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Dydd Mercher, 12 Mai 2021

Notice of Meeting

Pwyllgor Llywodraethu ac Awdit

Dydd Iau, 20fed Mai, 2021 at 2.00 pm,
Cyfarfod o Bell
AGENDA

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2.	Penodi Is-gadeirydd	
3.	Ymddiheuriadau am absenoldeb	
4.	Datganiadau o Fuddiant	
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Paul Matthews
Chief Executive

**MONMOUTHSHIRE COUNTY COUNCIL
CYNGOR SIR FYNWY**

THE CONSTITUTION OF THE COMMITTEE IS AS FOLLOWS:

Philip White (Co-opted Member)

County Councillor Peter Clarke

County Councillor Tony Easson

County Councillor Mat Feakins

County Councillor Jim Higginson

County Councillor Malcolm Lane

County Councillor Phil Murphy

County Councillor Val Smith

County Councillor Brian Strong

County Councillor Jo Watkins

County Councillor Bryan Jones

Llangybi

Fawr;

Dewstow;

Drybridge;

Severn;

Mardy;

Caerwent;

Llanbadoc;

Usk;

Caldicot

Castle;

Goytre

Fawr;

Welsh Conservative Party

Welsh Labour/Llafur Cymru

Welsh Conservative Party

Welsh Labour/Llafur Cymru

Welsh Conservative Party

Welsh Conservative Party

Independent Group

Welsh Conservative Party

Liberal Democrats

Welsh Conservative Party

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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.

Agenda Item 6

Audit Committee Action List 25th March 2021

Agenda Item:	Subject	Officer	Outcome
7	Audit Plan 2020/21	Rachel Freitag (Audit Wales)	Identify efficiencies available due to familiarity with the Welsh Church Fund work to audit accounts. Report back to the County Councillor B. Strong. brianstrong@monmouthshire.gov.uk

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Certification of Grants and Returns 2019-20 – Monmouthshire County Council

Audit year: 2019-20

Date issued: May 2021

Document reference: 2413A2021-22

Purpose of this document

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

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Summary of certification work outcomes

- 1 Under Paragraph 20 of Schedule 8 to the Government of Wales Act 2006 the Auditor General shall, if required by a local government or other grant-receiving body, make arrangements for certifying claims and returns (referred to as grant claims, hereafter).
- 2 We undertook our work with the aim of certifying individual claims and to answer the question:
‘Does Monmouthshire County Council (the Council) have adequate arrangements in place to ensure the production of co-ordinated, accurate, timely and properly documented grant claims?’
- 3 We have completed our certification work and conclude that the Council had generally sound arrangements in place for the production and submission of its claims. There is some scope for improvement, and we are continuing to work with the Council to make these improvements for 2020-21 claims.
- 4 The Council submitted 67% of its 2019-20 grant claims to us on time (2018-19: 67%). We can confirm that we have certified all of the claims, at a total audit cost of £54,020 (£56,357).
- 5 For 2019-20 we certified 5 grant claims, which is a significant reduction in the number of claims were certified in 2018-19 (12 claims). This is due to a number of Welsh Government grants no longer requiring Audit Wales certification. Of the 5 claims certified this year, 2 were qualified.

Introduction and background	<p>This report summarises the results of work on the certification of the Council's 2019-20 grant claims and returns</p> <ul style="list-style-type: none"> – As appointed auditors of the Council, we are asked on behalf of the Auditor General, to certify grant claims made by the Council. – For 2019-20, we certified 3 grants with a total value of £19,577,569 and 2 returns with a total value of £32,330,166. – At the start of our grant audit work for 2019-20, we met with the grant co-ordinator and key financial officers who have responsibility for grant claim preparation. The Council continues to use a comprehensive Good Practice Grant Checklist which is included on each grant claim file. This checklist highlights the key areas we review when performing our grant auditor certification work. – Although this checklist was used on most grant claim files, there is room for improvement in its completion as some errors were still found on the claims which should have been identified when undertaking the checks required in the checklist. – We have produced this report so that we can provide feedback collectively to those officers having the responsibility for grant management so that we can work together to identify further improvements which can be made to improve the processes.
Timely receipt of claims	<ul style="list-style-type: none"> – Out of 5 claims in total requiring certification this year, 3 were received within deadlines with two received late. Further detail is provided in the table on page 7 below.
Certification results	<p>For the 5 claims, we issued 2 unqualified certificates and 3 qualifications.</p> <p>The reasons for the three qualifications are summarised below:</p>

	<ul style="list-style-type: none"> – The Teachers' Pension return included a difference between the payroll records and the return that could not be reconciled; – The National Non-Domestic Rates return included £26,867.67 (2 cases) of empty premises relief where there was no evidence to support that a property was empty during that period; – The Housing Benefit Subsidy return included one item of underpaid subsidy (although this did not affect the total level of subsidy receivable by the Council).
Audit adjustments	<p>Adjustments were necessary to two of the Council's claims as a result of our work this year.</p> <ul style="list-style-type: none"> – These adjustments related to the Section 33 Pooled Budgets and Health Act S28a and 28b Money Transfers returns. None of these adjustments were significant and are detailed in paragraph 8.
Fees	Our overall fee for certification of 2019-20 grants and returns is £54,020.

- 6 Detailed on the following page is a summary of the key outcomes from our certification work on the Council's 2019-20 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate.
- 7 A qualification means that issues were identified concerning the Council's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant-paying body will require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate.

Key information for 2019-20

Overall, we certified 5 grants and returns:

- **2 were unqualified but required some amendment to the final claim**
- **3 required a qualification to our audit certificate**

Ref – Para 8	Grants and returns	Claim due	Claim received	Late	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)	Unqualified certificate
1	National Non-Domestic Rates Return	29/05/20	02/06/20 ¹	Yes	Yes			
2	Teachers' Pension Return	31/05/20	29/09/20 ²	Yes	Yes			
3	Housing Benefit Subsidy	30/04/20	30/04/20	No	Yes			
4	Section 33 Pooled Budgets	08/05/20	30/04/20	No			£791	Yes
5	Health Act S28a and 28b Money transfers	30/09/20	29/09/20	No		£55,518		Yes
Total					2	£55,518	£791	3

¹ This minor delay had no impact on the delivery of our certification work.

² While the claim was submitted to Audit Wales on 29 September 2020, the return was submitted to Teachers' Pensions as required, prior to the 31 May 2020 deadline.

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

Ref	Summary observations	Amendment
1	<p>National Non-Domestic Rates (qualification)</p> <ul style="list-style-type: none"> Out of a sample of 10 cases receiving Empty Premises Relief, in 2 cases (totalling £26,867.67) the Council could not provide evidence that a review of the premises had taken place when the relief was granted. Projecting this error over the total of £1,023,980 Empty Premises Relief awarded in 2019-20 gives a potential overstatement of relief awarded of £164,656. Our audit also identified a number of less significant matters, grouped into three categories: <ul style="list-style-type: none"> Presentational errors with no impact on claim value; Other errors with an impact on claim value, but individually and in total lower than the £10,000 Welsh Government threshold for reporting; and Other minor matters in completion of the claim. 	-
2	<p>Teachers' Pensions (qualification)</p> <ul style="list-style-type: none"> Our audit identified a difference of £1,587.88 in the total contributory salary per the Teachers' Pensions claim compared to the Council's payroll records. This difference means that both Employees' Contributions Tier 1 (7.4%) and Employer's Contributions Tier 1 (23.68%) differ by £117 and £376 respectively. 	-
3	<p>Housing Benefit Subsidy (qualification)</p> <ul style="list-style-type: none"> Our initial testing of 'Rent Allowances' identified one case where Housing Benefit had been underpaid by £206 due to incorrect treatment of claimant earnings. Under Department for Work 	-

	and Pensions (DWP) directions, we performed additional testing of a number of similar cases but did not identify further issues. No amendment to the Housing Benefit Subsidy claim is required as the single error did not affect the level of subsidy receivable by the Council.	
4	Section 33 Pooled Budgets <ul style="list-style-type: none"> Our audit identified one transaction for vehicle hire that was ineligible for inclusion in this claim. There were also a number of year-end accruals for energy costs included in the initial claim, which were lower than the actual invoices received after year-end. The net effect is a reduction in the overspend of the pooled budget of £791 (of which £451 would have been funded by the Council). 	-£791
5	Health Act S28a and 28b Money Transfers <ul style="list-style-type: none"> Expenditure on the Severn View EMI Unit did not include a 10% recharge (amounting to £55,518) for support costs. Therefore, the total expenditure of £553,670 is understated by this amount. However, there was no impact on the level of grant, as expenditure already exceeds the income allocation. 	+£55,518
	Total effect of amendments	+£54,727

- 9 A breakdown of our fees is detailed below. The total fee for 2019-20 is in line with the total for 2018-19, despite there being fewer claims to certify. This is primarily due to our work over the Housing Benefit Subsidy return, where the following issues were noted:
- While this return was unamended this year, additional testing was required given an error identified in our original testing sample (the DWP requires additional targeted testing in the case of any errors in an original sample). This error did not affect the level of

Housing Benefit subsidy receivable by the Council, and so the claim did not require amendment (although we needed to issue a qualification letter to DWP to outline our findings).

- With Housing Benefit managed by Torfaen CBC on the Council's behalf, as a result of the COVID-19 pandemic we needed to obtain remote working access to two Councils' systems which increased the complexity of our work this year. This (alongside other general delays we experienced through working remotely) led to us taking more time to complete our work this year.

10 In this paper we also provide an estimate of our fees for delivery of 2020-21 grant certification work.

Breakdown of fee by claim	2017-18	2018-19	2019-20	2020-21 (estimate)
Housing Benefit	£19,770	£16,185	£31,106	£20,000
21st Century Schools	£2,459	£2,251	N/A	-
Section 33 NHS (Wales) Act 2006 Pooled Budgets	£3,116	£1,781	£2,920	£3,000
Health Act S28a and 28b Money transfers	£3,848	£3,190	£3,065	£3,000
National Non-Domestic Rates Return	£4,154	£3,450	£5,208	£4,000
Sustainable Waste Management Grant	N/A	£1,759	N/A	-
Summary of Grants WG Schedule	£6,712	£4,027	N/A	-
Teachers' Pension Return	£3,634	£1,864	£3,540	£2,500
Free Concessionary Travel	£529	£2,644	N/A	-
Local Transport Grant	£2,990	£3,631	N/A	-
Bus Services Support Grant	£5,117	£3,062	N/A	-
Youth Travel Scheme	N/A	£1,927	N/A	-
CI Grant Planning, Supervision & Review	£9,612	£8,811	£8,181	£7,500
Total fee	£61,821	£54,579	£54,020	£40,000

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**SUBJECT: INTERNAL AUDIT SECTION
CONTRACT PROCEDURE RULES -
EXEMPTIONS**

DIRECTORATE: Resources
MEETING: Audit Committee
DATE: 20th May 2021
DIVISION/WARDS AFFECTED: All

1. PURPOSE

- 1.1 To consider the adequacy and appropriateness of the exemption process from the Authority's Contract Procedure Rules since the last report in July 2019. There has been a delay in reporting this periodic data due to the Covid-19 pandemic.
- 1.2 To inform the Audit Committee of the number of exemptions requested by operational managers and to identify any non compliance with the process or adverse trends.

2. RECOMMENDATION(S)

- 2.1 That the Audit Committee accepts and acknowledges the justifications for the exemptions provided by operational officers.
- 2.2 If the justifications are not accepted, then consideration should be given to calling in the respective operational officer and their respective Head of Service to further account for the reasons why they could not comply with the Council's Contract Procedure Rules at the time of the procurement.
- 2.3 That the Audit Committee receive an updated report in 6 months time to include any further responses obtained by the Chief Internal Auditor.

3. KEY ISSUES

- 3.1 To ensure compliance with the Council's Contract Procedure Rules in the way goods, works and services are procured on behalf of the Authority.
- 3.2 Reassurance that the exemption process from Contract Procedure Rules is operating as intended by managers procuring goods, works or services on behalf of the Authority.

- 3.3 Some operational managers procuring goods, works and services on behalf of the Authority may not be as familiar with Contract Procedure Rules and the exemption process as they should be.

4. REASONS

- 4.1 Council approved the revised Contract Procedure Rules for Monmouthshire County Council in April 2009. This was as a result of a major update of the Council's former Contract Standing Orders which incorporated compliance with the Procurement Strategy.
- 4.2 The previous report was presented to Audit Committee in July 2019. This report covers the period June 2019 to October 2020. Previously managers have been invited to Audit Committee to explain to Members their reasons for seeking an exemption rather than complying with the Council's Contract Procedure Rules.

5. EXEMPTIONS - Background

- 5.1 Although the Contract Procedure Rules were written to ensure a consistent and fair approach to how officers procure works, goods and services on behalf of the Council, there will be occasions where full compliance may not be appropriate. Provided there is sufficient justification and appropriate approval for not following these rules then that is permissible within the agreed policy.
- 5.2 Management need to ensure that the use of exemptions is proper and they are not being used for convenience or to avoid following CPRs. Exemptions from CPRs are therefore administered by Internal Audit, although approvals are given by Heads of Service, Chief Officers and or Cabinet Members.
- 5.3 Since April 2009, 312 exemptions have been requested (up to October 2020) as shown at Appendix 1.
- 5.4 The majority of exemption forms have been returned to Internal Audit although there are some which are still outstanding so it is not possible to determine whether or not the correct procedures have been followed in all cases.
- 5.5 An exercise will need to be undertaken to capture the missing information on previously non returned exemption forms between November 2018 and October 2020. This will be reported to Audit Committee in the next report.
- 5.6 This process will only capture the exemptions which have been requested via and returned to Internal Audit.

5.7 The process is as follows:

- Obtain a sequentially numbered exemption form from Internal Audit
- Record the reason for requesting the exemption on the form
- Obtain the appropriate level of approval
- Check that Procurement Team are happy with the justification of the exemption
- Return the fully signed off and approved form to Internal Audit

6.

EXEMPTIONS – June 2019 to October 2019 [281 - 291] [Appendix 2]

6.1 Of the 11 requested exemptions, 8 were returned to Internal Audit as required and were correctly authorised; 3 were not returned to Internal Audit (283, 287, 290) which means that it cannot be verified that they have been correctly authorised; these are highlighted in the table.

EXEMPTIONS – November 2019 to May 2020 [292 - 300] [Appendix 3]

6.2 Of the 9 requested exemptions, 7 were returned to Internal Audit as required and were correctly authorised; 2 were not returned to Internal Audit (296, 297) which means that it cannot be verified that they have been correctly authorised;

EXEMPTIONS – June 2020 to October 2020 [301 - 312] [Appendix 4]

6.3 Of the 12 requested exemptions, 7 were returned to Internal Audit as required and were correctly authorised; 1 was returned to Internal Audit but had not been correctly authorised (304); 4 were not returned to Internal Audit (306, 310, 311, 312) which means that it cannot be verified that they have been correctly authorised;

7 GENERAL

7.1 All officers who request an exemption will be reminded to return the form to Internal Audit by the Chief Internal Auditor.

7.2 Some managers are still sending Exemption Forms to Internal Audit which have not been formally issued which indicates a weakness in the control environment as the correct process is not being followed.

7.3 Although Heads of Service and operational managers were made aware of the revised Contract Procedure Rules at the time, the main concern is that current operational managers may be non compliant because they are not seeking the appropriate exemptions.

- 7.4 The exemption form was reviewed and updated in August 2019.
- 7.5 A list of all requests for CPR exemptions which have not been returned to Internal Audit will be sent to Heads of Service to chase up a return to the Chief Internal Auditor who will then verify that they have been correctly authorised. The Chief Internal Auditor will then also remind all Heads of Service of the correct procedure to follow when seeking an exemption from the Council's procurement rules.

8. RESOURCE IMPLICATIONS

None.

9. CONSULTEES

Chief Officer Resources

Results of Consultation:

10. BACKGROUND PAPERS

Report to Council 2nd April 2009 – Contract Procedure Rules (CPR)
Internal Audit CPR Exemption Logs

11. AUTHOR AND CONTACT DETAILS

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AUDIT COMMITTEE MAY 2021

CONTRACT PROCEDURE RULES - EXEMPTIONS

APPENDIX 1

Contract Procedure Rules Exemption Forms Log

		Period	Exemption Ref	No' of exemption requests	Cumulative
Report 1	January 2011	April 2009 to 31 Aug 2010	1 – 41	41	41
Report 2	November 2012	September 2010 to August 2011	42 – 60	19	60
		September 2011 to August 2012	61 – 92	32	92
Report 3	May 2013	September 2012 to March 2013	93 – 102	10	102
Report 4	December 2013	April 2013 to October 2013	103 - 117	16	117
Report 5	July 2014	November 2103 to May 2014	118 - 132	15	132
Report 6	December 2014	June 2014 to October 2014	133 - 141	9	141
Report 7	July 2015	November 2014 to May 2015	142 - 174	33	174
Report 8	December 2015	June 2015 to October 2015	174 - 179	5	179
Report 9	June 2016	November 2015 to May 2016	180 - 194	15	194
Report 10	December 2016	June 2016 to October 2016	195 - 207	13	207
Report 11	November 2017	November 2016 to May 2017	208 - 222	15	222
Report 12	November 2018	June 2017 to October 2017	223 - 246	24	246
		November 2017 to May 2018	247 - 259	15	259
Report 13	July 2019	June 2018 to October 2018	260 - 272	13	272
		November 2018 to May 2019	273 - 280	8	280
Report 14	May 2021	June 2019 to October 2019	281 - 291	11	291
		November 2019 to May 2020	292 - 300	9	300
		June 2020 to October 2020	301 - 312	12	312

APPENDIX 2

June 2019 to October 2019 [Exemptions 281 - 291]

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
281	Frances O'Brien	To take forward the Monmouthshire MedTech Centre proposal that the Chief Executive started looking at back in August last year (2018). Paul presented a report to the Investment Committee in November 2018 which was approved and we have since been working through the terms of the MoU and the lease. To partner with Capital Kinetics to develop a specific concept and brand 'Monmouthshire Medtech'. See form and Cabinet report of 31/7/19 for full details	50,000	Enterprise	13/06/19 (AW)	Y	27/09/19	Specialist provider
282	Ross Price Project Engineer (Highways & Flood Management)	Phase 2 of design work relating to flood alleviation measures in Llanfair Kilgeddin	46,568	Enterprise	26/06/19 (DW)	Y	01/07/19	Specialist supplier - extension to cover phase II of scheme and supplier WSP would have unique knowledge and experience of the scheme from their work on phase I.

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
283	Mike Moran	Summer Playscheme 2019	76,276	Enterprise	4/7/19 (DW)			
284	Hywel Price Assistant Engineer	We are working on a project in Severn Tunnel Junction Under the new Rail Franchise with TFW, they have a consulting arm and we would like to work with them on this project. The value of the works will be up to £75k for the consultants only. We have been granted monies from the Welsh government for the scheme. Supplier is Amey Consulting.	23,000		08/07/19 (MS)	Y	10/07/19	I am looking to seek exemption under section 3.4. Amey Consulting will be entering into a contract with MCC using the NPS frame work of which they have entered a competitive price compatible with other national consultants. They have supplied a cost breakdown and project schedule along with letter of intent.

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
285	Rachel Lewis	To support the evidence base for the Replacement Local Development Plan we are required to update the existing Landscape Sensitivity and Capacity Study which was prepared in 2008/2009 to inform the current adopted LDP. The Landscape Sensitivity and Capacity Study is key to establishing an evidence base to inform/support the strategy, policies and site allocations of the replacement LDP covering the period 2018-2033. We do not have the expertise in house to undertake this work and therefore need to appoint consultants. The reason we require an exemption is that we would like to appoint Simon White Associates specifically to undertake the work due to their previous involvement in the Adopted Local Development Plan (LDP) and work undertaken to date. It would therefore be beneficial to build on this work rather than start afresh.	36,363	ENT	17/07/19 (RS)	Y	24/07/19	Specialist Supplier

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
****NEW FORM IN USE FROM HERE** ** 286	Natalie Edwards	To extend our two year contract with our website provider, NVG. (See original approved form attached.) The reasons for the original exemption haven't changed – we are acting as a data steward for the Wales Tourism Product Database (WTPD) and we receive a discount on our website costs for doing so. Visit Wales has just reappointed NVG for another three years to manage and host the WTPD and NVG's is the only platform that enables us to manage WTPD data entries.	24,500	ENT	13/08/19 (SG)	Yes - Ian Saunders - Head of Service	06/11/19	Extend existing contract
287	Lucinda James	We are trying to procure a piece of work that is very specialised. We have invited Cardiff University to prepare a proposal for an academic study on the Internet Of Things (IOT) to help with a project about Independent living (please see attached proposal) as they have the skills and knowledge on the subject area.	13,598	ENT	22/08/19 (RS)			

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
288	Alison Grimson	The name of the supplier is Wye Knot Tourism and the amount of the contract will be £14,000. Wye Knot Tourism is a specialist provider to one of our Rural Development projects and would be the best fit for an evaluation to be carried out as they already have extensive knowledge of the project and have an existing contract with Mon CC with regards to the project already making them best value for money. I understand that I will need to get the cert. signed by the head of service which is fine.	14,300	Ent	MS 03/09/19	Y -HoS	03/10/19	specialist
289	William Miles	Planning Department - Annual Footfall Survey	6,000	ENT	17/9/19 (DW)	Y - See email from Scott James adding his approval for this exemption (originally omitted on the form)	25/9/19 (form from Planning) 7/10/19 (approval from SJ);	Specialist provider familiar with requirements/way of working

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
290	Cath Saunders	21C Schools (details tbc)	?	CYP	11/10/19 (DW)			
291	Matthew Gatehouse	Replacement self service machines for MCC Libraries	10,000	CEX	31/10/19 (DW)	Y - HoS	18/12/19	Specialist provider of proprietary software for libraries' self service machines.

APPENDIX 3

November 2019 to May 2020 [Exemptions 292 - 300]

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
292	Rob Davies	The exemption is for a single supplier of materials as we are extending an existing scheme. The materials we require to purchase are York Stone "Scoutmoor" slabs and Granite kerbs both provided by Marshalls and have been selected by local Councillors. Marshalls have confirmed they can provide the materials in the restricted time scale. Please note that there was a previous exemption by MCC for the initial phase of the project. Exemption form no. 264.	170,000	ENT	17/12/19 (DW)	Y - Chief Officer, s151 & Cabinet Member	20/01/20	Specialist supplier of bespoke material, who can guarantee quality and quantity of items ordered and supply in time for meeting WG grant timetable restrictions.
293	Jill Edge	Additional modelling work required for the growth options for the Replacement Local Development Plan	5,625	ENT	20/12/19 (RS)	Y - Returned with countersignature from Mark Hand as originally had been signed off by Head of Planning (Craig O'Connor) instead.	27/02/20	Specialist provider - no in-house expertise available and chosen supplier has previous involvement in modelling and analysis required.

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
294	Jill Edge	Additional work required for the Employment Land Review	5,713	ENT	20/12/19 (RS)	Y - Returned with countersignature from Mark Hand as originally had been signed off by Head of Planning (Craig O'Connor) instead.	27/02/20	Specialist provider - work will be an addendum to existing work being completed by BE Group for LDP. No in house expertise and BE Group have existing knowledge of the ELR and the locality.
295	Jill Edge	Additional work that will be required for appropriate assessment for the Habitats Regulations Assessment of the Plan. At the present time we are not sure of the cost of this final one as the consultants were appointed on a joint basis with Blaenau Gwent and Torfaen and they will also be doing additional work for them so hopefully we may be able to save costs by undertaking the additional work jointly.	6,628	ENT	20/12/19 (RS)	Y - Returned with countersignature from Mark Hand as originally had been signed off by Head of Planning (Craig O'Connor) instead.	27/02/20	Specialist provider - Consultants are already undertaking a Habitats Regulation Assessment for the RDLP. Their work has identified a need for a separate visitor survey, to extend this work. No in house expertise and prior involvement of Ascom in the HRA makes them best placed to complete the additional work.

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
296	Nikki Wellington	Engagement of Compass for Life to provide motivational training/development for secondary school pupils.	?	CYP	7/1/20 (DW)			
297	Nikki Wellington	Commissioning Esphera Solutions to provide software for MCC to run a sickness absence mutual assurance scheme for schools opting in. Schools will be able to choose the level of cover they require and the software will determine the premium. Research shows that as long as enough schools opt in to the scheme it should be significantly cheaper over the medium /long term than each school insuring for sickness individually.	tbc	CYP	03/02/20 (DW)			Specialist provider - no other supplier offers this type of product.
298	Richard Cook - Strategic Transport	Delivery of de minimis bus service contracts which we are not required to tender, but require exemption forms (Phil Anslow Coaches: Service 31 - Brynawr - Llanelly Hill - Blaenavon service)	14,000	ENT	18/03/20 (NT)	Y - Procurement sign-off is shown by separate email received from Sue Day (copy in signed exemption form folder)	23/03/20	3.4 Specialist provider

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
299	Richard Cook - Strategic Transport	Delivery of de minimis bus service contracts which we are not required to tender, but require exemption forms (Stagecoach - Service X4: Cardiff - Brynmawr - Abergavenny)	13,725	ENT	18/03/20 (NT)	Y - Procurement sign-off is shown by separate email received from Sue Day (copy in signed exemption form folder)	23/03/20	3.4 Specialist provider
300	Jill Edge	Additional work arising out of the recent publication of the Welsh Government Population projections. Whilst the cost to Monmouthshire is below £5,000, as a joint commission with Torfaen and Blaenau Gwent, the initial cost to Monmouthshire as the main procurer will be above this figure.	14,400	ENT	13/05/20 (RS)	Y - HoS	16/9/20 (DW)	Specialist provider - developing previous work completed by same supplier.

APPENDIX 4

June 2020 to October 2020 [Exemptions 301 - 312]

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
301	Jill Edge	To pay for a local viability assessment to inform the Replacement Local Development Plan. We are required to identify policy targets in the Plan in relation to Affordable Housing and other s.106 obligations. Andrew Burrows who will be undertaking the work is also undertaking work at a regional level for other LPAs.	21,000	ENT	03/06/20 (RS)	Y - Initial form did not contain signatures of Procurement or Head of Service and was therefore returned to Planning. Subsequently separate emails were received from Scott James and Mark Hand to evidence their approval of the exemption.	02/07/20 (DW)	Specialist provider
302	Nikki Wellington	Purchase of child-friendly signage for MCC schools returning after Covid-19 lockdown	60,442	CYP	8/6/20 (DW)	Y - accepted electronic signatures during Covid-19 lockdown	15/06/20 (DW)	3 specialist providers able to respond to provide goods urgently to allow schools to re-open after pandemic closure

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
303	Susan Hughes (Active Travel Officer)	A previous expression of interest was undertaken with regards to an Active Travel Audit (auditing cycling and walking routes across the authority). Three quotes were obtained. Grant funding as now come through and we would like to appoint once contractor 'Sustran' due to the added value and innovation shown in the approach. Although these were not the cheapest. Ive just heard that the bid (based on Sustrans approach) was accepted and was awarded the money £50k. Sustrans bid is unique and it breaks new grounds with a business arrangement with the University into looking at new ways of examining distance travelled, assessment of walking and cycling routes and the data we would get back is rich and can be used in future bidding work. This was all included in the bid to WG	50,000	ENT	24/06/20 (MS)	Y - accepted electronic signatures during Covid-19 lockdown	26/06/20 (DW)	Specialist provider - no other supplier has same approach and links to university research

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
304	Roger Hoggins (Special Projects)	Use of consultant for Project Manager role	tbc	ENT	28/7/20 (DW)	N - Procurement sign-off to follow (Scott on leave)	21/08/20 (DW)	Specialist provider - work has to be done under time pressure due to grant funding deadlines and contractor has prior involvement/knowledge of the scheme.
305	Christian Schmidt	Use of Transport for Wales' framework contractor for improvement works to Severn Tunnel Railway Station	71,000	ENT	06/08/20 (DW)	Y - Chief Officer		Specialist provider - Amey have been completing other works on site for Transport for Wales. MCC now have responsibility for commissioning further works funded by CCR and wish to use the same contractor because of previous work and experience of working in rail environment. Using anyone else would cause unacceptable delays in completing a project of regional importance/impact.
306	Roger Hoggins	Sustainable Urban drainage scheme	?	ENT	21/8/20 (DW)			Timeliness - late notification of grant monies.

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
307	Jill Edge	Additional modelling/projection work required to inform the development of the Replacement Local Development Plan	7,833	ENT	11/09/20 (RS)	Y- HoS	16/9/20 (DW)	Specialist provider - developing previous work completed by same supplier.
308	Steve Baldwin	Blockstone revetment works at Llanthony.	74,000	ENT	15/9/20 (DW)	Y - Chief Officer	6/10/20 (DW - email from Frances O'Brian to confirm her authorisation)	Emergency works - road deteriorating rapidly
309	William Miles	Planning Dept - 2020 footfall survey. As part of the annual retail survey, a footfall survey is conducted in November of every year. We are in the process of organising this year's survey and have received a quote from 'Beaufort Research', the consultancy that conducts the survey on behalf of Monmouthshire.	6,000	ENT	23/09/20 (RS)	Y -HoS	30/9/20 (DW - final with Procurement comments/ consent added)	Specialist provider - familiar with work required and reporting output needed (NB Planning have agreed to tender this annual work for 2021 onwards)

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
310	Gillian Bray	In PDG work, we picked up a spend which had not been tendered for. Thrive training are a specialist provider which has been used by the school for circa 4 years. BW shows a spend of around £16k. No other possible provider so we have asked for a CPR exemption form to be completed (Dewstow Primary)	16,000 so far	SCH	24/09/20 (SG)			
311	Roger Hoggins	Church Road Active travel grant scheme	?	ENT	29/9/20 (DW)			
312	Sean Hobbs	Damp Remediation works at J Block, County Hall. Work is proposed to be carried out via the same contractor (Davlan Construction) that carried out the original Block J refurbishment project that was completed in October 2019. We wish to procure the works via this Contractor in order to maintain contractual warranties/guarantees and also because this Contractor has in depth knowledge of the buildings construction details etc.	80,000	Resources	30/10/20 (DW)			

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AUDIT COMMITTEE FORWARD PLANNER 2021-2						
Date of Meeting	Title	Description/Purpose	Ward Affected	Lead Officer	Report Type	Exempt?
20th May 2021						
20.05.21	Annual Grants report			Audit Wales		
20.05.21	CPR Exemption update			Andrew Wathan		
20.05.21	Annual Governance Statement			Andrew Wathan		
29th July 2021						
29.07.21	Audit Wales Proposals for Improvement Progress	To provide an update on the authority's progress against the Audit Wales Proposals for Improvement issued to the Council.		Richard Jones		
29.07.21	MCC Draft Accounts			Jon Davies		
29.07.21	Audit Plan - Welsh Church Accounts			Audit Wales		
29.07.21	Audit Committee Annual report			Chairman		
29.07.21	Treasury Outturn report			Jon Davies		
29.07.21	Draft Statement of Accounts 2020/21 - Charitable Trust Funds			Jon Davies/Dave		

				Jarrett/Nikki i Wellington		
29.07.21	Information Breaches (twice yearly)			Sian Hayward		
	Annual Governance Statement review 2020-21	Provides overall assurance on the governance arrangements in place within MCC during financial year.		Andrew Wathan		
2ND SEPT 2021						
02.09.21	Review of reserves and revised reserves and capital receipts policy			Jon Davies		
02.09.21	Internal Audit Outturn report 2020/21			Andrew Wathan		
02.09.21	Internal Audit Plan 2021/22			Andrew Wathan		
02.09.21	Internal Audit Progress report - quarter 1	This is a regular quarterly report which identified the performance of the IA team along with how well it is progressing against the agreed plan and the level of assurance it gives by way of opinions issued to service areas.		Andrew Wathan		
7TH OCT 2021						
07.10.21	Audited Statement of Accounts			Peter Davies		
07.10.21	ISA260 Response to Accounts			Audit Wales/Pete r Davies		
07.10.21	Anti bribery risk assessment			Peter Davies		

07.10.21	Mid Year Treasury Report	A mid year update to Members on the Authority's Treasury Management activities in the first 6 months of the year. The report will compare key measures in the first half of 20/21 to levels budgeted or forecast in the 2020/21 Treasury Strategy. As the Prudential code now covers non-treasury investments, the half year report will do also at a high level. Any recommendations due to variances or observations will be included.	All Wards	Jon Davies		No
07.10.21	Implementation of Internal Audit Agreed Recommendations			Andrew Wathan		
07.10.21	Overview of Performance Management arrangements	To present an update on the current effectiveness of the Authority's performance management arrangements	Not Applicable	Performance Manager	Performance Review	
25TH NOV 2021						
25.11.21	Audit Committee Self Evaluation - Verbal update			Andrew Wathan		
25.11.21	Update on unfavourable Internal Audit Opinions			Andrew Wathan		
25.11.21	Audit Wales Certificate of Compliance for the Audit of Monmouthshire County Councils Assessment of performance for 2020/1			Performance Manager/Audit Wales		

25.11.21	Audited Trust fund Accounts (Welsh Church Fund/Mon Farms)	Annual Report and Financial Statements for the year ended the 31 March 2021	Not Applicable	Dave Jarrett/Nikki Wellington		
25.11.21	ISA 260 or equivalent for Trust Funds			Audit Wales		
25.11.21	Internal Audit Progress report - quarter 2	This is a regular quarterly report which identified the performance of the IA team along with how well it is progressing against the agreed plan and the level of assurance it gives by way of opinions issued to service areas.		Andrew Wathan		
25.11.21	Review of the Strategic Risk Register-6 monthly			Emma Davies		
13TH JAN 2022						
13.01.21	Treasury Policy and Strategy report 2022-3	This suite of documents includes the Treasury Policy, The Treasury Management Strategy, the Minimum Revenue Provision Policy & the Investment and Borrowing strategies for 2023/4. If approved the targets and limits included will be used to guide and control the management of the Authority's treasury activities for the year and also non treasury Investment activity.	All Wards	Jon Davies		
13.01.22	Recovery Planning - Assurance & Risk Assessment Feedback Letter			Audit Wales		
17TH FEB 2022						

17.02.22	WAO Annual Audit Summary			Audit Wales/Emma Davies		
17.02.22	Whole Authority annual complaints report		All wards	Annette Evans		
17.02.22	Internal Audit Progress report - quarter 3	This is a regular quarterly report which identified the performance of the IA team along with how well it is progressing against the agreed plan and the level of assurance it gives by way of opinions issued to service areas.		Andrew Wathan		
31ST MAR 2022						
31.03.22	Whole Authority Strategic Risk Assessment	To provide Audit Committee with an overview of the current strategic risks facing the authority in the Whole Authority Strategic Risk Assessment.		Richard Jones		
31.03.22	Annual Performance Review of Investment Committee			Deb Hill-Howells		
31.03.22	6 month update on unfavourable opinions - Internal Audit	At the conclusion of Internal Audit jobs an opinion on the adequacy of the internal control environment, governance and risk management processes is given. This report provides Audit Committee with an update of how services are progressing in order to demonstrate improvements		Andrew Wathan		
31.03.22	Annual Audit 22-23			Audit Wales		

May-22						
	Annual Grants report			Audit Wales		
	annual governance statement review 2020-1			Andrew Wathan		

Public Document Pack Agenda Item 11

MONMOUTHSHIRE COUNTY COUNCIL

**Minutes of the meeting of Audit Committee held
at Remote Meeting on Thursday, 25th March, 2021 at 2.00 pm**

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

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

OFFICERS IN ATTENDANCE:

Andrew Wathan	Chief Internal Auditor
Peter Davies	Deputy Chief Executive and Chief Officer, Resources
Wendy Barnard	Democratic Services Officer
Charlotte Owen	Audit Wales Officer
Emma Davies	Performance Officer
Richard Jones	Performance Manager
Jonathan Davies	Acting Assistant Head of Finance
Deb Hill-Howells	Head of Commercial, Property, Fleet and Facilities

APOLOGIES:

County Councillor J. Watkins

1. Declarations of Interest

Item 5: Annual Performance Review of the Investment Committee – CC P. Murphy declared a personal, non-prejudicial interest as a member of the Investment committee in the capacity of Cabinet Member for Resources.

2. Public Open Forum

No members of the public were present.

3. To note the Action List from the previous meeting

There were no actions brought forward from the previous meeting.

4. Whole Authority Strategic Risk Assessment

The Performance Officer introduced the Whole Authority Strategic Risk Assessment. Following presentation of the report, comments and questions were invited:

- Locally Managed School Budgets: A Member commented on the collective net deficit balance of £435k for the current financial year and the Month 9 analysis indicates further decline taking the overall forecast deficit to £166,000 and queried if the statement was correct.
- Investment Committee: A Member referred to the work of the Investment Committee noting the shortfall in rent covered by Welsh Government. A forecasted combined overspend of £836,000 was queried. The Member asked if this is an exclusive figure

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Minutes of the meeting of Audit Committee held at Remote Meeting on Thursday, 25th March, 2021 at 2.00 pm

unrelated to the income generated from Newport Leisure Park and Castlegate. It was responded that this amount relates to the income shortfalls separate to the funding received from the Welsh Government Covid 19 Hardship Fund. The net loss is significantly less as losses have been heavily offset by hardship funding.

- Procurement: Regarding the implementation of the Procurement Strategy, it was noted a strategic review has taken place. In response to a question, it was noted that the subsequent report is subject to individual Cabinet Member decision and was part of the budget consultation at the last meeting of the County Council.
- Infrastructure: A Member queried why infrastructure had reduced from high to medium risk.
- Solar Farm: A Member queried the restrictions in connecting potential new energy generation to the national grid that limit the ability to develop new solar farms and asked how this will be resolved. The Chief Officer, Resources explained the restrictions on the national grid prevalent in South East Wales impacted on the ability to create further solar farms. This is the subject of ongoing dialogue with energy companies. The possibility of battery storage to hold energy when there is available capacity is being explored as an option.
- The Chair queried the role of the Audit Committee in scrutinising the strategic risk assessment. The Performance Manager explained that the Committee must reassure itself on risk management arrangements. The risk owner provides updates within the risk management process. Whilst it may not be feasible for risk owners to be present at meetings, in undertaking scrutiny, the Committee may request that technical points are raised outside the meeting. Matters requiring further explanation can be considered by the appropriate Select Committee.
- A Member requested an update on the redeployment of Internal Audit staff to the TTP function. Assurance was provided that the team provided assistance from January 2021 onwards. By 1st March 80% had returned to their substantive roles. One member of staff remains on a longer term secondment to assist with the administration of business grants.
- The Chair questioned risks not mitigated after actions are taken (e.g. Risk 1 Potential Risk that: The authority does not remain relevant and viable for future generations due to not having a sustainable delivery model) referring to the disruption caused by the pandemic and flooding; circumstances that have prevented further mitigation. It was explained that various factors influence each risk and are taken into consideration in liaison with risk owners, taking into account how far it is within the Council's control to mitigate the risk. All risks are kept under continuous review and take account of mitigation measures. Risks may be reassessed if there are changes.

The Audit Committee agreed the report recommendations that:

1. Members use the risk assessment to consider the effectiveness of the authority's risk management arrangements and the extent to which the strategic risks facing the authority are appropriately captured: and
2. That members scrutinise, on an on-going basis, the risk assessment and responsibility holders to ensure that risk is being appropriately managed.

5. Annual Performance Review of the Investment Committee

The Head of Commercial and Integrated Landlord Services introduced the Annual Performance Review of the Investment Committee. It was confirmed that the report was presented to, and endorsed by, Investment Committee on 24th March 2021. Following presentation of the report, questions and comments from Members of the Audit Committee were invited:

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A Member enquired how ideas and suggestions can be submitted for consideration by Investment Committee. The Deputy Chief Executive and Chief Officer, Resources explained that suggestions can be submitted from both inside and outside the authority by a variety of means. Officers assess opportunities before further exploration and consideration by Investment Committee. A business case is developed as appropriate.

A Member expressed the view that substitute members must be fully up to date with the work of the Committee and queried if a pool of trained substitutes could be established. It was agreed that continuity and experience is important but the Group Leader or Member being substituted could provide sufficient update.

In response to a question, it was confirmed that the 97% occupancy in Newport Leisure Park was based on area (m²).

It was also questioned if the 1.02% return on investment (ROI) was after the contribution from the Welsh Government Hardship Fund. It was confirmed that the ROI reflects the rent roll on the assumption that tenants pay according to their contractual obligation. Some adjustments have been made arising from CVAs. It was queried if an exit strategy existed and in what circumstances it would be utilised. It was explained that an exit strategy is prepared as part of the business case. For Newport Leisure Park and Castlegate, a business case was originally written predicated on a well performing asset. This has been reviewed to reflect current circumstances to assess disposal costs and the current market value given the reduction in the rent roll. The Investment Committee has agreed that the Newport Leisure Park should be retained based e.g. on the interest in the vacant unit which suggests long term interest in the site.

A Member questioned ease of access to the Investment Committee, commenting that it is difficult for non- Committee Members to ask a question due to confidentiality. It was suggested that a question could be asked on behalf of non- Committee Members by the Group Leader or a Committee Member.

Officers were thanked for their contribution to this item.

The Committee approved the recommendations as follows:

1. For the Audit Committee to consider and scrutinise the second performance review of the Investment Committee.
2. To review progress against the improvement proposals that were agreed by Audit Committee in March 2020.
3. To receive a verbal update at the meeting following consideration of the performance review by the Investment Committee at its meeting on the 24th March 2021.
4. For Audit Committee members to determine any further recommendations for improvement.

6. 6 Month Update on Unfavourable Opinions - Internal Audit

The Chief Internal Auditor introduced the six-month report on progress of unfavourable opinions. The Committee was advised that there was no recommendation to call in operational managers and Heads of Service to justify lack of progress and to hold to account for future

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Minutes of the meeting of Audit Committee held at Remote Meeting on Thursday, 25th March, 2021 at 2.00 pm

improvements. There are no consecutive Limited opinions of which the Committee is unaware. No new Limited opinions have been issued.

Following presentation of the report, members were invited to ask questions:

The Chair asked to what extent the report reflects the inability to operate in the past year due to the pandemic and the redeployment of staff to the TTP function. It was confirmed that the effect has been significant as it has not been possible to conduct site visits, relying instead on managers providing information electronically. Mainly, there has been evidence that there are good controls in place. Some elements of the Internal Audit Plan will have to be moved to the next year's plan.

The recommendations below were approved with no instruction to call in any operational managers or heads of service.

1. That the Audit Committee note the improvements made by service areas following the original **Limited** assurance audit opinions issued.
2. That if the Members of the Audit Committee are concerned about any of the audit opinions issued or lack of improvement made after the follow up audit review, consideration be given to calling in the operational manager and the Head of Service to provide justification for lack of progress and hold them to account for future improvements.

7. Audit Plan - Audit Wales 2020-21

The Audit Wales Audit Plan 2020/21 was introduced by Audit Wales Officers. Following presentation of the plan, Members were given the opportunity to ask questions:

A Member asked for an update on Audit Wales' work on Cardiff City Region City Deal (CCR). It was explained that this is included as a standard risk in audit plans. Based on the risk assessment for Monmouthshire, no specific risks have been identified and it was correctly accounted for last year. As the activity of the CCR increases, values will rise, it will be monitored to ensure the authority's share of CCR income and expenditure is accounted for correctly.

It was confirmed that collaborative work is audited separately and there is a separate audit team within Cardiff City Council that audits the City Deal accounts that also provides assurance that Monmouthshire's values are consolidated into financial statements correctly.

Referring to the financial audit, the Acting Assistant Head of Finance explained that the authority is aiming to finalise the draft accounts by the end of June deadline. The pandemic has adversely affected the good progress made to achieving faster closure deadlines. For the next financial year, the focus is on producing robust, accurate management reporting for Cabinet and scrutiny, and to return to normal operating procedures.

The Performance Manager informed the Committee that there is outstanding work carried forward from the 20/21 Plan that will be reported as appropriate. The Progress tracker will be presented to Audit Committee to monitor progress on previous improvement items. Performance work continues to consider good practice from local and national reviews carried out by Audit Wales.

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A Member queried the charges for the audit of the Welsh Church Fund accounts citing that there is in the region of £40,000 to allocate and the charge of £6255 to cover approximately 40 applications seems excessive. It was explained that the fees charged reflect the actual cost of completing the audit with no profit element. If the audit costs more, or less, an adjustment is made to the fee charged. There is continuous work to make efficiencies.

The Acting Assistant Head of Finance explained it is possible to undertake an inspection audit of the Welsh Church Fund accounts which would cost less. This has been considered but with the current set up and various partners across the region, a full audit is considered appropriate at this time to ensure structure and procedures are robust. This, however, remains an option for future consideration.

The Chair questioned if there could be efficiencies available due to familiarity with the work. The Audit Wales Officer agreed to investigate and to report back to the Member.

The Audit Committee noted the report.

8. Forward Work Plan

The plan presented finishes in May and should be further populated for the forthcoming year.

9. To confirm minutes of the previous meeting

The minutes of the previous meeting were accepted as an accurate record.

10. To confirm the date of the next meeting as 20th May 2021

Meeting ended at 3.20 pm

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