

# Public Document Pack



County Hall  
Rhadyr  
Usk  
NP15 1GA

Wednesday, 21 June 2023

## Notice of Meeting

### Governance and Audit Committee

Thursday, 29th June, 2023 at 2.00 pm

Council Chamber, County Hall, The Rhadyr USK, NP15 1GA with Remote Attendance

***Please note that a 30 minute pre-meeting will take place at 1.30pm for Committee Members and Audit Officers***

### AGENDA

Item No	Item	Pages
1.	Appointment 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 previous meeting	1 - 2
7.	Presentation from Matt Lewis, SRS - role and purpose of SRS.	
8.	Torfaen Internal Audit: SRS Annual IA report and Audit Plan for 23/24.	3 - 22
9.	Freedom of Information (FOI) & Data Protection Act (DPA) Breaches & Date Subject Access Request (DSARs): Head of Information Security & Technology - Sian Hayward	23 - 30
10.	Internal Audit Annual Report 2022/23: Audit Manager - Jan Furtek	31 - 64
11.	Draft Internal Audit Operational Plan 2023/24: Audit Manager - Jan Furtek	65 - 90
12.	Internal Audit Opinions and Weakness Ratings: Audit Manager - Jan	91 - 96

	<b>Furtek</b>	
<b>13.</b>	<b>Forward Work Plan</b>	97 - 102
<b>14.</b>	<b>To confirm minutes of the previous meeting held on 30th March 2023</b>	103 - 110
<b>15.</b>	<b>To note the date of the next meeting as 27th July 2023</b>	

**Paul Matthews  
Chief Executive**

MONMOUTHSHIRE COUNTY COUNCIL  
CYNGOR SIR FYNWY

THE CONSTITUTION OF THE COMMITTEE IS AS FOLLOWS:

Andrew Blackmore	<i>Lay Member</i>
Colin Prosser	<i>Lay Member</i>
Martin Veale	<i>Lay Member</i>
Rhodri Guest	<i>Lay Member</i>
County Councillor Ben Callard	<b>Llanfoist &amp; Govilon; Welsh Labour/Llafur Cymru</b>
County Councillor John Crook	<b>Magor East with Undy; Welsh Labour/Llafur Cymru</b>
County Councillor Tony Easson	<b>Dewstow; Welsh Labour/Llafur Cymru</b>
County Councillor Malcolm Lane	<b>Mardy; Welsh Conservative Party</b>
County Councillor Phil Murphy	<b>Caerwent; Welsh Conservative Party</b>
County Councillor Peter Strong	<b>Rogiet; Welsh Labour/Llafur Cymru</b>
County Councillor Ann Webb	<b>St Arvans; Welsh Conservative Party</b>

## Public Information

### Access to paper copies of agendas and reports

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

### Watch this meeting online

This meeting can be viewed online either live or following the meeting by visiting [www.monmouthshire.gov.uk](http://www.monmouthshire.gov.uk) or by visiting our Youtube page by searching MonmouthshireCC.

### Welsh Language

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

# Aims and Values of Monmouthshire County Council

## Our purpose

Building Sustainable and Resilient Communities

### Objectives we are working towards

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

## Our Values

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

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

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

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

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



**Role of the Pre-meeting**

1. Why is the Committee considering this agenda item? (relevance and materiality)
  2. What is the Committee’s role and what outcome do Members want to achieve?
  3. Is there sufficient information to achieve this? If not, who could provide this?
  4. What are the confidential views of the auditors on relevant matters?
- Discuss members' views/ key concerns with the papers and agree priorities

**Potential Questions/Considerations for the Meeting**

Internal Audit (IA)

1. What is the IA functional model and is it fit for purpose?
2. Does IA have sufficient authority and influence across the Authority?
3. Is IA suitably resourced and empowered? Is the annual IA plan appropriate? On what do we make this judgement?
4. Do Chief Officers demonstrably accept and champion the role of IA? How do they do this?
5. Are IA findings acted upon energetically by Officers? How is this demonstrated? Do we effectively challenge and hold officers to account for implementing IA findings?
6. How can we be confident that the internal control environment remains appropriate?
7. Do we have confidence in overall IA effectiveness? On what do we base this?
8. Is the annual/ periodic IA opinion plausible?
9. Do we have sufficient visibility over the work, output and effectiveness of allied IA teams, e.g. TCBC?

External Audit (EA)

1. Is the EA team (financial and performance) credible?
2. Are we confident over the arrangements for developing the EA annual work plan/ timetable and is it aligned to our understanding of key risks?
3. Do Chief/ senior officers engage appropriately with EA? How is this demonstrated?
4. Is there a constructive relationship between IA, EA (and other inspectorates)? How is this evidenced?
5. Have relevant officers demonstrably considered the results/ conclusions of EA national and specific reports?
6. Do we have good visibility over emerging issues identified by EA?
7. In respect of ISA260 and equivalent EA financial reports, do officers clearly demonstrate understanding of issues raised and have a credible plan to resolve issues for next financial year?
8. Does EA have confidence in MCC’s Officers and governance arrangements?

### Governance

1. Is there a codified and cohesive description of MCC's overall governance arrangements? Is it fit for purpose?
2. Is there clarity over the governance of the various oversight and scrutiny arrangements for (and effectiveness of) material partnerships and collaborations?
3. Is there clarity over the apportionment of responsibilities and decision making authorities?
4. How are governance/ control breaches identified and reported?
5. Are we confident that the arrangements for material expenditure (tendering, contracting and capital procurement) are robust?
6. Do we have confidence in whistleblowing (and similar arrangements) for raising concerns?

### Corporate Risks

1. Have key accountabilities for the identification, assessment, monitoring and management of risks been adequately defined and implemented?
2. Has the approach to risk management been designed and implemented effectively?
3. How can the Committee be confident that the Corporate Risk Register captures all significant risks facing the Authority?
4. Are the risk mitigation action plans credible and sufficient so as to achieve the desired outcomes?

### Budgeting/ Financial Risk/ Reserves

1. Is there a clearly defined, governed and checkpointed process and timetable for developing the Authority's budget?
2. Is there an appropriate suite of financial risk related policies? Are they suitable?
3. Are the key financial/ operational assumptions understood, credible, documented and stress tested?
4. Does the Finance function have suitable capabilities and capacity to manage financial risk/ meet statutory requirements and obligations to the Council?
5. Do we have confidence that the budgetary process is likely to produce a plausible budget/ MTFP?
6. Are there suitable arrangements in place to manage and report on overall financial performance?

### Financial Statements/ Misstatement Risk

1. Is there a shared understanding as to the purpose of the Committee in reviewing draft financial statements?
  - a. Are the Notes to the Accounts reasonable?
  - b. Are the narrative reports, including the Annual Governance Statement reasonable and accord with the committee's view?
2. Are we comfortable with EA's work and audit opinion?

**Questions for the Committee to conclude...**

Do we have the necessary information to form conclusions/make recommendations/ escalate matters to the executive, council, relevant scrutiny committee?

Do we need to follow up? If so, how?



**Governance and Audit Committee Action List  
30<sup>th</sup> March 2023**

<b>Agenda Item:</b>	<b>Subject/ Meeting</b>	<b>Officer</b>	<b>Outcome</b>	<b>By</b>	<b>Action Status</b>	<b>Recommended to close Action Yes/No</b>
1	Action List 14 <sup>th</sup> July 2022	Richard Jones/ Peter Davies/ Andrew Wathan	a) Key Collaborations and Partnerships.	a) 15 <sup>th</sup> June 2023	a) OPEN	a) Yes
2	Statement of Accounts 2021/22	Jon Davies	a) Finance Team capacity b) Trend analysis requested for value of the commercial investments (separately) year on year, and the income received that contributes to services	a) 15 <sup>th</sup> June 2023 b) TBC	a) OPEN b) OPEN	a) Yes b) TBC
4	Audit Wales Outline Plan	Audit Wales/ Peter Davies	a) Chair to have sight of Audit Wales letter revised audit timetable and fees. b) Training materials on ISA 315	a) 15 <sup>th</sup> June 2023 b) 15 <sup>th</sup> June 2023	a) OPEN b) OPEN	a) Yes b) Yes
5	Audit Wales Work programme: Council progress	Matthew Gatehouse/ Richard Jones/Hannah Carter	a) People Strategy and Asset Management Plan to be reported on separately in future. b) Report language to be more concise with timelines. c) social enterprise (slippage of nearly a decade Wales-wide) – written response to Councillor Easson's question.	a) TBC b) TBC c) 15 <sup>th</sup> June 2023	a) OPEN b) OPEN c) OPEN	a) TBC b) TBC c) Yes

6.	Whole authority Complaints report	Annette Evans/ Matt Gatehouse	A weighting system to be considered for future reports.	a) TBC	a) OPEN	a) TBC
9	Review of Strategic Risk Register	Matthew Gatehouse/ Richard Jones/ Hannah Carter/ Chair	<ul style="list-style-type: none"> <li>a) An update on the remaining two elements of Risk 4 will be provided outside the meeting.</li> <li>b) Strategic Risk Register: refine the structure and contents of this paper so that it is more fully aligned to the responsibilities of the Committee</li> </ul>	<ul style="list-style-type: none"> <li>a) 15<sup>th</sup> June 2023</li> <li>b) TBC</li> </ul>	<ul style="list-style-type: none"> <li>a) OPEN</li> <li>b) OPEN</li> </ul>	<ul style="list-style-type: none"> <li>a) Yes</li> <li>b) TBC</li> </ul>
12.	Forward Work Programme	Clerk/Chair	Programme to be updated re: what to bring forward to future meetings	a) 15 <sup>th</sup> June 2023	a) OPEN	a) Yes

<b>SUBJECT:</b>	<b>SRS INTERNAL AUDIT ANNUAL REPORT – 2022/23</b>
<b>MEETING:</b>	<b>GOVERNANCE &amp; AUDIT COMMITTEE</b>
<b>DATE:</b>	<b>JUNE 29, 2023</b>
<b>DIVISION/WARDS AFFECTED:</b>	<b>Countywide</b>

**1. PURPOSE:**

To outline the work carried out by Torfaen Internal Audit in respect of the Shared Resource Service (SRS) for the year ended 31<sup>st</sup> March 2023 upon which the audit opinion is based and enables the provision of assurance to the Governance & Audit Committee.

**2. RECOMMENDATIONS:**

2.1 To note the overall opinion of satisfactory provided for the SRS by the Torfaen Head of Internal Audit.

**3. KEY ISSUES:**

3.1 As outlined in the SRS Annual Internal Report (appendix 1) sufficient internal audit work has been undertaken to allow an overall opinion of satisfactory to be given as to the adequacy and effectiveness of governance, risk management and control.

3.2 In giving this opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control.

**4. REASONS:**

4.1 To provide assurance on the adequacy and effectiveness of arrangements for the SRS in respect of governance, risk management and control to the Governance & Audit Committee for Monmouthshire County Council, a local authority partner to the Shared Resource Service (SRS).

**5. RESOURCE IMPLICATIONS:**

Not Applicable.

**6. CONSULTEES:**

6.1 All elements of the Internal Audit process from risk assessment through to audit performance and reporting are communicated to and discussed with SRS Senior Management and representatives of the SRS Finance & Governance Board.

**7. BACKGROUND PAPERS:**

Appendix 1 – SRS Annual Internal Audit Report 2022 – 23

**8. AUTHOR:**

M Corcoran, Group Auditor, Torfaen County Borough Council Internal Audit

**9. CONTACT DETAILS:**

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# SHARED RESOURCE SERVICE Annual Internal Audit Report

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**2022/23**

## **Contents**

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## Executive Summary

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### Introduction

This report outlines the internal audit work we have carried out for the year ended 31 March 2023.

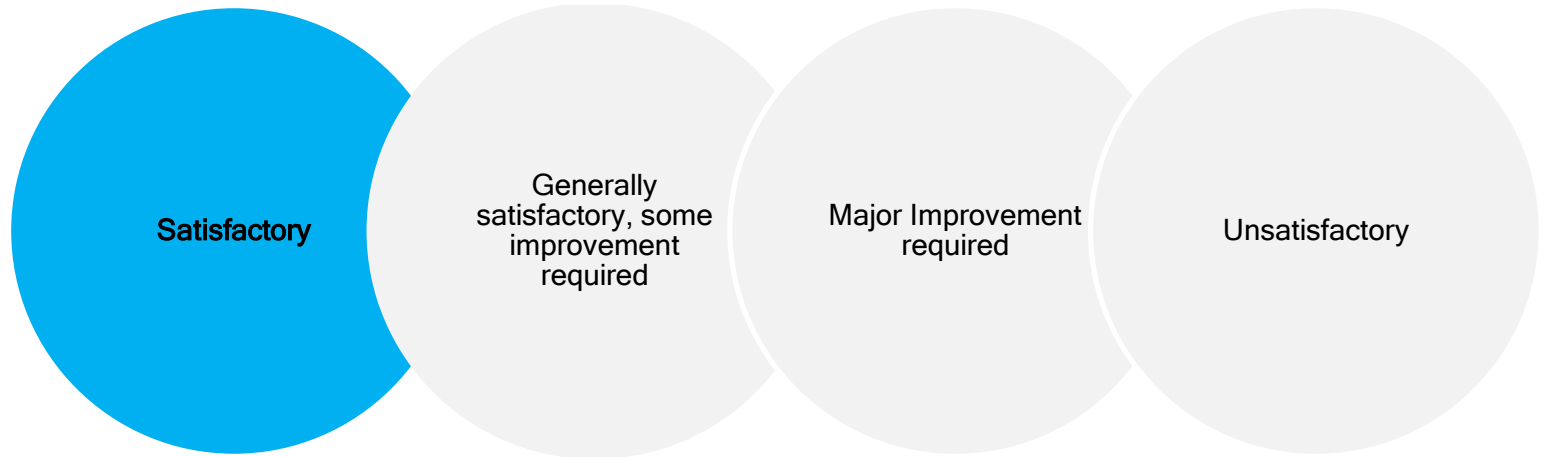
The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control (i.e., the organisation's system of internal control). This is achieved through a risk-based plan of work, agreed with management, which should provide a reasonable level of assurance, subject to the inherent limitations described below and set out in Appendix 1.

The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.

### Head of Internal Audit Overall Opinion

We are satisfied that sufficient internal audit work has been undertaken to allow an overall opinion to be given as to the adequacy and effectiveness of governance, risk management and control. In giving this opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control.

Our opinion is as follows:



Defined as:

- A limited number of medium risk rated weaknesses may have been identified, but generally only low risk rated weaknesses have been found in individual assignments; and
- None of the individual assignment reports have an overall report classification of either high or critical risk.



**Implications:**

The 12 areas reviewed requiring an opinion generated 1 substantial and 10 full audit opinions. The overall opinion recognises continued consolidation of improvement again this year. There are and probably will always be areas where improvement is required. The expectation is that all agreed recommendations will be implemented and that all opinions are at least moderate if not substantial which has been achieved.

Improvement (see Pages 06 - 08) is required in those areas identified to enhance the adequacy and effectiveness of the internal control framework.

An explanation of all the types of opinion can be found in Appendix 2.

**Basis of opinion**

Our opinion is based on:

- All audits undertaken during the year.
- Any follow up action taken in respect of audits from previous periods.
- Any significant recommendations not accepted by management and the resulting risks.
- The effects of any significant changes in the organisation's objectives or systems.
- Any limitations which may have been placed on the scope or resources of internal audit.
- Any reliance that is placed upon third party assurances.

**Acknowledgement**

This year was challenging due to the need to flex the plan to accommodate operational issues within the Shared Resource Service with a disproportionate amount of effort shifted towards the latter part of the year. It is hoped

that the audits can happen as planned throughout the year for the 2023-24 plan. Internal Audit would like to take this opportunity to thank all SRS staff for their co-operation and assistance in ensuring completion of the audit plan.

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## Summary of Findings

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The table starting on page 05 records a summary of the key findings from our programme of internal audit work for the year.

### Overview

We completed **12** internal audit reviews (6 systems, **5** follow ups **and 1 special/consultancy**). This resulted in the identification of **4** findings (**2** medium, and **2** low) to improve weaknesses in the design of controls and/or operating effectiveness (see Page 06). All final reports have agreed action plans, dates and responsible officers for improving the internal control environment.

## Internal Audit Work Conducted

### Introduction

The table below sets out the results of our internal audit work and the system opinion for each individual audit assignment plus any implications for next year's plan. We also include a comparison between planned internal audit activity and actual activity.

### Results of individual assignments

Ref	Review / Opinion	Fieldwork Completed	Draft		Final	Num Tested	%age in place	No of Findings		
			Issued	Response	Issued			H	M	L
SRS – 22002	Change Management (System) <i>SUBSTANTIAL</i>	070622	130622	170622	170622	6	83.37		1	
SRS – 22003	SOC/SIEM (System) <i>FULL</i>	300323	300323	300323	300323	14	100			
SRS – 22004	Firewall (System) <i>FULL</i>	200323	240323	270323	270323	25	92		1	1
SRS – 22005	Virtualisation (System) <i>FULL</i>	220223	230223	230223	230223	15	100			
SRS - 22006	O365 (System) <i>FULL</i>	110123	170123	170123	230123	35	97.14			1
SRS - 22007	Financial Regulations (Special)	211222	211222	211222	211222					
SRS – 22008	Data Centre (System) <i>FULL</i>	280323	290323	290323	290323	83	100			
SRS – 22009	ISMS (Follow Up) <i>FULL</i>	140323	140323	140323	140323	14	100			
SRS – 22010	IT Governance (Follow Up) <i>FULL</i>	011222	021222	021222	021222	1	100			
SRS – 22011	ITSCM (Follow Up) <i>FULL</i>	230123	240123	020223	020223	1	100			
SRS – 22012	Mobile Computing (Follow Up) <i>FULL</i>	18112022	211122	211122	211122	1	100			

## Internal Audit Work Conducted

Ref	Review / Opinion	Fieldwork	Draft		Final	Num Tested	%age in place	No of Findings		
		Completed	Issued	Response	Issued			H	M	L
SRS – 22013	Performance Management (Follow Up) <i>FULL</i>	020323	020323	020323	020323	3	100			
<b>Totals</b>						<b>198</b>			<b>2</b>	<b>2</b>

### Implications for the 2023 – 24 audit plan

The internal audit plan detailed below has been agreed with management.

Audit Ref	LAST SYSTEM AUDIT	LAST SYSTEM OPINION	STAGE	TYPE	CAT	PROJECT_NAME	QTR	HOURS
SRS - 23001			NID	SYS	P	Active Directory	4	89
SRS - 23002	25 Mar 2022	SUBSTANTIAL	NID	FUP	P	Application Support	2	52
SRS - 23003	26 Mar 2020	SUBSTANTIAL	NID	SYS	P	CCTV	1	89
SRS - 23004	12 Jun 2022	SUBSTANTIAL	NID	FUP	P	Change Management	3	37
SRS - 23005	25 Nov 2021		NID	FUP	P	EdTech	1	52
SRS - 23006	27 Mar 2023	FULL	NID	FUP	P	Firewall	4	37
SRS - 23007	04 Apr 2022	SUBSTANTIAL	NID	FUP	P	Identity and Access Management	4	52
SRS - 23008	02 Dec 2022	FULL	NID	SPL	P	IT Governance	3	89
SRS - 23009	23 Jan 23	FULL	NID	FUP	P	O365	2	37
SRS - 23010			NID	SPL	P	HALO	4	89
SRS - 23011			NID	SYS	P	Solarwinds	2	89
SRS - 23012			NID	SYS	P	Telephony VOIP	1	89
								<b>801</b>

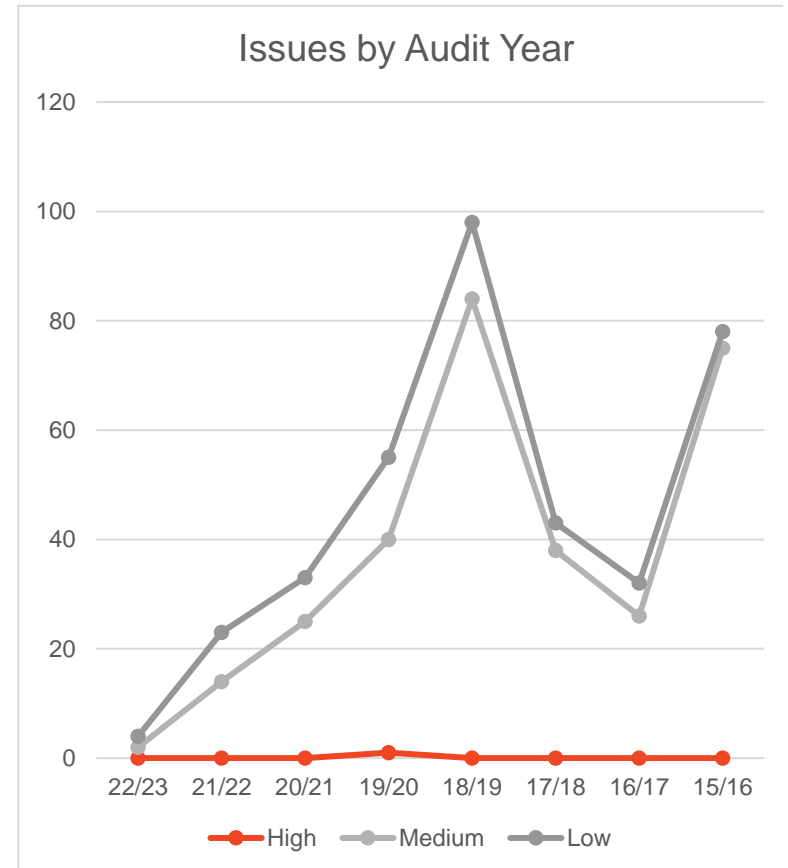
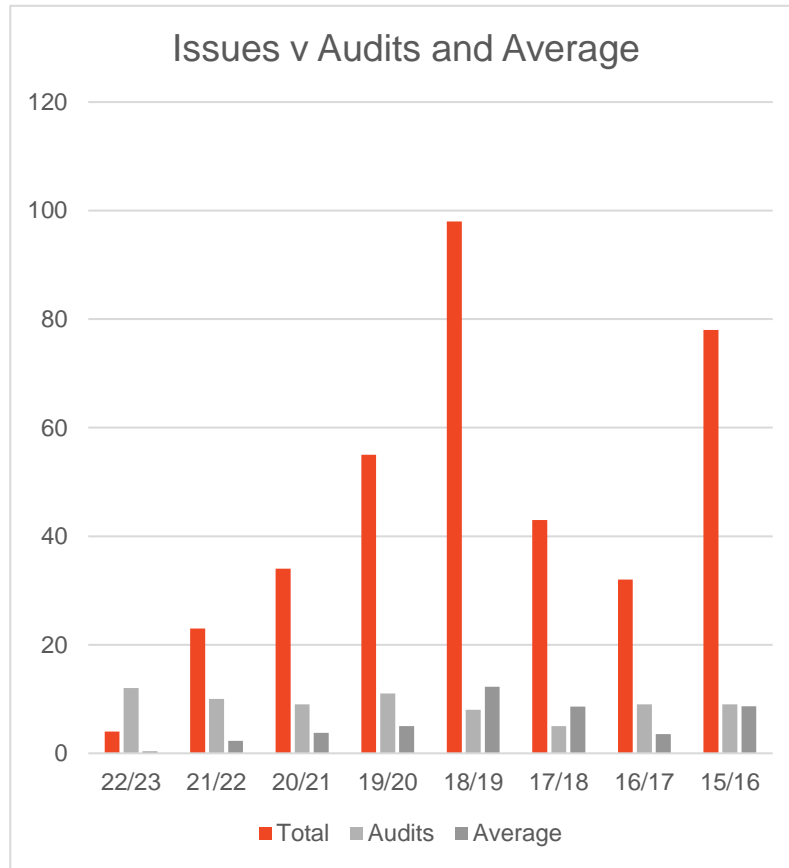
Individual audit opinion ratings:

The ratings below are now used for both systems and follow up audit reviews, confirmation of at least the existing review control environment for a follow up.

<i>Rating</i>	<i>% controls tested deemed operating</i>
<i>NIL</i>	<i>0 – 10%</i>
<i>LIMITED</i>	<i>11 – 49%.</i>
<i>MODERATE</i>	<i>50 – 69%</i>
<i>SUBSTANTIAL</i>	<i>70 – 89%</i>
<i>FULL</i>	<i>90 – 100%</i>

#### Direction of Control Travel

Metric	22/23	21/22	20/21	19/20	18/19	17/18	16/17	15/16
Total Issues	4	23	34	55	98	43	32	78
Num Audits	12	10	9	11	8	5	9	9
High	0	0	0	1	0	0	0	0
Medium	2	14	25	39	84	38	26	75
Low	2	9	8	15	14	5	6	3



**Implications for Management**

The mix and focus of our internal audit plans differs between years so the above results are indicative and not directly comparable. The overall message this year is one of a significant drop in the number of findings, with a position unnoticeable from 2015/16 whilst the number of audits performed is roughly constant.

## Comparison of planned and actual activity 2022/23

Ref	Stage	Type	Title	Quarter	
				Planned	Complete
SRS – 22002	COM	SYS	Change Management	1	1
SRS – 22003	COM	SYS	SOC / SIEM	4	4
SRS – 22004	COM	SYS	Firewall	3	4
SRS – 22005	COM	SYS	Virtualisation	3	4
SRS – 22006	COM	SYS	O365	1	4
SRS – 22007	COM	SPL	Financial Regulations	2	3
SRS – 22008	COM	SYS	Data Centre	3	4
SRS – 22009	COM	FUP	ISMS	4	4
SRS – 22010	COM	FUP	IT Governance	3	4
SRS – 22011	COM	FUP	ITSCM	4	4
SRS – 22012	COM	FUP	Mobile Computing	3	3
SRS – 22013	COM	FUP	Performance Management	4	4



**Appendix 1: Limitations and responsibilities**

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**Limitations inherent to the internal auditor's work**

Our work has been performed subject to the limitations outlined below.

**Overall Opinion based on all work carried out**

The overall opinion is based solely on the work undertaken as part of the agreed internal audit plan. There might be weaknesses in the system of internal control that we are not aware of because they did not form part of our agreed annual programme of work, were excluded from the scope of individual internal audit assignments or were not brought to our attention. As a consequence, management and the Audit Committee should be aware that our opinion may have differed if our programme of work or scope for individual reviews was extended, or other relevant matters were brought to our attention.

**Internal control**

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

**Future periods**

Our assessment of controls relating to the Shared Resource Service is for the period 1 April 2022 to 31 March 2023. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that the:

- design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- degree of compliance with policies and procedures may deteriorate.

**Responsibilities of management and internal auditors**

It is management’s responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management’s responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and our examinations as internal auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.

## Appendix 2: Overall Opinion Types

### Limitations inherent to the internal auditor's work

The table below sets out the five types of overall opinion that we use, along with an indication of the types of findings that may determine the opinion given. The Head of Internal Audit will apply his judgement when determining the appropriate opinion so the guide given below is indicative rather than definitive.

Opinion	Factors contributing to this opinion
<b><i>Satisfactory</i></b>	<ul style="list-style-type: none"> <li>▪ A limited number of medium risk rated weaknesses may have been identified, but generally only low risk rated weaknesses have been found in individual assignments; and</li> <li>▪ None of the individual assignment reports have an overall report classification of either high or critical risk.</li> </ul>
<b><i>Generally satisfactory with some improvements required</i></b>	<ul style="list-style-type: none"> <li>▪ Medium risk rated weaknesses identified in individual assignments that are not significant in aggregate to the system of internal control; and/or</li> <li>▪ High risk rated weaknesses identified in individual assignments that are isolated to specific systems or processes; and</li> <li>▪ None of the individual assignment reports have an overall classification of critical risk.</li> </ul>
<b><i>Major improvement required</i></b>	<ul style="list-style-type: none"> <li>▪ Medium risk rated weaknesses identified in individual assignments that are significant in aggregate but discrete parts of the system of internal control remain unaffected; and/or</li> <li>▪ High risk rated weaknesses identified in individual assignments that are significant in aggregate but discrete parts of the system of internal control remain unaffected; and/or</li> <li>▪ Critical risk rated weaknesses identified in individual assignments that are not pervasive to the system of internal control; and</li> <li>▪ A minority of the individual assignment reports may have an overall report classification of either high or critical risk.</li> </ul>

<b><i>Unsatisfactory</i></b>	<ul style="list-style-type: none"> <li>▪ High risk rated weaknesses identified in individual assignments that in aggregate are pervasive to the system of internal control; and/or</li> <li>▪ Critical risk rated weaknesses identified in individual assignments that are pervasive to the system of internal control; and/or</li> <li>▪ More than a minority of the individual assignment reports have an overall report classification of either high or critical risk.</li> </ul>
<b><i>None</i></b>	<ul style="list-style-type: none"> <li>▪ An opinion cannot be issued because insufficient internal audit work has been completed. This may be due to either: <ul style="list-style-type: none"> <li>□ Restrictions in the audit programme agreed with the Audit Committee, which meant that our planned work would not allow us to gather sufficient evidence to conclude on the adequacy and effectiveness of governance, risk management and control; or</li> <li>□ We were unable to complete enough reviews and gather sufficient information to conclude on the adequacy and effectiveness of arrangements for governance, risk management and control.</li> </ul> </li> </ul>

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## Contact Information

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**Internal Audit Service**

**Civic Centre**

**Pontypool**

**NP4 6YB**

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## REPORT

**SUBJECT: Annual report of Freedom of Information (FOI), Data Protection Act (DPA) Breaches, Data Subject Access Request's (DSAR's)**

**MEETING: AUDIT COMMITTEE**

**DATE 29th June 2023**

### **1. PURPOSE:**

1.1 The purpose of this report is to inform members of how we manage our legal responsibilities towards the Freedom of Information (FOI) and Data Protection Act (DPA). These responsibilities are met wholly by the actions of staff and the policies and procedures that are in place. We will also present you with relevant performance statistics for you to evaluate.

### **2. RECOMMENDATIONS**

2.1 Members are asked to scrutinise to review and assess the Council's arrangements for managing and responding to information requests and breaches and to consider the adequacy and effectiveness of those arrangements.

### **3. KEY ISSUES:**

3.1 Information is a key resource alongside finance and people. Our use, storage and publication of information is governed by legislation in the form of the Freedom of Information and Data Protection Acts. Non-compliance with this legislation can result in financial penalties in severe cases. However, any financial penalties we incur are not as damaging as the disruption to our operational services or the loss of personal data.

3.2 The majority of our information is held in digital format, and modern flexible working practices have increased risk of data loss from cyber-crime or human error. Where personal information is compromised it's called a data breach, and there are protocols to follow to minimise the effects, or harm, to the people concerned.

3.3 The statistical data included in this report isn't just for information. It is actively used to target changes in the way we record information, making it easier to extract the relevant data on request. It is also used to assess the training needs of the organisation and to focus that training to services with a higher risk of a data breach.

### **4. FREEDOM OF INFORMATION**

4.1 The Freedom of Information Act 2000 allows anyone to request any data and information held by the council, whether stored electronically or on paper. The Act imposes certain timescales and conditions around the format and supply of information.

- 4.2 All processes and procedures surrounding Freedom of Information within the Authority were subject to an Internal Audit review in June 2022. This was completed very successfully and very few minor recommendations were made. The report from this audit was noted and reported back to the Information Governance Group.
- 4.3 Requests under FOI and Environment Information Regulations (EIR) have been segregated for the year ended March 2023. Environmental Information Requests differ from Freedom of information in that they relate to any information that impacts our surroundings e.g. planning and highways. There are also differences in the way that we deal with the requests from a legislative point of view.
- 4.4 The number of requests received by Monmouthshire in recent years are documented in the following table. All statistics related to FOI compliance are now published on the [FOI page](#) of the Corporate website.

Financial Year	Number of requests received
2019-20	931
2020-21	796
2021-22	932
2022-23	992 (250 EIR, 742 FOI)

**4.4.1 Breakdown of last financial year (April 2022 to March 2023)**

	2019/20	2020/21	2021/22	2022/23
Requests received	931	796	932	992
Requests closed on time	619 (69%)	394 (50%)	685 (73%)	909 (92%)
Internal Reviews	3	5	11	19

- 4.4.2 Internal Reviews (IR) are undertaken when the council has failed to provide FOI information within the legislative timescales or where the requestor believes we have sent inaccurate or incomplete information.

Members will note an increase in the number of Internal Reviews over the last 4 years. This is because:

- The FOI/EIR requests received are more complex and therefore take more time and resource to complete them.
- The FOI team actively promote the IR facility in order to ensure we assist members of the public to understand what we are able to do under the specific legislation and to help them find an informal resolution to their query before it is escalated to the ICO.

**4.4.3 Current overview of this calendar year (2023):**

1st January 2023 - 19th May 2023



Requests received	423
Requests closed	379
Requests closed on time	354 (93%)
Internal Reviews	8

This recent data shows a very positive trend in the number of FOIs closed on time. Closed requests have increased from 73% to 92% in the last year.

- 4.5 FOI requests are now allocated into the service areas that 'own' the response by the statutory deadlines. This is to help Members identify where the FOI requests are targeted, and where we may store information differently to help people to self-serve.

<b>Service Area</b>	<b>Number of requests (2020/21 Financial year)</b>	<b>Number of requests (2021/22 Financial year)</b>	<b>Number of requests (2022/23 Financial year)</b>
Chief Executives	37	n/a	n/a
Children and Young People	34	49	64
Enterprise (now Communities & Place)	205	255	297
Mon Life	8	15	21
People & Governance (2022)	n/a	17	67
Policy, Performance & Scrutiny (2022)	n/a	37	65
Resources	282	259	233
Social Care, Health and Safeguarding	200	225	213
Other	30	75	32

- 4.6 It should be noted that though the general administration of FOI's rests within the Information Security & Technology (IST) team, it is the responsibility of the service departments to search for, collate and redact any personal information before it is submitted to the requestor. The Information Governance Officer has met with various service area leads to address the need for prompt action. Bespoke training is now being administered to specific service areas so that any issues with answering FOI/EIR requests can be addressed.
- 4.7 The IST team has cleared the backlog created by Covid, whilst continuing with 'business as usual' and increasing its performance with response times.
- 4.8 Considerable effort is being made to 'signpost' people to readily available information rather than respond in detail to an information request. This is linked to opening up our data on our website in order for people to self-serve.

## 5. DATA PROTECTION ACT BREACHES

- 5.1 The Data Protection Act 2018 is there to ensure we secure our data from theft, loss or mismanagement. From time-to-time data breaches may occur which could have a harmful effect on an individual and these breaches must be managed to ensure they can't re-occur and to minimise any damage that has occurred. The 'more serious' breaches are reported to the Information Commissioner's Office (ICO), and these are included in this report for analysis.
- 5.2 Breaches can be reported to us from internal or external sources and in any way. We actively encourage breach reporting *of any kind* in order for us to evaluate whether they are serious or not. We don't expect people to have that degree of knowledge of what constitutes a breach. Once reported, breaches are documented and categorized.
- 5.3 The tables below set out the number of breaches split into directorates and type. It is useful to note that the whole council is classed as a single 'data controller', whilst each school is its own 'data controller' so is responsible for its own data protection management. Table iii shows the number of breaches notified to the ICO

*Table i - Number of Data Breaches recorded 1<sup>st</sup> April to 31<sup>st</sup> March (all data in the subsequent tables refer to data collected between these dates)*

Directorate	Number of Data Breaches	
	2021/22	2022/23
Chief Execs	2	3
Children & Young People	10	12
Enterprise (Communities & Place)	6	13
Mon Life	n/a	4
People & Governance	n/a	3
Policy, Performance & Scrutiny	n/a	1
Resources	6	0
Schools ( <i>own Data Controllers</i> )	16	21
Social Care, Health & Safeguarding	29	32
<b>TOTAL</b>	<b>69</b>	<b>89</b>

*Table ii - Type of data breach*

	2021/22	2022/23
Cyber Security Issue	0	0
Email**	55	70
Paper Records	3	11
Laptop/other devices	0	0
Other*	11	8
<b>TOTAL</b>	<b>69</b>	<b>89</b>

\* 'Other' breaches include electronic records shared or accessed incorrectly, records not redacted accurately, or photographs being shared without consent

\*\* Emails continue to account for a high proportion (79%) of all breaches in 2022/23.

*Table iii - Number of Data Breaches reported to the ICO*

	<b>2021/22</b>	<b>2022/23</b>
Corporate	3	2
Schools	0	0
<b>TOTAL</b>	<b>3</b>	<b>2</b>

- 5.4 The Data Breaches that were reported to the ICO in **Table iii** did not result in any penalties or sanctions by them. When responding, the ICO issued a 'checklist' to support learning and training of staff with no further action from themselves.

*Table iv - Number of Data Incidents ('near miss breaches')*

	<b>2021/22</b>	<b>2022/23</b>
Corporate	7	19
Schools	1	1
<b>TOTAL</b>	<b>8</b>	<b>20</b>

- 5.5 The Data Incidents referred to in **Table iv** relate to issues that have occurred where some personal data may have been compromised or lost but has not resulted in a breach. For example, an attachment being sent to the incorrect email address, but the password for the attachment was not shared, would be recorded as an 'incident' as no personal data was accessed by an incorrect recipient.
- 5.6 These Data Incidents, or 'near misses' provide good learning opportunities for staff to reflect on practices and can often instigate change in a process to ensure a breach is not incurred in future. It is pleasing that more incidents of this nature are being reported so that the cause of these can be investigated.
- 5.7 Since April 2021, we have recorded data breaches/incidents caused by other organisations that contain MCC data. For example, a member of a Health Board sharing a MCC care report with an incorrect person which resulted in a breach of personal data. These breaches are followed up robustly with the external organisation and recorded for reference purposes.

*Table v - Number of External Organisation Breaches and Incidents*

	<b>2021/22</b>	<b>2022/23</b>
Corporate	6	5
Schools	1	2
<b>TOTAL</b>	<b>7</b>	<b>7</b>

- 5.8 Data Protection Impact Assessments (DPIA) are drawn up when services adopt new systems to ensure we are considering the implications of the data protection principles. These are compiled into a DPIA register so an overview of all processes and new risks can be accessed efficiently.

## **6. TRAINING**

- 6.1 GDPR (General Data Protection Regulations) and Data Protection Training is mandatory for all staff and must be completed every two years. This satisfies ICO's guidelines. In practice, we fail to achieve 100% of this target, with 78% undertaking the training in the last two years. In order to address the short fall, we concentrate on high-risk areas where sensitive information is being held and a high level of breaches occur.

- 6.2 This training is in the format of an online presentation and brief 'quiz' to check that employees actually understand the training provided rather than ticking a box.
- 6.3 Over the coming months, a new I.T. system for staff learning is being launched. This is an online learning management platform called 'Thingji' and it is a very robust way of providing all staff with a wide range of suitable training opportunities, as well as allowing managers to track who has completed mandatory training. The GDPR/DP training has already been converted into the correct format for 'Thingji' and is currently being trialed.
- 6.4 Other training provided for staff by the IST team (often face to face) includes bespoke sessions covering FOI/EIR, personal data redaction and any other aspects of GDPR or data protection as required.

## 7. DATA SUBJECT ACCESS REQUESTS

- 7.1 Individuals have the right to request to see any personal information that's held about them by the council. These Data Subject Requests (DSARs) require the council to search for any records they may hold, and make sure anyone else's personal information is redacted. The Council has one month to do this. The vast majority of DSARs relate to Social Care and, because these records can go back many years, responding to these requests is quite an undertaking. The number of DSARs therefore may not reflect the resources needed to collate the information. The volume of requests has increased by 54% in the last financial year and is becoming even more resource intensive.
- 7.2 Requests are received externally via the contact centre or through the website. All requests are recorded and sent to the pertinent service to process.
- 7.3 For the purposes of this report, the number of DSARs received and responded to is shown in the table at 5.4. This includes a breakdown of the main request service areas.
- 7.4
- |                        |          |
|------------------------|----------|
| Financial Year 2019/20 | 51 DSARs |
| Financial Year 2020/21 | 49 DSARs |
| Financial Year 2021/22 | 61 DSARs |
| Financial Year 2022/23 | 94 DSARs |

### 7.5 Number of Data Subject Access Requests for Financial Years (as current data stands)

Data Subject Access Requests	2020/21 Number	2021/22 Number	2022/23 Number
Children's Services	31	41	69
Adult Services	6	4	9
Mixed Children's and Adult Services	3	2	10
Whole Authority	9	14	6
<b>TOTAL</b>	<b>49</b>	<b>61</b>	<b>94</b>
<i>Number of individual requestors above</i>	<i>41</i>	<i>47</i>	<i>67</i>
<i>Number of 'on time' replies (28 days)</i>	<i>57%</i>	<i>59%</i>	<i>64%</i>
<i>Number of enquiries received (Missing Persons/Proof of Life etc.)</i>	<b>13</b>	<b>6</b>	<b>11</b>

**8. CONSULTEES:**

Information Security and Technology Team  
Chief Officer Resources

**9. BACKGROUND PAPERS:**

FOI requests, DPA breach notifications & DSARs records

**AUTHOR:** Sian Hayward – Head of Information Security and Technology & SIRO

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<b>SUBJECT:</b>	<b>INTERNAL AUDIT Annual Report 2022/23</b>
<b>DIRECTORATE:</b>	<b>Resources</b>
<b>MEETING:</b>	<b>Governance and Audit Committee</b>
<b>DATE:</b>	<b>15<sup>th</sup> June 2023</b>
<b>DIVISION/WARDS AFFECTED: All</b>	

## 1. PURPOSE

To receive and consider the Annual Internal Audit Report for 2022/23.

## 2. RECOMMENDATION(S)

That the Governance and Audit Committee receive, comment on and endorse the Annual Report.

## 3. KEY ISSUES

3.1 The Public Sector Internal Audit Standards require the Chief Internal Auditor to provide an annual opinion based upon and limited to the work performed on the overall adequacy and effectiveness of Monmouthshire County Council's framework of governance, risk management and internal control. This is achieved through a risk-based plan of work, agreed with management, which should provide a reasonable level of assurance. The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.

3.2 The audit opinions issued reflect the level of assurance obtained; these are shown at Appendix B. **22** audit opinions were issued during 2022/23 ranging from Substantial to Limited assurance (a total of 20 opinions were issued in 2021/22). The overall opinion was **Reasonable assurance**, which indicates *the systems in place were adequately controlled, although some risks were identified which could compromise the overall control environment.*

3.3 **1 Limited assurance** opinion was issued.

- 
- 3.4 The 2022/23 Audit opinion is partially reliant on previous work undertaken by the team where Reasonable Assurance opinions were issued; there have been no significant changes to the organisation's systems or key personnel and no major frauds were identified.
  - 3.5 Internal Audit opinions on the work undertaken at the SRS by Torfaen Internal Audit team were also taken into consideration.
  - 3.6 The Internal Audit team achieved 72% of the agreed 2022/23 audit plan against a target of 82% (64% in 2021/22). The achievement of the plan was affected unforeseen vacancies.

#### **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 (PSIAS), 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, governance arrangements and risk management processes. The Standards require an external review of Internal Audit to be completed at least every five years. At the latest review during 2017/18 the Internal Audit team was independently assessed against these Standards and were found to be compliant. The team will be undergoing an External Quality Assessment as required by the PSIAS during 2023/24
- 4.4 This is the Internal Audit Annual Report for 2022/23.

#### **5. RESOURCE IMPLICATIONS**

None.

#### **6. CONSULTEES**

Deputy Chief Executive & S151 Officer



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**7. BACKGROUND PAPERS**

Internal Audit Annual Report 2022/23 - attached  
Operational Internal Audit Plan 2022/23  
Strategic Internal Audit Plan  
Public Sector Internal Auditing Standards  
Shared Resource Service (SRS) – Internal Audit Annual Report  
2022/23 (Torfaen IA Team)

**8. AUTHOR AND CONTACT DETAILS**

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**INTERNAL AUDIT  
ANNUAL REPORT  
2022/23**

**YEAR ENDED 31st MARCH 2023**

**Date: June 2023**

## 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 enhances and protects organisational value by providing risk-based and objective assurance, advice and insight.
- 1.3 In line with the Public Sector Internal Auditing Standards, the Chief Internal Auditor should present a formal annual report to the Governance and Audit Committee which gives an opinion on the overall adequacy and effectiveness of the Council's internal control environment. The annual report should also:
- a. disclose any qualifications to that opinion, together with reasons for the qualification;
  - b. present a summary of the audit work undertaken to formulate the opinion;
  - c. draw attention to any issues the Chief Internal Auditor judges particularly relevant to the preparation of the annual governance statement (to be reported separately);
  - d. compare the work actually undertaken with that planned and summarise the performance of the internal audit function against its performance measures and criteria; and
- 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.

## 2. Audit Opinion

- 2.1 In 2022/23, 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 2022/23 was **Reasonable assurance**:

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 June 2022. The Plan was designed to ensure adequate coverage over the Council's financial 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.

The 2022/23 Audit opinion is partially reliant on previous work undertaken by the team where Reasonable Assurance opinions were issued; there have been no significant changes to the organisation's systems or key personnel and no major frauds were identified.

Internal Audit opinions on the work undertaken at the SRS by Torfaen Internal Audit team were also taken into consideration.

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

The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.

Jan Furtek  
Audit Manager  
June 2023

- 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 [see Appendix B] and consideration of the previous years' Internal Audit opinion:

Audit Opinion	2020/21	%	2021/22	%	2022/23	%
Substantial	2	22	5	25	7	32
Considerable	6	67	6	30	10	45
Reasonable	1	11	7	35	4	18
Limited	0	0	2	10	1	5
	9	100	20	100	22	100

Overall Opinion	Reasonable	Reasonable	Reasonable

2.5 Internal Audit opinions on the work undertaken at the SRS by Torfaen Internal Audit team were also taken into consideration (Appendix D). SRS are the Council's IT providers, so assurances have been provided on the adequacy of controls in place within that organisation to demonstrate effective governance, risk management and internal control processes.

2.6 Extract from the (Draft) Annual Internal Audit Report 2022/23 of the Shared Resource Centre (Torfaen Internal Audit Team) - "The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control. Overall Opinion is **Satisfactory**.

- A limited number of medium risk rated weaknesses may have been identified, but generally only low risk rated weaknesses have been found in individual assignments; and
- None of the individual assignment reports have an overall report classification of either high or critical risk.

2.7 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 The Internal Team's resources were reduced over the course of the year as the Audit Manager and 1 Senior Auditor post remained vacant for the whole year. The Audit Manager post was successfully recruited to in February 2023 with the new post holder due to commence employment in April 2023. Vacancy provision for both positions was included in the IA plan agreed by Governance and Audit Committee only for a 6-month period. This effected the completion of planned work.
- 3.2 Over the course of 2022, the Chief Internal Auditor continued in his dual role acting in that capacity for both Newport City Council and Monmouthshire County Council. Since the departure of the Chief Internal Auditor in April 2023, this arrangement has been put on hold whilst both Councils assess the best way forward together on their operating models, for the delivery arrangements of the internal audit service. The Audit Manager is currently fulfilling the duties of the Chief Internal Auditor.
- 3.3 Due to the vacancies, additional resource was procured from an outside agency. However, of the 4 audits planned to be undertaken, only 1 of these was delivered and issued in draft by the 31<sup>st</sup> March 2023.
- 3.4 There have been no significant changes in systems or personnel in key positions and no major frauds have been uncovered.
- 3.5 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. The IA plan was agreed by the Governance and Audit Committee in June 2022. Planned audit work not undertaken during the year is shown at Appendix E.

### 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 issued for each audit.
- 4.2 Control opinions range from Substantial to Limited assurance 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 Governance and Audit Committee. For 2022/23, 1 **Limited assurance** opinion was issued; details as to why only Limited assurance could be given are shown at Appendix C:

- Our Lady & St Michaels RC Primary School

- 4.4 The added value, non-opinion work undertaken by Internal Audit is shown at Appendix F; this is mainly financial advice and monitoring the implementation of the agreed recommendations along with the completion of the Annual Governance Statement.
- 4.5 The (draft) Annual Internal Audit report for the SRS showed that 12 internal audit reviews (6 systems, 5 follow ups and 1 special / consultancy) were completed in year. This resulted in the identification 4 findings (2 medium, and 2 low) to improve weaknesses in the design of controls and/or operating effectiveness. All final reports have agreed action plans, dates and responsible officers for improving the internal control environment. The audit reviews undertaken are shown at Appendix D.
- 4.6 The report format for MCC 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. Update on Unfavourable Audit Opinions issued

- 5.1 During the 2022/23 financial year, the Internal Audit team have continued to follow-up reviews where a previous 'Limited' audit opinion had been issued. The following tables detail where this work has been completed over the course of the year.
- 5.2 It is pleasing to confirm that where the most recent follow-up review has been conducted, the area examined has received a more favourable audit opinion.
- 5.3 During 2017/18, 8 reports were issued with a **Limited** opinion. 7 out of 8 reports have been followed up and have been given an improved opinion. The 1 outstanding review related to the Events audit where the report was based on large scale events held; to date no further large scale events held therefore we have been unable to test the majority of recommendations.

	Audit	Risk H/M/L	Opinion	Revised Opinion / Status	Date Issued
<b>2017/18</b>	Food Procurement	High	Limited  Follow Up November 2020 -	Considerable	Final issued January 2023



			Limited		
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5.4 During 2018/19, 6 reports were issued with a **Limited** opinion. All have now been followed up and received more favourable opinions.

	Audit	Risk H/M/L	Opinion	Revised Opinion / Status	Date Issued
<b>2018/19</b>	Caldicot Castle	Medium	Limited  Follow up March 2020 - Limited	Considerable	Final issued November 2022
	Agency Workers	Medium	Limited	Reasonable	Final issued September 2022
	Health & Safety of Authority's existing buildings	Medium	Limited	Considerable	Final issued September 2022

5.5 During 2019/20, 8 reports were issued with a **Limited** opinion. These were as follows:

	Assignment	Risk H/M/L	Opinion	Revised Opinion/ Status	Date Issued
<b>2019/20</b>	Llandogo Primary School	Low	Limited	Considerable	Final issued December 2022
	Castle Park Primary School	Low	Limited	Substantial	Draft issued March 2023
	Shire Hall	Medium	Limited	Considerable	Final issued March 2022
	Tintern Old Station	Medium	Limited	<b>Q 1/2 2023/24</b>	
	Caldicot Castle follow up	Medium	Limited	Considerable  (Covered in table at 5.4 above)	
	PTU Vehicle Maintenance	High	Limited	Substantial	Final issued

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					January 2023
	Procurement (Food) follow up	High	Limited	Considerable (Covered in table at 5.3 above)	
	Direct Payments	Medium	Limited	Reasonable	Final issued June 2022

5.6 It should be noted that due to the impact of the Covid pandemic, Tintern Old Station was closed for much of 2020 and 2021. It was also closed for the winter months of 2022, only reopening to the public in late April 2023. Due to limited audit resources this has not yet been followed up. It is planned that the follow-up audit review will be completed in late quarter 1 / early quarter 2 of the 2023/24 year.

5.7 Of the 9 opinions issued in 2020/21, no **Limited** opinions were issued.

5.8 Of the 20 opinions issued in 2021/22, 2 **Limited** opinions were issued.

	Assignment	Risk H/M/L	Opinion	Revised Opinion/ Status	Date Issued
<b>2021/22</b>	Concessionary Travel	M	Limited	Reasonable	Draft issued March 2023
	Fleet – Health & Safety & Driver Management	M	Limited	Considerable	Final issued January 2023

5.9 Of the 20 opinions issued in 2022/23, 1 **Limited** opinion was issued.

	Assignment	Risk H/M/L	Opinion	Revised Opinion/ Status	Date Issued
<b>2022/23</b>	Our Lady and St Michael's R.C. School	L	Limited	Q3 2023/24	Final issued May 2023

## **6. Non-Audit Duties**

6.1 The team now has a minimal involvement with controlled stationery, although still administers the imprest account process. The audit team have worked over the year to close down the remaining imprest accounts. This process will continue into 2023/24.

## **7. Fraud, Irregularity and Special Work/Investigations**

- 7.1 No major frauds were identified during the year in relation to Monmouthshire's normal business operations.
- 7.2 The Internal Audit Team is responsible for co-ordinating the National Fraud Initiative (NFI) process for the Council, an initiative run by the Cabinet Office. This is a biennial data matching exercise that matches electronic data within and between participating bodies to detect and prevent fraud and overpayments from the public purse across the UK. On an annual basis Council Tax and Electoral Roll data is collated and matched.
- 7.3 MCC data has been uploaded for the current exercise and matches have been returned from the Cabinet Office (Jan-Mar 2023). Internal Audit and service areas are continuing to review the matches and verify their legitimacy, reporting any issues as fraud as necessary to the Chief Internal Auditor. NFI is the only dedicated piece of anti-fraud work being delivered by Internal Audit.

## **8. Training**

- 8.1 During the year a number of staff attended external courses / webinars on a variety of topics to ensure continued professional development.
- 8.2 The Section also participates in a number of local audit groups including the Welsh Chief Auditors' Group and respective sub groups.
- 8.3 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.

## **9. Audit Team Performance**

- 9.1 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.
- 9.2 As shown at Appendix G, 72% of the agreed plan was completed against a target of 82%.

- 9.3 Excluding finalisation work from 2021/22, 60 audit jobs were included in the audit plan for 2022/23; 43 jobs were completed to at least draft report stage. [Not all jobs in the plan would warrant an audit opinion e.g. audit advice, Annual Governance Statement, external work etc.].
- 9.4 As a measure of the quality of the work produced, the Team was able to report that 100% of its recommendations were accepted by the service 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.
- 9.5 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.
- a. Final reports were sent out 8.5 days following receipt of management comments, against a target of 5 days.
  - b. Draft reports were sent out to clients 4.4 days after the completion of the audit work against a target of 17 days.
- 9.6 Of the audit evaluation questionnaires which were returned by operational managers, 100% were 'satisfied' or 'very satisfied' with the audit service they had received although it is recognised that timeliness of reporting needs to improve.

## **10. Conclusions**

- 10.1 It is considered that, over the course of the financial year, the objectives of the Team (as stated in paragraph 1.6) have been met.
- 10.2 The reporting procedures for all areas of the Team 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 and management can monitor progress of work against the plan.
- 10.3 The Team's management maintained a continuous review process throughout the year to ensure, where possible, that the highest risk areas were targeted and the Operational Plan for 2023/24 was also designed to ensure that any priority areas outstanding would be covered in the next financial year.
- 10.4 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.

- 10.5 The Audit Manager 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 Audit Manager is confident that adequate and appropriate coverage will be provided throughout the Council; prioritisation may be required.
- 10.6 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
<b>SUBSTANTIAL</b>	Substantial level of assurance. Very well controlled, with numerous strengths identified and any risks being less significant in nature.
<b>CONSIDERABLE</b>	Considerable level of assurance. Generally, well controlled, although some risks identified which should be addressed.
<b>REASONABLE</b>	Reasonable level of assurance. Adequately controlled, although risks identified which could compromise the overall control environment. Improvements required.
<b>LIMITED</b>	Limited level of assurance. Poorly controlled, with unacceptable levels of risk. Fundamental improvements required urgently.

**Unqualified** – the terms and conditions of the grant were complied with.

**Qualified** - the terms and conditions of the grant were not complied with.

## Audit Opinions

<b>Overall Opinion</b>	<b>2022/23</b>	<b>Reasonable</b>
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## Summary

	21/22	22/23
Substantial	5	7
Considerable	6	10
Reasonable	7	4
Limited	2	1
Total Opinions	20	22
Unqualified	3	3
Qualified	0	0

Job number	Directorate	Service	Job Name	Risk Rating / Priority	Final as at 31-3-22	Opinion given
P2223-05	Resources	Payroll & Systems	Payroll - system	High	Draft	Substantial
P2223-08	Resources	Commercial, Property, Fleet, Facilities	PTU Maintenance follow up	High	Finalised	Substantial
P2223-21	Children & Young People	Primary Schools	Dewstow	Low	Finalised	Substantial
P2223-22	Children & Young People	Primary Schools	Llanvihangel Crucorney	Low	Finalised	Substantial
P2223-24	Children & Young People	Primary Schools	Overmonnow	Medium	Draft	Substantial
P2223-26	Children & Young People	Secondary Schools	King Henry V111	Medium	Finalised	Substantial
P2223-66	Children & Young People	Primary Schools	Castle Park Follow-up	Medium	Draft	Substantial
P2223-01	Resources	Finance - Revenues, Systems & Exchequer	NNDR	Medium	Draft	Considerable
P2223-06	Resources	Digital	Freedom of Information	Medium	Finalised	Considerable
P2223-07	Resources	Commercial, Property, Fleet, Facilities	Fleet / Vehicle H&S follow up	High	Finalised	Considerable

P2223-09	Resources	Commercial, Property, Fleet, Facilities	H&S Buildings follow up	High	Finalised	Considerable
P2223-14	People & Governance	Legal	Land Charges	Medium	Finalised	Considerable
P2223-33	Social Care & Health	Managed Care/Looked After Children	Children with Disabilities	Medium	Draft	Considerable
P2223-42	Enterprise	Enterprise and Community Animation	Food Procurement Follow Up	High	Finalised	Considerable
P2223-47	Enterprise	Neighbourhood Services	Street Cleansing	Medium	Finalised	Considerable
P2223-52	Mon Life	Heritage	Caldicot Castle	Medium	Finalised	Considerable
P2223-64	Children & Young People	Primary Schools	Llandogo Primary School Follow Up	Medium	Finalised	Considerable
P2223-20	Children & Young People	Primary Schools	Deri View	Low	Draft	Reasonable
P2223-30	Social Care & Health	Adult Services	Carers Service	Medium	Draft	Reasonable
P2223-34	Social Care & Health	Wellbeing	Fostering	Medium	Draft	Reasonable
P2223-65	Enterprise	Neighbourhood Services	Concessionary Travel Follow-up	Medium	Draft	Reasonable
P2223-23	Children & Young People	Primary Schools	Our Lady & St Michael's RC	Medium	Draft	Limited
P2223-18	Children & Young People	CYP Finance & Support Services	School Improvement Grant	Low	Finalised	Unqualified
P2223-19	Children & Young People	CYP Finance & Support Services	Pupil Development Grant	Low	Finalised	Unqualified
P2223-45	Enterprise	Enterprise and Community Animation	Housing Support Grant	Medium	Finalised	Unqualified



2022/23 Limited Assurance IA opinions

Job number	Directorate	Service	Job Name	Risk Rating / Priority	Final as at 31-3-22	Opinion given
P2223-23	Children & Young People	Primary Schools	Our Lady & St Michael's RC	Medium	Draft	Limited

Our Lady & St Michael's RC Primary School

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RATING	RISK DESCRIPTION	IMPACT	TOTAL IDENTIFIED DURING REVIEW
1	Significant	(Significant) – Major / unacceptable risk identified. Risks exist which could impact on the key business objectives. Immediate action required to address risks.	5
2	Moderate	(Important) – Risk identified that requires attention. Risks identified which are not business critical but which require management attention as soon as possible.	17
3	Minor	(Minimal) – Low risk partially mitigated but should still be addressed. Audit comments highlight a suggestion or idea that management may want to consider.	10
4	Strength	(No risk) – Good operational practices confirmed. Well controlled processes delivering a sound internal control framework.	32

No.	Audit Ref.	Issue & Risk	Recommendation
1	3.4	<p>Starter/Leaver and Amendment Forms were not maintained and approved by the Headteacher.</p> <p><b>Risk - Changes may be processed without Headteacher approval.</b></p> <p><b>Errors may go undetected.</b></p>	<p>Starter/Leaver and Amendment Forms should be authorised appropriately.</p> <p><b>Management Response:</b>  <i>Ensure that we adhere to the processes and allow additional capacity via DHT.</i></p> <p><i>Ensure that the original is signed promptly on a weekly basis.</i></p> <p><i>Develop an area in the office for SLT to sign off regularly.</i></p>
2	4.3	<p>Purchase Orders were not raised in advance.</p> <p><b>Risk – Expenditure has not been pre-approved, resulting in unapproved and inappropriate spend.</b></p> <p><b>Invoice payment may be delayed if no purchase order is raised and expenditure that has not been committed could have significant impact on the budget.</b></p>	<p>All purchase orders should be raised in advance.</p> <p><b>Management Response:</b>  <i>Set up call offs use of business cards to allow a more appropriate response to payment of suppliers.</i></p> <p><i>Cook availability to complete invoices in a timely manner using 1.00-1.30pm for this task.</i></p>
3	4.4	<p>Invoice payments were not made in a timely manner.</p> <p><b>Risk - Late payments could result in additional fees, loss of suppliers and bad reputation.</b></p> <p><b>Budgeting and budget monitoring becomes difficult.</b></p>	<p>Payment should be made in a timely manner following the receipt of all goods and services ordered.</p> <p><b>Management Response:</b>  <i>Sheer volume of invoicing has made it difficult to keep up with</i></p>

No.	Audit Ref.	Issue & Risk	Recommendation
Page 51			<p><i>processing in a timely manner. Also due to training at the start of the year the administrator did not have the option of working from home 1 day each week for quite some time.</i></p> <p><i>The administrator is now in a position to get back on track with immediate effect.</i></p> <p><i>The process has been discussed and agreed with the school administrator.</i></p> <p><b>Audit Comment:</b> <i>This is intrinsically linked to Report Ref 2. If that recommendation is addressed successfully then the timeliness of invoice payment should improve, and the majority of the invoices will be processed by the Authority's Creditors Team.</i></p>
		4	11.2

No.	Audit Ref.	Issue & Risk	Recommendation
5	11.5	<p>Governors did not all have DBS clearance.</p> <p><b>Risk – Staff and pupils could potential be put at risk.</b></p>	<p>All new governors must have DBS clearance and that this is obtained within 5 weeks of appointment.</p> <p><b>Management Response:</b>  <i>File with date of DBS number and date of issue has been set up to ensure that all Governors have (and will be) DBS Checked. Any gaps identified and addressed.</i></p>
6	1.6	<p>Charges for lettings were not subject to regular review.</p> <p><b>Risk - Failure to cover costs. Loss of income.</b></p>	<p>An agreed rate of charge for lettings should be set and approved. These should be reviewed annually.</p> <p>The lettings should be charged at this rate, where they deviate this should be agreed by governors with appropriate justification for the deviation.</p> <p><b>Management Response:</b>  <i>Use our existing letting agreements policy to allow an accurate charge. Which will increase inline with the actual usage of the building.</i></p> <p><i>A review meeting for the Ladybirds hire has been placed in the diary for early May and the lettings agreement will become part of the initial governor Finance Committee first meeting each academic year.</i></p>
7	1.7	<p>Formal lettings agreements were in place but had not been renewed on an annual basis and made no reference to safeguarding. There also appeared to be differences between the times of occupation and the opening hours of</p>	<p>Formal letting agreements should be in place and renewed annually.</p> <p>The times that the area is leased need to be clarified and documented. Once agreed this needs to be fed into the letting</p>

No.	Audit Ref.	Issue & Risk	Recommendation
		<p>the leaser.</p> <p><b>Risk - Lack of up to date agreements may lead to legal liability being unclear if an incident occurred.</b></p>	<p>charges.</p> <p>When the agreement is revised this should include references to the safeguarding responsibilities of both parties.</p> <p><b>Management Response:</b>  <i>A review meeting for the Ladybirds hire has been placed in the diary for early May and the lettings agreement will be updated. An annual review will become part of the initial governor Finance Committee first meeting each academic year.</i></p>
Page 53	1.8	<p>Lettings for use of the School were not payable for in advance.</p> <p><b>Risk - Financial loss to the School may occur.</b></p>	<p>The School should ensure Lettings for use of the School are payable in advance or alternatively a Sundry Debtor invoice should be raised in accordance with the LEA's Debtor Policy</p> <p><b>Management Response:</b>  <i>Lettings will be asked to pay monthly in advance.</i></p> <p><b>Audit Comment:</b>  <i>Headteacher should note that the requirement to pay on the 1<sup>st</sup> of each month is in the current historic arrangement, the school will need to reinforce this in any new agreement and monitor to ensure that income is received in line with this.</i></p>
9	1.13	<p>Income could not be traced from official receipts to banking as there were no receipts issued.</p> <p><b>Risk - Not retaining primary records of income received</b></p>	<p>Official receipts should be issued for all income received.</p> <p><b>Management Response:</b>  <i>Restart the use of a receipt book to show the handing over of any</i></p>

No.	Audit Ref.	Issue & Risk	Recommendation
		<i>could result in income not being correctly reconciled and payee disputes may arise.</i>	<i>monetary items that come into school i.e. donations etc.</i>
10	1.15	<p>Bankings were not subject to a secondary check.</p> <p><b><i>Risk - Lack of a secondary checks of amounts banked could result in errors and discrepancies being missed or malpractice may not be identified.</i></b></p>	<p>All banking documents should be subject to a secondary check and appropriately signed.</p> <p><b><i>Management Response:</i></b> <i>Banking records to be reviewed by a member of SLT.</i></p>
Page 54 11	6.6	<p>The procurement “lodged card” procedure was not always followed. Delivery notes were not always available to compare against payment details before coding and authorisation.</p> <p><b><i>Risk - Items not received may be paid for.</i></b></p> <p><b><i>Disputes between suppliers may arise.</i></b></p>	<p>Delivery Notes should be compared against payment details before coding and authorisation.</p> <p><b><i>Management Response:</i></b> <i>Delivery notes will come over to the office after inspection by the school cook and any discrepancies identified and credit notes subsequently signed off.</i></p>
12	7.1	<p>There was no inventory in place.</p> <p><b><i>Risk – assets held at the School are not known, reimbursement would be difficult in the event of a need to claim against insurance.</i></b></p>	<p>An inventory register should be maintained of all durable items including furniture and fittings etc., This should include details on make, model, serial number (if applicable), description and cost of purchase.</p> <p>The inventory should be checked annually.</p> <p><b><i>Management Response:</i></b> <i>Complete an Inventory book initially and transfer the information into a template (provided by the auditors)</i></p>

No.	Audit Ref.	Issue & Risk	Recommendation
			<i>This will be updated at least annually.</i>
13	8.2	<p>The School had two authorised signatories included on the Private Fund, one of which is an employee who left on 31<sup>st</sup> August 2022.</p> <p><b>Risk - Unauthorised staff may have access to the School's Private Fund.</b>  <b>There is no capacity to make cheque payments.</b></p>	<p>At least 2 signatories of current senior staff at the School should feature on the account and a bank mandate should be obtained for the Private Fund to evidence the signatories at the School, and this should be retained.</p> <p><b>Management Response:</b>  <i>New signatories and the required updated banking information has been submitted to the bank week beginning 17/4/23.</i></p> <p><i>Only 1 office staff member has been set up and 3 SLT members.</i></p>
14	8.3	<p>Cheques were signed before full details of the payment were completed. Cheques were pre-signed.</p> <p><b>Risk - Pre-signed cheques could be lost, stolen and misused.</b></p>	<p>Cheques should only be signed once full details of the payment has been completed.</p> <p><b>Management Response:</b>  <i>The process of presigning cheques will not occur anymore. The situation arose due to the transition of staff and a delay in the setting up of new signatories caused the situation. This has now been addressed.</i></p> <p><i>New signatories and the required updated banking information has been submitted to the bank week beginning 17/4/23.</i></p>

No.	Audit Ref.	Issue & Risk	Recommendation
15	8.5	<p>A private fund account debit card was being used by staff other than the named card holder.</p> <p><b>Risk - Non compliant with the Private Fund Guidance and Business Debit Card Terms and Conditions. Exposure to theft or loss of funds.</b></p>	<p>Private fund payments should be suitably controlled.</p> <p><b>Management Response:</b>  <i>New signatories and the required updated banking information has been submitted to the bank week beginning 17/4/23.</i></p> <p><i>All signatories will be issued with a card to allow a number of staff to purchase items when required.</i></p> <p><i>The cards will reside in the school safe and only be allowed to be used on the authority of the HT/DHT.</i></p> <p><b>Audit Comment:</b>  <i>Cards are issued to the individual(s) and therefore should be held securely by them.</i></p>
16	8.6	<p>The Private Fund cashbook had not been kept up to date and payments were not considered to be appropriate in providing benefit to the pupils of the School.</p> <p><b>Risk - Non-compliance with the Private Fund Guidance.</b></p> <p><b>Reconciliations cannot be performed</b></p> <p><b>Exposure to theft, loss of funds or error.</b></p>	<p>The cashbook should be maintained to record the Private Funds income and expenditure.</p> <p><b>Management Response:</b>  <i>Office staff to ensure that previous effective processes are put back in place. Statements are normally checked on receipt &amp; the fund spreadsheet is updated. This had fallen behind due to a change in office staff &amp; subsequent training.</i></p>



No.	Audit Ref.	Issue & Risk	Recommendation
17	8.7	<p>Receipts should be issued for monies received into the Private Fund.</p> <p><b>Risk - Cash received may not be accounted for.</b></p>	<p>Class lists or supporting documentation should be retained for any cash income received to confirm this has been banked intact, if individual cash amounts exceed £25 a receipt should be issued from the green MCC receipt books</p> <p><b>Management Response:</b> Office staff to ensure that previous effective processes are put back in place.</p>
18	8.9	<p>Income and Expenditure has not been monitored for school trips and overdue income has not been pursued.</p> <p><b>Risk - Collecting parental contributions may be more difficult after a school trip has taken place. Financial loss to the School Fund if expected contributions are not collected.</b></p>	<p>All income for trips should be collected prior to the trip date, historic debts should be recovered.</p> <p><b>Management Response:</b> Outstanding amounts needs to be recovered and for the academic year 23/24. The Longtown trip will be paid a month before the trip and those families who haven't paid will be unable to attend.</p> <p>Other trip expenditure will be monitored to ensure costs are recovered.</p>
19	8.12	<p>Private Fund reconciliations had not been completed since August 2022.</p> <p><b>Risk – error, fraud or misappropriation is not identified.</b></p>	<p>The Private Fund should be reconciled at least monthly by staff not responsible for the processing of receipts and payments.</p> <p>Bank reconciliations should be signed by the person performing the reconciliation and countersigned by a senior person who reviews it.</p> <p><b>Management Response:</b> This will be completed on a weekly basis to ensure that reconciliation occurs regularly. Statements are normally checked on receipt &amp; the</p>

No.	Audit Ref.	Issue & Risk	Recommendation
			<i>fund spreadsheet is updated. This had fallen behind due to a change in office staff &amp; subsequent training.</i>
20	8.13	<p>The audited statement of accounts for the Private Fund had been submitted after the deadline and not presented to Governors.</p> <p><b>Risk - Delays in completing the audit increases the risk that any fraud or errors go undetected for longer.</b></p> <p><b>Not submitting the audited statement for the Private Fund before the deadline delays the reporting process for CYP Finance.</b></p> <p><b>Governors are not fully informed of the financial situation of the School and therefore effects decision making.</b></p>	<p>The Private fund account should be audited annually, presented to the full Governing Body and submitted to CYP by 31<sup>st</sup> October.</p> <p><b>Management Response:</b> <i>It did take some time to find a new auditor after the previous one could no longer complete the task.</i></p> <p><i>The Auditor had been working through the private fund accounts prior to the audit visit. Going forward the new auditor will be able to complete the private fund report in a timelier manner.</i></p> <p><i>The Headteacher will report the private fund auditors report to the governors finance committee after the report has been completed.</i></p>
21	9.2	<p>The Governing Body had not established the financial limits of delegated authority.</p> <p><b>Risk - Lack of clarity over limits agreed and members of the finance committee, leading to unapproved spend.</b></p>	<p>Financial limits of approval should be detailed annually in the minutes.</p> <p><b>Management Response:</b> <i>This will become part of the initial governors AGM meeting and the agreed amount placed in the meeting minutes.</i></p>

No.	Audit Ref.	Issue & Risk	Recommendation
22	9.4	<p>Business Interest forms were not available for all Governors.</p> <p><b><i>Risk - Not obtaining business interest forms from all members of the Governing Body could result in management being unaware of a change in circumstances and/or a conflict of interests remaining undetected.</i></b></p>	<p>Business Interest forms should be completed in full by all members of the Governing Body on an annual basis.</p> <p><b><i>Management Response:</i></b>  <i>This will become part of the initial governor's AGM meeting. The business interests' forms have already been collected and are filed in the Headteachers office for this academic year.</i></p>

**Extract from (Draft) SRS Annual Internal Audit Report 2022/23**

Ref	Review	Opinion
SRS – 22002	Change Management (System)	SUBSTANTIAL
SRS – 22003	SOC/SIEM (System)	FULL
SRS – 22004	Firewall (System)	FULL
SRS – 22005	Virtualisation (System)	FULL
SRS - 22006	O365 (System)	FULL
SRS - 22007	Financial Regulations (Special)	n/a
SRS – 22008	Data Centre (System)	FULL
SRS – 22009	ISMS (Follow Up)	FULL
SRS – 22010	IT Governance (Follow Up)	FULL
SRS – 22011	ITSCM (Follow Up)	FULL
SRS – 22012	Mobile Computing (Follow Up)	FULL
SRS – 22013	Performance Management (Follow Up)	FULL

## 2022/23 Planned jobs not undertaken

Job number	Directorate	Service	Job Name	Included in 2023/24 IA Plan
P2223-02	Resources	Finance - Revenues, Systems & Exchequer	Creditor Payments	Yes
P2223-03	Resources	Finance - Revenues, Systems & Exchequer	Revenues - Shared Services	Yes
P2223-13	People & Governance	Human Resources	Employment Status	No
P2223-17	People & Governance	People & Governance General	Implementation of previous recommendations	Yes
P2223-25	Children & Young People	Secondary Schools	Chepstow	Yes
P2223-31	Social Care & Health	Commissioning & Disability Service	Commissioning & Contracts	Yes
P2223-32	Social Care & Health	All Age Disability & Mental Health	Disability Team	No
P2223-35	Social Care & Health	Social Services Finance	Appointeeships / Deputyships	Yes
P2223-36	Social Care & Health	Public Protection	Animal Welfare	Yes
P2223-41	Enterprise	Strategic Projects	Town Centre Projects - Caldicot Regeneration	No
P2223-43	Enterprise	Placemaking, Housing, Highways and Flood	Planning	Yes
P2223-44	Enterprise	Placemaking, Housing, Highways and Flood	Private Sector Leasing	Yes
P2223-46	Enterprise	Neighbourhood Services	Winter Maintenance	Yes
P2223-51	Mon Life	Active	Memberships	No
P2223-53	Mon Life	Outdoor	Countryside	Yes
P2223-56	Chief Executive's	Policy, Performance & Scrutiny	Abergavenny Hub	No
P2223-60	Corporate	Corporate	Partnership Assurance	Yes

**Non opinion related audit work 2022/23  
Internal Audit Added Value**

<b>Job number</b>	<b>Directorate</b>	<b>Service</b>	<b>Job Name</b>
P2223-04	Resources	Finance - Revenues, Systems & Exchequer	Imprest Accounts Closure
P2223-10	Resources	Resources General	Audit Advice
P2223-12	Resources	Resources General	Implementation of previous recommendations
P2223-15	People & Governance	People & Governance General	Audit Advice
P2223-27	Children & Young People	CYP General	Audit Advice
P2223-29	Children & Young People	CYP General	Implementation of previous recommendations
P2223-37	Social Care & Health	SCH&Safeguarding General	Audit Advice
P2223-38	Social Care & Health	SCH&Safeguarding General	Financial Assessments (D&B)
P2223-40	Social Care & Health	SCH&Safeguarding General	Implementation of previous recommendations
P2223-48	Enterprise	Enterprise General	Audit advice
P2223-50	Enterprise	Enterprise General	Implementation of previous recommendations
P2223-54	Mon Life	Mon Life General	Audit Advice
P2223-55	Mon Life	Mon Life General	Implementation of previous recommendations
P2223-57	Chief Executive's	Chief Executives General	Audit advice
P2223-58	Corporate	Corporate	Annual Governance Statement (AGS)
P2223-59	Corporate	Corporate	National Fraud Initiative (NFI)
P2223-61	Corporate	Corporate	Audit advice
P2223-63	Corporate	Corporate General	Implementation of previous recommendations

## Performance of the Internal Audit Section

Performance Indicator	2019/20	2020/21	2021/22	Annual Target	2022/23
Percentage of planned audits completed	77%	57%	64%	82%	72%
Average no. of days from audit closing meeting to issue of a draft report	26 days	16 days	6 days	17 days	4.4 days
Average no. of days from receipt of response to draft report to issue of the final report	20 days	38 days	5 days	5 days	8.5 days
Percentage of recommendations made that were accepted by the clients	98%	99%	99%	95%	100%
Percentage of clients at least 'satisfied' by audit process	100%	100%	100%	95%	100%
Percentage of Directly Chargeable Time (actual versus planned)	90%	N/A	74%	100%	73%

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**SUBJECT: INTERNAL AUDIT  
DRAFT OPERATIONAL PLAN, 2023/24**

**DIRECTORATE: Resources**  
**MEETING: Governance & Audit Committee**  
**DATE: 15<sup>th</sup> June 2023**  
**DIVISION/WARDS AFFECTED: All**

## 1. PURPOSE

To receive and consider the Draft Internal Audit Operational Plan for 2023/24.

## 2. RECOMMENDATION(S)

That the Governance and Audit Committee reviews, comments on and notes the Draft Internal Audit Plan 2023/24 prior to its approval at the next meeting.

## 3. KEY ISSUES

3.1 This report aims to inform Members of the Governance and Audit Committee of the work to be undertaken by the Internal Audit Section at an operational level for 2023/24. It identifies why the Council operates an Internal Audit function, the resources currently available and how they will be applied across the services of Monmouthshire County Council to give management assurance that systems are working as intended.

3.2 The mission of Internal Audit is *to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight*. It is 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. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, effective and efficient use of the Council's resources.

3.3 The planning process takes into account all possible systems, processes, sections and establishments that could possibly be audited within Monmouthshire. Key parts of this process involve an annual review of the corporate risk register and consultation with Chief Officers and Heads of Services across the Authority inviting them to highlight any emerging or changing risk profiles within their own service areas.

- 3.4 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 appropriate. That said, inevitably there will be reviews which the audit team have to undertake annually such as the 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 the previous year not undertaken.
- 3.5 An allocation of time is included in the plan for special investigations where the team might receive allegations of fraud, theft, non-compliance etc. 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.
- 3.6 For 2023/24, the total available days amounted to 1,430, based on 5.5 FTE auditors in the team for the full year. Due to current vacancies within the team the plan has been based on 1,155 total available days. An allowance for leave, sickness, training, management time and admin is deducted from this to give the total number of operational audit days in the year.
- 3.7 Total operational audit resources amounts to **728 days**, which will be allocated across service directorates on a risk basis (summary shown at Appendix 1). This includes 70 days for special investigations and unplanned work. Due to a current vacancy within the team, the available audit resource is based on an additional Senior Auditor being in place from September 2023 until the end of the financial year.
- 3.8 The total operational audit days of 728 also includes 40 days (an estimated 4 audit jobs) where an external resource will be procured to support the team. This will be funded from the budget surplus arising from the Chief Internal Auditor / Senior Auditor vacancy periods. If this additional resource could not be procured or the cost of the external resource exceeds the available budget this may be a future risk area in completing the audit plan.
- 3.9 Historically, the time allocated to special investigations is usually a pressure point. For the 2022/23 plan, the allocation of days was reduced to ensure appropriate planned audit coverage was given across all directorates. The number of days allocated within the 2023/24 plan will remain at the reduced amount of 70 days. If time intensive investigation(s) or unplanned work is required, this may impact on the resource available to complete planned audit work and therefore meet the team's performance target.
- 3.10 Chief Officers and Heads of Service were given the opportunity to contribute to and shape this plan. The initial draft plan will be discussed and refined through discussions with the Senior Leadership Team, Chief Officers and their Department Management Teams prior to a 'final' plan being brought back to the July Governance & Audit Committee meeting.

This refined plan will also take into account any comments or requests from the Committee.

- 3.11 The first quarter generally includes finalisation of 2022/23 work which was at draft report stage at year end, work planned for 2022/23 but not completed, NFI co-ordination along with the collation of the Annual Governance Statement.
- 3.12 This plan may change as the year progresses if the risk profile of audit work changes. It is intended that this audit plan remains fluid and will be dependent on any new priorities or emerging risks to the Council. The plan will be reviewed quarterly by the Audit Manager and discussed with the Deputy Chief Executive / Chief Officer for Resources as and when necessary. Any significant change to the agreed plan will be brought back to the Governance and Audit Committee for approval.
- 3.13 The Governance and Audit Committee will be kept updated with the progress against the agreed plan via quarterly reports presented by the Audit Manager.
- 3.14 At the time of writing this report out of an establishment of 5.5 FTE, there were 2 vacancies in the team, Chief Internal Auditor (0.5 FTE) and Senior Auditor (1 FTE). The recruitment process for the Senior Auditor vacancy is currently underway. The Audit Manager started with the team in late April 2023 after fulfilling the same role in another Local Authority.
- 3.15 The team is currently headed up by the Audit Manager who is undertaking the responsibilities of the vacant Chief Internal Auditor post while consideration is given to the long-term vision of the service and possible wider collaboration. The Chief Internal Auditor shared services arrangement (50:50) with Newport City Council is currently on hold. When fully staffed, for the 2023/24 financial year, the Audit Manager will be supported by one Principal Auditor, two Senior Auditors and one Auditor (5 FTE).
- 3.16 Staff within the section have appropriate professional qualifications. They also have considerable experience of working within the local authority and audit environment. The Audit Manager is a Chartered Member of the Institute of Internal Auditors (IIA) UK & Ireland and is a Certified Internal Auditor with the IIA Global. He has extensive working knowledge of internal audit practices within the public sector. The other members of the team are either Chartered or Certified members of the IIA (2) or preparing to undertake formal training (1).
- 3.17 Audit management will continue to support professional and work related training in order to enhance the Section's effectiveness in service delivery in line with the Council's management expectations and the Public Sector Internal Audit Standards. This will ensure that all staff are kept up to date with developments in auditing techniques and changes within local government which may impact on the provision of the service.
- 3.18 Consideration has been given to the appropriate level of resources for Internal Audit at Monmouthshire County Council. The current

establishment of 5.5 staff remains just about adequate for the current level of assessed risk as outlined above; a greater audit resource could provide a greater assurance to management and allow the section to be even more responsive to changing priorities and risk profiles throughout the year. Any unplanned absences such as long-term sickness, secondments or prolonged special investigations could significantly affect the audit plan as cover is limited.

- 3.19 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 2023/24 Draft Internal Audit Plan is attached at Appendix 2 to this report. Audit jobs within the plan have been risk assessed and prioritised and matches the audit resources available for the year. 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.

45 audit opinion and 22 non-opinion jobs have been incorporated within the draft 2023/24 Plan.

- 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 previous Operational Plans; and
  - d) The published Regulatory Plan produced by Audit Wales.
- 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.
- 4.4 Consultation was undertaken, with visits and email correspondence to the various managers and finance representatives of each directorate. As a result there may be further amendments to the Plan to reflect specific suggestions from various representatives of Chief Officers and Heads of Service.

- 4.5 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 Governance and Audit Committee at the earliest opportunity.
- 4.6 An Annual Report will be prepared for the Governance and Audit Committee to provide appropriate assurance via the Chief Internal Auditor's annual opinion, along with details on the performance of the Section against the Operational Plan. Interim progress reports will also be provided to the Committee quarterly.
- 4.7 With effect from 1<sup>st</sup> April 2016 the revised Public Sector Internal Audit Standards (PSIAS) came into force for all public sector bodies including local government organisations. The Audit Manager will ensure that the Audit Team continues to undertake its work in accordance with these Standards. The team will be undergoing an External Quality Assessment as required by the PSIAS during 2023/24, this is now overdue.
- 4.8 Independence is achieved through the organisational status of Internal Audit and the objectivity of internal auditors. In order to ensure the objective nature of audit reviews is not compromised, Internal Audit must be seen to be demonstrably independent of all managerial influence. Within Monmouthshire County Council this is achieved as follows: -
- the Chief Internal Auditor (currently Audit Manager) is responsible for the control and direction of Internal Audit;
  - the Chief Internal Auditor has a duty to report direct to the Chief Executive and the Leader of the Council on any matter which he feels appropriate, in particular where the Deputy Chief Executive / Chief Officer Resources (S151 Officer) appears to be personally involved. To this end, the Chief Internal Auditor has, if required, direct and unfettered access to the Chief Executive, Chair of the Governance & Audit Committee and Leader of the Council to raise matters to their immediate attention.
  - individual audit reports are sent to service managers, Heads of Service and Chief Officers as appropriate in the name of the Chief Internal Auditor; and
  - the Chief Internal Auditor submits an annual report to the Governance and Audit Committee giving an overall opinion on the adequacy of internal controls operated within the Council.
- 4.9 The Governance & Audit Committee are responsible as per their Terms of Reference to approve and monitor the Internal Audit plan over the course of the financial year. Quarterly reports shall be presented promptly by the Chief Internal Auditor, informing the Committee of the current progress against the approved plan, the opinions issued and a summary of all unfavourable reports. The Committees role is to hold officers to account and provide oversight of the audit process and the organisations system of internal control.

## **5. RESOURCE IMPLICATIONS**

None.

**6. CONSULTEES**

Strategic Leadership Team  
Directorate Management Teams

**7. BACKGROUND PAPERS**

Strategic Internal Audit Plan  
Public Sector Internal Audit Standards

**8. AUTHOR AND CONTACT DETAILS**

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**Monmouthshire County Council  
Internal Audit Plan 2023/24**

**Appendix 1**

DIRECTORATE SUMMARY			
	Days	Allocation of Audit Resources (%)	Opinion jobs
Resources	116.5	16	7
People & Governance	43	6	3
Children & Young People	167.5	23	12
Social Care, Health & Safeguarding	137.5	19	9
Communities & Place	61.5	8	5
MonLife	60	8	5
Chief Executives	18	2	1
Corporate Work	54	7	3
Special Investigations	70	10	-
Available Productive Audit Days	<b>728</b>	100%	45

INTERNAL AUDIT SERVICE - OPERATIONAL PLAN 2023/2024

Resources		Last Review	Opinion Job	Non Opinion Job	Risk	Days
<b>Finance - Corporate Accountancy</b>						
	Budgetary Control (Revenue)	2021/22				
	Budgetary Control (Capital)	2014/15				
	Treasury Management	2018/19				
	Fixed Assets	2021/22				
	Capital Receipts	2016/17				
	Insurances	2016/17	Yes		H	15
<b>Finance - Revenues, Systems &amp; Exchequer</b>						
	Bank Reconciliations	2019/20				
	Bank Transfer Payments	2018/19				
	Control, Suspense & Holding Accounts	2021/22				
	System Administration & Security	2020/21				
	Taxation (VAT)	Never				
	Council Tax	2017/18	Yes		M	15
	National Non Domestic Rates (NNDR)	2022/23				
	Corporate Sundry Debtors	2018/19				
	Creditor Payments (2022/23)	2022/23	Yes		M	10
	Procurement Cards	2020/21	Yes		M	13
	IR35 Regulations (Consultants)	2018/19				
	Benefits	2021/22	Yes		M	15
	Cashiers	2019/20				
	Replacement BACS system - Consultancy	2021/22				



**Monmouthshire County Council  
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	PCI Compliance	Never				
	Imprest Accounts Closure	2022/23		Yes	<b>L</b>	6
	Revenues Shared Service (2022/23)	2022/23	Yes		<b>M</b>	7
<b>Digital</b>						
	Information Management					
	Digital Projects	Never				
	Freedom of Information	2022/23				
	SRS Client Management	Never				
	GIS	Never				
	Mobile Phones	2018/19				
<b>Health &amp; Safety</b>						
	Health & Safety	2019/20				
<b>Commercial, Property, Fleet, Facilities</b>						
	Investments	2021/22				
	Transport					
	- Fleet / Vehicle Management	2022/23				
	- Vehicle Usage & Trackers	Never				
	- Fuel Cards	2020/21				
	- PTU Maintenance	2022/23				
	PTU (Service Delivery & External Hires)	2017/18				
	PTU Commissioning	2011/12				
	Grass Routes Community Transport	Never				
	Property Services Helpdesk/ Reactive Maintenance	Never				
	Property Maintenance - Planned	2013/14				
	Health & Safety - Buildings	2022/23				
	Estate Management	Never				
	County Farms	2016/17				
	Facilities & Building Cleaning	2010/11				
	Asset Management	2012/13				
	Markets	2017/18				

**Monmouthshire County Council  
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	Cemeteries	Never	Yes		M	15
	Industrial & Retail Units	Never				
	Allotments	Never				
<b>General</b>						
	Audit Advice	Annual		Yes		14
	Finalisation of previous year's audits (work in progress)	Annual		Yes		2.5
	Monitoring Implementation of Previous Recommendations	Annual		Yes		4
<b>Total Planned Days for Resources</b>			<b>7</b>	<b>4</b>		<b>116.5</b>

**Monmouthshire County Council  
Internal Audit Plan 2023/24**

<b>People &amp; Governance</b>		<b>Last Review</b>	<b>Opinion Job</b>	<b>Non Opinion Job</b>	<b>Risk</b>	<b>Days</b>
<b>Human Resources</b>						
	~ Term Time Working	2019/20				
	~ Management of Attendance	2020/21				
	~ Organisational Structure	Never				
	~ Recruitment & Selection	Never				
	~ Redundancy	Never				
	~ HR Policies	2018/19				
	Human Resources & Organisational Development					
	~ Job Evaluation / Equal Pay	2012/2013				
	~ Social Services Training Unit	Never				
	~ Corporate Training	Never				
	~ Organisational Development	Never				
	~ Raglan Training Centre	2015/16				
<b>Payroll &amp; Systems</b>						
	Payroll System	2022/23				
	Thinqi (Training & Development System)	New				
<b>Democratic Services &amp; Communications</b>						
	Democratic Services & Governance	Never	Yes		H	15
	Marketing & Communications	Never				
	Chairman's Office	Never				
	Members Allowances & Expenses	2010/11				
<b>Electoral Registration</b>						
	Electoral Registration	2009/10	Yes		H	15
<b>Legal</b>						
	Land Charges	2022/23				
	Litigation	Never				
	Legal Services	2006/07				

**Monmouthshire County Council  
Internal Audit Plan 2023/24**

<b>Emergency Planning</b>					
	Civil Contingencies	Never			
<b>General</b>					
	Audit Advice	Annual		Yes	8
	Finalisation of previous year's audits (work in progress)	Annual		Yes	3
	Monitoring Implementation of Previous Recommendations	Annual		Yes	2
<b>Total Planned Days for People &amp; Governance</b>			<b>3</b>	<b>3</b>	<b>43</b>

**Monmouthshire County Council  
Internal Audit Plan 2023/24**

<b>Children &amp; Young People</b>		<b>Last Review</b>	<b>Opinion Job</b>	<b>Non Opinion Job</b>	<b>Risk</b>	<b>Days</b>
<b>Inclusion</b>						
	Education Welfare Service	Never				
	Healthy Schools	Never				
	Pupil Referral Unit	2016/17				
	Education Other than at School (EOTAS) Service	Never				
<b>Additional Learning Needs</b>						
	ALN (previously SEN)	2017/18	Yes		<b>H</b>	15
	Educational Psychology Service	Never				
<b>Achievement &amp; Extended Services</b>						
	Specific Learning Difficulties	Never				
	Early Years Service	2021/22				
	Family Information Service	Never				
	Flying Start	2013/14	Yes		<b>M</b>	15
<b>Finance &amp; Support Services</b>						
	School Improvement Grant	Annual	Yes		<b>M</b>	8
	Pupil Development Grant	Annual	Yes		<b>M</b>	8
	Fair Funding Scheme / School Budgets	Never				
	Post 16 funding	Never				
	Parent Pay	2017/18				
	Universal Free School Meals	New				
	Monitoring of School Private Funds	2017/18				
	Educational Trips & Visits (Evolve system)	2019/20				
	School Admissions & Appeals	2016/17				
	Breakfast Clubs	2013/14				
<b>21st Century Schools</b>						
	C21 Schools Programme	2017/18				
<b>Primary Schools</b>						

**Monmouthshire County Council  
Internal Audit Plan 2023/24**

	Archbishop Rowan Williams Church in Wales Primary	2015/16	Yes		<b>M</b>	10
	Cantref Primary	2019/20				
	Castle Park	2019/20				
	Cross Ash Primary	2017/18				
	Deri View Primary	2022/23				
	Dewstow Primary	2022/23				
	<b>Durand Primary</b>	2015/16	Yes		<b>M</b>	10
	Gilwern Primary	2018/19				
	Goytre Fawr Primary	2018/19				
	Kymin View Primary	2018/19				
	Llandogo Primary - Follow Up	2022/23				
	Llanfoist Fawr	2019/20				
	<b>Llantilio Pertholey Primary</b>	2016/17	Yes		<b>M</b>	10
	Llanvihangel Crucorney	2022/23				
	Magor Church in Wales Primary	2018/19				
	Osbaston Primary	2017/18				
	<b>Our Lady &amp; St Michaels RC (Follow-up)</b>	2022/23	Yes		<b>H</b>	10
	Overmonnow Primary	2022/23				
	<b>Pembroke Primary</b>	2016/17	Yes		<b>M</b>	10
	Raglan VC Primary	2018/19				
	Rogiet Primary	2014/15				
	Shirenewton Primary	2018/19				
	St Mary's RC Primary	2018/19				
	<b>The Dell Primary</b>	2016/17	Yes		<b>M</b>	10
	Thornwell Primary	2017/18				
	Trellech Primary	2017/18				
	Undy Primary	2019/20				
	Usk Church In Wales Primary	2018/19				
	Ysgol y Fenni	2019/20				
	Ysgol y Ffin	2018/19				

**Monmouthshire County Council  
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<b>Secondary Schools</b>						
	Caldicot School	2019/20				
	Chepstow School	2017/18	Yes		<b>M</b>	14
	King Henry VIII School	2022/23				
	Monmouth Comprehensive School	2018/19				
<b>General</b>						
	Schools Control Risk Self Assessments	New	Yes		<b>M</b>	15
	Schools Financial Regulations Training / Cluster Meetings	Annual				
	Audit Advice	Annual		Yes		18
	Finalisation of previous year's audits (work in progress)	Annual		Yes		9.5
	Monitoring Implementation of Previous Recommendations	Annual		Yes		4
<b>Total Planned Days for Children &amp; Young People</b>			<b>12</b>	<b>3</b>		<b>166.5</b>

**Monmouthshire County Council  
Internal Audit Plan 2023/24**

<b>Social Care, Health &amp; Safeguarding</b>		<b>Last Review</b>	<b>Opinion Job</b>	<b>Non Opinion Job</b>	<b>Risk</b>	<b>Days</b>
<b>Adult Services</b>						
	Internal Domiciliary Care	2021/22				
	External Domiciliary Care	2013/14				
	Community Care Team	Never				
	Carers Service	2022/23				
<b>Commissioning &amp; Disability Service</b>						
	Commissioning & Contracts	Never	Yes		H	18
	Respite Care - Budden Crescent	Never				
	My Mates	Never				
	My Day My Life (previously audited as Monmouthshire Enterprises)	2018/19				
	Day Centres	2012/13				
	Individual Support Services	Never				
<b>All Age Disability &amp; Mental Health</b>						
	Mental Health Service	Never				
<b>Integrated Services</b>						
	Occupational Therapy	Never				
	Direct Payments	2021/22				
	Mardy Park Residential	2016/17				
	Mardy Park Day Care	2016/17				
	Community Meals Service	2015/16				
	Lavender Gardens	Never				
	Frailty Service (Reablement)	Never				
	New Care Home (Crick Road)	New				
	Community Learning Disability Team (CLDT)	Never				
	Severn View Park	Never				
<b>Transformation</b>						



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	Systems (Flo / Plant)	Never				
	WCCIS Implementation	Never				
<b>Safeguarding, Quality Assurance &amp; Child Protection</b>						
	Safeguarding	2020/21				
	Children Looked After (CLA) Savings	Never	Yes		<b>H</b>	15
<b>Youth Offending Service</b>						
	Youth Offending Service	2015/16	Yes		<b>M</b>	15
<b>Managed Care/Looked After Children</b>						
	Children With Disabilities	2022/23				
	Long Term Support Team	Never	Yes		<b>M</b>	15
	Family Support & Protection	Never				
	Children's Services Transport Costs	Never				
	Children's Services Imprest Account	2020/21				
	St. David's Day Fund	Never				
	External Placements	2018/19				
<b>Wellbeing</b>						
	Family Support Team (Early Help)	Never				
	Fostering Service	2022/23				
	Therapeutic Practice	Never	Yes		<b>M</b>	15
	Family Time Team	Never				
	MyST	Never				
<b>Social Services Finance</b>						
	Social Services Debtors	2019/20				
	Financial Assessments	2020/21				
	Appointeeships & Deputyships (2022/23)	Ongoing	Yes		<b>M</b>	2
<b>Public Protection</b>						
	Environmental Health	Never				
	Food Safety	Never				
	Trading Standards	Never	Yes		<b>M</b>	15
	Animal Welfare	Never				

**Monmouthshire County Council  
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	Licensing (Premises & Trader)	2017/18				
	Licensing (Taxi)	2017/18				
	Registration Services	2016/17	Yes		<b>M</b>	15
<b>General</b>						
	Audit Advice	Annual		Yes		<b>14</b>
	Financial Assessments	Annual		Yes		<b>5</b>
	Finalisation of previous year's audits (work in progress)	Annual		Yes		<b>5.5</b>
	Monitoring Implementation of Previous Recommendations	Annual		Yes		<b>4</b>
<b>Total Planned Days for Social Care, Health &amp; Safeguarding</b>			<b>9</b>	<b>4</b>		<b>138.5</b>

**Monmouthshire County Council  
Internal Audit Plan 2023/24**

Communities & Place		Last Review	Opinion Job	Non Opinion Job	Risk	Days
<b>Strategic Projects</b>						
	- Home to School Transport	Never				
	- Social Services Taxi Framework	Never				
	Personal Transport Budgets	2018/19				
	Concessionary Travel	2022/23				
	Town Centre Projects - Caldicot Regeneration	2021/22				
	School Catering Service	2015/16				
<b>Placemaking, Housing, Highways and Floods</b>						
	Development Control					
	- Planning Applications (2022/23)	Ongoing	Yes		<b>M</b>	2
	- Planning Enforcement	Never				
	- Historic Building Conservation	Never				
	- Tree Preservation, Surveys & Inspections	Never				
	Building Control	2015/16				
	Planning Policy					
	- Planning Obligations (S106)	2017/18				
	- Local Development Plan	2021/22				
	Housing Options Team					
	- Common Register	Never				
	- Homelessness Assessment & Prevention	2016/17				
	- Private Sector Leasing	Never	Yes		<b>H</b>	15
	- Homeless Prevention Grant	2020/21				
	Strategy & Sustainable Living					
	- Disabled Facilities Grants	2021/22				
	- Housing Strategy & Policy	Never				
	- Careline	2012/13				
	- Equity Release Loans / Home improvement Loans	Never				

**Monmouthshire County Council  
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	Housing Support Team	Never				
	Streetworks	2017/18				
	Highways Development	Never				
	Flood Risk Management	Never				
	Traffic & Safety	Never				
	Civil Parking Enforcement	2021/22				
	Car Parks	2014/15				
	Residential Parking Permits	Never				
<b>Enterprise and Community Animation</b>						
	Strategic Procurement	2019/20				
	Food Procurement	2022/23				
	InFuSe Programme	Never				
	Housing Support Grant	Annual	Yes		<b>M</b>	10
	Tackling Poverty & Inequality	Never				
	Community Safety & CCTV	Never				
<b>Neighbourhood Services</b>						
	SWTRA	2017/18				
	Street Lighting	2020/21				
	Stores	2021/22				
	Highways Maintenance	2019/20				
	Winter Maintenance (2022/23)	Never	Yes		<b>M</b>	2
	Garden Waste	2016/17				
	Commercial Waste	Never				
	Waste Collections	Never	Yes		<b>M</b>	15
	Civic Amenity Site(s) & Recycling	2018/19				
	ReUse Shop	Never				
	Street Cleansing	2022/23				
	Grounds Maintenance	2015/16				
	Parks & Recreation	Never				
<b>General</b>						

**Monmouthshire County Council  
Internal Audit Plan 2023/24**

	Audit Advice	Annual		Yes		12
	Finalisation of previous year's audits (work in progress)	Annual		Yes		1.5
	Monitoring Implementation of Previous Recommendations	Annual		Yes		4
<b>Total Planned Days for Communities &amp; Place</b>				<b>5</b>	<b>3</b>	<b>61.5</b>

**Monmouthshire County Council  
Internal Audit Plan 2023/24**

MonLife		Last Review	Opinion Job	Non Opinion Job	Risk	Days
<b>Active</b>						
	Abergavenny LC	2012/13				
	Caldicot LC	2013/14				
	Chepstow LC	2014/15				
	Monmouth LC	2011/12				
	Memberships	2013/14				
	LC Payroll	2017/18				
	Business & Commercial Management	Never				
	Sports Development	2017/18				
	Point of Sale System	New	Yes		<b>M</b>	15
	Control Risk Self Assessments - Leisure Centres	New				
<b>Heritage</b>						
	Shire Hall	2021/22				
	Caldicot Castle	2022/23				
	Old Station, Tintern (Follow-up)	2019/20	Yes		<b>H</b>	10
	Abergavenny Museum	2013/14				
	Chepstow Museum	2013/14				
	Monmouth Museum	2013/14				
	Borough Theatre	2018/19				
	Catering	Never				
<b>Outdoor</b>						
	Outdoor Adventure	2015/16				
	Countryside (2022/23)	2022/23	Yes		<b>M</b>	10
	Chepstow TIC	2011/12				
<b>Connect</b>						
	Youth Service	2019/20				
	Play	Never				

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Internal Audit Plan 2023/24**

	Destination Management/Tourism	Never				
	Active Travel	Never	Yes		<b>M</b>	15
<b>Volunteering</b>						
	Volunteering / Community Support	2018/19				
<b>General</b>						
	Audit Advice	Annual		Yes		8
	Finalisation of previous year's audits (work in progress)	Annual				0
	Monitoring Implementation of Previous Recommendations	Annual		Yes		2
<b>Total Planned Days for MonLife</b>			<b>5</b>	<b>2</b>		<b>60</b>

**Monmouthshire County Council  
Internal Audit Plan 2023/24**

<b>Chief Executives</b>		<b>Last Review</b>	<b>Opinion Job</b>	<b>Non Opinion Job</b>	<b>Risk</b>	<b>Days</b>
<b>Policy, Performance &amp; Scrutiny</b>						
	Abergavenny Hub	2016/17				
	Caldicot Hub	2016/17				
	Chepstow Hub	2016/18				
	Monmouth Hub	2016/19				
	Usk Hub	2016/20				
	Usk Post Office	Never				
	Library Service	2012/13				
	Contact Centre	Never				
	Community Learning	2011/12				
	Corporate Complaints, Comments & Feedback	2019/20				
	<b>Risk Management</b>	<b>2017/18</b>	<b>Yes</b>		<b>H</b>	<b>15</b>
	Scrutiny	Never				
	Service Business Plans	2012/13				
	Performance Indicators	2019/20				
	Welsh Language Compliance	Never				
<b>General</b>						
	<b>Audit Advice</b>	<b>Annual</b>		<b>Yes</b>		<b>3</b>
	Finalisation of previous year's audits (work in progress)	Annual				0
	Monitoring Implementation of Previous Recommendations	Annual				0
<b>Total Planned Days for Chief Executive's</b>			<b>1</b>	<b>1</b>		<b>18</b>



**Monmouthshire County Council  
Internal Audit Plan 2023/24**

<b>Corporate Work</b>		<b>Last Review</b>	<b>Opinion Job</b>	<b>Non Opinion Job</b>	<b>Risk</b>	<b>Days</b>
	Annual Governance Statement	Annual		Yes	<b>M</b>	5
	National Fraud Initiative (NFI)	Annual	Yes		<b>M</b>	15
	Corporate Governance	Never				
	Culture & Ethics	2020/21				
	Business Continuity Planning	2019/20				
	Climate Change (previously audited as carbon reduction scheme)	2013/14	Yes		<b>H</b>	16
	Agency Staff	2021/22				
	Compliance with Bribery Act	2021/22				
	Data Protection	2019/20				
	Well Being of Future Generations Act	2018/19				
	IT Procurement	2017/18				
	Check In Check Out (Employee Review Process)	Never				
	Partnership Assurance (2022/23)	2022/23	Yes		<b>M</b>	7
<b>General</b>						
	Implementation of new Follow-up of Agreed Actions / Recommendations system	New				8
	Audit Advice	Annual		Yes		3
	Finalisation of previous year's audits (work in progress)	Annual				0
	Monitoring Implementation of Previous Recommendations	Annual				0
<b>Total Planned Days for Corporate Work</b>			<b>3</b>	<b>2</b>		<b>54</b>

**Monmouthshire County Council  
Internal Audit Plan 2023/24**

TOTAL AUDIT DAYS	658
SPECIAL INVESTIGATIONS	70
<b>TOTAL PLANNED AUDIT DAYS</b>	<b>728</b>
PRODUCTIVE AUDIT DAYS	728
NO' OF DAYS PLAN EXCEEDS AVAILABLE RESOURCES	0



**SUBJECT: INTERNAL AUDIT**  
**Review of Internal Audit Opinions & Weakness Ratings**

**DIRECTORATE: Resources**  
**MEETING: Governance & Audit Committee**  
**DATE: 15<sup>th</sup> June 2023**  
**DIVISION/WARDS AFFECTED: All**

## 1. PURPOSE

To inform the Governance & Audit Committee of an update to the engagement opinions and weakness ratings used by the Internal Audit team from 1<sup>st</sup> April 2023.

## 2. RECOMMENDATION(S)

That the Committee approve the change to audit opinions and weakness ratings in use by the Internal Audit team.

## 3. ENGAGEMENT OPINIONS

- 3.1 It is current practice for public sector internal audit teams to provide a summary opinion as part of the final report on internal audit engagements.
- 3.2 The professional practice of internal audit within public sector bodies across the UK was consolidated into a single set of overall standards, the Public Sector Internal Audit Standards (PSIAS) in April 2013. While the PSIAS has been successful in ensuring consistency there has been no common practice, and little guidance available, regarding how best to report the overall results of internal audit work at the end of each engagement.
- 3.3 Another requirement of the PSIAS is that the Head of Internal Audit has to give an overall opinion on the adequacy of the internal control environment operated within the systems and establishments of Monmouthshire County Council. This is based on the opinions given on individual audit jobs undertaken as per the agreed annual audit plan.
- 3.4 Currently Monmouthshire County Council operates with the following 4 audit opinions, 3 positive and 1 unfavourable. Each audit opinion is based on the strengths and weaknesses identified during the course of each audit (see section 4).

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

3.5 The Chartered Institute of Public Finance and Accountancy (CIPFA) commissioned a special interest group to examine the range of current reporting practice and opinions in use by different internal audit providers across the UK public sector. The exercise included 52 organisations across the public sector including small in-house internal audit teams, large shared services, external commercial audit firms and specialist assurance providers. The results were analysed alongside a review of professional and regulatory practice and standards.

3.6 A report, Internal Audit Engagement Opinions – Setting Common Definitions, was published in 2020. This recommended a standardised approach to Internal Audit Opinions across the public sector.

The advantages of this include;

- The use of a standard opinion and underlying definition would increase confidence amongst audit committee members and managers that the engagement opinion issued is consistently applied.
- It would assist the sharing, comparability and understanding of assurances across public bodies.
- This would be of benefit to audit committees, managers and also other auditors (both internal and external).
- It would support audit committee members and senior managers in their understanding of audit reports. In particular those who sit on more than one public sector audit committee, or who receive reports from different auditors in relation to partnerships and joint ventures would find the consistency of benefit.
- It would support the training of internal audit staff, helping to drive up the quality and consistency of audit opinions, and facilitate staff moving across different internal audit teams.

- It would reduce disruption when changing internal audit provider. If the new provider applies a different approach to assurance ratings it results in audit committee members and managers having to learn and understand different terminology.

The principal arguments against adopting standard opinion levels are that this might constrain innovation in the profession, or may not suit the particular needs of an organisation or its audit team.

Overall CIPFA consider that the advantages outweigh the disadvantages.

3.7 Therefore, based on an analysis of existing practice, and taking into account the PSIAS definition of internal audit, the standard definitions for internal audit assurance over an engagement are proposed by CIPFA to be:

OPINION	DESCRIPTION
SUBSTANTIAL ASSURANCE	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
REASONABLE ASSURANCE	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
LIMITED ASSURANCE	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
NO ASSURANCE	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

The new opinions will effectively provide 2 'positive' (Substantial / Reasonable) and 2 'unfavourable' (Limited / No Assurance) audit opinions.

3.8 For grant claim audits the following opinions will continue to be used without change.

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

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

- 3.9 During a preceding Governance & Audit Committee meeting, discussion was held regarding the aforementioned CIPFA report and the previous Chief Internal Auditor gave a commitment to review the opinions used at Monmouthshire County Council based on the report.
- 3.10 In line with the PSIAS, all audit reviews will continue to be followed-up and the results of this reported to senior management and the Governance & Audit Committee. All 'unfavourable' (Limited / No Assurance) opinions will be subject to formal follow-up review, completed by the Internal Audit team, which will result in an updated opinion being brought to the Governance & Audit Committee to provide assurance (or not) that the control environment has improved.

#### 4 WEAKNESS RATINGS

- 4.1 The Internal Audit team have used these new opinions as an opportunity to amend the classification of weaknesses within our reports to become more focussed and provide a clearer definition of the key risks to the organisation.
- 4.2 Currently the team use the following Ratings and Risk Descriptions, based on a traffic light system.

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

- 4.3 Following discussion, the traffic light system will continue to be used but the Risk Ratings and Descriptions / Impacts will be amended to the following.

RISK RATING	DESCRIPTION
CRITICAL	Major or unacceptable risk which requires immediate action.
SIGNIFICANT	Important risk that requires attention as soon as possible.
MODERATE	Risk partially mitigated but should still be addressed.
STRENGTH	No risk. Sound operational controls and processes confirmed.

- 4.4 The biggest changes arising from this will be;
- The creation of a 'Critical' risk rating which will only be used to highlight issues where there would be an unacceptable level of risk.
  - The removal of the 'Minor' / 'Low Risk' category from reports. These issues will still be highlighted and discussed with management but the details will no longer appear within reports.

## 5 SERVICE MANAGEMENT RESPONSIBILITIES

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

## 6. RESOURCE IMPLICATIONS

None.

## 7. CONSULTEES

Deputy Chief Executive / Chief Officer Resources

**Results of Consultation:**

N/A

## 8. BACKGROUND PAPERS



PSIAS.pdf



CIPFA – Internal Audit  
Engagement Opinions

## **9. AUTHORS AND CONTACT DETAILS**

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## GOVERNANCE & AUDIT COMMITTEE WORK PROGRAMME IN LINE WITH ITS TERMS OF REFERENCE

Review and scrutinise the authority's financial affairs and make reports and recommendations in relation to them								
<ul style="list-style-type: none"> <li>• Review the financial statements prepared by the authority</li> <li>• To receive and approve the Council's Annual Statement of Accounts in accordance with the Accounts and Audit Regulations</li> </ul>								
	29 June 23	27 July 23	21 Sept 23	19 Oct 23	23 Nov 23	11 Jan 24	22 Feb 24	11 Apr 24
2022/23 MCC Statement of Accounts Head of Finance – Jonathan Davies			✓ Draft		✓ Final			
Statement of Accounts 2022/23 - Charitable Trust Funds Head of Finance – Jonathan Davies			✓ Draft			✓ Final		
Treasury Report Head of Finance – Jonathan Davies		✓ 22/23 Outturn  ✓ 23/24 Q1			✓ 23/24 Q2	✓ 23/24 Q3		
Capital & Treasury Strategy Head of Finance – Jonathan Davies							✓	
Assessment of the Robustness of the budget process and adequacy of reserves Head of Finance – Jonathan Davies		✓						

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Review and assess the risk management, internal control, performance assessment and corporate governance arrangements of the authority and make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements

- To consider the draft annual self-assessment performance and recommend changes as required ahead of it being considered by Council.
- To consider the report of the (independent) panel performance assessment is also to be made available to the Governance & Audit Committee. A panel performance assessment is to take place at least once during the period between two consecutive ordinary elections of councillors to the Council

	29 June 23	27 July 23	21 Sept 23	19 Oct 23	23 Nov 23	11 Jan 24	22 Feb 24	11 Apr 24
Annual Governance Statement 2022 Audit Manager – Jan Furtek		✓ Draft						
Freedom of Information (FOI) & Data Protection Act (DPA) Breaches & Data Subject Access Request (DSARs) Head of Information Security & Technology – Sian Hayward	✓					✓		
Draft Self Assessment Report Performance & Data Insight Manager – Richard Jones			✓ Draft Report					
Governance & Audit Committee Annual Report - 2022/23 Chair of Governance & Audit Committee – Andrew Blackmore		✓						

Anti Bribery Risk Assessment Deputy Chief Executive – Peter Davies				✓				
Audit Wales Work Programme: Council Progress Performance & Data Insight Manager – Richard Jones				✓				✓
Annual Performance Review of Investment Committee Development Manager - Nick Keyse		✓			✓			
Cyber security Head of Information Security & Technology – Sian Hayward						✓		
Feedback on Collaboration & Partnership arrangements Performance & Data Insight Manager – Richard Jones / Audit Manager – Jan Furtek						✓		
Self Assessment of Performance Management arrangements Performance & Data Insight Manager – Richard Jones							✓	
Effectiveness of Strategic Risk Management Framework Performance & Data Insight Manager – Richard Jones					✓			✓

Review and assess the authority's ability to handle complaints effectively make reports and recommendations in relation to the authority's ability to handle complaints effectively								
	29 June 23	27 July 23	21 Sept 23	19 Oct 23	23 Nov 23	11 Jan 24	22 Feb 24	11 Apr 24
The Ombudsman's Annual Letter (2022/23) Customer Relations Manager – Annette Evans					✓			
Whole Authority annual complaints report Customer Relations Manager – Annette Evans							✓	

Oversee the authority's internal audit arrangements								
	29 June 23	27 July 23	21 Sept 23	19 Oct 23	23 Nov 23	11 Jan 24	22 Feb 24	11 Apr 24
Internal Audit Operational Plan 2023/24 Audit Manager – Jan Furtek	✓ Draft	✓ Final						
Internal Audit Annual Report 2022/23 Audit Manager – Jan Furtek	✓							
Internal Audit Revised Opinions Audit Manager – Jan Furtek	✓							
Internal Audit quarterly progress reports Audit Manager – Jan Furtek			✓		✓		✓	

Implementation of Internal Audit agreed recommendations Audit Manager – Jan Furtek								✓
Internal Audit Plan and Annual Report for Shared Resource Service (SRS) – Torfaen CBC IA Team	✓							

Oversee the authority's external audit arrangements								
	29 June 23	27 July 23	21 Sept 23	19 Oct 23	23 Nov 23	11 Jan 24	22 Feb 24	11 Apr 24
Annual Audit Plan 22-23 Audit Wales Manager – Rachel Freitag		✓						✓
Annual Audit Plan 22-23 - Welsh Church Funds Audit Wales Manager – Rachel Freitag		✓						
Assurance and Risk assessment review Audit Wales – Colin Davies				✓				
Annual Grants report Audit Wales Manager – Rachel Freitag				✓				
ISA260 Response to Accounts Audit Wales Manager – Rachel Freitag / Head of Finance – Jonathan Davies					✓			

ISA 260 or equivalent for Trust Funds Audit Wales Manager – Rachel Freitag / Head of Finance – Jonathan Davies						✓		
Audit Wales Well-Being Objective Setting Review Audit Wales – Charlotte Owen		Estimated ✓						
Audit Wales Performance Data Review – Audit Wales – Charlotte Owen					Estimated ✓			
Audit Wales Digital Review Audit Wales – Charlotte Owen			Estimated ✓					

# Public Document Pack Agenda Item 14

## MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Governance and Audit Committee held  
at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 30th March, 2023 at 2.00 pm

**PRESENT:** Andrew Blackmore (Chairman)  
County Councillor Peter Strong (Vice Chairman)

Lay Member: C. Prosser, R. Guest,

County Councillors: Ian Chandler, John Crook, Tony Easson,  
Tony Kear, Malcolm Lane, Phil Murphy, and Laura Wright

### OFFICERS IN ATTENDANCE:

Andrew Wathan	Chief Internal Auditor
Annette Evans	Customer Relations Manager
Peter Davies	Deputy Chief Executive and Chief Officer, Resources
Wendy Barnard	Democratic Services Officer
Charlotte Owen	Audit Wales Officer
Jonathan Davies	Head of Finance
Rachel Freitag	Audit Wales Officer
Matthew Gatehouse	Head of Policy, Performance and Scrutiny
Hannah Carter	Graduate Performance Analyst

### APOLOGIES:

Lay Member M. Veale

#### 1. Declarations of Interest.

No declarations of interest were made.

#### 2. Public Open Forum.

No requests had been received from members of the public.

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

The Action List from the previous meeting was noted:

1a. **Key Collaborations and Partnerships:** The Chief Internal Auditor provided an update that this work is ongoing, and the full report will be presented at the next meeting. A summary of the report is that we have reasonable governance arrangements in place for most partnerships. [ONGOING]

1b. **SRS/Adequacy of Torfaen County Borough Council audit function:** This has been added to the Forward Work Plan. Audit reports with unsatisfactory ratings will be reported to Governance and Audit Committee as and when they are issued. [CLOSED]

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the meeting of Governance and Audit Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 30th March, 2023 at 2.00 pm

2a. **Finance Team Capacity:** The Head of Finance provided an interim update that consideration is being given to different team models with a view to moving forward to recruitment. A further update will be provided at the next meeting. [ONGOING]

2b. **Council Tax/Market Value variations:** The Head of Finance will respond to Colin Prosser outside this meeting. [CLOSED}

2c. **Commercial Investments trend analysis:** The Head of Finance advised that an update on commercial investment progress will be available at the next Investment Committee. Going forward, year on year analysis will be reported to the committee taking over responsibility for monitoring commercial investments, and to this Committee as required. It was agreed that each of the commercial investments will be reported upon separately. The last report to Investment Committee was 7<sup>th</sup> November 2022. It was confirmed that the papers for that meeting are available to all Members. [ONGOING]

3. **Audit Team Capacity:** It was confirmed that the Senior Auditor post will not be removed from the team structure as part of the proposed budget savings. The Committee was thanked for its support. Recruitment to the post will take place in the new financial year. The Audit Manager post has been appointed and the new postholder will start towards the end of April. One of the Audit Manager's first tasks will be to ensure there is a full complement of staff in the Audit Team. If any additional resource is required, external resources will be considered. [CLOSED]

#### 4. Audit Wales: Outline Plan 2023/24.

The Audit Wales Officers presented the Outline Audit Plan for 2023/24. Following presentation of the Plan, Committee Members were invited to ask questions.

The Chair asked to see the letter providing amended timetables for local government audits and revised fees. The Chair enquired if there were training materials available to assist the Committee to understand requirements of ISA315. The Audit Wales Officer will keep Members updated at Committee meetings and pre-meetings regarding ISA 315, with information bespoke to Monmouthshire.

A Member asked about the IT element for ISA315 specifically the enhanced focus on data integrity and enquired what was carried out by Audit Wales previously and if this will be a function for Internal Audit in future. In preparation for the new standards, it was confirmed that Audit Wales notes the increased focus on IT consequently there is an increased level of work and detail on IT audits.

The Head of Finance commented on the impact of the new requirements on the Finance Team. The increased contact with Audit Wales Officers will be managed centrally to ensure Audit Wales has adequate access to information and other teams will be alerted of the need to provide information. It was emphasised that there are regular meetings with Audit Wales and preparatory work and testing is already in progress. Autumn will be challenging as budget work starts, so it is planned to complete draft accounts by the end of June to allow Audit Wales to test the main areas. Hopefully there will be no national issues to draw on the Finance Team's time. The robustness of working papers will be key, and improvements will reduce contact time with Audit Wales. Data analytics will increasingly be used to find auditing efficiencies in future. The authority is committed to working constructively with Audit Wales during the audit period. The Chair asked that the Committee is kept updated of any material issues.

The Outline Plan was noted. The Committee looks forward to receiving updates on Audit Wales fees and progress against the plan.



## MONMOUTHSHIRE COUNTY COUNCIL

**Minutes of the meeting of Governance and Audit Committee held  
at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 30th March, 2023 at 2.00 pm**

### **5. Audit Wales Work Programme: Council Progress Update.**

The Performance Analyst presented an update of the Council's progress against the Audit Wales Work Programme. Following the report, Members asked questions:

A Member suggested that the People Strategy and Asset Management Plan should be considered separately. The Head of Policy, Performance and Scrutiny explained that the People Strategy and Asset Management Plan were conflated as they were in the same Audit Wales study and several common points were raised. Additionally, there are a series of enabling strategies sitting beneath the Community and Corporate Plan. For now, there is a high degree of commonality in both plans but as they develop, there will be more divergence. It was agreed to separate these strategies in future updates.

A further question asked how value for money is systematically assessed by the Council and Audit Wales quoting the example of some temporary traffic lights. The Officer explained there is a range of means to ensure value for money including the role of the Governance and Audit Committee, a published list of all expenditure over £500; risk-based reviews are conducted, and regular budget reports are presented to Performance and Overview Scrutiny Committee. When issues are identified, they can be added to the risk register. Members were uncertain that elected members or members of the public would know where to find the expenditure list.

Members requested more assurance about systematic assessment of value for money and the Officer provided information about contract standing orders. Officers procuring goods and services outside of the contract standing orders must contact the Chief Internal Auditor for an exemption; a list of exemptions is reported to Governance and Audit Committee. Audit Wales's local work looks at the Council's arrangements for value for money and has made recommendations in the Springing Forward Report to ensure reporting mechanisms and the means for measuring progress against strategies enable scrutiny committees to assess value for money.

Noting concerns that a Member had to make a Freedom of Information request to gather information the Officer emphasised the importance of the Council's publication scheme and its responsibility to ensure the information is in the public domain and accessible. The Council is developing more open data, so it is more easily accessible by commonly used search engines.

A comment that the language in the report would benefit from being more concise and include some timelines will be considered for future reports.

The Head of Policy, Performance and Scrutiny will respond in writing to a question regarding social enterprise (slippage of nearly a decade Wales-wide).

A Member referred to the Council's duty to encourage social enterprise and measure its impact. It was confirmed there is no register but there is a piece of work looking at the various partnerships and joint services where we fund or enable social enterprise. Engagement can be formal or informal through town centre work and clustering and the partnership and community development team.

A Member referred to examples of innovative community driven social care partnerships and asked if this could be explored. The Officer thought Monmouthshire Housing is working on this aspect to encourage a co-operative of care workers. Also work progresses on Micro-caring. The paper was noted. Members scrutinised the council's response to the Audit Wales work programme and sought assurance that adequate progress is being made.

## MONMOUTHSHIRE COUNTY COUNCIL

### **Minutes of the meeting of Governance and Audit Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 30th March, 2023 at 2.00 pm**

Members noted the ability to refer any issues contained within Audit Wales national studies to other committees for consideration where they identify there are findings of particular relevance to the council that need further scrutiny.

#### **6. Whole Authority Complaints Report April 2021 - March 2022.**

The Customer Relations Manager presented the Whole Authority Complaints Report April 2021 – March 2022. Following presentation of the report, Members were invited to ask questions:

A Member noted that the bar charts reflected 3-year trends and the text shows 5-year trends which are less positive. This point was noted for future reports. It was agreed it is concerning that there are no complaints directly from Children and Young People. It was explained that Social Workers let children/young people know that they can complain and a leaflet with age appropriate language is made available. Social workers, teachers, friends, parents etc. can raise complaints on a child's behalf. Historically, across Wales, there are few complaints directly from Children and Young People. They are reluctant to engage in a formal process preferring to seek help from a Social Worker, Parent, Teacher etc for quick resolution. Issues, therefore, may be dealt with outside of the Complaints procedure.

Regarding questions about exceeding timescales, it was explained that there is only a small pool of external investigating officers who are used by other authorities leading to possible delays. Additionally, the complexities of a complaint may require more research, contact with the complainant for additional information, interviewing of staff, inspection of files and records as well as time to compile the report.

A Member observed that some of the comments could be interpreted as complaints. It was questioned why the report is presented to Governance and Audit Committee as, for example, the Social Services Complaints report could be considered by the People Scrutiny Committee or the whole authority complaints report could be considered by the Place Scrutiny Committee. This Committee could concentrate on a framework or approach and performance indicators. The mechanisms for learning and improving should also be reported upon. It was agreed that these points would be considered by officers in terms of how best to address them.

A Member suggested year on year comparisons and queried if there should be a weighting system for complaints according to the seriousness of the matter. The Officer explained that safeguarding issues would be referred to Social Services as a priority. A weighting system will be considered for future reports.

A Member noted that the information is a year old, so it would be better to reflect on more up to date, relevant information when considering effectiveness. The Head of Policy, Performance and Scrutiny explained that next year, the report will be presented earlier. It was explained that each complaint has an action plan that is shared with managers to facilitate learning as a whole authority.

The Officer was thanked for the report which was noted. The report provided a useful insight into the experience of service users but was not in itself sufficient to provide assurance to the committee over the effectiveness of the authority's processes for dealing with complaints and compliments. Officers were asked to reflect carefully on these comments.

#### **7. Audit Wales Annual Audit Summary.**

The Audit Wales Officers introduced the Annual Audit Summary. It was explained that the report is for information only, providing a summary of the financial and performance work carried out during 2022 by Audit Wales. The key facts include reference to the Welsh Index of Multiple

## MONMOUTHSHIRE COUNTY COUNCIL

### **Minutes of the meeting of Governance and Audit Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 30th March, 2023 at 2.00 pm**

Deprivation which provides comparative data across Wales. None of the 10% deprivation areas are in Monmouthshire but it is recognised that there are pockets of deprivation in the County; a footnote with a link to the Monmouthshire Wellbeing Assessment is included.

There were no questions or comments.

#### **8. Overview of Performance Management Arrangements.**

The Head of Policy, Performance and Scrutiny presented an Overview of Performance Management Arrangements. Following presentation of the report, questions and comments were invited from Committee Members.

The Chair referred to self-evaluation and queried how the Committee can engage with the process. It was explained that the self-evaluation will be presented to the Governance and Audit Committee as required by the Local Government and Elections Act 2021, and to the Performance and Overview Scrutiny Committee. The Chair expressed the view that the Committee has a legitimate interest in prospectively reviewing the proposed self-evaluation process to ensure that levels of unconscious bias were recognised and controlled appropriately so that there was confidence in the output.

The Head of Policy, Performance and Scrutiny confirmed that he is responsible for signing off the assessment.

A Member reported that progress reports on some service business plans are not always available on The Hub.

A Member referred to service business plans noting that they must not be paper exercises. Responding to this point, it was confirmed that quality assurance has helped to guide service heads in a forward-looking mechanism.

A Member stated that the savings proposals would require significant service changes and it is unclear how the updated service business plans show where there has been service transformation because of budgetary pressures. The Head of Policy, Performance and Scrutiny confirmed that the service business plans would not show the detail of how the savings change a service or how the savings proposals will be implemented. The detail will emerge as the plans for the new year are shaped adding that change management programmes will require much more detail than a service business plan.

A Member asked how various forms of data are used to triangulate self-assessment findings. It was queried if self-evaluation is being informed by residents. The Member added that there should be clear impact assessments and use of process indicators and proxy indicators where it is not possible to measure impact directly; a framework would provide more confidence in the performance indicators. The Officer explained that service user data is wide ranging and varied e.g. from National Survey for Wales that is analysed to local authority level and individual services will do their own service customer/client surveys to compare with others and track own progress. A decision was taken some years ago not to use private survey facilitators due to the cost. Instead to use available information on a desk-based approach to produce the initial input for workshops. A different range of indicators are used and all evidence considered and triangulated to provide a reasonable indication of services users' level of satisfaction.

The Committee noted the report. Members used the update provided to inform their understanding of the effectiveness of the operation of the authority's performance management arrangements and identify any areas where they felt action needed to be taken or further information provided.

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the meeting of Governance and Audit Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 30th March, 2023 at 2.00 pm

#### **9. Review of the Strategic Risk Register - 6 monthly.**

The Head of Policy, Performance and Scrutiny presented the Review of the Strategic Risk Register. This is a regular, six-monthly report. Following presentation of the report, Committee Members were invited to ask questions and comment.

A Member referred to the SRS and noted that there are several stand-alone systems that sit inside the Firewall and questioned if the authority has a strategic overview. The Head of Policy, Performance and Scrutiny confirmed that the Council holds a systems register and the Head of Digital meets regularly with SRS to seek assurance of regular testing e.g. to prevent cyber-attacks. The Member asked about cyber security for legacy systems, queried the relationship with SRS and how the Council will meet the higher standards of the ISA 315 to meet the audit requirement. The Deputy Chief Executive explained that we have an independent security team separate from the SRS to prevent cyber security attacks and to hold the SRS to account. For future discussion, the Committee will have access to the internal audit programme for the SRS. One element of the cyber security arrangements has just received a full assurance audit. Regarding the enhanced requirements of ISA315, the point has been raised with the engagement lead in Audit Wales to discuss expectations, prepare and take a proactive approach.

Referring to Risk 4, ending today, a Member asked if the risk would remain and if there are plans to continue supporting that risk. The Head of Policy, Performance and Scrutiny referred to the three elements and provided an update that the temporary uplift to the mileage rate will be discontinued and this has been communicated to staff. An update on the remaining two elements will be provided outside the meeting.

As per the report recommendations, members noted the assessment but stated that in itself the paper was not sufficient to provide assurance about the effectiveness of the authority's risk management arrangements and concluded that there is need to refine the structure and contents of this paper so that it is more fully aligned to the responsibilities of the Committee. Separately, the Chair has written to the Head of Policy, Performance and Scrutiny setting out a proposal for addressing the apparent disconnect between the committee's expectations and that of officers in respect to the papers presented to this and previous meetings.

Regarding the Monmouthshire Programme Board, which sits under the Gwent Public Services Board, that is tasked with examining the benefits of, and developing, a community risk register that looks beyond the strategic risks affecting the local authority. The community risk register was endorsed and an update on outcomes will be welcomed.

#### **10. Implementation of Internal Audit agreed recommendations.**

The Chief Internal Auditor presented a report on the Implementation of Internal Audit agreed recommendations. Following presentation of the report, Members were invited to ask questions and make comments.

Chair asked if the SLT were supportive and encouraging service managers to implement the recommendations. The Chief Internal Auditor reported that SLT feedback has been very positive and the reports have been taken back to DMTs with a strong message to implement the recommendations as agreed. It was recommended that a further report is received in six months' time.

It was reported that progress on 2022/23 plan likely to achieve 70% of the agreed plan.

## MONMOUTHSHIRE COUNTY COUNCIL

### **Minutes of the meeting of Governance and Audit Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 30th March, 2023 at 2.00 pm**

A Member asked about the recommendations accepted by managers, those implemented and partially implemented querying the satisfaction level with the implementation rate and if anything could be done to encourage better implementation of recommendations. It was confirmed that all recommendation should be implemented. They are escalated to SLT, cascading down to DMTs and service managers.

The Deputy Chief Executive emphasised the importance of implementing recommendations and referred to some ongoing work to strengthen systems and provide oversight of the recommendations by the Internal Audit Teams, line management and responsible officers.

Regarding the Internal Audit Team, it was confirmed that the Council is exploring options for the Team in the future that may include wider collaborations that could take up to a year to implement. Referring to the Chief Internal Auditor post, it is unlikely that the existing shared arrangement with Newport City Council will continue. The Committee was thanked for its support to retain the Senior Internal Auditor post. Efforts will be made to appoint to this post as expediently as possible. The Committee was informed of the appointment of Jan Firtek to the Audit Manager post. Discussions continue to put in place some interim arrangements that may involve opportunities to act up.

The Deputy Chief Executive Officer wished the Chief Internal Auditor well in his new role and thanked him for his high level of support to the Governance and Audit Committee and service to the Council. The Chair reiterated the sentiments and the Chief Internal Auditor responded accordingly.

As per the recommendations, the Governance & Audit Committee considered the report, identified any concerns of non-implementation of audit recommendations and where appropriate considered requesting further explanations from operational managers as to why the implementation of actions has not been as productive as expected.

#### **11. Audit Wales Quarter 3 work programme and timetable.**

The Audit Wales Quarter 3 Work Programme and Timetable as at December 2022 was presented by the Audit Wales Officers. The update was noted.

#### **12. To note the Governance and Audit Committee Forward Work Plan.**

The Forward Work Plan in its new format was received. It was agreed that the programme need to be updated by the responsible officer to clarify what is intended to be brought forward for future meetings.

#### **13. To approve the minutes of the previous meeting held on 16th February 2023.**

The minutes of the previous meeting held on the 16<sup>th</sup> February 2023 were approved as an accurate record.

#### **14. To note the date of the next meeting as 15th June 2023.**

**Meeting ended at 4.40 pm**

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