

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT COUNTY HALL, LLANDRINDOD WELLS ON WEDNESDAY 31<sup>ST</sup> MARCH 2011**

**PRESENT:** County Councillor Mrs S. C. Davies (**Chair**)

County Councillors Mrs D. Bailey, A. W. Davies, Mrs E. R. Davies, L. R. E. Davies, Ms M. J. B. Davies, E. A. Jones, J. G. Morris, K Pathak, Mrs D. G. Thomas, G. P Vaughan and A. M. C. Weale.

Portfolio Holder County Councillor A. G. Thomas (Finance).

**Officers in attendance:**

Mr J. Patterson (Chief Executive – Item 6), Mr G. Petty (Strategic Director – Finance and Infrastructure), Mr C. Meredith (Strategic Director – Law and Governance), Mr I. Halstead (Internal Audit Manager), Ms C. Williams (Head of Finance), Ms N. Williams (Senior Auditor), Mrs L. Patterson (Committee Clerk – Items 1- 5) and Mr W. Richards (Scrutiny Manager clerking items 6-9).

**Attending:** Mr J. Herniman and Mr M. Jones (Wales Audit Office)

<b>1.</b>	<b>APOLOGIES</b>	<b>A12-2011</b>
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Apologies for absence were received from County Councillor G. R. Banks and Mrs L. V. Corfield and Mr S. Cameron (Accountancy Manager).

<b>2.</b>	<b>MINUTES</b>	<b>A13-2011</b>
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The Chair was authorised to sign the minutes of the previous meeting held on 27<sup>th</sup> September 2010 as a correct record.

It was noted that the updated Action Plan on Grants to Voluntary Bodies had not been circulated and the Clerk undertook to obtain this document and circulate it to Members,

The WAO confirmed that the Annual Improvement Report had been considered at Board and at County Council and therefore it was unnecessary for the paper to come before Audit Committee.

<b>3.</b>	<b>DECLARATIONS OF INTEREST</b>	<b>A14 - 2011</b>
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No declarations of interest were received.

<b>4.</b>	<b>CORRESPONDENCE</b>	<b>A15 -2011</b>
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No correspondence had been received.

5.	INTERNAL AUDIT	A16 -2011
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### 5.1 Adverse Opinions and Tracker Report

The Internal Audit Manager presented reports on the Adverse Internal Audit Reports Quarters 2 and 3 2010/11 and the Internal Audit Tracker report (copy filed with signed minutes).

#### Direct Payments (Adults Social Care)

The Internal Audit Manager confirmed that the process for considering adverse Internal Audit reports was that the Internal Audit Manager would bring the matter to the attention of the Audit Committee. The service would receive a follow-up Audit in six months time and if the findings of the follow-up audit remained unsatisfactory then the Portfolio Holder and Head of Service would be called to attend Audit Committee to explain the position. It was necessary to allow the service area an opportunity to put in place procedures to correct the shortcomings identified before the service was called to Audit Committee.

Members expressed concern regarding the Internal Audit findings in particular since it was closely related to service areas which had appeared before the Audit Committee in January 2011.

A concern was raised that the service area considered that it was not necessary to ensure that personal assistants employed by service users had had CRB checks. Whilst it is not a legal requirement for personal assistants working with adults to have had CRB checks, good practice would ensure that all personal assistants have had CRB checks.

Members noted that the action plan provided by the service area did not in all cases complete the column 'When and by whom' which meant it would be difficult to track progress. It was also noted that where dates were given they had already passed.

The different hourly rates being paid were noted. It was confirmed that where underpayments had been made then the BPU would be refunding clients for the underpayment but where overpayments had been paid it was not possible to reclaim the overpayments or indeed reduce the payments to current rates. Those clients in receipt of higher rate direct payments would receive that rate until the current rate had caught up to the higher rate.

It was noted that there had been a number of staff changes in this area. The current Interim Strategic Director for Care and Wellbeing was leaving on 31<sup>st</sup> March 2011 and the new Statutory Director for Social Services would commence in post from 1<sup>st</sup> April 2011. The Acting Head of Adult Services and Commissioning would be in post until the imminent return of Ms N. Bevan.

The Strategic Director for Finance and Infrastructure confirmed that the Welsh Assembly Government had provided some additional funds mainly for social care.

£150,000 revenue funding was available together with £300,000 capital funding. It was possible to use the revenue funding for Looked After Children and the capital funding for the Bannau Camlas extension scheme.

#### Follow-up Audits – Workshops

The Internal Audit Manager advised that since the previous audit the service had been externalised to the property company GVA Grimley. It had therefore not been possible to undertake an internal audit with the service area. An audit of GVA Grimley was planned and the outcome would be reported to the next Audit Committee.

Members requested confirmation that where there were outstanding debts these did not relate to tenants currently in occupation of a workshop.

<b>RECOMMENDED THAT</b>	<b>REASON FOR RECOMMENDATION</b>
<p><b>1. An updated Action Plan on Direct Payments (Adult Services) be provided within three weeks to the Audit Committee Chair.</b></p> <p><b>2. An audit of GVA Grimley's work on Powys Workshops be undertaken and reported to the June Audit Committee to include details of old debt.</b></p>	<p><b>1. To ensure a full Action Plan is provided against which progress can be monitored.</b></p> <p><b>2. To ensure the issues raised in the original audit of Workshops have been addressed.</b></p>

#### 5.2 Internal Audit Annual Plan 2011-12

The Internal Audit Manager presented the Internal Audit Annual Plan 2011-12.

It was explained that the plan was presented for information and that it would be subject to change if necessary for example if follow up audits were required or if risks were identified such as fraud.

The Internal Audit service in Powys and elsewhere in Wales had noted that there had been an increase in incidences of theft of money or assets such as petrol. The focus for the Audit Plan this year therefore was Back to Basics with Cash, Assets, Procurement and Expenses being examined.

<b>RESOLVED that</b>	<b>REASON FOR RECOMMENDATION</b>
<p><b>i) That the Internal Audit Work Programme be endorsed.</b></p>	<p><b>To enable the Internal Audit Team to undertake a planned programme of work.</b></p>

<b>6.</b>	<b>WALES AUDIT OFFICE</b>	<b>A17 2011</b>	<b>-</b>
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### New Models of Social Care

The WAO provided a verbal update on the report into New Models of Social Care. At the last meeting officers had provided an action plan arising from the WAO review. Members of the Committee had commented on the robustness and clarity of that action plan. As a result officers of the WAO had reviewed the action plan and undertaken some follow up work in order to provide a response to that action plan. The Committee was advised that the WAO response was critical and would be presented to the June meeting of the Committee. It was also the intention that the portfolio holder and officers would be in attendance for that item in June.

### Grant Management Arrangements

The WAO provided a verbal update on the report into Grant Management Arrangements. Following the report to the January meeting of the Committee the WAO and officers of the Finance Section had met and agreed a way forward. The Committee was advised that it was expected that the WAO would be given a wider role by the Welsh Assembly Government in such matters as this, with a requirement to consider the outcome of grants provided and whether they were value for money.

### Whistleblowing

The WAO presented their Review of Whistleblowing disclosures (copy filed with signed minutes).

Two disclosures had been received by the Auditor General for Wales relating to the operation of old waste agreements, the possibility of external influence on the preparation of the Council's waste strategy and concerns regarding the process for the appointment of the Organisational Change Liaison Officer and the Chief Executive.

Due to the disclosures the Wales Audit Office also examined the appropriateness and reliability of the council's own internal whistleblowing arrangements.

The WAO review concluded that overall the concerns raised by the whistleblowers were either not substantiated or had been already recognised by the Council. However a number of concerns were raised as detailed in the report relating to:

- (i) governance arrangements for a number of waste contracts which needed to be strengthened to demonstrate value for money – this has been recognised by the Council and action to improve these arrangements taken;
- (ii) governance arrangements for waste management projects allowed strategic decisions to be potentially influenced by external beneficiaries – evidence suggested that this did not occur;
- (iii) substantial failings in the process for the appointment of the Organisational Change Liaison Officer – evidence did not support the perception of favouritism or collusion;

(iv) The Council's whistleblowing arrangements could be improved to demonstrate management's commitment to dealing with staff concerns.

The WAO concluded that the Council did leave itself open to significant criticism due to a failure to follow its own processes. The Chief Executive commented that he had raised the issue regarding the waste management contracts himself, and the Council was now addressing these issues. One of the issues in this matter was the expectation by WAG and the WAO that the Council worked with external partners without creating any conflicts of interest. Therefore there was a need to ensure that the process was robust. He also accepted responsibility for the failure in the process in the appointment of the Organisational Change Liaison Officer, and indicated that he would undertake his own review as to why officers had not followed the Council's processes.

With regard to the appointment of the Chief Executive the Monitoring Officer commented that the Council had sought independent external legal advice and consulted the WAO prior to the appointment, which had been followed and there were no issues raised regarding the process.

Members commented that the Council's policies needed to be brought up to date as soon as possible, and that there was a need for a timescale for continually reviewing such policies.

The Committee received the action plan which responded to the concerns raised by the WAO report.

Recommendation 1 - the Committee noted that the Board had agreed the need for a Commissioning and procurement Framework and this would consider how the voluntary sector and private businesses were engaged in any process. There was also a need to ensure that schools and governing bodies complied with Council policies. The Committee noted that the delegation scheme to schools did set out the policies which schools needed to follow. Schools were encouraged to use Council contracts, but it was difficult to enforce. The roll-out of the E-Procurement system was assisting in this matter.

Recommendation 2 - would require further work by the Head of HR as to which policies had been updated and when they were to be updated.

Recommendation 3 - the whistleblowing policy was being developed and would need to be considered by the WAO, the Standards and Audit Committees and the Joint Consultative and Negotiating Committee. It was suggested that as a result the implementation date would need amending to July 2011.

<b>RESOLVED that</b>	<b>REASON FOR RECOMMENDATION</b>
<b>i) That the report be noted.</b> <b>ii) That the action plan be approved</b> <b>subject to:</b> <b>(a) further detail being made</b> <b>available on the Powys intranet by the</b>	<b>To respond to the WAO review of</b> <b>whistleblowing disclosures.</b>

<p>Head of HR regarding the timescale for the review of HR policies; (b) that the implementation date for recommendation 3 being amended to July 2011 to take account of consultation with the WAO and a number of Council committees.</p>	
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7.	<b>MINUTES FROM CORPORATE GOVERNANCE SCRUTINY COMMITTEE</b>	<b>A18 - 2011</b>
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The minute from the Corporate Governance Committee relating to their consideration of Treasury Management on the 28<sup>TH</sup> January 2011 was received.

The Committee considered that the minute as written was of little value in obtaining the assurances relating to Treasury Management. It was suggested that the minute needed to include a more detailed comment in the future. It was also suggested that the report be appended to the minute in future. The Strategic Director – Finance and Infrastructure asked Members of the Committee if they had questions on this item in the future that they be raised with him prior to the meeting so that he could provide a response at the meeting.

<b>RESOLVED that</b>	<b>REASON FOR RECOMMENDATION</b>
<p>i) The report in its entirety be appended to the minute of the Corporate Governance Scrutiny Committee in future. ii) That a more detailed comment be provided to the Audit Committee in future. iii) That if members had questions regarding this item for future meetings of the Committee, that they be raised with the Strategic Director – Finance and Infrastructure prior to the meeting so that responses could be provided at the meeting.</p>	<p>To enable the Committee to monitor and to have the required assurance regarding the operation of Treasury Management.</p>

8.	<b>NOTES FROM JOINT CHAIRS MEETING</b>	<b>A19 - 2011</b>
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The notes from the meeting held on 28<sup>th</sup> January 2011 were received.

The Committee noted that the scrutiny of the Local Service Board needed to be discussed and arrangements made for scrutiny to take place.

9.	<b>AUDIT COMMITTEE WORK PROGRAMME</b>	<b>A20 - 2011</b>
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The Forward Work Programme was received.

**MRS S. C. DAVIES**  
**CHAIR**