

No.

AUDIT COMMITTEE

Minutes of a meeting held on 30th April, 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 and Mr. P. Lewis (Lay Member).

Also present: Mr. S. Wyndham (Wales Audit Office) and Mrs. S.J. Byrne (Wales Audit Office).

938 APOLOGY FOR ABSENCE –

This was received from Councillor L.O. Rowlands.

939 MINUTES –

RESOLVED – T H A T the minutes of the meeting held on 25th February, 2018 be approved as a correct record.

940 DECLARATIONS OF INTEREST –

No declarations were received.

941 PRESENTATION – SAFEGUARDING UPDATE –

The Operational Manager for Safeguarding provided an overview of safeguarding arrangements for the Vale of Glamorgan Council.

The Operational Manager began by outlining that safeguarding was “everybody’s responsibility”. She stated this related to everybody which came into contact with children and young people, whether it was in a professional or a personal capacity. At any time a person could see something of concern and she stated that everyone had a duty to report such concerns.

The Operational Manager then referred to the Social Services and Wellbeing (Wales) Act 2014 which identified safeguarding for both children and adults as follows:

- A child at risk – a child who was experiencing or was at risk of abuse, neglect or other kind of harm and had need for care and support whether or not the Authority was meeting any of those needs;
- An adult at risk – an adult who was experiencing or was at risk of abuse, neglect and had needs for care and support (whether or not the Authority was

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meeting any of those needs) and as a result of those needs was unable to protect him or herself against the abuse or neglect or the risk of it.

The Social Services and Wellbeing (Wales) Act 2014 set out what must and should be done to safeguard adults and children at risk. This was covered in Part 7 which dealt with safeguarding. The Operational Manager advised that the Act imposed a duty on all Local Authority employees and relevant partners to report to a Local Authority if it was suspected that an adult or child was at risk. The Working Together to Safeguard People Code of Practice provided guidance, backed by law, to help people and organisations work within the framework created by the Act. The Local Authority had a duty to assess if it suspected that an adult was experiencing or at risk of abuse or neglect, or if the Local Authority suspected that a child was experiencing or at risk of abuse, neglect or other kinds of harm.

In addition, the Social Services and Wellbeing (Wales) Act 2014 created the following:

- A new statutory framework to protect children and adults at risk;
- A new power of entry for adults at risk;
- A legal duty to report a child at risk;
- A legal duty to report an adult at risk.

The Operational Manager advised that the Act came into force in April 2016, and safeguarding was a strong theme throughout it. The term vulnerable adult had changed and was now referred to as adults at risk. There was a new framework to protect adults at risk and authorised officers of a Local Authority could apply to the court for an “Adult Protection and Support Order”. This would allow practitioners to enter the property where an adult was thought to be at risk and to speak to that individual alone. There was a duty on relevant partners to report concerns about either a child or adult who was thought to be at risk.

In terms of the Vale of Glamorgan’s Corporate Safeguarding Policy, the Operational Manager outlined that this was a high priority for the Council. She referred to the Corporate Safeguarding Group (CSG) which was made up of nominated senior managers from all Directorates within the Council, with the Director of Social Services being the Chair. The CSG undertook annual reporting to Cabinet and safeguarding activity across the Local Authority. The Operational Manager outlined that the Corporate Safeguarding Policy set out the Council’s duties and commitments to safeguard and promote the wellbeing of children and adults at risk and how the Council would ensure that effective practices were in place throughout the Council and its commissioned services.

Members noted that the Corporate Safeguarding Policy covered all functions and services of the Council and applied to all Council employees, Elected Members, foster carers, individuals undertaking work placement and volunteers working within the Council. The Policy also covered independent contractors who were carrying out work on behalf of the Council.

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The Operational Manager stated that the Council had a duty to ensure that other organisations commissioned to provide services on its behalf had regard to the need to safeguard and promote the wellbeing of children and adults at risk.

It was important to note that the CSG reflected the areas of operation that had been highlighted by the Wales Audit Office as being key features of effective corporate safeguarding.

With regard to allegations against professionals / volunteers, the Committee noted the following:

- Allegations against those working with or who came into contact with children and adults in relation to the role they undertook, were managed within the safeguarding process;
- Allegations made against those working with children were managed through the All Wales Child Protection Procedures – Part IV;
- Allegations against those working with adults were managed through the professional concerns process;
- The Local Authority Delegated Officer for the Vale of Glamorgan was the Operational Manager – Safeguarding.

The Operational Manager then referred to the area of professional concerns and she advised that this would be where information came to light that an employee, carer or volunteer may have acted in a way that suggested a risk of harm to adults at risk. Examples of this included the following:

- Harmful conduct that had occurred in a volunteer or employee's private life (i.e. perpetrator of domestic abuse);
- Individual of concerns was subject to a Police investigation;
- Individual was also a parent / carer for children who was subject to a Child Protection Investigation or whose name had been added to the Child Protection Register;
- Historic allegations of abuse by an employee, volunteer or carer.

Specific to taxi drivers, the Committee was advised that the Licensing requirement for taxi drivers was managed through the Shared Regulatory Service for Bridgend, Cardiff and the Vale of Glamorgan. A Disclosure and Barring Service (DBS) check was required for all licences and renewal of those licences. Generally, renewal took place every three years. Members noted that mechanisms were in place to consider DBS disclosures that were received and it was the decision of a senior manager whether these progressed to determination by Committee to grant the licence.

There was currently work being undertaken to consider how appropriate safeguarding awareness and training could be strengthened within the licensing of taxi drivers and other night time economy workers.

Finally, the Committee was provided with an overview of school governors / school volunteers and parents. Members noted that currently there was no requirement for school governors to apply for a DBS as part of their appointment. This had been

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raised with the CSG and was highlighted for consideration within the next annual report for Cabinet.

There was a policy for school volunteers and parents working within schools in regard to the requirements, this would be exercised via Human Resources. A new Volunteer Policy was currently in draft and out for consultation. This concluded the officer's presentation.

A Committee Member thanked the Operational Manager for the update and the Member queried whether the Audit Committee was receiving the full picture around safeguarding, referring to various regulatory reports provided by agencies such as Care Inspectorate Wales. The Member stated that the Audit Committee needed to have complete assurance that the safeguarding processes were working, and so it would be helpful for the Committee to have sight of a flow chart or diagram to show how agencies and organisations would fit in with the safeguarding framework. In reply, the Operational Manager stated that she was happy to map out the assurance process and this would sit across a range of services and would be linked to the annual report provided to Cabinet.

The Chairman queried whether a person could e-mail safeguarding concerns that a person had. In addition, the Chairman queried whether a person raising their concerns could remain anonymous. In reply to the Chairman's first point, the Operational Manager confirmed that a person could e-mail C1V or the appropriate Directorate. In relation to being anonymous, the Operational Manager stated that a member of the public, that was not a practitioner, would be encouraged to provide their name but they had the right not to disclose their identity. She clarified that all Council staff and professional practitioners did not have the right to remain anonymous. The Chairman also added that training to staff in the Contact Centre needed to be re-considered.

Having considered the presentation, the Committee

RESOLVED –

- (1) T H A T the framework outlining the various safeguarding elements of all Council Directorates be provided to the Committee.
- (2) T H A T the Committee receive assurance and oversight of the full safeguarding process attached to the Cabinet report provided on an annual basis.

Reasons for decisions

- (1) In order for the Audit Committee to have sight of the framework around safeguarding.
- (2) In order for the Audit Committee to receive assurance of the safeguarding process undertaken by the Council.

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942 WALES AUDIT OFFICE PERFORMANCE WORK PROGRAMME UPDATE (MD) –

Mrs S.J. Byrne (Wales Audit Office) provided Members with an update on the Performance Audit Programme which was delivered by the Wales Audit Office.

The Performance Audit Programme outlined work to be undertaken in the Council between April 2018 and March 2019 by and on behalf of the Auditor General for Wales under the Local Government (Wales) Measure 2009 as amended from time to time and Parts 2 and 3A of the Public Audit (Wales) Act 2004 as amended from time to time.

A copy of the Performance Audit Work for 2018/19 was attached at Appendix 1 to the report. It set out the identified work and scope and status of the work as at April 2019.

Having considered the report, it was

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

Reason for decision

Following review of the progress of the Performance Audit Programme.

943 EXTERNAL AUDIT PLAN 2019 (MD) –

Mr. S. Wyndham (Wales Audit Office) presented the External Audit Plan for 2019.

The report advised that the Auditor General Wales was required to carry out an audit which discharged its statutory duties and fulfilled its obligations under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009, the Local Government Act 1999 and the Code of Audit Practice.

The Auditor General Wales had the responsibility to issue a certificate and report on the financial statements which included an opinion on their truth and fairness providing assurance they were free from material misstatement, complied with statutory and other applicable requirements and complied with all relevant requirements for accounting presentation and disclosure. This involved:

- Examination and certification of the Council's financial statements to ensure they are 'true and fair';
- Assessment of the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources;
- Audit and assessment of whether the Council has discharged its duties and met requirements of the Measure; and
- Bespoke pieces of work aimed at enabling the Council to make improvements in economy, efficiency and effectiveness or financial or other management practices.

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The External Audit Plan 2019 outlined work to be undertaken in the Council during the period April 2019 to March 2020 by and on behalf of the Auditor General and how much the work would cost.

The risks of material misstatements was considered to be significant and therefore required special audit consideration was set out in Exhibit 2 on page 5 of Appendix 1 to the report. This included the following areas:

- Management Override
- Care Home Pooled Budget
- Asset Revaluations
- Capital Commitments and Operating Lease Disclosures
- New Accounting Standards and implementation of IFRS 9 from 1st April 2018, which brought in a new principles based approach for the classification and measurement of financial assets.

With regarding to New Accounting Standards and IFRS 15, Mr S. Wyndham clarified that this introduced a principles based 5 step model for recognising revenue from contracts with customers.

In addition, the Wales Audit Office (WAO) was responsible for the audit of the Shared Regulatory Services (SRS) Joint Committee's financial statements and also to provide limited assurance of the Vale, Valleys and Cardiff Adoptions Service Joint Committee's financial statements. In addition, there would be an independent examination of the Vale of Glamorgan Welsh Church Fund.

In relation to Performance Audit Work, work for 2019/20 comprised of the following:

- Improvement audit and assessment work including improvement planning and reporting audit
- Well-being of Future Generations Act (Wales) 2015 examinations;
- Assurance and risk assessment;
- Financial sustainability;
- Waste / recycling review;
- Reshaping Services Programme.

A Committee Member queried whether global warming formed part of the WAO's investigations. In reply, Mrs S.J. Byrne stated that this related to Councils delivering Wellbeing Objectives linked to the Wellbeing of Future Generations Act. Therefore, the WAO would expect there to be actions that took account of Global Warming. Mrs S.J. Byrne also clarified that 'public equality' was considered in all areas of work undertaken by the Wales Audit Office.

The Committee also noted that there was to be a forthcoming change to the IFRS standards, with IFRS 16 set to replace the current leases standard IAS 17. This would lead to a significant change for 2020/21, and required all leases balances to be recognised on the Council's balance sheet.

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Having considered the report, it was

RESOLVED – T H A T the External Audit Plan for 2019 be noted.

Reason for decision

To progress the External Audit work programme and to ensure that robust scrutiny of the External Audit plan takes place.

944 HEAD OF AUDIT'S OUTTURN AND OPINION REPORT 2018-19 (HRAS) –

The Head of Regional Audit Service presented the report which provided the final outcome of audit performance against the Internal Audit Risk Based Plan.

The 2018/19 Internal Audit Plan was submitted to the Audit Committee for consideration and approval on 1st May, 2018. The Plan outlined the assignments to be carried out and their respective priorities.

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 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.

The actual final outturn against the 2018/19 risk based plan was attached at Appendix A to the report. In order to assist with the effective monitoring of the Annual Risk Based Plan, further information was attached at Appendix B which detailed the Section's overall performance and included the Head of Audit's overall annual opinion. This ensured that the Audit Committee was giving due consideration to this aspect of their core functions as set out in their Terms of Reference and was one of the Committee's key responsibilities.

The Section continued to be based on 14 Full Time Equivalent (FTE) employees; however, it had carried vacancies throughout the year. Despite this, a significant proportion of the overall Plan had been completed due to the hard work of officers within the service and the assistance during the year from the South West Audit Partnership (SWAP) who had helped in part to address some of the shortfall.

In relation to Appendix B and the Internal Audit's performance between April 2018 to March 2019, the Head of Service outlined that 9 substantial, 42 reasonable and 9 limited assurance opinions had been issued. In addition, 142 significant recommendations had been raised while only 1 recommendation had been made relating to a fundamental or high risk.

The Head of Service outlined that following each audit report, recipients would be asked to complete an action / implementation plan showing whether they agreed with the recommendations made and how they planned to implement them. The classification of each recommendation made assisted management in focusing attention on priority actions. For the financial year 2018/19, Internal Audit had made

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a total of 156 recommendations, 12 of which were made following counter fraud and corruption work, of which management had given written assurance that all of these would be implemented.

Members noted that the Internal Audit Section participated annually in the Welsh Chief Auditors Group benchmarking exercise. The results for 2017/18 had been received and were shown in Table 10 of Appendix B. Results indicated that the Section's performance had dipped when compared with that of 2016/17 and so there was room for improvement, particularly in respect of audits completed within planned time.

At the completion of each audit, all recipients of reports were asked to comment on their satisfaction with the audit process. This would be through a survey questionnaire ranging from a score of 1 for very satisfied to a score of 5 of very unsatisfied. The results for the period April 2018 to March 2019 were summarised in Table 11 of Appendix B. The Committee noted that satisfaction levels were still very high, but there had been a drop in relation to discussion of findings / recommendations during or at the conclusion of the audit.

The Head of Service outlined that during the year, core financial and administration systems were reviewed by Internal Audit either through specific reviews e.g. Council Tax, Treasury Management, etc. or generally in the reviews undertaken in respect of Directorate systems. Due to the resourcing issues with the Internal Audit Shared Service, audit work was commissioned from the SWAP who undertook a number of specific reviews, primarily within Social Services.

The Council's External Auditors had advised that their work for the 2018/19 financial year was well on track and they had completed the majority of their planning work and interim testing. This included:

- A high level assurance of the financial systems and the wider control environment – the work was designed to detect any material risk to the accounts;
- Testing of the income and expenditure transactions made by the Council during 2018/19.

Whilst their work was continuing during 2019, to date, there were no significant issues arising from their work that should be referenced within the Head of Audit's Annual Opinion Statement.

From the work undertaken during the financial year 2018/19 and taking into account other sources of assurance, the Head of Audit's Opinion was of reasonable assurance on the adequacy and effectiveness of the Council's Framework of Governance, risk management and control.

In terms of governance arrangements, the Head of Service outlined that the Vale of Glamorgan Council was committed to the principles of good governance and so had adopted a formal code of corporate governance for the past eight years. The Council's Code of Corporate Governance was reviewed during 2016/17, with

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amendments being made being based upon the “Delivering Good Governance in Local Government – Framework (CIPFA/SOLAS) 2016”. The Framework positioned the attainment of sustainable economic, social and environmental outcomes as a key focus of good governance process and structures. The focus on sustainability and the links between governance and public financial management were crucial, with Local Authorities recognising the need to focus on the longer term.

One of the main issues raised in relation to governance arrangements and highlighted over the last two years had been the ability of the Council to carry on meeting its service objectives and delivering positive outcomes for its customers and clients in the light of continued reductions in Welsh Government funding. The Council recognised that it was facing unprecedented challenges with continuing year on year reductions in Council funding and the impact this had on the services being delivered. At the same time, the Council was dealing with increasing expectations and demands on services. The Council had already identified approaching £55m in savings since 2010, yet the challenges continued. With diminishing funding impacting on how the Council delivered its services, embarking on an ambitious programme of transformational change made planning for the future difficult.

The Council had addressed this by undertaking regular budget reviews and putting in place a financial strategy which ran until 2021/22.

It had been recognised that there had been extensive planning and ongoing consultation on the budget proposals and efficiency targets that had been set out in Directorate Plans and encompassed within the Council’s Reshaping Services Programme. Whilst the Council was well placed to respond to the challenges, and the Section 151 Officer was of the opinion that the savings, whilst extremely challenging, were achievable, the scale and pace of required change continued to remain a fundamental risk. A significant issue for the Internal Audit Shared Service was the continued lack of resources and the impact this had had on delivering the 2018/19 Audit Risk Based Plan. During the whole of the year, the Shared Service had carried vacancies and as a consequence the services of SWAP were commissioned to help address the shortfall. 2018/19 had continued to be a challenging year for the Shared Service and as predicted the SWAP had once again assisted with the delivery of the 2018/19 Risk Based Plan. In addition, work was well underway in developing the Shared Service into a Regional Service with two more Councils joining the partnership. The new Regional Service commenced on 1st April, 2019 and therefore some latitude would be required during 2019/20 to facilitate the transitional period from all parties concerned.

The Head of Service advised that based on the work completed by the Internal Audit Shared Service for the financial year ending March 2019 and the contribution to the Audit Plan made by the SWAP, no cross-cutting control issues had been found. However, as reported to the Audit Committee in February 2019, there were a number of reviews that had now been completed and finalised that had identified significant control weaknesses. These were mainly concentrated within the Directorate of Social Services and the details of which were outlined within Section 4 of the report. In addition, there was an issue within Learning and Skills relating to one primary school where the control environment was particularly weak and a full

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audit was undertaken in March, as a consequence it was only able to provide limited assurance on the overall control environment.

The Committee, in referring to Appendix A and the Risk Based Plan for 2018/19, queried future work for priority areas that had not been allocated. In reply, the Head of Service referred to the following areas:

- Management of trees – this was not in the Plan for 2019/20 as the Environment and Housing Directorate was currently undergoing a restructure;
- Vale Art Strategy – this was a low priority and had not been carried forward into 2019/20;
- Performance Management Framework – this was linked to a new corporate system that would be introduced next year so this would be carried forward into 2020/21;
- Telecare – a considerable amount of work had already been undertaken in this area and so it was important to allow appropriate time for improvement to bed in;
- Occupational Health – the position of this review would have to be confirmed;
- Catering – a business case around provision of the Catering Service was being considered so an audit would be undertaken at a later date;
- Supplier Management – this had been carried forward into 2019/20;
- Asset Management – this was subject to ongoing corporate work so consideration would be given once this had been completed. This project was linked to the Reshaping Services programme;
- Looked After Accommodated Children – it had been considered that a review was not needed as external inspections would be undertaken on an annual basis.

There being no further queries, it was

RESOLVED – T H A T having regard to the final outturn position for the financial year 2019/20 and following consideration of the Head of Audit's Overall Annual Opinion for 2018/19, that the contents of the report be noted.

Reason for decision

Having consideration to the final outturn position for the financial year 2018/19 and also to the Head of Audit's overall Annual Opinion for 2018/19.

945 REGIONAL INTERNAL AUDIT SERVICE CHARTER 2019/20 (HRAS) –

The Committee was presented with the Council's Regional Internal Audit Service Charter for 2019/20. The Public Sector Internal Audit Standards (PSIAS) required the Head of Audit to review the Charter periodically prior to final approval by the Audit Committee.

The Internal Audit Charter for 2019/20 was attached at Appendix A to the report. It had been reviewed to ensure it continued to reflect the requirements of the PSIAS.

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The Committee was asked to review, consider and approve the Charter for 2019/20 to ensure compliance.

Having considered the report, it was

RESOLVED – T H A T the Regional Internal Audit Shared Service Charter 2019/20 be approved.

Reason for decision

To keep the Audit Committee informed, and to approve the Regional Internal Audit Shared Service Charter for 2019/20 to ensure compliance with the Public Sector Internal Audit Standards.

946 REGIONAL INTERNAL AUDIT SERVICE – PROPOSED STRATEGY AND ANNUAL RISK BASED PLAN 2019/20 (HRAS) –

The Head of Regional Audit Service presented the proposed Strategy and draft Risk Based Audit Plan for the financial year 2019/20.

In order to assist the Audit Committee in ensuring that due consideration was given by the Committee to aspects of their core functions, the consideration of the Regional Audit Service's Strategy and Annual Risk Based Plan was one of their key responsibilities.

The proposed Strategy and draft Annual Risk Based Plan for 2019/20 was attached at Appendices A and B to the report. It provided the Committee with an overview of the work to be undertaken by the Service in order for the Head of Audit to provide an annual opinion at the end of the year on the Council's overall governance, risk management and internal control environment.

The impact on Councils to generate efficiencies and savings as a result of the financial pressures had seen internal audit resources reduce year on year. As a consequence, and at the commencement of 2019/20, the Audit Service had been expanded and would provide the Internal Audit function to four Councils; these being Bridgend CBC, Merthyr Tydfil CBC, Rhondda Cynon Taff CBC and the Vale of Glamorgan Council. As this was a newly developed Regional Service, the overarching structure of the service was yet to be finalised. With this in mind, the Plan had been based on the maximum number of productive days available to be delivered to the Vale of Glamorgan Council for the whole year based on a full complement of staff.

Whilst it was recognised that 2019/20 would be a transitional year for the service and as such some degree of latitude would be required in respect of service delivery, arrangements would be put in place to closely monitor performance, keep the Audit Committee fully informed and should the need arise, revise the Plan and / or assistance would be sought to bridge any gaps in delivery.

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Having considered the report, it was

RESOLVED – T H A T the proposed Regional Audit Service Strategy and draft Annual Risk Based Plan for 2019/20 be approved.

Reason for decision

Following consideration of the proposed Regional Audit Service Strategy and the draft Annual Risk Based Plan for 2019/20 to ensure compliance with the Public Sector Internal Audit Standards.

947 UPDATED FORWARD WORK PROGRAMME 2018/19 AND PROPOSED PROGRAMME 2019/20 (HRAS) –

The Head of the Regional Audit Service presented an updated Forward Work Programme for 2018/19 and the proposed Programme for 2019/20.

Appendix A to the report was the Forward Work Programme for 2018/19 which had been updated following the Committee's last meeting in February 2019. This included the additional meeting which was held on 13th December, 2018.

Attached at Appendix B was the proposed Forward Work Programme for 2019/20. Shown in paragraph 4.3 of the report were the items scheduled to be presented at the Committee's next meeting on 1st July, 2019 as outlined below:

Date of Committee	Agenda Items
1 st July, 2019	External Auditors / Inspection Reports (if applicable): -
	Updated Forward Work Programme 2019/20
	Draft Annual Governance Statement 2018/19
	Pre-Audited Statement of Accounts 2018/19
	Audit Outturn Report April to May 2019 - Progress against Plan
	Whistleblowing Update
	Corporate Complaints Update

Having regard to the report, it was suggested that the Audit Committee's Terms of Reference which was scheduled to be considered at the meeting on 16th December, 2019 be brought forward to the next meeting on 1st July, 2019. This was agreed by the Committee. Subsequently, it was

RESOLVED –

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(1) T H A T the updated Forward Work Programme for 2018/19 and the proposed Forward Work Programme for 2019/20 be approved.

(2) T H A T the schedule of items of 1st July, 2019 be confirmed subject to the inclusion of the Audit Committee Terms of Reference.

Reason for decisions

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