



AUDIT COMMITTEE

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, TREDOMEN, YSTRAD MYNACH ON WEDNESDAY 8TH MARCH 2017 AT 10.00 AM

PRESENT:

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

Councillors:

Mrs E. Aldworth, Mrs K. Baker, Ms. J. Gale, C. Hawker, J. Jones, G. Oliver and J. Simmonds.

Together with:

G. Hawkins (Grant Thornton), B. Morris (Grant Thornton), S. J. Byrne (WAO).

N. Scammell (Acting Director of Corporate Services and Section 151 Officer), S. Harris (Interim Head of Corporate Finance), R. Harris (Internal Audit Manager), R. Hartshorn (Head of Public Protection), K. Williams (Private Sector Housing Manager), F. Wilkins (Public Sector Housing Manager) C. Evans (Committee Services Officer).

1. APOLOGIES

Apologies for absence were received from L. Ackerman, J. Bevan, D.G. Carter and J.A. Pritchard.

2. DECLARATIONS OF INTEREST

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

3. MINUTES – 14TH DECEMBER 2016

RESOLVED that the minutes of the meeting of the Audit Committee held on 14th December 2016 (minute nos. 1 - 10) be approved as a correct record and signed by the Chair.

REPORTS OF OFFICERS

Consideration was given to the following reports.

4. 2017 AUDIT PLAN – CAERPHILLY COUNTY BOROUGH COUNCIL

B. Morris (Grant Thornton) presented the financial aspects of the 2017 Audit Plan and S.J. Byrne (Wales Audit Office) presented the performance aspects of the Plan.

The Committee noted the objectives of the Audit Plan and the duties of the Auditor General in respect of his duties under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009 (the Measure), the Local Government Act 1999, and the Code of Audit Practice. The purpose of the Audit was to examine and certify whether the financial statements are “true and fair”; assess whether proper arrangements for securing economy, efficiency and effectiveness in the use of resources have been made; Audit and assess whether CCBC have discharged duties and met requirements of the Measure; and undertake studies in order to make recommendations for improving economy, efficiency and effectiveness or for improving financial or other management arrangements.

The Audit Committee noted the extensive work that would be undertaken during the Audit in order to determine any areas of material misstatements, the fees associated with the task, as well as the findings following the Audit and the certificate that would be issued following its satisfactory completion.

The Audit Committee invited Ms Byrne to present the report on the Performance Audit.

Members noted that the Well-being of Future Generations (WFG) baseline assessment identified in exhibit 6 of the Audit Plan would consist of a year one commentary and evidence would be gathered on how the 44 bodies are beginning to respond to the requirements of the WFG Act and identify examples of notable emerging practice. The work is designed to support improvement and inform future audit work under the Act.

In addition, the Public Services Board Scrutiny review will now be a Well-being of Future Generations (WGF) review, which will examine the impact of the WFG Act on the work of scrutiny committees, including PSB scrutiny, facilitating improvement and the sharing of good practice. Given this, the WAO has decided that it will not undertake the review of scrutiny committees’ role in performance management as set out in appendix 3 of the Audit Plan.

Members thanked the Officers for the detailed report and discussion ensued.

A Member sought further information on the fees associated with the work. Officers explained that the work is undertaken in line with requirements as set out by the Government, this work is required in England, however, whilst it has been currently deferred for Wales, it is good practice to establish the process in readiness for the requirement. Costs and reviews are conducted in the same way across Wales and the introduction of Thematic Reviews has reduced the costs for Local Authorities, further work continues to keep costs down for Local Authorities, whilst providing an efficient and effective service.

The Committee noted the report and thanked the Officers for the extensive work provided and the Value for Money.

5. CERTIFICATION OF GRANTS AND RETURNS 2015-16 – CAERPHILLY COUNTY BOROUGH COUNCIL

G. Hawkins and B. Morris (Grant Thornton) provided the Committee with a report which summarised the results of the work on the certification of the Authority’s 2015-16 grant claims and returns.

Members noted that the authority had asked the Auditor General to certify its claims and returns and Grant Thornton perform the certification work on his behalf.

It was noted that for 2015-16, 17 grants were certified with a total value of £151,708,803. 100% of the grants received during the year were received by the Authority's deadline. Unqualified certificates were issued for 15 grants and returns but qualifications were necessary in 2 cases (12%).

It was noted that adjustments were necessary to 4 of the Authority's grants and returns, however there were no significant adjustments (i.e. over £10,000) required. The net adjustment (below £10,000) is a decrease of £16.50 in funds payable to the Authority. For the remaining grants amended, the amendments had no impact on the funds payable to the Authority as they merely related to dates or to supplementary detail.

The Authority has adequate arrangements for preparing its grants and returns and supporting the certification work but some improvements were required in some areas. A number of issues were identified within the Housing Benefit claims which have also arisen in previous years and Members were assured that work is underway to ensure that these recurring issues are addressed.

The Committee thanked the Officers for the report and discussion ensued. A Member sought clarification on an error identified in terms of Teachers Pension. It was noted that this was a system error and as a result, would be adjusted in the next financial year.

The issue identified in Housing Benefits was discussed and further information was sought from Officers. Members noted that the errors were identified as a result of incorrect figures being calculated. Officers assured Members that training has been arranged for April 2017 which would ensure that staff are fully trained in processes and would continue to be closely monitored to ensure that no further issues would arise.

The Committee thanked the Officers from Grant Thornton, Wales Audit Office and Caerphilly CBC Finance for the detailed report, the extensive work undertaken and the detailed reports provided to the Committee.

6. THE WELL-BEING OF FUTURE GENERATIONS ACT (WALES) 2015

The report provided Audit Committee with an update in respect of the Annual Governance Statement 2015/16 which identified an area for improvement in that the Authority works to ensure that the requirements of the Well-Being of Future Generations (Wales) Act 2015 are progressed to ensure compliance prior to regulator reviews. The Act came into force on the 1st April 2016 and placed a number of legal duties on public bodies in Wales to meet the legally binding 'common purpose' for 7 statutory Well-Being Goals:

- A resilient Wales
- A prosperous Wales
- A healthier Wales
- A more equal Wales
- A Wales of cohesive communities
- A Wales of vibrant culture and thriving Welsh language
- A globally responsible Wales

The report provided an update on the steps being taken to address the requirements of the Act and with particular reference to the core set of activities that are common to the corporate governance of public bodies as identified in the statutory guidance.

- Corporate planning

- Financial planning
- Workforce planning
- Procurement
- Assets
- Risk Management
- Performance Management

The report detailed the distinction between the roles of the Public Services Board (PSB), with Caerphilly CBC as a statutory partner, and Caerphilly CBC as a public body with its own duties under the Act.

In addition, it was noted that the Council has established a Future Generations Advisory Panel, formerly the Sustainable Development Panel, which aims to promote the economic, social, environmental and cultural well-being of residents of the county borough by providing guidance and advice to the Authority on the work required as part of the Well-Being of Future Generations (Wales) Act 2015.

The Committee noted that the final draft Well-being Assessment was presented to the meeting of Caerphilly Public Services Board (PSB) on 7th March 2017 for approval. The Assessment was prepared by the Corporate Policy Unit on behalf of the Caerphilly Public Services Board which is required to prepare a local assessment of well-being for the area that looks at its economic, environmental, cultural and social situation. The Well-being Assessment will be used to inform planning across the public sector to deliver 'The Caerphilly We Want' and meet the national Well-being Goals for Wales and the Assessment will be used to set the Public Services Board's own Well-being Objectives and the Well-being Plan for the area.

Members thanked the Officer for the detailed report and discussion ensued.

A member, having consideration for the Wellbeing objectives, sought further information on the implications for planning applications, for take aways for example. Officers outlined that at present, there is Planning Legislation in place, which guides the existing framework, however, there is opportunity to consider the requirements of the Well-being of Future Generations Act.

Discussions took place around Scrutiny and it was noted that the Crime and Disorder Scrutiny Committee has now changed to Partnerships Scrutiny Committee, its main function to scrutinise the PSB. The Committee is currently in its early days, having held 2 meetings. Additional co-optees have been included on the Committee also,

Following consideration and discussion, the Audit Committee thanked the Officer for the report and noted its contents.

7. REHOUSING FORMER TENANTS WITH ARREARS AND REDUCING THE INCIDENCE OF TENANCY FRAUD

At the meeting of the Audit Committee held on 14th September 2016 members discussed an update report on the 2014/15 National Fraud Initiative, which subsequently resulted in a request being made for a report on the Council's policy towards rehousing previous council house tenants with arrears and the risk to the Council. Members also sought information on the investigations conducted by Housing Staff to reduce fraud through dual occupancy.

The Committee noted the legal framework within which housing registers are managed and allocations of council housing are made, how applications and allocations were managed under the Council's previous Allocations Scheme which was valid until December 2016 and their management following the introduction of a Common Housing Register and Common Allocations Policy on 5th December 2016.

In addition, the report outlined the procedures and measures taken when attempting to recover outstanding debts and the steps taken by the Authority in its pursuit of the prevention of fraud, as it relates to social housing tenancies.

The Committee thanked the Officers for the complex report and noted that the new Common Allocations Policy is available on the Intranet. Members discussed the Policy and highlighted that a significant number of the queries dealt with by Members are housing related; as a result, it was suggested that information on the Common Allocations Policy, could be provided to new Members following the election in the form of a Seminar. Officers agreed to provide information as part of the Member Induction process, and in addition, it was noted that there are a number of Housing Officers available to provide assistance and support to applicants and Members, should this be required.

A Member, whilst having consideration for the Future Generations and Wellbeing Act requirements, sought further information on the allocations process, with particular reference to “undesirable areas” and single person applicants. Officers highlighted that there is currently insufficient single person accommodation available to meet an increasing level of need, and that the accommodation that is available is clustered in a small number of communities. It is, therefore, difficult to disperse such households across the County Borough. This often results in single people living in communities where they have no little or no community connection, and, on occasion, allegations of antisocial behaviour. Options are currently being considered to facilitate a more even distribution of single person households. In addition, it was noted that the Policy and associated processes are still in their infancy and are being monitored for the first year before any decision is taken on the need for amendments.

A Member sought further information on the implementation process and queried whether best practice sharing was considered prior to implementation. Members were assured that Caerphilly worked closely with other Authorities that have implemented a similar system, sought advice on best practice and Value for Money Services where possible.

Following consideration and discussion, the Audit Committee thanked the Officer for the report and noted its contents.

8. INTERNAL AUDIT SERVICES ANNUAL AUDIT PLAN

The report sought the approval of the Internal Audit Services Annual Audit Plan 2017/18.

The report provided Members with the internal audit coverage for 2017, and it was noted that the approach is broadly similar to previous years but reflects the ongoing development of the plan in terms of coverage and risk identification.

It was noted that the resources on which the plan is based would remain the same as in previous years, as no savings have been required to be made in 2017/18.

Members noted that a mid-year report would be provided at a later date, which would demonstrate progress against the plan and any issues arising.

The Committee thanked the Officers for the report and sought further information on any Audit areas in which would be carried forward to this latest plan. Officers explained that the plan is devised on a rolling basis, however, should the be an area of concern, the audit would be considered a priority, and the other identified audit areas would be postponed but remain in the programme. In addition, Members were asked to note that the outturn report submitted to the Committee on an annual basis details the work conducted, as well as progress during the mid-year report.

Members thanked the Officers for the report. In addition Members expressed their gratitude

to Officers for their hard work and support during the term of the Committee.

Following consideration and discussion, it was moved and seconded that the Internal Audit Services Plan 2017/18 be approved. By a show of hands this was unanimously agreed.

RESOLVED that for the reasons contained in the Officer's report, the Internal Audit Services Plan 2017/18 be approved.

9. AUDIT COMMITTEE FORWARD WORK PROGRAMME

The Forward Work Programme up to July 2017 was presented for Member consideration. It was noted that the document is a working document and is regularly updated when addition reports are identified. In addition, it was noted that a Special Audit Committee meeting has been scheduled in July 2017, in order to consider the ISA 260 2016/17.

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

10. INFORMATION ITEMS

The Committee received and noted the following information items:-

- (1) Audit of Caerphilly County Borough Council's Assessment of 2015-16 Performance;
- (2) Officers Declarations of Gifts and Hospitality October to December 2016;
- (3) Regulation of Investigatory Powers Act 2000;
- (4) Corporate Governance Panel Minutes – 11th November 2016.

The meeting closed at 11.40pm.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 14th June 2017, they were signed by the Chair.

CHAIR