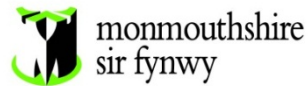


# Public Document Pack



County Hall  
Rhadyr  
Usk  
NP15 1GA

Dydd Mercher, 11 Mawrth 2020

## Hysbysiad o gyfarfod

## Pwyllgor Archwilio

Dydd Iau, 19eg Mawrth, 2020 at 2.00 pm,  
Neuadd Y Sir, Y Rhadyr, Brynbuga, NP15 1GA

## AGENDA

Item No	Item	Pages
1.	Ymddiheuriadau am absenoldeb	
2.	Datganiadau o Fuddiant	
3.	Fforwm Agored i'r Cyhoedd	
4.	Nodi'r Rhestr Weithredu o'r cyfarfod diwethaf	1 - 2
5.	Adolygiad Perfformiad Blynyddol y Pwyllgor Buddsoddi	To Follow
6.	Swyddfa Archwilio Cymru: Cynllun Archwilio Blynyddol	3 - 12
7.	Swyddfa Archwilio Cymru: Adroddiad Grantiau 2018-19	13 - 24
8.	Swyddfa Archwilio Cymru: Adolygiad Diogelu	25 - 42
9.	Ymateb y Swyddog - Adroddiad Archwilio - Cardiau Tanwydd	43 - 46
10.	Cadarnhau cofnodion y cyfarfod blaenorol	47 - 52
11.	I gadarnhau dyddiad y cyfarfod nesaf fel 11eg Mehefin 2020	

**Paul Matthews**  
**Prif Weithredwr**

## CYNGOR SIR FYNWY

MAE CYFANSODDIAD Y PWYLLGOR FEL SY'N DILYN:

Cynghorwyr Sir:

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

### Gwybodaeth Gyhoeddus

#### **Mynediad i gopiâu papur o agendâu ac adroddiadau**

Gellir darparu copi o'r agenda hwn ac adroddiadau perthnasol i aelodau'r cyhoedd sy'n mynychu cyfarfod drwy ofyn am gopi gan Gwasanaethau Democrataidd ar 01633 644219. Dylid nodi fod yn rhaid i ni dderbyn 24 awr o hysbysiad cyn y cyfarfod er mwyn darparu copi caled o'r agenda hwn i chi.

#### **Edrych ar y cyfarfod ar-lein**

Gellir gweld y cyfarfod ar-lein yn fyw neu'n dilyn y cyfarfod drwy fynd i [www.monmouthshire.gov.uk](http://www.monmouthshire.gov.uk) neu drwy ymweld â'n tudalen Youtube drwy chwilio am MonmouthshireCC. Drwy fynd i mewn i'r ystafell gyfarfod, fel aelod o'r cyhoedd neu i gymryd rhan yn y cyfarfod, rydych yn caniatáu i gael eich ffilmio ac i ddefnydd posibl y delweddau a'r recordiadau sain hynny gan y Cyngor.

#### **Y Gymraeg**

Mae'r Cyngor yn croesawu cyfraniadau gan aelodau'r cyhoedd drwy gyfrwng y Gymraeg neu'r Saesneg. Gofynnwn gyda dyledus barch i chi roi 5 diwrnod o hysbysiad cyn y cyfarfod os dymunwch siarad yn Gymraeg fel y gallwn ddarparu ar gyfer eich anghenion.

# Nodau a Gwerthoedd Cyngor Sir Fynwy

## Ein diben

Adeiladu Cymunedau Cynaliadwy a Chydnerth

### Amcanion y gweithiwn tuag atynt

- Rhoi'r dechrau gorau posibl mewn bywyd i bobl
- Sir lewyrchus a chysylltiedig
- Cynyddu i'r eithaf botensial yr amgylchedd naturiol ac adeiledig
- Llesiant gydol oes
- Cyngor gyda ffocws ar y dyfodol

## Ein Gwerthoedd

**Bod yn agored.** Rydym yn agored ac yn onest. Mae pobl yn cael cyfle i gymryd rhan mewn penderfyniadau sy'n effeithio arnynt, dweud beth sy'n bwysig iddynt a gwneud pethau drostynt eu hunain/eu cymunedau. Os na allwn wneud rhywbeth i helpu, byddwn yn dweud hynny; os bydd yn cymryd peth amser i gael yr ateb, byddwn yn esbonio pam; os na allwn ateb yn syth, byddwn yn ceisio eich cysylltu gyda'r bobl a all helpu - mae adeiladu ymddiriedaeth ac ymgysylltu yn sylfaen allweddol.

**Tegwch.** Darparwn gyfleoedd teg, i helpu pobl a chymunedau i ffynnu. Os nad yw rhywbeth yn ymddangos yn deg, byddwn yn gwranddo ac yn esbonio pam. Byddwn bob amser yn ceisio trin pawb yn deg ac yn gyson. Ni allwn wneud pawb yn hapus bob amser, ond byddwn yn ymrwymo i wrando ac esbonio pam y gwnaethom weithredu fel y gwnaethom.

**Hyblygrwydd.** Byddwn yn parhau i newid a bod yn hyblyg i alluogi cyflwyno'r gwasanaethau mwyaf effeithlon ac effeithiol. Mae hyn yn golygu ymrwymiad gwirioneddol i weithio gyda phawb i groesawu ffyrdd newydd o weithio.

**Gwaith Tîm.** Byddwn yn gweithio gyda chi a'n partneriaid i gefnogi ac ysbrydoli pawb i gymryd rhan fel y gallwn gyflawni pethau gwych gyda'n gilydd. Nid ydym yn gweld ein hunain fel 'trefnwyr' neu ddatrysyr problemau, ond gwnawn y gorau o syniadau, asedau ac adnoddau sydd ar gael i wneud yn siŵr ein bod yn gwneud y pethau sy'n cael yr effaith mwyaf cadarnhaol ar ein pobl a lleoedd.

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# Agenda Item 4

## Audit Committee Actions 13 February 2020

<b>Agenda Item:</b>	<b>Subject</b>	<b>Officer</b>	<b>Outcome</b>
3 (c/f 25 <sup>th</sup> July 2019)	Performance management	Chief Officer, Resources	A full report to be presented in May/June.
3	Self-Evaluation Questionnaire	Chief Internal Auditor	All Members to complete this important questionnaire. Councillor Smith requested a hard copy.
3	Unfavourable Audit Opinions: Agency Work	Chief Internal Auditor	<ol style="list-style-type: none"> <li>1) When all responses are received, the report (inc. action plan and management response) to be circulated to Committee Members</li> <li>2) Agenda item for a future meeting.</li> </ol>
3	Restricted Item: Unfavourable opinions-Fuel Cards	Chair and Chief Internal Auditor	Invite Head of Service Strategic Projects (Fixed Term)
4	IA Progress Report: Q3	<ol style="list-style-type: none"> <li>1) Chief Internal Auditor</li> <li>2) Deb Hill - Howells</li> </ol>	<ol style="list-style-type: none"> <li>1) Overview of types of special investigations over a two year period for next meeting.</li> <li>2) Provide update on the PTU Review at next meeting</li> </ol>
6	Whole Authority Strategic Risk Assessment	Head of Policy and Governance	To provide the committee with an overview of the long-term risk and opportunities work being developed in partnership with Gwent Public Service Boards.

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WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru  
Auditor General for Wales

## 2020 Audit Plan – **Monmouthshire County Council**

Audit year: 2020

Date issued: March 2020

Document reference: 1792A2020-21

This document has been prepared as part of work 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 auditor acting on behalf of the Auditor General, in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

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# 2020 Audit Plan

## Our duties

- 1 We complete work each year to meet the following duties.

## Audit of financial statements

- 2 Each year we audit the financial statements of Monmouthshire County Council (the Council) to make sure that public money is being properly accounted for.

## Value for money

- 3 The Council has to put in place arrangements to get value for money for the resources it uses, and we have to be satisfied that it has done this.

## Continuous improvement

- 4 The Council also has to put in place arrangements to make continuous improvements and we also check if it has done this.

## Sustainable development principle

- 5 Public bodies need to make sure that when making decisions they consider the impact they could have on people living in Wales now and in the future. We have to assess the extent to which they are doing this.

## Audit of financial statements

- 6 It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their 'truth and fairness'. We plan to:
  - give an opinion on the Council's financial statements by 15 September 2020.
  - assess whether the Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. We also review whether they were consistent with the financial statements prepared by the Council and with our knowledge of the Council.
- 7 In addition to our responsibilities for auditing the Council's financial statements, we also have responsibility for:
  - responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary);
  - the audit or independent examination of Monmouthshire County Council Welsh Church Act Fund by 31 January 2021;
  - the audit or independent examination of Monmouthshire Farm School Endowment Trust Fund by 31 January 2021; and

- the certification of a number of grant claims and returns by various dates agreed with the funding bodies.
- 8 Further information about our work is provided in our Statement of Responsibilities, which is available on our website ([www.audit.wales](http://www.audit.wales)).

## Financial Statement Audit Risks

- 9 The following table sets out the significant risks I have identified for the audit of the Council.

Exhibit 1: financial statement audit risks

Audit risk	Proposed audit response
<b>Significant risks</b>	
<p><b>Management override</b></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 [ISA 240.31-33].</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> <li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li> <li>• review accounting estimates for biases; and</li> <li>• evaluate the rationale for any significant transactions outside the normal course of business.</li> </ul>
<b>Other areas of audit attention</b>	
<p><b>Cardiff Capital Region City Deal</b></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 local authorities.</p> <p>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 20 years.</p> <p>There will be a number of accounting issues to address including potential consolidation of the joint committee into the Council's accounts.</p>	<p>Liaising closely with other local authority auditors, my audit team will:</p> <ul style="list-style-type: none"> <li>• monitor progress with the City Deal project and carry out early work as necessary to assess the existing and proposed financial and governance arrangements; and</li> <li>• consider work undertaken by HM Treasury to scrutinise the effectiveness of the region's governance arrangements.</li> </ul>

Audit risk	Proposed audit response
<p><b>McCloud judgement</b></p> <p>In 2015 the Government introduced reforms to public sector pensions, meaning most public sector workers were moved into new pension schemes in 2015.</p> <p>In December 2018, the Court of Appeal ruled that the ‘transitional protection’ offered to some members of the judges’ and firefighters’ schemes, as part of the above reforms, amounted to unlawful discrimination. On 15 July 2019 the Government announced that they accept that the judgement applies to all main public service pension schemes.</p> <p>The impact of the judgement is likely to have a significant impact on the pension liability disclosed by the Council.</p>	<p>My audit team will review the provision made in relation to the McCloud judgement and monitor the development of proposals for a remedy to be applied in the local government pensions scheme, in case of any further accounting implications arising.</p>
<p><b>IFRS 16 - leases</b></p> <p>Introduction of IFRS 16 Leases in 2020-21 may pose implementation risks. While the standard does not apply for the 2019-20 financial year, there is still a likely material disclosure that will need to be made.</p>	<p>My audit team will undertake some early work to review preparedness for the introduction of IFRS 16 Leases, and review any disclosures required for 2019-20.</p>

## Performance audit

10 In addition to our Audit of Financial Statements we also carry out a programme of performance audit work to discharge the Auditor General's duties set out on [page 4](#) in relation to value for money, continuous improvement and sustainable development. For 2020-21 this work is set out below.

### Exhibit 2: Performance Audit Programme 2020-21

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) examination	A project common to all local councils that will focus on the theme of ‘prevention’.
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.

Performance audit programme	Brief description
Financial Sustainability 2020-21	A project common to all local councils that will assess financial sustainability in light of current and anticipated future challenges building on work undertaken during 2019-20.
Local risk-based work including follow-up reviews	An Assurance and Risk Assessment review has been undertaken with Council officers in March 2020, to identify areas of focus for local risk-based work this year. Exact details of this work are still to be confirmed. A further verbal update will be provided to the Audit Committee in person.

## Certification of grant claims and returns

- 11 I have been requested to undertake certification work on the Council's grant claims and returns. A separate report, Certification of Grants and Returns 2018-19, summarises the more significant and/or recurring issues I identified when undertaking grant certification work in 2018-19.
- 12 My proposed audit fee for this work in 2019-20 is set out below in [Exhibit 3](#). As previously notified to the Council, the Welsh Government has removed the requirement for certification of grants that they issue to the Council from the 2019-20 financial year onwards. As a result, the proposed fee for this work in 2019-20 has been reduced.

## Fee, audit team and timetable

- 13 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with the agreed timescales, to the quality expected and have been subject to a robust quality assurance review;
  - information provided to support the financial statements is in accordance with the agreed audit deliverables document;
  - 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.

14 If I do receive questions or objections, I will discuss potential audit fees at the time.

## Fee

15 Your estimated fee for 2020 is set out in [Exhibit 3](#). There have been some small changes to my fees rates for 2019 however my audit teams will continue to drive efficiency in their audits to ensure any resulting increases will not be passed to you. This represents a 4.8% decrease compared to your actual 2019 fee, largely due to a reduction in grant certification fees as detailed in paragraph 12 above.

### Exhibit 3: audit fee

Audit area	Proposed fee (£) <sup>1</sup>	Actual fee last year (£)
Audit of accounts <sup>2</sup>	176,068	176,068
Performance audit work <sup>3</sup>	103,080	103,282
Grant certification work <sup>4</sup>	40,000	56,357
Welsh Church Act Fund audit <sup>5</sup>	6,255	6,255
Farm School Endowment Trust Fund independent examination <sup>6</sup>	1,458	1,458
<b>Total fee</b>	<b>326,861</b>	<b>343,420</b>

16 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.

17 Proposed fees for the Welsh Church Act Fund and the Farm School Endowment Trust Fund are based on the actual costs incurred last year. Fees for this financial year may vary depending on whether a full audit or an independent examination is required. Charity legislation sets out criteria to determine which approach is most appropriate. We will confirm the approaches for the 2019-20 year (as well as any impacts on estimated fees) with the relevant Trustees of these bodies in due course and will inform the Audit Committee of any developments as they arise.

18 Further information on my [fee scales and fee setting](#) can be found on our website.

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<sup>1</sup> The fees shown in this document are exclusive of VAT, which is not charged to you.

<sup>2</sup> Payable November 2019 to October 2020.

<sup>3</sup> Payable April 2020 to March 2021.

<sup>4</sup> Payable as work is undertaken.

<sup>5</sup> Payable as work is undertaken on the Welsh Church Act audit.

<sup>6</sup> Payable as work is undertaken on the Farm School Endowment Trust Fund independent examination.

## Audit team

- 19 The main members of my team, together with their contact details, are summarised in **Exhibit 4**.

### Exhibit 4: my audit team

Name	Role	Contact number	E-mail address
Anthony Veale	Engagement Director and Engagement Lead (Financial Audit)	029 2032 0585	<a href="mailto:anthony.veale@audit.wales">anthony.veale@audit.wales</a>
Huw Rees	Engagement Lead (Performance Audit)	029 2032 0599	<a href="mailto:huw.rees@audit.wales">huw.rees@audit.wales</a>
Gareth Lucey	Audit Manager (Financial Audit)	029 2082 9398	<a href="mailto:gareth.lucey@audit.wales">gareth.lucey@audit.wales</a>
Rhodri Davies	Audit Lead (Financial Audit)	029 2032 0367	<a href="mailto:rhodri.davies@audit.wales">rhodri.davies@audit.wales</a>
Non Jenkins	Audit Manager (Performance Audit)	029 2032 0595	<a href="mailto:non.jenkins@audit.wales">non.jenkins@audit.wales</a>
Charlotte Owen	Audit Lead (Performance Audit)	029 2082 9331	<a href="mailto:charlotte.owen@audit.wales">charlotte.owen@audit.wales</a>

## Timetable

- 20 We aim to complete our financial accounts audit fieldwork between February and July 2020. The timing and exact scope of individual performance audit projects will be confirmed by the Audit Manager with responsibility for performance audit work in due course.
- 21 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.

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WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

# Monmouthshire County Council - Certification of Grants and Returns 2018-19

Audit year: 2018-19

Date issued: March 2020

Document reference: 1793A2020-21

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](mailto:infoofficer@audit.wales).

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## Summary report

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# 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 public body, make arrangements for certifying claims and returns (referred to as claims hereafter).
- 2 We have completed our certification work and conclude that Monmouthshire County Council (the Council) had generally sound arrangements in place for the production and submission of its claims. There is some scope for improvement, and we are continuing to work with the Council to make these improvements for 2019-20 claims.
- 3 The Council submitted 67% of its 2018-19 claims to us on time (2017-18: 50%). We can confirm that we have certified all of these, at a total cost of £54,580 (2017-18: £68,330). Overall, our work in 2018-19 resulted in £4,620 more being claimable by the Council.  
For 2018-19 we certified 12 claims (the same as 2017-18), collectively worth £77,708,330. Three of the 12 claims were qualified.

# Headlines

<b>Introduction and background</b>	<p><b>This report summarises the results of work on the certification of the Council's 2018-19 grant claims and returns.</b></p> <ul style="list-style-type: none"><li>• As appointed auditors of the Council we are asked, on behalf of the Auditor General, to certify claims and returns submitted by the Council.</li><li>• In 2018-19 we certified ten grant claims with a total value of £46,959,805 and two returns with a total value of £30,748,525.</li><li>• At the start of our grant audit work for 2018-19, we met with the grant co-ordinator and key financial officers who have responsibility for 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.</li><li>• Although this checklist was used on most 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.</li><li>• We have produced this report to provide collective feedback to those officers having the responsibility for grant management so that we can work together to identify further improvements in claim preparation.</li></ul>
<b>Timely receipt of claims</b>	<ul style="list-style-type: none"><li>• 67% of claims submitted to us during the year were received by the deadline set for the Council in terms and conditions.</li></ul>
<b>Certification results</b>	<p><b>For the 12 claims, we issued nine (75%) unqualified certificates and three qualifications (25%).</b></p> <p>The reasons for the three qualifications are summarised as follows:</p> <ul style="list-style-type: none"><li>• For the Section 33 NHS (Wales) Act 2006 pooled budgets return, the partnership agreement between the Council and Aneurin Bevan University Health Board (ABUHB) was not signed before the start of the year. Additionally, at the date the audit was undertaken, ABUHB had not paid any financial contributions to the pooled budget as per the Section 33 agreement.</li></ul>

	<ul style="list-style-type: none"> <li>• The Local Transport Grant claim had £371,119 of 2019-20 expenditure, and £20,236 of 2017-18 expenditure, incorrectly included in the 2018-19 claim. The claim has not been amended for these errors and therefore the claim has been qualified.</li> <li>• The Bus Services Support Grant claim did not include £16,204 of eligible accrued expenditure. The claim has not been amended for this error and therefore has been qualified.</li> </ul> <p>Further details are contained in the table under paragraph 7 of this report.</p>
Claim adjustments	<p><b>Adjustments were necessary to two of the Council's claims as a result of our work this year.</b></p> <ul style="list-style-type: none"> <li>• These adjustments related to the Housing Benefit Subsidy and Teachers' Pensions returns. None of these adjustments were significant (ie over £10,000) and are detailed on page 8.</li> </ul>
Fees	<p>Our overall cost of certification work for 2018-19 is £56,357 which is a decrease of 17.5% on our fee from 2017-18 of £68,330.</p>

# Summary of certification work outcomes

- 5 The following pages summarise the key outcomes from our certification work on the Council's 2018-19 claims, showing where either amendments were made 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 adjusting the claim. In these circumstances, the relevant grant-paying body may require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate.

## Key information for 2018-19

### **Overall, we certified 12 grants and returns:**

Seven were unqualified with no amendment;  
Two were unqualified but required amendments to the claim; and  
Three required a qualified audit certificate.

Ref – Para 7	Claims and returns	Claim due	Claim received	Late	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)	Unqualified certificate
1	Housing & Council Tax Benefits Scheme	30/04/2019	02/05/2019	Yes			+£3,875	Yes
2	21st Century Schools	30/09/2019	10/09/2019	No				Yes
3	Section 33 Pooled Budgets	19/04/2019	09/05/2019	Yes	Yes			
4	Health Act S28a and 28b Money transfers	30/09/2019	19/09/2019	No				Yes
5	National Non-Domestic Rates Return	31/05/2019	30/05/2019	No				Yes
6	Sustainable Waste Management Grant	31/08/2019	01/10/2019	Yes				Yes
7	Summary of Grants WG Schedule	30/09/2019	27/09/2019	No				Yes
8	Teachers' Pension Return	31/05/2019	31/05/2019	No			+£745	Yes
9	Free Concessionary Travel	30/09/2019	19/09/2019	No				Yes
10	Local Transport Grant	30/09/2019	27/09/2019	No	Yes			
11	Bus Services Support Grant	30/09/2019	19/09/2019	No	Yes			
12	Youth Travel Scheme	31/10/2019	01/11/2019	Yes				Yes
<b>Total</b>					<b>3</b>		<b>+£4,620</b>	<b>9</b>



7 This table summarises the key issues behind each of the adjustments or qualifications that were identified above.

Ref	Summary observations	Amendment
1	<p><b>Housing Benefit Subsidy return - unqualified (amendment to claim)</b></p> <p>There were no errors found from the testing of Housing Benefit cases. The only amendments to the claim related to the compilation/reconciliation process, as follows:</p> <ul style="list-style-type: none"> <li>• correction to manual adjustments on the SUB057, RBE263 reports; and</li> <li>• compilation error as the 2018-19 benefits paid out figure was not included in the spreadsheet used to populate the claim.</li> </ul> <p>The above issues did not result in a qualification and resulted in an increase in the claim of £3,875.</p>	+£3,875
	<p><b>Section 33 Pooled Budget return - qualified (no amendment)</b></p> <p>During our testing the following issues were identified:</p> <ul style="list-style-type: none"> <li>• the Partnership agreement between the Council and Aneurin Bevan University Health Board (ABUHB) was signed during the financial year, when it should have been signed and dated before the contract start date (1 April 2018); and</li> <li>• when the audit was undertaken, ABUHB had not paid any financial contributions to the pooled funds as per the agreement. Section 15.10 of the Section 33 agreement states the partners will pay their financial contributions to the Pooled Funds in annual instalments in advance.</li> </ul> <p>The above issues resulted in a qualification to the claim.</p>	£Nil

Ref	Summary observations	Amendment
8	<p><b>Teachers' Pension return - unqualified (amendment to claim)</b></p> <p>During our testing we identified two employees (in a sample of 20) that had not made the correct employee pension contributions for 2018-19. This error only applied to employees in the Final Salary Scheme (and not employees included in the Career Average Revalued Earnings scheme) and was due to the system not recalculating pension contribution rates, if there were changes to their actual pensionable pay.</p> <p>We reviewed the annual contributions for all employees included in the Final Salary Scheme, which led to an increase in the claim for overpayment of employee payments to Teacher's Pension of £745.</p>	+£745
10	<p><b>Local Transport Fund claim - qualified (no amendment)</b></p> <p>During our testing we identified expenditure that was not incurred in the 2018-19 financial year:</p> <ul style="list-style-type: none"> <li>the Local Transport Fund claim included £371,119 of expenditure relating to the 2019-20 financial year; and</li> <li>the Active Travel Fund Claim includes £20,236 of expenditure relating to the 2017-18 financial year.</li> </ul> <p>The claim was not amended for the issues detailed above and therefore resulted in a qualification. If amended, there would have been a reduction of the claim of £391,355.</p>	£Nil
11	<p><b>Bus Services Support Grant claim - qualified (no amendment)</b></p> <p>During our testing we identified £16,204 of eligible accrued expenditure that had not been included in the claim.</p> <p>The claim was not amended for the issue detailed above and therefore resulted in a qualification. If amended, there would have been an increase in the value of the claim of £16,204.</p>	£Nil
	<b>Total effect of amendments to the Council's claims and returns</b>	<b>+£4,620</b>

# Fees

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

<b>Breakdown of fee by grant/return</b>	<b>2018-19</b>	<b>2017-18</b>
Housing Benefit Subsidy	£16,185	£19,770
21st Century Schools	£2,314	£2,459
Section 33 NHS (Wales) Act 2006 Pooled Budgets	£1,781	£3,116
Health Act S28a and 28b Money Transfers	£3,190	£3,848
National Non-Domestic Rates	£3,450	£4,154
Sustainable Waste Management	£1,759	N/A
Summary of Grants WG Schedule	£4,027	£6,712
Land Drainage	N/A	£3,401
Teachers' Pensions	£1,885	£3,634
Social Care Workforce Development Plan	N/A	£2,988
Free Concessionary Travel	£2,644	£529
Local Transport	£3,630	£2,990
Bus Services Support	£3,062	£5,117
Youth Travel Scheme	£1,927	N/A
Grant Planning, Oversight & Review	£10,503	£9,612
<b>Total fee</b>	<b>£56,357</b>	<b>£68,330</b>

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## Follow-up review of Corporate Arrangements for Safeguarding of Children – **Monmouthshire County Council**

Audit year: 2018-19

Date issued: February 2020

Document reference: 1718A2020-21

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This document is also available in Welsh.

The team who delivered the work comprised Charlotte Owen and Allison Rees, managed by Non Jenkins under the direction of Huw Rees.

# Contents

The Council has responded positively to our report and recognises the progress it has made against the proposals for improvement and what more it needs to do to fully address them.

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# Summary report

## Summary

### What we reviewed and why

- 1 The Auditor General for Wales' **Review of Corporate Safeguarding Arrangements in Welsh Councils** national report in 2015 concluded that Welsh councils' corporate assurance arrangements for overseeing the safeguarding of children were of variable quality.
- 2 This national report drew on local work the Wales Audit Office undertook at each of the 22 Welsh councils during 2014. The national report identified weaknesses in safeguarding arrangements and made seven national recommendations directed at all councils across Wales.
- 3 In addition to the national report, the Wales Audit Office reported separately on its findings at each council. For Monmouthshire County Council (the Council) we concluded in August 2014 that the governance, accountability and management arrangements for overseeing whether the Council was meeting its safeguarding responsibilities to children had some weaknesses and we made three specific proposals for improvement; these are set out in [Appendix 1](#).
- 4 In February 2017, we reported further weaknesses in the Council's safeguarding arrangements in our report **Safeguarding arrangements – Kerbcraft scheme**. The report concluded that children were being put at risk because of continuing weaknesses in safeguarding arrangements for the Kerbcraft scheme that the Council had not adequately addressed.
- 5 The Kerbcraft report included three statutory recommendations made under Section 25 of the Public Audit (Wales) Act 2004 which are set out in [Appendix 2](#).
- 6 In January 2018, in conjunction with Estyn and CiW, we undertook a Whole Authority review of safeguarding at the Council to assess whether the Council had adequate arrangements to safeguard children and was assured that these arrangements operated effectively across all areas of activity and interactions with children. We examined progress against the previous recommendations and proposals for improvement made to the Council in respect of safeguarding and considered some areas of enhanced risk, such as the Council's approach to looked after children, and some areas where services provided by the Council interact with children.
- 7 We concluded that children's safeguarding policy and procedures had recently improved, but there were shortcomings in some critical areas of policy and operation. We made four proposals for improvement and these are set out in [Exhibit 1](#).



Exhibit 1: 2018 proposals for improvement

Proposals for improvement	
<b>P1</b>	<p>Integrate safeguarding across the Council's policy framework. In particular:</p> <ol style="list-style-type: none"> <li>a. produce a 'project plan' identifying the underpinning work required and associated timescales to fully incorporate the Council's approach to integrating child and adult safeguarding.</li> <li>b. re-frame the strategic risk register, to enable a SMART-er approach to measuring the impact of actions taken in mitigation of identified risk.</li> <li>c. strengthen safeguarding policy and guidance in the areas identified in this report. Including:               <ul style="list-style-type: none"> <li>– data protection arrangements and guidance linked to safeguarding;</li> <li>– embed whistleblowing policy arrangements through training and awareness raising; and</li> <li>– revise taxi licensing arrangements strengthening health and safety requirements..</li> </ul> </li> </ol>
<b>P2</b>	<p>Embed all aspects of safe recruitment, induction and training consistently. In particular:</p> <ol style="list-style-type: none"> <li>a. improve training records on safeguarding to show why the person received that particular level of training, when the training was received, and when it needs to be reviewed.</li> <li>b. ensure all people who have a specific role in safeguarding undertake appropriate training.</li> <li>c. clarify when enhanced DBS checks are required and ensure these are obtained in line with guidance.</li> </ol>
<b>P3</b>	<p>Ensure control arrangements are consistently applied and improve performance monitoring arrangements around safeguarding to include all areas of service operation to address all gaps in accountability. This should include issuing clear guidance to managers on information on safeguarding that should be included in reports to Members.</p>
<b>P4</b>	<p>Improve the Council's commissioning and contracting arrangements in relation to safeguarding children by finalising guidance on commissioning, contracting and volunteering from a safeguarding perspective.</p>

- 8 We undertook this review to seek assurance that the Council has made effective progress in addressing our 2018 proposals for improvements for corporate arrangements for safeguarding children.
- 9 We undertook the review between September and October 2019. The Council completed a self-assessment of its progress in addressing the proposals for improvement we made in 2018. The Council provided documents to support its self-assessment. We then interviewed key officers and the lead member for corporate safeguarding.
- 10 We have not tested the effectiveness of the Council's safeguarding arrangements in practice as part of this review.

## What we found

- 11 Our review sought to answer the question: **Can the Council provide assurance that it has made effective progress against the proposals for improvement contained in our 'Whole Authority review of Safeguarding' report published in August 2018?**
- 12 Overall, we found that: **the Council has responded positively to our report and recognises the progress it has made against the proposals for improvement and what more it needs to do to fully address them.**
- 13 **Exhibit 2** sets out our assessment of the Council's progress in implementing each proposal for improvement. The Council should maintain the momentum it has generated to ensure all proposals are fully addressed.

## Assessment of progress against the proposals for improvement from our 2018 follow-up report

### Exhibit 2: assessment of the Council's progress in addressing the proposals for improvement

The table below sets out our assessment of the Council's progress in addressing the proposals for improvement from our 2018 follow-up report.

Proposals for improvement from the 2018 report	Wales Audit Office assessment of the Council's progress
<p><b>P1</b> Integrate safeguarding across the Council's policy framework. In particular:</p> <p>a. produce a 'project plan' identifying the underpinning work required and associated timescales to fully incorporate the Council's approach to integrating child and adult safeguarding;</p>	<p><b>Summary – P1 c.iii. partially addressed. All other aspects of P1 fully addressed</b></p> <p>In 2018, the Council told us that the integration of aspects of its adult and children's safeguarding arrangements was 'work in progress'. In our report we suggested that the Council should produce a project plan to support this work. Since then the Council has integrated the service management responsibility for Adult and Children's safeguarding by appointing a Lead Service Manager with line management responsibility for both services and the Safeguarding Unit. The Council reports that by bringing both adult and children's safeguarding within the remit of the Safeguarding Unit with oversight by one manager, it enables it to better co-ordinate and develop safeguarding activity across the authority. As this work to integrate child and adult safeguarding has already taken place, a project plan is no longer required.</p> <p>The Council has no plans at present to further integrate the teams' operating functions but this will be kept under review.</p> <p>At the time of our fieldwork, a report on the Adult Safeguarding Service and Safeguarding Support due to go to Cabinet in late 2019 recommended additional resources to further strengthen safeguarding arrangements. These included restructuring the Safeguarding Unit Business Administration and creating a Safeguarding Business Manager. The report had already been taken to the Whole Authority Safeguarding Group (WASG) and DMT.</p>

<p>b. re-frame the strategic risk register, to enable a SMART-er approach to measuring the impact of actions taken in mitigation of identified risk;</p>	<p>The Council has taken steps to improve its risk management arrangements, including a refresh of its Strategic Risk Management Policy and guidance. The Council has updated the format of the strategic risk register to include timescales and responsibility holders for each mitigating action and an update on the progress and impact of implementing each action. The most recent substantive update of the register took place in January 2019.</p> <p>The Strategic Risk Register is informed by Service Business Plans, which include a section on service safeguarding arrangements. In order to strengthen the way services record and manage risks in Service Business Plans, the Policy and Performance Team appraised the 2018/2021 plans, providing feedback where improvements were required. A similar process is planned for the 2019/2022 plans. The Council has also delivered training sessions on business planning through TalentLab.</p> <p>Safeguarding arrangements and risks documented in Service Business Plans are informed, in turn, by the outcome of services' Safeguarding Audit Framework for Evaluation (SAFE), which assesses their compliance with the Council's Safeguarding Policy.</p>
<p>c. strengthen safeguarding policy and guidance in the areas identified in this report. Including:</p> <p>i. data protection arrangements and guidance linked to safeguarding;</p> <p>ii. embed whistleblowing policy arrangements through training and awareness raising; and</p> <p>iii. revise taxi licensing arrangements strengthening</p>	<p>The Corporate Safeguarding Policy was updated in November 2018 and now contains a brief section on data protection which emphasises that child protection overrides any concerns relating to data protection. The Council's Data Protection officer was consulted on the data protection arrangements in the updated corporate safeguarding policy.</p> <p>The Wales Audit Office published a separate report on Whistleblowing in September 2019. The report contains a review of whistleblowing training and staff awareness of the policy. Our review found the Council has strengthened its arrangements to make staff aware of the policy.</p> <p>The Council updated its Taxi and Private Hire Policy in June 2018 to incorporate recommendations from the Institute of Licensing around the suitability of applicants and licensees. The policy now contains a comprehensive section on protection of the public to ensure drivers and operators are 'fit and proper'.</p>

<p>health and safety requirements.</p>	<p>The policy notes that taxi drivers must attend refresher safeguarding training and undergo DBS checks every three years as part of licence renewal requirements. Licence conditions require drivers and private hire operators to inform the Council of any offences or concerns. Officers we spoke to were confident that Licensing Officers are made aware of non-compliance with this requirement through local intelligence and information from the Council's Social Services, Passenger Transport and Safeguarding Unit and the Police. Licensing Officers work with the Police on enforcement operations and the Police have a duty to inform the Council of any 'public concern' issues in relation to taxi drivers. The Council could strengthen these arrangements by establishing a process to actively check ongoing compliance with licence conditions during the three-year licence period. This would help provide assurance that the arrangements currently in place, which rely on others to inform the Council, work effectively. The Council gains assurance that private hire operators only subcontract bookings to other licensed reputable operators through regular checks of booking details.</p> <p>The Council's Public Transport Programme Board is currently reviewing passenger transport. The review includes a number of workstreams, including workforce, private hire, bus transportation, route optimisation, procurement and software monitoring systems. The latter will help strengthen safeguarding arrangements for home school transport by providing live data on pupil bus usage. The Safeguarding and Quality Assurance Service Manager attends the Board as a safeguarding consultant and is assured on arrangements.</p>
<p><b>P2</b> Embed all aspects of safe recruitment, induction and training consistently. In particular:</p> <p>a. improve training records on safeguarding to show why the person received that particular level of training, when the training was received, and when it needs to be reviewed;</p>	<p><b>Summary – Partially addressed</b></p> <p>The Council is reviewing the systems currently recording safeguarding training records. At the time of our fieldwork, the Council had two central records to record staff safeguarding training. This is under review as the Council is finalising a service specification to tender a new payroll and HR system. The intention is for the new system to record future safeguarding staff training records. The Council anticipates that this new system will enable it to fully meet the requirements of this proposal for improvement. The tentative timeframe for this system to be operational is Autumn 2020.</p> <p>In the meantime, one current central training record – My View - has been reviewed. All directorates checked the system to ensure all current staff are recorded as well as the level of safeguarding training undertaken. The intention is to undertake a further validation check in six months, prior to the implementation of a new central system. The review helped provide clarity on what training information a new central system needs to capture and informed the development of the service specification for the new payroll and HR system.</p>

<p>b. ensure all people who have a specific role in safeguarding undertake appropriate training;</p>	<p>A review of the current central system for recording safeguarding training forms part of Internal Audit's 2019-20 audit plan.</p> <p>The Council's Corporate Safeguarding Policy sets out safeguarding training requirements according to the level of contact a job role has with children, young people and adults at risk. This applies to the whole workforce, including volunteers, agency staff and contractors.</p> <p>All staff are required to undertake basic safeguarding awareness training and the Council provides this through its corporate induction programme for new starters. If employees require Level 1 and Level 2 safeguarding training, there is a rolling programme for staff to register and receive the training. Level 3 training for those working directly with children or adults at risk is arranged as required.</p> <p>Managers are responsible for ensuring that staff are able to access the right training for their needs, as set out in the Corporate Safeguarding Policy, and that training received is logged centrally on the Resourcelink database. In addition, each Directorate that has direct contact with the public has a nominated Directorate Safeguarding Lead (DSL). DSLs are responsible for ensuring that the workforce within their Directorate attend training at levels appropriate to their roles and functions and that safeguarding responsibilities are highlighted through staff induction processes, team meetings, supervision and staff briefings.</p> <p>The Council gains assurance over safeguarding training through the bi-annual completion of the SAFE process. This requires every directorate to demonstrate that all staff and volunteers are assessed in relation to safeguarding training needs, receive an appropriate level of safeguarding training, and that relevant records are maintained.</p> <p>As noted above, the Council has reviewed its central training record held on the Resourcelink database to ensure that all current staff and the level of safeguarding training they have received is recorded. Training records are now updated centrally following submission of training course attendance lists and the Corporate Safeguarding Policy clearly sets out this new process. The Council has an ongoing action to ensure that training records are regularly and consistently updated.</p> <p>The Council told us that whilst the annual appraisal process identifies the workforce's ongoing safeguarding training requirements, the additional reporting functionality of a new payroll and HR system will further strengthen arrangements by more easily identifying gaps. The Council should ensure that, as it gains greater clarity over gaps</p>
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<p>c. clarify when enhanced DBS checks are required and ensure these are obtained in line with guidance.</p>	<p>in safeguarding training, it takes the necessary steps to address the gaps and make sure that all staff have received appropriate training.</p> <p>All Cabinet members are Level 4 trained in Strategic Leadership of Safeguarding and non-Cabinet members receive Level 1 training. The Internal Audit IA team have also received level 1 safeguarding training. Although not yet confirmed, Internal Audit are likely to review safeguarding training towards the end of 2019-20.</p> <p>The Council is also currently working towards recruiting all of its volunteers through the Volunteer Kinetic digital management system, a central record of volunteer safe recruitment information and activity. The system ensures that safe recruitment checks, proportionate to the role, are carried out and logged on the volunteer's profile. Safeguarding training is also logged on the system.</p> <p>Electronic DBS processing was introduced in August 2018. This ensures that all posts are consistently checked against Home Office guidance to determine whether an enhanced DBS check is required.</p> <p>The Council's DBS Policy sets out what constitutes regulated activity and refers managers to the Home Office eligibility guidance tool to determine what level of DBS check an activity or role requires. In addition, all ID checkers are required to attend mandatory one hour DBS training, which covers eligibility and signposts delegates to the Home Office tool and the DBS page on the Council's intranet.</p> <p>The electronic DBS processing platform is provided by Powys County Council which runs a DBS unit and provides DBS eligibility advice to Monmouthshire CC if needed.</p>
<p><b>P3</b> Ensure control arrangements are consistently applied and improve performance monitoring arrangements around safeguarding to include all areas of service operation to address all gaps in accountability. This should include issuing clear guidance to managers on information on</p>	<p><b>Summary – Partially addressed</b></p> <p>The Council considers its SAFE audits and action plans key to measuring services' compliance with the Corporate Safeguarding Policy and ensuring consistency. The Safeguarding Unit reviews the SAFE self-assessments, providing support and guidance where necessary, and the Whole Authority Safeguarding Group monitors performance against the SAFE action plans.</p> <p>Starting in September 2019, the Council is establishing a series of workshops with the Whole Authority Safeguarding Group to challenge directorates on their SAFE audits and whether safeguarding is embedding</p>

<p>safeguarding that should be included in reports to Members.</p>	<p>across the organisation. The workshops aim to put safeguarding in context by using case studies of safeguarding in practice to help embed further learning in the directorate and, where appropriate, council-wide.</p> <p>The role of Internal Audit in relation to children’s safeguarding is set out in the Corporate Safeguarding Policy. Internal Audit intended to conduct a review of safeguarding in 2018-19, however, this review was not scoped due to a change in Chief Officer. A Safeguarding review is in Internal Audit’s 2019-20 audit plan. At the time of our fieldwork, Internal Audit were arranging a meeting with the Safeguarding and Quality Assurance Service manager and Chief Officer to scope this work. Internal Audit intend to undertake the review during late Q3/early Q4 and the approach will be Council-wide with a possible focus on safeguarding training.</p> <p>Recent Internal Audit reviews on agency workers and volunteering were assessed as limited assurance and reasonable assurance respectively. The review of agency workers identified inconsistencies in obtaining satisfactory assurances or spot-checking that this had been done. It noted that reliance was placed almost exclusively on the agency for performing safe recruitment checks. However, the fieldwork took place between May and August 2018 and was based on a sample of 20 agency workers used during the 2017-18 financial year. Since then, the Council has implemented its SAFE audit process across the Council, which may have helped strengthen arrangements. A follow-up review of agency workers, scheduled for 2020-21, will provide assurance on this. We noted that the agency workers report was issued in draft in January 2019, but at the time of our fieldwork, the report had not yet been cleared and finalised. As a result, there was no management response demonstrating how the Council planned to address the issues raised. The Council should ensure that draft internal audit reports are dealt with in a timely manner so that assurances can be provided and corrective action taken to respond to the issues raised.</p> <p>The Whole Authority Safeguarding Group does not routinely receive Internal Audit reports with safeguarding issues. The Internal Audit manager will attend the Group as and when needed. Officers suggested that closer links between Internal Audit and the Whole Authority Safeguarding Group would be beneficial but resource and staff capacity within the Internal Audit team restricts this.</p> <p>The Council’s Corporate Safeguarding Policy states that the Whole Authority Safeguarding Group will provide an annual report to SLT, Cabinet and Scrutiny. The group produces a Safeguarding Evaluation Report for Safeguarding to fulfil this requirement. The most recent report went to scrutiny committee in November 2019 and will go to Council in December. The report assesses the Council’s progress against the Corporate Safeguarding Policy’s priorities:</p>
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- Good governance
- Safe workforce
- Preventative approach
- Robust protection
- Safe services

For each of these priorities, the report sets out what good looks like, summarises progress during the year and identifies improvement actions to take forward, which are summarised in an appended action plan. Based on this evidence, the Whole Authority Safeguarding Group scores the effectiveness of current arrangements. Prior year scores are also provided to enable comparison. The format of the report has been simplified and information is presented in a clear and easy to understand way. However, other than the overall score, there is little qualitative comparative data for prior years to assess current year performance against and no comparative data from other councils. Also, the report provides a high-level summary and so does not include directorate level detail for members to scrutinise or get assurance from. The Council should continue to use feedback from members to refine the information included in safeguarding reports.

The Director of Social Care and Health's Annual Report presented to full Council and Joint Children and Young People/Adults Select Committee includes a specific section on Safeguarding. The Council's Audit Committee also receives regular reports on progress on actions arising from external audit recommendations, including the previous Wales Audit Office safeguarding reports.

All reports to members include a section on Equality and Future Generations, which includes safeguarding, and guidance is available on completing this section. The Council originally planned to support the updated report template with specific report writing training but has not yet done so. It has instead focussed on training and awareness raising using the Council's intranet and existing training on the managers' induction programme. The Council plans to continue raising awareness around report writing and provide further training.

The proposed new Safeguarding Business Manager role in the Safeguarding Unit, mentioned above in P1, is expected to help strengthen performance management and reporting. It is envisaged that the role will support the Unit by developing a quality assurance framework and work trackers, collating information, supporting the SAFE audits, and facilitating the production of reports and core data. This will ensure the Director and the Whole Authority Safeguarding Group have clear information to measure progress, outcomes and impact.

**P4** Improve the Council's commissioning and contracting arrangements in relation to safeguarding children by finalising guidance on commissioning, contracting and volunteering from a safeguarding perspective.

**Summary – Partially addressed**

The Council has developed minimum standards for safeguarding across commissioned services, partnerships and volunteers and a self-assessment framework for all directorates to complete. Social Care and Health was the first service area to complete the self-assessment. At the time of our fieldwork, the Council was behind schedule in rolling this out to other directorates but intended to do so at planned workshops from September 2019 onwards and incorporate into the SAFE Audit process. As part of their preparation for the workshops, each directorate undertakes an overview assessment with the framework to identify any high-risk areas and necessary actions. Performance against these actions will be reported to the Whole Authority Safeguarding Group.

The Council's minimum standards document includes a matrix to assess the risk level of a service's activity in relation to safeguarding and determine the level of safeguarding arrangements required. It also sets out 10 minimum safeguarding standards for working with commissioned services, partners and volunteers.

# Appendix 1

## Recommendations: Auditor General for Wales' Review of Corporate Safeguarding Arrangements in Welsh Councils, 2015

Exhibit 3: local proposals for improvement for Monmouthshire County Council from the Auditor General for Wales' 2015 Review of Corporate Safeguarding Arrangements in Welsh Councils

Proposals for improvement	
<b>P1</b>	Review the Safeguarding and Child Protection Policy to ensure it adequately covers all Council services.
<b>P2</b>	Ensure development of the Safeguarding and Quality Assurance Unit enables it to deliver its planned objectives.
<b>P3</b>	Improve the range, quality and coverage of safeguarding performance reporting to provide adequate assurance that systems are working effectively.

# Appendix 2

## Statutory recommendations: Auditor General for Wales' Safeguarding arrangements – Kerbcraft scheme local report, 2017

### Exhibit 4: statutory recommendations

Recommendations	
<b>P1</b>	The Council should keep complete records in relation to volunteers, including evidence of DBS checks, occupational health questionnaires, safeguarding training, and reference details.
<b>P2</b>	The Council should develop specific internal guidance and procedures for the operation of its Kerbcraft scheme so that staff are clear about how the scheme should operate.
<b>P3</b>	The Council should establish effective performance management and scrutiny arrangements for the Kerbcraft scheme, and clarify the roles of the Safeguarding and Quality Assurance Unit and Internal Audit in those arrangements.



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**SUBJECT: OFFICER RESPONSE – AUDIT REPORT – FUEL CARDS FOLLOW UP – May 2019**

**MEETING: AUDIT COMMITTEE**

**DATE: 19<sup>TH</sup> March 2020**

**DIVISION/WARDS AFFECTED: N/A**

## 1. PURPOSE:

The Chair of the Audit Committee has asked that officers responsible for the service provide a written response to the internal audit report advising that a service (specifically the provision of fuel cards) had been issued with a 'limited opinion' on two occasions.

Officer comments are provided in the 'key issues' section below:

## 2. RECOMMENDATIONS:

That members of the committee note the contents of this report and ask questions as they see fit.

## 3. KEY ISSUES:

In the email enquiry the chair of the committee commented that the committee was concerned that:

- (1) no improvement was noted in the follow up audit report (May 2019),
- (2) why the audit recommendations had not been followed
- (3) what steps have now been taken to rectify the situation.

The original audit report (2017/18) provided a 'limited opinion' and the follow up report (undertaken in February 2019, issued May 2019 and reported to service officers in July 2019) similarly returned a 'limited opinion'.

In particular the follow up report highlighted that a new contract for a fuel card provider had not been put in place. A new contract was not let subsequent to the original report but a call off agreement with the provider at that time (effectively a twelve month extension) was put in place as from September 2018 (effective from September 2018 but not signed by the provider until February 2019).

By July 2019 procurement colleagues had confirmed that a new contract may be awarded using the Crown Commercial Services (CCS) framework agreement subject to a benchmarking exercise.

Officers undertook the mini competition/benchmarking exercise in October 2019 and the detail of the new contract was clarified with the new provider in December 2019.

The final 'call'off' form (form of contract) was signed by the authority and the provider in February 2020.

This was a significant delay between the original audit recommendation to let a new contract and a new contract being agreed.

In discussion with service officers it was highlighted that the delay was predominantly as a result of staff resources being prioritised on other projects at that time.

The audit investigation and subsequent recommendations coincided with a significant increase in workloads and responsibility as the operational management of the passenger transport unit (PTU) transferred to the Fleet Manager during 2018. The PTU service demanded a significant investment in time by the Fleet manager and staff. Whilst the letting of a new contract for a fuel card provider was recognised as important it was confirmed in discussion with the head of service that an agreement was in place with the provider at that time and that meetings with the fuel card provider were taking place, albeit ad hoc, and fuel monitoring was also taking place (e.g. comparisons between bunkered fuel cost and forecourt price). As such the senior officers at the time decided that the letting of the fuel card contract be delayed as fuel use was being monitored although not formally recorded.

As mentioned above the issues has since been addressed through a tender exercise and a new contract is in place.

Other 'red' recommendations in the follow up report highlighted that the contract extension was only signed by the authority at the time of the inspection but was signed by the provider on the advice of audit.

'Amber' recommendations highlighted that contract monitoring was not in place. The monitoring that did take place was on an ad hoc basis and not formally recorded but this has now been addressed with quarterly monitoring meetings being organised with the provider and records kept of actions.

Further 'amber' recommendations referred to the lack of formal training and handbook for card users (now addressed), and records of requests for cards not retained ( now addressed). although the monitoring of fuel usage would undertaken to highlight fraudulent use.

#### **4. OPTIONS APPRAISAL**

Not applicable

#### **5. EVALUATION CRITERIA**

Not applicable

#### **6. REASONS:**

The follow up audit report highlighted that recommendations had not been implemented subsequent to the original audit report in 2017/18.

This report describes why the implementation was delayed and what action has been taken since the follow up report in 2018/19.



**7. RESOURCE IMPLICATIONS:**

None arising directly from the report.

The audit report highlighted the risk of the authority incurring additional costs and potential lack of control. Whilst the report highlighted the risk no specific additional costs or fraud were found during the report preparation. Nevertheless the implementation of the audit recommendations have reduced the risk for the future.

**8. WELLBEING OF FUTURE GENERATIONS IMPLICATIONS (INCORPORATING EQUALITIES, SUSTAINABILITY, SAFEGUARDING AND CORPORATE PARENTING):**

NONE ARISING FROM THE REPORT

**9. CONSULTEES:**

Fleet management staff

**10. BACKGROUND PAPERS:**

Nil

**11. AUTHOR:**

**Roger Hoggins (Head of Strategic Projects)  
(Head of Operations at time of the audit reports)**

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# Public Document Pack Agenda Item 10

## MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Audit Committee held  
at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 13th February, 2020 at 2.00 pm

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

County Councillor: A. Easson, M. Feakins, M. Lane, P. Murphy  
and V. Smith

### **OFFICERS IN ATTENDANCE:**

Andrew Wathan	Chief Internal Auditor
Peter Davies	Chief Officer, Resources
Gareth Lucey	Wales Audit Officer
Emma Davies	Performance Officer
Jonathan Davies	Central Accountancy Finance Manager
Lesley Russell	Accountant
Matthew Gatehouse	Head of Policy and Governance

### **APOLOGIES:**

County Councillors P. Clarke and J. Watkins

#### **1. Declarations of Interest**

No declarations of interest were made.

#### **2. Public Open Forum**

No Members of the public were present.

#### **3. To note the Action List from the previous meeting**

Performance Management: An interim report was circulated to Audit Committee Members on 10<sup>th</sup> January 2020. A full report will be available in May/June.

Self-Evaluation Questionnaire: Committee Members were reminded to complete and return their questionnaires. The Chair encouraged all Members to complete this important questionnaire. Councillor Smith requested a hard copy.

Forward Work Plan: This has been updated and is an agenda item.

Unfavourable Audit Opinions – Agency Work: The Committee had been concerned that managers were not reacting positively to Internal Audit recommendations arising from unfavourable opinions. The Chief Internal Auditor reported the majority of responses have been received, with just a small number outstanding. When all are received it will be possible to finalise the report including an action plan and management response. This will be circulated to Committee Members outside the meeting and will be an agenda item for a future meeting. If Members are not happy with the responses received, the Committee was reminded that

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relevant managers can be asked to attend a meeting of the Audit Committee to be held to account.

Fuel Cards: The Head Of Commercial and Integrated Landlord Services and the Fleet Manager have agreed to attend the next meeting. It has been requested that the Head of Service Strategic Projects (Fixed Term) also attends as the former Head of Service in post at the time of the concerns.

#### **4. Internal Audit Progress Report - quarter 3**

The Chief Internal Auditor presented the Internal Audit Progress Report (Q3). Following presentation of the report, questions were invited:

- A Committee Member, regarding the Passenger Transport Unit (PTU), asked for more information on the "High" risk rating. It was explained that knowledge of the service, known issues are considered etc. to determine the risk rating which is then added to the Audit Plan. It was explained that risk assessment is part of the planning process and the opinion is a result of the audit process. Issues identified in the audit where weaknesses outweigh strengths result in a limited opinion being given. Specific and general advice is given by Internal Audit to ensure sound financial management.
- A Member asked what instigates a special investigation and was informed that these issues come to attention in a range of ways such as part of routine audit work, from senior management or anonymously. Internal Audit can become involved in disciplinary processes. The number and frequency of cases vary each year; over which there is no control. An overview of types of investigations over a two year period will be provided at the next meeting.
- In response to a question, it was explained that final reports go to the Head of Service. A follow up audit takes place in 6-12 months to look for signs of improvement. If there is no significant improvement, the matter is returned to Audit Committee via the 6 monthly report with reasons for no improvement after a second audit. The Committee has the option to call in respective service managers.
- In response to a question, it was explained that the PTU appeared not to show signs of improvement by regularly appearing on the list of unfavourable opinions. It was explained that the opinions relate to audits of different aspects. Generally opinions are in respect of non-compliance with contract procedure rules.

The Chief Officer, Resources explained that a comprehensive, overarching study of the PTU is in progress. Some operational issues have been identified and these are being worked through currently. An update on the study from the Head of Commercial and Integrated Landlord Services was offered for the next meeting.

It was added that the operational outcomes of the study will not be brought back to Audit Committee, only any identified risks. The PTU falls under the remit of Strong Communities Select Committee for scrutiny purposes. Any redesign of operations as a result of the review, will require member decision and pre-decision scrutiny.

The Committee noted the audit opinions issued.

The Committee noted the progress made by the Section towards meeting the 2019/20 Operational Audit Plan and the Section's performance indicators at the 9 months stage of the financial year.

#### **5. Treasury Policy and Strategy report (Annex D to follow)**

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The Senior Accountant and Finance Manager presented the Treasury Policy and Strategy Report. Questions were asked by Committee Members as follows:

- Referring to para 4.1, a Member was impressed that the example of income return on investments to date is above 4%. It was explained that this was in relation to a small amount invested in strategic pooled funds where interest is fixed for three to five years; the funds have therefore returned as expected.
- A Member reminded the Committee that there is £20m left (of £50m) for the Investment Committee and there is the likelihood of more borrowing. It was confirmed that the capital financing requirement figures in the Medium Term Financial Plan includes £20m borrowing. It was commented that a similar investment strategy is being followed by other councils.
- The term “not financed” in Table 1 was clarified as meaning the loan is not being paid for from the revenue budget.
- A Committee Member referred to loans that are amortising up to 2065 and queried if the authority’s income stream would increase over time, and if more borrowing would be required for expenditure. It was explained that the graph referred to circumstances where no further borrowing is taken out. Loans would be replaced as they mature and the revenue budget will bear the cost over the specified time for repayment. Borrowing capacity would stay constant over the next few years (to meet the red line on the graph). Further explanation was provided on short and long terms borrowing already in the Medium Term Financial Plan noting that historically there were more long term loans than over the last 6-7 years.
- Referring to Annex D, the Committee was reassured that there are no loans agreed on a verbal basis.

The Committee acted on the recommendations as follows:

That Audit Committee considers and endorses for onward circulation and approval by full Council.

- The proposed Treasury Management and Minimum Revenue Provision Policy Statement for 2020/21 (Appendix 1) and
- The proposed Treasury Management Strategy 2020/21 (Appendix 2) including the Investment & Borrowing Strategies.

#### **6. Whole Authority Strategic Risk Assessment**

The Performance Officer introduced the Whole Authority Strategic Risk Assessment report. The following questions were asked:

- A Member referred to the risk ratings listed under Corporate Parenting (6 & 7) and questioned how the “Medium” risk rating regarding children was scored. The Head of Policy and Governance responded that elements considered to determine a risk score include the likelihood and potential consequences. It was explained that the potential consequence element is always higher but is balanced against the likelihood which, taking into account the safeguard systems in place and the relative infrequency of the worst outcomes results in a “Medium” score. The Member expressed concern about factors beyond the control of the authority and commented that the risk rating should be higher.

A Member agreed that there is little control of who is admitted to care and therefore the consequent costs. However, budgets are set to manage the risk, provide mitigation and build in trends.

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- A Member questioned the risk rating around energy and energy infrastructure as we move away from diesel and petrol cars to electric powered. Secondly, in terms of global climate change, it was suggested that there should be reference to environmental change to include e.g. pandemics and other significant changes that create environmental impact. The Officer responded that the energy and energy infrastructure aspect is not specifically captured but contracts for energy, prices are relatively secure in the short/medium term. It was explained that an additional energy officer has recently been appointed.

The issue of global climate change stretches beyond the period of this 3-year risk assessment. The Committee was informed of new Future Generations Act work across Public Service Boards in Gwent to determine a longer term risk and opportunity register. Funding has been obtained to buy in expertise to develop information, risks and possible solutions. An update on the work will be brought back in 4/5 months time as it develops. The Committee was reminded that Members declared a climate emergency in 2019.

It was explained that global environmental issues such as pandemics are reflected in our business continuity plans for which the Emergency Planning Team has a major role in terms of impact on delivery of services.

- A Member queried potential risks to organisational capacity referring to a higher than average 11.5 days lost per fulltime employee plus 9% staff turnover. The actual figures were queried, also the effect on delivery of services. A further question was asked about numbers of staff who stay at home and continue to work whilst ill. The effect on workforce of these factors was queried. The Head of Policy and Governance explained that turnover is welcomed to create new ideas and e.g. opportunities for young people. It was confirmed that there is an impact when staff are not in work and there can be a financial impact when the member of staff holds a frontline post to ensure continuity of services.

HR undertakes work on staff well-being in response to increases in numbers of sickness absences due to stress and psychological reasons. Capacity is a significant factor in a small authority. There are advantages to agile working where staff can self-isolate to control spread of germs when unwell but well enough to work. There is no statistical data available on this aspect and judgement on fitness for work is the mutual responsibility of the staff member concerned and their line manager.

The Member concluded that the figure of 11.5 days per fulltime member of staff could be masking a higher figure of sickness absence.

- The Chief Officer, Resources responded to a question about the varying degrees of success in recording staff appraisals that there would be a report to Audit Committee in May/June. It was confirmed that appraisals are being undertaken.

Aligned to the report recommendations, the Audit Committee used the risk assessment to consider the effectiveness of the authority's risk management arrangements and the extent to which the strategic risks facing the authority are appropriately captured.

Members scrutinised the risk assessment and responsibility holders, and will do so on an on-going basis, to ensure that risk is being appropriately managed.

#### **7. Forward Work Plan**

**MONMOUTHSHIRE COUNTY COUNCIL**

**Minutes of the meeting of Audit Committee held  
at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 13th February, 2020 at 2.00 pm**

The Chair welcomed the populated Forward Work Plan.

**8. To confirm minutes of the previous meeting**

The minutes of the previous meeting were confirmed as a true record.

**9. To confirm the date of the next meeting as 19th March 2020**

**Meeting ended at 3.20 pm**

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