

# Public Document Pack



County Hall  
Rhadyr  
Usk  
NP15 1GA

Wednesday, 5 June 2019

## Notice of meeting

### Audit Committee

Thursday, 13th June, 2019 at 2.00 pm,  
County Hall, The Rhadyr, Usk, NP15 1GA

### AGENDA

Item No	Item	Pages
1.	Election of Chair	
2.	Appointment of Vice Chair	
3.	Apologies for Absence	
4.	Declarations of Interest	
5.	Public Open Forum	
6.	To note the action list from the last meeting.	1 - 2
7.	Audit Committee Annual Report 2018/19	3 - 8
8.	Draft Annual Governance Statement 2018/19	9 - 34
9.	Internal Audit Annual Report 2018/19	35 - 52
10.	Internal Audit Final Plan 2019/20	53 - 64
11.	Wales Audit Office Certificate of Compliance for the Audit of Monmouthshire County Council's 2019/20 Improvement Plan	65 - 66
12.	Service User Perspective Review, Customer contact - plus managers response	67 - 100
13.	Well-being of Future Generations:An examination of developing a range of options to improve rural transport - plus managers response	101 - 118
14.	Forward Work Plan	119 - 122

<b>15.</b>	<b>To confirm minutes of the previous meeting</b>	123 - 128
<b>16.</b>	<b>To confirm the date of the next meeting as 25th July 2019</b>	

**Paul Matthews  
Chief Executive**

MONMOUTHSHIRE COUNTY COUNCIL  
CYNGOR SIR FYNWY

THE CONSTITUTION OF THE COMMITTEE IS AS FOLLOWS:

County Councillors:

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

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# 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.



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# Agenda Item 6

## Audit Committee Actions 14<sup>th</sup> March 2019

<b>Agenda Item:</b>	<b>Subject</b>	<b>Officer</b>	<b>Outcome</b>
3	Performance management	Chief Officer, Resources	Update to be provided at next meeting
6	Anti-Bribery Compliance	Chief Officer, Resources	Update on annual risk assessment to be provided at July meeting
9.	Forward Work Plan	Cheryl Cook	Contract Procedure Rules to be added

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**SUBJECT:           AUDIT COMMITTEE  
                          ANNUAL REPORT 2018/19**

**DIRECTORATE: Resources  
MEETING:         Audit Committee  
DATE:             13 June 2019  
DIVISION/WARDS AFFECTED: All**

## **1.     PURPOSE**

To present the Chair of the Council's Audit Committee's Annual Report for 2018/19.

## **2.     RECOMMENDATION(S)**

On behalf of the Audit Committee I submit this annual report for 2018/19 for consideration by the Council. I believe that it shows that, over this period, the Committee has fulfilled its role as defined in its terms of reference.

The report shows that the workings of the Committee continue to be both valuable and productive and that it provides assurance to the Council regarding the Committee's activities in the effective governance of financial affairs and other matters by the Authority.

## **3.     REASONS**

**3.1**   The Council's Audit Committee has responsibility for ensuring that there are procedures in place to guarantee the adequacy and effectiveness of financial control and corporate governance arrangements.

The terms of reference are:

- To review and scrutinize the Authority's financial affairs
- To make reports and recommendations in relation to the Authority's financial affairs
- To review and assess the risk management, internal control and corporate governance arrangements of the Authority
- To make reports and recommendations to the Authority on the adequacy and effectiveness of those arrangements

- To oversee the Authority's internal and external audit arrangements
- To review the financial statements prepared by the Authority

**3.2** The Committee consists of 10 councillors and includes one lay member (co-opted) who is not a councillor. During 2018/19, the lay member was the Chair of the Audit Committee, as in previous years. The Committee's main responsibilities include:

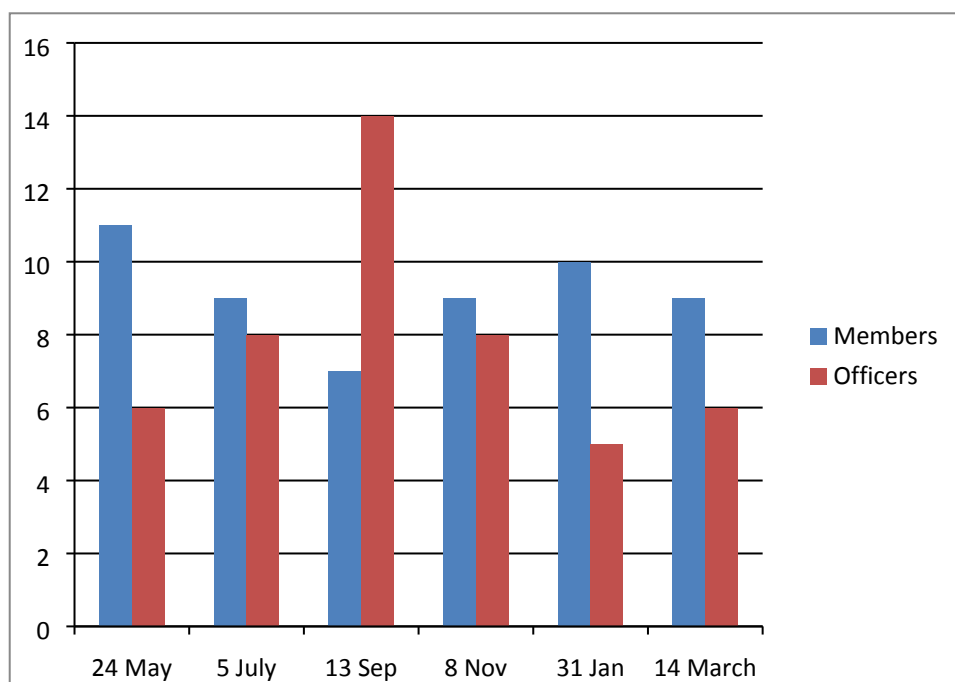
- Approving the internal audit strategy, plan & performance
- Review internal audit reports and seek assurances of change where required
- Consider the reports of external audit and inspection agencies
- Consider the effectiveness of the Authority's risk management arrangements
- Maintain an overview of the Council's Constitution in respect of contract procedure rules and financial regulations
- Make recommendations, as appropriate, to Cabinet and Council on any matters reported through the Audit Committee.

**3.3** The terms and conditions of the Audit Committee are set out in the Council's Constitution amended and agreed by Council in September 2014 which are in accordance with the Local Government (Wales) Measure (2011).

**3.4** The Audit Committee is supported by Democratic Services with the Head of Finance, Chief Officer Resources and the Chief Internal Auditor in attendance at all meetings. External Audit (The Wales Audit Office) are invited to all meetings. During 2018/19 the Council's Audit Committee formally met 6 times, with all meetings being quorate. The Wales Audit Office was represented at 5 meetings.

Audit Committee meetings 2018/19
24 <sup>th</sup> May 2018
5 <sup>th</sup> July 2018
13 <sup>th</sup> September 2018
8 <sup>th</sup> November 2018
31 <sup>st</sup> January 2019
14 <sup>th</sup> March 2019

## Attendance at Meetings:



**3.5** Regular reports were received by the Audit Committee throughout the year. All Members contributed to the challenge process where officers were held to account for improving identified systems weakness. Members contributed positively to the process and took the responsibility of being on the Audit Committee seriously.

**3.6** A standard agenda item for the Audit Committee is an Action List, where named officers are responsible for updating the Committee on previous matters discussed or questions raised. This ensures appropriate responses are received and accepted by the Committee on issues they felt were important enough to challenge and hold officers to account.

**Terms of Reference: To oversee the Authority's internal and external audit arrangements**

**3.7** Reports were received and considered from the Wales Audit Office (WAO). MCC officers were asked to provide responses where appropriate, and Members of the Committee sought assurances on the process of External Audit. Papers presented included:

- Audited Statement of MCC Accounts 2017/18, WAO 'ISA 260' response to the accounts
- WAO presentation – 'Aligning the Levers of Change'
- Overview of Scrutiny – WAO thematic review 'Fit for the Future'
- WAO Annual Improvement Report
- Joint progress report – Statement of Accounts – Refinements.
- WAO Audit Plan 2019/20
- Certification of Grants and Returns 2017/18
- Audited Trust Funds Accounts (Welsh Church Fund and Monmouthshire Farm School Endowment Trust Fund)

**3.8** The Internal Audit Outturn report for 2017/18 and the annual plan for 2018/19 and the draft plan for 2019/20 were presented to and endorsed by the Committee. Members challenged the performance of the Internal Audit Team and robustness of the planned work in order to satisfy themselves that they were being provided with assurances on the adequacy of the Council's internal control environment and that public money was being used effectively, efficiently and economically. Members challenged the information provided to ensure continual improvement.

**3.9** Reports presented for consideration included:

- Internal Audit (IA) Reports on Unfavourable Audit Opinions
- IA Outturn Report on 2017/18
- IA Plan 2018/19
- IA Quarterly Progress Reports
- Contract Procedure Rules and Exemptions
- Implementation of Internal Audit Recommendations
- Internal Audit Standards External Review 2018
- Report on Compliance with Bribery Act

**Terms of Reference: To review and assess the risk management, internal control and corporate governance arrangements of the Authority**

**3.10** Reports from Internal Audit and from other departments within the Authority and WAO inform the Committee in respect to these terms of reference, for example the regular reports on Unfavourable Audit Opinions (see 3.9, above).

**3.11** The Committee continues to have an opportunity to comment on and shape the Annual Governance Statement before it is included with the finalised Annual Statement of Accounts.

**3.12** A report on the Whole Authority Complaints, Comments and Compliments 2017/18 was considered and accepted in January 2019.

**3.13** During the year, the Policy and Performance Manager provided reports for the Committee's consideration. These were:

- An overview of the Council's Performance Management arrangements
- Progress reports on WAO Proposals for Improvement
- Strategic Risk Assessment

**3.14** The Chief Internal Auditor presents six monthly progress reports on previously issued unfavourable audit opinions. The intention of these reports is to provide assurance to the Committee that previously identified system weaknesses have been appropriately addressed and improvements made by the operational managers. Where unsatisfactory or very little progress had been made by the operational manager then the Committee, via the Chairman, can invite the operational manager and relevant Head of Service to attend the Audit Committee where Members will hold them to account for future

improvements. There were, however, no instances of such invitations in 2018/19.

**3.15** The Audit Committee also received a six-monthly update from the Chief Internal Auditor on applications for exemptions from the Council's Contract Procedure Rules. The Contract Procedure Rules exist to ensure that the Authority operates a fair, consistent and effective procurement policy to procure works, goods and services on behalf of the Council and to minimise allegations of fraud and corruption against managers. Although exemptions are permissible, Members are given the opportunity to challenge officers where they felt the reasons given were not justifiable.

**3.16** In July the Committee considered proposals for governance arrangements for an 'Alternative Delivery Model' for Tourism, Culture, Leisure and Youth services, and in September with a performance and evaluation framework for the proposals.

**Terms of Reference: To review the financial statements prepared by the Authority**

**3.17** The Committee is asked to consider the Council's Statement of Accounts prior to and following the external audit of them; the draft accounts were presented in July with the final audited accounts in September. In addition the Committee received the annual accounts of Monmouthshire County Council Welsh Church Act Fund and the Monmouthshire Farm School Endowment Trust Fund.

**3.18** The Treasury Outturn Report 2017/18 was presented and noted by the Committee in July with a mid-year Treasury Report for 2018/19 presented in November.

**3.19** Treasury Strategy (including strategy for investment of resources) was the subject of papers presented to the Committee in January 2019.

**3.20** The Committee receives quarterly reports on the monitoring of reserves.

#### **4 RESOURCE IMPLICATIONS**

None.

#### **5 CONSULTEES**

Chief Internal Auditor.

#### **6 RESULTS OF CONSULTATION:**

Report agreed.

#### **7 BACKGROUND PAPERS**

Audit Committee Minutes 2018/19

## **8 AUTHOR AND CONTACT DETAILS**

Philip White, Chair, on behalf of the Audit Committee

**SUBJECT: MONMOUTHSHIRE CC  
ANNUAL GOVERNANCE STATEMENT, 2018/19**

**DIRECTORATE: Resources  
MEETING: Audit Committee  
DATE: 13<sup>th</sup> June 2019  
DIVISION/WARDS AFFECTED: All**

## 1. PURPOSE

To receive a **draft** version of the Council's Annual Governance Statement (AGS) prior to inclusion into the Statement of Accounts 2018/19.

## 2. RECOMMENDATION(S)

That the Audit Committee contribute to the appropriateness and content of the draft AGS and subsequently endorse it.

## 3. KEY ISSUES

- 3.1 Corporate Governance is about doing the right thing at the right time for the right people in an open and transparent way. The AGS sets out how Monmouthshire demonstrates it has appropriate governance arrangements in place and how they are continually reviewed to strengthen them moving forward.
- 3.2 This Statement has been prepared in accordance with guidance produced by the Chartered Institute of Public Finance and Accountancy (C.I.P.F.A.) and the Society of Local Authority Chief Executives and Senior Managers (S.O.L.A.C.E.), the 'Delivering Good Governance in Local Government Framework 2016' and Delivering Good Governance in Local Government Guidance Notes for Welsh Authorities 2016'. It embraces the elements of internal financial control required by the 'Code of Practice on Local Authority Accounting in the United Kingdom'.
- 3.3 Monmouthshire County Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and to proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 3.4 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and which includes arrangements for the management of risk.
- 3.5 The Code of Corporate Governance, which is consistent with the principles of the C.I.P.F.A./S.O.L.A.C.E. Framework 'Delivering Good Governance in Local Government', was approved by Council in July 2011; the Code was revised and updated in May 2014. A copy of the Code is available from the Chief Internal Auditor. This annual governance statement explains how the Council has complied with the code, the update 2016 guidance and also meets the requirements of the Accounts and Audit (Wales) Regulations 2014.

## **4 The Purpose of the Governance Framework**

- 4.1 The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 4.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 4.3 The governance framework has been in place at the Council for the year ended 31 March 2019 and up to the date of approval of the statement of accounts.
- 4.4 The Statement itself [Appendix 1] demonstrates that Monmouthshire has governance arrangements in place to meet the challenges of the governance principles and that a review has been undertaken to assess the effectiveness of those arrangements. We have demonstrated that in most areas we have effective governance arrangements in place which are continually improving, but also recognise that there is further work to do.

## **5 The Governance Framework**

- 5.1 The Council's AGS has been developed in line with the following principles:

Overarching requirements for acting in the public interest:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement

In addition achieving good governance in the Council requires effective arrangements for:

- Defining outcomes in terms of sustainable economic, social, environmental and cultural benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability



## **6 REASONS**

- 6.1 In accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 an annual governance statement must be prepared and included within the Council's year end financial statements.

## **7 RESOURCE IMPLICATIONS**

None.

## **8 CONSULTEES**

Chief Officer Resources

## **9 BACKGROUND PAPERS**

MCC Code of Corporate Governance  
CIPFA Delivering Good Governance

## **10 AUTHOR AND CONTACT DETAILS**

Andrew Wathan, Chief Internal Auditor  
Telephone: x.4243  
Email: [andrewwathan@monmouthshire.gov.uk](mailto:andrewwathan@monmouthshire.gov.uk)

Monmouthshire CC

Annual Governance Statement 2018-19 – DRAFT 1

May 2019

### **Executive Summary**

The Statement itself demonstrates that Monmouthshire has governance arrangements in place to meet the challenges of the governance principles and that a review has been undertaken to assess the effectiveness of those arrangements. We have demonstrated that in most areas we have effective governance arrangements in place which are continually improving such as:

- a comprehensive Scrutiny Service Plan;
- evaluating the effectiveness of Safeguarding;
- calling managers into Audit Committee;
- MCC's model of engagement in understanding its communities' views.

WAO's review of Good Governance concluded that the Council has a clear strategic approach for significant changes, although, better information would help Members when deciding the future shape of the Council.

It is also recognised that there is further work to do. Progress against the 2017/18 action plan is shown at Appendix 1. The main areas for improvement in 2018/19 identified by the Council are:

- continue to deliver awareness raising sessions on the importance of compliance with Contract Procedure Rules and Financial Procedure Rules;
- Revise and update the Code of Corporate Governance and get it formally approved by Cabinet
- The Council will work through the WAO Proposals for improvement in the following areas:
  - Scrutiny: Fit for the Future?
  - Review of Asset Management
  - Information Management
  - Whole Authority review of children's safeguarding

An action plan to address areas for improvement is shown at Appendix 2.

- 1 This Statement has been prepared in accordance with guidance produced by the Chartered Institute of Public Finance and Accountancy (C.I.P.F.A.) and the Society of Local Authority Chief Executives and Senior Managers (S.O.L.A.C.E.), the 'Delivering Good Governance in Local Government Framework 2016' and Delivering Good Governance in Local Government Guidance Notes for Welsh Authorities 2016'. It embraces the elements of internal financial control required by the 'Code of Practice on Local Authority Accounting in the United Kingdom'.
- 2 The Statement itself demonstrates that Monmouthshire has governance arrangements in place to meet the challenges of the governance principles and that a review has been undertaken to assess the effectiveness of those arrangements. We have demonstrated that in most areas we have effective governance arrangements in place which are continually improving, but also recognise that there is further work to do. Progress against the 2017/18 action plan is shown at Appendix 1. The main areas for improvement in 2018/19 identified by the Council are shown in the action plan shown at Appendix 2.

### **Scope of Responsibility**

- 3 Monmouthshire County Council (the Council) (MCC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. This has been updated in recent years through the Wales Programme for Improvement 2005 and even more recently through the Local Government (Wales) Measure 2009 to encompass responsibility for securing continuous improvement based on the needs of and in engagement with communities. Further changes to national frameworks are anticipated as a result of Welsh Government's White Paper which is consulting on proposals to repeal the 2009 Measure.
- 4 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and which includes arrangements for the management of risk.
- 5 The Code of Corporate Governance, which is consistent with the principles of the C.I.P.F.A. / S.O.L.A.C.E. Framework 'Delivering Good Governance in Local Government', was approved by Council in July 2011; the Code was revised and updated in May 2014. This will need to be revised in accordance with the 2016 Framework and Guidance. A copy of the previous code is available from the Chief Internal Auditor. This statement explains how the Council has complied with the revised Framework and Guidance (2016) and also meets the requirements of the Accounts and Audit (Wales) Regulations 2014.

### **The Purpose of the Governance Framework**

- 6 The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its population outcomes, priorities and objectives and to consider whether those objectives have met the outcomes and led to the delivery of appropriate, cost effective services.
- 7 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, outcomes and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 8 The governance framework has been in place at the Council for the year ended 31 March 2019 and up to the date of approval of the statement of accounts.

**9** The Council's Corporate Governance is in line with the following principles:

Overarching requirements for acting in the public interest:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement

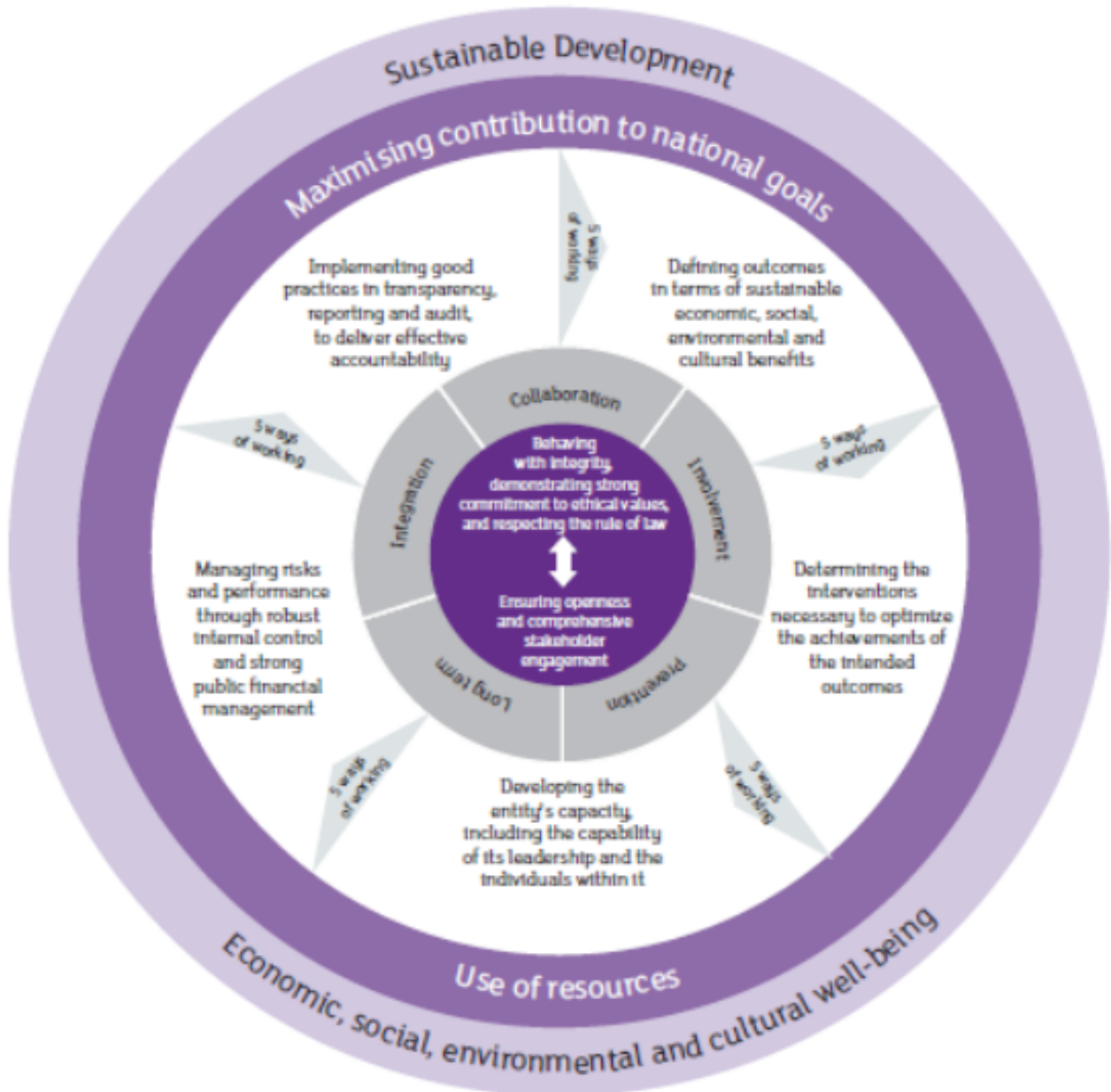
In addition achieving good governance in the Council requires effective arrangements for:

- C. Defining outcomes in terms of sustainable economic, social, environmental and cultural benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

**10** The diagram below brings together the above principles of good governance with the requirements of the Well-being of Future Generations (Wales) Act 2015. It shows sustainable development as all-encompassing. The core behaviours of:

- behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law; and
- ensuring openness and comprehensive stakeholder engagement

need to be applied to the five ways of working outlined in the 2015 Act. These five ways of working have to permeate all segments of delivering outcomes which, in turn, should ensure effective use of resources as the Council maximises its contribution to the economic, social, environmental and cultural well-being of Monmouthshire and Wales.



- 11 The Authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).
- 12 The key elements of the Council's governance arrangements are set out in its Corporate Plan 2017-2022, "A Monmouthshire that works for everyone" which was approved by Council in February 2018, and incorporates the previous elements of the Council's Improvement Plan. A six month progress update was presented to Cabinet (December 2018) to provide an overview of progress being made in 2018/19 to deliver the commitments set out in the Corporate Plan. The Council's five priorities are:

**The best possible start in life,**  
**Thriving and well connected county,**  
**Maximise the potential of the natural and built environment,**  
**Lifelong well-being,**  
**Future-focused Council**

- 13** The PSB has approved four well-being objectives that underpin a clear purpose of “building sustainable and resilient communities”. The objectives are:
- 13.1 Provide children and young people with the best possible start in life
  - 13.2 Respond to the challenges associated with demographic change
  - 13.3 Protect and enhance the resilience of our natural environment whilst mitigating and adapting to the impact of climate change
  - 13.4 Develop opportunities for communities and businesses to be part of an economically thriving and well-connected county.
- 14** In April 2016 the Local Service Board became the Public Service Board or PSB. As part of the requirements of the Well-being of Future Generations (Wales) Act 2015 the Public Service Board are focused on improving social, economic, environmental and cultural wellbeing, in accordance with the sustainable development principle. Public Service Boards have a planning responsibility to prepare and publish an assessment of local well-being, produce a local well-being plan and report annually on its progress.
- 15** An update on the emerging actions being developed to deliver the objectives contained in Monmouthshire’s Well-being Plan was taken to PSB in July 2018, October 2018, January 2019 and March 2019.

**Review of Effectiveness**

- 16** The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Senior Leadership Team within the Authority which has responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor’s annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 17** The governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework.
- 18** The processes that have been applied to maintain, review and improve the effectiveness of the governance framework include:
- i) The Monitoring Officer reviewed the Council’s Constitution and ethical governance arrangements with the Constitution being revised and approved by Council in December 2017;
  - ii) periodic reviews of the financial controls including the financial procedure rules by the Chief Finance Officer (Head of Finance); financial procedure rules were approved by Council in September 2014;
  - iii) Whole Authority Strategic Risk Management Assessment and amendments to the Policy were approved by Cabinet in March 2019;
  - iv) Formal risk management and regular ongoing review of the processes involved reported through Audit Committee
  - v) Scrutiny conducted a self-evaluation and Peer Review with several other councils during Spring 2017 as part of its ongoing commitment to continuous improvement;
  - vi) Scrutiny reports its annual appraisal and Scrutiny Service Plan to Audit Committee to satisfy them that the Council’s arrangements are working effectively;
  - vii) the Internal Audit function, whose work takes account of identified risks through regular audits of the major systems, establishments and major projects in accordance with the annual internal audit plan, and which includes ‘follow-up’ work to ensure that agreed recommendations are implemented;
  - viii) the work of the Council’s Select and other Committees, including its Audit and Standards committees;
  - ix) the opinions and recommendations of the Council’s external auditors, following both financial audit work and per the Local Government Measure in regard to matters,

- including governance issues, which are considered for action and implementation and reported to Council, Cabinet and Audit Committee, as appropriate;
- x) The opinions and recommendations of other inspection, regulation and review agencies which are reported to Council, Cabinet and Audit Committee as appropriate. Audit Committee receives a regular report on the progress made with recommendations and proposals issued by Wales Audit Office
  - xi) regular monitoring of performance against the Corporate Plan and service plans and of key targets, and reporting of this to senior management and members;
  - xii) Audit Committee annual report (Council July 2018);
  - xiii) Corporate Safeguarding Policy taken through Council May 2018;
  - xiv) Annual appraisal of the effectiveness of the authority's performance management arrangements reported annually to Audit Committee.
  - xv) Chief Officer for Children and Young People's Annual Report presented to Council April 2018; Director of Social Services Annual Report presented to Council July 2018; Wellbeing Objectives and Statement Annual Report presented to Council September 2018.
  - xvi) Updated policies and strategies reported through Cabinet and Council

**19** The following paragraphs review the effectiveness of the governance arrangements in Monmouthshire under the 7 principles.

**Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

- 20** The code of conduct for members and a protocol on member / officer relations are set out in the constitution. A new version of the code of conduct for members was adopted by Council in May 2016. The council also has a local protocol for the self-regulation of member conduct.
- 21** The Standards Committee, which includes a majority of independent representatives, advises on and monitors the Members' Code of Conduct, the Protocol for Member/Officer Relations, and any other Codes relating to the conduct of Members.
- 22** The Public Service Ombudsman Wales Annual Report (2017/18) was presented to the Standards Committee in December 2018. Four Code of Conduct issues were referred to the PSOW; three were closed after initial consideration, one was referred to adjudication.
- 23** Agreed arrangements enable the Council to comply with statutory requirements in respect of child protection and the protection of vulnerable adults. Recruitment procedures help ensure that Council employees and Members working with children or vulnerable adults are checked for their suitability to do so.
- 24** In accordance with its statutory responsibilities, the Council has in place a Health and Safety Policy and related procedures.
- 25** There were no successful "call-in" challenges to decisions on procedural grounds and no judicial review challenges on grounds of legality during the year.
- 26** Policy and decision-making is facilitated through (i) the Cabinet, the meetings of which are open to the public and live streamed on YouTube except where exempt or confidential matters are being discussed, and (ii) a scheme of delegation to committees and officers as set out in the Constitution: Five select committees (including the statutory PSB Select Committee) and a separate Audit Committee review, scrutinise and hold to account the performance of the Cabinet, decision-making committees and officers. A Scrutiny "Call-In" process for decisions which have been made but not yet implemented is incorporated in the Constitution in order to consider their appropriateness.

- 27 A Scrutiny and Executive Protocol is in place which is aligned to the updated constitution of December 2017 and provides parameters for effective executive and scrutiny relationships.
- 28 The Constitution is updated periodically by the Monitoring Officer; it was reviewed and updated during 2017/18, and approved by Council in December 2017; it continues to be reviewed. It can be found on the Council's website and sets out:
- how the Council operates and makes decisions,
  - the procedures to ensure that decision-making is transparent and accountable to local people and other stakeholders,
  - the key roles of all members and chief officers, including the lead responsibilities for corporate governance of the Leader, the Chief Executive and other designated chief officers,
  - a scheme of delegated powers for decision-taking
  - responsibilities for reviewing and agreeing the Council's corporate governance arrangements,
  - arrangements for ensuring it is regularly reviewed and updated
  - its related codes and protocols.
- 29 To ensure agreed procedures and all applicable statutes are complied with the Monitoring Officer attends all Council meetings; to ensure sound financial management is a key factor in decisions, the Head of Finance attends SLT, Cabinet and Council meetings.
- 30 The ethical governance framework includes:
- codes of conduct for officers and members
  - a protocol governing Member/Officer relations,
  - a whistle-blowing policy widely communicated within the Council and which is regularly reviewed [ reviewed and approved by Cabinet June 2017]
  - registers of personal and business interests for Members
  - an agreed policy and associated corporate procedures for ensuring that complaints about services can be properly made and investigated, and for ensuring that any lessons can be applied.
  - equalities awareness training
- 31 In accordance with the Local Government and Housing Act, 1989, the Monitoring Officer ensures compliance with established policies, procedures, laws and regulations. After appropriate consultation, this officer will report to the full Council in respect of any proposals, decisions or omissions which could be unlawful or which have been subject of an Ombudsman Investigation resulting in a finding of maladministration
- 32 All exemptions of the Contract Procedure Rules are reported through Audit Committee six monthly. The Internal Audit team continues to deliver awareness raising sessions on the importance of compliance with these Contract Procedure Rules and Financial Procedure Rules.
- 33 The Audit Committee called in several senior managers during the year and challenged them on why a procurement process went outside the Council's normal tendering processes.
- 34 32 Internal Audit opinions were issued in 2018/19; 6 audit jobs resulted in **Limited** assurance.
- 35 The overall opinion on the adequacy of the internal control environment for 2018/19 was **REASONABLE**. Management agreed to implement the recommendations made in audit reports in order to address the weaknesses identified. The Internal Audit opinions issued in 2018/19 were as follows:



	2016-17	2017-18	2018-19
Substantial Assurance (Very Good)	3	2	2
Considerable Assurance (Good)	10	11	11
Reasonable Assurance	7	16	13
Limited Assurance (Unsatisfactory)	7	8	6
<b>Total</b>	<b>27</b>	<b>37</b>	<b>32</b>

- 36** Reasons why the outcome of the audit reviews which were deemed to provide Limited assurance were presented in a separate report to Audit Committee which has sought assurances from respective operational managers that action will be taken to make the necessary improvements in control.
- 37** The Internal Audit team had a full complement of staff for the full year; 84% of the 2018/19 plan was achieved, which was an improvement on the previous year (82%). The Chief Internal Auditor's overall audit opinion is based on the number of audits undertaken and their individual opinions; he was able to give an overall opinion on the adequacy of the control environment.
- 38** The Internal Audit team continued to ensure its compliance with the Public Sector Internal Audit Standards (PSIAS). This was validated through a peer review process at the end of 2017/18 undertaken by the Chief Internal Auditor for Neath Port Talbot Council; the outcome of which was that the team are generally compliant, the highest level of compliance.
- 39** An Improvement Framework is in place to ensure the economic, effective and efficient use of resources and for securing continuous improvement. This is supported by a range of mechanisms including collaborative working initiatives and reviews undertaken both internally and by the external auditors and inspectors. This framework works in conjunction with the Local Government Wales Measure 2009. Performance is reported through Select Committees and Cabinet.
- 40** The strategies which support this Framework include the Asset Management Plan, People Strategy, Local Development Plan, Financial Plan, Digital & Customer Strategy, Economy & Enterprise Strategy which are delivered through service business plans and employee aims & objectives, evaluated and risk assessed.
- 41** Chief Officers and Heads of Service are accountable for ensuring that the Council Priorities are delivered and performance against key targets is regularly monitored via the performance management framework and is regularly reported to members via Select Committees.

**Principle B: Ensuring openness and comprehensive stakeholder engagement**

- 42** The agendas are published in advance of all meetings on the Council's website.
- 43** The scrutiny reports on recommendations/outcomes from scrutiny activity are presented to Cabinet quarterly. The scrutiny function has a 'Scrutiny Service Improvement Plan'. The plan is built into the Council's improvement framework. The plan is also scrutinised by the Council's Audit Committee annually to ensure they are satisfied that the Council has appropriate and effective scrutiny arrangements in place.
- 44** The Scheme of Delegation sets out responsibilities for decision making. The Council's website includes the Cabinet and Cabinet Member decisions / Member profiles. The Scrutiny Handbook provides a guide for Members, officers and the public on the role and value of scrutiny and the website displays the

Scrutiny Forward Work Programme and invites public submissions. Development of Customer Insight to better understand our communities. Dissemination of ward meeting minutes.

- 45 Social media, Twitter and Facebook for example, is increasingly being used to engage local people and communicate the corporate message. The Council has partnered with an IT supplier to develop Monmouthshire Made Open – a digital engagement platform to enable local people to help shape ideas to the challenges facing their communities. Scrutiny has a Twitter account to help engage more effectively with the public on democracy.
- 46 Public engagement events continued in 2018/19 for the budget proposals. MCC’s model of engagement in understanding its communities’ views and the way it now operates as an organisation was shared with many delegates at a Welsh sustainability conference as exemplar. The Council has encouraged the community within Monmouthshire to actively contribute to making stepped changes to improve the way in which services are provided and is a key workstream of the Future Monmouthshire programme established by the Council in May 2016; the intention is to transform public service delivery. This links back to the principles of the Well-being of Future Generations Act which sets out five ways of working including involvement.
- 47 Monmouthshire Public Service Board updated its Well-being Assessment for the county 2018/19 and reported progress into the Board regularly in the year. This will help to shape the future of the area and its communities by informing the Public Service Board’s Well- being plan which sought the views of Monmouthshire residents. The assessment draws together findings from data, academic research and policy papers and the views of local people.
- 48 Our Monmouthshire, updated October 2018, is about all of us addressing the needs of the future as well as current generations. People in Monmouthshire were asked *what’s good about your community and what would make it better, now and in the future*. These views help MCC make sure it addresses some of the really big challenges that Monmouthshire faces in coming years.
- 49 Transparency and openness is important to Monmouthshire; the Annual Statement of Accounts was taken through the Audit Committee process before being endorsed by Council. All Council decisions, reports and questions asked by Members are available on the website. Financial information, Corporate Plan progress, Council activities, achievements, developments, updates and events were included on the Council’s intranet and website, with all Council, Cabinet, Audit Committee and Select Committees now live streamed on You Tube. All public meetings of the Council are live streamed on YouTube and are available to view on the Council’s YouTube channel at any time after the meeting, which provides greater transparency of the Council’s business.
- 50 Individual Cabinet Members can make decisions under the scheme of delegation; agendas and decisions for all Cabinet Members are published on the Council’s website.
- 51 The Council’s website contains links to the following areas in the interests of openness.

Data published by Monmouthshire County Council

- [List of expenditure over £500](#)
- [Our spend data as a useful dashboard](#)
- [Food hygiene ratings](#)
- [Business Property Data Set](#)
- [List of Primary Schools in Monmouthshire](#)
- [List of Secondary Schools in Monmouthshire](#)

- 52** The Medium Term Financial Plan (MTFP) supports the vision for Monmouthshire and extensive public engagement continued in 2018/19 for the 2019/20 budget and Medium Term Financial Plan which engaged with the public in their own community; this included website, social media, drop in sessions YouTube and open meetings. These were key to providing people with the opportunity to become informed.
- 53** During 2018/19 the Public Service Board (PSB) agendas and minutes were published online on the MCC website to ensure transparency.
- 54** Public engagement and consultation is key to the WFG Act. One of the five ways of working is Involvement - *the importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves*. This along with the other ways of working is now considered in all relevant decision making reports for Cabinet and Council through a Future Generations Evaluation which includes Equalities and Sustainability Impact Assessments. The progress of implementing the WFG Act was reported through the PSB and Cabinet in 2018/19.
- 55** Implementing Open Government standards which enable us to effectively engage with our citizens and open up our data for anyone who needs to use it. Making the most of digitisation and digital inclusion to enable us to engage with people across our County.

**Principle C: Defining outcomes in terms of sustainable economic, social, environmental and cultural benefits**

- 56** The Council's previous Improvement Plan and its improvement objectives were incorporated into the Corporate Plan for 2018/19. The Corporate Plan also references and links to the Well-being Plan.
- 57** Monmouthshire County Council has a strong sense of character and purpose. It shapes this in line with the goals and ambitions of its partners in other public services such as the NHS, Police, Public Health, housing associations and the Fire and Rescue Service. These and many more organisations are part of the Monmouthshire Public Service Board (PSB). Combining the ingenuity and initiative of all partners is key to finding new solutions to pressing, social, economic and environmental problems. This sense of 'power of the collective' is central to its core purpose, reflected in its values and embodied in its culture.
- 58** The Well-being Plan sets out the vision of the Public Service Board – a partnership of the key public service providers in Monmouthshire which includes the Council. The four identified objectives are:
- 58.1 Provide children and young people with the best possible start in life
  - 58.2 Respond to the challenges associated with demographic change
  - 58.3 Protect and enhance the resilience of our natural environment whilst mitigating and adapting to the impact of climate change
  - 58.4 Develop opportunities for communities and business to be part of an economically thriving and well connected county.
- 59** Under the Well-being of Future Generations (Wales) Act 2015 The Council has a responsibility to:
- Set and publish well-being objectives
  - Take all reasonable steps to meet those objectives
  - Publish a statement about well-being objectives
  - Detail arrangements to publish an annual report of progress
- 60** In March 2018 Council approved the Council's Well-being Plan and endorsed the Area plan.. The well-being objectives set bring together the latest evidence from the well-being assessment, policy and legislation and show how the Council will strive to deliver a public service that meets the needs of the present without compromising the ability of future generations to meet their own needs. The Well-being Objectives and Statement Annual Report (2017/18) was approved by Council in September 2018.

- 61** The Corporate Plan Objectives for 2017 to 2022 are supported by service plans to operationally deliver these objectives. Service plans were developed in 2018/19 covering all service areas and were updated quarterly and made available on the Council's Hub intranet site. These were quality assessed as part of the service planning process. All service plans include a direct link to the Council's Well-being objectives.
- 62** In February 2019 Council received the report to approve the continuation of the five goals set in the Corporate Plan in 2018 as the Council's objectives for 2019-20 to comply with the Local Government (Wales) Measure 2009.
- 63** Wales Audit Office presented its Annual Improvement Report to Audit Committee in September 2018. WAO has carried out work with all councils on improvement assessment, the Wellbeing of Future Generations Act, the service user and scrutiny as well as some local work. Wales Audit Officers have reported to Audit Committee on work completed from previous years at Monmouthshire. It concluded that the Council meets its statutory requirements for continuous improvement and there are no formal recommendations
- 64** Reports were taken through the scrutiny Select process during the year which linked service plans to the Council's policies, priorities and objectives. The agendas and minutes of which became public documents are available through the Council's website.
- 65** The Council was an early adopter of the Wellbeing of Future Generations Act which came into effect in April 2016. Preparation included increased awareness raising with Council members and officers. Extensive work was undertaken in 2016/17 to implement the act including training sessions and developing the Well-being assessment in partnership with PSB partners this was endorsed by Council and approved by the Public Service Board (PSB) in March 2017. Well-being and Future Generations continued to be a key theme and foundation through the reporting processes in 2018/19.
- 66** The Council is embracing the benefits of digital communications including social media use. It is also developing additional digital channels by introducing a Customer Services app, enabling people to interact and transact with the Council using mobile devices. The Council's website was further developed to make it easier to navigate and includes more transactional functions. Social media continued to thrive during 2018/19 through Twitter, Facebook and You Tube to raise awareness of forthcoming events, to provide live streaming of Cabinet, Council and other political meetings, to promote the activities and services provided and to show support and encouragement for community groups.
- 67** Enhancing the digital services with economic (effective and efficient processes aiding business interaction), environmental (less travel and print consumables) and social (digital customer centric services) continued to be a key aspect of improving services throughout 2018/19. Outcomes are measured via the Digital Programme Office Service plan and performance planning process.
- 68** To ensure the best use is made of resources and that taxpayers and service users receive excellent value for money, there are a number of mechanisms within the Council to support this. The option appraisals for the 21<sup>st</sup> Century Schools considered cost and quality to determine the best outcome for the service; budget mandates were in place to monitor and capture the savings assessments; the IT Board reviewed business cases for future IT investment.
- 69** Regular budget / outturn reports for revenue and capital were presented to and approved by Cabinet during the year, and the budget management actions of Cabinet and senior officers are scrutinized by 4 of the Select committees quarterly. The budget monitoring reporting cycle periodically contains some output measures and unit cost data, so that economic comparison of costs with other Councils can be made. Previously the Council has compared very favourably to others.
- 70** The MTFP process for 2019/20 to 2022/23 was reviewed and approved by Cabinet in November 2018. The Capital Strategy Assessment 2018/19 and Draft Capital Budget Proposals 2019/20 to 2022/23 were taken to Cabinet in December 2018. Draft Revenue Budget Proposals 2019/20 also went to Cabinet in December 2018. Final Proposals went to Cabinet in February 2019. The budget was set in January 2018 by Council for 2018/19. Ongoing scrutiny of the Council's budget position in line with the MTFP

has provided members with a greater understanding of the budget setting process and the pressures within individual directorates.

- 71 An authority-wide performance measurement system for the Council, the “data hub”, hosted on the Council’s intranet site continues to be used and further developed. This is available within 3 clicks of the homepage that opens up on all laptops and enables members and officers to track and monitor key data at any point in time from key strategic plans to directorate level “dashboards”. This also allows performance to be compared against other council areas, where applicable. A Cabinet level dashboard contains a number of key performance measures and is discussed quarterly by SLT and Cabinet.
  
- 72 An Overview of Performance Management Arrangements was reported to Audit Committee in November 2018. This was an update on the current effectiveness of the Authority’s performance management arrangements. It provides an appraisal of the arrangements that make up the performance framework to ensure that Audit Committee are able to take an overview of their effectiveness. Each arrangement has been scored based on the council’s self evaluation framework; the key elements were all scored *adequate* or *good*, no measure was scored *weak* or *unsatisfactory*.
  
- 73 The Council utilises ‘Buy For Wales’ contracts to ensure value for money is obtained in procuring the many goods and services required to run the Council. A nationwide analysis found that MCC had the highest proportion of spend with SMEs of any local authority in the UK (Source:<http://www.spendsmall.org/>)
  
- 74 The Equality Impact Assessment and Sustainable Development checklist have been revised and combined to align with the Future Generations Act. The “Future Generations Evaluation “ ensures the decisions the Council makes are carefully considered to take equality and sustainable development into account, this includes legislation that Monmouthshire County Council is subject to the Equality Act 2010, Wellbeing of Future Generations Act and Welsh Language (Wales) Measure 2011. A range of these were undertaken during 2018/19 which have been published on the website accompanying decision making reports.
  
- 75 The WAO reported on their follow on review of Good Governance when determining significant service changes, through Audit Committee in July 2017. They concluded that the Council has a clear strategic approach for significant changes, although, better information would help Members when deciding the future shape of the Council.

**Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

- 76 The Local Authority is a partner in the South East Wales Consortium Schools Causing Concern protocol. This Policy forms a part of, and is aligned with, the National Model for School Improvement in relation to the informal support and challenge provided by the Local Authority (LA) to a school prior to any issuing of a warning notice or invocation of formal powers of intervention based on the six grounds for intervention. It also aligns with the Welsh Government (WG) Guidance on Schools Causing Concern (March 2016).
  
- 77 Contract Procedure Rules exemptions are reported to the Audit Committee 6 monthly; managers have been challenged in year to justify their procurement outside the Council agreed procedures. Several managers were called in to Audit Committee to give an account of why accepted procedures were not followed.
  
- 78 Regular reporting into Cabinet, Scrutiny and Audit Committee enables the achievement of the Council’s objectives to be challenged and appropriate action plans put in place to address any identified issues so that the intended outcomes can be achieved. The Improvement Objectives and Performance indicators – 2018/19 were taken through Select Committees six monthly. The Strategic Risk Assessment 2018 was also taken through Select Committee, Audit Committee and signed off by Cabinet during the year.

**79** Dealing with customer complaints helps Monmouthshire to identify and deal with failures in service delivery. The Council's complaint / compliment procedure is available on the web site. Out of 87 complaints received in 2017/18, 74 were resolved informally although 1 complaint was referred to the Ombudsman, who decided not to investigate. 13 formal complaints were received, 2 of which were escalated. 123 comments were received along with 189 compliments.

**Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it**

**80** The Council's recruitment procedures provide equality of employment opportunities. The equality-assessed pay structure meets the requirements of the Single Status Agreement of 1997. The Single Status Collective Agreement was approved by Cabinet in September 2010. This is complemented by the People Strategy, endorsed by Cabinet July 2018 having gone through scrutiny select consultation.

**81** Developing the digital capabilities of people and systems to enable effectiveness, efficiency and enhanced customer services ( measured via the Digital Programme SIP)

**82** There is continued support for Members' development through briefing sessions and other learning opportunities. A comprehensive training programme was developed for the intake of new members following Council elections in May 2017 including:

Council Induction	Licensing	Audit
Planning	Scrutiny	Children & Young People
Finance	Governance	Safeguarding
Security at Events	Equalities	

**83** There is also ongoing training and development which meets the needs of officers and members through the corporate programme. Coaching and leadership skills training will be rolled out to all managers in due course. Check in, Check Out provides a value-based performance assessment approach between staff and line managers and aims to ensure employees have clear and effective understanding of their contribution to the objectives of their teams and subsequently the Council.

**84** Scrutiny Member Development programme is in place which provides ongoing specific skills based training for Members and includes scrutiny induction.

**85** Appropriate and relevant job descriptions were in place for the Chief Executive, Senior Leadership Team (SLT), Monitoring Officer and Head of Finance.

**Partnerships/collaboration working**

**86** There is Council policy on information sharing along with numerous information sharing protocols with our partners; this is included within the Data Protection Policy. Information sharing is key to joined-up service delivery. The Wales Accord on the Sharing of Personal Information (WASPI) was developed as a practical approach to multi agency sharing for the public sector in Wales, and Monmouthshire signed up to this in January 2011. The Authority is required to meet statutory obligations regarding the handling and sharing of data, in accordance with the Data Protection Act 1998 and more recently, the General Data Protection Regulation 2018. The Information Sharing protocol has been developed to ensure information is only shared appropriately, safely and compliantly.

**87** The Council ensures that it has appropriate governance arrangements around its collaborations with other public agencies and other third parties. These can take a range of forms, from informal arrangements to those where governance arrangements are determined through legislation. The governance arrangements form a key part of the decision making processes that the Cabinet or Council follow when deciding to enter a collaborative arrangement, transparent local accountability is a key area of focus.

- 88 As a key example of our commitment to effective governance, arrangements have been developed for the PSB Select Committee.
- 89 A Partnership Audit was undertaken and reported into the Audit Committee in May 2014; 100 partnership / collaboration arrangements were identified. Governance arrangements have been put in place around all key partnerships the Council is involved with. Monmouthshire's Partnership Structure is now shown on The Hub and was reported through Strong Communities Select in April 2016.
- 90 The Community & Partnership Development Team was developed in order to help build sustainable and resilient communities that support the wellbeing of current and future generations in Monmouthshire which is a shared purpose with the public service board partners. The Team work with communities and partners to help bring about social change and improve the quality of life in the county. The team act as enablers, unlocking potential and supporting sustainability through collective impact; providing a resource and tangible link between local communities and a wide range of partners; enabling the delivery of measureable and sustainable programme of activities that will constantly look to the future. The team will ensure MCCs statutory duties are fulfilled across the partnerships landscape in relation to:
- 90.1 Crime & Disorder Act & Community Safety
  - 90.2 VAWDASV & DHR's
  - 90.3 UNCRC & Youth Support Services
  - 90.4 Older Peoples Phase 3 Strategy
  - 90.5 Armed forces Community Covenant
  - 90.6 Delivery of PSB wellbeing objectives
  - 90.7 Working closely with partners and communities to deliver a joined up approach against our Social Justice Strategy
- 91 WAO's Corporate Assessment on the Council, reported through Audit Committee in January 2016, stated "The Council demonstrates ambition in its vision, enthusiasm to deliver and commitment to working collaboratively, but this needs to be supported by a clearly joined-up strategic approach and effective delivery mechanisms." In May 2016 Cabinet agreed to commission a strategic programme of whole-authority work called 'Future Monmouthshire'. Future Monmouthshire identified shifts and changes needed in Monmouthshire and positioned the Council as the key enabler in bringing them about. It will inform the development of a new business model for the Council in order to equip it to meet its goals amidst increasing change and uncertainty. This model continues to help inform planning for any further partnership and collaborative working.

#### **Principle F: Managing risks and performance through robust internal control and strong public financial management**

- 92 There are robust arrangements for effective internal financial control through the Council's accounting procedures and financial regulations. These include established budget planning procedures, which are subject to risk assessment, and regular reports to members comparing actual revenue and capital expenditure to annual budgets. The Chief Finance Officer is responsible for the proper administration of the Council's financial affairs, as required by Section 151 of the Local Government Act 1972. Procedures for tendering and contract letting are included in the Contract Procedure Rules and Financial Procedure Rules. The Council's Treasury Management arrangements follow professional practice, are subject to regular review and are contained in the Treasury Management Strategy approved by Council each year.
- 93 Wales Audit Office made a proposal for improvement to the Council as part of their Annual Improvement Report 2014-15, published in November 2015, to "Strengthen the governance and challenge arrangements by: ensuring that minutes of meetings are signed at the next suitable meeting in accordance with the Council's constitution to improve timeliness and transparency of public reporting; and reconsider the Council's policy of not formally minuting Cabinet meetings". All agendas are published in advance on the Council's website and the Cabinet meetings are live streamed.

- 94** In July 2017 Wales Audit Office reported to Audit Committee that the “Council has a clear strategic approach for significant service changes, although better information would help Members when deciding the future shape of the Council”.
- 95** In its Annual Improvement Report 2017/18, reported to Audit Committee September 2018, WAO concluded that:

WAO Area of Review	WAO Conclusion
February 2018 Aligning the Levers of Change – Current Successes and Remaining Challenges	The Council is keen to innovate to achieve the potential benefits of shared services and technological approaches, and learn lessons from recent projects and experiences to help it further improve.  [no Proposals for improvement]
August 2018 'Scrutiny: Fit for the Future?' Review	The Council is continually developing its scrutiny function and is aware of future challenges, but support arrangements for the Public Service Board scrutiny committee need to be strengthened.  [x5 Proposals for improvement]
November 2017 Review of Asset Management	The Council has a good understanding of its assets, however it lacks a strategic approach and effective information technology to support the management of its assets.  [x1 Proposal for improvement]
December 2017 Information Management	The Council has information management arrangements that could support improvement, but these need strengthening before their benefits can be fully realised.  [x5 Proposals for improvement]
August 2018 Whole Authority review of children's safeguarding	Children's safeguarding policy and procedures have recently improved, but there are shortcomings in some critical areas of policy and operation.  [x4 Proposals for improvement]
November 2017 Annual audit letter 2016-17	<ul style="list-style-type: none"> <li>• The Council complied with its responsibilities relating to financial reporting and use of resources</li> <li>• the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources</li> <li>• our work to date on certification of grant claims and returns had not identified any significant issues that would impact on the 2015-16 accounts or key financial systems.</li> </ul>



May 2017 Wales Audit Office annual improvement plan audit	The Council has complied with its statutory improvement planning duties.
October 2017 Wales Audit Office annual assessment of performance audit	The Council has complied with its statutory improvement reporting duties.

- 96** The anti-fraud, bribery and corruption strategy was revised and updated during 2017/18. It was approved by Cabinet July 2017 and provides a deterrent, promotes detection, identifies a clear pathway for investigation and encourages prevention. The Council's Council Tax Reduction Anti-Fraud Policy was approved by Cabinet in June 2015. A training package is being developed to roll out to all managers and raise awareness of anti-fraud, bribery and corruption issues.
- 97** The Audit Committee considers the effectiveness of the Council's arrangements for securing continuous improvement including risk management arrangements. The Audit Committee also considers corporate governance, monitors the work of auditors and inspectors, and monitors the relationships between auditors and staff and the responses to audit and inspection recommendations. It also has responsibility for reviewing the Annual Statement of Accounts and its associated reports (which include this statement) before approval by Council. The Audit Committee has an independent, non-political, Chairman who prepares an annual report of the work of the Audit Committee.
- 98** Internal Audit operate to the standards set out in the 'Public Sector Internal Auditing Standards' which have been developed from the Institute of Internal Auditors (IIA) International Internal Auditing Standards which came into effect in April 2013. The team's role and status is set out in the Council's Internal Audit Charter. The Chief Internal Auditor reports to the Audit Committee a summary of audit findings for each quarter, and also reports annually an opinion on the overall adequacy and effectiveness of the Council's control environment.
- 99** The Chief Internal Auditor continues to ensure Internal Audit complies with the Public Sector Internal Audit Standards. A self assessment was undertaken during 2017/18 to assess compliance with the Standards which was validated in March 2018 by an external assessor, the Chief Internal Auditor of Neath Port Talbot Council. The outcome of which was that the Internal Audit team is generally compliant, the highest level of compliance.
- 100** The Council has an objective and professional relationship with its external auditors and statutory inspectors. It manages its information resource through strategies and policies to enable effective decision making which is managed via the Information Strategy and action plan.

**Risk management**

- 101** The Council's Strategic Risk Management Policy was updated and approved by Cabinet in March 2018 and March 2019. The revisions provide greater clarity on how the risk levels are to be assessed. The policy requires the proactive participation of all those responsible for planning and delivering services in identifying, evaluating and managing high level strategic risks to the Council's priorities, services and major projects. The risk controls necessary to manage them are identified and monitored to ensure risk mitigation.
- 102** Within the Council the purpose of risk management is to:
- preserve and protect the Council's assets, reputation and staff
  - aid good management of risk and support whole authority governance
  - aid delivery of it's population outcomes internally and when working with partners
  - improve business performance and anticipate risks in delivering improvements
  - avoid unnecessary liabilities, costs and failures
  - shape procedures and responsibilities for implementation.

The strategic risk assessment ensures that:

- Strategic risks are identified and monitored by the Authority
- Risk controls are appropriate and proportionate
- Senior managers and elected members systematically review the strategic risks facing the Authority.

The risk assessment is prepared by drawing on a wide range of evidence including service plans, performance measures, regulatory reports, progress on the previous risk assessment and the views of select committees. In order to mitigate the risks, proposed action was recorded and factored back into the respective service improvement plan. The risk assessment is a living document and is updated over the course of the year as new information comes to light. The Strategic Risk Assessment in 2018/19 was also taken through Select Committee, Audit Committee and signed off by Cabinet during the year.

**103** The Council's Strategic Risk Assessment for 2018/19 contains 13 distinct risks. Following the revised policy these were updated and reviewed throughout the year with the latest version being made available to members via The Hub (March 2019).

Ref	Risk	Year	Risk Level (Pre – mitigation)	Risk Level (Post – mitigation)
1	The authority does not remain relevant and viable for future generations due to not having a sustainable delivery model.	2018/19	Medium	Low
		2019/20	Medium	Low
		2020/21	Medium	Low
2	Without appropriate and effective governance infrastructure the Council may not deliver its objectives.	2018/19	Medium	Low
		2019/20	Medium	Low
		2020/21	Low	Low
3	The Council and partners do not make sufficient progress to improve well-being through regional and partnership working.	2018/19	Medium	Medium
		2019/20	Medium	Medium
		2020/21	Medium	Low
4	Some services may become financially unsustainable in the short to medium term due to increasing demand and continuing financial pressures	2018/19	Medium	Low
		2019/20	Medium	Low
		2020/21	Medium	Low
5	The authority is unable to deliver its political priorities due to insufficient capital funding availability which may also lead to risks of maintaining key infrastructure and other identified pressures.	2018/19	Medium	Medium
		2019/20	Medium	Medium
		2020/21	High	Medium
6	Our workforce is not sufficiently resourced and does not have the right mix of skills and issues with recruitment and retention in certain service areas impacts our ability to deliver change, improve performance and deliver our objectives.	2018/19	Medium	Medium
		2019/20	Medium	Medium
		2020/21	Medium	Low
7	Significant harm to vulnerable children or adults due to failure of safeguarding arrangements	2018/19	Medium	Medium
		2019/20	Medium	Medium
		2020/21	Medium	Medium
8	The robust delivery of the Council's corporate parenting responsibility and services related to safeguarding vulnerable children as a result of an increase in demand and complexity in case in Children's services.	2018/19	Medium	Medium
		2019/20	Medium	Medium
		2020/21	Medium	Medium

**ANNUAL GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 MARCH 2019**

9a	Failing to meet the needs of all learners, including specific groups of vulnerable learners, due to Monmouthshire's schools' methods of learning not adequately adapting to changes in curriculum and examination requirements	2018/19	Medium	Medium
		2019/20	Medium	Medium
		2020/21	Medium	Low
9b	The Authority fails to provide sufficient support to promote equity and pupils' well-being which may result in children & young people not achieving their full potential	2018/19	Medium	Medium
		2019/20	Medium	Medium
		2020/21	Medium	Low
10a	Information security breaches due to mismanagement of information or external parties gaining access to the network could result in critical and sensitive data being lost, compromising the delivery or availability of Council services and the interaction with external agencies and partners.	2018/19	Medium	Medium
		2019/20	Medium	Medium
		2020/21	Medium	Medium
10b	Not adequately transitioning to the requirements of the General Data Protection Regulation resulting in reputational damage and risk of fines to the Council	2018/19	Medium	Medium
		2019/20	Medium	Low
		2020/21	Medium	Low
11a	A lack of appropriate infrastructure in the County to meet future needs due to key Local Development Plan housing policy targets not being met, in conjunction with the County's changing demography and weak economic base, and other external changes such as removal of the Severn Bridge tolls impacting on the county.  ICT infrastructure is also important to meet future needs and this has been identified as a specific related risk below (risk 11b)	2018/19	Medium	Medium
		2019/20	High	Medium
		2020/21	High	Low
11b	Insufficient ICT infrastructure and skills in the county have the potential to lead to social and economic disadvantages	2018/19	Medium	Medium
		2019/20	Medium	Medium
		2020/21	Medium	Medium
12	Political, legislative and financial uncertainty for council services and local businesses as a result of the UK leaving the European Union.	2018/19	High	High
		2019/20	High	High
		2020/21	High	High
13	The authority cannot deliver its services due to potential internal/external factors – resulting in service disruption due to lack of Business Continuity planning.	2018/19	Medium	Medium
		2019/20	Medium	Medium
		2020/21	Medium	Medium

**Principle G:** Implementing good practices in transparency, reporting, and audit to deliver effective accountability

**104** The South East Wales Education Achievement Service (EAS) Business Plan 2018-2020 was presented to Cabinet in March 2018. The plan sets out the priorities, programmes and outcomes to be achieved by the EAS on behalf of the South East Wales Consortium.

**105** The updated People Strategy was endorsed by Cabinet in July 2018; this is the overarching framework for People and Organisational Development which supports its role in ensuring the organisation is equipped with the collective capacity, capability and mindset to meet financial and improvement challenges and respond to opportunities that present.

- 106** The Council's first Commercial Strategy was endorsed by Cabinet in July 2018; The purpose of this report was to present for approval the Council's first Commercial Strategy and accompanying action plan. The strategy builds upon aspects of the Procurement, Digital and Asset Management Strategies and is a key means through which the Council can play a role in the self-determination of its future viability and sustainability.
- 107** In July 2018, the updated Digital Strategy was approved by Cabinet. MCC's first digital strategy, iCounty, was implemented in July 2014 and was based on three pillars of:
- a) Improving internal services, data delivery and infrastructure
  - b) Digitally enabled, inclusive and connected communities
  - c) Creating products and commercial assets
- 108** There have been significant developments in technology in the last 4 years, and the experience, data and evidence we have collected from our customers about the way they wish to engage and transact with us has informed this new strategy. Our workforce needs to have the digital knowledge and skills to build in end to-end automated customer services and business processes. We need to reduce demand through self-service facilities and provision of accurate, relevant data and information that people can use with confidence to make decisions.
- 109** Also in July 2018, the Council's latest iteration of its Procurement Strategy was approved by Cabinet. The Strategy builds upon workshop sessions undertaken with the Economy and Development Select Committee and the aims, aspirations and priorities for procurement, identified throughout the participative process.
- 110** Transparency and openness is important to Monmouthshire; the Annual Statement of Accounts was taken through the Audit Committee process before being endorsed by Council. All public meetings of the Council, including Council, Cabinet, Select, Audit Committee, Planning Committee are live streamed on YouTube and are available to view on the Council's YouTube channel at any time after the meeting, which provides greater transparency of the Council's business.
- 111** The Corporate Plan also aligns with the People, Asset Management, MTFP and SRS strategies as well as linking in with MCC's Service Plans.
- 112** The Audit Committee continues to support the Internal Audit team and endorses its annual report and plan. The plan details the work and service areas the team will cover based on a risk assessment in order to provide assurance on the adequacy of the internal controls, governance arrangements and risk management process.
- 113** The Whole Authority Report complaints, comments and compliments 2017/18 was presented to Audit Committee in January 2019 which identified the number and types of feedback received and dealt with from 1 April 2017 until 31 March 2018. The report also provided a summary of the number of Freedom of Information Act (FOI) requests received and dealt with by the Council during this period.

### **Information Governance**

- 114** Monmouthshire County Council (MCC) worked through a "Dripping tap campaign" to raise awareness of and comply with the General Data Protection Regulation 25<sup>th</sup> May 2018- specifically following the "12 Steps to Compliance" as recommended by the Information Commissioner's Office (ICO). The Information Governance Group chaired by Senior Information Risk Officer (SIRO), meet regularly to ensure that MCC is on track. GDPR Operational Leads have been established, along with Digital Champions linking in with teams, individuals and volunteers to ensure compliance and messages are communicated. Elected Members are data controllers in their own right and must register with the ICO.
- 115** Activity undertaken included: workshops, conference, focus groups, drop-in sessions including legal and procurement advice, HUB articles, online Quiz (186+ participated) all staff emails and face to face training (450+staff to date). MCC has also produced a short video introducing the key principles of GDPR A-F (200+ views), signposting where to find further information about compliance, all staff had to watch before 25<sup>th</sup> May 2018. GDPR is now introduced at Corporate and local inductions, to become embedded as a culture.

**116** To provide tools to do the job, MCC have a dedicated GDPR website (over 2k visits to date) with templates (e.g. for privacy notices), charts (e.g. for establishing individual rights) and general advice/updates on the regulation. There are 24 open and transparent service plans published internally on specific work stream actions being undertaken in following the brackets: Data collection and use, retention and disposal, systems and technology, security, governance, training/ awareness and staff data.

**117** To keep the public informed, MCC has now published its online privacy notices for relevant service areas. Services also where appropriate, pro-actively promote notices by way of email, newsletter, app notification, letter, printed display or web link. Privacy notices are to be reviewed by Services on a regular basis for accuracy along with other GDPR related documents (Such as Information Audit- “Systems List” and Data Protection Impact Assessments).

**118** The Corporate GDPR Policy is on the public website for clarity. Related policies will be updated accordingly by relevant lead officers, so that they satisfy GDPR requirement. Links are in place to work with the South East Wales Information Forum (SWIF) on a regular basis to share best practice. Good housekeeping is encouraged as is continuous improvement to mitigating against the risk of harm to individuals, although it is recognised further work is required to back date data cleansing tasks which require considerable capacity.

**Main areas for Improvement**

**119** The Council will continue to monitor and review its governance arrangements and identify any gaps. These will be addressed during the year to further strengthen governance in Monmouthshire County Council:

- continue to deliver awareness raising sessions on the importance of compliance with Contract Procedure Rules and Financial Procedure Rules;
- Revise and update the Code of Corporate Governance and get it formally approved by Cabinet
- The Council will work through the WAO Proposals for improvement in the following areas:
  - Scrutiny: Fit for the Future?
  - Review of Asset Management
  - Information Management
  - Whole Authority review of children’s safeguarding

**Action Plan 2017/18**

**120** Appendix 1 shows how the 2017/18 Action plan areas for improvement have been addressed during 2018/19.

**121** An Action Plan for 2018/19 has been developed to capture known gaps in the Council’s governance arrangements; the areas for improvement will be reviewed and considered during 2019/20 to further enhance the Council’s governance arrangements. This is shown at Appendix 2.

**Monitoring & Evaluation**

**122** We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

**Signed:** .....**2019**  
**Leader**

**Signed:** .....**2019**  
**Chief Executive**

**Progress against 2017/18 AGS Action Plan**

The following Table outlines where the Council has addressed gaps previously identified in its governance arrangements:

Governance Principle	Area for Improvement	Progress
Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Continue to deliver awareness raising sessions on the importance of compliance with Contract Procedure Rules and Financial Procedure Rules;	Internal Audit have continued to deliver training sessions within schools and on the manager's induction programme.
Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	The Code of Corporate Governance was last approved by Council in July 2011. This will need to be updated and approved in line with Delivering Good Governance in Local Government Framework 2016'	Outstanding.
Principle F: Managing risks and performance through robust internal control and strong public financial management	Improve performance management arrangements and improve strategic planning	

## Action Plan 2018/19

The following areas will be reviewed and considered during 2019/20 to further enhance the Council's governance arrangements:

Governance Principle	Area for Improvement	Progress
Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Continue to deliver awareness raising sessions on the importance of compliance with Contract Procedure Rules and Financial Procedure Rules;	
Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	The Code of Corporate Governance was last approved by Council in July 2011. This will need to be updated and approved in line with Delivering Good Governance in Local Government Framework 2016'	
Principle F: Managing risks and performance through robust internal control and strong public financial management	The Council will work through the WAO Proposals for improvement in the following areas: <ul style="list-style-type: none"> <li>▪ Scrutiny: Fit for the Future?</li> <li>▪ Review of Asset Management</li> <li>▪ Information Management</li> <li>▪ Whole Authority review of children's safeguarding</li> </ul>	

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**SUBJECT: INTERNAL AUDIT SECTION  
Outturn Report 2018/19**

**DIRECTORATE: Chief Executive  
MEETING: Audit Committee  
DATE: 13 June 2019**

**DIVISION/WARDS AFFECTED: All**

## 1. PURPOSE

To receive and consider the Annual Audit Outturn Report for 2018/19.

## 2. RECOMMENDATION(S)

That the Audit Committee endorse the Outturn Report.

## 3. KEY ISSUES

3.1 The Chief Internal Auditor has to give an overall opinion on the adequacy of the internal control environment operated within the systems and establishments of Monmouthshire County Council.

3.2 The audit opinions issued reflect the level of assurance obtained; these are shown at Appendix A. 32 audit opinions were issued during 2018/19 ranging from Substantial to Limited. The overall opinion was **Reasonable**, which indicates *the systems were adequately controlled, although risks identified which could compromise the overall control environment. Improvements required.*

3.3 6 reviews were given **Limited** assurance.

3.4 The Internal Audit team achieved 84% of the agreed 2018/19 audit plan against a target of 82%.

## 4. REASONS

4.1 Monmouthshire County Council, as a local government organisation, is subject to The Accounts and Audit (Wales) Regulations 2014 and therefore has a duty to make provision for internal audit in accordance with the Local Government Act.

- 4.2 Internal Audit is an independent function established by the management of Monmouthshire County Council to provide an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 4.3 In line with the Public Sector Internal Auditing Standards, the Chief Internal Auditor should present a formal annual report to the Council which gives an opinion on the overall adequacy and effectiveness of the Council's internal control environment. During 2017/18 the Internal Audit team were independently assessed against these standards and were found to be compliant.
- 4.4 This is the Internal Audit Annual Report.

## **5. RESOURCE IMPLICATIONS**

None.

## **6. CONSULTEES**

Chief Officer Resources

## **7. BACKGROUND PAPERS**

Annual Outturn Report 2018/19 - attached  
Operational Audit Plan 2018/19  
Strategic Audit Plan  
Public Sector Internal Auditing Standards

## **8. AUTHOR AND CONTACT DETAILS**

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**INTERNAL AUDIT SECTION  
ANNUAL OUTTURN REPORT  
2018/19**

**YEAR ENDED 31st MARCH 2019**

**Date: May 2019**

## 1. Introduction

- 1.1 Monmouthshire County Council, as a local government organisation, is subject to The Accounts and Audit (Wales) Regulations 2014 and therefore has a duty to make provision for internal audit in accordance with the Local Government Act.
- 1.2 The Regulations state that the Responsible Finance Officer (S.151) of the organisation shall maintain an adequate and effective internal audit of the accounts of that organisation and its systems of internal control. Internal Audit undertakes this role on behalf of the S.151 Officer. Internal Audit is seen as an independent function established by the management of Monmouthshire County Council for the review of the internal control system as a service to the organisation. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper economic, efficient and effective use of resources.
- 1.3 In line with the Public Sector Internal Auditing Standards, the Chief Internal Auditor should present a formal annual report to the Council 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; and
  - e. comment on compliance with these standards and communicate the results of the internal quality assurance programme.
- 1.4 This report is the Annual Internal Audit Report which meets the requirements of the Standards. It provides the overall audit opinion for Members on the internal controls operating within the County Council and provides a summary of the work completed during the year, identifying key findings and outcomes from the work undertaken. It also outlines the performance of the Internal Audit team during the year against agreed pre-set targets.

- 1.5 The internal controls operating within the Council are of a complex nature, reflecting the organisational arrangements. Internal Audit plans its work to address the major risks that the Authority faces. That work is not designed to check the work of others but to comment on the controls in place to protect the Council from loss of assets or inefficient operations, whatever the cause.
- 1.6 The objectives of the Section for the year were: -
- (a) To deliver an internal audit service in accordance with the Public Sector Internal Auditing Standards and meeting statutory requirements;
  - (b) To undertake risk-based assessments of the Authority's internal control environment and hence contribute to the Annual Governance Statement;
  - (c) To maintain and enhance the audit involvement in all areas as an aid to good financial stewardship;
  - (d) To assist external audit in forming their audit opinion as part of the Managed Audit arrangements;
  - (e) To assist the Senior Leadership Team in the improvement process and to review the Performance Indicators contained in Monmouthshire County Council's Improvement Plan.

## **2. Audit Opinion**

- 2.1 In 2018/19, based on the planned work undertaken during the year, overall, the systems and procedures in place were adequately controlled, although risks were identified which could compromise the overall control environment; improvements are required. The opinion definitions are noted at Appendix A.
- 2.2 The overall audit opinion for the internal controls operating within the Council in 2018/19 was **Reasonable**:

The Internal Audit team has completed its internal audit work for the year based upon the Operational Audit Plan approved by the Audit Committee in March 2018. The Plan was designed to ensure adequate coverage over the Council's accounting and operational systems using a risk based assessment methodology.

The audit work included reviews, on a sample basis, of each of these systems/establishments sufficient to discharge the Authority's responsibilities for Internal Audit under section 151 of the Local Government Act 1972 and The Accounts and Audit (Wales) Regulations 2014. The opinion is based upon the work undertaken. Work was planned in order to provide sufficient evidence to give me reasonable assurance of the internal control environments tested.

Based on the planned work undertaken during the year, in my view the internal controls in operation are **Reasonable; Adequately controlled, although risks identified which could compromise the overall control environment. Improvements required.**

The opinion expressed relates only to the systems and areas reviewed during the year.

Andrew Wathan  
Chief Internal Auditor  
May 2019

- 2.3 On undertaking audit reviews in accordance with the Annual Audit Plan, an opinion is given on how well the internal controls of the system or establishment are operating. Internal audit reports provide a balanced view of the controls in place. The opinion is determined by the number of strengths and weaknesses identified during the course of the review and the risk rating and priority given to each. Each audit review undergoes a comprehensive review process by the Audit Manager and occasionally the Chief Internal Auditor before the draft report is sent out to management. The controls are generally measured against a predetermined matrix of expected internal controls for each system; for fundamental systems these are usually derived from CIPFA.
- 2.4 The overall opinion has been compiled from individual audit reviews undertaken during the year [Appendix B].

<b>Audit Opinion</b>	<b>2016/17</b>	<b>%</b>	<b>2017/18</b>	<b>%</b>	<b>2018/9</b>	<b>%</b>
Substantial	3	11	2	5	2	6
Considerable	10	36	13	32	11	34
Reasonable	7	25	17	43	13	41
Limited	8	28	8	20	6	19
	28	100	40	100	32	100
<b>Overall Opinion</b>	<b>Reasonable</b>		<b>Reasonable</b>		<b>Reasonable</b>	

- 2.5 Managers within directorates need to ensure that robust internal controls are in place and adhered to in order to ensure that the systems in operation run efficiently and effectively and the scope for misappropriation, theft or error is minimised. Heads of Service have a responsibility to ensure that the Council's Financial Procedure Rules and Contract Procedure Rules are complied with at an operational level. Staff should be made aware of these and the requirements therein and the consequences of non-compliance.

### **3. Extent of Coverage**

- 3.1 It is considered that adequate audit coverage was provided to all service areas.
- 3.2 Overall, whilst not all planned audits were carried out, the actual number achieved is considered acceptable in view of the relative risk and priorities of other audit needs.

### **4. Audit Coverage**

- 4.1 The full list of audit reviews completed by the Section during the year is shown in the attached Appendix B, together with the relevant internal control opinion awarded recorded for each audit.
- 4.2 Control opinions range from Substantial to Limited in accordance with the definitions shown in Appendix A.

4.3 Audit reviews concluding with a control opinion of limited assurance are routinely reported (in summary form) to the Audit Committee. For 2018/19 there were 6 **Limited** opinions.

- i. Caldicot Castle
- ii. Fuel Cards Follow up
- iii. Attendance Management
- iv. H&S of Council buildings
- v. Imprest Account – Children’s Services
- vi. Agency Workers

4.4 Details of why these audit reviews resulted in limited assurance being given will be presented to Audit Committee separately.

4.5 The report format simplifies the outcome of the audit process and gives operational managers a clear indication of the audit opinion following the audit review. The audit opinions provide a level of assurance and are colour coded in line with the traffic light system (Appendix A).

## 5. Non-Audit Duties

5.1 The team now has a minimal involvement with controlled stationery, although still administers the imprest account process.

## 6. Fraud, Irregularity and Special Work/Investigations

6.1 During the year the Section undertook unplanned or special work, including the investigation of suspected fraud, irregularities and non-compliance:

Safeguarding & H&S concerns
Data Subject Access Request
Poor control over income records / favouritism
Maladministration
Unauthorised payroll transactions
Conflict of interest / Moonlighting



## **7. Training**

- 7.1 During the year a number of staff attended external courses / seminars on a variety of topics to ensure continued professional development. Currently 2 of the team are being supported through their professional Internal Audit qualifications.
- 7.2 The Section also participates in a number of local audit groups including the Welsh Chief Auditors' Group, the South Wales Chief Auditors' Group and respective sub groups.
- 7.3 Management fully support the development and training of the audit staff and will continue to send staff to appropriate seminars/courses etc., to maintain an awareness of technical and legislative developments and to support user groups within the area in order to provide a more effective service. This will be beneficial on a personal and professional level.

## **8. Audit Team Performance**

- 8.1 To ensure a quality Internal Audit service is provided, the Section uses a range of performance indicators which it compares with other Welsh authorities via the Welsh Chief Auditors' Group.
- 8.2 As shown at Appendix C, the performance of the audit team during 2018/19 was good in that the team achieved 84% of the agreed plan against a target of 80%. This was despite being involved with a number of special investigations.
- 8.3 Excluding finalisation work from 2017/18, 93 audit jobs were planned for 2018/19; 78 jobs were completed to at least draft report stage. [Not all jobs in the plan would warrant an audit opinion eg financial advice, Annual Governance Statement, NFI, external work, grant claims]. Productive audit days planned for the year amounted to 982; actual days charged were 980.
- 8.4 The team's performance of completion of work within planned time showed the team completed 64% of jobs within planned time compared to 43% in the previous year. This is something audit management will continue to look to improve in the current year.
- 8.5 As a measure of the quality of the work produced, the Section was able to report that 98% of its recommendations were accepted by the relevant client managers. [This does not take into account reports that were in draft at year end]. The percentage of previously agreed recommendations which had been implemented or partially implemented will be reported later in the year.

- 8.6 Getting audit reports out to clients in a timely manner is a key aspect of maintaining relationships and ensuring control weakness are addressed at an early stage. As a result of management involvement with significant special investigations and unplanned work throughout the year, the team did not do as well as expected in getting reports out to operational managers, although this was a significant improvement on the previous year.
- a. Final reports were sent out 18 days following receipt of management comments, against a target of 5 days.
  - b. Draft reports were sent out to clients 9 days after the completion of the audit work against a target of 17 days.
- 8.7 Of the audit evaluation questionnaires which were returned by operational managers, 100% were satisfied with the audit service they had received although it is recognised that timeliness of reporting needs to improve. The feedback received also gave an indication of the added value of undertaking audits across all directorates; examples of which are shown at Appendix D.

## **9. Conclusions**

- 9.1 It is considered that, over the course of the financial year, the objectives of the Section (as stated in paragraph 1.6) have been met.
- 9.2 The reporting procedures for all areas of the Section are now well established. Working practices are updated as a matter of course to underpin the quality of work undertaken. Team meetings are held on a regular basis to ensure all staff are kept aware of new developments.
- 9.3 However, due to the impact of special work, there were certain areas in the Audit Plan that could not be covered in the year. The Section's management maintained a continuous review process throughout the year to ensure that the highest risk areas were targeted and the Section's Operational Plan for 2018/19 was also designed to ensure that any priority areas outstanding would be covered in the next financial year.
- 9.4 The objective of the Internal Audit team is to provide assurance to Management and Members of the adequacy of the internal control environment, governance arrangements and risk management processes within Monmouthshire. Reduced audit staff resources leads to less coverage across the services provided by the Council which limits the assurance that can be given. In addition the team becomes less flexible in its ability to undertake special investigations in response to allegations of fraud, theft or non compliance.
- 9.5 The Chief Internal Auditor will have to monitor the situation closely and use a range of options to ensure appropriate audit coverage is

provided. Although demands on the resources are increasing, the Chief Internal Auditor is confident that adequate and appropriate coverage will be provided throughout the Council; prioritisation may be required.

- 9.6 Finally, the support of all audit staff as well as senior management must be acknowledged in helping to continue to provide a comprehensive and valuable service to the Authority.

Definitions of Internal Audit Opinions Used

LEVEL OF ASSURANCE	DESCRIPTION
SUBSTANTIAL	Very well controlled, with numerous strengths identified and any risks being less significant in nature.
CONSIDERABLE	Generally well controlled, although some risks identified which should be addressed.
REASONABLE	Adequately controlled, although risks identified which could compromise the overall control environment. Improvements required.
LIMITED	Poorly controlled, with unacceptable levels of risk. Fundamental improvements required urgently.

## Audit Opinions

Overall Opinion 2018/19

Reasonable

Job number	Directorate	Service	Job Name	Risk Rating / Priority	Complete when FINALISED	Opinion given
P1819/09	Children & Young People	Schools	Shirenewton Primary School	Low	Draft	Substantial
P1819/12	Children & Young People	Schools	Gilwern Primary School	Low	Final	Substantial
P1819/08	Children & Young People	Schools	Monmouth Comprehensive School	Medium	Draft	Considerable
P1819/11	Children & Young People	Schools	Kymin View Primary School	Low	Final	Considerable
P1819/13	Children & Young People	Schools	Goytre Fawr Primary School	Low	Final	Considerable
P1819/14	Children & Young People	Schools	Usk CiW VC Primary School	Low	Draft	Considerable
P1819/15	Children & Young People	Schools	Magor Primary School Follow-up	Medium	Draft	Considerable
P1819/30	Enterprise	Policy & Governance	National Performance Indicators	Medium	Final	Considerable
P1819/48	Resources	People	Payroll	Medium	Draft	Considerable
P1819/51	Resources	People	HR Policy Review Follow-up	High	Draft	Considerable
P1819/55	Resources	Finance	Creditors 2017/18	Medium	Draft	Considerable
P1819/56	Resources	Finance	Corporate Sundry Debtors 2017/18	Medium	Draft	Considerable
P1819/58	Resources	Finance	Treasury Management	Medium	Draft	Considerable
P1819/10	Children & Young People	Schools	St. Mary's RC Primary School	Low	Draft	Reasonable
P1819/16	Children & Young People	Schools	Raglan Primary School Follow-up	Medium	Final	Reasonable
P1819/17	Children & Young People	Schools	Ysgol Y Ffin Primary School Follow-up	Medium	Final	Reasonable
P1819/24	Enterprise	Tourism, Leisure & Culture	Borough Theatre	Medium	Draft	Reasonable
P1819/37	Operations	Passenger Transport Unit	Personal Transport Budgets	Low	Draft	Reasonable
P1819/43	Operations	Waste & Street Operations	Waste & Recycling	High	Draft	Reasonable

Job number	Directorate	Service	Job Name	Risk Rating / Priority	Complete when FINALISED	Opinion given
P1819/60	Resources	Finance	IR35	Medium	Final	Reasonable
P1819/61	Resources	Finance	Direct Bank Payments	Medium	Final	Reasonable
P1819/70	Social Care & Health	Integrated Services	Former Monmouthshire Enterprises Services Follow-up	Medium	Draft	Reasonable
P1819/75	Social Care & Health	Children's Services	External Placements Follow-up	High	Draft	Reasonable
P1819/85	Corporate	Cross Cutting	Wellbeing of Future Generations Act	Medium	Draft	Reasonable
P1819/90	Corporate	Cross Cutting	Volunteering Follow-up	Medium	Draft	Reasonable
P1819/91	Corporate	Cross Cutting	Mobile Phones Follow-up	Medium	Draft	Reasonable
P1819/26	Enterprise	Tourism, Leisure & Culture	Caldicot Castle	Medium	Draft	Limited
P1819/41	Operations	Transport	Fuel Cards Follow-up	Medium	Draft	Limited
P1819/49	Resources	People	Attendance Management	Medium	Draft	Limited
P1819/65	Resources	Commercial & Intergrated Landlord Services	Health & Safety of Authority's existing buildings	Medium	Draft	Limited
P1819/76	Social Care & Health	Children's Services	Review of Imprest Account	Medium	Draft	Limited
P1819/86	Corporate	Cross Cutting	Agency Workers	Medium	Draft	Limited
P1819/22	Enterprise	Enterprise and Community Delivery	Agri-Urban URBACT Scheme Final Claim	Low	Final	Qualified
P1819/71	Social Care & Health	Integrated Services	Supporting People Grant - Outcomes Data (May)	High	Draft	Qualified

P1819/03	Children & Young People	Achievement & Extended Services	Education Improvement Grant	Medium	Final	Unqualified
P1819/04	Children & Young People	Achievement & Extended Services	Pupil Development Grant	Low	Final	Unqualified
P1819/05	Children & Young People	Achievement & Extended Services	Outside School Childcare Grant	Low	Final	Unqualified
P1819/72	Social Care & Health	Integrated Services	Supporting People Grant - Financial Data (Sept)	Medium	Draft	Unqualified

## Performance of the Internal Audit Section

Performance Indicator	2015/16	2016/17	2017/18	Annual Target	2018/19
Percentage of planned audits completed	74%	75%	82%	82%	84%
Percentage of audits completed within planned time	27%	55%	43%	67%	64%
Average no. of days from audit closing meeting to issue of a draft report	75 days	22	52	17 days	9days
Average no. of days from receipt of response to draft report to issue of the final report	22 days	11	19	5 days	18 days
Percentage of recommendations made that were accepted by the clients	97%	98%	96%	95%	98%
Percentage of agreed recommendations that were implemented by the clients	N/A	68%	75%	90%	TBC
Percentage of clients at least 'satisfied' by audit process	100%	100%	89%	95%	100%
Percentage of Directly Chargeable Time (actual versus planned)	91%	107%	108%	100%	107%

## Appendix D

### Non opinion related audit work

Job number	Directorate	Service	Job Name
P1819/01	Children & Young People	21st Century Schools	Monitoring Implementation of Audit Recommendations
P1819/02	Children & Young People	21st Century Schools	Audit Advice
P1819/07	Children & Young People	Achievement & Extended Services	Audit Advice
P1819/18	Children & Young People	Schools	Monitoring Implementation of Audit Recommendations
P1819/19	Children & Young People	Schools	Audit Advice
P1819/20	Children & Young People	CYP Resources	Monitoring Implementation of Audit Recommendations
P1819/21	Children & Young People	CYP Resources	Audit Advice
P1819/23	Enterprise	Enterprise and Community Delivery	Audit Advice
P1819/27	Enterprise	Tourism, Leisure & Culture	Events Follow-up
P1819/28	Enterprise	Tourism, Leisure & Culture	Monitoring Implementation of Audit Recommendations
P1819/29	Enterprise	Tourism, Leisure & Culture	Audit Advice
P1819/31	Enterprise	Policy & Governance	Local Performance Indicators
P1819/32	Enterprise	Policy & Governance	Monitoring Implementation of Audit Recommendations
P1819/33	Enterprise	Policy & Governance	Audit Advice
P1819/34	Enterprise	Planning, Housing and Place Shaping	Monitoring Implementation of Audit Recommendations
P1819/35	Enterprise	Planning, Housing and Place Shaping	Audit Advice
P1819/38	Operations	Passenger Transport Unit	Audit Advice
P1819/39	Operations	SWTRA & Street Lighting	Monitoring Implementation of Audit Recommendations
P1819/42	Operations	Transport	Audit Advice
P1819/44	Operations	Waste & Street Operations	Audit Advice
P1819/45	Operations	Highways and Flood Management	Monitoring Implementation of Audit Recommendations
P1819/46	Operations	Highways and Flood Management	Audit Advice
P1819/47	Operations	County Highways Operations	Audit Advice



<b>Job number</b>	<b>Directorate</b>	<b>Service</b>	<b>Job Name</b>
P1819/52	Resources	People	Audit Advice
P1819/53	Resources	Digital & Agile	Audit Advice
P1819/62	Resources	Finance	Monitoring Implementation of Audit Recommendations
P1819/63	Resources	Finance	Audit Advice
P1819/66	Resources	Commercial & Intergrated Landlord Services	Monitoring Implementation of Audit Recommendations
P1819/67	Resources	Commercial & Intergrated Landlord Services	Audit Advice
P1819/68	Resources	Business Planning and Redesign	Audit Advice
P1819/74	Social Care & Health	Integrated Services	Audit Advice
P1819/78	Social Care & Health	Children's Services	Audit Advice
P1819/79	Social Care & Health	Public Protection	Monitoring Implementation of Audit Recommendations
P1819/80	Social Care & Health	Public Protection	Audit Advice
P1819/81	Social Care & Health	Social Services Finance Unit	Audit Advice
P1819/82	Corporate	Cross Cutting	National Fraud Initiative
P1819/83	Corporate	Cross Cutting	Annual Governance Statement
P1819/92	Corporate	Cross Cutting	Monitoring Implementation of Audit Recommendations
P1819/93	Corporate	Cross Cutting	Future Monmouthshire Audit Advice

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**SUBJECT: INTERNAL AUDIT SECTION  
OPERATIONAL PLAN, 2019/20**

**DIRECTORATE: Resources**  
**MEETING: Audit Committee**  
**DATE: 13<sup>th</sup> June 2019**  
**DIVISION/WARDS AFFECTED: All**

## 1. PURPOSE

To receive and consider the Internal Audit Operational Audit Plan for 2019/20.

## 2. RECOMMENDATION(S)

That the Audit Committee reviews and approves the Audit Plan for 2019/20.

## 3. KEY ISSUES

- 3.1 A comprehensive risk matrix was developed for the 2011/12 planning process which gave an outline programme of work that would enable the Internal Audit Section to cover all material audit risks across all services of the Council.
- 3.2 This report explains how the 2019/20 Operational Audit Plan has been prepared and how the plan will be put together in future years. The planning process takes into account all possible systems, processes, sections and establishments that could possibly be audited within Monmouthshire which are then risk assessed and allocated a high / medium / low risk priority.
- 3.3 Consideration is given to over 300 possible areas to audit across all services provided by Monmouthshire which are risk assessed and allocated a high, medium or low risk. The audit team staff resources would then be allocated to cover the higher ranked risks as a priority. That said, inevitably there will be reviews which the audit team have to undertake annually such as performance indicators, annual governance statement, mandatory grant claim audits and audit advice, which have also been incorporated into the plan, along with follow up reviews, finalisation work and planned work from previous year not undertaken.
- 3.4 An allocation of time will be included in the plan for special investigations where the team might receive allegations of fraud, theft, non compliance.

The plan also needs to be flexible enough to respond to changes to risk profiles and other developments in year; the audit management team will continually monitor this situation.

- 3.5 For 2019/20, total available audit resources amounts to 908 days, which will be allocated across service directorates on a risk basis. This includes 120 days for special investigations and unplanned work. The work will be undertaken by 5.5 FTE audit staff. The available resource is based on all staff being in place for the whole of the year.

Department/Directorate	Days
Children & Young People	165
Enterprise	219
Resources	171.5
Social Care & Health	109.5
Corporate/Other	123
TOTAL	788
Special Investigations	120
TOTAL AUDIT OPERATIONAL DAYS	908

- 3.6 Although the time allocated to special investigations is usually a pressure point the 2019/20 allocation of days has been maintained to ensure appropriate coverage is given across service areas.
- 3.7 The detail plan is shown at Appendix 1. The first quarter will include finalisation of 2018/19 work which was at draft report stage at year end, work planned for 2018/19 but not completed, corporate performance indicators along with the collation of the Annual Governance Statement.
- 3.8 This plan may change as the year progresses if the risk profile of audit work changes so it needs to be flexible enough for the team to respond. Any significant change will be brought back to the Audit Committee for approval. The Audit Committee will be kept updated with the progress against the agreed plan via quarterly reports.
- 3.9 The team comprises of one Audit Manager supported by one Principal Auditor, two Senior Auditors and one Auditor with the Chief Internal Auditor having overall responsibility for the team; he operates on a shared services arrangement with Newport City Council.
- 3.10 To seek to maximise performance against the plan, Audit Management will ensure audit reports are more focused and timely, that staff with the right skill sets are allocated to appropriate work and non-productive time is minimised.

## 4. REASONS

- 4.1 The 2019/20 Internal Audit Summary Plan is attached at Appendix 1 to this report. The Plan will be based on the risk assessment matrix along with cumulative audit knowledge. This will be reviewed on an annual basis in order to determine the appropriateness of the risk assessment each year where audit resources will be deployed to cover the higher risk reviews.
- 4.2 The Operational Plan has been updated to take account of:
- a) The Authority's latest Risk Assessment;
  - b) New areas for inclusion in the Plan identified from changes to legislation and the regulatory framework for local government and from ongoing discussions with service managers;
  - c) Areas of slippage from the 2018/19 Operational Plan; and
  - d) The published Regulatory Plan produced by the Wales Audit Office.
- 4.3 Each review will be risk assessed and categorised as High, Medium or Low risk. Within the cycle of audits the team would aim to cover the higher risk areas as a priority but also provide coverage across directorates with lower risk services. All fundamental financial systems may now not be covered on an annual basis, especially if they have been previously determined as well controlled, with no significant changes to the system or to personnel. We will ensure that these are incorporated within the plan every few years to provide ongoing assurance. This approach and methodology has been discussed and agreed with the external auditor who places reliance on the work undertaken by Internal Audit.
- 4.4 Where audits planned for 2018/19 were unable to be undertaken during the year due to insufficient resources and the effects of unplanned special work, these audits will be included in the Operational Plan for 2019/20 and will be undertaken in the early part of the financial year. Similarly, those audits in progress at the year-end will be completed early in the 2019/20 financial year, and an allowance of time will be included within the Plan for these audits.
- 4.5 Consultation will be undertaken, with visits and email correspondence to the various managers and finance representatives of each directorate. As a result there may be further minor amendments to the Plan to reflect specific suggestions from various representatives of Chief Officers and Heads of Service.
- 4.6 The Operational Plan will be kept under review through the course of the year to identify any amendments needed to reflect changing priorities and emerging risks. Material changes to the Plan will be reported to the Audit Committee at the earliest opportunity.

- 4.7 An annual Outturn Report will be prepared for the Audit Committee to provide details on the performance of the Section against the Operational Plan. Interim progress reports will also be provided to the Committee three times per year.
- 4.8 With effect from 1<sup>st</sup> April 2016 the revised Public Sector Internal Audit Standards came into force for all public sector bodies including local government organisations. The Chief Internal Auditor will ensure that the Audit Team undertake their work in accordance with these Standards.

**5. RESOURCE IMPLICATIONS**

None.

**6. CONSULTEES**

Heads of Service

**7. BACKGROUND PAPERS**

Strategic Audit Risk Matrix  
Public Sector Internal Audit Standards

**8. AUTHORS AND CONTACT DETAILS**

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**DIRECTORATE:**

**Children & Young People**

**Service Area**

**Subject**

**Type**

**Risk**

21st Century Schools

Audit Advice

Achievement & Extended Services

Education Improvement Grant

Grant Claim Audit

Med

Achievement & Extended Services

Pupil Deprivation Grant

Grant Claim Audit

Low

Achievement & Extended Services

Outside School Childcare Grant

Grant Claim Audit

Low

Achievement & Extended Services

Monitoring Implementation of Audit Recommendations

Follow-up

Achievement & Extended Services

Audit Advice

Schools

Caldicot School

New Audit

Med

Schools

Ysgol y Fenni

New Audit

Low

Schools

Llandogo Primary School

New Audit

Low

Schools

Castle Park Primary School

New Audit

Low

Schools

Undy Primary School

New Audit

Low

Schools

Llanfoist Fawr Primary School

New Audit

Low

Schools

Cantref Primary

New Audit

Low

Schools

Usk CiW Primary School

Finalisation of Report

Low

Schools

St. Mary's RC Primary School

Finalisation of Report

Low

Schools

Shirenewton Primary School

Finalisation of Report

Low

Schools

Magor Primary School follow-up

Finalisation of Report

Med

Schools

Monmouth Comprehensive School

Finalisation of Report

Med

Schools

Monitoring Implementation of Audit Recommendations

Follow-up

Schools

Audit Advice

CYP Resources

Monitoring Implementation of Audit Recommendations

Follow-up

CYP Resources

Audit Advice

**DIRECTORATE:**

**Enterprise**

**Service Area**

**Subject**

**Type**

**Risk**

Enterprise & Community Delivery	Caldicot Regeneration Investment Programme	New Audit	High
Enterprise & Community Delivery	Borough Theatre	Finalisation of Report	Low
Enterprise & Community Delivery	Events Follow-up (2018/19)	Finalisation of Report	High
Enterprise & Community Delivery	Events	Follow-up	High
Enterprise & Community Delivery		Audit Advice	
Tourism, Leisure & Culture	Shire Hall	New Audit	Med
Tourism, Leisure & Culture	Tintern Old Station	New Audit	Low
Tourism, Leisure & Culture	Evolve - Educational Visits Management	New Audit	Med
Tourism, Leisure & Culture	Youth Service	Follow-up	Med
Tourism, Leisure & Culture	Leisure Centres Payroll Review	Finalisation of Report	Med
Tourism, Leisure & Culture	Caldicot Castle (2018/19)	Finalisation of Report	Med
Tourism, Leisure & Culture	Caldicot Castle	Follow-up	Med
Tourism, Leisure & Culture	Monitoring Implementation of Audit Recommendations	Follow-up	
Tourism, Leisure & Culture		Audit Advice	
Policy & Governance	National Performance Indicators	New Audit	Med
Policy & Governance	Local Performance Indicators	New Audit	Low
Policy & Governance		Audit Advice	
Planning, Housing & Place Shaping	Disabled Facilities Grants	New Audit	Med
Planning, Housing & Place Shaping	Monitoring Implementation of Audit Recommendations	Follow-up	
Planning, Housing & Place Shaping		Audit Advice	



**DIRECTORATE:**

**Enterprise - Operations**

**Service Area**

**Subject**

**Type**

**Risk**

Passenger Transport Unit	Personal Transport Budgets	Finalisation of Report	Low
Passenger Transport Unit	PTU Vehicle Maintenance	New Audit	Med
Passenger Transport Unit	Monitoring Implementation of Audit Recommendations	Follow-up	
Passenger Transport Unit		Audit Advice	
SWTRA & Street Lighting	Street Lighting	New Audit	Low
SWTRA & Street Lighting	Monitoring Implementation of Audit Recommendations	Follow-up	
SWTRA & Street Lighting		Audit Advice	
Transport	Fuel Cards follow-up (2018/19)	Finalisation of Report	Med
Transport	Fuel Cards	Follow-up	Med
Transport		Audit Advice	
Waste & Street Operations	Waste & Recycling	Finalisation of Report	
Waste & Street Operations		Audit Advice	
Highways & Flood Management	Monitoring Implementation of Audit Recommendations	Follow-up	
Highways & Flood Management		Audit Advice	
County Highways Operations	Highways Operations	New Audit	Med
County Highways Operations		Audit Advice	

**DIRECTORATE:**

**Resources**

**Service Area**

**Subject**

**Type**

**Risk**

People	Payroll	New Audit	Med
People	Attendance Management	Follow-up	Med
People	Attendance Management (2018/19)	Finalisation of Report	Med
People	Term Time Working - new contractual arrangements	Completion of Work in Progress	Med
People	HR Policy Review follow-up	Finalisation of Report	High
People	Monitoring Implementation of Audit Recommendations	Follow-up	
People		Audit Advice	
Digital & Agile		Audit Advice	
Finance	Creditor Payments System	New Audit	Med
Finance	Creditors 2018/19	Completion of Work in Progress	Med
Finance	Corporate Sundry Debtors	Finalisation of Report	Med
Finance	Treasury Management	Finalisation of Report	Med
Finance	Cashiers	Completion of Work in Progress	Med
Finance	Bank Reconciliations	New Audit	Med
Finance	Business World - System Administration	New Audit	Med
Finance	Budgetary Control	New Audit	Med
Finance	Monitoring Implementation of Audit Recommendations	Follow-up	
Finance		Audit Advice	
Business Planning & Redesign		Audit Advice	

**DIRECTORATE:**

**Resources**

**Service Area**

**Subject**

**Type**

**Risk**

Commercial & Integrated Landlord Services	Investment Property Acquisitions	Completion of Work in Progress	High
Commercial & Integrated Landlord Services	Health & Safety of Authority's existing buildings	Finalisation of Report	Med
Commercial & Integrated Landlord Services	Health & Safety of Authority's existing buildings	Follow-up	Med
Commercial & Integrated Landlord Services	Procurement	Follow-up	High
Commercial & Integrated Landlord Services	Monitoring Implementation of Audit Recommendations	Follow-up	
Commercial & Integrated Landlord Services		Audit Advice	

**DIRECTORATE:**

**Social Care & Health**

**Service Area**

**Subject**

**Type**

**Risk**

Integrated Services	Direct Payments	New Audit	Med
Integrated Services	Domiciliary Care (Internal)	New Audit	Med
Integrated Services	Former Monmouthshire Enterprise Services follow-up	Finalisation of Report	Med
Integrated Services	Supporting People Grant Audit 2018/19	Finalisation of Report	High
Integrated Services	Supporting People Grant - Outcomes Data (July)	Grant Claim Audit	High
Integrated Services	Supporting People Grant - Financial Data (Sept)	Grant Claim Audit	Med
Integrated Services	Monitoring Implementation of Audit Recommendations	Follow-up	
Integrated Services		Audit Advice	
Children's Services	External Placements follow-up	Finalisation of Report	High
Children's Services	Review of Imprest Account	Follow-up	Med
Children's Services		Audit Advice	
Public Protection	Health & Safety	Follow-up	High
Public Protection	Monitoring Implementation of Audit Recommendations	Follow-up	
Public Protection		Audit Advice	
Social Services Finance Unit	SCH Debtors	New Audit	Med
Social Services Finance Unit		Audit Advice	

**DIRECTORATE:**

**Corporate**

**Service Area**

**Subject**

**Type**

**Risk**

Cross Cutting	National Fraud Initiative	New Audit	High
Cross Cutting	Annual Governance Statement	New Audit	
Cross Cutting	General Data Protection Regulation	Completion of Work in Progress	High
Cross Cutting	Wellbeing of Future Generations Act	Finalisation of Report	Med
Cross Cutting	Business Continuity	New Audit	High
Cross Cutting	Corporate Complaints, Compliments & Feedback	New Audit	Low
Cross Cutting	Culture	New Audit	High
Cross Cutting	Agency Workers (2018/19)	Finalisation of Report	Med
Cross Cutting	Agency Workers	Follow-up	Med
Cross Cutting	Compliance with Bribery Act	Follow-up	High
Cross Cutting	Safeguarding Arrangements	New Audit	High
Cross Cutting	Volunteering follow-up	Finalisation of Report	Med
Cross Cutting	Mobile Phones follow-up	Finalisation of Report	Med
Cross Cutting	Monitoring Implementation of Audit Recommendations	Follow-up	
Cross Cutting	Future Monmouthshire	Audit Advice	

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**Reference:** 1194A2019-20

**Date issued:** April 2019

## Audit of Monmouthshire County Council's 2019-20 Improvement Plan

### Certificate

I certify that, following publication on 26 March 2019, I have audited Monmouthshire County Council's Improvement Plan in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Council has discharged its duties under section 15(6) to (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

### Respective responsibilities of the Council and the Auditor General

Under the Measure, the Council is required to prepare and publish an Improvement Plan describing its plans to discharge its duties to:

- make arrangements to secure continuous improvement in the exercise of its functions;
- make arrangements to secure achievement of its improvement objectives; and
- make arrangements to exercise its functions so that any performance standard specified by Welsh Ministers is met.

The Measure requires the Council to publish its Improvement Plan as soon as is reasonably practicable after the start of the financial year to which it relates, or after such other date as Welsh Ministers may specify by order.

The Council is responsible for preparing the Improvement Plan and for the information set out within it. The Measure requires that the Council has regard to guidance issued by Welsh Ministers in preparing and publishing its plan.

As the Council's auditor, I am required under sections 17 and 19 of the Measure to carry out an audit of the Improvement Plan, to certify that I have done so, and to report whether I believe that the Council has discharged its duties to prepare and publish an Improvement Plan in accordance with statutory requirements set out in section 15 and statutory guidance.

## Scope of the Improvement Plan audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information, or whether the Improvement Plan published by the Council can be achieved. Other assessment work that I will undertake under section 18 of the Measure will examine these issues. My audit of the Council's Improvement Plan, therefore, comprised a review of the plan to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the plan complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing its plan.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.



**Adrian Crompton**  
**Auditor General for Wales**

CC: Julie James AM – Minister for Housing and Local Government  
Non Jenkins, Manager  
Dave Wilson, Performance Audit Lead





# Monmouthshire County Council

Service User Perspective Review, Customer contact – Monmouthshire  
County Council

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**1277A2019-20**

**May 2019**

Agenda Item 12

# We sought to answer the following questions?

**Do the needs, experiences and aspirations of service users inform the design and delivery of the Council's arrangements for communicating with citizens to more closely meet their needs?**

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In particular we sought to answer:

1. Are the Council's arrangements to enable members of the public to enquire about local services and **compliment, complain** or provide **comments** on council services designed with the needs, views and aspirations of service users in mind?
2. Are service users satisfied with the quality of service they receive when they enquire about local services and **compliment, complain** or provide **comments** on council services?
3. Does the Council have effective two-way communication with service users?

# Focus

This review focuses on three key ways that the Council engages with local residents as follows:

- Community hubs
- My Monmouthshire App
- Complaints, Comments and Compliments

# What we did

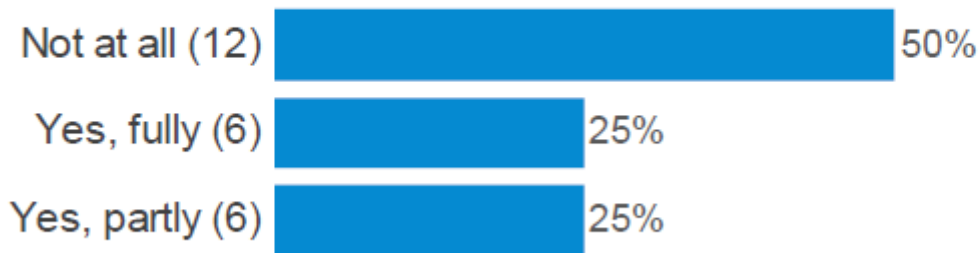
- VISITED each of the five **Hubs** at different time of the day and invited 134 people to comment on their experiences of using the **Hub** facilities and the **My Monmouthshire App** by completing a short survey;
- Held FOCUS GROUPS with two user groups (Knit & Natter and Baby & Child sing along group), to discuss their experiences of using **Community hubs**;
- INTERVIEWED Heads of Services and staff at the **Community Hubs** to understand their perspective on how the council engages with service users via the **Community Hubs** and **My Monmouthshire App**;
- INTERVIEWED the Customer Relations Manager to understand the **complaints, comments** and **compliments** process;
- CONTACTED people who had **complained** to the Council in 2017-18; and
- REVIEWED a sample of **complaints, comments** and **compliments** files.

# Who we engaged with over compliments, comments and complaints

- The Council reported that it had received 189 compliments, 123 comments and 87 complaints
- We aimed to contact the 399 people during our review
- We weren't able to access the 312 people who complimented or passed comment on Council services because the Council told us that these people would be unlikely to know that they had entered this formal process
- Of the 87 people who had complained, we were asked not to contact 10 of these people either because the complaint was still being dealt with or because of ongoing sensitivities
- Of the 77 complainants we contacted, we were able to speak to 24 (31%)
- Of the 24 complaints – 8 were informal complaints, 16 were formal complaints, and 2 progressed to the Local Government Ombudsman

# To provide some context for subsequent responses we asked:

Were you happy with the outcome from your complaint?



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- Our survey showed that three quarter of people were either not happy at all or only partly happy with the outcome of their complaint
- This is important because some people may have reflected their feeling about the outcome following their **complaint** when responding to our questions.

## We concluded that:

**Citizens are mostly satisfied with the access and quality of customer contact arrangements but the Council could do more to take users needs into account in their design and effectiveness**

In particular:

1. Local people are mostly happy with the ease of contacting the Council although there are ways that the access could be improved
2. Service users are mostly satisfied with the quality of service they receive at the **Community Hubs** but are less satisfied with the Council's handling of **complaints**
3. The Council has arrangements in place to engage with local residents but this does not always result in effective two-way communication or lead to changes in contact arrangements that better meet users needs

# Question 1

Are the Council's arrangements to enable members of the public to enquire about local services and compliment, complain or provide comments on council services designed with the needs, views and aspirations of service users in mind?

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We concluded:

Local people are mostly happy with the ease of contacting the Council although there are ways that the access could be improved

We concluded this because.....



# Q1. Of the 134 responses to our survey at **Community Hubs**, most people visited to access the library or to collect waste and recycling bags although many came for other reasons

62 visits were to collect waste and recycling bags. 51 visits were to the library. Other reasons were:

- Customer enquiry
- Bus pass
- Blue badge
- Council tax/housing benefit
- Markets
- Free Wi-Fi
- Rhyme Time
- Councillor meeting
- Internet access
- Computer access
- Computer learning course
- Returning and loaning books
- Photocopier
- Meeting
- Read newspaper
- Ask for information

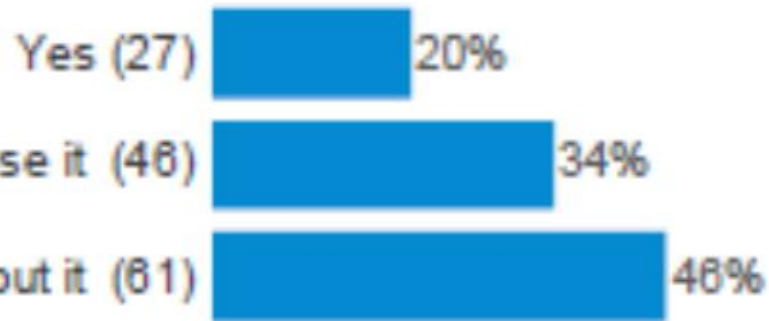
# Q1. Most people were pleased with accessibility of services at the Hubs although some would prefer changes to opening times

## Local people told us about the **Community Hubs**:

- Service users are on the whole happy with the services at hubs
- Generally, staff were said to be friendly
- People do not understand why libraries became **Community Hubs**
- Convenient - 'Fought hard to keep services'
- Opening times sometimes do not meet local needs although some said the service was convenient
- **Hubs** don't do enough to monitor, promote or improve the services
- Examples of issues and concerns not addressed include temperature of the facilities, size of the group's area in the library, and the provision of more/better toilet/changing facilities for parents and children

# Q1. Most people we asked knew about the **My Monmouthshire App** and one in five people said they used it

Do you use the Online Community Hub - My Monmouthshire App?



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Comments about the App:

‘The council provides many services and information to the public online, but this excludes a proportion of the local population who cannot or do not access services online’

‘Don’t like the app very confusing. Can’t get what you want on the library tab’

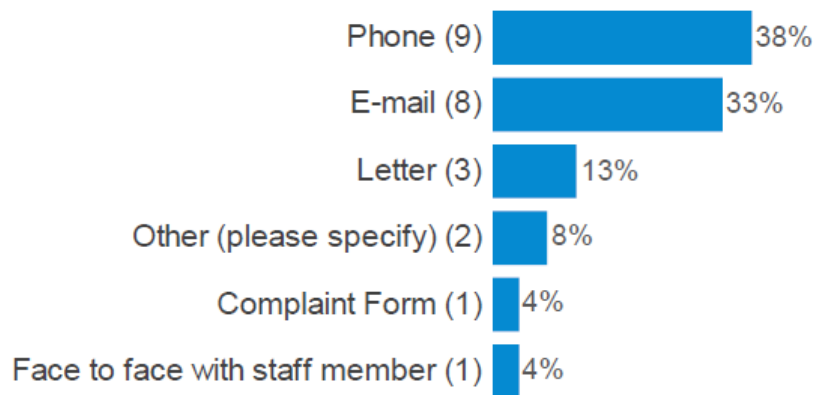
# Q1. The **complaints** process is well understood by staff

Staff told us about **compliments, comments and complaints** that:

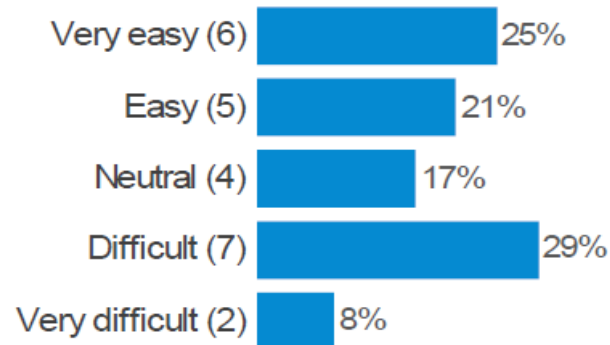
- It encourages people who **complaint, comment and compliment** to complete an on-line form, email, telephone or write in. If they verbally **complain, comment** or **compliment** they are asked to contact the council formally.
- the **Complaints** Policy and Procedure is available on the Council's website. This is based on the ombudsman model.
- the **Complaints** Policy and Procedure is due for review in April 2019.
- the Council's aim is to deal with **complaints** straight away. Where this is not possible it will:
  - send the **complainant** an acknowledgement within five working days;
  - inform the **complainant** of who is looking into the **complaint**; and
  - inform the **complainant** when the Council will reply to the **complaint**
- In categorising complaints and comments, a judgement is made based on the Customer Relations Manager/Support Officers experience.

# Q1. Most people who **commented, complimented or complained** did so by phone or email and found access easy

How did you make your complaint to the Council? (Option to select more than one)



How easy was it to make a complaint to the Council?



# Q1. Although over half of the people we asked said they found it easy to access the **complaints** procedure – many were disappointed by the way their **complaint** was received

## Local people told us about **complaints**:

- most people **complained** by phone or email;
- half of those we asked said it was easy to make a **complaint**; and
- general concerns about **complaining** to the Council were:
  - lack of an acknowledgement
  - lack of a timely response – one said ‘It took so long that I gave up’
  - lack of a response at all
  - **complaints** are not always received seriously or with genuine concern
  - difficult to find the right person to raise concerns with
  - understanding of the issue – one said ‘dealt with numerous people some understood points raised and some didn’t’.

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## Question 2

Are service users satisfied with the quality of service they receive when they enquire about local services and compliment, complain or provide comments on council services?

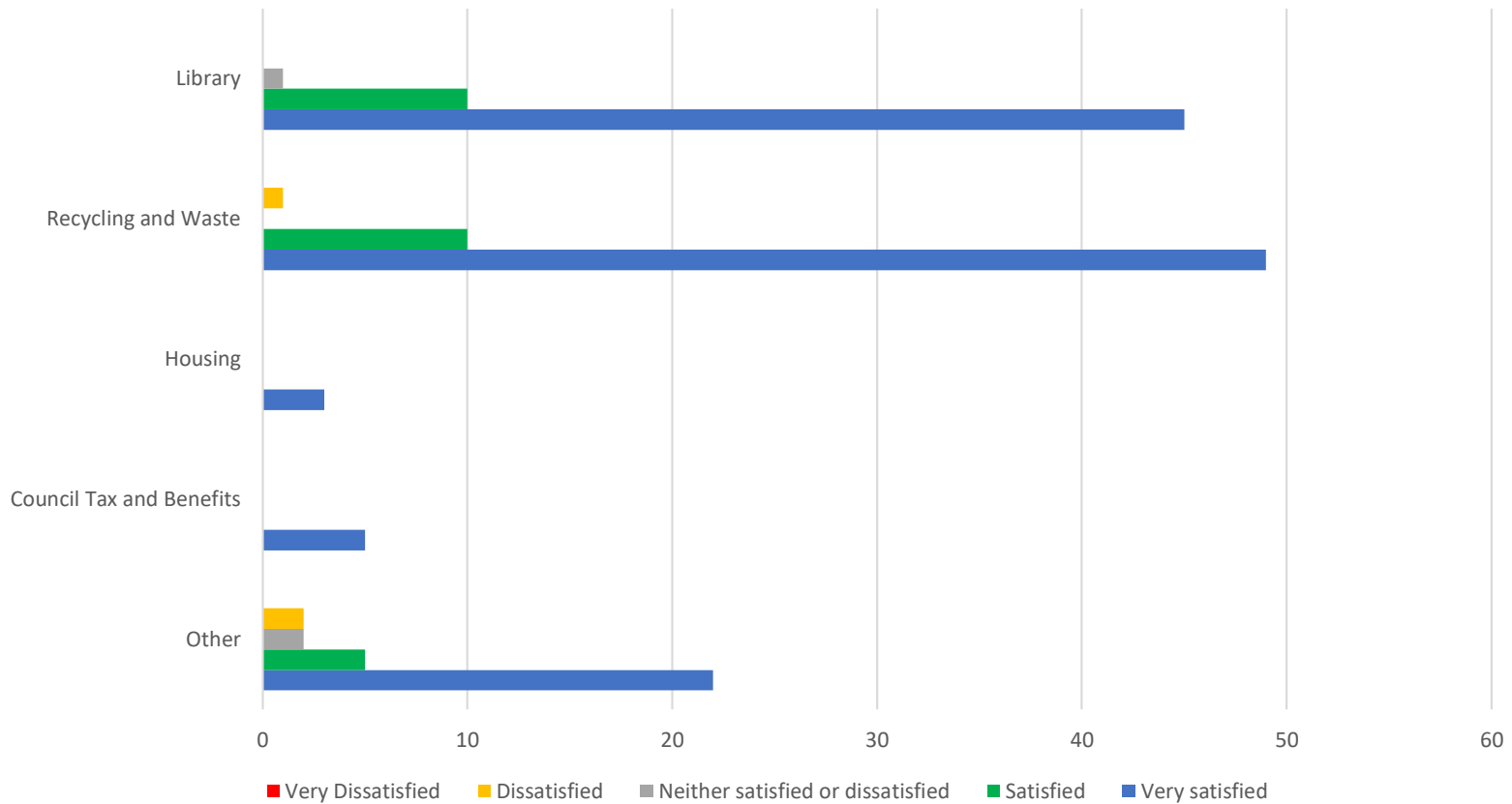
Page 81  
We concluded:

Service users are mostly satisfied with the quality of service they receive at the Community Hubs but are less satisfied with the Council's handling of complaints

We concluded this because...

# Q2. People were mostly very satisfied with the services they received at the **Community Hubs**

Satisfaction with **Community Hubs**







## Q2. We asked people if they could change about the **Community Hubs** one thing what would it be?

- ‘Nothing’ – 55 people said this
- Opening times – 7 people said this
- ‘Staff member not that friendly’ – ‘Staff should be more knowledgeable – bring back the library as it was – staff are brilliant’
- ‘Make the library bigger – better books – more paperbacks’
- ‘Make it a bit more private’/ ‘More privacy’
- ‘Need to tidy up – boxes everywhere’
- ‘More up to date computers’
- ‘Building gets too hot/aircon’
- ‘Electric doors by the toilets for disabled access’
- ‘Delighted that it’s still open’

## Q2. Of the people we contacted over the **complaints** procedure there were mixed views of how well the Council dealt with their **complaint**

- Of the 77 people we contacted – only 24 opted to feed into our review;
- 17 out of 24 (who answered that question) said the Council did not contact them to discuss their **complaint** within an acceptable timescale;
- 19 said their **complaint** was not resolved within 30 working days – almost double the number reported by the Council in its annual report;
- 7 out of 11 said that although the Council did advise them that their **complaint** was complex, it was not resolved when the Council said it would be;
- 14 out of 24 were told by the person dealing with their **complaint** how they intended to investigate the points raised in the **complaint**; and
- 13 out of 24 people said the person dealing with their **complaint** asked them what outcome they were hoping for

## Q2. Of the people we contacted over the **complaints** procedure

- 10 out of 22 people said the person dealing with their **complaint** explained what they could do if they were unhappy with the Council's response to their **complaint**
- 12 out of 21 people said the Council informed them of the outcome by their preferred method of communication, e.g. letter, email, phone or in person
- 14 out of 24 people said they thought that the Council treated them fairly and with respect throughout the process

## Q2. The Council has maintained potentially vulnerable services through the creation of the **Community Hubs** but has not yet assessed their success from a service user perspective

### Staff told us:

- Council staff suggested that library services have suffered since the creation of the **Community Hubs** and the quality of customer service provided is not as good as that provided for other Council services via the One Stop Shop;
- the Council does not collect quality data on people accessing the Hubs or use what it does collect effectively;
- the **Hubs** collect comments/feedback cards daily and forward these to the **Compliments, Comments and Complaints** Team;
- the acoustics in some **Hubs** do not enable private discussions with staff, although rooms are available for private discussion on request; and
- the Council can demonstrate changes in the **Hubs** in response to local needs/feedback

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## Question 3

Does the Council have effective two-way communication with service users?

Page 88  
We concluded:

The Council has arrangements in place to engage with local residents but this does not always result in effective two-way communication or lead to changes in contact arrangements that better meet users needs

We concluded this because...

## Q3. The Council has some arrangements to ensure two-way communication but there is scope to improve these

### Staff told us:

- There is no formal mechanism in place to monitor, record and respond to **complaints, comments and compliments** on social media. This is due to the lack of capacity/resource within the Customer Relations Department

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There are arrangements for service users to provide feedback to the **Community Hubs** either written or via discussion. This may result in local changes to aspects of the **Community Hub** to improve customer experience. However, there are limited arrangements in place to share good practice / lessons learned

### Q3. The Council has implemented IT as an effective means of communicating with citizens and there is scope to use IT better to promote two way communication

#### Staff told us:

- the Council implemented the **My Monmouthshire App** in 2016 following positive feedback from a neighbouring council;
- a My Council user group engages with users. Membership is around 22;
- scope to develop the **My Monmouthshire App** further – eg Licensing Services hope to use the **My Monmouthshire App** to streamline its processes;
- at the time of our review the Council estimated 35,000 registered users of **My Monmouthshire App** but some had registered several times. The Council now estimates it has 45,000 single registrations; and
- the Council promotes the **My Monmouthshire App** in the **Community Hubs** and assesses satisfaction with the app using an App feedback form



### Q3. **Complainants** described a mixed level of two way communication with the person dealing with their **complaint**

- **Complainants** described a mixed level of engagement with the person dealing with their complaint
- 18 out of 24 said they felt that the person dealing with their **complaint** understood what they were complaining about
- 16 out of 24 said the person dealing with their **complaint** told them their understanding of the points raised in the **complaint**
- 10 of these 16 people said the Council told them their understanding of the point raised, and asked them to confirm this was correct

# Complainants described a mixed level of two way communication with the person dealing with their complaint

## Some quotes by complainants on the handling of their complaint:

- 'I found the report to be comprehensive and felt that the investigating officer had taken the time to investigate it as she had promised'
- 'The investigation officer was very professional and explained what she expected to happen. We had a face to face interview and then a final report was sent to me. I then wrote to the chief officer outlining my concerns about certain points within the report but heard nothing further'
- 'Received nothing - had to relog at local centre'
- 'Dealt with numerous people some understood points raised and some didn't'
- 'Dealt with numerous people so needed to confirm points raised on multiple occasions'

# Q3. The Council does not engage well in two way communication with **Hub** users about opportunities to improve

## Local people told us that:

- The Council does not pro-actively seek the views of local people who use services at the **hubs**
- When local people suggest improvements to **Hub** services these are rarely acted upon

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## What we observed:

- One **Community Hub** is based on the same site as the registry office – potential issue around sensitivity

## Q3. The Council has some arrangements to ensure two-way communication but these could be improved

### Staff told us:

- Many service user queries are resolved by **Community Hub** staff, however there are some where staff seek advice from relevant departments.
- Service users would prefer to deal with someone face to face so **Community Hub** staff would help to identify the need and liaise with other staff on behalf of the service user.
- The Council does not follow up user satisfaction following **complaints** handling.

# What we think the Council should do (1) – proposals for improvement:

- Improve customer contact arrangements taking into account user feedback
- Routinely seek feedback from people who use the **Community Hubs**, **My Monmouthshire App** and the **Compliments, Comments** and **Complaints** arrangements to identify improvements to customer contact arrangements;
- Seek feedback from people who do not currently use the **Community Hubs**, **My Monmouthshire App** or **Compliments, Comments** and **Complaints** arrangements to understand why;

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## What we think the Council should do (2) – proposals for improvement:

- Ensure that the Council meets the standards it sets such as in **complaints**;
- Share learning about improvements made to individual **Community Hubs** with other **Community Hub** staff; and
- Improve customer care in the customer contact arrangements to ensure citizens views are genuinely acknowledged and addressed.



## Management response

**Report title:** Service User Perspective Review, Customer contact – Monmouthshire County Council

**Completion date:** May 2019

**Document reference:** 1277A2019-20

### Proposals for improvement

Ref	Proposal for improvement	Intended outcome/ benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
P1	Improve customer contact arrangements taking into account user feedback	Customer contact arrangements are designed to better meet user needs	Y	Yes	We were pleased with the feedback received on the Hubs, and acknowledge that some people fed back that they were less happy with the handling of their complaint.  We will continue to promote the My Monmouthshire app and listen to feedback from users across all channels to improve how these operate improving the ways in which people can contact the council.	October 2019	Head of Policy and Governance

Ref	Proposal for improvement	Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
P2	Routinely seek feedback from people who use the Community Hubs, My Monmouthshire App and the Compliments, Comments and Complaints arrangements to identify improvements to customer contact arrangements	Service users who may not generally provide feedback to the Council on its contact arrangements are encouraged to do so, leading to the Council having a wider understanding of how it could improve customer contact arrangements to meet user needs	Y	Yes	<p>We will continue to use community events to seek feedback on our arrangements and to test and launch new initiatives as well as using feedback from the app user group and feedback received at the hubs.</p> <p>We maintain a presence at Usk Show, where Hub staff and the Digital Programme team will discuss new ways of working with residents and identify what matters to them.</p> <p>Use feedback from complaints and compliments to improve our customer contact arrangements</p>	October 2019	<p>Customer Relations Manager</p> <p>Head of Policy and Governance</p>



Ref	Proposal for improvement	Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
P3	Seek feedback from people who do not currently use the Community Hubs, My Monmouthshire App or Compliments, Comments and Complaints arrangements to understand why	Better understanding of how the Council could make services more accessible to local residents and potentially increase take up of customer contact arrangements.	N	Yes	We provide a broad range of channels to give people a choice in how to contact the council. We are always keeping this under review and have introduced the My Monmouthshire app and more recently Monty, the council's chatbot to keep pace with changing user preferences while making traditional channels such as telephony and face-to-face enquiries more cost effective. We have used events such as the Usk show to gauge feedback about useability.	Evaluate October 2019	Head of Policy and Governance
P4	Ensure that the Council meets the standards it sets such as in complaints	Improved user satisfaction.	Y	Yes	We will continue to remind staff of good complaints handling and monitor our responsiveness against these standards.	Ongoing focus	Cusomer Relations Manager

Ref	Proposal for improvement	Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
P5	Share learning about improvements made to individual Community Hubs with other Community Hub staff	Good practice and service improvements are shared and if appropriate implemented across similar facilities.	N	Yes	Managers liaise with other council departments and outside agencies to share learning, this is disseminated to all hub colleagues in a timely manner to inform and improve practice. We will continue to use the service plan and team meetings to evaluate what has worked and roll-out successful developments county-wide	March 2020	Community Hub Managers
P6	Improve customer care in the customer contact arrangements to ensure citizens views are genuinely acknowledged and addressed	Staff respond positively to citizen engagement showing that their contact/enquiry is important to the Council and will be appropriately considered.	Y	Yes	Customer-facing teams use feedback and continually strive to improve customer care using both informal and formal mechanisms. We will ensure that customers who provide feedback and wish to receive a response get one Use customer feedback to improve service and experience	October 2019	Head of Policy and Governance



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

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Auditor General for Wales

# Well-being of Future Generations: An examination of developing a range of options to improve rural transport – **Monmouthshire County Council**

Audit year: 2018-19

Date issued: May 2019

Document reference: 1199A2019-20

This document has been prepared for the internal use of Monmouthshire County Council as part of work performed/to be performed in accordance with the Well-being of Future Generations Act (Wales) 2015.

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This document is also available in Welsh.

The team who delivered the work comprised Dave Wilson, Allison Rees, Lisa McCarthy, programme managed by Non Jenkins under the direction of Huw Rees.

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# Summary report

## Summary

### Why we undertook the Examination

- 1 In accordance with the Well-being of Future Generations (Wales) Act 2015 (the Act) the Auditor General for Wales (the Auditor General) is statutorily required to examine public bodies to assess the extent to which they have acted in accordance with the sustainable development principle when:
  - a setting their wellbeing objectives; and
  - b taking steps to meet them.The Act defines the sustainable development principle as acting in a manner: ‘...which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs’
- 2 The Auditor General must provide a report on his examinations to the National Assembly at least a year before each Assembly election. The first such report must be published by 2020, before the 2021 Assembly election.
- 3 During 2018-19, the Auditor General is undertaking examinations across the 44 bodies covered by the Act to inform his report to the National Assembly.
- 4 In May 2018, the Auditor General published his report, **Reflecting on Year One – How have public bodies responded to the Well-being of Future Generations Act (2015)**. He concluded that, public bodies support the principles of the Act and are taking steps to change how they work.
- 5 In developing our approach to undertaking the examinations during 2018-19 we engaged with a range of stakeholders including through our pilot work during 2017-18. We also worked closely with the Future Generations Commissioner.
- 6 As the preliminary work in year one included consideration of how public bodies had set their wellbeing objectives the principal focus of this work is the way in which public bodies are taking steps to meet their wellbeing objectives.
- 7 The findings in this report are based on fieldwork that we undertook during the period November 2018 to March 2019.

### What we examined

- 8 We examined the extent to which the Council is acting in accordance with the sustainable development principle when developing a range of options to improve rural transport.
- 9 In order to act in accordance with the sustainable development principle, public bodies must take account of the following ‘ways of working’:

## Exhibit 1: The 'five ways of working'

The table below sets out the 'five ways of working' as defined in the Welsh Government's 'Well-being of Future Generations (Wales) Act 2015 The Essentials'<sup>1</sup> document.

The Five Ways of Working
<b>Long-term</b> The importance of balancing short-term needs with the need to safeguard the ability to also meet long-term needs.
<b>Prevention</b> How acting to prevent problems occurring or getting worse may help public bodies meet their objectives.
<b>Integration</b> Considering how the public body's wellbeing objectives may impact upon each of the wellbeing goals, on their other objectives, or on the objectives of other public bodies.
<b>Collaboration</b> Acting in collaboration with any other person (or different parts of the body itself) that could help the body to meet its wellbeing objectives.
<b>Involvement</b> The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves.

- 10 Our examination found that: **The Council has acted in accordance with the sustainable development principle in setting the step 'to develop a range of options to improve rural transport' but there are opportunities to further embed the five ways of working.**

<sup>1</sup> Welsh Government, **Well-being of Future Generations (Wales) Act 2015 The Essentials**, (2015).

# Detailed report

## Part One – examination findings

The Council has acted in accordance with the sustainable development principle in setting the step ‘to develop a range of options to improve rural transport’ but there are opportunities to further embed the five ways of working

The Council is at an early stage of understanding long-term needs and solutions

### What we looked for

- 11 We looked for evidence of:
- a thorough understanding of current and long-term needs and the associated challenges and opportunities;
  - planning over an appropriate timescale;
  - resources allocated to ensure long-term benefits; and
  - appropriate monitoring and review.
- 12 Our examination was also informed by the positive indicators for the ‘long term’ that we have identified and used as part of this examination.<sup>2</sup>

### What we found

- 13 We identified the following strengths:
- the Council understands a lack of rural transport is a concern for many residents in the area.
  - the Council considers that greater integration between local transport providers is part of a long-term solution.
  - the Council is open to new ways of working that may have a long-term effect and is keen to explore these through, for example, the GovTech project.
  - the Council’s commissioned ‘Rural Transport Study’, funded by the Welsh Government 2014-2020 Rural Development Programme, suggests a long-list of actions the Council could take to improve the availability and quality of transport in Monmouthshire.

<sup>2</sup> See Appendix 1.



- the Council has bid for Community Transport Association funding to combine all transport modes to develop an accessible service but was unsuccessful.
- the Council received a £3.5m Welsh Government grant earmarked for spending by March 2019. £317,000 of this is allocated to buy new vehicles for the grass routes' bus service. The remainder of the funding is for active travel and transport infrastructure projects. Funding is also available to upgrade train stations.
- the Council initially assessed the financial implications of delivering the Council's well-being steps. The Council can use this information to decide to redirect resources to deliver these steps, if required.
- the Council's commissioned 'Rural Transport Study' identifies actions to move towards integrated service provision and co-ordination for the long term.
- in the short-term, the Council can focus on delivering measures that are in the Local Transport Plan.
- Monmouthshire's Wellbeing Action plan describes success as: technology being used to connect existing transport providers which have spare capacity and incentivising new providers to come to the market. The stated measures are:
  - percentage of people satisfied with their ability to get to/access the facilities and services they need;
  - percentage of people who are lonely;
  - emissions of greenhouse gases; and
  - levels of nitrogen dioxide pollution in the air.
- the Council is seeking to address the results of the lack of rural transport. These are described in the wellbeing assessment and include:
  - loneliness among older people is exacerbated by distance from family members;
  - factors such as affordable housing and employment opportunities increase pressure on families to disperse – older people who see their children once a month or less are twice as likely to feel lonely than those who have daily contact with their children; and
  - the prevalence of low-paid and fragile employment contributes to the risk of in-work poverty while infrequent public transport means that it can be difficult for those without private transport to travel for work.
- the Council has a wealth of Lower and Middle Layer Super Output Area data, with some at ward level. This includes average travel times by public and private transport to GPs, pharmacy, post office and local council services.

- 14 We identified the following areas for improvement:
- the title of the step may be misleading as it is also seeking to address the likely consequences of the lack of rural transport;
  - the Council has not fully clarified the short, medium or long-term success measures at the time it approved this step, although it later included these in a funding bid;
  - success measures to be developed as solutions emerge;
  - rural Transport Action Plan contains short-term actions only; and
  - the Council has assessed that additional resources may be needed but not where these resources will come from.

## The Council has identified some of the problems caused by the lack of rural transport but has not yet identified potential solutions

### What we looked for

- 15 We looked for evidence of:
- a thorough understanding of the nature and type of problem the step could help prevent from occurring or getting worse;
  - resources allocated to ensure preventative benefits will be delivered; and
  - monitoring and review of how effectively the step is preventing problems from occurring or getting worse.
- 16 Our examination was also informed by the positive indicators for 'prevention' that we have identified and used as part of this examination.<sup>3</sup>

### What we found

- 17 We identified the following strength:
- the 'Rural Transport Study' and local engagement have identified some challenges and opportunities in understanding and addressing problems caused by the lack of rural transport.
- 18 We identified the following areas for improvement:
- the Council has not yet fully engaged with those most affected by the lack of rural transport to help identify preventative measures to minimise the negative impact;
  - the Council has not identified its information needs to help plan and deliver this Step or agreed arrangements for information sharing between partners;

<sup>3</sup> See Appendix 1.

- the Council has not yet reviewed how effectively resources available for rural transport are used and how these might be used differently, for example, subsidies and concessions; and
- work is underway to consider how the effects of the lack of rural transport can be prevented – this work sits under separate steps and has not yet been drawn together.

## The Council is committed to integrated solutions but rural transport is not well recognised within Council and partner plans

### What we looked for

- 19 We looked for evidence of:
- a thorough understanding of the nature and type of problem the step could help prevent from occurring or getting worse;
  - resources allocated to ensure preventative benefits will be delivered; and
  - monitoring and review of how effectively the step is preventing problems from occurring or getting worse.
- 20 Our examination was also informed by the positive indicators for ‘integration’ that we have identified and used as part of this examination.<sup>4</sup>

### What we found

- 21 We identified the following strengths:
- ‘developing new technologies for improving rural transport’ is part of Monmouthshire’s Wellbeing Plan with links to the following national wellbeing goals: Prosperous Wales, More Equal Wales, Cohesive Communities and a Globally Responsible Wales;
  - the Council is the lead public sector body (within the Monmouthshire Public Service Board – PSB) on improving rural transport with links to the following Well-Being Plan objectives:
    - provide children and young people the best possible start in life;
    - respond to challenges associated with demographic changes;
    - protect and enhance the resilience of the natural environment whilst mitigating and adapting to climate change;
  - rural transport integrates with other steps within Monmouthshire’s wellbeing plan:
    - Active citizenship

<sup>4</sup> See Appendix 1.

- Design and planning
  - Renewables
  - Active and Sustainable travel
  - City Deal
  - the Council has tentatively discussed rural transport with the Community Transport Association and Cardiff Capital Regional City Deal;
  - the Council is now working more formally with Transport for Wales (TfW) and is one of three pilot areas for rural transport development, and TfW is contributing data to inform the GovTech project; and
  - the Council recognises that an integrated solution is required.
- 22 We identified the following areas for improvement:
- this Step is not referred to within potentially relevant Council business plans such as the enterprise and communities plan or social services business plans.
  - this Step is not referred to in partner plans such as Health Board or the NHS Ambulance plans. The Council does not know whether partners have quantified the impact of the lack of rural transport on their services.

**The Council has started to collaborate in the planning and scoping of some solutions and would benefit from engaging with more partners to identify root causes and additional sustainable solutions**

**What we looked for**

- 23 We looked for evidence of:
- consideration of how it could work with others to deliver the step (to meet its wellbeing objectives, or assist another body to meet its wellbeing objectives);
  - effective collaboration to deliver the step; and
  - monitoring and reviewing whether the collaboration is helping it or its stakeholders to meet well-being objectives.
- 24 Our examination was also informed by the positive indicators for ‘collaboration’ that we have identified and used as part of this examination.<sup>5</sup>

<sup>5</sup> See Appendix 1.

### What we found

- 25 We identified the following strengths:
- Council officers are members of a wellbeing sub-group of TFW. There is opportunity for officers to highlight Monmouthshire's rural transport issues and it creates the opportunities to work collaboratively with others.
  - positive collaboration in the planning stages with the research provider, MAGOR initiative and GovTech.
  - the Council is collaborating with five partners as part of the GovTech project.
- 26 We identified the following areas for improvement:
- the Council is unclear about the willingness of partners to collaborate with the Council in delivering this step, although it is clearly in some partners' interests to do so;
  - the Council's Strategic Transport Group is made up of Officers and Members and has the potential to be effective in helping to deliver this Step, but this group has not yet been involved; and
  - rural transport step has been discussed at the PSB but at this stage PSB partners have not yet entered into meaningful collaboration with the Council to deliver the Step.

**Whilst there are positive examples of stakeholder involvement, the Council could benefit from involving the public at an earlier stage and producing comprehensive equality impact assessments for all policy decisions on major service change**

### What we looked for

- 27 We looked for evidence of:
- identifying who needs to be involved in designing and delivering the step;
  - effectively involving key stakeholders in designing and delivering the step;
  - using the results of involvement to shape the development and delivery of the step; and
  - learning lessons and improving its approach to involvement.
- 28 Our examination was also informed by the positive indicators for 'involvement' that we have identified and used as part of this examination.<sup>6</sup>

<sup>6</sup> See Appendix 1.

## What we found

29 We identified the following strengths:

- this step was identified as a result of the engagement with local residents feeding into the wellbeing assessment. For example:
  - public transport was raised as an issue in the Access for All workshop held for older people and people with disabilities; and
  - the Youth Forum identified that public transport needs to be addressed.
- the Council's commissioned 'Rural Transport Study' involved and consulted many stakeholders at a workshop. Fifty-three participants attended, including Council services, community representatives, health services and transport operators, including bus, taxi and community transport.
- baseline research into non-statutory services commissioned by the LEADER programme looked at five community areas in Monmouthshire and rural Newport.
- the Council's commissioned 'Rural Transport Study' has approximately 30 case studies of how the issue of poor rural transport provision is being addressed elsewhere.
- the Council is engaged with the MAGOR representatives in developing proposals for a walkway station in the community.
- the Council is considering working with Severn Wye Energy Agency – it picked Grossmont in Monmouthshire to dig deep into that community but has not progressed this - although the Council knows how they are going to do it.
- co-production of solutions was one of the criteria used to select the firms the Council is working with on the GovTech project. Co-production will form part of the next phase of the assessments; and
- the Council has completed an overall equality impact assessment for the Step.

30 We identified the following areas for improvement:

- social services know the people affected by the lack of rural transport and where they live. The ones the Council do not know about are the isolated people who do not engage with services. The Council has not decided how to contact these people yet.
- as this step develops there will be more opportunities to involve those most affected by the lack of rural transport in finding solutions – local residents and service providers.
- some of those most affected by rural transport should be engaged throughout the implementation of the solution.

- the Council says it knows who the major stakeholders are and has initiated contact with some, but it finds some others more difficult to engage with because Council officers are unclear who to contact within these organisations to start discussions.
- the college next door to County Hall is accessible but information about students affected by rurality is not available.

## Part Two: Council's response

31 Following the conclusion of our fieldwork, we presented our findings to the Council at a workshop in March 2019 that was attended by the Head of Policy and Governance, Performance Manager, Performance Officer, Rural Development Plan Manager, Project Manager for GovTech bid and Sustainability Policy Officer. At this workshop the Council began to consider its response to our findings and following discussions at the workshop and further reflection on our findings the Council developed the following actions.

### Exhibit 2: the Council's actions

Desired Outcome	Action	Relevant WoW	Who/When	Resources
Better understanding of future trends	Utilise the Future Trends reports delivered through Gwent PSBs and subsequent workshops to ensure that insight and transport scenarios are used to inform and shape future commissioning of transport options.	Long term	Head of Policy and Governance  Key decision points/Spring 2020	Funded through Welsh Government Grant for PSBs.

Desired Outcome	Action	Relevant WoW	Who/When	Resources
Prevent demand arising where possible by identifying the root causes of issues	Ensure that commissioned projects consider and address the root causes that result in transport demand.	Long term Preventative	Head of Policy and Governance/ Head of Enterprise and Community Development  Spring 2020	No additional resources required.
A sustainable transport solution is in place that meets the needs of current and future service users	Ensure that procurement decision at the end of GovTech Catalyst is taken based on an understanding of long-term costs including the potential benefits of prevention.	Long term Preventative	Head of Policy and Governance/ Head of Enterprise and Community Development  Spring 2020	To be determined by final submissions.
Understand the needs of those who are not presently accessing services as well as those who are	Use user research carried out in phase 1 of the GovTech challenge to form comprehensive understanding of user needs at the local level.	Prevention Involvement	Future Monmouthshire Co-ordinator  May 2019	Existing staff capacity using research funded by Government Digital Service.
Effective use and sharing of data between different partners	Seek a long-term solution that enables data and insight from multiple partners in a single place to provide better information about needs, potential supply and gaps.	Integration	Head of Policy and Governance / Head of Enterprise and Community Development  Spring 2020	Development of pilot pending allocation of phase 2 funding from Government Digital Service.



Desired Outcome	Action	Relevant WoW	Who/When	Resources
Effective learning from phase one of the GovTech Catalyst informs the future developing of transport solutions	Work with the Government Digital Service and use the outputs from phase 1 to produce a revised scope for phase 2 tendering exercise seeking further collaboration with private providers.	Involvement Collaboration	Future Monmouthshire Co-ordinator  May 2019	Existing staff capacity.
An effective transport eco-system is in place that enables a multiplicity of providers across different sectors to supply services from a single platform	Produce a specification for phase 2 of the GovTech Catalyst that specifies the requirement for a solution to enable multiple providers to collaborate as part of a single platform or brand.	Collaboration	Head of Policy and Governance/ Head of Enterprise and Community Development  Spring 2020	Existing staff capacity for Monmouthshire County Council.  Dependent on phase 2 funding from Government Digital Service.

32 We may monitor the Council's progress in implementing these actions and the extent to which they address the areas for improvement we identified in this report.

# Appendix 1

## Positive Indicators of the Five Ways of Working

### Exhibit 3: Positive Indicators of the Five Ways of Working

The table below sets out 'positive indicators' for each of the five ways of working that we have identified. We have not used the indicators as a checklist. They should be viewed as indicators. They helped us to form conclusions about the extent to which a body is acting in accordance with the sustainable development principle in taking steps to meet its Well-being Objectives.

#### What would show a body is fully applying the long-term way of working?

- There is a clear understanding of what 'long-term' means in the context of the Act.
- They have designed the step to deliver the well-being objective/s and contribute to the their long-term vision
- They have designed the step to deliver short or medium term benefits, which are balanced with the impact over the long-term (within the project context).
- They have designed the step based on a sophisticated understanding of current and future need and pressures, including analysis of future trends.
- Consequently, there is a comprehensive understanding of current and future risks and opportunities.
- Resources have been allocated to ensure long-term as well as short term benefits are delivered.
- There is a focus on delivering outcomes, with milestones/ progression steps identified where outcomes will be delivered over the long-term.
- They are open to new ways of doing things which could help deliver benefits over the longer term.
- They value intelligence and pursue evidence-based approaches.

#### What would show a body is fully applying the preventative way of working?

- The body seeks to understand the root causes of problems so that negative cycles and intergenerational challenges can be tackled.
- The body sees challenges from a system-wide perspective, recognising and valuing the long-term benefits that they can deliver for people and places.
- The body allocates resources to preventative action that is likely to contribute to better outcomes and use of resources over the longer term, even where this may limit the ability to meet some short term needs.
- There are decision-making and accountability arrangements that recognise the value of preventative action and accept short term reductions in performance and resources in the pursuit of anticipated improvements in outcomes and use of resources.

#### **What would show a body is taking an 'integrated' approach?**

- Individuals at all levels understand their contribution to the delivery of the vision and wellbeing objectives.
- Individuals at all levels understand what different parts of the organisation do and proactively seek opportunities to work across organisational boundaries. This is replicated in their work with other public bodies.
- Individuals at all levels recognise the cross-organisation dependencies of achieving the ambition and objectives.
- There is an open culture where information is shared.
- There is a well-developed understanding of how the wellbeing objectives and steps to meet them impact on other public sector bodies.
- Individuals proactively work across organisational boundaries to maximise their contribution across the wellbeing goals and minimise negative impacts.
- Governance, structures and processes support this, as do behaviours.

#### **What would show a body is collaborating effectively?**

- The body is focused on place, community and outcomes rather than organisational boundaries.
- The body has a good understanding of partners' objectives and their responsibilities, which helps to drive collaborative activity.
- The body has positive and mature relationships with stakeholders, where information is shared in an open and transparent way.
- The body recognises and values the contributions that all partners can make.
- The body seeks to establish shared processes and ways of working, where appropriate.

#### **What would show a body is involving people effectively?**

- Having an understanding of who needs to be involved and why.
- Reflecting on how well the needs and challenges facing those people are currently understood.
- Working co-productively, working with stakeholders to design and deliver.
- Seeing the views of stakeholders as a vital source of information that will help deliver better outcomes.
- Ensuring that the full diversity of stakeholders is represented and they are able to take part.
- Having mature and trusting relationships with its stakeholders where there is ongoing dialogue and information is shared in an open and transparent way.
- Ensure stakeholders understand the impact of their contribution.
- Seek feedback from key stakeholders which is used to help learn and improve.

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<b>AUDIT COMMITTEE WORKPLAN 2019/20</b>	
<b>2ND MAY 2019 - CANCELLED</b>	
<b>Deadline for finalised reports to Cheryl – end of day Monday 22nd April 2019</b>	
<b>Finalised reports to Committee Section - 9 am - Tuesday 23rd April</b>	
<b>13TH JUNE 2019</b>	
<b>Deadline for finalised reports to Cheryl – 3rd June</b>	
<b>Finalised reports to Committee Section - 3rd June - end of day</b>	
Draft Annual Governance Statement 2018/19	Andrew Wathan
Annual Report 2018/19	Andrew Wathan
Final Audit Plan 2019/20	Andrew Wathan
WAO Certificate of Compliance for the Audit of Monmouthshire County Councils 2019-20 Improvement Plan	Richard Jones
Service User Perspective Review, Customer contact - plus managers response	WAO/Emma Davies
Well-being of Future Generations: An examination of developing a range of options to improve rural transport - plus managers response	WAO/Emma Davies
<b>25TH JULY 2019</b>	
<b>Deadline for finalised reports to Cheryl –</b>	
<b>Finalised reports to Committee Section -</b>	
Draft Statement of Accounts - report, including Annual Governance Statement. Appendices include 1. Summary of accounts information 2. Statement of Accounts (prior to Audit), 3. MCC Welsh Church Fund Accounts	Mark Howcroft/Jon Davies
Treasury Outturn report	Lesley Rusell/Jon Davies
Anti bribery Risk Assessment	Peter Davies
Annual Improvement Report 2018/19	WAO/Emma Davies
Annual Performance Review of investment committee	Peter Davies
Implementation of Audit Recommendations	Andrew Wathan
CPR Exemptions 6 monthly	Andrew Wathan

Review of Reserves Outturn	Mark Howcroft

### 12TH SEPTEMBER 2019

**Deadline for finalised reports to Cheryl –**

**Finalised reports to Committee Section -**

Audited Statement of Accounts	Mark Howcroft
ISA 260 Response to Accounts	WAO/Mark Howcroft
Joint Progress report - Statement of Accounts Refinements	Mark Howcroft/WAO

### 17TH OCTOBER 2019

**Deadline for finalised reports to Cheryl –**

**Finalised reports to Committee Section -**


### 28TH NOVEMBER 2019

**Deadline for finalised reports to Cheryl –**

**Finalised reports to Committee Section -**

Half Yearly Treasury Compliance Monitoring	Jon Davies/Lesley Russell
Audited Trust Funds Accounts (Welsh Church Funds & Mon Farms)	Dave Jarrett/Nikki Wellington
ISA 260 or equivalent for Trust funds	WAO
Treasury Strategy	Jon Davies/Lesley Russell

**9TH JANUARY 2020**

<b>Deadline for finalised reports to Cheryl –</b>	
<b>Finalised reports to Committee Section -</b>	

**13TH FEBRUARY 2020**

<b>Deadline for finalised reports to Cheryl –</b>	
<b>Finalised reports to Committee Section -</b>	

**19TH MARCH 2020**

<b>Deadline for finalised reports to Cheryl –</b>	
<b>Finalised reports to Committee Section -</b>	

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# Public Document Pack Agenda Item 15

## MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Audit Committee held  
at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 14th March, 2019 at 2.00 pm

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

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

### **OFFICERS IN ATTENDANCE:**

Mark Howcroft	Assistant Head of Finance
Peter Davies	Chief Officer, Resources
Wendy Barnard	Democratic Services Officer
David Walton	Audit Manager

### **ALSO IN ATTENDANCE:**

Ann-Marie Harkin	Wales Audit Office Director
Rhodri Davies (WAO)	Wales Audit Office Team Leader

### **APOLOGIES:**

County Councillors M.Feakins and S. Woodhouse

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

Item 8: Wales Audit Office Audit Plan 2019/20 – County Councillor A. Easson declared a personal, non-prejudicial interest as a trustee of the Monmouthshire Farm School Endowment Trust.

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

No members of the public were present.

#### **3. To note the action list from the last meeting**

- Performance Management: Chief Officer, Resources, provided clarification that an update will be provided at the next Committee meeting if the year end figures are ready at that time.
- Bribery Act: On the agenda today.
- Whole Authority Complaints: Noting that the Council is taking on the role of Single Point of Contact for highways issues, it had been queried if the authority will take on responsibility for complaints against speeding fines and for parking disputes and complaints. It was also queried if complaints about MonLife would also be handled centrally.

The Chief Officer, Resources had liaised with the Head of Operations and Senior Traffic Engineer concerning the point raised regarding complaints against speeding fines and

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the meeting of Audit Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 14th March, 2019 at 2.00 pm

parking disputes. The Council takes responsibility for 'on street and off street' parking management. This includes parking disputes for off street (which the Council already does) but now also 'on street' static parking fines, complaints, enquiries etc. "Static" was emphasised as speeding violations (and other moving traffic violations) remain with the Police and Go Safe.

Rhondda Cynon Taff will be responsible for dealing with the fines and appeals for each Penalty Charge Notice (PCN) issued and as the authority providing back office support to Monmouthshire and numerous other local authorities. However, the Council as lead authority will make the final decision on whether to uphold the decision or not. Gwent Police will continue to consider and enforce issues of obstruction i.e. cars parked in front of dropped kerbs, or partially or wholly on the footway (pavement), providing that there are no parking restrictions such as double yellow lines or single yellow lines in-situ.

MCC will shortly be issuing a press release and provide targeted marketing to inform local residents of Monmouthshire of the changes involved.

Regarding complaints about MonLife, it was stated that a report is due to be considered by Council.

#### **4. Joint Progress Report - Statement of Accounts Refinements**

The Wales Audit Officer and Assistant Head of Finance introduced the joint progress document noting that it concentrates on errors and misstatements from the 2017/18 financial statements, provides recommendations for improvement and provides a progress report. Also reported are 1) matters relating to outstanding IT issues e.g. the risk register and 2) matters not resolved from 2016/17. Questions were invited:

- IT Risk Register: A Committee Member asked how close the authority is to resolution of the IT risk register. The Chair agreed to receive a report on progress at a future meeting.
- Osbaston Church in Wales Primary School: A Committee Member asked for more information about the transfer of legal title of Osbaston Church in Wales Primary School. It was explained that the accounts should be attributable to the Diocese not the authority. Whilst this has been a protracted process, the conveyance will be completed later this year.
- A Member questioned why there are so many presentational errors. It was responded that there is a unique error relating to a school under construction. Other errors could be tidied as they have the capacity to mislead the user but this is a focus for improvement this year. It was added that where there is an asset under construction, when completed, the existing asset will be revalued.

#### **5. Internal Audit Draft Plan 2019/20**

The Audit Manager introduced the first draft of the Internal Audit Plan for 2019/20 offered to the Committee and Service Departments for consultation. The plan is based on risks to the authority's strategic objectives as follows:

- Security of assets
- Prevention and detection of fraud, corruption and bribery
- Achievement of value for money

## MONMOUTHSHIRE COUNTY COUNCIL

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It is necessary to be mindful of internal and external audit work, and that of other assurance providers. It is necessary to ensure that lower risk areas are audited periodically, also the terms and conditions of grant applications.

It was explained that time is allowed for special investigations and unplanned work where new concerns emerge in year.

A final plan will be brought to Committee in Quarter 1 for approval. Questions were invited:

- A Committee Member referred to the inclusion of the Borough Theatre and Events in the plan. It was responded that some consultancy work was provided for the Borough Theatre last year which concluded that there were some issues to address. A follow-up is in progress. Assurance was provided that controls have been improved in the last 12 months. Regarding Events, an interim follow-up report has been compiled including smaller events e.g. the November Firework Display at Caldicot Castle. The report identifies the need for improvement to controls, however, no major event has been arranged to enable a review. Any such event in future will be reviewed accordingly. The Member asked how events in Caldicot Castle, run by other organisations, are monitored (specifically, car parking and collection of monies). It was answered that an audit of the Castle has taken place looking at weddings and private bookings. The report is being finalised currently.
- A Member asked if it would be possible to be notified of finalised reports. It was confirmed that Members would not normally receive full audit reports and that quarterly reports provide a summary of opinions to draw to attention to significant matters that require attention. Specific reports can, however, be made available to anyone that wishes to see them and will be redacted as necessary.
- It was also questioned if the Borough Theatre report was in progress when the decision was taken to return the theatre to the Council. It was explained that the audit was completed when it was outside the authority's control by invitation. No recommendations were made at that time. A number of significant risks were discovered that led to the transfer of stewardship back to the authority. A follow up review was carried out after the transfer, and the report established that improvements have been made and recommendations have been acted upon. In response to a question, it was stated that the trustees' request for transfer was agreed by Cabinet on 28th February 2018 and the lease was surrendered 9th April 2018.

#### **6. Update on Anti-Bribery Compliance: Presentation - Chief Officer Resources**

The Chief Officer, Resources gave a presentation providing an update on anti-bribery compliance. The slides were circulated to committee members prior to the commencement of the meeting. Following the presentation, questions were invited:

- A Member acknowledged the large amount of procedures put into place and welcomed any feedback. An update on annual risk assessment was requested for the July meeting.
- A Member asked if the processes put in place are to ensure that individuals don't enter into risky contracts. It was confirmed that the Contract Procedure Rules (CPR) govern those activities and have to be signed off by an authorised signatory of sufficient seniority. The Chief Officer, Resources was satisfied that there are sufficient controls.

#### **7. Wales Audit Office Audit Plan 2019/20**

# MONMOUTHSHIRE COUNTY COUNCIL

## Minutes of the meeting of Audit Committee held

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The Wales Audit Officer introduced the Wales Audit Office Audit Plan which sets out specific work for the year, timescales for the work and how much it will cost. It was explained that there is a risk-based approach. Questions were invited as follows:

- In response to a question, it was confirmed that the Auditor General has to be satisfied that arrangements are in place to secure economy, efficiency and effectiveness in the use of resources. There is a possibility that the local government measure will no longer apply to councils leading to a more risk based approach in future so that auditors can satisfy themselves first hand rather than reviewing control arrangements.
- The Chief Officer, Resources, advised that Senior Leadership Team has met with WAO for a constructive discussion focussing on the reviews identified. The early engagement was appreciated.

### **8. Certification of Grants and Returns**

The Wales Audit Officer introduced the report explaining that 12 grant claims were certified for a cost of £68,000. Following audit, £4,000 less was claimed by the Council. Of the 12 grant claims 4 attracted a qualified opinion and the issues are summarised in the report. These related to breaches of contract procedure rules (CPR), partnership pooled budgets and passenger transport. The Assistant Head of Finance responded that our own control arrangements led to delays (e.g. partnership agreement) and acknowledged the volatile conditions (e.g. split sites) for the management of passenger transport budgets. Auditors report that they are generally satisfied that appropriate arrangements are now in place. Providing context, the 12 grants totalled £79m and only £4,000 less was claimed due to adjustments.

The weaknesses identified were accepted and it was noted that improvements to procurement compliance are planned. Members were invited to ask questions, which were answered as follows:

- A Member raised a question about the bus service support grant and expressed concern that the authority cannot provide supporting invoices. It was explained that this related to the installation of audio/visual equipment on some buses. Some already had the equipment installed when purchased and this led to difficulty in justifying the costs. It was added that the authority received money late which was allocated to things that had already happened. The WAO opinion was that the money should be spent in the 6 month window available. It was commented that the grant rules and audit requirements can change, and the rolling balance is unusual. A Committee Member commented that correct procedures were not complied with and that the matters should have been detected. It was questioned why the authority was not aware. The Chief Officer, Resources, regarding non-compliance with CPR, advised that there is a revised procurement strategy which includes strengthening CPR and practice. Procurement systems also need to be enhanced.

Information was provided on the two departures from CPR as detailed in the grant report; the land drainage grant and the local transport fund. The Head of Operations provided information regarding the land drainage grant that procurement strategy was followed but not CPR. Reasons and mitigating factors were explained. The local transport fund grant refers to Llanfoist Bridge and it was explained that an exemption certificate was completed for one of the contracts but was not forwarded to Audit. The grounds provided were reasonable. The remaining two contracts were continuation of projects for previous years.

- A Member asked if Aneurin Bevan University Health Board paid into pooling of budgets. It was confirmed that a process was followed that involved a S33 certificate being

## **MONMOUTHSHIRE COUNTY COUNCIL**

### **Minutes of the meeting of Audit Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 14th March, 2019 at 2.00 pm**

signed. It was confirmed that there was no impact on services. At the end of the financial year, the outstanding items were accrued and have been resolved this financial year.

Officers and Wales Audit Officers were thanked for their contributions to this item.

#### **9. Forward Work Plan**

The Chair reminded Officers to complete the Forward Work Plan as fully as possible to enable proper planning of the Committee's work.

It was requested that Contract Procedure Rules is added to the programme.

#### **10. To confirm minutes of the previous meeting**

The minutes of the previous meeting held on 31<sup>st</sup> January 2019 were confirmed and signed as an accurate record.

#### **11. To note the date of the next meeting as 2nd May 2019**

**The meeting ended at 3.40 pm**

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