

## AUDIT COMMITTEE

Minutes of a meeting held on 3<sup>rd</sup> September, 2019.

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

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

### 234 APPOINTMENT OF VICE-CHAIRMAN –

RESOLVED – T H A T Councillor L.O. Rowlands be appointed to the position of Vice-Chairman for the municipal year.

### 235 MINUTES –

RESOLVED – T H A T the minutes of the meeting held on 1<sup>st</sup> July, 2019 be approved as a correct record.

### 236 DECLARATIONS OF INTEREST –

Councillor Dr. I.J. Johnson declared an interest in respect of Agenda Item 10 – Corporate Risk Register Quarter 1 Update. The nature of the interest related to the Council's Reshaping Service Programme and because Councillor Johnson was also a Councillor for Barry Town Council. He advised that he had received dispensation from the Standards Committee to speak and vote on such matters.

### 237 END OF YEAR 2018/19 CORPORATE PLAN PERFORMANCE REPORT (REF) –

The Head of Policy and Business Transformation presented the End of Year 2018/19 Corporate Plan Performance Report which had been referred from Cabinet at its meeting on 29<sup>th</sup> July, 2019.

Overall, it was reported that the Council had made good progress in delivering the key outcomes as outlined in the Corporate Plan 2016-20, which had contributed to an overall Green performance status at end of year.

Two Corporate Plan Wellbeing Outcomes were attributed at an overall RAG status of Green and two were attributed an overall RAG status of Amber. An overall Green status had been attributed to Corporate Health which was a reflection on the progress made to date in integrating the Council's Business Plan and practices and in promoting a one Council approach to maximising limited resources to deliver the Council's Wellbeing Outcomes.

Of the 181 performance measures aligned to our Corporate Plan priorities, a performance status was applicable at end of year for 121 PIs. 73 (60 %) PIs were attributed a Green performance status, 31 (26%) Amber status and the remaining 17 (14%), a Red status. A performance status was not applicable for 60 measures. This related to measures which were either establishing baseline performance in 2018/19 (and consequently no target was set) or were national well-being indicators for which Welsh Government data is not yet available. A small number of measures were also reliant on data from the closure of accounts process which was not yet available at the time of writing the report. In addition, data could not be provided for a number of Social Services measures due to the ongoing work to cleanse data following adoption of the Welsh Community Care Information System (WCCIS), which is anticipated will take time to achieve.

Of the 17 measures reporting a Red performance status at year end, 6 related to the Environment & Economic Regeneration Scrutiny Committee, 3 to the Learning and Culture Scrutiny Committee, 3 to the Healthy Living and Social Care Scrutiny Committee and 5 to the Corporate Performance and Resources Scrutiny Committee. In relation to the Homes and Safe Communities Scrutiny Committee, there were no measures attributed a Red performance status.

In addition, the Committee was asked to note that as at April 2019, of the 28 Regulatory report actions contained within the Council's Inside Tracker, 19 had been completed and 9 remained ongoing. Of the 9 ongoing actions, 6 had been attributed an Amber performance status and the remaining 3 a Red status. Progress continued to be reviewed monthly via the Insight Board to ensure that existing proposals, recommendations were appropriately progressed, results reports to Members, thus enabling completed actions to be closed down in a timely manner.

A Committee Member queried performance indicator CPM/231 and the average speed to answer incoming calls to the Customer Contact Centre. In response, the Head of Policy and Business Transformation advised that this issue was being looked into, and a review of the whole customer services approach was underway.

The Committee was advised that an update on progress in relation to the following actions would be sent via email:

- HR/A040 – maximise the benefits of the integrated Human Resources Employee Services
- HR/W038 – continue to review an enhance the Council's Succession Planning and Talent Scheme model
- SL/F039 – complete the restructure of the Education Finance team
- SL/F041 – further develop capacity within communities to deliver services as the Council progresses the Reshaping Services agenda

A Committee Member referred to the overall performance monitoring process and he queried whether a completed action date could be included. In reply, the Head of Policy and Business Transformation stated that the suggestion of a date actioned was a really good idea which would assist accountability. He stated that he would look to introduce this for the Insight Board. He also added that the

Insight Board would regularly monitor progress and actions on a monthly basis. When actions were completed, the role of Audit would be to agree progress and then inform Cabinet of updates.

The Chairman commented that consideration was needed on how corporate reports were presented. The Chairman stated that Members were reporting issues with their ICT equipment and that corporate reports needed to be more accessible and easier for the reader (i.e. font size, and physical size of documents). The Committee agreed to refer this issue to Democratic Services Committee in order to consider a consistent approach.

Subsequently, it was

RESOLVED –

- (1) T H A T the Quarter 4 performance results and progress made towards achieving the Council's Wellbeing Outcomes and Corporate Health priorities as outlined in the Corporate Plan 2016-20 and its overall progress in respect of addressing existing regulatory recommendations and improvement proposals be noted.
- (2) T H A T the removal of completed regulatory actions from the Council's Inside Tracker be endorsed.
- (3) T H A T Democratic Services Committee be requested to consider the Council's reporting approach with a view to ensure that corporate documents are more accessible and easier to read.

#### Reasons for decisions

- (1) To ensure the Council is effectively assessing its performance in line with the requirement to secure continuous improvement as outlined in the Local Government Measure (Wales) 2009 and reflecting the requirement of the Wellbeing of Future Generations (Wales) Act 2015 by maximising its contribution to achieving the Wellbeing Goals for Wales.
- (2) To ensure that the Council is implementing its regulatory recommendations and improvement proposals in response to external regulatory opinions.
- (3) In order for the Council's corporate reporting arrangements to be more accessible and easier to read for members of the public.

#### 238 ANNUAL CORPORATE SAFEGUARDING REPORT 2018/19 (REF) –

The Director of Social Services presented the reference from Cabinet advising that historically, safeguarding activities by different parts of the Council had been reported separately to Cabinet, relevant Scrutiny Committees and the Corporate Management Team. Attached at Appendix 1 was the Annual Report that brought together safeguarding activities undertaken by the Social Services, Learning and

Skills, Managing Director's Office and Resources, Environment and Housing Directorates and also an overview from the Corporate Safeguarding Group. This provided a more holistic representation of safeguarding activities across the Council. The report provided a composite update of activity across Directorates, with each Scrutiny Committee being requested to closely consider the elements of the report in line with their portfolio areas.

The Director outlined that the Wales Audit Office had undertaken a follow up review in February 2019 of their 2014 Review, and issued their final report in May 2019 (attached at Appendix 2).

The 2018-19 Review found that overall the Council had implemented most of the previous recommendations and proposals for improvement, although some areas needed further attention. The Wales Audit Office had identified 5 proposals for improvements to strengthen aspects of the Council's safeguarding arrangements. The areas for improvements would be addressed within the Corporate Safeguarding Group Work Plan, attached at Appendix 3, which would also be referred to the Audit Committee.

A Committee Member referred to Recommendation (3) and progress in relation to the implementation of the Council's Safer Recruitment Policy and the level of Disclosure and Barring Service checks. In addition, the Member queried the security of the Council's spreadsheet held by Human Resources that contained all staff Disclosure and Barring Services checked information. In reply, the Operational Manager, Safeguarding & Service Outcomes stated that as part of the Council's working plan there was an action to develop a Council-wide system which would hold all Disclosure and Barring information in one secure place. This was still 'work in progress', with the timescale for completion by the end of 2020. In addition there was other work to be progressed in relation to volunteers.

In relation to the Safer Recruitment Policy and compliance relating to schools, the Operational Manager, Safeguarding & Service Outcomes advised that this had been an issue and a considerable amount of work undertaken in relation to what was expected on day 1 of the recruitment process.

The Committee noted the Regional Safeguarding Board was looking at training and staff development in order to better recognise cases of Female Genital Mutilation and also other areas such as Child Sexual Exploitation.

A Committee Member referred to the Action Plan and stated that a number of sections did not contain information. The Member queried how the Audit Committee would assess whether the actions had been met. In reply, the Director stated that this was a working document which was developed following a review of the Safeguarding Policy within Pembrokeshire Council. The Director stated that he wanted to make sure that the Action Plan covered all concerns and Directorates with updates to be provided on a regular basis to the Corporate Safeguarding Board. This was the mechanism in which progress would be regularly reviewed. Some actions had been identified by the Council while some were recommendations from the Wales Audit Office. It was important to recognise that the Wales Audit Office would undertake a further review on progress so

information would be populated through the annual reporting process. The Director also outlined that safeguarding was happening on a regular basis as outlined in legislation so concerns would be regularly fed to the Regional Safeguarding Board. In addition, the Regional Safeguarding Board would also report issues to the National Independent Safeguarding Board so concerns could be escalated upwards.

The Committee also discussed membership of the Corporate Safeguarding Group, and noted that the Cabinet Member had recently been included. In addition, the Committee queried the role of the Cabinet Member and the Safeguarding Champion. The Director explained that roles were defined by Policy and were currently one in the same.

Subsequently, it was

RESOLVED – T H A T the work undertaken to improve corporate arrangements for safeguarding and protecting children and adults be noted.

Reason for decision

To ensure that Audit Committee is aware of recent developments in corporate arrangements for safeguarding.

239 CORPORATE COMPLAINTS 2018/19 ANNUAL REPORT (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 into the Complaints and Compliments Dashboards. These excluded Social Services complaints which were resolved via a different procedure and were reported separately, but a summary of performance had been included for information.

The Audit Committee, within its terms of reference, monitored the performance of Corporate Complaints and made recommendations to Cabinet/and or Council as appropriate.

While the Council saw an increase in total number of complaints raised (420) compared to 2017/18 (296), the fact that 93% of these were resolved at Stage 1 indicated that the Council were undertaking effective investigation and resolution.

The percentage of complaints resolved within target time scales remained consistent with the previous year at 56.7% (2017/18 56.8%), however this was significantly reduced on the 2016/17 performance of 75%.

Since the reporting period the Public Service Ombudsman for Wales (PSOW) had received additional powers which included the creation of a Compliance Standards Agency with a remit to monitor local authority performance in relation to volumes and types of complaints received, cause of complaints and how quickly complaints were resolved.

During the year the PSOW received 24 complaints relating to the Council, significantly fewer than the 36 which was the expected average based on population size and fewer than the 30 received in 2017/18. No complaints were taken into consideration by the PSOW during the year.

This report detailed complaint performance for Directorates for 2017/18 and included performance trends since 2014/15.

Social Services received a total of 105 complaints and enquiries during the same period. Members noted that Social Services complaints and enquiries were subject to a separate reporting process. A summary of Social Services complaints performance was included in Appendix A.

Environment and Housing upheld the highest percentage of complaints in full at 44.7%, however this was part of a downward trend from 49.7% in 2014/15. Managing Director and Resources upheld 22.1% during the year while Learning and Skills did not uphold any complaints in full and part upheld 1 of the 5 received by the Directorate.

Overall for the Council the percentage of enquiries upheld in full remained relatively consistent at around 40% over the past 5 years, while there was an increasing trend for the percentage not upheld over the period (32% - 40%) and there was a corresponding downward trend for complaints with an outcome of part upheld.

Despite services being able to monitor their own complaint performance since September 2016, the percentage resolved within target remained relatively low at 56.7%. This was broadly in line with performance in 2017/8 of 56.8% but significantly lower than the 75% achieved in 2016/17.

The Learning and Skills Directorate resolved the highest number of complaints within target at 80%, with the Managing Director and Resources and Environment and Housing at 58.8% and 55.9% respectively.

This area of performance was likely to come under increasing focus with the establishment of the PSOW Compliance Standards Authority. Councils would be required to provide quarterly data on the numbers, types and outcome of complaints together with speed of response.

67% of complaints did not have a recorded cause. Unfortunately the level of confidence in data relating to the causes of complaints for the Council overall was low as a result. This was a significant decrease in recording from the previous year which stood at 36.2%.

For Learning and Skill 0% of complaints had a recorded cause (2017/18 63.6%), Managing Director and Resources 52.6% (2017/18 77.2%) and Environment and Housing 29.6% (2017/18 58.8%).

This performance was reflected in recording of learning outcomes with 65.6% of complaints having no learning outcome recorded. Where outcomes were recorded the most popular was "Review Service Standards" at 17.3% of all complaints, followed by Staff Training at 11.2%.

Appendix B provided Members with a copy of a letter received from the PSOW setting out the Council's performance in relation to Ombudsman complaints, the new powers of the Office and requesting an update on the Council's consideration of these matters. It was recommended that following consideration by Audit Committee and Cabinet, the Managing Director write to the PSOW to provide a copy of this report, appendices and relevant minutes to demonstrate this.

During the period the PSOW received 24 complaints from Vale of Glamorgan residents. This was circa 33% less than the PSOW would expect based on population size and 6 fewer than in 2017/8.

No complaints were taken into investigation by the PSOW during the year although 4 complaints were resolved through the Early Resolution process.

The year saw a significant increase in complaints received via the Welsh Language Commissioner rising from 1 in 2017/18 to 10. Of these 4 were currently awaiting the outcome of the Commissioners investigations, 2 were in the process of being resolved, 3 had not been investigated and 1 was being contested.

Overall the analysis of performance indicated that complaint investigation and performance was meeting customer expectations, although given the increasing reporting requirements from the PSOW the Council needed to consider how it would improve performance in relation to how quickly it responded to complaints against target time scales.

A Committee Member stated that in relation to complaints, 67% of cases did not have a Cause for Concern recorded. In reply, the Head of Policy and Business Transformation stated that this was a concern and was as a result of the usability of the Oracle CRM system. He added that reporting on a Directorate basis would address the issue of irregular operational scrutiny. This would be progressed in line with the Public Services Ombudsman's suggestion around outcomes and causes, which needed to be properly categorised, so work would be undertaken to refine the list as information would have to be reported externally.

A Committee Member then raised two queries. The first was in relation to the format of the Annual Report which needed to be clearer and in larger font. The

second query related to the letter from the Public Services Ombudsman and concerns around Town and Community Councillors that were 'twin-hatted'. The Member queried whether this letter would be sent to the Community Liaison Committee. In reply, the Head of Policy and Business Transformation stated; that he would check whether the letter had been circulated, and that the format of the report would be reviewed for next year's Annual Report.

In reply to a query regarding the length of time to respond to complaints and instances where there had been an extension, a Member queried how many had not met targets, and were there reasons for the delays or was it down to a lack of resources. In reply, the Head of Policy and Business Transformation stated that this area needed further work, with complaints at Stage 1 to be responded to within 10 working days, and Stage 2 to respond to within 20 working days. These were the standards used across Wales. It had been recognised that the CRM system could allow for an adjustment to show that there had been agreed to extend the response time. Therefore, consideration was needed as to whether the system could capture this information.

A Committee Member requested further information which provided details of the complaints made to the Welsh Language Commissioner's Office. It was agreed that this would be sent via email. In addition, information regarding Corporate Complaints within target for 2015/16 would also be sent via email.

Having considered the report, it was

RESOLVED –

- (1) T H A T the contents of the report and appendices 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 (including appendices) and comments of the Audit Committee be referred to Cabinet for its consideration.

#### Reasons for decisions

(1&2) To ensure effective monitoring of Corporate Complaints as an indicator of citizen satisfaction with services provided.

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

#### 240 AUDIT OF THE 2018/19 FINANCIAL STATEMENT – REPORTING TO THOSE CHARGED WITH GOVERNANCE (MD) –

The Principal Accountant presented the report, the purpose of which was to allow the Committee to consider the report of the Auditor General for Wales following the audit of the Council's Financial Statements for 2018/19.



The Council was responsible for the preparation of the Financial Statements that presented its financial position as at 31<sup>st</sup> March, 2019. The Auditor General for Wales was responsible for reporting whether, in his opinion, this was indeed a fair reflection. The audit was undertaken by the Wales Audit Office (WAO), as the Council's engagement lead, on behalf of the appointed Auditor.

The Statement of Accounts for 2018/19 were prepared by 15<sup>th</sup> June, 2019 and on 1<sup>st</sup> July, 2019 the unaudited copy was presented to the Committee.

With the audit of the Financial Statements now complete, a report detailing the key matters arising from the audit must be reported by the Auditor General for Wales to those charged with Governance in accordance with the International Standard on Auditing (ISA 260). This was attached at Appendix B.

The latest 2018/19 Statement of Accounts incorporating all currently agreed amendments was attached at Appendix A. The report of the Auditor General for Wales and the final Letter of Representation was attached at Appendix B.

The provisional findings of the Welsh Audit Office on behalf of the Appointed Auditor on the audit of the Financial Statements were:

- WAO had no concerns about the qualitative aspects of the Council's accounting practices and financial reporting. WAO were provided with good quality draft accounts and supporting working papers. They found the information provided to be relevant, reliable, and easy to understand. They concluded that accounting policies and estimates were appropriate and financial statement disclosures unbiased, fair and clear. WAO were appreciative of the good engagement provided by officers to support the audit.
- WAO did not encounter any significant difficulties during the audit and received information in a timely and helpful manner and were not restricted in their work.
- There was one significant matter discussed and corresponded upon with management which needed to be reported, which resulted in the requirement to increase the pensions liability. In December 2018, the Court of Appeal ruled against the Government, holding the changes made to pension schemes discriminated against a group of public officers on the grounds of age. The changes surrounded a move from a final salary to a career average basis. On 27 June 2019, the Supreme Court denied the Government's application for leave to appeal the decision. This series of events was referred to as the McCloud judgement. This judgement impacted on many public sector pension schemes and all of these schemes have had to consider the impact of this judgement on their 2018/19 financial statement disclosures. Where the impact had been considered to be material in value, amendments to the financial statements had been made. The Council had assessed the financial impact of this legal judgement as £5.291 million and had adjusted the accounts accordingly.
- There were no other matters significant to the oversight of the financial reporting process that needed to be reported.

- They did not identify any material weaknesses in the internal controls.
- There were no other matters specifically required by auditing standards to be communicated to those charged with governance.

There were a number of audit adjustments that were included in the Audited Statement of Accounts shown at Appendix B that needed to be reviewed to ensure that the proposed adjustments were materially correct. As part of the Audit process a number of audit adjustments had been discussed by the WAO and the Section 151 Officer and agreed and were set out in Appendix 3 to the ISA260 shown at Appendix B.

There was no non material misstatement that remained uncorrected.

It was the intention of the Appointed Auditor to issue an unqualified audit report on the Financial Statements once the relevant Council Officers had provided a signed Final Letter of Representation.

The Committee requested that information regarding volunteer salaries for schools to be sent via email.

Having commended the Financial Team and considered the report, it was

RESOLVED – T H A T the report of the Appointed Auditor on the audit of the Council's Financial Statements for 2018/19 be approved and the Financial Statements including the Annual Governance Statement and Final Letter of Representation be recommended for signature by those authorised.

#### Reason for decision

Following consideration by the Audit Committee of the results of the audit of the Council's Financial Statements for 2018/19.

#### 241 AUDIT OF THE 2018/19 JOINT COMMITTEE'S FINANCIAL STATEMENTS (MD) –

The Principal Accountant presented the report the purpose of the report was to advise the Committee of the report of the Auditor General for Wales, following the audit of the 2018/19 Financial Statements of the Shared Regulatory Service (SRS) and the Vale, Valleys and Cardiff Regional Adoption Service.

The report outlined that the Council was host to both services and was responsible for the preparation of the Financial Statements. The audits were undertaken by the Wales Audit Office (WAO) as the Council's engagement lead, on behalf of the Appointed Auditor.

The Vale, Valleys and Cardiff Regional Adoption Service accounts were not subject to a full external audit by Wales Audit Office but an annual return had been completed by Accountancy and Internal Audit, Wales Audit Office provided a limited assurance audit for the service.

With the audit of these Financial Statements now substantially complete, a report detailing the key matters arising from the audit must be reported by Auditor General for Wales in line with their terms of reference, and the Financial Statement of the Shared Regulatory Service should be signed by the Chair, with the Chair only re-signing the Vale, Valleys and Cardiff Regional Adoption Service's Financial Statement if there were any amendments from the unaudited version.

### **Shared Regulatory Service**

The latest 2018/19 Statement of Accounts incorporating all currently agreed amendments was attached at Appendix A and the Audit of Financial Statements Report was attached at Appendix B.

The provisional findings of the Welsh Audit Office on behalf of the Appointed Auditor on the audit of the Financial Statements were:

- WAO had no concerns about the qualitative aspects of the accounting practices and financial reporting. The information to support the financial statements was relevant, reliable, and easy to understand. They concluded that accounting policies and estimates were appropriate and financial statement disclosures were unbiased, fair and clear.
- They did not encounter any significant difficulties during the audit. WAO received information in a timely and helpful manner and were not restricted in their work.
- There were two significant matters discussed and corresponded upon with management which needed to be reported.

Increase in Pensions Liability - In December 2018, the Court of Appeal ruled against the Government, holding the changes made to pension schemes discriminated against a group of public officers on the grounds of age. The changes surrounded a move from a final salary to a career average basis. On 27 June 2019, the Supreme Court denied the Government's application for leave to appeal the decision. This series of events was referred to as the McCloud judgement. This judgement impacted on many public sector pension schemes and all of those schemes had to consider the impact of the judgement on their 2018/19 financial statement disclosures. Where the impact had been considered to be material in value, amendments to the financial statements had been made. The Council had assessed the financial impact of this legal judgement as £634k and had adjusted the accounts accordingly.

Presentation of the Net cost of Services in the Comprehensive Income and Expenditure Statement (CIES) - The CIPFA Code required that the presentation of both Net Cost of Services within the Comprehensive Income and Expenditure Statement (CIES) and the Expenditure and Funding Analysis (EFA) was consistent with the body's internal management reporting structure, which in the Joint Committee's case was in accordance with its operational activities. However, the CIES and EFA were presented differently in the Joint Committee's accounts in a format whereby the nature and type of its income and expenditure was disclosed. An additional note was now included in the Financial Statements

setting out the presentation of the net cost of services consistent with its internal reporting arrangements.

- There are no other matters significant to the oversight of the financial reporting process that needed to be reported.
- WAO did not identify any material weaknesses in the internal controls.
- There were no matters specifically required by auditing standards to be communicated to those charged with governance.

There were a number of small misstatements that had been corrected following discussion between the Wales Audit Office and the Section 151 Officer and those were set out in Appendix 3 to the ISA260.

It was the intention of the Appointed Auditor to issue an unqualified audit report on the Financial Statements once the relevant Council Officers had provided a signed Final Letter of Representation.

### **Vale, Valleys and Cardiff Regional Adoption Service**

The Annual Return was included at Appendix C and was unchanged from the return brought to Committee on 1st July 2019.

Having considered the report, it was

RESOLVED –

- (1) T H A T the Financial Statements relating to the Shared Regulatory Service and the Vale, Valleys and Cardiff Regional Adoption Service be noted.
- (2) T H A T the report of the Appointed Auditor on the audit of the Shared Regulatory Service Financial Statements for 2018/19 be noted.

### Reasons for decisions

- (1) To ensure that Members are aware of the results of the audit of the 2018/19 Financial Statements of the Shared Regulatory Service and the Vale, Valleys and Cardiff Regional Adoption Service.
- (2) To ensure that Members of the Audit Committee, as those Charged with Governance, have considered the results of the audit of the Shared Regulatory Service Financial Statements for 2018/19.

### 242 CORPORATE RISK REGISTER QUARTER 1 UPDATE (MD) –

The Head of Policy and Business Transformation presented an update on the Quarter 1 position of Corporate Risks for April 2019 to June 2019 of the risks contained within the Corporate Risk Register as outlined in the Corporate Risk Summary Report.

In response to feedback from Audit Committee in February 2019, the risk reporting format had been refreshed and the new report format had been substantially reduced in size and streamlined. Previously the covering risk report incorporated a detailed analysis of Corporate Risks in the covering report alongside a Risk Report and a detailed Risk Register.

The format of the new reporting incorporated the risk analysis in the body of the Risk Summary Report (Annex A) which provided a more concise way of flagging the headline issues and risk considerations. By separating this from the Corporate Risk Register itself, it enabled officers and Members to be able to have a good overview of the status of risks across the Register as well as the emerging issues whilst giving them the ability to drill down to the detail if required.

At the Audit Committee meeting in July 2019, information was requested relating to the Deprivation of Liberty Safeguards (DOLS) and Welsh Community Care Information System. More detailed commentary relating to those risks could be found in Annex A to provide additional information as requested.

In terms of risk reference CR13 – Welsh Community Care Information System (WCCIS) the Committee was advised that good progress had been made in implementing the Risk Management Plan which had resulted in the risk status reducing to medium. Members noted that several of the initial challenges had now been addressed including the transition and migration of information and data from the previous system to WCCIS and issues associated with the functionality and compatibility. In addition, strong progress continued to be made with the cleansing of data/information and a dedicated resource had been assigned to this. Using Intermediate Care Funding, the service had invested both time and resources in upskilling staff in order to build and enhance performance reporting and the service was now able to receive regular management information across all three Social Services Divisions. The service continued to work closely with the ICT Division to further improve the systems functionality and following cleansing, planned to implement the financial functionality of the system. The challenge going forward was the adoption of the system across a regional footprint with the Council partners. At present, the Vale of Glamorgan were the only partner in the region that had adopted and fully implemented WCCIS, as both Cardiff Council and Cardiff and Vale University Health Board were awaiting approval before proceeding to signing the Deployment Order. In addition, the Council would be looking to implement the financial module in order to use of Residential placements. This work was being coordinated with Powys Council which already used that facility.

With regard to risk reference CR12 – Unauthorised Deprivation of Liberty Safeguards, the Operational Manager, Safeguarding & Service Outcome that the numbers awaiting an assessment had not changed and there had been a slight increase due to demographics. Nationally, Deprivation of Liberty Safeguards had been recognised as an ongoing challenge across health and social care services. The Mental Capacity (Amendment) Act had gained Royal Assent in May 2019 which sought to replace the current system by introducing a simpler process that would involve families more and give quicker access to assessments and so create less of a burden for people, carers, their families and local authorities. The

proposed new scheme was the Liberty Protection Safeguards (LiPS). This would require a new approach which would take time to embed, resulting in a change to practice which was a risk as new codes had not yet been developed. The Operational Manager, Safeguarding & Service Outcomes advised that it was anticipated that there would still be a back-log of assessments, but the Council was maintaining good performance and a priority tool had been devised in order to identify and process priority cases.

A Committee Member stated that Deprivation of Liberty Safeguards was a big issue and he queried whether individuals were being fully represented during the process. In addition, the Member felt that more advocacy was required and he questioned whether the Council was using Deprivation of Liberty Safeguards correctly. In reply, the Operational Manager, Safeguarding & Service Outcomes stated that advocacy was part of the assessment process when authorising Deprivation of Liberty Safeguards (DoLS) which would involve the identification of a responsible person. In most cases, the Council would use an independent professional advocacy service whose staff would have undertaken a range of IMCA training regarding the rights of individuals. These were professional and not volunteers.

With regards to the issues of resources, the Director highlighted that since the Safeguards had been brought in over six years ago, then it was fair to say that the Council had not allocated sufficient resources. Most Social Services Departments were struggling to find a way to deal with increased demand. The key consideration was although a person maybe waiting for a DoLS assessment, this did not mean that there had not been a full care assessment carried out or a decision taken without the input of a relative or family member. The process was far more intense than sectioning a person under the Mental Health Act. The Director went on and stated that there was a balancing act, as managing personal risk was a legal requirement. The real risk related to a legal challenge being brought against the Council. The Director added that it may be unwise to move staff from other difficult roles.

Further to this query, a Committee Member queried the Red RAG status for DoLS, and asked whether this was a true reflection. In response, the Director stated that it had been recognised that this was a long term challenge which had been a struggle for the Council. There may be an overstatement of the risk, but this was a known issue which needed to be addressed. The Director advised that it was difficult to fully assess the impact as it was hard to anticipate a ruling by the Courts. In addition, Deprivation of Liberty Safeguards had been put forward as a cost pressure and as a result additional resources had been allocated. It was important to recognise that attempts had been made to manage the issues, but the challenges were increasing which had also been highlighted by other local authorities; and so the Director considered it right for this to be outlined within the Risk Register, although the rating would be reconsidered alongside other risks at the next opportunity.

In relation to risk reference CR4 – Waste, a Committee Member queried the red RAG status given the 30% reduction in residual waste and as one of the top performance authorities in Wales. In reply, the Head of Policy and Business

Transformation stated that this reflected the savings target attributed to the Department, and due to the complex changes being introduced such as source separation. This was also a reflection of the size and volume of the service, provided on a daily basis. In addition, the Operational Manager – Neighbourhood Services: Operations, outlined that the risk had increased due to escalating costs to process residual waste following a change in recycling provider which had highlighted a recent increase in contaminated waste. This was why the Council had introduced changes to the collection of recycled waste and the removal of plastic bags which had meant that more waste had been sent to the incinerators. The Committee agreed that Waste would be looked at in more detail at the next meeting.

Subsequently, it was

RESOLVED –

- (1) T H A T the Quarter 1 position of Corporate Risks for the period April 2019 – June 2019 as outlined in Annex A be noted.
- (2) T H A T the report be referred to Cabinet for its consideration and endorsement.

#### Reasons for decisions

- (1) Following consideration of the Quarter 1 position of Corporate Risks across the Council and to highlight emerging issues and actions taken as outlined in Annex A.
- (2) To ensure Cabinet receive a Quarter 1 position on the Corporate Risk Register and endorses the recommendations contained within this report.

#### 243 PROGRESS AGAINST THE AUDIT RISK BASED PLAN 1<sup>ST</sup> APRIL, 2019 TO 31<sup>ST</sup> JULY, 2019 (HRAS) –

The purpose of the report was to provide Members with a position statement on progress being made against the audit work that was included and approved within 2019/20 Internal Audit Annual Risk Based Plan.

The Plan provided for a total of 1,402 audit days to cover the period April 2019 to March 2020. These days were split into those reviews considered to be Priority One and those considered to be Priority Two with the aim of completing the whole plan by the end of the financial year.

Actual progress against quarter 1 and quarter 2 of the 2019/20 Risk Based Plan was attached at Appendix A which detailed the status of each planned review.

It could be seen that as at 31st July 2019, 13 audit reviews had been finalised and 28 recommendations had been made to improve the control environment, all of which had been categorised as of medium / significant risk. Of the 13 completed

reviews, 6 were reactive work whereby potential fraud was identified and an investigation or fact finding had been undertaken.

The plan was based on a fully staffed structure but as previously reported, the Section continued to carry vacant posts whilst the structure of the Regional Service was being developed. Therefore once again the South West Audit Partnership (SWAP) had been commissioned in order to address in part some of the shortfall in days necessary to complete the plan

Having considered the report, it was

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

Reason for decision

To keep Audit Committee informed.

244 NATIONAL FRAUD INITIATIVE UPDATE (HRAS) –

The Head of the Regional Audit Service presented the report the purpose of which was to present a status report on the progress made to date on the National Fraud Initiative.

The National Fraud Initiative (NFI) had run every 2 years since 1996. The exercise was coordinated in Wales by the Wales Audit Office in collaboration with equivalent bodies in England, Scotland and Northern Ireland. Participating organisations, such as other local authorities, DWP, NHS and Trusts, police and housing associations submit data to the NFI where it was matched against other data sets using specific criteria. The submitted information was wide ranging and included data sets relating to housing benefits, council tax, payroll, creditors, licensing, disabled blue badges, concessionary travel, insurance claims, care homes and personal budgets

The Council's Corporate Investigation Officer was co-ordinating the NFI work and was providing training to staff to ensure a consistent approach across the Council. In some instances matches instigated a review of the processes in place which was undertaken by Internal Audit to identify if any improvements to existing controls were required.

A breakdown of the current position was attached at Appendix A. To date 3,033 of the 4,438 matches (68.3%) had been processed and work was still on-going on the remaining matches. It was illustrated that £30,874 had been identified as recoverable.

It should be noted that a Cabinet Office estimated saving figure was also listed on Appendix A which amounted to £46,757. This is a notional figure that the Cabinet Office used to count savings nationally.



The greatest number of matches (1,795) were Creditor matches. Creditor matches identified potential duplicates against creditor name, reference, address, and invoice reference or amount. When the potential matches were initially reviewed it was identified that many of the payments were genuine and this initial sift enabled 1,616 to be closed leaving 149 to be investigated further.

Single person discount to electoral register identified 1,008 potential matches. To date 34% have been reviewed with 6 errors being identified whereby recovery of £3,167 was being undertaken.

There were also different types of Housing Benefit matches. Appendix A illustrated that over 96% of those matches had now been processed and £13,169 had been identified as recoverable against 9 cases.

Some matches required liaison between other organisations. For example some payroll matches identified that employees were being paid by more than one organisation. Payroll Officers from each relevant organisation then shared information to determine if there were any potential frauds or errors. It was recognised that there were genuine cases whereby employment could be in more than one organisation and work was on-going with those matches to determine this.

Work was on-going on the outstanding matches. To date no fraud had been identified, however recovery action was underway on the identified errors.

Subsequently, it was

RESOLVED – T H A T the National Fraud Initiative Update Report be noted.

Reason for decision

Following consideration of the National Fraud Initiative Update.

245 FORWARD WORK PROGRAMME (HRAS) –

In order to assist the Audit Committee in ensuring that due consideration had been given by the Committee to all aspects of its core functions, the Forward Work Programme for 2019/20 had been updated following the previous meeting and was aligned to the Committee's Terms of Reference. This was appended to the report at Appendix A.

The Committee was asked to note the updated Forward Work Programme for 2019/20 and indicate whether any additional information or research was required.

Having considered the report, it was

RESOLVED –

(1) T H A T the updated Forward Work Programme for 2019/20 be noted.

(2) T H A T the schedule of items for the next meeting, 4<sup>th</sup> November, 2019 be endorsed.

Reason for decisions

(1&2) To ensure the Audit Committee are aware and informed of progress on both the current and proposed Work Programmes.