



AUDIT COMMITTEE

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, TREDOMEN, YSTRAD MYNACH ON WEDNESDAY, 5TH MARCH 2014 AT 10.00 A.M.

PRESENT:

Councillor D. Rees - Chair
Councillor D. Havard - Vice Chair

Councillors:

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

Lay Member - Mr N. Yates.

Together with:

N. Scammell (Acting Director of Corporate Services & Section 151 Officer), G. Williams (Interim Monitoring Officer), C. Jones (Head of Performance and Property Services), R. Hartshorn (Head of Public Protection), J. Dix (Policy & Research Manager), R. Harris (Manager Internal Audit), C. Evans (Committee Services Officer).

Also present:

Ian Davies (PricewaterhouseCoopers)

1. APOLOGIES

Apologies for absence had been received from Councillor Mrs K. Baker.

2. DECLARATIONS OF INTEREST

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

3. MINUTES - 5TH FEBRUARY 2014

RESOLVED that the minutes of the meeting of the Audit Committee held on 5th February 2014 (minute nos. 1 - 9; page nos. 1 - 4) be approved as a correct record and signed by the Chair.

REPORTS OF OFFICERS

Consideration was given to the following reports.

4. BUSINESS CONTINUITY MANAGEMENT

R. Hartshorn (Head of Public Protection) provided an update on the Business Continuity Management arrangements within the Council, which remains in the Annual Governance Statement for 2012/13.

Business Continuity arrangements are in place for a range of services across the Council, but an organisation wide process offers assurance that all key services have arrangements in place and enables a consistent assessment of risks and service priorities. A Business Continuity Management Process has been implemented across the Council and an Action Plan developed which outlines milestones for completion.

The Chair thanked the Officer for the report and presentation. A full discussion then ensued with Members debating the impacts on office buildings, banking / payroll, Schools and Residential / Nursing Homes in the event of an emergency situation. Officers highlighted the difference between Business Continuity and Emergency Planning Procedures and that there are sufficient processes in place to deal with Major Incidents.

Members raised queries around Asbestos assessments and presence in Council owned buildings, the process undertaken to eliminate the risks at Cwmcarn High School, and what impact recent events have had on processes. Officers confirmed that the situation at Cwmcarn High School has been dealt with by the Education Directorate and any lessons learned for business continuity planning would be included in the next update Report for Audit Committee.

Members sought reassurance on the effectiveness of the Business Continuity Planning discussed and the measures implemented to minimise the impact on key services. Officers confirmed that where possible, the proposed Business Continuity Plans would be tested to ensure they are feasible and meet requirements. The implementation of Business Continuity Planning for services is an ongoing process and lessons would be learned through experience.

The Audit Committee noted the report.

5. REGULATION OF INVESTIGATORY POWERS ACT (RIPA) 2000

G. Williams (Interim Monitoring Officer) provided Members with an overview of the report, which highlighted the number of covert operations undertaken by the Council in accordance with the provisions of the Regulation of Investigatory Powers Act 2000.

It was reported that there had been one further investigation during the period December to the end of January. Members were advised that, following comments from the committee at an earlier meeting, officers can confirm that the outcome of the surveillance operations undertaken by Trading Standards under RIPA will be included in the Report on Enforcement Actions reported to the Regeneration and Environment Scrutiny Committee on an annual basis. In addition, Members noted that the next report would contain data from the full year 2013-2014.

The Audit Committee noted the report.

6. UPDATE ON THE IMPLEMENTATION OF THE COUNCIL'S CORPORATE COMPLAINTS POLICY

The report provided an update on the number of complaints received under the Corporate Complaints Policy for the period August 2013 to January 2014 and on the introduction of the Policy and Procedure to deal effectively with unacceptable, persistent or unreasonable actions by complainants.

The Corporate Complaints Policy was implemented to ensure that all corporate complaints are dealt with consistently and fairly across all service areas. Members noted that the complaints received are monitored in order to provide information on the level of satisfaction of the services provided corporately by the Council. The result of the monitoring enables each department to focus on main areas of concern, to improve services and to monitor performance and ensure that any trends in issues raised are identified and dealt with so as to be avoided in the future.

Members were asked to note that the new Policies and Procedures have been fully implemented. Since implementation there have been two complaints, which have been referred to the Ombudsman with no outcome. In addition, since the implementation of the new Persistent Complainants there have been no contacts or complaints of a vexatious nature in this time period.

Members queried whether there had been an increase in the number of complaints received under the new Policy. Officers confirmed that it is not currently possible to make comparisons as the Policy has not been in place for a full year, however Members would be provided with regular updates and comparative data when available.

Members thanked the Officer for the report and requested that an extract from Policy on Vexatious / Persistent complainants setting out the actions covered by the Policy be re-circulated to members for information.

The Audit Committee noted the report.

7. CAERPHILLY COUNTY BOROUGH COUNCIL PARTNERSHIPS AND COLLABORATIONS

J. Dix (Policy and Research Manager) provided Members with a progress report on the formal partnership and collaborative working of the council with the intention of meeting the requirements of the Wales Audit Office and informing the Annual Governance Review Panel in its preparation of the draft Annual Governance Statement in June. An annual review of the formal partnerships and collaborations would be conducted commencing this October. At this time the Corporate Governance Review Panel will direct a risk appraisal to be carried out to identify high risk collaborations (as well as medium and low risk ones) as it is likely that they (the high risk) would form the basis of the number of partnerships and collaborations to be visited to check there are robust governance arrangements in place.

In a review of Caerphilly County Borough Council's (CCBC's) partnership working: 142 significant partner organisations, 35 formal partnerships and 19 collaborations have been identified, as having meaningful and important relationships for the Council's Directorates, with CCBC playing a lead role in 6 of the collaborations. Patterns are emerging in these partnership relationships with collaborations on a Gwent wide basis being particularly important accounting for 7 of the partnerships. These arrangements bring together the 5 Gwent Councils with the Aneurin Bevan Health Board with a mix of other partners. This is followed by 7 collaborations in a South East Wales/ South Wales/ Mid Wales basis. The Welsh Government provides regional collaboration funding for some of these initiatives. The Wales Audit Office plays an important role in the inspection of a number of the arrangements.

Members discussed and debated the contents of the report at length and raised concerns around the budgetary restraints experienced within all Local Authorities across Wales and England and queried the impact this would have on the collaborations currently in place. The Officer explained that CCBC are the lead in many of the collaborative projects underway and as a result, this has influenced the strategy under development.

Members noted the involvement of many external agencies and organisations and queried their contributions to the collaborative projects they are involved in. The Officer outlined that the next stage of the review process is to evaluate the effectiveness of the collaborative projects/partnerships, their memberships and the Governance and Planning arrangements in place. Members would be updated on the outcome in due course.

The Audit Committee thanked the Officer for the report and noted its contents.

8. RISK MANAGEMENT – CORPORATE RISK REGISTER

On 17th September 2013, the Audit Committee accepted the Council's new risk management strategy and supporting guidelines, which were subsequently approved by Cabinet on 2nd October 2013. C. Jones, Head of Performance and Property provided an update on the Corporate Risk Register and the arrangements in place for the Council's risk management processes to be regularly and robustly monitored and scrutinised.

Members noted that for some time Corporate Management Team (CMT) had identified and monitored the council's key corporate risks. This monitoring regime had been limited to CMT and has now been expanded, as part of the council's Improving Governance Programme, to include Cabinet and Audit Committee.

The strategy identified that the Corporate Risk Register should be owned and understood by Cabinet and CMT. It also recognised that Audit Committee would be the guardians of the risk management strategy and should satisfy itself that it is being adhered to. A programme of Risk Management Training has been introduced to Members commencing with Audit Committee closely followed by Cabinet.

Members considered the report and the appendices, which provided details of the corporate risks identified for the Authority and queried whether ward issues were recorded in the register. The Officer explained that the register recognises risks for the Authority as a whole. Operational risks, were they to have an impact on the whole Authority would be fed up to the Corporate Risk Register, if not, they would be managed at an operational level. Members sought clarification on issues affecting some wards, such as the movement or collapse of tips and the recent Highway issues experienced at the North of the Borough. Officers confirmed that these are subject to regular checks and are closely monitored by the service area responsible for the tips in the borough. Any actions required are recorded and monitored at this level.

Members noted that the document is a living document and therefore is regularly subject to change and update as and when risks are identified or mitigated.

A Member queried, under the Risk Management Strategy, the formation of a Risk Management Group and whether representation from Internal Audit would play a part in the membership of the Group. Officers clarified that the role of Internal Audit is to ensure that a robust structure is in place to regularly monitor the Corporate Risk Register, due to this involvement, it would not be appropriate, as the Auditor to play an active role in the Group.

The Audit Committee noted the report and requested that future Risk Registers be made available to Members in A3 form for ease of reference.

9. THE ROLE OF THE TREASURY MANAGEMENT FUNCTION

N. Scammell (Interim Director of Corporate Services and Section 151 Officer) presented Members with details of the Council's Treasury Management function. The report detailed the roles undertaken by the Council's Treasury Management function, advice sought from external advisors and the reporting requirements under statutory and regulatory guidance.

Members noted that regular updates and reports on the function are provided to the Policy and Resources Scrutiny Committee, which is also attended by the external advisors.

The Audit Committee thanked the Officer for the report and noted its content.

10. INTERNAL AUDIT ANNUAL PLAN

R. Harris (Internal Audit Manager) presented Members with a report, which sought Members approval of the Internal Audit Services Annual Audit Plan 2014/15. The report outlined the Internal Audit Coverage for 2014/15 and Members noted that the approach is broadly similar to previous years and coverage is based around the Five Year Strategic Plan / Risk Assessment previously approved by the Committee.

Members noted that significant changes have taken place in recent years and the role of Internal Audit has moved away from the historic financial audits, now aiming to cover wider overviews of service.

A Seminar had been arranged for Members of the Audit Committee following this meeting, which would outline and further discuss, in more detail the systems and processes followed by the Internal Audit Team and the proposed Forward Work Programme for Audit.

Members noted the contents of the report.

11. ROLE OF SECTION 151 OFFICER

As a result of a request by the Audit Committee, N. Scammell (Acting Director of Corporate Services and S151 Officer) presented a report, which summarised the role of the S151 Officer.

Section 151 of the Local Government Act 1972 - England / Wales requires that every local authority in England and Wales should 'make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of their financial affairs and shall secure that one of their officers has responsibility for those affairs'.

Members noted that the Section 151 Officer is the Chief Financial Officer in Local Government, and is a key member of the Leadership Team. Their role is to assist in the development and implementation of strategy and to resource and deliver the authority's strategic objectives, fully considering opportunities and risks, immediate and short-term implications, sustainability and in the public interest.

The S151 Officer plays a lead role in the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

Members thanked the Officer and noted the informative report.

12. PROGRESS ON THE IMPROVING GOVERNANCE PROGRAMME

The report provided Members of the Audit Committee with an update on the progress made against the Improving Governance Programme (IGP), which has been expanded to include the action plans resulting from the WAO Public Interest Report on Chief Officers and Essential Car Users Annual Leave Allowance published in December 2013 and the Special Inspection Report published in January 2014 presented to and approved by Council on 28th January 2014.

Members discussed the Special Inspection Report Recommendations and raised concerns about the quality of reports to Members from Officers and queried the process for reporting these issues. Officers advised that training sessions are scheduled for relevant Officers on report writing to address this issue and ensure consistency and accurate reporting across the Authority. However, it was requested that Members refer any future issues with reports to Senior Officers as opposed to the WAO in the first instance.

Members discussed the Medium Term Financial Plan and recent budget decision and raised concerns around the reporting and consultation process conducted. Officers assured Members that, in consideration of the limited timescale and the requirement to determine significant savings than originally anticipated, all was done possible to ensure that Members were consulted. Officers stated that Special Scrutiny Committees have been scheduled for the summer months in order to provide Members with a longer consultation period when discussing the budget for 2015/2016.

13. FORWARD WORK PROGRAMME

Members considered and noted the Forward Work Programme and reports scheduled at future meeting dates.

The meeting closed at 12.09am.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 11th June 2014, they were signed by the Chair.

CHAIRMAN