

# GOVERNANCE AND AUDIT COMMITTEE

**29 SEPTEMBER 2023**

**PRESENT:** D. MacGregor (Chair, Lay Member) (In Person)

**Councillors (In Person):**

K. Davies    A.G. Morgan

**Councillors (Remote):**

K.V. Broom    A. Evans    D.E. Williams

**Lay Members :**

J. James (Remote)    M. MacDonald (In person)

**Also Present from Audit Wales (Virtually):**

I. Phillips

**Also Present (In Person):**

J. Morgan, Director of Community Services;  
C. Moore, Director of Corporate Services;  
P.R. Thomas, Assistant Chief Executive (People Management & Performance);  
J. Coles, Head of Service, Children and Families;  
R. Hemingway, Head of Financial Services;  
H. Pugh, Head of Revenues and Financial Compliance;  
G. Ayers, Corporate Policy and Partnership Manager;  
E. Evans, Principal Democratic Services Officer;  
G. Jones, Digital Programme Manager (City Deal);  
C. Powell, Principal Auditor;  
S. Sauro, Performance, Analysis & Systems Manager;  
J. Williams, ICT Operational Delivery Manager;  
N. J. Evans, Business Support Manager, Administration and Legal Division;  
S. Rees, Simultaneous Translator;  
C. Jones, Procurement Manager – Strategy and Compliance;  
J. Owen, Democratic Services Officer.

**Also Present (Virtually):**

L.R. Jones, Head of Administration and Law & Monitoring Officer.

**Chamber, County Hall, Carmarthen, SA31 1JP and remotely: 10:00am - 1:00pm**

**1. APOLOGIES FOR ABSENCE.**

Apologies for absence were received from Councillor P. Warlow, Councillor J. Williams and Mrs Karen Jones (Lay Member).

## 2. DECLARATIONS OF PERSONAL INTERESTS.

Member	Agenda item	Nature of Interest
Mr Malcolm MacDonald	6 – Council Complaints Policy Annual Report 2022-23 and 7 - Ombudsman's Annual Letter 2021/2022	Mr MacDonald has an involvement with one of the cases recorded as a statistic within the report. Mr MacDonald remained in the meeting and did not partake in the discussions or the voting therein.
Councillor Alex Evans	6 – Council Complaints Policy Annual Report 2022-23	He has a relative who works in the Democratic Services section of the Council.

## 3. AUDIT WALES WORK PROGRAMME UPDATE

The Committee considered a report presented by the Corporate Policy and Partnership Manager in the absence of the Audit Wales representative. The report included the Audit Wales Work Programme and Timetable quarterly update, as at 30 June 2023.

The following queries/comments were raised in relation to the report:-

- In relation to the setting of the well-being objectives cited on page 12 of the report, gratitude was expressed in receiving the report which was circulated to Committee Members last week. In addition, the Corporate Policy and Partnership Manager explained that the digital review had been received which was expected to be published on the Audit Wales website within the next week. Members were informed that both reports would be brought to Committee with a Carmarthenshire Council response for consideration.
- In response to a query regarding the accounting report on the ISO 260 and when it would be presented to the Committee, the Director of Corporate Services stated that this year, it was planned that the report and the statements of accounts would be available to the Committee at its scheduled October meeting.

**UNANIMOUSLY RESOLVED that the Audit Wales Work Programme Update be noted.**

#### 4. INTERNAL AUDIT PLAN UPDATE 2023/24

The Committee considered a report which provided an update on the progress made on the implementation of the Internal Audit Plan 2023/24. It was reported that to date the completion rate was at 33% against a completion target of 35%. The Committee duly reviewed the progress made in respect of the delivery of the audit programme.

The Committee then considered the review on Payroll which was appended to the report as Part B. The attention of Committee Members was drawn to the key issues stated within the report.

The following observations raised by the Committee were addressed as follows:-

- Regarding the Employee Certification exercise, members raised concerns and several comments of dissatisfaction and disappointment in relation to the issues identified within the report. The Director of Corporate Services acknowledged that this matter was an important issue which needed to be addressed, explaining that the point of the employee certification exercise was to provide assurance that databases represented the information therein accurately. In recognising the challenges that managers have in respect to their daily priorities, it was highlighted that this was an important part of internal control, hence the recommendations as cited within the review to be implemented as a measure to ensure the necessary work is complete.

It was strongly suggested in the event of a further poor response rate, more pressure should be applied. The Director of Corporate Services stated that certifications not received on first submission would be escalated to the Head of Financial Services who would then remind managers of their responsibilities regarding the Certification. Assurances were provided that further failures to return would then be escalated to Heads of Service.

It was expressed that as this matter had been brought to the attention of the Committee in previous meetings, it was frustrating to learn that the same issues continued to arise. It was commented that there seemed to be a level of complacency amongst the managerial level, which may be an explanation of the continuous poor response rate.

In response to a query raised in regard to the timing of the exercise results, the Head of Financial Services explained that the deadline set for departments was the end of September 2023, where any outstanding areas would be followed up with a matter of urgency. Furthermore, it was emphasised that a significant effort would be applied in order to ensure a better return rate; therefore, it was anticipated that a much-improved rate would be reported to the Committee in December.

**UNANIMOUSLY RESOLVED that the Internal Audit Plan Update 2023/24 progress report be noted.**

## 5. ANNUAL ANTI-FRAUD AND ANTI-CORRUPTION REPORT 2022/23

The Committee received for consideration the Annual Anti-Fraud and Anti-Corruption Report 2022/23 which provided a summary of the activities of the Council's Anti-Fraud functions for the 2022/23 financial year.

The diverse range and nature of services and activities coupled with the size of its operations and budgets inevitably places Carmarthenshire County Council at risk of fraud and corruption, from both internal and external sources.

Good Corporate Governance requires that the Authority clearly demonstrates its commitment to dealing with fraud and corruption and to deal equally with perpetrators from inside and outside the Council.

The observations raised by the Committee were addressed as follows:-

- page 6 of the report denoted that in 2022/23, there had been a significant raise in the outcomes of the referrals in terms of the total detriment prevented reaching a total of £11m. In acknowledging that this was a tremendous achievement, which should be noted it was asked, why the number of preventative/proactive literature distributed had fallen from the previous year? The Principal Auditor advised that the information requested was unknown to her at the present time and would therefore circulate the information requested Committee Members outside of the meeting. The Head of Revenues and Financial Compliance added that the Trading Standards department regularly hold a variety of promotion activities which in collaboration with the Trading Standards department would be reflected in future reports.
- Compliments were conveyed to the Trading standards team for securing several convictions, particularly given the lengthy processes involved. In addition, expressions of gratitude were raised for their outstanding work in the prevention of fraud which was reflected within the report.

**UNANIMOUSLY RESOLVED that the Annual Anti-Fraud and Anti-Corruption Report 2022/23 report be noted.**

## 6. COUNCIL COMPLAINTS POLICY ANNUAL REPORT 2022-23

[**Note:** Mr M. MacDonald and Councillor Alex Evans having earlier declared an interest in this item remained in the meeting but did not partake in the discussions or the voting thereof.]

The Committee received for consideration the Council's Complaints Policy Annual Report for 2022-23 which included details on the corporate and adult services complaints process as well as the data on complaints / compliments received during 2022-23.

In presenting the report, the Corporate Policy and Partnership Manager highlighted that there had been a significant increase in complaints for this period compared to last year. It was explained that circa 500 complaints were attributed mainly to the change in waste service which was introduced early 2023. Members were informed that given the large-scale nature of the change which had impacted on all households within Carmarthenshire, together with the geographical area of the service, the increase was not unusual. However, it was reported that there were lessons to be learned from the complaints received in connection with the waste service change which would also be used in future service changes.

The observations raised by the Committee were addressed as follows:-

- It was commented that there were major challenges in regard to the change in waste service and that many lessons should be learned.
- In reference to the number of referrals to the Ombudsman in regard to complaints handling, it was asked, what was being done to address and learn from those complaints that progress onto the Ombudsman's office? The Business Support Manager, Administration and Legal Division gave reassurance that complaints data from the Ombudsman's Office would feed into future corporate reports which whilst raising awareness, would enable trends to be identified and lessons to be learned.
- It was commented that the Committee last received the Complaints report in March 2023 where several observations and comments had been raised. Whilst it was pleasing to see there had been some improvements in the quality of the report, strong concern was raised that fundamental issues remained to be addressed.
- It was observed that as the Complaints Report was a composite report which included Corporate Complaints and those covered by the Social Services Complaints Procedure Regulations 2014. In light of this, it was highlighted that the Council's Annual Report must comply with the requirements of the Regulations and the Statutory Guidance issued thereunder.

In addition, it was highlighted that the 2014 Regulations and Guidance covered all Social Services, i.e Children's and Adult Services complaints but the report included limited information thereof.

In highlighting that the Social Care Regulations state 10 working days for a resolution of Stage 1 complaints and 25 days working days for Stage 2, it was raised that the timescales set for stage 1 and Stage 2 had not been complied with. It was strongly raised that the report had not provided Committee members with adequate relevant information in regard to when the Stage 1 complaints were responded to outside of these timescales and further concern was expressed in regard to the position of the stage 2 complaints which was deemed to be far worse.

It was strongly suggested that the annual report needed to highlight when the exceptional circumstances were exercised in accordance with Paragraph 18 (3) of the Social Services Complaints Procedure Regulations 2014. This together with the information on the nature of all complaints and how they were resolved should be provided.

Reference was made to Section 5 of the report which included information on the Stage 1 and 2 of Adult Services Complaints. It was highlighted that the report had insufficient information in order for Committee Members to be able to undertake their duty in respect of scrutinising the complaints data therein. In addition, it was expressed that some of the wording in Section 6 of the report was grossly misleading and incorrect citing that 'there is no requirement for stage 1 complaints to be concluded as upheld or not upheld'.

It was expressed in view of the above-mentioned comments that the report could not be supported.

In response to the above comments/observations, the Corporate Policy and Partnership Manager stated that in regard to the stage 2 information that would be brought back to the committee for consideration. It was explained that the team would develop a way to automate the system to be able to cease undertaking the current manual method.

Furthermore, in terms of the communication and the number of referrals to the Ombudsman, the Committee was assured that ongoing dialogue between the Complaints team and the complainants was a priority at each point.

The request for further information was taken on board and a revised report would be brought back to the Committee.

In response to the observation in regard to the under performance of the Stage 2 timescales, the Corporate Policy and Partnership Manager explained that many complaints were complex in their nature and therefore appointing the most appropriate investigation officer to handle a particular complaint outweighed meeting the deadline of 20 days. In acknowledging that the current performance data was not at a satisfactory level, there were many challenges to overcome.

The Performance, Analysis & Systems Manager further added that much of the data signposted to today was available and that it was currently reported to the Departmental Management Team on a quarterly basis together with the underpinning evidence of each case. The Committee was assured that further work would be undertaken with colleagues to ensure that the complaints data in respect of adult and children's social care services would be included in future reports for the Committee to consider.

In regard to comment raised in relation to the lack of information on whether complaints at Stage 1 were upheld/not upheld, the Performance, Analysis & Systems Manager explained that the Regulation only requests that the outcomes were to be recorded in a tangible manner. This was currently achieved by setting out the component of the complaint, recommended outcomes and the recommendations that were followed. The recommendations were taken through to lessons learned to the teams, providing reassurance to Members and Management Team that complaints at any stage were transparent and open. Members were informed that the team had received compliments from the Care Inspectorate Wales (CIW) in regard to the processing of complaints within adult services.

Due to concerns having been raised by the Committee during the consideration of the report, not least whether its format complied with the requirements of the Social Services Complaints Procedure (Wales) Regulations 2014, the report was withdrawn with a view to being submitted to a future meeting.

## **7. OMBUDSMAN'S ANNUAL LETTER 2022/2023 CARMARTHESHIRE COUNTY COUNCIL**

[**Note:** Mr M. MacDonald having earlier declared an interest in this item remained in the meeting but did not partake in the discussions or the voting thereof.]

The Committee received for consideration the 2022/23 annual letter from the Public Services Ombudsman for Wales.

Annually, the Public Services Ombudsman for Wales (PSOW) provides each County Council with a letter in the form of a factsheet with accompanying data to assist in reviewing performance.

The Committee duly considered the letter and the key points arising from the letter and appended factsheet as summarised in the report.

The report highlighted that as shown in Appendix C, in 2022/23 that there were no reports issued against Carmarthenshire County Council, either upheld or not upheld.

**UNANIMOUSLY RESOLVED that the Ombudsman's Annual Letter 2023/2023 be received.**

## **8. REVISED CONTRACT PROCEDURE RULES**

The Committee received for consideration the revised Contract Procedure Rules which had been reviewed and updated to take account of a number of changes in the Council's procurement procedures and changes in terminology in light of the UK leaving the EU.

The Contract Procedure Rules (CPR's) had been updated following the outcomes of the Task and Finish group which was appointed by the Authority's Corporate Management Team (CMT) in September 2022 and tasked to review procurement arrangements and frameworks within Carmarthenshire County Council. The Group comprised of officers from procurement, economic development, legal, and environment. Pre-Cabinet approved these recommendations on the 3rd July 2023 which resulted in these amendments to be made to the Council's Contract Procedure Rules.

Members noted the changes that had been made as stated within the report.

**UNANIMOUSLY RESOLVED that the amendments to the Contract Procedure Rules as stated in the report be approved.**

## **9. GOVERNANCE & AUDIT COMMITTEE ACTION LOG**

The Committee considered its Action Log which included progress information in regard to the actions arising from previous meetings.

**UNANIMOUSLY RESOLVED that Governance and Audit Committee Action Log be noted.**

## **10. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE GOVERNANCE AND AUDIT COMMITTEE HELD ON THE 14 JULY 2023**

**UNANIMOUSLY RESOLVED that the minutes of the meeting of the Governance and Audit Committee held on the 14<sup>th</sup> July 2023 be signed as a correct record.**

## **11. EXCLUSION OF PUBLIC**

**RESOLVED pursuant to The Local Government Act 1972 as amended by The Local Government (Access to Information) (Variation) (Wales) Order 2007 that the following items were not for publication as the reports contained exempt information as defined in Paragraph 14 of Part 4 of Schedule 12A to the Act.**



## **12. AUDIT WALES: LESSONS FROM CYBER ATTACKS - CARMARTHENSHIRE COUNTY COUNCIL RESPONSE**

Following the application of the public interest test it was **RESOLVED**, pursuant to the Act referred to in minute no. 11 above, not to publicise the content of the report as it contained exempt information relating to the financial or business affairs of any particular person (including the Authority holding that information) (Paragraph 14 of Part 4 of Schedule 12A to the Act).

The public interest test in this matter related to the fact that the report contained detailed information about the business and financial affairs and ambitions of the applicants. In this case, the public interest in maintaining transparency and accountability is outweighed by the public interest in maintaining confidentiality, as Audit Wales have shared the report in confidence and have advised that it be considered in a private session due to the risk of its contents provoking or facilitating cyber attacks on public bodies.

The Committee, at its March 2023 meeting, requested a confidential position statement to be presented to the Committee in 6 month's time, to provide assurance that the questions raised within the Audit Wales Cyber Report were being satisfactorily addressed.

The Committee considered the information provided within the report.

**UNANIMOUSLY RESOLVED** that the report be approved.

## **13. INTERNAL AUDIT REPORT - SAFEGUARDING**

Following the application of the public interest test it was **RESOLVED**, pursuant to the Act referred to in minute no. 11 above, not to publicise the content of the report as it contained exempt information relating to the financial or business affairs of any particular person (including the Authority holding that information) (Paragraph 14 of Part 4 of Schedule 12A to the Act).

The public interest test in this matter related to the fact that the report contained detailed information about the business and financial affairs and ambitions of the applicants. In this case, the public interest in maintaining transparency and accountability is outweighed by the public interest in maintaining confidentiality, as of the shortcomings identified would increase the risk of unsuitable individuals being recruited pending the introduction of measures to address those shortcomings.

The Committee received the Internal Audit Report on Safeguarding as one or more Fundamental Control Weaknesses had been identified.

In considering the information presented, it was proposed that the Committee receive a further report on this issue in 12 months. This was duly seconded.

**UNANIMOUSLY RESOLVED** that the report be approved and that a 12-month review be brought to the Committee.

#### 14. INTERNAL AUDIT REPORT - WELFARE CARDS

Following the application of the public interest test it was **RESOLVED**, pursuant to the Act referred to in minute no. 11 above, not to publicise the content of the report as it contained exempt information relating to the financial or business affairs of any particular person (including the Authority holding that information) (Paragraph 14 of Part 4 of Schedule 12A to the Act).

The public interest test in this matter related to the fact that the report contained detailed information about the business and financial affairs and ambitions of the applicants. In this case, the public interest in maintaining transparency and accountability is outweighed by the public interest in maintaining confidentiality, as of the shortcomings identified would increase the risk of unsuitable individuals being recruited pending the introduction of measures to address those shortcomings.

The Committee received the Internal Audit Report on Welfare Cards as one or more Fundamental Control Weaknesses had been identified.

In considering the information presented, it was proposed that the Committee receive a further report following a review in 6 months. This was duly seconded.

**UNANIMOUSLY RESOLVED** that the report be approved and that a 6-month review be brought to the Committee early in 2024/25.

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CHAIR

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DATE