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County Hall
Rhadyr
Usk
NP15 1GA

Wednesday, 5 October 2022

Notice of Meeting

Governance and Audit Committee

Thursday, 13th October, 2022 at 2.00 pm,
County Hall, The Rhadyr, Usk, NP15 1GA

(A 30 min pre-meeting will be held at 1.30pm for Committee Members and Auditors)

AGENDA

Item No	Item	Pages
1.	Apologies for Absence	
2.	Declarations of Interest	
3.	Public Open Forum	
4.	To note the Action List from the previous meeting	1 - 4
5.	Anti bribery Risk Assessment	5 - 30
6.	Audit Wales: Assurance and Risk assessment review and Management Response	31 - 50
7.	Annual Grants report	51 - 62
8.	Invitation of officers & Heads of Service regarding Limited Opinions	63 - 86
9.	Audit Wales Work Programme: Council Progress Update	87 - 98
10.	Governance and Audit Committee Forward Work Plan	99 - 100
11.	To confirm minutes of the previous meeting held on 8th September 2022	101 - 110
12.	To note the date of the next meeting as 24th November 2022 at 2.00pm	

Paul Matthews
Chief Executive

MONMOUTHSHIRE COUNTY COUNCIL
CYNGOR SIR FYNWY

THE CONSTITUTION OF THE COMMITTEE IS AS FOLLOWS:

Andrew Blackmore	Lay Member (Chair)	
Colin Prosser	Lay Member	
Martin Veale	Lay Member	
County Councillor Ian Chandler	Llantilio Crossenny;	Green Party
County Councillor John Crook	Magor East with Undy;	Welsh Labour/Llafur Cymru
County Councillor Tony Easson	Dewstow;	Welsh Labour/Llafur Cymru
County Councillor Malcolm Lane	Mardy;	Welsh Conservative Party
County Councillor Phil Murphy	Caerwent;	Welsh Conservative Party
County Councillor Peter Strong	Rogiet;	Welsh Labour/Llafur Cymru
County Councillor Laura Wright	Grofield;	Welsh Labour/Llafur Cymru

Public Information

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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.

Kindness: We will show kindness to all those we work with putting the importance of relationships and the connections we have with one another at the heart of all interactions.

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**Governance and Audit Committee Action List
8th September 2022**

Agenda Item:	Subject/ Meeting	Officer	Outcome	By	Action Status	Recommended to close Action Yes/No
4	Action List 14 th July 2022	Richard Jones/ Peter Davies	Provide GAC Members with a list of key collaborations and who audits		OPEN	
4	Forward Work Plan 14 th July 2022	Andrew Wathan/Chair	Cross referencing reports with the Terms of Reference		OPEN	
Page 1	Internal Audit Outturn Report 14 th July 2022	Andrew Wathan/Peter Davies	<ol style="list-style-type: none"> 1. Invite service managers to next meeting re Limited Opinions: <ul style="list-style-type: none"> • Concessionary Travel • Fleet (Health and Safety and Driver Management) 2. Provision of Fraud figures (not percentages) 		<ol style="list-style-type: none"> 1. OPEN 2. OPEN 	
	4.	Action List 8 th September 2022	Wendy Barnard/ Andrew Wathan/ Peter Davies	Re-format Action List	13 October 2022	OPEN
5	Statement of Accounts	Jonathan Davies/ Peter Davies	<ol style="list-style-type: none"> 1. Amend the final version of the Statement of Accounts to reference significant occurrences nationally and globally and to explain abbreviations. 		<ol style="list-style-type: none"> 1. OPEN 2. OPEN 	

	8 th September 2022		2. 20mph speed limit scheme and funds availability for scheme reversal, the Deputy Chief Executive will discuss with Welsh Government if unspent funds are rolled forward or returned			
6	Audit Wales: Quarterly Update and Timetable 8 th September 2022	Richard Jones	Add Audit Wales assurance and risk assessment report to Forward Work Programme.	13 October 2022	OPEN	
8 Page 2	Audit Wales: Springing Forward Report 8 th September 2022	1 & 2 Chair/Officers 3 Richard Jones	1. Discuss Scrutiny arrangements for the people strategy and asset strategy 2. The Chair will discuss interim key milestones and progress against them with officers and provide update at next meeting. 3. Update on a completion date of the Corporate and Community Plan.	13 October 2022	OPEN	
9	Whole Authority Strategic Risk Assessment		1. Chair's preferred format for Risk Register <ul style="list-style-type: none"> • key risks facing the organisation; • what actions are being taken; • what actions have been taken over the preceding period; • who is accountable; • actions completed and not completed (and why); and • key performance indicators. 2. Report on Authority's approach to Horizon-scanning		1. OPEN 2. OPEN 3. OPEN	

			3. Risk 13 (Housing) – reduction to medium by 2025 optimistic – convey comment to risk owner			
12	Dates of Meetings 8 th September 2022		Consider Scheduling meetings closer to quarter ends		OPEN	

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- To consider the Council's approach to Anti Bribery, Fraud & Corruption To outline proposed next steps
- That the Committee comment on and note current progress of the Council's compliance with Anti Bribery, Fraud and Corruption.

- To refresh Governance & Audit Committee's understanding around its responsibilities and to provide a brief background to:
 - The current Anti-fraud, Bribery and Corruption policy
 - Internal Audit reviews and follow-ups undertaken
- To provide further update to confirm action taken to address outstanding recommendations
- To provide the annual risk assessment of the arrangements in place around anti-fraud, bribery and corruption
- To outline proposed next steps

- Anti-Fraud, Bribery and Corruption Policy statement approved by Cabinet in June 2017
- Purpose of policy:
 - To encourage a culture in the organisation that deters fraud, bribery and corruption
 - Provide a strong message that any allegations will be dealt with in a firm and consistent way
- The Council is one of the largest organisations in the County
- The Council controls millions of pounds of public money and takes very seriously the high expectations of the public and the degree of scrutiny to which the affairs of the Council are subject

- May 2017 Audit Committee – Limited opinion for audit of Compliance with Bribery act
- June 2017 Cabinet – updated and revised Anti-fraud, Bribery and Corruption policy approved
- May 2018 Audit Committee – follow up audit of Compliance with the Bribery Act results in second consecutive Limited assurance audit opinion
- July – September 2019 – follow up audit suggests controls are operating satisfactorily
- Sept 2019 Audit Committee – Anti Bribery update and first annual risk assessment
- Dec 2019 – 2nd follow up audit – Reasonable Assurance
- Oct 2020 – Audit Committee – progress on compliance with Anti Bribery, Fraud & Corruption
- Oct 2022 – Governance & Audit Committee – progress on compliance with Anti Bribery, Fraud & Corruption and risk assessment

- In summary, and aside from COVID, frauds to date continue to be low level benefits frauds (that are investigated by SBS and the DWP). Internal Audit have not had any other definitive cases confirmed in their work in the last year.
- However, against this backdrop there had been an increase in fraudulent activity, and especially in cyber crime, during the COVID-19 pandemic across the UK.
- Fraudulent payments had both been identified and prevented by MCC when administering business grants for WG; 25% of identified frauds recovered

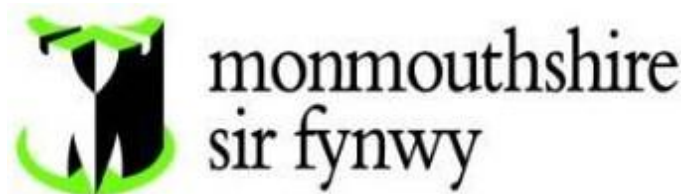
- Risk is always present across a range of areas including:
 - Procurement activity
 - New suppliers – no history of FBC?
 - Lack of segregation of duties
 - Evidence of tender evaluations and awards
 - Lack of contract management – contract variation and extensions
 - Planning and licencing decisions
 - Bribery – and where pressure exists on income generation and contract awards
 - Where new starters are not being provided FBC training through corporate induction

- Mitigation of risks will involve:
 - Arranging for an ongoing annual follow-up review as part of the annual risk assessment needed and to ensure controls are not only in place but are operating effectively – with a specific focus on medium and high risk areas
 - Ensuring that any remaining or new audit recommendations are targeted and addressed accordingly
 - CIPFA – Fraud & Corruption Tracker National Report to be reviewed to reflect the likely impact for MCC

REF	ISSUE / RISK	MITIGATING ACTION	RESIDUAL RISK
1	Lack of ongoing evaluation of Anti-Fraud, Bribery and Corruption risks to ascertain likelihood or impact of potential bribery	Annual risk assessments being undertaken to highlight particular areas of risk and how these are being responded to.	LOW
2	New members of staff to receive corporate induction training and that includes training on fraud, bribery and corruption	<p>New starter information continues to be provided periodically by HR to Corporate Training. As a result of COVID induction has had to be quickly adapted and in turn condensed from the original two day course. Anti-fraud bribery and corruption training has not features as part of this and therefore the risk is heightened.</p> <p>A training module has been developed which needs to be made more widely available to all staff in order for it to be completed and accredited online.</p> <p>With the HR/Payroll cloud implementation and system development the onboarding and web recruitment module will be able to require new starters to complete the training as part of their induction.</p>	LOW
3	Staff are not unaware of the Bribery Act and their responsibilities to comply with it	A training module has been developed which needs to be made more widely available to all staff in order for it to be completed and accredited online.	LOW
4	Relevant declarations of interest were not always being completed by staff	Code of Conduct updated in late 2017. Staff are now reminded annually to make declarations of interests and in accordance with the updated Code of Conduct.	LOW

REF	ISSUE / RISK	MITIGATING ACTION	RESIDUAL RISK
5	Approval of purchases or awarding of contracts not always performed in accordance with authorised signatory lists	CPRs have been updated to include additional guidance. Strategic Procurement team maintain signatory lists and where procuring managers will need authorisation to advertise or award contracts. Updated guidance to be issued to procuring officers.	MEDIUM (AND REDUCING AS IMPLEMENTED)
6	Suppliers are not assessed for any history of bribery during procurement exercises	<p>CPRs to be updated to include additional selection considerations that need to be included with regards to the Bribery Act for procurements between £75k and the OJEU threshold. Updated guidance being issued to procuring officers.</p> <p>Low risk identified for purchases of less than £75k though investigation to be undertaken on being able to vet new suppliers by using existing online anti-fraud and corruption checks.</p>	MEDIUM (AND REDUCING AS IMPLEMENTED)

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ANTI FRAUD, BRIBERY & CORRUPTION STRATEGY POLICY STATEMENT

Version: Draft 04
Date: 17th May 2017
Author: Andrew Wathan, Chief Internal Auditor

1. Introduction

1.1 Good Corporate Governance requires that the Authority must demonstrate clearly that it is firmly committed to dealing with fraud and corruption and will deal equally with perpetrators from inside (Members and employees) and outside the Council. In addition there will be no distinction made in investigation and action between cases that generate financial benefits and those that do not. This policy statement, however, will not compromise the Council's Strategic Equality Plan and Objectives, the requirements of the Human Rights Act 1998 or the Council's Regulation of Investigatory Powers Act (RIPA) Policy.

1.2 This policy statement embodies a series of measures designed to frustrate any attempted fraudulent or corrupt act and the steps to be taken if such action occurs. For ease of understanding it is separated into five areas as below:-

Culture	Section 3
Prevention	Section 4
Deterrence	Section 5
Detection and Investigation	Section 6
Training	Section 7

1.3 The Council is also aware of the high degree of external scrutiny of its affairs by a variety of bodies including:

- Public Services Ombudsman for Wales
- Wales Audit Office
- Central Government Departments and Parliamentary Commissions
- Her Majesty's Revenue & Customs
- The Department of Works & Pensions
- National Assembly and Welsh Government

2. What is Fraud and Corruption ?

Fraud

2.1. The Fraud Act 2006 defines fraud through three key offences:

- ***Fraud by false representation*** – where a person dishonestly makes a false representation and intends by making the representation, to make a gain for himself or another or to cause or expose the risk of loss to another;

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- ***Fraud by failing to disclose information*** – where a person has dishonestly failed to disclose to another person information which he is under a legal duty to disclose; and intends by failing to do so, to make a gain for himself or another; or to cause or expose another to the risk of loss; and
- ***Fraud by abuse of position*** – where a person occupies a position in which he is expected to safeguard or not to act against the financial interests of another; dishonestly abuses that position with the intention to make a gain for himself or another or to cause or expose the risk of loss to another.

2.2. It also creates new offences:

- Obtaining services dishonestly
- Possessing, making and supplying articles for use in frauds
- Fraudulent trading applicable to non- corporate traders.

2.3. The maximum sentence is 10 years imprisonment.

2.4. The Act largely replaces the laws relating to obtaining property by deception, obtaining a pecuniary advantage and other offences that were created under the Theft Act 1978.

Corruption

2.5. There is no universally accepted definition of corruption, although the World Bank defines it as '*offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party*'.

2.6. Corruption is often associated with the act of bribery. The Bribery Act 2010 identifies the criminal offence of bribery and identifies four key offences:

- ***Bribing another person*** - A person commits an offence by offering, promising or giving a financial or other advantage to another person, directly or through an intermediary: intending that advantage to induce a person to perform improperly a Function or to reward a person for so doing (whether or not it is the same person to whom the advantage is offered) or knowing or believing that accepting the advantage would itself be improper performance of a Function;
- ***Being bribed*** - A person commits this offence by requesting, agreeing to receive or accepting a financial or other advantage, directly or through a third party, for his or her own or someone else's benefit: that person intends that, as a consequence, there is improper performance of a Function or there is improper performance of a Function (whether as a

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reward, in anticipation of or as a consequence of the request, agreement or acceptance). The request, agreement or acceptance itself may be the improper performance of a Function;

- ***Bribery of a Foreign Public Figure*** – This offence will be committed if a person offers or gives a financial or other advantage to a foreign public official with the intention of influencing the foreign public official and obtaining or retaining business, where the foreign public official was neither permitted nor required by written law to be so influenced; and
 - ***Failing to prevent Bribery*** - A company is “strictly liable” for any bribe paid by a person performing services on its behalf, unless the organisation proves that adequate anti-bribery procedures were in place.
- 2.7.** The maximum penalty for the offenses is 10 years' imprisonment and/or an unlimited fine. For the "failure to prevent" offense, the fine alone applies.
- 2.8.** The Bribery Act 2010 replaces the fragmented and complex offences at common law and in the Prevention of Corruption Acts 1889-1916.

3. Culture

- 3.1.** The culture of the Council has always been one of openness and the core values of Openness, Fairness, Flexibility & Teamwork support this. The culture therefore supports the opposition to fraud and corruption.
- 3.2.** The prevention/detection of fraud, bribery and corruption and the protection of the public purse are responsibilities of everyone, both internal and external to the organisation. There is an expectation and requirement that all individuals and organisations associated with the Council will act with integrity and that elected Members and Employees at all levels will lead by example. All aspects of this policy must be complied with and the Council will maintain a zero tolerance culture to fraud and corruption.
- 3.3.** The Council's elected Members and employees play an important role in creating and maintaining this culture. They are positively encouraged to raise concerns regarding fraud and corruption, immaterial of seniority, rank or status. The public also has a role to play in this process and should inform the Council if they feel that fraud/corruption may have occurred.
- 3.4.** Concerns must be raised when members, employees or organisations associated with the Council reasonably believe that one or more of the following has occurred, is in the process of occurring or is likely to occur:
- A criminal offence;
 - A failure to comply with a statutory or legal obligation;

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- Improper or unauthorised use of public or other official funds;
- A miscarriage of justice;
- Misconduct or malpractice;
- Deliberate concealment of any of the above

3.5. Concerns must be raised, in the first instance, directly with the Supervisor/Business Unit Manager/Head Teacher/Head of Establishment or if necessary, anonymously (letter, telephone) and via other routes:-

- Chief Executive, Chief Officers, Heads of Service, or the Council's Monitoring Officer, who will report such concerns to the Chief Internal Auditor;
- Directly to the Chief Internal Auditor;
- Where line management is suspected of fraud, directly to Head of Service or Chief Internal Auditor;
- External Auditor, who depending upon the nature of the concern will liaise with the Chief Internal Auditor;
- Trade Union Representative.

3.6. This can be done in the knowledge that such concerns will be treated in the strictest confidence and be properly investigated.

3.7. Council also has a *Whistleblowing Policy* to ensure the highest possible standards of openness probity and accountability. The Council will ensure that any allegations received in any way, including by anonymous letters or telephone calls, will be taken seriously and investigated in an appropriate manner.

3.8. The Council will deal firmly with those who defraud the Council or who are corrupt, or where there has been financial malpractice. There is, of course, a need to ensure that any investigation process is not misused and, therefore, any abuse (such as employees/Members raising malicious allegations) may be dealt with as a disciplinary matter (employees) or through the Standards Committee (Members).

3.9. When fraud and corruption has occurred due to a breakdown in the Council's systems or procedures, Heads of Service will ensure that appropriate improvements in systems of control are implemented in order to prevent a re-occurrence.

4. Prevention

Chief Officer Resources

4.1. The Chief Officer Resources will have overall responsibility for ensuring the effectiveness of the Authority's arrangements for the Anti-Fraud, Bribery and

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Corruption policy, including compliance with the Fraud Act 2016 and the Bribery Act 2010.

Elected Members

- 4.2. As elected representatives, all Members of the Council have a duty to the Citizens of the County to protect the Council and public money from any acts of fraud, bribery and corruption.
- 4.3. This is done through the Anti-Fraud, Bribery and Corruption Policy Statement, compliance with the Council's Code of Conduct for Members, the Council's Constitution, including Financial Regulations and Contract Standing Orders, and relevant legislation.
- 4.4. Elected Members sign to the effect that they have read and understood the Code of Conduct for Members when they take office. Conduct and ethical matters are specifically brought to the attention of Members during induction and include the declaration and registration of interests. The Head of Legal Services will advise Members of new legislative or procedural requirements.

Employees

The Role of the Head of Finance

- 4.5. The Head of Finance has been designated the statutory responsibilities of the Finance Director as defined by s151 of the Local Government Act 1972. These responsibilities outline that every local authority in England & Wales should:

“make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has the responsibility for the administration of those affairs”.
- 4.6. Under the Head of Finance responsibilities, proper administration encompasses all aspects of local authority financial management including:
 - Compliance with the statutory requirements for accounting and internal audit;
 - Ensuring the Authority's responsibility for ensuring proper administration of its financial affairs;
 - The proper exercise of a wide range of delegated powers both formal and informal;
 - The responsibility for managing the financial affairs of the local authority in all its dealings; and
 - The recognition of the fiduciary responsibility owed to local tax payers.

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- 4.7. Under these statutory responsibilities the Head of Finance contributes to the Anti-Fraud, Bribery and Corruption framework of the Council.

The Role of Managers

- 4.8. Managers at all levels are responsible for the communication and implementation of this strategy in their work area. They are also responsible for ensuring that their employees are aware of the Council's policies and procedures, the Council's Financial Procedure Rules and Contract Procedure Rules and that the requirements of each are being met in their everyday business activities. In addition, managers must make their employees aware of the requirements of the Employee Code of Conduct through the induction process.
- 4.9. Managers are expected to create an environment in which their officers feel able to approach them with any concerns they may have about suspected irregularities. Where they are unsure of the procedures they must refer to the information on the Intranet.
- 4.10. Special arrangements will apply where employees are responsible for cash handling or are in charge of financial systems and systems that generate payments, for example payroll or the Revenues computer system. Managers must ensure that relevant training is provided for all employees.
- 4.11. The Council recognises that a key preventative measure in dealing with fraud and corruption is for managers to take effective steps at the recruitment stage to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary or casual posts and agency staff. The Council's formal recruitment procedure contains appropriate safeguards in the form of written references, the verification of qualifications held and employment history. As in other public bodies Disclosure and Barring Service (DBS) checks are undertaken for employees working with or who may have contact with children or vulnerable adults.

Responsibilities of Employees

- 4.12. Each employee including agency and volunteer staff is governed in their work by the Council's Contract Procedure Rules and Financial Procedure Rules, Employee Code of Conduct and other policies on conduct (Health and Safety, E-mail and Internet Usage Policies, IT Strategy and IT Security policy). Included in the Council policies are guidelines on gifts and hospitality, and codes of conduct associated with professional and personal conduct and conflict of interest. These are issued to all employees when they join the Council and are available to all on the Intranet.
- 4.13. Employees are responsible for ensuring that they follow the instructions given to them by management, particularly in relation to the safekeeping of the

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assets of the Authority. These will be included in induction training and procedure manuals.

- 4.14.** Employees are expected always to be aware of the possibility that fraud, bribery, corruption and theft may exist in the workplace and be able to share their concerns with management. If for any reason, they feel unable to speak to their manager they must refer the matter to one of those named above in section 3.5.

Contractors and Third Party Organisations

- 4.15.** There are joint ventures, partnerships and contracted work carried out on behalf of the Authority. As an organisation, it should be ensured that third party organisations should have a similar culture and approach as the authority in tackling anti-fraud, bribery and corruption.
- 4.16.** Members and officers should ensure that organisations have appropriate mechanisms in place to prevent, detect, deter and investigate where necessary any concerns raised in relation to fraud and corruption.
- 4.17.** Members and officers including officers working for contractors and third party organisations should be able to raise any concerns through the mechanisms identified in 3.5. The Council has a duty to notify the relevant organisations, Government Agencies and take action where appropriate to investigate any concerns raised.

Conflicts of Interest

- 4.18.** Both elected Members and employees must ensure that they avoid situations where there is a potential for a conflict of interest. Such situations can arise with externalisation of services, internal tendering, planning and land issues etc. Effective role separation will ensure decisions made are seen to be based upon impartial advice and avoid questions about improper disclosure of confidential information.

Official Guidance

- 4.19.** In addition to Financial Procedure Rules and Contract Procedure Rules, service areas may have their own procedures to prevent and deter fraud. There may also be audit reports, which recommend methods to minimise risks and losses to the Authority. Managers and employees must be made aware of these various sources of guidance and alter their working practices accordingly.

Role of Internal Audit

- 4.20.** Internal Audit plays a vital preventative role in trying to ensure that systems and procedures are in place to prevent and deter fraud, bribery and

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corruption. Internal Audit investigates all employee cases of suspected financial irregularity, fraud or corruption, except Benefit fraud investigations (see below), in accordance with agreed procedures. Within the Financial Procedure Rules in the Constitution, representatives of Internal Audit are empowered to:

- Enter at all reasonable times any Council premises or land;
- Have access to all records, documentation and correspondence relating to any financial and other transactions as considered necessary;
- Have access to records belonging to third parties such as contractors when required;
- Require and receive such explanations as are regarded necessary concerning any matter under examination;
- Require any employee of the Council to account for cash, stores or any other Council property under his/her control or possession;
- Internal Audit liaises with management to recommend changes in procedures to reduce risks and prevent losses to the Authority.

The Role of the Senior Fraud Officer

4.21. The Senior Fraud Officer is responsible for all of the Council Tax Benefit investigations, in accordance with legislation and agreed codes of conduct. In cases where employees are involved they will work with Internal Audit, Human Resources and appropriate senior management to ensure that correct procedures are followed and that this policy is adhered to.

The Role of the External Auditor

4.22. Independent external audit is an essential safeguard of the stewardship of public money. The Wales Audit Office (including any associated third party external audit partners) are responsible for this through specific reviews that are designed to test (amongst other things) the adequacy of the Council's financial systems and arrangements for preventing and detecting fraud, bribery and corruption. It is not the external auditors' function to prevent fraud and irregularities, but the integrity of public funds is at all times a matter of general concern. External auditors are always alert to the possibility of fraud and irregularity, and will act without undue delay if grounds for suspicion come to their notice. The external auditor has a responsibility to review the Council's arrangements for preventing and detecting fraud and irregularities, and arrangements designed to limit the opportunity for corrupt practices.

4.23. Where external audit is required to undertake an investigation they will operate within legislation and their codes of conduct.

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Co-operation with Others

4.24. As appropriate, arrangements will be made to encourage the exchange of information between the Council and other agencies on national and local fraud and corruption activity in relation to local authorities. These include :

- Police
- Local Authority Financial Organisations
- Internal Auditor Networks
- Wales Audit Office
- Other councils
- Central and local government partners;
- National Anti-Fraud Network.
- National Fraud Initiative

The Role of the Public

4.25. This policy, although primarily aimed at those within or associated with the Council, enables concerns raised by the public to be investigated, as appropriate, by the relevant person in a proper manner.

5. Deterrence

5.1. There are a number of ways to deter potential fraudsters from committing or attempting fraudulent or corrupt acts, whether they are inside and/or outside of the Council, and these include:

- Publicising the fact that the Council is firmly set against fraud and corruption and states this at every appropriate opportunity e.g. clause in contracts, statements on benefits claim forms, website, publications etc.
- Acting robustly and decisively when fraud and corruption are suspected and proven e.g. the termination of contracts, dismissal, prosecution, reporting employee to their professional body etc.
- Taking action to effect the maximum recoveries for the Council e.g. through agreement, court action, penalties, under Proceeds of Crime Act etc.
- Having sound internal control systems, that still allow for innovation, but at the same time minimising the opportunity for fraud and corruption.

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- The operation and advertising of a Benefit Fraud Hotline and formal arrangements for whistleblowing.
- Publicising instances of fraud/corruption and the resultant disciplinary/prosecution action for cases both within the Council and for other public organisations.

6. Detection and Investigation

- 6.1.** Internal Audit plays an important role in the detection of fraud, bribery and corruption. Included in their strategic plan are reviews of system controls including financial controls and specific fraud and corruption tests and will make spot checks and unannounced visits.
- 6.2.** In addition to Internal Audit, there are numerous systems and management controls in place to deter fraud and corruption but it is often the vigilance of employees and members of the public that aids detection. The Council's *Whistleblowing Policy* is intended to encourage and enable staff to raise their concerns.
- 6.3.** In some cases frauds are discovered by chance or "tip-off" and arrangements are in place to enable such information to be properly dealt with.
- 6.4.** The Council takes part in the National Fraud Initiative which is co-ordinated by Internal Audit.
- 6.5.** All suspected irregularities are required to be reported (verbally or in writing) to one of the officers identified at 3.5. This is essential to the strategy and:
- Ensures the consistent treatment of information regarding fraud and corruption; and
 - Facilitates a proper and thorough investigation by an experienced audit team or appropriate officer, in accordance with agreed procedures.
- 6.6.** This process will apply to all the following areas:
- a) fraud/corruption by elected Members;
 - b) internal fraud/corruption;
 - c) other fraud/corruption by Council employees;
 - d) fraud by contractors and/or partnership employees;
 - e) external fraud (the public)
- 6.7.** Cases under d) and e) where necessary would be referred to the external auditor or Police. Cases under (a) in respect to the Code of Conduct for Members will be referred to the Public Services Ombudsman for Wales in

ANTI-FRAUD, BRIBERY & CORRUPTION STRATEGY POLICY STATEMENT

addition to the External Auditor and/or the Police. Cases under b) and c) may be dealt with under the Council's disciplinary procedures.

- 6.8.** Any decision to refer a matter to the Police will require the involvement of the Head of Finance, the Monitoring Officer, Chief Internal Auditor and the relevant Head of Service or, in their absence of any of these Officers, their nominated representatives. In these circumstances, it will be the responsibility of the Chief Internal Auditor to call a formal meeting of these officers to discuss the appropriate course of action. Any referral to the Police must be agreed by the relevant Head of Service.
- 6.9.** Depending on the nature of an allegation under b) to e), the Chief Internal Auditor will normally work closely with the Head of Service concerned to ensure that all allegations are thoroughly investigated and reported upon.
- 6.10.** The Council's Disciplinary Procedures will be used to facilitate a thorough investigation of any allegations of improper behaviour by employees. The processes as outlined in paragraph 3.8 will cover Members.
- 6.11.** A summary of matters identified and concluded concerning fraud or bribery will be reported to the Council's Audit Committee on a six monthly basis.
- 6.12.** Periodic risk assessments will be undertaken to evaluate the Authority's exposure to the risk of fraud and bribery and to highlight particular areas of risk within the Authority. This will be undertaken between Internal Audit and Risk management on an annual basis.

7. Awareness & Training

- 7.1.** The Council recognises that the continuing success of this strategy and its general credibility will depend in part on the effectiveness of training and awareness for members and employees. The policy is an integral part of the induction programme.
- 7.2.** To facilitate this, the Council supports the provision of training programmes and circulation of relevant information to ensure that responsibilities and duties in this respect are regularly highlighted and reinforced. This includes the requirement for information to be provided to third parties providing services to and on behalf of the Council.
- 7.3.** Specialist training in fraud and corruption issues will also be given to appropriate staff involved in investigation work.
- 7.4.** Internal Audit will publicise the Anti-Fraud, Bribery and Corruption policy on the Intranet with other up to date advice and guidance on current issues and will facilitate fraud awareness training to staff as and when required.

8. Conclusion

- 8.1.** The Council has always prided itself on setting and maintaining high standards and a culture of openness, with core values of Accountable, Open

ANTI-FRAUD, BRIBERY & CORRUPTION STRATEGY POLICY STATEMENT

and United. This strategy fully supports the Council's desire to maintain an honest authority, free from fraud and corruption.

- 8.2.** The Council has in place a network of systems and procedures to assist it in dealing with fraud and corruption when it occurs. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation.
- 8.3.** The Council will maintain a continuous review of all these systems and procedures through Internal Audit.
- 8.4.** This policy statement will be reviewed on a regular basis, with a maximum of three years between each review.

May 2017

SUBJECT: Audit Wales Assurance and Risk Assessment Review - Monmouthshire County Council

MEETING: Governance and Audit Committee

DATE: 13th October 2022

DIVISION/WARDS AFFECTED: All

1 PURPOSE:

- 1.1 To provide the committee with the Audit Wales Assurance and Risk Assessment Review of Monmouthshire County Council and the Council's Management Response.

2 RECOMMENDATIONS:

- 2.1 That the committee review the Audit Wales Assurance and Risk Assessment Review and seek assurance of the adequacy of the Council's Management response.
- 2.2 That the committee refer on any issues contained within Audit Wales report to other committees for consideration if they identify there are findings of relevance.

3. KEY ISSUES:

- 3.1 The attached 'Assurance and Risk Assessment Review – Monmouthshire County Council' report provides the committee with the findings of the Audit Wales review. The purpose of the report was to identify the level of audit assurance needed and whether more will be needed in the future in relation to risks to the Council putting in place arrangements to secure value for money from resources. The review also aided Audit Wales in assessing the extent to which the Council is applying the sustainable development principle when meeting its well-being objectives. The report focuses on three areas of the Council, namely the financial position; the implications of the Local Government and Elections (Wales) Act 2021; and the carbon reduction plan.
- 3.2 This report focuses on areas where Audit Wales has undertaken more detailed Assurance and Risk Assessment work. An Annual Audit Summary will also be produced in the autumn of 2022, summarising all audit work undertaken since the last Annual Audit Summary in January 2022.
- 3.3 The report is provided to Governance and Audit Committee as part of its role to provide assurance on the effectiveness of the council's governance and performance management arrangements and oversight of the Audit Wales work programme. Governance and Audit Committee can also refer reports to another scrutiny committees if they feel the reports require further consideration that is specifically relevant to the committees work programme. The committee may also refer issues to Democratic Services Committee who are able to perform a coordinating function.
- 3.4 Attached is the Council's Management response to the recommendations in the Audit Wales report setting out the action the Council plans to take to address the recommendations. The progress with implementing the management response will be monitored as part of the regular progress update on the Audit Wales work programme provided to the Committee.

4. RESOURCE IMPLICATIONS:

- 4.1 There are no additional resource implications as a result of this report. However, there may be resource implications in undertaking further actions identified in the management response. These would be subject to the usual council decision-making processes.

5. AUTHOR:

Report to be presented by Audit Wales. Management response completed by Monmouthshire Council.

6. CONTACT DETAILS:

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Telephone: 01633 740733

Assurance and Risk Assessment Review – Monmouthshire County Council

Audit year: 2021-22

Date issued: September 2022

Document reference: 3172A2022

This document has been prepared as part of work performed in accordance with Section 17 of the Public Audit (Wales) Act 2004 and Section 15 of the Well-being of Future Generations (Wales) Act 2015.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

What we reviewed and why

- 1 We undertook this 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. This project also helped us to assess the extent to which the Council is applying the sustainable development principle in taking steps to meet its well-being objectives.
- 2 This report summarises our findings in the areas where we have undertaken more detailed Assurance and Risk Assessment work. We will also produce an Annual Audit Summary in the autumn of 2022 that will summarise all of our audit work undertaken since our last Annual Audit Summary in January 2022.
- 3 We focused in particular on the following areas at the Council:
 - Financial position
 - Implications of the Local Government and Elections (Wales) Act 2021
 - Carbon reduction plan
- 4 Our evidence base for this work included interviews with senior officers and review of relevant documents.
- 5 The Assurance and Risk Assessment project has been ongoing throughout the year. We held a workshop with Senior Leadership Team in March 2022 at which we shared emerging findings in relation to some aspects of this work. We also used the workshop to gather the perspectives of senior managers on the key audit risks in relation to the Council and to inform our forward planning.

Recommendations

Exhibit 1: recommendations

The table below sets out the recommendations that we have identified following this review.

R1	The Council should further develop its understanding of its own carbon footprint and use this refined data to inform its refreshed Climate Emergency Strategy.
R2	The Council should ensure its proposed actions to reach net zero by 2030 are: <ul style="list-style-type: none">• fully costed in terms of their carbon and financial impact to enable it to prioritise actions; and• fully reflected in its Medium Term Financial Plan and Capital Strategy.
R3	The Council should develop a robust set of metrics to measure and report progress on its decarbonisation journey.

Financial position

Additional Welsh Government funding has helped improve the Council's financial position in recent years, but its plans to achieve financial resilience over the medium term and future budget rounds will continue to be challenging in this period of significant economic uncertainty

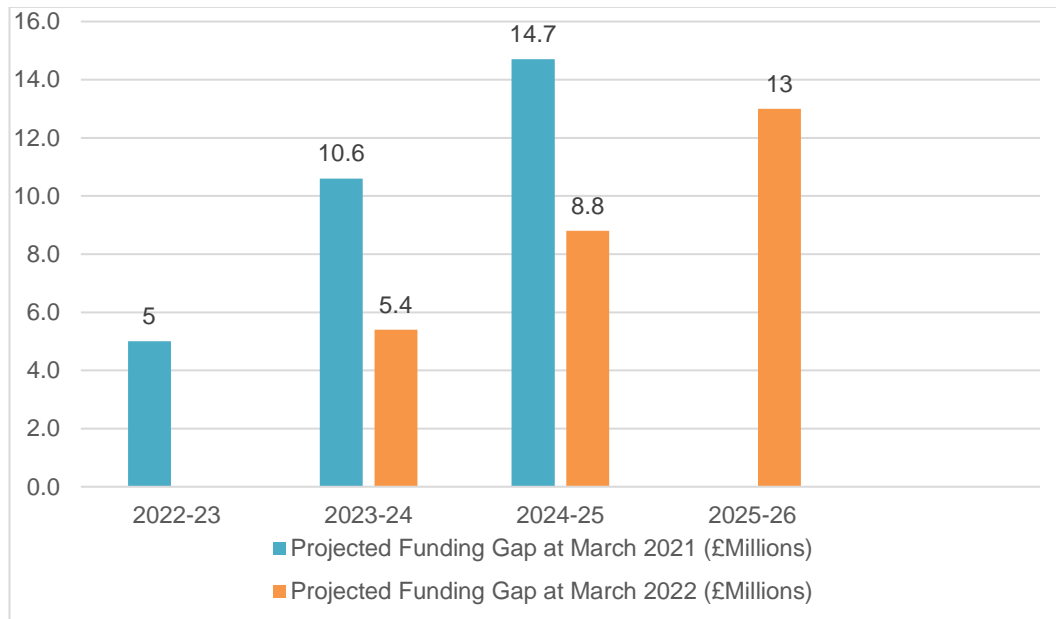
- 6 We reviewed the Council's financial position in July 2022. This included consideration of the Council's financial reserves position, the delivery of planned savings and performance against the planned budget for the year.
- 7 We also published a [Local Government Financial Sustainability Data Tool](#) in February 2022 which includes a range of financial data for councils, national parks and fire and rescue authorities in Wales.

Financial strategy

- 8 Our previous work on financial sustainability found that the Council did not yet have a financial strategy to support financial resilience and sustainability over the medium term as, although the Council could identify its medium-term funding gap, challenges remained in closing it. We suggested the Council could strengthen its medium-term financial planning by developing a longer-term approach to savings plans and regularly reviewing future cost pressure estimates.
- 9 The Council understands that further work is needed to develop its Medium Term Financial Plan (MTFP). This intention is reflected in recent budget reports to members, and officers intend to work with the new administration to take forward plans to strengthen the MTFP.
- 10 The Welsh Government's indicative funding settlements on an all-Wales basis of 3.5% and 2.4% respectively for 2023-24 and 2024-25 provide a degree of funding certainty over the medium term. However, medium-term financial planning will continue to rely on a range of assumptions, and when coupled with the changing socio-economic landscape in this period of significant economic uncertainty, planning for financial resilience and future budget rounds will continue to be challenging for councils.
- 11 The Council's projected cumulative funding gap has reduced by £1.7 million over the course of 2021-22, from £14.7 million in March 2021 to £13 million in March 2022. This improved position reflects the indicative settlements due from the Welsh Government in future years of the Plan.

Exhibit 2: the Council’s total projected medium-term funding gap is £13 million – £1.7 million lower than last year’s forecast

This graph shows the medium-term funding gap identified by the Council in March 2021 and March 2022¹. The annual figures are cumulative.



- 12 The Council has not yet identified the necessary savings that will need to be made during the later years of its MTFP, which is recognised in the January 2022 MTFP update. Officers recognise the need to develop and deliver a programme of sustainable planned savings to help close the medium-term budget gap and intend to develop this with the new Council. In doing so, the Council will need to apply the sustainable development principle. A longer-term approach to savings planning reduces the risk of needing to make unplanned and/or unsustainable savings that are not aligned to the Council’s strategic objectives.
- 13 Members received an updated MTFP in January 2022 as part of the draft budget proposals, providing adequate opportunity for scrutiny. Our previous work has shown that officers are well sighted of changes that would impact on the assumptions in the MTFP and update them as necessary. For example, the final budget proposals for 2022-23 recommended by Cabinet and accepted by Council in March included further amendments to reflect the latest position on cost pressures and other assumptions.

¹ Source: Revenue budget reports for 2021-22 and 2022-23 presented to Council in March 2021 and 2022.

Useable reserves

14 In 2019-20 and 2020-21, the Council increased its reserves balances after several years of reductions. **Exhibit 2** shows that at the end of 2020-21, useable reserves levels – in absolute terms and as a percentage of net cost of service – were the highest in five years. However, reserve levels remain comparatively low when considered against other Welsh authorities.

Exhibit 3: amount of reserves versus annual budget

This exhibit shows the amount of usable reserves the Council had at the end of 2021-22 and the previous five years as a proportion of the net cost of the services the Council delivers².

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Total usable reserves in £ millions ³	15.2	14.7	13.5	14.9	23.0	33.6
Total usable reserves as a percentage of the net cost of services	10.3%	9.9%	8.8%	9.4%	14.0%	19.7%
Comparison with the other councils of Wales	18th	20th	20th	19th	20th	Not yet available

15 In July 2022, Cabinet approved recommendations by officers to transfer the 2021-22 year-end surplus to reserves. This increased usable reserves to £33.6 million, including new earmarked reserves to help address the ongoing impact of the pandemic and inflationary pressures.

16 Members receive regular updates on the reserves position and approve decisions on how to use or add to reserves. Budget reports also provide contextual information to help inform decision-making around reserves.

Savings delivery

17 We previously found that the Council had a variable record of delivering planned savings and that the pandemic had impacted on delivery. Between 2016-17 and 2020-21, the Council achieved between 66% and 93% of its planned savings.

18 In 2021-22 the Council achieved £4.4 million of its £4.7 million planned savings (93%). As the Council achieved an overall surplus at the year-end, the £309,000

² Source: 2016-17–2020-21: Audit Wales [financial sustainability data tool](#); 2021-22: Council's outturn statement

³ By usable reserves we mean the total general fund balance, together with earmarked reserves that councils are not legally prevented from redirecting to use for another purpose.

unachieved savings had no significant impact on the budget, but going forward it will be important for the Council to deliver against its planned savings to help close its projected budget gap.

Performance against budget

- 19 We have previously reported that the Council has a good track record of delivering against its overall budget, usually coming in under budget. However, there are significant cost pressures and overspends in certain service areas and overall underspends are often achieved through in-year actions which are not sustainable over the long term.
- 20 For 2021-22, the Council reported a surplus of £5.6 million at the year-end. Cost pressures relating to additional learning needs, children looked after and foster care led to year-end deficits in the Children and Young People (£1 million) and Social Care, Health and Safeguarding (£14,000) directorates. Although all other directorates came in under budget, this was achieved in part by additional Welsh Government grant funding and several vacancies within services.
- 21 The Council recognises that holding vacant posts to achieve savings is unsustainable and that it will need to fund ongoing pandemic-related cost pressures following the end of Welsh Government hardship funding. To help address this, the Council is creating additional earmarked reserves with its 2021-22 year-end surplus and has made additional funding available for ongoing cost pressures as part of the 2022-23 revenue budget.

Implications of the Local Government and Elections (Wales) Act 2021

The Council is putting in place arrangements to assure itself that it is meeting the requirements of the Local Government and Elections (Wales) Act 2021

- 22 We undertook our assessment of the Council's progress in responding to key requirements in the Local Government and Elections and (Wales) Act 2021 between September 2021 and August 2022. The evidence was gathered through interviews and document reviews, and also drew on relevant findings from our other ongoing work at the Council. Our work looked at the arrangements the Council is putting in place in responding to the Local Government and Elections and (Wales) Act 2021 (the Act).
- 23 The Council understands what it needs to do to meet the requirements of the Act and has set this out in an action plan.
- 24 The Act requires councils to keep performance under review and to consult and report on performance through a self-assessment. Councils must publish a self-

assessment of their performance for each financial year. The Council's draft self-assessment of its performance in 2021-22 was considered by the Performance and Overview Scrutiny Committee and Governance and Audit Committee in July 2022 and will go to Council for approval in September 2022. The Council intends to continue to review and refine its self-assessment arrangements, taking into account feedback from Members and learning from this first year of the new process.

- 25 The Democratic Services Committee considered a draft Public Participation Strategy [the Strategy] in September 2021. In line with the requirements of the Act, the Strategy focuses on helping residents understand the democratic process and how they can get involved. Following the May 2022 local government elections, the Cabinet member responsible for public engagement has established a working group to consider engagement more broadly. While the scope of this work goes beyond the requirements of the Act, it will inform the Strategy before it goes out to public consultation and is formally adopted by the Council.
- 26 The Council has established a Governance and Audit Committee as required by the Act and has run induction sessions for committee members. At the time of our review, the Council was actively seeking to recruit the final lay member to complete membership of the Committee. It has also reviewed its committee role descriptions and has revised its Constitution to reflect the requirements of the Act.

Carbon reduction plan

Context

- 27 In July 2022, the Auditor General published [Public Sector Readiness for Net Zero Carbon by 2030](#), which looked at decarbonisation actions in 48 public bodies, including all councils. This report found uncertainty that the collective ambition for a net zero public sector by 2030 will be met. Our work identified significant, common barriers to progress that public bodies must collectively address to meet the collective ambition. We found that while public bodies are demonstrating commitment to carbon reduction, they must now significantly ramp up their activities, increase collaboration and place decarbonisation at the heart of their day-to-day operations and decisions.
- 28 In the report, the Auditor General makes the following five calls for action from public bodies:
- strengthen your leadership and demonstrate your collective responsibility through effective collaboration;
 - clarify your strategic direction and increase your pace of implementation;
 - get to grips with the finances you need;
 - know your skills gaps and increase your capacity; and
 - improve data quality and monitoring to support your decision making.

- 29 We undertook an assessment of the Council's arrangements to develop and deliver its Decarbonisation Plan between June and August 2022. Our work included a focus on the clarity of the Council's vision, partnership working and prevention as well as monitoring and reviewing progress. We gathered evidence through interviews, document reviews and the Council's returned Call for Evidence for the Decarbonisation Baseline Review.
- 30 The following paragraphs set out the findings of our local audit work on the Council's decarbonisation action plan. These findings sit within the wider context of the Auditor General's July 2022 report that calls for increased pace and stronger leadership across Wales in reducing carbon emissions.

The Council has set out its ambition and a proposed set of actions for reaching net zero by 2030 but has yet to prioritise or fully cost those actions

- 31 The Council has a clear vision for its decarbonisation journey which it has outlined in its November 2021 Climate Emergency Strategy and Action Plan (the Strategy). This includes several clear commitments around climate change and decarbonisation at both the Council and regional level. Climate change and decarbonisation has a strategic profile within the Council and in May 2019 it declared a climate emergency. This focus on decarbonisation is also reflected within one of its Strategic Goals 'to maximise the potential of the natural and built environment' and has been identified by the Council as a strategic risk. The Council is in the process of redrafting the Strategy to ensure it more closely aligns with the Welsh Government's route map to net zero and to include additional priority areas such as nature and water. The Strategy was subject to an integrated impact assessment which considered its contribution to the National Goals and the five ways of working, although this contribution is not clearly reflected in the Strategy itself.
- 32 The Council understands its carbon footprint and has reported its data to the Welsh Government as part of its net zero return. The Strategy includes some footprint data at the county level although it does not currently provide a breakdown of the Council's own carbon footprint. The Council has told us that work is currently underway to improve its understanding and robustness of the current level of emissions from its own services and supply chain to support it to plot a path to net zero, such as the work with Cardiff Council on a project to improve the data on the carbon impacts of their supply chain. Whilst the Council has a good understanding of the risks and opportunities around decarbonisation and is using this to help shape its decarbonisation journey, it has not yet fully assessed the carbon and cost impact of its decarbonisation action plan. We understand the challenges of doing so, but this data will enable the Council to prioritise its actions in those areas that will deliver the greatest social, financial and carbon returns.

- 33 There are several mechanisms through which the Council monitors progress on its decarbonisation journey. These include providing updates on its Action Plan to Cabinet and Council, also through the officer-led Climate Emergency Strategy Group and the Member-led Climate Emergency Working Group. We noted that the latter of these two groups had yet to be re-established following the forming of the new administration. The ability of these groups to effectively monitor and evaluate progress will be negatively impacted should key data such as the carbon and cost impact of the proposed interventions be unavailable to them. Whilst the Council has reported some decarbonisation and climate change metrics in these fora, there are currently no specific carbon reduction milestone targets or publicly reported progress on these. It will be important that decarbonisation measures and targets are included within its refreshed Strategy so it can demonstrate progress on its decarbonisation journey.
- 34 The Council had engaged with citizens in the development of its current Strategy. This was informed by a dedicated consultation session with its external Climate Champions Network, a drop-in consultation session for residents and an on-line survey. We understand that the refreshed Strategy will also use a similar engagement approach augmented by the planned engagement that will be undertaken over the next few months on the Council's new Corporate Plan and priorities, which will also incorporate decarbonisation.
- 35 The Council is working collaboratively with other public bodies and with the private sector to support its decarbonisation journey. The Monmouthshire Public Service Board (PSB) prioritised climate change as one of its biggest challenges. The Environment Partnership Board has overseen several short-term projects where collaboration between the PSB Partners is helping to reduce emissions such as Climate Ready Gwent, the Gwent Green Grid, and the expansion of the electric charging network. There is also regional work ongoing with the Welsh Government Energy Service and Cardiff Capital Region on developing a Regional Area Energy Plan from which the Council's own Local Area Energy Plans will be developed. The Council is also leading on projects under the Cardiff Capital Region, such as testing software to create a 'digital twin' to help model and understand the carbon and wider impact of significant infrastructure investments, such as where to build a new depot and modelling to understand the options for the most optimal future fleet. This learning will be shared with the Cardiff Capital Region councils and more widely across Wales. The Council has also proactively sought to use the learning from others as it develops its plans, such as work with the private sector and other English councils in developing an Electric Vehicle Strategy.
- 36 We noted several examples where the Council has invested in decarbonisation, such as its 5MW solar farm, installing solar panels on many of the Council's buildings, its investment in LED street lighting and its Re-fit programme to reduce energy costs and carbon. It is also planning to create a new decarbonisation team to help deliver its decarbonisation plan, which will initially be funded from the income generated through its solar farm. In addition to this, the Council is currently out to tender for external consultancy to support its decarbonisation journey. Whilst

it has reported that additional investment will be required to deliver its net zero ambition, the Council has yet to fully cost and identify the resources for its decarbonisation journey. In addition to this, it will need to ensure that its net zero actions are fully reflected in its Medium Term Financial Plan and Capital Strategy.



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Monmouthshire Country Council Audit Wales Assurance and risk assessment review - Management Response

Report Title: Assurance and Risk Assessment Review– Monmouthshire County Council

Issue Date: September 2022

Ref	Recommendation	Management Response	Completion Date	Responsible Officer (s)
R1	The Council should further develop its understanding of its own carbon footprint and use this refined data to inform its refreshed Climate Emergency Strategy.	<p>We are developing our understanding of our own carbon footprint through producing a net zero carbon data report for Welsh Government. Although there remain challenges in the availability of detailed data and complexity of analysis required to inform policy choices and financial impact of these.</p> <p>Complete carbon footprint data baseline assessment and present to full council</p> <p>A new Community and Corporate Plan is being developed which will set updated well-being objectives for the Council. We will refresh the Climate Emergency Action Plan to support the new policy aims and objectives set out in the revised Community and Corporate Plan and informed by data from the baseline assessment. A mechanism to evaluate delivery of these outcomes will be established, including performance metrics where relevant.</p>	<p>December 2022</p> <p>July 2023</p>	<p>Head of Decarbonisation, Transport and Support Services</p> <p>Head of Decarbonisation, Transport and Support Services</p>

Ref	Recommendation	Management Response	Completion Date	Responsible Officer (s)
R2	The Council should ensure its proposed actions to reach net zero by 2030 are: fully costed in terms of their carbon and financial impact to enable it to prioritise actions; and fully reflected in its Medium Term Financial Plan and Capital Strategy.	<p>We are developing our understanding of our own carbon footprint. There remain challenges in the availability of data and complexity of analysis required to inform policy choices, and financial impact of these.</p> <p>We have commissioned work to develop trajectory plans to decarbonise our built stock.</p> <p>The Council priorities related to reaching net zero will be assessed in the full update of the Medium-Term Financial Strategy and Plan later in 2022 and part of the preparations leading into the 2023/24 budget process.</p> <p>A new Community and Corporate Plan is being developed which will set updated well-being objectives for the Council. We will refresh the Climate Emergency Action Plan to support the new policy aims and objectives set out in the revised Corporate Plan and informed by data from the baseline assessment. A mechanism to evaluate delivery of these outcomes will be established, including performance metrics where relevant.</p>	<p>January 2023</p> <p>March 2023</p> <p>July 2023</p>	<p>Head of Decarbonisation, Transport and Support Services</p> <p>Deputy Chief Executive</p> <p>Head of Decarbonisation, Transport and Support Services</p>

Ref	Recommendation	Management Response	Completion Date	Responsible Officer (s)
R3	The Council should develop a robust set of metrics to measure and report progress on its decarbonisation journey.	<p>We are developing our understanding of our own carbon footprint. There remain challenges in the availability of data and complexity of analysis required to inform policy choices, and financial impact of these.</p> <p>Complete carbon footprint data baseline assessment and report to full council.</p> <p>A new Community and Corporate Plan is being developed which will set updated well-being objectives for the Council. We will refresh the Climate Emergency Action Plan to support the new policy aims and objectives set out in the revised Community and Corporate Plan and informed by data from the baseline assessment. A mechanism to evaluate delivery of these outcomes will be established, including performance metrics where relevant.</p>	<p>December 2022</p> <p>July 2023</p>	<p>Head of Decarbonisation, Transport and Support Services</p> <p>Head of Decarbonisation, Transport and Support Services</p>

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Certification of Grant Returns 2020-21 – Monmouthshire County Council

Audit year: 2020-21

Date issued: September 2022

Document reference: 3172A2022

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Summary of certification work outcomes

- 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 grant returns.
- 2 We undertook our work with the aim of certifying individual returns and to answer the question:
 - ‘Does Monmouthshire County Council (the Council) have adequate arrangements in place to ensure the production of co-ordinated, accurate, timely and properly documented returns?’
- 3 We have completed our certification work and conclude that the Council had generally sound arrangements in place for the production and submission of its returns. However, there remains some scope for improvement (particularly around the Housing Benefit return), and we are continuing to work with the Council to allow them to make these improvements for 2021-22 returns.

Table 1: Overview

<p>Introduction and background</p>	<p>This report summarises the results of work on the certification of the Council’s 2020-21 grant 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 returns made by the Council. • for 2020-21 we certified five grant returns with a total value of £19,577,569. • 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.
<p>Timely receipt of returns</p>	<p>For the five returns, three were received within established deadlines, with two received slightly late:</p> <ul style="list-style-type: none"> • however, we note that these slight delays did not impact on our audit process at all. Further detail is provided in the table on page 6 below.

Certification results	<p>For the five returns, we issued one unqualified certificate and four qualifications:</p> <ul style="list-style-type: none"> the reasons for the four qualifications are summarised below in paragraph 6.
Audit adjustments	<p>Adjustments were necessary to one of the Council’s returns as a result of our certification work:</p> <ul style="list-style-type: none"> these adjustments related to the Section 33 Pooled Budget return. These adjustments were not significant in value and are detailed in paragraph 6.
Fees	<p>Our overall fee for certification of 2020-21 grant returns is £57,190:</p> <ul style="list-style-type: none"> this represents a slight increase in cost when compared to 2019-20. The reasons for this increase are set out in paragraph 7.

- 4 Detailed on the following page is a summary of the key outcomes from our certification work on the Council’s 2020-21 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.
- 5 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 return. In these circumstances, it is possible 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.

Table 2: Summary of findings

Key information for 2020-21
Overall, we certified five grant returns:
<ul style="list-style-type: none"> • One return was unqualified • One return required adjustments prior to certification • Four returns were qualified

Table 3: Key grant information

Ref – Para 6	Grants and returns	Claim due	Claim received	Late	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)	Unqualified certificate
1	National Non-Domestic Rates Return	28/05/21	25/05/21	No	Yes	–	–	–
2	Teachers' Pensions Return	30/06/21	27/05/21	No	Yes	–	–	–
3	Housing Benefit Subsidy	30/04/21	12/05/21 ¹	Yes	Yes	–	–	–
4	Section 33 Pooled Budgets	07/05/21	14/05/21	Yes	Yes	–	£2,704	–
5	Health Act S28a and 28b Money transfers	30/09/21	24/09/21	No	–	–	–	Yes
	Total				4	–	£2,704	1

¹ While the Housing Benefit Subsidy return and the Section 33 Pooled Budget return were both submitted for audit slightly after the deadline set out in our Certification Instructions, these minor delays did not impact on the delivery of our certification work.

6 This table summarises the key issues behind each of the adjustments or qualifications identified in the table above.

Table 4: Detailed audit findings

Ref	Summary observations	Amendment
1	<p>National Non-Domestic Rates (qualification only) The following matters were raised in the qualification letter:</p> <ul style="list-style-type: none"> like many authorities across Wales, the ability for on-site inspections for empty property relief claims has been severely hampered by the COVID-19 pandemic, as staff in the authority had to work from home or have been diverted to other important work. For our sample test of empty property relief claims, a variety of evidence was provided by claimants to prove that properties were empty. However, the Council has not been able to obtain sufficient and consistent assurance that the property was empty for the claimed period for all properties. Our sample testing of transitional relief claims identified one issue where a transaction of £5,692 could not be reconciled to supporting documentation. We tested nine other such claims with no issues arising, leaving an untested balance of only £12,946. Given that the error was below the £10,000 de minimis threshold established by the Welsh Government, no amendment has been made to the Council's return. 	-

Ref	Summary observations	Amendment
2	<p>Teachers' Pensions (qualification only)</p> <ul style="list-style-type: none"> • We identified the following matters in our qualification letter (despite the small amounts involved, we are required to report to Teachers' Pensions rather than adjust the return): <ul style="list-style-type: none"> – one refund of £243.75 which could not be evidenced or explained by the Council (consequently, our view is that refunds are overstated by this amount on the Council's return); – a discrepancy of £66.42 in Tier 6 contributions, resulting from one employee's pension contributions being incorrectly recorded on the return; and – a further minor discrepancy of £4.69 in Tier 1 contributions, where the return did not agree to supporting evidence provided by the Council. Given the very minor nature of this difference, no further work was performed to identify the reason for this discrepancy. 	–

Ref	Summary observations	Amendment
3	<p>Housing Benefit Subsidy (qualification only)</p> <p>Our qualification letter identified a number of issues following our certification work. While the list of issues is certainly extensive, the overall impact on the Housing Benefit subsidy claimed by the Council is relatively low:</p> <ul style="list-style-type: none"> • firstly, we identified a number of cases in our sample testing where income deductions from Housing Benefit claims had been incorrectly calculated, resulting in overpayments of Housing Benefit. These errors related to various classes of income, including tax credits, pensions and earnings. • we also identified one case where a Housing Benefit overpayment identified by the Council had been incorrectly classified, leading to an excess of Housing Benefit subsidy being claimed. • Finally, we identified a number of ‘observations’ (ie matters arising from our work which had no impact on Housing Benefit subsidy being claimed by the Council). These observations included: <ul style="list-style-type: none"> – some original claim forms not being located; – agreements with accommodation providers not being available; – incorrect calculation of breakfast deductions in a number of cases, leading to underpaid Housing Benefit; – lack of evidence of the number of living rooms and bedrooms for certain properties included in Housing Benefit claims; – incorrect application of the LHA rate when assessing Housing Benefit claims covering part of a week; and – classification of overpayments made relating to leased properties managed by the Council’s Housing Options department. • We also note a number of amendments made to the final Housing Subsidy return following further work by the Council (which do not arise from our certification work). 	–

Ref	Summary observations	Amendment
4	<p>Section 33 Pooled Budgets (qualification and amendment)</p> <ul style="list-style-type: none"> • Our qualification letter identified the following issues: <ul style="list-style-type: none"> – there was an overspend of £17,551 on the pooled budget, for which we could find no evidence of prior approval by the partners (although we appreciate that this could have been as a result of partnership meetings being disrupted as a result of the COVID-19 pandemic); – there were transactions totalling £2,704 which related to the 2019-20 financial year, rather than 2020-21. As such, these transactions should not have been included in the 2020-21 pooled budget memorandum account and, following our audit work, have been removed in the revised return submitted by the Council (as well as being reported in the qualification letter for completeness). 	£2,704 reduction in the final return
5	<p>Health Act S28a and 28b Money Transfers</p> <ul style="list-style-type: none"> • No amendments or qualifications noted from our certification work. 	–
	Total effect of amendments	£2,704 reduction in final returns

Fees

- 7 A breakdown of our fees is detailed below. The total fee for 2020-21 is slightly above the total for 2019-20 and remains higher than the historic fee level for these returns.
- 8 This increase in cost is primarily due to our work over the Housing Benefit Subsidy return which is by far the most complex and detailed return that we review. The table in paragraph 6 above sets out the issues arising from our work this year, which have taken considerable time for Audit Wales staff to review and confirm. In a number of cases, the errors identified in our work led to additional sample testing being required in those specific areas, which is again time-consuming to perform and review.
- 9 In this paper we also provide an estimate of our fees for delivery of 2021-22 grant certification work.

Table 5: Total grant fee by year

Breakdown of fee by claim	2019-20	2020-21	2021-22 (estimate)
Housing Benefit	£31,106	£31,944	£31,000
Section 33 NHS (Wales) Act 2006 Pooled Budgets	£2,920	£2,965	£3,000
Health Act S28a and 28b Money transfers	£3,065	£808	£2,000
National Non-Domestic Rates Return	£5,208	£8,995	£6,000
Teachers' Pension Return	£3,540	£3,348	£3,500
CI Grant Planning, Supervision & Review	£8,181	£9,130	£8,500
Total fee	£54,020	£57,190	£54,000

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Rydym yn croesawu gohebiaeth a
galwadau ffôn yn Gymraeg a Saesneg.





SUBJECT: INTERNAL AUDIT
Limited Internal Audit Opinions 2021/22

DIRECTORATE: Resources

MEETING: Governance and Audit Committee

DATE: 13 October 2022

DIVISION/WARDS AFFECTED: All

1. PURPOSE

To consider the explanations and assurances from the respective service managers that improvements have been made following the implementation of the internal audit recommendations.

2. RECOMMENDATION(S)

That Members of the Governance and Audit Committee accept the explanations and assurances of the service managers which will be confirmed by the follow up internal audit review.

Or

Don't accept the explanations and escalate their concerns to the Chief Officer and to the Senior Leadership Team.

3. KEY ISSUES

3.1 The Public Sector Internal Auditing Standards requires the Chief Internal Auditor to present a formal annual report to the Governance and Audit Committee which gives an opinion on the overall adequacy and effectiveness of the Council's internal control environment. The annual report should also:

- a. disclose any qualifications to that opinion, together with reasons for the qualification;
- b. present a summary of the audit work undertaken to formulate the opinion;

- c. draw attention to any issues the Chief Internal Auditor judges particularly relevant to the preparation of the annual governance statement (to be reported separately);
 - d. compare the work actually undertaken with that planned and summarise the performance of the internal audit function against its performance measures and criteria;
- 3.2 The annual report was presented to the Governance and Audit Committee in July 2022, which included all audit opinions issued within the year. The opinion definitions are shown at Appendix A. **2 Limited assurance** internal audit opinions were issued during 2021/22; Concessionary Travel and Fleet Health and Safety / Driver Management. Details as to why only Limited assurance could be given are shown at Appendix B.

4. REASONS

- 4.1 Members of the Governance and Audit Committee have requested that the respective service managers and heads of service of these reports be invited into the Governance and Audit Committee to:
- a. Explain why there was a weakness in control
 - b. Provide assurances on the progress of the implementation of the audit recommendations in order to demonstrate an improvement in the control environment
 - c. Explain why they are accepting the risk for not implementing the audit recommendation.
- 4.2 The service managers have been given the opportunity to provide commentary on the progress of the implementation of the internal audit recommendations which is also shown at Appendix B.

5. RESOURCE IMPLICATIONS

None.

6. CONSULTEES

Deputy Chief Executive & S151 Officer

7. BACKGROUND PAPERS

Internal Audit Annual Report 2021/22
Operational Internal Audit Plan 2021/22

8. AUTHOR AND CONTACT DETAILS

Andrew Wathan, Chief Internal Auditor

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Definitions of Internal Audit Opinions Used

LEVEL OF ASSURANCE	DESCRIPTION
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>

2021/22 Limited Assurance IA opinions


Job number	Directorate	Service	Job Name	Risk Rating / Priority	Final as at 31-3-22	Opinion given
P2122/40	Enterprise	Strategic Projects	Concessionary Travel	Medium	Draft	Limited
P2122/50	Resources	Commercial, Property, Facilities & Fleet	Fleet - Health & Safety and Driver Management	Medium	Final	Limited

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Concessionary Travel


RATING	RISK DESCRIPTION	IMPACT	TOTAL IDENTIFIED DURING REVIEW
1	Significant	(Significant) – Major / unacceptable risk identified. Risks exist which could impact on the key business objectives. Immediate action required to address risks.	2
2	Moderate	(Important) – Risk identified that requires attention. Risks identified which are not business critical but which require management attention as soon as possible.	8
3	Minor	(Minimal) – Low risk partially mitigated but should still be addressed. Audit comments highlight a suggestion or idea that management may want to consider.	6
4	Strength	(No risk) – Good operational practices confirmed. Well controlled processes delivering a sound internal control framework.	10

No.	Audit Ref.	Issue & Risk	Recommendation	Management Action / Progress to Date
1	3.8b	<p>Hardship payments totalling over £46k had been claimed from Welsh Government which had not been invoiced for by the operators or paid over to them.</p> <p>Risk – Operators are not provided with support that they are entitled to, which potentially could cause them financial difficulties. Reputational damage to the Authority.</p>	<p>The hardship payments that have not been invoiced for by the operators should be investigated and either paid to operators or monies returned to Welsh Government.</p> <p>Any future hardship payments should not be claimed until an invoice has been received from the relevant operator and payments has been made to them.</p> <p>Management Response: <i>This we don't believe to be a significant risk as you are aware the grant is managed quarterly and then annually, this came at the end of the financial year and was accrued and has been paid back in Quarter 4 this year after the operator confirmed they wouldn't sign BES 2 which meant they were not able to claim the hardship element of the funding.</i></p> <p><i>This process has been managed through , we knew the figures and how to deal with this at every stage , it may have been done quicker had the operator responded quicker to us but at no point was there a risk to the operator , Monmouthshire CC or to Welsh Government.</i></p> <p><i>We have to claim these figures quarterly and as we were waiting confirmation from the operator then</i></p>	<p>This has been fully implemented and monies returned to Welsh Government , this was as stated in our management response that we knew the figures they were accrued for and have now been repaid in the quarter 4 return at end of financial year. This was all due to the operator changing their mind about receiving these payments once they realised Welsh Government would be reconciling their operational accounts and they didn't sign up for Bus emergency scheme 2 payments. The historical claims were only included as part of the BES2 scheme and were not part of BES1 or 1.5 funding as this was a separate scheme at that point. There are no historical payments made any longer from 1st August 2022 payments are now only on actuals so this will not re-occur.</p>

No.	Audit Ref.	Issue & Risk	Recommendation	Management Action / Progress to Date
Page 70			<p><i>we needed to add into the claim and accrue our side until it was resolved but it has been completely managed and all figures were known to us.</i></p> <p><i>The hardship element is something that has only been in place since the pandemic and will not be there until July 22 when BES2 ends and numbers go back to actuals.</i></p>	
		<p>Quarterly Claims forms have been submitted late and without the necessary approval of the section 151 officer.</p> <p>All claims had been sent directly to Welsh Government and there had been no independent verification of the claims prior to submission.</p> <p>Risk - Potential that error or fraud may not be detected. Authority's accounts may not accurately reflect the grant transactions.</p>	<p>All grant claims should be processed in accordance with the requirements of the Authority's Internal Grant Protocol. These should be submitted prior to the deadline, with specific time built in to allow the appropriate review and sign off by the necessary parties.</p> <p>In particular, claim forms should only be submitted in the name of the section 151 Officer when confirmation has been received of the completion of the necessary checks by the Finance Department.</p> <p>Where claims need to be submitted prior to review by Finance and then sign-off, then Welsh Government should be clearly informed that the claim is in draft only</p>	<p> RE Signed Concessionary fare re</p> <p>Attached is a response from Welsh Government on this issue, a large number of authorities have this issue because they only receive invoices from corporate and some SME operators once they have been checked by their accountancy departments which means we sometimes only get the ticket machine data to work out the claim . This process will become slightly</p>

No.	Audit Ref.	Issue & Risk	Recommendation	Management Action / Progress to Date
Page 71		<p>Terms and conditions of the grant sign-off not adhered to. Grant monies could be withheld. Breach of the Authority's Internal Grant Protocol.</p>	<p>and is subject to review.</p> <p>Management Response: <i>This is a position we find ourselves in with all authorities as it is impossible to get the grant claim in by the 20th of the following month at the end of each quarter and signed off by finance as the invoices take much longer to go through our systems , we struggle to get just the information through from operators by this time , it has been flagged with Welsh Government and we have agreed that the return goes in unsigned first and then once reconciled by finance and signed by the 151 officer a signed copy can be sent. This process was introduced by WAO a number of years ago as it was previously only the annual return that needed a 151 officer to sign off but they didn't understand the issues that it has caused in getting a return to WG in time for them to reserve the money in their budgets.</i></p> <p><i>The quarterly returns were only signed by a Head of service or Manager originally.</i></p> <p><i>We acknowledge that we need to work on the bus operators to provide us with timely returns but some corporate operators have central payment</i></p>	<p>easier now we are back on actual passengers rather than also paying historical payments but internal processes don't allow us enough time to meet the 20th deadline and get it signed off by the 151 officer as they also need assurance from accountants that the claim is correct before sign off this has also been made longer by paying centrally as invoices take much longer to reach us and get entered into the agresso system. The attached e-mail from Welsh Government explains why they chose the date but they also realise that only a very small number of authorities are able to meet this with a signed form. We can chase operators but this process also needs internal sign up from payments and accountants to ensure it can be processed as near to the 20th as possible.</p> <p>This condition was only added by Wales Audit Office as a recommendation to Welsh Government a few years ago but without realising the practicalities of</p>

No.	Audit Ref.	Issue & Risk	Recommendation	Management Action / Progress to Date
Page 72			<p><i>systems so by the time they get from the ticket machines to the operator are checked and sent to us the invoice usually takes about another 30/45 days to come from Stockport where they deal with the whole company accounts to us and get through our own payments system.</i></p> <p><i>We also acknowledge that we need more resource to enable us to deal with these claims in a more timely manner. This process has been managed by the LA's and WG for a number of years and hasn't seen any payment issues to date so we don't agree it is a significant issue as it is again a managed process which is acknowledged by WG.</i></p> <p>Audit Comment:</p> <p><i>Welsh Government are the funding organisation which has set the deadlines for submission of claim forms. These deadlines therefore need to be met.</i></p> <p><i>A requirement of the Welsh Government process is for claims to be correctly authorised pre submission. Therefore, all claims must be signed by Section 151 Officer before submission.</i></p>	<p>achieving this within Local authorities.</p>

No.	Audit Ref.	Issue & Risk	Recommendation	Management Action / Progress to Date
3	1.1	<p>The Grant terms and conditions letter was not received by the grant administrator and Finance until halfway through the grant period.</p> <p>Formal acceptance of the grant had not been sent within the 21 day deadline as required.</p> <p>Risk - Any changes in terms and conditions of grant may not be identified. Risk of losing funding at cost to the Authority or impacting the operators.</p>	<p>The Grant Administrator should ensure that a formal grant offer letter has been received at the start of each financial year.</p> <p>The Grant Administrator should ensure that formal acceptance of the grant offer has been submitted within the required timeframe and by the end of the first quarter and should retain a copy of the signed acceptance returned.</p> <p>Management Response: <i>This again has been an inherent problem as it is not something, we can control these letters come from Welsh Government have to go through their processes and we never receive them on time. They are sent to the Chief Executive and if they are not passed onto us in a timely manner then we can't get them signed and sent back. It is something we are chasing all the time from the Welsh Government but I have asked that they let me know when the letters are released so I can then chase it from our end if we don't receive it within a few days.</i></p> <p>Don't agree about the changes to terms and conditions as we have to give operators 4 months notice of any change once notified by WG and they are aware of this.</p>	 <p>RE Signed Concessionary fare re</p> <p>Please see attached e mail received from Welsh Government on this issue which shows that this is an internal Welsh Government issue In relation to any changes to the terms and conditions of the grant not being identified we liaise with Welsh Government regularly and would be informed if any changes were going to be made but also we have to give 4 months noticed to operators of any changes to terms and conditions We can only carry on chasing these every year but since they have introduced new internal procedures in WG this has been an issue.</p>

No.	Audit Ref.	Issue & Risk	Recommendation	Management Action / Progress to Date
			<p>Audit Comment:</p> <p>As the Administrator of this annual grant, it would be good practice for Transport Unit (MCC) to chase the Grant Award letter if it has not been received early in the financial year.</p>	
4	1.2	<p>There were no specific internal guidance documents and procedures to ensure that the Scheme was administrated in line with Welsh Government expectations, particularly should the Passenger Transport Publicity & Infrastructure Officer be absent or unavailable.</p> <p>Risk - Failure to deliver the role as the grant administrator. Operator grants or reclaims not made or made incorrectly.</p>	<p>Documentation of the administrative processes should be undertaken to meet the requirements placed on the Authority through the Concessionary Travel Scheme and to provide contingency in the event of the Passenger Transport Publicity & Infrastructure Officer's absence.</p> <p>Management response : Agree that we should document the process so it can be picked up by others if necessary</p>	<p>Agree that this needs to be put in place and we are currently in the process of completing an internal guidance document for the administration of Concessionary Travel Scheme.</p>
5	2.1	<p>Some operators were submitting claims which had not been supported with Smart Card data to substantiate more than 98% of their claim.</p> <p>Risk - Claims may not be accurate,</p>	<p>Operators should be encouraged to provide Smartcard data which supports at least 98% of their claim, where this has not been done then a suitable explanation should be required from operators.</p> <p>If a satisfactory explanation has not been provided the</p>	<p>We now have ticketer machine data from Monmouthshire School and Community Transport section and Newport Bus as they have had new ticket machines installed but we are not able to get this data from any</p>

No.	Audit Ref.	Issue & Risk	Recommendation	Management Action / Progress to Date
Page 75 6	2.2	<p><i>as a result of error, fraud or malpractice.</i></p> <p><i>The Authority cannot adequately evidence the journeys that it is paying and claiming reimbursement for. Claims could be reduced or reclaimed by Welsh Government.</i></p>	<p>Authority may want to consider an appropriate course of action.</p> <p>Management Response: <i>This cannot be done for operators who are based in England as the machines are not compatible.</i></p> <p><i>The Newport Bus and Monmouthshire Bus should not be a problem moving forward as they are now using Ticketer machines. The issues arose as they were changing between Wayfarer ticket machines and moving over to Ticketer for Newport where the old machines were not registering for Newport Bus and Monmouthshire Bus was a training issue with drivers which has now been resolved.</i></p>	<p>English operators who claim concessionary fares as their machines are not compatible with the Welsh scheme.</p> <p>English operators are exempt from providing Concessionary Travel data, their ticket machines are not compatible with the Welsh scheme. Information from these operators is provided via a spreadsheet.</p>
		<p>Dates for submission of claims from operators have not been set, resulting in these being regularly received late.</p> <p>Risk - Insufficient time allowed for administrative checks of operators returns prior to Welsh Government deadlines.</p> <p>Late submission of claims to Welsh Government. Delays in receiving payments from Welsh Government.</p>	<p>Deadlines should be agreed with the operators so that claims data can be provided to the Authority in sufficient time to allow the necessary checks and sign-off internally before submission of the Authority's quarterly claims to Welsh Government.</p> <p>Management Response: This has been explained in an earlier risk and the whole process and submission dates need looking at as they are set by WG.</p> <p>We can look at setting a submission date from</p>	<p>We can set submission dates but when you are dealing with some very small operators and some CT charities who have volunteers they are only able to do these on the days they are in work. There is also an issue in getting invoices sent from some of the corporate operators as although we get ticket machine data from the local source the invoicing is done centrally in other parts of the UK. Setting submission dates is easy but getting operators to meet</p>

No.	Audit Ref.	Issue & Risk	Recommendation	Management Action / Progress to Date
Page 76			<p>operators but we really need at least a week before the submission date and although some operators are good at getting claims in we need to concentrate on those that don't.</p> <p>The biggest issue is if we don't get the numbers on each claim it makes the following claim more difficult as well.</p>	<p>these is more difficult, this is more crucial at the end of a quarter as we need to get the return in to Welsh Government. We have set some dates and send them out to operators.</p> <p>All operators have been provided a deadline to submit their Concessionary Travel data and invoices.</p> <p>Operators committing to these deadlines is challenging, Community Transport administration is completed by volunteers, whilst larger operators invoicing is completed centrally. This does lead to delays in receiving invoices.</p>
		7	2.5	<p>Monthly reports are available to help identify potential fraudulent behaviour however these are unable to be used at present.</p> <p>Risk - Fraudulent activity may go undetected. The Authority may suffer financial loss and reputational damage.</p>

No.	Audit Ref.	Issue & Risk	Recommendation	Management Action / Progress to Date
			<p><i>are now not compatible with our own systems. Both SRS and Fujitsu were contacted regarding the problem, we hope to find a solution ASAP.</i></p>	<p>short the password verification does not appear. Fujitsu (WG data provider) are aware of this problem and are working with MCC to rectify. We will continue to liase with Fujitsu and SRS to find a solution to the issue and aim to resolve this before the end of November.</p>
8	2.6	<p>The Authority does not have a programme in place for inspectors to board vehicles which are used to carry concessionary passenger for spot checks on processes and the number of passengers carried.</p> <p><i>Risk - Operators could potentially be manipulating the data, exaggerating the numbers of journeys taken to increase their income at a cost to the Authority/Welsh Government.</i></p>	<p>The Authority should establish a random programme to carry out inspections on vehicles which are used to carry concessionary passengers.</p> <p>Management Response: This has had to be postponed due to COVID we were not allowed to access buses and check tickets or passes over the past two years, we also have a capacity issue in that this is something we cannot do as regular as we would like</p> <p>Although we have done it prior to Covid and we will see if we can begin the process again now restrictions are lifted although with only one resource available we will need to identify further resources to ensure we can do this regularly.</p>	<p>This will be restarted as soon as we have the capacity to do this. We are looking at an extra post in the team to help with administration which should leave more time for an officer to carry out regular checks.</p>

No.	Audit Ref.	Issue & Risk	Recommendation	Management Action / Progress to Date
9	3.8a	<p>Minor errors were identified in two of the historic figures used within the 2021/22 Quarter 1 BES2 calculations.</p> <p>Risk - Incorrect payments made. Impacts on public purse and the operators' revenues.</p>	<p>Bus Emergency Scheme payments should be revisited to ensure that the figures used were accurate, where errors have been identified then the operator should be notified and the next claim adjusted appropriately.</p> <p>Management Response: Agree. This should have been picked up by us or by finance, we will ensure we get the invoices double checked in future. This error has been rectified.</p>	Rectified
10	4.4	<p>Overall claim balances relating to the first two quarters of 2020/21 had not been settled or recorded in the financial ledger system.</p> <p>Risk - Financial loss to the Authority or incorrect financial accounts.</p>	<p>The reimbursement from Welsh Government from the first two quarters for the 2020/21 financial year should be investigated and corrective action taken to settle the outstanding amounts.</p> <p>Management Response: This has been managed through the Covid period where interim payments have been made to the authorities and outstanding monies paid at year end or paid back whichever is the case this is something we have managed which has helped with LA cash flows during the pandemic.</p>	<p>Payments during Covid were changed with interim payments being made to authorities and then reconciled at year end this has now reverted to the original payments in arrears so this should be alleviated. The payments were on the ledgers but were originally miscoded but finance have confirmed that they were showing on the ledgers. They would not be settled at the end of the first two quarters as this would be done at year end when the adjustments were made.</p>

Fleet - Health & Safety and Driver Management

RATING	RISK DESCRIPTION	IMPACT	TOTAL IDENTIFIED DURING REVIEW
1	Significant	(Significant) – Major / unacceptable risk identified. Risks exist which could impact on the key business objectives. Immediate action required to address risks.	4
2	Moderate	(Important) – Risk identified that requires attention. Risks identified which are not business critical, but which require management attention as soon as possible.	3
3	Minor	(Minimal) – Low risk partially mitigated but should still be addressed. Audit comments highlight a suggestion or idea that management may want to consider.	3
4	Strength	(No risk) – Good operational practices confirmed. Well controlled processes delivering a sound internal control framework.	7

No.	Audit Ref.	Issue & Risk	Recommendation	Management Action / Progress to Date
1	1.1	<p>There was no central management of the Health and Safety of Fleet and Driver Management within the Authority.</p> <p>Risk – inconsistency in driver and vehicle management.</p>	<p>MCC should work towards centralising the management of Health and Safety and driver management.</p> <p>Management Response:</p> <p>Whilst we agree that, the central management of fleet would be beneficial. We do not accept this as a failing against the fleet team. Currently the management of fleet and their staff is devolved. Whilst we are working towards a process of centralising the service, this is not yet in place and therefore we cannot be held accountable for the practices of service areas. We do however accept that there should be a suite of policies to support driver behaviour and fleet management and these are being prepared.</p> <p>Being able to implement central management of fleet is dependent upon potential restructure and additional posts in the department.</p>	<p>Fleet budgets were centralised in September 22. This will now enable the Fleet service to adopt a corporate approach to the management of the fleet including health and safety management.</p> <p>Following the appointment of an Accident Investigation & Training Officer from the 1st September all new drivers have undergone a driving induction and assessment.</p> <p>The new starter form has been amended so that Transport are notified of new starters that are required to drive a vehicle. The Fleet team will then check their driving licence and carry out the assessment and train them on the accident reporting and driver defects app. If the driver is required to tow a trailer separate trailer and load safety training is undertaken at Raglan depot.</p>

No.	Audit Ref.	Issue & Risk	Recommendation	Management Action / Progress to Date
2	1.2	<p>Lack of Policies and Procedures in place to manage Fleet use.</p> <p><i>Risk - Staff unaware of roles and responsibilities. Expectations not clearly communicated to staff.</i></p>	<p>A suite of Health and Safety Policies for fleet should be developed to guide drivers and managers. Namely, a Driving at Work policy and an updated Drug and Alcohol Policy including a testing protocol.</p> <p>A Driver's Handbook should be developed which could hold all information and policies together. This could be in physical or digital form.</p> <p>Management Response: The creation of a drug and alcohol policy is owned by the Corporate Health & Safety Group and we are happy to support this work.</p>	<p>A driver's handbook has been drafted and will be consulted on shortly.</p> <p>The policy on Drug and Alcohol testing rests with the People and Governance Directorate as this is broader than the Transport Service.</p>
3	3.1	<p>Training documentation was incomplete</p> <p>Risk – Staff are not appropriately trained to undertake their role.</p>	<p>A training policy should be developed in line with HSE guidance.</p> <p>Departments should ensure that a training matrix is in place for each role and that regular training is provided.</p> <p>Training records should be maintained and reviewed to ensure that training due to expire is highlighted and</p>	<p>An Accident Investigation and Training Officer has been appointed.</p> <p>The Transport Service keeps records on any training that it has undertaken. This is currently recorded locally, however once the</p>

No.	Audit Ref.	Issue & Risk	Recommendation	Management Action / Progress to Date
4	5.1	<p>There was no Accident Policy or formal guideline in place. Accident records were incomplete and there was no central, comprehensive list of accidents.</p> <p><i>Risk - Staff unaware of roles and responsibilities. Expectations not clearly communicated to staff</i></p>	<p>provided.</p> <p>An appropriate training programme or delivery solutions should be identified and implemented to ensure drivers are able to access the training required and do so on a timely basis.</p> <p>Management Response:</p> <p><i>As highlighted above we will put the policies in place, however services also hold responsibility for the implementation of these policies until such time responsibility for fleet is centralised.</i></p>	<p>corporate training system is rolled out we will ensure that our records are inputted into the centralised system.</p> <p>The Transport team would not undertake or record training that is specific to the job role for instance chain saw operation, this will remain the responsibility of the service area.</p> <p>We are working with the Head of Workforce Development to ensure that the necessary training is provided and recorded.</p>
		<p>A Policy should be developed which informs drivers and managers what to do in case of an accident.</p> <p>This should include guidance on such areas as:</p> <ul style="list-style-type: none"> • how and when to investigate. • the need for an accident form and witness statements to be collected ASAP. • repercussions of not reporting an accident; and • disciplinary processes 	<p>Following the appointment of the Accident Investigation and Training Officer a new process on accident reporting has been developed and is being rolled out to Service Areas.</p> <p>The Transport Manager has also requested that the electronic accident reporting system can be adapted to include vehicle</p>	

No.	Audit Ref.	Issue & Risk	Recommendation	Management Action / Progress to Date
5	4.1	<p><i>Accident information not collated in a timely manner.</i></p> <p><i>Inability to fully assess extent of accidents.</i></p> <p><i>Inability to fully assess data.</i></p>	<p>The document should also cover how managers can highlight training needs identified throughout the investigation process.</p> <p>Consideration should also be given to making the accident reporting process electronic.</p> <p><i>Management Response:</i></p> <p><i>Not accepted that the Failure rests with the Transport Team – the current process is that the management of accidents is administered by the Insurance Team whose instructions result in accidents being reported directly to the insurance company with no notification to central fleet.</i></p> <p><i>We support a change to this process so that all accidents are reported via the Transport Team who can then collate information, monitor driver behaviour, and take appropriate action where necessary.</i></p>	<p>accidents which will improve the quality of the data received and this will be used to inform the Directorates Health & Safety Action Plan and the wider corporate Health & Safety Group.</p> <p>Accidents are now reported to the Transport team who will undertake a review of the event and if necessary, undertake an investigation. The team will liaise with MCC's Insurance team and insurance provider as required.</p>
		<p>The reason for vehicle trackers and information usage was not clearly defined and documented.</p> <p><i>Risk - Staff treated inconsistently.</i></p>	<p>A document should be developed informing Managers when vehicle tracker information can be accessed and what the data can be used for.</p> <p>This must be agreed with all necessary parties including</p>	<p>A Tracker Policy has been developed and has been consulted upon with colleagues and union representatives.</p>

No.	Audit Ref.	Issue & Risk	Recommendation	Management Action / Progress to Date
		<p>Impact of Health and safety of fleet drivers</p> <p>Unsuccessful disciplinary action.</p>	<p>Unions.</p> <p>Management Response:</p> <p>Agreed</p>	
6	4.2	<p>Quartix (vehicle tracker) user list was not regularly reviewed.</p> <p>Risk - Inappropriate users access potentially sensitive data</p>	<p>Quartix should be contacted to remove inappropriate users.</p> <p>In future, a list of all users should be requested and reviewed on a 6 monthly basis to ensure that all users are current staff members.</p> <p>Options of including tracking system access on leaver forms should be explored.</p> <p>Management Response:</p> <p>Agreed. Will work with People Services to ensure that we are being notified of leavers</p>	<p>A Staff access to the system list is maintained by Transport and checked quarterly.</p> <p>The new starter form has been amended so that the Transport team are advised if a staff member needs access to the system. The termination form has been changed so that the Transport team are advised when a staff member leaves so that their access can be removed. This has provided an audit trail for new and removed users.</p>
7	4.2	<p>There was no formal policy stance on staff speeding in MCC vehicles.</p> <p>Risk - Staff unaware of roles and responsibilities. Expectations not clearly communicated to staff.</p>	<p>MCC should establish a stance on speeding whilst using an Authority vehicle and when travelling on work business.</p> <p>A policy should be introduced to inform staff and managers on MCCs stance on speeding. This should</p>	<p>The Tracker policy provides information on how data will be used which includes supporting disciplinary investigations which includes allegations of speeding.</p>

No.	Audit Ref.	Issue & Risk	Recommendation	Management Action / Progress to Date
		<p><i>Damage to vehicles, staff or public as a result an accident caused by speeding.</i></p>	<p>state how and when tracker information could be accessed and what repercussions could be faced for speeding.</p> <p>This should be circulated to all staff and Managers.</p> <p><i>Management Response: Agreed, this will form part of the driver handbook and supporting policies</i></p>	<p>The Drivers Handbook provides information for employees on their responsibilities including adherence to the Highway Code and speed limits.</p>

SUBJECT	Audit Wales Work Programme: Council Progress Update
MEETING:	Governance and Audit Committee
DATE:	13th October 2022
DIVISION/WARDS AFFECTED:	All

1. PURPOSE

- 1.1 To provide the committee with an update on the council's progress against the Audit Wales Work Programme up to October 2022 so that the committee can assure itself of the progress of the council's response.

2. RECOMMENDATIONS

- 2.1 That members scrutinise the council's response to the Audit Wales work programme, seeking assurance that adequate progress is being made.
- 2.2 That members refer on any issues contained within Audit Wales national studies to other committees for consideration where they identify there are findings of particular relevance to the council that need further scrutiny.

3. KEY ISSUES

- 3.1 Each year, Audit Wales produces an Audit Plan, which sets out the work they intend to undertake to discharge their duties, and this is presented to Governance and Audit Committee upon publication. The Performance Audit work programme set by Audit Wales focusses on discharging duties in relation to value for money and sustainable development:
- Value for money - The Council has to put in place arrangements to get value for money for the resources it uses
 - Sustainable development principle - The Council needs to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives.
- 3.2 This report provides an update on the progress being made by the council implementing the findings of Audit Wales reviews. This includes an update on progress against existing proposals for improvement/recommendations, followed by the latest local audit work carried out since the last review, with an accompanying management response. Recommendations that require further attention are marked as 'open'. Where a recommendation has been assessed as being adequately addressed, it is 'closed' and explanation why included. Some of the forward-looking actions committed to by the authority are likely to be reflected within other council strategic documents such as the Corporate Plan, enabling strategies, the Whole Authority Strategic Risk Assessment and the Medium-Term Financial Plan.
- 3.3 The council has received two local Audit Wales reports since the last update provided in February 2022. These are the 'Springing Forward' report and 'Assurance and Risk Assessment Review'. The full report and the council's management response have been presented to Governance and Audit Committee and council's response to the recommendations in the report incorporated into this update.
- 3.4 As well as local work at each council, Audit Wales also carries out national studies across the local government sector to make recommendations for improving value for money, and all of these reports are published on www.audit.wales/publications. Whilst the findings of these studies are not necessarily specific to Monmouthshire County Council, those of greatest relevance are shared with the most appropriate service area to consider their findings and recommendations and to respond accordingly. Appendix 2 identifies the

studies most applicable to the council since the last iteration of this report, along with a management response outlining service areas actions in response to the study.

- 3.5 Governance and Audit Committee has a role in ensuring the council is responding to the findings from national Studies and can also refer them to another scrutiny committee if they feel the report requires further in-depth consideration beyond the response already provided by the service area. The committee may also refer issues to Democratic Services Committee who are able to perform a coordinating function.
- 3.6 The council works closely with regulators and inspectors to quality-assure activities as this is vital to ensuring improvement. Their feedback is valued, and their assessments are used to help us focus on the things we need to improve. Their findings have informed the council's own self-assessment of its performance in 2021/22. Findings from Estyn and Care Inspectorate Wales have their own monitoring arrangements in place. Consideration will be given to incorporating further oversight of these, where they relate to the council's performance arrangements, in future updates of this progress report to Governance & Audit Committee.
- 3.7 Audit Wales, 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 Audit Wales proposals and recommendations to secure the improvements required.

5. RESOURCE IMPLICATIONS

Finance and any other resource implications of activity related to responses to the proposals will need to be considered by the relevant responsibility holders.

6. CONSULTEES

Individual Audit Report Responsible Officers
Deputy Chief Executive/Chief Officer, Resources

7. BACKGROUND PAPERS

Audit Wales Audit Plan 2022
Audit Wales Annual Audit Summary 2021

8. AUTHORS

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Appendix 1

Open Audit Wales Proposals for Improvement

Finance Proposals

Report	Financial Sustainability Assessment – June 2021		
Audit Wales Proposal	To ensure its Medium-Term Financial Plan predicts future funding requirements as accurately as possible, the Council should regularly review its future cost pressure estimates to ensure they are reasonable and reflect recent levels of cost pressures.	Status	Open
	To bridge its estimated future funding gap and contribute to strengthening its financial sustainability, the Council should develop and deliver a programme of sustainable planned savings over the medium-term.		
What progress have we made	<p>During 2021/22, the council delivered a positive revenue outturn of £5.62m, which has been brought about by specific additional Welsh Government grant funding, a significant element of which was received late in the financial year. This in turn has allowed for a transfer to earmarked reserves of £4m that will allow for additional reserve cover to deal with budgetary risks in 2022/23 and beyond. Whilst the final outturn position is welcomed, there remain areas of significant and growing concern and risk going forward, especially in light of the wider challenging economic climate which is driving inflation and an overarching cost of living crisis. Some services continue to face significant demand led pressures, some continue to operate at below pre-pandemic levels, whilst other services continued to have a level of significant reliance on Welsh Government Hardship funding which has now ended.</p>		
	<p>Despite the impact and consequences of the pandemic, the budget set for 2022/23 see a continuation of our preparedness to challenge all services to sustain themselves rather than to see the closure of services that matter to citizens. Despite the positive and above average settlement from Welsh Government, and the further significant late in-year grant awards from Welsh Government, it is not sufficient to offset the full extent of the pressures accommodated into the budget proposals. Whilst ongoing plans are in place to deliver services within budget during 2022/23 it is highly likely that considerable levels of mitigation will be required as the Council progresses through the year. Significant budget recovery action is anticipated and will be signalled by the month 4 budget monitoring to be considered by Cabinet in early October.</p>		
	<p>Welsh Government has helpfully provided indicative funding settlements on an all-Wales basis of 3.4% and 2.5% respectively for 2023/24 and 2024/25. Whilst this provides a degree of funding certainty over the medium term, when coupled with the impact of the wider economic environment, pandemic recovery and taking into account the current demand led pressures on services, it is clear that future budget rounds will continue to be very challenging. Early predicted pressures for 2023/24 include non-pay inflation, service demand pressures in social care and homelessness, increasing wage demands and rising energy costs. Maintaining a sustainable level of reserve cover alongside targeted and effective reserve investment will ensure a degree of ongoing financial resilience to the Council.</p>		

	The development of the Corporate and Community Plan will inform and influence a full update of the Medium-Term Financial Strategy and Plan later in 2022 and part of the preparations leading into the 2023/24 budget process. This comprehensive update will include an ongoing assessment of pressures, risks and modelling assumptions. As well as savings proposals and options that together with a robust and updated capital receipts and reserves strategy enables the Council's finances to be put on a sustainable footing.			
Further action planned	Desired Result	Action	Responsible Officer & Timescale	Progress so far
	A medium-term financial plan which is based on realistic evidence and planned scenarios to allow a structured and planned approach to service delivery in the medium term in line with community and corporate plan priorities.	Develop a Medium-Term Financial Plan that is based on realistic evidence and planned scenarios, to guide budget setting in line with agreed strategic objectives	Chief Officer Resources March 2023	Evidence is being collated to inform the development of the Medium-Term Financial Plan and this will be further informed by budget monitoring reports at month 4, 6 and 9. The Medium-Term Financial Strategy and Plan will inform and be informed by the Community and Corporate Plan. The 2023/24 final budget proposals and the Community and Corporate Plan will be approved by Council at its meeting in March 2023.
	In parallel with the above, to develop and deliver a programme of sustainable planned savings over the medium-term to allow a balanced budget to be set that delivers on agreed community and corporate plan priorities.	A robust and detailed review of planned savings brought forward that ensure that the impact on service delivery is mitigated where possible and that contributes to an overall sustainable budget position in the medium term.	Chief Officer Resources March 2023	The budget setting process for 23/24 is being developed, aligned to the development of a more robust Medium Term Financial Strategy and Plan. Progress with planned savings is monitored as part of periodic budget monitoring reports.

Workforce & Asset Management proposals

Report	Audit Wales Springing Forward – August 2022				
Audit Wales Recommendations	<p>In developing its new asset management and workforce strategies, the Council should build on its experience of the pandemic and place the sustainable development principle at the heart of its considerations, and specifically ensure it:</p> <ul style="list-style-type: none"> • takes account of longer-term trends that may affect service provision and the efficient use of assets and workforce. • sets out its intended outcomes over the short, medium and longer term. • takes account of how the strategies impact on the objectives of other organisations in the county and regionally. • takes account of the views and needs of staff, service users and partners. In doing so the Council should seek to understand how, where and when users want to access services post-COVID-19 and how that might influence future asset needs and workforce planning. • collaborates with public sector partners across Gwent to evaluate the potential benefits of developing a strategic long-term approach to a single public estate 			Status	Open
	As the Council begins to implement its new strategies, it should seek to build on existing examples of working with partners by developing a more systematic approach to considering opportunities for collaboration.				
	To support regular scrutiny and decision-making by elected members and help provide assurance over value for money, the Council should ensure that the outcomes set out in its workforce and asset management strategies are supported by SMART performance measures, and that benchmarking is used where appropriate.				
Further action planned	Desired Result	Action	Responsible Officer	Timescale	
	To place the sustainable development principle at the heart of considerations.	<p>A new Community and Corporate Plan is being developed which will set a clear direction for the Council.</p> <p>Enabling strategies, the Asset Management Plan and People Strategy, will be reviewed to ensure they are fit for purpose and support the new policy aims and objectives set out in the revised Community and Corporate Plan.</p>	Deputy Chief Executive & Chief Officer, People & Governance	July 2023	

		The development of the Community and Corporate Plan and Asset Management Plan and People Strategy will embed the contribution to the delivery of the seven national well-being goals and the five ways of working of the sustainable development principle (from the Future Generation Act) in its development.		
	To build on existing examples of working with partners by developing a more systematic approach to considering opportunities for collaboration.	The Asset Management Plan and People Strategy will be reviewed to ensure they are fit for purpose and support the new policy aims and objectives set out in the revised Corporate Plan. This will consider any further opportunities for collaboration or partnership working.	Deputy Chief Executive & Chief Officer, People & Governance	July 2023
	To support regular scrutiny and decision-making by elected members and help provide assurance over value for money.	The Asset Management Plan and People Strategy will be reviewed to ensure they are fit for purpose and support the new policy aims and objectives set out in the revised Corporate Plan. The development of the Asset Management Plan and People Strategy will set the outcomes planned and actions to deliver these. Mechanism to evaluate delivery of these outcomes will be established, including performance measures where relevant.	Deputy Chief Executive & Chief Officer, People & Governance	July 2023
	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	March 2023
Progress so far	The Springing Forward report has been recently completed and the actions above identify how the council plans to respond to the recommendations. Given that the Audit Wales Springing Forward report has been recently published, an update on progress made will be provided in the next scheduled Audit Wales progress report. An additional action resulting from a previous Audit Wales review of Asset Management relating to the IT asset management systems has been incorporated within this update			

Appendix 2

Audit Wales national studies published since last update

Report	Public Sector Readiness for Net Zero Carbon by 2030: Key Findings report (July 2022) & Evidence Report (August 2022)
Outline of the Review	<p>Climate change is one of the world’s defining challenges which requires immediate action from everyone. Latest climate projections for Wales show an increased chance of milder, wetter winters and hotter, drier summers, rising sea levels and an increase in the intensity and frequency of extreme weather events. The implications of climate change are stark. A 2021 report by the United Nations showed that drastic reductions in carbon emissions are necessary to mitigate the impact of climate change. In March 2021, the Welsh Government set out new targets for a 63% carbon reduction by 2030, an 89% reduction by 2040 and a 100% reduction by 2050. In addition, the Welsh Government set out a challenging collective ambition for the Welsh public sector to achieve net zero carbon by 2030 (the 2030 collective ambition).</p> <p>This review assesses how the public sector is preparing to achieve the Welsh government’s collective ambition for a net zero public sector by 2030, calling on 48 public bodies, including the Welsh Government, to complete a call for evidence.</p> <p>The full report can be found here.</p>
Audit Wales Summary	<p>Audit Wales find there is a clear uncertainty about whether the public sector will meet its 2030 collective ambition. Their report identifies significant, common barriers to progress that public bodies must collectively address to meet the ambition of a net zero public sector by 2030. Though public bodies do show a positive commitment to carbon reduction, they must now ramp up activities, increase collaboration and place decarbonisation at the heart of their day-to-day operations and decisions. Organisations must be bold and innovative and share experiences of both success and failure.</p> <p>Audit Wales have set out five calls for action to tackle the common barriers to decarbonisation in the public sector. These include strengthening leadership and demonstrating collective responsibility through effective collaboration; clarifying the strategic direction and increasing the pace of implementation; getting to grips with the finances needed; identifying skill gaps and increasing capacity; and improving data quality and monitoring to support decision making.</p>
Management Response	<p>The Council is supportive of the five calls for action in the report and recognises their importance in further developing the Council’s decarbonisation plan. In responding to them we are grappling with some of the complexities in addressing them, as outlined in the report. We have asked Audit Wales for any further insights and support they can provide in how we can address the findings, particularly recommendations that have been made locally to the council.</p>

In addition to this report, Audit Wales subsequently undertook a local assessment of the Council’s arrangements to develop and deliver its Decarbonisation Plan in the Assurance and Risk Assessment report. The Council response to the specific recommendations made in this report to its Decarbonisation Plan are included on the agenda.

Report	Direct Payments for Adult Social Care (April 2022)
Outline of the Review	<p>In 2014, the Senedd passed the Social Services and Well-being Act which focuses on shifting away from more traditional, unsustainable forms of providing social care. The Act aims to put the well-being of people at the heart of services and to give them a strong voice and more control over decisions that affect them. Direct Payments is one method that aims to give people more choice, greater flexibility and more control over the support they receive.</p> <p>Direct Payments are an alternative to local authority arranged care or support. They can be provided to people of all ages if they have been assessed as needing social care services to support them with daily living; consent to receiving a Direct Payment; and they (or their representative) can manage the payment. Many people use their Direct Payment to fund a Personal Assistant to assist them with various tasks, in which case Direct Payment recipients become employers. Local authorities are required to provide support and assistance to people to manage their Direct Payment and employment responsibilities; this is often done through a local-authority-commissioned support service. The main benefit of Direct Payments is their adaptability. Service users can use them to organise care that is most suited to them and to utilise a whole range of new and more effective ways of care. Local authorities are encouraged to explore innovative and creative options for meeting people’s needs.</p> <p>This report looks at how Direct Payments help sustain people’s wellbeing and improve their quality of life. It also assesses how local authorities manage and encourage the take up of Direct Payments and judge whether these services present value for money.</p> <p>The full report can be found here.</p>
Audit Wales Summary	<p>The report finds that Direct Payments support people’s independence and are highly valued by service users and carers, however inconsistencies in the way they are promoted and managed by local authorities means services are not always equitable and it is difficult to assess overall value for money.</p> <p>The report also finds that managing and supporting people to use Direct Payments varies widely and service users and carers are receiving different standards of service. Recipients of Direct Payments have faced struggles in recruiting Personal Assistants and have mixed views on the support they received from their local authority.</p>

	Despite significant challenges, local authorities ensured service users and carers were mostly supported during the pandemic, however a significant number of service users and carers surveyed experienced difficulties.	
Management Response	Recommendations	Response
	<p>To ensure people know about Direct Payments, how to access these services and are encouraged to take them up, we recommend that local authorities:</p> <ul style="list-style-type: none"> - Review public information in discussion with service users and carers to ensure it is clear, concise and fully explains what they need to know about Direct Payments. - Undertake additional promotional work to encourage take up of Direct Payments. - Ensure advocacy services are considered at the first point of contact to provide independent advice on Direct Payments to service users and carers. 	<p>We will continue to engage with service users and carers and be guided by them on what is required in terms of information. The Direct Payments team will attend team meetings to reinforce the offer of a Direct Payment as a solution for individuals.</p> <p>Further information on Direct Payments will be promoted on our website.</p> <p>Advocacy services are considered as part of “What Matters” conversations under the Social Services and Well-being Act and also within the Direct Payment agreement.</p>
	<p>To ensure Direct Payments are consistently offered we recommend that local authorities:</p> <ul style="list-style-type: none"> - Ensure information about Direct Payments is available at the front door to social care and are included in the initial discussion on the available care options for service users and carers. - Provide training to social workers on Direct Payments to ensure they fully understand their potential and feel confident promoting it to service users and carers. 	<p>Information about Direct Payments is included as part of “What Matters” conversations under the Social Services and Well-being Act. A specific question will be added to the database to further prompt practitioners.</p> <p>The Direct Payment team will continue to set up workshops to provide training on aspects of the Direct Payment process. Training to be delivered to other social care staff across Monmouthshire at least bi-annually.</p>
<p>To ensure there is sufficient Personal Assistant capacity, we recommend that local authorities through the All-Wales local authority Direct Payments Forum and with Social Care Wales:</p> <ul style="list-style-type: none"> - Work together to develop a joint Recruitment and Retention Plan for Personal Assistants. 	<p>Local authorities in Gwent are undertaking a project to look at the Direct Payment process across the region. This includes looking at sharing practice, procedures and policies, across the region to strengthen the Direct Payment process.</p> <p>Monmouthshire are currently in the process of piloting a Micro carer project. The micro carers will be a resource available to Direct</p>	

		Payments recipients to work with them in the Personal Assistants role.
	<p>To ensure services are provided equitably and fairly we recommend that local authorities and the Welsh Government clarify policy expectations in plain accessible language and set out:</p> <ul style="list-style-type: none"> - what Direct Payments can pay for - how application and assessment processes, timescales and review processes work - how monitoring individual payments and the paperwork required to verify payments will work - how unused monies are to be treated and whether they can be banked - how to administer and manage pooled budgets. Public information should be reviewed regularly (at least every two years) to ensure they are working effectively and remain relevant 	Policy expectations are set out in the Direct Payments Agreement document.
	<p>To effectively manage performance and be able to judge the impact and value for money of Direct Payments, we recommend that local authorities and the Welsh Government:</p> <ul style="list-style-type: none"> - Work together to establish a system to fully evaluate Direct Payments that captures all elements of the process – information, promotion, assessing, managing and evaluating impact on wellbeing and independence. - Annually publish performance information for all elements of Direct Payments to enable a whole system view of delivery and impact to support improvement. 	<p>Local authorities in Gwent are undertaking a project to look at the Direct Payment process across the region. This includes looking at sharing practice, procedures and policies, across the region to strengthen the Direct Payment process.</p> <p>Performance metrics on Direct Payments are provided annually to Welsh Government.</p>

Appendix 3

Closed Audit Wales Proposal for Improvement

Report	Audit Wales review of Asset Management – November 2017		
<p>Audit Wales Proposals</p>	<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 <p>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.</p>	<p>Status</p>	<p>Closed</p>
<p>What progress have we made</p>	<p>A five-year Asset Management Strategy was developed, which ran concurrently with the council’s five-year Corporate Plan. This will undergo a review later this year in line with the development of a new Community and Corporate Plan. The associated Asset Management Plan is reviewed annually, and supported by the service business plan, both of which contain relevant performance indicators. Both plans are updated on a quarterly basis, in line with the council’s service business planning principles.</p> <p>Further recommendations related to Asset Management have been made in the Audit Wales Springing Forward – August 2022 report. An update on these is provided in the ‘open’ recommendation’ sections. The Council’s further action related to the proposal on the IT asset management system has been incorporated within the response to these recommendations.</p>		

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GOVERNANCE AND AUDIT COMMITTEE FORWARD WORK PROGRAMME 2022/23

24TH NOVEMBER 2022	
2021/22 MCC Statement of Accounts - final	Jonathan Davies
ISA260 Response to Accounts	Audit Wales/Peter Davies
Treasury Outturn report	Jon Davies
Q2 Progress report for 6 months 21/22	Andrew Wathan
Update on unfavourable Internal Audit Opinions	Andrew Wathan
Review of the Strategic Risk Register-6 monthly	Emma Davies
The Ombudsman's Annual Letter (2021/22)	Annette Evans
Annual Performance Review of Investment Committee	Nick Keyse
Review of the Committees Terms of Reference aligned to the Plan	Andrew Wathan
Implementation of Internal Audit agreed recommendations	Andrew Wathan
26TH JANUARY 2023	
2021/22 WCF/Mon Farm Statement of Accounts - Final	Dave Jarrett/Nikki Wellington
ISA 260 or equivalent for Trust Funds	Audit Wales
Freedom of Information (FOI) & Data Protection Act (DPA) Breaches & Data Subject Access Request (DSARs) report - (twice yearly)	Sian Hayward
16TH FEBRUARY 2023	
Overview of Performance Management arrangements	Performance Manager
Audit Wales Work Programme:Council Progress Update	Richard Jones
2023/24 Capital Strategy and Treasury Strategy	Jon Davies

GOVERNANCE AND AUDIT COMMITTEE FORWARD WORK PROGRAMME 2022/23

WAO Annual Audit Summary	Audit Wales/Emma Davies
Whole Authority annual complaints report	Annette Evans
Assessment of the Robustness of the budget process and adequacy of reserves	Peter Davies
30TH MARCH 2023	
Annual Performance Review of Investment Committee	Nick Keyse
Audit Wales Annual Audit 23-24	Audit Wales
Internal Audit Progress report - quarter 3	Andrew Wathan

Public Document Pack Agenda Item 11

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Governance and Audit Committee held
at County Hall, The Rhadyr, Usk, NP15 1GA and remote attendance on Thursday, 8th
September, 2022 at 2.00 pm

PRESENT: Lay Member: Andrew Blackmore (Chair)
County Councillor Peter Strong (Vice Chairman)

County Councillor: Ian Chandler, John Crook, Tony Easson,
Malcolm Lane, Phil Murphy, Peter Strong and Laura Wright

Lay Members: Martin Veale

OFFICERS IN ATTENDANCE:

Andrew Wathan	Chief Internal Auditor
Peter Davies	Deputy Chief Executive and Chief Officer, Resources
Wendy Barnard	Democratic Services Officer
Richard Jones	Performance Manager
Jonathan Davies	Acting Assistant Head of Finance
Rachel Freitag	Audit Wales Officer
Colin Davies	Performance Audit Manager for Monmouthshire

APOLOGIES:

C. Prosser

1. County Councillor R. Greenland

The Chair referred to the recent passing of County Councillor R. Greenland, Member of the Governance and Audit Committee. He called upon County Councillor P. Murphy to remember Councillor Greenland's significant contribution to the work of the authority as a long-standing County Councillor. Expressing sadness and condolences, he said he would be "a great loss to the Council". A period of silence was observed in memory of County Councillor R. Greenland.

2. Declarations of Interest

No declarations of interest were made.

3. Public Open Forum

No members of the public were present.

4. To note the Action List from the previous meeting

The Action List from the previous meeting was noted. Updates were provided as follows:

- **Annual Governance Statement** The Chief Internal Auditor provided an update that the comments of the Governance and Audit Committee had been considered and the Annual Governance Statement amended accordingly. The Annual Governance Statement has been added to the Statement of Accounts for 2021/22.

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Governance and Audit Committee held at County Hall, The Rhadyr, Usk, NP15 1GA and remote attendance on Thursday, 8th September, 2022 at 2.00 pm

Action Status: Closed.

- **Key Collaborations:** The Performance Manager reported that a review of key collaborations and partnerships is in hand. The Strategic Leadership Team (SLT) is leading the review. The Deputy Chief Executive and Section 151 Officer noted the significant numbers of collaborative and partnership arrangements; these will be listed with an explanation. The list will be presented at a future meeting.

Action Status: Open.

- **Cross referencing reports with the Terms of Reference:** The Chief Internal Auditor advised that this work is in progress and will be reported upon in due course.

Action Status: Open.

- **Treasury Outturn Report:** The Acting Head of Finance reported:

1. Breakdown of asset values changes of non-treasury investments (Oak Grove Solar Farm, Castlegate Business Park and Newport Leisure Park): The information was mailed to Governance and Audit Committee Members.

Due to ongoing discussions, it was agreed that items 2/3 below will be revisited by the Committee when Treasury Strategy is reviewed later this year.

2. More information on ethical investment
3. Consider inclusion of climate emergency declaration when Treasury Strategy is reviewed.

Action Status: Closed

- **Internal Audit Outturn Report:** The Chief Internal Auditor confirmed that the Managers concerned were unavailable for today's meeting and have been invited to the next meeting.

Action Status: Open

- **Draft Self-Assessment Report:** The Performance Manager reported that the requested information was circulated to Members following the last meeting.

Action Status: Closed

- **Forward Work Plan:** The Chief Internal Auditor reported that work is in train to ensure that reports presented to Committee are reconciled with the Committee's Terms of Reference.

Action Status: Open

Following responses from Officers as above, questions were invited from Members:

- A Member welcomed provision of an Action List and requested more detail, date when the requested information is due and if recommended to close/continue the action. The Chair requested that the Action List is reformatted.

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Action Status: Open

- A Member noted that for Item 9 - Provision of Fraud figures (not percentages) – the information was not provided. The Chief Internal Auditor will provide the figures by the next meeting.

Action Status: Open

5. Her Majesty, Queen Elizabeth II

In view of the statement issued by Buckingham Palace that the Queen's doctors are concerned for Her Majesty's health, the Chair conveyed the thoughts of Committee Members for Her Majesty The Queen and her family at this time.

6. 2021/22 MCC Statement of Accounts

The Acting Assistant Head of Finance introduced the 2021/22 draft Statement of Accounts. Following presentation of the report, Members were invited to ask questions:

- A Member commented on the thoroughness of the report, especially in the aftermath of Covid, and congratulated the Team on the document. Noting the strengthened position of the balance sheet, it was queried if any major effect is anticipated on the current year's accounts due to Pension Scheme movements. The Assistant Head of Finance agreed these can cause a large change on the balance sheet. Future pension fund liability has decreased by £47.5 million because of a decrease in the estimated future scheme liabilities and recovery in scheme assets primarily as a result of the year-on-year impact of Covid. The fund is for the long-term funding of pensions and annual variations can skew balance sheet figures. However, any such liability will not arise in one single year. This is being addressed through higher employee/employer contributions to the fund. The Triennial valuation exercise has recently shown that projections for employer contributions within our medium-term financial plan are in line with the most recent triannual exercise.
- A Member noted a big increase in reserves allocated to schools and questioned how quickly the reserves will be drawn on by Schools. The Acting Assistant Head of Finance confirmed that the authority is working closely with schools to ensure effective use of balances. No deadlines are set as Headteachers are best placed to decide on effective investment to improve learning standards and schools have different paces of recovery. Answering points raised, it was explained that the schools reserves are not earmarked for recurrent expenditure; the fairer funding agreement with schools covers capital expenditure. The expectancy is balances will be reduced over the next 2/3 years whilst accepting that some schools are ahead of others in recovering standards.
- In response to questions, it was agreed that consideration would be given to amending the final version of the Statement of Accounts to reference significant occurrences nationally and globally and to better reference abbreviations. The Audit Wales work is progressing well with no major issues identified. The Audit Wales Officer explained some resourcing issues, but no significant slippage is expected.
- The Acting Assistant Head of Finance confirmed Welsh Government guidelines that schools should hold maximum balances of £50,000 (Primary) and £100,000 (Secondary).

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- Referring to Oak Grove Solar Farm, Castlegate Business Park and Newport Leisure Park, a Member queried if costs (such as repayment of loans) should be recorded against net income. It was explained that these reserves are sinking funds for unexpected pressures such as tenancy voids in Newport Leisure Park, and maintenance at the Solar Farm. Balances represent what's available at the end of March 2022.
- The Assistant Head of Finance explained that the value of Heritage Property represents an existing use value. Museum exhibits and Nelson Collection were revalued this year. These values will be published in the Statement of Accounts for next year.
- Considering the grant of £400,000 for 20mph speed limit scheme and funds availability for scheme reversal, the Deputy Chief Executive will discuss with Welsh Government if unspent funds are rolled forward or returned.
- On behalf of the Committee, the Chair thanked the Finance Team for their significant work in compiling the accounts.
- The Chair enquired about capabilities and capacities in the team and asked for an indication of the level of key person dependency, succession planning, people related risks and status of operational controls. The Assistant Head of Finance confirmed there are vacancies. The wellbeing of existing staff is a key theme. Common to the Finance sector generally, there are recruitment difficulties. The team is experienced with a good knowledge base to allow flexibility. Succession planning is a key consideration when recruiting. The Deputy Chief Executive confirmed that the senior role will be appointed imminently. He thanked the Finance Team for their extraordinary efforts whilst under-resourced.
- Clarification was provided regarding the banding of officer remuneration table. The left-hand column shows total employees in each pay band and the right-hand column shows the number that are teaching staff. It was confirmed that a salary is for the Executive Headteacher of two schools; one located in Torfaen. A proportion of the salary will be recouped from Torfaen County Borough Council.
- It was confirmed that there will be no material events after the balance sheet date.

As recommended, the Governance & Audit Committee:

- noted the 2021/22 draft Statement of Accounts and highlighted any queries and comments.
- noted that following the completion of the external audit process, the audited Statement of accounts for 2021/22 will be presented to this Committee at a later meeting.

7. Quarterly update and timetable

Audit Wales Officers introduced the report. Following presentation of the report, questions from Members were invited:

- A Member noted that the information in the paper related to June 2022. The Audit Wales Officer explained that the paper wasn't ready to be presented at the meeting in July due to resourcing pressures; the September update is on schedule.
- Regarding the performance audit, the Performance Manager confirmed that 6 monthly reports are provided to show how the council responds to completed audit reports, and the issues raised therein.

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- In response to a question, it was confirmed that the assurance and risk assessment report is in draft. This item will be added to the Forward Work Plan for the Committee to review.

8. Internal Audit Progress Report Q1

The Chief Internal Auditor presented the Internal Audit Progress Report (Q1). The purpose of the report is 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 30th June 2022, and to consider the performance of the Internal Audit Section over the first 3 months of the current financial year.

Following presentation of the report, questions were invited from Committee Members:

- A Member noted the report is dated 30th June and queried if there are any updates. The Chief Internal Auditor explained that meetings are set in the Council Diary and every effort is made to report on a timely basis. Quarterly reports provide assurance, also 6 monthly reports on unfavourable audit opinions and implementation of audit recommendations. There is a process of completing the audit work, a robust review process, issuing a draft report to the service manager, discussing the draft report with the service manager prior to the opportunity to discuss with the Governance and Audit Committee. The Member suggested that meetings could be better scheduled for future years close to quarter ends.
- The Chief Internal Auditor confirmed that the two vacancies are advertised currently to be filled in December; help from external providers to be sought in the meantime. The seconded post has been filled. The Chair of behalf of the Committee expressed disappointment that the vacancies had not been filled by September and reiterated his support for buying in contract resource to deliver the annual audit plan fully in accordance with expectations.

9. Audit Wales: Springing Forward and Council's Management Response

Audit Wales Officers presented the Springing Forward Report. Members were invited to ask questions and comment:

- In response to a question, the Committee was informed that this was a high-level review. The Council exhibits innovative use of data to understand its workforce, taking strides to get appropriate data to learn from and be informed by. The Council compares as well as any other council under review and better than some.
- As this was a high-level review detailed information on all aspects of the workforce was not part of this report. The focus of the review is to see how the Council is learning the lessons of the pandemic and planning appropriately for future adaptations or transformation of service delivery. Detailed information can be provided by officers.
- Referring to the development of the people strategy and asset strategy, a Member asked which Committee would have the opportunity to scrutinise. The Chair noted that the Governance and Audit Committee has responsibility to see how these strategies develop, are governed and their performance tracked. He will discuss scrutiny arrangements with officers.

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The Performance Manager presented the Management response to the Springing Forward Report. Committee Members were given the opportunity to ask questions:

- A Member queried the completion date of July 2023 for all recommendations. The Performance Manager explained that the date relates to the completion date of the Corporate and Community Plan after appropriate consultation and engagement. The asset strategy and people strategy will take direction from the new plan. In between, there will be other arrangements to manage assets and workforce.
- The Chair will discuss the feasibility of determining interim key milestones and reporting progress against them with officers. The Chair to provide an update at the next meeting.
- A Member asked when the finalised version of the Corporate and Community Plan is due. Consultation and engagement are due imminently. An update on a completion date will be sought.

As per the report recommendations:

the committee reviewed the Audit Wales Springing Forward report and sought assurance of the adequacy of the Council's Management response.

The committee had the opportunity to refer on any issues contained within Audit Wales report to other committees for consideration if they identify there are findings of relevance.

10. Whole Authority Strategic Risk Assessment

The Performance Manager presented the Whole Authority Strategic Risk Assessment. Following discussion with the Chair and officers, it was decided not to consider the effectiveness of the authority's risk management arrangements. This will be a separate paper to a future meeting. The Committee instead was requested to check if the contents of the strategic risk register accords with our understanding of the key risks facing the Authority.

The Chair considered the risk register held lots of useful information for officers as a working document. A preferred format has been suggested for reporting back in future to include:

1. key risks facing the organisation;
2. what actions are being taken;
3. what actions have been taken over the preceding period;
4. who is accountable;
5. actions completed and not completed (and why); and
6. key performance indicators.

Questions from Committee Members were invited:

- A Member commented that this has always been a living document and the status of risks changes. There will be severe financial constraints over the next period, and it would be useful to have a process to flag up when things are going wrong at the time they are going wrong.

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- The Chair queried the authority's approach to "horizon scanning" particularly how risks are identified and captured within the risk register and thereafter mitigated. A separate paper was requested in due course.
- Referring to the example of rapidly moving energy prices, a Member asked how new risks, that place demand on services in a more rapidly changing environment, are being built in. It was queried if such risks are identified at a senior level as potentially affecting all operations and if so, is a risk assessment devised and an action plan and mitigation put in place. It was queried if it is sufficient to allow this information to flow up from service departments. It was accepted that arrangements are in place to escalate risks to a strategic level when they happen quickly and need to be dealt with. Emergency responses are set up straight away at a senior level to respond e.g. Covid. Service areas also have their own arrangements
- Considering the thirteen risks identified, a Member was concerned that risks to service delivery and other strategic risks are missing. The example of climate shocks was provided. The Performance Manager advised that the risk environment is dynamic with strategic risk management and reporting arrangements being just one part. Services are responsible for managing and mitigating their own risks using the arrangements they have in place. More live issues are managed day to day with plans adjusted as necessary. Escalating risks notified via the service plan inform the strategic risk management plan and where risks are fast-moving, they may be added to the strategic risk register. Climate shocks are covered under risk 11 (policy to decarbonise operations). Mitigating actions include how we deliver our climate emergency strategy. There are connections between different risks that cause impact on other service areas. The Member queried the point that climate shocks affecting service delivery are covered under risk 11 and added that Climate shocks should be an additional 14th risk noting they cover all of the Council's operations. It was accepted that the headline risk is about the policy commitment to decarbonisation but also included within the same risk is resilience to climate shocks.
- The Chair asked how the risk register is populated; how risks are captured and if there are opportunities to improve its effectiveness. It was explained that the risk register is a construct of a range of information and evidence. Service plans identify strategic and operational risks, these are updated on a regular basis and provide information on the main risks to the organisation. The information is assessed against the current risk register to identify changes and new risks and is reported to SLT to identify strategic risks facing the organisation in a continuous cycle.
- A Member suggested it was optimistic to consider that Risk 13 will reduce to a medium risk by 2025. It was explained that some risks are longer term strategic challenges. Risk is assessed to decrease based on the progress and impact of mitigating action such as the work being undertaken to address homelessness, delivery of the housing support programme partnership and delivery of the rural local development plan. The risk level will be assessed considering the ongoing evidence (such as the Ukrainian crisis) and progress of the mitigating actions and reviewed accordingly. This comment will be conveyed to the risk owner.
- A Member commented on unmitigated high risks and three years later with mitigation still being high risk. A table in the report that flags risks increasing/decreasing, new, changed or removed risks was suggested with priority defined by SLT. The Performance Manager explained that the strategic risk register reflects the range of matters strategically important for the Council, and arrangements for their assessment and management. Strategic risks are complex, and the council can, via its mitigating action, have an impact. How the impact materialises and pace at

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which the risk is mitigated to a satisfactory level may take longer than three years. Other external risk factors can impact outside the Councils control. Overall, the Council aims for mitigating actions to be strong enough to reduce the risk over time.

- Committee Members were signposted to The Hub where service plans can be viewed. [Service Business Plans 2021-2024](#)

The Chair noted the absence of climate shock risks and the cost of living risk. It was noted that the authority faces a period of huge uncertainty from many sources. The Chair considered the risk register does not fully reflect the significance of the risks facing the authority and the adequacy of actions and priorities are unclear. In terms of horizon scanning, it was suggested a top down process with officer and councillors in a workshop to collect high level views to allow better articulation of the risks facing the authority. Further work is needed to assure the Committee on risk management arrangements and their effectiveness.

Referring to the report recommendations, the Committee:

1. 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.
2. will scrutinise, on an on-going basis, the risk assessment and responsibility holders to ensure that risk is being appropriately managed.

11. Governance and Audit Committee Forward Work Plan

The following changes were made:

13 October 2022: should read - Invitation of officers and Heads of Service (not S151 Officer) regarding limited opinions

24 November 2022: Q2 Progress Report should read on 2022/23 (not 2021/22)

24 November 2022 – Treasury Outturn Report – This will be a 6-month update to the Committee on 2022/23 performance.

12. To confirm the minutes of the previous meeting held on 14th July 2022

The minutes were confirmed as an accurate record of the previous meeting subject to the removal of the reference to Lay Members listed as County Councillors.

Arising from the minutes, the Chief Internal Auditor confirmed that he is working on a recruitment process to appoint the fourth Lay Member.

13. To confirm the date of the next meeting as 13th October 2022 at 2.00pm

Meeting ended at 4.13 pm

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