



AUDIT COMMITTEE

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, TREDOMEN, YSTRAD MYNACH ON TUESDAY 29TH JANUARY 2019 AT 2.00 PM

PRESENT:

Councillor M.E. Sargent – Chair
N. Yates – Vice Chair

Councillors:

Mrs E. Aldworth, D.T. Davies, C. Elsbury, Mrs A. Gair, Ms J. Gale D. Hardacre, Mrs B. Miles, Ms T. Parry, G. Simmonds and J. Simmonds.

Together with:

G. Hawkins (Grant Thornton) and G. Jones (Wales Audit Office).

N. Scammell (Head of Corporate Finance and Section 151 Officer), D. Gronow (Acting Internal Audit Manager), G. Jenkins (Assistant Director for Children's Services) R. Roberts (Performance Manager), S. Couzens (Chief Housing Officer), P. Smythe (Housing Technical Office), and Kim Houghton (Committee Services Officer).

1. APOLOGIES

Apologies for absence were received from Councillor J. Bevan,

2. DECLARATIONS OF INTEREST

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

3. MINUTES – 16TH OCTOBER 2018

Councillor T. Davies requested that it be noted that in regard to Item 4 (Wales Audit Office - Overview and Scrutiny Fit for the Future? – Caerphilly County Borough) of the minutes in that it should reflect that the apology offered should come from the Welsh Audit Office.

It was moved and seconded that, subject to the above noted comments, the minutes of the meeting held on the 16th October 2018 be agreed as a correct record and by a show of hands this was unanimously agreed.

RESOLVED that subject to the above noted comments, the minutes of the Audit Committee held on the 16th October 2018 (Minute No. 1 –11) be approved as a correct record.

REPORTS OF OFFICERS

Consideration was given to the following reports.

4. AUDIT COMMITTEE FORWARD WORK PROGRAMME

The Head of Corporate Finance and Section 151 Officer presented the report which outlined the draft Forward Work Programme from January 2019 to October 2019. Members were asked to consider the work programme and agree the proposed changes, make any amendments or propose any additional items to be included in future meetings.

Following consideration of the report it was moved and seconded that the recommendation in the report be approved and by a show of hands this was unanimously agreed.

RESOLVED that the work programme appended to the report be approved.

5. INTERNAL AUDIT REPORTS – “IN NEED OF IMPROVEMENT”

The Head of Corporate Finance and Section 151 Officer and Acting Internal Audit Manager presented the report which aimed to inform Members, in line with agreed processes, of audit assignments undertaken and to allow Members to seek clarification or explanation where there are areas of concern and to identify where further action is deemed necessary. Members were also asked to assess whether the recommendations made by Internal Audit and agreed management responses are reasonable and support an improvements in internal control processes.

Members were referred to the Appendices of the report which presented the Final Internal Audit Report for WHQS Validation Progress 2018/19 and the Final Internal Audit Report for Section 17 Payments 2017/18.

In consideration of these reports, the Head of Corporate Finance and Section 151 Officer asked the Members to consider the potential increased work load that the inclusion of Internal Audit reports on Audit Committee agendas would be and whether it may be necessary to increase the number of Audit Committee meetings held each year to accommodate this.

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

Members discussed the Final Internal Audit Report for Welsh Housing Quality Standard (WHQS) Validation Progress 2018/19 (Appendix 1). A Member referred to the 'In need of Improvement' judgement in relation to control procedures and compliance with the controls. They enquired as to what staff would do to improve on these areas. The Acting Internal Audit Manager explained that there was a rigorous testing and monitoring system in place around the controls and there is constant dialogue between Housing Officers and Internal Audit Officers where concerns are addressed. There is already work being undertaken within the Service to make the improvements required.

Members discussed the projected end date for Control Risk 1, being December 2019 versus the Welsh Government deadline of December 2020 for completion of the whole WHQS Programme. They considered the length of time given to address the Control and whether the objectives set were achievable in the timeframe and how this would be affected by the Acceptable Fails rate and Refusal of Access properties. The Acting Internal Audit Manager responded that the last Audit was conducted between August and October 2018 with the report issued on the 30th November 2018; a lot of work went into the report to ensure that the objectives were achievable. The Technical Housing Manager informed Members that there were approximately 10,000 properties in the programme and the timeframe for Control compliance was reflective of the time needed to gather data on the Acceptable Fails

properties. The Chief Housing Officer confirmed to Members that the Acceptable Fails would not impact on property compliance and that the deadline of December 2019 was one year in advance of the final WHQS Programme deadline, allowing time to ensure the work carried out was right. A Member asked Officers if there was further scope to improve the process. The Acting Internal Audit Manager advised Members that a specialist audit staff member had been seconded to the WHQS programme to address the risks.

The Acting Internal Audit Manager introduced the Section 17 Payments 2017/18 report (Appendix 2), explaining to Members that Section 17 Payments are the provision of services and payments to families with children not in care but at risk of going into care therefore the scope of the payments is narrow and related to a specific part of legislation. The audit found this area to be generally good with some areas in need of improvement.

A Member in reference to 3.2.1 and 3.2.2 of the report relating to policy update/review and policy awareness and access, enquired as to why a review had not been conducted in this area and what would be done to ensure this process is compliant and frontline staff policy awareness was raised. The Acting Internal Audit Manager informed the Member that a Policy review is conducted every three years as it is not considered a high risk process however a task and finish group has been set up to address this process with identified procedures to be in place by June 2019 with a follow up review scheduled in place. The Assistant Director for Children's Services further commented that Section 17 legislation is incorporated into the Social Services & Wellbeing Act and the internal Policy needs to be revised to reflect the update in legislation. He said that there would be a focus on revising these policies and once this had been completed then the policies will be issued to staff and team managers instructed to brief staff on what steps to follow.

Members raised concerns regarding staff adherence to established protocols and why the timeframe for carrying out the identified actions to address this risk was so long. They enquired as to whether the issue with protocol adherence was down to management or staff resourcing pressures. The Assistant Director for Children's Services advised Members that the Service needed to be more specific and realistic with the deadlines set to address points made in the internal audit report and prioritise those points that need addressing sooner rather than later. He provided Members with reassurance that the points had been taken on board and highlighted that the risks identified were relatively low level and related to gaps in processes. He also informed Members that the Section 17 work in frontline team's is only a very small part of their overall workload. He confirmed that the cuts affecting that service have been made in the administrative support area of the service in order to strengthen the frontline services.

Members discussed the future process in relation to the reporting of completed and issued audit assignments to Committee and agreed that there should be an additional meeting added to the timetable of meetings to accommodate the additional workload.

Following consideration of the report and appendices, it was moved and seconded that the report would be noted and that an additional meeting of Audit Committee would be scheduled to accommodate the future process for reporting completed and issued audit assignments.

RESOLVED that:-

- (i) the content of the report be noted and the comments of the Audit Committee be noted by Internal Audit;
- (ii) as part of the future process in relation to the reporting of completed and issued audit assignment to Audit Committee, an additional meeting be added to the Committee's timetable of meetings.

6. CERTIFICATION OF GRANTS AND RETURNS 2017-18 – CAERPHILLY COUNTY BOROUGH COUNCIL

The External Auditor introduced the report which sought to inform Members of the certification of grants and returns 2017-18 and answered the question - Does Caerphilly County Borough Council have satisfactory arrangements in place to ensure the production of co-ordinated, accurate, timely and properly documented grant claims?

The External Auditors informed Members that in 2017-18, they certified 10 grant claims and 1 narrative report and confirmed that the Council had submitted all claims on time and Grant Thornton had certified all of the claims. They referred Members to the summaries of key outcomes and issues within the report and called particular attention to the recommendation made in relation to unapproved/ineligible expenditure included – Housing Benefit.

A Member requested that the progress made in carrying out the External Auditors recommendation to implement training to address the issues identified could be reported back to the Audit Committee. It was agreed with the Head of Corporate Finance and Section 151 Officer that an information only report be brought to Audit Committee at its June 2019 meeting. The External Auditors added that Housing Benefits and Council Tax was very complex and 90% of staff across the local authority is qualified, the issue identified is very small and so the response should be proportional.

The Chair thanked the External Auditors and Head of Corporate Finance and Section 151 Officer for their report and Members for their questions and comments.

7. REGULATOR PROPOSALS FOR IMPROVEMENT PROGRESS UPDATES

The Performance Manager introduced the report which updated Members on the progress against proposals or recommendations made by all regulators since the last Audit Committee update in July 2018 and advised Members on any new proposals that had been added since that time.

She informed Members that since July 2018 two reports have been provided with two received in draft and currently going through the clearance process. Currently, there is one recommendation and twelve proposals on the register, totalling thirteen altogether. There are four proposals completed if agreed by the Committee leaving 9 outstanding.

Members were referred to the details of the report and asked to note its contents and agree to the closure of the proposals noted as recommended to be closed, within Appendix A.

Members sought clarification in regard to the reporting process for the Asset Management Co-ordinator and which Committee would be expected to receive updates. The Head of Corporate Finance and Section 151 Officer informed Members that progress would be reported to the Interim Head of Property Services who would then report to the Interim Corporate Director for Communities. Updates could potentially go to Policy and Resources Scrutiny Committee as this is an authority wide issue however this would need to be agreed by the Chair of the Policy and Resources Scrutiny Committee and the Interim Corporate Director for Communities.

Members discussed the four proposed closures particularly whether it was appropriate to close the WHQS and Leisure Review proposals. The Performance Manager advised Members that the WHQS proposal was at an end with a new one expected to come on to the register in its place. In regards to the Leisure Review, the work on this has concluded and therefore has been recommended for closure.

Following consideration of the report, it was moved and seconded that the contents of report be noted and that the four recommended proposals for closure be closed.

RESOLVED that the contents of the report be noted and the proposals noted as recommended to be closed contained within Appendix A be closed.

8 - 11. INFORMATION ITEMS

The Committee received and noted the following information items:-

- (i) Caerphilly Certificate of Compliance – Audit of Caerphilly County Borough Council's Assessment of 2017-18 Performance
- (ii) Regulation of Investigatory Powers Act 2000
- (iii) Officers Declarations of Gifts and Hospitality – July to September 2018
- (iv) Corporate Governance Panel Minutes – Monday 24th September 2018

The meeting closed at 15.10pm.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 23rd April 2019, they were signed by the Chair.

CHAIR