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## AUDIT COMMITTEE, 13-01-11

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**Present:** Councillor Gwilym Williams (Chairman for this meeting)

**Councillors:** E.T. Dogan, Huw Edwards, Tom Ellis, Keith Greenly-Jones, Margaret Griffith, Selwyn Griffiths, Aeron Jones, R.L. Jones, Ioan Thomas

**Also present:** Dafydd Edwards (Head of Finance Department), Dewi Morgan (Senior Manager – Audit and Risk), Luned Fôn Jones (Assistant Audit Manager), Kathryn Roberts (Audit Leader - Development), Amanda Hughes (Local Manager – Wales Audit Office) and Gwyn Parry Williams (Committee Officer).

**Apologies:** Councillors Endaf Cooke, Charles W. Jones, Dewi Owen, John P. Roberts and Gethin Williams.

### 1. CHAIRMAN

In the absence of the Chairman and Vice-chairman of the Committee, **it was resolved to elect Councillor Gwilym Williams as Chairman for this meeting.**

### 2. MINUTES

The Chairman signed the minutes of the meeting of this committee held on 27 September 2010, as a true record.

### 3. AWARENESS OF THE WHISTLEBLOWING POLICY

Submitted – the report of the Senior Audit and Risk Manager summarising the results of a survey of staff awareness and their attitude towards the Council's Whistleblowing Policy.

The policy had been drawn up with the intention of encouraging employees to come forward and talk about any serious concerns they had of any malpractice in order to protect the Council's reputation and maintain the confidence of the public.

The policy intended to encourage and enable employees to share serious concerns internally rather than choosing to attempt to resolve things externally. The policy was relevant to all Council staff and contractors that undertook work for the Council on Council property, such as agency workers or builders, suppliers and those who provided services under contract with the Council on their own property, such as care homes. The legal framework for protecting individuals who "whistle blew" was set out in the Public Interest Disclosure Act, and was acknowledged as the benchmark for "whistleblowing" in the public interest. The act had come into force in July 1999. It noted that employees who shared concerns in good faith regarding cases of malpractice were protected from prosecution and from dismissal under the Public Interest Disclosure Act 1998.

The officer noted that the purpose of the audit had been to undertake a review of Council staff's awareness of the Council's Disclosure and Whistleblowing Policy as part of a broader review of the efficiency of the Council's governance arrangements that would feed into the annual report of the Head of Internal Audit and the Annual Governance Statement. The audit would also discover the general opinion of Council employees towards the policy and whistleblowing arrangements. During the audit, the arrangements which were in place to manage the risks associated with the following management objectives had been reviewed:

- a) That there were appropriate arrangements to ensure that the Council's employees were aware of the Whistleblowing Policy.
- b) That Council employees were prepared to use the policy should the need arise.

As part of the audit, a questionnaire had been designed and a link to it was sent via e-mail to all office employees within the Council in order to identify how familiar they were with the policy. In the questionnaire, it was asked how likely workers would be to use the policy should relevant circumstances arise, and any concerns they had regarding using the policy. He provided details of the numbers who responded to the questionnaire per Department/Service.

The officer notified that a similar questionnaire had been conducted in 2003 as part of the "Whistleblowing Policy" internal audit, and at the time it was seen that only 30% out of a sample of 200 staff members who were questioned had been aware that the Council had such a policy. By now however, the results of this audit's questionnaire identified that this percentage now stood at 79.6%. Therefore, it appeared that the Council had been successful in promoting the policy since 2003.

The Senior Manager noted that a comprehensive campaign had been held in 2009 to raise awareness of the policy by sharing whistleblowing contact cards. This meant that every Council employee was to receive a card (the size of a bank card), which listed the "Whistleblowing" telephone number, e-mail address and postal address, in order to encourage everyone to 'whistleblow' should the need arise. It was expected for the card to be included as part of an induction pack to all new employees joining the Council. The employees had been asked directly in the questionnaire whether or not they had received the card, and it seemed that only 25.5% had received one.

The questionnaire had also asked the Council's employees to give their views on the current arrangements for whistleblowing by awarding a score of between 1 and 5 (1 being weak and 5 being excellent). The average score across the Council's main offices had been 2.9 out of 5. It seemed that the vast majority of employees who were unaware of the policy had given a low score in order to reflect this fact. When analysing the observations, it was seen that a lack of faith in the whistleblowing procedure's confidentiality continued to prevent a number of employees from acting should the need arise. However, the Senior Manager noted that 86.9% of the employees had expressed that they would be willing to whistleblow should the circumstances arise.

A member noted that the percentage of employees in the Provider and Leisure Department who had received the card was low, and that the situation should be revised. In response, the Senior Audit and Risk Manager notified

members that less than 10% of the department's employees who had responded to the questionnaire had stated that they had received a card. The department's staff who had received the questionnaire included office staff and leisure centre managers.

A member drew attention to the fact that some employees were frightened of submitting complaints and asked whether there were contact points in the office who the employees could contact. In response, the Senior Audit and Risk Manager notified members that the expected initial contact point, whenever possible, would be the relevant managers in the various departments, but it was possible to report to Internal Audit should that not be desirable.

Another member noted that some employees lacked faith in the confidentiality of the whistleblowing procedure. He referred to allegations of bullying amongst some employees, with the outcome that some employees were suffering and were ill at home as a result. He also noted that some employees felt uncomfortable about speaking with the Line Manager or Senior Officer, and suggested that a system of collaboration with external bodies should be established, such as solicitor firms, where the employees could discuss their concerns with them. With regard to the bullying allegations, the Senior Audit and Risk Manager noted that the Council had a separate bullying policy for dealing with that and the Whistleblowing Policy was not the appropriate route for complaints relating to bullying, but he acknowledged that bullying could occur as a result of whistleblowing. In these cases the Public Interest Disclosure Act offered legal protection. He also noted that they should attempt to promote faith and confidence amongst staff with regard to the internal arrangements, in order to have a better relationship and so that staff would not feel obliged to go externally for things to improve.

In response to a question from a member, the Senior Audit and Risk Manager confirmed that Council staff had been consulted on the whistleblowing policy. The member was also of the opinion that steps should be taken to redistribute the cards.

A member asked if schools had a whistleblowing policy. In response, the Senior Audit and Risk Manager notified members that schools had their own whistleblowing policy.

The Head of Finance Department noted that 80% of employees were now aware of the whistleblowing policy, and this figure was quite encouraging. He supported the idea of redistributing cards. In relation to distributing cards in the schools, he was of the opinion that school procedures should be reviewed rather than cards being sent to them. In terms of working with external bodies, especially solicitor firms, he anticipated an associated cost for the Council in relation to this, but he would welcome giving consideration to collaborating with other councils across north Wales.

#### **RESOLVED**

**a) To support the below recommendations made by Internal Audit, for implementation by the Human Resources Department -**

**i) To redistribute the whistleblowing contact cards.**

**ii) That concerns outlined by employees should be raised at the meetings of the Senior Managers Academy and Middle Managers Forum.**

- iii) To attempt to reduce staff's concerns regarding whistleblowing and attempt to gain their confidence in the arrangements.
- b) That every new Council staff member receives a copy of the guidelines.
- c) To consider collaborating with other councils in north Wales with regard to discussing staff concerns etc.
- ch) To undertake further work with the Provider and Leisure Department in order to try and raise awareness of the policy amongst the department's staff.

#### **4. OUTPUT OF THE INTERNAL AUDIT SECTION**

##### **The work of the Internal Audit Section for the period to 30 November 2010**

Submitted – the report of the Senior Audit and Risk Manager outlining the Internal Audit Section's work in the period between 1 September and 30 November 2010. In submitting the information on the work completed during the period, the officer referred to -

- 25 reports on audits from the operational plan with the relevant opinion category shown.
- two other reports (memoranda etc.)
- Three follow-up audits.
- Four responsive audits.

Work that Internal Audit had in the pipeline was reported upon. This included 16 draft reports which had been released and 22 audits which were ongoing.

The executive summaries of the 25 reports from the operational plan had been included as individual appendices. Consideration was given to each report and during the discussion reference was made to the following matters:-

##### **Arrears of Dinner Money, Primary Schools**

In response to a question from a member, the Senior Audit and Risk Manager notified members that the outcome of the follow-up work would be submitted at the next committee.

##### **Capital System and Processes**

A member asked for further explanation regarding the record cards which were referred to in the main findings. In response the Senior Audit and Risk Manager confirmed that the record cards was a procedure used by departments when bids were made for capital money to develop any system. They would be required to fill in record cards, which would note how much money they received, the expenditure profile, the arrangement for the project etc. He noted that the intention was to have control of capital expenditure on some projects within the Council.

Another member asked whether the Performance Account Managers who dealt with the record cards had the relevant qualifications to run the scheme. In response, the Senior Audit and Risk Manager notified the Committee that there were Project Managers who were separate from the Performance Account Managers. All Council managers were expected to receive a Prince 2 qualification as part of the Council's training programme.

### **Home Care Management System**

**RESOLVED to send a letter to the Provider and Leisure Department congratulating it on receiving an "A" opinion category.**

### **Glan Wnion, Glaslyn and Plas Silyn Leisure Centres**

In relation to a question from a member regarding the audits on the above centres, the Senior Audit and Risk Manager notified members that there were no officers from the leisure service present at the meeting to answer questions on the audits as it was intended to submit additional similar reports to the next meeting, and they could be invited to that meeting. The Senior Manager would meet with the Head of Provider and Leisure Department and the Senior Leisure Officer next week to discuss the matter.

### **The Print Room**

A member drew attention to the main findings of the audit which referred to the fact that it was found that approximately £368,000 worth of printing work was being awarded to external companies annually. He asked whether this was outside the Council's Financial Procedural Rules. In response, the Senior Audit and Risk Manager confirmed that it was not intended to give that impression, and that the work had been awarded in accordance with the Council's tendering process.

The member enquired further, as the future of this unit was under consideration, whether it would be beneficial for any department requiring work to be printed to ask the unit for a price rather than to approach external companies. In response, the Head of Finance Department notified members that in the past there had been a need for some aspects of the work to be done externally as there were some technical elements that the print room could not provide e.g. Council Tax bills, but by now it had been given to understand that this provision was available in the print room.

### **North Wales Trunk Road Agency – Climate Change Risks**

**RESOLVED to send a letter to the Trunk Road Agency congratulating it on receiving an "A" opinion category.**

**RESOLVED to accept the reports on the Internal Audit Section's work for the period between 1 September and 30 November 2010 and to support the recommendations already submitted to the managers of the relevant services for implementation.**

## **5. INTERNAL AUDIT PLAN 2010/11**

Submitted – the report of the Senior Audit and Risk Manager providing an update of the current situation in terms of completing the 2010/11 internal audit plan.

He provided details of the situation as at 2 January 2011 along with the time spent on each audit to date. The following table was highlighted, which revealed the current status of the work in the operational plan -

<b>Audit Status</b>	<b>Number</b>
Planned	25
Working Papers Created	5
Field work started	13
Draft Report	6
Final Report	57
<b>Total</b>	<b>106</b>
Cancelled	2

He notified the Committee that the 2010/11 performance target was to have 85% of the audits in the revised plan to be either closed or with the final report released by 31 March 2011. He provided details of the quarterly profile of the indicator. He noted that Internal Audit's actual achievement by the end of the third quarter was 53.8% and out of the 106 individual audits in the 2010/11 revised plan, 57 had been released finally by the end of the quarter. Performance was therefore consistent with the profile set.

In relation to the amendments to the plan, the officer provided details of those amendments to the members.

**RESOLVED to note the contents of the report as an update on progress against the 2010/11 audit plan.**

The meeting commenced at 10.30am and concluded at 12.05pm.