



## **AUDIT COMMITTEE**

### **MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, TREDOMEN, YSTRAD MYNACH ON WEDNESDAY, 6TH NOVEMBER 2013 AT 10.00 AM.**

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**PRESENT:**

Councillor D. Havard - Vice Chairman (Presiding)

**Councillors:**

Mrs E.M. Aldworth, D.G. Carter, N. Dix, Mrs D. Ellis, J.E. Fussell, N. George, S. Morgan,  
Mrs G. D. Oliver, J.A. Pritchard

Lay Member - Mr N. Yates

**Together with:**

N. Scammell (Acting Director of Corporate Services & Section 151 Officer), S. Harris (Acting Head of Corporate Finance), D. Perkins (Head of Legal & Democratic Services), R. Harris (Manager Internal Audit), G. Williams (Interim Monitoring Officer), G. Hardacre (Head of People Management & Development), C. Jones (Head of Performance & Property), L. Jones (Acting Head of ICT & Customer Services), S.M. Kauczok (Committee Services Officer).

**Also present:**

Sara-Jane Byrne & Ian Davies (PricewaterhouseCoopers)  
Jackie Joyce & Paul Dalton (Wales Audit Office)

**1. APOLOGIES**

Apologies for absence had been received from Councillors Mrs K. Baker and D. Rees.

**2. DECLARATIONS OF INTEREST**

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

**3. MINUTES**

RESOLVED that the minutes of the meeting of the Audit Committee held on 17th September 2013 (minute nos. 1 - 13; page nos. 1 - 6) be approved as a correct record and signed by the Vice Chairman.

#### **4. CORPORATE GOVERNANCE PANEL**

The minutes of the Corporate Governance Panel meetings held on 3rd May and 5th June 2013 were received and noted.

#### **REPORTS OF OFFICERS**

Consideration was given to the following reports.

#### **5. PROGRESS ON THE IMPROVING GOVERNANCE PROGRAMME**

The report informed Members of progress to date on the Improving Governance Programme (IGP), which has been driven operationally by the Improving Governance Group. The Action Plan that is regularly updated by this Group is reviewed and endorsed by Corporate Management Team. Reports are produced for Cabinet monthly and Council periodically.

Members were advised that significant progress had been made on all five aspects of the Action Plan and it was anticipated that all actions, with the exception of the review of the constitution, would be completed by December 2013.

In terms of the recommendations for improvement contained in the Action Plan, a Member asked whether a notice board advertising the meetings taking place in the building on a daily basis could be provided in the main reception area. The Committee endorsed this idea and it was left that the Acting Director of Corporate Services would investigate and report back.

It was moved and seconded that the recommendation in the report be approved. By a show of hands this was unanimously agreed.

RESOLVED that progress to date in respect of the Improving Governance Programme be noted.

#### **6. WALES AUDIT OFFICE CUSTOMER SERVICES REVIEW**

The Wales Audit Office conducted a review of the Council's Customer Service function during 2011/12. The review was conducted by PricewaterhouseCoopers and was issued in August 2013. The report summarises the conclusions of the review and makes recommendations for future monitoring of delivery of proposals for improvement contained within the review.

The review concluded that the Council provides its citizens with a range of channels to access its services but its strategic approach to customer services is fragmented and in need of updating. The review makes two proposals for improvement, viz. P1: Develop a more co-ordinated strategic approach to customer services and P2: Strengthen the approach to evaluating and improving customer services in a proactive way. Further details are set out in the report under paragraph 2.3.

Officers felt that the review was a little harsh in places, particularly in light of positive customer service evidence e.g. the results of the recent Household Survey. Members were advised that during the last few years progress had been made in generating efficiencies within Customer Services which resulted in CCBC Customer Services winning an award at the Welsh Contact Centre Awards in 2012. The service was also a finalist in the UK Contact Centre Planning Forum's Innovation Awards in 2013.

The Acting Head of ICT and Customer Services acknowledged that there was a need to develop a new Customer Services Strategy that supports the Council's strategic vision and improvement priorities with clear links to Improvement Objectives, Departmental Service

Improvement plans and the Council's Equalities and Welsh Language objectives but pointed out that the strategy will also need to be aligned to the budget reductions expected in the coming years.

It was moved and seconded that the recommendations in the report be approved. By a show of hands this was unanimously agreed.

RESOLVED that the programme of monitoring detailed in paragraph 4.9 of the report be approved to ensure that the WAO proposals for improvement are satisfactorily implemented.

## **7 REVIEW OF ASSET MANAGEMENT (LAND AND PROPERTY) STRATEGY**

Sara-Jayne Byrne, PwC, highlighted the key issues within the report, which set out the conclusions of the Auditor General's assessment and made recommendations for future monitoring of delivery of any proposals for improvement from the review.

The review headlined the following: That the Council does not have an approved strategic Asset Management Strategy (AMS). The AMS that does exist is predominantly an operational document that has not been approved by Members. The Council's AMS does not currently align with the Council's priorities although its operational processes, if implemented, could provide a basis upon which a more strategic plan can be developed. There have been many changes in the way the Council has managed its assets over the past 18 months but development of key areas, such as service asset management plans, has been slow. The Council has operational processes and controls in place to ensure it manages its statutory obligations relating to asset management but has not streamlined its asset management systems and different approaches are used by Building Consultancy and Property Services. Monitoring of the Asset Management Strategy and the performance of assets by both Officers and Members is weak but the Council is currently reviewing its performance data to determine how and when this should be reported. Paragraph 2.2 of the report sets out the Auditor General's proposals for improvement, which includes formalising the role and membership of the Asset Management Group to improve governance and accountability.

In response, the Head of Performance and Property referred to discussions that had taken place with the WAO last year to scope the extent of the review and of his intention to develop the AMS on a phased approach i.e. to put in place the necessary processes prior to developing a more strategic Asset Management Strategy. Whilst confirming that the Council would take forward the proposals within the report, he expressed disappointment with the timing of the review and felt that the progress that had been made in Asset Management over the last 18 months, the significant improvements that have been made in the way the Council maintains and uses its buildings together with the challenges that the Council faces in rationalising its portfolio, had not been recognized.

During the course of the ensuing debate, reference was made to the challenges that the Authority faced in relation to Asset Management following local government reorganisation in 1996. Members were advised that the Authority has been successful in starting to decrease its property portfolio and its figures in terms of its ratio with planned against reactive maintenance, were the best in Wales. The Head of Performance and Property advised that the Asset Management Group, which is an advisory group, has been reformed in accordance with the guidelines in the WAO report and Members agreed with the suggestion that HR should be represented on this group. In terms of monitoring the delivery of the strategy, it was felt that this should be undertaken by the Policy and Resources Scrutiny Committee and the outcome reported back to the Audit Committee.

It was moved and seconded that the recommendation in the report be approved. By a show of hands this was unanimously agreed.

RESOLVED that the programme of monitoring detailed in paragraph 4.1 of the report be approved.

**8. WALES AUDIT OFFICE REPORT - EVALUATION OF SOCIAL SERVICES CONTRIBUTIONS TO THE MEDIUM TERM FINANCIAL PLAN**

Ian Davies, PwC, highlighted the key issues within the WAO report and drew Members' attention to the summary on page 4, which sets out the conclusions and recommendations. The review had concluded that *"Although Social Services is managing within its overall budget, the Council does not have a rigorous approach to developing business cases and setting, delivering, monitoring and evaluating savings in order to meet future demands and challenges."* The WAO subsequently raised three recommendations and three proposals for improvement, which are set out in paragraph 8 of their report.

The Acting Head of Corporate Finance presented the Authority's response and expressed disappointment with the WAO's conclusions having regard to the good financial planning that is undertaken within the Authority to deliver savings in advance and achieve consistent balanced budgets. Social Services is a particularly volatile area and significant financial pressures can arise from small changes in demand for services. The officer's responses to the recommendations and proposals for improvement in the WAO report are set out in detail in paragraph 4 of the officer's report.

A full and frank discussion took place, in particular, in relation to the proposed Caerphilly CBC and Blaenau Gwent CBC Social Services integration, which had since been abandoned due to the differing financial positions in each Authority and the risk of cross-subsidisation. Members were advised that the Authority is now in the process of developing a common business case template and guidance for staff, which will be used for all future proposed major service changes. Copies would be sent to Members for information in due course.

The Audit Committee noted the report.

**9. IMPROVEMENT ASSESSMENT LETTER 1**

The Auditor General for Wales is required under the Local Government (Wales) Measure 2009 to report his audit and assessment work in relation to whether Caerphilly County Borough Council has discharged its duties and met the requirements of the Measure. The letter summarises the Auditor General's views on whether the Council has discharged its statutory duties in respect of improvement planning, his further proposals for improvement and/or recommendations and updates to the Wales Audit Office work plan and timetable for delivering his improvement assessment work. It concludes that *"The Council has failed to discharge some of its improvement planning duties under the Measure for 2013-2014 and should ensure that it acts more in accordance with Welsh Government guidance"*, the reasons for the conclusion are set out in the letter. The key point is recorded in the AIR, which was submitted to Council in September.

Reference was made to the Council's six new improvement objectives and the move to a more outcome-based approach to managing and reporting its performance. It was considered that the Council has made some progress in addressing the proposal for improvement around the use of comparative information issued in the Improvement Assessment Letter dated October 2012 but felt that there is still scope to make more use of comparative information. In addition, it was found that further work is required to ensure that links are robust between relevant Service Improvement Plans and improvement objectives. The Council is currently in the process of developing action plans for each of its improvement objectives as it recognises some involve cross-departmental working. It was important that these are finalised as a matter of priority so that they can be used to meaningfully monitor performance and deliver the 2013-14 improvement objectives.

The Auditor General had made statutory recommendations for improvement and some new proposals for improvement are also suggested in the letter. The WAO will continue to monitor and report on the progress made by the Council in implementing the proposals set out in the Auditor General's previous reports and letters.

The Audit Committee noted the Improvement Assessment Letter.

#### **10. WALES AUDIT OFFICE PROPOSALS FOR IMPROVEMENT PROGRESS UPDATE**

The report updated Members on progress against the proposals made by the Wales Audit Office since the last update on 17th September 2013.

The WAO highlighted some months ago a number of proposals for improvement that were still outstanding. The previous report detailed all the outstanding proposals as at September 2013. Since that time a number of historical proposals have now been addressed and new ones have come onto the list from recently received regulator reports.

For the purposes of this report, it had been decided to divide the register into Appendix A (historical proposals) and Appendix B (new proposals received). This was to ensure that there is an accurate picture of how the backlog is being addressed and to draw a line under the historical proposals. This will also enable a more accurate assessment and understanding of new proposals as they are made. It was noted that a monitoring process is in place and that officers meet the WAO on a regular basis to discuss progress.

It was moved and seconded that the recommendations in the report be approved. By a show of hands this was unanimously agreed.

RESOLVED that the Audit Committee note the report and monitor progress against the action plan.

#### **11. PROPOSALS TO INTRODUCE A POLICY AND PROCEDURE TO DEAL WITH UNACCEPTABLE PERSISTENT OR UNREASONABLE ACTIONS BY COMPLAINANTS**

The report informed and sought Members' comments on the proposal to introduce a policy and procedure (the Policy) set out as a draft at Appendix 1 to the report, which will assist officers when dealing with unacceptable, persistent or unreasonable actions by complainants, prior to presentation of the Policy to Cabinet for approval.

The majority of complainants pursue their complaints with the Authority in an appropriate manner. However a small number of complainants pursue their cases in a way that can impede the investigation of their complaint or have significant resource implications in dealing with the case, for example, the sheer number or nature of their enquiries may lead them to be considered as persistent. The Policy is designed to assist staff when dealing with such complainants.

Details of the unreasonable actions covered by the policy are set out in the draft policy attached as an appendix to the report. The actions are grouped under three main headings viz. Abusive Correspondence, Unreasonable Demands and Unreasonable Persistence.

Following consideration and discussion, Members noted the report and proposed policy and queried whether consideration could be given to their being notified of/included in the process for any such cases within their wards.

Whilst highlighting the need for caution in terms of data protection issues, the Interim Monitoring Officer advised the Committee that their comments would be referred back to the Learning from Complaints Group and Cabinet for consideration.

A report incorporating Members' comments would be presented to Cabinet on 27th November 2013.

## **12. CONFIDENTIAL REPORTING (WHISTLE BLOWING) CODE**

The Whistle Blowing Policy is intended to encourage and enable employees to raise concerns with the Council without fear of victimisation, subsequent discrimination or embarrassment. This policy supports the Council's anti-fraud and corruption strategy.

Council agreed at its meeting in June 2013 to undertake a full review of the Council's Constitution. The review is to be based on the new All Wales Framework document that has been produced by external lawyers with the support of the Welsh Local Government Association. The new Framework document contains a new Confidential Reporting (Whistleblowing) Code, a copy of which is attached as Appendix 2 to the report.

The Council has set up a Cross Party Members Working Party, which meets regularly to discuss the review of the Constitution. The new framework document is currently out to consultation with relevant Heads of Service across the Authority with a view to producing a report to Council in the coming months on the adoption of the new document. The Head of Legal and Democratic Services advised that it was intended to present regular reports to the Audit Committee rather than the Standards Committee, which would be dealing with local resolution procedures.

Members' views were invited on the new Confidential Reporting (Whistleblowing) Code, which will be fed into the review of the Constitution.

Discussion ensued on the draft policy and in particular, the need for employees to feel they can raise concerns within the Council without feeling intimidated. Members were advised that the Policy is intended to encourage and enable employees to raise concerns without fear of victimisation, subsequent discrimination or embarrassment. It was noted that employees can also raise any concerns at the one to one meetings that are held between employees and their supervisor/manager. In response to a query from a Member regarding the frequency of these meetings, the Head of Legal and Democratic Services advised that they are held every 6-8 weeks in Legal Services.

Members sought clarification of the process that is followed during an investigation into an allegation and queried the role of the local ward member in the All Wales Model. The Head of Legal and Democratic Services responded to the questions raised and acknowledged that Members would like clarification of the role of the Local Ward Member in the All Wales Model.

## **13. OFFICERS' DECLARATIONS OF GIFTS AND HOSPITALITY**

The Head of Workforce and Organisational Development presented the report, which provided details of the gifts and hospitality declared by officers for the period April to September 2013.

It was highlighted to Members in the earlier report that there appeared to be an overall lack of awareness in relation to the Code of Conduct. The Authority has now strengthened its position by arranging specific training. The training is mandatory for all Heads of Service and third tier officers. In addition, general governance training from CIPFA has been provided to all Heads of Service and third tier officers. The Head of Workforce and Organisational Development will continue to monitor the declarations and work with Heads of Service to improve their understanding and corporate compliance to the policy.

The Audit Committee noted the information provided in Appendix A to the report.

#### **14. RISK MANAGEMENT - CORPORATE RISK REGISTER**

The Head of Performance and Property provided an update of the Corporate Risk Register in accordance with the recommendations to Audit Committee at the meeting held on 17th September 2013. At the meeting on 17th September 2013 Audit Committee Members accepted the Council's new Risk Management Strategy and supporting guidelines, which were subsequently approved by Cabinet.

The most recent version of the Register is attached as Appendix 1 to the report. These risks are reviewed on a 6 monthly basis by Corporate Management Team. To reflect the latest 6 monthly review the previous 12 months results are recorded to allow any trends over a period of 18 months to be highlighted. The Corporate Risk Register is a 'living document' and changes at every review as new risks are introduced, existing risks are closed or existing risks' RAG assessment updated.

Members sought clarification on several issues within the Register and endorsed the recommendations within the report.

It was moved and seconded that the recommendations in the report be approved. By a show of hands this was unanimously agreed.

RESOLVED that the Corporate Risk Register update be accepted as part of the Audit Committee's commitment to regularly review the Register.

#### **15. FORWARD WORK PROGRAMME**

Details of the items to be considered at future meetings as identified in the Forward Work Programme were noted. The Forward Work Programme will be presented to each meeting of the Audit Committee in order that Members are aware of the items that are scheduled to be discussed. It will also provide an opportunity for Members to propose items to be prepared for consideration at a future meeting of the Committee.

The meeting closed at 12.14 pm.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 11th December 2013. they were signed by the Chairman.

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CHAIRMAN