

GWYNEDD COUNCIL

COMMITTEE	AUDIT COMMITTEE
DATE	18 DECEMBER 2014
TITLE	REPORT OF THE CONTROLS IMPROVEMENT WORKING GROUP
PURPOSE OF THE REPORT	TO REPORT ON THE MEETING HELD ON 14 NOVEMBER 2014
AUTHOR	JOHN PUGHE ROBERTS, CHAIR OF THE AUDIT COMMITTEE
ACTION	TO ACCEPT THE REPORT AND CONSIDER THE RECOMMENDATIONS

1. INTRODUCTION

- 1.1 The executive summaries of 9 reports were submitted to the meeting of the Audit Committee on 25 September 2014, which were reports that were issued between 1 July 2014 and 12 September 2014. 3 of these reports had been given a 'C' opinion.
- 1.2 As well as these 3 reports, the Committee decided that the Working Group should also consider the Secondary Schools - Governance report, which had been given a 'B' opinion.

2 MEETING OF THE WORKING GROUP

- 2.1 A meeting of the Working Group was held on 14 November with the Chairman of the Committee and Councillors Trefor Edwards, Sion Jones, Tom Ellis and Gethin Glyn Williams, and Dewi Morgan, Senior Manager Revenues, Audit and Risk present.
- 2.2 The reports that the Working Group addressed were:

TITLE	DEPARTMENT	SERVICE	OPINION
Secondary Schools – Governance	Education	Schools	B
Staff Safety Register	Corporate		C
Officers' Gifts and Hospitality	Corporate		C
Communities First Programme – The New Scheme	Economy and Community	Community Regeneration	C

- 2.3 Officers attended to discuss the four reports.

2.4 Secondary Schools – Governance

2.4.1 The main findings of this audit were as follows:

The main findings of the audit is that there are good overall arrangements for the governance of Secondary Schools in the sample audited, but some controls need to be tightened somewhat. The DBS (Disclosure and Barring Service) checks of members of school governing bodies need to be updated regularly in the future and the Education Department should be notified in a timely manner of changes in the details of school governing bodies. In addition, governors need to update their Governors' Notice of Business Interests forms annually, and sign and date them.

2.4.2 Councillor Gareth Thomas, Cabinet Member for Education and Mai Bere, Assistant Education Quality Improvement Officer were welcomed to the meeting.

2.4.3 The Senior Manager Revenues, Audit and Risk explained that this report had been given a 'B' opinion, due to the fact that the arrangements were generally good across the schools, but that some matters had arisen that were specific to individual schools. However, the members of the Audit Committee, in its meeting in September, felt that the Working Group should have an opportunity to discuss the matter in more depth.

2.4.4 The Assistant Education Quality Improvement Officer noted that she had been working closely with the auditors while forming the brief of the audit to agree on what fields were most problematic and what schools should be included in the sample. It was decided not to include schools that had already received the "bronze award", which is an award for schools that are able to display the quality of their arrangements. Many of Gwynedd's schools have already received this award. Ultimately, a sample of 5 schools was agreed upon.

2.4.5 A copy of the Gwynedd Governors Handbook was distributed to members of the Working Group, noting that the handbook contained a lot of good practice. If schools followed the handbook, it was reported that their governance arrangements were very close to the mark. As well as the handbook, the clerks have attended mandatory courses. As the school's Annual Report is mandatory, it is essential that clerks and head teachers know what should be in it.

2.4.6 It was noted that clerks received a template for the minutes of the first meeting of the educational year. This shows what is needed, such as a DBS check and an interests register. A copy of the template was distributed to members of the Working Group.

2.4.7 The officer asked whether the minutes of all the Governing Boards' meetings went to the Education Department. It was noted that they did, and that they were filed there. They are then available if a matter arises in a specific school. It was asked whether the Department's officers checked the minutes as they arrived. The Cabinet Member emphasised that it was necessary to bear in mind the number of schools in Gwynedd, and that there are not enough staff resources in the Department to thoroughly check all of the minutes when they are received. However, a monthly check is held to ensure that the important documents have been received, e.g. development plan. It is the clerk's job to ensure that everything is done properly.

2.4.8 It was enquired whether it was necessary for the interests register to include everything in the governors' personal lives. The Assistant Education Quality Improvement Officer noted that information about matters that could affect a decision such as awarding contracts is expected.

2.4.9 Reference was made to recommendation A10, ***The clerk of the secondary schools' governing body should be notified that they should keep a list of the details of the members of the schools' governing body's DBS checks, by annually revising them and updating members' DBS checks that are over 3 years old.*** The report highlighted that one

governor had refused to apply for disclosure. However this individual has now done so as he had received a letter from the clerk notifying him that he would be suspended if he did not have disclosure. Assurance was given that there were arrangements within the Education Department to keep a record of each governor's DBS check.

- 2.4.10 Some members of the Working Group were eager to have a policy for mandatory training for clerks. The Assistant Education Quality Improvement Officer reported that detailed guidelines had been received by the Welsh Government stating exactly what the content of the mandatory course for clerks was. That has been included in legislation. The Cabinet Member for Education stated his opinion that there was no purpose in having a separate policy if the Act outlines what is needed.
- 2.4.11 Some members of the working group expressed concern about a lack of mandatory courses for governors, and that there was no reference to this in the Internal Audit report. The Senior Manager Revenues, Audit and Risk noted that this had been checked, and that the reason that no reference was made in the report was due to the fact no matter had arisen that needed to be addressed. The Assistant Education Quality Improvement Officer further noted that the mandatory courses for governors came into force in May 2013. For example, a Chair is expected to attend a chairing course within 6 months, and if the Chair fails to do so, he or she will receive a warning notice for another 6 months. If the Chair has not attended the training after that, he or she is not competent to undertake the work. Such circumstances as these would pose the risk that the Governing Body's decisions would be invalid.
- 2.4.12 There are currently three mandatory courses for governors; New Governors, Chairing and Data Management. It was agreed by the Working Group that checking the attendance of these courses was a field that an Internal Audit could look at in the future.
- 2.4.13 The Cabinet Member for Education and the Assistant Education Quality Improvement Officer were thanked for attending the meeting, and for providing the background to the field.**

2.5 Staff Safety Register

2.5.1 The main findings of the audit were as follows:

A sample of services which use the Register by virtue of their work was selected, and it was found that some have their own arrangements for reporting threatening or violent incidents or events. The main issue highlighted as a result of this, is that the "lists" do not correspond with the details on the Corporate Register, and include additional individuals to those identified on the Corporate Register. This is a concern because other staff may not receive any warnings if they encounter these individuals because they do not appear on the Corporate Register. It was also observed that not all services report violent incidents, and therefore not all violent incidents are known to the service to enable the Health and Safety Service to act.

It was also discovered that staff did not take advantage of the training available to them in respect of their personal safety. Managers should become more involved to ensure that staff make use of training available to ensure their safety and to protect their staff from threatening events. The numbers who attended were very low compared to the high number of staff who have high risk in relation to facing violence in their daily work

From the audit it was found that administration of the Register itself is very good and complies with legal requirements relating to notifying individuals that they have been included on the Register. However, despite the central arrangements being sound, there is concern that that lack of reporting by departments, and the fact that some departments have their own independent lists, undermines the corporate system. The register guidelines are comprehensive and clear, so that staff can follow the procedure of notifying about events and the steps to be followed. The only concern is that the information in the Register is not up to date, including the user, but it was explained that arrangements were in hand to update the list of users and to ensure that all information is accurate and current.

2.5.2 Geraint Owen, Human Resources Senior Manager and Catrin Love, Senior Health, Safety and Wellbeing Advisor were welcomed to the meeting.

2.5.3 The Senior Manager Revenues, Audit and Risk presented the background to the audit. Unfortunately, although the Council aims to give the best service to the public, some individuals behave in a threatening or abusive manner towards Council officers, and to this end a system has been developed to keep a register for staff safety purposes, which lists individuals that have behaved in a threatening or abusive manner against staff. The main conclusion of the internal audit was that the system that was centrally maintained worked well, but that some departments worked independently, and that the essential information was not shared as effectively as it could be.

2.5.4 A member asked if it is reasonable that a corporate system exists, considering that the departments are all so different. The Senior Advisor noted that there are currently 25 – 30 names on the list. The Council has a responsibility, if we know that a situation is dangerous, to share that information amongst staff. The Council would be negligent if it did not share this key information. The Senior Manager Revenues, Audit and Risk focused on the third paragraph of the main findings, which notes that the central arrangements are robust, but that there are concerns about the arrangements in some departments.

2.5.5 The Senior Advisor explained that Social Services kept their own register, and when a threat is serious enough, the Police will be called. It was noted that a threat had been so serious in the past that an individual had received a prison sentence on account of threats against staff.

- 2.5.6 It was asked whether the information was shared with other agencies such as the Police or the Health Board. It was noted that the Council is currently concentrating on developing its own systems.
- 2.5.7 The Human Resources Senior Manager referred to Recommendations A04 and A05, which are, ***It is necessary to ensure that any independent systems within services are consistent with the information on the Corporate Register regarding abusive individuals/buildings*** and ***It is necessary to review any abusive individuals/buildings on the independent system to see whether they are current and of interest to the Corporate Register.*** In his opinion, these are the most important points of the report – the current situation is that departments have independent systems and the information is not being shared.
- 2.5.8 It was reported that a Panel has been established to keep an overview of the corporate arrangements, which meets monthly to discuss incidents. There are strict criteria for adding names to the register, and a report is expected by the department beforehand. The Panel membership includes the Senior Advisor (Chair), the Monitoring Officer, the Information Manager, and representatives from the main relevant departments such as Social Services (Adults and Children), Housing (Homelessness), Finance (Council Tax and Benefits), Public Protection and Siopau Gwynedd.
- 2.5.9 In accordance with the Data Protection Act every individual must be reviewed quarterly - there is no right to keep them on the list forever. If there is evidence that there is no further risk it is possible to remove the names from the list. Usually, an individual is notified that they are on the list, but it is necessary to be aware that such a letter could potentially worsen the situation, and therefore there are exceptions.
- 2.5.10 The Working Group was notified that there are two addresses on the list where officers have been bitten by dogs.
- 2.5.11 In terms of recommendation A01, ***It is necessary to remind Senior Managers/Managers of the importance of Officers' attendance at the Personal Safety training, especially those that work with a high risk of threat/attack,*** the Human Resources Senior Manager explained that several courses had already been held and more were arranged for the coming months.
- 2.5.12 Members felt strongly that it was necessary to strengthen the system and collaborate with other agencies. It was also asked whether there was an intention to share information with local councillors. It was noted that this would be discussed in the next meeting of the Panel.
- 2.5.13 The Human Resources Senior Manager and the Senior Health, Safety and Wellbeing Advisor were thanked for attending the meeting and for explaining the situation.**

2.6 Officers' Gifts and Hospitality

2.6.1 The main findings of the audit were as follows:

It was found that a system is in place for declaring offers of gifts and hospitality, and if the system is used fully and accurately, it provides a valuable and effective resource for enabling confirmation should the need arise that officers have acted ethically, defending the Officer and the Council's reputation.

The policy, along with the declaration form, is available on the intranet. However it was not easy to find. It was noted that the process is not tied to the form as a declaration by e-mail is acceptable.

It was found that all Managers who were queried as a result of the audit were aware of the existence of the policy. However, the auditors felt that the majority appreciate the risk associated with accepting a gift or hospitality, rather than appreciate the principle of the code of conduct. The content of the register was reviewed and it was found that only 74 declaration forms of an offer of a gift or hospitality had been presented since the start of the register in January 2008 was only 4 of these stated that the offer had been rejected. No declaration forms were found in the register by officers from three Departments. Two of these departments are ones which, because of the nature of their work, are likely to receive offers of gifts and hospitality.

While it is impossible to measure what is not included in the register, the auditors' opinion is that it is likely that a large number of offers of gifts or hospitality not being declared. It is not suggested that inappropriate behaviour occurs, and there is no evidence of misconduct, but it does suggest that a laissez-faire culture exists towards the principles of the policy within certain services. The auditors' opinion is that bequests is a subject that is too complex to be incorporated directly into the policy, and that there should be a single policy to deal with this specifically and directly.

2.6.2 Sion Huws, Senior Solicitor, was welcomed to the meeting.

2.6.3 The Senior Manager Revenues, Audit and Risk presented the background to the audit. It was explained that this report looked at corporate procedures, and although the Senior Solicitor had received an invitation to the Working Group due to the fact that he supervises the procedures, the weaknesses that have been highlighted permeate across the Council. It was noted that only 74 registrations had been recorded in the period since January 2008. Although this is not a sign of misconduct, it suggests that several managers ignore the corporate procedure.

2.6.4 The Senior Solicitor explained that a Policy and procedure was in place; the officers in the Legal Unit not only keep the register, they are also available to advise staff. However, this is as far as the responsibility of the central department goes. There are further responsibilities within the departments, and ultimately with the heads of department.

2.6.5 It was asked whether the Policy sets a specific sum for accepting gifts. It was explained that there was not such a figure, and that the Policy aims to keep a balance between being too general and too prescriptive - the officers and managers have a responsibility to use common sense.

2.6.6 In general, two different types of situations could arise – one where a gift is given as a token of thanks (e.g. to teachers or staff of residential homes), but there is a risk that there would be other situations where a decision would be expected. On every occasion, officers need to consider whether there it is possible that the gift has been given to influence a decision.

2.6.7 In light of a discussion with officers, it was noted that home care could be a field that incurred a risk, which could possibly need attention in the future. In residential homes, a

gifts register is kept but it was noted that bequests were complex matters that was outside the remit of this audit.

- 2.6.8 The Senior Solicitor suggested that noting offers that have been refused, as well as those that have been accepted, was also important as it could suggest a pattern of gifts given by specific contractors. He suggested that the Internal Audit could review the proposals periodically.
- 2.6.9 The Senior Manager Revenues, Audit and Risk emphasised that officers were putting themselves in danger by not registering offers of gifts and hospitality if allegations were made against them.
- 2.6.10 The Working Group asked for an analysis of offers per department. The Senior Solicitor noted that the Policy was the same for everyone, and that everyone who is offered a gift or hospitality needs to consider, "Does this person want anything from me?"
- 2.6.11 The Working Group was of the opinion that some departments incurred more of a risk than others, and needed specific attention by the Internal Audit. The Senior Manager Revenues, Audit and Risk agreed to consider this while forming the Internal Audit Plan 2015/16.
- 2.6.13 The Senior Solicitor was thanked for attending the meeting, and for providing a background to the situation.**

2.7 Communities First Programme – The New Scheme

2.7.1 The main findings of the audit were as follows:

Based on the audit work that has been completed, Internal Audit found a significant risk that the quality of documentation, evidence and controls in respect of the new Communities First Grant programme is insufficient to permit the external auditor to conduct 'light' review, and they will have to undertake a long, detailed examination, with the resulting additional fees and the consequences for the money that will therefore be available to achieve the objectives of the grant. Furthermore, unless there is improvement in the quality of the evidence, there is a significant risk of a grant claim being qualified, resulting in the Welsh Government claiming some of the money back. Supporting documentation for grant expenditure is not marked correctly each time so that they are retained for the appropriate period, and signed copies were not on file for each agreement between Communities First and other Council departments / 3rd parties.

2.7.2 Catrin Thomas, Senior Regeneration Manager, was welcomed to the meeting.

2.7.3 The Senior Manager Revenues, Audit and Risk presented the background to the Communities First activities. The Welsh Government provides the Council with a grant to hold regeneration activities in Wales' most deprived wards. Three areas in Gwynedd are included in the scheme – Marchog in Bangor, Peblig in Caernarfon and Nantlle.

2.7.4 It was reported that Internal Audit had held a review of the new scheme in agreement with the Economy and Community Department, to come to an early conclusion on how the new scheme worked. This would provide the opportunity to refine arrangements if needed, before the scheme had an external audit. It was noted that the audit had highlighted several necessary improvements.

2.7.5 In order to provide a context to the new and challenging situation, the Senior Regeneration Manager explained that the old scheme ran for 12 years, and the requirements of the new scheme are very different. There was a transition period of 18 months when Gwynedd was closing the four old schemes - including making the staff of the old schemes redundant – and establishing the new scheme. The Senior Regeneration Manager confirmed that an application had been made for Internal Audit to review the programme in its first months to implement an action plan.

2.7.6 The Welsh Government has submitted a new arrangement, and a Quality Officer has been appointed. Under the new system the Government has identified smaller clusters, and the relevant areas in Gwynedd – Marchog, Peblig and Nantlle – are one community; there is no permission to use ring fencing for any of these areas. The same system is in place for 7 applications across Wales. The entire scheme in Gwynedd is run directly by the Council, while under the old scheme some areas' plans were run by external bodies such as housing associations.

2.7.7 Considering some of the main points of the report, the members asked whether the local providers received money beforehand. The Senior Regeneration Manager noted that the Compact between the Council and the third sector noted that the Council would contribute money beforehand to bodies of this sector. That means that it is necessary to keep things on an even keel between the Compact and the conditions of the grant, and to manage the risks that could rise from paying contributions beforehand.

2.7.8 It was noted that a small number of bodies have failed to conform with the conditions of the grant in reality; a few large bodies had caused problems while administering the grant, rather than the small bodies, and this has now come to an end.

2.7.9 Under the arrangements of the New Scheme, only some of the money is given directly to the third sector. Most is spent directly by the Council (e.g. employing staff, activities). The Senior Regeneration Manager noted that the Welsh Government would no longer be giving

money directly to external bodies, following experiences of fraud in other areas (outside Gwynedd).

- 2.7.10 The Senior Regeneration Manager emphasised that an external body that arranges an activity cannot claim the total of their payment at once, and that the money is paid over a period of time. This assured members that certain arrangements were in place to mitigate the risk of fraud. Furthermore, it was also explained that the Gwynedd Grants Panel had been established, which decides on payments.
- 2.7.11 In terms of the Equality Policy, the Senior Regeneration Manager noted that a lack of policies was not the problem, but the fact that there were no conditions that required such policies, and therefore the Council did not receive them.
- 2.7.12 Enquiries were made about Recommendation A05, ***Applications should be submitted to the Welsh Government in accordance with the conditions of the grant.*** The Senior Regeneration Manager explained that the form had not been received from the Welsh Government on one occasion. This was an example of an occasion where the Government's administrative arrangements militated against the ability of Council officers to conform with the Government's own conditions.
- 2.7.13 The Senior Regeneration Manager was thanked for attending the meeting, and thanks were also extended by the Working Group to her and all of the officers and other officers that dealt with the situation.**