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NP15 1GA

Dydd Mercher, 11 Hydref 2023

Hysbysiad o gyfarfod

Pwyllgor Llywodraethu ac Awdit

Dydd Iau, 19eg Hydref, 2023 at 2.00 pm,
Neuadd Y Sir, Y Rhadyr, Brynbuga, NP15 1GA

AGENDA

Item No	Item	Pages
1.	Ymddiheuriadau am absenoldeb	
2.	Datganiadau o Fuddiant	
3.	Fforwm Agored i'r Cyhoedd Canllawiau ar gyfer Fforwm Agored i'r Cyhoedd y Pwyllgor Llywodraethu ac Awdit Mae ein cyfarfodydd Pwyllgor Llywodraethu ac Awdit yn cael eu ffrydio'n fyw a bydd dolen i'r ffrwd fyw ar gael ar dudalen cyfarfod gwefan Cyngor Sir Fynwy Os hoffech rannu eich barn ar unrhyw faterion sy'n cael eu trafod gan y Pwyllgor Llywodraethu ac Awdit, gallwch fynychu'r cyfarfod yn bersonol (neu ymuno o bell drwy Microsoft Teams), neu gyflwyno sylwadau ysgrifenedig (drwy Microsoft Word, uchafswm o 500 gair). Y dyddiad cau ar gyfer cyflwyno sylwadau i'r Cyngor yw 5pm, a hynny dri diwrnod gwaith clir cyn y cyfarfod. Bydd yr holl sylwadau a dderbynnir ar gael i Aelodau'r Pwyllgor cyn y cyfarfod. Mae'r amser a roddir i bob aelod o'r cyhoedd i siarad yn ddiybnnol ar Gadeirydd y Pwyllgor. Gofynnwn i gyfraniadau beidio â bod yn hwy na 4 munud. Os hoffech fynychu un o'n cyfarfodydd i siarad o dan y Fforwm Agored i'r Cyhoedd yn y cyfarfod, bydd angen i chi roi tri diwrnod gwaith o rybudd drwy e-bostio GACRegistertoSpeak@monmouthshire.gov.uk Os hoffech awgrymu pynciau yn y dyfodol i'w hystyried gan y Pwyllgor Llywodraethu ac Awdit, e-bostiwch GACRegistertoSpeak@monmouthshire.gov.uk	

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Paul Matthews
Prif Weithredwr

CYNGOR SIR FYNWY

MAE CYFANSODDIAD Y PWYLLGOR FEL SY'N DILYN:

Andrew Blackmore

Colin Prosser

Martin Veale

Rhodri Guest

County Councillor Sara Burch	Cantref;	Labour and Co-Operative Party
County Councillor John Crook	Magor East with Undy;	Welsh Labour/Llafur Cymru
County Councillor Tony Easson	Dewstow;	Welsh Labour/Llafur Cymru
County Councillor David Jones	Crucorney;	Independent Group
County Councillor Malcolm Lane	Mardy;	Welsh Conservative Party
County Councillor Phil Murphy	Caerwent;	Welsh Conservative Party
County Councillor Peter Strong	Rogiet;	Welsh Labour/Llafur Cymru
County Councillor Ann Webb	St Arvans;	Welsh Conservative Party

Gwybodaeth Gyhoeddus

Mynediad i gopiâu papur o agendâu ac adroddiadau

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

Edrych ar y cyfarfod ar-lein

Gellir gweld y cyfarfod ar-lein yn fyw neu'n dilyn y cyfarfod drwy fynd i www.monmouthshire.gov.uk neu drwy ymweld â'n tudalen Youtube drwy chwilio am MonmouthshireCC. Drwy fynd i mewn i'r ystafell gyfarfod, fel aelod o'r cyhoedd neu i

gymryd rhan yn y cyfarfod, rydych yn caniatáu i gael eich ffilmio ac i ddefnydd posibl y delweddau a'r recordiadau sain hynny gan y Cyngor.

Y Gymraeg

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

Nodau a Gwerthoedd Cyngor Sir Fynwy

Ein diben

Adeiladu Cymunedau Cynaliadwy a Chydnerth

Amcanion y gweithiwn tuag atynt

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

Ein Gwerthoedd

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

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

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

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

Caredigrwydd – Byddwn yn dangos caredigrwydd i bawb yr ydym yn gweithio gyda nhw, gan roi pwysigrwydd perthnasoedd a'r cysylltiadau sydd gennym â'n gilydd wrth wraidd pob rhyngweithio.

Rôl Cyn-cyfarfod

1. Pam fod y Pwyllgor yn ystyried yr eitem hon ar yr agenda? (perthnasedd a materoldeb)
2. Beth yw rôl y Pwyllgor a pha ganlyniadau y mae Aelodau am eu sicrhau?
3. A oes digon o wybodaeth i gyflawni hyn? Os na, pwy all ddarparu hyn?
4. Beth yw barn gyfrinachol yr archwilwyr ar y materion perthnasol?
- Trafod barn/pryderon allweddol yr aelodau gyda'r papurau a chytuno ar flaenoriaethau

Cwestiynau / Ystyriaethau Posib ar gyfer y Cyfarfod

Archwilio Mewnol (AM)

1. Beth yw'r model swyddogaethol AM ac a yw'n addas at y diben?
2. A oes gan AM awdurdod a dylanwad digonol ar draws yr Awdurdod?
3. A oes digon o adnoddau gan AM ac a yw wedi'i ymrymuso'n addas? A yw'r cynllun AM blynyddol yn briodol? Ar ba sail ydym yn gwneud y dyfarniad hwn?
4. A yw Prif Swyddogion yn amlwg yn derbyn ac yn hyrwyddo rôl AM? Sut maent yn gwneud hyn?
5. A yw Swyddogion yn gweithredu'n egniol ar ganfyddiadau AM? Sut mae hyn yn cael ei ddangos? A ydyn ni'n herio ac yn dwyn swyddogion i gyfrif yn effeithiol am weithredu canfyddiadau AM?
6. Sut gallwn ni fod yn hyderus bod yr amgylchedd rheolaeth fewnol yn parhau i fod yn briodol?
7. A oes gennym ni hyder mewn effeithiolrwydd cyffredinol AM? Ar beth ydym yn seilio hyn?
8. A yw barn flynyddol/cyfnodol AM yn gredadwy?
9. A oes gennym ddigon o welededd dros waith, allbwn ac effeithiolrwydd y timau AM cysylltiedig, e.e. CBST?

Llywodraethu

1. A oes disgrifiad cydlynus sydd wedi ei amlinellu mewn cod ar gyfer trefniadau llywodraethu cyffredinol CSF? A yw'n addas at y diben?

Archwilio Allanol (AA)

1. A yw'r tîm AA (ariannol a pherfformiad) yn gredadwy?
2. A ydym yn hyderus ynglŷn â'r trefniadau ar gyfer datblygu cynllun gwaith/amserlen waith flynyddol AA ac a yw'n cyd-fynd â'n dealltwriaeth o risgiau allweddol?
3. A yw Prif Swyddogion/uwch swyddogion yn ymgysylltu'n briodol ag AA? Sut mae hyn yn cael ei ddangos?
4. A oes perthynas adeiladol rhwng AM ac AA (ac arolygiaethau eraill)? Beth yw'r dystiolaeth o hyn?
5. A yw swyddogion perthnasol wedi ystyried canlyniadau/casgliadau adroddiadau cenedlaethol a phenodol AA?
6. A oes gennym ni welededd da dros faterion sy'n dod i'r amlwg a nodwyd gan AA?
7. O ran ISA260 ac adroddiadau ariannol cyfatebol gan AA, a yw swyddogion yn dangos yn glir eu bod yn deall y materion a godwyd ac a oes ganddynt gynllun credadwy i ddatrys materion ar gyfer y flwyddyn ariannol nesaf?
8. A oes gan AA hyder yn Swyddogion CSF a threfniadau llywodraethu?

Cyllidebu / Risg Ariannol / Cronfeydd Wrth Gefn

1. A oes yna broses ac amserlen sydd wedi'u diffinio, eu llywodraethu a'u gwirio'n glir ar gyfer datblygu cyllideb yr Awdurdod?
2. A oes cyfres briodol o bolisiau sy'n ymwneud â risgiau ariannol? A ydynt yn addas?
3. A yw'r rhagdybiaethau ariannol/gweithredol allweddol yn ddealladwy, yn gredadwy, wedi'u dogfennu ac yn cael eu profi gan

2. A oes eglurder ynghylch llywodraethu'r trefniadau goruchwyllo a chraffu amrywiol ar gyfer (ac effeithiolrwydd) partneriaethau a chydweithrediadau materol?
3. A oes eglurder ynglŷn â dyrannu cyfrifoldebau ac awdurdodau gwneud penderfyniadau?
4. Sut mae achosion o dorri rheolau llywodraethu/rheolaeth yn cael eu nodi a'u hadrodd?
5. A ydym yn hyderus bod y trefniadau ar gyfer gwariant materol (tendro, contractio a chaffael cyfalaf) yn gadarn?
6. A oes gennym ni hyder yn y trefniadau chwythu'r chwiban (a threfniadau tebyg) ar gyfer codi pryderon?

Risgiau Corfforaethol

1. A yw atebolrwydd allweddol ar gyfer adnabod, asesu, monitro a rheoli risgiau wedi'i ddiffinio a'i weithredu'n ddigonol?
2. A yw'r dull o reoli risgiau wedi'i gynllunio a'i weithredu'n effeithiol?
3. Sut y gall y Pwyllgor fod yn hyderus bod y Gofrestr Risgiau Corfforaethol yn cynnwys yr holl risgiau sylweddol sy'n wynebu'r Awdurdod?
4. A yw'r cynlluniau gweithredu lliniaru risgiau yn gredadwy ac yn ddigonol er mwyn sicrhau'r canlyniadau a

straen?

4. A oes gan y swyddogaeth Gyllid alluoedd a chapasiti addas i reoli risg ariannol / cwrdd â gofynion a rhwymedigaethau statudol i'r Cyngor?
5. A ydym yn hyderus bod y broses gyllidebol yn debygol o gynhyrchu cyllideb gredadwy / MTFP?
6. A oes trefniadau addas ar waith i reoli ac adrodd ar berfformiad ariannol cyffredinol?

Datganiadau Ariannol / Risgiau Camddatganiad

1. A oes dealltwriaeth gyffredin o ddiben y Pwyllgor wrth adolygu datganiadau ariannol drafft?
 - a) A yw'r Nodiadau i'r Cyfrifon yn rhesymol?
 - b) A yw'r adroddiadau naratif, gan gynnwys y Datganiad Llywodraethu Blyneddol, yn rhesymol ac yn cydfynd â barn y pwyllgor?
2. Ydym ni'n gyfforddus â barn gwaith ac archwilio AA?

ddymunir?

Cwestiynau ar gyfer y Pwyllgor i orffen...

A oes gennym ni'r wybodaeth angenrheidiol i ddod i gasgliadau/gwneud argymhellion / uwchgyfeirio materion i'r Uwch Dîm Gweithredol, y cyngor, y pwyllgor craffu perthnasol?

A oes angen i ni wneud gwaith pellach? Os felly, sut?

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Governance and Audit Committee Action List
29th June 2023

Action	Subject/ Meeting	Officer	Outcome	By	Action Status	Recommended to close Action Yes/No
1	Action List: Statement of Accounts 2021/22	Jon Davies	Finance Team capacity – verbal update on progress in filling vacancies and further information on which items were being de-prioritised	19 th October 2023	OPEN	No
2	Action List: 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.	a) 23 rd November 2023	a) OPEN	a) 23 rd November 2023
3	Action List: Whole authority Complaints report	Annette Evans/ Matt Gatehouse	A weighting system to be considered for future reports.	Next Report	OPEN	No
4	Action List: Review of Strategic Risk Register	Matthew Gatehouse/ Richard Jones/ Hannah Carter/ Chair	Strategic Risk Register: refine the structure and contents of this paper so that it is more fully aligned to the responsibilities of the Committee	23 rd November 2023	OPEN	23 rd November 2023
5	Freedom of Information, Data Protection and Data Subject	Kath Evans/ Sian Hayward	a) View on Disappointing mandatory training rates to be reported to Head of Information Technology and Security b) Information was requested on governance arrangement for the policies for these areas.as the		a) OPEN b) OPEN	a) Yes b) Yes

	Access Requests		<p>Committee has not received any policies for review and endorsement.</p> <p>c) Deputy Chief Executive to consider which corporate risk control policies (extending beyond IT and data protection) that the Committee should periodically review and recommend for approval across the authority.</p>		c) OPEN	c) Yes
6	Draft Operational Plan	Peter Davies/Jan Furtek	<p>a) Committee requested to be consulted on proposed delivery models</p> <p>b) Update on capacity</p>	<p>a) 19th October 2023</p> <p>b) 19th October 2023</p>	<p>a) OPEN</p> <p>b) OPEN</p>	<p>a) No</p> <p>b) No</p>
7	Annual Governance Statement	Jan Furtek	Governance and Audit Committee's own self assessment	19 th October 2023	OPEN	NO
8	Annual Statement of Accounts	Jon Davies/Peter Davies	a) Officers to consider adding more information regarding pension liabilities	19 th October 2023	OPEN	Yes
9	Draft Self Assessment report	Richard Jones	a) Consistency amendments to be made	19 th October 2023	OPEN	YES

SUBJECT: REVISED COUNTER FRAUD, CORRUPTION & BRIBERY POLICY

DIRECTORATE: Resources

MEETING: Governance & Audit Committee

DATE: October 2023

DIVISION/WARDS AFFECTED: All

1. PURPOSE:

To receive and consider the Council's updated and revised Counter Fraud, Corruption and Bribery Policy.

2. RECOMMENDATIONS:

That the Audit Committee provides comment before endorsing the revised Counter Fraud, Corruption and Bribery Policy for Cabinet approval.

3. KEY ISSUES:

- 3.1 The previous Anti Fraud, Corruption & Bribery Statement was approved by Cabinet in June 2017. In line with good practice this Policy should be reviewed and updated periodically. The revised Policy is shown at Appendix 1.
- 3.2 Monmouthshire Council is one of the largest organisations in the County. The Council controls millions of pounds of public money and takes very seriously the high expectations of the public and the degree of scrutiny to which the affairs of the Council are subject.
- 3.3 Good Corporate Governance requires that the Authority must demonstrate clearly that it is firmly committed to dealing with fraud and corruption and will deal equally with perpetrators from inside (Members and employees) and outside the Council. In addition there will be no distinction made in investigation and action between cases that generate financial benefits and those that do not.
- 3.4 Over the general refresh of the existing policy, the main areas of change to the previously approved policy statement are;
- Inclusion of an Executive Summary
 - Definition provided of Money Laundering
 - Inclusion of a table detailing stakeholders specific responsibilities
 - Inclusion of a section detailing the Councils 'Fraud Response Plan' and flow chart within Appendix 1
 - Inclusion of 'Acting on Suspicions – Do's and Don'ts' as Appendix 2

4. REASONS:

- 4.1 Within the Council's Annual Governance Statement (2022/23) a commitment was made to reviewing the Council's Counter Fraud arrangements.
- 4.2 This policy statement embodies a series of measures designed to frustrate any attempted fraudulent or corrupt act and the steps to be taken if such action occurs.
- 4.3 It incorporates The Fraud Act 2006 which defines fraud through three key offences, provides a definition of corruption and takes account of The Bribery Act 2010 where there are four key offences.
- 4.4 The maximum sentence is 10 years imprisonment when found guilty of Fraud and/or Bribery, with the potential of an unlimited fine when found guilty of Bribery.
- 4.5 In July 2020 The Auditor General for Wales released a report 'Raising Our Game' - Tackling Fraud in Wales which stated that the sums lost annually in Wales to fraud are substantial. Figures could be anywhere between £100 million and £1 billion.
- 4.6 It was said that Public sector bodies can mitigate these risks by having the right organisational culture supported by strong counter-fraud arrangements.
- 4.7 In relation to Policies and Training the following recommendations were made;
 - R5 All public bodies need to have a comprehensive and up-to-date set of policies and procedures which together represent a cohesive strategy for identifying, managing and responding to fraud risks.
 - R6 Staff working across the Welsh public sector should receive fraud-awareness training as appropriate to their role in order to increase organisational effectiveness in preventing, detecting and responding to fraud.
 - R7 Cases where fraud is identified and successfully addressed should be publicised to re-enforce a robust message from the top that fraud will not be tolerated.
- 4.8 The updating and publicising of the revised Counter Fraud, Corruption and Bribery Policy this will help Monmouthshire County Council to have the right organisational culture with regards to counter-fraud arrangements.
- 4.9 Following approval of this revised policy by Cabinet, a mandatory training package will be developed which will need to be attended / completed by ALL officers of the Council.
- 4.10 A commitment has been made previously to the Governance & Audit Committee that an annual risk assessment will be presented for consideration in relation to Fraud, Bribery and Corruption. The aim of this will be to focus on the fraud culture of the organisation and to provide assurance that the Council is able to demonstrate that practice follows the procedures in place. Following the implementation of this revised policy, we will look to bring to the Committee a future report reviewing the current position of the Council in relation to compliance with the revised policy, outlining the targeted program of work that we will be looking to implement.

5. RESOURCE IMPLICATIONS:

None

6. CONSULTEES:

Deputy Chief Executive / Chief Officer Resources
Governance Working Group

7. BACKGROUND PAPERS:

Fraud Act 2006
The Bribery Act 2010
Monmouthshire Anti-Fraud, Bribery & Corruption Policy 2017
Audit Wales 'Raising Our Game' - Tackling Fraud in Wales

8. AUTHOR AND CONTACT DETAILS:

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COUNTER FRAUD, CORRUPTION & BRIBERY POLICY



Date	October 2023
Report Status	Draft v2 Governance & Audit Committee
Review	3 Years

Executive Summary

The Auditor General for Wales in 2019 noted that the sums lost annually in the Welsh public sector to fraud and error are significant – and could be anywhere between £100 million and £1 billion.

Monmouthshire County Council has a zero-tolerance culture and attitude to fraud, bribery, and corruption.

Values matter to us.

They set out our expectations for ourselves, each other and the way we conduct business with organisations that we work with on your behalf. Our organisational values are:

Teamwork – Collaboration is at the heart of everything we do. We will work with you and our partners to support and inspire everyone to get involved. We will make the best of the ideas, and resources available to make sure we do the things that most positively impact our people and places.

Openness - We are open and honest. People have the chance to be involved and tell us what matters.

Flexibility - We are flexible, enabling delivery of the most effective and efficient services. This means a genuine commitment to working with everyone to embrace new ways of working.

Fairness - We provide opportunities for all people and communities to thrive. We will always try to treat everyone fairly and consistently, recognising that we will sometimes need to take positive action to overcome some of the challenges faced by people with different protected characteristics.

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.

These values provide a foundation for everyone attached to our organisation to be accountable, to be positive and to be bold in delivering on our purpose of:

Monmouthshire being a zero carbon county, supporting well-being, health and dignity for everyone at every stage of life.

This Policy provides clear guidance for councillors, staff and members of the public considering reporting concerns of fraud, bribery and corruption which may have been perpetrated against the interests of the Council and is accompanied by the response plan for action where suspicious activity is suspected or detected and/or may be reported.

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1. Introduction

- 1.1 We are committed to ensuring that we conduct our business in an open, ethical and transparent manner. As a consequence, it is essential that staff, members of the Council or Committees established by the Council, contractors and third-parties are aware of the risk of fraud, corruption, theft and other activities involving dishonesty, in all its forms.
- 1.2 Our Counter Fraud and Anti-Bribery Policies apply to all staff and other persons associated with the Council. The policies operate in the context of the Fraud Act 2006, the Bribery Act 2010, and all other related UK legislation which governs fraud, bribery and corruption.
- 1.3 Good Corporate Governance requires that the Authority must demonstrate clearly that it is firmly committed to dealing with fraud and corruption and will deal equally with perpetrators from inside (Members and employees) and outside the Council. In addition, there will be no distinction made in investigation and action between cases that generate financial benefits and those that do not. Attempted fraud is treated as seriously as accomplished fraud. This policy statement, however, will not compromise the Council's Strategic Equality Plan and Objectives, the requirements of the Human Rights Act 1998 or the Council's Regulation of Investigatory Powers Act (RIPA) Policy.
- 1.4 In all its dealings, the Council will adhere to the seven principles of public life set out in the Nolan Committee report on *Standards in Public Life*.
- 1.5 This policy statement embodies a series of measures designed to frustrate any attempted fraudulent or corrupt act and the steps to be taken if such action occurs.
- 1.6 The Council is also aware of the high degree of external scrutiny of its affairs by a variety of bodies including:
 - Public Services Ombudsman for Wales
 - Audit Wales
 - Welsh Government
 - Central Government Departments and Parliamentary Commissions
 - Her Majesty's Revenue & Customs
 - The Department of Works & Pensions
- 1.7 The Council will not tolerate fraud or corruption by its Councillors, employees, suppliers, contractors, customers or any other attacks on its resources by criminals. We will take all necessary steps to investigate all allegations of fraud or corruption and pursue sanctions available in each case, including removal from office, dismissal, prosecution and robust recovery of losses through both civil and criminal means.

2. Definitions

2.1. Local Government Employees have a range of powers and functions, from licensing and housing to awarding contracts for local amenities. It makes them targets for people and organisations who seek to either gain an unfair advantage or are looking to exploit information they hold.

What is Fraud?

2.2. The Fraud Act (2006) defines fraud through three key offences:

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

2.3. It also created new offences:

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

2.4. The maximum sentence is 10 years imprisonment.

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

2.6. Attempted fraud is treated as seriously as accomplished fraud. At a practical level, fraud is deemed to be the deliberate intent to deprive the Council (and its associate activities) of money or goods.

What is Corruption?

2.7. Corruption can be defined as dishonest and illegal behaviour by people in positions of power. It threatens national security, reduces access to services, erodes public trust in institutions and impedes investment.

2.8. Transparency International, a charity which describes itself as a “global coalition against corruption” highlights a range of examples of corruption, such as: public servants demanding or taking money or favours in exchange for services; politicians misusing

public money or granting public contracts to their sponsors, friends and families; and corporations bribing officials to get lucrative deals.

What is Bribery?

2.9. The Bribery Act 2010 identifies the criminal offence of bribery and identifies four key offences:

- ***Bribing another person*** - A person commits an offence by offering, promising or giving a financial or other advantage to another person, directly or through an intermediary: intending that advantage to induce a person to perform improperly a Function or to reward a person for so doing (whether or not it is the same person to whom the advantage is offered) or knowing or believing that accepting the advantage would itself be improper performance of a Function;
- ***Being bribed*** - A person commits this offence by requesting, agreeing to receive or accepting a financial or other advantage, directly or through a third party, for his or her own or someone else's benefit: that person intends that, as a consequence, there is improper performance of a Function or there is improper performance of a Function (whether as a reward, in anticipation of or as a consequence of the request, agreement or acceptance). The request, agreement or acceptance itself may be the improper performance of a Function;
- ***Bribery of a Foreign Public Figure*** – This offence will be committed if a person offers or gives a financial or other advantage to a foreign public official with the intention of influencing the foreign public official and obtaining or retaining business, where the foreign public official was neither permitted nor required by written law to be so influenced; and
- ***Failing to prevent Bribery*** - A company is “strictly liable” for any bribe paid by a person performing services on its behalf, unless the organisation proves that adequate anti-bribery procedures were in place.

2.10. A bribe can be given directly or indirectly. It does not have to be cash, nor does it have to be received: offering or requesting a bribe is sufficient to contravene the Bribery Act 2010.

What is Theft?

2.11. Theft is defined within The Theft Act 1968 as dishonestly appropriating property belonging to another with the intention of permanently depriving the other of it. It is immaterial

whether the appropriation is made with a view to gain or is made for the thief's own benefit.

- 2.12. Theft is stealing any property belonging to the Council or which has been entrusted to it (e.g. client funds), including cash, equipment, vehicles and data.

What is Money Laundering?

- 2.13. Money laundering is defined in the Proceeds of Crime Act 2002 as “the process by which the proceeds of crime are converted into assets which appear to have a legitimate origin, so that they can be retained permanently or recycled into further criminal enterprises”.
- 2.14. The burden of identifying and reporting acts of money laundering rests within the Council. Any service that receives money from an external person or body is potentially vulnerable to a money laundering operation. The need for vigilance is vital and any suspicion concerning the appropriateness of a transaction should be reported and advice sought from the Head of Finance.

3. Culture

- 3.1. The culture of the Council has always been one of openness and the core values of Openness, Fairness, Flexibility, Teamwork & Kindness support this. The culture therefore supports the opposition to fraud, corruption and bribery.
- 3.2. The prevention/detection of fraud, bribery and corruption and the protection of the public purse are responsibilities of everyone, both internal and external to the organisation. There is an expectation and requirement that all individuals and organisations associated with the Council will act with integrity and that elected Members and Employees at all levels will lead by example. All aspects of this policy must be complied with and the Council will maintain a zero tolerance culture to fraud and corruption.
- 3.3. The Council's elected Members and employees play an important role in creating and maintaining this culture. They are positively encouraged to raise concerns regarding fraud and corruption, immaterial of seniority, rank or status. The public also has a role to play in this process and should inform the Council if they feel that fraud/corruption may have occurred.
- 3.4. Concerns must be raised when members, employees or organisations associated with the Council reasonably believe that one or more of the following has occurred, is in the process of occurring or is likely to occur:
- A criminal offence;
 - A failure to comply with a statutory or legal obligation;
 - Improper or unauthorised use of public or other official funds;
 - A miscarriage of justice;
 - Misconduct or malpractice;
 - Deliberate concealment of any of the above
- 3.5. Concerns must be raised, in the first instance, directly with the Supervisor/Business Unit Manager/Head Teacher/Head of Establishment who should discuss the concerns raised with the Chief Internal Auditor. If necessary, concerns can also be raised anonymously (letter, telephone) or via other routes:-

- Chief Executive, Chief Officers, Heads of Service, or the Council’s Monitoring Officer, who will report such concerns to the Chief Internal Auditor;
 - Directly to the Chief Internal Auditor;
 - Where line management is suspected of fraud, directly to the Chief Officer or Chief Internal Auditor;
 - External Auditor, who depending upon the nature of the concern will liaise with the Chief Internal Auditor;
 - Trade Union Representative.
- 3.6. This can be done in the knowledge that such concerns will be treated in the strictest confidence and be properly investigated. The officer receiving the concern must follow the flow chart included within Appendix 1 of this policy and immediately inform the Chief Internal Auditor of the allegation.
- 3.7. The Chief Internal Auditor will maintain a record of all concerns which have been raised and what action has been subsequently taken.
- 3.8. The Council also has a *Whistleblowing Policy* to ensure the highest possible standards of openness probity and accountability. The Council will ensure that any allegations received in any way, including by anonymous letters or telephone calls, will be taken seriously and investigated in an appropriate manner.
- 3.9. The Council will deal firmly with those who defraud the Council or who are corrupt, or where there has been financial malpractice. There is, of course, a need to ensure that any investigation process is not misused and, therefore, any abuse (such as employees/Members raising malicious allegations) may be dealt with as a disciplinary matter (employees) or through the Standards Committee (Members).
- 3.10. When fraud and corruption has occurred due to a breakdown in the Council’s systems or procedures, Heads of Service will ensure that appropriate improvements in systems of control are implemented in order to prevent a re-occurrence.

4. Roles & Responsibilities

- 4.1. This Policy deals with fraud, corruption and bribery internally and externally and it applies to:
- Employees
 - Elected Members
 - Suppliers
 - Service Users
 - Volunteers
 - Lay Members

Key roles and responsibilities are as follows:

Stakeholder	Specific Responsibilities
Chief Executive	Ultimately responsible for the effectiveness of the Council's arrangements for countering fraud, corruption and bribery.
Deputy Chief Executive & Chief Officer - Resources (Section 151 Officer)	Overall responsibility for ensuring an effective internal control environment exists along with the adoption and effectiveness of the Authority's arrangements for the Counter-Fraud, Corruption and Bribery policy, including compliance with the Fraud Act 2016 and the Bribery Act 2010.
Chief Officer - Law & Governance (Monitoring Officer)	To advise Councillors and Officers on ethical issues, standards and powers to ensure that the Council operates within the law and statutory Codes of Practice.
Elected Members	To comply with the Members Code of Conduct and related Council policies and procedures, to be aware of the possibility of fraud, corruption and bribery and to report any genuine concerns accordingly.
Governance & Audit Committee	To monitor on a regular basis the Council's approach to tackling fraud and corruption and promote an anti-fraud culture.
Chief Internal Auditor	Reports directly to the Deputy Chief Executive with direct access to the Chief Executive, Chair of the Governance & Audit Committee and Chair of the Cabinet. Helps the Council achieve its objectives by evaluating the effectiveness of governance, risk management and internal control arrangements and playing a key role in promoting good corporate governance.
Internal Audit	<p>Internal Audit plays a vital preventative role in trying to ensure that systems and procedures are in place to prevent and deter fraud, bribery and corruption. Internal Audit investigates all employee cases of suspected financial irregularity, fraud or corruption, except Benefit fraud investigations (see below), in accordance with agreed procedures.</p> <p>This also includes the key co-ordination role in the National Fraud Initiative (NFI), which is a fraud prevention and detection exercise based around bulk data matching that is led by the Cabinet Office, every two years.</p>
Managers	<p>Manage (at all levels) the risk of fraud, corruption and bribery. To promote staff awareness and ensure that all suspected or reported irregularities are immediately referred to Internal Audit. To ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption and bribery and to reduce these risks by implementing strong internal controls. It is vital that this group show leadership in supporting investigations into fraud and corruption and that they are responsive to implementing actions arising from this work.</p> <p>Managers are expected to create an environment in which their officers feel able to approach them with any concerns they may have about suspected irregularities</p>
Employees	Our employees are the first line of defence against fraud, corruption and bribery. They are expected to conduct themselves in ways which are beyond reproach, above suspicion and fully accountable. Also responsible for reporting malpractice through the established 'Whistleblowing' procedures. Employees are expected to adhere to

Stakeholder	Specific Responsibilities
	<p>the Employee Code of Conduct Protocol and Financial and Contract Procedure Rules.</p> <p>Employees are expected always to be aware of the possibility that fraud, bribery, corruption and theft may exist in the workplace and be able to share their concerns with management. If for any reason, they feel unable to speak to their manager they must refer the matter to one of those named above in section 3.5.</p>
Contractors and Third Party Organisations	<p>Third party organisations, primary contractors and supply chains should have a similar culture and approach as the Council in tackling anti-fraud, bribery and corruption. Organisations should have appropriate mechanisms in place to prevent, detect, deter and investigate where necessary any concerns raised in relation to fraud and corruption. Members and officers including officers working for contractors and third party organisations should be able to raise any concerns through the mechanisms identified in section 3.5. The Council has a duty to notify the relevant organisations, Government Agencies and take action where appropriate to investigate any concerns raised.</p>
Shared Revenue & Benefits Service (Torfaen & Monmouthshire Councils) & County	<p>A shared service has been established between Torfaen and Monmouthshire County Councils to manage the Revenue and Benefits Services for both authorities. They are responsible for all Council Tax Benefit investigations, in accordance with legislation and agreed codes of conduct. In cases where employees are involved they will work with Internal Audit, Human Resources and appropriate senior management to ensure that correct procedures are followed and that this policy is adhered to.</p>
External Auditor	<p>Independent external audit is an essential safeguard of the stewardship of public money. Audit Wales (including any associated third party external audit partners) are responsible for this through specific reviews that are designed to test (amongst other things) the adequacy of the Council's financial systems and arrangements for preventing and detecting fraud, bribery and corruption. It is not the external auditors' function to prevent fraud and irregularities, but the integrity of public funds is at all times a matter of general concern. External auditors are always alert to the possibility of fraud and irregularity and will act without undue delay if grounds for suspicion come to their notice. The external auditor has a responsibility to review the Council's arrangements for preventing and detecting fraud and irregularities, and arrangements designed to limit the opportunity for corrupt practices.</p>
Members of the Public	<p>This policy, although primarily aimed at those within or associated with the Council, enables concerns raised by the public to be investigated, as appropriate, by the relevant person in a proper manner.</p>

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

- Police
- Local Authority Financial Organisations
- Internal Auditor Networks

- Audit Wales
- Other councils
- Central and local government partners;
- National Anti-Fraud Network.
- National Fraud Initiative

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

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

5. Deterrence

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

- Publicising the fact that the Council is firmly set against fraud, corruption and bribery and states this at every appropriate opportunity e.g. due diligence questions at the selection stage of external tenders, clauses in contracts, statements on benefits claim forms, website, publications etc.
- Acting robustly and decisively when fraud and corruption are suspected and proven e.g. the termination of contracts, dismissal, prosecution, reporting employee to their professional body etc.
- Taking action to effect the maximum recoveries for the Council e.g. through agreement, court action, penalties, under Proceeds of Crime Act etc.
- Having sound internal control systems, that still allow for innovation, but at the same time minimising the opportunity for fraud and corruption.
- The operation and advertising of formal arrangements for whistleblowing.
- Publicising instances of fraud/corruption and the resultant disciplinary/prosecution action for cases both within the Council and for other public organisations.

6. Fraud Response Plan

6.1. The Fraud Response Plan provides guidance to Members, staff and the public on the procedures that should be followed where a fraud is suspected or discovered. For ease of reference, Appendix 1 contains a flowchart outlining the fraud investigation process at Monmouthshire County Council. The Council relies on its employees, the public and its agencies to help prevent and detect fraud and corruption. Often employees are the first to realise there is something seriously wrong internally, as they are in positions to be able to spot any possible cases of fraud or corruption at an early stage.

6.2. Internal Audit play an important role in the detection of fraud, bribery and corruption. Included in their strategic plan are reviews of system controls including financial controls and specific fraud and corruption tests. They will also make spot checks and unannounced visits when necessary.

- 6.3.** In addition to Internal Audit, there are numerous systems and management controls in place to deter fraud and corruption but it is often the vigilance of employees and members of the public that aids detection. The Council's *Whistleblowing Policy* is intended to encourage and enable staff to raise their concerns.
- 6.4.** Every effort will be made to protect an informant's anonymity, if requested. However, the Council will always encourage individuals to be identified and put their name to the allegation to add more value to the accusations and allow further investigations to be more effective. Concerns expressed anonymously can be more difficult to investigate. When considering an investigation into an anonymous complaint, the seriousness of the issues raised, the credibility of the concern and the likelihood of confirming the allegation from attributable sources will all be taken into consideration. In certain circumstances, anonymity cannot be maintained. This will be advised to the informant prior to any release of information.
- 6.5.** In some cases frauds are discovered by chance or "tip-off" and arrangements are in place to enable such information to be properly dealt with.
- 6.6.** The Council takes part in the National Fraud Initiative which is co-ordinated by Internal Audit.
- 6.7.** The National Fraud Initiative (NFI) is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. Monmouthshire County Council, the Governance & Audit Committee and Senior Management are fully committed to this exercise and will commit the appropriate resource as deemed necessary.
- 6.8.** All suspected irregularities are required to be reported (verbally or in writing) to one of the officers identified at 3.5. This is essential to the policy and:
- Ensures the consistent treatment of information regarding fraud and corruption; and
 - Facilitates a proper and thorough investigation by an experienced audit team or appropriate officer, in accordance with agreed procedures.
- 6.9.** This process will apply to all the following areas:
- a) fraud/corruption by elected Members;
 - b) internal fraud/corruption;
 - c) other fraud/corruption by Council employees;
 - d) fraud by contractors and/or partnership employees;
 - e) external fraud (the public)
- 6.10.** Cases under d) and e) where necessary would be referred to the External Auditor or Police. Cases under (a) in respect to the Code of Conduct for Members will be referred to the Public Services Ombudsman for Wales in addition to the External Auditor and/or the Police. Cases under b) and c) may be dealt with under the Council's disciplinary procedures.
- 6.11.** Any decision to refer a matter to the Police will require the involvement of the Deputy Chief Executive (Chief Officer – Resources), the Monitoring Officer, Chief Internal Auditor and the relevant Chief Officer / Head of Service or, in their absence of any of these Officers or their nominated representatives. In these circumstances, it will be the responsibility of the Chief Internal Auditor to call a formal meeting of these officers to discuss the appropriate course of action.

- 6.12.** Depending on the nature of an allegation under b) to e), the Chief Internal Auditor will work closely with the Chief Officer and Head of Service concerned to ensure that all allegations are thoroughly investigated and reported upon.
- 6.13.** The Council's Disciplinary Procedures will be used to facilitate a thorough investigation of any allegations of improper behaviour by employees. The processes as outlined in paragraph 3.8 will cover Members.
- 6.14.** If the allegation relates to an information security issue, e.g. a theft, breach or exposure of MCC confidential or client confidential data, the matter must also be reported to the Head of Information, Technology & Security the Councils nominated Senior Information Risk Owner (SIRO). Further guidance on the reporting of information security issues is given in the Council's Information Security Policy.
- 6.15.** Periodic risk assessments will be undertaken to evaluate the Authority's exposure to the risk of fraud, corruption and bribery and to highlight particular areas of risk within the Authority. This will be undertaken between the Deputy Chief Executive / Chief Officer – Resources, Internal Audit and Risk Management on an annual basis.
- 6.16.** Section 4 of the Counter Fraud, Corruption & Bribery Policy details the roles and responsibilities of those within the fraud investigation process. In addition to these, depending on the circumstances and specialisms of the case, the Chief Internal Auditor in conjunction with the Deputy Chief Executive may commission work to be undertaken by an independent investigator.
- 6.17.** Managers should gather as much information as possible such as any notes or evidence that is readily available to support the allegation. This information should be held securely to ensure evidence is not destroyed, lost or tampered with. Under no circumstances should Managers attempt to investigate the matter themselves or covertly obtain further evidence as this may adversely affect any internal investigation or Police enquiry.
- 6.18.** Those with concerns should avoid discussing their suspicions with anyone other than the officer with whom they formally raised the issue. Under no circumstances should any employee attempt to investigate any matter on their own.
- 6.19.** Suspected fraud will be investigated in an independent, open-minded and professional manner with the aim of protecting the interests of both the Council and the suspected individual(s).
- 6.20.** Where necessary the Council will work in co-operation with other organisations such as the Police, Department for Work and Pensions, Home Office, His Majesty's Revenue and Customs, UK Border Agency, Welsh Government and other Local Authorities.
- 6.21.** In accordance with the Council's Disciplinary Policy, where initial investigations reveal that there are reasonable grounds for suspicion, it may be appropriate to suspend an employee against whom an accusation has been made. Suspension should only be considered as a last resort and every effort should be made to keep an employee in work where possible. Suspension will only be appropriate where keeping the employee at work imposes a risk to the employee, other employees or service users or their presence at work will impede the investigation. This decision will be taken by the relevant Chief Officer, in consultation with advice from Human Resources. It is important to note that suspension is not a disciplinary sanction and is without prejudice on full pay. It is essential that any period of suspension is kept as brief as possible and is continually under review.

- 6.22.** It is important from the outset of an allegation to ensure that evidence is not contaminated, lost or destroyed. The investigating officer will therefore take immediate steps to secure physical assets, including computer and any records thereon, and all other potential evidential documents. They will also ensure, in consultation with the appropriate manager, that controls are immediately introduced to prevent further loss.
- 6.23.** Investigators will try to establish, at an early stage, whether it appears that a criminal offence has taken place. If a decision has been made to refer the matter to the police (as per section 6.11), this will be completed for consistency by the Chief Internal Auditor. They will specifically request the Police to confirm whether or not continuing with the Authority’s disciplinary process would prejudice any potential Police investigation.
- 6.24.** Where there is a possibility of criminal action, the police will be consulted for advice and guidance and, if necessary, asked for their assistance where interviews are required to be conducted under caution in compliance with the Police and Criminal Evidence Act (PACE) which governs the admissibility of evidence in criminal proceedings.
- 6.25.** One key difference which should be borne in mind between internal disciplinary proceedings and criminal proceedings is the burden of proof. There is no requirement under an internal disciplinary investigation for a fact to be established beyond reasonable doubt. Instead, the disciplinary investigation needs only to be satisfied, ‘on a balance of probabilities’, that the misconduct has been committed before taking any disciplinary action. This means that while the police or Crown Prosecution Service may decide that there is insufficient evidence to uphold a criminal conviction, the Council may still take disciplinary action against individuals.
- 6.26.** Recovery action will be undertaken in relation to all losses incurred in relation to fraud, corruption or bribery. The Council also commits to pursuing a full range of sanctions – disciplinary, regulatory, civil and criminal where instances of fraud, corruption or bribery have been proven. Where the employee holds a registration with an external agency such as Social Care Wales and the Education Workforce Council, these organisations will be notified. Likewise, if it is known that the individual holds a professional qualification, such as an accountancy qualification, the Council reserves the right to report any concerns to the applicable body.
- 6.27.** For any concerns raised and/or investigated, the council must consider how any lessons could be learned and if controls need to be strengthened to prevent recurrence. Any weakness in the system of internal control will be identified in the investigation report and recommendations will be made, advising management as to how controls can be improved to prevent any reoccurrence. The relevant service manager will be required to provide a management response to the recommendations made. This does not preclude the investigating officer recommending or managers implementing additional controls at an early stage after the allegation has been received.
- 6.28.** A summary of matters identified and concluded concerning fraud, corruption or bribery will be reported to the Council’s Governance & Audit Committee on a regular, 6 monthly basis. This report will also be shared with the Senior Leadership Team and staff at all levels within the organisation to build awareness.

7. Awareness & Training

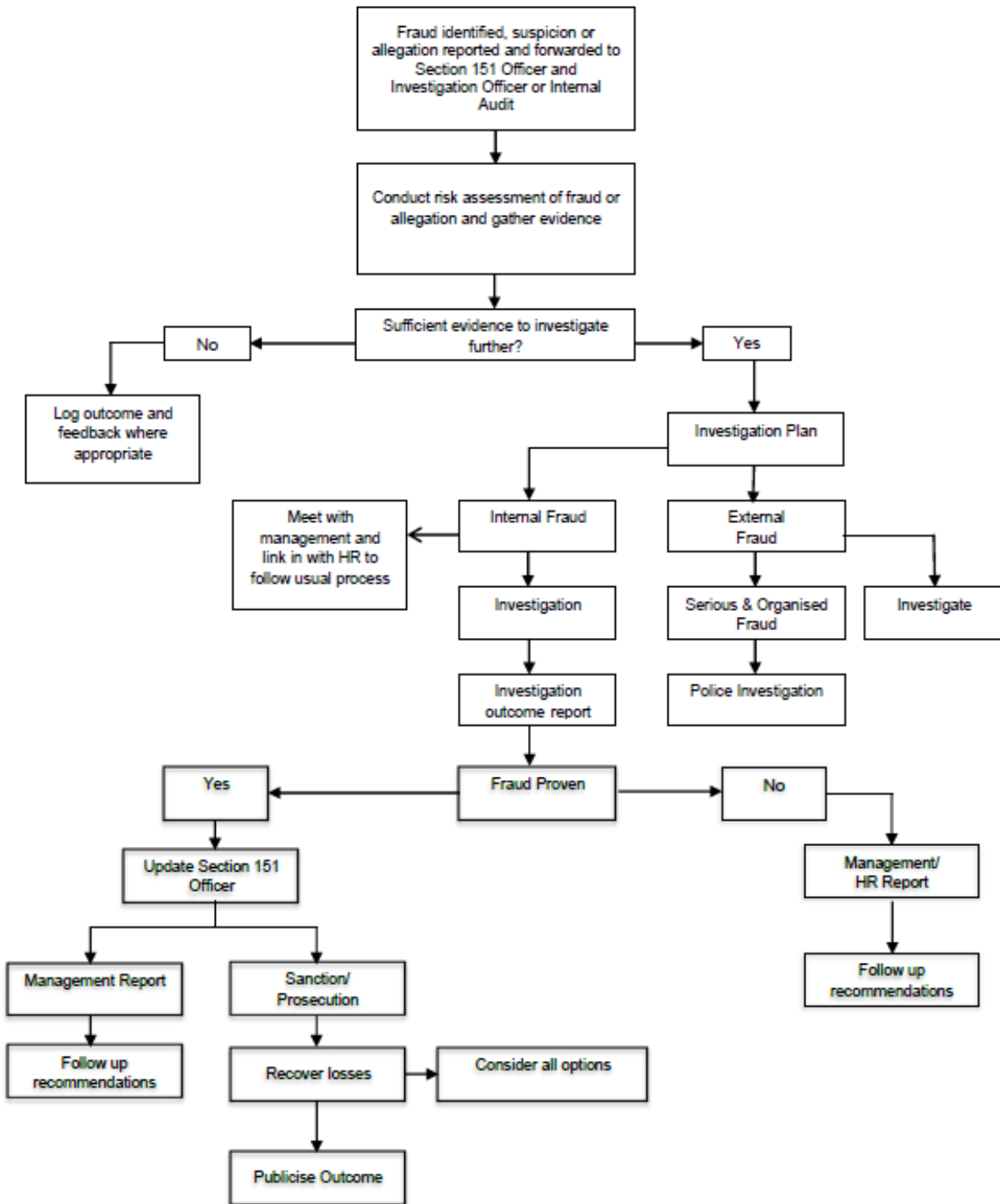
- 7.1.** The Council recognises that the continuing success of this policy and its general credibility will depend in part on the effectiveness of training and awareness for members and employees. The policy is an integral part of the induction programme.

- 7.2. To facilitate this, the Council supports the provision of training programmes and circulation of relevant information to ensure that responsibilities and duties in this respect are regularly highlighted and reinforced. This includes the requirement for information to be provided to third parties providing services to and on behalf of the Council.
- 7.3. Specialist training in fraud and corruption issues will also be given to appropriate staff involved in investigation work.
- 7.4. The Council will publicise the Counter Fraud, Bribery and Corruption policy on the website and internal intranet along with other up to date advice and guidance on current issues.
- 7.5. Fraud awareness and anti-bribery training will be afforded to all Council staff and elected members.

8. Conclusion

- 8.1. Monmouthshire County Council is committed to a zero tolerance approach in relation to fraud, corruption and bribery.
- 8.2. The Council has always prided itself on setting and maintaining high standards and a culture of openness, with core values. This policy fully supports the Council's desire to maintain an honest authority, free from fraud and corruption.
- 8.3. The Council has in place a network of systems and procedures to assist it in dealing with fraud and corruption when it occurs. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation and to safeguard the interests of the Council, its customers and the residents of Monmouthshire.
- 8.4. The Council will maintain a continuous review of all these systems and procedures through Internal Audit.
- 8.5. This policy statement will be reviewed on a regular basis, with a maximum of three years between each review.

Appendix 1 – Fraud Response Plan



Appendix 2 – Acting on Suspicions – Do’s and Don’ts

DO

- **Note Your Concerns**
Record details such as your concerns, names, dates, times, details of conversations and possible witnesses. Time, date and sign your notes.
- **Retain Evidence**
Retain any evidence that may be destroyed or make a note and advise your line manager.
- **Report Your Suspicion**
Confidentiality will be respected; delays may lead to further financial loss.

DO NOT

- **Confront The Suspect or Convey Concerns to Anyone Other Than Those Authorised.**
Never attempt to question a suspect yourself; this could alert a fraudster or accuse an innocent person.
- **Try to Investigate**
Never attempt to gather evidence yourself unless it is about to be destroyed; gathering evidence must consider legal procedures in order for it to be useful. Internal Audit can investigate in accordance with legislation.
- **Be Afraid of Raising Your Concerns**
The Public Interest Disclosure Act 1998 and the Councils Whistleblowing Policy protects employees who have reasonable concerns. You will not suffer discrimination or victimisation by following the correct procedures.

Audit Wales Work Programme and Timetable – Monmouthshire County Council

Quarterly Update: 30 June 2023

Annual Audit Summary

Description	Timetable	Status
A report summarising completed audit work since the last Annual Audit Summary, which was issued in January 2022.	March 2023	Completed

Financial Audit work

Description	Scope	Timetable	Status
Audit of the Council's 2022-23 statement of accounts	Statutory audit of the Council's annual statement of accounts.	Intention to certify by end of November 2023.	Final audit work underway.
Audit of the Monmouthshire County Council Welsh Church Act Fund's 2022-23 accounts	External audit of the Fund's annual accounts.	To be completed ahead of Charity Commission January 2024 deadline.	Audit work not started.

Description	Scope	Timetable	Status
Independent examination of the Monmouthshire Farm School Endowment Trust Fund's 2022-23 accounts	Independent examination of the Fund's annual accounts.	To be completed ahead of Charity Commission January 2024 deadline.	Audit work not started.
Certification of 22-23 grant claims	Certify each claim according to Certifying Instructions agreed with the awarding body.	To be completed in line with individual grant deadlines.	Audit work of NNDR claim started.

Performance Audit work

2022-23 Performance audit work	Scope	Timetable	Status
Assurance and Risk Assessment	<p>Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources and acting in accordance with the sustainable development principle.</p> <ul style="list-style-type: none"> Capital programme management 	September – December 2023	Scoped

2022-23 Performance audit work	Scope	Timetable	Status
	<ul style="list-style-type: none"> • Use of performance information – with a focus on service user feedback and outcomes • Setting of well-being objectives 	<p>February – September 2023</p> <p>May – July 2023</p>	<p>In progress - fieldwork is being scheduled at each council between March and August 2023</p> <p>In progress – final report to be issued August 2023</p>
Thematic Review – Unscheduled Care	<p>A cross-sector review focusing on the flow of patients out of hospital. This review will consider how the Council is working with its partners to address the risks associated with the provision of social care to support hospital discharge, as well as prevent hospital admission. The work will also consider what steps are being taken to provide medium to longer-term solutions.</p>	<p>November 2022 – September 2023</p>	<p>Fieldwork nearing completion, reporting from June 2023 onward.</p>
Thematic review – Digital	<p>A review of councils’ strategic approach to digital, and the extent to which this has been developed in accordance with the sustainable development principle; and that it will help to secure value for money in the use of councils’ resources.</p>	<p>April – September 2023.</p>	<p>In progress - fieldwork is being scheduled at each council between March and August 2023.</p>

2023-24 Performance audit work	Scope	Timetable	Status
Assurance and Risk Assessment	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources and acting in accordance with the sustainable development principle.	July 2023 – March 2024	Scoping
Thematic review – Financial Sustainability	A review of councils’ financial sustainability including a focus on the actions, plans and arrangements to bridge funding gaps and address financial pressures over the medium term.	To be confirmed	Scoping
Thematic review – commissioning and contract management	A review focusing on how councils’ arrangements for commissioning, and contract management apply value for money considerations and the sustainable development principle.	To be confirmed	Scoping
Local review – performance management	A review of the Council’s performance management arrangements.	To be confirmed	Scoping

Local government national studies planned/in progress

Study	Scope	Timetable	Status	Fieldwork planned at Monmouthshire County Council
Planning for sustainable development – Brownfield regeneration	Review of how local authorities are promoting and enabling better use of vacant non-domestic dwellings and brownfield sites	October 2022 – September 2023	Reporting – September 2023	Yes – interview with nominated officer at seven councils and survey.
Governance of special purpose authorities – National Parks	Review of systems and effectiveness of governance	November 2022 – September 2023	Evidence gathering – fieldwork due to be completed end of June 2023	No
Corporate Joint Committees (CJCs)	Assessing CJCs' progress in developing their arrangements to meet their statutory obligations and the Welsh Government's aim of strengthening regional collaboration.	September 2022 – August 2023	Draft report has been issued to the four CJCs. Letters to the four individual CJCs will also be issued. Updated summary report due to be published August.	Yes – We explored the Council's perspective via our routine liaison meetings. Fieldwork included interviews with the chief executive, director of finance and chair of each of the four CJCs.

Estyn

Our link inspectors are continuing to work with Torfaen as part of our follow-up process for an authority causing significant concern. Wrexham local authority is still in a causing concern category, and we will convene a progress conference in July to evaluate progress against the recommendations from the core inspection. We also undertook a focused link work activity in Powys in May to consider aspects of their work on school improvement, the transformation agenda and financial management in schools. We will inspect Gwynedd in the week beginning 26 June and Carmarthenshire in the week beginning 10 July.

Field work being carried out across local authorities during the summer term includes a focus on how well local authorities are supporting the educational needs of asylum seekers and refugees. This work will be included in HMCI's annual report. Our aim is to describe, acknowledge, and evaluate the experiences of these groups as they engage with education and training in Wales.

Care Inspectorate Wales (CIW)

CIW planned work 2022-23	Scope	Timetable	Status
Programme 2022-23	<p>We have published our updated Code of Practice for our local authority inspection activity Care Inspectorate Wales</p> <p>How we inspect local authority services and CAFCASS Cymru</p>	May 2023	Published
Joint work	<p>We are finalising our thematic reviews programme of work for 2023-2026. Areas for consideration include, adult safeguarding, carers, CLDT and CAMHS.</p> <p>We continue to work with partners, sharing information and intelligence including completing joint reviews.</p>	Current	In progress
		Current	In progress

CIW planned work 2022-23	Scope	Timetable	Status
	<p>We are working in collaboration with HIW for a national review of the stroke pathway. A national report will be published early summer.</p> <p>We continue to work in collaboration with HIW in conducting CMHT inspections.</p> <p>CIW is working with partners to complete a rapid review. The overarching objective of the rapid review is to determine to what extent the current structures and processes in Wales ensure children who are in need of care, support and protection are appropriately placed on, and removed from, the Child Protection Register, when sufficient evidence indicates it is safe to do so. This is a collaborative review.</p>	<p>Current</p> <p>Current</p> <p>Interim findings – Publish 22 June 2023</p> <p>National report – September 2023</p>	<p>In progress</p> <p>In progress</p> <p>In progress</p>
<p>Deprivation of Liberty Safeguards Annual Monitoring Report for Health and Social Care 2022-23</p>	<p>The <u>2020-21 report</u> was published on 7 February 2021</p> <p>The 2021-2022 report is underway</p>	<p>Published</p> <p>To be confirmed</p>	<p>Published</p> <p>Preparing</p>

CIW planned work 2022-23	Scope	Timetable	Status
<p>National review of Care Planning for children and young people subject to the Public Law Outline pre-proceedings</p>	<p>Purpose of the review To provide external scrutiny, assurance and to promote improvement regarding the quality of practice in relation to the care planning for children and young people subject to the public law outline pre-proceedings.</p> <p>To consider the extent to which practice has progressed since the publication of both the CIW 'National Review of care planning for children and young people subject to public law outline pre-proceedings' and the publication of the PLO working group report 2021 including best practice guidance.</p>	<p>National report publication October 2023</p>	<p>In progress</p>
<p>Joint Inspection Child Protection Arrangements (JICPA)</p>	<p>Cross-inspectorate approach. Areas to be determined. We will complete a further four multi-agency joint inspections in total. Each local authority will have a published letter post inspection.</p> <p>We will publish a national report in late spring 2023.</p>	<p>April 2023 – April 2024</p>	<p>Delivery</p>

Audit Wales national reports and other outputs published since June 2022

Report title	Publication date and link to report
'Cracks in the Foundations'- Building Safety in Wales	August 2023
Maximising EU funding – the Structural Funds Programme and the Rural Development Programme	June 2023
Digital inclusion in Wales (including key questions for public bodies)	March 2023
Orthopaedic Services in Wales – Tackling the Waiting List Backlog	March 2023
Betsi Cadwaladr University Health Board – Review of Board Effectiveness	February 2023
Welsh Government purchase of Gilestone Farm	January 2023
Together we can – Community resilience and self-reliance	January 2023
A Picture of Flood Risk Management	December 2022
'A missed opportunity' – Social Enterprises	December 2022
Poverty Data Tool	November 2022
'Time for change' – Poverty in Wales	November 2022

Report title	Publication date and link to report
Learning from cyber-attacks	October 2022 (distributed privately to audited bodies)
National Fraud Initiative 2020-21	October 2022
COVID-19 business support in 2020-21 – Memorandum for the Public Accounts and Public Administration Committee	October 2022
Payment to the Welsh Government’s Former Permanent Secretary on Termination of Employment	September 2022
Equality Impact Assessments: More than a Tick Box Exercise?	September 2022
Welsh Government – setting of well-being objectives	September 2022
Welsh Government workforce planning and management	September 2022
NHS Wales Finances Data Tool – up to March 2022	August 2022
Public Sector Readiness for Net Zero Carbon by 2030: Evidence Report	August 2022
Public Sector Readiness for Net Zero Carbon by 2030	July 2022
Sustainable Tourism in Wales’ National Parks	July 2022
Third Sector COVID-19 Response Fund – Memorandum for the Public Accounts and Public Administration Committee	July 2022

Report title	Publication date and link to report
The Welsh Community Care Information System – update and data tool	July 2022

Audit Wales national reports and other outputs (work in progress/planned)^{1, 2}

Title	Indicative publication date
Local Government Financial Sustainability Data tool update	July 2023
NHS finances data tool – to 31 March 2023	August 2023
Springing Forward: Managing assets and workforce in local government	August 2023
Covering teachers' absence – follow-up	August 2023
NHS quality governance	August/September 2023
NHS workforce planning (data briefing)	August/September 2023

¹ We will continue to keep our plans under constant review, taking account of the evolving external environment, our audit priorities, the context of our own resourcing and the capacity of audited bodies to engage with us. Follow up work could also lead to other outputs, as may other local audit work where we consider there is merit in a national summary output of some kind. For example, we have been tracking developments with completion of the A465 section 2 road improvement project following our [interim findings report](#) in February 2020.

² We have also published to our website a paper – [Our work programme for 2023-2026](#) – that provides additional detail about our national work (including local thematic reviews). In addition to new work that we will be taking forward in 2023-24, the paper includes details about indicative topics for work to start in 2024-24 or 2025-26.

Title	Indicative publication date
Net zero (pan UK overview)	September 2023
Ukrainian refugee services	October/November 2023
Local government digital strategy review – national summary	October 2023
Local government use of performance information, outcomes and service user perspective – national summary	October 2023
Affordable housing	January/February 2024
Local government capital programme management – national summary	To be confirmed
Active travel	To be confirmed
Cancer services	To be confirmed
Capital planning and programme management	To be confirmed (starting in 2023-24)
Challenges for the cultural sector	To be confirmed (starting in 2023-24)
Homelessness	To be confirmed (starting in 2023-24)
Addressing biodiversity decline (pan-public sector and at Natural Resources Wales)	To be confirmed (starting in 2023-24)
Rebalancing care and support	To be confirmed (starting in 2023-24)

Title	Indicative publication date
Tackling NHS waiting lists	To be confirmed (starting in 2023-24)
Access to education for children with Additional Learning Needs	To be confirmed (starting in 2023-24)
Further and higher education funding and oversight – Commission for Tertiary Education and Research	To be confirmed (starting in 2023-24)
Governance of Fire and Rescue Authorities	To be confirmed (starting in 2023-24)
The senior public service	To be confirmed (starting in 2023-24)

Good Practice Exchange events and resources

Title	Link to resource
<p>A Wales of vibrant culture and thriving Welsh language: Inspired by the Football Association of Wales journey over the past decade, this event will examine and discuss how going beyond expectations creates an inclusive and positive attitude that becomes self-fulfilling. Working in partnership with the Future Generations Commissioner and the Welsh Language Commissioner, this event will assist and inspire public bodies, and the third sector to embrace the cultural diversity of modern Wales and work beyond compliance and into excellence.</p>	<p>All resources are now available on our website. Blog</p>
<p>Together we can – creating the conditions to empower our communities to thrive: This shared learning event will bring people together from across public services to share ideas, learning and knowledge. We will share the findings of our reports on social enterprises and community resilience, including our recommendations going forward.</p>	<p>20 June 2023 – 10:00 – 12:00 – Online. The recording will be available on our website in one to two weeks.</p>
<p>Podcast: Poverty and Community Resilience Our latest podcast follows our recent reports and events on poverty, social enterprises, and community resilience.</p>	<p>Podcast</p>
<p>Digital Strategy: The Covid pandemic has demonstrated the importance of digital in delivering modern services at pace. We have seen digital acting as a major catalyst in adapting to the challenges we have faced. Public services need to continue with this agile and responsive mind set as the norm and not the exception. This event will help equip public services with the practical tools and knowledge they need to successfully implement a Digital Strategy within their organisations.</p>	<p>21 September 09:00 – 13:00 – Cardiff – To register for Cardiff 27 September 09:00 – 13:00 – North Wales – To register for North Wales</p>

Recent Audit Wales blogs

Title	Publication date
<u>Helping people to help themselves</u>	15 February 2023
<u>A perfect storm – the cost of living crisis and domestic abuse</u>	21 November 2022
<u>Tackling poverty means tackling poverty data</u>	11 November 2022
<u>Cost of living and putting away the bayonet</u>	21 September 2022
<u>Heat is on to tackle Climate Change</u>	18 August 2022
<u>Direct Payments in Wales</u>	15 June 2022
<u>Unscheduled Care in Wales – a system under real pressure</u>	21 April 2022
<u>Skills Competition Wales</u>	18 February 2022
<u>Cyber resilience – one year on</u>	9 February 2022
<u>Helping to tell the story through numbers</u> (Local government financial sustainability data tool)	3 February 2022
<u>Call for clearer information on climate change spending</u>	2 February 2022
<u>Actions speak louder than words</u> (Building social resilience and self-reliance in citizens and communities)	14 January 2022

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SUBJECT	Audit Wales Work Programme: Council Progress Update
MEETING:	Governance and Audit Committee
DATE:	19th October 2023
DIVISION/WARDS AFFECTED:	All

1. PURPOSE

- 1.1 To provide the committee with an update on the council's progress against the Audit Wales Work Programme up to October 2023 so that the committee can assure itself of the progress of the council's response.

2. RECOMMENDATIONS

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

3. KEY ISSUES

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

- 3.4 Governance and Audit Committee has a role in ensuring the council is responding to the findings from national studies and can also refer them to another scrutiny committee if they feel the report requires further in-depth consideration beyond the response already provided by the service area. The committee may also refer issues to Democratic Services Committee who are able to perform a coordinating function.
- 3.5 The council works closely with regulators and inspectors to quality-assure activities as this is vital to ensuring improvement. Their feedback is valued, and their assessments are used to help us focus on the things we need to improve. Their findings have informed the council's own self-assessment of its performance in 2022/23. The Audit Wales work programme and timetable update from June 2023, also on the agenda, provides an update on the work of Audit Wales, Estyn and Care Inspectorate Wales. Findings from Estyn and Care Inspectorate Wales have their own monitoring arrangements in place. Consideration will be given to incorporating further oversight of these, where they relate to the council's performance arrangements, in future updates of this progress report to Governance & Audit Committee.
- 3.6 Audit Wales, as part of their ongoing annual audit work programme, may follow up progress in any of the open or recently closed proposal areas.

4. REASONS

To ensure the authority responds appropriately to Audit Wales proposals and recommendations to secure the improvements required.

5. RESOURCE IMPLICATIONS

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

6. CONSULTEES

Individual audit report responsible officers
Deputy Chief Executive

7. BACKGROUND PAPERS

Audit Wales Audit Plan 2023
Audit Wales work programme and timetable update – quarter 1, June 2023

8. AUTHORS

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Appendix 1

Open Audit Wales Proposals for Improvement

Finance Proposals

Report	Financial Sustainability Assessment – June 2021			
Audit Wales Proposal	To ensure its Medium-Term Financial Plan predicts future funding requirements as accurately as possible, the Council should regularly review its future cost pressure estimates to ensure they are reasonable and reflect recent levels of cost pressures.		Status	Open
	To bridge its estimated future funding gap and contribute to strengthening its financial sustainability, the Council should develop and deliver a programme of sustainable planned savings over the medium-term.			
Context	The budget for 2022/23 saw £10.1m of budget pressures being accommodated. Despite this, significant further in year service pressures materialised during the year, with many of these pressures developing in the same key areas that have been provided additional support in the budget. 2022/23 saw a net revenue budget deficit at outturn of just over £3.5m that required a contribution from earmarked reserves to fund the additional expenditure occurred. The primary reasons for this deficit were overspends within adult’s and children’s social care services, overspends within additional learning needs provision, additional costs in relation to homelessness and pay awards. These were significantly offset by the receipt of unbudgeted grant, improved income, significant staff vacancies across services, higher than budgeted investment and Council tax income, and lower costs in some non-pay service areas. The deficit at outturn represented a significant improvement from the position forecast at month 9, with just over £2.5m less needing to be contributed from reserves.			
	<p>An early 2023/24 revenue budget update indicates £4.221m of service pressures, the largest coming from care provider service fees within Adult’s and Children’s services, ALN transport & recoupment, pay inflation and homelessness. This is coupled with a shortfall of £1.896m against savings targets set as part of the 2023/24 budget. In light of developing financial pressure, Cabinet recently approved the budgeted use of £2.5m of useable reserves to increase the Council’s overall level of inflation contingency budget for 2023/24 to a total of £3m. The use of a further £2.5m equates to the amount of reserves that were originally anticipated to be required to support the 2022/23 budget outturn position, but were not ultimately called upon.</p> <p>As we move towards the first formal monitoring period at Month 5, work will continue to formalise a structured approach to tackling the early budget pressures which looks to explore all available options open to the Council. Service savings and reform remains critical to ensuring that the Council reduces the overall cost of services and remains in financially sustainable position moving into the budget setting process for 2024/25.</p>			
Planned actions	Desired Result	Action	Responsible Officer & Timescale	Progress so far
	A medium-term financial plan which is based on realistic	Develop a Medium-Term Financial Plan that is based on realistic	Deputy Chief Executive	The MTFP was refreshed and updated during the 2023/24 budget setting

	evidence and planned scenarios to allow a structured and planned approach to service delivery in the medium term in line with community and corporate plan priorities.	evidence and planned scenarios, to guide budget setting in line with agreed strategic objectives	December 2023	process to ensure that the latest information and pressures had been considered. A Medium-Term Financial Strategy, which aligns with the commitments set out in the Community and Corporate Plan, will be presented to Council for approval in December/January. This will be accompanied by a refreshed Medium-Term Financial Plan and is one of eight enabling strategies.
	In parallel with the above, to develop and deliver a programme of sustainable planned savings over the medium-term to allow a balanced budget to be set that delivers on agreed community and corporate plan priorities.	A robust and detailed review of planned savings brought forward that ensure that the impact on service delivery is mitigated where possible and that contributes to an overall sustainable budget position in the medium term.	Deputy Chief Executive March 2024	The budget setting process for 2024/25 is currently being developed, aligned to the development of a more robust Medium Term Financial Strategy and Plan. Progress with planned savings is monitored as part of periodic budget monitoring reports.

Workforce & Asset Management proposals

Report	Audit Wales Springing Forward – August 2022		
Audit Wales Recommendations	<p>In developing its new asset management and workforce strategies, the Council should build on its experience of the pandemic and place the sustainable development principle at the heart of its considerations, and specifically ensure it:</p> <ul style="list-style-type: none"> takes account of longer-term trends that may affect service provision and the efficient use of assets and workforce. sets out its intended outcomes over the short, medium and longer term. 	Status	Open

	<ul style="list-style-type: none"> • takes account of how the strategies impact on the objectives of other organisations in the county and regionally. • takes account of the views and needs of staff, service users and partners. In doing so the Council should seek to understand how, where and when users want to access services post-COVID-19 and how that might influence future asset needs and workforce planning. • collaborates with public sector partners across Gwent to evaluate the potential benefits of developing a strategic long-term approach to a single public estate 			
	<p>As the Council begins to implement its new strategies, it should seek to build on existing examples of working with partners by developing a more systematic approach to considering opportunities for collaboration.</p>			
	<p>To support regular scrutiny and decision-making by elected members and help provide assurance over value for money, the Council should ensure that the outcomes set out in its workforce and asset management strategies are supported by SMART performance measures, and that benchmarking is used where appropriate.</p>			
Planned actions	Desired Result	Action	Responsible Officer & Timescale	Progress so far
	To place the sustainable development principle at the heart of considerations.	To develop a new set of enabling strategies that will facilitate the delivery of the Community and Corporate Plan.	Deputy Chief Executive Winter 2023	<p>The Community and Corporate Plan 2022-28 was approved by Council in April 2023. This sets out the six new Well-being Objectives of the Council. The enabling strategies that align with and facilitate the delivery of the plan are currently under development. The procurement strategy has already been approved by Cabinet; the Asset Management and Financial Strategies will be presented to full Council in December. The others, including digital and people, will follow and be subject to decision at Cabinet.</p> <p>An Audit Wales review into the well-being objective setting process at Monmouthshire found that the council set its well-being objectives in accordance with the sustainable development</p>

				<p>principles and that we are aligning our key strategies and business plans to support the delivery of these objectives. We will ensure that the sustainable development principles are also embedded when developing our enabling strategies.</p>
	<p>To build on existing examples of working with partners by developing a more systematic approach to considering opportunities for collaboration.</p> <p>To support regular scrutiny and decision-making by elected members and help provide assurance over value for money.</p>	<p>To review the Asset Management Plan, including considering opportunities for collaboration and establishing mechanisms to evaluate delivery.</p>	<p>Deputy Chief Executive</p> <p>December 2023</p>	<p>The Asset Management Plan was updated to reflect the ongoing commitments following the conclusion of the Corporate Plan 2018-22. This plan was successfully implemented throughout 2022/23.</p> <p>A refreshed Asset Management Strategy is currently being developed. The Asset Management Plan will be reviewed following the approval of the refreshed Asset Management Strategy, to ensure alignment between the two.</p> <p>Both the strategy and plan will consider any further opportunities for collaboration or partnership working. They will also establish the assessment criteria under which property performance will be assessed. The Asset Management Plan will include the agreed actions and objectives relating to the land and property functions and portfolios, including the governance arrangements under which the Investment Portfolio will continue to be monitored and evaluated. The Asset Management Plan will be reviewed annually to ensure it continues to provide the appropriate assurance that</p>

				value for money and best consideration is being achieved.
		To review the People Strategy, including considering opportunities for collaboration and establishing mechanisms to evaluate delivery.	Chief Officer People, Performance and Partnerships Winter 2023	A refreshed People Strategy is currently being developed. This will ensure that it is aligned with the Community and Corporate Plan. This will also consider any further opportunities for collaboration or partnership working. Mechanisms to evaluate the delivery of strategy will be established, including milestones and performance measures where relevant.
	Clarity over the Council's approach to the use of its assets to support robust decision making.	Replace the current asset management IT system with a system that incorporates the Financial Asset Register as well as providing a comprehensive solution for the effective management of property data	Head of Commercial and Integrated Landlord Services March 2024	Work in ongoing to replace the current asset management IT system in place. A Project Team has been created to agree the specification for a new, more effective Asset Management System which will also incorporate a Financial Asset Register. Implementation is due to commence by March 2024.

Appendix 2

Audit Wales national studies published since last update

Report	'Cracks in the Foundations' – Building Safety in Wales (August 2023)	
Outline of the Review	<p>Following the Grenfell tragedy, an independent review into Building Regulations and fire safety was commissioned by the UK Government. This review exposed longstanding issues of ignorance, indifference, a lack of clarity on responsibility and regulatory oversight within the building safety system. The report recommended a new framework to replace the current system, which resulted in the Building Safety Act 2022. The Act represents the biggest shake-up of building safety regulation since 1984 in England and Wales.</p> <p>This Audit Wales report looks at how the Welsh Government, local authorities and their key partners are implementing the requirements of the Building Safety Act 2022, with a focus on assessing the preparedness of bodies to take on their new and enhanced responsibilities, the resilience of existing services, and the robustness of building safety assurance systems. The full report can be found here.</p>	
Audit Wales Summary	<p>The overall conclusion of the report is that responsible bodies – particularly local authorities and fire and rescue – are unable to effectively discharge their responsibilities and ensure buildings in Wales are safe. A divergence of policy between UK and Welsh Governments has resulted in uncertainty around how the act will be implemented in Wales, preventing local authorities from developing comprehensive delivery plans in light of new and revised responsibilities.</p> <p>The report also finds that, as a profession, building control and building safety face significant staffing challenges. An ageing workforce, poor succession planning, a wider lack of investment in services and training and development highlight that these services are not resilient for the future. Audit Wales also found concerns with the financial management of building control, concluding that in some authorities, current practices are potentially unlawful with services not operating in line with regulations and guidance. Opportunities to strengthen services through collaboration and regionalisation are not being prioritised and little work has taken place in these areas.</p> <p>The absence of a national framework for monitoring and evaluating building control and building safety means that local authorities and their partners are not working to agreed appropriate outcome measures, targets, or benchmarks. Coupled with limited scrutiny and evaluation of building control and building safety, and poor management of risk, Audit Wales conclude that assurance systems are inadequate.</p>	
Management Response	Recommendations	Response
	Local authorities should develop local action plans that articulate a clear vision for building control to be able to plan effectively to implement the requirements of the Act. The Plans should:	The Building Control Service Business Plan sets out the service area's action plan and desired outcomes for the next three years, along with key performance indicators to track progress. These actions are aligned to our Council's Well-being Objectives, national Well-being Goals and the

	<ul style="list-style-type: none"> • be based on an assessment of local risks and include mitigation actions; • set out how building control services will be resourced to deliver all their statutory responsibilities; • illustrate the key role of building control in ensuring safe buildings and be linked to well-being objectives and other corporate objectives; and • include outcome measures that are focused on all building control services, not just dangerous structures. 	<p>Sustainable Development Principle, and also wider legislation. The plan also contains a detailed breakdown of resources for the present year, and includes a risk register to monitor and mitigate risks.</p> <p>The plan also includes a section on how the Act will be implemented within Monmouthshire and what changes would occur as a result. The section is regularly reviewed and updated to ensure it is in line with the latest information received from Welsh Government.</p>
	<p>Local authorities should urgently review their financial management of building control and ensure they are fully complying with Regulations. This should include:</p> <ul style="list-style-type: none"> • establishing a timetable of regular fee reviews to ensure charges reflect the cost of services and comply with the Regulations; • annually reporting and publishing financial performance in line with the Regulations; • ensuring relevant staff are provided with training to ensure they apply the Regulations and interpret financial reporting correctly; and • revise fees to ensure services are charged for in accordance with the Regulations. 	<p>The council's charging mechanism was reviewed in 2010 and since that time we have been fully compliant with CIPFA regulations. We also review our trading account annually and any surplus/deficit at the end of the financial year is transferred to/from the trading reserve. It is at this point that fees are reviewed to ensure they are sufficient to cover the cost of the service.</p> <p>Service budget performance is formally reported to members four times per year and is published as part of the budget monitoring report. Trading account performance was previously reported annually in line with regulation however has not been included since this ceased to be a requirement in 2019/20. Trading account information is held on file and is available if required.</p> <p>We recognise the important of our staff having had the relevant training to ensure compliance with regulation; all staff are kept up to date with financial training requirements.</p>
	<p>Local authorities should work with partners to make better use of limited resources by exploring the potential for collaboration and regionalisation to strengthen resilience through a cost benefit analysis of partnering with neighbouring authorities, establishing joint ventures and/or adopting a regional model where beneficial.</p>	<p>The Building Control team works closely with partners and stakeholders such as local police and fire services, Dŵr Cymru, local builders, engineers and manufacturers to ensure the best use of resources. We are also a part of the Gwent Public Service Board (PSB) which allows for wider, further discussion with local police and fire services, as well as engaging with local authorities through Local Authority Building Control (LABC) and LABC Cymru networks.</p>

		We are open to working with neighbouring councils and have expressed interest in experimental collaborative work at previous LABC meetings, however there was no interest at that time. If there was interest in a collaboration, the decision to do so would need to be informed by an assessment of the value it would bring to Monmouthshire County Council and its customers, and if it would be the best possible use of resources.
	Local authorities should review risk management processes to ensure that risks are systematically identified, recorded, assessed, mitigated and subject to regular evaluation and scrutiny.	<p>The council has a risk management policy and guidance that is used by service areas in assisting the practical application of risk management.</p> <p>Risks to building control, and the actions in place to mitigate them, are recorded and reviewed at least quarterly in the building control Service Business Plan. This includes both inherent risks such as health and safety, but also risks to the operating of business such as slow payments.</p>

Report	Springing Forward: Lessons from our work on workforce and assets in local government (September 2023)	
Outline of the Review	Between 2021 and 2023, Audit Wales undertook work on asset management and workforce planning across all 22 councils in Wales. A local report into asset management and workforce planning in Monmouthshire was published in August 2022, and presented to Governance and Audit Committee in September 2022 along with a management response to the recommendations contained within the report. Within their report, Audit Wales looked at how councils were using their experiences from the pandemic to strengthen their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities. The work was designed to assess both the effectiveness of councils' arrangements and the extent to which they were applying the sustainable development principle (as set out in the Well-being of Future Generations (Wales) Act 2015) in their approaches to workforce and assets. The full report can be found here .	
Audit Wales Summary	<p>This report summarises Audit Wales' findings from across all 22 councils in Wales. They found that overall, councils do not appear to fully appreciate that the sustainable development principle is relevant to the design and delivery of assets and workforce. There are significant gains that could be made by applying this thinking when revising councils' strategies and delivery arrangements.</p> <p>Another common theme was that councils aren't effectively drawing on the breadth of intelligence that could help them manage the present or plan for the future. Some councils did not have a good understanding of current risks across their workforce, others did but could strengthen their understanding of the medium- and longer-term challenges that would impact them.</p> <p>A positive common theme across councils was that they recognise the benefit of linking their assets and workforce with the delivery of wider corporate objectives. Audit Wales found that there are likely to be opportunities to take this further and systematically consider the full</p>	

	<p>breadth of benefits that could be achieved, which will help councils to maximise the value of work in these areas. Applying the sustainable development principle will help them achieve this. Councils also appear to be missing the opportunity to work together to address common challenges, particularly relating to workforce.</p>
<p>Management Response</p>	<p>The council recognises the importance of embedding the sustainable development principle in all we do. Our high-level enabling strategies, including the asset management strategy and people (workforce) strategy, are currently being developed. This will allow us to reassess the risks we face within these service areas, ensure alignment with our Well-being Objectives, and set out strategic intent for the future. We will ensure that the sustainable development principle is considered in all aspects of our enabling strategies; an Integrated Impact Assessment will be done on the suite of 8 enabling strategies to assess how well the sustainable development goals and five ways of working have been considered.</p> <p>Our actions planned in response to the detailed recommendations in the local 'springing forward' review can be found on pages 5-7 of this report.</p>

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Certification of Grant Returns 2021-22 – Monmouthshire County Council

Audit year: 2021-22

Date issued: October 2023

Document reference: 3829A2023

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and Audit Wales are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at infoofficer@audit.wales.

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

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- 1 Under Paragraph 20 of Schedule 8 to the Government of Wales Act 2006 the Auditor General shall, if required by a local government or other grant-receiving body, make arrangements for certifying grant returns.
- 2 We undertook our work with the aim of certifying individual returns and to answer the question:
‘Does Monmouthshire County Council (the Council) have adequate arrangements in place to ensure the production of co-ordinated, accurate, timely and properly documented returns?’
- 3 We have completed our certification work and conclude that the Council had generally sound arrangements in place for the production and submission of its returns. However, there remains some scope for improvement (particularly around the Housing Benefit return), and we are continuing to work with the Council to allow them to make these improvements for 2021-22 returns.

Introduction and background	<p>This report summarises the results of work on the certification of the Council’s 2021-22 grant returns.</p> <ul style="list-style-type: none"> – As appointed auditors of the Council, we are asked on behalf of the Auditor General to certify grant returns made by the Council. – For 2021-22 we certified 5 grant returns with a total value of £50,435,835. – We have produced this report so that we can provide feedback collectively to those officers having the responsibility for grant management so that we can work together to identify further improvements which can be made to improve the processes.
Timely receipt of returns	<p>For the 5 returns, three were received within established deadlines, with two received late.</p> <ul style="list-style-type: none"> – However, we note that these delays did not impact on our audit process at all. Further detail is provided in the table on page 6 below.
Certification results	<p>For the 5 returns, we issued 1 qualified certificate and 4 unqualified certificates.</p>

	<ul style="list-style-type: none"> – The reasons for the qualification are summarised below in paragraph 6. In 20-21, 4 of our 5 certificates were qualified.
Audit adjustments	<p>Adjustments were necessary to one of the Council’s returns as a result of our certification work.</p> <ul style="list-style-type: none"> – These adjustments related to the Section 33 Pooled Budget return. These adjustments were not significant in value and are detailed in paragraph 6.
Fees	<p>Our overall fee for certification of 2021-22 grant returns is £53,510</p> <ul style="list-style-type: none"> – This represents a reduction in cost when compared to 2020-21. The reasons for this increase are set out in paragraph 8.

- 4 Detailed on the following page is a summary of the key outcomes from our certification work on the Council’s 2021-22 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate.
- 5 A qualification means that issues were identified concerning the Council’s compliance with a scheme’s requirements that could not be resolved through adjusting the return. In these circumstances, it is possible that the relevant grant-paying body will require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate.

Key information for 2021-22

Overall, we certified 5 grant returns:

- **4 returns were unqualified**
- **1 return required adjustments prior to certification**
- **1 returns was qualified**

Ref – Para 6	Grants and returns	Claim due	Claim received	Late	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)
1	National Non-Domestic Rates Return	27/05/22	26/05/23	No	Yes	-	-
2	Teachers' Pensions Return	31/05/22	31/05/22	No	No	-	-
3	Housing Benefit Subsidy	30/04/22	27/09/22 ¹	Yes	No	-	-
4	Section 33 Pooled Budgets	06/05/22	21/06/22 ¹	Yes	No	-	£6,483
5	Health Act S28a and 28b Money transfers	30/09/22	27/09/22	No	No	-	-
	Total				1	-	£6,483

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

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

Ref	Summary observations	Amendment
1	<p>National Non-Domestic Rates (qualification only) The following matters were raised in the qualification letter:</p> <ul style="list-style-type: none"> Like many authorities across Wales, the ability for on-site inspections for empty property relief claims was severely hampered by the COVID-19 pandemic, as staff in the authority had to work from home or were diverted to other important work. For our sample test of empty property relief claims, a variety of evidence was provided by claimants to prove that properties were empty. However, the Council has not been able to obtain sufficient and consistent assurance that the property was empty for the claimed period for all properties. 	-
2	<p>Teachers' Pensions</p> <ul style="list-style-type: none"> No amendments or qualifications noted from our certification work. 	-
3	<p>Housing Benefit Subsidy (observations only) Whilst we did not identify any qualification matters and no amendments were required, we raised several observations in our report to DWP.</p>	-

Ref	Summary observations	Amendment
	<ul style="list-style-type: none"> - no application forms being available for 4 cases as they were held on an archived system and a copy was not retained. Other forms of evidence, such as correspondence with claimants, were available which confirmed a claim had been previously made. - no standard agreements in place for bed and breakfast cases. We were instead provided with invoices, however in some instances these invoices did not cover the full period being audited. - no evidence for number of rooms in the property for 1 case. The Council have informed us that they will include the number of rooms on future lease agreements. <p>We also note some amendments made to the final Housing Subsidy return following further work by the Council (which do not arise from our certification work). This arose from the Council completing a further reconciliation of the data as more information became available after the submission date.</p>	
4	<p>Section 33 Pooled Budgets (amendment)</p> <ul style="list-style-type: none"> - There were transactions totalling £6,483 which related to the 2020-21 financial year, rather than 2021-22. As such, these transactions should not have been included in the 2021-22 pooled budget memorandum account and, following our audit work, have been removed in the revised return submitted by the Council. 	£6,483 reduction in the final return
5	<p>Health Act S28a and 28b Money Transfers</p> <ul style="list-style-type: none"> • No amendments or qualifications noted from our certification work. 	-

Ref	Summary observations	Amendment
	Total effect of amendments	£6,483 reduction in final returns

Fees

- 7 A breakdown of our fees is detailed below. The total fee for 2021-22 is slightly lower than the total for 2020-21. Our estimated fee for 2021-22 was £54,000.
- 8 This decrease in cost reflects the reduced number of qualifications from four in 2020-21 to one in 2021-22 meaning less extended testing was required.
- 9 In this paper we also provide an estimate of our fees for delivery of 2021-22 grant certification work.
- 10 Additional testing was required as part of our 2021-22 work on the Housing Benefit Subsidy return to follow up on issues identified in 2020-21. The reduction in the Estimated Housing Benefit audit fee for 2022-23 reflects that no issues were identified in 2021-22 that will require follow-up testing.

Breakdown of fee by claim	2019-20	2020-21	2021-22	2022-23 (Estimate)
Housing Benefit	£31,106	£31,944	£31,900	£26,400
Section 33 NHS (Wales) Act 2006 Pooled Budgets	£2,920	£2,965	£3,000	£3,200
Health Act S28a and 28b Money transfers	£3,065	£808	£2,000	£2,600
National Non-Domestic Rates Return	£5,208	£8,995	£6,000	£6,000
Teachers' Pension Return	£3,540	£3,348	£3,500	£4,000
CI Grant Planning, Supervision & Review	£8,181	£9,130	£7,110	£6,800
Total fee	£54,020	£57,190	£53,510	£49,000

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The Monmouthshire County Council Welsh Church Act Fund – Detailed Audit Plan 2023

Audit year: 2022-23

Date issued: October 2023

Document reference: 3820A2023



This document has been prepared as part of work performed in accordance with statutory functions. Further information can be found in our [Statement of Responsibilities](#).

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About Audit Wales

Our aims and ambitions

Assure



the people of
Wales that public
money is well
managed

Explain



how public
money is being
used to meet
people's needs

Inspire



and empower
the Welsh
public sector to
improve



Fully exploit
our unique
perspective,
expertise and
depth of insight



Strengthen our
position as an
authoritative,
trusted and
independent
voice



Increase our
visibility,
influence and
relevance



Be a model
organisation for
the public sector
in Wales and
beyond

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Introduction

I have now largely completed my planning work.

This Detailed Audit Plan specifies my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

It sets out the work my team intends undertaking to address the audit risks identified and other key areas of focus during 2023.

It also sets out my estimated audit fee, details of my audit team and key dates for delivering my audit team's activities and planned outputs.



Adrian Crompton

Auditor General for
Wales

Audit of financial statements

I am required to issue a report on your financial statements which includes an opinion on their 'truth and fairness' and assess whether the Trustee's Annual Report is prepared in line with guidance and is consistent with the financial statements. I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#).

I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material is set out later in this plan.

There have been no limitations imposed on me in planning the scope of this audit.

Your audit at a glance



My financial statements audit will concentrate on your risks

My audit planning identified the following risks:

Significant financial statement risk

- Management Override of Controls



Materiality

Materiality	£58,191
Reporting threshold	£2,910

Financial statements' materiality



Materiality £58,191

My aim is to identify and correct material misstatements, that is, those that might otherwise cause the user of the accounts to be misled.

Materiality is calculated using:

- 2021-22 gross assets of £5.8 million
- Materiality percentage of 1%

I report to those charged with governance any misstatements above a trivial level (set at 5% of materiality).



Areas of specific interest

There are some areas of the accounts that may be of more importance to the user of the accounts and we have set a lower materiality level for these:

- Related party disclosures £5,000

Significant Financial Statement Risks

Significant risks are identified risks of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk or those which are to be treated as a significant risk in accordance with the requirements of other ISAs. The ISAs require us to focus more attention on these significant risks.

Exhibit 1: significant financial statement risks

Significant risk	Our planned response
The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.32-33].	The audit team will: <ul style="list-style-type: none">• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;• review accounting estimates for bias; and• evaluate the rationale for any significant transactions outside the normal course of business.

Financial statements' audit timetable

I set out below key dates for delivery of my accounts audit work and planned outputs.

Exhibit 2: key dates for delivery of planned outputs

Planned output	Work undertaken	Report finalised
2023 Detailed Audit Plan	September 2023	October 2023
Audit of financial statements work: <ul style="list-style-type: none">• Audit of Financial Statements Report• Opinion on the Financial Statements	November – December 2023	January 2024

Fee and audit team

In January 2023 I published the [fee scheme](#) for the 2023-24 year as approved by the Senedd Finance Committee. My fee rates for 2023-24 have increased for inflationary pressures. In addition, my financial audit fee has a further increase for the impact of the revised auditing standard ISA 315 on my financial audit approach. More details of the revised auditing standard and what it means for the audit I undertake is set out in **Appendix 1**.

I estimate your total audit fee will be £7,518 (2022 - £6,255)¹.

Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Council.

Our financial audit fee is based on the following assumptions:

- The agreed audit deliverables sets out the expected working paper requirements to support the financial statements and includes timescales and responsibilities.
- No matters of significance, other than as summarised in this plan, are identified during the audit.

The main members of my team, together with their contact details, are summarised in **Exhibit 3**.

Exhibit 3: my local audit team

Name	Role	Contact number	E-mail address
Helen Goddard	Engagement Director	02920 320642	helen.goddard@audit.wales
Rachel Freitag	Audit Manager	02920 829359	rachel.freitag@audit.wales
Anne-Marie Royal	Audit Lead	02920 320607	anne-marie.royal@audit.wales

We can confirm that team members are all independent of you and your officers.

¹ The fees are exclusive of VAT, which is not charged to you.

Audit quality

Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

We use a three lines of assurance model to demonstrate how we achieve this. We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by QAD* and our Chair, acts as a link to our Board on audit quality. For more information see our [Audit Quality Report 2022](#).

Our People



The first line of assurance is formed by our staff and management who are individually and collectively responsible for achieving the standards of audit quality to which we aspire.

- Selection of right team
- Use of specialists
- Supervisions and review

Arrangements for achieving audit quality



The second line of assurance is formed by the policies, tools, learning & development, guidance, and leadership we provide to our staff to support them in achieving those standards of audit quality.

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support

Independent assurance



The third line of assurance is formed by those activities that provide independent assurance over the effectiveness of the first two lines of assurance.

- EQCRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

* QAD is the quality monitoring arm of ICAEW.

Appendix 1

The key changes to ISA315 and the potential impact on your organisation

Key change	Potential impact on your organisation
More detailed and extensive risk identification and assessment procedures	<p>Your finance team and others in your organisation may receive a greater number of enquiries from our audit teams at the planning stage of the audit. Requests for information may include:</p> <ul style="list-style-type: none">• information on your organisation's business model and how it integrates the use of information technology (IT);• information about your organisation's risk assessment process and how your organisation monitors the system of internal control;• more detailed information on how transactions are initiated, recorded, processed, and reported. This may include access to supporting documentation such as policy and procedure manuals; and• more detailed discussions with your organisation to support the audit team's assessment of inherent risk.
Obtaining an enhanced understanding of your organisation's environment, particularly in relation to IT	<p>Your organisation may receive more enquiries to assist the audit team in understanding the IT environment. This may include information on:</p> <ul style="list-style-type: none">• IT applications relevant to financial reporting;• the supporting IT infrastructure (e.g. the network, databases);• IT processes (e.g. managing program changes, IT operations); and• the IT personnel involved in the IT processes. <p>Audit teams may need to test the general IT controls and this may require obtaining more detailed audit evidence on the operation of IT controls within your organisation.</p> <p>On some audits, our audit teams may involve IT audit specialists to assist with their work. Our IT auditors may need to engage with members of your IT team who have not previously been involved in the audit process.</p>

Key change	Potential impact on your organisation
<p>Enhanced requirements relating to exercising professional scepticism</p>	<p>Our audit teams may make additional inquiries if they identify information which appears to contradict what they have already learned in the audit.</p>
<p>Risk assessments are scalable depending on the nature and complexity of the audited body</p>	<p>The audit team's expectations regarding the formality of your organisation's policies, procedures, processes, and systems will depend on the complexity of your organisation.</p>
<p>Audit teams may make greater use of technology in the performance of their audit</p>	<p>Our audit teams may make use of automated tools and techniques such as data analytics when performing their audit. Our teams may request different information or information in a different format from previous audits so that they can perform their audit procedures.</p>

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

DIRECTORATE: Resources
MEETING: Governance & Audit Committee
DATE: October 2023
DIVISION/WARDS AFFECTED: All

1. PURPOSE

- 1.1 To consider the adequacy and appropriateness of the exemption process from the Authority's Contract Procedure Rules.
- 1.2 To inform the Governance and Audit Committee of the number of exemptions requested by operational managers and to identify any noncompliance with the process or adverse trends.

2. RECOMMENDATION(S)

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

3. KEY ISSUES

- 3.1 To ensure compliance with the Council's Contract Procedure Rules in the way goods, works and services are procured on behalf of the Authority.

- 3.2 Reassurance that the exemption process from Contract Procedure Rules is operating as intended by managers procuring goods, works or services on behalf of the Authority.
- 3.3 Some operational managers procuring goods, works and services on behalf of the Authority may not be as familiar with Contract Procedure Rules and the exemption process as they should be.

4. REASONS

- 4.1 Contract Procedure Rules (CPR) were revised and updated in 2020/21 and approved by Council as part of the update of its Constitution in March 2021.
- 4.2 The previous report regarding CPR Exemptions was presented to the Governance & Audit Committee in July 2021. It is acknowledged that this report is overdue and a commitment will be made to providing this report on a 6 monthly basis as part of the forward work programme. This report covers the following periods;
- November 2021 to March 2022 (5 month period)
 - 2022/23 Financial Year
 - 2023/24 Financial Year (first 6 months)
- 4.3 The Acting Chief Internal Auditor is currently in discussion with colleagues from Procurement and Digital Services regarding strengthening the CPR Exemption process and offering a digital solution to recording and approving requests. There are also a number of potential legislative changes being discussed by UK Parliament and the Senedd which may result in the Councils Contract Procedure Rules requiring an update within the next 12 months.
- 4.4 Previously, managers have been invited to attend a Governance & Audit Committee meeting to explain to Members their reasons for seeking an exemption rather than complying with the Council's Contract Procedure Rules. The Acting Chief Internal Auditor is not recommending that any managers be called in to the Governance and Audit Committee as a result of this report.

5. EXEMPTIONS - Background

- 5.1 Although the Contract Procedure Rules were written to ensure a consistent and fair approach to how officers procure works, goods and services on behalf of the Council, there will be occasions where full compliance may not be appropriate or possible. Provided there is sufficient justification and appropriate approval for not following these rules the policy recognises this.

- 5.2 Management need to ensure that the use of exemptions is proper and they are not being used for convenience or to avoid following CPRs. Exemptions from CPRs are therefore currently administered by Internal Audit, although approvals are given by Heads of Service, Chief Officers and or Cabinet Members.
- 5.3 The Internal Audit, Procurement and Digital Services team are currently working together to review the CPR Exemption process with a view to digitising the system which will provide greater ownership to Heads of Service / Chief Officers and Procurement in approving exemptions. Internal Audit will maintain a strengthened role in providing comment on all exemption forms prior to their appropriate approval. We are currently working to go live on this new system with effect from the new financial year (1st April 2024).
- 5.4 It is acknowledged that there is some missing data on the tables included in Appendix 3-5. Exemption forms are required to be submitted to Internal Audit once they have been approved by the respective Head of Service or Chief Officer, however, there are a number (23) which are still outstanding (25%). The exemptions requested may not have been ultimately needed by the service managers but they have not notified Internal Audit of this; so it is not yet possible to determine whether or not the correct authorisation procedures have been followed.
- 5.5 Some adhoc reminders have been issued to staff requesting forms to be returned, however, due to the staff vacancies within the Internal Audit team over the past 2 years, all available resources were directed to complete as much of the audit plan as possible rather than chasing for completed exemption forms.

An exercise is being undertaken to capture the missing information on previously non returned exemption forms. This is currently in progress. A list of all requests for CPR exemptions which have not been returned has been sent to Chief Officers for documents to be returned to the Acting Chief Internal Auditor who will then verify that they have been correctly authorised. The Acting Chief Internal Auditor will then also remind all Heads of Service of the correct procedure to follow when seeking an exemption from the Council's procurement rules.

- 5.6 It is important to note that this process only captures the exemptions which have been requested via and returned to Internal Audit.
- 5.7 As part of the 2022/23 Annual Governance Statement, it was recognised that a training package for Financial Procedure Rules and Contract Procedure rules would be developed.
- 5.8 Comprehensive guidance documents and a set of FAQ's are available via the internal MCC Hub for Officers who conduct procurement exercises. This includes specific guidance on Exemptions to the Contract Procurement Rules.

5.9 The correct process is as follows:

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

It is planned that this process will be reviewed and strengthened with the implementation of the new digitised exemption system.

6. EXEMPTIONS - Summary

5.1 EXEMPTIONS – November 2021 – March 2022 [349 - 365] [Appendix 3]

Of the 17 requested exemptions.

- 7 were returned to Internal Audit as required and were correctly authorised
- 2 were returned to Internal Audit without the correct authorisation.
- 1 was no longer required after the form was issued
- 7 were not returned to Internal Audit

5.2 EXEMPTIONS – April 2022 – September 2022 [366 - 397] [Appendix 4]

Of the 32 requested exemptions,

- 19 were returned to Internal Audit as required and were correctly authorised
- 3 were returned to Internal Audit without the correct authorisation.
- 2 were no longer required after the form was issued
- 8 were not returned to Internal Audit

5.3 EXEMPTIONS – October 2022 – March 2023 [398 – 420] [Appendix 5]

Of the 23 requested exemptions,

- 13 were returned to Internal Audit as required and were correctly authorised
- 1 was returned to Internal Audit without the correct authorisation.
- 4 was no longer required after the form was issued
- 5 were not returned to Internal Audit

5.4 EXEMPTIONS – April 2023 – September 2023 [421 - 440] [Appendix 6]

Of the 20 requested exemptions,

- 13 were returned to Internal Audit as required and were correctly authorised
- 1 was no longer required as the contract was deemed Exempt as MCC was passporting the money on behalf of Welsh Government. 2 were returned to Internal Audit without the correct authorisation.
- 2 was no longer required after the form was issued
- 1 recently issued form was still waiting for a decision to be made regarding the authorisation of the expenditure
- 3 were not returned to Internal Audit

8. RESOURCE IMPLICATIONS

None.

9. CONSULTEES

Deputy Chief Executive & Chief Officer Resources

10. BACKGROUND PAPERS

Internal Audit CPR Exemption Logs

11. AUTHOR AND CONTACT DETAILS

Jan Furtek, Acting Chief Internal Auditor
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AUDIT COMMITTEE NOVEMBER 2023

CONTRACT PROCEDURE RULES - EXEMPTIONS

APPENDIX 1

**Contract Procedure Rules
Exemption Forms Log**

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

Report 15	June 2021	November 2020 to April 2021	313 - 333	21	333
		May 2021 to October 2021	334 - 348	15	348
Report 16	October 2023 (this report)	November 2021 to March 2022 * 5 month period	349 - 365	17	365
		April 2022 to September 2022	366 - 397	32	397
		October 2023 to March 2023	398 - 420	23	420
		April 2023 to September 2023	421 - 440	20	440

APPENDIX 2

EXTRACT FROM CONTRACT PROCEDURE RULES

4. Exempt Contracts

The following contracts are exempt from the requirements of Contract Procedure Rules:

- a) contracts of employment which make an individual a direct employee of the Council (this exemption does not extend to the recruitment of agency staff)
- b) contracts relating solely to the disposal or acquisition of an interest in land and property.
- c) Contracts for the execution of mandatory works by statutory undertakers, such as utilities providers.
- d) use of the Council's in-house services
- e) individual care packages or education placements where it is considered in the Council's interest or the Council is required to meet obligations under relevant legislation
- f) orders placed under a corporate framework arrangement or contract arranged for the Council by the Strategic Procurement Manager.
- g) unconditional grants by the Council
- h) In a genuine emergency threatening public health, injury to persons or serious and immediate damage to property, an Authorised Officer can take any necessary action to alleviate the threat. This power is limited to the alleviation of the threat and does not extend to any Works beyond what is strictly essential.

An exemption form does not need to be completed for any of the reasons stated in clause 4.

5. Exemption Process

- a) In exceptional circumstances an Authorised Officer can request an exemption from the Council's Contract Procedure Rules. No exemption will be considered where the value of such action exceeds the EU procurement thresholds or any subsequent UK Government threshold. Approval has to be obtained in the first instance by the completion of the "Request for Exemption from Compliance with the Contract Procedure Rules", which can be obtained from Internal Audit.

- b) Where approval has been granted Contract Procedure Rules shall not apply to the following:
 - I. Purchase by auction or works of art-artists
 - II. Single tender action where a single contractor or a proprietary item or service of a special character is required and justified.
 - III. Extensions of existing contracts where the extension is in accordance with the terms & conditions, specification, rates and/or prices of the original Contract award and where provision for the extension was provided for in the original contract notice.
 - IV. Extensions of consultancy contracts (where the combined original value and extension value do not exceed any EU/UK thresholds), where continuation of Services is deemed necessary, and where the particular knowledge and understanding of the requirement is intrinsically linked to the supplier, and no suitable supplier could undertake the work without undue delay or additional/further cost.

Poor planning or insufficient time is not justification for seeking an exemption.

39. Contract Extension

- c) Where the terms of the contract and the original procurement exercise do not expressly provide for an extension, the contract may only be extended in exceptional circumstances, where legislation permits and value for money issues

have been addressed. Such decisions will be made by the relevant Authorised Officer, Internal Audit & the Strategic Procurement Manager.

APPENDIX 3

EXEMPTIONS – November 2021 – March 2022 [349 - 365]

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date Issued	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
349	Jude Langdon	Development of Monmouthshire Community Fridge		Communities and Place	2/11/21	No unauthorised form returned 19/11/21	19/11/21	CPR 5 b) II
350	Jude Langdon	Development of a Schools based family cookery skills programme		Communities and Place	2/11/21	No unauthorised form returned 19/11/21	19/11/21	CPR 5 b) II
351	Carl Touhig	Purchase of specialist second hand vehicle	£85k	Communities and Place	5/1/22	Yes	10/02/22	CPR 5 b) II
352	Tyrone Stokes	Research on Carer Requirements (13 month contract)	£30k	Social Care, Safeguarding and Health	7/1/22	Yes	17/1/22	CPR 5 b) II
353	Nikki Wellington	5 year contract for the Capita Education management system	£695k	Children and Young People	25/1/22	n/a	n/a	Cancelled - no longer required.
354	Carl Touhig	For dry mixed recycling	70k	Communities and Place	16/02/22	Yes	11/04/22	CPR 5 b) II
355	Sharran Lloyd			People, Performance and Partnerships	17/02/22			
356	Deb Jackson	Extension of contract		Communities and Place	25/02/22			
357	Nicholas Tulp	New purchase of automated dashboard - only one supplier		Customer, Culture and Wellbeing	01/03/22			
358	Tyrone Stokes	Direct payments managements service		Social Care, Safeguarding and Health	01/03/22			

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date Issued	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
359	Tania Shackland			Social Care, Safeguarding and Health	14/03/22			
360	Anna Phythian	Community Meals System	£25k	Communities and Place	17/03/22	Yes	21/03/22	CPR 5 b) II
361	Nick Perry	Extend our Mechanical Contract for a 6 month + 6 month contract		Communities and Place	17/03/22			
362	Richard Cook	Extension of contract not requiring tender Monmouth - Newport (60S/M/01/17).	£13598 (4mnoth ext) or £40,794.00 (12mth)	Communities and Place	18/03/2022	Yes	10/10/23	CPR 39 C
363	Richard Cook	Extension of contract not requiring tender Brynmawr - Abergavenny (3S/M/01/17).	£18,045.33 4mth/£54,136.00 12mth	Communities and Place	18/03/2022	Yes	10/10/23	CPR 39 C
364	Gareth Emery	Second hand minibuses		Communities and Place	23/03/22			
365	Debbie Jackson	We have on hire at the moment a 7.5T hired vehicle in the waste service, we need to purchase a second-hand vehicle to cover off this hire	£50,000	Communities and Place	30/3/22	Yes	01/04/22	CPR 5 b) II

APPENDIX 4

EXEMPTIONS – April 2022 – September 2022 [366 - 397]

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date Issued	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
366	Amy Longford	Heritage Delivery agreement		Communities and Place	04/04/2022	n/a	n/a	Cancelled - no longer required.
367	Becky Pritchard	Extending school bus contracts		Communities and Place	07/04/22			
368	Debbie Jackson	Immediate purchase for emergency dog vans for Ukrainian dogs	£21,455	Communities and Place	21/04/2022	No - copy sent had not been signed by Procurement	06/10/23	CPR 5 b) II
369	Laura Carter	Extension to bulk waste carrier	£14k	Communities and Place	27/04/22	Yes	28/04/22	CPR 39 (c)
370	Nigel Leaworthy	Ash die back treatment		Communities and Place	27/04/22			
371	Roger Hoggins	Contract to undertake the WelTAG stage 3 for the AT element of the Chepstow Transport study coupled with the transport LUF bid also based upon the Chepstow Transport study.		Communities and Place	28/04/2022	n/a	n/a	Cancelled - no longer required.
372	Nikki Wellington on behalf of Jacky Elias	To work with the Autism Education Trust to upskill staff in our resources bases to become centres of excellence. We have a grant to cover this cost.	£68k	Children and Young People	09/05/22	Yes	16/05/22	CPR 5 b) II
373	Deb Jackson	Van for Dog Wardens	£21,455	Communities and Place	18/05/22	Yes	31/05/22	CPR 5 b) II
374	Chris Price	Weather Station Maintenance	£32,391	Communities and Place	23/05/22	Yes	01/06/22	CPR 5 b) II

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date Issued	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
375	Emma Jackson	Extension of My Council Services Website	£80k	Resources	06/06/22	Yes	02/02/23	CPR 5 b) II
376	Nicola, Venus-Balgobin	Bridges Community Centre, Monmouth Social Circles - extension of existing specialist contract for 3 more years	£32,943	Social Care, Safeguarding and Health	10/06/22	Yes	20/01/23	CPR 5 b) II
377	Nicola, Venus-Balgobin	Monmouthshire Mind, Info and Advice extension of existing specialist contract for 3 more years	£106,179	Social Care, Safeguarding and Health	10/06/22	Yes	20/01/23	CPR 5 b) II
378	Nicola, Venus-Balgobin	Sight Cymru; Rehabilitation Service - extension of existing specialist contract for 3 more years	£183,378	Social Care, Safeguarding and Health	10/06/22	Yes	20/01/23	CPR 5 b) II
379	Nicola, Venus-Balgobin	Age Cymru Gwent; Local Links project – extension of existing specialist contract for 3 more years	£248,859	Social Care, Safeguarding and Health	10/06/22	Yes	20/01/23	CPR 5 b) II
380	Chris Price	Tree Services - undertaking tree works on ash die back which isn't covered under a framework.	£40k	Communities and Place	23/06/22			
381	Chris Price	Bureau weather service	£16,345.50	Communities and Place	23/06/22	Yes	30/06/22	CPR 5 b) II
382	Deb Jackson	Welfare Vehicle	£36,645	Communities and Place	23/06/22	Yes	30/06/22	CPR 5 b) II
383	Bethan McPherson	Surveys - Topography and drainage		Communities and Place	04/07/22	Yes	13/07/22	CPR 5 b) II
384	Nicola, Venus-Balgobin	Age Cymru Gwent – Hospital Discharge Service extension of	£227,361	Social Care, Safeguarding and Health	15/07/22	Yes	20/01/23	CPR 5 b) II

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date Issued	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
		existing specialist contract for 3 more years						
385	Nicola, Venus-Balgobin	Chepstow Mencap – My Day, My Life (South) extension of existing specialist contract for 1 year to allow for service review	£134,133	Social Care, Safeguarding and Health	15/07/22	Yes	28/03/23	CPR 39 (c)
386	Nicola, Venus-Balgobin	Chepstow Mencap – Family Aid extension of existing specialist contract for 1 year to allow for service review	£453,933	Social Care, Safeguarding and Health	15/07/22	Yes	28/03/23	CPR 39 (c)
387	Rachel Rodgers	Museum Storage - Chepstow and Shire Hall	£72k	Customer, Culture and Wellbeing	15/07/22			
388	Chris Price	Hire of 180 degree back hoe excavator with operator	£65k	Communities and Place	15/07/22			
389	Rachel Lewis	Replace LDP consultancy - demographic and household projections	£8,250	Communities and Place	15/07/2022	No - copy sent had not been signed by Procurement	05/10/2023	CPR 5 b) IV
390	Camilla Morgan	Move from our current desktop Case Management System (IKEN) to a cloud based version (IKEN Cloud)	£12k	Communities and Place		Yes	29/07/22	CPR 5 b) III
391	Deb Jackson	Bus purchase		Communities and Place	04/08/22			
392	Joanne Howard	MDF extension		Communities and Place	04/08/22			
393	Ian Bakewell	Housing Homelessness Module the team have on a system called Locata	£7,460 pa	Communities and Place	24/08/2022	Yes	06/10/23	CPR 5 b) II

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date Issued	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
394	Nikki Wellington	Evolve Trip Management System	£10,249	Children and Young People	25/08/22	Yes	21/09/22	CPR 5 b) II
395	Deb Jackson	Purchase of ex demo bus		Communities and Place	21/09/22			
396	Daniel Fordham	Public realm consultation and design for Monnow Street in Monmouth.	£38,500	Communities and Place	28/09/22	Yes	30/10/22	CPR 5 b) II
397	Laura Carter	Contract extension	n/a	Communities and Place	28/09/2022	n/a	n/a	Cancelled - no longer required.

APPENDIX 5

EXEMPTIONS – October 2022 – March 2023 [398 – 420]

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date Issued	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
398	Chris Price	Specialist vehicle restraint system		Communities and Place	04/10/22			
399	Kim Dolphin	GAVO Carers-Coordinator	£25k pa	Social Care, Safeguarding and Health	10/10/22			
400	Kim Dolphin	Respite for Carers Services	£20k pa	Social Care, Safeguarding and Health	10/10/22			
401	Deb Jackson	Vehicles to pick up contracts	£42k	Communities and Place	17/10/22	Yes	24/10/22	CPR 5 b) II
402	Richard Cook	Abergavenny – Llwynu Estate. This is a de-minimis supported service. The contract is for £10,000 and supports the busy Abergavenny Town commercial service on a Saturday	£10pa	Communities and Place	28/10/2022	n/a	n/a	Cancelled - no longer required.
403	Lisa Widenham	Banking services	£135,000	Resources	01/11/2022	Yes	06/10/23	CPR 5 b) II
404	Andrew Powell	Resurfacing works	£25k	Communities and Place	07/11/22	Yes	23/12/22	CPR 5 b) II
405	Hywel Price	A SCRIM analysis of Monmouthshire highway network	£20k	Communities and Place	01/12/22	Yes	20/12/22	CPR 5 b) II
406	Jill Edge	LDP consultancy	£10k	Communities and Place	19/12/22	Yes	19/12/22	CPR 5 b) II
407	Nikki Wellington	ICT upgrade to Capita	£45k	Children and Young People	19/12/22	Yes	04/01/23	CPR 5 b) II
408	Laura Carter	Portacabin	£74k	Communities and Place	21/12/22	Yes	20/01/23	CPR 5 b) II

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date Issued	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
409	Nicola, Venus-Balgobin	contract extensions supporting living - 43 Hereford Road	£104,573	Social Care, Safeguarding and Health	19/01/23	Yes	22/06/23	CPR 5 b) III
410	Stephen Griffiths	Home Improvement Loans Administration	£10k	Communities and Place	24/01/23	Yes	28/02/23	CPR 5 b) II
411	Steve Baldwin	Landslip repairs	£26k	Communities and Place	26/01/2023	n/a	n/a	Cancelled - no longer required.
412	Becky Pritchard	CTX system upgrade		Communities and Place	26/01/23			
413	Lisa Widenham	Civica extension		Resources	06/02/2023	n/a	n/a	Cancelled - no longer required.
414	Anne Rainsbury	Interactive Experience	£26.5k	Customer, Culture and Wellbeing	06/02/23	Yes	22/02/23	CPR 5 b) II
415	Neil Rosser	Parking Permit upgrade	£23,750	Communities and Place	14/02/2023	Yes	05/10/23	CPR 5 b) II
416	Nick Perry	Lorne Stewart Contract exemption	£500k	Resources	15/03/2023	No – required Cabinet Member approval	10/10/23	CPR 39 c
417	Naomi Lovesey	Film for Workforce Development / Childrens Services - aiming to recruit Social Workers	£25k	Social Care, Safeguarding and Health	17/03/23	Yes	27/03/23	CPR 5 b) II
418	Neil Rosser	Parking Permit upgrade	£30k	Communities and Place	19/03/2023	Yes	05/10/23	CPR 5 b) II
419	Christian Schmidt	Extension for route 60		Communities and Place	24/03/23			
420	Claire Sullivan			MonLife	24/03/2023	n/a	n/a	Cancelled - no longer required.

APPENDIX 6

EXEMPTIONS – April 2023 – September 2023 [421 - 440]

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date Issued	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
421	Matthew Gatehouse	Provision of security services at hotel accommodating refugees	£70k	People, Performance and Partnerships	17/04/23			
422	Matthew Gatehouse	Operation of Hotel to accommodate refugees (negotiations done by WG across Wales, but we are the named party on the license)	£6.9m	People, Performance and Partnerships	N/A	N/A	N/A	Exempt under CPR Section 4
423	Nicola Venus-Balgobin	Autism Family Support	£92,169	Social Care, Safeguarding and Health	25/04/23	Yes	22/06/23	CPR 5 b) II
424	Nicola Venus-Balgobin	Monmouthshire Peoples First – Advocacy Service	£67,825.80	Social Care, Safeguarding and Health	25/04/23	Yes	22/06/23	CPR 5 b) II
425	Nick Perry	Vectorworks Subscription	£35,952	Resources		Yes	10/10/23	CPR 5 b) II
426	Hywel Price	Active Travel Bridge Monmouth	£32,500	Communities and Place	05/05/23	Yes	19/05/23	CPR 5 b) II
427	Rachel Lewis	LDP Work		Communities and Place	22/05/2023	n/a	n/a	Cancelled - no longer required.
428	Poppy Harris	Town Hall Clock Renovations	£32K	Communities and Place	23/05/23			
429	Kim Dolphin	Ad-hoc contract with Care Collective - for a one off support for carers on their waiting list who are not getting any respite care.	£10,579.68 June – November 23 (6 months)	Social Care, Safeguarding and Health	02/06/23			
430	Rachel Lewis	Monmouthshire's Green Wedge Review	£5k	Communities and Place	06/06/23	Yes	08/06/23	CPR 5 b) IV

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date Issued	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
431	Marianne Fisher	Cooking sessions at schools	£1.2k	Communities and Place	09/06/2023	Yes	09/10/23	CPR 5 b) II
432	Debbie Jackson	Replacement Meals on Wheels vehicle	£21k	Communities and Place	12/07/23	Yes	19/07/23	CPR 5 b) II
433	Rachel Lewis	Carbon Trust	up to £58k	Communities and Place	17/07/23	Yes	21/08/23	CPR 5 b) IV
434	Rachel Lewis	Habitats Regulations Assessment to inform the Deposit RLDP	£55k	Communities and Place	04/08/23	Yes	16/08/23	CPR 5 b) IV
435	Rachel Lewis	Retail Study updates	£15k	Communities and Place	04/08/2023	Yes	05/10/23	CPR 5 b) IV
436	Hywel Price	Wye Bridge	£290k	Communities and Place	11/08/2023	n/a	n/a	Cancelled - no longer required.
437	Sally Thomas	Wellbeing services	£50	People, Performance and Wellbeing	11/08/23	Yes	04/09/23	CPR 5 b) III
438	Rachel Lewis	RDLP Work	£33,840	Communities and Place	17/08/23	Yes	18/08/23	CPR 5 b) IV
439	Rachel Lewis	Strategic Transport Assessment (RDLP Work)	£11.5k	Communities and Place	30/08/2023	Yes	05/10/23	CPR 5 b) II
440	Chris Price	Mini Paver		Communities and Place	26/09/23			Awaiting decision on authorisation of expenditure



**SUBJECT: INTERNAL AUDIT
Progress Report for Quarter 2 (2023/24)**

**DIRECTORATE: Resources
MEETING: Governance & Audit Committee
DATE: October 2023
DIVISION/WARDS AFFECTED: All**

1. PURPOSE

To consider the adequacy of the internal control environment within the Council based on the outcomes of audit reviews and subsequent opinions issued to the 30th September 2023.

To consider the performance of the Internal Audit Section over the first 6 months of the current financial year.

2. RECOMMENDATION(S)

That the Committee consider and note the audit opinions issued.

That the Committee note the progress made by the Section towards meeting the 2023/24 Operational Audit Plan and the Section's performance indicators at the 6 month stage of the financial year which are currently ahead of the profiled target.

3. KEY ISSUES

3.1 Audit work has started in line with the 2023/24 agreed audit plan, considered and approved by the Governance & Audit Committee in July 2023.

3.2 This report gives brief details of the work undertaken in the year to date. The report also gives details of the Section's performance indicators for the 6 months to 30th September 2023.

3.3 The Public Sector Internal Audit Standards came into force in April 2013 (updated March 2017) which the Internal Audit team needs to demonstrate compliance with.

3.4 The year end opinion for 2023/24 will be based on the audit work undertaken during the year, cumulative audit knowledge from previous years on key financial systems along with any assurance gained from other parties where relevant.

3.5 As agreed during the Governance & Audit Committee on 29th June 2023, the opinions used by the Internal Audit team during 2023/24 (and beyond) have been revised to those recommended by CIPFA for use across the public sector. A copy of the opinions and risk ratings in use from 01st April 2023 can be seen in Appendix 2 of this report.

4. REASONS

4.1 Since the start of the financial year, the Internal Audit Section has completed 23 audit jobs to draft stage from its 2023/24 Operational Audit Plan; 15 of these being opinion related and are shown in the table at Appendix 1.

4.2 The following changes to the composition of the Internal Audit team occurred during Quarter 2 of the financial year.

- Following a successful recruitment exercise, a new Senior Auditor joined the team midway through the quarter (August).
- An external Internal Audit company (SWAP) have been engaged by the Council to conduct a small number of reviews (4). This has been funded from the vacancy savings arising from the vacant Chief Internal Auditor post and the 5 months vacancy period for the Senior Auditor post. As of 30/09/23, 2 of these reviews have commenced, however, due to the Councils budget situation the budget set aside to cover the other 2 reviews may need to be offered as a saving. The Acting Chief Internal Auditor is comfortable with this proposal and does not feel it will impact on his ability to issue an overall year-end opinion as sufficient coverage will be maintained.
- The Audit Manager continues to fulfil the vacant role of the Chief Internal Auditor / Head of Internal Audit while consideration is given to the long-term vision of the service and possible wider collaboration. This arrangement will likely continue for the whole financial year.

4.3 Two 'unfavourable' audit opinions have been issued during Quarter 2.

- Chepstow School – Limited Assurance
- Pupil Development Grant (PDG) – Qualified

4.4 The details and individual weaknesses of why the audit of Chepstow School was considered to be 'Limited Assurance' are included within Appendix 4.

It is important to note that it was the Headteacher of Chepstow School who contacted the Audit Manager during the summer term of 2023 with concerns they had regarding some of the financial practices at the school and requested that an audit review be undertaken. The Headteacher had only been in post since September 2022, firstly in an acting capacity before being made permanent in March 2023 and has been fully engaged with the audit process.

A follow-up review for this School will be included within the 2024/25 Internal Audit Plan.

- 4.5 With regards to the 'qualified' opinion issued for the Pupil Development Grant, the reason for this was the lack of a response to requests for information from the sampled Schools.

Testing was completed in accordance with the schedule provided to Internal Audit by Torfaen County Borough Council (the lead banker for the EAS region).

Two schools who were contacted for PDG grant information refused to provide the required documentation stating that the Headteacher was working under the ongoing Action Short of Strike (ASOS). Further detail regarding this is included within Section 5 of this report. We disagree with this approach from the National Association of Headteachers as it has impacted on the statutory work completed by the Internal Audit department in accordance with the Accounts and Audit (Wales) Regulations 2014. This increases the risk of ineligible expenditure or a lack of compliance with Contract Procedure Rules which could result in the clawback of grant funding by Welsh Government. The risk of theft, fraud or misappropriation of grant monies going undetected is also increased. In addition, 1 other School (not citing ASOS) failed to provide the requested information within the deadlines provided.

- 4.6 Work has been undertaken on the progress of the implementation of Internal Audit Recommendations from previously issued audit reports along with the provision of financial advice across directorates. During Quarter 2, the Internal Audit team have been working with the Digital Design & Innovation team to develop a 'Recommendation Tracker' application to allow operational managers and responsible officers to report when their agreed management actions have been completed and to highlight those which are overdue. It was planned that user acceptance testing of this new system would begin in Quarter 2, however, due to issues with the software this has not yet been possible. This is currently being worked through by the Digital Team with a view to rolling out the package to all managers as soon as possible. Progress on this and the implementation of recommendations will be reported to the Governance and Audit Committee and the Strategic Leadership Team (SLT) later in the year for consideration and timely action.
- 4.7 Other audit work in line with the plan has started and site visits have been undertaken to a number of establishments. At the end of Quarter 2, 56% of the agreed audit plan has been deemed as being started or in progress.

- 4.8 Where reports had been issued in draft, but not finalised, by the 31st March 2023, work has continued during Quarter 2 to finalise these. As of the 30th September 2023, it is pleasing to note that all have now been successfully finalised. This includes the 2 audit reviews where the Headteachers were previously refusing to engage with Internal Audit following advice from the National Union of Headteachers (NAHT) in relation to their 'Action Short of Strike'. Further information regarding the impact of ASOS is included within section 5 of this report.
- 4.9 One special investigation which commenced during Quarter 1 was finalised during Quarter 2. The matter was dealt with in accordance with the Council's Disciplinary Policy, whereby there was an investigation into the facts undertaken by an Investigating Officer. In this instance it was an externally nominated Investigating Officer. In consideration of the findings of the independent investigation report, the evidence and statements within, the Nominated Officer held a meeting under the Council's disciplinary procedure. The outcome is confidential.
- 4.10 One unplanned review commenced during Quarter 1. This was a review of all the till floats issued across the Council to ensure that the amounts held on each site balanced to the official records held on the Financial Management System / Internal Audit. This is currently on-going.
- 4.11 Appendix 3 of the report gives details of the Section's performance indicators as at the 30th September 2023.
- 4.12 36% of the 2023/24 Audit Plan has been completed as at 30th September 2023. This is ahead of target (30%) and better than the previous year's performance (28%).
- 4.13 The team co-ordinates the administration of the National Fraud Initiative (NFI) data sets on behalf of the Council. Work has continued during Quarter 2 reviewing the data matches returned by the Cabinet Office in early 2023. A draft memo was issued to the Deputy Chief Executive / Chief Officer Resources in August 2023 which stated that **Reasonable Assurance** was gained from our work in reviewing the published NFI matches.

5. ACTION SHORT OF STRIKE AT SCHOOLS

- 5.1 The Audit Manager, acting on behalf of the Welsh Chief Auditors Group, along with the Deputy Chief Executive / Chief Officer Resources and Chief Officer Children & Young People met with representatives from the NAHT between July and September 2023 to highlight the statutory basis of Internal Audit and the value which the service offers to the Council / each School. The NAHT have since agreed that they will no longer advise members not to engage with Internal Audit requests in relation to 'School Audit' visits.

- 5.2 However, the same cannot be said for other audit reviews which are included within the 2023/24 annual audit plan. A small number of reviews will require documentation and/or explanations from Schools, examples of these reviews are grant audits (RSIG / PDG) which are required to be completed as part of the grant terms & conditions, or cross-cutting reviews (such as Additional Learning Needs). In these instances, the NAHT have said they will continue to advise members not to engage with Internal Audit.
- 5.3 The Audit Manager has reminded the NAHT that Internal Audit is a statutory function under the Accounts and Audit (Wales) Regulations (Part 3, Regulation 7). These regulations require all officers of the Council (including Headteachers) to 'make available such documents of the body which relate to its accounting and other records as appear to that body to be necessary for the purpose of the audit; and supply the body with such information and explanation as that body considers necessary for that purpose'.
- 5.4 The audit team will continue to make requests from Schools and will report back to the Committee accordingly of those Schools who refuse to engage.

6. SERVICE MANAGEMENT RESPONSIBILITIES

- 6.1 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.
- 6.2 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.

7. FOLLOW UP AUDIT REVIEWS

- 7.1 Where 'unfavourable' (Limited Assurance / No Assurance) audit opinions are issued, they are followed up within a twelve month timescale to ensure that the agreed actions have been taken by management and that the internal control systems are improved.
- 7.2 During Quarter 2, the Internal Audit team have continued to follow-up reviews where an unfavourable audit opinion had been issued. Currently the Internal Audit team have 1 follow-up review which is outstanding at the end of Quarter 2.

7.3 During 2019/20, 8 reports were issued with a **Limited** opinion. 6 of these have previously been reported to the Governance & Audit Committee and follow-up reviews have indicated an improvement to the overall control environment.

Year	Assignment	Opinion	Revised Opinion/ Status	Date Issued
2019/20	Castle Park Primary School	Limited	Substantial	Final Issued September 2023
	Tintern Old Station	Limited	Reasonable	Draft Issued September 2023

7.4 During Quarter 2, the review at Castle Park Primary School was finalised with an improved opinion of Substantial Assurance.

7.5 The follow-up review of Tintern Old Station commenced in late June 2023 and a draft report was issued in September 2023 with an improved opinion of Reasonable Assurance. This report is in the process of being finalised.

7.6 Of the 20 opinions issued in 2022/23, 1 **Limited** opinion was issued. The details of why this was considered to be unfavourable was reported to the June 2023 meeting of the Governance & Audit Committee. A follow-up review for this School is planned during the latter part of the 2023/24 financial year.

Year	Assignment	Opinion	Revised Opinion/ Status	Date Issued
2022/23	Our Lady and St Michael's R.C. School	Limited	Q3/4 2023/24	Final issued May 2023

8. RESOURCE IMPLICATIONS

None.

9. CONSULTEES

Deputy Chief Executive / Chief Officer Resources

Results of Consultation:

N/A

10. BACKGROUND PAPERS

Operational Audit Plan 2023/24

11. AUTHORS AND CONTACT DETAILS

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AUDIT COMMITTEE OCTOBER 2023

INTERNAL AUDIT SECTION PROGRESS REPORT 2023/24 – 6 MONTHS

APPENDIX 1

Internal Audit reviews from the 2023/24 Draft Operational Audit Plan where fieldwork has been completed and/or final reports issued since 01/04/23 are listed in the table below.

Internal Control Opinions give the auditor's overall conclusion on the control environment operating in each system/establishment under review. Opinions range from Substantial Assurance through to No Assurance (Appendix 2).

Draft issued indicates that a draft report has been issued and a response is awaited from the client before the report can be finalised.

Status of reports as at 30th September 2023

Internal Audit Services - Management Information for 2023/24 – Quarter 2

Opinion Summary	Number
Substantial Assurance	5
Reasonable Assurance	6
Limited Assurance	1
No Assurance	0
Unqualified	2
Qualified	1
Total	15

Job number	Directorate	Service	Job Name	Risk Rating / Priority	Final / Draft	Opinion given
P2324-01	Resources	Finance - Corporate Accountancy	Insurances	High	Draft	Substantial
P2324-03	Resources	Finance - Revenues, Systems & Exchequer	Creditor Payments (2022/23)	Medium	Draft	Substantial
P2324-34	Social Care, Health & Safeguarding	Social Services Finance	Appointeeships & Deputyships (2022/23)	Medium	Final	Substantial
P2324-40	Communities & Place	Placemaking, Housing, Highways and Flood	Planning Applications (2022/23)	Medium	Final	Substantial
P2324-43	Communities & Place	Neighbourhood Services	Winter Maintenance (2022/23)	Medium	Final	Substantial

AUDIT COMMITTEE OCTOBER 2023

**INTERNAL AUDIT SECTION PROGRESS REPORT
2023/24 – 6 MONTHS**

Job number	Directorate	Service	Job Name	Risk Rating / Priority	Final / Draft	Opinion given
P2324-07	Resources	Finance - Revenues, Systems & Exchequer	Revenues Shared Service (2022/23)	Medium	Final	Reasonable
P2324-12	People & Governance	Electoral Registration	Electoral Registration	High	Draft	Reasonable
P2324-19	Children & Young People	Primary Schools	Archbishop Rowan Williams Church in Wales Primary	Medium	Draft	Reasonable
P2324-48	Mon Life	Heritage	Old Station, Tintern (Follow-up)	High	Draft	Reasonable
P2324-57	Corporate	Corporate	National Fraud Initiative (NFI)	Medium	Draft	Reasonable
P2324-59	Corporate	Corporate	Partnership Assurance (2022/23)	Medium	Final	Reasonable
P2324-25	Children & Young People	Secondary Schools	Chepstow School	Medium	Draft	Limited
P2324-17	Children & Young People	Finance & Support Services	School Improvement Grant	Medium	Draft	Unqualified
P2324-42	Communities & Place	Enterprise and Community Animation	Housing Support Grant	Medium	Draft	Unqualified
P2324-18	Children & Young People	Finance & Support Services	Pupil Development Grant	Medium	Draft	Qualified

AUDIT COMMITTEE OCTOBER 2023

**INTERNAL AUDIT SECTION PROGRESS REPORT
2023/24 – 6 MONTHS**

Non – opinion / Added Value Audit Work

Job number	Directorate	Service	Job Name
P2324-09	Resources	Resources General	Audit Advice
P2324-13	People & Governance	People & Governance General	Audit Advice
P2324-27	Children & Young People	CYP General	Audit Advice
P2324-37	Social Care, Health & Safeguarding	SCH & Safeguarding General	Audit Advice
P2324-45	Communities & Place	Communities & Place General	Audit Advice
P2324-51	Mon Life	Mon Life General	Audit Advice
P2324-54	Chief Executive's	Chief Executives General	Audit Advice
P2324-61	Corporate	Corporate General	Audit Advice

AUDIT COMMITTEE OCTOBER 2023

INTERNAL AUDIT SECTION PROGRESS REPORT 2023/24 – 6 MONTHS

APPENDIX 2

Internal Audit Opinions

Each report contains an opinion which is an overall assessment of the control environment reviewed.

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.

For grant claim audits:

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.

AUDIT COMMITTEE OCTOBER 2023

INTERNAL AUDIT SECTION PROGRESS REPORT 2023/24 – 6 MONTHS

APPENDIX 3

Performance Indicators

N / A – not available

	2022/23	Q1	Q2	Q3	Q4	Target
1	Percentage of planned audits completed	11%	28%	52%	72%	80% pa
2	Average no. of days from audit closing meeting to issue of a draft report	14 days	5 days	4 days	4.4 days	15 days
3	Average no. of days from receipt of response to draft report to issue of the final report	30 days	17 days	8 days	8.5 days	10 days
4	Percentage of recommendations made that were accepted by the clients	90%	100%	100%	100%	95%
5	Percentage of clients at least 'satisfied' by audit process	N/A	N/A	N/A	100%	95%
6	Percentage of directly chargeable time (actual v planned)	68%	67%	66%	73%	60%
7	Number of special investigations	0	0	0	0	

	2023/24	Q1	Q2	Q3	Q4	Target
1	Percentage of planned audits completed	15%	36%			30% in Q2 80% pa
2	Average no. of days from audit closing meeting to issue of a draft report	2	4			15 days
3	Average no. of days from receipt of response to draft report to issue of the final report	N/A	4.2			10 days
4	Percentage of recommendations made that were accepted by the clients	N/A	100%			95%
5	Percentage of clients at least 'satisfied' by audit process	N/A	100%			95%
6	Percentage of directly chargeable time (actual v planned)	67%	Tbc			60%
7	Number of special investigations	1	0			

AUDIT COMMITTEE OCTOBER 2023

INTERNAL AUDIT SECTION PROGRESS REPORT 2023/24 – 6 MONTHS

APPENDIX 4

SUMMARY OF WEAKNESSES – CHEPSTOW SCHOOL (2023/24)

The tables below summarise the individual weaknesses identified during the review of Chepstow School which was issued with a Limited Assurance audit opinion.

RISK RATING	DESCRIPTION	TOTAL IDENTIFIED
CRITICAL	Major or unacceptable risk which requires immediate action.	1
SIGNIFICANT	Important risk that requires attention as soon as possible.	23
MODERATE	Risk partially mitigated but should still be addressed.	15
STRENGTH	No risk. Sound operational controls and processes confirmed.	30

Ref.	CRITICAL
2.05	The school were in a budget deficit position and did not have an approved budget for the 2023/24 financial year. The proposed budget included projections and assumptions which were found to be incorrect.

Ref.	SIGNIFICANT
1.04	Invoices for goods and services were raised with incorrect VAT information quoted and VAT received was sometimes treated as income.
1.05	Items were sold without appropriate approval. No written agreements were in place for the sale of goods.
1.06	There was a lack of independent approval of the staff free meals rota and entitlement. There was no reconciliation between staff meal costs and the rota
1.07	The code to the key safe was not regularly changed and a keyholder list was not in place.
1.08	The school did not have a lettings policy. There was no evidence that the Governing Body had approved the lettings fees & charges.
2.06	The Governing Body had not established and minuted an agreed spend and virement limit for the Headteacher.
3.04	The school was issuing contracts of employment in their own name in addition to those issued by the Council.
3.05	For the sample tested, records of additional hours worked were not supported by employees' timesheets.
3.06	Driver checks for staff driving school / LEA owned vehicles or their own vehicles on School business were not undertaken in line with MCC policy.

AUDIT COMMITTEE OCTOBER 2023

INTERNAL AUDIT SECTION PROGRESS REPORT 2023/24 – 6 MONTHS

Ref.	SIGNIFICANT
	Minibus Driver Awareness Scheme (MiDAS) training certificates records were incomplete and no MiDAS training or refreshers were evidenced.
4.06	Procurement procedures as per Financial Instructions for Schools were not consistently followed. There was a lack of effective contract monitoring in some cases. The school may be owed for cleaning hours invoiced but not delivered.
4.07	Purchase Orders were not consistently raised in advance of spend.
4.08	Staff were making significant purchases using the schools imprest account. Staff were gaining personal benefits via loyalty cards on purchases made on behalf of the School.
4.09	There was inappropriate expenditure on the schools Procurement Card.
4.10	The school's Procurement Card had been shared between members of staff.
5.02	A complete inventory register was not maintained.
5.03	IT equipment loaned to members of staff was not documented.
6.05	Cheque signatory arrangements for the School Private Fund were inadequate.
6.06	The School Private Fund was used to make payments relevant to official school budget expenditure. Income due to the Authority was incorrectly banked into the Private Fund.
6.07	The School Private Fund had a credit card facility which was not in accordance with the School Private Fund Regulations. There was no evidence to support that this account had been closed.
6.08	Audited School Private Fund accounts were not being presented to the Governing Body.
7.04	The school did not hold a complete set of business interests forms for Governors, the Headteacher or for any other staff who may influence financial decisions.
8.02	Daily vehicle (minibus) fault checks were not always evidenced and where a problem was noted, no follow-up action was recorded.
9.07	For the sample reviewed, HR files did not consistently include evidence of all safer recruitment checks.

Ref.	MODERATE
1.09	Agreements for the hire of the school were not always fully completed.
1.10	Cash relating to a charity collection had not been banked as at time of the audit visit.
1.11	Duplicate receipts were not used to record income.

AUDIT COMMITTEE OCTOBER 2023

INTERNAL AUDIT SECTION PROGRESS REPORT 2023/24 – 6 MONTHS

Ref.	MODERATE
1.12	The school did not use the central Sundry Debtors service. A record of invoices raised and aged debt reports were not maintained.
2.07	The School Development Plan and the Child Protection and Safeguarding Policy was not published on the school's website.
2.08	In one case late submission of a payroll amendment form for a change in hours resulted in an overpayment.
3.07	For the sample tested, return to work forms were not completed in full and in some cases, there was no indication that absence triggers were reviewed and acted upon.
4.11	A number of long outstanding purchase orders were still open on system.
4.12	Imprest signatory information was not updated to take account of recent leavers.
6.09	There was a lack of detail within the School Private Fund cashbook to provide a clear link to the original transaction.
6.10	The reconciliation of the Private Fund bank account was secondarily checked by someone who was also a cheque signatory and held both a debit and credit card for the account.
7.05	School record keeping did not clearly show whether statutory policies were adopted or were reviewed periodically by the Governing Body in line with Welsh Government guidelines.
8.03	School minibuses were occasionally used for personal use by staff.
9.08	Training records showed that volunteers and catering staff (Aramark) had not received safeguarding level 1 training.
9.09	For the sample tested, trips were not approved in accordance with timescales set out in the MCC Educational Visits policy.

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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

- Review the financial statements prepared by the authority
- To receive and approve the Council's Annual Statement of Accounts in accordance with the Accounts and Audit Regulations

	29 June 23	27 July 23	20 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							✓	
Financial Strategy Head of Finance – Jon Davies					✓			

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	20 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 & Date Subject Access Request (DSARs) Head of Information Security & Technology – Sian Hayward	✓					✓		
Draft Self Assessment Report Performance & Data Insight Manager – Richard Jones			✓ Draft					
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 update 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					✓			✓
Asset Management Strategy Development Manager - Nick Keyse					✓			

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	20 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							✓	
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Oversee the authority's internal audit arrangements

	29 June 23	27 July 23	20 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		✓		✓			✓	
CPR Exemptions upto 30 th September 2023 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	20 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				✓				
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			✓					
Audit Wales Performance Data Review – Audit Wales – Charlotte Owen					Estimated ✓			
Audit Wales Digital Review Audit Wales – Charlotte Owen					✓			
Audit Wales Work Programme and timetable Quarter 1 update Audit Wales				✓				

Public Document Pack Agenda Item 13

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Governance and Audit Committee held
at County Hall, The Rhadyr, Usk, NP15 1GA on Wednesday, 20th September, 2023 at
2.00 pm

PRESENT: Andrew Blackmore (Chairman)
County Councillor Tony Easson (Vice Chairman)

Lay Members: C. Prosser, M. Veale, R. Guest,

County Councillor: Ben Callard, John Crook, Tony Easson,
Malcolm Lane, Phil Murphy, Peter Strong and Ann Webb

OFFICERS IN ATTENDANCE:

Peter Davies	Deputy Chief Executive and Chief Officer, Resources
Jan Furtek	Audit Manager
Wendy Barnard	Democratic Services Officer
Richard Jones	Performance and Data Insight Manager
Hannah Carter	Graduate Performance Analyst
Daniel Francis	Accountant
Matthew Gatehouse	Chief Officer People, Performance and Partnerships.

APOLOGIES:

County Councillor David Jones

1. Declarations of Interest.

No declarations of interest were made.

2. Public Open Forum.

No members of the public were present.

3. To note the action list from the previous meeting.

The action list from the previous meeting was noted.

1. **Key Collaborations and Partnerships:** Update on the agenda for today's meeting. [CLOSED]
2. **Finance Team capacity:** Update on the agenda for today's meeting. [ONGOING]
3. **Audit Wales Work Programme - Council progress:**
 - a) **People Strategy and Asset Management Plan to be reported on separately in future.** Add to forward workplan for November [ONGOING]
 - b) **Social enterprise (slippage of nearly a decade Wales-wide):** A written response to the question was circulated to Committee Members. [CLOSED]

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4. **Whole Authority Complaints Report:** A weighting system to be considered for future reports. [ONGOING]
5. **Strategic Risk Register:** Refine the structure and contents of this paper so that it is more fully aligned to the responsibilities of the Committee – November 2023 [ONGOING]
6. **Torfaen Internal Audit (SRS): How best to ensure that the Committee continued to have visibility over relevant matters pertaining to the Shared Resource Service.** This item was considered as part of deliberations on report on key collaborations and partnerships: Update report on agenda today. [CLOSED]
7. **Freedom of Information, Data Protection, and Data Subject Access Requests:**
 - a) **Report of mandatory training completion rates broken down by service area:** It was agreed that the mandatory training rates were disappointing. An update was provided that the introduction of Thingi will better identify training required and completion rates; and will offer e-learning options. [CLOSED]
 - b) **Information was requested on the governance arrangements for the policies as the Committee has not received any policies for review and endorsement:** The Deputy Chief Executive will raise issues a) and b) with the Head of Information Technology and Security [ONGOING]
 - c) **Deputy Chief Executive to consider the corporate risk control policies (extending beyond IT and data protection) that the Committee should periodically review and recommend for approval across the authority:** A response will be prepared for the next meeting. [ONGOING]
8. **IA Annual Report: Tintern Old Station: CIA to check if card payments are accepted.** It was confirmed that card/cash payments are accepted. [CLOSED]
9. **Draft Operational Plan:**
 - a) **Committee requested to be consulted on proposed delivery models:** The Deputy Chief Executive provided an update on early discussions on options including regional collaboration, Gwent-wide collaboration or strengthen existing team. More information on options to be provided as available. [ONGOING]
 - b) **Update on Internal Audit Team capacity** [ONGOING]
10. Draft Annual Governance Statement
 - a) **Identify potential misconduct - Liaise with HR if there are any instances/examples:** The Chief Internal Auditor had liaised with HR and it was confirmed that there were no instances of potential staff misconduct due to theft, fraud, misappropriation corruption or bribery so no additions are necessary. [CLOSED]
 - b) **Consider adding observations from Committee Annual Report to Annual Governance Statement:** This will be completed when the final statement is presented to the Committee. [CLOSED]

4. Audit Wales: Well-Being Objective Setting.

The Audit Wales Officer presented the report on Monmouthshire's Well-being Objective Setting Examination. The Performance and Data Insight Manager presented the organisation's response. Members of the Committee were invited to comment and ask questions:

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- Noting this is a national programme of work, a Member suggested that some authorities have performed better in terms of citizen involvement. It was explained that Monmouthshire's performance is slightly above average, and the areas identified to strengthen are similar across many authorities. It is agreed that there is more work to do in this respect but there are no major concerns.
- A Member asked for clarification of the word "diversity" in terms of citizen involvement and was informed that this could include targeting harder to reach groups that would not normally interact with the Council, also non-service users. Authorities can tend to use established consultation groups and should consider looking wider.
- It was confirmed that progress against actions identified by Audit Wales will be reported back to the Committee in the regular progress report.

5. 2022/23 Monmouthshire County Council Statement of Accounts.

The Deputy Chief Executive and Finance Business Officer presented the draft Monmouthshire County Council Statement of Accounts 2022/23 and sought feedback and comments from the Committee. The Audit Wales Officer confirmed the accounts were received on 19th July 2023, past the deadline but in line of when officers had advised. It was reported that progress is delayed due to Audit Wales resource issues and the final accounts and ISA260 are unlikely to be ready by the November meeting. Progress will be reviewed at the next meeting.

- A Member, referred to the pensions liability (noting the main driver for the change in the total worth being a significant re-measurement of the net future pension liabilities of £202.6m) asked for more information. The Deputy Chief Executive explained that the pension fund deficit is similar to many other authorities. Triennial valuations of the fund by the Actuary are in progress combined with consideration of employers increasing employee and employer contributions to arrest the position. The results of the latest actuarial valuation presented a more positive position in terms of its assessment of liabilities due to a material change in the discount rate, inflation factors, how long people are living into retirement etc leading to a restructuring of pension scheme liabilities. It is a positive that there is a flattening of employer contributions going forward over the next few years as the Actuary is more comfortable that the pension fund is working towards a point of being fully funded.

The changes in the 2022/23 accounts are because of the valuation undertaken in March 2020 working its way through.

The Member suggested that the information provided could be expanded upon to provide reassurance to the reader. It was suggested that Officers consider this point outside the meeting.

A Member commented that it would be a "hard sell" to increase contribution rates when 0.5% change to a discount rate makes a £200m difference in the fund. The Deputy Chief Executive confirmed that the discount rate is determined by the Actuary based on evidence. It was agreed to provide a fuller explanation to put into context what the change in liabilities means for the Council.

The Chair referred to table 14.2, (pension stakeholders broken down between active, deferred and pensioners) and queried the average age being 52, and sought confirmation about the high average age of active members who are employees making contributions. Is there an issue with an older workforce who could retire in significant numbers in future. The Deputy Chief Executive confirmed that active members tend to

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be older age. There is a national drive of auto enrolment to encourage employees to make pension contributions through their careers rather than later on.

The Chair, on behalf of the Committee conveyed thanks to all the Officers involved in the completion of the Statement of Accounts, appreciating the amount of work involved.

As in the report recommendations, the Governance & Audit Committee:

1. Reviewed the 2022/23 draft Statement of Accounts and highlighted any queries and comments; and
2. Noted that following the completion of the external audit process, the audited Statement of accounts for 2022/23, alongside the outcome of the external audit process, will be presented to this Committee.

6. Draft Self Assessment Report.

The Performance and Data Insight Manager and Performance Analyst presented the Draft Self-Assessment Report. Following the slide presentation, Members were invited to ask questions:

- A Member liked the balanced and realistic approach and welcomed consideration of a resident friendly version. The Member added that there should be consistency in use of comparators providing the example of play provision. It was commented that the graphs required greater detail to improve the helpfulness of the data to note trends etc. The Member asked if the enabling work processes can deliver the future outcomes for self-assessment.

The Performance and Data Insight Manager agreed that comparators should be consistent, and the graphs should clearly show impact. The report will be amended accordingly. It was added that a performance dashboard is in place that contains all the measures for the corporate and community plan to enable the identification of trends, performance against targets etc. This is available internally currently and all Governance and Audit Committee Members will have access via a link as required. The intention in the future is to extend access to residents.

- A Member also highlighted the apparent inconsistency in the instances where percentages regarding volunteering are references in the report. An explanation of Universal Free School Meals/Free School Meals was requested and why this number is rising exponentially. Regarding Objective: Green Place to Live, it was suggested that honesty is needed about the likelihood of meeting targets. Similarly in the Objective: A Safe Place to Live in respect of homelessness, whilst appreciating the significant financial pressures, the need to be more specific around statutory targets set by Welsh Government and including this aspect in budgets. With concern, the Member drew attention to the Objective: A Learning Place where attendance is 88% (80% for free school meals pupils). The Performance and Data Insight Manager acknowledged the point about consistency regarding volunteering and an amendment will be made. It was explained that universal free school meals are not necessarily those who are eligible for free school meals. In respect of Green Place to Live and Safe Place to Live, the conclusions in the report will be used to inform future plans and will include more focus on impact as that approach develops. The attendance figures highlight that challenge for the authority.

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- The Chair thanked the team for their work noting that the approach demonstrated a robust and balanced approach taken resulting in a comprehensive, well-produced and meaningful report to drive future performance.
- In terms of action points, the Officer confirmed that actions will be reported through the Committee's Work Programme. Progress will be monitored by services during the year in service business plans and will be reported back to Committee in next year's self-assessment report. It was requested that any material issues in achieving the actions should be reported back outside of the annual self-assessment report.
- In response to a query about external panel review, it was confirmed that this is part of the Local Government and Elections Act 2021 regulations requiring an independent peer review once in an electoral cycle to assess performance more thoroughly. This will be scheduled within the performance cycle to maximise the benefit from self-assessment reports. The Committee will be informed when the review is taking place.
- It was confirmed that the Senior Leadership Team and other officers have been involved in the processes leading to production of the report.
- In response to a question, it was explained that the audit tracker is not yet live due to some system bugs and is currently with the Digital Team for resolution before moving to testing.

As in the report recommendations, the committee reviewed the draft self-assessment report 2022/23 and made recommendations for changes to the conclusions or actions prior to the report being considered by Council.

7. Verbal Update on the Finance Team Capacity.

The Deputy Chief Executive explained that the Head of Finance is engaged in assessing capacity with a view to propose fit for purpose arrangements within the current financial challenges. A further update was deferred until the next meeting.

8. Key Partnerships and Collaborations.

The Chief Internal Auditor (CIA) presented a report on the Audit of Monmouthshire County Council's Key Partnerships and Collaborations. The Chief Officer People, Performance and Partnerships welcomed the report, its review process, and recommendations. Committee Members were invited to ask questions:

- A Member referred to previous unsuccessful collaborations and if there are any collaborations of current concern. It was responded that part of the exercise has allowed clear criteria and guidance to identify partnerships of concern.
- A Member, referring to the audit opinion of reasonable assurance, asked for a breakdown of the number of staff engaged in partnerships, the cost and the Authority's financial input against the original and current purpose of the partnership and the Authority's level of involvement. The Chief Officer People, Performance and Partnerships explained that there is an Officer Governance Working Group to test out these points and identify good practice in all aspects. The information will become

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available on the Intranet site which will highlight exposure to risks, risks of non-delivery and financial commitment with the caveat of commercial sensitivity.

- Referring to the clear audit governance arrangements for Cardiff City Deal and SRS, a Member asked if there are similarly robust governance arrangements for other partnerships. It was responded that governance arrangements for other partnerships can be at a lower level e.g. joint agreement with Newport City Council on data sharing attracting a proportionally lighter touch. There is no room for complacency and the guidance from this work will be used to help identify risks and ensure that governance arrangements are applied appropriate to the scale of the partnership.
- A Member asked why only one of the two tables included recommendations and agreed management action. The CIA explained that anything Critical is rated Red, and anything Significant is rated Amber; both require a recommendation to be issued and agreed management action. Anything deemed as Moderate, Management is asked to note the issue and to put controls in place to resolve.

As per the report recommendations, That the Committee notes the audit opinion and findings from the Partnership and Collaboration Arrangements Internal Audit Review.

The Chair requested that an agenda item is scheduled in March/April to review Management's response to this report in terms of output.

9. Forward Work Plan.

The Forward Work Plan was noted.

10. To approve minutes of the previous meeting.

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

11. To confirm the date of the next meeting as 19th October 2023.

Meeting ended at 4.00 pm