

Minutes

REGULATORY AND AUDIT COMMITTEE

MINUTES OF THE MEETING OF THE REGULATORY AND AUDIT COMMITTEE HELD ON TUESDAY 24 SEPTEMBER 2013 IN MEZZANINE ROOM 1, COUNTY HALL, AYLESBURY, COMMENCING AT 9.00 AM AND CONCLUDING AT 11.00 AM.

MEMBERS PRESENT

Mr T Butcher (Vice-Chairman)
Mr W Chapple OBE
Mr Z Mohammed (Chairman)
Mr A Stevens
Mr W Whyte

OTHERS IN ATTENDANCE

Mr R Ambrose, Service Director, Finance and Commercial Services
Mrs A Davies, Service Director, Legal and Democratic Services
Mr M Dickman, Senior Manager, Place Service
Mr I Dyson, Chief Internal Auditor
Ms J Edwards, Pensions and Investments Manager
Ms M Gibb, Risk and Insurance Manager
Mr J Gillett, Audit Executive, Grant Thornton
Mr P Grady, Grant Thornton
Ms M King, Statutory Complaints Officer
Ms R Martinig, Financial Accountant
Mr P McGovern, Senior Finance Officer
Ms M Moore, Statutory Complaints Officer
Mr C Munday, Service Director, Learning
Mr I Murray, Manager - Assurance, Grant Thornton
Ms E O'Neill, Financial Accountancy Manager
Mr A Oyerinde, Grant Thornton
Ms C Scholes, Complaints Officer (Legal & Democratic Services)
Ms H Wailing, Democratic Services Officer

1 APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP

Apologies for absence were received from Raj Khan, David Martin and Richard Scott.



INVESTOR IN PEOPLE



2 DECLARATIONS OF INTEREST

There were no declarations of interest.

3 MINUTES

The Minutes of the meeting held on 11 July 2013 were agreed and signed as a correct record.

Matters arising

- Page 2 – risk re: storage of keys at Black Park – Ian Dyson reported that action had been taken. Advice had been taken from the insurers about securing the cash in a fixed safe.
- Page 6 – Tracey Ironmonger to find out if the Council is contributing to public health staff pensions – **Action: TI**
- Page 8 – information about annual leave and how it is used in regard to anti-fraud work – Ian Dyson said that this had been discussed and flagged as an option for when the reports were produced. A report would be prepared for the next meeting – **Action: ID**

4 AUDITED STATEMENT OF ACCOUNTS AND GRANT THORNTON'S AUDIT FINDINGS REPORTS 2012/13

The draft Accounts had been discussed at the meeting on 27 June 2013. The audited version of the Accounts was now in discussion.

BCC Accounts

Richard Ambrose, Service Director, Finance and Commercial Services, told members that this was the first year that Grant Thornton had undertaken the audit, and that there had therefore been a slightly different approach and different requests for information. There had been good communication between the Council officers and Grant Thornton.

Richard Ambrose thanked Elspeth O'Neill, Rachael Martinig, Julie Edwards and Patrick McGovern for their work in preparing the accounts.

The Grant Thornton Audit Findings for Buckinghamshire County Council were distributed.

Paul Grady (Grant Thornton) said that it was a good set of accounts, with good working relationships between Grant Thornton and the Council, and he also thanked officers for their work.

Paul Grady said that the audit was nearing completion, and that he was proposing an unqualified audit opinion.

There was no change to the financial position stated in the original accounts. Amendments made were largely in regard to presentation.

There was a non-material issue in regard to income and expenditure, which was a potential overstatement of both income and expenditure by equal amounts. This did not have an impact on the reported financial position.

This was not a material issue, and was something which BCC would look at for 2013-14.

Outstanding work related to third party confirmations from investment banks. This was a small but crucial piece of work. No significant risks had been identified.

Value for Money Conclusion

Paul Grady said that financial management at the Council was strong and robust. An unqualified value for money conclusion was proposed.

A member said that it was unfortunate that the audit findings had only just been distributed to members. Paul Grady said that he accepted this point, and that the reason for the delay was so that they could resolve the issue which had been found.

The Chairman said that he was very pleased that the audit process had gone so well.

The Chairman asked members if they were happy to sign off the accounts, even with the immaterial issue. Members agreed that they were happy to sign off the accounts.

A member referred to page 53, point I (page 39 of the Accounts), and asked if notified claims were stated in a separate place. Elspeth O'Neill (Financial Accountancy Manager) said that they were stated separately, on page 68, section 21 (page 54 of the Accounts).

A member referred to third party confirmation, and asked the External Auditors how confident they were that these confirmations would be as they expected. Paul Grady said that if the confirmations did not arrive, other audit procedures could be considered.

Pension Fund Accounts

The Audit Findings for the Pension Fund were distributed. Ade O Oyerinde (Grant Thornton) also praised the good working relationship between Grant Thornton and Council officers.

The Pension Fund Accounts Opinion was now separate, which was a change in the current year. The key message was that there would be an unqualified opinion, subject to some outstanding work.

There were no changes to the net assets statements of pensions.

The fund investments were still to be worked on, but an unqualified opinion was still proposed.

Two significant risks were in regard to improper revenue recognition and to management override of controls. No issues had been identified in these areas.

Appendix A (Action Plan) contained one recommendation, that the annual report be produced alongside the account statements. Managers had agreed to put these arrangements in place. Richard Ambrose said that they would align the timetables for this.

A member referred to page 92 (page 78 of the BCC Accounts) and said that the deficit had increased from 2011-12 to 2012-13. The members asked if this meant that members' contributions to the pension fund were not enough. Elspeth O'Neill said that the deficit was in respect of the Council, rather than in respect of the Pension Fund as a whole. This was due to changes in moves in some actuarial assumptions. Patrick McGovern said that it was the discounting factor and change on bonds.

A member noted that the Grant Thornton Audit Findings report was in draft form. Iain Murray said that members needed to agree / disagree with the decision of management in regard to the immaterial issues.

Paul Grady said that should anything arise between the meeting and when the opinion was signed off, this would be brought back to the Committee.

Members said that they were happy with the unqualified reports, and agreed delegated responsibility to Richard Ambrose and the Chairman to sign off the accounts following minor changes, assuming that nothing material was found.

Members also agreed the draft Letters of Representation on behalf of the Council and Pension Fund and agreed that they could be signed by the Chairman of the Committee.

The Chairman thanked the officers who had prepared the accounts and also thanked Grant Thornton.

RESOLVED

The Committee considered its response to the matters raised by Grant Thornton and agreed that the Statement of Accounts for Buckinghamshire County Council and Pension Fund for the financial year ended 31 March 2013 can be signed by the Chairman of this Committee.

The Committee delegated responsibility to the Service Director, Finance and Commercial Services, and the Chairman to sign off the accounts following minor changes, assuming that nothing material was found.

The Committee approved the Letters of Representation on behalf of the Council and Pension Fund and agreed that it can be signed by the Chairman of this Committee.

The Committee agreed the response to the proposed action plan within the Audit Findings Reports.

5 REVISED ANNUAL GOVERNANCE STATEMENT

Ian Dyson, Chief Internal Auditor, referred members to the Revised Annual Governance Statement (AGS). The draft AGS had been brought to the previous meeting.

The changes were shown on page 5 of the AGS.

The Chairman asked about timescales. Ian Dyson said that the timescales would not change, but it was not yet clear whether they would be achieved.

The Committee agreed the Revised Annual Governance Statement 2012-13.

6 INTERNAL AUDIT PROGRESS REPORT AND Q3 AUDIT PLAN

Members received the Report of the Chief Internal Auditor.

Ian Dyson, Chief Internal Auditor, told members that the Report set out the progress with the 2013/14 Internal Audit Plan and the planned activity for Quarter 3. Summaries of completed audits were attached as an appendix to the Report.

A recruitment process for a senior auditor had been undertaken, and a reference was awaited. A principal auditor post would be advertised later in the year. The Team would also be recruiting an IT audit specialist.

The audit of the Mandeville School had found a limited opinion. The School had also been given a notice of concern. There had recently been a change of headteacher and this was an opportunity to move forward.

An audit had been carried out of Families First. Families First was looking at improvements for troubled families. The Council received additional funding for this work.

An audit of Capital Programme Management had been added to the activity scheduled for Quarter 2, at the request of a Cabinet Member.

The 'Purchase to Pay' Project had been set up, and the Chief Internal Auditor was on the Project Board. The Audit Manager was also providing advice and support. This would later include a review of the controls being considered for the design of new systems and processes.

As regarded the NFI (National Fraud Initiative), the Audit Commission had reviewed progress with investigation of NFI matches. A small number of matches had been investigated by the designated lead officers in each area of the Council. An action plan had been established, including the key matches to focus on. NFI matches were important and helpful, but the return of irregularities was very low.

Progress with the action plan was being monitored by Internal Audit, and a review was scheduled for the end of September 2013.

Investigations that had been carried out included an investigation of the Zipporah system, which had raised a debt for Adult Education classes. There had been an irregularity in respect of a low value income transaction. The investigation had been inconclusive. A further audit was ongoing and would consider the adequacy and effectiveness of the actions taken.

There had also been an investigation into three suspected irregularities which had been reported over the use of mobile phones. These were all low value. A weakness in management controls had been found, and these needed to be reinvigorated.

Regarding whistleblowing, there had been recent changes to the Public Interest Disclosure Act that would require the Council's Whistleblowing Policy to be updated. The changes had been reported to the HR Service, who would update the Policy.

Appendix 1 showed progress against the Quarter 2 Plan. Internal Audit would be looking at Adults and Family Wellbeing Contract Management in Quarter 3, and this would be reported back at the next meeting.

Internal Audit work on the Ringway Jacobs and Amey contracts had been undertaken. The Ringway Jacobs Audit was currently with the Deputy Director, and the Amey Audit had been issued as a second draft.

The Chairman referred to the audit of the Mandeville School and asked if there were any further assurances. Ian Dyson said that the result of the audit had coincided with a number of changes happening at the School. No financial irregularities had been identified, but poor financial practice had been found. There was no feedback yet about progress against the action plan. However it was still early days and the School was receiving a lot of support from the Council.

The Committee noted the Report.

6A EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

That the press and public be excluded for the following item which is exempt by virtue of Paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)

7 ACTION TRACKER

7A INCLUSION OF THE PRESS AND PUBLIC

8 UPDATE ON RISKS RELATING TO ACADEMIES / BUCKINGHAMSHIRE LEARNING TRUST / SPECIAL EDUCATIONAL NEEDS - VERBAL UPDATE

Chris Munday, Service Director for Learning, Skills and Prevention, updated members as follows.

Academies

The Council continued to work with academies in Buckinghamshire. The challenge for the Council was in regard to funding, as the funding which the Council received decreased each time a school transferred to academy status. There were also issues around pension contributions for academy staff, which the Council continued to pay. This was a significant risk to the Council, as its ability to deliver became less effective.

Beaconsfield High School had now paid the money outstanding to the Council which had been owed, and would be converting to an academy on 1 October 2013.

Bucks Learning Trust (BLT)

The BLT had 'gone live' from 1 August 2013. The Chief Executive and trustees were pleased with the progress which had been made, and the Council was happy with the BLT's ongoing work. BLT was now a fully commissioned service. The Council would be keeping a very close eye on the progress of the BLT, as it was a major development, to ensure that the Council was not being placed at risk. There were some minor issues, which were being discussed.

Special Educational Needs (SEN)

Following the audit of the SEN Service, various changes were taking place and the action plan was being progressed.

A member referred to academies and asked if the payment of pension contributions would be in perpetuity. Chris Munday said that the payments from the Council for academy staff would continue until a person died. The cost per year to the Council was approximately £2.2m. As the Government grant reduced, the Council would have to take funding from other places, and this could include from services which were statutory responsibilities.

Richard Ambrose (Service Director for Finance and Commercial Services) said that a 20% national cut had been announced, which would equal a cut to the Council of £1.3m. The money paid out in pension contributions was not controllable and included costs such as premature retirement costs.

A member referred to the BLT and asked if the Council had put in place some performance monitoring on a regular basis regarding income and expenditure. Chris Munday said that there was a very clear Performance Management Framework, which was monitored quarterly with the BLT Chief Executive. Reports would be presented to appropriate committees, including Regulatory and Audit Committee and the Overview and Scrutiny Committee.

The member said that a performance report should be made available for the January 2014 meeting of the Regulatory and Audit Committee. The report should be a short written report, focusing on risks and performance. **Action: CM**

9 ENERGY FROM WASTE RISKS UPDATE - VERBAL UPDATE

Martin Dickman, Senior Manager, Place Service, gave a presentation to members and said the following:

- On 26 July 2013, satisfactory planning permission had been secured.
- The Energy from Waste (EfW) Programme Risk Register contained 23 risks. There were also 20 projects. Each of these had its own risk register.

- The Programme Board was made up of Lesley Clarke (Cabinet Member for the Environment), Neil Gibson (Strategic Director), Martin Dickman, Richard Ambrose (Service Director for Finance and Commercial Services), Anne Davies (Service Director for Legal and Democratic Services) and a representative from Defra.
- The Programme Board intended to meet quarterly from now on, and the next meeting was 14 November 2013. The Programme Board received a monthly highlight report.
- On the Programme Risk Register there were 11 amber risks and 43 green risks.
- Of the risks, four were rated as 9 or above. No risks were currently rated 12 or above.
- As regarded the waste transfer station, FCC intended to submit a planning application in early 2014. This was an FCC risk. Chiltern District Council and South Bucks District Council would lose the benefits which the waste transfer station would bring, if planning permission was not given.
- There was already a contract management structure in place. Martin Dickman was the Senior Contract Manager for the Programme.
- The risk relating to waste collection was a health and safety risk.
- There was a risk regarding inflation – this risk could not be controlled.

A member noted that they had only just received the papers for this item. Martin Dickman said that he was due to attend the Risk Management Group in November 2013 to look at the EfW risks in more detail.

10 ANNUAL REPORT ON THE FEEDBACK AND COMPLAINTS PROCEDURE

The Committee received the Report of Anne Davies, Monitoring Officer and Service Director for Legal and Democratic Services.

Carolyn Scholes, Complaints Officer, drew members' attention to the following points:

- The introduction of the centralised complaints team was a positive introduction. The centralising of complaints and the creation of the Customer Complaints and Information Team had now been rolled out across the Council, which had made complaints easier to manage, record and report on. It also ensured that people were promptly and efficiently taken through the procedure and were always given the opportunity to refer their complaint on to the next level. It also made it much easier to facilitate organisational learning and benchmarking of good practice.
- In addition, putting together complaints with information requests (made under the Data Protection Act, Freedom of Information Act or the Environmental Information Regulations, more commonly known as DPA, FOI and EIR) was a very good idea as quite often requests for information were the precursor to a complaint or are linked to a complaint (or potential complaint).
- The Team were really making a difference and the public was benefitting from a dedicated team and more streamlined procedures – giving them one place for them to contact. It also minimised the disruption to back-office teams of dealing with complaints and the team's procedures and systems allow for a much more efficient and cost-effective way of dealing with complaints. For example, if a complainant was determined to take a complaint all the way through the complaints procedure (which they had to generally do before the Local Government Ombudsman would investigate) this could be very streamlined and quick, which minimised the cost to the Council and also increased the speed for the customer.
- As a result of the introduction of the Customer Complaints and Information Team, the Report contained figures on Stage 1 and Stage 2 complaints for the first time. This was not a totally full data set, as the team had not rolled their work out across the whole council by April 2012, but it was a good indication of numbers.
- The Team could identify early trends and problems and bring about organisational learning – this made them much more customer-centred. It was hoped that in the next

year's report, the Team would be able to demonstrate the value that they were adding by providing some more analysis of the complaints and examples of their work.

- Stage 3 complaints were up slightly on last year, but at a broadly similar level. It was now possible to look at the progression of complaints from stage to stage to see if there was any learning there.
- The LGOs' annual review letter for the current year did not contain any comment on individual cases at all. As is pointed out in the Report, it was strange how they had arrived at their figures, but, nevertheless, full records had been kept and therefore the Council had the full picture.
- Broadly the number of LGO complaints had come down this year (from 105 to 79) and the number of school appeal LGO complaints would dramatically reduce the following year as they were mostly about 11+ appeals, and now complaints about those appeals were against the individual academies and were investigated by the Education Funding Agency.
- The LGO had continued to make dramatic changes to their procedures (significantly influenced by a large cut in their budget) and the Council was therefore now getting a large number of decisions in which the Council had not been asked to investigate (or had only supplied minimal input / papers). This was positive for the Council as it had reduced the small number of complaint investigations each year in which the Council would have been asked to do a large amount of work just to be given a decision that said that they had chosen not to uphold the complaint as the maladministration was not significant and / or the injustice suffered too slight. Some of the LGO's decision statements actually stated that they were not going to investigate a complaint as it would not be a good use of public funds. This might allow the Council to be able to do something similar in appropriate but probably exceptional circumstances.
- As was mentioned in the previous year, one of the interesting changes made by the Ombudsman in the previous 12 months was their introduction of 'Statement of Reasons' for each complaint. For every complaint that they determined, they produced an anonymised account which detailed the nature of the complaint and the LGO's investigation, and then stated their decision, together with the reasons for the decision. These statements were now being published.

A member said that it was a useful and interesting report. The member referred to the figure of 66% of Stage 1 complaints being upheld and asked for the reasons for this. Carolyn Scholes said that the numbers looked high as they defined a complaint as any statement of dissatisfaction. Some local authorities did not do this. It was hoped that the learning from complaints would be used.

A member asked how many complaints related to commissioned services. Carolyn Scholes said that some contracted services dealt with Stage 1 complaints, and these were not included in the statistics in the Report. Work was ongoing to look at bringing in that information.

A member asked if a complaint about a pot hole would be listed as a complaint. Carolyn Scholes said that it would, but that the request for services would go to Transport for Buckinghamshire.

A member asked if they could see the graph which showed complaints reported quarterly, and referred to complaints which might be spurious. Carolyn Scholes said that complaints about policy decisions did not form part of the complaints procedure. The member asked if there were other spurious-type complaints. Ian Dyson (Chief Internal Auditor) said that a serial complainer could be picked up through this process. Carolyn Scholes said that there was flexibility in the system for complaints to go straight to Stage 2 or 3.

A member referred to a letter from the Education Service which encouraged people to complain. However the person involved said that complaining was not the point. The member

said that they lived in a complaints culture. Carolyn Scholes said that one of the learning points would be that the matter needed to be sorted out. Anne Davies (Service Director for Legal and Democratic Services / Monitoring Officer) said that the clause in the letter had to be added, as the Ombudsman had requested this, and that she was happy to look at any examples.

Ian Dyson said that a key control was being introduced by the contract management software. Complaints were key information for contract management. This software would be demonstrated to members in early 2014.

A member referred to page 163 and asked why there were no Adults and Family Wellbeing (AfW) complaints listed. Carolyn Scholes said that AfW complaints were reported separately.

A member asked if the figure for complaints in Children's Services would change following the conversion of many schools to academies. Carolyn Scholes said that most complaints in Children's Services were about 11+ testing. These would now go directly to the academies, and the numbers of complaints were therefore expected to decrease dramatically.

The Committee noted the Report.

11 HEARING THE CUSTOMER'S VIEW ANNUAL REPORT - CHILDREN AND YOUNG PEOPLE'S SOCIAL CARE

The Committee received the Report of Kate Reed, Insight and Complaints Analyst.

Maxine Moore, Statutory Complaints Officer, referred members to the Report and said the following:

- The Children Act 1989 Representations Procedure (England) Regulations 2006 required local authorities to have in place an effective representations and complaints procedure for Children's Social Care.
- Page 173 showed the number of compliments and complaints received in 2012-13. There had been 72 compliments received. This compared with 89 compliments in 2011-12 and 92 compliments in 2010-11. There was no obvious cause for the decrease in the figures. Staff had been reminded to record compliments.
- 92 formal complaints at Stage 1 had been received in 2012-13. This compared with 69 in 2011-12 and 81 in 2010-11, so there had been a slight increase.
- Page 175 classified the issues arising out of complaints. These classification categories were under review.
- The timescale for responding to a Stage 1 complaint was 10 working days, although this could be extended to 20 working days if necessary. 62.4% of complaints had been responded to within 20 working days.
- Of the 92 complaints received, 12 had been escalated to Stage 2. Three had gone to Stage 3. A new procedure had been introduced from 1 April 2013 to help move complaints through the statutory complaints process more efficiently. In addition, Children and Young people's Services had an officer in place who was working closely with managers drafting responses.
- Over the current year they would be looking into the benefits of introducing a training programme for officers across the whole organisation, tailored to the individual needs of service areas. This would concentrate initially on two areas: managing complaints before they actually became complaints and investigations and responses to complaints.

Ian Dyson, Chief Internal Auditor, asked how these figures related to safeguarding complaints. Maxine Moore said that safeguarding complaints were dealt with separately, and were forwarded to the Safeguarding Team. Anne Davies (Service Director for Legal and Democratic

Services / Monitoring Officer) said that sometimes the statutory process had to be stopped to allow safeguarding issues to be resolved.

The Committee noted the Report.

12 MAKING EXPERIENCES COUNT ANNUAL REPORT - ADULT AND FAMILY WELLBEING SOCIAL CARE COMPLAINTS

The Committee received the Report of Michelle King, Statutory Complaints Officer.

Michelle King referred members to the Report and said that all service areas continued to attract compliments and that, unless the Complaints and Information Team were alerted to compliments, they were unable to be centrally recorded.

Overall there had been 24 compliments. This figure compared with 27 in 2011/12 and 36 in 2010/11. Although the number had fallen in 2012/2013, the number of compliments had increased in the last quarter, following a Council-wide awareness campaign for 'positive feedback'. Due to the low number of recorded compliments, no meaningful statistical analysis could be measured.

There had been 108 formal complaints received in 2012/13; the corresponding figure for previous years was 195 in 2011/12 and 135 in 2010/11. There was a one-stage process for complaints.

The number of complaints had decreased this year. One reason for this might be that clients were more familiar with the new ways of service delivery. 2011/12 had seen a rise in complaints. It was concluded at the time that the rise had been a reaction to the changes that were being made to service delivery during this period. Change could be difficult for vulnerable adults, their families and their carers.

Under each of the service provision client groups, problems with the care assessment process accounts for the largest proportion of complaints received. However it would be difficult to draw any meaningful analysis from this data as each case could be quite complex, and the nature of each complaint quite different.

Average response times appeared to have increased. There had been a significant number of cases logged in which the record was not closed within an acceptable timescale. This, however, was not always a reflection on an increased response time. In many cases the complaint issues that had been brought to the attention of the Team had been resolved to the satisfaction of the complainant within an appropriate timescale, but this action had not always been recorded on the Respond system. This had then led to a number of cases appearing to take an extended period of time.

Moving forward, changes had been made to the administration of the statutory complaints procedure to ensure that all complaints information was accurately recorded and that complaints were responded to within a 28 day timescale. This was explained in more detail in section 11 of the Report. The average response time from May to September was 31.2 days.

Over the next year, they would begin to undertake training to both frontline staff and senior level staff on the complaints process. We would like to improve across the authority the recognition of complaints and the delivery of timely, well-informed and reasoned responses. They also wanted to ensure that there was a consistently high level of customer service for those who wished to complain.

Ian Dyson (Chief Internal Auditor) said that there had been a fantastic improvement in performance, and asked if management information was produced for the Strategic Director.

Michelle King said that she met with Service Directors regularly, and was looking at categorisation for Adult Social Care complaints. It was hoped that the data in the following year would be much more insightful.

The Committee noted the Report.

The Chairman thanked Carolyn Scholes, Maxine Moore and Michelle King for their interesting reports.

13 FORWARD PLAN - STANDING ITEM

Members noted the Forward Plan.

14 DATE AND TIME OF NEXT MEETING

19 November 2013, 9am, Mezzanine Room 1, County Hall, Aylesbury

AOB

Anne Davies, Service Director, Legal and Democratic Services / Monitoring Officer, said that she had promised members a simple guide to money laundering, and distributed copies of this. Any comments should be sent to the Chairman.

CHAIRMAN