

**MEETING OF AUDIT COMMITTEE**  
**1 NOVEMBER 2011**

Minutes of the meeting of the Audit Committee of Flintshire County Council held in County Hall, Mold on Tuesday, 1 November 2011

**PRESENT: Councillor I.B. Roberts (Chairman)**

**Councillors:** G.H. Bateman, Q.R.H. Dodd, A.M. Halford, W. Mullin and P.R. Pemberton

**ALSO PRESENT:** Councillors: Eng. K. Armstrong-Braun, J.B. Attridge and D. McFarlane

**APOLOGIES:** Chief Executive and Councillor M.J. Peers

**IN ATTENDANCE:** Head of Finance, Internal Audit Manager, Democracy and Governance Manager

Policy Performance and Partnerships Manager (for minute number 32)

Director of Community Services, Head of Development and Resources, Provider Services Manager and Housing Operations Manager (for minute number 36)

Mr Patrick Green of RSM Tenon Plc

Mr. Ron Parker – Wales Audit Office

**30. DECLARATIONS OF INTEREST**

No declarations of interest were made.

**31. MINUTES**

The minutes of the meeting of the Committee held on 28 September, 2011 were submitted.

**Matters Arising**

Councillor P.R. Pemberton referred to minute number 23 and asked why the overpayments previously made to schools in Flintshire were not detailed within the statement of accounts. The Head of Finance explained that the over allocation was shown in the Council's balance sheet for school reserves and continued to be recovered from each school. Further details on the recovery could be provided to Councillor Pemberton outside of the meeting.

In response to a comment from Councillor A.M. Halford on minute number 23, the Head of Finance reported that a written indication of the number of potential compensation claims arising from these delays would be provided as requested at the last meeting following the information being taken to the Pension Fund Panel on 4 November, 2011.

On minute number 24, Councillor Halford said that she had not received specific information around the winding up of A D Waste from the Chief Executive.

The Democracy and Governance Manager reported that the Chief Executive had asked him to deal with the matter on his behalf.

**RESOLVED:**

That the minutes be approved as a correct record and signed by the Chairman.

**32. RISK MANAGEMENT UPDATE**

The Policy, Performance and Partnerships Manager introduced a report to advise and assure Members of the approaches being taken in risk management and the arrangements in place for business continuity.

She reported that Flintshire had experienced severe winters in 2009/10 and 2010/11. Over the last two years Flintshire had developed a more resilient approach to business continuity and during the last year had incorporated severe weather response within its Corporate Business Continuity Plan and Mission Critical Plans. In September, 2010 the organisation tested its response to external incidents to ensure the resilience of the Corporate Business Continuity Plan and Mission Critical Plan. A further exercise to assess the operational capacity of the Mission Critical Plans was carried out on 18 October, 2011 with all planholders and authors invited to attend.

Details were provided around the Strategic Assessment of Risks and Challenges (SARC), attached at Appendix 1 of the report, together with clarification around the one high (red) risk area. During a recent internal audit of Risk Management, Partnership Risk and the integration of the Corporate Risk Management system into the Council's adopted Project Management System were identified as significant issues. This was being addressed and the Risk Management Strategy and the Project Management guidelines would be updated to reflect the outcome, ensuring the two systems were aligned.

Councillor A.M. Halford commented on the backlog of known repairs and maintenance works to school buildings, as detailed in the report. She said that the Welsh Government (WG) had previously promised £357M to address the repairs and maintenance of school buildings and asked what had happened to this money and what the Council could do to encourage the WG to deliver on their promise. She also raised concern on paragraph 3.08 of the report which she felt was difficult to understand.

The Head of Finance explained that it was common among Local Authorities to have a backlog of repairs and maintenance for school buildings. During a recent Member workshop on the Medium Term Financial Strategy (MTFS) it was resolved that further workshops around Fees & Charges, Pressures & Efficiencies and Capital Investment would be held in November/December, 2011 which would give Members the opportunity to consider funding for repairs and maintenance of school buildings alongside other capital priorities.

The Policy, Performance and Partnerships Manager provided clarification on paragraph 3.08 of the report. She explained that following a recent internal

audit of Risk Management the Corporate Risk Management approach was being integrated into the Council's Project Management System using the Voluntary Sector Core Funding Review as a pilot. The pilot would ensure that the Council's methodology to test voluntary core funding arrangements were aligned and workable.

On CL10, decline of town centres, detailed in appendix 1 of the report, the Chairman said that he was surprised that this risk was showing as Green given the current economic climate. The Policy, Performance and Partnerships Manager explained that the risk was around the Council's approach to re-generation of town centres and the mechanism the Council had undertaken to contribute towards tackling the decline of town centres.

Councillor Halford raised concern that a final report on Gypsies and Travellers had not been received from Bangor University. She also referred to page 20 of the report and asked if the Waste Management grant was likely to be withheld. The Policy, Performance and Partnerships Manager reported that representations had been made to Bangor University and the final reports would reflect a regional approach. However, she recognised that it was difficult to progress this matter without the publication of the final report. The Head of Finance reported that clarification around the WG grant for Waste Management could be provided to the Committee by the relevant officers following the meeting.

Councillor G.H. Bateman asked for further information on why National Grants was showing as Amber within the appendix to the report. The Head of Finance reported that the Council received around £35M revenue grant funding from the WG which covered a range of services. Specific details on the level of grant funding for 2012/13 was yet to be received from the WG and there was a possibility that if the level of grant funding was reduced this could impact on service areas.

The Chairman asked for clarification on the meaning of DG and G? as shown in the report. The Policy Performance and Partnerships Manager explained that DG meant that the risk status was Dark Green and G? meant that the risk status was questionable as the document was currently under review.

The Chairman suggested that all G? risk statuses should be amended to Amber until the completion of any review. He also suggested that the use of the word Amber with an arrow upwards to reflect moving forward towards Green status or Amber with an arrow downwards to reflect moving backwards towards a Red status should be considered instead of DG. The Policy Performance and Partnerships Manager said that these suggestions would be considered when producing the Quarter 2 Performance report for the next meeting.

**RESOLVED:**

- (a) That the approach being taken in risk management be endorsed; and
- (b) That the business continuity arrangements in place be noted.

### **33. OPERATIONAL AUDIT PLAN AND RECOMMENDATION TRACKING**

The Internal Audit Manager introduced a report to inform Members of progress made against the operational plan for 2011/12. Details of the plan, a summary of the changes from the original plan, amendment reports to previous Audit Committee meetings and current recommendation tracking since the previous Audit Committee meeting were attached as appendices to the report.

He reported that work had commenced on the 2011/12 plan and would be presented to the Audit Committee at its meeting on 14 December, 2011. A summary of recommendation tracking was attached at Appendix C with the detailed responses received from management shown at Appendix D. Only one uncleared recommendation had been tracked more than five times and it related to the revision of Contract Procedure Rules which were being developed nationally.

Councillor Q.R.H. Dodd commented on paragraph 3.01 of the report and asked for clarification on the restructure of the Finance Department and how it would impact the Operational Plan 2011/12.

The Head of Internal Audit reported that the Finance Department was currently implementing the restructure as part of the Finance Function Review which was supported by the Audit Committee at its meeting in November, 2010. He provided details of the secondments within Internal Audit and explained that funding had been received to appoint a temporary officer to cover one of the seconded positions. The Head of Finance reported that the delivery of the Audit Plan was utmost in officers' minds to ensure that any changes to the plan were prioritised accordingly.

Mr. P. Green, RSM Tenon Plc said that it was important that a revised Audit Plan which would be sufficient to meet regulatory requirements and would target major risk areas was produced. Councillor Dodd praised the quality of the work of the Internal Auditors but was concerned with the volume of work during the restructure of the department.

#### Use of Consultants (pages 35 – 41)

Councillor A.M. Halford raised concern that only four out of ten significant recommendations had been implemented and asked how this was being addressed. Councillor G.H. Bateman asked for an explanation on why six of the ten recommendations had not been implemented.

The Internal Audit Manager explained that six of the ten recommendations had been deferred to a later date and referred Members to the explanations provided from the relevant officers detailed within the reports.

In response to a number of concerns from Members, the Chairman suggested that the Audit Tracking summary for the use of consultants be deferred to the next meeting of the Audit Committee scheduled for 14 December, 2011. The Democracy and Governance Manager suggested that an officer from Human Resources should also be invited to the meeting.

The Committee also agreed that the Chief Executive and all Directors be invited to attend the next meeting for this item.

#### Payroll (pages 63 – 75)

Councillor P.R. Pemberton asked if the late submission of forms to the payroll section had been addressed. The Head of Finance reported that, as detailed in the report, this recommendation had been implemented.

During a discussion around the reporting process, the Internal Audit Manager explained that recommendations that had been implemented were also reported to the Committee to give a balanced view.

#### PCI Compliance Follow Up (pages 76 – 77)

Councillor Halford asked for clarification on the term PCI DSS compliance framework. The Internal Audit Manager said that he would provide this to Councillor Halford following the meeting.

#### Multi-Skilling (pages 94 – 97)

Councillor Bateman believed that mobile working practices within Community Services had been implemented and questioned why this was not reflected in the report. The Director of Community Services reported that a pilot of mobile working had been undertaken and full implementation was scheduled for March, 2012.

#### Section 106 Agreements (pages 106 – 119)

Councillor Halford commented on the recommendations for Section 106 Agreements and asked why the recommendations had not been implemented as she believed that significant progress had been made in this area. The Internal Audit Manager referred Councillor Halford to the explanations received from the relevant officers on why the recommendations had not been implemented, as detailed in the report.

#### Fleet Management (pages 120 – 122)

Councillor Pemberton asked if vehicle tracking as part of the fleet management had been fully implemented which was confirmed by the Internal Audit Manager.

The Chairman suggested that service areas where the recommendations had been implemented not be reported back to the Audit Committee in the future.

Following a discussion, the Committee agreed that consideration be given to submitting details of recommendations that had been implemented in a different format for future reports.

Councillor Halford proposed that the report be noted. When put to the vote, Councillor Q.R.H. Dodd voted against this proposal due to the Audit Tracking summary for the use of consultants being deferred to the next meeting.

**RESOLVED:**

- (a) That the report be noted; and
- (b) That the Audit Tracking summary for Consultants (as shown in appendix D of the report) be deferred to the next meeting of the Audit Committee on 14 December, 2011, which the Chief Executive and all Directors invited to attend for this item.

**34. FINAL REPORTS AND PERFORMANCE INDICATORS**

The Internal Audit Manager introduced a report to inform Members of final reports issued since the last Audit Committee meeting and of Directorate and Internal Audit's performance for responses against targets.

Response times continued to be monitored by Internal Audit against the target times of 30 days for corporate reports and 20 days for all other reports. The time taken to issue draft and final reports was also monitored. Performance Indicators on issued reports and details and explanations on outstanding draft reports were shown at Appendices B and C of the report.

The Head of Finance reported that the Corporate Finance Manager was consulting widely in Finance on the report findings and recommendations. The delay in responding to the report had been impacted on by the Finance Function Review.

Councillor A.M. Halford asked how many overtime payments had been paid without appropriate authorisation. She also asked if the Information Security Group set up to review Data Protection within schools was represented by Members and whether or not the Group had met. The Internal Audit Manager reported that details around whether the Group had met could be provided to the Committee following the meeting.

The Internal Audit Manager reported that out of a sample of 15 overtime payments, it was found that 11 had been authorised correctly. The Head of Finance added that the recommendation to ensure that overtime payments without appropriate authorisation be rejected had been implemented.

Councillor G.H. Bateman asked for clarification on the term 'grey fleet'. The Internal Audit Manager reported that this term referred to staff that used their own vehicles to carry out Council duties. There needed to be properly documented evidence to support the justification for staff to be given a works vehicle which should be detailed as part of the Fleet Management Strategy.

**RESOLVED:**

That the report be noted

**35. VARIATION IN ORDER OF BUSINESS**

Due to the attendance of officers from Community Services, it was agreed that Item 9 on the agenda, Galw Gofal – Regional Call Monitoring Centre, would be brought forward.

**36. GALW GOFAL – REGIONAL CALL MONITORING CENTRE**

The Chairman invited Councillor C.A. Thomas to join the Audit Committee to consider this item. He explained that during a meeting of the County Council held on 13 September, 2011 it had been resolved that the questions numbered 1 to 4 in the notice of motion, submitted by Councillor Thomas, together with the process by which the decision was made be referred to the Audit Committee for consideration at a future meeting.

Councillor Thomas explained that she had submitted a notice of motion to the County Council at its meeting on 13 September, 2011 due to her concern on the announcement of changes through the operation of the Galw Gofal out of hours service and the implications of those changes. She raised concern that the Galw Gofal Service, which had been free in the past through Care Link, would have implications to the budget of many services including schools maintenance and improvements and the Youth Service. During a Streetscene Task and Finish Group there had been some confusion and misunderstanding from officers on the arrangements with Galw Gofal and its budget implications. Following the Task and Finish Group she had found that a report on the changes to the Care Link Service should have been submitted to a meeting of the Community and Housing Overview and Scrutiny Committee but had been removed from its Forward Work Programme. She believed that there had been teething problems with the Galw Gofal Service and read a letter from a resident within her ward who was concerned about the changes that had been implemented. She thanked the Director of Community Services for the information he had provided her with since the County Council meeting on 13 September, 2011.

The Chairman said that he had been pleased to accept this item for consideration by the Audit Committee as he too had concerns about the changes to the service. He reported that the Care Link Service had been based in his ward and that he had only been informed about the changes by a member of staff who had previously worked for the Care Link Service. He referred to the Assessment of the Wales Audit Office (WAO) which had stated the importance of the Council engaging with service users and outlined examples where residents in his own ward had raised concern on the Galw Gofal Service. He said that Members were interested in the process, how the changes had been implemented and what Member involvement there had been.

The Director of Community Services said that he valued the opportunity to engage with Members and said that lessons had been learnt around future

consultation/communication with Members. He reported that a site visit had taken place on 26 October, 2011 to ensure that Members were fully connected to the Galw Gofal Service as the Council was an equal partner with neighbouring Local Authorities in providing the Service. He said that he, together with colleagues, were committed to ensuring the Galw Gofal Service was as good as it could be and confirmed that a stakeholders' workshop would be scheduled for the New Year which Members would be invited to attend. He also reported that a Regional Telecare Board had been set up to monitor the performance of the Service which provided the opportunity for future concerns to be raised.

The Provider Service Manager reported that the new Service became operational on 1 June, 2011. Flintshire's Carelink and Telecare Service transferred 4,800 connections to Galw Gofal during the period February to June, 2011 which equated to 82,000 calls per year. She said that she was aware of some teething problems and she had written to the Manager of Galw Gofal who would address those concerns. A meeting between officers of this Council and the Senior Manager of Galw Gofal would be held on 7 November, 2011 to discuss the teething problems which had resulted from the re-programming of equipment and transfer of data.

The Chairman asked if there was one point of contact for residents of Flintshire and also if Members could participate in the meeting on 7 November, 2011. The Provider Service Manager explained that there was one telephone number for residents to use. Any residents using the Carelink telephone number would be automatically redirected to Galw Gofal. The Director of Community Services said that he would facilitate a meeting between the senior Manager of Conwy County Borough Council which could form part of the workshops for Members in February, 2012.

Councillor Thomas asked how the changes to the Carelink Service were promoted to Flintshire residents. She also asked if there was Member representation on the Board. The Director of Community Services explained that the Regional Telecare Board reported to the Regional Partnership Board of which Councillor C.A. Ellis, Executive Member for Social Services was a representative. He also confirmed that details of the changes had not been publicised to the residents of Flintshire.

The Chairman asked why Councillor H. Brown, Executive Member for Housing was not a representative on the Regional Partnership Board. The Head of Development and Resources explained that the Regional Board for Social Services and Health regulated the Telecare project. The Executive Member for Housing had however been fully involved in the process.

In response to questions from Members, the Head of Development and Resources provided details of his role in overseeing the changes to the Carelink Service. He also reported that there had been an intention to take a report about Telecare to the Community and Housing Overview and Scrutiny Committee but a report on the regional project had not been ready at that stage.



Councillor P.R. Pemberton raised concern at the lack of Member involvement on the changes to the Carelink Service and asked why a report had not been presented to the Community and Housing Overview and Scrutiny Committee, whether the Council's representation on the Regional Telecare Board was solely at an officer level and how was the figure of £11,000 arrived at and would there be additional costs to be met in the future. He raised concern around the redundancies from the Carelink service and hoped that the changes to the service would be beneficial to all Flintshire residents.

The Director of Community Services reported that future performance reports, including details of the quality of the Service and data response times, would be presented to the relevant Overview and Scrutiny Committee for Members consideration. Further details around the quality of the Service could be provided to Members during the workshop in February, 2012. The Head of Development and Resources reported that the £11,000 cost for the out of hours service calls was based on the estimated number of calls for the Housing Repairs Service and Streetscene Service. This figure could change next year when information around the definite number of calls would be available.

The Democracy and Governance Manager reported that the changes to the Carelink Service were an Executive rather than a Council function. A confidential report was submitted to Executive on 19 October, 2010 and as explained by the Head of Development and Resources information on the regional project had not been ready to present to the Community and Housing Overview and Scrutiny Committee prior to a report being presented to the Executive. He also explained that the decision of the Executive on 19 October, 2010 had not been called-in by Overview and Scrutiny.

Councillor A.M. Halford thanked Councillor C.A. Thomas for bringing this matter to Members attention. She said that the Director of Community Services was not in post during the changes to the Service and proposed that this matter be deferred to the next meeting of the Audit Committee with the Leader of the Council, Executive Member for Housing, Chief Executive and Head of Housing in attendance to provide answers to the Committee. The Democracy and Governance Manager suggested that the matter be referred to the Housing Overview and Scrutiny Committee for consideration. The Chairman suggested that the Housing Overview and Scrutiny Committee be invited to attend a joint meeting with the Audit Committee with appropriate Members and officers present. A number of Members spoke in support of arranging a joint meeting.

Councillor G.H. Bateman thanked the Director of Community Services for the report and asked why the Service was not being provided from Flint. The Head of Development and Resources explained that the technology used at Flint differed from that in Conwy and could not be adapted to accommodate the technology of Galw Gofal.

In response to a question from the Chairman, the Director of Community Services confirmed that lessons had been learnt. He reported that the current Regional Procurement Process for Adult Social Care had recently been presented

to the Social and Health Care Overview and Scrutiny Committee with further reports to be presented at future meetings.

The Democracy and Governance Manager offered to co-ordinate any questions Members has so as to ensure answers were available at the proposed joint meeting.

Councillor Thomas thanked the Committee for considering this matter and said that she hoped a joint meeting of the Audit Committee and Housing Overview and Scrutiny Committee would address issues of why Members were not fully informed of the changes to the Service before its implementation.

The Chairman explained that Councillor Thomas had been co-opted to the Audit Committee for this item and would be invited to participate in the joint meeting.

**RESOLVED:**

That the Housing Overview and Scrutiny Committee be invited to attend a joint meeting.

**37. INVESTIGATIONS PROGRESS REPORT**

The Internal Audit Manager introduced a report outlining ongoing proactive counter fraud work and reactive investigative work.

Councillor Q.R.H. Dodd commented on section 3.02.1 of the report and asked if the employee's relationship with a Council contractor should have been identified by the Manager and not from an anonymous complaint. The Internal Audit Manager agreed and said that recommendations had been implemented to address such issues.

**RESOLVED:**

That the report be noted

**38. THE USE OF CONSULTANTS**

The Internal Audit Manager introduced a report to provide Members with an update on the use of consultants during the second half of 2010/11 as requested during the 29 June, 2011 Audit Committee meeting.

Councillor Q.R.H. Dodd asked if a further report including details of the number of consultants used for Single Status could be provided. He also commented on the high number of consultants employed within the Environment Directorate and raised concern around the total cost for the use of consultants which had increased since the last report. The Internal Audit Manager confirmed that the cost for the use of consultants had increased in the second half of 2010/11 compared to the first half of 2010/11.

The Head of Finance provided details of the work currently being undertaken by consultants for specialised areas, such as the Regional Waste Project and Unitary Development Plan (UDP) and suggested that a further breakdown of each of the consultants within each Directorate and their roles and also how the consultants were funded, for example, some through specific grant funding could be included in a further report.

The Chairman also asked for information on what Member involvement there had been on the decisions taken for the use of consultants to be included in a further report. The Head of Finance confirmed that this information could be included.

In response to a question from Councillor G.H. Bateman, the Head of Finance reported that the headings for salaries as shown within the statement of accounts 2010/11 were financially prescribed. The cost of consultants as shown within the statement of accounts did not accurately reflect the actual cost to the Council, as details of the cost of a consultant for the period of one year had to be included even if they had only worked a week.

Councillor P.R. Pemberton suggested that to avoid confusion in the future, the remuneration of consultants be included within the statement of accounts under the heading 'fees'.

In response to a comment from Councillor A.M. Halford, the Head of Finance reported that the input of consultants was required, given their specialist knowledge and skill, for larger pieces of work within the Council. She reported that there was a need to ensure that the Council was getting value for money through the use of consultants and agency staff and that the work they were employed to undertake was being delivered. She explained that the cost of consultants to date had been agreed as part of the 2011/12 budget process.

Councillor Bateman asked if the cost for the use of consultants was in line with the costs paid by neighbouring Local Authorities. Mr. P. Green, RSM Tenon Plc said that there were occasions where it was necessary for consultants to be employed for a specialist project and it was right and proper for the Audit Committee to monitor the use of consultants to ensure that the Council was spending its money wisely.

**RESOLVED:**

- (a) That the report be noted; and
- (b) That a further report on Consultants be submitted to the next meeting of the Committee on 14<sup>th</sup> December, 2011.

**39. DURATION OF MEETING**

The meeting commenced at 2.00 p.m. and finished at 5.30 p.m.

**40. ATTENDANCE BY MEMBERS OF THE PRESS AND PUBLIC**

There was one member of the press in attendance.

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**Chairman**

**SUMMARY OF DECLARATIONS MADE BY MEMBERS**  
**IN ACCORDANCE WITH FLINTSHIRE COUNTY COUNCIL'S**  
**CODE OF CONDUCT**

<b>AUDIT COMMITTEE</b>	<b>DATE: 1 NOVEMBER 2011</b>
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<b>MEMBER</b>	<b>ITEM</b>	<b>MIN. NO. REFERS</b>
NO DECLARATIONS OF INTEREST WERE MADE		