

Public Document Pack



County Hall
Rhadyr
Usk
NP15 1GA

Wednesday, 28 February 2018

Notice of meeting

Audit Committee

Thursday, 8th March, 2018 at 2.00 pm,
County Hall, The Rhadyr, Usk, NP15 1GA

AGENDA

| Item No | Item | Pages |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| 1. | Apologies for Absence | |
| 2. | Declarations of Interest | |
| 3. | Public Open Forum | |
| 4. | To confirm minutes of the previous meeting held on 11th January 2018 | 1 - 8 |
| 5. | To note the Action List from 11th January 2018 | 9 - 24 |
| 6. | Information Management Review | 25 - 42 |
| 7. | MCC Audit Plan 2018 | 43 - 70 |
| 8. | Certification of Grants and Returns | 71 - 84 |
| 9. | Wales Audit Office Proposals for Improvement Progress Report | 85 - 102 |
| 10. | Internal Audit Draft Plan 2018/19 | 103 - 114 |
| 11. | Internal Audit Progress Report 2017/18 quarter 3 | To Follow |
| 12. | Forward Work Programme | 115 - 118 |
| 13. | To confirm the date and time of the next meeting as Thursday 12th April 2018 at 2.00pm | |
| 14. | To consider whether to exclude the press and public from the meeting during consideration of the following items of business in accordance with Section 100A of the Local Government Act 1972, as amended, on | 119 - 122 |

| | | |
|------------|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 15. | Events | the grounds that it involves the information as defined in Paragraphs 13 and 14 of Part 4 of Schedule 12A to the Act (Proper Officer's view attached) |
|------------|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|

**Paul Matthews
Chief Executive**

MONMOUTHSHIRE COUNTY COUNCIL
CYNGOR SIR FYNWY

THE CONSTITUTION OF THE COMMITTEE IS AS FOLLOWS:

County Councillors:

P White
J. Higginson
P. Clarke
A. Easson
P. Murphy
B. Strong
J.Watkins
M.Feakins
M.Lane
S. Woodhouse
V. Smith

Public Information

Access to paper copies of agendas and reports

A copy of this agenda and relevant reports can be made available to members of the public attending a meeting by requesting a copy from Democratic Services on 01633 644219. Please note that we must receive 24 hours notice prior to the meeting in order to provide you with a hard copy of this agenda.

Watch this meeting online

This meeting can be viewed online either live or following the meeting by visiting www.monmouthshire.gov.uk or by visiting our Youtube page by searching MonmouthshireCC.

Welsh Language

The Council welcomes contributions from members of the public through the medium of Welsh or English. We respectfully ask that you provide us with 5 days notice prior to the meeting should you wish to speak in Welsh so we can accommodate your needs.

Aims and Values of Monmouthshire County Council

Our purpose

Building Sustainable and Resilient Communities

Objectives we are working towards

- Giving people the best possible start in life
- A thriving and connected county
- Maximise the Potential of the natural and built environment
- Lifelong well-being
- A future focused council

Our Values

Openness. We are open and honest. People have the chance to get involved in decisions that affect them, tell us what matters and do things for themselves/their communities. If we cannot do something to help, we'll say so; if it will take a while to get the answer we'll explain why; if we can't answer immediately we'll try to connect you to the people who can help – building trust and engagement is a key foundation.

Fairness. We provide fair chances, to help people and communities thrive. If something does not seem fair, we will listen and help explain why. We will always try to treat everyone fairly and consistently. We cannot always make everyone happy, but will commit to listening and explaining why we did what we did.

Flexibility. We will continue to change and be flexible to enable delivery of the most effective and efficient services. This means a genuine commitment to working with everyone to embrace new ways of working.

Teamwork. We will work with you and our partners to support and inspire everyone to get involved so we can achieve great things together. We don't see ourselves as the 'fixers' or problem-solvers, but we will make the best of the ideas, assets and resources available to make sure we do the things that most positively impact our people and places.

This page is intentionally left blank

Public Document Pack Agenda Item 4

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Audit Committee held
at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 11th January, 2018 at 2.00 pm

PRESENT: Mr. P White (Chairman)
County Councillor J. Higginson (Vice Chairman)

County Councillors: P. Clarke, A. Easson, P. Murphy, B. Strong,
M. Feakins, M. Lane and V. Smith

OFFICERS IN ATTENDANCE:

| | |
|------------------|-----------------------------------------------------|
| Andrew Wathan | Chief Internal Auditor |
| Annette Evans | Customer Relations Manager |
| Non Jenkins | Wales Audit Office |
| Peter Davies | Chief Officer, Resources |
| Wendy Barnard | Democratic Services Officer |
| Jonathan Davies | Central Accountancy Finance Manager |
| Richard Jones | Policy and Performance Officer |
| Terry Lewis | Wales Audit Office |
| Lesley Russell | Senior Accountant - Fixed Assets and Treasury |
| Deb Hill-Howells | Head of Commercial and Integrated Landlord Services |
| Ben Winstanley | Estates Manager |
| David Jarrett | Accountant |

APOLOGIES:

County Councillors J. Watkins and S. Woodhouse

1. Declarations of Interest

County Councillor A. Easson declared a personal non-prejudicial interest as a Governor of Ysgol Gymraeg Y Ffin and as a trustee of the Monmouthshire Farms Educational Trust.

2. Public Open Forum

There were no members of the public present.

3. To confirm minutes of the previous meeting on 23rd November 2017.

The minutes of the meeting held on the 23rd November 2017 were confirmed and signed by the Chair as a true record.

4. To note the Action list from 23rd November 2017.

- **Implementation of Internal Audit recommendations:** The Chief Officer, Children and Young People had been asked to supply details of measures taken or plans to address recommendations. The Chief Internal Auditor reported that the Chief Officer has asked for further information to enable him to make enquiries with schools where recommendations have not been implemented. This matter arises from a previous report

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Audit Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 11th January, 2018 at 2.00 pm

to Audit Committee there were recommendations not implemented. A report will be provided at the next meeting.

- **Contract Procedure Rules (CPR) Exemptions:** Following a previous report on CPR exemptions, three Heads of Service were asked to justify non-compliance. It was discussed that in cases of non-compliance Managers/Heads of Service can be requested to attend an Audit Committee meeting to offer an explanation. It was agreed that three Managers/Heads of Service should be invited to attend the next meeting to explain their non-compliance with Contract Procedure Rules in respect of road repairs, Abergavenny Public Realm, and the Children and Young People's Directorate.

It was queried if a new form was to be utilised to follow the process but reported that Audit maintains a log of CPR exemptions and authorisation compliance. It was confirmed that the Contract Procedures Rules make clear the process to follow and all Managers involved in procurement must comply. The Chief Internal Auditor will write to Managers and Heads of Service to remind them of due process.

The Cabinet Member confirmed that the authority is conducting a review of procurement and this focus will be a useful addition.

- **Unsatisfactory Audit Opinions:** see agenda item 9
- **Kerbcraft:** There had been a request for information regarding provision of cycle and motorcycling training. A response has been circulated to Members in response.

5. Annual Whole Authority Complaints

The Customer Relations Manager presented the Whole Authority Report 2016/17 to provide Audit Committee with information on the number and types of complaints, comments and compliments received and dealt with from April until March 2017.

It was noted that the authority uses the Ombudsman's model to deal with complaints in a 2 stage process (informal and formal). The report also provided a summary of the number of Freedom of Information Act (FOI) requests received by the Council during this period.

Following presentation of the report, Members were invited to comment.

A Member noted the frequency of concerns about communication and responses and asked if residents had to specify if a matter was to be dealt with formally. It was responded that services should address complaints according to the policy however they are received.

A Member was concerned about a report of children not being allowed on a school bus if they had no bus pass. It was believed this was to do with allocation of bus passes at the beginning of term and the matter had been resolved. It was emphasised that children must not be left stranded in terms of safeguarding.

The report was noted by the Committee.

6. Treasury Strategy 2018-19

The Senior Accountant (Fixed Assets and Treasury) presented the combined Treasury Management Policy Statement; Strategy Statement including Minimum Revenue Provision (MRP) Statement and Investment Strategy and also Prudential Indicators 2018/19.

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Audit Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 11th January, 2018 at 2.00 pm

The Committee was informed that the overall purpose of the strategies and statement is to provide a framework to minimise risk when investing and borrowing to keep public money safe, and additionally, to achieve acceptable returns and maintain liquidity for day to day operations.

The Committee was updated that the authority has completed the Opt Up process to professional status with regard to financial institutions it interacts with. This requires the authority to retain cash balances of £10m which may involve a small additional amount of borrowing not normally incurred.

Arlingclose (Financial Advisers) have advised that the duration of investments should be reduced due to changes to banking regulations. An explanation of the capital financing requirement was provided.

A Member noted that borrowing last year was in the region of £90m, this year £120m and next year £140m. It was questioned how long it is possible to sustain this level of borrowing. It was queried if interest and repayment levels would be a risk to the Council and asked if the focus should be on reduction of debt. It was responded that borrowing requirement rises continuously due to the significant capital programme (e.g. 21st C Schools) and once that programme expires, the Council will revert to lesser capital expenditure and borrowing will reduce.

It was noted that future borrowing depends on what schemes are approved in the future and how much revenue budget can be afforded to sustain existing programmes. The Member expressed concern in terms of capital that at a future point there will be insufficient capital assets. The Cabinet Member confirmed that the authority is selling as many assets as possible but also pointed out that there will be 3 valuable schools realised as new assets. The cost of borrowing was confirmed as approximately £60-70,000 per £1m for 25 years, good rates are always sought and internal borrowing utilised. Repayments are budgeted for so funds are available to pay for loans.

It was noted that capital grants from Welsh Government are not available so to progress schemes, selling deteriorating assets and borrowing is a necessity.

A Member queried treasury investment policy on the purchase of property for investment. The Cabinet Member confirmed that the authority has considered such purchases and if the right investment presented that could contribute to income, Members would be asked to consider the proposal before proceeding.

The Committee endorsed the strategies and statements and recommended ratification by Full Council.

7. Review of Reserves - Period 2

The Finance Manager presented a report on prospective reserve usage in conjunction with a continued need to highlight the revised reserves protocol endorsed by Cabinet. Following the report, comments and questions were invited from Committee Members:

A Member commented that the reserve level of 5% is low but prudent as has been the normal practice of the Council. The Cabinet Member emphasised that surpluses are used where possible to replenish reserves.

A Member noted that there was likely to be £0.5m deficit in school reserves; some have surplus balances, others deficits and questioned how to ensure schools retain a surplus position. The Cabinet Member explained that generally, primary schools hold surpluses and secondary school have large deficits. Chepstow and Caldicot Schools are improving and moving towards

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Audit Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 11th January, 2018 at 2.00 pm

a surplus and there are recovery plans in place for Monmouth and King Henry VIII Comprehensive Schools.

A question was asked about earmarked reserves and the Officer agreed to send a list of priority investments to the Committee.

8. Unsatisfactory Audit Opinions

The Chief Auditor presented the regular 6-month update of unsatisfactory audit opinions in line with the Audit Plan with the aim of providing assurance on the internal control environment. Reference was made to the effect of available resources and systems being available to a manager to make improvements and that a manager must be given adequate opportunity to implement the recommendations. Questions and observations were invited:

A Member asked for further information on the opinion regarding Raglan Church in Wales Primary School. It was responded that all draft reports are discussed with the Headteacher or Manager and an agreed action plan drawn up. The Headteacher is obliged to address the recommendations. There had been a view expressed previously by Members that recommendations weren't being implemented as quickly as they should have been. This aspect is being looked into.

It was agreed to note the report.

9. Strategic Risk Assessment

The Policy and Performance Officer introduced the report and also provided a presentation to refresh the Committee's understanding of how strategic risk is identified, the key principles of the Council's risk management policy and processes and formulation of the risk register. Following the presentation, questions and comments were invited:

The Chair observed that the report was very clearly presented. In response to a question, it was confirmed that progress on mitigations will be reported in an annual report to Audit Committee.

10. Asset Management Review

The Wales Audit Officer presented the Asset Management report.

It was concluded that the Council has a good understanding of its assets, however, it lacks a strategic approach and effective information technology to support the management of assets. The conclusion was arrived at because:

- the Council has an Asset Management Plan but this is not time bound and focuses on the short term;
- the Council can show improved use of some assets but asset management arrangements are not well co-ordinated or supported by effective IT systems; and
- the Council reviews its ongoing use of assets but the Asset Management Plan remains unchanged since 2014.

One proposal for improvement was made as follows:

The Council's asset management arrangements could be strengthened by developing and delivering a long-term sustainable strategy for its assets based on a thorough assessment of needs, costs and benefits supported by:

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Audit Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 11th January, 2018 at 2.00 pm

- short, medium and long-term performance indicators;
- embedded governance arrangements to support the strategic management of assets;
- IT asset management systems which integrate more effectively with other systems to facilitate better information capture and use; and
- utilising information arising from stakeholder consultation and engagement including what the Council has learnt about its experience of its community asset transfers to better inform its decision-making.

A management response was provided by the Head of Commercial and Integrated Landlord Services and the Estates Manager:

- Whilst accepting the Asset Management Plan began in 2014, the follow up review took place in April 2017 before the election and it had been decided not to review it in order to reflect the strategies of the new council.
- The Asset Management Strategy is under review and will align with the corporate plan which is currently being drafted based on the Council's priorities. It was accepted that the strategy and asset management plan need to be separate. The new strategy will be for five years to reflect the term of the new political administration. The Action Plan will be reviewed, is already embedded in the Estates Service Improvement Plan and had been reviewed through scrutiny processes.
- The performance indicators have been reviewed and will be part of the Service Improvement Plan.
- In terms of governance, the Place Board has been reconstituted. There are ongoing discussions to consider combining the Asset Management Steering Group with the Capital Asset Group.
- It was not accepted that project management is weak; significant projects have been delivered on time and within budget.
- It was agreed that IT asset management systems require improvement and the team are looking at solutions especially to improve collaboration with finance information.
- In terms of utilising information, there was evidence from the Abergavenny and Usk Hubs consultation that all information gathered was included. Assurance was provided of willingness to learn and embed improvements going forward.

The Cabinet Member was pleased with progress achieved from joining the roles of Commercial and Integrated Landlord to achieve much better control.

A Member asked about realisation of assets, particularly in relation to County Farms and collection of arrears and an update was provided. It was explained that an external report was commissioned for County Farms to explore how best to maximise income on rental and through diversification. This is out to consultation with tenants and will be reported on in due course. It was explained that the authority is not slow in recovering debts; levels are low but the authority is a responsible landlord and takes account of farming circumstances. It was added that water arrears are very difficult to recover and this is the main component of debt.

The Committee were reminded that there is a six monthly report of Wales Audit Office proposals still considered open to be reported at the next meeting.

The Cabinet Member informed the Committee that there is a comprehensive review of County Farms in progress taking into account all aspects.

The Committee were satisfied with the information provided.

11. Joint Progress Report - Statement of Accounts Refinements

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Audit Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 11th January, 2018 at 2.00 pm

The jointly prepared document (2016/17 audited accounts) was presented by the Wales Audit Officer identifying issues detected, to tracks actions agreed and consider progress made.

Two areas highlighted for agreed actions were:

- Leave entitlements need to be addressed
- IT systems: specific aspects were flagged

A carried forward matter concerned the legal title of Osbaston Church in Wales Primary School.

It was confirmed there were no significant concerns.

In response to a question, the Finance Manager reminded that there was joint involvement in formulating the recommendations and emphasised that an unqualified audit opinion was issued. The recommendations represent refinements for the 2017/18 and relate mainly to fixed assets and accounting arrangements, which can be complex. The recommendations were welcomed and it was added that work is in progress to implement the recommendations before the next closure of accounts in March 2018.

A Member questioned a recommendation concerning SRS e.g. storage of back-ups and asked what action has been taken to address security of data in terms of Data Protection and sought clarification about the 3 links across Wales. It was agreed that the appropriate officer would provide the information after the meeting.

The report was noted.

12. Audited Trust Fund Accounts (Welsh Church Fund & Mon Farms) deferred from 23rd November 2017

The Finance Manager presented the reports prior to submission to the Charities Commission by end of January 2018 noting that an unqualified opinion for Welsh Church Trust Fund has been conferred. An unqualified examiners report was issued for the independent examination of the Monmouthshire Farms Educational Trust.

County Councillor A. Easson declared an interest as a trustee of the Monmouthshire Farms Educational Trust and questioned the accuracy of officer and adviser roles. It was agreed that this point would be clarified.

The Committee were satisfied with the contents of the report.

13. ISA260 or equivalent for Trust Funds - deferred from 23rd November 2017

The report was noted.

14. Forward Work Programme

The Chair suggested that additional detail was required. The Chief Auditor will address this matter with colleagues.

A Member asked for an update regarding the Borough Theatre Abergavenny.

15. To note the date and time of the next meeting as 8th March 2018 at 2.00pm

MONMOUTHSHIRE COUNTY COUNCIL

**Minutes of the meeting of Audit Committee held
at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 11th January, 2018 at 2.00 pm**

16. **To consider whether to exclude the press and public from the meeting during consideration of the following items of business in accordance with Section 100A of the Local Government Act 1972, as amended, on the grounds that it involves the information as defined in Paragraphs 13 and 14 of Part 4 of Schedule 12A to the Act (Proper Officer's view attached)**

It was resolved to exclude the press and public from this point in the meeting.

17. **To confirm the minutes of the special meeting held on the 18th December 2017.**

A Member expressed dissatisfaction with the shortness of the minutes of the Special Meeting held on 18th December 2017. It was stated that due to the confidential nature of the item a detailed minute could not be included for publication.

The minute was not confirmed and an exempt report will be presented at the next meeting of the committee providing further details to enable the minutes to be agreed.

The meeting ended at 4.25 pm

This page is intentionally left blank

Agenda Item 5

Audit Committee Actions 11th January 2018

| Agenda Item: | Subject | Officer | Outcome |
|---------------------|--------------------------------------------------------------------------------------|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4 | Implementation of Internal Audit recommendations regarding Children and Young People | Andrew Wathan | The Chief Internal Auditor to provide the Chief Officer with further information. A report will be provided at the next meeting. |
| 4 | Contract Procedure Rules (CPR) Exemptions: | Chair/Andrew Wathan/Wendy Barnard | <p>Three Managers/Heads of Service invited to attend the next meeting to explain their non-compliance with Contract Procedure Rules in respect of road repairs, Abergavenny Public Realm, and the Children and Young People's Directorate.</p> <p>The Chief Internal Auditor will write to Managers and Heads of Service to remind them of due process.</p> |
| 7 | Review of Reserves | Jonathan Davies | A list of priority investments to the Committee |
| 11 | Joint Progress Report | Sian Hayward | Appropriate officer to provide information regarding SRS and security of data/clarification about the 3 links across Wales. |
| 14 | Forward Work Programme | Andrew Wathan | A Member asked for an update regarding the Borough Theatre Abergavenny. |
| 17 | Excluded item: Unsatisfactory Audit Opinions - Events | Andrew Wathan | Exempt report to be presented at the next meeting to provide further details to enable the minutes to be agreed. |

This page is intentionally left blank



monmouthshire
sir fynwy

County Hall
The Rhadyr
Usk
NP15 1GA

The person dealing with
This matter is Wendy Barnard
Telephone: 01633 644226
E-mail:
wendybarnard@monmouthshire.gov.uk

Date: 15th January 2018

Dear Mr Baldwin

Contract Procedure Rules

At the Audit Committee meeting held on 23 November, the Committee was given a report on the application of Contract Procedure Rules within Monmouthshire County Council.

This note concerns the correct application of Contract Procedure Rules in regard to a piece of work described to the Committee as 'Parsons Brinkerhoff used as part of the Consultancy Framework Service. MCC has been using their Geotechnical services for a number of issues on the A466 and we have done various bits of investigation and repair works of which they have detailed knowledge. We have recently completed repairs near to the old Livox Quarry entrance but at some point we may require the road to be realigned and we are in the process of undertaking further investigations to allow this to be investigated'.

Where a manager proposes that the normal contract procedure rules should be not be followed in regard to a particular piece of work, the correct procedure was described as follows:

- Obtain a sequentially numbered exemption form from Internal Audit
- Record the reason for requesting the exemption on the form
- Obtain the appropriate level of approval
- Return the fully signed off and approved form to Internal Audit

It appears that an exemption form was applied for in regard to the contract referred to in the second paragraph, above, but has not been returned, fully signed off, to Internal Audit.

As a result the Head of Internal Audit has told the Audit Committee that it cannot be verified that the application has been correctly authorised.

There is therefore a concern in the Committee that it is not possible to determine whether or not the correct procedures have been followed.

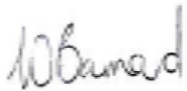
In such circumstances, the Committee is concerned that some operational managers procuring goods, works and services on behalf of the Authority may not be as familiar with Contract Procedure Rules and the exemption process as they should be.

As the contract referred to, above, is for a significant sum (£57,000), the Committee would like you to attend a future meeting of the Audit Committee to tell us more about the contract, why there was a need to circumvent normal Contract Procedure Rules, and to give you an opportunity to give the Committee a full account of the circumstances with regard to this piece of work.

You should be prepared to make a short statement, preferably as a written report to the Committee, and after your presentation, Committee members will be invited to ask further questions or seek clarification of any of the points raised.

You are invited to appear at the March 8 2018 meeting of the Audit Committee. Mrs Wendy Barnard can advise you of the deadline for any written submission you need to make.

Yours sincerely



pp Mr. P. White
Chair, Monmouthshire County Council Audit Committee

Audit Committee; 8th March 2018

Statement of Response

There are a number of ongoing and historic issues and failures along the A466 from St Arvans to Bigsweir Bridge which have required various repairs and monitoring to ensure the safety of the carriageway users. Since 2012 we have been using Parsons Brinkerhoff (WSP) as part of the Consultancy Framework Service and when a 250m length of carriageway started to move and crack in the winter of 2015/16 they were involved in providing geotechnical advice, investigation and monitoring of the failure. Temporary lights were installed as a safety precaution until this section of road was reconstructed and made safe towards the end of 2016. Due to the deep seated failure mechanism of the slope supporting the highway the repairs undertaken were only meant as a temporary short term measure and a more permanent solution may be required. This would take the form of realigning the highway into the hillside and founding this on more stable ground for which we would require suitable Geotechnical Investigation works to allow the design of the highway and associated slope stability works on excavated cut slopes. Considering the ongoing involvement and detailed knowledge of the consultant, for continuity, on this occasion it was felt appropriate to carry on with the services of WSP for this particular scheme.

The site is bounded by the lower Wye Valley SSSI and SAC and as such would need detailed cooperation with National Resources Wales (NRW) and various protected species licences to enable investigation works to be undertaken. The proposed fees for arranging the site investigation contract/tender, the necessary ecological surveys, liaising with NRW and producing the Geotechnical interpretation report etc. was £57,940.

In September 2016 the Consultancy Framework ended and was replaced by the National Procurement Service. While there is a direct award option up to £25K, as the proposed investigation works were £57K and we would like continuity on this occasion a request was made for exemption from compliance with contract procedure rules (attached)

Once all the necessary approvals and consents were granted the investigations were carried out over the period Sept/Oct 2017.

Stephen Baldwin

Project Engineer (Structures), Highway & Flood Management

Monmouthshire County Council

This page is intentionally left blank


REQUEST FOR EXEMPTION FROM COMPLIANCE WITH CONTRACT PROCEDURE RULES (CONTRACT PROCEDURE RULE 3)

| | |
|----------------------------------------------------------------------|------------|
| Authorisation Log Number (to be completed by Internal Audit): | 211 |
|----------------------------------------------------------------------|------------|

Exemptions can be approved as follows:

- >£5k, < £25k Head of Service (eg only one supplier)
- >£25k, < £75k Chief Officer
- >£75k.< EU thresholds Chief Finance Officer and relevant Cabinet Member

NO EXEMPTION CAN BE USED IF THE EU PROCEDURE APPLIES

| Application For Exemption Under Contract Procedure Rule 3: | | | |
|-------------------------------------------------------------------|-------------------------------------------------|----------------------------------------------------------------------------------------------|---------------|
| Directorate | Operations | | |
| Section | Infrastructure & Projects | | |
| Authorised Officer | Name S.J.Baldwin | Signature  | Date 21/11/16 |
| | Tel No 01633 644713 | | |
| | Email Address stevebaldwin@monmouthshire.gov.uk | | |
| Head of Service | Name | Signature | Date |
| | | | |

Nature of Works / Services / Goods / Materials to be Performed:

Failure of a the A466 just south of Tintern, close to Livox quarry, Monmouthshire has occurred which led to the closure of one lane and the implementation of traffic management measures. The road at this location has recently been reconstructed using reinforced earth and asphalt techniques to allow the road to be reopened for two-way traffic until more permanent works can be undertaken.

The long term solution is to realign the road into the hillside and Monmouthshire require Parsons Brinkerhoff to undertake suitable Geotechnical Investigation to allow the design of the highway and associated slope stability works on excavated cut slopes.

Please outline below a summary of the grounds for the exemption sought (Please specify WHICH Contract Procedure Rule you are seeking to receive exemption for and WHY)

Please ensure that a written report is attached to this form giving the full details of the contract and the reasons for the exemption(s) applied for.

Exemption from procedure rule 8.3 is required as only one quote was obtained.

For the past few years we have been using Parsons Brinkerhoff as part of the Consultancy Framework Service. We have been using there Geotechnical services for a number of issues on the A466 and we have done various bits of investigation and repair works of which they have detailed knowledge. We have recently completed repairs near to the old Livox Quarry entrance but at some point we may require the road to be realigned and we are in the process of undertaking further investigations to allow this to be investigated. As this framework has now ended for future works we will

be using the National Procurement Service. There is a direct award option up to £25K but as the proposed investigation works are £57K and we would like continuity on this occasion we would like to request an exemption from compliance.

(Continue overleaf if required)

| | |
|--------------------------------------------------------------|-------------------------------|
| Contract Start Date (if known): | 5 th December 2016 |
| Contract Duration: | 8 months |
| Site Address (if applicable): | A466 Nr Livox Quarry Entrance |
| Estimated Contract Start Date: | |
| Actual Contract Value (if known) or Estimated Contract Value | £57,940 |

Authorisation to grant Exemption from Contract Procedure Rules (as detailed above)

| | | | | | | | | | | | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-----------------|------|--------------------|--------------------|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|-----------|------|--|--|--|
| <p>Head of Service (>£5k, < £25k) or Chief Officer (>£25k, < £75k)</p> <p>Agreed: YES / NO</p> <table border="0"> <tr> <td style="text-align: center;">Name</td> <td style="text-align: center;">Signature</td> <td style="text-align: center;">Date</td> </tr> <tr> <td style="text-align: center;"><i>[Signature]</i></td> <td style="text-align: center;"><i>[Signature]</i></td> <td style="text-align: center;"><i>24/01/18</i></td> </tr> </table> <p>(Comments can be endorsed overleaf if required)</p> | Name | Signature | Date | <i>[Signature]</i> | <i>[Signature]</i> | <i>24/01/18</i> | <p>Where value exceeds £75,000: Section 151 Officer and Cabinet Member</p> <p>Agreed: YES / NO</p> <table border="0"> <tr> <td style="text-align: center;">Name</td> <td style="text-align: center;">Signature</td> <td style="text-align: center;">Date</td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> </table> <p>(Comments can be endorsed overleaf if required)</p> | Name | Signature | Date | | | |
| Name | Signature | Date | | | | | | | | | | | |
| <i>[Signature]</i> | <i>[Signature]</i> | <i>24/01/18</i> | | | | | | | | | | | |
| Name | Signature | Date | | | | | | | | | | | |
| | | | | | | | | | | | | | |

Please outline below the grounds for exemption sought (Please specify WHICH Contract Procedure Rule you are seeking to receive exemption for and WHY)

Additional Comments from Head of Service / Chief Officer / Section 151 Officer or Cabinet Member

**PLEASE RETURN THE COMPLETED AUTHORISED FORM TO THE CHIEF INTERNAL AUDITOR,
INTERNAL AUDIT SERVICES, MAGOR**

andrewwathan@monmouthshire.gov.uk



monmouthshire
sir fynwy

County Hall
The Rhadyr
Usk
NP15 1GA

The person dealing with
This matter is Wendy Barnard
Telephone: 01633 644226
E-mail:
wendybarnard@monmouthshire.gov.uk

Date: 15th January 2018

Dear Mr Keeble

Contract Procedure Rules

At the Audit Committee meeting held on 23 November, the Committee was given a report on the application of Contract Procedure Rules within Monmouthshire County Council.

This note concerns the correct application of Contract Procedure Rules in regard to a piece of work described to the Committee as 'Extension to contract with Alan Griffiths for construction work, phase 2 of the Abergavenny Public Realm scheme'.

Where a manager proposes that the normal contract procedure rules should be not be followed in regard to a particular piece of work, the correct procedure was described as follows:

- Obtain a sequentially numbered exemption form from Internal Audit
- Record the reason for requesting the exemption on the form
- Obtain the appropriate level of approval
- Return the fully signed off and approved form to Internal Audit

It appears that an exemption form was applied for in regard to the contract referred to in the second paragraph, above, but has not been returned, fully signed off, to Internal Audit.

As a result the Head of Internal Audit has told the Audit Committee that it cannot be verified that the application has been correctly authorised.

There is therefore a concern in the Committee that it is not possible to determine whether or not the correct procedures have been followed.

In such circumstances, the Committee is concerned that some operational managers procuring goods, works and services on behalf of the Authority may not

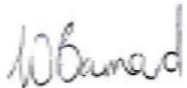
be as familiar with Contract Procedure Rules and the exemption process as they should be.

As the contract referred to, above, is for a significant sum (£300,000), the Committee would like you to attend a future meeting of the Audit Committee to tell us more about the contract, why there was a need to circumvent normal Contract Procedure Rules, and to give you an opportunity to give the Committee a full account of the circumstances with regard to this piece of work.

You should be prepared to make a short statement, preferably as a written report to the Committee, and after your presentation, Committee members will be invited to ask further questions or seek clarification of any of the points raised.

You are invited to appear either at the March 8 2018 meeting of the Audit Committee. Mrs Wendy Barnard can advise you of the deadline for any written submission you need to make.

Yours sincerely



pp Mr. P. White
Chair, Monmouthshire County Council Audit Committee

Dear Audit Committee

Contract Procedure Rules: Abergavenny Public Realm Scheme

I apologise to the Audit Committee for not fully adhering to the Contract Procedure Rules and failing to obtain the sequential number from our Internal Audit Team in connection with the above works.

The form was forwarded on to Internal Audit after obtaining the appropriate level of approval and I acknowledge that this was not the correct process and have therefore subsequently arranged for the number to be provided post authorised signatories.

I am now aware of the need to obtain the sequential number from Internal Audit before processing with any exemption request and in order to avoid any future reoccurrence of this nature I have arranged a training session on MCC Contract Procedure Rules for my colleagues from Highways.

I hope that the above actions are satisfactory to the Audit Committee.

Regards,

Paul Keeble | Group Engineer (Highway & Flood Management)
Monmouthshire County Council / Cyngor Sir Fynwy

This page is intentionally left blank

REQUEST FOR EXEMPTION FROM COMPLIANCE WITH CONTRACT PROCEDURE RULES (CONTRACT PROCEDURE RULE 3)

| | |
|----------------------------------------------------------------------|------------|
| Authorisation Log Number (to be completed by Internal Audit): | 219 |
|----------------------------------------------------------------------|------------|

Exemptions can be approved as follows:

- >£5k, < £25k Head of Service (eg only one supplier)
- >£25k, < £75k Chief Officer
- >£75k, < EU thresholds Chief Finance Officer and relevant Cabinet Member

NO EXEMPTION CAN BE USED IF THE EU PROCEDURE APPLIES

| Application For Exemption Under Contract Procedure Rule 3: | |
|------------------------------------------------------------|------------------------------------------------------------------------------------|
| Directorate | Operations |
| Section | Highways and Flood Management |
| Authorised Officer | Name Paul Keeble Signature <i>Paul Keeble</i> Date 5 th April 2017 |
| | Tel No 01633 644733 |
| | Email Address paulkeeble@monmouthshire.gov.uk |
| Head of Service | Name Roger Hoggins Signature <i>R Hoggins</i> Date 18/07/12 |

Nature of Works / Services / Goods / Materials to be Performed:

Abergavenny Public Realm Improvements Phase 2 which consists of the renewal of footways and carriageways in Lion Street and Frogmore Street to extend and complement works completed in Phase 1

Please outline below a summary of the grounds for the exemption sought (Please specify **WHICH** Contract Procedure Rule you are seeking to receive exemption for and **WHY**)

Please ensure that a written report is attached to this form giving the full details of the contract and the reasons for the exemption(s) applied for.

See attached

continue overleaf if required)

| | |
|--------------------------------------------------------------|--------------------------|
| Contract Start Date (if known): | January 2018 |
| Contract Duration: | 20 weeks |
| Site Address (if applicable): | Lion Street, Abergavenny |
| Estimated Contract Start Date: | January 2018 |
| Actual Contract Value (if known) or Estimated Contract Value | Approx.. £330,000 |

| | | | | | |
|-------------------------------------------------------------------------------------------------|-----------|------|--------------------------------------------------------------------------------------|--------------------|----------|
| Authorisation to grant Exemption from Contract Procedure Rules (as detailed above) | | | | | |
| Head of Service (>£5k, < £25k) or Chief Officer (>£25k, < £75k) | | | Where value exceeds £75,000: Section 151 Officer and Cabinet Member | | |
| Agreed: YES / NO | | | Agreed: <u>YES</u> / NO | | |
| Name | Signature | Date | Name | Signature | Date |
| | | | SM ROBSON | <i>Robson</i> | 18/7/17 |
| | | | <i>S. B. Jones</i> | <i>S. B. Jones</i> | 18/07/17 |
| (Comments can be endorsed overleaf if required) | | | (Comments can be endorsed overleaf if required) | | |

Please outline below the grounds for exemption sought (Please specify WHICH Contract Procedure Rule you are seeking to receive exemption for and WHY)

Under Clause 3.4

1st Extension of existing contract

Additional Comments from Head of Service / Chief Officer / Section 151 Officer or Cabinet Member

Budget approved + funded from section 106 monies Cabinet
in June 2017

PLEASE RETURN THE COMPLETED AUTHORISED FORM TO THE CHIEF INTERNAL AUDITOR,
INTERNAL AUDIT SERVICES, MAGOR

andrewwathan@monmouthshire.gov.uk

Reasons for Exemption and awarding contract as an extension to the existing contract

Phase 1 of the Improvement Works was tendered in accordance with CSO and using the South East Wales Framework Contract.

The contract was awarded on a 40% Cost / 60% Quality basis

The reason for the high emphasis on `Quality` was because of the nature of the works in a sensitive town centre environment.

The Quality submission and associated statements submitted by the Contractor are an integral part of the contract .

Alun Griffiths was a clear winner of the tendering process with a score of 98/100. The next best was 75/100

Phase 1 of the works was valued at approx.. £1.2m , the extension of the contract to Phase 2 is approx. 25% of the original contract.

Since the contract used bespoke material from a local quarry Alun Griffiths has sourced and established a reliable supply chain for the specified material.

The original contract is current and remains in force.

There is no doubt that Alun Griffiths performance in developing delivering Phase 1 was quite exceptional in all respects.

By extending the contract and appointing Alun Griffiths at an early stage in the process , we can develop the phase 2 of the project using `early contractor involvement` which is an industry standard best practice for developing difficult projects and anticipating issues that may arise.

Given that the procurement process and tenderers will remain unchanged using the SE Wales Framework rates we are satisfied that there is no purpose in repeating the process and that it is both reasonable and most cost effective to extend the contract and award the works to Alun Griffiths.

Ian Brain

Project Engineer Highway Design Manager

14/03/2017

Reason for Extension and awarding contract as an extension to the existing contract

Phase 1 of the Improvement Works was tendered in accordance with CSD and being the South East West Framework Contract

The contract was awarded on a Fixed Cost / 20% Quality Incentive. The reason for the high emphasis on Quality was because of the nature of the works in a sensitive town centre environment.

The Quality submission and associated statements submitted by the Contractor are an integral part of the contract.

Alan Griffiths was a clear winner of the tendering process with a score of 88/100. The total bid was 35/100

Phase 2 of the work was valued at approximately £1.5m, the extension of the contract to Phase 2 is approx. 25% of the original contract.

Since the contract used bespoke material from a local quarry Alan Griffiths has sourced and established a reliable supply chain for the required material.

The original contract is current and remains in force.

There is no doubt that Alan Griffiths performance in developing delivery Phase 1 was quite exceptional in all respects.

By extending the contract and appointing Alan Griffiths at an early stage in the process, we can develop the Phase 2 of the project using "early contractor involvement" which is an industry standard best practice for developing difficult projects and mitigating issues that may arise.

Given that the procurement process and tendering will remain unchanged using the SE Wales Framework rates we are satisfied that there is no purpose in repeating the process and that it is both reasonable and most cost effective to extend the contract and award the work to Alan Griffiths.

on Behalf

Project Engineer Highway Design Manager

14/03/2017



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Information Management – **Monmouthshire County Council**

Audit year: 2016-17

Date issued: December 2017

Document reference: 199A2017-18

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at

infoofficer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

The team who delivered the work comprised Paul Cunningham and Dave Wilson, programme managed by Non Jenkins under the direction of Huw Rees.

Contents

The Council has information management arrangements that could support improvement, but these need strengthening before their benefits can be fully realised.

Summary report

Summary 4

Proposals for improvement 5

Detailed report

The Council has information management arrangements that could support improvement, but these need strengthening before their benefits can be fully realised 6

The Council has information management strategies, policies and procedures although some are not up to date and are confusing in content 6

The Council shows commitment to information management and recently reconstituted its Information Governance Group, but its leadership and remit do not match best practice 9

The Council's information assets are, for the most part, easily and appropriately accessible to the public, members and staff, although the ongoing failure to meet Public Sector Network standards presents a significant risk to both information security and business activity 11

Summary

1. In March 2015, we undertook a corporate assessment at Monmouthshire County Council (the Council). As part of our corporate assessment, we reviewed the Council's information management arrangements in supporting robust and effective decision-making and improvement. Our review of information management at that time concluded that 'the Council had adequate information management arrangements in place but acknowledged, and had started, to address some weaknesses'. We came to this conclusion because:
2. The Council had adequate arrangements in place to manage information securely, although there was a minor breach in 2014. Internal arrangements included policies and procedures relating to information governance including retention and disposal policies, an information governance group, an information manager and a Data Protection/Freedom of Information officer. A senior manager was the dedicated Senior Information Risk Owner and the Council could access an information security support service through one of its IT contracts. There was an incident in 2014, involving the inadvertent disclosure of bank details. This seemed to have been dealt with quickly, and appropriate lessons learned.
3. As a result of this incident, the Council recognised the need to reinforce information security management and had taken appropriate action. It had undertaken further awareness-raising activity with staff who prepare reports. Information governance was to be included in induction training and all managers were expected to attend mandatory data-protection training. Members also received data-protection training. The Council was also developing a revised set of guidelines for committee report writers, outlining expectations and guidance regarding the format and content of reports. This demonstrated a commitment to reviewing and improving arrangements.
4. In May 2017 we undertook a follow-up review to assess the progress the Council had made to its information management arrangements. We concluded that **the Council has information management arrangements that could support improvement, but these need strengthening before their benefits can be fully realised**. We came to this conclusion because:
 - the Council has information management strategies, policies and procedures, although some are not up to date and are confusing in content;
 - the Council shows commitment to information management and recently reconstituted its Information Governance Group, but its remit is limited and the Senior Information Risk Owner is not a member of the Senior Leadership Team; and
 - the Council holds information securely and most is easily and appropriately accessible to the public, members and staff, although the ongoing failure to meet Public Sector Network standards presents a significant risk to both information security and business activity.

Proposals for improvement

Exhibit 1: proposals for improvement

This exhibit shows our proposals for improvement.

| Proposals for improvement | |
|----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Information strategy | |
| 1 | The Council should finalise and agree its updated Management Information Strategy. The Strategy should include: <ul style="list-style-type: none">• an outline of the broad approach the Council plans to take, emphasising how Information will be used to support its strategic aims; and• a schedule of annual review and update so that developments can be responded to in a relatively short time. |
| Policy | |
| 2 | The Council should review, clarify and rationalise its information management policy documents ensuring that: <ul style="list-style-type: none">• its policy decisions and guidance follow on clearly from the overall strategy; and• its documents conform to a standard format, and are subject to regular planned reviews. |
| Role and profile of Senior Information Risk Owner | |
| 3 | The Council should assure itself that the role of SIRO has sufficient profile, authority and accountability, with the seniority to challenge decisions made at Senior Leadership Team. |
| Information Governance Group | |
| 4 | The Council should revise the Terms of Reference for the Information Governance Group to explicitly include the task of overall scrutiny of all the factors affecting the environment within which data and information reside. |
| PSN Accreditation | |
| 5 | The Council should pursue PSN accreditation as a matter of urgency within the current financial year, bringing in external resources to achieve this if necessary. |

The Council has information management arrangements which could support improvement but these need strengthening before their benefits can be fully realised

The Council has information management strategies and policies although some are not up to date and are confusing in content

- 5 The Council's iCounty Digital strategy (iCounty), which it developed in 2014 to formalise and provide a roadmap for its service transformation, was ambitious in its scope and aspirations. However, it did not clearly specify how the strategy would help the Council transform business delivery through the management of information. The Council reviewed its iCounty Digital Strategy in 2016, and it now covers the period 2016-19. In March 2015, the Council updated its Information Strategy, originally produced in 2009. The Information Strategy covers all paper based and electronically held information and, although not explicitly linked to the iCounty Digital Strategy, states that its aim is: 'to promote the effective management of information as a corporate resource, leading to improvements in services for citizens.'
- 6 An Information Strategy, supported by action plans, would normally set out how a council will achieve its information management aims and objectives. Information policies would normally define the parameters or rules within which a council expects members and officers to work when managing information, both digital and paper based. At the time of our review, Monmouthshire County Council's Information Management Policy (2016-19) described some specific actions it will take to improve management information, but these were absent from its Information Strategy. For example, the Information Strategy referred to the use of electronic data record management systems but did not explain whether the Council aims to reduce reliance on legacy systems and, if so, how it might achieve this and by when, so that it can measure progress in delivery.
- 7 The Council's Information Strategy was due for review in March 2017 but, at the time of our review in May 2017, it was not complete. The 2015 version of the Information Strategy was no longer fit for purpose as much had changed in the information management field in the intervening years. There was a risk that delaying the update of the Information Strategy further would hinder delivery of the Council's corporate objectives. For example, the lack of refreshed strategic aims and objectives would make it difficult for the Council to target resources effectively and measure improvement in the management of information. We understand that, since our visit to the Council, the information strategy has now been updated,

amalgamating previous strategies, and aligning with the themes of the service improvement plan. It was scrutinised, agreed and adopted (in October 2017) although we have not yet reviewed it.

- 8 The Council's Information Strategy is supported by its Agile Working Project. The project was initially a response to issues of accommodation and demand for new working patterns but it also had implications for how staff need, access and use information. The project has acted as a catalyst for the Council's transformation, bringing digital issues to the fore, and stimulating demand for business transformation at all levels, with many staff benefitting from easier access to IT systems and data.
- 9 Following on from the Agile Working Project, the Council's Digital Programme Office is conducting a digital review. The Council intends this review to provide a baseline for current use of digital technology in managing information, to help inform many of the Council's strategies and provide indicators against which to measure progress.
- 10 The Council is engaged in a strategic partnership for the delivery of information technology with the Shared Resource Service (SRS)¹, which includes information management. Our interviews indicated that the SRS is broadly popular with Council staff, providing some savings in terms of economies of scale and better access to expertise when required. At the time of our review, an up to date service level agreement defining the working arrangement between the SRS and the Council was not yet in place, although user groups provide feedback to the SRS on its services by attending SRS user groups.
- 11 The Council has a Digital and Technical Business Plan, covering the period (2016-2019), that provides details of immediate priorities for action for 2016-17. At the time of our review only the final section on risk covered the period beyond 2016-17, although staff explained that the Council was reviewing its Information Strategy.
- 12 Overall, the Council's information management planning and policy documentation lacked the appropriate flow and coherence of a golden thread from strategic to operational, to monitoring and review, and was not presented in a consistent format. For example, the Information Management Policy covered strategic aims at a high level, which would be more appropriate in a strategy; timelines were fragmented (the Digital Programme Office Business plan for 2016-19 only covers the period 2016-17); and some documents such as the Information Strategy itself

¹ The Shared Resource Service (SRS) describes itself as a collaborative technology provision in South Wales that provides technology services to the public sector. Current partner organisations of the SRS are Gwent Police, Torfaen CBC, Blaenau Gwent CBC and Monmouthshire CBC. The SRS currently has two strands to its service provision:

- the Shared Resource Centre in Blaenavon that houses a data centre capability used by partners and the wider Welsh Public Sector; and
- the Shared Resource Service which is an integrated technology team that provides IT services to partner organisations.

were still under development during our review. These documents did not sit alongside and support the Council's overall strategic approach to information management.

- 13 At the time of our review, in May 2017, the Council's plans to comply with the General Data Protection Regulation (GDPR) were progressing and built on much work done in the area of data protection over the past 4-5 years by its Data Protection Officer. The Council's staff we spoke to during our review were aware of the Council's incident reporting procedure. The procedure can be accessed via the Council's intranet, known as 'The HUB'.
- 14 The Council is signed up to the Wales Accord for Sharing Personal Information (Waspi) and many individual protocols are in place within service departments under this umbrella.

The Council shows commitment to information management and recently reconstituted its Information Governance Group, but its leadership and remit do not match best practice

- 15 The Head of People and Information Governance is the Council's appointed Senior Information Risk Owner (SIRO). Having the SIRO as a member of the Senior Leadership Team (SLT), independent of the delivery of IT services, is good practice. This gives the SIRO sufficient profile and authority to challenge decisions made at that level, and ensure accountability for information management, in line with the requirements of international standards such as ISO 27001². However, in Monmouthshire County Council the SIRO is not a member of its SLT and so the Council needs to assure itself that this does not hinder the SIRO from effectively undertaking their role.
- 16 The Council has an established Information Governance Group (IGG), re-established in May 2017 with new Terms of Reference. Membership includes the SIRO and other relevant senior staff. The Terms of Reference describe the role of the IGG as covering implementation, monitoring and review of strategy and policy around information management as well as to promote good working practices and support culture change towards data-led decision making and service redesign.
- 17 We would expect the Council to have a group that covers the function of an Information Security Management Forum, as defined in the ISO 27001 standard. The Council needs to be aware of all of the factors affecting the environment within which data and information reside, and a group delivering this function would fulfil that need. By having such a group, that was effectively discharging these responsibilities, the Council would have assurance that appropriate arrangements were in place to respond to all information breaches or potential breaches with appropriate mitigating action, monitoring and evaluation. The SIRO would then be able to use the group to fully evaluate the risk the information asset poses to the organisation and therefore support completion of the section on information assets in the Council's Annual Governance Statement. Although the Information Governance Group covers some of this remit in practice, this is not clear in its Terms of Reference.

² ISO27001 is an international standard for Information Security, published by the International Organization for Standardization and the International Electrotechnical Commission. It provides comprehensive best practice guidance for managing the security of information held by organisations, as well as a route to the formal accreditation of this.

- 18 The Council has approximately 40-50 digital champions in place across its directorates. These posts were formerly Information Management Champions/Representatives, but since then they have evolved into digital champions and have a wider more integrated remit covering both the dissemination of information and guidance for staff, and receiving feedback on the performance of digital and information services.
- 19 The Council has made induction training on Information Governance issues mandatory for all staff, including for those not based within the main offices, and there was evidence of a renewed appetite amongst staff and members for refresher training, including 148 requests as at May 2017.

The Council's information assets are, for the most part, easily and appropriately accessible to the public, members and staff, although the ongoing failure to meet Public Sector Network standards presents a significant risk to both information security and business activity

- 20 The Council has a website, available in both Welsh and English languages. It is clearly set out and provides links to the various services provided. Information is readily available to citizens and staff of Monmouthshire through the Council website.
- 21 The Council has supplemented its website with a mobile phone app, available on most mobile phone platforms. Whilst we have not reviewed these facilities in any technical depth as part of this review, they appear to provide citizens with quick and easy access to information about the Council and its services.
- 22 Council staff and members have access to the Council's intranet, known as the HUB, which is based on Microsoft Sharepoint. It is particularly popular with the staff we interviewed who mostly reported that it was effective and has had a transformative effect, allowing much easier remote working, collaboration and access to information. However, some of the Council's data which is not easily available via the HUB is held in specific legacy systems. These legacy systems are generally older systems, often designed for a very specific purpose, that save their data in a closed environment and lack compatibility with modern software such as that on which the HUB is built.
- 23 As part of the Auditor General's 2016-17 financial opinion work, our review of the SRS premises, in 2016, indicated that a comprehensive set of security and availability controls were in place. We concluded that because many industry standard resilience controls were in place, alongside robust backup and recovery arrangements, there was a very low likelihood of the councils involved in SRS experiencing service interruption or data loss.
- 24 The Council has informed the SRS of its priority systems that support the more critical public services that would require the greatest support in the event of any IT disruption. The SRS would need to consider these alongside similar lists from other SRS partners, so that it could prioritise competing demands for its limited resources.
- 25 In the longer term, the Digital and Technical Services Business plan (2016-19) indicates that Monmouthshire Council plans to reduce the number of legacy systems replacing them with systems designed for operation in a shared service environment, which has the potential to greatly reduce this risk.

- 26 During 2016, Monmouthshire Council failed to achieve Public Sector Network (PSN) accreditation which is essential for connection to government services such as DWP Housing Benefit Claims. The Council had not, at the time of our review in May 2017, achieved this PSN accreditation, and we understand has still not. Without this accreditation, the Council can not connect to Government services such as DWP but this could have significant financial and business impacts potentially affecting the provision of some benefits such as Housing and Council Tax. The Council needs, therefore, to pursue PSN compliance, bringing in external resources to achieve this if necessary.

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone.: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn testun: 029 2032 0660

E-bost: post@archwilio.cymru

Gwefan: www.archwilio.cymru

Management response

Report title: Review of Information Management – Monmouthshire County Council

Completion date: December 2017

Document reference: 199A2017-18

Proposals for improvement

Page 39

| Ref | Proposal for improvement | Intended outcome/benefit | High priority (yes/no) | Accepted (yes/no) | Management response | Completion date | Responsible officer |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|------------------------|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|--------------------------------------------|
| P1 | <p>Information strategy</p> <p>The Council should finalise and agree its updated Management Information Strategy. The Strategy should include:</p> <ul style="list-style-type: none"> an outline of the broad approach the Council plans to take, emphasising how Information will be used to support its strategic aims; and a schedule of annual review and update so that developments can be responded to in a relatively short time. | Clear strategic direction for the management of information. | Yes | Yes | <p>The information strategy has been revised, scrutinised by Audit Committee in September 2017 and agreed by individual Cabinet member decision in October 2017. The Information Strategy covers a three year period with annual review dates to ensure its currency.</p> <p>With changes in digital capabilities and the ever increasing need for data and evidence to support critical business decisions the strategy has been revised to accommodate the 3 inter-related strands of –</p> <ul style="list-style-type: none"> Digital Information, Information Governance and Legislation & | October 2017 (Completed) | Sian Hayward, Head of Digital and Agile |

| Ref | Proposal for improvement | Intended outcome/benefit | High priority (yes/no) | Accepted (yes/no) | Management response | Completion date | Responsible officer |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------------------------------------------------------------------------------------|
| | | | | | <ul style="list-style-type: none"> Data use, Open Data and Business Intelligence. <p>This split better reflects the importance of information and data in a digital era, and the potential for it to be used as a business tool with data insights enabling effective decision making and service re-design options</p> | | |
| P2 | <p>Policy</p> <p>The Council should review, clarify and rationalise its information management policy documents ensuring that:</p> <ul style="list-style-type: none"> its policy decisions and guidance follow on clearly from the overall strategy; and its documents conform to a standard format, and are subject to regular planned reviews. | Clarity on how the Council will implement its Information Strategy | Yes | Yes | <p>Following this review being completed, Cabinet approved the framework for the development of a whole authority 'Corporate Plan', which will frame and contain the MTFP and inform and shape a whole set of enabling and delivery plans including Digital which will ensure flow and coherence.</p> <p>Traditionally the information policy and guidance documents were separate documents, although whilst separate, were fit for their various purposes. We will now align these into one integrated and comprehensive policy as part of our work around ensuring compliance with GDPR.</p> | October 2018 | <p>Sian Hayward, Head of Digital and Agile</p> <p>Tracey Harry, Senior Information Risk Owner.</p> |
| P3 | <p>Role and profile of Senior Information Risk Owner</p> <p>The Council should assure itself that the role of SIRO has sufficient profile, authority and accountability, with the</p> | Clear leadership at an appropriate level within the Council to oversee | Yes | Yes | The Council has assured itself that the SIRO is independent of the delivery of IT services and whilst not a member of SLT, following its restructure, is sufficiently senior and independent to provide challenge and advice to SLT, has close links with the Chief | No further action | |

| Ref | Proposal for improvement | Intended outcome/benefit | High priority (yes/no) | Accepted (yes/no) | Management response | Completion date | Responsible officer |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|------------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|---------------------------------------------|
| | seniority to challenge decisions made at Senior Leadership Team. | information management | | | Executive and cabinet portfolio holder, meeting regularly to update on issues related to information management /governance and security concerns. The SIRO also reports to the Chief Officer for Resources who is a member of SLT. | | |
| P4 | Information Governance Group The Council should revise the Terms of Reference for the Information Governance Group to explicitly include the task of overall scrutiny of all the factors affecting the environment within which data and information reside. | Better oversight and coordination of information management | Yes | Yes | At its meeting In January 2018 the Information Governance Group will revise its Terms of Reference to reflect its role for overall scrutiny of all the factors affecting the environment within which data and information reside. | January 2018 | Tracey Harry, Senior Information Risk Owner |
| P5 | PSN Accreditation The Council should pursue PSN accreditation as a matter of urgency within the current financial year, bringing in external resources to achieve this if necessary. | Connection to important Government services | Yes | Yes | A significant and comprehensive security review has been undertaken in order to gain Public Sector Network (PSN) accreditation, however the most recent application has not been successful and PSN accreditation has still not been achieved. There are two elements that remain outstanding regarding PSN accreditation and the Council is working with partners to resolve these and will then resubmit for accreditation as soon as they are resolved. | Resubmit for accreditation once actions have been completed – May 2018 | Tracey Harry, Senior Information Risk Owner |

This page is intentionally left blank



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

2018 Audit Plan – Monmouthshire County Council

Audit year: 2017-18

Date issued: March 2018

Document reference: 435A2018-19

This document has been prepared for the internal use of Monmouthshire County Council as part of work performed/to be performed in accordance with statutory functions.

No responsibility is taken by the Auditor General, the staff of the Wales Audit Office or, where applicable, the appointed auditor in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales, the Wales Audit Office and, where applicable, the appointed auditor are relevant third parties.

Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document was produced by Ann-Marie Harkin, Huw Rees, Terry Lewis, Rhodri Davies, Non Jenkins and Dave Wilson

Contents

2018 Audit Plan

| | |
|-------------------------------------------|----|
| Summary | 4 |
| Audit of accounts | 4 |
| Performance audit | 9 |
| Certification of grant claims and returns | 13 |
| Fee, audit team and timetable | 14 |
| Future developments to my audit work | 17 |

Appendices

| | |
|------------------------------------------------------------------------------|----|
| Appendix 1 – respective responsibilities | 18 |
| Appendix 2 – performance work in last year’s audit outline still in progress | 21 |
| Appendix 3 – other future developments | 22 |
| Appendix 4 – national value-for-money studies | 25 |

2018 Audit Plan

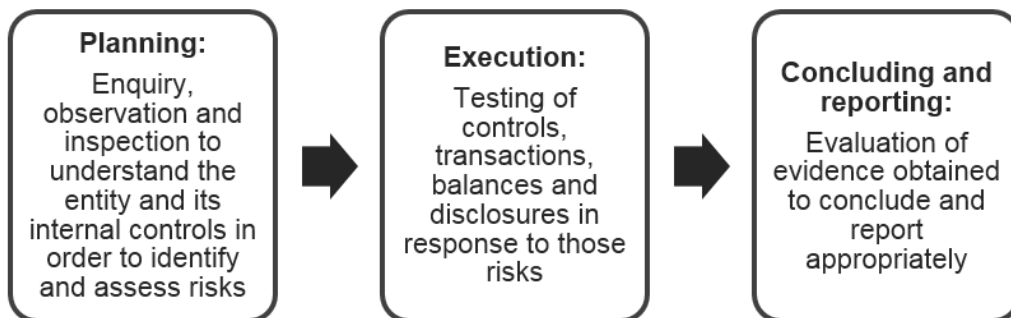
Summary

- 1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009 (the Measure), Wellbeing of Future Generations (Wales) Act 2015, the Local Government Act 1999, and the Code of Audit Practice, namely to:
 - examine and certify whether your financial statements are 'true and fair';
 - assess whether you have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources;
 - audit and assess whether you have discharged the duties and met requirements of the Measure; and
 - undertake studies to enable me to make recommendations for improving economy, efficiency and effectiveness or for improving financial or other management arrangements.
- 2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
- 3 There have been no limitations imposed on me in planning the scope of this audit.
- 4 My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

Audit of accounts

- 5 It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their 'truth and fairness'. This provides assurance that the accounts:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
- 6 I also consider whether or not Monmouthshire County Council (the Council) has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception if the Annual Governance Statement does not comply with requirements.
- 7 [Appendix 1](#) sets out my responsibilities in full.
- 8 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows me to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the financial statements as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

Exhibit 1: my audit approach



9 The risks of material misstatement which I consider to be significant and which therefore require special audit consideration, are set out in **Exhibit 2** along with the work I intend to undertake to address them.

Exhibit 2: financial audit risks

| Financial audit risk | Proposed audit response |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Management Override</p> <p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk.</p> | <p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business. |
| <p>Revenue Recognition</p> <p>There is a risk of material misstatement due to fraud in revenue recognition and as such is treated as a significant risk.</p> | <p>My audit team will:</p> <ul style="list-style-type: none"> • evaluate if there is a risk and, if so, which types of revenue give rise to such risks; and • obtain an understanding of the Council's related controls relevant to such risks and focus testing on the timing and value of revenue where appropriate. |
| <p>Risk of Misstatement</p> <p>Risk of material misstatement in the financial statements arising from error or omission of transactions, balances and disclosure.</p> | <p>On receipt of the 2017-18 draft financial statements, my audit team will undertake a review of the statements and update our risk assessment accordingly.</p> <p>We will design audit testing programmes to focus our work on material balances and transactions and any additional financial statement risks that arise following our review of the draft financial statements.</p> |

| Financial audit risk | Proposed audit response |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Accounts Preparation</p> <p>The preparation of the Statement of Accounts will involve the estimation of a number of account figures such as provisions for the Council's liabilities.</p> | <p>My audit team will review:</p> <ul style="list-style-type: none"> • the annual assessment made by officers of the basis on which estimates are made and revised in line with the latest information; and • documentation held to support estimates derived and judgements made, and refer to papers provided in support of them. <p>We will also ensure that appropriate accounting and disclosure requirements are included within the financial statements.</p> |
| <p>Sensitive Disclosures</p> <p>The Council's 2017-18 financial statements will include a number of disclosures which are material by nature. These include the disclosure of Related Parties, Senior Officer's Remuneration and Members' Allowances.</p> | <p>My audit team will review all notes and disclosures that are material by nature and will substantively test these to ensure that they are consistent with supporting evidence and all required disclosures are made in line with the Code of Practice on Local Authority Accounting.</p> |
| <p>Joint Progress Document (JPD)</p> <p>A number of issues were identified during our 2016-17 audit which the Council agreed to address for 2017-18 including:</p> <ul style="list-style-type: none"> • vehicle additions not reflected in Fixed Assets; • disposed vehicles included in Fixed Assets; • capital additions for Voluntary Controlled Schools included in Fixed Assets; • reversal of impairments credited to the CIES; • Cash received before year-end but not included in Cash and Cash equivalents; • prepayments journal not post at year-end; • re-charges in the Expenditure and Funding Analysis and the CIES; • rounding errors in the draft financial statements; • disclosures not complying with Code of Practice for Local Authority Accounting; • review of annual entitlement of employees in calculating the accumulated absences provision; • IT Controls to be strengthened; and • transferring legal title of Osbaston School. | <p>My audit team will follow up the progress made by the Council in addressing the issues raised within the Joint Progress Document.</p> |

| Financial audit risk | Proposed audit response |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>City deal</p> <p>City deals are arrangements negotiated with government that give greater accountability for actions in return for new powers to help encourage growth and jobs. The Cardiff Capital Region City Deal (the City Deal) involves ten South Wales' local authorities. The City Deal was ratified by all participating authorities on 1 March 2017. The authorities have established a joint committee (the Regional Cabinet) to oversee delivery of a range of programmes designed to increase connectivity and to improve physical and digital infrastructure over the course of 20 years. The City Deal includes funding of £734 million for the South Wales Metro, of which over £500 million is provided by the Welsh Government and £125 million from the UK Government. In addition, the UK Government has provided a £375 million contribution, and the ten local authorities have agreed a commitment to borrow a combined total of £120 million as part of the Wider Investment Fund.</p> <p>The Joint Cabinet have approved the first under the City Deal which we understand will be accounted for as an 'SPV' in the Joint Committee's accounts. Monmouthshire will have a wider role in preparing the accounts of the 'SPV' and also paying some staff salaries.</p> <p>This significant programme will have financial, governance and delivery risks that need to be managed. There will be a number of accounting issues to address including potential consolidation of joint committee accounts.</p> | <p>Liaising closely with the external auditors of the other local authorities, my audit team will monitor progress with the City Deal project and carry out early work as necessary to assess the existing and proposed financial and governance arrangements. We will also take into account the work undertaken by HM Treasury to scrutinise the effectiveness of the region's governance arrangements.</p> |

| Financial audit risk | Proposed audit response |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Early Closing of year end accounts</p> <p>The current deadlines for the production and audit of Local Government bodies' accounts are 30 June and 30 September respectively. The Welsh Government will be bringing these dates forward to 31 May and 31 July over the next few years in all local government bodies, with full compliance by the 2020/21 financial year. Whilst the earlier deadlines may seem like a distant challenge, the scale of the changes required for the Council and ourselves means that planning needs to start now.</p> | <p>We are working with the Council and have already 'brought forward' a range of audit work so that it is completed earlier in the audit cycle.</p> <p>The Council is expecting to have its accounts ready for audit by the end of May and a full set of working papers shortly afterwards. In order to close the accounts earlier it will be necessary in some areas to base figures on 'estimates' and we will audit the basis of these estimates and the basis of any assumptions made to ensure there are not likely to be any material differences that may affect the accuracy of the accounts.</p> <p>We have also produced an updated 'Audit Deliverables' document so that both the Council and ourselves are clear on the documentation required to support our audit work and to ensure that our audit progresses as smoothly and as quickly as possible.</p> |

- 10 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes, but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Audit Committee prior to completion of the audit.
- 11 For reporting purposes, I will generally treat any misstatements below a 'trivial' level (the lower of 5% of materiality or £100,000) as not requiring consideration by those charged with governance and therefore I will not report them.
- 12 My fees are based on the following assumptions:
- information provided to support the financial statements is timely, to the quality expected and has been subject to quality assurance review;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.

Statutory audit functions

- 13 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
 - Section 31 Right to make objections at audit.
- 14 Audit fees will be chargeable for work undertaken in dealing with electors' questions and objections. Because audit work will depend upon the number and nature of any questions and objections, it is not possible to estimate an audit fee for this work.
- 15 If I do receive questions or objections, I will discuss potential audit fees at the time.

Other financial audit work

- 16 In addition to my responsibilities in respect of the audit of the statutory financial statements set out above, I am also responsible for the audit of Monmouthshire County Council Welsh Church Act Fund and the Monmouthshire Farm School Endowment Trust Fund. My team will undertake the audit of these accounts on my behalf in accordance with the timescales agreed with the Council, as trustees and the Charity Commission.
- 17 The fee for this work will be discussed with the Council and is excluded from the fee set out in this Plan.

Performance audit

- 18 I need to balance my existing, new and proposed statutory duties with the need to continue to undertake meaningful, risk-based and proportionate audits and assessments. In discharging my responsibilities I will continue to seek to strike the most appropriate balance and add value by:
- providing assurance on the governance and stewardship of public money and assets;
 - offering insight on the extent to which resources are used wisely in meeting people's needs; and
 - identifying and promoting ways by which the provision of public services may be improved.
- 19 As it is likely that the anticipated Local Government Wales Bill will propose that the Local Government (Wales) Measure 2009 no longer applies to councils, I will minimise work that focuses on the process of improvement planning.
- 20 In recent years I have placed reliance on my work under the Measure to help discharge my duty under the Public Audit (Wales) Act 2004 to satisfy myself that councils have made proper arrangements to secure economy, efficiency and effectiveness (value for money) in the use of resources. Given that in the future I will be unable to rely on my work under the Measure, in 2018-19, and subsequent

years, the focus of my local performance audit programmes will be more clearly aligned to discharging my Public Audit (Wales) Act 2004 duty.

- 21 In 2017-18 I undertook my first work under the Wellbeing of Future Generations (Wales) Act 2015, the Year One Commentary. This work sought to identify how public bodies are beginning to respond to the Act and share emerging practice. My 2018-19 programme will include the first examinations to be carried out under the Act. These examinations will assess the extent to which you are applying the sustainable development principle when taking steps towards meeting your well-being objectives.
- 22 The Wales Audit Office also undertakes a programme of local government studies. This work is included within the Wales Audit Office estimates for funding from the Welsh Consolidated Fund and not local fees. **Exhibit 3** summarises the present position on the current programme of studies. These studies primarily lead to a national report augmented by good practice and shared learning outputs rather than by local reports. Local findings, where relevant, will be captured in improvement assessment work and reported in annual improvement reports depending on the timing and the focus of conclusions.
- 23 In the spring of 2018 I will also be consulting on my forward programme of studies across all sectors and I would welcome views on the areas I should focus my national reviews on when the consultation is launched.

Exhibit 3: local government studies

| Study | Status |
|-------------------------------------------------|------------------------------------------|
| 2016-17 studies | |
| How local government manages demand | Published January 2018 |
| Strategic commissioning | Publish in March 2018 |
| Improving wellbeing through housing adaptations | Publish in March 2018 |
| 2017-18 studies | |
| Services to rural communities | Fieldwork – Publish Summer/Autumn 2018 |
| Use of data | Fieldwork – Publish Summer/Autumn 2018 |
| Integrated care fund | Fieldwork February – Publish Autumn 2018 |

24 Taking all these factors into consideration, my 2018-19 programme of work will comprise:

Exhibit 4: performance audit programme

My 2018 performance audit programme will include local projects and national studies.

| Performance audit programme | Brief description |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Improvement audit and assessment work including improvement planning and reporting audit. | Audit of discharge of duty to publish an improvement plan, and to publish an assessment of performance. |
| Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations. | Examination of the extent to which the Council has acted in accordance with the sustainable development principle when taking steps to meet one or more of its wellbeing objectives. |
| Assurance and Risk Assessment | Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources. |
| One or more of the theme reviews described opposite. We are currently discussing with the Council which of the review(s) will be undertaken. The outcomes of the discussions will be reported to the next meeting of the Audit Committee. | <p>Environmental Health Review of the arrangements the Council has put in place to deliver environmental health services building on the study previously undertaken by the Auditor General for Wales as part of the 'delivering with less' themed studies.</p> <p>Leisure Services Review of the arrangements the Council has put in place to deliver leisure services building on the study previously undertaken by the Auditor General for Wales as part of the 'delivering with less' themed studies.</p> <p>Corporate Safeguarding Arrangements Review of the effectiveness of corporate safeguarding arrangements building on the study previously undertaken by the Auditor General for Wales in this area.</p> |
| We are currently discussing with the Council the details of the local bespoke work to be undertaken during the year. The outcomes of the discussions will be reported to the next meeting of the Audit Committee. | |
| 2018-19 Local Government Studies | Funded by the Welsh Government |

| Performance audit programme | Brief description |
|-----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Implementation of the Social Services and Well-being Act | <p>The Social Services and Well-being (Wales) Act 2014 focuses on reforming and simplifying the law relating to social services. The Act introduced new duties for local authorities, local health boards and other public bodies and covers adults, children and their carers, and came into force on 6 April 2016. The study will review progress by authorities in delivering their new duties under the Act and help to identify opportunities for improving current management and delivery arrangements. Further information can be found in our call for evidence report published in August 2017.</p> |
| Implementation of Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015 | <p>The Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015 aims to improve the Public Sector response to violence against women, domestic abuse and sexual violence; provide a strategic focus on these issues; and ensure consistent consideration of preventive, protective and supportive mechanisms in the delivery of services. Our review will focus on the effectiveness of arrangements to improve support for people affected by such abuse and violence. Further information can be found in our call for evidence report published in August 2017.</p> |

| Performance audit programme | Brief description |
|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Value for Money of Planning Services | <p>The Planning (Wales) Act 2015 (the Act) gained Royal Assent on 6 July 2015. The Act sets out a series of legislative changes to deliver reform of the planning system in Wales, to ensure that it is fair, resilient and enables development. An effective planning service will be at the front of shaping the character, development and prosperity of a local authority or national park. Given the requirements of the Act, it is important that planning authorities ensure that their services are fit for the future to ensure they meet both their statutory responsibilities but also support the delivery of corporate, regional and national priorities. Our review will consider the effectiveness and impact of planning services on local communities in Wales. Further information can be found in our call for evidence report published in August 2017.</p> |

- 25 The performance audit projects included in last year's Audit Plan, which are either still underway or which have been substituted for alternative projects in agreement with you, are set out in [Appendix 2](#).

Certification of grant claims and returns

- 26 I have been requested to undertake certification work on the Council's grant claims and returns. A total of 12 grant claims were audited in respect of 2016-17, the same number of claims as in 2015-16. The total value of these claims was £76.4 million compared to £82.6 million in 2015-6. Our expectation is that the Welsh Government will streamline its assurance arrangements by rolling out the 'Summary Schedule of Certified Welsh Government Grants' to all unitaries. This follows successful piloting at four authorities last year. The revised arrangement means that there should only be a small number of claims and returns which remain to be certified in the 'traditional' way. The overall work programme in 2018 for unitaries is expected to include HB subsidy, 21st Century Schools, Non-domestic rates, Teachers' Pensions, Social Care Workforce Development and the Summary Schedule of Welsh Government funding. Locally, there may also be Communities First, pooled budgets and money transfers.
- 27 For this year, the Welsh Government will not require me to provide any report of factual findings related to any activity levels or outcomes.
- 28 My audit fee for this work is set out in [Exhibit 6](#).

Overall issues identified

- 29 **Exhibit 5** summarises the more significant and/or recurring issues I identified when undertaking grant certification work in 2016-17.

Exhibit 5: overall issues relating to grant claim and return certification

| Qualified grant claims and returns qualified in 2016-17 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Of the 12 claims that were certified only one was qualified. Three claims were amended/adjusted to reflect changes required following our audit. |
| Effectiveness of grant co-ordination arrangements |
| The co-ordination arrangements for the compilation of grant claims are good and there were no significant areas where problems arose. The supporting working papers were of an adequate standard. The Council submitted 50% of its 2016-17 grant claims to us on time. All claims were certified by the required deadlines and we can confirm that we have certified all of the claims. |

Fee, audit team and timetable

Fee

- 30 Your estimated fee for 2018 is set out in **Exhibit 6**.
- 31 As per our approved Fee Scheme for 2018-19, a small increase has been applied to my fee rates (less than 1%) which we have looked to offset by a reduction in audit days and/or skill mix in order to maintain the estimated audit fee at the same level as last year.

Exhibit 6: audit fee

| Audit area | Proposed fee (£) ¹ | Actual fee last year (£) |
|---------------------------------------|-------------------------------|--------------------------|
| Audit of accounts ² | 176,068 | 176,068 |
| Performance audit work ³ | 103,341 | 103,341 |
| Grant certification work ⁴ | 55,000 | 65,265 |
| Total fee | 334,409 | 344,674 |

Notes:

¹ The fees shown in this document are exclusive of VAT, which is no longer charged to you.

² Payable November 2017 to October 2018.

³ Payable April 2018 to March 2019.

⁴ Payable as work is undertaken.

32 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Council.

33 Further information on my [fee scales and fee setting](#) can be found on the Wales Audit Office website.

Audit team

34 The main members of my team, together with their contact details, are summarised in [Exhibit 7](#).

Exhibit 7: my team

| Name | Role | Contact number | E-mail address |
|------------------|---------------------------------------------------------|----------------|------------------------------|
| Ann-Marie Harkin | Engagement Director and Engagement Lead Financial Audit | 02920 320562 | ann-marie.harkin@audit.wales |
| Huw Rees | Engagement Lead Performance Audit | 02920 320599 | huw.rees@audit.wales |
| Terry Lewis | Financial Audit Manager | 02920 320641 | terry.lewis@audit.wales |
| Rhodri Davies | Financial Audit Team Leader | 02920 320500 | rhodri.davies@audit.wales |
| Non Jenkins | Performance Audit Manager | 02920 320595 | non.jenkins@audit.wales |
| David Wilson | Performance Audit Lead | 02920 320500 | david.wilson@audit.wales |

35 I can confirm that my team members are all independent of the Council and your officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.

Timetable

36 I will provide reports, or other outputs as agreed, to the Council covering the areas of work identified in this document. My key milestones are set out in [Exhibit 8](#).

Exhibit 8: timetable

| Planned output | Work undertaken | Report finalised |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| 2018 Audit Plan | November 2017 to January 2018 | March 2018 |
| Financial accounts work: <ul style="list-style-type: none"> • Audit of Financial Statements Report • Opinion on Financial Statements • Financial Accounts Memorandum | February to September 2018 | September 2018 September 2018 October 2018 |
| Performance audit work: <ul style="list-style-type: none"> • Improvement audit and assessment work including improvement planning and reporting audit • Assurance and Risk Assessment • WFG Act examinations • Thematic review(s) • Local bespoke projects | April to December 2018 November 2018 to February 2019 September 2018 to February 2019 April to October 2018 April to October 2018 | May and December 2018 March 2019 *March 2019 *March 2019 *December 2018 |
| Annual Improvement Report | April 2018 to May 2019 | *June 2019 |
| 2019 Audit Plan | October to December 2018 | February 2019 |

* Subject to timely clearance of draft findings with the Council.

Future developments to my audit work

- 37 Details of future developments including changes to key International Financial Reporting Standards (IFRS) and of the Wales Audit Office's Good Practice Exchange (GPX) seminars are set out in [Appendix 3](#).
- 38 The Wales Audit Office's GPX programme seeks to support the improvement of public services across Wales by identifying and sharing good practice. The GPX seminars bring a range of public sector bodies together to share their practical experiences and learning in areas we consider would benefit from sharing good practice. The seminars are provided free of charge to delegates. Forthcoming events include:

- **Sustainable Procurement** - focused upon how to create a mindset that supports sustainable procurement in relation to the WFG Act.
- **Measuring Outcomes** - supporting the WFG Act, 44 bodies shift their focus from outputs to outcomes and impact.
- **Adverse Childhood Experiences** - in partnership with ACE's Hub at Public Health Wales and the Future Generations Office.
- **Digital Seminar** - taking account of the Wales Audit Office 'Using Data Effectively' study. Working in partnership with The Information Commissioners Office and Y Lab.
- **Building Resilient Communities** - focusing on renewable energy, community skills, Welsh Language, housing and economy and Public Health Wales .
- **Partnership working between Voluntary bodies and Public Sector Bodies** - will also include the launch of the Good Practice Guide to Grants Management.
- **Financial Audit – Early Closure of Local Government Accounts** - focusing on cultural and behaviour changes.
- **Alternative Service Delivery Models** - in partnership with WLGA, WCVA, Community Housing Cymru, Welsh NHS Confederation, and Good Practice Wales.
- **Cybersecurity** - focusing on governance arrangements.
- **Preventing Hospital Admissions** - jointly with NHS, Social Care, Housing and partners from the Third Sector.
- **Youth** - following thematic reports from Estyn, CIW, HIW and the Wales Audit Office on the topic of youth. The GPX team will follow on with a seminar to share the learning.

Appendix 1

Respective responsibilities

Audit of accounts

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on:

- their 'truth and fairness', providing assurance that they:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with the statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
- the consistency of information in the Annual Report with the financial statements.

I must also state by exception if the Annual Governance Statement does not comply with requirements, if proper accounting records have not been kept, if disclosures required for remuneration and other transactions have not been made or if I have not received all the information and explanations I require.

The Public Audit (Wales) Act 2004 requires me to assess whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. To achieve this, I consider:

- the results of the audit work undertaken on the financial statements;
- the Council's system of internal control, as reported in the Annual Governance Statement and my report thereon;
- the results of other work carried out including work carried out under the Local Government (Wales) Measure 2009 (the Measure), certification of claims and returns, and data-matching exercises;
- the results of the work of other external review bodies where relevant to my responsibilities; and
- any other work that addresses matters not covered by the above, and which I consider necessary to discharge my responsibilities.

The Public Audit (Wales) Act 2004 sets out the rights of the public and electors to inspect the Council's financial statements and related documents, to ask me, as the Appointed Auditor questions about the accounts and, where appropriate, to challenge items in the accounts. I must also consider whether in the public interest, I should make a report on any matter which comes to my notice in the course of the audit.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;

- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within the Council from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

Performance audit

The Public Audit (Wales) Act 2004 requires me, by examination of the accounts or otherwise, to satisfy myself that the body has made proper arrangements for:

- securing economy, efficiency and effectiveness in its use of resources; and
- that the body, if required to publish information in pursuance of a direction under section 47 (performance information) has made such arrangements for collecting and recording the information and for publishing it as are required for the performance of its duties under that section.

The Measure places a general duty on improvement authorities to 'make arrangements to secure continuous improvement in the exercise of [their] functions'. It also places specific requirements on authorities to set improvement objectives, and to publish annual improvement plans and assessments of performance. Improvement authorities are defined as county and county borough councils, national park authorities, and fire and rescue authorities.

The Measure also requires me to carry out an improvement assessment for each improvement authority every year, to determine whether the authority is likely to comply with its general duty and requirements of the Measure. I must also carry out an audit of whether the authority has discharged its improvement planning and reporting duties.

The Auditor General may also in some circumstances carry out special inspections (under section 21), in respect of which he will provide a report to the relevant authorities

and Ministers, and which he may publish (under section 22). The Auditor General will summarise audit and assessment reports in his published Annual Improvement Report (under section 24). This will also summarise any reports of special inspections.

Section 15 of the Well-being of Future Generations Act (Wales) 2015 requires me to carry out examinations of public bodies for the purposes of assessing the extent to which it has acted in accordance with the sustainable development principle when:

- setting well-being objectives; and
- taking steps to meet those objectives.

I must carry out such an examination of each public body at least once during a five-year period. Before the end of the period I must report on the results of those examinations to the National Assembly.

Appendix 2

Performance work in last year's audit outline still in progress

Exhibit 9: performance work in last year's audit outline still in progress

Six pieces of performance audit work included in last year's audit plan remain outstanding.

| Performance audit project | Status | Comment |
|----------------------------------------------------------------------------|----------------------|----------------------------------------------|
| Thematic Review: Overview and Scrutiny – Fit for the Future? | Fieldwork complete | Draft report planned for issue in March 2018 |
| Local review: Whole authority review of children's safeguarding | Fieldwork complete | Draft report planned for issue in April 2018 |
| Aligning the Levers of Change – Current Successes and Remaining Challenges | Fieldwork complete | Draft output planned for issue in March 2018 |
| Thematic Review: Service User Perspective | Project brief issued | Fieldwork planned for March – May 2018. |
| 2018 Audit Plan | In progress | Audit Plan to Audit Committee in March 2018 |
| Annual Improvement Report | In progress | To be published April 2018 |

Appendix 3

Other future developments

Forthcoming key IFRS changes

Exhibit 10: forthcoming key IFRS changes

| Standard | Effective date | Further details |
|----------------------------------------------------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IFRS 9 Financial instruments | 2018-19 | IFRS 9 financial instruments will replace IAS 39 and includes a new principles-based approach for the classification and measurement of financial assets. It also introduces a new impairment methodology for financial assets based on expected losses rather than incurred losses. This will result in earlier and more timely recognition of expected credit losses. The accounting requirements for financial liabilities are almost all carried forward unchanged from IAS 39. |
| IFRS 15 Revenue from contracts with customers | 2018-19 | IFRS 15 revenue from contracts with customers introduces a principles-based five-step model for recognising revenue arising from contracts with customers. It is based on a core principle requiring revenue recognition to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration the body expects to be entitled to, in exchange for those goods or services. It will also require more extensive disclosures than are currently required. |
| IFRS 16 Leases | 2019-20 | IFRS 16 will replace the current leases standard IAS 17. The key change is that it largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. It will lead to all leases being recognised on the balance sheet as an asset based on a 'right of use' principle with a corresponding liability for future rentals. This is a significant change in lessee accounting. |

General Data Protection Regulation (GDPR)

The GDPR is a new data protection law for the whole of the EU applicable from 25 May 2018, which has the intention of harmonising and updating data protection laws. The UK Government has introduced the Data Protection Bill which will incorporate the GDPR into UK law and replace the 1998 Data Protection Act, and which it intends will also come into force on 25 May 2018.

The GDPR introduces new requirements for personal data processing, including an accountability principle which will require more detailed records of the processing of personal data, evidence of compliance with the data protection principles and the technical and organisational security measures taken to protect the data. We are updating our own policies, processes and documentation with a view to meeting these requirements and expect that the bodies we audit will be taking similar steps. Key areas of additional work include the use of more detailed fair processing notices, more privacy impact assessments and more extensive record keeping in relation to processing activities.

Wales Pension Partnership

The administering authorities for the eight Local Government Pension Scheme (LGPS) funds in Wales have established a pension investment pool in line with government requirements. The Wales Pension Partnership Joint Governance Committee will, from April 2018 onwards, oversee the pooling of some £15 billion of investments from the eight LGPS funds in Wales.

The relevant authorities need to be fully engaged in this process to ensure that appropriate arrangements are put in place that meet their requirements and to achieve the benefits of pooling which include economies of scale and reduced costs.

Good Practice Exchange

The Wales Audit Office's Good Practice Exchange (GPX) helps public services improve by sharing knowledge and practices that work. Events are held where knowledge can be exchanged face-to-face and resources shared online.

Exhibit 11: Planned forthcoming GPX webinars and Seminars.

My planned GPX programme includes 11 subject areas.

| Date | Format | Topic |
|-----------------------|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| April 2018 | Webinar | Sustainable Procurement. Focused upon how to create a mindset that supports sustainable procurement in relation to the WFG Act. |
| May 2018 | Webinar | Measuring Outcomes. Supporting the WFG Act 44 bodies shift their focus from outputs to outcomes and impact. |
| June 2018 | Seminar | Adverse Childhood Experiences. In partnership with ACE's Hub at Public Health Wales and the Future Generations Office. |
| June 2018 | Seminar | Digital. Seminar, taking account of the Wales Audit Office 'Using Data Effectively' study. Working in partnership with The Information Commissioners Office and Y Lab. |
| July 2018 | Seminar | Building Resilient Communities. Focusing on renewable energy, community skills, Welsh Language, housing and economy and Public Health Wales. |
| September 2018 | Seminar | Partnership working between Voluntary bodies and Public Sector Bodies. Will also include the launch of the Good Practice Guide to Grants Management. |
| October 2018 | Webinar | Financial Audit – Early Closure of Local Government Accounts. Focusing on cultural and behaviour changes. |
| December 2018 | Seminar | Alternative Service Delivery Models. In partnership with WLGA, WCVA, Community Housing Cymru, Welsh NHS Confederation and Good Practice Wales. |
| January 2019 | Webinar | Cybersecurity. Focusing on governance arrangements. |
| February 2019 | Seminar | Preventing Hospital Admissions. Jointly with NHS, Social Care, Housing and partners from the Third Sector. |
| March 2019 | Seminar | Youth. Following thematic reports from Estyn, CSSIW, HIW and the Wales Audit Office on the topic of youth. The GPX team will follow on with a seminar to share the learning. |

Appendix 4

National value-for-money studies

The Council may also be interested in the national value-for-money examinations that I undertake, some of which will be of particular relevance to, and may involve evidence gathering across, local government. These studies are supported by funds approved by the National Assembly. Reports are presented to the National Assembly's Public Accounts Committee to support its scrutiny of public expenditure and potentially support scrutiny by other National Assembly committees.

Exhibit 12 covers all of the value-for-money studies work currently programmed. The programme includes all-Wales summaries of audit work undertaken locally in the NHS and reactive examinations into specific issues of public concern that have been raised with me. In addition to the work outlined below, I may decide during the year to prepare other national reports summarising local audit work, follow-up work, or based on the findings of other reactive examinations.

Further updates on my programme of value-for-money studies will be provided to you within the regular progress reports prepared by my team.

Exhibit 12: national value-for-money studies

| Topic | Anticipated publication (as at 11 January 2018) |
|-----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| Primary care services ² | February/March 2018 |
| Access to public services with the support of specialist interpretation and translation | March/April 2018 |
| Waste management (waste prevention) Waste management (municipal recycling) Waste management (procurement of infrastructure) | March/May 2018 |
| Early intervention and public behaviour change ³ | March/April 2018 |
| GP out-of-hours services – national summary report | April/May 2018 |
| Rural Development Programme 2014-2020 | April/May 2018 |
| Business finance | May 2018 |

² An initial data rich report presenting a 'picture of primary care' in advance of further local audit work.

³ Following on from some good practice work, we are planning to produce a short summary paper to highlight some of the issues raised and evidence gathered through that work, supported by a series of podcasts.

| Topic | Anticipated publication (as at 11 January 2018) |
|------------------------------------------------------------|-------------------------------------------------|
| NHS agency staffing costs ⁴ | Summer 2018 |
| EU Structural Funds programmes 2014-2020 | Summer 2018 |
| Improving the wellbeing of young people | Autumn 2018 |
| Radiology services – national summary | To be confirmed |
| Integrated Care Fund | November 2018 |
| Care experienced by children and young people ⁵ | To be confirmed |

⁴ Work has recently commenced on gathering data from across the health services of the UK to support a paper on the various approaches being taken to address the increasing costs of employing agency medical and nursing staff within the NHS. The precise format for this output is still to be determined.

⁵ The PAC has now set out its initial plans for some ongoing inquiry work on this topic. I will be supporting this work, although the precise nature of, and timescale for, any additional audit-related outputs is still to be determined.

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone : 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn testun: 029 2032 0660

E-bost: post@archwilio.cymru

Gwefan: www.archwilio.cymru



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Certification of Grants and Returns 2016-17 – Monmouthshire County Council

Audit year: 2016-17

Date issued: February 2018

Document reference: 436A2018

Page 71

Agenda Item 8

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

The team who delivered the work comprised of Ann-Marie Harkin, Terry Lewis, Rhodri Davies, Martin Hall, Gayle Howard, Katie Davey, Simon Howells, Jo Williams, Jane Thomas and Caitlin Smith.

Contents

Summary report

Summary

4

Headlines

5

Summary of certification work outcomes

7

Pages

12

Page 73

Summary

- 1 Under Paragraph 20 of Schedule 8 to the Government of Wales Act 2006 the Auditor General shall, if required by a local government or other grant-receiving body, make arrangements for certifying claims and returns (referred to as grant claims, hereafter).
- 2 We have completed the audit work in respect of 2016-17 and conclude that the Council had generally sound arrangements in place for the production and submission of its grant claims. There is some scope for improvement and we are continuing to work with the Council to make these improvements for 2017-18.
- 3 The Council submitted 50 per cent of its 2016-17 grant claims to us on time. We can confirm that we have certified all of the claims, at a total audit cost of some £65,265. Overall, the audits resulted in £124,750 less being claimable by the Council in respect of 2016-17.
- 4 For 2016-17 we certified 12 grant claims (the same as 2015-16). Only one of the twelve claims received an 'audit qualification'.

Headlines

| | |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Introduction and background | <p>This report summarises the results of work on the certification of the Council 's 2016-17 grant claims and returns</p> <ul style="list-style-type: none">• As appointed auditors of the Council, we are asked on behalf of the Auditor General, to certify grant claims made by the Council.• In respect of 2016-17, we certified 10 grants with a total value of £49,690,675 and 2 returns with a total value of £26,722,380.• At the start of our grant audit work for 2016-17, we met with the grant co-ordinator and key financial officers (having the responsibility of grant claim preparation). The Council continues to use a comprehensive Good Practice Grant Checklist which is included on each grant claim file. This checklist highlights the key areas we review when performing our grant auditor certification work.• Although this checklist was used on the majority of grant claim files, there is room for improvement in its completion as some errors were still found on the claims which should have been identified when undertaking the checks required in the checklist.• We have produced this report so that we can provide feedback collectively to those officers having the responsibility for grant management so that we can work together to identify further improvements which can be made to improve the processes. |
| Timely receipt of claims | <ul style="list-style-type: none">• Our analysis shows that 50 per cent of grants received during the year were received by the Council's deadline. However, most of the claims had only minimal delays and this did not impact to any great extent on our ability to complete our audit work.• In future, the Grants Co-ordinator should ensure that all grant claims are submitted by the deadlines. |
| Certification results | <p>For the 12 grants and returns we issued 11 (92%) unqualified certificates and 1 qualification (8%)</p> <ul style="list-style-type: none">• The reasons for qualifying the grant was due to an ongoing police investigation, into alleged fraudulent claims for Free Concessionary Travel fares at a bus operator. The alleged fraudulent |

| | |
|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | activity relates to the expenditure contained in the 2016-17 grant claim, which amounts to £6,524. We have not made any amendments to the claim to reflect any potentially ineligible expenditure. |
| Audit adjustments | <p>Adjustments were necessary to 3 of the Council 's grants and returns as a result of our audit work in respect of 2016-17</p> <ul style="list-style-type: none"> • There were 3 significant adjustments (i.e. over £10,000). An adjustment of £63,443 was made on the Housing Benefit Subsidy claim, £10,644 was made on the Section 33 NHS (Wales) Act 2006 Pooled Budgets claim and £50,663 was made on the Local Transport Grant. The net adjustment of the 3 grants is a reduction of £124,750 in funds payable to the Council. • There were 2 grants where adjustments were identified, but were not amended as the Welsh Government only requires amendments when errors are over £10,000. An error of £7,214 was made on Families First and £47 was made on the Bus Services Support Grant. |
| Fees | Our overall fee for certification of grants and returns for 2016-17 is £65,265, which is a slight increase (6%) on last year's final fee of £61,860. |

Summary of certification work outcomes

- 5 Detailed on the following page is a summary of the key outcomes from our certification work on the Council 's 2016-17 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate.
- 6 A qualification means that issues were identified concerning the Council's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant-paying body will require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate.

Key information for 2016-17

Overall, we certified 12 grants and returns:

- 8 were unqualified with no amendment
- 3 were unqualified but required some amendment to the final figures
- 1 required a qualification to our audit certificate
- 0 were qualified but required some amendment to the final figures

| Ref – Para 9 | Grants and returns | Claim due | Claim received | Late | Qualified certificate | Adjustment (>£10,000) | Adjustment (<£10,000) | Unqualified certificate |
|-----------------|----------------------------------------|-----------|----------------|------|-----------------------|-----------------------|-----------------------|-------------------------|
| 1 | Housing Benefit Subsidy | 30/04/17 | 17/05/17 | Yes | No | -£63,443 | | |
| 2 | 21 st Century Schools | 30/09/17 | 08/09/17 | No | No | | | |
| 3 | Flying Start | 30/09/17 | 03/10/17 | Yes | No | | | |
| 4 | Families First | 30/09/17 | 07/09/17 | No | No | | | |
| 5 | Pooled Budgets | 28/04/17 | 16/05/17 | Yes | No | -£10,644 | | |
| 6 | Health Act S28a & b Money Transfers | 30/09/17 | 19/09/17 | No | No | | | |
| 7 | National Non Domestic Rates | 26/05/17 | 24/05/17 | No | No | | | |
| 8 | Teachers' Pension Return | 27/05/17 | 12/09/17 | Yes | No | | | |
| 9 | Social Care Workforce Development Plan | 23/09/17 | 28/09/17 | Yes | No | | | |
| 10 | Local Transport Grant | 30/09/17 | 19/09/17 | No | No | -£50,663 | | |
| 11 | Free Concessionary Travel | 23/10/17 | 19/10/17 | No | Yes | | | |
| 12 | Bus Services Support Grant | 23/10/17 | 17/11/17 | Yes | No | | | |
| | Total | | | | 1 | -£124,750 | £Nil | 11 |

7 This table summarises the key issues behind each of the adjustments or qualifications that are shown above. In addition, it also includes 'Certification Feedback Notes'. These relate to errors found on grant claims and returns to the Welsh Government where the amount of the error found is less than £10,000. In line with our agreed approach with the Welsh Government, we do not qualify grant claims and returns or request changes for these errors. We are however required to bring them to your attention.

| Ref | Summary observations | Amendment |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| 1 | <p>Housing Benefit Subsidy - Unqualified (Amendment to claim)</p> <p>In the course of our testing the following issues were identified:</p> <ul style="list-style-type: none"> • Compilation error as “eligible overpayments” were not included in the claim, due to a casting error on the spreadsheet used to populate the claim; • Compilation error as “2017-18 paid out” figures were not included in spreadsheet used to populate the claim; • Compilation error as “Benchk106 report” out figures were not included in spreadsheet used to populate the claim; and • During testing of initial sample (20 cases) of Rent Allowance cases there was one case where the 13 week protection had been incorrectly granted. We undertook additional testing and determined that this was an isolated case. <p>The above issues did not result in a qualification, but resulted in a reduction in the claim of £63,443.</p> | -£63,443 |
| 4 | <p>Families First - Unqualified (Certification Feedback Note)</p> <p>In the course of our testing the following issues were identified:</p> <ul style="list-style-type: none"> • Expenditure of £7,200 for teacher training in 2017-18 was incorrectly included in the 2016-17 claim; • Payroll expenditure was overstated by £9.15; and • Project Management expenditure had exceeded grant allocation by £5.29. | £Nil |

| Ref | Summary observations | Amendment |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| | As the total of these errors are less than £10,000, we did not request the claim was amended. This is in line with our agreed approach with the Welsh Government as detailed above. | |
| 5 | Pooled Budgets – Unqualified (Amendment to claim) Testing of ‘re-charges’ identified that Support Services Recharges had been overstated by £10,644. The Council had included the total cost of the re-charges, instead of only including the relevant proportion of the re-charges, as per the partnership agreement with Anuerin Bevan University Health Board. | -£10,644 |
| 10 | Local Transport Grant - Unqualified (Amendment to claim) Testing eligibility against prime documents identified an error, which resulted in an ‘overstatement’ of expenditure of £50,663. The error identified was based on an ‘over estimation’ of an ‘accrual’, due to timing of working slipping significantly to post ‘year-end’. There were only two accruals included in this claim and testing of the other accrual identified no issues. We concluded that this was an isolated error. | -£50,663 |
| 11 | Free Concessionary Travel - Qualified claim The claim was qualified due to an ongoing police investigation into alleged fraudulent claims for Free Concessionary Travel fares at a specific bus operator. The alleged fraudulent activity relates to the expenditure contained in the 2016-17 grant claim, which amounts to £6,524. We have not made any amendments to the claim to reflect any potentially ineligible expenditure. | £Nil |
| 12 | Bus Services Support Grant - Unqualified (Certification Feedback Note) Testing eligibility of claim expenditure against prime documents identified three small errors. These errors were due to differences in the values recorded in the ledger (and hence the claim) and the values recorded on the Annual Certified Claims (verified by an independent certified accountant as per grant terms and conditions) for bus operators | £Nil |

| Ref | Summary observations | Amendment |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| | <p>and community transport operators. These differences resulted in a net overstatement of expenditure of £30.35 (actual error identified during testing) and £47.23 (projected error based on sample tested).</p> <p>As the total of these errors are less than £10,000, we did not request the claim was amended. This is in line with our agreed approach with the Welsh Government as detailed above.</p> | |
| | Total effect of amendments to the Council | - £124,750 |

Fees

8 A year-on year comparison of our fees has been detailed below.

| Breakdown of fee by grant/return | 2016-17 | 2015-16 |
|-----------------------------------------|----------------|----------------|
| Housing Benefit Subsidy | £21,563 | £16,571 |
| 21st Century Schools | £2,691 | £2,354 |
| Flying Start | £2,143 | £2,821 |
| Families First | £3,809 | £3,323 |
| Pooled Budgets | £1,551 | £926 |
| Health Act S28a & b Money Transfers | £3,905 | £4,538 |
| National Non Domestic Rates | £4,577 | £4,922 |
| Teachers' Pension Return | £2,444 | £4,703 |
| Social Care Workforce Development Plan | £5,008 | £2,317 |
| Local Transport Grant | £2,112 | £1,463 |
| Free Concessionary Travel | £3,307 | £2,520 |
| Bus Services Support Grant | £2,897 | £7,167 |
| Grant Planning, Management and Review | £9,258 | £8,629 |
| Total fee | £65,265 | £62,254 |

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone.: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn testun: 029 2032 0660

E-bost: post@archwilio.cymru

Gwefan: www.archwilio.cymru

| | |
|---------------------------------|----------------------------------------------------------------------|
| SUBJECT | Progress Report: Wales Audit Office Proposals for Improvement |
| MEETING: | Audit Committee |
| DATE: | 8th March 2018 |
| DIVISION/WARDS AFFECTED: | All |

1. PURPOSE

- 1.1 To provide Audit Committee with an update on the authority's progress against the Wales Audit Office (WAO) proposals for improvement up to February 2018.

2. RECOMMENDATIONS

- 2.1 That members consider the current position of proposals and future actions being taken in response and identify any areas where they feel further action is needed.
- 2.2 That members refer on any issues contained within national studies to other committees for consideration where they identify there are findings of particular relevance to the council.

3. KEY ISSUES

- 3.1 Each year Wales Audit Office undertake a Performance Audit work programme with the council. The reports issued by WAO as a result of this work programme are able to make the following interventions for areas that are deemed as requiring improvement:
- proposals for improvement – if proposals are made to the Council WAO would expect Council to do something about them and will follow up what happens;
 - formal recommendations for improvement – if a formal recommendation is made, the Council must prepare a response to that recommendation within 30 working days;
 - conduct a special inspection, and publish a report and make recommendations; and
 - recommend to Ministers of the Welsh Government that they intervene in some way.
- 3.2 The proposals included in the appendix 1 are those issued to the council as a result of the performance audit work conducted by the WAO in the authority since the Corporate Assessment in March 2015 as this is the most recent comprehensive assessment of the council. There are no statutory recommendations contained within this update, the update contains lower-priority issues, known as proposals for improvement. Recommendations from the Safeguarding arrangements – Kerbcraft scheme report - have been reported separately to Council and a separate action plan, monitoring and reporting arrangements has been established.
- 3.3 This update builds on the most recent update provided July 2017 as part of the six monthly reporting in place. Where progress and evidence for a proposal suggests it has been adequately addressed the proposal has been "closed" and removed from the report. An overview of these is provided in appendix 2. Proposals which require

further attention are marked as “open”, while some proposals have been combined where the issues covered and/or the action the council is taking to respond to them are strongly linked. Some of the forward looking actions committed by the authority are likely to be reflected within other council strategic documents such as the Council’s Well-being Objectives, the Whole Authority Strategic Risk Assessment and the Medium Term Financial Plan.

- 3.4 The proposals made by WAO are grouped into the following areas; Human Resources, Performance Management, Partnership & collaboration, Governance, Finance, Information Technology and Asset Management. Each proposal update highlights:
- The report within which the proposals was made
 - The specific proposal, or more than one proposal if they are closely linked.
 - The progress made up to February 2018 to address the issues identified by the proposal.
 - Whether the status of the proposal is to remain “open” or be “closed” if the evidence of progress suggests it has been sufficiently addressed.
 - Any further actions that will be taken to address the proposal if it remains open.
- 3.5 All of the recent reports issued to the council by Wales Audit Office as part of their performance audit work programme, including the Council’s initial management response to each report, are available on the hub (the Council’s Intranet) for members to view. They are also presented to Audit Committee, accompanied by the management response, as they are produced. For example during 2017/18 a number of audits have been completed by WAO including the Review of Asset Management, which was reported to Audit Committee in January 2018 and Information Management review which is a separate item on this agenda.
- 3.6 Wales Audit Office also produce an annual report called The Annual Improvement Report (or AIR) summarising the work undertaken in the council during that year and concluding on the council’s prospects for improvement. The last AIR published in August 2017 concludes: “the Council is likely to comply with the requirements of the Local Government Measure (2009) during 2017-18 providing it responds constructively and in a timely way to our statutory recommendations.”
- 3.7 WAO also make recommendations that may be relevant to the council in local government national reports. Although these have not been issued directly to the council, like the other proposals, the recommendations from the national reports could be relevant to the council’s services. The reports are published on www.audit.wales/publications a list of the recently published reports, a brief overview and the recommendations from the report is provided in appendix 3. These have been circulated to the relevant officer. Audit Committee has a role in ensuring the council considers the findings of the report. If the committee feels the report requires further consideration by another scrutiny committee they can refer it for consideration. The committee may also refer issues to Democratic Services Committee who are able to perform a coordinating function.
- 3.8 WAO as part of their ongoing annual audit work programme may follow up progress in any of the open or recently closed proposal areas.

4. REASONS

To ensure the authority responds appropriately to the WAO proposals to secure the improvements required.

5. RESOURCE IMPLICATIONS

Finances and any other resource implications of activity related to the proposals will need to be taken into account by the relevant responsibility holders.

6. AUTHORS

Richard Jones, Policy and Performance Officer
e-mail: richardjones@monmouthshire.gov.uk
Telephone: 01633 740733

Appendix 1 - Open Wales Audit Office Proposals for Improvement

Human Resources proposals

| | | | | | |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|-------------------------------------------|------------|------|
| WAO Proposal | Ensure that the planned revisions and changes made to 'Check In Check Out' deliver a clear process of assessing and improving the performance of all staff and that department, team and individual objective setting is in line with the Council's corporate objectives. | | | Status | Open |
| | Improve oversight and ongoing implementation of the staff appraisal process. In particular: <ul style="list-style-type: none"> • ensure staff appraisal completion is uploaded onto the Council's Hub to accurately reflect the numbers of staff in receipt of an annual appraisal; and • increase the appraisal completion rate. | | | | |
| Report | Corporate Assessment – November 2015 and Human Resources – Corporate Assessment Follow-on Review – December 2016 | | | | |
| What progress have we made | Based on feedback received, the <i>Check-in, Check-out</i> (CICO) process has been reviewed and rolled out with more robust guidance, video tutorials and supportive training. | | | | |
| | <p>The People Services annual report highlights the redesign of the performance appraisal has enabled the Talent Lab to design specific supporting material and activities to meet learning and development needs identified.</p> <p>It was recognised that CICO completion rates are likely to be higher than previously reported as the system was not capturing all data in the most effective way. Recognising this, a longer term more effective recording module has been developed that allows managers to record the completed CICO directly into the MY VIEW system. Further Work is required to ensure effective use of the recording system to understand accurately the completion rate of appraisals.</p> | | | | |
| Further action planned | Desired Result | Action | Responsible Officer | Timescale | |
| | Check-in, Check-out is well understood, consistently employed and informs staff development | Continue to roll out, increase understanding and maximise completion of the check-in, check-out process | Head of People and Information Governance | March 2018 | |
| WAO Proposal | Develop the Council's workforce planning arrangements by including accurate data and key management information around workforce issues and statistics, reporting regularly to Senior Leadership and Management Teams to enable effective monitoring of progress and management of these issues on an ongoing basis. | | | Status | Open |
| | Develop further workforce data to include staff establishment, contract status, vacancies, agency use, age, gender, and grade/pay distribution, to better inform future workforce planning activity. | | | | |

| | | | | |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|------------------|
| Report | Corporate Assessment – November 2015 and Human Resources – Corporate Assessment Follow-on Review – December 2016 | | | |
| What progress have we made | <p>To support workforce planning a workflow has been developed to enable service leaders to effectively focus on succession and workforce planning and directorates to develop plans for their workforce. The combination of the workflow and the training and development pathways will help support workforce development.</p> <p>A corporate plan has been developed by Cabinet that sets out a clear direction for the Council. Following the approval of the corporate plan the Council's key delivery strategies to enable its delivery will be revised including the people and organisational development strategy.</p> <p>Workforce data displays in the HR system are being developed to provide managers with more timely and a greater range of information to inform the management of their workforce, there has been a need to resolve a number of technical difficulties and it has not yet been implemented in the timescale planned. This is now planned for implementation by April 2018. HR business reports on sickness have continued to be reported to DMT and SLT.</p> <p>The dashboards have previously been reported to Audit Committee. Once completed this will cover a range of workforce data including staff, establishment, age, gender etc. These will enable Managers to interrogate data and identify specific workforce issues. This will be available to be used by department management teams and senior leadership team in order to drive effective decision making based on workforce information and will be supplemented by bi-annual, or more frequent if required, HR business reports that are solely focused on sickness.</p> | | | |
| Further action planned | Desired Result | Action | Responsible Officer | Timescale |
| | Workforce statistics are available at team level in a timely manner | Implement new workforce data dashboards on My view | Head of People Services | April 2018 |
| | A sustainable business model is in place and clarity on the workforce required to deliver it. | To implement a revised people and organisational development strategy following development of the corporate plan and enabling strategies. | Head of People Services | June 2018 |

| | | | | | |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|----------------------------|------------------|------|
| WAO Proposal | Improve the evaluation of HR improvement actions to better measure the impact and outcomes. | | | Status | Open |
| Report | Human Resources – Corporate Assessment Follow-on Review – December 2016 | | | | |
| What progress have we made | <p>A People services business plan for 2017/18 is in place which provides clarity of purpose and direction. The second People Services annual report was completed in September 2017, which brings together the different elements of People Services and provides a summary of activity against areas for improvement during the year. There is a need to ensure future reports take a more evaluative approach to evaluate the effectiveness and efficiency of people services based on the progress and wide range of information collated by the service.</p> <p>A corporate plan has been developed by Cabinet that sets out a clear direction for the Council. Following the approval of the corporate plan the Council's key delivery strategies to enable its delivery will be revised including the people and organisational development strategy. This will include clear evaluation timescales, processes and metrics to evaluate progress and impact of the strategy. The People services business plan will also be revised to align to delivery of these plans.</p> | | | | |
| Further action planned | Desired Result | Action | Responsible Officer | Timescale | |
| | A sustainable business model is in place and clarity on the workforce require to deliver it. | To implement a revised people and organisational development | Head of People Services | June 2018 | |

| | | | |
|--|------------------------------------------------------|--|--|
| | strategy following development of the corporate plan | | |
|--|------------------------------------------------------|--|--|

Performance Management proposals

| | | | |
|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|------|
| WAO Proposal | <p>Improve performance management arrangements by:</p> <ul style="list-style-type: none"> • ensuring planned improvements are tangible; • improving target setting to better reflect desired improvement and ensuring resources are allocated to deliver Council priorities through the Medium Term Financial Plan; • developing arrangements to identify intended outcomes, targets and data collection arrangements when services are being delivered through alternative models; | Status | Open |
|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|------|

| | |
|---------------|--------------------------------------|
| Report | Corporate Assessment – November 2015 |
|---------------|--------------------------------------|

| | |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| What progress have we made | <p>A corporate plan has been developed that sets out a clear direction for the Council up to 2022 which will be delivered within the resources made available through the Medium Term Financial Plan. The Corporate Plan sets out clearly the council's purpose. It contains five specific objectives, which are also the Council well-being objectives, which can be measured over time using the mix of process, output and satisfaction measures included. Specific medium-term targets will be finalised as the detailed activities are developed in the coming months.</p> <p>Following approval of the corporate plan the Council's key delivery strategies are being reviewed to align to the delivery of the corporate plan, clear principles have been developed to ensure a more robust approach to the development of these strategies.</p> <p>Target setting guidance has been developed and incorporated as part of the Council's service business planning process for services to use when developing targets. A training session on performance measurement, incorporating target setting, is still planned through Talent Lab.</p> <p>It is recognised that there is a particular difficulty in developing performance data, measures and targets and risks to data quality when setting up new policies, initiatives or arrangements. These areas will be particularly targeted for policy and performance team support.</p> |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

| | Desired Result | Action | Responsible Officer | Timescale |
|-------------------------------|-------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------|
| Further action planned | Clarity of outcomes targeted in the Corporate Plan | Develop specific medium-term targets for indicators in the Corporate plan as detailed activities are developed and agree through Cabinet | Head Of Policy and Governance | May 2018 |
| | Clear and robust targets in the Council's key delivery strategies | Ensure the Council's key delivery strategies e.g. asset, people and digital are reviewed and aligned to deliver the corporate plan | SLT | June 2018 |

| | | | |
|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|------|
| WAO Proposal | <p>Improve strategic planning by:</p> <ul style="list-style-type: none"> • ensuring clear links between strategies and agreed priorities; and • developing cohesive strategies to underpin and support robust decision making. | Status | Open |
|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|------|

| | | | | |
|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|------------------|
| | Demonstrate clearly the links between the Council's strategies and service plans to show how actions will deliver its strategic targets and outcomes. | | | |
| Report | Corporate Assessment – November 2015 and Performance Management – Corporate Assessment Follow-on Review – July 2016 | | | |
| What progress have we made | <p>A corporate plan has been developed that sets out a clear direction for the Council up to 2022. It gives clarity on priorities and purpose ahead of the revision of the authority's enabling strategies and provides clear direction to teams as they develop their service business plans for 2018-19 onwards.</p> <p>The Council's key delivery strategies are being reviewed to align to the delivery of the corporate plan, clear principles have been developed to ensure a more robust approach to the development of these strategies.</p> <p>The Council's service business planning process has also been revised to align to deliver the corporate plan and ensure plans are set in line with the design principles in the plan and in consideration of a holistic range of factors that impact on service delivery</p> | | | |
| Further action planned | Desired Result | Action | Responsible Officer | Timescale |
| | Key strategies are mutually supportive and aligned to the corporate plan | Ensure the Council's key delivery strategies e.g. assets, people and digital are reviewed and aligned to deliver the corporate plan | SLT | June 2018 |
| | Clear links between the Council's strategies and service plans | Review the council's service planning arrangements to support the delivery of the corporate plan and enabling plans. | Head of Policy and Governance | April 2018 |

| | | | | | |
|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|--------------------------------|------------------|------|
| WAO Proposal | Review the Council's risk management arrangements to assure itself it manages risks consistently across directorates and identifies, escalates, and addresses risks in a timely and appropriate way. | | | Status | Open |
| Report | Information Technology – Corporate Assessment Follow-on Review – October 2016 | | | | |
| What progress have we made | <p>The Strategic Risk Assessment is updated based on the latest evidence available in line with the Council's strategic risk management policy. The latest risk register has also been reviewed to ensure it includes risks to the delivery of the recently approved Corporate Plan.</p> <p>A recently issued draft internal audit report on the Council's strategic risk management arrangements identifies a number of areas for improvement. An action plan is being established in liaison with internal audit to deliver the improvements required, some of these have been considered in the latest iteration of the strategic risk register. Any further changes as a result of these actions that impact on the strategic risk register or risk management policy and guidance in place will be updated on the intranet - the hub, in line with the established continuous review arrangements in place.</p> | | | | |
| Further action planned | Desired Result | Action | Responsible Officer | Timescale | |
| | Strategic Risk Management arrangements are designed effectively and are operating in a robust manner | Develop and implement the action plan to improve risk management arrangements in response to the findings from Internal Audit. | Policy and Performance Manager | October 2018 | |

Partnership and collaborative working proposals

| | | | | | |
|---------------------|-------------------------------------------------------------------------------------------------------------------------------|--|--|---------------|------|
| WAO Proposal | Adopt a more planned, risk-assessed approach to partnership and collaborative working to make better use of resources. | | | Status | Open |
| Report | Corporate Assessment – November 2015 | | | | |

| | | | | |
|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|------------|
| What progress have we made | <p>A community governance review has been completed. The review examined local decision making within Area Committees and the level and type of community engagement and the extent to which this facilitates effective involvement. The review identified the need to consider new arrangements for area committees and Bryn y Cwm Area Committee was subsequently identified as a pilot and would act as the primary mechanism for influencing decisions in the locality. A temporary arrangement to the Council's constitution has given voting rights to non-county council members of this committee. Other areas are served by a cluster arrangement with a member of Senior Leadership team aligned to each cluster.</p> <p>The review also led to a decision to merge the previous Whole Place and Strategic Partnership Teams into a single Partnership and Community Development Team. This ensures alignment between strategic intent and the work that the council does with local groups to enable a focus on building sustainable and resilient communities.</p> | | | |
| Further action planned | Desired Result | Action | Responsible Officer | Timescale |
| | Structures clarified and processes aligned to delivery frameworks to support community governance. | Pilot the Community Governance structure in the Bryn Y Cwm area and finalise the Community Governance review and agree through Council | Head of Enterprise and Community Development | March 2018 |

| | | | | |
|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|-----------|
| WAO Proposal | Further develop and embed performance management arrangements to allow the Council to hold partners to account and to support the Local Service Board to deliver its plans. | | Status | Open |
| WAO Proposal | Ensure new Public Service Board (PSB) delivery plans clearly set out relevant actions and resources needed to deliver shared priorities so that each partner, including the Council, is clear what is expected of them. | | Status | Open |
| Report | Corporate Assessment – November 2015 and Performance Management – Corporate Assessment Follow-on Review – July 2016 | | | |
| What progress have we made | <p>The Local Service Board has been transitioned to a Public Service Board (PSB) as part of the implementation of the Future Generations Act. PSB Select Committee has been established and has scrutinised the formation of the PSB and membership, resourcing of PSB support and development of the Well-being Assessment and Well-being Plan. Training has been held for committee members on their responsibilities and the PSB select committee members on their specific responsibilities in relation to the Act</p> <p>The PSB is using the evidence in the Well-being Assessment to finalise its well-being plan by May 2018, this will require the board to consider how to allocate and prioritise resources to meet their wellbeing objectives and establish clear plans to achieve this. A detailed action plan and programme management arrangements are being developed and will be published separately from the well-being plan. In line with this, the performance framework and accountability arrangements for the PSB will be reviewed to ensure accountability, delivery of the well-being plan and continued delivery of statutory responsibilities.</p> | | | |
| Further action planned | Desired Result | Action | Responsible Officer | Timescale |
| | Clear PSB well-being objectives allowing the PSB to allocate and prioritise resources to meet the objectives and establish delivery plans to achieve this. | Develop the PSB's well-being plan and establish an action plan, performance framework and accountability arrangements. | Head of Policy & Governance and Community & Partnership Development Manager | May 2018 |

Governance proposals

| | | | |
|--------------|--------------------------------------------------------------------------|--------|------|
| WAO Proposal | Strengthen scrutiny's impact, status and effectiveness including: | Status | Open |
|--------------|--------------------------------------------------------------------------|--------|------|

- **formally recording Cabinet responses to scrutiny recommendations and observations; and**
- **better co-ordination of Cabinet and select committee forward work programmes.**

| | |
|--------|----------------------------------------------------------------|
| Report | Governance – Corporate Assessment Follow-on Review – June 2016 |
|--------|----------------------------------------------------------------|

| | |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| What progress have we made | <p>Formalised reporting of scrutiny recommendations to Cabinet Members has been established through the drafting of chairs' letters. Development is underway working with scrutiny chairs and cabinet members to ensure that cabinet members draft formal responses to chairs' letters, to be formally reported at Select Committee meetings under agreement of the work programme. This will ensure that responses made to scrutiny's recommendations can be evidenced, ensuring accountability and transparency.</p> <p>The Scrutiny Manager works with Democratic Services Officers to ensure chairs' summaries are captured in Select Committee minutes and a record of scrutiny's conclusions and recommendations are now formalised in a regular report to Cabinet. Democratic Services Officers and the Scrutiny Manager continue to attend meetings of Senior Leadership Team and departmental management teams as necessary to discuss the cabinet and select committee forward work planner.</p> <p>A whole authority work planner is being piloted to improve the interface between officer meetings, select committees, Cabinet and Council. This will ensure that committees can plan their work programme more effectively and enable clearer tracking of decisions.</p> |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

| | Desired Result | Action | Responsible Officer | Timescale |
|------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|---------------|
| Further action planned | Better scrutiny as part of the decision-making process | To assist chairs in identifying topics for pre-decision scrutiny and prioritising their work more effectively. | Scrutiny Manager | March 2018 |
| | More efficient processes and timely and clear reports for members | Implement a whole authority planner | Head of Policy and Governance | December 2017 |
| | More efficient processes and timely and clear reports for members | Adopt the next phase of Modern Gov system to enable officers to self-serve when uploading reports. Enhance the advice and guidance areas on the intranet. | Local Democracy Manager | December 2017 |

| | | | |
|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|------|
| WAO Proposal | Further improve the clarity of reports that members receive to ensure they have access to appropriate and timely information in a format that is easy to read and understand. | Status | Open |
| | Improving the quality of its options appraisals by providing information showing how options have been consistently evaluated. | | |
| | Ensuring that budget savings mandates and service change reports systematically reflect stakeholder views and that these are taken into account during the decision making process. | | |

| | | | | | |
|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|------------|--|
| | Setting out at the point of decision on service change proposals how the impact of proposed changes is going to be measured and monitored | | | | |
| Report | Governance – Corporate Assessment Follow-on Review – June 2016. Good Governance when Determining Significant Service Changes – March 2017 | | | | |
| What progress have we made | Improvements to the report writing process have already been made. The template for decision making reports has been amended to include an evaluation assessment to set out arrangements for future evaluation of whether the decision has been successfully implemented. The template also includes an option appraisal section to set other options that have been considered. A consultation section is included to set out all the stakeholders that have been consulted as part of the report and provide a short summary of their feedback where the previous template had simply focused on listing consultees. There is an ongoing need to ensure accountability on report authors that their reports relating to their service area meet the required standard before reports are published and decisions made. | | | | |
| Further action planned | Desired Result | Action | Responsible Officer | Timescale | |
| | Better informed members leading to more robust challenge and decision making. | Amend the report writing template and guidance and ensure the content of reports and presentations is clear and pitched correctly. | Scrutiny Manager & Policy and Performance Team | March 2018 | |
| Further action planned | Better informed members leading to more robust challenge and decision making | Ensure that senior officers are held accountable for ensuring the reports relating to their service area meet the required standard; Create a whole authority work planning process and ensure that Democratic Services Officers complete final checks before reports are uploaded to ModGov system. | Head of Policy and Governance | March 2018 | |

| | | | | | | |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-------------------------------|---------------|--------|------|
| WAO Proposal | Formally reviewing its decision making process in relation to service changes as part of post project learning to evaluate and learn from its effectiveness and ensure continuous improvement. | | | | Status | Open |
| Report | Good Governance when Determining Significant Service Changes – March 2017 | | | | | |
| What progress have we made | The Council already has existing arrangements that review decision making and governance arrangements these include: the Annual Governance Statement, Democratic Services Committee and through specific service plans for example scrutiny. Further reviews of decision making will be considered, if required, in line with the outcomes of these processes. The inclusion of an options appraisal section and template on all council and cabinet report ensures that evaluation criteria and timescales are set from the outset allowing a more structured approach to learning from decisions. | | | | | |
| Further action planned | Desired Result | Action | Responsible Officer | Timescale | | |
| | Identification of potential improvements to the decision making process | Utilise existing processes and evaluation arrangements to implement any improvement actions of the decision making process. | Head of Policy and Governance | December 2017 | | |

Information Technology proposals

| | | | | | |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|---------------------|------------|------|
| WAO Proposal | Review and revise the iCounty Business Plan for 2016-2019 by setting out clear and measurable actions to enable senior managers and members to effectively monitor and manage progress of its implementation. | | | Status | Open |
| Report | Information Technology – Corporate Assessment Follow-on Review – October 2016 | | | | |
| What progress have we made | <p>The Digital Programme Office was established after a review of the ‘internal delivery’ pillar of iCounty. A business plan for the Digital Programme Office 2017-18 has been established. The plan has identified a method of recording performance against a set of digital maturity measures.</p> <p>A corporate plan has been developed by Cabinet that sets out a clear direction for the Council and the resources required to deliver it. Following the approval of the corporate plan the Council’s key delivery strategies to enable its delivery will be revised including its digital strategy. The development of this strategy will set clear action and evaluation arrangements for its delivery.</p> | | | | |
| Further action planned | Desired Result | Action | Responsible Officer | Timescale | |
| | Key strategies are mutually supportive and aligned to the corporate plan | Develop a Digital strategy to align and enable the delivery of the corporate plan. | Head Of Digital | April 2018 | |

| | | | | | |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|---------------------|------------|------|
| WAO Proposal | Negotiate and agree commercial grade Service Level Agreements with SRS in advance of new organisations joining the partnership to support sound governance, and to enable the Council to measure service delivery, and assure itself that its IT needs continue to be met. | | | Status | Open |
| Report | Information Technology – Corporate Assessment Follow-on Review – October 2016 | | | | |
| What progress have we made | The commercial grade Service Level Agreement with SRS has been agreed by the SRS Board in February 2018. A task and finish group has been established with SRS partners with a view to finalising the SLA by April 2018. | | | | |
| Further action planned | Desired Result | Action | Responsible Officer | Timescale | |
| | A clear agreement on the IT services provided to the Council | To implement the Service Level Agreement | Head of Digital | April 2018 | |

Finance proposals

| | | | | | |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--------|------|
| WAO Proposal | The Council should ensure that all budget mandates are costed and are sufficiently detailed. <i>All budget mandates should be fully costed and supported by information showing how each saving area will be achieved with an evaluation of its impact. This information should be produced on a timely basis to inform the agreement of the mandates by Members.</i> | | | Status | Open |
| | Ensure central specialist functions, such as finance and procurement, work more closely with individual service areas in identifying potential savings, the scope of savings achievable and the potential to use pooled budgets with partners. | | | | |
| Report | Corporate Assessment – November 2015 and Financial Resilience Assessment – February 2016 | | | | |
| What progress have we made | 94% of savings agreed for 2017/18 are forecast to be achieved. All services had initially been asked to plan how their services would look within a 5% budget reduction for 2018/19 and begin to position short-term decisions in the context of a longer-term programme which aligns with the Medium Term Financial Plan. A further significant budget shortfall resulting from in-year recurrent pressures, | | | | |

together with the announcement of the pay award, resulted in a dedicated team of senior officers (including finance and procurement) working closely with service areas to target and identify further savings.

Budget proposals for 18-19 have subsequently been identified and are produced in a standard format which covers costs of implementation and are supported by information showing how each will be achieved. Proposals have been scrutinised by Select Committees between November 2017 and February 2018. Through the process work has continued to develop further proposals and revise the existing savings and pressures in the light of further engagement and analysis of data and evidence the existing savings and pressures in the light of further engagement and analysis of data and evidence.

| Further action planned | Desired Result | Action | Responsible Officer | Timescale |
|------------------------|---------------------------------------------------------------|------------------------------------------------------------|---------------------|------------|
| | Fully costed and robust budget proposals for member scrutiny. | Establish a clear Medium Term Financial Plan and proposals | Head of Finance | March 2018 |

| | | | |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|------|
| WAO Proposal | Strengthen financial planning arrangements by developing a robust Medium Term Financial Plan that incorporates its Reserves Policy, Income Generation Strategy and Future Monmouthshire project | Status | Open |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|------|

| | |
|---------------|----------------------------------|
| Report | Savings Planning – February 2017 |
|---------------|----------------------------------|

| | |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| What progress have we made | <p>Budget proposals for 18-19 have been identified which are a blend of ongoing sustainable efficiencies; continued income generation and a focus on investing in areas such as education and social care. Following the approval of the Corporate Plan in February 2018 the Medium Term Financial Plan will be updated to align the resources required to deliver it once the budget is developed and scrutinised by members.</p> <p>There is still a need to think differently about the even greater challenges of the medium term and this work and engagement will continue in the coming months as part of our Future Monmouthshire programme to develop the Medium Term Financial Plan.</p> <p>The income generation strategy will be reviewed alongside the updated Medium Term Financial Plan, which will incorporate its reserve policy, and the Authority's new Commercial Strategy.</p> |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

| Further action planned | Desired Result | Action | Responsible Officer | Timescale |
|------------------------|------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|------------|
| | A robust and realistic Medium Term Financial Plan to support and facilitate strategic planning | Update the Medium Term Financial Plan to align to the resources required to deliver the corporate plan based on the latest available information. | SLT | March 2018 |

Asset Management proposals

| | | | |
|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|------|
| WAO Proposal | <p>The Council's asset management arrangements could be strengthened by: Developing and delivering a long-term sustainable strategy for its assets based on a thorough assessment of needs, costs and benefits supported by:</p> <ul style="list-style-type: none"> ○ short, medium and long-term performance indicators; ○ embedded governance arrangements to support the strategic management of assets; ○ IT asset management systems which integrate more effectively with other systems to facilitate better information capture and use; and ○ Utilising information arising from stakeholder consultation and engagement including what the Council has learnt about its | Status | Open |
|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|------|

experience of its community asset transfers to better inform its decision-making.

Report WAO review of Asset Management – November 2017

What progress have we made

A corporate plan has been developed by Cabinet that sets out a clear direction for the Council and the resources required to deliver it. Following the approval of the corporate plan the Council's key delivery strategies to enable its delivery will be revised including the Asset Management Plan. Performance Indicators are already reported within the Estates Service Improvement Plan. These will be revised/refined to reflect the updated Asset Management strategy and corporate plan priorities.

Governance arrangements are planned to be embedded and aligned alongside Finance's Capital monitoring. Therefore the intention is to constitute a new group with a broad remit and terms of reference. These will be set out within the reviewed Asset Management Strategy

The current software will be replaced with a system that incorporates the Financial Asset Register as well as providing a comprehensive solution for the effective management of property data

Further action planned

| Desired Result | Action | Responsible Officer | Timescale |
|-------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|---------------|
| Clarity over the Council's approach to the use of its assets to support robust decision making. | Revise the Asset Management Plan to align and enable the delivery of the corporate plan, include revised/refined performance indicators and set out revised governance arrangements. | Head of Commercial and Integrated Landlord Services | April 2018 |
| Clarity over the Council's approach to the use of its assets to support robust decision making. | Replace the IT system with a system that incorporates the Financial Asset Register as well as providing a comprehensive solution for the effective management of property data | Head of Commercial and Integrated Landlord Services | December 2018 |

Appendix 2 - Closed Wales Audit Office Proposal for Improvement

Human Resources proposals

| | | | |
|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------|
| WAO Proposal | Engage more effectively with staff to ensure the Council's values are clearly evident across the organisation. | Status | Close |
| Report | Corporate Assessment – November 2015 and Human Resources – Corporate Assessment Follow-on Review – December 2016 | | |
| What progress have we made | <p>MonTalks and MonDelivers talks have been introduced to share insights, information and updates on a variety of aspects of the Council's work.</p> <p>A further staff survey, including questions on wellbeing, has been completed and the results show 73% of respondents partially, mostly or totally agree that the Council lives and breathes its Corporate Values, with 9% not agreeing. 94% of respondents partially, mostly or totally agree they understand their purpose and contribution to the authority. The staff survey reflects mostly good levels of staff engagement although there are still areas which require further attention and focus to improve. The results from the staff survey are being used to inform future plans</p> <p>Staff engagement continues to be important, well-being events and focus groups have been held and the "Go to Group" providing peer support has been established. Market Place Events have commenced and will become quarterly to strengthen Induction Process and incorporate new mandatory learning for new and existing colleagues. Future developments such as directorate level staff conferences will be considered to provide more specific staff engagement on issues in their directorate.</p> | | |

Performance Management Proposals

| | | | |
|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------|
| WAO Proposal | Improve performance management arrangements by: | Status | Close |
| Report | <ul style="list-style-type: none"> • improving data quality arrangements to ensure that performance reporting is accurate and that decisions are made based on robust information. • Ensure accurate data collection and reporting. | | |
| What progress have we made | <p>Corporate Assessment – November 2015 & Performance Management – Corporate Assessment Follow-on Review – July 2016</p> <p>The data quality process continues to be strengthened and was amended in 2017 to take account of previous audit feedback and allocate Internal Audit time on the data system producing the data as well as the data outputs.</p> <p>Internal guidance notes on completing performance indicators are produced setting clear requirements for data compilers, these were updated and used to inform the submission of national performance data for 2016/17. There is continued support from the Policy and Performance team with a specific and clearly defined role for Internal Audit to quality assure data. In April 2017, Wales Audit Office conducted a follow up review of 2015-16 published data which concluded "Data quality arrangements continue to improve and arrangements could be strengthened further by correctly applying the national PI definitions".</p> <p>There is continued focus to improve the council's use of data to inform decision making. It is recognised that there is particular risk to data quality, including target setting, when developing performance data measures for new policies or initiatives that may not have been subject to data quality processes previously which will continue to be a focus for support. While ongoing support to</p> | | |

strengthen the data quality process, including using external and internal audit feedback, is a continual process.

Governance proposals

| | | | |
|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------|
| WAO Proposal | Ensure that information on the Council's website is accurate, complete and up to date. | Status | Close |
| Report | Governance – Corporate Assessment Follow-on Review – June 2016 | | |
| What progress have we made | <p>The Modern Gov system has been used since September 2015, further functionality of the system has continued to be implemented including the documentation of agendas, reports, minutes and decision logs on the Council's website making these more easily accessible for the public. The implementation of further functionality of the Modern Gov system has further improved usability of the meeting, minutes and agendas function of the website. With further updates planned.</p> <p>The scrutiny webpage continues to be updated to provide easy access to scrutiny information to Members and the public and provide an online scrutiny resource.</p> <p>In spring 2016 the website underwent a content and design review to improve user experience. There is now ongoing activity to ensure content is reviewed and up to date and improve user experience.</p> | | |

| | | | |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------|
| WAO Proposal | Reviewing and updating the Constitution to reflect, for example, recent changes to the Council's senior leadership team and select committees. | Status | Close |
| Report | Good Governance when Determining Significant Service Changes – March 2017 | | |
| What progress have we made | <p>In December 2017 Council approved an update to the Constitution. This included updates on a number of decisions that had been made which affect the constitution, along with changes in the senior management structure of the council and legislative changes that need to be reflected in the constitution.</p> <p>Periodically the constitution will continue to be updated to reflect decisions that have been made by the council that affect the constitution, any statutory changes and any changes to the structure of the council.</p> | | |

Wales Audit Office National Studies Published so far in 2017/18

| National Study | <p style="text-align: center;">Public Procurement in Wales http://www.audit.wales/publication/public-procurement-wales</p> |
|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Summary | <p>The report examines whether there is evidence that current procurement arrangements in Wales are helping to deliver value for money in public spending and are fit for the future.</p> <p>The report concluded that national governance arrangements for procurement could be strengthened and there is clear scope for improvement in procurement arrangements at a national and local level. Public bodies also face challenges in balancing potentially competing procurement priorities, responding to new policy, legislation and technology, and in the recruitment and retention of key personnel.</p> |
| Recommendations in the report | <p>We recommend that the Welsh Government:</p> <ul style="list-style-type: none"> • encourage public bodies to review the accuracy of the data that they provide for the Collaborative Spend Analysis project, reflecting on the issues identified in the course of our work; and • explore with the further education sector and the missing Welsh Government sponsored bodies why they will not engage with the Collaborative Spend Analysis project, with the aim of all public bodies participating in 2017-18. <p>In taking forward its plans to merge the national Procurement Board with the NPS Board we recommend that the Welsh Government:</p> <ul style="list-style-type: none"> • clearly sets out, for example on its website, the accountability and governance structure for public procurement in Wales, particularly in relation to the role and remit of the revised national Procurement Board arrangements; and • invite representation from Welsh Government Sponsored Bodies, the Office of the Future Generations Commissioner, the third sector and from public bodies in North Wales. <p>We recommend that public bodies review their procurement strategies and policies during 2017-18 and on an annual basis thereafter to ensure that they reflect wider policy and legislative changes and support continuous improvement.</p> <p>In rolling out a new round of checks, we recommend that the Welsh Government:</p> <ul style="list-style-type: none"> • ensure that the Procurement Fitness Checks are carried out consistently to allow for more effective benchmarking; • provide guidance to public bodies on the expectations for follow-up self-assessments; • work with the national Procurement Board to analyse the results and identify action that can be taken at a national level to support further improvement; • include an assessment of where public bodies stand in relation to procurement policy statement recommendations – for example, that there should be a minimum of one procurement professional per £10 million of procurement spend across the wider public sector. <p>We recommend that the Welsh Government update its community benefits toolkit, including taking account of the Well-being of Future Generations (Wales) Act 2015 and building on lessons learned from current practice across Wales such as the use of community benefits champions.</p> <p>In following up its work on the Transforming Procurement through Home Grown Talent Programme, the Welsh Government should explore with public sector partners the impact of differential pay for procurement staff across different sectors and any potential solutions.</p> |

| | |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | We recommend that the Welsh Government better promote the use of the SQuID to public bodies and assess its use as part of the procurement fitness checks. |
| Monmouthshire County Council lead | The report sets out 7 recommendations for improvement, some of which are for consideration by public bodies, as above. Scott James, Strategic Procurement Manager, is the lead for procurement in Monmouthshire |

| | |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| National Study | <p>Good governance when determining significant service changes – National Summary</p> <p>http://www.audit.wales/publication/good-governance-when-determining-significant-service-changes</p> |
| Summary | <p>This report is designed primarily to provide insight, share existing practice and prompt further conversations and discussions between councils and other organisations.</p> <p>Governance arrangements for determining significant service change are generally clear and well understood. We have not included any recommendations in this report, as we have already issued each council with relevant proposals for improvement in their own local report.</p> |
| Monmouthshire County Council lead | This is a national report summarising specific work undertaken in each Council, Monmouthshire received its local 'Good governance when determining significant service changes' report in March 2017 which contained five proposals for improvement. The current progress the Council has made on the proposals that remain relevant and responsibility holders for these are set out in this report. |

| | |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| National Study | <p>Savings Planning in Councils in Wales</p> <p>http://www.audit.wales/publication/savings-planning-councils-wales</p> |
| Summary | <p>The basic premise of the review is how well savings planning supports financial resilience. The more successful each council is at delivering its planned savings in the timeframe it predicts the greater the contribution savings planning has to the financial resilience of the council.</p> <p>Overall, the report concludes that medium-term financial planning in councils is generally effective, but shortcomings in savings planning present a risk that some councils will not achieve the savings they need to make.</p> |
| Monmouthshire County Council lead | This is a national report summarising specific work undertaken in each Council, Monmouthshire received its local 'Savings Planning report' in February 2017 which contained one proposal for improvement and the response was completed by Joy Robson, Head of Finance. The current progress the Council has made on this proposal is set out in the financial proposal section of this report. |

| | |
|-------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| National Study | <p>How Local Government manages demand – Homelessness</p> <p>http://www.audit.wales/publication/how-local-government-manages-demand-homelessness</p> |
| Summary | <p>This review has focussed on assessing if local authorities and their partners are addressing demand through the development of appropriate and effective prevention approaches.</p> <p>It concludes local authorities are reacting to the problems caused by homelessness with varying degrees of success. But there is limited focus on preventing the fundamental causes of homelessness.</p> |
| Recommendations in the report | <p>We recommend that local authorities:</p> <ul style="list-style-type: none"> • ensure their staff are sufficiently skilled to deal with the new demands of mediating, problem solving, negotiating and influencing with homeless people; and |

| | |
|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <ul style="list-style-type: none"> • review and reconfigure their services to engage more effectively with homeless and potentially homeless people to prevent homelessness <p>We recommend that local authorities review their funding of homelessness services to ensure that they can continue to provide the widest possible preventative approach needed. Reviews should consider use of Supporting People as well as General Council fund monies to support delivery of the authority's homelessness duties.</p> <p>We recommend that local authorities:</p> <ul style="list-style-type: none"> • design services to ensure there is early contact with service users; • use 'triage' approaches to identify and filter individuals seeking help to determine the most appropriate response to address their needs; and • test the effectiveness of first point of contact services to ensure they are fit for purpose. <p>We recommend that local authorities publish service standards that clearly set out what their responsibilities are and how they will provide services to ensure people know what they are entitled to receive and what they must do for themselves. Service standards should:</p> <ul style="list-style-type: none"> • be written in plain accessible language; • be precise about what applicants can and cannot expect, and when they can expect resolution; • clearly set out the applicant's role in the process and how they can help the process go more smoothly and quickly; • be produced collaboratively with subject experts and include the involvement of people who use the service(s); • effectively integrate with the single assessment process; • offer viable alternatives to the authority's services; and • set out the appeals and complaints processes. These should be based on fairness and equity for all involved and available to all. <p>To improve current performance we recommend that local authorities make better use of their websites to help manage demand by:</p> <ul style="list-style-type: none"> • testing the usability and effectiveness of current website information using our lines of enquiry set out in Appendix 5; • increasing and improving the range, quality and coverage of web based information; making better use of online applications; and • linking more effectively to information from specialist providers' and advice specialists, such as Citizens Advice. <p>We recommend that local authorities set out and agree their expectations of partners identifying how they will work together to alleviate homelessness. The agreement should be reviewed regularly and all partners' performance reviewed to identify areas for improvement.</p> <p>We recommend that local authorities address weaknesses in their equalities monitoring, and ensure that their homelessness service accurately records and evaluates appropriate data to demonstrate equality of access for all service users that the local authority has a duty towards.</p> <p>We recommend that local authorities use the checklist set out in Appendix 10 to undertake a self-assessment on services, to help identify options to improve how they can help manage demand.</p> |
| <p>Monmouthshire County Council lead</p> | <p>The report sets out 8 recommendations for improvement which are for consideration by local authorities. Ian Bakewell, Housing and Communities Manager, manages the Housing Options Team in Monmouthshire and is considering the findings of the report.</p> |



**SUBJECT: INTERNAL AUDIT SECTION
OPERATIONAL PLAN, 2018/19
DRAFT**

**DIRECTORATE: Resources
MEETING: Audit Committee
DATE: 8th March 2018
DIVISION/WARDS AFFECTED: All**

1. PURPOSE

To receive and consider the early **draft** Internal Audit Operational Audit Plan for 2018/19.

2. RECOMMENDATION(S)

That the Audit Committee reviews, comments on and shapes the early Draft Audit Plan with a view to receiving a more detailed plan by the end of the 1st quarter for approval.

3. KEY ISSUES

- 3.1 A comprehensive risk matrix was developed for the 2011/12 planning process which gave an outline programme of work that would enable the Internal Audit Section to cover all material audit risks across all services of the Council.
- 3.2 This report explains how the 2018/19 Operational Audit Plan has been prepared and how the plan will be put together in future years. The risk matrix enables all possible systems, processes, sections and establishments that could possibly be audited within Monmouthshire to be risk assessed and ranked in a high to low risk priority. Size, Control and Detection were the overarching categories which risk was assessed against, each broken down to 4 sub categories. Each area was individually scored against each criteria with an overall score being determined by the risk matrix, where 5 was considered to be the highest risk and 1 the lowest.
- 3.3 Over 300 possible areas to audit across all services provided by Monmouthshire were risk assessed in this way and then sorted in risk order from high, then medium and low. The audit team staff resources would then be allocated to cover the higher ranked risks as a priority. That said, inevitably there will be reviews which the audit team have to undertake annually such as performance indicators, annual governance statement, mandatory grant claim audits and audit advice, which have also been incorporated into the plan, along with follow up

reviews, finalisation work and planned work from previous year not undertaken.

- 3.4 An allocation of time will be included in the plan for special investigations where the team might receive allegations of fraud, theft, non compliance. The plan also needs to be flexible enough to respond to changes to risk profiles and other developments in year; the audit management team will continually monitor this situation.
- 3.5 For 2018/19, total available audit resources amounts to 894 days, which will be allocated across service directorates on a risk basis. This includes 120 days for special investigations and unplanned work. The work will be undertaken by 5.4 FTE audit staff. The available resource is based on all staff being in place for the whole of the year.
- 3.6 Although the time allocated to special investigations is usually a pressure point the 2018/19 allocation of days has been maintained to ensure appropriate coverage is given across service areas.
- 3.7 The detail of the plan is still to be finalised following completion of the ongoing consultation exercise with Heads of Service. The first quarter will include finalisation of 2017/18 work which was at draft report stage at year end, work planned for 2017/18 but not completed, corporate performance indicators along with the collation of the Annual Governance Statement.
- 3.8 This plan may change as the year progresses if the risk profile of audit work changes. Any significant change will be brought back to the Audit Committee for approval. The Audit Committee will be kept updated with the progress against the agreed plan via quarterly reports. The intention is to bring an updated plan back to Audit Committee for formal approval by the end of the 1st quarter.
- 3.9 The team comprises of one Audit Manager supported by one Principal Auditor, two Senior Auditors and one Auditor with the Chief Internal Auditor having overall responsibility for the team; he operates on a shared services arrangement with Newport City Council.
- 3.10 To seek to maximise performance against the plan, Audit Management will ensure audit reports are more focused and timely, that staff with the right skill sets are allocated to appropriate work and non-productive time is minimised.

4. REASONS

- 4.1 The draft 2018/19 Internal Audit Summary Plan is attached at Appendix 1 to this report. The Plan will be based on the risk assessment matrix along with cumulative audit knowledge. This will be reviewed on an annual basis in order to determine the appropriateness of the risk assessment each year where audit resources will be deployed to cover the higher risk reviews.

- 4.2 The Operational Plan has been updated to take account of:
- a) The Authority's latest Risk Assessment;
 - b) New areas for inclusion in the Plan identified from changes to legislation and the regulatory framework for local government and from ongoing discussions with service managers;
 - c) Areas of slippage from the 2017/18 Operational Plan; and
 - d) The published Regulatory Plan produced by the Wales Audit Office.
- 4.3 Each review will be risk assessed and categorised as High, Medium or Low risk. Within the cycle of audits the team would aim to cover the higher risk areas as a priority but also provide coverage across directorates with lower risk services. All fundamental financial systems may now not be covered on an annual basis, especially if they have been previously determined as well controlled, with no significant changes to the system or to personnel. We will ensure that these are incorporated within the plan every few years to provide ongoing assurance. This new approach and methodology has been discussed and agreed with the external auditor who places reliance on the work undertaken by Internal Audit.
- 4.4 Where audits planned for 2017/18 were unable to be undertaken during the year due to insufficient resources and the effects of unplanned special work, these audits will be included in the Operational Plan for 2018/19 and will be undertaken in the early part of the financial year. Similarly, those audits in progress at the year-end will be completed early in the 2018/19 financial year, and an allowance of time will be included within the Plan for these audits.
- 4.5 Consultation will be undertaken, with visits and email correspondence to the various managers and finance representatives of each directorate. As a result there may be further minor amendments to the Plan to reflect specific suggestions from various representatives of Chief Officers and Heads of Service.
- 4.6 The Operational Plan will be kept under review through the course of the year to identify any amendments needed to reflect changing priorities and emerging risks. Material changes to the Plan will be reported to the Audit Committee at the earliest opportunity.
- 4.7 An annual Outturn Report will be prepared for the Audit Committee to provide details on the performance of the Section against the Operational Plan. Interim progress reports will also be provided to the Committee three times per year.
- 4.8 With effect from 1st April 2016 the revised Public Sector Internal Audit Standards came into force for all public sector bodies including local government organisations. The Chief Internal Auditor will ensure that the Audit Team undertake their work in accordance with these Standards.

5. RESOURCE IMPLICATIONS

None.

6. CONSULTEES

Heads of Service

7. BACKGROUND PAPERS

Strategic Audit Risk Matrix
Public Sector Internal Audit Standards
CIPFA Local Government Internal Audit Manual

8. AUTHORS AND CONTACT DETAILS

Andrew Wathan, Chief Internal Auditor
Telephone: x.4243
Email: andrewwathan@monmouthshire.gov.uk

David Walton, Audit Manager
Telephone: x.4258
Email: davidwalton@monmouthshire.gov.uk

| DIRECTORATE: | Children & Young People | | |
|----------------------------------------------|----------------------------------------------------|---------------------------|-------------|
| Service Area | Subject | Type | Risk |
| 21st Century Schools 21st Century Schools | Monitoring Implementation of Audit Recommendations | Follow-up Audit Advice | |
| Achievement & Extended Services | Education Improvement Grant | Grant Claim Audit | Med |
| Achievement & Extended Services | Pupil Deprivation Grant | Grant Claim Audit | Low |
| Achievement & Extended Services | Outside School Childcare Grant | Grant Claim Audit | Low |
| Achievement & Extended Services | Special Educational Needs | Finalisation of Report | Med |
| Achievement & Extended Services | Monitoring Implementation of Audit Recommendations | Follow-up | |
| Achievement & Extended Services | | Audit Advice | |
| Schools | Monmouth Comprehensive School | New Audit | Med |
| Schools | Shirenewton Primary School | New Audit | Low |
| Schools | St. Mary's RC Primary School | New Audit | Low |
| Schools | Kymin View Primary School | New Audit | Low |
| Schools | Gilwern Primary School | New Audit | Low |
| Schools | Goytre Fawr Primary School | New Audit | Low |
| Schools | Usk CiW VC Primary School | New Audit | Low |
| Schools | Magor Primary School | Follow-up | Med |
| Schools | Deri View Primary School | Finalisation of Report | Low |
| Schools | Thornwell Primary School | Finalisation of Report | Low |
| Schools | Trellech Primary School | Finalisation of Report | Low |

| | | | |
|---------------------|----------------------------------------------------|------------------------|-------------|
| Schools | Raglan Primary School follow-up | Finalisation of Report | Med |
| DIRECTORATE: | Children & Young People | | |
| Service Area | Subject | Type | Risk |
| Schools | Ysgol Y Ffin Primary School follow-up | Finalisation of Report | Med |
| Schools | Magor Primary School | Finalisation of Report | Med |
| Schools | Overmonnow Primary School | Finalisation of Report | Low |
| Schools | Monitoring Implementation of Audit Recommendations | Follow-up | |
| Schools | | Audit Advice | |
| YP Resources | School Private Fund Accounts | Finalisation of Report | Med |
| YP Resources | Monitoring Implementation of Audit Recommendations | Follow-up | |
| CYP Resources | | Audit Advice | |

**Monmouthshire County Council
DRAFT Internal Audit Plan 2018/19**

Appendix

DIRECTORATE:

Enterprise

Service Area

Subject

Type

Risk

Enterprise & Community Delivery
Enterprise & Community Delivery

Agri-Urban URBACT Scheme Final Claim

Grant Claim Audit
Audit Advice

Low

Tourism, Leisure & Culture

Borough Theatre

New Audit

High

Tourism, Leisure & Culture

Leisure Centres Payroll Review

Finalisation of Report

Med

Tourism, Leisure & Culture

Alternative Delivery Model Implementation

New Audit

High

Tourism, Leisure & Culture

Youth Service

Finalisation of Report

Med

Tourism, Leisure & Culture

Caldicot Castle

New Audit

Med

Tourism, Leisure & Culture

Events

Follow-up

High

Tourism, Leisure & Culture

Monitoring Implementation of Audit Recommendations

Follow-up

Tourism, Leisure & Culture

Monitoring Implementation of Audit Recommendations

Audit Advice

Policy & Governance

National Performance Indicators

New Audit

Med

Policy & Governance

Local Performance Indicators

New Audit

Low

Policy & Governance

Monitoring Implementation of Audit Recommendations

Follow-up

Policy & Governance

Monitoring Implementation of Audit Recommendations

Audit Advice

Planning, Housing & Place Shaping

Section 106 Agreements

Finalisation of Report

High

Planning, Housing & Place Shaping

Monitoring Implementation of Audit Recommendations

Follow-up

Planning, Housing & Place Shaping

Monitoring Implementation of Audit Recommendations

Audit Advice

City Deal

Monitoring Implementation of Audit Recommendations

Audit Advice

Page 109

| DIRECTORATE: | Operations | | |
|-----------------------------|----------------------------------------------------|------------------------|-------------|
| Service Area | Subject | Type | Risk |
| Passenger Transport Unit | Personal Transport Budgets | New Audit | Low |
| Passenger Transport Unit | PTU Follow-up audit | Finalisation of Report | Med |
| Passenger Transport Unit | | Audit Advice | |
| SWTRA & Street Lighting | Monitoring Implementation of Audit Recommendations | Follow-up | |
| SWTRA & Street Lighting | | Audit Advice | |
| Transport | Fuel Cards | Follow-up | Med |
| Transport | Monitoring Implementation of Audit Recommendations | Follow-up | |
| Transport | | Audit Advice | |
| Waste & Street Operations | Waste & Recycling | New Audit | High |
| Waste & Street Operations | Monitoring Implementation of Audit Recommendations | Follow-up | |
| Waste & Street Operations | | Audit Advice | |
| Highways & Flood Management | Monitoring Implementation of Audit Recommendations | Follow-up | |
| Highways & Flood Management | Streetworks | Finalisation of Report | Med |
| Highways & Flood Management | | Audit Advice | |
| County Highways Operations | Highways Operations | New Audit | Med |
| County Highways Operations | | Audit Advice | |

DIRECTORATE:

Resources

Service Area

Subject

Type

Risk

| | | | |
|--------|----------------------------------------------------|--------------------------------|------|
| People | Payroll | New Audit | Med |
| People | Attendance Management | New Audit | Med |
| People | Payroll 2017/18 | Completion of Work in Progress | Med |
| People | Term Time Working - new contractual arrangements | New Audit | Med |
| People | HR Policy Review | Follow-up | High |
| People | Monitoring Implementation of Audit Recommendations | Follow-up | |
| People | | Audit Advice | |

Digital & Agile

10

| | | | |
|---------|----------------------------------------------------|--------------------------------|-----|
| Finance | Creditor Payments System | New Audit | Med |
| Finance | Creditors 2017/18 | Completion of Work in Progress | Med |
| Finance | Corporate Sundry Debtors | Finalisation of Report | Med |
| Finance | Cashiers | New Audit | Med |
| Finance | Bank Reconciliations | New Audit | Med |
| Finance | Treasury Management | New Audit | Med |
| Finance | Budgetary Control | Completion of Work in Progress | Med |
| Finance | NDR Transitional Relief | Finalisation of Report | Med |
| Finance | Cashiers 2017/18 | Finalisation of Report | Med |
| Finance | IR35 | Finalisation of Report | Med |
| Finance | Direct Bank Payments | Finalisation of Report | Med |
| Finance | Monitoring Implementation of Audit Recommendations | Follow-up | |

DIRECTORATE:

Resources

| Service Area | Subject | Type | Risk |
|-------------------------------------------|----------------------------------------------------|------------------------|-------------|
| Finance | | Audit Advice | |
| Commercial & Integrated Landlord Services | Investment Property Acquisitions | New Audit | High |
| Commercial & Integrated Landlord Services | Health & Safety of Authority's existing buildings | New Audit | Med |
| Commercial & Integrated Landlord Services | Property Services - Gwent Police contract | New Audit | Med |
| Commercial & Integrated Landlord Services | Parent Pay | Finalisation of Report | Med |
| Commercial & Integrated Landlord Services | Procurement | Finalisation of Report | High |
| Commercial & Integrated Landlord Services | Markets follow-up | Finalisation of Report | Med |
| Commercial & Integrated Landlord Services | Monitoring Implementation of Audit Recommendations | Follow-up | |
| Commercial & Integrated Landlord Services | | Audit Advice | |
| Business Planning & Redesign | | Audit Advice | |

DIRECTORATE:

Social Care & Health

Service Area

Subject

Type

Risk

| | | | |
|------------------------------|----------------------------------------------------|--------------------------------|------|
| Integrated Services | Section 117 Mental Health Act | New Audit | Med |
| Integrated Services | My Day My Life | New Audit | Med |
| Integrated Services | Former Monmouthshire Enterprise Services follow-up | Finalisation of Report | Med |
| Integrated Services | Supporting People Grant - Outcomes Data (May) | Grant Claim Audit | High |
| Integrated Services | Supporting People Grant - Financial Data (Sept) | Grant Claim Audit | Med |
| Integrated Services | Monitoring Implementation of Audit Recommendations | Follow-up | |
| Integrated Services | | Audit Advice | |
| Children's Services | External Placements follow-up | Finalisation of Report | High |
| Children's Services | Review of Imprest Account | Completion of Work in Progress | Med |
| Children's Services | Monitoring Implementation of Audit Recommendations | Follow-up | |
| Children's Services | | Audit Advice | |
| Public Protection | Health & Safety | Finalisation of Report | Med |
| Public Protection | Monitoring Implementation of Audit Recommendations | Follow-up | |
| Public Protection | | Audit Advice | |
| Social Services Finance Unit | SCH Debtors | New Audit | Med |
| Social Services Finance Unit | | Audit Advice | |

DIRECTORATE:

Corporate

Service Area

Subject

Type

Risk

| | | | |
|---------------|----------------------------------------------------|------------------------|------|
| Cross Cutting | National Fraud Initiative | New Audit | High |
| Cross Cutting | Annual Governance Statement | New Audit | |
| Cross Cutting | General Data Protection Regulation | New Audit | High |
| Cross Cutting | Wellbeing of Future Generations Act | New Audit | Med |
| Cross Cutting | IT Procurement | Finalisation of Report | Med |
| Cross Cutting | Agency Workers | New Audit | Med |
| Cross Cutting | Compliance with Bribery Act | Follow-up | High |
| Cross Cutting | Safeguarding Arrangements | New Audit | High |
| Cross Cutting | Annual Safeguarding Report to WASG | New Audit | |
| Cross Cutting | Compliance with Bribery Act 2017/18 | Finalisation of Report | High |
| Cross Cutting | Volunteering | Follow-up | Med |
| Cross Cutting | Mobile Phones | Follow-up | Med |
| Cross Cutting | Monitoring Implementation of Audit Recommendations | Follow-up | |
| Cross Cutting | Future Monmouthshire | Audit Advice | |



**SUBJECT: INTERNAL AUDIT SECTION
PROGRESS REPORT 9 Months into 2017/18**

DIRECTORATE: Resources
MEETING: Audit Committee
DATE: 8th March 2018
DIVISION/WARDS AFFECTED: All

1. PURPOSE

To consider the adequacy of the internal control environment within the Council based on the outcomes of audit reviews and subsequent opinions issued to the 31st December 2017.

To consider the performance of the Internal Audit Section over the first 9 months of the current financial year.

2. RECOMMENDATION(S)

That the Committee note the audit opinions issued.

That the Committee note the progress made by the Section towards meeting the 2017/18 Operational Audit Plan and the Section's performance indicators at the nine months stage of the financial year.

3. KEY ISSUES

3.1 The Section has started to undertake its programme of audits in accordance with the 2017/18 Operational Audit Plan.

3.2 This report gives brief details of the work undertaken in the year to date. The report also gives details of the Section's performance indicators for the 9 months to 31st December 2017.

3.3 The Public Sector Internal Audit Standards came into force in April 2013 which the Internal Audit team needs to demonstrate it is compliant with; these replaced the former Code of Practice for Internal Audit within Local Government. The new standards have been reported to the Audit Committee separately.

3.4 A requirement of the PSIAS is for the Internal Audit team to be externally assessed once every five years to ensure compliance with these Standards. The Welsh Chief Auditors' Group proposed an option

of a peer review in order to meet the requirements of this external assessment, which has been agreed by respective S 151 Officers of local authorities in Wales. Monmouthshire's peer review will take place during 2017/18.

- 3.5 The 2017/18 Draft Audit Plan was agreed by the Audit Committee on 16th March 2017; final approved on 6th July 2017.

4. REASONS

- 4.1 Since the start of the financial year, the Internal Audit Section has completed 57 audit jobs from its 2017/18 Operational Audit Plan, with 7 being opinion related; these are listed in the table shown in Appendix 1.
- 4.2 In relation to the normal audit opinion related reports, 7 have been issued by the end of the 3rd Quarter. 1 was given a *Considerable* assurance opinion; 4 were Reasonable, 2 were given a *Limited* assurance opinion. One report related to the annual governance statement where no opinion was given, but this forms part of the Council's annual financial statements and financial advice was given in several areas. The team were involved with auditing grant claims which they have certified as either *qualified* or *unqualified*.
- 4.3 The definitions of the four internal audit opinions and the finding ratings used by the Section are provided at Appendix 2 for Members' information.
- 4.4 Finalisation work from 2016/17 continues; of the 19 reviews at draft report stage at 31 March 2017, 12 have subsequently been finalised; 1 x Substantial opinion, 4 x Considerable opinion, 3x Reasonable opinion, 4 x Limited opinion.
- 4.5 Audit management have also been involved with 5 special investigations to date this year, some of which have continued from 2016/17; these are often very sensitive and time consuming. Work has been undertaken on 3 unplanned area, providing additional advice and support for service managers.
- 4.6 Appendix 3 of the report gives details of the Section's performance indicators as at 31st December 2017.
- 4.7 Although only 10 audit reviews have been finalised, the acceptance of audit recommendations was good at 99%. Evaluation questionnaires have only been returned from 2 operational managers the data is not representative in terms of how satisfied they were with the audit service they had received.
- 4.8 Draft reports have taken 59 days to issue following receipt of management comments. It has taken 32 days to issue final reports.

- 4.9 Getting audit reports out to service managers are key indicators. The audit management will endeavour to continue to turnaround the work within the target time set for draft and final reports.
- 4.10 The percentage coverage of the audit plan at 36% (42% 2016/17) is lower than the same period of the previous year and below the profiled target of 50% at this stage of the financial year. Management will keep this indicator under careful review for the rest of the year to ensure that the audit coverage by the year end is as comprehensive as possible. The operational plan will be re-prioritised to ensure the higher risk areas are covered by the year end if resources become an issue again.
- 4.11 The team started the year with a full complement of staff in the team.
- 4.12 In Quarter 1 the team got involved with the verification and validation of the Council's annual performance indicators before they are submitted to Welsh Government. This is often a time consuming exercise with tight timescales. The team are also involved with the administration of the National Fraud Initiative (NFI) data sets on behalf of the Council.

5. SERVICE MANAGEMENT RESPONSIBILITIES

- 5.1 Heads of Service and service managers are responsible for addressing any weaknesses identified in internal systems and demonstrate this by including their management responses within the audit reports. When management agree the audit action plans they are accepting responsibility for addressing the issues identified within the agreed timescales.
- 5.2 Ultimately, managers within MCC are responsible for maintaining adequate internal controls within the systems they operate and for ensuring compliance with Council policies and procedures. All reports, once finalised, are sent to the respective Heads of Service for information and appropriate action where necessary.

6. FOLLOW UP AUDIT REVIEWS

- 6.1 Where 'Limited Assurance' opinions are issued, they are followed up within a twelve month timescale to ensure that the agreed actions have been taken by management and that the internal control systems are improved. These will be reported separately to the Audit Committee.

7. RESOURCE IMPLICATIONS

None.

8. CONSULTEES

Head of Finance

Results of Consultation:

N/A

9. BACKGROUND PAPERS

Operational Audit Plan 2017/18

10. AUTHORS AND CONTACT DETAILS

Andrew Wathan, Chief Internal Auditor

Telephone: x.4243

Email: andrewwathan@monmouthshire.gov.uk

David Walton, Audit Manager

Telephone: x.4258

Email: davewalton@monmouthshire.gov.uk

AUDIT COMMITTEE MARCH 2018

**INTERNAL AUDIT SECTION PROGRESS REPORT
2017/18 – 9 MONTHS**

APPENDIX 1

Internal Audit reviews from the 2017/18 Operational Audit Plan where fieldwork has been completed and/or final reports issued since 1/4/17 are listed in the table below.

Internal Control Opinions give the auditor’s overall conclusion on the control environment operating in each system/establishment under review. Opinions range from Substantial Assurance through to Limited Assurance.

Draft issued indicates that a draft report has been issued and a response is awaited from the client before the report can be finalised.

Status of reports as at 31st December 2017

**Internal Audit Services - Management Information for
2017/18 – Quarter 3**

| Job number | Directorate | Service | Job Name | Risk Rating / Priority | Complete when FINALISED | Opinion given |
|-------------------|-------------------------|----------------------------|------------------------------------|-------------------------------|--------------------------------|----------------------|
| P1718/33 | Children & Young People | Schools | Chepstow School | High | | Considerable |
| | | | | | | |
| P1718/26 | Children & Young People | Schools | Mounton House Special School | Medium | | Reasonable |
| P1718/27 | Children & Young People | Schools | Deri View Primary School | Low | | Reasonable |
| P1718/54 | Operations | Traffic Network | Kerbcraft | Medium | Finalised | Reasonable |
| P1718/64 | Resources | Finance | Procurement Cards follow-up | Medium | | Reasonable |
| | | | | | | |
| P1718/04 | Enterprise | Tourism, Leisure & Culture | Borough Theatre Trust | High | Finalised | Limited |
| P1718/32 | Children & Young People | Schools | Raglan Primary School | Medium | Finalised | Limited |
| | | | | | | |
| P1718/01 | Enterprise | Economy and Enterprise | Agri-Urban URBACT Scheme June 2017 | Low | Finalised | Unqualified |

| Job number | Directorate | Service | Job Name | Risk Rating / Priority | Complete when FINALISED | Opinion given |
|-------------------|-------------------------|---------------------------------|--------------------------------|-------------------------------|--------------------------------|----------------------|
| P1718/23 | Children & Young People | Achievement & Extended Services | Outside School Childcare Grant | Low | Finalised | Unqualified |
| P1718/38 | Children & Young People | CYP Resources | School Uniform Grant | Low | Finalised | Unqualified |
| P1718/77 | Social Care & Health | Integrated Services | Supporting People Grant | High | Finalised | Unqualified |
| | | | | | | |
| P1718/21 | Children & Young People | Achievement & Extended Services | Education Improvement Grant | Medium | Finalised | Qualified |
| P1718/22 | Children & Young People | Achievement & Extended Services | Pupil Deprivation Grant | Low | Finalised | Qualified |

Non – opinion / Added Value Audit Work

| Job number | Directorate | Service | Job Name | Opinion given |
|-------------------|-------------------------|-----------------------------------|-----------------------------------|----------------------|
| P1718/03 | Enterprise | Economy and Enterprise | Audit Advice | Not applicable |
| P1718/10 | Enterprise | Tourism, Leisure & Culture | Audit Advice | Not applicable |
| P1718/37 | Children & Young People | Schools | Audit Advice | Not applicable |
| P1718/40 | Children & Young People | CYP Resources | Audit Advice | Not applicable |
| P1718/43 | Operations | SWTRA & Street Lighting | SWTRA Agreement | Not applicable |
| P1718/51 | Operations | Property Services & Facilities | Audit Advice | Not applicable |
| P1718/53 | Operations | Waste and Street Operations | Audit Advice | Not applicable |
| P1718/61 | Resources | People & Information Governance | Audit Advice | Not applicable |
| P1718/72 | Resources | Finance | Audit Advice | Not applicable |
| P1718/75 | Resources | Community-led Delivery | Audit Advice | Not applicable |
| P1718/79 | Social Care & Health | Integrated Services | Audit Advice | Not applicable |
| P1718/81 | Social Care & Health | Children's Services | Audit Advice | Not applicable |
| P1718/85 | Social Care & Health | Social Care & Health Finance Unit | Audit Advice | Not applicable |
| P1718/87 | Corporate | Cross Cutting | Annual Governance Statement | Not applicable |
| P1718/95 | Corporate | Cross Cutting | Future Monmouthshire Audit Advice | Not applicable |

Internal Audit Opinions

Each report contains an opinion which is an overall assessment of the control environment reviewed. Opinions were revised during 2015/16 to reflect a better understanding of the level of assurance given. The full list of audit opinions to be used from 2016/17 onwards is shown below:

| | |
|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SUBSTANTIAL | <p>Substantial level of assurance.</p> <p>Very well controlled, with numerous strengths identified and any risks being less significant in nature.</p> |
| CONSIDERABLE | <p>Considerable level of assurance</p> <p>Generally well controlled, although some risks identified which should be addressed.</p> |
| REASONABLE | <p>Reasonable level of assurance.</p> <p>Adequately controlled, although risks identified which could compromise the overall control environment. Improvements required.</p> |
| LIMITED | <p>Limited level of assurance.</p> <p>Poorly controlled, with unacceptable levels of risk. Fundamental improvements required urgently.</p> |

The table below summarises the finding ratings used during our audits:

| RATING | RISK DESCRIPTION | IMPACT |
|--------|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Significant | <p>(Significant) – Major / unacceptable risk identified.</p> <p>Risks exist which could impact on the key business objectives. Immediate action required to address risks.</p> |
| 2 | Moderate | <p>(Important) – Risk identified that requires attention.</p> <p>Risks identified which are not business critical but which require management attention as soon as possible.</p> |
| 3 | Minor | <p>(Minimal) – Low risk partially mitigated but should still be addressed.</p> <p>Audit comments highlight a suggestion or idea that management may want to consider.</p> |
| 4 | Strength | <p>(No risk) – Good operational practices confirmed.</p> <p>Well controlled processes delivering a sound internal control framework.</p> |

For grant claim audits:

Unqualified opinion - the terms and conditions of the grant were generally complied with;

Qualified opinion - the terms and conditions of the grant were not fully complied with; the identified breaches of terms and conditions will be reported to the grantor and internally to relevant Head of Service/Chief Officer.

AUDIT COMMITTEE MARCH 2018

**INTERNAL AUDIT SECTION PROGRESS REPORT
2017/18 – 9 MONTHS**

APPENDIX 3

Performance Indicators

| | 2016/17 | Q1 | Q2 | Q3 | Q4 | Target |
|---|-------------------------------------------------------------------------------------------|-----------|-----------|-----------|-----------|---------------|
| 1 | Percentage of planned audits completed | 13% | 33% | 42% | 75% | (80% pa) |
| 2 | Percentage of audits completed within planned time | 0% | 56% | 40% | 55% | 60% |
| 3 | Average no. of days from audit closing meeting to issue of a draft report | 3 days | 30 days | 39 days | 22 days | 12 days |
| 4 | Average no. of days from receipt of response to draft report to issue of the final report | 12 days | 30 days | 20 days | 11 days | 5 days |
| 5 | Percentage of recommendations made that were accepted by the clients | 100% | 98% | 98% | 98% | 90% |
| 6 | Percentage of clients at least 'satisfied' by audit process | N/A | 100% | 100% | 100% | 90% |
| 7 | Percentage of directly chargeable time (actual v planned) | 102% | 103% | 102% | 107% | 100% |
| 8 | Number of special investigations | 2 | 4 | 5 | 6 | |
| | | | | | | |
| | | | | | | |

| | 2017/18 | Q1 | Q2 | Q3 | Q4 | Target |
|---|-------------------------------------------------------------------------------------------|-----------|-----------|-----------|-----------|---------------|
| 1 | Percentage of planned audits completed | 13% | 23% | 36% | | 50% (80% pa) |
| 2 | Percentage of audits completed within planned time | 0% | 0% | 30% | | 60% |
| 3 | Average no. of days from audit closing meeting to issue of a draft report | 8 days | 21 days | 59 days | | 12 days |
| 4 | Average no. of days from receipt of response to draft report to issue of the final report | 17 days | 16 days | 32 days | | 5 days |
| 5 | Percentage of recommendations made that were accepted by the clients | 98% | 99% | 97% | | 90% |
| 6 | Percentage of clients at least 'satisfied' by audit process | 100% | 100% | 100% | | 90% |
| 7 | Percentage of directly chargeable time (actual v planned) | 102% | 108% | 110% | | 100% |
| 8 | Number of special investigations | 4 | 4 | 5 | | |
| | | | | | | |
| | | | | | | |

N /A – not available

Audit Committee Forward Work Programme

| | |
|----------------------------------------------------------------|---------------------|
| May 2018 | |
| | |
| Unsatisfactory Audit Opinions | Andrew Wathan |
| Annual Governance Statement | Andrew Wathan |
| Implementation of IA Recommendations | Andrew Wathan |
| | |
| | |
| | |
| July 2018 | |
| | |
| Review of Reserves Outturn | Mark Howcroft |
| Draft Statement of Accounts | Mark Howcroft |
| Review of Reserves Qtr 1 | Mark Howcroft |
| Internal Audit Outturn Report 2017/18 | Andrew Wathan |
| Internal Audit Plan 2018/19 | Andrew Wathan |
| Wales Audit Office – Proposals for Improvement Progress Report | Richard Jones |
| Annual Improvement Report 17/18 | WAO |
| | |
| | |
| | |
| September 2018 | |
| | |
| Audited Statement of Accounts | Mark Howcroft |
| ISA260 – Response to Accounts | WAO / Mark Howcroft |
| Internal Audit Progress Report Qtr 1 2018/19 | Andrew Wathan |
| | |
| | |
| | |
| October 2018 | |
| | |
| CPR Exemptions 6 monthly update | Andrew Wathan |
| | |
| | |

| | |
|---------------------------------------------------------------|--------------------------------|
| November 2018 | |
| | |
| Review of Reserves – Qtr 2 | Mark Howcroft |
| Half Yearly Treasury compliance monitoring | Jon Davies / Lesley Russell |
| Internal Audit Progress Report 2018/19 Qtr 2 | Andrew Wathan |
| Overview of Performance Management Arrangements | Richard Jones |
| WAO Proposals for Improvement Progress Report | Richard Jones |
| | |
| January 2019 | |
| | |
| Audited Trust Funds Accounts (Welsh Church Funds & Mon Farms) | Dave Jarret / Nikki Wellington |
| ISA 260 or equivalent for Trust Funds | WAO |
| Treasury Strategy 2018/19 | Jon Davies / Lesley Russell |
| Unsatisfactory Internal Audit Opinions | Andrew Wathan |
| | |
| Strategic Risk Assessment | Richard Jones |
| | |
| March 2019 | |
| | |
| Joint Progress Report – Statement of Accounts Refinements | Mark Howcroft / WAO |
| Review of Reserves Qtr 3 | Mark Howcroft |
| Internal Audit Progress Report 2018/19 Qtr 3 | Andrew Wathan |
| Internal Audit Draft Plan 2019/20 | Andrew Wathan |
| | |
| | |
| April 2019 | |
| | |
| Draft Annual Governance Statement 2018/19 | Andrew Wathan |
| | |
| | |

| | |
|--------------------------------------------------|---------------|
| May 2019 | |
| | |
| Review of Reserves Outturn | Mark Howcroft |
| Implementation of Internal Audit Recommendations | Andrew Wathan |
| CPR Exemptions 6 monthly update | Andrew Wathan |
| | |
| | |

This page is intentionally left blank

By virtue of paragraph(s) 12 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank