought clarification on the risk level changing from medium to high in relation to the Councils' fleet of vehicles. Members were advised that the service is currently under pressure with staff recruitment and retention, with similar jobs in the private sector being better paid. Some work is put out to the private sector as the service is not fully staffed to maintain the whole fleet. A market supplement has been agreed to assist the recruitment process and an experienced senior staff member has retired, which has affected the risk from medium to high. Members were advised that the private sector for vehicle mechanics was better paid and although there are some pension benefits working for the authority, the pay gap has widened recently. Members were also advised that a report on wider 'recruitment and retention' is being prepared for the Policy and Resources Scrutiny Committee and Members were referred to the Councils' new apprenticeship programme, which has been launched online this week. A Member queried the possibility of any of the Councils' fleet vehicles being on the road and not roadworthy. Members were assured that this was unlikely to occur and advised that new workshop equipment had recently been purchased. A further update of the current situation with the Councils' fleet would be provided to Members outside of the meeting.

A Member sought clarification on the retention of the new apprentices when fully trained. Members were advised that a number of previous apprentices had secured permanent posts in the authority, and it is hoped that current apprentices will be able to do the same, going forward.

A Member sought clarification on the issues with Microsoft support. Members were advised that there was no imminent risk and that some of the finance systems may be moved on to the cloud, to improve stability and security.

A Member queried the appointment of new staff into key positions within the authority and noted that there were currently 59 vacant posts in the Housing directorate. Reference was also made to the failure to appoint for a recent senior role. A Member sought clarification on whether the service provision would suffer with this level of vacancies. Members were advised that the authority did not wish to have any vacancies in any areas. Members were reminded that a report on 'Recruitment and Retention' would be going before the next Policy and Resources Scrutiny Committee and referred Members to the current recruitment programme on the Councils' website.

A Member queried whether the 'staff exit surveys' were providing any further information on the reasons for staff leaving the authority. Members were advised that the information would be included in the 'Recruitment and Retention' report.

It was moved and seconded that having considered the report and associated mitigating actions, the Brexit risk should be removed going forward. By way of Microsoft votes and verbal confirmation (and in noting there were 8 for, 0 against and 0 abstentions) this was

unanimously agreed.

RESOLVED that having considered the report and associated mitigating actions, the Brexit risk should be removed going forward.

## **8. REGULATOR PROPOSALS FOR IMPROVEMENT PROGRESS UPDATE.**

The Business Improvement Manager introduced the report which provided an update to Members on the progress made against proposals or recommendations made by all regulators since the last Governance and Audit Committee update and to advise on any new proposals that have been added since that time.

Members were advised that the register was last updated and presented to the Governance and Audit Committee on 20 July 2021. Since that time no new proposals have been added onto the register and no areas for consideration as part of the Well-being of Future Generations examination.

Members were advised that there are currently **11** statutory recommendations, proposals, and areas for improvement on the register. There are **4** proposals and recommendations that are now considered to be actioned and completed and if agreed by the Governance and Audit Committee, that would leave **7** outstanding. Members were also advised that no further Performance Reports had been received from Audit Wales since the last time an update was provided on 20<sup>th</sup> July 2021. Members were referred to the future work planned by Audit Wales, which was included in the report.

Members' attention was drawn to information in the report which provided a summary of proposals or recommendations and the work currently outstanding. Members were also advised of the ongoing work with other regulators, including school inspections by Estyn and social services checks by Care Inspectorate Wales (CIW).

Members were referred to the different strategies for different areas and the proposal by Audit Wales to align and include in one document. This had been deemed too complex as it would incorporate different strategies, published for different audiences, different purposes and running from different time periods. Members were referred to the Corporate Plan on the Councils' intranet which explains and a diagrammatic visual as to how all the different strategies fit together. Members were advised that satisfactory progress was being made with items outstanding, although it was noted that there were some long standing items on the action plan, which may have been affected by the pandemic.

A Member sought clarification on the decision making under 'delivering good governance'. Members were advised that the WLGA provided funding for a piece of work to look at comparisons with other authorities, in relation to decision making.

A Member sought clarification on the financial sustainability assessment in the report. Members were referred to the new recommendations that will be dealt with in the medium to long-term financial plan. Budgets have been set for 2022/23 and it has been recognised that there is a potential financial gap of circa £9.7m which would need to be addressed in 2023/24 and 2024/25.

A Member thanked Officers for the production of enlarged paper copies of appendices of the report, and it was noted by the Chair that this would need to be looked at, going forward. Discussion followed by Members and Officers in relation to the production and layout of the appendices as the version within the report was deemed unreadable by some Members due to its font size. Members also noted some IT difficulties when enlarging the

document on screen. Training can be provided to show members how to enlarge the document.

Having considered and noted the 4 proposals and recommendations in the report noted as 'completed' within Appendix A, it was moved and seconded that they be 'closed down' as they are now complete. By way of Microsoft Forms and verbal confirmation (and in noting there were 8 for, 0 against and 0 abstentions) this was unanimously agreed.

RESOLVED that the 4 proposals and recommendations be 'closed down' as they are now complete.

## **9. UPDATE ON TRACKING OF AGREED AUDIT REPORT RECOMMENDATIONS.**

The Acting Internal Audit Manager presented the report, which provided Members with an update on progress on the implementation of the audit report recommendation tracker, and to provide data on findings identified by audit work and implementation of agreed recommendations.

Members were advised that it was previously agreed that the Governance and Audit Committee would receive updates on audit findings and recommendations arising out of Internal Audit reports in terms of numbers and risk ratings. This information not only informs the committee on the number of findings and the proportion of the various risk rated findings it also supports and informs the detail of the year end Internal Audit opinion. It was further agreed that the progress on implementing agreed recommendations would also be reported as this informs the committee on how risks are being addressed by the individual service managers and the actions taken to mitigate them and the timeframes. The report provides Members with an update on the position to date.

Members were referred to a report to the Audit Committee on the 16th of October 2018 which recommended that all audit findings included in an Internal Audit report be assessed as High (H) Medium (M) or Merits Attention (MA) within a set of guidance parameters. The number and risk rating of the findings would also be used to inform the overall opinion of the audit report and provide guidance to Managers of the expected timescales for the implementation of the agreed actions or recommendations with high-risk issues being subject to a shorter timescale.

Members were advised that the Pentana MK system allows all findings and recommendations generated by audits to be held within its database. The system also allows these to be assigned to officers or managers within the service or establishment audited, with a forecast implementation date and these details are trackable within the system. Work has been continuing and as of 25th February there were a total of 746 findings (April 2021 - 255 findings) that had been raised within the tracker module of the MK system, since the date of implementation. Findings once created, are held as "draft" until the report is issued. Once the report is issued, they change to "in progress". During the clearance process, they are discussed with management and become "accepted by management". In a few cases the findings may not be accepted or become not applicable if there is a change in processes. Each finding is discussed with the service manager and where actions are necessary to mitigate the risk identified, these are agreed, and a due date recorded. The system has a facility to interrogate the data held and identify where the due dates for the implementation of agreed actions is approaching or if the deadline has passed. The intention being that Internal Audit will be able to monitor these and request updates where necessary and service managers will be able to either advise Internal Audit that the agreed actions have been implemented, that they are in hand, that they may need to change the due date or that they are overdue. It will also be possible in future to develop

this reporting and inform the Governance and Audit Committee on details of specific overdue actions if requested.

A Member sought clarification on pending items within the report marked as 'Draft' and 'In Progress'. Members were advised that those in 'Draft' could mean that report is being prepared and those 'In Progress' would be where a report has been sent out.

Following consideration of the report, the Committee noted its contents.

The Chair thanked Members and Officers for their attendance and contributions and the meeting closed at 3.17 p.m.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 14<sup>th</sup> June 2022.

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CHAIR