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Neuadd y Sir
Y Rhadyr
Brynbuga
NP15 1GA

Dydd Gwener, 19 Ebrill 2024

Hysbysiad a gyfarfod

Pwyllgor Llywodraethu ac Awdit

Dydd Llun, 29ain Ebrill, 2024 at 2.00 pm,
Neuadd Y Sir, Y Rhadyr, Brynbuga, NP15 1GA

Nodwch y cynhelir rhag gyfarfod 30 munud cyn dechrau'r cyfarfod ar gyfer aelodau'r pwyllgor a swyddogion Archwilio Cymru

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 ddibynnol 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

MONMOUTHSHIRE COUNTY COUNCIL
CYNGOR SIR FYNWY

THE CONSTITUTION OF THE COMMITTEE IS AS FOLLOWS:

Andrew Blackmore	<i>Lay Member</i>	
Colin Prosser	<i>Lay Member</i>	
Martin Veale	<i>Lay Member</i>	
Rhodri Guest	<i>Lay Member</i>	
County Councillor Sara Burch	<i>Cantref;</i>	<i>Labour and Co-Operative Party</i>
County Councillor John Crook	<i>Magor East with Undy;</i>	<i>Welsh Labour/Llafur Cymru</i>
County Councillor Tony Easson	<i>Dewstow;</i>	<i>Welsh Labour/Llafur Cymru</i>
County Councillor David Jones	<i>Crucorney;</i>	<i>Independent Group</i>
County Councillor Malcolm Lane	<i>Mardy;</i>	<i>Welsh Conservative Party</i>
County Councillor Phil Murphy	<i>Caerwent;</i>	<i>Welsh Conservative Party</i>
County Councillor Peter Strong	<i>Rogiet;</i>	<i>Welsh Labour/Llafur Cymru</i>
County Councillor Ann Webb	<i>St Arvans;</i>	<i>Welsh Conservative Party</i>

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Welsh Language

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

Aims and Values of Monmouthshire County Council

Our purpose

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

Objectives we are working towards

- Fair place to live where the effects of inequality and poverty have been reduced;
- Green place to live and work with reduced carbon emissions and making a positive contribution to addressing the climate and nature emergency;
- Thriving and ambitious place, where there are vibrant town centres and where businesses can grow and develop
- Safe place to live where people have a home where they feel secure in;
- Connected place where people feel part of a community and are valued;
- Learning place where everybody has the opportunity to reach their potential

Our Values

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

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

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

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

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

Monmouthshire Governance & Audit Committee Question/Consideration Guide

Role of the Pre-meeting

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

Potential Questions/Considerations for the Meeting

Internal Audit (IA)

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

Governance

1. Is there a codified and cohesive description of MCC's overall governance arrangements? Is it fit for purpose?
2. Is there clarity over the governance of the various oversight and scrutiny arrangements for (and effectiveness

External Audit (EA)

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

Budgeting/ Financial Risk/ Reserves

1. Is there a clearly defined, governed and checkpointed process and timetable for developing the Authority's budget?
2. Is there an appropriate suite of financial risk related policies? Are they suitable?
3. Are the key financial/ operational

<p>of) material partnerships and collaborations?</p> <ol style="list-style-type: none"> 3. Is there clarity over the apportionment of responsibilities and decision making authorities? 4. How are governance/ control breaches identified and reported? 5. Are we confident that the arrangements for material expenditure (tendering, contracting and capital procurement) are robust? 6. Do we have confidence in whistleblowing (and similar arrangements) for raising concerns? <p><u>Corporate Risks</u></p> <ol style="list-style-type: none"> 1. Have key accountabilities for the identification, assessment, monitoring and management of risks been adequately defined and implemented? 2. Has the approach to risk management been designed and implemented effectively? 3. How can the Committee be confident that the Corporate Risk Register captures all significant risks facing the Authority? 4. Are the risk mitigation action plans credible and sufficient so as to achieve the desired outcomes? 	<p>assumptions understood, credible, documented and stress tested?</p> <ol style="list-style-type: none"> 4. Does the Finance function have suitable capabilities and capacity to manage financial risk/ meet statutory requirements and obligations to the Council? 5. Do we have confidence that the budgetary process is likely to produce a plausible budget/ MTFP? 6. Are there suitable arrangements in place to manage and report on overall financial performance? <p><u>Financial Statements/ Misstatement Risk</u></p> <ol style="list-style-type: none"> 1. Is there a shared understanding as to the purpose of the Committee in reviewing draft financial statements? <ol style="list-style-type: none"> a. Are the Notes to the Accounts reasonable? b. Are the narrative reports, including the Annual Governance Statement reasonable and accord with the committee's view? 2. Are we comfortable with EA's work and audit opinion?
<p>Questions for the Committee to conclude...</p>	
<p>Do we have the necessary information to form conclusions/make recommendations/ escalate matters to the executive, council, relevant scrutiny committee?</p> <p>Do we need to follow up? If so, how?</p>	

Governance and Audit Committee Action List
11th January 2024

Action	Subject/ Meeting	Officer	Outcome	Due date	Action Status	Recommended to close Action Yes/No
1	Action List: Statement of Accounts 2021/22	Jon Daves	Finance Team capacity – update on progress/outcomes. Chair to have early sight of paper	March 2024 meeting	OPEN	No
2	Action List: Audit Wales Work programme: Council progress	Matthew Gatehouse/ Richard Jones/Hannah Carter	People Strategy	May 2024	a) OPEN	No
3	Freedom of Information, Data Protection and Data Subject Access Requests	Peter Davies	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.	April 2024	OPEN	No
4	MCC Statement of accounts/ISA260	Jon Davies	Update on the 3 ISA260 recommendations	July/Sept 2024	OPEN	No

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SUBJECT	Audit Wales Work Programme: Council Progress Update
MEETING:	Governance and Audit Committee
DATE:	29th April 2024
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 April 2024 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 studies to other committees for consideration where they identify there are findings of particular relevance to the council that need further scrutiny.

3. KEY ISSUES

- 3.1 Each year, Audit Wales produces an Audit Plan, which sets out the work they intend to undertake to discharge their duties, and this is presented to Governance and Audit Committee upon publication. The performance audit work programme set by Audit Wales focusses on discharging duties in relation to value for money and sustainable development:
- Value for money - The Council has to put in place arrangements to get value for money for the resources it uses.
 - Sustainable development principle - The Council needs to comply with the sustainable development principle when setting and taking steps to meet its 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 December 2023, previously shared with the committee, 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 recommendations to secure the improvements required.

5. RESOURCE IMPLICATIONS

Finance and any other resource implications of activity related to responses to the recommendations 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 2023/24
Audit Wales work programme and timetable update – quarter 3, December 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	<p>Councils across the UK are continuing to face significant financial challenges. It is widely acknowledged that local government funding has not kept pace with increased service demand and inflationary pressures. The Council has seen continuing financial headwinds which are severely impacting the service operating environment. The Inflationary drivers impacting pay and supplies and services continue to far outstrip available resources. These include demand led pressures in the areas of Homelessness, Social Care, Children’s additional learning needs, and Transport; a shortage of staff resources due to ongoing labour market challenges; supply chain issues which require more costly alternative or expedited arrangements; the continued cost of living crisis. This will be further exacerbated over the medium term by a weak growth forecast in the UK economy impacting on public sector spending, and by heightened interest rates that will impact housing costs as we move through the year. All the aforementioned results in a growing need for supportive Council services, a reduced demand for income generating services, increased risks around debt recovery, and a continued high-cost operating environment.</p>		
	<p>Cabinet published their budget setting process and timetable in November 2023. This highlighted an initial budget gap of £14.4m, which was made up of gross expenditure pressures of £22.7m or 10%, offset by modelled increases in funding of £8.3m or 4% of increased Welsh Government grant, Council tax and fees and charges for services. This is the second successive year that the Council has needed to tackle gross expenditure pressures of £20m+. Whilst the Council in the past has regularly dealt with financial challenges in the order of £5m - £10m in an annual planning cycle, the scale of the pressure for 2024/25 is challenging. This is paired with a challenging budget cycle for the 2023/24 financial year; this is being mitigated through a budget recovery action plan that is mitigating significant underlying service pressures and strengthened governance arrangements including the introduction of the Financial Management Board.</p>		
	<p>Despite setting a balanced budget for 2024/25, there remains some risk as a result of a dynamic financial situation. The key risks remaining to be assessed and managed in 2024/25 are: the deliverability of budget savings proposals; continued service demand pressures in children’s social services, additional learning needs provision and homelessness; late notification of grant funding streams being removed or reduced; the risk of pay awards being greater than modelled budget assumptions and not being fully funded by UK and Welsh Government; uncertainty around UK Government funding of increased employer pension contributions. Further work will be undertaken to develop the medium-term strategy and</p>		

	plan that will include an ongoing assessment of pressures, risks and modelling assumptions along with a clear plan and approach to address the budget shortfalls forecast.			
Planned actions	Desired Result	Action	Responsible Officer & Timescale	Progress so far
	A medium-term financial plan which is based on realistic evidence and planned scenarios to allow a structured and planned approach to service delivery in the medium term in line with community and corporate plan priorities.	Develop a Medium-Term Financial Plan that is based on realistic evidence and planned scenarios, to guide budget setting in line with agreed strategic objectives	Deputy Chief Executive June 2024	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 June. This will be accompanied by an outline Medium-Term Financial Plan that will be developed throughout coming months to inform the 2025/26 budget setting process and medium-term financial planning.
	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 2024/25 budget was approved by Council in February 2024. These proposals were developed in alignment with the development of a more robust Financial Strategy and Medium-Term Financial Plan, which will be presented to Council in June. 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	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:	Status	Open

	<ul style="list-style-type: none"> • takes account of longer-term trends that may affect service provision and the efficient use of assets and workforce. • sets out its intended outcomes over the short, medium and longer term. • takes account of how the strategies impact on the objectives of other organisations in the county and regionally. • takes account of the views and needs of staff, service users and partners. In doing so the Council should seek to understand how, where and when users want to access services post-COVID-19 and how that might influence future asset needs and workforce planning. • collaborates with public sector partners across Gwent to evaluate the potential benefits of developing a strategic long-term approach to a single public estate 			
	<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 June 2024	<p>The Community and Corporate Plan 2022-28 was approved by Council in April 2023. This sets out the six 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 and Asset Management Strategies have already been approved; the Financial Strategy will be presented to full Council in June. The others, including digital and people, will follow in June and be subject to decision at Cabinet.</p> <p>An Audit Wales review into the well-being objective setting process at</p>

				<p>Monmouthshire found that the council set its Well-being Objectives in accordance with the sustainable development 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>Ongoing</p>	<p>The Asset Management Strategy was approved by Council in January 2024. The Asset Management Strategy is supported by an Asset Management Plan which outlines the actions to be undertaken in accordance with the strategy, and is subject to annual review.</p> <p>Both the strategy and plan will consider any further opportunities for collaboration or partnership working. They establish the assessment criteria under which property performance will be assessed. The Asset Management Plan includes 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 value for money and best consideration is being achieved.</p>

		To review the People Strategy, including considering opportunities for collaboration and establishing mechanisms to evaluate delivery.	Chief Officer People, Performance and Partnerships June 2024	A refreshed People Strategy is currently being developed and will be subject to staff engagement in April before being presented to Cabinet in June. This will ensure that it is aligned with the Community and Corporate Plan. The strategy will consider opportunities for collaboration or partnership working. Mechanisms to evaluate the delivery of the 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 January 2025	Work in ongoing to replace the current asset management IT system. A project team has been created and specification finalised for the procurement of a new, more effective asset management system which will incorporate the Financial Asset Register. The new system will also provide efficiencies and improvements in health and safety compliance monitoring. Procurement and implementation of the new system has been delayed as a consequence of long-term staff sickness and capacity pressures, but recruitment to vacant support posts is ongoing to accelerate the implementation of the system (targeted January 2025).

Appendix 2

Audit Wales national studies published since last update

Report	Sustainable development? – making best use of brownfield land and empty buildings (January 2024)
Outline of the Review	<p>Sustainability is central to Welsh planning policy. With greater levels of demand being placed on natural resources, national and local government need to balance addressing demand with environmental protections to help reduce the impact of the climate crisis. This is challenging. Once developed, land is unlikely to ever be converted back to greenfield use and its loss can devastate natural habitats. For agricultural land, there is also an impact on food production and its associated employment. Consequently, the Welsh Government promotes the use of previously developed land (also known as brownfield) and repurposing of empty buildings, wherever possible. However, brownfield sites can be more difficult to remediate. When building on a brownfield site, there is likely to be a higher risk of barriers when compared to a greenfield site. Where sites are in former industrial areas contamination and potential remediation costs can make cost a barrier, even if the site is served by infrastructure, such as roads or utilities.</p> <p>This report examines how Welsh councils are supporting and encouraging repurposing and regeneration of vacant properties and brownfield sites into homes or for other uses. Audit Wales focus on the barriers facing councils and their partners, but also highlight opportunities to learn from elsewhere. The full report can be found here.</p>
Audit Wales Summary	<p>Audit Wales looked to answer the question ‘are local authorities doing all they can to support and encourage vacant, non-domestic properties and vacant brownfield sites being repurposed into homes or for other uses?’. They found that, despite notable amounts of brownfield developments being delivered by councils, regeneration could be increased significantly with a more systematic, interventionist, and collaborative approach. By drawing on successful approaches elsewhere and more focused planning, councils could be better equipped to overcome significant barriers.</p> <p>In reaching their conclusion, they found that councils have a broad but not comprehensive understanding of the built environment and potential for regeneration; while some regeneration is being delivered, the focus is still on ‘easier’ to achieve projects and councils are not always taking an ambitious, interventionist approach to tackle long-standing barriers; councils are able to name barriers to brownfield regeneration and repurposing of empty buildings but are not utilising learning from elsewhere to overcome them; and finally, that it is challenging to measure progress in delivering brownfield regeneration due to weaknesses in data and its management.</p>

	Recommendations	Response	Responsible officer & timescale
Management Response	<p>To enable stakeholders to assess potential sites councils should create a systematic process to find and publicise suitable sites for regeneration:</p> <ul style="list-style-type: none"> • this should draw on data already held by councils, as well as external data sources to develop a composite and more complete picture of sites; and • where known, key barriers should be named to help efforts to overcome them. 	<p>The council has a planning policy framework in place that supports and enables the development of brownfield sites. There is also a regeneration team in place who are able to support those who are interested in developing brownfield sites.</p> <p>Given the rural nature of the county, there are naturally less brownfield sites available for development compared with our neighbouring counties. Implementing a systematic process to identify and publicise brownfield sites available for regeneration is something that we are open to. However, given the limited number of brownfield sites within the County, there is no requirement to put this in place at this time. The Council has full knowledge of these limited sites and are able to share them with stakeholders at any given time.</p>	<p>Head of Planning, Placemaking, Highways and Flooding & Regeneration Manager</p> <p>Ongoing</p>
	<p>To help ensure that regeneration activity and the shaping of the environment is informed by the needs of communities Councils should increase opportunities for community based involvement in regeneration, both in plan-making and actual development.</p>	<p>The Council has and continues to regularly involve communities in its development of the county. We have engaged with stakeholders throughout our development of the Replacement Local Development Plan and various Placemaking Plans for our towns; we are committed to working with our communities to understand their needs and aspirations, and also to identify where there are challenges. This engagement work is enabling our communities to shape the future of our county.</p>	<p>Head of Planning, Placemaking, Highways and Flooding & Regeneration Manager</p> <p>Ongoing</p>

	<p>To provide focus and impetus to developing brownfield sites Councils should review their current regeneration approaches and where appropriate set clearer, more ambitious regeneration policies and targets. Together these should:</p> <ul style="list-style-type: none"> • set out the approach and expectations of the council; • set out how their approach will be resourced; and • set out how the approach aligns with national policy goals and regional planning priorities. 	<p>The council has a planning policy framework in place that enables and supports the development of brownfield sites. There is also a regeneration team in place who are able to support those who are interested in developing brownfield sites. The actions, resources and alignment of the council's planning activity with wider policy and priorities is reviewed and updated quarterly within their service business plan.</p>	<p>Head of Planning, Placemaking, Highways and Flooding & Regeneration Manager</p> <p>Ongoing</p>
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SUBJECT:	Effectiveness of Strategic Risk Management Framework
MEETING:	Governance and Audit Committee
DATE:	29th April 2024
DIVISIONS/WARDS AFFECTED:	All

1. PURPOSE:

- 1.1 To provide Governance and Audit Committee with the council's proposed updated strategic risk management policy
- 1.2 To provide the committee with an assessment of the implementation of the council's strategic risk management framework which is an integral part of the authority's corporate governance arrangements.
- 1.3 To provide members with an overview of the current strategic risks facing the authority.

2. RECOMMENDATIONS:

- 2.1 That members review the updates proposed to the strategic risk management policy and recommend any changes to inform its further development.
- 2.2 That members use the assessment to seek assurance about the effectiveness of the authority's risk management arrangements.
- 2.3 That members note the further corporate risk control policies identified that the Committee could review in more detail as part of its forward work programme.

3. KEY ISSUES:

3.1 Governance and Audit Committee has a specific role in providing independent assurance of the adequacy of the council's risk management framework. The committee also has a role in assessing the authority's corporate governance arrangements, of which risk management is an important part. An integral part of the strategic risk management arrangements is the Whole Authority Strategic Risk Register. The strategic risk assessment ensures that:

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

3.2 The council's strategic risk management policy and guidance helps ensure strategic risks are identified and assessed robustly, risk controls are put in place that are appropriate and proportionate, and risks are supported by effective mitigations to ensure, as far as possible, risk reduction/risk management. The report is made up of three parts:

- Part 1 provides the proposed updates to the council's strategic risk management policy and process for identifying and managing strategic risks.
- Part 2 provides a self-assessment of the effectiveness of the operation of strategic risk management arrangements in line with the existing strategic risk management policy.
- Part 3 provides an overview of the strategic risk register and key amendments, including the strategic risks, the risk levels pre and post mitigation, the risk owner who has agreed the update, and any key changes, such as adjustments to risk levels or mitigating action updates.

Part 1 - Strategic Risk Management policy

- 3.3 The existing strategic risk management policy has been in place since 2019. The policy and supporting guidance have now been reviewed. The review has built on the policy in place with the changes proposed largely strengthening arrangements or incorporating new arrangements identified. This has been informed by evidence from our own self-assessment, the work of Governance & Audit Committee and a recent Internal Audit review. It has also drawn on external guidance and practice on risk management. Appended to the report are the proposed revised strategic risk management policy (Appendix 1.1), risk appetite statement (Appendix 1.2) and supporting risk guidance (Appendix 1.3).
- 3.4 The main updates proposed are:
- Related corporate risk management arrangements that the council has in place through which risks are identified and managed and are integrated with the strategic risk management policy.
 - Categorisation of responsibility using the 'three lines model' to help delegate and coordinate risk management roles and responsibilities within and across the Council.
 - When identifying risks, the need to consider both current risks that require immediate treatment, but also risks that may become more prominent in the future, including the production of a Risk Radar Report on an annual basis to support horizon scanning and inform risk identification.
 - The requirement and responsibilities to consistently produce directorate risk registers, supporting the identification, management, escalation, and de-escalation of strategic risks.
 - The further definition of the Council's risk appetite, using a 'risk appetite range' for various categories of risk that are based on organisational activity. This risk appetite statement is a separate document to the risk management policy to allow for more regular review and updates to ensure it remains relevant and appropriate.
 - Further definition of risk monitoring and reporting arrangements, which includes the role of Governance & Audit Committee.
- 3.5 Following consideration of feedback from the committee the policy will be presented to Cabinet in June for formal approval. The existing strategic risk management policy continues to guide the current strategic risk register. It is proposed that this new, revised risk management policy would formally come into place from April 2025, to allow for a period of transition. This period of transition would allow the council time to strengthen arrangements in line with the revised policy, including:
- Building directorate risk registers and embedding these in planning and decision-making processes and strengthening existing directorate risk registers.
 - Reviewing policy documents to ensure that risk, and risk appetite, has been considered and is captured.
 - Adapting and updating the format of the strategic risk register
 - Strengthening risk management training and awareness for all officers.
- 3.6 The committee's action list includes the action for the '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'. The revised strategic risk management policy identifies under section '2.3 integration of risk management' other corporate risk managements arrangements through which risks are managed. These identify the other risk control policies that the committee can review in line with the committees responsibilities. These will each need to be considered individually regarding the arrangements already in place. It is recommended how and when these are considered by the committee are agreed with the lead officer, as identified in the policy, and incorporated on the committees forward work planner accordingly.

3.7 In addition, some of the strategic risks identified in appendix 3 will have further risk controls in place. In reviewing the risks provided the committee should consider if there is any further assurance of the risk controls in place they require from risk owners. This could then be requested to be provided to Governance & Audit Committee or coordinated with the remits of scrutiny committees.

Part 2 - Effectiveness of current strategic risk management arrangements

3.8 Appendix 2 provides a self-assessment of the effectiveness of the operation of strategic risk management arrangements in line with the council's current strategic risk management policy. This formed part of the self-assessment of performance management arrangements presented to the committee in February 2024. The most significant update reflected in the assessment has been the conclusion of the internal audit review of risk management which provided a 'reasonable assurance' rating. This will also form part of the assessment of the effectiveness of the 'enabling functions', which includes performance and risk management, under the Local Government and Elections (Wales) Act 2022 and will be included in the council's self-assessment report.

Part 3 - Risk Register updates overview

3.9 The council continues to operate in a dynamic environment and has controls in place to assess, manage and mitigate, as far as possible, a variety of risks. The strategic risk register will regularly evolve and adapt in line with this. This will include adjusting the focus, detail and risk levels of risks where necessary. An overview of the changes in the risk levels and progress with mitigating actions is provided in Appendix 3. Any changes to risk levels/scores since the last report to the committee in December 2023 are summarised in the table below.

Risk	Current risk score	Previous risk score	Reason
Risk 10 - related to the Replacement Local Development Plan (RLDP).	Medium (8) (26/27 post mitigation)	High (12) (26/27 post mitigation)	The risk level for this risk is assessed to decrease to medium, post-mitigation, for the year 2026/27 as a result of the RLDP being proposed for adoption during 25/26.
Risk 12 – related to the rising cost of living.	High (12) (25/26 post mitigation)	Medium (8) (25/26 post mitigation)	The risk level for this risk has increased from medium to high, post-mitigation, for 25/26, to reflect ongoing financial hardship that is likely to be faced by many families as a result of the cost-of-living. The risk score is assessed to return to medium, post-mitigation, for the year 26/27.
Risk 14 - related to public bus services.	High (12)	High (12)	This risk has been refocused as result of the immediate financial pressure being mitigated; the current risk now stems from a changing delivery model. The inherent risk of a reduction in public bus services remains unchanged.

3.10 This report does not include the full risk register or a full update of progress against mitigating actions. Scrutiny of that aspect of the work rests with Performance and Overview Scrutiny Committee and the full register will be presented to the committee at its May meeting. The full strategic risk register will also be presented to Cabinet for consideration at its June meeting. Members of Governance and Audit Committee have access to the papers of other committees should they wish to familiarise themselves with the wider work. All councillors can also access a live version of the risk register on the authority's intranet site.

Chief Officer Commentary

3.11 Following previous feedback from the chair of the committee it has been agreed that a commentary from the responsible Chief Officer be added to this report. The responsibility sits with the Chief Officer for People, Performance and Partnerships:

3.12 “Having overseen the process of updating the risk assessment I’m satisfied that it presents an accurate assessment of the strategic risks facing the authority over the next three years based on knowledge available to responsible officers at the present time. The assessment of the risk management arrangements that we have in place is fair, identifying both strengths and areas needing improvement. I’m comfortable that the changes proposed as part of the risk management policy review, informed by feedback from this committee, will help us to address these areas of improvement and to make the arrangements we have in place more robust.”

4. REASONS:

4.1 To provide timely, relevant information on strategic risks as part of the performance management framework for ensuring the authority is well run and able to contribute to achieving the Council’s purpose.

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Appendix 2 - Self-assessment of the effectiveness of the strategic risk management framework

Strategic Risk Management			
<p>The strategic risk register captures the high and medium level strategic risks that face the council in line with the council’s risk management policy. This ensures that:</p> <ul style="list-style-type: none"> • Strategic risks are identified and monitored by the authority • Risk controls are appropriate and proportionate • Senior managers and elected members systematically review the strategic risks facing the authority 			
	How well are we doing?	How do we know?	Action & timescale
<p>Is there a collective view of the council’s strategic risk management arrangements and risk appetite that is communicated and understood?</p>	<p>The council’s strategic risk management policy and guidance have been reviewed. This review has been informed by feedback from Governance and Audit Committee, cabinet members and the Strategic Leadership Team, as well as the findings of an internal audit review into our risk management arrangements.</p> <p>This review has focused on strengthening processes and arrangements already in place to build on good practice. This also includes setting a more explicit risk appetite statement for the council.</p> <p>Once approved by Cabinet, work will begin to embed this refreshed policy into practice. This will include working with directorates to strengthen their arrangements, ensuring risk and risk appetite is appropriately captured in decision making processes, and increasing awareness of the policy, and the importance of adhering to it, throughout the organisation. There is a need to strengthen the organisation’s risk training to ensure the effective discharge of risk management responsibilities.</p>	<p>Strategic risk management policy and guidance</p>	<p>Embed strategic risk management policy once approved by Cabinet – April 2025</p> <p>Complete further strategic risk training and guidance – May 2024</p>
<p>Is strategic risk management embedded in the council?</p>	<p>The strategic risk register is updated regularly and available to all members and officers to view at any time. There are arrangements to formally review the whole strategic risk register six monthly. These are facilitated by the performance and data insight team in coordination with risk owners and include review reports to Strategic Leadership Team and cabinet. The latest strategic risk register is formally reported to Governance & Audit Committee, Performance & Overview scrutiny committee and Cabinet. This facilitates and demonstrates that risk</p>	<p>Strategic risk management policy and guidance</p> <p>Strategic risk register</p> <p>Service business plans risk register</p>	<p>Embed strategic risk management policy once approved by Cabinet – April 2025</p> <p>Complete further strategic risk training and guidance – May 2024</p>

	<p>management is embedded with these groups and officers who have specific responsibilities.</p> <p>The update of the strategic risk register is informed by a wide range of evidence as set by the policy. The review of the strategic risk management policy has strengthened the alignment with other risk management procedures and processes.</p> <p>The starting point for identifying risks are often service business plans, where heads of service and service managers identify the risks their service faces or will face over the next three years in line with the risk management policy. The most recent quality assurance of service business plan (October 2023) identified that the completion of service-based risk registers was often not robust enough or fully completed. This shows strategic risk management isn't consistently embedded at a service level and has identified a need for further strategic risk management training in the organisation.</p>		
<p>Is there a shared understanding of the most significant corporate risks?</p>	<p>The strategic risk register identifies high and medium level strategic risks and ensures risk levels are assessed and mitigating actions are identified. The register is updated regularly, which ensures it remains focussed on the most significant strategic risks facing the council. It is available to all members and officers to view at any time and has regular reporting arrangements in place. This ensures there is a shared understanding of strategic risks facing the council.</p> <p>The findings from the most recent quality assurance of service business plans (October 2023) have shown that strategic risk management isn't consistently embedded at a service level, which could impact the effectiveness of service risk identification and management. This may subsequently be having an impact on the effective identification and management of strategic risks, although other arrangements are in place, as set out, will limit this.</p>	<p>Strategic risk register</p> <p>Service business plans risk register</p> <p>Strategic risk management reports</p>	<p>Complete further strategic risk training and guidance – May 2024</p>

	<p>The latest six-monthly review of the strategic risk register has identified for some risks there is no forecast change in risk level or score post mitigation. A review of mitigation actions will be undertaken with risk owners to seek assurance these remain appropriate to manage the type/nature of the strategic risk identified.</p>		
<p>Is there a robust risk management assurance framework in place?</p>	<p>There are arrangements to formally review the whole strategic risk register six monthly. These are facilitated by the performance and data insight team in liaison with risk owners and include review reports to Strategic Leadership Team and cabinet. The latest strategic risk register is then formally reported to Governance & Audit Committee, Performance & Overview scrutiny committee and Cabinet. This provides assurance on the robustness of risk management framework in place.</p> <p>An internal audit review of risk management has been completed and was given a reasonable assurance rating. This identified strengths and some weaknesses. Actions to respond to the recommendations have been agreed and are being implemented. The findings from the review have informed the development of the strategic risk management policy.</p> <p>A review of strategic risk management arrangements is now reported to Governance and Audit Committee six monthly. The content of this report has been developed to support the committee to consider assurance of the risk framework in place. Risk management arrangements also form part of the Council's annual self-assessment report. These arrangements are providing assurance of the framework in place and informed areas for development identified in this report.</p>	<p>Strategic risk register</p> <p>Strategic risk management reports</p>	<p>Embed strategic risk management policy once approved by Cabinet – April 2025</p> <p>Complete actions in response to internal audit review recommendations – April 2025</p>

Appendix 3 - Monmouthshire County Council Whole Authority Strategic Risk Assessment Overview – November 2023

Ref	Potential Risk	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Changes to risk level/score	Risk level/score change	Planned mitigating actions	Mitigating action progress	Risk owned by:
	<i>Risk identified in the strategic risk register</i>	<i>Risk to delivery of Community and Corporate plan objective</i>	<i>Risk assessed by the level of likelihood of occurrence and impact/ consequence prior to any mitigation</i>	<i>Risk assessed by the level of likelihood of occurrence and impact/ consequence informed by the expected impact of mitigation</i>	<i>The rationale for adjusting the risk level since the last risk update report in December 2023</i>	<i>Whether the risk level overall has increased, stayed the same or decreased</i>	<i>Significant planned mitigation actions identified for delivery in the risk register by March 2024</i>	<i>The progress made and impact, where available of the planned mitigation actions by March 2024</i>	<i>The owners of the risk, in line with strategic management policy, who have agreed the risk</i>

Ref	Potential Risk	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Changes to risk level/score	Risk level/score change	Planned mitigating actions	Mitigating action progress	Risk owned by:
Risks to resources									
1	It will not be possible to deliver all of the commitments in the Community and Corporate Plan leading to slower than desired progress towards our purpose as a result of a tightening financial position	All	2024/25 – High (12) 2025/26 – High (12) 2026/27 – High (12)	2024/25 – Medium (8) 2025/26 – Medium (8) 2026/27 – Medium (8)	Risk levels remain unchanged	Unchanged	Ensure affordability and deliverability of the commitments set out in the Community and Corporate Plan in the context of the wider economic climate	A six-month progress update on meeting commitments set out in the Community and Corporate plan was presented to Cabinet in January 2024. During this meeting Cabinet agreed to reflect on the deliverability of the community and corporate plan in light of the current and future budget pressures, and to receive a report in the first quarter of 2024/25 setting out revised measures alongside targets for performance up to the final year of the plan.	Paul Matthews, Chief Executive & Cllr Mary Ann Brocklesby, Leader
							Review and update enabling strategies following the adoption of a new Community and Corporate Plan	The enabling strategies are currently under review. Some strategies have been presented for approval including the Asset Management Strategy and Procurement Strategy. The Financial Strategy will be presented to Council in June. The others, including digital and people, will follow in June and be subject to decision at Cabinet.	
1b	A small working political majority makes it harder to ensure timely and appropriate decision making which results in delays and uncertainty in some projects	All	2024/25 – High (12) 2025/26 – High (12) 2026/27 – High (12)	2024/25 – Medium (9) 2025/26 – Medium (9) 2026/27 – Medium (9)	Risk levels remain unchanged	Unchanged	Utilise members seminars and scrutiny workshops to engage and involve all councillors in the development of policy	Members seminars are being used to share developments and involve councillors on significant forthcoming decisions. Scrutiny workshops are being held to seek councillors’ involvement in the development of proposals.	Paul Matthews, Chief Executive & Cllr Mary Ann Brocklesby, Leader
							Maintain a fully populated forward work planner of Cabinet and Council business	An established forward work planner is in place. There is a need to improve the timeliness of completion of the forward plan and align the forward plans of each committee.	
2	Some services will become financially unsustainable in the short to medium term in their current form due to increasing	All	2024/25 – High (16) 2025/26 – High (16)	2024/25 – High (12) 2025/26 – High (12)	Risk levels remain unchanged	Unchanged	Ensure that services deliver within budget, deliver savings targets and continue to identify, review and challenge pressures	The Month 9 2023/24 budget update forecasts an overall revenue budget deficit of £314k; this is due to a combination of a shortfall in services being able to meet their budgeted savings targets of £1.866m and in-year budgetary pressures across	Peter Davies, Deputy Chief Executive and Chief Officer Resources & Cllr Ben Callard, Cabinet Member for Resources

Ref	Potential Risk	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Changes to risk level/score	Risk level/score change	Planned mitigating actions	Mitigating action progress	Risk owned by:
	demand and continuing financial pressures		2026/27 – High (16)	2026/27 – High (12)				three of our frontline service directorates. Services are currently forecasting to deliver 85% (87% at Month 6) of their overall savings targets for the year, inclusive of the in-year additional budget recovery action identified. Non-delivery of planned savings poses a risk to both 2023/24 budgets and the medium term if alternative strategies to deliver savings cannot be found.	
							Develop a set of budget proposals 2024/25	The 2024/25 budget was agreed by Council at their meeting in February 2024 following a month-long period of public consultation.	
							Strengthen medium to long term strategic financial planning as part of the Medium-term financial plan	The Medium-Term Financial Strategy (MTFS) will be presented to Council in June. The Medium-Term Financial Plan (MTFP) will follow which will outline a more specific delivery plan.	
3	The authority is unable to maintain key infrastructure and meet other identified pressures due to insufficient capital funding availability	All	2024/25 – High (12) 2025/26 – High (12) 2026/27 – High (12)	2024/25 – High (12) 2025/26 – High (12) 2026/27 – High (12)	Risk levels remain unchanged	Unchanged	Further refinement of priority assessments in the property and infrastructure budgets	A regular programme of property condition surveys is underway, supported by routine compliance checks for all assets. This information as well as technical input from MCC's Landlord Services team, will continue to be used to inform prioritisation of planned capital maintenance spend.	Peter Davies, Deputy Chief Executive and Chief Officer Resources & Cllr Ben Callard, Cabinet Member for Resources
							Deliver the Asset Management Plan to manage the Council's land and property portfolio	The refreshed Asset Management Strategy was approved by Council in January, introducing clearer alignment to the Community & Corporate Plan and establishing key principles which will inform strategic decision making for the council's land and property portfolio. The Asset Management Strategy is delivered via the associated Asset Management Plan, which is subject to regular monitoring and progress reporting.	
4	Increases in the number of people exiting the labour market, a UK skills shortage and wage inflation will impact recruitment, retainment and workforce planning and affect the delivery of Council services	All	2024/25 – High (16) 2025/26 – High (16) 2026/27 – High (16)	2024/25 – Medium (8) 2025/26 – Medium (8) 2026/27 – Medium (8)	Risk levels remain unchanged	Unchanged	Recruit and retain staff more effectively	An e-recruitment and learning management system is being implemented to support the development of recruitment as a genuine talent acquisition process.	Matthew Gatehouse, Chief Officer People, Performance and Partnerships & Cllr Ben Callard, Cabinet Member for Resources
							Embed workforce planning into team management processes	Workforce planning arrangements will be developed as part of the development of the people strategy.	
5	Loss or corruption of data due to cyber-attack or data mismanagement, which will compromise the delivery of essential council services	All	2024/25 – High (12) 2025/26 – High (12) 2026/27 – High (12)	2024/25 – Medium (8) 2025/26 – Medium (8) 2026/27 – Medium (8)	Risk levels remain unchanged	Unchanged	Ensure robust arrangements are in place to safeguard the organisation's data and systems from cyber-attack	The Council recognises that total elimination of cyber-attack is not possible, but the focus is on ensuring robust arrangements are in place to safeguard data and systems from cyber-attack via: physical barriers to the network, staff awareness, training and culture and structured governance, risk analysis and business continuity planning.	Sian Hayward, Head of Information, Technology & Security & Cllr Ben Callard, Cabinet Member for Resources

Ref	Potential Risk	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Changes to risk level/score	Risk level/score change	Planned mitigating actions	Mitigating action progress	Risk owned by:
6	Significant harm to a child or adult may occur due to a specific failure of safeguarding arrangements	A Connected Place Where People Care	2024/25 – Medium (8) 2025/26 – Medium (8) 2026/27 – Medium (8)	2024/25 – Medium (8) 2025/26 – Medium (8) 2026/27 – Medium (8)	Risk levels remain unchanged	Unchanged	Continually monitor and evaluate safeguarding processes and practice and ensure good accountability for safeguarding	The Annual 22/23 Safeguarding Evaluation Report was presented to Council in December 2023, highlighting progress, identifying risks and setting out actions and priorities for 2023/24. The strategic risk has been updated with the findings of this evaluation.	Will Mclean, Chief Officer Children & Young people, Jane Rodgers, Chief Officer Social Care, Safeguarding & Health & Cllr Ian Chandler, Cabinet Member for Social Care, Safeguarding and Accessible Health Services
7	Risk of harm if we are unable to meet the care and support needs of some vulnerable children due to an increase in demand, complexity of cases and insufficiency of registered placements	A Connected Place Where People Care	2024/25 – High (12) 2025/26 – High (12) 2026/27 – High (12)	2024/25 – High (12) 2025/26 – High (12) 2026/27 – High (12)	Risk levels remain unchanged	Unchanged	Continue to implement the fostering strategy	There remains an insufficiency of in-house carers in Monmouthshire, particularly carers who are able to provide more specialist care or look after sibling groups; seven generic foster carers were approved during 23/24. This creates an over-reliance on private and independent providers where the right placement for a child cannot be assured.	Jane Rodgers, Chief Officer Social Care, Safeguarding & Health & Cllr Ian Chandler, Cabinet Member for Social Care, Safeguarding and Accessible Health Services
							Develop and expand the Children’s Services Commissioning Strategy in response to the intention to eliminate profit from children’s social care	A Placement Development Strategy will be presented to Council in April, setting out the strategy for the expansion and development of in-county residential and supported accommodation placements for children who are looked after. There are huge challenges with this work particularly around workforce, resources and the time it takes to develop provision. The demand for appropriate placements remains high in a low supply environment.	
8	Risk of harm if we are unable to meet the care and support needs of some vulnerable adults due to an increase in demand and complexity of cases	A Connected Place Where People Care	2024/25 – High (16) 2025/26 – High (16) 2026/27 – High (16)	2024/25 – High (12) 2025/26 – High (12) 2026/27 – High (12)	Risk levels remain unchanged	Unchanged	Work with Welsh Government to recruit and retain care staff	A social care recruitment and retention strategy has been developed, with a particular focus on addressing areas where there is high demand. At February 2024 the number of vacancies across the social care sector was 34; this has decreased from 56 in February 2023.	Jane Rodgers, Chief Officer Social Care, Safeguarding & Health & Cllr Ian Chandler, Cabinet Member for Social Care, Safeguarding and Accessible Health Services
							Implement a ‘place-based’ approach to create sustainability in care at home services	A micro-carer pilot was launched in April 2022. A micro carer is a self-employed care worker that provides flexible, personalised support and care to citizens who live in their local area. There are currently 21 people being supported by micro-carers in their local community, delivering 161 hours of care and support in total each week.	
9	High absence rates, particularly among those eligible for free school meals, and worsening behaviours in schools as a result of the continuation of trends that first emerged during the pandemic will result in a	A Learning Place	2024/25 – High (12) 2025/26 – High (12) 2026/27 – High (12)	2024/25 – High (12) 2025/26 – High (12) 2026/27 – High (12)	Risk levels remain unchanged	Unchanged	Work with Education Welfare Services to ensure that pupils attend school regularly and are able to access excellent teaching and learning	Education Welfare Officers are working with vulnerable pupils to bring them back into the educational setting, where possible. There are varying reasons for pupil absence, so a different approach is being adopted for different cohorts, and the Education team are working with multiple agencies to ensure these children and young people return to school.	Will Mclean, Chief Officer Children & Young People & Cllr Martyn Groucutt, Cabinet member for Education

Ref	Potential Risk	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Changes to risk level/score	Risk level/score change	Planned mitigating actions	Mitigating action progress	Risk owned by:
	worsening of educational attainment						Support learners' wellbeing through excellent teaching and learning and through wider school-based activity	A range of approaches to reduce barriers to learning for vulnerable pupils have been developed. The whole school approach to emotional and mental wellbeing is a structured approach for schools. This has a significant effect on children's attendance and achievement in school. The phased engagement of schools has been positive: 59% of schools are currently working with the team, an increase from 43%.	
10	<p>a) The council is unable to proceed with the Deposit Replacement Local Development Plan (RLDP) due to a failure to identify and agree suitable Gypsy, Roma and Traveller sites</p> <p>b) The council does not support the Deposit RLDP</p> <p>c) Delays to the adoption of a RLDP inhibits our ability to take forward key policy objectives such as job creation and affordable housing development</p> <p>d) High phosphate levels in the rivers Usk and Wye limit development opportunities within a significant proportion of the county</p>		<p>2024/25 – High (12)</p> <p>2025/26 – High (12)</p> <p>2026/27 – High (12)</p>	<p>2024/25 – High (12)</p> <p>2025/26 – High (12)</p> <p>2026/27 – Medium (8)</p>	The risk level for this risk is expected to decrease to medium, post-mitigation, for the year 2026/27 as a result of the RLDP being proposed for adoption during 2025/26	Decreasing	<p>Prepare a replacement Local Development Plan to address the county's issues/challenges, including in relation to the provision of housing (market and affordable) and employment opportunities</p> <p>Work with partner organisations to identify and implement solutions to phosphate pollution in the Rivers Usk and Wye</p> <p>Ensure RLDP growth ambition is met by essential infrastructure</p>	<p>Following public consultation, a small number of changes were proposed to the RLDP Preferred Strategy; this amended strategy was approved by Council in October 2023. Three Gypsy, Roma and Traveller sites have been identified for public consultation; Cabinet's decision on which sites to include in the RLDP will be informed by this consultation.</p> <p>Dŵr Cymru has recently committed to providing phosphate stripping technology at Monmouth and Llanfoist waste water treatments works by April 2025.</p> <p>A Local Transport Plan will be presented to Cabinet in May 2024.</p> <p>An Employment, Economy & Skills Strategy was approved by Cabinet in February 2024.</p>	Craig O'Connor, Head of Planning, Placemaking, Highways and Flooding & Cllr Paul Griffiths, Cabinet member for Planning and Economic Development
11	<p>a) The council is unable to deliver its commitment to decarbonise its operations in sufficient time to achieve net zero by 2030 because our resources are not commensurate with the scale and complexity of the challenge</p> <p>b) The Council is unable to deliver services as a result of the increasing frequency of climate-related emergencies such as floods or extreme heatwaves that increase the demand for</p>	All	<p>2024/25 – High (16)</p> <p>2025/26 – High (16)</p> <p>2026/27 – High (16)</p>	<p>2024/25 – High (16)</p> <p>2025/26 – High (16)</p> <p>2026/27 – High (16)</p>	Risk levels remain unchanged	Unchanged	<p>Deliver the Monmouthshire County Council Climate Emergency Strategy</p> <p>Prepare and adapt for the impact of climate change</p>	<p>The Climate Emergency Strategy is being reworked into an overarching Climate and Nature Emergency Strategy to align with the new Community and Corporate Plan and is due to be presented to Cabinet in May 2024. This reworked strategy will be underpinned by 4 action plans to better reflect the breadth of work that is taking place: Internal decarbonisation, Biodiversity and Nature Recovery, Rivers and Oceans and Community climate change.</p> <p>Welsh Government has produced The National Strategy for Flood and Coastal Erosion Risk Management in Wales, and in response, Monmouthshire is currently reviewing our Local Flood Risk Management Strategy and Flood Risk</p>	Strategic Leadership Team & Cllr Catrin Maby, Cabinet member for Climate Change and the Environment

Ref	Potential Risk	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Changes to risk level/score	Risk level/score change	Planned mitigating actions	Mitigating action progress	Risk owned by:
	emergency responses and can cause damage to infrastructure and the closure of facilities							Management Plan; a new combined strategy document will be presented to Cabinet in May.	
12	The rising cost of living tips more families into crisis requiring public service interventions which diverts resources from other policy priorities	All	2024/25 – High (12) 2025/26 – High (12) 2026/27 – High (12)	2024/25 – High (12) 2025/26 – High (12) 2026/27 – Medium (8)	The risk level for this risk has increased from medium to high, post-mitigation, for 25/26, to reflect ongoing financial hardship that is likely to be faced by many families as a result of the cost-of-living.	Increasing	To implement the discretionary Cost of Living Support Scheme Work in partnership with community fridges to identify individuals and families in need of further support	The Council is delivering a range of activities to support residents including the Money Matters campaign which signposts to sources of support and teaming up with Mind Monmouthshire and Citizens Advice Monmouthshire to set up cost of living support drop-in sessions across the county. Community Fridges are currently operating in Monmouth, Abergavenny, Caldicot, Goytre and Chepstow. Funding has been secured for consultancy support to help the community fridge volunteers and to look at sustainable funding options, common policies, practices and developing new fridges.	Frances O’Brien, Chief Officer Communities and Place & Cllr Angela Sandles, Cabinet member for Equalities and Engagement
13	Residents are unable to secure or retain suitable accommodation, leading to rising homelessness and outward migration as a result of failures in the housing market	A Safe Place to Live A Fair Place to Live	2024/25 – High (12) 2025/26 – High (12) 2026/27 – High (12)	2024/25 – Medium (8) 2025/26 – Medium (8) 2026/27 – Medium (8)	Risk levels remain unchanged	Unchanged	Develop suitable accommodation for homeless people, including long-term housing for all those accommodated in temporary housing Work with national providers and the Home Office to identify suitable accommodation for those fleeing persecution	A Rapid Rehousing Transition Plan was approved by Cabinet in April 2023. Through Rapid Rehousing the council has facilitated increased resources into homeless prevention, for example through additional staffing and the availability of the Homeless Prevention Fund. New arrangements have been established with partner agencies such as the DWP and Shared Benefit Service to support more people at risk of homelessness. A total of 261 awards were given during the 23/24 financial year to both households at risk of homelessness to help tackle arrears/debt and households experiencing homelessness to enable them to remain in their current accommodation or access alternatives. In September 2023 Council passed a motion committing the authority to formally becoming a county of sanctuary. An application has been submitted to the County of Sanctuary network and we are awaiting confirmation that we have met the criteria for accredited membership.	Frances O’Brien, Chief Officer Communities and Place, Matthew Gatehouse, Chief Officer People, Performance & Partnerships & Cllr Angela Sandles, Cabinet member for Equalities and Engagement
14	Reliance on grant funding for the delivery of public bus network and the proposed implementation of a franchising model may result in an inability to provide long-term certainty of services that are essential for residents to access key services	All	2024/25 – High (12) 2025/26 – High (12) 2026/27 – High (12)	2024/25 – High (12) 2025/26 – High (12) 2026/27 – Medium (8)	This risk has been refocused as result of the immediate financial pressure being mitigated. The inherent risk of a reduction in public bus services remains unchanged.	Unchanged	Develop a collaborative working relationship with Welsh Government, Transport for Wales and CCR to inform the development of the franchise model in Monmouthshire	Transport for Wales/Local authorities’ ‘regional scrum’ bus coordination meetings, a CCR Bus Working Group and a WG/TfW/MCC Traws Cymru Delivery Group have been established and are meeting regularly. TfW is undertaking a study into options for Traws services in Monmouth.	Frances O’Brien, Chief Officer Communities and Place & Cllr Catrin Maby, Cabinet member for Climate Change and the Environment

Ref	Potential Risk	Council objective impacted	Risk Level (score) – Pre mitigation	Risk Level (score) – Post mitigation	Changes to risk level/score	Risk level/score change	Planned mitigating actions	Mitigating action progress	Risk owned by:
							Strengthen performance of existing routes	Newly tendered bus network started 1 April – this is expected to increase passenger usage and reduce support per trip. TfW, MCC and operators are working on improved information to attract more passengers. MCC has successfully bid for WG Local Transport Fund grant which is helping to deliver bus infrastructure enhancements.	
15	An increase in the number of legal challenges to decisions resulting in delays and increased costs	All	2024/25 – Medium (9) 2025/26 – Medium (9) 2026/27 – Medium (9)	2024/25 – Medium (6) 2025/26 – Medium (6) 2026/27 – Medium (6)	Risk levels remain unchanged	Unchanged	Impact assess service changes and policy decisions	An established Integrated Impact Assessment template and guidance is in place and is completed for all decisions that require an assessment. These assessments are challenged by a panel of policy officers prior to decision.	James Williams, Chief Officer Law and Governance & Cllr Mary Ann Brocklesby, Leader

Appendix 4: Strategic Risk Management – Summary

Risk Management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of controlling them or responding to them. Strategic risks are those which affect the Council as a whole. Typically these will be key risks which could significantly jeopardise the Council’s ability to achieve its objectives, statutory plans and/or provide operational services as planned.

The Council is committed to the effective management of risk. As a large public sector organisation, it is exposed to a wide range of risks and threats in delivering key services to communities. Within the Council the purpose of risk management is to:

- preserve and protect the Council’s assets, reputation and staff
- promote corporate governance and aid good management in controlling and managing risks
- support successful delivery of strategic aims, objectives and outcomes
- improve business performance and better anticipate calculated risks where these are likely in delivering improvements
- avoid unnecessary liabilities, costs and failures

The Council seeks to ensure that risk management is effective from strategic to individual services and employees. Therefore, all employees and councillors are responsible for ensuring there are good levels of internal control and risk management throughout the Council in order that the Council’s specified outcomes are achieved.

The Council uses a ‘traffic light’ system of Red/Amber/Green associated with High/Medium/Low to categorise risk levels. This is determined using the risk matrix below.

High risk	The risk is highly likely to occur and the impact will be major. Management action/control evaluation and improvement is required coupled with continued pro-active monitoring
Medium risk	The risk is unlikely to result in a major issue, however, if it did the impact would be significant or serious . This risk is relatively less significant than a High risk however it needs to be closely monitored within timely management action/controls to ensure it does not escalate.
Low risk	The risk is very unlikely to occur and the impact will be minor or moderate at worst. Risk will be managed by seeking control improvements where practical and / or monitoring and reviewing at regular intervals

Risks are also given a score. Scores of 1-4 are low risks, scores of 6-9 are medium risks and scores 12-16 are high risk. Providing a score as well as a risk level allows the variations within risk levels to be more clearly stated.

Major (4)	Low (4)	Medium (8)	High (12)	High (16)
Substantial (3)	Low (3)	Medium (6)	Medium (9)	High (12)
Moderate (2)	Low (2)	Low (4)	Medium (6)	Medium (8)
Minor (1)	Low (1)	Low (2)	Low (3)	Low (4)
	Unlikely (1)	Possible (2)	Likely (3)	Almost certain (4)

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MONMOUTHSHIRE COUNTY COUNCIL STRATEGIC RISK MANAGEMENT POLICY

LAST REVIEW DATE:

1. INTRODUCTION

Risk Management is the planned and systematic process by which key risks are identified, evaluated and managed in order to maximise benefits and minimise potentially negative consequences to the Council and its partners.

The Council is committed to the effective management of risk. As a large public sector organisation, it is exposed to a wide range of risks and threats in delivering key services to communities. The council also needs to identify and manage risks in deciding on taking opportunities.

The Council recognises it has a responsibility to identify, evaluate and manage those risks that threaten:

- the achievement of its defined well-being objectives and delivery of services to the community
- the health and safety of its service users, employees, partners and the public at large

This document sets out the Council's policy and approach to strategic risk management. This is summarised in the risk management framework diagram below. It is important that this policy is implemented to ensure that risk management is effective and consistent across the organisation. Risk management procedures, definitions and tools are described in the Council's Risk Management Guidance Notes, available on the Hub. This should be utilised in conjunction with the risk arrangements set out in section 2.3.



Source: UK Government, the Orange book Management of Risk – Principles and Concepts

This Risk Management Policy and the associated Risk Management Guidance Notes have been agreed by the Strategic Leadership Team.

2. GOVERNANCE & LEADERSHIP OF RISK MANAGEMENT

2.1 Definition of strategic risk

Risk is the effect of uncertainty on objectives.

Risk Management is the co-ordinated activities designed and operated to manage risk and exercise internal control within an organisation.

2.2 Legislation

The Accounts and Audit (Wales) Regulations 2014 state the council must ensure that there is a sound system of internal control which facilitates the effective exercise of that body's functions and which includes—

- (a) arrangements for the management of risk, and
- (b) adequate and effective financial management.¹

The regulation states that risk management is a corporate responsibility which must be embedded in the processes of the council as a whole.

Risk management is one of the core areas of activity identified in the Well-being of Future Generations Act that the council particularly needs to focus on. Consideration will need to be given to the requirements of the Act and the five ways of working when assessing risks to support their management.

2.3 Purpose of risk Management

Within the Council, the purpose of risk management is to:

- preserve and protect the Council's assets, reputation and staff
- promote corporate governance and aid good management in controlling and managing risks
- support successful delivery of strategic aims and well-being objectives internally and when working with partners
- improve business performance and better anticipate risks in delivering improvements
- avoid unnecessary liabilities, costs and failures
- shape procedures and responsibilities for implementation
- ensure that the amount of residual risk borne after mitigating actions are put in place is consistent with the organisation's risk appetite

2.3 Integration of risk management

Risk management is an integral part of the Council's activities to support decision-making in achieving objectives. To ensure that the risk management process is effective, owned by managers, staff, elected members and partners, the Council seeks to:

- integrate risk management into the Council's culture and performance management processes
- identify, evaluate and proactively manage risk in a way which is consistent with the council's risk appetite and tolerances
- anticipate and respond to change
- reduce the cost of risk
- prevent injury, damage and losses
- promote awareness of risk management to all staff who deliver the Council's services.

¹ <https://www.legislation.gov.uk/wsi/2014/3362/regulation/5/made>

The strategic risk assessment is one part of the Council’s risk management arrangements. Strategic risks are also managed through a variety of other processes and procedures. The following lists the corporate risk managements arrangements that the council has in place through which risks are identified and managed and are integrated with strategic risk management policy.

Risk management area and lead officer	Description of risk management arrangements
Health and Safety, Corporate Health and Safety Manager	Ensuring the health, safety and welfare of employees and others, such as contractors, visitors and members of the public who may be affected by the Council’s activities is a key priority for the organisation. Each directorate has a nominated health and safety lead responsible for ensuring that all activities within their directorate are conducted safely, in accordance with legislative requirements and the Council’s health and safety risk management policies. Responsibility also sits with the corporate health and safety working group that meets quarterly. This group has an action plan and terms of reference.
Emergency Planning, Emergency Planning Manager	The Council’s aim and intention is to anticipate and manage risks pro-actively rather than deal with the consequences of actual occurrences. Some risks involving key services are best managed through the Monmouthshire County Council Emergency Management Plan; there is a live risk register that is reviewed regularly that captures risks that may require an urgent response. The emergency planning manager is also responsible for ensuring services have Business Continuity Plans or procedures in place outlining arrangements to mitigate the impact and consequences of any risks likely to have a serious or major impact on service delivery or on communities in general.
Council wide insurance, Principal Insurances and Risk Management Officer	Insurance is a key aspect in risk management processes. Some risks are best managed through involving another party in bearing or sharing the risk, i.e. insurance. Ensuring an effective insurance function of risk management is a key priority and legal requirement for the authority. This involves analysing the types of insurance required to cover off the whole authority using in-house data to establish values of coverage required. This includes but is not limited to property, motor and liability. A programme of risk reviews at random property sites are also undertaken for insurance purposes.
Finance, Head of Finance	The council has set its Financial Procedure Rules which must be adhered to within all council activities. Section 4 of the Financial Procedure Rules document outlines the responsibilities of the Head of Finance in relation to risk management. In relation to the strategic risks and whole authority risks listed in the Strategic Risk Register, the Head of Finance is responsible for ensuring that any financial implications are fed into the budget planning process.
Internal Audit, Internal Audit Manager	Internal audit have a responsibility to oversee the risk management process, and may conduct an audit into the effectiveness of the process to ensure the arrangements in place are robust. There is an internal audit plan in place which is driven by risk identification, and by nature, is a risk based approach, identifying possible weaknesses, or risks, within the organisation and reviewing these. These risks, along with possible ways of managing them, would be made aware to the

	relevant chief officer. Internal audit are also responsible for the anti fraud, corruption and bribery policy.
Information Governance & Cyber Security, Head of Information Security & Technology	The council is extremely aware of the importance of cyber security; we implement a number of measures to ensure the protection and safeguarding of our information, technology and systems.

2.3.1 Partnerships

For statutory and other key partnerships, risk management arrangements must be in place. The purpose of this is to identify any governance, financial, legal or resource obligations and also, commitments and liabilities that the Council may face in connection with partnerships in the coming year. Issues around legal liabilities need to be clearly understood, documented and agreed by all parties within the partnership. Assurances need to be obtained that partnerships have adequate risk management controls and corporate governance processes in place. Detailed advice needs to be sought where needed. Further detail on the requirements is set out in the detailed partnership guidance that needs to be applied, aligned to the strategic risk management policy.

Any strategic risks to the council as a result of partnership risk assessments should be identified in line with this policy.

2.3.2 External risk management arrangements

The Council also has to take into account risks identified from both a UK National and Wales Regional perspective. The UK government undertake a National Security Risk Assessment which assesses the most serious risks facing the UK, including threats to health, society, critical infrastructure and economy. A Pan Wales version of the National Risk Register is also produced. The responsibility for managing these risks at a local level sits with local resilience forums; for Monmouthshire, this responsibility sits with the Gwent Local Resilience Forum (GLRF), of which the council is a member.

The GLRF also publishes a Community Risk Register, which is reviewed annually. This assesses the likelihood and impacts of a range of hazards that have the potential to cause significant disruption to the residents, communities, and environment of Gwent. Risks that may result in significant impact in Monmouthshire will be recorded on the Strategic Risk Register, where appropriate. The GLRF Community Risk Register can be found [here](#).

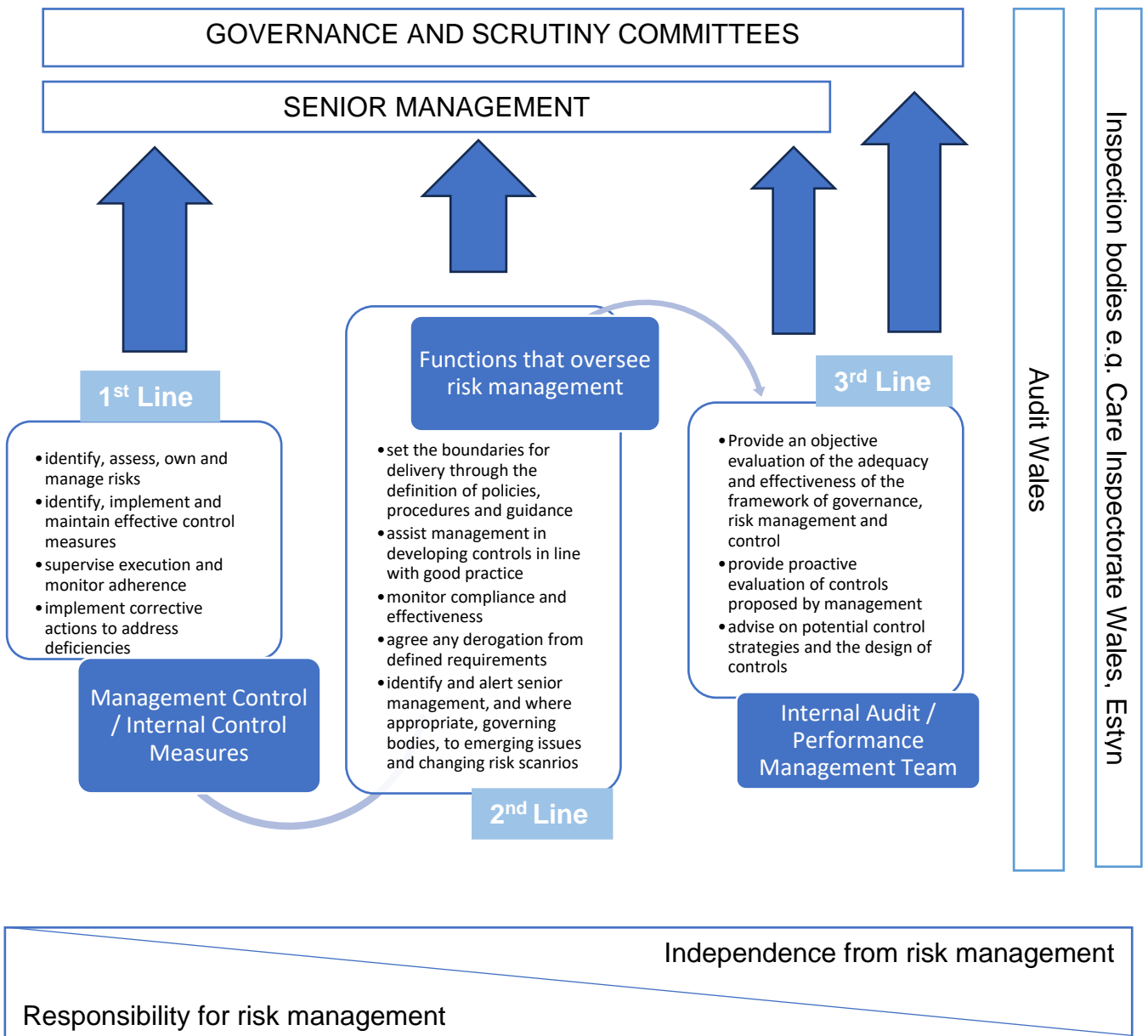
2.4 Roles and responsibilities

Everyone in the Council has some responsibility for risk management. The Council seeks to ensure that risk management flows through the organisation, from elected members to individual teams and employees. All employees and councillors are responsible for ensuring there are effective levels of internal control and risk management in order for the Council's objectives to be achieved. The 'three lines model'² helps to delegate and coordinate risk management roles and responsibilities within and across the Council. The model is a broad structure that supports the risk management framework.

² HM Government Orange book, Management of Risk & principles.

- Under the ‘first line role’, management have primary ownership, responsibility and accountability for identifying, assessing and managing risks.
- The ‘second line role’ consists of functions and activities that monitor and facilitate the implementation and reporting of risk management in the Council.
- Internal audit and the performance management team form the organisation’s “third line role”.

Informing this are a range of other sources of external assurances.



2.4.1 Responsibilities for Managing Risks

Governance Board/ Officer role	Description of role and responsibilities
Cabinet Members	<p>Individual Cabinet Members are responsible for:</p> <ul style="list-style-type: none"> • Monitoring and review of risks and controls in place associated with the activities contained within their portfolio; • Ensuring Cabinet Member decisions have fully considered and consulted on the opportunities and risks; • Promoting and ensuring risk management is embedded into the activities contained within their portfolio.
Chief Officers	<p>Chief Officers are responsible for:</p> <ul style="list-style-type: none"> • ensuring that management of strategic risks within their areas is undertaken in a pro-active and effective manner in accordance with the Risk Management Policy and Guidance; • satisfying themselves that the content of the Strategic Risk Register for their areas of responsibility are an accurate reflection of current circumstances.
Heads of Service	<p>Heads of Service are responsible for the strategic risks within their scope of responsibility and must:</p> <ul style="list-style-type: none"> • ensure that their units' risks are reflected in their Service Business Plans and associated plans; • review entries in the Risk Register to ensure they are correct and up to date; • regularly challenge progress of mitigating actions and their impact on risks in the Risk Register; • ensure their managers take a pro-active approach to risk management; • advise their managers of any significant changes likely to impact on the risks and/or the mitigating actions; • ensure all employees within their units understand and comply with the appropriate risk management policies and procedures, and receive training as required.

	Heads of Service also have specific responsibilities for managing day to day risks as laid down in Section 4 of the Financial Procedure Rules.
Chief Officer People, Performance and Partnerships	In addition to specific responsibilities as a Chief Officer, the Chief Officer for People, Performance and Partnerships is also responsible for: <ul style="list-style-type: none"> ensuring that the Risk Register is compiled and updated in a timely manner and is fit for purpose; ensuring regular consultation with key stakeholders and partners on risk issues in accordance with the partnership risk guidance
Service managers	Service managers have a responsibility to: <ul style="list-style-type: none"> Ensure that all officers within their service area apply the risk management policy appropriately; Ensure that all risks to their service area are captured within their service business plan.
All officers	All officers have a responsibility to: <ul style="list-style-type: none"> Manage risk effectively in their role, in line with the council's risk management policy; Report any identified risks to their line manager.

2.4.2 Collective responsibilities for managing risk

Group	Description of role and responsibilities
Cabinet	Cabinet has a responsibility to review the strategic risk register six-monthly to ensure that the risks identified are accurate and assure themselves that the controls in place to mitigate risks are appropriate.
Strategic Leadership Team	SLT have a responsibility to: <ul style="list-style-type: none"> Collectively review the strategic risk register six-monthly to verify its accuracy & proportionality of the risks logged and mitigating actions proposed. Consider and approve the Risk Management Policy and proposing subsequent changes. considering plans/proposals where a risk assessment may expose unacceptable risks. ensuring recommendations of the committees in relation to risks are implemented. considering recommendations from internal and external audit bodies.
Directorate Management Teams	DMTs have a responsibility to: <ul style="list-style-type: none"> collectively review their directorate risk register quarterly to ensure that the risks identified are accurate and assure themselves that the controls in place to mitigate risks are appropriate. Collectively review whether any risks identified in their directorate risk register needs to be escalated to the strategic risk register.

2.5 Responsibilities for overseeing the risk management process

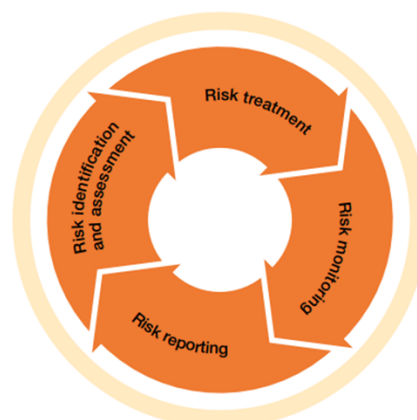
The council seeks to ensure that a robust risk management process is in place. It is the responsibility of both officers and members to ensure that appropriate risk management controls are embedded.

Governance Board/ Officer role	Description of role and responsibilities
Cabinet	In addition to their responsibility to review the strategic risk register six-monthly, Cabinet has a responsibility to approve the Risk Management Policy and procedures including the setting and agreement of the Risk Appetite for the Council.
Governance and Audit Committee	Governance and Audit Committee has a responsibility to: <ul style="list-style-type: none"> ensure that a robust risk management framework is in place, in line with its remit to provide independent assurance of the effectiveness of the authority’s financial, performance and corporate governance arrangements; Review the effectiveness of the risk management process six-monthly
Performance and Overview Scrutiny Committee	Performance and Overview Scrutiny Committee has a responsibility to: <ul style="list-style-type: none"> Ensure that strategic risks have been appropriately identified and are being managed proportionately; Review the Strategic Risk Register six-monthly; Use the Strategic Risk Register to inform the committee’s forward work programme.
Internal audit	Internal audit has a responsibility to: <ul style="list-style-type: none"> Assess the adequacy of the mechanisms for identifying, mitigating and reporting key risks; Provide assurance to officers and members on the effectiveness of controls; Create an audit plan that is aligned with the key risks facing the council.
Performance and Data Insight Manager	The Performance and Data Insight Manager has a responsibility to: <ul style="list-style-type: none"> Ensure that the risk register is updated in a timely manner and that it is fit for scrutiny; Self-assess the risk management process biannually.

3. A RISK MANAGEMENT APPROACH

The risk management approach consists of:

- risk identification and assessment to determine and prioritise how risks should be managed;
- risk response (treatment) options that support achievement of intended outcomes and manage risks
- risk monitoring; and timely and accurate reporting.



3.1 Identifying Strategic risks.

Risk identification aims to produce an integrated and holistic view of risks. Risk identification can be supported by identifying different categories of risk (see guidance).

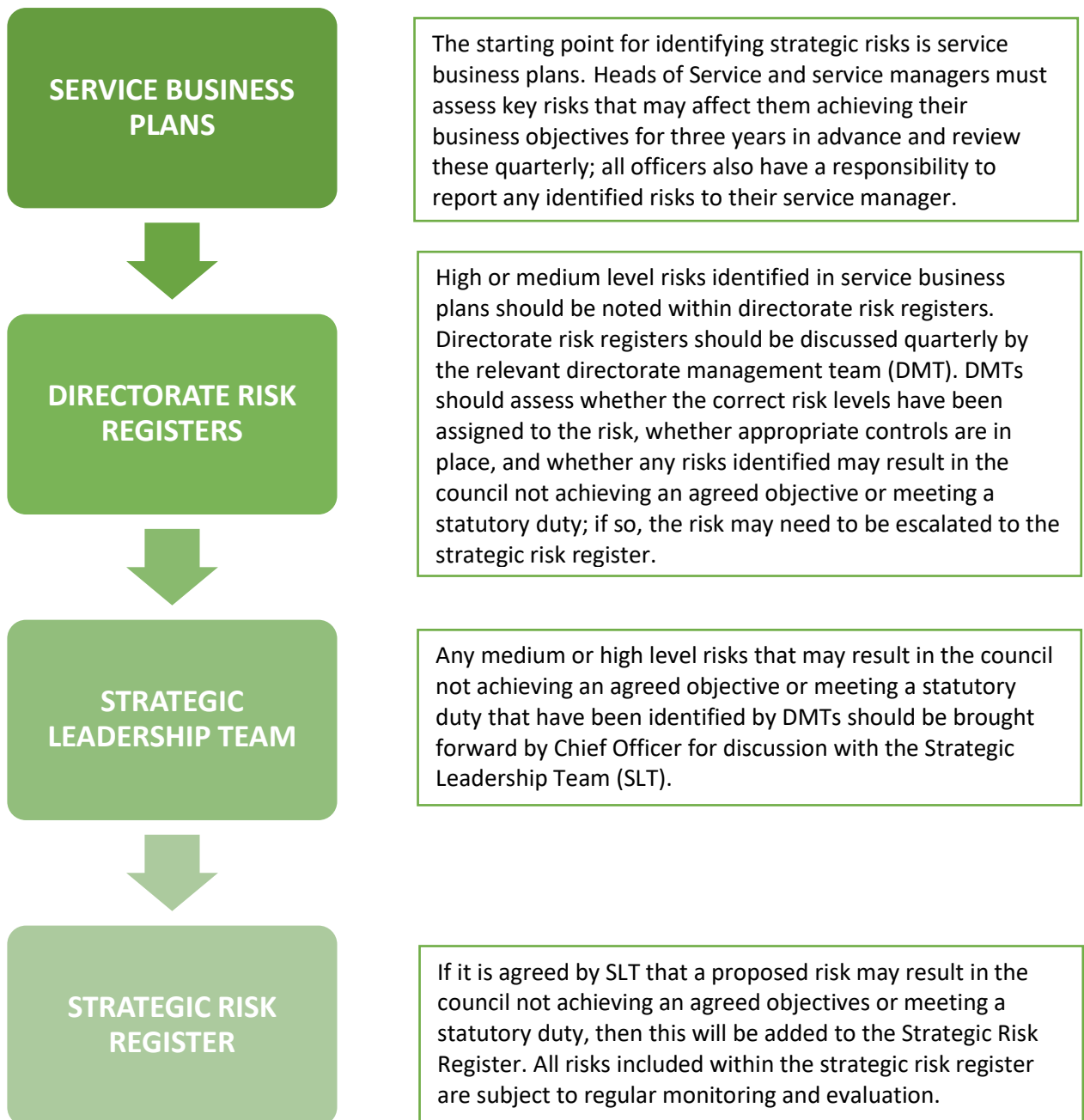
Strategic risks impact on the ability of the Council to achieve its strategic objectives. For example these risks could be; Political; Economic; Social; Technological; Legislative; Environmental

Operational risks impact on the resources required to deliver services and meet operational objectives: People; Physical assets, Finance; Data and information; legislative or regulatory; Suppliers or Third party. Some of the integrated arrangements to manage these are set out in section 2.3. These may still pose a risk to the councils ability to achieves its objectives and need to be identified as a strategic risk.

When identifying risks, it is important to consider both current risks that require immediate treatment, but also risks that may become more prominent in the future. Horizon scanning is used as an overall term for analysing the future: considering how emerging trends and developments might potentially affect current policy and practice. This could help identify potential threats, risks, emerging issues and opportunities. This helps to take a longer-term strategic approach.

The council produces a Risk Radar Report on an annual basis, outlining the biggest risks that Monmouthshire may face over coming years. This report draws on national and global emerging risks identified in a range of horizon scanning reports, most prominently the World Economic Forum (WEF) global risks report, which provides an annual assessment of the most significant global risks that the world may face over the next decade, and the Welsh Government's Future Trends Report, which focuses on the intergenerational challenges that Wales will need to respond to, and the areas it can shape for a more sustainable future. Reports such as these can help inform risk management by highlighting the key uncertainties and challenges that may affect our organisation's objectives and operations. Consideration must be given to the annual Risk Radar Report when identifying strategic risks.

The process for identifying strategic risks for inclusion on the Council's strategic risk register is set out below:



Strategic risks that are no longer considered high or medium level risks will be de-escalated from the strategic risk register and managed within relevant directorate risk registers or service business plans.

3.2 Assessment of risks

A 'traffic light' system is used for assessment of risks and may be defined as follows:

High risk (Score of 12-16)	The risk is highly likely to occur and the impact will be major. Management action/control evaluation and improvement is required coupled with continued pro-active monitoring
Medium risk (Score of 6-9)	The risk is unlikely to result as a major issue, however, if it did the impact would be significant or serious . This risk is relatively less significant than a High risk however it needs to be closely monitored with timely management action/controls to ensure it does not escalate.
Low risk (Score of 1-4)	The risk is very unlikely to occur and the impact will be minor or moderate at worst. Risk will be managed by seeking control improvements where practical and / or monitoring and reviewing at regular intervals

The above is derived from a standard risk matrix. See the Risk Management Guidance for more information on assessing risk levels.

3.3 Risk tolerance & Risk appetite

3.3.1 Risk appetite

There will be occasions when the Council may be willing to accept a degree of risk in order for a benefit to be gained, for example when introducing new opportunities or adopting innovative approaches. In these circumstances, the council will act in accordance with its risk appetite. Risk appetite can be defined as "the amount of risk that an organisation is willing to seek or accept in the pursuit of its objectives."³

In general, these are assessed risks that may result in exposure to the following:

- adverse effect on the Council's reputation and/or performance
- censure or a fine by regulatory/statutory bodies
- significant financial loss or impact on assets

Where circumstances involve exposure to such risks, they must be assessed in line with the Council's risk appetite statement, which can be found on the Hub. Individual project proposals and business plans must contain an assessment of likely risks and consider the risk tolerance levels.

Any innovation or opportunity that presents medium or high risks must be closely examined, the risks clearly identified, analysed, documented and as appropriate, consulted on.

3.3.2 Risk tolerance

Whilst risk appetite sets out how much the risk council is willing to pursue or accept in order for a benefit to be gained, risk tolerance is in relation to what the council is willing to deal with. In other words, risk appetite is about taking risks, whereas risk tolerance is about controlling risks. It can be

³Institute of Risk Management, Risk Appetite & Tolerance Guidance Paper
[64355_riskapp_a4_web.pdf \(their.org\)](#)

defined as “the boundaries of risk taking outside of which the organisation is not prepared to venture in the pursuit of its objectives.”⁴

There will be some risks that the council is not willing to tolerate. In general, these are assessed risks that may result in exposure to the following:

- physical or other harm to any person
- non-compliance with legislation and regulations
- non-compliance with the Council’s policies, rules and procedures, etc.
- major financial loss or damage to/loss of assets

Where there is potential for any exposure to the above, the matter must be referred to the Strategic Leadership Team by the relevant Chief Officer / Head of Service.

4. Risk treatment

In considering how best to deal with risks classified under the ‘traffic light’ system, managers will need to take account of four fundamental ways of addressing risk. These are:

- **terminate** deciding where possible not to continue or proceed with activity in view of the level of risks involved
- **treat** ensuring the effectiveness of existing controls and implementing new controls where considered necessary
- **transfer** involving another party in bearing or sharing the risk (typically by the use of insurance)
- **tolerate** applying to instances where a risk cannot be entirely or fully mitigated by the options listed above. In such cases, the residual risks, i.e. the element of remaining risks, will need to be accepted or accounted for

Consideration must be given to the best approach to be adopted along with any potential consequences of the choices made. Decisions should be noted in Service Business Plans and reflected in the Strategic Risk Register, where required. Further information on risk treatment can be found in the Risk Management Guidance, available on the Hub.

5. Risk Monitoring

Risk monitoring and review is embedded as part of the authority’s performance management framework. Ongoing monitoring aims to support an understanding of whether and how the risk profile of the Council is changing and the extent to which mitigating actions are managing risks as planned. The key mechanisms for monitoring and reviewing risks are:

Service Business plans: In line with the strategic risk management policy and supporting guidance, Heads of Service and service managers must assess key risks that may affect them achieving their business objectives for three years in advance and review these quarterly as part of their Service Business Plans.

⁴ Institute of Risk Management, Risk Appetite & Tolerance Guidance Paper [64355_riskapp_a4_web.pdf \(theirm.org\)](https://www.theirm.org/64355_riskapp_a4_web.pdf)

Directorate risk register: Each directorate will manage and regularly review a directorate risk register, in line with the risk policy. This will contain any medium and high strategic risks that have been identified within service business plans. Directorate risk registers are reviewed quarterly by directorate management teams to ensure risks identified are appropriate and to assess progress of mitigating actions. Risks identified in directorate risk registers may be escalated to the strategic risk register, if necessary.

The Strategic Risk Register: The strategic risk management policy provides definitions of strategic risks and how the risk management process is integrated. Typically, high and medium strategic risks identified in directorate risk registers will also be recorded and monitored in the Strategic Risk Register, although this may vary depending on the nature of the risk identified. The Strategic risk register will identify:

- the nature of the risk, the consequences and impact with appropriate evidence
- the overall risk levels and scores (high & medium only) before controls (Gross risk)
- The current risk levels and scores with current controls and assessment of nature of risk
- The target risk score for the following two years – the targeted risk level assessed in line with the Council’s risk appetite.
- planned/existing actions in place to mitigate the risks
- relevant timescales for actions and the officers responsible (the risk owner)
- update information – direction of travel in controlling the risk and evidence

The Risk Register will use a standard electronic format, will be regularly updated and available on the Council’s intranet site.

6. Risk Reporting

Risk reporting is embedded as part of the authority’s performance management framework. Risk reporting should provide a balanced assessment of the principal risks and the effectiveness of risk management actions. Reporting provides assurance on the effectiveness of the risk management approach, and highlights areas where intervention is required.

The starting point for reporting risk is within **service business plans**, where risks are regularly monitored and updated. Risks are also reported within **directorate risk registers** which are discussed by DMTs at least quarterly.

The **strategic risk register** is where strategic risks to the council are reported. This register is regularly presented to governance groups and committees within the organisation who provide an objective assessment of the effectiveness of the arrangements in place. The arrangements for reporting on strategic risks to the council is as follows:

Governance group/committee	Reporting arrangements
Cabinet	The strategic risk register is presented to Cabinet six-monthly to allow cabinet members to assure themselves that the risks identified are accurate and that the controls in place are appropriate.
Strategic Leadership Team	The strategic risk register is presented to SLT six-monthly. This provides SLT with an opportunity to verify the accuracy and proportionality of the risks, scores and mitigating actions logged.

Performance & Overview Scrutiny Committee	The strategic risk register is reported to this committee six-monthly. This is in line with the committee's responsibility to ensure that strategic risks have been appropriately identified and are being managed proportionately.
Governance and Audit Committee	An assessment of the effectiveness of risk management arrangements accompanied by a summary of the strategic risk register is presented to this committee six-monthly. This is in line with the committee's responsibility to ensure that a robust risk management framework is in place.

7. Continual Improvement

The effectiveness of the council's strategic risk management policy and guidance will be subject to continuous review. An assessment of the effectiveness of the risk management framework will be undertaken six monthly and any subsequent action identified implemented. The strategic risk policy and guidance will be reviewed annually and adapted if required, to address any external and internal changes. Any material changes will need to be agreed with the Council's strategic leadership team and Cabinet.

Monmouthshire County Council Risk Appetite Statement

Last reviewed:

There will be occasions when the Council may benefit from introducing new opportunities or adopting innovative approaches, or where circumstances have changed and a revised approach to service delivery is necessary. These may result in a degree of calculated risk that is inherent in the approach so that a benefit can be gained. Where circumstances involve exposure to such risks, they must be assessed in line with the Council's risk appetite, as set out below.

Individual project proposals and business plans must contain an assessment of likely risks and consider the risk tolerance levels.

Any innovation or opportunity that presents medium or high risks must be closely examined, the risks clearly identified, analysed, documented and as appropriate, consulted on.

Risk appetite

Risk appetite can be defined as 'the amount and type of risk that an organisation is willing to take in order to meet their strategic objectives'¹. In some circumstances, a degree of risk may be accepted in order that a benefit can be gained or an opportunity taken.

Risk appetite can be thought of as made up of concepts:

- Optimal risk position - the level of risk with which an organisation aims to operate.
- Tolerable risk position - the level of risk with which an organisation is willing to operate

The council uses the following definitions of risk appetite levels²:

Risk appetite	Description
Averse (1)	Avoidance of risk and uncertainty in achievement of key deliverables or initiatives is key objective. Activities undertaken will only be those considered to carry virtually no inherent risk.
Minimalist (2)	Preference for very safe business delivery options that have a low degree of inherent risk with the potential for benefit/return not a key driver. Activities will only be undertaken where they have a low degree of inherent risk.
Cautious (3)	Preference for safe options that have low degree of inherent risk and only limited potential for benefit. Willing to tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified scope to achieve significant benefit and/or realise an opportunity. Activities undertaken may carry a high degree of inherent risk that is deemed controllable to a large extent.
Open (4)	Willing to consider all options and choose one most likely to result in successful delivery while providing an acceptable level of benefit. Seek to achieve a balance between a high likelihood of successful delivery and a high degree of

¹ <https://www.theirm.org/knowledge-and-resources/thought-leadership/risk-appetite-and-tolerance.aspx>

² HM Government Orange book, risk appetite guidance note
https://assets.publishing.service.gov.uk/media/61239758e90e0705481fc085/20210805_-_Risk_Appetite_Guidance_Note_v2.0.pdf

	benefit and value for money. Activities themselves may potentially carry, or contribute to, a high degree of residual risk.
Eager (5)	Eager to be innovative and to choose options based on maximising opportunities and potential higher benefit even if those activities carry a very high residual risk.

Risk appetite will vary between risks, departments and functions. The following table displays the council's risk appetite levels by organisational activity:

Risk category ²	Risk appetite range		Comment
	Lower limit	Upper limit	
Strategic	Cautious (3)	Open (4)	The council will be cautious to open to risk that may prevent us from achieving our agreed objectives.
Financial	Minimalist (2)	Cautious (3)	The council will have a cautious approach to financial risks where there is value for money to be gained, and otherwise will take a minimalist approach.
Legal and regulatory	Averse (1)	Averse (1)	The council will not accept any risk that may result in a deliberate failure to comply with laws and regulations.
Governance and decision making	Averse (1)	Minimalist (2)	The council will seek to ensure that strong leadership and governance is in place at all times, but accepts there may be instances where a minimalist approach to governance and decision making risks is needed.
People	Averse (1)	Cautious (3)	The council will not accept any risks that may result in non-compliance with any employment policies or HR regulation or cause harm to people. We will, however, take a cautious approach to some risks that have a low degree of inherent risk.
Political	Minimalist (2)	Cautious (3)	The council will take a minimalist to cautious approach to political risks in seeking to achieve its objectives.
Environmental	Averse (1)	Minimalist (2)	The council has an averse to minimalist risk appetite in relation to environmental risk, aiming to have a minimal impact on our county's natural and built environment.
Service delivery (operational)	Averse (1)	Open (4)	The council will be averse to risks that could result in the failure to deliver essential services to our residents. We will, however, be open in situations where there is a high degree of benefit and value for money to be gained and the risk will not impact directly on essential services.

Reputational	Minimalist (2)	Open (4)	The council will be open to risk that may result in reputational risk in order to achieve its objectives.
Safeguarding	Averse (1)	Averse (1)	The council will not accept any risk that may result in harm to any person or a failure of safeguarding arrangements. The council will comply with all relevant safeguarding requirements to minimise any safeguarding risks.
Information governance	Averse (1)	Averse (1)	The council will not accept any risk that may result in a breach of personal or sensitive data.
Technology	Cautious (3)	Eager (5)	We will take a cautious to eager approach to risks where technological innovation is possible.
Health and safety (including public safety)	Averse (1)	Averse (1)	The council will not accept any risk that may result in harm to any person. We will ensure compliance with the council's own health and safety risk management policy and wider legislation.

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MONMOUTHSHIRE COUNTY COUNCIL RISK MANAGEMENT GUIDANCE

1. INTRODUCTION

Risk Management is the planned and systematic process by which key risks are identified, evaluated and managed in order to maximise benefits and minimise potentially negative consequences to the Council and its partners.

The Council is committed to the effective management of risk. As a large public sector organisation, it is exposed to a wide range of risks and threats in delivering key services to communities.

The Council recognises it has a responsibility to identify, evaluate and manage those risks that threaten:

- the achievement of its defined well-being objectives and delivery of services to the community
- the health and safety of its service users, employees, partners and the public at large

This document sets out guidance on the Council's approach to strategic risk management. The council's policy on strategic risk management can be found on the Hub.

2. APPROACH TO RISK MANAGEMENT

The Council's aim and intention is to anticipate and manage risks pro-actively rather than deal with the consequences of actual occurrences. Some risks involving key services are best managed through the Monmouthshire County Council Emergency Management Plan and the Business Continuity Strategy.

Risk management must be proactive so that the whole authority strategic and operational risks are identified, and the impact and likelihood of occurrences are assessed and actively managed.

(See also paragraph 4 below - Recording Risks)

Risk management consists of four basic processes¹:

- Risk identification and assessment to determine and prioritise how risks should be managed;
- risk response (treatment) options that support achievement of intended outcomes and manage risks;
- risk monitoring to ensure treatments identified are being implemented;
- timely and accurate risk reporting.



3. RISK IDENTIFICATION AND ASSESSMENT

3.1 Types of risk

Strategic risks impact on the ability of the Council to achieve its strategic objectives. For example these risks could be; Political; Economic; Social; Technological; Legislative; Environmental

Operational risks impact on the resources required to deliver services and meet operational objectives: People; Physical assets, Finance; Data and information; legislative or regulatory; Suppliers or Third party.

The council uses the UK Government Orange Book risk category definitions, as set out below:

¹ HM Government Orange book, Management of Risk & principles.

Risk category	Description
Political	Risks arising from instability in the political landscape of the organisation or a lack of political direction, leading to uncertainty.
Economic	Risks arising from changes in the macroeconomic landscape which could negatively affect the organisation, both directly including through decreases in real term funds, and indirectly through a negative effect on residents causing increased reliance on assistance from the organisation.
Social	Risks arising from the potential negative consequences from the impact of an organisation's operations on society. These risks can include issues such as social inequality, labour disputes, and negative impacts on local communities.
Technology	Risks arising from technology not delivering the expected services due to inadequate or deficient system/ process development and performance or inadequate resilience.
Information	Risks arising from a failure to produce robust, suitable and appropriate data/ information and to exploit data/information to its full potential.
Legal and regulatory	Risks arising from a defective transaction, a claim being made (including a defence to a claim or a counterclaim) or some other legal event occurring that results in a liability or other loss, or a failure to take appropriate measures to meet legal or regulatory requirements.
Environmental	Risks arising from the potential negative impact that human activities, natural disasters, or other events can have on the environment. These risks can include pollution, habitat destruction, climate change, and depletion of natural resources.
People	Risks arising from ineffective leadership and engagement, suboptimal culture, inappropriate behaviours, the unavailability of sufficient capacity and capability, industrial action and/or non-compliance with relevant employment legislation/HR policies resulting in negative impact on performance.
Finance	Risks arising from not managing finances in accordance with requirements and financial constraints resulting in poor returns from investments, failure to manage assets/liabilities or to obtain value for money from the resources deployed, and/or non-compliant financial reporting.
Reputational	Risks arising from adverse events, including ethical violations, a lack of sustainability, systemic or repeated failures or poor quality or a lack of innovation, leading to damages to reputation and or destruction of trust and relations.
Governance	Risks arising from unclear plans, priorities, authorities and accountabilities, and/or ineffective or disproportionate oversight of decision-making and/or performance.
Commercial	Risks arising from weaknesses in the management of commercial partnerships, supply chains and contractual requirements, resulting in poor performance, inefficiency, poor value for money, fraud, and/or failure to meet business requirements/objectives.

3.2 Horizon scanning

Horizon scanning is used as an overall term for analysing the future: considering how emerging trends and developments might potentially affect current policy and practice. This could help identify potential

threats, risks, emerging issues and opportunities. This helps to take a longer-term strategic approach. Some of the main uses of horizon scanning include²:

1. To deepen the understanding of the driving forces affecting future development of a policy or strategy area
2. To identify gaps in understanding and bring into focus new areas of research required to understand driving forces better
3. To build consensus amongst a range of stakeholders about the issues and how to tackle them
4. To identify and make explicit some of the difficult policy choices and trade-offs that may need to be made in the future
5. To create a new strategy that is resilient because it is adaptable to changing external conditions
6. To mobilise stakeholders to action

One of the most prominent sources of horizon scanning is the World Economic Forum (WEF) global risks report, which provides an annual assessment of the most significant global risks that the world may face over the next decade, based on the views of experts and decision-makers from various fields and regions. The Welsh Government produce a similar Future Trends Report, which brings together likely economic, social, environmental, and cultural trends, focusing on the intergenerational challenges that Wales will need to respond to, and the areas it can shape for a more sustainable future. Reports such as these can help inform risk management by highlighting the key uncertainties and challenges that may affect our organisation's objectives and operations.

3.3 External risk arrangements

The Council also has to take into account risks identified from both a UK National and Wales Regional perspective. The UK government undertake a National Security Risk Assessment which assesses the most serious risks facing the UK, including threats to health, society, critical infrastructure and economy. A Pan Wales version of the National Risk Register is also produced. The responsibility for managing these risks at a local level sits with local resilience forums; for Monmouthshire, this responsibility sits with the Gwent Local Resilience Forum (GLRF), of which the council is a member.

The GLRF also publishes a Community Risk Register, which is reviewed annually. This assesses the likelihood and impacts of a range of hazards that have the potential to cause significant disruption to the residents, communities, and environment of Gwent. Risks that may result in significant impact in Monmouthshire will be recorded on the Strategic Risk Register, where appropriate. The GLRF Community Risk Register can be found [here](#).

3.4 Risk assessment

Risks are assessed by the level of:

- likelihood of occurrence
- impact/consequence

Both factors need to be assessed to decide the seriousness of risks. Managers will assess each element of the judgement and determine the appropriate levels. The tables below give the indicative definitions for each element:

Likelihood	Threat/Risk
Almost certain	Is expected to occur in most circumstances Will undoubtedly happen, possibly annually or more frequently Imminent/near miss

² Horizon Scanning: A Practitioner's Guide, Institute of Risk Management [horizon-scanning_final2-1.pdf](https://www.theirm.org/horizon-scanning_final2-1.pdf) ([theirm.org](https://www.theirm.org))

Likely	Will probably occur in many circumstances Will probably happen but not a persistent issue e.g. once every three years Has happened in the past
Possible	Could occur in certain circumstances May happen occasionally e.g. once in ten years Has happened elsewhere
Unlikely	May occur only in exceptional circumstances Not expected to happen but is possible e.g. once every 25 years Not known in this activity

Impact	Threat/Risk
Major	Risks that can have a major effect on the operation of the council or service. This may result in significant financial loss, service loss, service disruption or severe impact on the public. Examples: Inability to fulfil obligations Medium to long term damage to service capability Severe financial loss which will have a major impact on the council's financial plan Death Adverse national publicity –damage resulting in a loss of public confidence Litigation certain and difficult to defend Breaches to law punishable by significant fine or imprisonment
Substantial	Risks that can have a substantial effect on the operation of the council or service. This may result in a financial loss, major service disruption or significant impact on the public: Examples: Substantial impact on service objectives Short to Medium Term impairment of service capability Financial loss which will have an impact on the council's financial plan adverse local publicity, major loss of confidence Litigation likely, may be difficult to defend Breaches of law punishable by fines
Moderate	Risks that have a noticeable effect on the services provided. Each one will cause a degree of disruption to service provision and impinge on the budget. Examples: Services objectives partly achievable No significant to service capability, where occurs is only short term Moderate financial loss that can be accommodated at Head of Service level Some adverse publicity May result in complaints Breaches of regulations/standards
Minor	Risks where the consequences will not be severe and any associated losses will be relatively small. As individual occurrences, they will have a negligible effect on service provision. However if action is not taken then such risks may have a more significant cumulative effect. Examples: Minor impact on service objectives No significant disruption to service quality Minimal financial loss – can be accommodated at team level Unlikely to cause adverse publicity, no damage to reputation Breaches of local procedures / standards only

Risks need to be recorded in a structured format covering the cause, event and effect. Some examples are below:

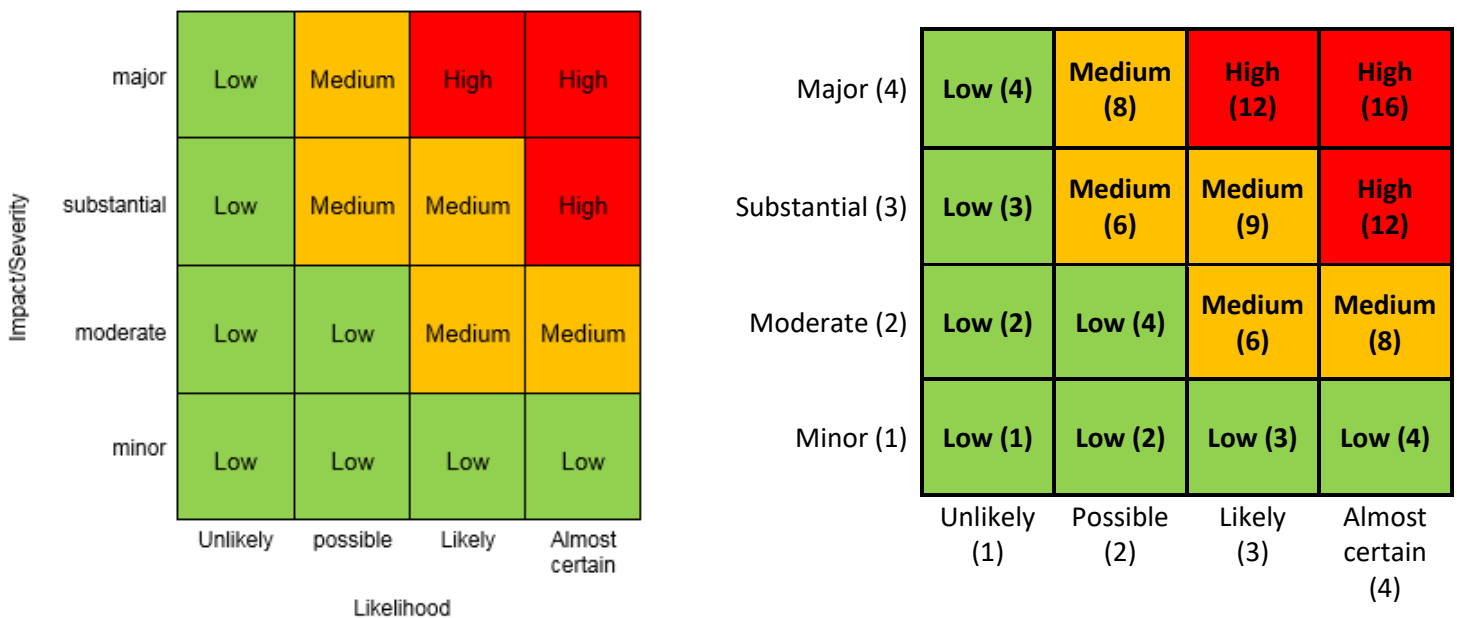
Event	Cause	Effect
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Risk of...Failure to...Lack of...Loss of...Uncertainty of...Inability to...Delay in...	Because of...Due to...As a result of...	Leads to...and/or...result in...
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Cause	Event	Effect
Because of...As a result of...Due to...	An uncertain event may occur	Which would lead to [effect on objective]

3.3.1 Risk matrix

Once the likelihood and impact of a risk has been determined, a risk matrix is used to determine the risk level and score. The Council uses a ‘traffic light’ system of Red/Amber/Green associated with High/Medium/Low and a notional numerical scale from 1 to 4 to assess risks. Generally it is clear what the assessment should be. However, there will be cases where assessment of “How much risk” is not straightforward (such as when the effect of controls and countermeasures is uncertain).



Risks with a score of 1-4 are considered to be low risk; a score of 6-9 is considered medium risk; and a score of 12-16 is considered to be high risk. Assigning a ‘score’ or numerical value to risks allows a greater deal of flexibility when rating a risk; for example, the movement of likelihood or impact may result in the same level of risk (low, medium, high) but a different score. Scoring risks also allows risk owners to rank risks, helping to identify which risks may need to be prioritised, and allows them to identify where a risk may sit outside of the organisation’s risk appetite; for example, high level risks will tend to sit outside of risk appetite and may require more immediate attention.

4. RISK TREATMENT

In considering how best to deal with risks classified under the ‘traffic light’ system, managers will need to take account of four fundamental ways of addressing risk. These are:

- **terminate** deciding where possible not to continue or proceed with activity in view of the level of risks involved
- **treat** ensuring the effectiveness of existing controls and implementing new controls where considered necessary

- **transfer** involving another party in bearing or sharing the risk (typically by the use of insurance)
- **tolerate** applying to instances where a risk cannot be entirely or fully mitigated by the options listed above. In such cases, the residual risks, i.e. the element of remaining risks, will need to be accepted or accounted for

Consideration must be given to the best approach to be adopted along with any potential consequences of the choices made. This must be in line with the council's risk appetite, which can be found on the Hub.

5. RISK MONITORING

Risk monitoring and review is embedded as part of the authority's performance management framework. Ongoing monitoring aims to support an understanding of whether and how the risk profile of the Council is changing and the extent to which mitigating actions are managing risks as planned. The key mechanisms for monitoring and reviewing risks are:

Service Business plans: In line with the strategic risk management policy, Heads of Service and service managers must assess key risks that may affect them achieving their business objectives for three years in advance and review these quarterly as part of their Service Business Plans.

Directorate risk register: Each directorate will manage and regularly review a directorate risk register, in line with the risk policy. This will contain any medium and high strategic risks that have been identified within service business plans. Directorate risk registers are reviewed quarterly by directorate management teams to ensure risks identified are appropriate and to assess progress of mitigating actions. Risks identified in directorate risk registers may be escalated to the strategic risk register, if necessary.

The Strategic Risk Register: The strategic risk management policy provides definitions of strategic risks and how the risk management process is integrated. Typically, high and medium strategic risks identified in directorate risk registers will also be recorded and monitored in the Strategic Risk Register, although this may vary depending on the nature of the risk identified. The Strategic risk register will identify:

- the nature of the risk, the consequences and impact with appropriate evidence
- the overall risk levels and scores (high & medium only) before controls (Gross risk)
- The current risk levels and scores with current controls and assessment of nature of risk
- The target risk score for the following two years – the targeted risk level assessed in line with the Council's risk appetite.
- planned/existing actions in place to mitigate the risks
- relevant timescales for actions and the officers responsible (the risk owner)
- update information – direction of travel in controlling the risk and evidence

4. RISK REPORTING

Risk reporting is embedded as part of the authority's performance management framework. Risk reporting should provide a balanced assessment of the principal risks and the effectiveness of risk management actions. Reporting provides assurance on the effectiveness of the risk management approach, and highlights areas where intervention is required.

The starting point for reporting risk is within **service business plans**, where risks are regularly monitored and updated. Risks are also reported within **directorate risk registers** which are discussed by DMTs at least quarterly.

The **strategic risk register** is where strategic risks to the council are reported. This register is regularly presented to governance groups and committees within the organisation who provide an objective assessment of the effectiveness of the arrangements in place. The arrangements for reporting on strategic risks to the council is as follows:

Governance group/committee	Reporting arrangements
Cabinet	The strategic risk register is presented to Cabinet six-monthly to allow cabinet members to assure themselves that the risks identified are accurate and that the controls in place are appropriate.
Strategic Leadership Team	The strategic risk register is presented to SLT six-monthly. This provides SLT with an opportunity to verify the levels and proportionality of the risks, and to assess whether the previously agreed mitigating actions have been delivered in accordance with expectations and that further proposed actions are credible and likely to improve the risk position.
Performance & Overview Scrutiny Committee	The strategic risk register is reported to this committee six-monthly. This is in line with the committee's responsibility to ensure that strategic risks have been appropriately identified and are being managed proportionately.
Governance and Audit Committee	An assessment of the effectiveness of risk management arrangements accompanied by a summary of the strategic risk register is presented to this committee six-monthly. This is in line with the committee's responsibility to ensure that a robust risk management framework is in place.

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**SUBJECT: INTERNAL AUDIT
OPERATIONAL PLAN 2024/25**

DIRECTORATE: Resources
MEETING: Governance & Audit Committee
DATE: April 2024
DIVISION/WARDS AFFECTED: All

1. PURPOSE

To receive and consider the Internal Audit Operational Plan for 2024/25.

2. RECOMMENDATION(S)

That the Governance and Audit Committee reviews, comments on and approves the Internal Audit Plan 2024/25.

3. KEY ISSUES

- 3.1 This report aims to inform Members of the Governance and Audit Committee of the work to be undertaken by the Internal Audit Section at an operational level for 2024/25. It identifies why the Council operates an Internal Audit function, the resources currently available and how they will be applied across the services of Monmouthshire County Council to give management assurance that systems are working as intended.
- 3.2 The mission of Internal Audit is *to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight*. It is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, effective and efficient use of the Council's resources.
- 3.3 The planning process takes into account all possible systems, processes, sections and establishments that could possibly be audited within Monmouthshire. This includes all services, activities and functions which MCC commissions and/ or delivers itself, via a third party or a collaborative / partnership arrangement. Key parts of this process involve an annual review of the corporate risk register and consultation with the

Strategic Leadership Team, Chief Officers and Heads of Services across the Authority inviting them to highlight any emerging or changing risk profiles within their own service areas.

- 3.4 The financial position of the Council has also been considered when developing this audit plan. The financial challenges of the council impacts on operational service delivery as and a consequence impacts on the risk appetite of the Council. Management have committed to enhanced budget monitoring and the development of a Financial Management Board which the Acting Chief Internal Auditor is a standing advisor.
- 3.5 Consideration is given to over 300 possible areas to audit across all services provided by Monmouthshire which are risk assessed and allocated a high, medium or low risk. The audit team staff resources would then be allocated to cover the higher ranked risks as appropriate. That said, inevitably there will be reviews which the audit team have to undertake annually such as the annual governance statement, mandatory grant claim audits and audit advice, which have also been incorporated into the plan, along with follow up reviews, finalisation work and planned work from the previous year not undertaken.
- 3.6 An allocation of time is included in the plan for special investigations where the team might receive allegations of fraud, theft, non-compliance etc. The plan also needs to be flexible enough to respond to changes to risk profiles and other developments in year; the audit management team will continually monitor this situation.
- 3.7 For 2024/25, the total available days amounted to 1,300, based on 5 FTE auditors in the team for the full year. An allowance for leave, sickness, training, management time and admin is deducted from this to give the total number of operational audit days in the year.
- 3.8 Total operational audit resources amounts to **813 days**, which will be allocated across service directorates on a risk basis (summary shown at Appendix 1). This includes 70 days for special investigations and reactive work.
- 3.9 Historically, the time allocated to special investigations is usually a pressure point. The number of days allocated within the 2024/25 plan will remain at the reduced amount of 70 days. If time intensive investigation(s) or reactive work is required, this may impact on the resource available to complete planned audit work and therefore meet the team's performance target.
- 3.10 It was noted that if the Internal Audit service were to complete a review of each of the areas which had not yet been audited or were due an audit review within 2024/25 the resource required for the team would amount to circa 2,873 audit days. Therefore, the audit plan has had to be risk assessed and prioritised to match the current resource of the team.
- 3.11 Chief Officers and Heads of Service were given the opportunity to contribute to and shape this plan. The initial draft plan was discussed

and refined through meetings with the Strategic Leadership Team, Chief Officers and their Department Management Teams.

- 3.12 A copy of the draft Internal Audit plan was due to be presented to the meeting of the Governance & Audit Committee on the 14th March 2024. However, as this meeting was cancelled, a copy of the covering report and the audit plan was emailed to members as an opportunity to provide comment and requests. These have been taken into account when devising the final version of the 2024/25 plan.
- 3.13 The changes between the original plan provided to Committee Members via email and this 'final' version of the plan are as follows;
- Addition of a 'Contract Management' audit within the Communities & Place service area following concerns being raised.
 - Addition of Purchasing Cards, Active Travel, Flying Start and Youth Offending which were all work in progress at year end.
 - Addition of Democratic Services & Governance Follow-up review following an unfavourable opinion being issued.
 - Time allocated for Internal Audit to provide advisory services to the newly established Fleet Management Board.

To enable the above audit reviews to be added to the plan, a prioritisation and risk review has been conducted and the following reviews have unfortunately had to be postponed to a future year. If time does become available during year, these will be prioritised for review;

- Member Allowances & Expenses
 - Education Other than at School (EOTAS) Service
 - Passenger Transport Unit
 - Play
- 3.14 This plan may change as the year progresses if the risk profile of audit work changes. It is intended that this audit plan remains fluid and will be dependent on any new priorities or emerging risks to the Council. The plan will be reviewed quarterly by the Acting Chief Internal Auditor and discussed with the Deputy Chief Executive / Chief Officer for Resources and the Chair of the Governance and Audit Committee as and when necessary. Any significant change to the agreed plan will be brought back to the Governance and Audit Committee for approval.
- 3.15 The Governance and Audit Committee will be kept updated with the progress against the agreed plan via quarterly reports presented by the Acting Chief Internal Auditor.
- 3.16 At the time of writing this report, the calculation of Internal Audit resources / available audit days for the year was based on the existing team structure. A separate report regarding the future delivery of Internal Audit Services in Monmouthshire County Council is due to be considered by the Committee. The team is currently headed up by the Audit Manager who is undertaking the responsibilities of the vacant Chief Internal Auditor post. The team currently consists of one Acting Chief Internal Auditor, supported by one Principal Auditor, two Senior Auditors and one Auditor (5 FTE).

- 3.17 Staff within the section have appropriate professional qualifications. They also have considerable experience of working within the local authority and audit environment. The Acting Chief Internal Auditor is a Chartered Member of the Institute of Internal Auditors (IIA) UK & Ireland and is a Certified Internal Auditor with the IIA Global. He has extensive working knowledge of internal audit practices within the public sector. The other members of the team are either Chartered or Certified members of the IIA (2) or preparing to undertake formal training (2).
- 3.18 Audit management will continue to support professional and work related training in order to enhance the Section's effectiveness in service delivery in line with the Council's management expectations and the Public Sector Internal Audit Standards. This will ensure that all staff are kept up to date with developments in auditing techniques and changes within local government which may impact on the provision of the service.
- 3.19 Consideration has been given to the appropriate level of resources for Internal Audit at Monmouthshire County Council. The current establishment of 5 staff remains just about adequate for the current level of assessed risk as outlined above; a greater audit resource could provide a greater assurance to management and allow the section to be even more responsive to changing priorities and risk profiles throughout the year. Any unplanned absences such as long-term sickness, secondments or prolonged special investigations could significantly affect the audit plan as cover is limited.
- 3.20 To seek to maximise performance against the plan, Audit Management will continue to ensure audit reports are more focused and timely, that staff with the right skill sets are allocated to appropriate work and non-productive time is minimised.

4. REASONS

- 4.1 The 2024/25 Internal Audit Plan is attached at Appendix 2 to this report. Audit jobs within the plan have been risk assessed and prioritised and matches the audit resources available for the year. This will be reviewed on an annual basis in order to determine the appropriateness of the risk assessment each year where audit resources will be deployed to cover the higher risk reviews.

47 audit opinion and 25 non-opinion jobs have been incorporated within the 2024/25 Plan.

It is the opinion of the Acting Chief Internal Auditor that this will be sufficient audit work and coverage to provide an informed end of year opinion.

- 4.2 The Operational Plan has been updated to take account of:

a) The Authority's latest Risk Assessment;

- b) New areas for inclusion in the Plan identified from changes to legislation and the regulatory framework for local government and from ongoing discussions with service managers;
 - c) Areas of slippage from previous Operational Plans; and
 - d) The published Regulatory Plan produced by Audit Wales.
- 4.3 Each review will be risk assessed and categorised as High, Medium or Low risk. Within the cycle of audits the team would aim to cover the higher risk areas as a priority but also provide coverage across directorates with lower risk services. All fundamental financial systems may now not be covered on an annual basis, especially if they have been previously determined as well controlled, with no significant changes to the system or to personnel. We will ensure that these are incorporated within the plan every few years to provide ongoing assurance.
- 4.4 Consultation was undertaken, with meetings and email correspondence to the various Heads of Service, managers and finance representatives of each directorate.
- 4.6 An Annual Report will be prepared for the Governance and Audit Committee to provide appropriate assurance via the Chief Internal Auditor's annual opinion, along with details on the performance of the Section against the Operational Plan. Interim progress reports will also be provided to the Committee quarterly.
- 4.7 With effect from 1st April 2016 the revised Public Sector Internal Audit Standards (PSIAS) came into force for all public sector bodies including local government organisations. The Acting Chief Internal Auditor will ensure that the Audit Team continues to undertake its work in accordance with these Standards. From the 1st January 2025 the new Global Internal Audit Standards will become mandatory, we are currently awaiting further guidance on how this will impact the PSIAS and for support on their effective and efficient implementation within a local government context.
- 4.8 Independence is achieved through the organisational status of Internal Audit and the objectivity of internal auditors. In order to ensure the objective nature of audit reviews is not compromised, Internal Audit must be seen to be demonstrably independent of all managerial influence. Within Monmouthshire County Council this is achieved as follows: -
- the Chief Internal Auditor is responsible for the control and direction of Internal Audit;
 - the Chief Internal Auditor has a duty to report direct to the Chief Executive and the Leader of the Council on any matter which he feels appropriate, in particular where the Deputy Chief Executive / Chief Officer Resources (S151 Officer) appears to be personally involved. To this end, the Chief Internal Auditor has, if required, direct and unfettered access to the Chief Executive, Chair of the Governance & Audit Committee and Leader of the Council to raise matters to their immediate attention.

- individual audit reports are sent to service managers, Heads of Service and Chief Officers as appropriate in the name of the Chief Internal Auditor; and
- the Chief Internal Auditor submits an annual report to the Governance and Audit Committee giving an overall opinion on the adequacy of internal controls operated within the Council.

4.9 The Governance & Audit Committee are responsible as per their Terms of Reference to approve and monitor the Internal Audit plan over the course of the financial year. Quarterly reports shall be presented promptly by the Chief Internal Auditor, informing the Committee of the current progress against the approved plan, the opinions issued and a summary of all unfavourable reports. The Committees role is to hold officers to account and provide oversight of the audit process and the organisations system of internal control.

5. RESOURCE IMPLICATIONS

None.

6. CONSULTEES

Strategic Leadership Team
Directorate Management Teams
Governance & Audit Committee

7. BACKGROUND PAPERS

Strategic Internal Audit Plan 2024/25
Public Sector Internal Audit Standards

8. AUTHOR AND CONTACT DETAILS

Jan Furtek, Acting Chief Internal Auditor
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Email: janfurtek@monmouthshire.gov.uk

Directorate Summary

Directorate	Days	Allocation of Audit Resources (%)	Opinion jobs	Non Opinion Job
Resources	60	7.4%	4	2
Law & Governance	14	1.7%	1	2
Children & Young People	196	24.1%	14	3
Social Care, Health & Safeguarding	122	15.0%	8	3
Communities & Place	131	16.1%	8	2
Customer, Culture and Wellbeing - MonLife	95	11.7%	7	2
People, Performance and Partnerships	82	10.1%	5	2
Corporate Work	43	5.3%	0	9
Special Investigations	70	8.6%	n/a	n/a
Total	813	100%	47	25

10/01/2024

INTERNAL AUDIT SERVICE - OPERATIONAL PLAN 2024/25

Resources		Last Review	Audit Due	Risk	Days
Finance - Corporate Accountancy					
	Budgetary Control (Revenue)	2021/22	No		
	Budgetary Control (Capital)	2014/15	Yes		
	Treasury Management	2018/19	Yes		
	Fixed Assets	2021/22	No		
	Capital Receipts	2016/17	Yes		
	Insurances	2023/24	No		
	Till Floats (Follow-up)	2023/24	Yes	M	5
Finance - Revenues, Systems & Exchequer					
	Bank Reconciliations	2019/20	No		
	Bank Transfer Payments	2018/19	Yes		
	Control, Suspense & Holding Accounts	2021/22	No		
	System Administration & Security	2020/21	No		
	Taxation (VAT)	Never	Yes		
	Council Tax	2023/24	No		
	National Non Domestic Rates (NNDR)	2022/23	No		
	Corporate Sundry Debtors	2018/19	Yes	M	15
	Creditor Payments	2023/24	No		
	Procurement Cards (2023/24)	2023/24	Yes	M	10
	IR35 Regulations	2018/19	Yes		
	Benefits	2023/24	No		
	Cashiers	2019/20	No		
	Replacement BACS system - Consultancy	2021/22	Yes		
	PCI Compliance	Never	Yes		

**Monmouthshire County Council
Internal Audit Plan 2024/25**

	Imprest Accounts	2023/24	No		
	Revenues Shared Service	2023/24	No		
Digital Design & Innovation					
	Digital Projects	Never	Yes		
	GIS	Never	Yes		
Information Technology & Security					
	Freedom of Information	2022/23	No		
	SRS Client Management	Never	Yes		
	Mobile Phones	2018/19	Yes		
	Information Security	Never	Yes		
Health & Safety					
	Health & Safety	2019/20	No		
Landlord & Commercial Services					
	Investments	2021/22	No		
	Property Services Helpdesk/ Reactive Maintenance	Never	Yes	M	15
	Property Maintenance - Planned	2013/14	Yes		
	Health & Safety - Buildings	2022/23	No		
	Estate Management	Never	Yes		
	County Farms	2016/17	Yes		
	Asset Management	2012/13	Yes		
	Cemeteries	2023/24	No		
	Industrial & Retail Units	Never	Yes		
	Allotments	Never	Yes		
General					
	Audit Advice	Annual	Yes		12

**Monmouthshire County Council
Internal Audit Plan 2024/25**

	Finalisation of previous year's audits (work in progress)	Annual	Yes		1
	Monitoring Implementation of Previous Recommendations	Annual	Yes		2
Total Planned Days for Resources					60

		Last Review	Audit Due	Risk	Days
Law & Governance					
Local Democracy					
	Democratic Services & Governance (Follow-up)	2023/24	Yes	H	8
	Chair's Office	Never	Yes		
	Member Allowances & Expenses	2010/11	Yes		
	Electoral Registration	2023/24	No		
Legal					
	Land Charges	2022/23	No		
	Litigation	Never	Yes		
	Legal Services	2006/07	Yes		
General					
	Audit Advice	Annual	Yes		2
	Finalisation of previous year's audits (work in progress)	Annual	Yes		2
	Monitoring Implementation of Previous Recommendations	Annual	Yes		2
Total Planned Days for Law & Governance					14

		Last Review	Audit Due	Risk	Days
Children & Young People					
Inclusion					
	Education Welfare Service	Never	Yes		
	Healthy Schools	Never	Yes		
	Pupil Referral Unit	2016/17	Yes	M	16
	Education Other than at School (EOTAS) Service	Never	Yes		

**Monmouthshire County Council
Internal Audit Plan 2024/25**

	Additional Learning Needs (ALN)	2023/24	No	H	20
	Educational Psychology Service	Never	Yes		
	Specific Learning Difficulties	Never	Yes		
Achievement & Attainment					
	Early Years Service	2021/22	No		
	Family Information Service	Never	Yes		
	Flying Start (2023/24)	2023/24	Yes	M	14
Finance & Support Services					
	School Improvement Grant	Annual	Yes	M	8
	Pupil Development Grant	Annual	Yes	M	8
	Fair Funding Scheme / School Budgets	Never	Yes		
	Post 16 funding	Never	Yes		
	Parent Pay	2017/18	Yes		
	Universal Free School Meals	New	Yes		
	Monitoring of School Private Funds	2017/18	Yes		
	Educational Trips & Visits (Evolve system)	2019/20	No		
	School Admissions & Appeals	2016/17	Yes		
	Breakfast Clubs	2013/14	Yes		
	C21 Schools Programme	2017/18	Yes		
Primary Schools					
	Archbishop Rowan Williams Church in Wales Primary	2023/24	No		
	Cantref Primary	2019/20	No		
	Castle Park	2019/20	No		
	Cross Ash Primary	2017/18	Yes	M	10
	Deri View Primary	2022/23	No		
	Dewstow Primary	2022/23	No		
	Durand Primary	2023/24	No		

**Monmouthshire County Council
Internal Audit Plan 2024/25**

	Gilwern Primary	2018/19	Yes		
	Goytre Fawr Primary	2018/19	Yes		
	Kymin View Primary	2018/19	Yes		
	Llandogo Primary	2022/23	No		
	Llanfoist Fawr	2019/20	No		
	Llantilio Pertholey Primary	2023/24	No		
	Llanvihangel Crucorney	2022/23	No		
	Magor Church in Wales Primary	2018/19	Yes		
	Osbaston Primary	2017/18	Yes		
	Our Lady & St Michaels RC	2023/24	No		
	Overmonnow Primary	2022/23	No		
	Pembroke Primary	2023/24	No		
	Raglan VC Primary	2018/19	Yes		
	Rogiet Primary	2014/15	Yes	M	10
	Shirenewton Primary	2018/19	Yes		
	St Mary's RC Primary	2018/19	Yes	M	10
	The Dell Primary	2023/24	No		
	Thornwell Primary	2017/18	Yes	M	10
	Trellech Primary	2017/18	Yes	M	10
	Undy Primary	2019/20	No		
	Usk Church In Wales Primary	2018/19	Yes		
	Ysgol y Fenni	2019/20	No		
	Ysgol y Ffin	2018/19	Yes		
	Secondary Schools				
	Caldicot School	2019/20	Yes	M	18
	Chepstow School (Follow-up)	2023/24	Yes	H	10
	King Henry VIII School	2022/23	No		
	Monmouth Comprehensive School	2018/19	Yes		

**Monmouthshire County Council
Internal Audit Plan 2024/25**

Schools General					
	Schools Control Risk Self Assessments	Annual	Yes	M	10
	Schools Financial Regulations Training	Annual	Yes		5
	Supply Teachers	Never	Yes	H	16
Emergency Planning					
	Civil Contingencies (Business Continuity Planning)	2019/20	No		
General					
	Audit Advice	Annual	Yes		15
	Finalisation of previous year's audits (work in progress)	Annual	Yes		4
	Monitoring Implementation of Previous Recommendations	Annual	Yes		2
Total Planned Days for Children & Young People					196

Social Care, Safeguarding and Health		Last Review	Audit Due	Risk	Days
Adult Services					
	Internal Domiciliary Care	2021/22	No		
	External Domiciliary Care	2013/14	Yes		
	Community Care Team	Never	Yes		
	Carers Service	2022/23	No		
	Commissioning & Contracts (Follow-up)	2023/24	Yes	H	12
	Respite Care - Budden Crescent	Never	Yes		
	My Mates	Never	Yes	M	18
	My Day My Life (previously audited as Monmouthshire Enterprises)	2018/19	Yes		
	Day Centres	2012/13	Yes		
	Individual Support Services	Never	Yes		
	Mental Health Service	Never	Yes		
	Occupational Therapy	Never	Yes		
	Direct Payments	2021/22	No		

**Monmouthshire County Council
Internal Audit Plan 2024/25**

	Mardy Park Residential	2016/17	Yes	M	15
	Mardy Park Day Care	2016/17	Yes		
	Community Meals Service	2015/16	Yes		
	Lavender Gardens	Never	Yes		
	Frailty Service (Reablement)	Never	Yes		
	New Care Home (Crick Road)	New	Yes		
	Community Learning Disability Team (CLDT)	Never	Yes		
	Severn View Park	Never	Yes		
Transformation					
	Systems (Flo / Plant)	Never	Yes		
Safeguarding, Quality Assurance & Child Protection					
	Safeguarding	2020/21	No		
	CLA Savings (Follow-Up)	2023/24	Yes	H	8
Childrens Services					
	Children With Disabilities	2022/23	No		
	Long Term Support Team	2023/24	No		
	Family Support & Protection	Never	Yes		
	Children's Services Transport Costs	Never	Yes		
	Children's Services Imprest Account	2020/21	No		
	St. David's Day Fund	Never	Yes	M	15
	External Placements	2018/19	Yes		
	Youth Offending Service (2023/24)	2023/24	Yes	M	4
	Family Support Team (Early Help)	Never	Yes		
	Fostering Service	2022/23	No		
	Therapeutic Practice	2023/24	No		
	Family Time Team	Never	Yes		
	MyST	Never	Yes	M	15

**Monmouthshire County Council
Internal Audit Plan 2024/25**

Social Services Finance					
	Social Services Debtors	2019/20	No		
	Financial Assessments	2020/21	No		
	Appointeeships & Deputyships	2023/24	No		
Public Protection					
	Environmental Health	Never	Yes		
	Food Safety	Never	Yes		
	Trading Standards	2023/24	No		
	Animal Welfare	2023/24	No		
	Licensing (Premises & Trader)	2017/18	Yes		
	Licensing (Taxi)	2017/18	Yes		
	Registration Services	2016/17	Yes	H	15
General					
	Audit Advice	Annual	Yes		12
	Financial Assessments	Annual	Yes		5
	Finalisation of previous year's audits (work in progress)	Annual	Yes		1
	Monitoring Implementation of Previous Recommendations	Annual	Yes		2
Total Planned Days for Social Care, Safeguarding and Health					122

Communities & Place	Last Review	Audit Due	Risk	Days
Decarbonisation, Transport & Support Services				
	- Home to School Transport	Never	Yes	
	- Social Services Taxi Framework	Never	Yes	
	Personal Transport Budgets	2018/19	Yes	
	Concessionary Travel	2022/23	No	

**Monmouthshire County Council
Internal Audit Plan 2024/25**

	School Catering Service	2015/16	Yes		
	Transport				
	- Fleet / Vehicle Management	2022/23	No		
	- Vehicle Usage & Trackers	Never	Yes		
	- Fuel Cards	2020/21	No		
	- PTU Maintenance	2022/23	No		
	PTU (Service Delivery & External Hires)	2017/18	Yes		
	PTU Commissioning	2023/24	Yes		
	Grass Routes Community Transport	Never	Yes		
	Facilities & Building Cleaning	2010/11	Yes	M	15
	Placemaking, Housing, Highways and Floods				
	Development Control				
	- Planning Applications	2023/24	No		
	- Planning Enforcement	Never	Yes		
	- Historic Building Conservation	Never	Yes		
	- Tree Preservation, Surveys & Inspections	Never	Yes		
	Building Control	2015/16	Yes		
	Planning Policy				
	- Planning Obligations (S106)	2017/18	Yes		
	- Local Development Plan	2021/22	No		
	Streetworks	2017/18	Yes		
	Highways Development	Never	Yes		
	Flood Risk Management	Never	Yes		
	Traffic & Safety	Never	Yes	H	15
	Civil Parking Enforcement	2021/22	No		
	Car Parks	2014/15	Yes	M	15
	Residential Parking Permits	Never	Yes		
	Contract Management	Never	Yes	H	18

**Monmouthshire County Council
Internal Audit Plan 2024/25**

Enterprise and Community Animation					
	Strategic Procurement	2019/20	No		
	Food Procurement	2022/23	No		
	InFuse Programme	Never	Yes		
	Housing Support Grant	Annual	Yes	M	10
	Tackling Poverty & Inequality	Never	Yes		
	Housing Options Team				
	- Common Register	Never	Yes		
	- Homelessness Assessment & Prevention	2016/17	Yes	H	20
	- Private Sector Leasing (Follow-up)	2023/24	No	H	10
	- Homeless Prevention Grant	2020/21	No		
	Strategy & Sustainable Living				
	- Disabled Facilities Grants	2021/22	No		
	- Housing Strategy & Policy	Never	Yes		
	- Careline	2012/13	Yes		
	- Equity Release Loans / Home Improvement Loans	Never	Yes		
	Housing Support Team	Never	Yes		
Neighbourhood Services					
	SWTRA	2017/18	Yes		
	Street Lighting	2020/21	No		
	Stores	2021/22	No		
	Highways Maintenance	2019/20	No		
	Winter Maintenance	2023/24	No		
	Garden Waste	2016/17	Yes		
	Commercial Waste	Never	Yes		
	Waste Collections	2023/24	Yes	M	15
	Civic Amenity Site(s) & Recycling	2018/19	Yes		
	ReUse Shop	Never	Yes		
	Street Cleansing	2022/23	No		
	Grounds Maintenance	2015/16	Yes		

**Monmouthshire County Council
Internal Audit Plan 2024/25**

	Dangerous Trees	Never	Yes		
General					
	Audit Advice	Annual	Yes		10
	Finalisation of previous year's audits (work in progress)	Annual	Yes		1
	Monitoring Implementation of Previous Recommendations	Annual	Yes		2
Total Planned Days for Communities & Place					131

Customer, Culture and Wellbeing - MonLife		Last Review	Audit Due	Risk	Days
Leisure Services					
	Abergavenny LC	2012/13	Yes		
	Caldicot LC	2013/14	Yes		
	Chepstow LC	2014/15	Yes		
	Monmouth LC	2011/12	Yes	M	15
	Memberships	2013/14	Yes		
	LC Payroll	2017/18	Yes		
	Business & Commercial Management	Never	Yes		
	Sports Development	2017/18	Yes		
	Point of Sale System	2023/24	No		
Visitor Attractions					
	Shire Hall	2021/22	No		
	Caldicot Castle	2022/23	No		
	Old Station, Tintern	2023/24	No		
	Abergavenny Museum	2013/14	Yes		
	Chepstow Museum	2013/14	Yes		
	Monmouth Museum	2013/14	Yes		
	Museums Service	2013/14	Yes	M	15
	Borough Theatre	2018/19	Yes		

**Monmouthshire County Council
Internal Audit Plan 2024/25**

	Catering	Never	Yes		
	Abergavenny Hub	2016/17	Yes		
	Caldicot Hub	2016/17	Yes		
	Chepstow Hub	2016/18	Yes		
	Monmouth Hub	2016/19	Yes		
	Usk Hub	2016/20	Yes		
	Usk Post Office	Never	Yes	M	15
	Magor Hub	New	Yes		
	Library Service	2012/13	Yes		
	Contact Centre	Never	Yes	M	15
	Community Learning	2011/12	Yes		
Environment & Culture					
	Outdoor Adventure	2015/16	Yes		
	Countryside	2023/24	No		
	Chepstow TIC	2011/12	Yes		
	Youth Service	2019/20	Yes		
	Play	Never	Yes		
	Destination Management/Tourism	Never	Yes		
	Active Travel (2023/24)	2023/24	Yes	H	7
	Volunteering / Community Support	2018/19	Yes		
	Markets	2017/18	Yes	M	12
Communications					
	Marketing & Communications	Never	Yes		
General					
	Control Risk Self-Assessments	Annual	Yes	M	6
	Audit Advice	Annual	Yes		8
	Finalisation of previous year's audits (work in progress)	Annual	No		

Monmouthshire County Council
Internal Audit Plan 2024/25

	Monitoring Implementation of Previous Recommendations	Annual	Yes		2
Total Planned Days for Customer, Culture and Wellbeing - MonLife					95

People, Performance and Partnerships		Last Review	Audit Due	Risk	Days
Human Resources					
	Term Time Working	2019/20	Yes		
	Management of Attendance	2020/21	No		
	Organisational Structure	Never	Yes		
	Redundancy	Never	Yes		
	HR Policies	2018/19	Yes		
	Human Resources & Organisational Development				
	Job Evaluation / Equal Pay	2012/2013	Yes	H	20
	Corporate Training	Never	Yes		
	Organisational Development (covered in Culture & Ethics)	2019/20	No		
	Raglan Training Centre	2015/16	Yes		
Systems & Payroll					
	Payroll System	2022/23	No		
	Thingi (Training & Development System)	New	Yes		
	Employee Travel (Mileage Claims) (Follow-up)	2023/24	Yes	H	14
	Employee General Expenses (Follow-up)	2023/24	Yes	H	14
	Recruitment & Selection	Never	Yes		
Customer Relations					
	Corporate Complaints, Comments & Feedback	2019/20	No		
Scrutiny					
	Scrutiny	Never	Yes		

Monmouthshire County Council
Internal Audit Plan 2024/25

Performance & Data Insight					
	Risk Management	2023/24	No		
	Service Business Plans	2012/13	Yes	M	15
	Performance Indicators	2019/20	Yes		
	Partnership Assurance	2023/24	No		
Welsh Language					
	Welsh Language Compliance	Never	Yes	M	15
Strategic Partnership					
	Community Safety	Never	Yes		
	CCTV	Never	Yes		
	Refugee & Resettlement	Never	Yes		
General					
	Audit Advice	Annual	Yes		2
	Finalisation of previous year's audits (work in progress)	Annual	No		
	Monitoring Implementation of Previous Recommendations	Annual	Yes		2
Total Planned Days for People, Performance and Partnerships					82

Corporate Work		Last Review	Audit Due	Risk	Days
	Annual Governance Statement	Annual	Yes		5
	National Fraud Initiative (NFI)	Annual	Yes		10
	Corporate Governance	Never	Yes		
	Culture & Ethics	2020/21	No		
	Business Continuity Planning	2019/20	No		
	Climate Change	2023/24	No		
	Agency Staff	2021/22	No		
	Compliance with Bribery Act	2021/22	No		

**Monmouthshire County Council
Internal Audit Plan 2024/25**

	Data Protection	2019/20	No		
	Well Being of Future Generations Act	2018/19	Yes		
	IT Procurement	2017/18	Yes		
	Check In Check Out (Employee Review Process)	Never	Yes		
	Corporate Governance Working Group	Annual	Yes		4
	Financial Monitoring Board	Annual	Yes		4
	Fleet Management Board	Annual	Yes		4
	Anti Fraud, Corruption & Bribery training	New	Yes		6
General					
	Implementation of new Follow-up of Agreed Actions / Recommendations system	New	Yes		5
	Audit Advice	Annual	Yes		2
	Finalisation of previous year's audits (work in progress)	Annual	Yes		1
	Monitoring Implementation of Previous Recommendations	Annual	Yes		2
Total Planned Days for Corporate Work					43

TOTAL AUDIT DAYS	743
SPECIAL INVESTIGATIONS / REACTIVE WORK	70
TOTAL PLANNED AUDIT DAYS	813
PRODUCTIVE AUDIT DAYS	813
NO' OF DAYS PLAN EXCEEDS AVAILABLE RESOURCES	0



**SUBJECT: INTERNAL AUDIT SECTION
External Quality Assessment 2024**

DIRECTORATE: Resources
MEETING: Governance & Audit Committee
DATE: April 2024
DIVISION/WARDS AFFECTED: All

1. PURPOSE

To inform members of the Council's Governance & Audit Committee of the outcome of the External Quality Assessment (EQA) of the Internal Audit team undertaken to ensure compliance with the Public Sector Internal Audit Standards (PSIAS).

2. RECOMMENDATION(S)

- (i) That the Committee note the report.
- (ii) The Audit Committee be updated on progress in fulfilling the action plan.

3. KEY ISSUES

- 3.1 The Public Sector Internal Audit Standards (PSIAS) came into force in April 2013 (updated March 2017) and introduced a requirement for an external assessment of all internal audit services, which must be conducted at least once every 5 years by a qualified, independent reviewer from outside of the organisation.
- 3.2 The two possible approaches to external assessments outlined in the Standards included either a full external assessment or an internal self-assessment which is then validated by an external reviewer. In order to facilitate this process of external validation a peer review group was established by the Welsh Chief Auditors' Group.
- 3.3 Monmouthshire CC elected to adopt the self assessment approach with an external validation undertaken by a suitably qualified and experienced external assessor with the required level of knowledge of the application of the PSIAS.
- 3.4 This approach was used for the last EQA completed of the Internal Audit team which was issued on 16th May 2018. The validation was

completed by the Head of Financial Services, Neath Port Talbot CBC; who was also the Head of Internal Audit of that organisation. Their report was presented to the Audit Committee in September 2018.

- 3.5 As detailed above, EQA's are required at least once every 5 year period and therefore should have been completed by May 2023. Given the resignation of the previous Chief Internal Auditor (April 2023) and the new Acting Chief Internal Auditor coming into post later that same month, it was agreed that the EQA would be delayed until Quarter 4 of the 2023/24 financial year to allow for an honest evaluation and validation process to take place.

4. REASONS

- 4.1 Monmouthshire's peer review was undertaken in Q4 of the 2023/24 financial year by the Acting Internal Audit Manager (Head of Internal Audit), Caerphilly County Borough Council. They were provided with all of the self-assessment information and associated documents / evidence.
- 4.2 The results of the peer review assessment and external validation process can be found in Appendix 1 in the form of the final assessment report.
- 4.3 In summary, the peer review concluded that Monmouthshire Internal Audit team '**Generally Conforms with the PSIAS**' and the impact of non-conformance was not considered to be significant. The definitions required to be used within the EQA can be located within Appendix 1 (Appendix C – Glossary).
- 4.4 There are 305 components which make up the PSIAS. A review of conformance against the PSIAS was undertaken during February 2024. The Internal Audit Service of Monmouthshire County Council was determined to be currently conforming to the majority of the requirements, with one area of non/partial conformance and 3 actions required to strengthen existing conformance.
- 4.5 The point of non/partial conformance was that this EQA was delayed past it's May 2023 due date (reasoning included above within 3.5). This was deemed minor by the assessor and not material to overall assessment of conformance with the standard. The required action is to ensure that this report is presented to the Governance & Audit Committee.

Standard	Action to Address Non / Partial Compliance	Responsible Officer	Timescale
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1312 External Assessment	External Assessment to be completed and reported to the Governance & Audit Committee	Acting Chief Internal Auditor	April 2024
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4.6 There were 3 areas for consideration which would further enhance or strengthen conformance with the PSIAS. These were:-

Standard	Action to Strengthen Compliance	Responsible Officer	Timescale
Core Principles for the Professional Practice of Internal Auditing	Update IA Charter based on the revised Global IIA Standards ahead of implementation WEF January 2025. Include a direct reference to the Seven Principles of Public Life in the Charter & Audit Manual	Acting Chief Internal Auditor	Review of IA Charter during 2024/25
Core Principles for the Professional Practice of Internal Auditing	Include a direct reference to the Local Code of Corporate Governance in the Charter & Audit Manual	Acting Chief Internal Auditor	Review of IA Charter during 2024/25
1230 - Continuing Professional Development	Implement a standardised CPD record across the team.	Acting Chief Internal Auditor	January 2024 (Already Implemented)

4.7 Monmouthshire County Council Internal Audit had already identified these as part of their self-assessment and agreed the actions needed to strengthen arrangements where conformance was already being achieved.

5. RESOURCE IMPLICATIONS

None.

6. CONSULTEES

Deputy Chief Executive & Chief Officer Resources (S151 Officer)

Results of Consultation:

N/A

7. BACKGROUND PAPERS

Public Sector Internal Audit Standards

8. AUTHORS AND CONTACT DETAILS

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Caerphilly County Borough Council

Public Sector Internal Audit Standards (PSIAS)

External Assessment of Monmouthshire County Council

Welsh Chief Internal Auditor Group

WCIAG

Date of Assessment Fieldwork	February 2024
Date of Report Issue	7/03/2024
Report Status	Final
Report Author	D Gronow ACA, Acting Internal Audit Manager, Caerphilly County Borough Council
Issued to	Jan Furtek Acting Chief Internal Auditor, Monmouthshire County Council

1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) became effective from 1st April 2013 (updated 2017) and introduced a requirement for an external assessment of all internal audit services, which must be conducted at least once every five years by a qualified, independent reviewer from outside of the organisation.
- 1.2 The two possible approaches to external assessments outlined in the standard included either a full external assessment or an internal self-assessment which is validated by an external reviewer.
- 1.3 Members of the Welsh Chief Internal Auditor Group (WCIAG) elected to adopt the self-assessment approach, with another member of the WCIAG undertaking the validation.

2. Purpose

- 2.1 The purpose of the external assessment is to help improve delivery of the audit service to an organisation. The assessment is designed to be a supportive process

that identifies opportunities for development which ultimately help to enhance the value of the audit function to the authority.

3. Results

- 3.1 The assessment involved a validation of a self-assessment of conformance against the PSIAS undertaken by the Acting Internal Audit Manager Caerphilly County Borough Council during February 2024 who is a qualified accountant and an associate member of the Institute of Internal Auditors.
- 3.2 The assessment comprised a desktop review of the self-assessment and a suite of supporting documentary evidence. In addition, a discussion was held with the Acting Chief Internal Auditor to gain insight and views on the operation of the Internal Audit Team and adherence to the Standards.
- 3.3 There are 305 best practice lines within the PSIAS. A review of conformance against the PSIAS was undertaken during the period February 2024. The Internal Audit Service of Monmouthshire County Council is determined to be currently conforming to the majority of the requirements, with one partial conformance and 3 actions required to strengthen existing conformance.
- 3.4 The table below summarises the outcome of the assessment.

Standard	Conformance			Actions to strengthen
	Yes	Partly	Total	
1. Mission of Internal Audit	1		1	
2. Definition of Audit Risk	2		2	
3. Core Principles	10		10	2
4. Code of Ethics	13		13	
5. Attribute Standards				
Purpose, Authority and Responsibility (1000)	20		20	
Objectivity and Independence (1100)	29		29	
Proficiency and Due Professional	21		21	1

Standard	Conformance			Actions to strengthen
	Yes	Partly	Total	
Care (1200)				
Quality Assurance and Improvement Programme (1300)	23	1	24	
6. Performance Standards				
Managing the Internal Audit Activity (2000)	37		37	
Nature of Work (2100)	28		28	
Engagement Planning (2200)	52		52	
Performing the Engagement (2300)	15		15	
Communicating Results (2400)	47		47	
Monitoring Progress (2500)	4		4	
Communicating the Acceptance of Risks (2600)	2		2	
Total	305	0	305	3

3.5 This report contains three appendices as follows:

Appendix A	Action Plan to address non / partial conformance areas
Appendix B	Enhancing proposals for areas where conformance is already achieved
Appendix C	Completed checklist for assessing conformance with the PSIAS and Local Government Application Note (LGAN)

- 3.6 There was 1 area of partial conformance and no issues of non-conformance. The point of non-conformance that the Governance and Audit Committee are yet to receive this report. This is deemed minor and not material to overall assessment of conformance with the standard. The required action is to ensure that this report is presented to the Governance & Audit Committee.
- 3.7 There were 3 areas for consideration which would further enhance or strengthen conformance with the PSIAS. These are:-
- Update IA Charter based on the revised Global IIA Standards ahead of implementation WEF January 2025, and to include a reference to the the Seven Principles of Public Life in the Charter & Audit Manual.
 - Include a direct reference to the Local Code of Corporate Governance in the Charter & Audit Manual
 - Implement a standardised CPD record across the team.
- 3.8 Monmouthshire County Council Internal Audit had already identified these as part of their self-assessment and agreed the actions needed to strengthen arrangements where conformance was already being achieved. A more detailed explanation can be seen in Appendices A and B.
- Impact of non-compliance and steps to be taken to ensure compliance
- 3.9. Any non-conformance with the Standards and the impact must be disclosed to senior management and the Governance and Audit Committee. The presentation of this report will achieve this.
- 3.10 In terms of the review that has been undertaken, the impact of the non-conformance is not relevant or material and in the opinion of the reviewer the Internal Audit Service of Monmouthshire County Council generally conforms with the Standards in all significant areas and operates independently and objectively.
- 3.11 An Action Plan has been devised by the Acting Chief Internal Auditor to address the areas of non compliance and this is included at Appendix A. These actions have already identified a responsible officer (Acting Chief Internal Auditor) and a time scale.
- 3.12 An Action Plan has been devised by the Acting Chief Internal Auditor to address the areas of that are in conformance but require strengthening and this is included at Appendix B. These actions have already identified a responsible officer (Acting Chief Internal Auditor) and a time scale.
- 3.13 Appendix C shows the detailed checklist used in this process.

Action Plan to address non / partial conformance areas

Standard	Action to address non / partial compliance	Who is responsible for implementing the action	Timescale
1312 External Assessment	External Assessment to be completed and reported to the Governance & Audit Committee	Acting Chief Internal Auditor	2023/24 financial year.

Identified Actions for strengthening arrangements where conformance is already achieved

Appendix B

Standard	Action to address non / partial compliance	Who is responsible for implementing the action	Timescale
Core Principles for the Professional Practice of Internal Auditing	<p>Update IA Charter based on the revised Global IIA Standards ahead of implementation WEF January 2025.</p> <p>Include a direct reference to the Seven Principles of Public Life in the Charter & Audit Manual</p>	Acting Chief Internal Auditor	Review of IA Charter during 2024/25
Core Principles for the Professional Practice of Internal Auditing	Include a direct reference to the Local Code of Corporate Governance in the Charter & Audit Manual	Acting Chief Internal Auditor	Review of IA Charter during 2024/25
1230 - Continuing Professional Development	Implement a standardised CPD record across the team.	Acting Chief Internal Auditor	January 2024

**CHECKLIST FOR ASSESSING CONFORMANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS
AND THE LOCAL GOVERNMENT APPLICATION NOTE (LGAN)**

Glossary	
GC	Generally Conforms with PSIAS - The relevant structures, policies and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of individual Standard or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformance to a majority of the individual Standards or elements of the Code of Ethics, and at least partial conformance to the others, within the section / category. General conformance does not require complete / perfect conformance, the ideal situation, successful practice, etc.
PC	Partially Conforms with PSIAS - The activity is making good-faith efforts to comply with the requirements of the individual Standard or element of the Code of Ethics, section or major category, but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the Standards or Code of Ethics and / or achieving their objectives.
DNC	Does Not Conform with PSIAS - The activity is not aware of, is not making good-faith efforts to comply with, or is failing to achieve many / all of the objectives of the individual Standard or element of the Code of Ethics, section, or major category. These deficiencies will usually have a significant negative impact on the activity's effectiveness and its potential to add value to the organisation. These may also represent significant opportunities for improvement, including actions by senior management or the board.

<p>N/A</p>	<p>Not Applicable - The sections marked N/A do not apply to this assessment. Any n/a answers should be treated as generally conforming with the PSIAS.</p>
<p>CAE</p>	<p>Chief Audit Executive (CAE) - A generic title used to describe the person responsible for managing the internal audit activity. In MCC it is the Chief Internal Auditor.</p>

SUMMARY OF RESULTS AND OVERALL CONCLUSION

	SUMMARY OF RESULTS	GC	PC	DNC	N/A
A1	Mission of Internal Audit	✓			
B2-3	Definition of Internal Auditing	✓			
C4-13	Core Principles for the Professional Practice of Internal Auditing	✓			
D14-25	Code of Ethics	✓			
	Attribute / Performance Standards				
1000	Purpose, Authority and Responsibility (The sum of <i>Standards</i> 1000-1010)	✓			
1100	Independence and Objectivity	✓			
1110	Organisational Independence	✓			
1111	Direct Interaction with the Board	✓			
1112	Chief Audit Executive Roles Beyond Internal Auditing	✓			
1120	Individual Objectivity	✓			
1130	Impairments to Independence or Objectivity	✓			
1200	Proficiency and Due Professional Care				
1210	Proficiency	✓			
1220	Due Professional Care	✓			
1230	Continuing Professional Development	✓			
1300	Quality Assurance and Improvement Programme	✓			
1310	Requirements of the Quality Assurance and Improvement Programme	✓			
1311	Internal Assessments	✓			
1312	External Assessments			✓	
1320	Reporting on the Quality Assurance and Improvement Programme	✓			
1321	Use of Conforms with the International Standards for the Professional Practice of Internal Auditing	✓			
1322	Disclosure of Non-conformance	✓			
2000	Managing the Internal Audit Activity				

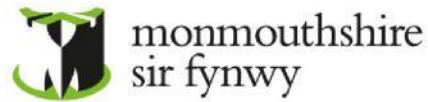
Appendix 1

	SUMMARY OF RESULTS	GC	PC	DNC	N/A
2010	Planning	✓			
2020	Communication and Approval	✓			
2030	Resource Management	✓			
2040	Policies and Procedures	✓			
2050	Coordination	✓			
2060	Reporting to Senior Management and the Board	✓			
2070	External service Provider and Organisational Responsibility for Internal Audit	✓			
2100	Nature of Work				
2110	Governance	✓			
2120	Risk Management	✓			
2130	Control	✓			
2200	Engagement Planning	✓			
2210	Engagement Objectives	✓			
2220	Engagement Scope	✓			
2230	Engagement Resource Allocation	✓			
2240	Engagement Work Programme	✓			
2300	Performing the Engagement				
2310	Identifying Information	✓			
2320	Analysis and Evaluation	✓			
2330	Documenting Information	✓			
2340	Engagement Supervision	✓			
2400	Communicating Results				
2410	Criteria for Communicating	✓			
2420	Quality of Communications	✓			
2421	Errors and Omissions	✓			

Appendix 1

	SUMMARY OF RESULTS	GC	PC	DNC	N/A
2430	Use of 'conducted in conformance with the International Standards for the Professional Practice of Internal Auditing'.	✓			
2431	Engagement Disclosure of Non-conformance	✓			
2440	Disseminating Results	✓			
2450	Overall Opinions	✓			
2500	Monitoring Progress	✓			
2600	Resolution of Senior Managements Acceptance of Risks	✓			
	OVERALL CONCLUSION – CONFORMANCE WITH PSIAS	✓			

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SUBJECT:	INTERNAL AUDIT Monitoring Implementation of Previous Recommendations 2022/23
DIRECTORATE:	Resources
MEETING:	Governance & Audit Committee
DATE:	April 2024
DIVISION/WARDS AFFECTED:	All

1. PURPOSE

To provide the Governance & Audit Committee with an update on the progress operational managers have made against implementing Internal Audit recommendations issued during the 2022/23 financial year.

2. RECOMMENDATION(S)

That the Governance & Audit Committee note this report and the actions taken by operational managers.

3. KEY ISSUES

- 3.1 A requirement of the Public Sector Internal Audit Standards (PSIAS) is to monitor and ensure that management actions (recommendations) have been effectively implemented or that senior management have accepted the risk of not taking action (2500.A1).
- 3.2 As part of the Internal Audit Plan for 2023/24, follow-up work was undertaken to ensure that all audit reports issued during the 2022/23 year were revisited and the status of each recommendation confirmed.
- 3.3 The follow-up work was conducted in January 2024 and excluded one report which was issued with a limited audit opinion (Our Lady and St Michaels Primary School). Due to the unfavourable opinion, the school was subject to a follow-up audit visit, which took place during March 2024. The results from this follow-up audit will be separately reported to the School, Chief Officer and to the Governance & Audit Committee in due course.
- 3.4 Our approach to completing this follow up exercise was based around the fact that all audit recommendations and the associated action plans are for managers to implement within the agreed timescales. The most effective use of internal audit resource was to contact managers to complete a self-assessment, providing detail with regards to the progress made. Internal Audit reviewed the responses received to provide assurance to both senior management and the Governance &

Audit Committee that appropriate action had been taken. No specific audit testing has been undertaken and reliance was placed on operational managers in providing a true and fair appraisal of the progress made to date in the implementation of recommendations.

- 3.5 The Internal Audit team issued 82 recommendations during the 2022/23 financial year. Table 1 below provides an overall summary of results of this exercise while Appendix 1, provides further detail of the responses for each area. Overall, 84% of recommendations had either been fully or partially implemented.

Table 1

Measure	Number	Percentage
Recommendations fully implemented	58	71%
Recommendations partially implemented	11	13%
Recommendations fully or partially implemented	69	84%
Recommendations not implemented	8	10%
Recommendation where managers have accepted the risk	3	4%
Recommendations considered no longer relevant	2	2%
Responses not received by deadline	0	0%
Total number of recommendations.	82	100%

- 3.6 Where audit recommendations were stated as being partially implemented, details of the actions taken to date, along with revised implementation dates were provided by the manager and reviewed by the Internal Audit Team. The responses received have provided a good level of assurance that the risks identified have been mitigated by the progress made to date, and that full implementation will take place within a reasonable timeframe.
- 3.7 Where audit recommendations were stated as not implemented, the reasons for the delay were reviewed by Internal Audit and new target dates for implementation were confirmed by managers. The table below (Table 2) outlines the expected timescales involved.

Table 2

Revised implementation dates	Number of recommendations
By 31 st March 2024	5
By 30 th June 2024	1
By 31 st October 2024	1
By 30 th December 2024	1
Total number of recommendations not implemented	8

- 3.8 As of 31st March 2022, 5 of the 82 recommendations due to be implemented, were considered to be a high-risk. It was found that 3 were confirmed as being fully implemented. One was not implemented but was expected to be actioned by 29 February 2024. The remaining high-risk

recommendation was considered no longer relevant given advice subsequently received.

- 3.9 There were 2 recommendations (2%) noted as being no longer relevant. The reasons for these were reviewed and were considered appropriate given the change in control environment.
- 3.10 For 3 recommendations (4%), managers have effectively decided to accept the risk associated with the original audit findings. Although it is disappointing to note that the recommendations will not be fully implemented, we are of the opinion that the acceptance of these risks by managers will not result in an unacceptable level of risk being borne by the Authority. These areas will need to continue to be monitored. Further details regarding these specific instances are located within Appendix 2.
- 3.11 A report on the implementation of Internal Audit recommendations was presented to a meeting of the Council's Strategic Leadership Team in February 2024 to ensure Chief Officers were aware of recommendations which may be outstanding within their respective portfolios. The Chief Executive has asked all Chief Officers to review the report and to satisfy themselves that appropriate action is being taken by management. They are to ensure that any risks arising from recommendations not yet implemented have been reduced to an acceptable level.

4. RESOURCE IMPLICATIONS

None.

5 CONSULTEES

Strategic Leadership Team
Deputy Chief Executive / Chief Officer – Resources

Results of Consultation:

N/A

6. BACKGROUND PAPERS

None

7. AUTHORS AND CONTACT DETAILS

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Appendix 1

Directorate	Service	Job Name	Opinion given	No' of Recs made by Auditor	No' of Recs accepted by Client	Stated as no longer relevant:	Stated as risk accepted	Stated as fully implemented by 12/1/24	Stated as partially implemented by 12/1/24	Stated as not implemented at 12/1/24	% of recommendations fully implemented
Children & Young People	Secondary Schools	King Henry V111	Substantial	6	6	0	0	3	1	2	50%
Children & Young People	Primary Schools	Overmonnow Primary School	Substantial	6	6	0	0	5	0	1	83%
Children & Young People	Primary Schools	Dewstow Primary School	Substantial	5	5	0	0	5	0	0	100%
Children & Young People	Primary Schools	Llanvihangel Crucorney Primary School	Substantial	3	3	0	0	3	0	0	100%
Children & Young People	Primary Schools	Llandogo Primary School Follow Up	Considerable	3	3	0	0	3	0	0	100%
Communities & Place	Strategic Projects	Concessionary Travel Follow-Up	Reasonable	5	5	0	1	4	0	0	80%
Communities & Place	Neighbourhood Services	Street Cleansing	Considerable	6	6	0	0	5	0	1	83%
Communities & Place	Enterprise and Community Animation	Food Procurement Follow Up	Considerable	2	2	0	0	2	0	0	100%
Communities & Place	Commercial, Property, Fleet, Facilities	Fleet / Vehicle H&S follow up	Considerable	2	2	0	0	1	0	1	50%
Communities & Place	Passenger Transport Unit	PTU Maintenance follow up	Substantial	1	1	0	0	1	0	0	100%
Customer, Culture and Wellbeing - MonLife	Heritage	Caldicot Castle Follow Up	Considerable	5	5	0	0	5	0	0	100%
People, Performance and Partnerships	Payroll & Systems	Payroll	Substantial	4	4	0	0	1	2	1	25%
Law & Governance	Legal	Land Charges	Considerable	3	3	0	1	2	0	0	67%
Resources	Finance - Revenues, Systems & Exchequer	NNDR	Considerable	6	6	0	1	0	5	0	0%
Resources	Digital	Freedom of Information	Considerable	5	5	0	0	4	1	0	80%
Resources	Commercial, Property, Fleet, Facilities	H&S Buildings follow up	Considerable	3	3	0	0	3	0	0	100%
Social Care, Health & Safeguarding	Managed Care/Looked After Children	Children with Disabilities	Considerable	5	5	0	0	1	2	2	20%
Social Care, Health & Safeguarding	Adult Services	Carers	Reasonable	10	10	2	0	8	0	0	80%
Social Care, Health & Safeguarding	Wellbeing	Fostering	Considerable	2	2	0	0	2	0	0	100%

Directorate	Service	Job Name	Opinion given	No' of Recs made by Auditor	No' of Recs accepted by Client	Stated as no longer relevant:	Stated as risk accepted	Stated as fully implemented by 12/1/24	Stated as partially implemented by 12/1/24	Stated as not implemented at 12/1/24	% of recommendations fully implemented
TOTALS				82	82	2	3	58	11	8	

Detail of the recommendations classed as risk accepted by management.

Area	Original Weakness & Risk	Recommendation	Management Comments	Audit Comment
Concessionary Travel Follow-Up	<p>The Authority did not have a programme in place for inspectors to board vehicles which were used to carry concessionary passengers for spot checks on processes and the number of passengers carried.</p> <p><i>Risk - Operators could potentially be manipulating the data, exaggerating the numbers of journeys taken to increase their income at a cost to the Authority/Welsh Government.</i></p>	<p>The Authority should establish a random programme of inspections on vehicles which are used to carry concessionary passengers.</p>	<p>Following discussions about an additional post within the team, there will be no additional resources to undertake concessionary fares spot checks. Because fraudulent activity can be detected through the monthly reports, and issuing of cards & hotlisting of withdrawn cards is now a TfW-operator activity, this additional work cannot be justified. Officers continue to undertake ad-hoc checks when they travel on public service vehicles.</p>	<p>Fraudulent activity and use of concessionary passes may not be promptly identified. A spot check could also be used to ensure the safety of the vehicle and to ensure the driver is operating in accordance with standard operating procedures.</p>
Land Charges	<p>M3 has no built-in reporting functionality, instead any reports need to be run using Crystal Reporting. No one in the department has the necessary skills to do this.</p> <p>The absence in the reporting function has meant that management information and</p>	<p>A member of the Land Charges team should seek to upskill in Crystal Reporting or internal resources within the Authority (or SRS) be sought to assist in setting up reports.</p> <p>Reporting functionality should be used to help produce statistics to monitor performance.</p>	<p>Monthly income reports are of more use when comparing performance with the same month / period in previous years.</p> <p>The Crystal report did not differentiate between a £4 search and a £4,000 search, both are counted as one search.</p>	<p>This was marked as 'No Longer Relevant' by the manager, however, their comments about using monthly income reports were not any different to what was in place during the original audit review. This does not allow for a meaningful review / trend analysis etc. Therefore, this has</p>

Area	Original Weakness & Risk	Recommendation	Management Comments	Audit Comment
	<p>performance statistics have not been reported, therefore no scrutiny on the section's performance.</p> <p><i>Risk - Management and performance information are not available to assist in decision making.</i></p>			<p>been reclassified as "Risk Accepted".</p>
NNDR	<p>Empty property exemptions were not consistently supported by written notification from the ratepayer. The opportunity to independently verify empty property period dates could not be undertaken where reliefs were awarded retrospectively.</p> <p><i>Risk – loss of income, transactions not initiated and recorded promptly, empty properties are not regularly inspected.</i></p>	<p>Written notification of vacating the property should be obtained from the ratepayer.</p> <p>Review the process of granting retrospective empty property reliefs. Establish whether an alternative practice would allow more opportunity for independent inspection/verification e.g. visiting a property to confirm it is empty before granting relief.</p> <p>Consider introducing a requirement for all applicants to provide evidence such as utility and water bills showing no or reduced consumption, removal fees etc.</p>	Risk Accepted	<p>The original recommendation was only partially accepted at the time of issuing the previous report.</p>



SUBJECT:	INTERNAL AUDIT Future Delivery Models
DIRECTORATE:	Resources
MEETING:	Governance & Audit Committee
DATE:	March 2024
DIVISION/WARDS AFFECTED:	All

1. PURPOSE

To consider the future delivery of Internal Audit services at Monmouthshire County Council.

2. RECOMMENDATION(S)

That the Committee consider and note the options appraisal providing comment on the proposed delivery model for Internal Audit.

The Committee supports the strengthening of Counter-Fraud arrangements within Monmouthshire County Council creating a new post within the Internal Audit team dedicated to fraud response and training.

3. KEY ISSUES

3.1 The Internal Audit service at Monmouthshire County Council is currently operated in house with a dedicated team. The current establishment is 5.5 FTE.

3.2 The team has historically been managed by a shared services arrangement for the provision of a Chief Internal Auditor. The shared service was with Newport City Council and allowed for a 50/50 split between the 2 Councils. In April 2023 the Chief Internal Auditor left Newport City Council / Monmouthshire County Council to become the Head of the Regional Internal Audit Service hosted by the Vale of Glamorgan Council.

3.3 Interim arrangements have since been put in place to manage the Internal Audit service to ensure continuity of service and compliance with the Public Sector Internal Audit Standards. The Audit Manager has been acting up to cover the vacant Chief Internal Auditor position since

April 2023. No further back fill arrangements are in place to cover the Audit Manager.

- 3.4 Discussions have taken place between various stakeholders to develop a future vision for the service. This report acts as an options appraisal for the opportunities which now exist for Internal Audit within Monmouthshire. A number of different options have been considered;
- a) Consolidate an in-house Internal Audit function
 - b) Outsourced Internal Audit function with an external provider
 - c) Renew collaboration with Newport City Council for the shared Chief Internal Auditor provision
 - d) Explore a collaboration with other Gwent Local Authorities
 - e) Shared Service - join the Regional Internal Audit Service hosted by the Vale of Glamorgan.
- 3.5 In addition to reviewing the structure of the Internal Audit team, there is a further identified need to consider and enhance the fraud prevention and detection arrangements at Monmouthshire County Council. This will be incorporated into the review of Internal Audit delivery.

4. REASONS

Internal Audit Delivery Model

- 4.1 Internal audit is an essential function that provides independent and objective assurance and advice on the effectiveness and efficiency of an organization's governance, risk management, and internal control processes. Internal audit helps an organization achieve its strategic goals, improve its performance, and enhance its accountability and transparency.
- 4.2 Based on data received via the Welsh Chief Auditors Group (January 2024) the average IA team across Wales consists of 6.7FTE. The Monmouthshire audit team currently has 5 FTE employed out of a structure of 5.5 FTE. The budget available however, does not fully account for the current number of employed staff.
- 4.3 A number of different operating models have been considered as listed within 3.4 above. Two of these models (c) & (d) were discounted as the potential partners had shown an interest in pursuing other operating models.
- 4.4 The three main options for delivering the internal audit service therefore were;
- a) In-house: The internal audit function is fully staffed and managed by the organisation's own employees. The internal audit staff report to the Chief Internal Auditor who reports to the Governance & Audit Committee and the senior management. The in-house option provides the organisation with full control

and ownership of the internal audit function and allows for a close alignment with the organisation's culture, values, and objectives.

- b) Outsourced: The internal audit function is fully staffed and managed by an external service provider, who reports to the Governance & Audit committee and the senior management. The outsourced option enables the organisation to access a wide range of specialized skills, knowledge, and experience from the external service provider, and to reduce the fixed costs and administrative burden of maintaining an internal audit function.
- c) Shared service: The internal audit function is shared among a group of Local Authorities which have similar or related activities, risks, and objectives. The shared service option allows the participating Councils to pool their internal audit resources, expertise, and best practices, and to achieve economies of scale and scope in delivering internal audit services.

4.5 The three options for delivering internal audit services were evaluated based on the following criteria: cost, independence, and flexibility. The evaluation is based on a qualitative analysis of the advantages and disadvantages of each option, as well as a comparison of the options against each other. The evaluation is summarized in the table below, where a score of 1 indicates the lowest performance and a score of 4 indicates the highest performance on each criterion.

Option	Cost	Independence	Flexibility	Total
In-house	4	3	4	11
Outsourced	2	2	2	6
Shared service	3	3	2	8

4.6 The following paragraphs explain the rationale behind the scores assigned to each option on each criterion.

Cost

4.7 Cost refers to the amount of financial resources required to maintain and operate the internal audit function. Cost is influenced by factors such as the size, complexity, and frequency of the internal audit work, the number, qualifications, and remuneration of the internal audit staff, the overhead and administrative expenses of the internal audit function, and the fees and charges of the external service providers.

4.8 The outsourced and shared service options score the lowest on cost, as although the Council will only pay only for the services that are needed and used, the fee model provided by the Regional Internal Audit Service indicated an additional cost pressure based on the status quo. The daily rate of external Internal Audit providers also mean that this would not be seen as a viable option.

Independence

- 4.9 Independence refers to the extent to which the internal audit function is free from any undue influence, interference, or bias that may impair its objectivity and credibility. Independence is influenced by factors such as the reporting and governance structure of the internal audit function, the relationship and communication between the internal audit function and the Governance & Audit committee, senior management, and external stakeholders, and the conflicts of interest and ethical issues that may arise in the internal audit work.
- 4.10 The in-house model scored moderately on independence, as it allows the organization to have a direct and close relationship and communication with the internal audit function, and to ensure that the internal audit function is aligned with the organisation's culture, values, and objectives. However, the in-house option may also expose the internal audit function to the risk of losing its independence and objectivity, due to the pressure, influence, or interference from senior management or the external stakeholders, or due to the familiarity, complacency, or self-interest of the internal audit staff.
- 4.11 The outsourced and shared service options score the lowest on independence, as they may create a distance and detachment between the organisation and the internal audit function, and may weaken the accountability and transparency of the internal audit function. The outsourced and shared service options may also pose a threat to the independence and objectivity of the internal audit function, due to the potential conflicts of interest or ethical issues that may arise from the relationship or involvement of the external service providers with the organisation or the other participating organisations.

Flexibility

- 4.12 Flexibility refers to the ability of the internal audit function to adapt and respond to the changing needs and priorities of the organisation, and to the emerging risks and opportunities in the internal and external environment. Flexibility is influenced by factors such as the availability and accessibility of the internal audit resources, the scalability and variability of the internal audit work, the responsiveness and agility of the internal audit function, and the innovation and creativity of the internal audit staff.
- 4.13 The in-house option scores highly on flexibility, as it allows the organisation to have a full control and ownership of the internal audit function, and to tailor the internal audit work to the specific needs and objectives of the organisation. This includes the ability to conduct responsive unplanned investigative work at short notice.
- 4.14 The outsourced and shared service options score the lowest on flexibility, as they may restrict the organisation's control and ownership

of the internal audit function and may reduce the customization and relevance of the internal audit work. The outsourced and shared service options may also face difficulties in accessing and mobilizing the internal audit resources, and in ensuring the responsiveness and agility of the internal audit function.

- 4.15 It is therefore proposed that Internal Audit is delivered via an in-house delivery model.

Responding to Allegations of Fraud, Corruption & Bribery

- 4.16 In January 2024 Cabinet approved a revised Anti-Fraud, Corruption & Bribery Policy for Monmouthshire County Council.

- 4.17 As part of the review of the policy and in light of recent reports from the Auditor General for Wales it was identified that the Council does not currently have a specific resource dedicated to reviewing any allegations of fraud, corruption or bribery or pro-actively conducting investigations where concerns may exist by senior management.

- 4.18 A number of options are presented to Local Authorities to strengthen their fraud response arrangements;

Option	Current Status
Implementing a risk management policy and guidance to identify, evaluate, and manage risks that threaten the achievement of the local authority's objectives and delivery of services to the community.	The Councils Strategic Risk Management Policy is currently being reviewed.
Establishing a strong internal audit function to review and assess the effectiveness of internal controls and risk management processes.	This report seeks to further establish the Internal Audit team.
Collaborating with external agencies and organisations to share information and best practices for fraud prevention and detection.	Collaboration already takes place with various external agencies and organisations.
Providing training and education to employees to raise awareness of fraud risks and encourage the reporting of suspicious activities.	This report seeks to further strengthen this area by providing additional resource.
Implementing robust financial controls and procedures to prevent and detect fraudulent activities.	The Council has recently updated its Anti-Fraud, Corruption & Bribery Policy. Robust controls are in place which are reviewed by management and Internal Audit.
Conducting regular reviews and	A commitment has been made to

assessments of the local authority's operations to identify potential areas of vulnerability to fraud.	the Governance & Audit Committee to conduct at least an annual Fraud Risk Assessment.
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- 4.19 Within their report 'Raising Our Game' Tackling Fraud in Wales, Audit Wales recommended that;
- R8** All public bodies need to build sufficient capacity to ensure that counter-fraud work is resourced effectively, so that investigations are undertaken professionally and in a manner that results in successful sanctions against the perpetrators and the recovery of losses.
- R9** All public bodies should have access to trained counter-fraud staff that meet recognised professional standards.
- 4.20 As part of reviewing the delivery models of the Internal Audit function, it is proposed to create a post dedicated to Fraud Investigation and Training to strength Monmouthshire County Councils response to this area. This officer would be responsible for investigating and preventing fraudulent activities within the local authority. They would work closely with other departments and agencies to ensure that the local authority's resources are being used appropriately and that any fraudulent activities are detected and addressed promptly.
- 4.21 Additional resource would also be provided to ensure that members of the Internal Audit team have been sufficiently trained in when and how to respond to allegations and have knowledge in how to complete these investigations to the required professional standards.
- 4.22 Across Wales, a number of other Councils have already attempted to strengthen their fraud management and response arrangements through allocating a specific resource and capacity in this area.

Proposed Internal Audit Structure

- 4.23 The current Internal Audit team structure (5.5 FTE) is detailed within Appendix 1. Due to the previous Chief Internal Auditor leaving the Council in April 2023, interim arrangements have been put in place with the Audit Manager assuming the duties of the Chief Internal Auditor with their substantive post remaining vacant.
- 4.24 The proposed team structure will consist of 6 FTE and be headed by a Chief Internal Auditor on a 1 FTE basis.
- 4.25 It is proposed that the current Audit Manager post (1 FTE) is subsequently deleted from the structure with the Principal Auditor post (1 FTE) being re-graded (Grade H to Grade I) to support the Chief Internal Auditor. This regrading of post will bring the salary of the post inline with the average across Wales for an experienced and qualified Internal Auditor.

- 4.26 As detailed above, the structure would be strengthened with the creation of a Fraud Officer Post (1 FTE, Grade I). This post will report directly to the Chief Internal Auditor and will also provide management support in addition to the regraded Principal Auditor.
- 4.27 The Senior Auditor (2 FTE) and Auditor (1 FTE) posts will remain within the structure at the existing grades.

5. EVALUATION CRITERIA

- 5.1 The revised delivery model proposed will be assessed and evaluated on an ongoing basis. The annual cycle of reporting into Governance and Audit Committee will naturally lend itself to that.
- 5.2 Ongoing feedback is and will be captured from key stakeholders and that includes the committee itself, alongside regulators (principally Audit Wales), senior leadership and principal officer leads who engage with the service.
- 5.3 A future opportunity to review service delivery options will be undertaken at an appropriate time and guided by the ongoing assessments above as well as through wider networks and in understanding the maturity and appetite to explore any such strengthened collaborative solutions. However, it is important to recognise that the proposed in-house delivery model needs appropriate time to establish itself fully and therefore such a review would not be anticipated within the next two years.

6. RESOURCE IMPLICATIONS

Staffing Structure & Budget Models

a) Consolidate an in-house Internal Audit function

This is the most cost-effective option although due to the current shortfall within the Internal Audit budget along with the restructure as detailed above there will be a financial impact of £45k.

b) Outsourced Internal Audit function with an external provider.

The costs of utilising an outsourced Internal Audit provider are significant and the highest of the options available. There would also be TUPE or potential redundancy implications for existing staff where they transfer to a 3rd party private organisation.

c) Renew collaboration with Newport City Council for the shared Chief Internal Auditor provision.

As the potential partner had shown an interest in pursuing other operating models the resource implications for this option was not considered.

d) Explore a collaboration with other Gwent Local Authorities

As the potential partners had shown an interest in pursuing other operating models the resource implications for this option was not considered.

e) Shared Service - join the Regional Internal Audit Service hosted by the Vale of Glamorgan.

If this model was selected, current MCC Internal Audit staff would be assessed against the Regional Internal Audit Service job descriptions and become employees of the Vale of Glamorgan Council by means of TUPE transfer. The RIAS model has been considered and based upon the current budget shortfall and existing staff transferring onto the rates of pay utilised by the RIAS there would be a further budget pressure. In addition, if MCC were still to want a Fraud Officer role, this would be a further direct cost. The analysis highlighted a budget impact for this option of £71k which is likely understated.

Overall, option (a) to consolidate an in-house Internal Audit function appears to be the most cost-effective option in terms of resource implications although there will be a budget pressure which will need to be addressed. The new and regraded post remain subject to job evaluation and that might impact on the budget pressure. However, roles have already been benchmarked against comparable roles within other Welsh local authorities. This shortfall will need to be found from either existing budgets within the Resources portfolio or presented as a budget pressure to Cabinet. Option (a) also avoids the need for staff to TUPE transfer to a new organisation and will remain employees of MCC on their existing terms & conditions.

7. CONSULTTEES

Chair of Governance & Audit Committee
Strategic Leadership Team
HR
Accountancy

Results of Consultation:

N/A

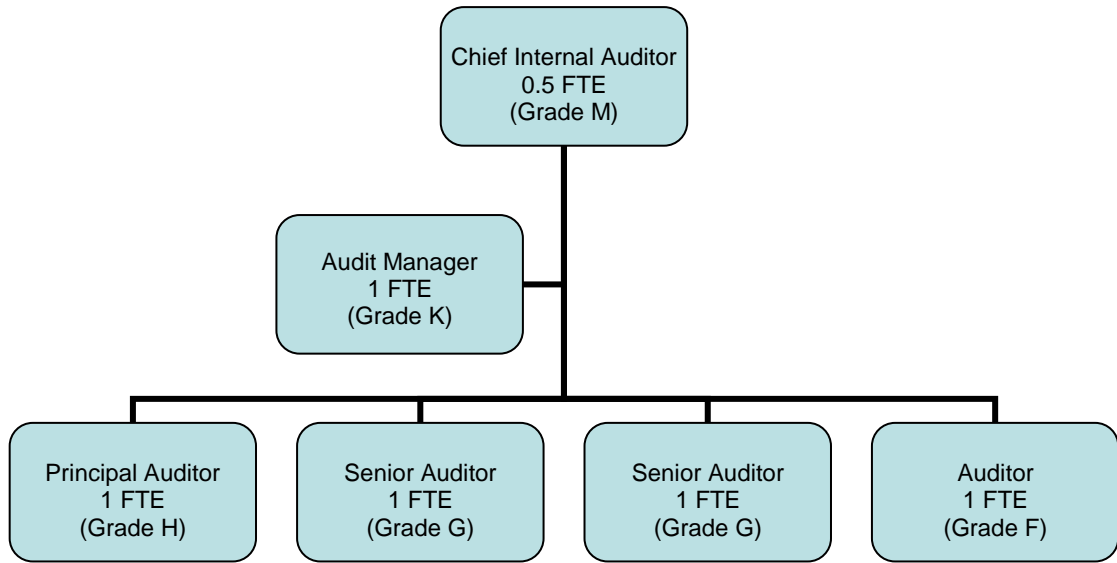
8. BACKGROUND PAPERS

Staffing Structure & Budget Models
'Raising Our Game' Tackling Fraud in Wales Report of the Auditor General for Wales July 2020

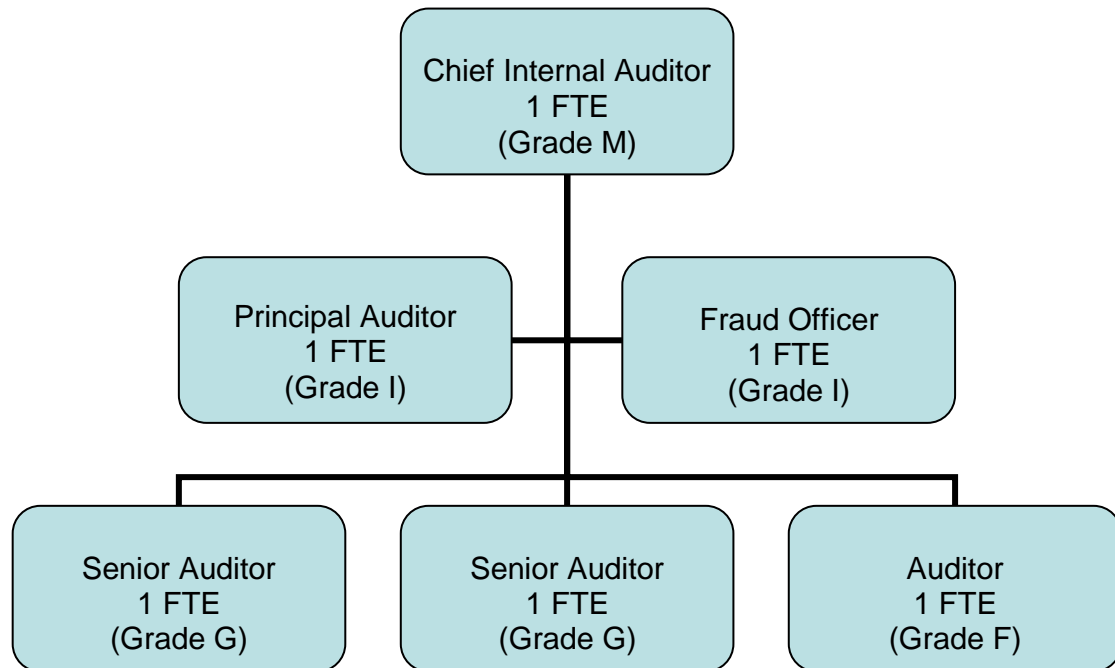
9. AUTHORS AND CONTACT DETAILS

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Current Internal Audit Delivery Model



Proposed Delivery Model



Use of Performance Information: Service User Perspective and Outcomes – Monmouthshire County Council

Audit year: 2022-23

Date issued: March 2024

Document reference: 4152A2024

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

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This document is also available in Welsh.

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Report summary

- 1 We considered the service user perspective and outcome information provided to senior officers and senior members (senior leaders), and how this information is used.
- 2 Overall, we **found the Council provides some performance information to enable senior leaders to understand the perspective of service users, but information on outcomes is limited restricting their ability to manage performance effectively.**
- 3 We have made three recommendations to strengthen the information given to senior leaders.
- 4 Our findings are based on fieldwork we did during June and July 2023.

What we looked at – the scope of this audit

- 5 We focused on the performance information provided to senior officers and senior members (senior leaders) about service user perspective and outcomes, and how this information is used. We did not undertake a full review of the Council's performance management arrangements or an in-depth review of the quality of the data that the Council collects. Neither did the review focus on engagement with service users on specific service changes or the development of policies and strategies.
- 6 We have set out our audit questions and audit criteria in **Appendix 1**. The audit criteria essentially sets out what good looks like and what we would expect to find.
- 7 Overall, we were looking for performance information to be shared with senior leaders to help them understand how well services and policies are meeting the needs of service users and how well they are helping the Council to achieve the outcomes it is working towards. We were also looking to see that senior leaders use this information to monitor progress and take action where necessary to improve outcomes.
- 8 This is an important part of arrangements to ensure that councils are securing value for money in the use of their resources. It is also an important way in which the Council can assure itself that it is acting in accordance with the 'involvement' way of working in taking steps to meet its well-being objectives. Without this information, it is difficult to see how senior leaders can understand whether their policies and actions are having the intended impact and make changes where they are not.
- 9 Our findings are based on document reviews and interviews with Head of Policy Performance and Scrutiny, Performance and Data Insight Manager, and the Leader of the Council who holds responsibility for the portfolio for Corporate Performance Management. The evidence we have used to inform our findings is limited to these sources.

- 10 We set out to answer the question '**Does the Council's performance data enable senior leaders to understand the service user perspective and the outcomes of its activities to effectively manage its performance?**' We did this by exploring the following questions:
- Does the performance information provided to senior leaders include appropriate information on the perspective of service users?
 - Does the performance information provided to senior leaders include appropriate information on the outcomes of the Council's activities?
 - Does the Council have robust arrangements to ensure that the data provided is accurate?
 - Does the Council use the information to help it achieve its outcomes?
 - Does the Council review the effectiveness of its arrangements?

Why we undertook this audit

- 11 This audit was undertaken to help fulfil the Auditor General's duties under section 17 of the Public Audit (Wales) Act 2004 (the 2004 Act) and section 15 of the Well-being of Future Generations (Wales) Act 2015.
- 12 We sought to:
- gain assurance that the performance information the Council provides to senior officers and elected members enables them to understand the service user perspective and the outcome of its activities;
 - gain assurance that this information forms part of the Council's arrangements to secure value for money in the use of its resources and its application of the sustainable development principle; and
 - identify opportunities for the Council to strengthen its arrangements.

The Council's performance reporting arrangements

- 13 The Council has set out six key objectives in its Community and Corporate Plan 2022-28. The Council has set out a range of measures and milestones that it uses to help it evaluate its progress against these objectives.
- 14 The Council produces quarterly, and six-monthly performance reports, and annual self-assessment reports, which cover the Council's financial and service performance and progress towards its well-being objectives. The Council also uses service plan dashboards to help it monitor its performance. The Director of Social Care and Health, and Chief Officer, Children and Young People also produce annual reports.
- 15 These reports provide the main opportunity for members and senior leaders to understand how well the Council is performing.

- 16 The Council published its Annual Self-Assessment 2021-22 in October 2022. Prior to this, the Governance and Audit Committee considered it in September 2022, in keeping with the requirements of the Local Government and Elections (Wales) Act 2021. The document was approved by full Council in September 2022. The Council published its 2022-23 self-assessment report in October 2023. It was, reported to Governance and Audit Committee, and Performance and Overview Scrutiny Committee in September 2023.
- 17 Our review focused on these key performance reporting mechanisms.

What we found

The Council provides some performance information to enable senior leaders to understand the perspective of service users, but information on outcomes is limited restricting their ability to manage performance effectively

The performance information provided to senior leaders includes some information on the perspective of service users, but does not enable them to get a comprehensive understanding of the perspective of service users

- 18 Overall, we found some examples of performance information which would help senior leaders understand the perspective of service users.
- 19 For example, the Council's Self-Assessment Report 2022-23 includes information, such as the percentage of adult service users who are happy with the care and support received and high-level feedback from the Nature Isn't Neat Survey.
- 20 The Council also reports case studies and complaints information to the Performance and Overview Scrutiny Committee, although these do not necessarily provide a representative picture of the service user perspective.
- 21 Information on the service user perspective is also seen in the Social Care and Health: Director's reports 2021/22 and 2022/23, such as feedback on the Early Help, Therapeutic and Well-being Services, and Longer-Term Care and Support. We also saw examples of service user related performance information included in the 2023 Annual report of the Chief Officer: Children and Young People. There are also some service user related measures within the dashboards and the Community and Corporate Plan 2022-28
- 22 However, overall, we found that the information on the perspective of service users did not enable senior leaders to get a comprehensive understanding of how well services and policies are meeting the needs of service users, particularly given the breadth of services provided.

Performance information provided to senior leaders to help them understand the outcomes of the Council's activities is limited

- 23 Whilst we found some information about outcomes in the Council's performance reports, overall, much of the information focused on outputs and activities.
- 24 For example, in its Self-assessment report 2022-23, the Council has included information about the impact of the work of the Building Stronger Families team and the provision of reablement packages. The Council also draws on the well-being information from the Office of National Statistic's Annual Population Survey. In its Corporate Plan, the Council has also identified a series of broader and longer-term outcomes measures, such as health expectancy, which it will monitor. There was also some outcomes information in the 2023 Annual report of the Chief Officer: Children and Young People.
- 25 However, much of the information in the Council's reports is focused upon outputs and quantitative measures with limited evaluation of the outcomes of its actions. This affects senior leaders' ability to understand the impact of the Council's activities and whether it is meeting its objectives.

The Council has limited arrangements to ensure performance data reflecting the service user perspective and outcomes information is accurate

- 26 The Council has limited arrangements in place to routinely check the accuracy and quality of data and performance information relating to outcomes and the service user perspective.
- 27 The Council has a Performance Measures Guidance, which sets out its principles for developing and checking performance measures. The guide outlines the steps to take to ensure data is accurate. The Council trusts its staff to be familiar with the performance data they are reporting and how this is collected.
- 28 The Council's central performance team undertakes sense checks of data, to understand and check anomalies in performance. However, inaccuracies with performance information may not be identified if anomalies were not noted. This does not, therefore, constitute robust arrangements to check the accuracy of the performance information. Or that services are following the steps set out in the Council's Performance Measures Guidance.
- 29 Internal Audit had previously carried out annual data quality audits up until 2019. At that time, Internal Audit had found that data quality arrangements had been strengthened so further reviews were not needed. However, there has been no data quality audits in the past four years.
- 30 As the Council has limited arrangements to assure itself that service user perspective and outcomes data is accurate, there is a risk that performance information presented to senior leaders may be inaccurate and that actions may be taken on the basis of inaccurate information.

As information provided on outcomes is limited, the extent to which the Council can use this information to help it achieve its outcomes is also limited

- 31 As set out above, our main finding is that the Council provides some performance information to enable senior leaders to understand the perspective of service users, but information on outcomes is limited. Therefore, it logically follows that the extent to which the Council uses the service user perspective and outcomes information to help it achieve its outcomes from this performance information is relatively limited.
- 32 Where we did find examples of the Council providing information on the perspective of service users and outcomes, we found some examples of the Council then using this information to make changes. For example, changes within the Council's housing support service, and work with housing associations to increase social housing opportunities to reduce homelessness.

The Council recognises that it needs to strengthen the quality and range of information available to it, to better understand the perspective of service users and outcomes

- 33 The Council set new objectives in its Community and Corporate Plan 2022-28 with a focus on developing more localised data, to better understand the lived experiences of its residents.
- 34 In its Performance Measures Guidance, the Council also emphasises that in designing meaningful measures, services should consider user needs, the outcomes the service is trying to achieve, and information it needs to understand the effectiveness of the service. It is evident from the Council's Self-Assessment Report 2022-23 and other reports as mentioned earlier that the Council has incorporated some service user perspective information.
- 35 The Council is reviewing its performance dashboards, including the Policy, Scrutiny, and Customer Experience dashboards. This presents an opportunity to enhance information for senior leaders, helping them understand the service user perspective and outcomes.
- 36 The Council has taken steps to try to understand how some other organisations are collecting performance information, for example around poverty and inequality. However, it does not routinely compare its data collection methods for service user perspective or outcomes with similar organisations. We do not mean comparing performance per se, but to help it learn how other organisations are providing information about service user perspectives and outcomes to help strengthen its own arrangements.
- 37 It will be important for the Council to benchmark and compare its performance arrangements for collecting and reporting on outcomes and service user perspectives with other organisations. This is an important element of arrangements to secure value for money.

Recommendations

Exhibit 1: recommendations

R1 Information on the perspective of the service user

- The Council should strengthen the information it provides to its senior leaders to enable them to gain a more comprehensive understanding of how well services and policies are meeting the needs of service users.

R2 Information on progress towards outcomes

- The Council should strengthen the information provided to senior leaders to help them understand the impact of its services and evaluate whether it is delivering its long-term objectives and intended outcomes.

R3 Information on the quality and accuracy of data

- The Council needs to assure itself that it has robust arrangements to check the quality and accuracy of the service user and outcomes data it provides to senior leaders.

Appendix 1

Key questions and what we looked for

Exhibit 2: key questions and what we looked for

The table below sets out the question we sought to answer in carrying out this audit, along with the audit criteria we used to arrive at our findings.

Level 1	
Does the Council's performance data enable senior leaders to understand the service user perspective and the outcomes of its activities to effectively manage its performance?	
Level 2	Audit Criteria ¹ (what we are looking for)
2.1 Does the performance information provided to senior leaders include appropriate information on the perspective of service users?	<ul style="list-style-type: none"> • The information is: <ul style="list-style-type: none"> – relevant to the objectives the Council has set itself; – sufficient to enable an understanding of the service user perspective; – sufficient to provide an understanding of progress towards the outcomes the Council is planning to achieve; – drawn from the diversity of service users including groups who share protected characteristics; and – used to inform comparisons with the performance of similar bodies where relevant. • The Council has involved service users in determining which information to collect.
2.2 Does the performance information provided to senior leaders include appropriate information on the outcomes of the Council's activities?	<ul style="list-style-type: none"> • The information draws on a range of evidence sources to provide a holistic view of progress. • The information enables senior leaders to monitor progress over the short, medium and long term. • The information enables senior leaders to monitor the delivery of outcomes that cover multiple service areas and/or organisations.

¹ Our audit criteria have been informed by our cumulative knowledge of previous audit work, as well as the question hierarchy and positive indicators we have developed to support our sustainable development principle examinations.

Level 1

Does the Council's performance data enable senior leaders to understand the service user perspective and the outcomes of its activities to effectively manage its performance?

Level 2

Audit Criteria¹ (what we are looking for)

2.3 Does the Council have robust arrangements to ensure that the data provided is accurate?

- The Council has clear arrangements to check the quality and accuracy of the data it provides to senior leaders.
- Where weaknesses in data quality are identified, the Council addresses them.

2.4 Does the Council use the information to help it achieve its outcomes?

- Where poor performance is identified, the Council uses the information to make changes/interventions.
- There is evidence of the Council improving its progress towards its outcomes as a result of interventions.

2.5 Does the Council review the effectiveness of its arrangements?

- The Council reviews the information provided to senior leaders to ensure it is appropriate and relevant.
- The Council compares the information it collects with the information collected by similar organisations to identify opportunities to strengthen its arrangements.



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We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

Organisational response

Report title: Use of performance information: Service User perspective and Outcomes - Monmouthshire County Council

Completion date: March 2024

Document reference: DRAFT

Page 123

Ref	Recommendation	Organisational response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
R1	<p>Information on the perspective of the service user</p> <ul style="list-style-type: none"> The Council should strengthen the information it provides to its senior leaders to enable them to gain a more comprehensive understanding of how well services and policies are meeting the needs of service users. 	<p>Our self-assessment also concludes there is a need to further develop arrangements to focus on outcomes and embed an evaluative mindset.</p> <p>To strengthen this information, we will:</p> <ul style="list-style-type: none"> Set out revised measures, including where possible developing the use of outcome measures, in the community and corporate plan. Support service managers to strengthen the use of evidence, including from the service user perspective, in their self-assessment of service performance within service business plans. Bring together multiple sources of evidence from the service user perspective, in our annual self-assessment of our progress. This will clearly identify how well are we doing, how do we know (the evidence we have used) and what and how can we do better. Self-assessment requires us to identify areas for development and this will include service areas where there is an absence of data on the user experience. 	<p>September 2024</p> <p>April 2025</p> <p>June 2025</p>	<p>Chief Officer People, Performance & Partnerships</p> <p>Performance & Data Insight Manager</p> <p>Performance & Data Insight Manager</p>
R2	<p>Information on progress towards outcomes</p>	<p>Our self-assessment also concludes there is a need to further develop arrangements to focus on outcomes and embed an evaluative mindset.</p>		

	<ul style="list-style-type: none"> The Council should strengthen the information provided to senior leaders to help them understand the impact of its services and evaluate whether it is delivering its long-term objectives and intended outcomes. 	<p>We also think it's important to acknowledge the difficulties in measuring outcomes, particularly in ascribing attribution to the activities of a single organisation to complex societal challenges.</p> <p>To strengthen this information, we will:</p> <ul style="list-style-type: none"> Set out revised measures, including where possible developing the use of outcome measures, in the community and corporate plan. Support service managers to strengthen the use of evidence, including on impact, in their self-assessment of service performance within service business plans. Strengthen the use of evidence, including on the impact made, in our annual self-assessment of our progress in meeting our wellbeing objectives. This will clearly identify how well are we doing, how do we know (the evidence we have used) and what and how can we do better. 	<p>September 2024</p> <p>April 2025</p> <p>June 2025</p>	<p>Chief Officer People, Performance & Partnerships</p> <p>Performance & Data Insight Manager</p> <p>Performance & Data Insight Manager</p>
<p>R3</p>	<p>Information on the quality and accuracy of data</p> <ul style="list-style-type: none"> The Council needs to assure itself that it has robust arrangements to check the quality and accuracy of the service user and outcomes data it provides to senior leaders. 	<p>We have existing arrangements in place that guide the production of performance data used in our strategic reporting. These include:</p> <ul style="list-style-type: none"> Performance measure and target setting guidance which is embedded in service business plan principles and a process, using definitions and proformas, to collate and inform end point checks of performance data used in the community and corporate plan. 		

- This is supplemented by Internal Audit reviews which take an independent view of risk and will ensure that performance information is reviewed when it is appropriate to do.

While these arrangements are in place to support the production of performance data, our reviews show we need to focus on improving our data maturity as an organisation, with data accuracy being an important part. To achieve this, we will:

- Implement a process with clear guidance to collate 2023/24 performance measure data used in the community and corporate plan.
- Conduct a data maturity assessment and use the findings to inform any further development of arrangements or targeted action we need to take to improve data accuracy, in coordination with internal audit.

May 2024

Performance &
Data Insight
Manager

December 2024

Performance &
Data Insight
Manager

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 Thursday, 22nd February, 2024 at 2.00
pm

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

Lay Members: Colin Prosser, Rhodri Guest and Martin Veale

County Councillor: Sara Burch, John Crook, Tony Easson,
David Jones, Phil Murphy, Peter Strong and Ann Webb

OFFICERS IN ATTENDANCE:

Annette Evans	Customer Relations Manager
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
Jonathan Davies	Head of Finance
Rachel Freitag	Audit Wales Officer
Emma Tapper	Governance & Assurance Officer
Kathy Buckley	Chief Information Security Officer
Hannah Carter	Performance Analyst
Daniel Francis	Accountant
Sian Hayward	Digital and Technology Manager

APOLOGIES:

County Councillor Malcolm Lane

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 last meeting was noted.

<https://www.youtube.com/live/g0896V1LcSY?feature=shared&t=80>

1. Finance Team capacity: OPEN
2. People Strategy: OPEN
3. Whole Authority Complaints Report: CLOSED
4. Freedom of Information, Data Protection and Data Subject Access Requests:

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Governance and Audit Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 22nd February, 2024 at 2.00 pm

Corporate risk control policies: OPEN

5. Statement of Accounts – charitable trust funds: CLOSED

4. MCC Statement of Accounts

Items 5 and 6 were considered at the same time.

The Head of Finance presented the Monmouthshire County Council Statement of Accounts and the Audit Wales Financial Audit Manager presented the Audit of Accounts Report (Audit Wales) ISA 260. Following presentation of the reports, Committee members were invited to ask questions:

<https://www.youtube.com/live/q0896V1LcSY?feature=shared&t=266>

The report recommendations were approved (subject to a minor amendment), and the Chair was asked to sign the letter of representation:

- i) That the committee note that the accounts have been amended since the draft version was published to reflect the outcomes of the external audit process, and as noted within the Audit Wales ISA260 Audit of accounts report shown at Appendix 2.
- ii) That the Governance and Audit committee approve the final audited Monmouthshire County Council statement of accounts for 2022/23 as shown at Appendix 1.

ACTION: Add “Update on the 3 ISA260 recommendations” to the Forward Work Plan when the draft accounts are considered by the Committee.

5. Audit of Accounts Report (Audit Wales)

Items 5 and 6 were considered at the same time – see above minute.

6. 23/24 Q3 Treasury Report

The Head of Finance presented the 2023/24 Quarter 3 Treasury Report. Following presentation of the report questions and comments were invited from the Committee:

<https://www.youtube.com/live/q0896V1LcSY?feature=shared&t=2039>

As per the report recommendations:

The Governance & Audit Committee reviewed the treasury management activities and the performance achieved in the third quarter of 2023/24 as part of its delegated responsibility to provide scrutiny of treasury policy, strategy and activity on behalf of Council.

7. Statement on the robustness of the budget process and the adequacy of reserves.

The Deputy Chief Executive noted the unavailability of the report and explained that it had not been possible due to the late finalisation of the Council’s final budget proposals upon which the Responsible Financial Officer’s opinion is based. The Committee welcomed the opportunity to review its consideration of these points in future as part of the development and scrutiny of the Council’s Medium Term Financial Strategy and Plan. The Chair will now work with officers to construct timely engagement with the Committee.

<https://www.youtube.com/live/q0896V1LcSY?si=Talw1G6EMbKSz09j&t=2808>

MONMOUTHSHIRE COUNTY COUNCIL

**Minutes of the meeting of Governance and Audit Committee held
at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 22nd February, 2024 at 2.00
pm**

8. Capital Strategy, Treasury Strategy and MRP revision report

The Head of Finance presented the Capital Strategy, Treasury Strategy and MRP Provision Report. Following presentation of the report, the Chair invited questions from the Committee:

<https://www.youtube.com/live/q0896V1LcSY?si=wZT5FmM7TrrQxs9F&t=3189>

As per the report recommendations:

- i) The Governance & Audit Committee scrutinised the proposed change to MRP policy for 2023/24 as shown at Appendix 1 and endorsed the proposal for onward circulation and approval by full Council.
- ii) The Governance & Audit Committee considered the draft Capital strategy for 2024/25 as found at Appendix 2 and endorsed it for onward circulation and approval by full Council.
- iii) That Governance & Audit Committee considered the draft Treasury management strategy for 2024/25 as found at Appendix 3 and endorsed it for onward circulation and approval by full Council. This includes the:
 - 2024/25 Minimum Revenue Provision Policy Statement, and;
 - 2024/25 Investment & Borrowing Strategies
- iv) The Governance & Audit Committee noted the requirement to review the Council's treasury management activities on behalf of the Council by continuing to receive quarterly treasury management activity updates during 2024/25 as per the requirements of the updated CIPFA Treasury Code of Practice.

9. Self Assessment of Performance Management

The Performance and Data Insight Manager, Performance Analyst and Chief Officer - People, Performance and Partnerships presented the Self-Assessment of Performance Management Report. Committee Members were invited to comment and ask questions:

<https://www.youtube.com/live/q0896V1LcSY?si=uDz988-3DTp6kYNi&t=5371>

In accordance with the report recommendations:

Governance and Audit Committee Members used the update provided to inform their understanding of the effectiveness of the operation of the authority's performance management arrangements and to identify any areas where they feel action needs to be taken or further information provided.

10. Whole Authority Complaints Report

The Chief Officer - People, Performance and Partnerships and the Customer Relations Manager presented the Whole Authority Complaints Report. Following presentation of the report, questions were invited from the Committee.

<https://www.youtube.com/live/q0896V1LcSY?si=kU3AoNTmpDTgTCw6&t=5818>

Referring to the report recommendations, The Governance and Audit Committee used the report, which covers the period up to 31 December 2023, to seek assurance about the

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Governance and Audit Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 22nd February, 2024 at 2.00 pm

effectiveness of the authority's processes for dealing with complaints and compliments and to make recommendations where it identifies any shortcomings.

11. Internal Audit Quarterly Report

The Chief Internal Auditor presented the Internal Audit Quarterly Report. Following presentation of the report, questions were invited from Committee Members:

<https://www.youtube.com/live/g0896V1LcSY?si=VkDh7xs3gXy-Vb1p&t=7094>

As per the report recommendations:

The Committee considered and noted the audit opinions issued.

The Committee noted that if the Members of the Governance & Audit Committee are concerned about any of the audit opinions issued, consideration be given to calling in the operational manager and the Head of Service to a future meeting or to escalate their concerns to the Chief Officer and to the Strategic Leadership Team. It was not deemed necessary to require officers to attend a meeting at this time.

The Committee noted the progress made by the Section towards meeting the 2023/24 Operational Audit Plan and the Section's performance indicators at the 9 month stage of the financial year which are currently in accordance with the profiled target.

12. Governance and Audit Committee Work Programme

The Forward Work Programme was noted.

The following reports scheduled for the next meeting will not be ready and so will be deferred to the following meeting:

- Audit Wales Performance data review
- Audit Wales Digital Review

https://www.youtube.com/live/g0896V1LcSY?si=uvqbnzAZ8xcWDJH_&t=7798

The following item to be added to the Work programme:

"Update on the 3 ISA260 recommendations" (when the draft accounts are considered by the Committee.)

13. Draft dates for 2024/25 (subject to Full Council Approval on 29th February 2024)

The proposed dates for 2024/25 were noted.

<https://www.youtube.com/live/g0896V1LcSY?si=aECUZfJborj5nZ8P&t=7818>

14. To confirm minutes of the previous meeting

The minutes of the previous meeting were approved.

MONMOUTHSHIRE COUNTY COUNCIL

**Minutes of the meeting of Governance and Audit Committee held
at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 22nd February, 2024 at 2.00
pm**

<https://www.youtube.com/live/q0896V1LcSY?si=nEO4wHPGqDuDRm4-&t=7872>

15. **Next Meeting: 14th March 2024**

16. **Cyber Security**

Head of Information Security and Technology and Chief Information Security Officer presented a report on Cyber Security. Members were provided with the opportunity to ask questions following presentation of the report.

Questions covered:

- Sufficiency of resources to adequately protect the authority
- Training coverage and arrangements for partners and contractors

Meeting ended at 4.28 pm

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