

## AUDIT COMMITTEE

Minutes of a meeting held on 25<sup>th</sup> February, 2019.

Present: Councillor M.R. Wilson (Chairman); Councillor Mrs. P. Drake (Vice-Chairman); Councillors G.D.D. Carroll, V.P. Driscoll, Dr. I.J. Johnson, K.F. McCaffer, L.O. Rowlands and Mr. P. Lewis (Lay Member).

Also present: Mr. S. Wyndham (Wales Audit Office).

### 747 MINUTES –

RESOLVED – T H A T the minutes of the meeting held on 19<sup>th</sup> November, 2018 and the Special Meeting held on 13<sup>th</sup> December, 2018 be approved as a correct record, subject to it being noted that Councillor Dr. I.J. Johnson had tendered his apologies for the 19<sup>th</sup> November, 2018 meeting.

### 748 DECLARATIONS OF INTEREST –

No declarations were received.

### 749 WALES AUDIT OFFICE REPORT: VALE OF GLAMORGAN WELSH HOUSING QUALITY STANDARDS (WHQS) REVIEW INCLUDING COUNCIL HOUSING TENANTS PERSPECTIVE (REF) –

The report had been referred to the Audit Committee by the Homes and Safe Communities Scrutiny Committee. Mr. S. Wyndham (Wales Audit Office) advised on the findings of the review which had been undertaken by the Wales Audit Office as part of the Council's Annual Audit Plan for 2016/17. The purpose of the review had been to ascertain how Local Authorities were listening and reacting to the views of its local residents with a particular focus on the Welsh Housing Quality Standards (WHQS) for Council tenants. The report findings concluded that overall, the Council had met the WHQS with effective arrangements for tenant engagement and most tenants had been satisfied with the quality of their home.

The Wales Audit Office report made two proposals for improvement:

- The Council should evaluate how effective the process was for tenants to report housing repairs via the Customer Contact Centre (C1V);
- The Council should work with tenants to review its approach to assisting people experiencing problems with condensation and damp.

The Operational Manager for Building Services stated that it was in the main a positive report and in line with the Council's performance monitoring arrangements, the proposals for improvement would be addressed as part of the service planning process for 2019/20. They had also been incorporated within the Council's Insight Tracker which monitored progress on all regulatory actions on a monthly basis.

Members of the Homes and Safe Communities Scrutiny Committee would also receive a six monthly update report on all regulatory actions relevant to the Committee.

In considering the report, a Member queried whether C1V was the standard method of reporting problems with buildings and also queried the response rate. The Operational Manager confirmed that tenants reported issues largely through C1V, which was the preferred avenue, although the Department was considering other avenues that could be utilised to support residents, i.e. smart phones which could document the number of transactions, and the department was considering new ICT software which would alleviate the pressure for C1V.

A Member who had been present at the Homes and Safe Communities Scrutiny Committee meeting advised that as detailed in the reference, the Committee had considered the report in detail, commenting that it was also a positive report, but requested an appointment with the officer to consider the concerns raised by residents following telephone interviews. The officer advised that he would be happy to meet the Member.

The Chairman, having regard to the issue of damp, advised that if there was an increase in “black spots” this needed to be drawn to tenants’ attention.

The Chairman stated that in his experience there was only one way communication with C1V and no follow up reports were provided. It was agreed that having regard to the Council’s Digital Strategy and the Council’s move towards interactions online, improving communication would be key.

Having considered the report it was subsequently

**RESOLVED – T H A T** the reference from the Homes and Safe Communities Scrutiny Committee and the comments of the Audit Committee be referred to Cabinet for consideration.

#### Reason for decision

In order that Cabinet can be apprised of the Wales Audit Officer Report and the comments of both Committees.

#### 750 WHISTLEBLOWING POLICY PERFORMANCE UPDATE (MO / HLDS) –

The report provided details of the number and types of whistleblowing incidents recorded by the Council during 2017/18 and the first nine months of 2018/19. The report also highlighted any notable patterns in the data recorded and potential reasons for such. The report also set out the promotional activity undertaken to raise staff awareness of the Policy during the reporting period and highlighted key issues arising from the staff survey responses regarding awareness of the Policy and willingness to whistleblow.

The Operational Manager for Customer Relations, in presenting the report, stated that since the last report annual promotional activity to raise staff awareness of the Policy had focused on a staff survey to ascertain awareness of the Policy, understanding of what constituted a whistleblowing issue and how to report concerns and the willingness to do so. The details of this were attached at Appendix A to the report. It was further noted that response from the survey would inform targeted promotional and marketing activity between April and June 2019.

The staff survey had been posted on StaffNet and paper copies distributed to colleagues who did not have access to or did not use a computer as a normal part of their job. A total of 386 staff survey responses had been received.

Paragraph 4.9 of the report noted that there was a significant lack of understanding about who colleagues should report whistleblowing concerns to. 87% would report to their line manager, however only 26.8% knew that they could report to Internal Audit and 11.1% through Contact 1 Vale.

There had been five concerns raised relating to the Social Services Directorate, three to Managing Director and Resources, five to Environment and Housing and two to Learning and Skills.

Four of the concerns raised for Environment and Housing had been raised during the current financial year and three by the same whistleblower.

Of the five Social Services concerns raised, three had not been upheld, one upheld and one was currently under investigation. In the Managing Director and Resources Department, one had been partially upheld and two not upheld. One concern raised for Learning and Skills was not upheld and one was currently under investigation. For Environment and Housing Directorate, two were not upheld and two were currently under investigation.

Eight concerns related to illegal practices (Fraud), three to Health and Safety, three to failure to comply with legal obligations and one was not disclosed.

Members agreed that a priority focus should be to raise awareness with staff as to who they could report to.

The Independent Lay Member also commented that out of interest he would like to understand if staff who had already whistleblown would be confident to do it again, or had they regretted it in the first place. The Member also queried whether any comments received had been malicious, with the officer advising that none had been received to date.

The Chairman also commented that such Policies should be raised at PDRs and suggested that the Human Resources Department consider addressing the issue.

Members felt that it should be part of some formal process that people read and understood the Policies and that they be monitored and reviewed to do so.

Following consideration of the report, it was subsequently

RESOLVED –

- (1) T H A T the contents of the report be noted.
- (2) T H A T the Audit Committee continues to receive an annual report in relation to the Policy implementation and incidents.
- (3) T H A T the Corporate Performance and Resources Scrutiny Committee consider receiving a report on raising awareness of such Policies and addressing these at PDR appraisals.

Reasons for decisions

- (1&2) To ensure effective monitoring of whistleblowing incidents is undertaken.
- (3) In order that Corporate Performance and Resources Scrutiny Committee consider appropriate opportunities to raise awareness of such Policies.

751 CORPORATE COMPLAINTS ANNUAL REPORT 2017/18 (MD) –

The Council adopted the Welsh Government's Model Corporate Concerns and Complaints Policy in July 2013. There was a two-stage process, Stage 1 and Stage 2. Complaints at Stage 1 were seen as informal resolution and should be responded to within 10 working days. Stage 2 complaints were seen as formal complaints and should be responded to within 20 working days. After that the complainant was advised to contact the Public Service Ombudsman for Wales (PSOW), if they remained unhappy

All Corporate Complaints and Compliments were recorded on Oracle CRM and fed in to the Complaints and Compliments Dashboards.

Corporate Management Team received reports on the performance of corporate complaints. (Social Services complaints performance was reported to Healthy Living and Social Care Scrutiny Committee).

Corporate Performance and Resources Scrutiny Committee received quarterly updates on local performance indicators relating to complaints handling.

The Audit Committee had within its Terms of Reference to monitor the performance of Corporate Complaints and to make recommendations to Cabinet / and or Council as appropriate.

There were a total of 294 complaints logged during 2017/18 compared 393 in 2016/17, a reduction of 99 complaints. It was noted that the number of complaints for 2016/17 was inflated by 90 complaints being raised in August 2016 for Waste Management during changes in waste and recycling collection days across the Vale.

The percentage of complaints escalated to Stage 2 (as shown in Appendix A to the report) showed a slight increase from 14.08% (2016/17) to 15.75% (2017/18). However, the percentage of complaints escalated to Stage 2 for the nine months to 31<sup>st</sup> December, 2018 reduced to 6.25% out 320 Stage 1 complaints recorded. Overall, the relatively low number of complaints escalated from Stage 1 to Stage 2 would indicate that the Council was investigating and resolving complaints effectively.

During 2017/18, 210 complaints were received for the Environment and Housing Directorate (2016/17 – 303); 70 complaints for the Managing Director and Resources Directorate (2016/17 – 79) and 14 for the Learning and Skills Directorate (2016/17 – 11). Each Directorate experienced a sharp increase in complaints received during Quarter 4 2017/18, with 38 in January, 33 in February and 50 in March 2018.

The percentage of complaints Not Upheld had been relatively consistent standing at 38% in 2016/17, 41.8% in 2017/18 and 36.5% for 2018/19 to 31<sup>st</sup> December, 2018. During the same periods the percentage of complaints Upheld was 41.8%, 35% and 41.5% respectively.

Overall the percentage of complaints resolved within the 10/20 working day deadlines fell from 75% in 2016/17 to only 56.8% in 2017/18. There had been a slight improvement during the first nine months of 2018/19 to 57.1%. Even though no complaints were received during 2016/17 and 2017/18 relating to the speed of response to complaints (and only one during 2018/19 to date) this remained an area of focus for future work.

Following a query from a Member as to how the officers were going to plan to improve the timeliness of responses and that more informative data capture of identification of calls should be gathered, Members were informed that there was an ongoing issue in respect of timeliness. Although the system was identifying a delay in response, it was uncertain whether this represented a real delay for customers or was as a result in delayed administration of the CRM system. It was noted that a further report would be presented to the Corporate Management Team in May in order that Directors could consider response rates. It was also noted that further training of officers to ensure the capture of the detail of the complaints received had also been undertaken.

Having regard to the 20% drop, a Member queried whether there was a particular reason for this, being advised by the Operational Manager that in essence the percentage drop had been equally spread across all Directorates, there was no specific issue that had been pinpointed.

Having regard to the Council no longer having a Corporate Complaints Officer, the Chairman queried whether a business case should be developed in order that the service could be improved and that a Corporate Complaints Officer position is addressed. Complaints should also be reviewed as an opportunity to improve services, not always seen as a threat. In response, the officer advised that the work previously undertaken by the Complaints Officer role was in relation to the small number of Stage 2 complaints and in dealing with PSOW issues. This work had been redistributed within Customer Relations. Responsibility for investigating Stage

1 complaints lay with all service areas. Managers had been provided with a real time dashboard to help manage the workload, but further tracking opportunities could be considered to assist with improving performance.

Having considered the report, it was subsequently

RESOLVED –

- (1) T H A T the contents of the report be noted.
- (2) T H A T the Audit Committee continues to receive an annual update in relation to Corporate Complaints and Compliments.
- (3) T H A T the report and the comments of the Audit Committee be referred to Cabinet for its consideration.

#### Reasons for decisions

(1&2) To ensure effective monitoring of corporate complaints.

(3) In order that Cabinet can be apprised of the report and the comments made by the Audit Committee.

#### 752 CORPORATE RISK REGISTER QUARTER 3 UPDATE (MD) –

The report provided an outline of the Quarter 3 position (April to December 2018) of risks contained within the Corporate Risk Register and outlined in the Corporate Risk Summary Report. There were currently 14 risks on the Register as outlined within Annex A to the report, it being noted that the Audit Committee had endorsed the removal of the Housing Improvement Programme Risk (Wales Housing Quality Standards) from the Register at the end of Quarter 2.

Of the 14 Corporate Risks, in terms of risk status, one risk scored high, one risk scored medium / high, ten risks scored medium and two risks scored medium / low. The overall position of risks on the Register had remained largely unchanged, with the exception of the Waste risk that had increased marginally from a score of 4 to a score of 6, but the risk status had remained a medium (see Page 3 of Annex A).

The heat map for Quarter 3 (Page 4 Annex A) showed that the majority of risks were concentrated at medium. Equally, the thematic heat map showed that the majority of corporate risks congregated around medium across all risk categories.

During Quarter 3, good progress continued to be made in relation to the Risk Management Plans across all aspects of the Register. During Quarter 3, a total of 17 actions (15%) were completed. 75% (87) actions were on track and had been attributed a Green status. Just three actions (2%) were assigned an Amber status to reflect there had been some minor slippage. 8% (9) of actions were assigned a Red status to indicate more significant slippage in progress against actions.

The emerging issues associated with Brexit were discussed in the report where it outlined the Council's current position as a Local Authority and what further preparations would be undertaken. Capacity issues associated with domiciliary care and the brokerage of packages was also discussed. This facet of risk was reflected in the Contract Management risk.

The report recommended that Audit Committee note the Quarter 3 position of the Risks within the Risk Register and refer the report onto Cabinet for their consideration and endorsement.

The Operational Manager for Performance and Policy informed Committee that the Deprivation of Liberty Safeguards risk remained high at status 12, and the fact that Social Services continued to experience pressures in relation to their resources as a result of increased demand for Best Interest Assessments which continued to escalate the risk.

Although the implementation of the new social care system Welsh Community Care Information System (WCCIS) had continued to progress, it had not been without its challenges. The extraction of timely and accurate performance data from WCCIS continued to be an ongoing issue. However during Quarter 3 significant strides forward had been made in relation to the cleansing of data. It was anticipated that the majority of the data cleansing would have been undertaken by Quarter 4, so that performance data could be more accurately reported in future quarters. Two further performance posts had been added to the Social Services establishment to further enhance the Council's resilience and capacity to produce the necessary performance reports alongside working with Care Works to develop specific reports for the Council. Equally the appointment of a Senior Systems Administrator position during Quarter 3 had added further resilience to the team and this individual was actively identifying and resolving issues associated with WCCIS as they arose.

Safeguarding also remained scored as medium / low (3) on the Register. Several robust controls were in place to effectively mitigate against the risk and all actions outlined in the Risk Management Plan 2018/19 had been attributed a Green status for their progress during Quarter 3.

The Contract Management risk remained medium to low (3) on the Register and the existing controls continued to be particularly effective and good progress had been made in delivering the actions outlined in the Risk Management Plan during the quarter.

Annex A to the report contained the full Risk Register along with a Risk Summary Report outlining the position of all Corporate Risks.

Following a query regarding Brexit and how it would affect the Council, a Member suggested that the risk should have been highlighted further, stating that in their view it should have been highlighted more clearly, in particular to the risk posed. The Operational Manager stated that there had been considerable discussion around the issue of Brexit and all service areas had considered the matter in their service plans over the last few years. Work was ongoing too, to compile an impact assessment for

each service area of the Council, based around a series of risks identified by the Home Office.

The Chairman also commented that, in his view, the overall Risk Register as a document was considerable in size and consideration should be given to improving its format.

A further query in relation to the ALN Bill and the impact on the Committee was considered with Members suggesting that further reports be presented to the Audit Committee on the processes for the ALN Bill from an Audit Committee perspective.

The Operational Manager advised that he would be very happy to relook at the presentation of the Corporate Risk reports with a view to providing an update to Committee following the recess in September 2019.

A Member also made an appeal to the Operational Manager to consider holding discussions with the Democratic Services Team to enable the reporting of performance and risk reports to Committees in as timely a matter as possible.

It was subsequently

RESOLVED –

(1) T H A T the Quarter 3 position of corporate risks for the period April 2018 – December 2018 be noted and the recommendations of the Corporate Management Team be endorsed.

(2) T H A T the report and the comments of the Audit Committee be referred to Cabinet for its consideration and endorsement.

#### Reasons for decisions

(1) To identify the Quarter 3 position of corporate risks across the Council and to highlight any emerging issues and actions to be taken.

(2) To ensure Cabinet receives a Quarter 3 position on the Corporate Risk Register and endorses the recommendations contained within the report.

#### 753 CERTIFICATION OF GRANTS AND RETURNS 2017-18 (MD) –

The Section 151 Officer, in presenting the report, advised that the Council was responsible for preparing a wide range of grants and grant claims for submission to grant paying bodies.

The Welsh Audit Office (WAO) as the Council's External Auditors, was required also required to certify these grant claims to conclude whether the expenditure had been incurred in accordance with the relevant terms and conditions for each grant.



The work had to date been completed for 2017/18 and the report therefore provided a summary of that work.

The Council had received and certified nine grant claims and a summary of all claims and returns subject to certification was provided within the report attached at Appendix A together with the certification fee and outcome of the External Auditor's review.

Having regard to missing paperwork outlined within the Audit report, a Member clarified if this had been received, the Auditor stated that no further data had been received to date.

Having considered the report, it was subsequently

RESOLVED – T H A T the contents of the report be noted.

#### Reason for decision

Having considered the contents contained therein under the Committee's monitoring function.

#### 754 TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2019/20 AND UPDATE FOR 2018/19 (HOF / S1510) –

The report provided an update on the Council's Treasury Management operations for the period 1<sup>st</sup> April to 31<sup>st</sup> December, 2018. All activities were in accordance with the Council's approved strategy on Treasury Management. Details of monies borrowed and repaid and those invested were outlined in the report.

The report presented the proposed 2019/20 Treasury Management and Investment Strategy at Appendix 1.

The Council needed to ensure that the Prudential Code was complied with, which had been developed by CIPFA as a professional code of practice. To demonstrate the Council had fulfilled these objectives, the Code set out prudential indicators that should be used and the factors that must be taken into account. These were shown in Appendix 1 to the report as part of the Strategy.

The Council also had a legal requirement to comply with the Welsh Government Guidance on Investments and had taken this into consideration when developing the Strategy.

Capital expenditure when financed by long term debt incurred two elements of cost, interest on and repayment of the principal sum borrowed. The resources the Council must put aside in each year to repay the principal sum borrowed was known as Minimum Revenue Provision (MRP) and the Council's policy for calculation was detailed in the report.

The Treasury Management Policy for 2019/20 was attached at Appendix 2 to the report.

The Section 151 Officer advised that the Strategy would be reviewed on an annual basis and was considered to be refined.

Having regard to the contents contained within the report, it was subsequently

RESOLVED –

- (1) T H A T the Treasury Management interim report for the period 1<sup>st</sup> April to 31<sup>st</sup> December, 2018 be endorsed.
- (2) T H A T the policy for making Minimum Revenue Provision in 2019/20 be endorsed.
- (3) T H A T the proposed 2019/20 Treasury Management and Investment Strategy be endorsed including the following specific resolutions and any comments forwarded to Council:
  - The Authorised Limit for External Debt be set at £200.854m for 2018/19, £201.556m for 2019/20, £217.263m for 2020/21 and £234.895m for 2021/22;
  - The Operational Boundary for External Debt be set at £185.812m for 2018/19, £194.831m for 2019/20, £198.861m for 2020/21 and £222.014m for 2021/22;
  - The Section 151 Officer be given delegated authority within the total Authorised Limit and Operational Boundary as estimated for individual years to effect movement between the separately agreed limits for borrowing and other long term liabilities;
  - An upper limit is set on its fixed interest rate exposures of £148.545m for 2018/19, for 2019/20 of £147.310m, for 2020/21 of £165.610m and for 2021/22 of £180.393m of its net outstanding principal sum on its borrowings / investments;
  - An upper limit is set on its variable interest rate exposures of £0 for 2018/19, 2019/20, 2020/21 and 2021/22 of its net outstanding principal sum on its investments;
  - An upper limit of £0m for 2018/19, £2m for 2019/20, £2m in 2020/21 and £2m in 2021/22 is set for total principal sums invested for over 364 days;
  - The amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate for 2019/20 be set as below:

	Upper Limit	Lower Limit
Under 12 months	20%	0%
12 months and within 24 months	20%	0%
24 months and within 5 years	30%	0%
5 years and within 10 years	40%	0%
10 years and above	100%	0%

- The Prudential Indicators set out in Appendix 1 be approved;
- The Treasury Management Policy set out in Appendix 2 to the report be approved.

### Reasons for Recommendations

- (1) Following consideration of the report.
- (2) To agree the basis of the Minimum Revenue Provision calculation for 2019/20.
- (3) The Treasury Management and Annual Investment Strategy is prepared as required by the Local Government Act 2003.

### 755 PROGRESS AGAINST THE AUDIT RISK BASED PLAN 2018/19 (OMA / HOA) –

The Operational Manager Audit, in presenting the report, advised that the report showed progress against the plan for the period April to December 2018 as outlined in Appendices A, B and C which provided the details necessary for the Committee to effectively monitor the Section's progress.

The Committee was informed that whilst the overall structure of the Section continued to be based on 14 Full Time Equivalent (FTE) employees, it continued to carry vacancies. However, the service was on track to complete the majority of the Plan by the end of the Financial Year. It had also been necessary to commission the services of the South West Audit Partnership in order to address in part some of the shortfall.

The Plan provided for a total of 1,350 audit days to cover the period April 2018 to March 2019. These days were split into reviews considered to be Priority 1 and reviews considered to be Priority 2, with the aim of completing the whole Plan by the end of the financial year.

Progress against the 2018/19 Risk Based Plan was attached at Appendix A to the report and further information attached at Appendix B detailed reviews which had not yet been allocated in the respective quarters and reviews which had been brought forward from future quarters.

Following a query from a Member regarding timescales for assurances in relation to the Catering Contract, Family Support and Safeguarding, the officer advised that with regard to Catering, a report was due to be presented to Cabinet in March which was to include an updated business plan. Further reports in respect of Safeguarding and Family Support were to be presented in due course.

It was subsequently

**RESOLVED – T H A T** the contents of the report and the progress made for the period April to December 2018 be noted.

Reason for decision

To apprise Audit Committee.

756 AUDIT COMMITTEE – FORWARD WORK PROGRAMME 2018/19 UPDATE  
(OMA / HOA) –

Appendix A to the report provided details of the Forward Work Programme for 2018/19 and paragraph 4.2 of the report detailed the items scheduled to be presented at the Committee's next meeting on 25<sup>th</sup> April, 2019 as outlined below:

<b>Date of Committee</b>	<b>Agenda Items</b>
25 <sup>th</sup> April, 2019	External Auditors / Inspection Reports (if applicable)
	Updated Forward Work Programme 2018-19 and proposed Programme for 2019-20
	Head of Audit's Outturn and Annual Opinion Report 2018/19
	Internal Audit Charter 2019/20
	Internal Audit Proposed Risk based Plan 2019/20

Having regard to the report, it was suggested that a further report on Safeguarding be presented to the Audit Committee detailing the Safeguarding Framework and broader assurances, outlining how safeguarding is undertaken across the Council from a corporate and service perspective.

It was noted that the Audit Committee's Forward Work Programme would contain audit reviews that would be service specific and that would assist in understanding how the services undertook the five ways of working and delivered the well-being objectives. Many items on the Work Programme were standard every quarter, six months or annually, and Members also had the ability to suggest topics for review by the Committee.

Having considered the report, it was subsequently

**RESOLVED –**

- (1) T H A T the updated Forward Work Programme for 2018/19 be approved subject to the inclusion of a Safeguarding report to a future meeting.
- (2) T H A T the schedule of items for 25<sup>th</sup> April, 2019 be endorsed.

Reason for decisions

(1&2) To keep the Audit Committee informed.

## 757 ANNOUNCEMENT –

The Chairman took the opportunity to thank the Operational Manager – Audit, Helen Smith, who was due to retire at the end of March 2019, for her hard work and dedication to the Vale of Glamorgan Council and the two Councils that formed the Internal Audit Shared Service. He stated that Helen always gave an honest appraisal of the Council which was informative and that in his view she had raised the profile of Audit during her working career. All Members took the opportunity to say express their thanks to the Operational Manager and wished her well in her retirement.