

Agenda



Audit Committee

Date: Thursday, 28 May 2015

Time: 5.00 pm

Venue: Committee Room 1 - Civic Centre

To: Mr J Baker (Chair), Councillors D Davies, I Hayat, R Mogford, J Mudd, M Spencer, H Thomas, E Townsend, R White and J Guy

Item	Wards Affected
1	<u>Appointment of Chairman</u>
2	<u>Apologies for Absence</u>
3	<u>Declarations of Interest</u>
4	<u>Minutes from 26 March 2015 meeting (Pages 3 - 8)</u>
5	<u>Head of Customer Services and Digital Innovation Update (WAO report from previous meeting attached for information). (Pages 9 - 28)</u>
6	<u>Corporate Risk Register Update (Pages 29 - 44)</u>
7	<u>Update on Accounts Close Down and Financial Statements Preparation Timetable</u>
8	<u>Internal Audit Annual Report 2014/15 (Pages 45 - 62)</u>
9	<u>Internal Audit Annual Plan 2015/16 (Pages 63 - 80)</u>
10	<u>SO 24, Waiving of Contract SOs: Quarterly Report reviewing Cabinet/CM Urgent Decisions or Waiving of Contract SOs (Quarter 3 and 4, October to March) (Pages 81 - 90)</u>
11	<u>Work Programme (Pages 91 - 96)</u>
12	<u>Referrals to Audit Committee</u>
13	<u>Member Development Self Evaluation Exercise (Pages 97 - 104)</u>
14	<u>Date of Next Meeting - Tuesday 7 July 2015</u>

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Date of Issue: 21 May 2015



Minutes

Audit Committee

Date: 26 March 2015

Time: 5.00 pm

Present: Councillors Baker (Chair), D Davies, M Spencer, H Thomas, E Townsend, R White, Barrett and Lewis

In Attendance: A Wathan (Chief Internal Auditor) M Rushworth (Head of Finance), R Jones (Assistant Head of Finance (Accountancy)), M Dickie (Business Service Development Manager) H Brayford (Project Manager) T Lewis and A Barrett (Wales Audit Office) and J Eales (Scrutiny Support and Research Officer).

Apologies: Councillors R Mogford

1 Apologies for Absence

Cllr Mogford

2 Declarations of Interest

None

3 Minutes of previous meeting 22 January 2014

That the Minutes of the meeting held on 22 January 2015 be confirmed.

4 Chair update following meeting with Chief Executive

The Chairman updated the Committee following his recent meeting with the Chief Executive. He explained that Members had raised the issue of the lack of a direct link to the Chief Executive at a training session in September 2014. This was raised with the Chief Executive and he agreed to attend meetings where significant issues were being discussed eg June and January meetings and also that he would meet the Chair every six months to discuss developments.

Members queried the process if the Chief Executive failed to take action on any issue raised by Audit Committee. The Chair explained that there were a number of options such as referring the issue to the auditors, discussing it with the Leader or seeking legal advice. Wales Audit Office also had mechanisms in place or it could be picked up as part of their work on the Corporate Assessment. The Audit Committee agenda also included an item, "Referrals to Audit Committee" to deal with such issues.

Members also referred to the new Whistle Blowing Policy and suggested that it be circulated to Audit Committee Members for information.

Agreed

1. That the update be noted.
2. That the Whistle Blowing Policy be circulated to Audit Committee members for information.

5 Regulatory Reports

Members considered a report detailing all of the regulatory reports that have been received by the authority from our main regulators, Wales Audit Office, Care and Social Services Inspectorate Wales, Estyn and more recently Her Majesty's Inspectorate of Probation (HMIP). The report contained recommendations or proposals on areas of service delivery where the authority could make improvements and included progress in each area up to the end of December 2014.

The report referred to new information received since the report was last presented to Audit Committee in March 2014:

- CSSIW Annual Review and Evaluation of Performance
- Certificate of Compliance issued by the WAO after an audit of the Improvement Plan 14/15
- Upcoming reviews including Information Governance, Adult Services and an Estyn review of Regional School Improvement Services.

Members raised a number of issues:

- What progress had been made with the Corporate Assessment report? Members were advised that a draft had been sent to the Chief Executive recently.
- Members were concerned that parts of the document had not been updated, that some of the actions did not address the recommendations and that some of the actions were not valid, rigorous and did not underpin the Corporate Strategy.
- Members asked if there was anything in the report they should be aware of such as recommendations not actioned. The Project Manager explained that she was not aware of anything and that the Corporate Assessment would provide up to date information for the next report.

Agreed

1. To note the contents of the report
2. To receive a further update in September 2015.

6 Consultation on White Paper - Reforming Local Government: Power to Local People

The Welsh Government recently published a Local Government white paper which set out wide reaching proposals for reform in a number of fields including local democracy, the roles and remuneration of elected members and senior officers, community governance and community councils, community rights, corporate improvement, service performance, scrutiny, audit, inspection and regulation and local government finance. Welsh Government were consulting with Local Authorities on the proposals described in the White Paper and the views of Audit Committee were requested to inform the consultation.

Members of Audit Committee made the following comments regarding the White Paper:

- The role of Audit Committee should be “to ensure” the Chief Executive discharged his statutory improvement functions and not “to assist”.
- The Remuneration Panel should look at pay for all senior officers in addition to Elected Members.

The following points were raised regarding the specific role of Audit Committee:

- If Elected Members failed to do their job properly ie read reports and prepare for meetings then more independent members would be preferable. The Chair needed to be competent and it made no difference if he/she was an independent or not.
- It would be useful to have at least one independent member with experience to improve quality across the board and help raise standards generally. The skills that Elected Members brought should be recognised. Members who frequently failed to attend meetings should be replaced.
- Generally politics were “left at the door” but if this was an issue, more independent members could reduce that risk.

Agreed

That the above comments be forwarded to Welsh Government in response to the proposals described in the White Paper.

7 Council Pay Reserve

Members considered a report on Pay Reserve, which set out the funding and use of the Council’s Pay Reserve since its inception in March 2012.

Following the completion of the 2013/14 accounts and progress on the Council’s Total Rewards/Equal Pay projects, the Audit Committee requested background information on the Council’s Pay reserve, specifically costs related to these projects and the use of the reserve to date. A verbal update was provided to the Committee previously on the above but given the volume and complexity of the issue, a written report was requested.

The Council established the pay reserve in March 2012 for the purpose of funding Equal Pay settlement costs and the team involved with delivering this project. The position regarding the actual level of funding required had not been known with absolute certainty or even the funding sources to fund these costs and therefore the planning of the reserve had been affected by this unavoidable uncertainty. As the project and costs and funding sources had become more certain, the reserve had been adjusted as appropriate to current levels. It was envisaged that the final costs relating to Equal Pay would be paid out in 15/16 and the reserve would also fund one off costs related to Total Rewards, over the financial years 15/16 and 16/17 mainly. Members were advised that the Pay Reserve Balance as at 31 March 2014 was £5.946m.

Members asked if a commitment had been made to use the capital receipts? The Head of Finance explained that Cabinet had recently considered the use of 2014/15 capital receipts and agreed to look at the process in a flexible way.

An error was identified in the risk table of the report, the asterisk should be in the next column, “Probability of risk occurring”.

Agreed

That Audit Committee note the report and information requested.

8 Update on Accounts Close Down and Financial Statements Preparation Timetable

Members received an update on the timetable for the accounts close down and financial statements preparation. The Assistant Head of Finance reported the additions to the original timetable including the working paper control sheets, the critical path guidance, the traffic light system and the key dates.

Officers were more or less on schedule at the moment and from now on there would be open communication and weekly meetings with WAO.

There were two meetings in the diary for September, officers would aim for the earlier date but the second date would be used if required.

Agreed

Members noted the update.

9 Draft Annual Governance Statement

Members considered a report allowing them an early opportunity to contribute to the Council's Annual Governance Statement, which would form part of the Annual Statement of Accounts for 2014/15.

In order to meet the requirements of the Accounts and Audit (Wales) Regulations 2005, Newport City Council prepared and presented an Annual Governance Statement with its Annual Statement of Accounts. This Statement was based on how well the Council met its own Code of Corporate Governance. A review of Governance was also a requirement of the Local Government Measure.

Members raised a number of points to be taken into account when preparing the final Annual Governance Statement:

- There were a number of spelling errors and points that required clarification.
- The update regarding the link between Audit Committee and the Chief Executive, the link to the Whistle Blowing Policy and the self- evaluation exercise should also be included.
- Point 6.16 relating to Equality Impact Assessments and point 6.18 relating to complaints/compliments could be written in a clearer way.
- Should there be more information regarding the way partnerships work to avoid shortcomings in the business plan and savings not being made as expected?
- Members asked for the latest position regarding Prosiect Gwyrdd and for information on the IAA Agreement. The Chief Internal Auditor agreed to submit this information to the next meeting.

Agreed

That the comments be noted.

10 Work Programme

The Head of Customer Services and Digital Innovation to attend the next meeting to give a progress report on the issues.

Agreed

That subject to the above, the report be noted.

11 Member Development Self Evaluation Exercise

The Chief Internal Auditor explained that he was about to undertake a self-evaluation exercise for all Audit Committee members. A CIPFA questionnaire would be emailed to Members covering nine different areas asking for their views on how effective Audit Committee was. Members would be asked to complete and return the questionnaire in time to report the results to Audit Committee in May. It was suggested that the questionnaire should also be emailed to senior officers.

Agreed

That the self- evaluation exercise be conducted as above and that senior officers be included in the exercise.

12 Financial Memorandum on the 2013-14 Financial Audit

Members considered a WAO report summarising their conclusions arising from the audit of the Council's 2013-14 Financial Statements. Overall the information provided to support the Financial Statements was found to be relevant, reliable, comparable and easy to understand. Issues that required attention were set out in the report, together with the Council's responses.

The Council's 2013-14 Financial Statements were materially accurate and properly prepared. There were delays in the Council presenting its draft Financial Statements and supporting working papers for audit. However the Financial Statements were prepared by the statutory deadline and an unqualified audit opinion was issued on 30 September 2014. A joint "Lessons Learned" session was held with key Finance Officers to identify where aspects of the financial statements production and audit process could be improved for 2014-15.

The review of the Council's Information Management and Technology control environment identified some issues that should be addressed to minimise the risk of any future potential misstatements. Members raised concerns that basic issues identified within IT such as password problems and failing to take appropriate action when staff left, were still an issue. Problems were not significant enough to impact on the sign off of accounts but there did appear to be a recurring theme. Members requested that the Head of Customer Services and Digital Innovation attend the next meeting to give a progress report on these issues.

Concerns were raised regarding recommendation 8, the Council's failure to meet the deadlines set by Welsh Government for the submission of its draft Data Collection Tool. The Head of Finance explained that there were staff issues at that time. A considerable amount of work was done to meet the first deadline and then further formatting and analysis was required to complete the whole accounts. At that time there were inadequate resources to complete the return. A strongly worded communication was received from Welsh Government and concerns were raised that this could damage the reputation of the Authority.

The Head of Finance referred to recommendation 1, that from 2013-14 the Council should account for its involvement in all Joint Committees and other Jointly Controlled operations as set out in its Accounting Policy and as required by the Code. He explained that this would depend on the workload that this would generate. The Management response in the table was inaccurate, the issue would be reviewed and actioned if resources allowed. Members discussed the issue and thought that it had already been agreed that this work would be done,

it was accepted that it was not material but it would be accounted for. Members requested regular updates on this.

Agreed

1. That that the Head of Customer Services and Digital Innovation attend the next meeting to give a progress report on the issues.
2. That regular updates be given on a decision as to whether or not to include involvement in all Joint Committees in the accounts.

13 Annual Audit Outline for the 2014/15 Financial Audit

Members considered the 2015 Audit Plan which set out WAO proposed work, when it would be undertaken, how much it would cost and who would undertake it. A certificate and report on the financial statements would also be issued including an opinion on their "truth and fairness". WAO would also consider whether or not the Council had made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception if the Annual Governance Statement did not comply with requirements.

Mr A Barrett, WAO, explained that the document had been prepared by the Auditor General but he had delegated responsibility to carry out the work on behalf of the Auditor General.

Agreed

That the report be noted.

14 WAO Annual Report on Grant Works

T Lewis (WAO) presented a report outlining work undertaken certifying individual grant claims. They certified 20 grant claims with a total value of £149.8 million, a decrease in claim numbers compared to 2012-13, mainly due to revised arrangements for Communities First projects. The total cost of the grant claims audit in 2013-14 was £83,000 compared to the 2012-13 fee of £106,200. This equated to a 22% decrease, partly due to the reduced number of claims and also as a result of more efficient working.

Members requested more information regarding the two (of 13) significant amendments. The adjustment of £351,004 related to a reporting issue rather than an error. The second adjustment for £18,121 related to an incorrect claim and an isolated discrepancy made after year end. He explained that there were no financial implications from the amendments.

Agreed

That the report be noted.

15 Date of Next Meeting - Thursday 28 May 2015



WALES **AUDIT** OFFICE

SWYDDFA **ARCHWILIO** CYMRU

Accounting Statements 2013-14

Newport City Council

Audit year: 2013/14

Issued: January 2015

Document reference: 114A2015

Status of report

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The team who delivered the work comprised Anthony Barrett, John Dwight, Jeannette Sweet, and other members of the Newport City Council audit team.

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This report, which has been prepared and presented on behalf of the Appointed Auditor, summarises our conclusions arising from the audit of the Council's 2013-14 Financial Statements.

The matters arising are shown in [Appendix 1](#), together with our recommendations.

The matters arising from our review of the Council's 'Information Management and Technology' control environment, and our specific work on the key financial systems, are set out in [Appendix 2](#).

The 'Lessons Learned' action plan presented to the Council's November Audit Committee is attached at [Appendix 3](#), so that all actions arising from the 2013-14 financial audit are recorded in one document.

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The Council's 2013-14 Financial Statements were materially accurate and properly prepared	5
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There were delays in the Council presenting its draft Financial Statements and supporting working papers for audit. However, the Financial Statements were prepared by the statutory deadline and an unqualified audit opinion was issued on 30 September 2014	5
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Overall we found the information provided to support the Financial Statements to be relevant, reliable, comparable and easy to understand. However, there are some issues that the Council should address for the 2014-15 Statements	6
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Our review of the Council's <i>Information Management and Technology</i> control environment, and our specific work on the key financial systems, did not identify any issues that could generate a material misstatement within the Financial Statements. However, some issues were identified that should be addressed in order to minimise the risk of any future potential misstatement – some are being repeated from last year	6
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We had a constructive 'Lessons Learned' joint exercise with key Finance Officers and presented the findings and agreed actions to the November Audit Committee meeting	7
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Summary report

Introduction

1. Anthony Barrett, as the Appointed Auditor, is responsible for providing an opinion on whether the financial statements of Newport City Council (the Council) give a true and fair view of the financial position of the Council as at 31 March 2014 and its income and expenditure for the year then ended.
2. We completed a risk assessment and targeted our audit work to enable us to fulfil this responsibility. This included the documentation, assessment and evaluation of the Council's internal control environment and its financial systems, as well as forming an opinion on whether the financial statements had been properly prepared in accordance with relevant legislation and applicable accounting standards.
3. This report summarises the findings from our financial audit work, including the findings arising from our review of the Council's Information Technology arrangements. It also complements and, where appropriate, provides further commentary on those issues previously communicated in our high-level *Audit of the Financial Statements Report* which was presented to the Audit Committee in September 2014.

The Council's 2013-14 Financial Statements were materially accurate and properly prepared

4. International Standard on Auditing (ISA) 260 requires auditors to report to 'those charged with governance' the findings of the audit of the accounting statements. We presented the Appointed Auditor's *Audit of the Financial Statements Report* to the Council's Audit Committee meeting held on 29 September 2014.

There were delays in the Council presenting for its draft Financial Statements and supporting working papers for audit. However, the Financial Statements were prepared by the statutory deadline and an unqualified audit opinion was issued on 30 September 2014

5. In our *Audit of Financial Statements* report presented to the Audit Committee in September 2014, we reported that the Council presented its draft statements for audit some 2 weeks after the agreed date. The relevant supporting working papers followed a week later.
6. We held a joint 'Lessons Learned' session with key Finance Officers to identify where aspects of the financial statements production and audit process could be improved for 2014-15. Following completion of the evaluation, several key themes for improvement were identified. The Action Plan produced from these discussions was presented to the November Audit Committee meeting and is attached as **Appendix 3** so that all actions arising from the 2013-14 financial audit are recorded in one document.

Overall we found the information provided to support the Financial Statements to be relevant, reliable, comparable and easy to understand. However, there are some issues that the Council should address for the 2014-15 Statements

7. In our previous *Audit of Financial Statements Report* presented to the Audit Committee in September 2014, we reported some matters both qualitative and quantitative relating to the accounts. In addition, detailed matters arising from our audit and our recommendations to address these have been agreed with Finance Staff. These are set out, together with the Council's responses, in [Appendix 1](#).
8. We will continue to liaise closely with officers to ensure that effective arrangements are put in place for the preparation and audit of the 2014-15 accounts.

Our review of the Council's *Information Management and Technology* control environment, and our specific work on the key financial systems, did not identify any issues that could generate a material misstatement within the Financial Statements. However, some issues were identified that should be addressed in order to minimise the risk of any future potential misstatements – some are being repeated from last year

9. The Council uses IT networks, infrastructure and applications in the operation of its key financial systems. These financial systems and their outputs are used by the Council to prepare the financial statements. We sought to obtain assurance that the IT arrangements in place are sufficiently robust to ensure that the financial statements are materially accurate.
10. In undertaking our 2013-14 audit we therefore reviewed two key aspects of the Council's IT control environment:
 - We reviewed the 'high-level' IT internal control environment that supports the key financial systems to obtain assurance that it is securely accessed, robust and resilient and that appropriate arrangements exist concerning the data processing centre, data backups and business continuity arrangements; and

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- Undertook specific reviews on the Main Accounting System and some key systems that are used to compile the financial statements such as the payroll system, accounts receivable, income collection (including NNDR and Council Tax) and some local systems that are used for recharges. These reviews focussed on the assessment of the processes and procedures in place covering the processing of transactions on these systems, systems administration controls, database administration procedures and 'audit logging' arrangements.
11. Whilst we did not identify any issues that could have led to the generation of a material misstatement within the financial statements, we identified some areas where controls could be improved. Our recommendations, if implemented, should help the Council to mitigate the risks to future misstatements in the financial statements. Some issues are common to different departments within the Council and there would be benefit in managers working together and sharing solutions. The issues identified are set out in [Appendix 2](#).

We had a constructive 'Lessons Learnt' joint exercise with key Finance Officers and presented the findings and agreed actions to the Council's November Audit Committee

12. The summarised output from our 'Lessons Learnt' joint exercise is shown in [Appendix 3](#) for information.

Appendix 1

Action Plan agreed to address the matters arising from the audit of the Council's 2013-14 financial statements

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Recommendations	Management response	Implementation
<p>R1 We repeat our recommendation from 2013-14 that the Council should account for its involvement in all Joint Committees and other Jointly Controlled operations, as set out in its Accounting Policy and as required by the Code.</p>	<p>Agreed.</p>	<p>Accounting Statements 2014-15</p>
<p>R2 Last year we recommended that when professionals are commissioned to undertake work on behalf of the Council, the specification for the work should be sufficiently detailed so that the outputs from the engagement meet the Council's accounting requirements. Now that the Council's professional advice on Estate valuations will be provided by Norse Newport, the Council will need to set in place clear and time-bound plans to obtain the specific information in the detail and timescales required to meet the council's 2014-15 Accounts' Close-Down plan.</p>	<p>Agreed – discussions are in the process of being held with the Valuer on deadlines to ensure information is obtained in accordance with the closedown plan.</p>	<p>Accounting Statements 2014-15</p>
<p>R3 When preparing journals that are not subject to segregation of duties, sufficient details should be recorded on the journal and adequate supporting papers need to be retained with it, to fully explain the reasons and to verify the value of the journals.</p>	<p>Agreed – will be part of guidance notes to Finance staff on closure and production of working papers.</p>	<p>Accounting Statements 2014-15</p>

Recommendations	Management response	Implementation
<p>R4 We recommended last year that when the Council revalues the Glan Usk school during 2013-14, the nature of the lifecycle replacement costs should be reviewed as part of this work. We found that there were lifecycle replacement costs in 2013-14 that had not been capitalised. We therefore repeat this recommendation for the 2014-15 accounts preparation.</p>	<p>Not agreed - Further discussions to be held on the general principles to apply as part of the valuation process.</p>	
<p>R5 We agreed with the Capital Accountant that an incorrect revaluation figure of £2.951m had been recorded in the Council's PFI spreadsheet. The correct figure is £3.616m – which agrees to the Valuation report and what had been reported in the Council's financial statements. The correction needs to be made to ensure that the Council's supporting spreadsheet reconciles to the financial statement and the 2014-15 Valuation report.</p>	<p>Agreed.</p>	<p>Accounting Statements 2014-15</p>
<p>R6 The incorrect write off percentage was used for 2013-14 NNDR Pool debts. The level of error was immaterial (£24,298) to the 2013-14 financial statements. The Council's improved quality assurance procedures for 2014-15 should ensure that such errors are not repeated.</p>	<p>Agreed – improved QA process being implemented.</p>	<p>Ongoing.</p>
<p>R7 Five payments to Queensbury Development under the 'Seed Funding Agreement' had both been 'certified for payment' and 'authorised' by the same Officer. We recommend that all payments should be certified by one officer and authorised by a second officer – as set out in the Council's financial delegations and financial procedures.</p>	<p>Agreed and noted.</p>	<p>Ongoing.</p>

Recommendations	Management response	Implementation
<p>R8 The Council was unable to meet the deadlines set by the Welsh Government for the submission of its draft Data Collection Tool (DCT). The Welsh Government would not accept the Council's offer to submit the draft by the end of August and sent a strongly worded communication to the Council extending the submission deadline for the draft DCT to 18 August 2014 – some five weeks after the extended deadline of 11 July 2014. The Council needs to include this work in its close-down plan for the 2014-15 financial statements and by adopting robust QA arrangements, ensure that its draft DCT is as accurate as possible and submitted within the agreed timetable.</p>	<p>Agreed and noted.</p>	<p>WG Accounts 2014-15</p>
<p>R9 The WGA Management Review checklist which is designed to ensure that a robust draft Data Collection Tool (DCT) is prepared by the Council had not been reviewed by an officer independent to the one who completed the return. There were a significant number of inconsistencies between the Council's draft financial statements and the DCT. To avoid these time consuming and avoidable amendments, a robust independent review should be put in place for future years and the HM Treasury's Management Review Checklist should be appropriately completed and reviewed as expected.</p>	<p>Agreed and noted.</p>	<p>WG Accounts 2014-15</p>
<p>R10 Some transactions and balances with other Public Sector bodies had been omitted from the draft DCT. We detected the omissions from a 'year on year' review of entries. The Council could have prevented having to make the required amendments by undertaking its own review as part of its overall preparation arrangements.</p>	<p>Agreed and noted.</p>	<p>WG Accounts 2014-15</p>

Appendix 2

Matters arising from our review of the Information Management and Technology control environment and key financial systems

Matters arising	Recommendation	NCC management response	Proposed completion date
Issue (AIM – Cash Receipting)			
No material issues identified			
Issue (Civica - Debtors)			
<p>Procedures to remove access from leavers are weak (this issue has been raised on a previous occasion)</p> <p>There is no formal process for informing the systems administrator of leavers and periodic checks for unused user accounts are performed ad-hoc.</p> <p>Unused user accounts provide an increased risk of unauthorised access to the application and its data.</p>	<p>Complete a review of user accounts and remove access for any that are not used.</p> <p>Implement a formal mechanism for notifying the systems administrator of any leavers from the organisation who have systems access.</p>	<p>We will produce a procedure to update system owners of leavers.</p> <p>The Council also has longer term plans to introduce identity management, although these are on hold due to resource constraints.</p>	March 2015
<p>User training is delivered in the live environment (this issue has been raised on a previous occasion)</p> <p>Use of the live environment for training purposes increases the risk of errors in the data which could be reflected in the final accounts.</p>	<p>Ensure that any training is completed in the test environment.</p>	<p>We will investigate with supplier the development of a test instance</p>	March 2015

Matters arising	Recommendation	NCC management response	Proposed completion date
Issue (Logotech – Fixed Assets)			
<p>Access control arrangements for Logotech Fixed Assets are weak (this issue has been raised on a previous occasion)</p> <p>Password controls and hierarchy of accounts to support segregation of duties. Both were identified in our 2012/13 audit but there has been no progress on these. As the Council are moving to a new solution in July 2014 no further recommendations will be made.</p>	<p>Confirm that the replacement system is now in use.</p>	<p>Due to resource constraints upgrade outstanding, this work will be re-arranged with the supplier.</p>	<p>January 2015</p>
Issue (ROCC – Property Repairs Management)			
No material issues identified			
Issue (SIMS – Schools Accounting)			
<p>Password controls are very weak (this issue has been raised on a previous occasion)</p> <p>Password controls are weak and fall short of accepted good practice in all areas (including enforced change of password on first logon). Inadequate password controls increase the risk of unauthorised access to the application and unauthorised manipulation of the system's data.</p>	<p>Improve the strength of the SIMS FMS password controls (seek assistance from the supplier, if necessary).</p>	<p>This software does not currently enforce password complexity, this has been raised with the supplier but will need development of the product.</p> <p>Information security training provided for schools including guidance on password security and best practice,</p> <p>We will produce a best practice guidance note for Education and schools advising of good password management.</p>	<p>January 2015</p> <p>June 2014 (ongoing)</p>

Matters arising	Recommendation	NCC management response	Proposed completion date
<p>Lack of user acceptance testing (this issue has been raised on a previous occasion)</p> <p>Although Capita release beta tested versions of the software, implementing patches and upgrades to the live environment without user acceptance testing increases the risk of errors being introduced to financial data which may not be detectable by IT installation and compatibility testing only.</p>	<p>Implement user acceptance testing as part of the change control mechanism for SIMS FMS.</p>	<p>We will investigate creating a test database for the Education Finance team to carry out UAT when new upgrades are received.</p>	<p>April 2015</p>
Issue (Oracle Financials – MAS)			
<p>Systems administrator account are not unique (this issue has been raised on a previous occasion)</p> <p>Generally all users are allocated a unique user account. However the SYSADMIN user account is shared by the DBA and the application systems administrator. This high level access allows staff to perform activity without intervention and sharing a common user account means that changes to the system may not be traceable to an individual.</p>	<p>Set up unique accounts for systems administrators (seek help from the supplier if necessary).</p>	<p>We will investigate how we can achieve the separation of access required.</p>	<p>March 2015</p>
<p>Procedures to remove access from leavers are weak (this issue has been raised on a previous occasion)</p> <p>Although HR processes include notification of leavers to IT services, this does not generally</p>	<p>Implement a robust mechanism for notification of leavers to IT Services and all application system administrators.</p>	<ul style="list-style-type: none"> Access to the system is authorised via a paper form, this will be updated to include user pay number to enable easier integration with Payroll/HR systems. 	<p>March 2015</p>

Matters arising	Recommendation	NCC management response	Proposed completion date
<p>happen. Two processes have been implemented to try to address this problem, but unused accounts could still be active for up to three months before being disabled. Unused, but active user accounts increase the risk of unauthorised access to the Council's financial management system and could potentially result in unauthorised access to data and malicious activity.</p>		<ul style="list-style-type: none"> Update termination checklist for managers. Produce a procedure to update system owners of leavers. 	<p>November 2014</p> <p>March 2015</p>
<p>Password complexity rules are not enforced (this issue has been raised on a previous occasion)</p> <p>Password controls for the application fall short of accepted best practise in that adequate password complexity is not enforced by ORACLE R12 (alpha numeric only). Weak password controls increase the risk of unauthorised access and manipulation of data.</p>	<p>Improve password complexity controls. (Seek assistance from the supplier if necessary).</p>	<ul style="list-style-type: none"> This software has limited password complexity, although new users are created with complex password. The password policy is regularly communicated to all users. Network access is also controlled by secure password. 	<p>March 2015</p> <p>Ongoing.</p>
<p>Audit reports are still under review (this issue has been raised on a previous occasion)</p> <p>Audit logs and reports are still currently under review and development so it was not possible to evaluate the design of this control.</p>	<p>Ensure that adequate audit reports are developed and a process of regular review implemented to strengthen this control.</p>	<p>We will analyse how we can improve this issue by talking to the supplier/other users</p>	<p>March 2015</p>
Issue (Academy – Housing Benefits & C Tax)			
<p>Database access is via a generic profile (this issue has been raised on a previous</p>	<p>Establish a way of mitigating the risk of using generic DBMA logons (ie by</p>	<p>We will investigate how we can achieve</p>	<p>March 2015</p>

Matters arising	Recommendation	NCC management response	Proposed completion date
<p>occasion) The Council use a generic database administrator profile, which increases the risk that changes made to the database are not traceable to any individual.</p>	<p>adding named individuals to a group or profile with DBMA access).</p>	<p>the separation of access required.</p>	
Issue (iTrent - Payroll)			
No material issues identified			
Issue (IT infrastructure)			
<p>Obsolescence of servers The Council uses approx 70 servers using the ageing Windows 2003 operating system. Although the supplier extended support for a further year in April 2014, this expires in Q2 2015. This leads to an increased risk of availability issues as well the risk of security vulnerabilities being exploited by unauthorised access. Given the publicity around this issue, W2013 servers still in operation will be a particular target for hackers.</p>	<p>Replace the Windows 2003 operating system servers the Council uses in 2014-15 as these are approaching de-support in Q2 2015.</p>	<p>Windows 2003 supported until July 2015, we are working on updating these servers to a newer version of the OS, this will be an issue for our PSN compliance.</p>	<p>June 2015</p>
<p>IT control weaknesses in the two main computer rooms at the Newport Council civic building</p> <ul style="list-style-type: none"> The basement server room was at risk from flood and only a manual pump was available for use with no use of an automatic pump. 	<p>Strengthen the IT environmental controls over the two main computer rooms by:</p> <ul style="list-style-type: none"> securing the use of an automatic pump to be used if there is a flood in the basement computer room 	<ul style="list-style-type: none"> We are investigating how this risk can be mitigated against, currently we have been advised that we can only install a 	<p>February 2015</p>

Matters arising	Recommendation	NCC management response	Proposed completion date
<ul style="list-style-type: none"> The basement server room had no CCTV/alarm. Both rooms had boxes of kit in that were not stored in storage racks and empty cardboard boxes that should have been disposed of. Both rooms had loose server cables/cabling was untidy. <p>These weaknesses led to an increased risk of IT environmental issues with the IT computer rooms.</p>	<p>(ongoing from 12-13);</p> <ul style="list-style-type: none"> installing CCTV/ burglar alarm for the basement room; keeping both computer server rooms tidy (boxes of IT equipment / kit should be stored in store racks / cupboards and empty cardboard boxes should be disposed of); and tidying loose server cables and cables protruding out of racks 	<p>manual pump in this area. It should be noted that a bund exists to reduce the risk of flooding.</p> <ul style="list-style-type: none"> To improve the security of the basement computer room we have installed an extra key-lock on the outside door into the basement computer room. 	
<p>Long expiry limit on network passwords</p> <p>Network passwords are set to expire after 90 days. The Council should consider reducing this to 60 days in line with good IT practice and other Councils in Wales of a similar size. This increases the risk of unauthorised access.</p>	<p>Set network access controls to expire after 60 days. Good IT practice recommends the 60 days' limit and this is more in line with other councils in Wales of a similar size to NCC.</p>	<p>Agreed, we will update our Password Policy to reflect best practice</p>	<p>January 2015</p>
<p>Co-location of both main computer rooms</p> <p>Currently, both main computer server rooms are located at the Council's main civic centre which increases the risk of a major IT disaster recovery or business continuity incident affecting both at the same time seriously impacting the time taken to restore IT systems.</p>	<p>Review possibilities for locating the Council's computing facilities for critical IT systems to an appropriate 'off site' facility. Consider partner arrangements with another organization.</p>	<ul style="list-style-type: none"> Reciprocal arrangement agreed with CCBC for DR capital investment to provide off-site facility for critical IT systems. A number of other business continuity measures are being proposed as part of Council wide business continuity 	<p>June 2015</p>

Matters arising	Recommendation	NCC management response	Proposed completion date
		work.	
<p>Inadequate monitoring of user account audit trails</p> <p>Solarwinds network monitoring software produces a graphical display of the number of users locked accounts. This is monitored by the Network Team, but they do not currently undertake any review or investigation and although there are plans to link this information to the Council's service desk, this has not happened yet. Inadequate monitoring of audit trails could result in unauthorised access to the network and its systems going undetected.</p>	<p>Implement regular monitoring, review and investigation of user account audit trails. Integrate this review with the service desk.</p>	<p>We are investigating the use of reports from our logging system.</p>	<p>February 2015</p>
<p>Lack of adequate IT Business Continuity and Disaster Recovery arrangements</p> <p>Weaknesses in adequate provision of IT Disaster Recovery facilities and testing were identified in the Wales Audit Office 2011-12 review. In response, corporate review of business continuity exercise highlighted initial priority systems and an agreed action plan. The timescale for completion of the action plan is summer 2014 to spring 2015. Until then, there is a continued risk that arrangements and back-up media may not work as anticipated and systems may not be able to be restored in a timely manner in the event of a major disaster incident.</p>	<p>Ensure the Business Continuity review action plan is concluded and that all agreed actions are implemented.</p>	<ul style="list-style-type: none"> • A number of other business continuity measures are being proposed as part of Council-wide business continuity work. • Priority systems have now been agreed by the Council's senior management. • Reciprocal arrangement agreed with CCBC for DR capital investment to provide off-site facility for critical IT systems . 	<p>Ongoing</p> <p>June 2015</p>

Appendix 3

Summarised output from our 'Lessons Learnt' joint exercise with key Finance Officers

Themes	Actions agreed
Time to focus on the accounts, audit and audit queries	1. The Council will need to ensure that the closedown and audit processes are adequately resourced in future years.
Working Papers	2. Wales Audit Office will produce a list of 'audit deliverables', including key working papers required and an agreed timetable for delivery.
Quality assurance and review of the draft accounts prior to submission for audit	3. The Council needs to ensure that sufficient time is built into its closedown plan to complete appropriate levels of quality review on the draft and final accounts; and 4. Obtain agreement on a corporate 'house style' for the accounts, liaising with the Council's publishing unit to ensure this is robustly implemented.
Timing	5. More frequent Wales Audit Office/Council meetings throughout the year, enabling earlier discussion of key audit risk and issues (see also item 14 below). 6. Fully agreed timetable for both the Council and Wales Audit Office work (as part of the 'audit deliverables' document).
Audit Committee	7. Discussion (with Audit Committee) around any further Audit Committee training needed. 8. Review the need for 2 meetings in September.
Planning	9. Key Council staff need to have regular meetings throughout the closedown process. 10. Wales Audit Office team to also establish a more formal meeting programme during the course of the final accounts audit work. (Both actions will be supported by the 'audit deliverables' document.)
Testing	11. Earlier testing of some areas by the Wales Audit Office. 12. Better co-ordination of Wales Audit Office staff by senior auditors (as part of the formal meeting programme). 13. More certainty needed on testing from better audit planning.
New senior finance officers (Senior Financial Accountant and Capital Accountant)	14. Regular Council/Wales Audit Office meetings and early audit engagement with new officers.

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Report

Audit Committee

Part 1

Date: 28th May 2015

Item No: 06

Subject Corporate Risk Register Update

Purpose To present an updated Corporate Risk Register

Author Debra Wood-Lawson, Head of People and Business Change
Hannah Brayford, Project Manager, Business Improvement and Performance

Ward All

Summary This report contains the latest update of the Corporate Risk Register. There are eight risks identified in the register, 1 high risks and 7 medium risks. Since the last update assessments of 4 risks remain unchanged, 1 risk has increased and 3 risks have reduced.

Proposal Note the contents of the Corporate Risk Register

Action by Chief Executive, Strategic Directors and Heads of Service

Timetable Immediate

This report was prepared after consultation with:

- Cabinet
- Deputy Leader
- Audit Committee
- Head of Law and Standards
- Head of People and Transformation
- Head of Finance
- Head of Customer and Information Services

Signed

Background

1. Corporate Assessment

As part of its governance arrangements the Council has a risk management strategy and a corporate risk register is monitored twice a year. Through the Corporate Assessment these documents were recognised by the Wales Audit Office although the conclusions of the Corporate Assessment were that risk management arrangements within the organisation are in need of improvement.

2. Risk Management Strategy

The Risk Management Strategy was agreed by Cabinet in September 2014. It was updated to reflect a revised approach to risk management and improved processes for identifying and escalating risk. Potential benefits of an improved risk management approach are improved decision making, avoidance of shocks and the ability to mitigate threats and take advantage of opportunities.

The strategy includes six key areas where risks are identified and managed:

- Decision Making Process
- Revenue and Capital Monitoring
- Change and Efficiency Programme
- Service and Improvement Planning
- Horizon Scanning Activities
- Information Risk Management

3. Role of Audit Committee

Since the introduction of the Local Government Measure 2011 the local authority's Audit Committee have a role in reviewing and assessing the risk management, internal control and corporate governance arrangements of the authority. Processes and Strategies about risk management should be reviewed by the Committee however the content of the risk register including setting and changing risks included in the register is *not* the role of the Audit Committee.

4. Closed Risks

Risk Title: Delivering a Balanced Budget

Risk Description: That the savings required to deliver a balanced budget in the following year cannot be achieved

In November 2014 this risk was scored as probability 1 and impact 1. This was because a balanced budget was drafted and being progressed through the council's decision making hierarchy. A balanced budget was approved by Cabinet and Council in February 2015 and this risk is now considered to be closed.

Financial Summary

- There are no direct costs associated with this report

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
That the strategy and process are not robust enough to capture all high risks	M	L	Reviewing, testing and embedding processes to ensure that they are fit for purpose	Heads of Service and Performance Team

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

Robust risk management practices increase the chances that all of the council's priorities and plans will be implemented successfully

Comments of Chief Financial Officer

There are no direct financial implications arising from this report. The corporate risk register forms an important part of the governance and budget setting arrangements for the council and the risk register is used to guide the internal audit plan

Comments of Monitoring Officer

The Council's corporate governance arrangements are an integral part of the risk management strategy, in ensuring that all decisions are made lawfully and constitutionally and that all risks are identified, assessed and mitigated. The absence of successful call-in and legal challenges demonstrates that these arrangements are robust. However, as part of the review of the Constitution, improvements in the Report templates will be considered to further embed risk management principles within the decision-making processes. The Local Government (Wales) Measure 2011 required the Council to establish a stand-alone Audit Committee with statutory responsibility for reviewing and assessing the risk management, internal control and corporate governance arrangements of the authority. However, the identification of corporate risks, for inclusion within the risk register, is an executive decision for Cabinet.

Staffing Implications: Comments of Head of People and Business Change

There are no direct staffing implications arising from this report.

Risk management is a key element of the Council's improvement programme and the Administration's commitment to ensuring strong corporate governance and robust performance management.

Local issues

none

Background Papers

Corporate Assessment, Cabinet 21st October 2013

Corporate Risk Register, Cabinet 13th January 2014, Audit Committee 30th January 2014.
Draft Corporate Risk Management Strategy, Cabinet, 12th May 2014
Draft Corporate Risk Management Strategy Audit Committee 29th May 2014
Corporate Risk Management Strategy and Register, Cabinet, 8th September 2014
Corporate Risk Management Strategy and Register, Audit Committee, 18th September 2014
Corporate Risk Register, Cabinet, 8th December 2014
Corporate Risk Register, Audit Committee, 22nd January 2015
Corporate Risk Register, Cabinet, 22nd April 2015

Dated: 12th May 2015

Risk Management Roles and Responsibilities

The roles and responsibilities of individuals and groups are set out below:

Role	Responsibility
Cabinet and Cabinet Members	To work with Strategic Directors and Heads of Service to define, assess and manage corporate risks. To work with Heads of Service to manage risks within their service delivery portfolios To consider corporate risks as part of the decision making process
Members	To be aware of the corporate risks and to consider risk management in scrutiny meetings and regulatory committees
Audit Committee	To take an overview of the processes involved in managing risk in the council To receive regular reports on the corporate risk register and risk management processes
Strategic Leadership Team	To work with Cabinet Members and Heads of Service to define, assess and manage corporate risks To monitor risks in the risk register To recommend additions and revisions to the risk register To initiate mitigating action for escalating risks To ensure risks are assessed accurately
Heads of Service	To work with Cabinet Members and Strategic Directors to define, assess and manage corporate risks To work with the Cabinet Member to manage risks To implement mitigating action for escalating risks To recommend mitigating action for corporate risks to the appropriate decision making body To ensure risks are assessed accurately
Senior Information Risk Owner (SIRO)	To leading and foster a culture that values, protects and uses information for the success of the organisation and benefit of its customers To own the organisation's overall information risk policy and risk assessment processes and ensuring they are implemented consistently by Information Asset Owners (IAO's) To advise the Chief Executive or relevant accounting officer on the information risk aspects of the Council's annual governance statement To own the organisation's information incident management framework
Report Authors / Project Managers / Officers	To be aware of corporate risks and the service area risks the impact on their areas of work To consider the risk register when preparing project documentation and recommending action through decision making processes To recommend mitigating action for escalating risks To implement mitigating action for risks arising through the course of normal service delivery To ensure risks are assessed accurately

Corporate Risk Management Strategy September 2014

Assessing Risk

An assessment of the likelihood and impact of risk is important to measure, compare and monitor risks to ensure efficient use of resources and effective decision making. This assessment is carried out using the risk matrix as described below.

Risk Assessment Matrix

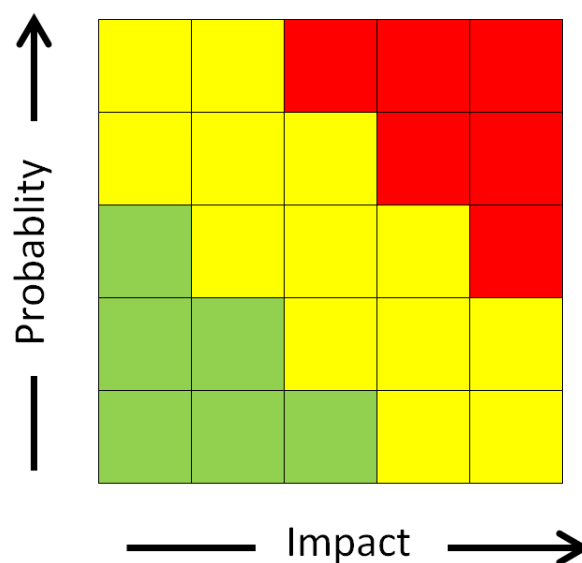
A Corporate Risk Register will contain the high level risks for the whole authority. In order to differentiate between these high level risks a 5x5 risk assessment matrix will be applied. The matrix is shown below and further detail is included in appendix one.

Risks are scored using the scoring system for probability and impact and assigned a rating based on the tolerances set out in the matrix below

Risk Scoring

Probability description	Score
Very Low probability	1
Low probability	2
Medium probability	3
High probability	4
Very high probability	5
Impact description	Score
Negligible	1
Low	2
Medium	3
High	4
Very High	5

Risk Matrix



Impact Matrix

RATING	SEVERITY OF IMPACT	GENERAL DESCRIPTION	IMPACT FACTORS						
			Strategic	Operational	Financial Management	Resources	Governance	Health & Safety	Reputation
1	Negligible	Low impact. Localised effect		Minor disturbance of non-key area of operations	Unplanned budgetary disturbance <£100k	Loss of asset/money with value >£2k		Reportable (non-serious) accident affecting one employee/member of public/service user	Isolated complaint(s)
2	Low	Low impact for organisation as a whole. Medium localised impact		Minor disruption of a key area of operations or more significant disruption to a non-key area of operations	Unplanned budgetary disturbance £100-£500k	Loss of asset/money with value £2-10k	Mild WAO criticism in report. Mild criticism from a legal/regulatory authority. Isolated fraud	Reportable (non-serious) accident affecting small number of employees/members of public/service users	Formal complaints from a section of stakeholders or an institution
3	Medium	Medium impact for organisation as a whole	Noticeable constraint on achievement of a key strategic objective	Major disruption of a service area for a short period or more minor disruption of a service area for a prolonged period	Unplanned budgetary disturbance £500k-£2M	Loss of asset/money with value £10-50k	Adverse WAO report. Significant criticism from a legal/regulatory authority requiring a change of policy/procedures. Small-scale fraud relating to a number of people or more significant fraud relating to one person	Reportable (non-serious) accident(s) affecting a significant number of employees/members of public/service users or a serious injury to a single employee/member of public/service user	Formal complaints from a wide range of stakeholders (eg several institutions), adverse local press, complaint/s upheld by Ombudsman
4	High	High impact for organisation as a whole	Severe constraint on achievement of a key strategic objective	Major disruption of a service area for a prolonged period or major disruption of several service areas for a shorter period	Unplanned budgetary disturbance £2-5M	Loss of asset/money with value £50-100k	Qualified account. Severe criticism from WAO/legal/regulatory authority requiring major overhaul of policy/procedures, Significant fraud relating to several employees	Serious injury of several employees/members of public/service users	Significant loss of confidence amongst a key stakeholder group. Adverse national press
5	Very High	Catastrophic	Failure of a key strategic objective	Major disruption of several key areas of operations for a prolonged period	Unplanned budgetary disturbance >£5M	Loss of asset/money with value >£100k	Severe service failure resulting in WAG intervention/special measures Widespread significant fraud	Death of employee(s)	Severe loss of confidence amongst several key stakeholder groups. Damning national press

Probability

Score	General Description	Definition
1	Very Low probability	2% chance of occurrence
2	Low probability	5% chance of occurrence
3	Medium probability	10% chance of occurrence
4	High probability	20% chance of occurrence
5	Very high probability	50% chance of occurrence

RISK 1: Social Services and Well-being (Wales) Act 2014

That the Act potentially places significant duties on the Authority that the organisation does not have the finances to fulfil and/or existing services are compromised.

Present Matrix	Assessment Date	Present Risk Score	Present Score Breakdown		Direction of Risk	Review Date
			Probability	Impact		
	March 2015	9	3	3	Reduced	September 2015
	August 2014	16	Medium probability	Medium Governance impact	<i>As more details of the act become known the amount of uncertainty involved in the implementation of the act reduced and therefore the level of risk reduces</i>	
Current Action Status / Control Strategy	<ul style="list-style-type: none"> • Specific details and guidance for the Act is being produced. Officers are participating in Working Groups with Welsh Government to formulate and influence the guidance. • Work is being undertaken on eligibility criteria • Staff are being regularly informed of progress • Possible implementation of the Act is planned for March 2015 onwards • Big emphasis on prevention and early intervention • Possible funding available for Welsh authorities 					
Responsible Officer: Strategic Director People						
Responsible Cabinet Member: Cabinet Member for Social Care and Wellbeing						
Scrutiny Committee: Community Planning and Development (Adults), Learning, Caring and Leisure (Children's)						

RISK 2: Increasing Ageing Population

That an increasing percentage of the population are over 65 are this puts an increasing strain on demand led services, particularly those that are statutory in nature

Present Matrix	Assessment Date	Present Risk Score	Present Score Breakdown		Direction of Risk	Review Date
			Probability	Impact		
	March 2015	12	4	3	Increased	June 2015
	August 2014	8	High probability	Medium Financial Management Impact	<i>The base budget for Social Services is reduced so the risk of overspend is increased. The base budget is now only 0.27% higher in real terms than in 09/10, mainly due to late changes in funding from Welsh Government.</i>	
<p>Current Action Status / Control Strategy</p> <ul style="list-style-type: none"> • Focussing on preventative measures and developing resources for prevention and early intervention with colleague agencies to reduce pressure on more acute statutory services • Transforming existing services to provide an optimal care pathway for older people focussing on independence and re-ablement • Implementing through project management approach with strong management and performance monitoring • Development of a long term dialogue with communities aiming to strengthen community resilience and capability • Development of a whole council approach to building community resilience 						
Responsible Officer: Strategic Director People						
Responsible Cabinet Member: Cabinet Member for Social Care and Wellbeing						
Scrutiny Committee: Community Planning and Development						

RISK 3: Total Reward						
That the complex and contentious tensions inherent to the Single Status pay and grading review delay the project implementation.						
Present Matrix	Assessment Date	Present Risk Score	Present Score Breakdown		Direction of Risk	Review Date
			Probability	Impact		
<p>Probability</p> <p>Impact</p>	March 2015	12	3	4	. Reduced	June 2015
	November 2014	16	Medium probability	High Strategic Impact	<i>Trade unions have agreed to recommend proposal in full. Council have agreed the proposals subject to successful ballot. The majority of governing bodies have agreed to adopt proposal subject to a successful ballot</i>	
	August 2014	20				
Current Action Status / Control Strategy	<ul style="list-style-type: none"> • Communication strategy in place. • Conducted quality assurance and an equality impact assessment. • Critical assessment of management, process and component information is ongoing in order to identify and address any false outcomes that may have an adverse effect on project margins. • Continued communication with key stakeholder updating them of progress • Strong project governance and resource monitoring. • Consideration of the possibility of direct implementation, moving to dismissal and reengagement, should a collective agreement be unachievable. 					
Responsible Officer: Chief Executive						
Responsible Cabinet Member: Cabinet Member for Human Resources and Assets						
Scrutiny Committee: Community Planning and Development						

RISK 4: Welsh Language Standards

That the authority cannot fully satisfy the requirements of the Welsh Language Act and that this results in significant fines and potential court proceedings

Present Matrix	Assessment Date	Present Risk Score	Present Score Breakdown		Direction of Risk	Review Date
			Probability	Impact		
	March 2015	16	4	4	Unchanged	June 2015
	November 2014	16	High probability	High Governance Impact	<i>While progress has been made the risk remains high and there is still some work needed to better understand the current Welsh Language capacity of the council and what the future needs may be.</i>	
	August 2014	16				
Current Action Status / Control Strategy	<ul style="list-style-type: none"> • Project team established • Project plan agreed and in place • Translator employed and based with Caerphilly CBC to enable both authorities to work in partnership • Extended provision of Welsh language courses provided by Caerphilly CBC • Early engagement with Welsh Language groups in the area, providing support and expertise for the development of the Welsh Language Standards action plan (in development) • Welsh Language included in Service Plans • Increasing awareness of the Welsh Language Standards across the authority 					
Responsible Officer: Chief Executive						
Responsible Cabinet Member: Cabinet Member for Human Resources and Assets						
Scrutiny Committee: Community Planning and Development						

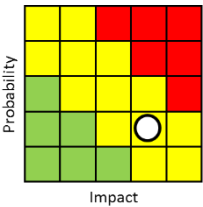

RISK 5: Reducing budgets and the delivery of Statutory Services

That reducing budgets compromises statutory services to the point where that are not fully or consistently delivered over the course of the Medium Term Financial Plan

Present Matrix	Assessment Date	Present Risk Score	Present Score Breakdown		Direction of Risk	Review Date
			Probability	Impact		
	March 2015	12	3	4	Unchanged <i>Budget setting and monitoring processes are set up to protect statutory services as far as possible for the 15/16 budget.</i>	June 2015
	November 2014	12	Medium probability	High Governance Impact		
	August 2014	12				
Current Action Status / Control Strategy	<ul style="list-style-type: none"> Specifically identifying savings to protect statutory services Provision and monitoring of the Medium Term Financial Plan Budget setting process protects statutory services Current proposals for 15/16 do not impact on statutory services Significant medium term savings yet to be developed and therefore a risk that statutory services could be impacted in the longer term 					
Responsible Officer: Chief Executive						
Responsible Cabinet Member: Leader						
Scrutiny Committee: Community Planning and Development						

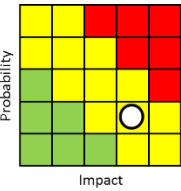

RISK 6: Safeguarding

That the arrangements and the implementation of policies and procedures by the council (and its partners) are not adequate to protect vulnerable adults and children who may be at risk of significant harm

Present Matrix	Assessment Date	Present Risk Score	Present Score Breakdown		Direction of Risk	Review Date
			Probability	Impact		
	March 2015	8	2	4	Unchanged 	September 2015
	August 2014	8	Low Probability	High Governance Impact	<i>There are no significant changes affecting the level of risk in this area of work. Current actions and control strategies remain effective and in place</i>	
Current Action Status / Control Strategy	<ul style="list-style-type: none"> • Safeguarding Action Plan agreed and implementation underway • Continuous review of policies and procedures • Partnership working • Raising awareness of policies and procedures with staff • Appointment of a Service Manager for Safeguarding 					
Responsible Officer: Strategic Director - People						
Responsible Cabinet Member: Cabinet Member for Education and Young People, Cabinet Member for Social Care and Wellbeing						
Scrutiny Committee: Learning, Caring and Leisure						

RISK 7: Investment in Friars Walk Development

That the development does not realise its target value and the developer is unable to sell or re-finance the scheme to repay the loan

Present Matrix	Assessment Date	Present Risk Score	Present Score Breakdown		Direction of Risk	Review Date
			Probability	Impact		
	March 2015	8	2	4	Reduced 	June 2015
	November 2014	12	Low Probability	High Financial Management Impact	<i>More retailers have taken up pre-let agreements, and this is followed up by increased marketing for the retail centre. This reduced the risk of being unable to sell the development upon completion</i>	
	August 2014	12				
Current Action Status / Control Strategy	<ul style="list-style-type: none"> • Financial Appraisals independently verified by Deloitte • Financial modelling undertaken based on different yields, voids rates and rental levels • Retail and Leisure anchor stores secured (Debenhams and Cineworld) and other major store units now leased. • Robust and tested Funding Agreement, Development Agreement and Lease • Safeguards built in to mitigate financial risks • Council able to exercise step-in rights • Monthly meetings with Developers to monitor progress • (See Council Report 26th November 2013) 					
Responsible Officer: Strategic Director – Place						
Responsible Cabinet Member: Cabinet Member for Regeneration and Development						
Scrutiny Committee: Streetscene, Regeneration and Safety						

RISK 8: Information Governance

That the council does not have adequate arrangements in place to protect the data in holds and that this results in significant fines and reputational damage

Present Matrix	Assessment Date	Present Risk Score	Present Score Breakdown		Direction of Risk	Review Date
			Probability	Impact		
	March 2015	6	3	2	Unchanged <i>There are no significant changes affecting the level of risk in this area of work. Current actions and control strategies remain effective and in place</i>	September 2015
	August 2014	6	Medium Probability	Low Reputational Impact		

<p>Current Action Status / Control Strategy</p>	<ul style="list-style-type: none"> • Information Risk Management Policy • Annual Information Risk Report 2013/14 complete and associated action plan being implemented, Annual Information Risk Report 2014/15 compiled shortly with action plan for the coming year • Wales Audit Office (WAO) review of Information Governance 2014, (report pending) with findings to be incorporated into action plan (as above) • Senior Information Risk Owner role (SIRO) in place and on-going • Information Governance Group • Staff training and awareness raising • Policies and Procedures including investigation of all reported security incidents and staff communications where appropriate • Management of information risk register • Compliance with PSN (Public Services Network) and PCI-DSS (Payment Card Industry Data Security Standards) • Management of information security incidents
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Responsible Officer: Chief Executive, Head of Customer and Information (SIRO)

Responsible Cabinet Member: Deputy Leader

Scrutiny Committee: Community Planning and Development



Report

Audit Committee

Part 1

Date: 28th May 2015

Item No: 08

Subject **Internal Audit Annual Report 2014/15**

Purpose To inform the Members of the Council's Audit Committee of:

- i) the overall opinion on the internal controls of the City Council for 2014/15;
- ii) Internal Audit's progress against the agreed audit plan;
- iii) Internal Audit's performance against local performance indicators.

Author Chief Internal Auditor

Ward General

Summary Internal auditing 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.

This report has been prepared in accordance with the Public Sector Internal Audit Standards. It gives an overall opinion on the adequacy and effectiveness of the City Council's internal controls during 2014/15, which was **Reasonable** - Adequately controlled although risks identified which may compromise the overall control environment; improvements required.

The second part of the report relates to the performance of the Internal Audit Section and how well its key targets in the year were met. 66% of the approved audit plan was completed in the year against a target of 75%.

Proposal **That the Annual Audit Report 2014/15 and overall Audit Opinion be noted and endorsed by the Council's Audit Committee**

Action by The Audit Committee

Timetable Immediate

This report was prepared after consultation with:

- Chief Financial Officer
- Monitoring Officer
- Head of People and Business Change

Signed

Background

1. Newport City Council, a local government organisation, is subject to The Accounts and Audit Regulations 1996 (Wales) (updated in 2005) and therefore has a duty to make provision for internal audit in accordance with the Local Government Act 1972.
2. The Regulations state that the Responsible Finance Officer of the organisation shall maintain an adequate and effective internal audit of the accounts of that organisation. Internal auditing 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, efficient and effective use of resources.
3. In line with the Public Sector Internal Audit Standards, the Chief Internal Auditor should present a formal annual report to the Council which gives an opinion on the overall adequacy and effectiveness of the Council's internal control environment. The annual report should also:
 - a. disclose any qualifications to that opinion, together with reasons for the qualification
 - b. present a summary of the audit work undertaken to formulate the opinion
 - c. draw attention to any issues the Chief Internal Auditor judges particularly relevant to the preparation of the statement on internal control
 - d. compare the work actually undertaken with that planned and summarise the performance of the internal audit function against its performance measures and criteria
 - e. comment on compliance with these standards and communicate the results of the internal quality assurance programme.
4. This report is the Annual Internal Audit Report which incorporates the requirements of the Standards. It provides the overall audit opinion for Members on the internal controls operating within the City Council and provides a summary of the work completed during the year, identifying key findings and outcomes from the work undertaken. It also outlines the performance of the Internal Audit team during the year against agreed pre-set targets.
5. The internal controls operating within the Council are of a complex nature, reflecting the organisational arrangements. Internal Audit plans its work to address the major risks that the Authority faces. That work is not designed to check the work of others but to comment on the controls in place to protect the Council from loss of assets or inefficient operations caused by whatever factors.

Overall Audit Opinion

- | |
|---|
| 6. The level of assurance that can be placed on the internal controls operating effectively for 2014/15 is " Reasonable " (Appendix A). |
|---|

7. The opinion for the internal financial controls operating within the Council in 2014/15 is:

We have undertaken our internal audit work for the year ending 31/3/2015 in accordance with the plan agreed by the Head of Finance and endorsed by the Council's Audit Committee on 23 rd May 2014. The plan was designed to ensure adequate coverage over the year of the

Council's accounting and operational systems.

Our audit work included reviews, on a sample basis, of each of these systems / establishments sufficient to discharge the Head of Finance's responsibilities under section 151 of the Local Government Act 1972 and the Accounts and Audit Regulations 2005. The opinion is based upon the work undertaken. We planned and performed our work to obtain the information necessary to provide us with sufficient evidence to give us reasonable assurance of the internal control systems tested.

Based on this work, the work on fraud and special investigations and other work, in my view the internal controls in operation are **Reasonable**. The opinion expressed relates only to the systems and areas reviewed during the year.

Andrew Wathan
Chief Internal Auditor
May 2015

Audit Opinions Issued

8. On undertaking audit reviews in accordance with the annual audit plan, an opinion is given on how well the internal controls of the system or establishment are operating (**Appendix B**). Internal audit reports provide a balanced view of the controls in place and record strengths and weaknesses. The opinion is determined by the number of issues identified during the course of the review and the risk rating and priority given to each. Each audit review undergoes a comprehensive review process by the Audit Manager and occasionally the Chief Internal Auditor before the draft report is sent out to management. The controls are generally measured against a predetermined matrix of expected internal controls for each system; for fundamental systems these are usually derived from CIPFA Control Matrices.
9. The opinions given to individual audit reviews are shown at **Appendix A**. In summary the following opinions were issued following audit reviews:

	2011/12	%	2012/13	%	2013/14	%	2014/15	%
Very Good	1	3	2	4	2	5	0	0
Good	7	18	9	20	21	51	8	24
Reasonable	25	66	29	64	18	44	21	62
Unsatisfactory	4	10	5	11	0	0	5	14
Unsound	1	3	0	0	0	0	0	0

Total	38	100%	45	100	41	100	34	100
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Overall Opinion	Reasonable	Reasonable	Good	Reasonable
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10. In the past external audit have relied upon the work undertaken by internal audit, in particular on the audit of the fundamental financial systems. The audit opinions issued on these during 2014/15 were Good / Reasonable. None were classified as unsatisfactory or unsound.
11. In addition to planned work the team also undertook "special investigation" reviews. 9 (8) special investigations were undertaken during 2014/15. These arose for a number of different reasons, including information passed straight to the Section regarding allegations against members of Council staff, potential fraud, theft or non-compliance with Council policy / procedures for example. These reviews are typically time intensive and on occasions difficult to prove.
12. Work was also undertaken during the year which did not warrant an audit opinion on the control environment. This is shown at **Appendix C** as Non Opinion Work.

Key Issues

13. The opinion is derived from the audit opinions given to individual reviews undertaken during the year, as shown at **Appendix A**, and these range from Good to Unsatisfactory. A Good opinion - Well controlled with some risks identified which require addressing.
14. Where unacceptable levels of risk have been identified Heads of Services and their service managers have the responsibility for addressing the situation.
15. It is pleasing to note that 8 "Good" audit opinions were issued during the year:
 - Main Accounting System
 - National Non-Domestic Rates
 - Mail Service
 - Land Charges
 - Payroll System (Key Controls)
 - Caerleon Lodge Hill Primary
 - St Joseph's Primary 2013/14
 - St Julian's School
16. 21 "Reasonable" audit opinions were issued
17. However, 5 "Unsatisfactory" audit opinions were issued:
 - Amenity Funds
 - Financial & Administrative Procedures (Adult Services)
 - CCTV / Security - Depot 2013/14
 - Discretionary Charging
 - SEN Assessments
18. Reassuringly, there were no Unsound audit opinions issued during 2014/15.
19. The main reasons for giving an unsatisfactory opinion would generally be where there was a failure to comply with the Council's Financial Regulations or Contract Standing Orders, failure to comply with financial procedures, lack of financial procedures, poor administration, failure to adhere to recognised best practice, non-compliance with their own procedures, insufficient controls in place to properly account for income or an inability to demonstrate value for money. A summary of the issues identified in the above Unsatisfactory audit reports will be reported to Audit Committee separately later in the year.
20. 9 Community Centre accounts were audited, 8 were unqualified, 1 qualified.

The Way Forward

21. Managers of the service areas need to ensure that robust internal controls are in place and adhered to in order to ensure that the systems in operation run efficiently and effectively and the scope for misappropriation, theft or error is minimised. Heads of Service have a responsibility to ensure that the Council's Financial Regulations are complied with at an operational level. Staff should be made aware of the Financial Regulations and the requirements therein and the consequences of non-compliance.
22. Internal Audit currently run seminars on what Financial Regulations and Contract Standing Orders mean, why they are in place, what they are about and to whom they relate. 9 (10 in 2013/14) sessions were delivered to 103 (91 in 2013/14) delegates during 2014/15.
23. Adequate financial procedures need to be put in place and disseminated to all concerned to make sure that they are complied with to ensure systems and processes are run as intended by management. Agreed management actions stated in audit reports should be implemented to eliminate or reduce the weakness and minimise the risk.

Performance of the Internal Audit Section 2014/15 (Appendix D)

24. Despite not having a full complement of staff for the whole year, 66% of the approved audit plan was completed against a target of 75%; (73% completed in 2013/14). A total of 97 (104) audit reviews were planned during the year with 64 (76) being completed to at least draft stage by the end of the year. Comparisons against periods 2011/12 to 2014/15 are shown at **Appendix D**. As a result of the commitment and dedication of the remaining Internal Audit staff in post during the year, the team did reasonably well against pre-set targets.
25. 10 jobs were included in the plan for following up previous agreed management actions. Unfortunately due to the lack of resource within the team and the prioritisation of other work, these jobs were not undertaken during the year.
26. We planned to fill the Senior Auditor vacancy in the team from the middle of July 2014 and therefore planned work for this post-holder for the remainder of the year, which amounted to 102 days to undertake audit work. This post was advertised twice but applicants didn't meet the shortlisting criteria. This post was actually vacant for the whole year as an instruction was given not to fill this post for budget saving reasons. The resource was therefore not available to complete these amount of days allocated in the audit plan.
27. An Auditor also left the team in January 2015 for an internal promotion. This also meant that no resource was available to undertake 50 days of allocated work within the plan.
28. 279 productive days were spent auditing special investigations during the year, 39 days more than allocated within the plan which meant less planned work could be undertaken.
29. On average the planned time to undertake each audit job during 2014/15 was 12.5 days. Therefore if the resource had been available to undertake the work and the actual time spent on special investigations was within the original allocation, a total of 191 productive days [102+50+39] could have been used to undertake planned audit work. On average this would have resulted in a further 15 jobs being undertaken; the percentage of the audit plan completed would therefore have been 81% [(64+15)/97] which would have been above the target of 75%.
30. There continued to be audit coverage throughout the service areas of the Council which again, was met with positive feedback from management. The team continually provides advice on

financial matters to ensure managers are better placed to ensure sound financial management in their service areas. This may impact on the audit plan but this is where internal audit adds value to the Authority.

31. The efficiency of turning final reports around and getting them out to operational managers is within the targets set (average of Welsh local authority internal audit teams). Having agreed identified issues with management we are now giving management the responsibility for coming up with their own actions of how controls can be improved; the use of laptops at draft report discussions has speeded up this process and has been welcomed by management.
32. Getting draft reports out this year took 12 days against a target of 10. Final reports were sent out within 2 days of receiving agreed management comments.
33. In 2014/15 the Audit Section continued to send out evaluation questionnaires to managers after an audit review had been undertaken in their area, which gave them an opportunity to feedback on the performance, professionalism and the audit process in general. Following the finalisation of reviews, 47% of questionnaires were returned (45% in 2013/14) with the 95% of managers stating they were satisfied with the audit process and that it added value to service provision, which is reassuring.
34. The Audit Team had an establishment of 11 staff (including the Chief Internal Auditor) which reduced to 9 during the year. The section is split into two teams which cover the whole of the Council's systems, establishments and staff, each managed by an Audit Manager.
35. The majority of the fundamental financial systems audited were completed to at least draft report stage by the year end.
36. The Audit Section's management realistically plans for externalities like special investigations, financial advice and financial training although ad-hoc reviews requested by management are not always taken into consideration but will have an immediate impact on the achievement of the audit plan. In 2014/15, 9 special investigations were undertaken across all service areas which ranged from non-compliance with Council policy to misappropriation of Council income; 279 days were spent on special investigations (84 in 2013/14) against an allocation of 240 days, no days were spent on unplanned work (74 days in 2013/14).
37. The team also continued to provide an audit service to Caldicot & Wentlooge Levels Internal Drainage Board, generating a small income. This was the last year of providing this service as the administration of this organisation has subsequently been taken over by Natural Resources Wales.
38. Many of the managers within the Council also call upon the Audit Section for financial advice which is generally reactive. Audit staff are more than willing to offer any help and assistance they can to ensure that operations are undertaken properly but this can also have an impact on planned audit reviews.
39. The number of planned audits completed within the estimated time allocation amounted to 50% this year [2014/15] compared with 75% last year [2013/14]. Generally overruns are due to issues being identified during the course of the audit. The reasoning behind any significant overruns will be explored by management.
40. Newport's Internal Audit Section's performance is benchmarked annually with the other 21 authorities in Wales via the Welsh Chief Auditors' Group. This will be reported to the Audit Committee at a later date as the data has not yet been collated for 2014/15.
41. Where targets have not been achieved, Internal Audit management will continue to address this in the 2015/16 audit plan which should lead to future improvements in performance. Inevitably,

delays caused by means beyond the control of the audit section can only be minimised by on-going discussions with management.

42. The Policy Finance Committee (1998) requested that on-going consideration be given to the sufficiency of internal audit resources. With a full complement of staff the audit resource is sufficient to provide assurance on the Council's internal control environment, but given the experiences of staff changes in the last couple of years, the Chief Internal Auditor will have to monitor the situation closely and use a range of options to ensure appropriate audit coverage is provided. The Chief Internal Auditor is confident that adequate and appropriate coverage will be provided throughout the Council although prioritisation is required, provided the resource is maintained to at least the current level.
43. The current level of resources is just about adequate to meet the continuing needs of service led demands. However, the level of resources needs to be assessed in line with Internal Audit's on-going involvement with The Measure, performance indicators, the changing risk profile of the Council and auditing grant claims not reviewed by the external auditor.

Developments

44. In the spirit of Making the Connections and shared services the Chief Internal Auditor has continued in his dual role acting in that capacity for Newport City Council and Monmouthshire County Council. This is a permanent arrangement.
45. Where unfavourable audit opinions are issued it is the Head of Service's responsibility to inform their respective Cabinet Member of the situation and ensure that appropriate action is taken to address the issues identified.

Financial Summary

46. There are no financial issues related to this report.

	Year 1 (Current) £	Year 2 £	Year 3 £	Ongoing £	Notes including budgets heads affected
Costs (Income)					
Net Costs (Savings)					
Net Impact on Budget					

Risks

47. If members are not involved in the endorsing the Audit Report it would weaken the overall governance arrangements of the Council and be non-compliant with the Public Sector Internal Audit Standards, which therefore, could be subject to adverse criticism from the external auditor, currently WAO.

Risk	Impact of	Probability	What is the Council doing or	Who is
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	Risk if it occurs* (H/M/L)	of risk occurring (H/M/L)	what has it done to avoid the risk or reduce its effect	responsible for dealing with the risk?

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

48. The work of Internal Audit supports all of the Council's priorities and plans.

Options Available

49. (i) That the Annual Audit Report 2014/15 and overall Audit Opinion be noted and endorsed by the Council's Audit Committee

Preferred Option and Why

50. Option (1) as it is requirement of the Public Sector Internal Audit Standards and ensures good governance.

Comments of Chief Financial Officer

51. I can confirm that I have been consulted on the Annual Audit Report 2014/15 and have no additional comments.

Comments of Monitoring Officer

52. The Annual Report is in accordance with the Accounts and Audit Regulations and the Public Sector Internal Audit Standards. The report confirms that adequate and effective internal financial controls are in place to ensure that the Council complies with its financial duties. The second part of the report puts the work of the Audit Section into context within the Council's Performance Management Framework and again highlights the effectiveness of the work undertaken by this service area.

Staffing Implications: Comments of Head of People and Business Change

53. There are no direct Human Resources issues arising from this report. In terms of Corporate Policy & Performance, the report presents a thorough review of audit activity during the period concerned and is set out in the context of the Annual Governance Statement and the wider performance framework. The ongoing development of the interface between internal audit functions and the performance management systems within the Council is welcomed.

Comments of Cabinet Member

54. Not applicable.

Local issues

55. No local issues.

Scrutiny Committees

56. Not appropriate

Equalities Impact Assessment

57. Not required.

Children and Families (Wales) Measure

58. Not appropriate.

Consultation

59. Not appropriate:

Background Papers

60. 2014/15 Audit Plan.

Dated:

Overall Council Opinion for 2014/15 is **Reasonable**

	12/13	13/14	14/15
Very Good	2	2	0
Good	9	21	8
Reasonable	29	18	21
Unsatisfactory	5	0	5
Unsound	0	0	0
	45	41	34

Internal Audit Services - Management Information for 2014/15

Job number	Group	Service Area	Section or Team	Job Title	Risk Rating / Priority	Status	Opinion given
P1415 - 3	CorpServ	Finance	Accounts Support & Procurement	Main Accounting System	Medium	Final	Good
P1415 - 8	CorpServ	Finance	Revenues & Payments	National Non-Domestic Rates	Medium	Final	Good
P1415 - 15	CorpServ	C & I S	Information Management	Mail Service	Medium	Final	Good
P1415 - 20	CorpServ	Law & Stds	Legal	Land Charges	Medium	Final	Good
P1415 - 23	CorpServ	People & Transfo rm	Human Resources	Payroll System (Key Controls)	High	Draft	Good
P1415 - 67	LL&L	Educ - Res & Plan	Primary Schools	Caerleon Lodge Hill Primary	Medium	Draft	Good
P1415 - 74	LL&L	Educ - Res & Plan	Primary Schools	St Joseph's Primary 2013/14	Medium	Final	Good
P1415 - 75	LL&L	Educ - Res & Plan	Secondary Schools	St Julian's School	Medium	Final	Good
P1415 - 4	CorpServ	Finance	Accounts Support & Procurement	Purchasing Cards (Transactions Review)	High	Draft	Reasonable
P1415 - 17	CorpServ	C & I S	General	Super-Connected Cities Scheme	Medium	Final	Reasonable

Job number	Group	Service Area	Section or Team	Job Title	Risk Rating / Priority	Status	Opinion given
P1415 - 24	CorpServ	People & Transform	Human Resources	Total Reward (Single Status)	Medium	Draft	Reasonable
P1415 - 29	SocServ	Child Serv	Disabled Children, Aftercare & Looked After Children	Out of Authority Placements	Medium	Draft	Reasonable
P1415 - 30	SocServ	Child Serv	Residential & Resources, Adoption & Fostering	Cambridge House	Medium	Final	Reasonable
P1415 - 31	SocServ	Child Serv	Residential & Resources, Adoption & Fostering	LAC Education Support	Medium	Final	Reasonable
P1415 - 34	SocServ	Adult Serv	Integrated Occupational Therapy Service	Occupational Therapists	Medium	Draft	Reasonable
P1415 - 35	SocServ	Adult Serv	Provider Services	Client Monies	Medium	Draft	Reasonable
P1415 - 40	SocServ	Res & Strat	Resource and Strategy	Direct Payments (Follow Up)	High	Final	Reasonable
P1415 - 47	E&E	Streetscene	Operational Areas	Street Cleansing 2013/14	High	Final	Reasonable
P1415 - 64	LL&L	Educ - Res & Plan	Finance Support & School Resources	Schools Finance Team 2013/14	Medium	Draft	Reasonable
P1415 - 68	LL&L	Educ - Res & Plan	Primary Schools	St Gabriel's RC Primary	Medium	Final	Reasonable
P1415 - 69	LL&L	Educ - Res & Plan	Primary Schools	Malpas Court Primary	Medium	Final	Reasonable
P1415 - 70	LL&L	Educ - Res & Plan	Primary Schools	St Michael's RC Primary	Medium	Final	Reasonable
P1415 - 71	LL&L	Educ - Res & Plan	Primary Schools	Duffryn Junior	Medium	Final	Reasonable
P1415 - 72	LL&L	Educ - Res & Plan	Primary Schools	Eveswell Primary	Medium	Draft	Reasonable
P1415 - 73	LL&L	Educ - Res & Plan	Primary Schools	Langstone Primary	Medium	Final	Reasonable
P1415 - 76	LL&L	Educ - Res & Plan	Secondary Schools	Bassaleg School	Medium	Draft	Reasonable

Job number	Group	Service Area	Section or Team	Job Title	Risk Rating / Priority	Status	Opinion given
P1415 - 82	LL&L	Educ - Imp & Inc	Inclusion Services	Child Protection / Safeguarding	High	Draft	Reasonable
P1415 - 87	LL&L	CL&L	Theatre, Arts & Events	SRO Ticketing Mgt System Post Implementation Review	Medium	Final	Reasonable
P1415 - 88	LL&L	CL&L	Theatre, Arts & Events	Riverfront Catering	Medium	Final	Reasonable
P1415 - 36	SocServ	Adult Serv	General	Amenity Funds	Medium	Final	Unsatisfactory
P1415 - 37	SocServ	Adult Serv	General	Financial & Administrative Procedures	Not applicable	Draft	Unsatisfactory
P1415 - 48	E&E	Streetscene	Operational Areas	CCTV / Security - Depot 2013/14	Medium	Final	Unsatisfactory
P1415 - 60	E&E	R&RS	Public Protection Service	Discretionary Charging	Medium	Final	Unsatisfactory
P1415 - 81	LL&L	Educ - Imp & Inc	Special Educational Needs	SEN Assessments	High	Draft	Unsatisfactory
P1415 - 41	SocServ	Res & Strat	Resource and Strategy	Supporting People (Grant Certification)	Not applicable	Final	Unqualified

Community Centres	
Beaufort 2012/13	Qualified
Duffryn	Unqualified
Blaen y Pant (prev Evergreen)	Unqualified
Eveswell	Unqualified
Hatherleigh	Unqualified
Maesglas	Unqualified
Malpas	Unqualified
Shaftesbury	Unqualified
St Julian's	Unqualified

Appendix B - Audit Opinions used in 2014/15

VERY GOOD	Very well controlled with minimal risk and minor issues arising
GOOD	Well controlled with some risks identified which require addressing
REASONABLE	Adequately controlled although risks identified which may compromise the overall control environment; improvements required
UNSATISFACTORY	Not well controlled; unacceptable levels of risk; changes required urgently
UNSOUND	Poorly controlled; major risks exists; fundamental improvements required with immediate effect

Appendix C – Non opinion audit work 2014/15

Job number	Group	Service Area	Section or Team	Job Title	Risk Rating / Priority	Opinion given
P1415 - 9	CorpServ	Finance	General	National Fraud Initiative (NFI)	Not applicable	Not applicable
P1415 - 10	CorpServ	Finance	General	Annual Governance Statement	Not applicable	Not applicable
P1415 - 11	CorpServ	Finance	General	Fixed Asset Valuations	Not applicable	Not applicable
P1415 - 12	CorpServ	Finance	General	Financial Advice	Not applicable	Not applicable
P1415 - 18	CorpServ	C & IS	General	Financial Advice	Not applicable	Not applicable
P1415 - 21	CorpServ	Law & Stds	General	Financial Advice	Medium	Not applicable
P1415 - 25	CorpServ	People & Transform	Policy & Performance	Performance Indicators	Not applicable	Not applicable
P1415 - 26	CorpServ	People & Transform	General	Financial Advice	Not applicable	Not applicable
P1415 - 27	CorpServ	People & Transform	General	Financial Regulations Training	Not applicable	Not applicable
P1415 - 32	SocServ	Child Serv	General	Financial Advice	Not applicable	Not applicable
P1415 - 38	SocServ	Adult Serv	General	Financial Advice	Not applicable	Not applicable
P1415 - 42	SocServ	Res & Strat	General	Financial Advice	Not applicable	Not applicable
P1415 - 49	E&E	Streetscene	Transport Management	Regional Transport Support Grant 2013/14	Medium	Not applicable
P1415 - 51	E&E	Streetscene	Environmental Services	Re-use Shop	Medium	Not applicable
P1415 - 52	E&E	Streetscene	General	Agency / Overtime	High	Not applicable
P1415 - 53	E&E	Streetscene	General	Financial Advice	Not applicable	Not applicable
P1415 - 58	E&E	R&RS	Housing & Community Regeneration	Community Centres - Accounts	Low	Not applicable
P1415 - 61	E&E	R&RS	Public Protection Service	Scambusters Grant Claim 2013/14	Medium	Not applicable
P1415 - 62	E&E	R&RS	General	Financial Advice	Not applicable	Not applicable

Job number	Group	Service Area	Section or Team	Job Title	Risk Rating / Priority	Opinion given
P1415 - 65	LL&L	Educ - Res & Plan	Finance Support & School Resources	Foundation Phase Grant 2013/14	Medium	Not applicable
P1415 - 78	LL&L	Educ - Res & Plan	Other - School Related	CRSA's / Healthcheck - Primary/Secondary/Nursery	Not applicable	Not applicable
P1415 - 79	LL&L	Educ - Res & Plan	General	Financial Advice	Not applicable	Not applicable
P1415 - 90	LL&L	CL&L	General	Financial Advice	Not applicable	Not applicable

Appendix D - Performance Indicators 2014/15 - Newport City Council - Internal Audit Section

	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual
Proportion of planned audits complete	68%	78%	73%	75%	66%
Number of planned audits completed within estimated days	61%	61%	75%	65%	50%
Directly chargeable time against total time available	57%	58%	54%	61%	54%
Directly chargeable time against planned	88%	87%	75%	84%	88%
Proportion of Special Reviews responded to within 5 days	100%	100%	100%	100%	100%
Continue to train staff in all Service Groups/Areas on best financial practice	17	13	10	14	9
Staff turnover rate [2 members of staff left]	N/A	N/A	N/A	1	2
Promptness of draft report issue: end of fieldwork to draft report issue date	13 days	16 days	9 days	10days	12 days
Promptness of report finalisation: client response to final report issue date	1.5 days	3 days	3 days	5days	2 days

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Report

Audit Committee

Part 1

Date: 28th May 2015

Item No: 09

Subject Internal Audit Annual Plan 2015/16

Purpose To inform Members of the Council's Audit Committee of the Internal Audit Section's DRAFT Operational Audit Plan for 2015/16.

For the Audit Committee to endorse the Draft 2015/16 Operational Internal Audit Plan and provide comments as appropriate.

Author Chief Internal Auditor

Ward General

Summary Internal auditing 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.

The attached report identifies a draft operational internal audit plan for 2015/16. It outlines where internal audit resources will be focused over the next year, covering systems and establishments in all service areas of the Council. 1343 productive audit days have been planned for 2015/16 [1498 days13/14].

The Council's Section 151 Officer has the legal responsibility for the provision of Internal Audit.

Proposal That the report be noted and endorsed by the Council's Audit Committee

Action by The Audit Committee

Timetable Immediate

This report was prepared after consultation with:

- Chief Financial Officer
- Monitoring Officer
- Head of People and Business Change

Signed

Background

1. This report aims to inform Members of the Audit Committee of the work to be undertaken by the Internal Audit Section at an operational level for 2015/16. It identifies why the Council operates an Internal Audit function, the resources currently available and how they will be applied across the services of Newport City Council to give management assurance that systems are working as intended.
2. The plan has been compiled from cumulative audit knowledge and experience, with reference to the Corporate Plan, Prospectus for Change, Improvement Plan, Service Improvement Plans, Newport's whole authority risk analysis and external audit reports along with previous history of known problems or issues. The views and concerns of service area management teams have also been incorporated into prioritising workloads for the audit planning process. Heads of Service have been afforded the opportunity to contribute to the drafting of the plan.
3. The report refers to options considered, preferred choice and consultation undertaken. The report lists all background papers relevant to scrutiny of this issue.
4. The Head of Finance is, for the purposes of Section 151 of the 1972 Local Government Act, responsible for the proper administration of the Council's financial affairs. More specifically, The Accounts and Audit Regulations 2005 require that the relevant body maintains an adequate and effective internal audit function. Under the direction of the Chief Internal Auditor, the Internal Audit Section at Newport City Council undertakes this provision on behalf of the Head of Finance.
5. Internal auditing 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 provides assurance or otherwise to management.
6. An organisation as diverse as the City Council has many internal systems which require appropriate controls. Each of these systems can be considered appropriate for internal audit review along with the Council's establishments. However, it is not considered appropriate to review all systems every year so they are undertaken on a cyclical basis, prioritised by way of a risk assessment approach (high, medium or low priority). The attached draft audit plan (Appendix 1) shows how the systems operated and services provided within all service areas will be covered; the figures shown are in days.
7. The draft operational plan (2015/16) is as realistic as possible taking account of available audit resources and an allowance for financial training and advice; special investigations have also been included. Allowances for post entry training, general training, holidays, sickness and professional studies have been made in arriving at the number of available audit days for 2015/16.
8. The timing of each review in the 5 year cycle depends on an assessment of the risk that each system poses for the Council, Service Area and Section. A number of factors are taken into account when assessing risk, but it should be stressed that management are responsible for managing that risk, and are best placed to identify the risk in the first place. Accordingly the views of the management teams within each service area have been sought when compiling this plan and incorporated where appropriate.
9. Although Internal Audit have limited resources (currently 9 staff including the Chief Internal Auditor), the aim is to provide as much coverage of the Council's systems and establishments as possible. The initial draft audit plan has been discussed with service group management teams to ensure the risk profile determined by the audit management team is right. Comments from some management teams suggest that greater coverage should be given to their specific service

areas to provide even more assurance, which would be achievable given greater resources. Heads of Service have welcomed the opportunity to contribute to the audit planning process and view it as a positive move forward. Some are seeking audit advice in system implementation stages more so, moving away from the traditional audit opinion work, which is encouraging from the audit perspective.

10. The initial plan for the year always starts off as a “long-list” of what work we should be covering in that particular year. We then have to balance that with the resources we have available and the risk profile of the individual audit job. The 2015/16 operational plan aims to cover the areas stated within the given time allocations but professionally I feel that it will provide assurance to managers on the effectiveness of their internal controls and safeguard the assets of the Authority whilst covering the key risks. Time allocations per review are also tight but have been set to provide as much coverage as possible within service areas.
11. Agreed management actions of previous audit reports will be followed up during 2015/16; this will identify the progress managers have made on addressing weaknesses in internal control; i.e. have the agreed management actions been implemented? This could impact on the coverage planned for other systems within service areas. This will be reported back to the Audit Committee.
12. From time to time the risk profile or priority of audit workload or service area may change so the planning process needs to be flexible enough to accommodate this. Where significant changes to the operational plan are required, the matter will be reported to the Head of Finance for approval; this will subsequently be reported to the Audit Committee. Internal Audit’s performance against this plan will continue to be reported to the Audit Committee on a regular basis.
13. Ultimately, the audit team has to undertake sufficient work across the whole Authority to enable the Chief Internal Auditor to give an overall annual audit opinion, and hence assurance, on the adequacy of the internal control environment of the systems operated within the Council.
14. With collaboration, change and efficiency reviews on the horizon, across the whole Council, the audit team will need to be flexible enough and adaptable to respond to changing priorities within the Council in order to provide the assurances required. The Chief Internal Auditor will provide the same service to Monmouthshire CC, in collaboration.

Risk Analysis

15. The risks that the Council face are many and varied. A number of factors have been taken into consideration in compiling both the operational one year plan and the strategic plan; financial budgets, previous audit work, The Measure, history of fraud, theft, misappropriation or non-compliance, changes in systems, changes in key personnel, along with concerns of management. A risk assessment exercise is undertaken in compiling the audit plan. An assessment is made of the likelihood and impact of an event happening, taking into account any mitigation.
16. The audit workload needs to be prioritised to ensure appropriate coverage is given in all service areas and that assurance can be given that Council and service area objectives are being achieved. This is helped with Heads of Service and their senior managers being involved with the process and contributing to the risk profile assessment as a collaborative exercise with Internal Audit.
17. Grant income and external funding is becoming more prominent within the finances of the Council; generally these will be audited externally by the external auditor who provides assurances to the grant paying body. Internal Audit may be requested to audit some grants, therefore, a limited number of days have been included in the Internal Audit planning process.

18. In the Audit Section's continual efforts to ensure that Council assets are safeguarded and to provide assurance to management that their internal controls are robust, further training specifically on Financial Regulations and Contract Standing Orders has been incorporated in the audit plan. Heads of service have noted that this is a positive step and encourage their staff to attend. Some of these sessions will be targeted to managers who have previously received unfavourable audit opinions.
19. A requirement of the Accounts and Audit Regulations 2005 is that an Annual Governance Statement needs to be included with the Statement of Accounts; this covers corporate governance, performance measurement and risk management as well as internal financial control. The Chief Internal Auditor will continue to be involved with collating and co-ordinating the relevant information to support this statement, although the preparation of the statement should be a corporate responsibility.
20. The audit team will continue to be more involved with the verification of the Council's performance indicators in 2015/16 before they are externally scrutinised, to ensure accuracy and completeness.
21. 1343 productive audit days have been incorporated into the 2015/16 audit plan. The total resource available for the beginning of the year was 2340 days; annual leave, public holidays, sickness, training, known vacancies, management and administration time is then deducted to determine the available audit days to undertake audit reviews, deal with special investigations, provide advice and deliver training. On average an auditor has 180 available days to undertake audit work during the year.
22. An allocation of time has been included in the plan for special investigations which members of the team may get involved with during the year. These could range from allegations of fraud or theft to non-compliance with Contract Standing Orders. The allocation has been fairly consistent over the last few years; for 2015/16 the allocation will be 240 days:

	Allocation of days	Actual days
2010/2011	300	234
2011/2012	300	294
2012/2013	300	260
2013/2014	300	158
2014/2015	240	279
2015/2016	240	

Risks to the Provision of Internal Audit

23. There is a potential change to the way audit services are delivered across South Wales with shared services on the agenda following the Williams Report. This could be seen as an opportunity for Newport Internal Audit team especially as the Chief Internal Auditor currently provides the same service to a neighbouring local authority. This will continue into 2015/16.

Independence

24. 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 Newport City Council this is achieved as follows:

- the Head of Finance 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 Head of Finance appears to be personally involved;
- individual audit reports are sent to service managers and heads of service as appropriate in the name of the Chief Internal Auditor; and
- the Chief Internal Auditor submits an annual report to the Audit Committee giving an overall opinion on the adequacy of internal controls operated within the Council.

Audit Opinion

25. At the end of each audit review an audit opinion is given on the adequacy of the internal controls operated within that system or establishment. Taking into account strengths and weaknesses, the current suite of opinions range from very good through to unsound with reasonable being the middle opinion but not the average or satisfactory level in terms of the adequacy of the internal control environment:

VERY GOOD	Very well controlled with minimal risk identified; a few minor issues arising.
GOOD	Well controlled although some risk identified which needs addressing.
REASONABLE	Adequately controlled although risks identified which may compromise the overall control environment; improvements required.
UNSATISFACTORY	Not well controlled, unacceptable levels of risk identified; changes required urgently.
UNSOUND	Poorly controlled; major risk exists; fundamental improvements are required with immediate effect.

Structure

26. The Internal Audit Section comprises of two teams led by an Audit Manager both reporting directly to the Chief Internal Auditor; Lifelong Learning & Leisure / Environment & The Economy Team and Social Services / Corporate Services Team. The section has an establishment of 9 and is responsible for auditing all of the Council's systems and establishments including the payroll functions for 6,000+ staff.

Resources

27. Consideration has been given to the appropriate level of resources for Internal Audit at Newport City Council. The current establishment of 9 staff remains adequate for the current level of assessed risk as outlined above; a greater 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.

28. If the risk profile of the Council significantly changes or if more investigations into allegations of Council staff are required than were planned for, then consideration will need to be given to increasing the resources of the Internal Audit team in order to maintain the current level of service provided.

29. It has been difficult to prioritise workload for 2015/16; after discussions with senior management teams in the service areas, in particular Social Services and Education Services, it was evident that a lot more audit coverage was required than the team is resourced up to deal with.

Staffing & Training

30. The Section is supported by staff on a range of grades with appropriate professional qualifications including part qualified and fully qualified accountants and auditors. The staff have considerable experience of working within the local authority and audit environment. The Chief Internal Auditor, Andrew Wathan, is a qualified CIPFA accountant (Chartered Institute of Public Finance and Accountancy) and has extensive working knowledge of external and internal audit practices within the public sector. Andrew's management team consists of two professionally qualified Audit Managers, one CIPFA qualified and one ACCA qualified. One member of staff is PIIA qualified (Institute of Internal Auditors) and two are currently studying for this qualification; others in the team are part qualified, either ACCA or AAT.
31. 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.
32. There are a number of active audit benchmarking clubs operating within South Wales under the auspices of the Welsh Chief Auditors' Group, which are attended by members of the Audit Section. These are a useful way for staff to network with colleagues and share good practice.
33. The team will continue to arrange technical audit training on behalf of the South Wales Chief Auditors' Group throughout the year which Newport's Internal Audit staff have the opportunity of attending. These sessions are run on a breakeven basis although Newport's Internal Audit team benefit from one free place for managing the administration.

External Auditor / Relations

34. The Council's external auditor is the Wales Audit Office. The Internal Audit team has developed a good working relationship with the team and will continue to do so to work jointly, share good practice and avoid duplication. The external auditor places reliance on work undertaken by Internal Audit on what they consider to be the Council's fundamental systems. They will also continue to assess Internal Audit against the standards to ensure that a professional and effective service is being provided.
35. The Chief Internal Auditor will continue to ensure compliance with the Public Sector Internal Audit Standards.

Service Areas

36. Many of the managers within the Council call upon the Audit Section for financial advice which is incorporated within the plan. Audit staff are more than willing to offer any help and assistance they can to ensure that operations are undertaken properly but this also has an impact on planned audit reviews where time allocations are exceeded.
37. As a service to all levels of management, it is important that internal audit is seen as contributing positively to managers undertaking their responsibilities. These are wide ranging but include the prevention of fraud and corruption and securing the efficient and effective delivery of services; part of management obligations under the Council's Financial Regulations.

Financial Summary

38. There are no financial issues related to this report.

	Year 1 (Current) £	Year 2 £	Year 3 £	Ongoing £	Notes including budgets heads affected
Costs (Income)					
Net Costs (Savings)					
Net Impact on Budget					

Risks

39. If members are not involved in the process of endorsing the draft annual audit plan then this weakens the governance arrangements and would be non-compliant with the Public Sector Internal Audit Standards, which could then be subject to adverse criticism from the external auditor, currently WAO.

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

40. The work of Internal Audit supports all of the Council's priorities and plans.

Options Available

41. (i) That the Annual Audit Plan for 2015/16 be endorsed, subject to any amendments suggested by the Audit Committee.

Preferred Option and Why

42. Option (1) as it is requirement of the Public Sector Internal Audit Standards.

Comments of Chief Financial Officer

43. I can confirm that I have been consulted on Annual Audit Plan 2015/16 and have no additional comments.

Comments of Monitoring Officer

44. I can confirm that I have been consulted on this strategic and operational internal audit plan and I agree that this reflects the current risk profile of the service.

Staffing Implications: Comments of Head of People and Business Change

45. No Human resources or policy implications for this report but agree with the planned audit coverage within my service area.

Comments of Cabinet Member

46. Not applicable.

Local issues

47. No local issues.

Scrutiny Committees

48. Not appropriate

Equalities Impact Assessment

49. Not required.

Children and Families (Wales) Measure

50. Not appropriate.

Consultation

51. Not appropriate:

Background Papers

52. 2014/15 Internal Audit Annual Report, Corporate Plan, Prospectus for Change, Improvement Plan, Corporate Risk Register, Service Improvement Plans.

Dated:

APPENDIX 1

INTERNAL AUDIT SERVICES - ANNUAL PLAN 2015/16

Service Area / Job		Risk	2015/16 Days
Finance			
Accountancy			
	Main Accounting System	M	18
	Financial Vetting		
	Taxation (VAT)		
	Treasury Management		
Strategic Procurement			
	Corporate Procurement	H	23
	E-Procurement		
	Purchasing Cards System		
	Purchasing Cards (Transactional Testing)	H	8
	Payments		
	~ Accounts Payable System		
	~ Accounts Payable CAATS		
	~ Car Loans		
	~ Petty Cash		
Income Collection			
	Income Collection		
	~ Income Management	M	18
	~ Debtors	H	18
	Local Taxation		
	~ Council Tax	M	18
	~ National Non-Domestic Rates	M	18
General			
	National Fraud Initiative (NFI)		30
	Annual Governance Statement		10
	Financial & Administrative Procedures		
	Financial Advice		15
	Follow up of Agreed Management Actions		8
	Finalisation of 2014/15 Jobs		5
Total planned days for Finance			<u>189</u>
Customer Services & Digital Innovation			
Customer Services			
	Contact Centre	M	18
	E-Access (Transactional Web Services)		
	Housing Benefits	H	18
	Face to Face (Information Station)		

Service Area / Job		Risk	2015/16 Days
Information Governance & Risk			
	Document Services		
	~ Mail Service		
	~ Printing / Reprographic Service		
	Electronic Document Management Systems (EDMS)		
	Information Development		
	Spatial Data		
Information Technology			
	E-mail		
	Hardware Asset Management		
	Internet / Intranet		
	IT Back Up, Contingency & Disaster Recovery		
	IT Governance (Control Framework)	H	23
	IT Procurement		
	IT Training Unit		
	Network Security		
	Operating Systems Security		
	Payment Card Industry Data Security Standards		
	Physical Security		
	Schools Support		
	Service Desk		
	Software Asset Management		
	Telecommunication Services		
	User Access Management		
	Web Development		
General			
	Financial & Administrative Procedures		
	Super-Connected Cities Scheme		
	Financial Advice		10
	Follow up of Agreed Management Actions		2
Total planned days for Customer Services & Digital Innovation			<u>71</u>
People & Business Change			
Human Resources			
	Strategic HR		
	~ Agency Staff		
	Employment Services		
	~ Management of Attendance		
	~ Maternity Absence		
	~ Members' Allowances		
	~ Payroll System		

Service Area / Job	Risk	2015/16 Days
	~ Payroll CAATs	
	~ Recruitment & Selection	
	~ Redundancy	
	~ Sickness Absence	
	~ Travel & Subsistence	
	Total Reward	H 23
	Health & Safety	
	Corporate Training (Organisational Development)	
	Social Services Training Unit	
Business Service Development		
	Business Improvement Team	
	Performance Indicators	M 35
Partnership & Policy		
	Partnerships Team	
	Partnerships & Planning	M 10
	Consortium	
	Community Safety Grant	
	Families First Grant	
General		
	Financial & Administrative Procedures	
	Financial Advice	7
	Financial Regulations Training	25
	Follow up of Agreed Management Actions	4
	Finalisation of 2014/15 Jobs	4
Total planned days for People & Business Change		- 108
Children & Young People Services		
Safeguarding		
	POVA	
	Child Protection & Quality Assurance	
	~ Independent Reviewing Officers	
	Domestic Abuse	
	Child Protection	
	LADO	
Youth Offending Services		
	Youth Offending Service	
Integrated Family Support Service		
	Substance Misuse	
	Integrated Family Support Service	
	Family Support	
	Crisis Support	

Service Area / Job		Risk	2015/16 Days
Operations			
	Duty and Assessment	M	23
	Child Protection		
	Mentoring, Assessment & Planning		
Resources			
	Residential		
	~ Brynglas Bungalow		
	~ Cambridge House		
	~ Forest Lodge	M	15
	~ Oaklands (Respite Care)		
	Fostering		
	Placement Matching & Support		
	~ LAC Education Support		
Children's Teams			
	Disabled Children Team		
	Looked After Children Team (#1, #2, #3)		
	Looked After Children Team (16+)	H	23
	Out of Authority Placements		
General			
	Amenity Funds		
	Children's Case Management System		
	Financial & Administrative Procedures		
	Financial Advice		9
	Follow up of Agreed Management Actions		2
	Finalisation of 2014/15 Jobs		5
Total planned days for Children & Young People Services			<u>77</u>
Adult & Community Services			
Quality Assurance			
	Commissioning & Contracts		
	Supporting People		
	~ Supporting People Grant Certification	M	7
	Finance & Income		
	~ Domiciliary Care Charging	H	23
	~ Residential Care Charging		
	~ Direct Payments		
	~ Appointeeships		
	~ Blue Badges		
	CHC / Quality Assurance		
	Drug & Alcohol Service		
	Performance Information		
Occupational Therapy			
	Occupational Therapy		

Service Area / Job		Risk	2015/16 Days
CRT / Frailty			
	Hospital Frailty Team		
	Community Reablement Team (CRT)		
End to End Service			
	Duty & Assessment		
	Review Team		
Learning Disability			
	Adult Learning Disability		
Mental Health			
	Assertive Outreach		
	Home Treatment		
	Newport West		
	Newport East		
	In-Patient Ward		
Provider Services			
	Residential		
	~ Blaen-y-Pant		
	~ Spring Gardens		
	~ Parklands	M	15
	New Willows		
	Day Operations		
	~ Brynglas Adult Training Centre		
	~ Kensington Court		
	Supported Living Agency		
	Domiciliary Care		
	Telecare		
	Direct Payments (Support)		
General			
	Amenity Funds (F/Up)	M	12
	T&S / Flexi (F/Up)	M	12
	Client Monies		
	Adult Information System (AIS) (Case Recording)		
	Financial & Administrative Procedures		
	Financial Advice		16
	Follow up of Agreed Management Actions		2
	Finalisation of 2014/15 Jobs		7
Total planned days for Adult & Community Services			94
External Audits			
Caldicot & Wentlooge Levels Internal Drainage Board			
	Caldicot & Wentlooge Levels IDB (Annual IA Report / Return)		1

Service Area / Job	Risk	2015/16 Days
	Lower Wye IDB (Annual IA Report / Return)	1
WCAG Training Programme		10
Total planned days for External Audits		12

Total Days Corporate Services / Social Services Audit Plan

551

Service Area / Job	Risk	2015/16 Days
Education Services		
Resources & Planning	Risk	2015/16 Days
School Organisation		
	Business Support Team	
	Free Schools Meals	
	School Admissions	H 20
	Catering Contract Management	
	Trips & Visits (Evolve System)	
Finance Support & School Resources		
	Schools Finance Team	
	Foundation Phase Grant	
	Education Improvement Grant 2015/16	H 6
E-Learning & Information Support		
	e-LIS Team	
	SIMS / EMS Systems - Security/User Support	
	Pupil Statistics	
Nursery Schools		
	Kimberley Nursery	M 5
	Fairoak Nursery	M 5
Primary Schools		
	Ysgol Gymraeg Bro Teyrnnon	M 10
	Maesglas Primary	M 10
	St Woolos Primary	M 10
	Mount Pleasant	M 10
	Milton Infants & Nursery	M 10
	Glan Usk Primary	M 10
	Lliswerry Primary	M 10
	Monnow Primary	M 10
	Malpas Court Primary Follow Up	H 5
	Malpas Court Special	H 2
Secondary Schools		
	Newport High	M 12
	Llanwern High	M 12
Special Schools		
	Maes Ebbw	
Other - School Related		

Service Area / Job		Risk	2015/16 Days
	CRSA's / Healthcheck - Primary/Secondary/Nursery	M	15
	Duffryn High Sports Hall		
	Current Contract - New School Builds		
Improvement & Inclusion			
Education Psychology Service			
	Education Psychology		
Education Welfare Service			
	Education Welfare Service		
Pupil Referral Unit			
	Bridge Achievement Centre	M	10
Gwent Education Multi Ethnic Service			
	Gwent Education Multi-Ethnic Service		
Gwent Music Support Service			
	Gwent Music Support Service		
	Review of Procedures for Trips & Events		
Special Educational Needs			
	SEN Assessments		
	SEN Follow up	H	6
	SEN Funding - Schools		
	SEN Recoupment		
Inclusion Services			
	Child Protection / Safeguarding	H	8
General			
	Financial Advice		20
	Follow up of Agreed Management Actions		5
	Finalisation of 2014/15 jobs		26
Total planned days for Education Services			237

Law & Regulation			
Chief Democratic Services			
	Democratic Administration		
	Scrutiny		
Electoral Registration			
	Electoral Registration		
Legal			
	Insurances	H	15
	Land Charges		
	Litigation		
	Social Services / Education		
	Support		
Registration Services			
	Registration Service		

Service Area / Job		Risk	2015/16 Days
Marketing & Communications			
	M & C Team		
	City Events		
Public Protection Service			
	Community Safety Warden Service	M	15
	CCTV (Corn Street)		
Environmental Health			
	Food Safety		
	Health & Safety		
	Review of Port Health - Inspection Arrangements		
	Private Sector Housing		
	Licensing		
	Hackney Carriages		
	Pollution		
	Discretionary Charging Follow Up	H	6
Trading Standards			
	Animal Health		
	Enforcement		
	Fair Trading		
	Pest Control / Dog Control & Kennels		
	Scambusters Project		
	Scambusters Grant Claim 2014/15	M	8
General			
	Financial Advice		5
	Follow up of Agreed Management Actions		2
Total planned days for Law & Regulation			<u>51</u>

Regeneration, Investment & Housing			
Development Services			
	Building Control		
	Development Management		
	Developers Contributions		
Economic Regeneration & Policy			
	Regeneration Initiatives - Vibrant & Viable Places	M	20
	Financial Support Initiatives		
	European Affairs Unit / Initiatives		
	Business Support Unit		
Housing & Community Regeneration (Retained Services)			
Housing Enabling & Projects			
	Homelessness - B&B		
	Private Sector Leasing		

Service Area / Job		Risk	2015/16 Days
	Rehousing Services	M	15
	Empty Homes / Houses to Homes Grant		
Community Development			
	Work Based Learning Academy	M	16
	Financial & Administrative Systems		
Community Centres		L	22.5
Housing Improvements			
	Renovation Grants		
Community Learning & Libraries			
	Library Service 2014/15	M	5
	Libraries Management System		
	Adult Education Income & Enrolments	M	15
	St Julian's Community Learning & Library		
	Sickness Procedures		
	Time Off in Lieu		
	Flying Start (Early years)		
Museums & Heritage			
	Tredegar House (National Trust Agreement)		
	Museum & Art Gallery	M	12
	Central Tourist Information Centre		
	Newport Medieval Ship		
	Transporter Bridge		
Youth & Community			
	Youth Service		
	Youth Service - Trips & visits		
	NERYSS		
	Playschemes		
General			
	Client Relationship Management - Joint Venture Newport Norse	H	20
	Sickness Reporting/Procedures		
	Financial Advice		8
	Follow Up of Agreed Management Actions		3
Total planned days for Regeneration, Investment & Housing			136.5

Streetscene & City Services			
Strategic Area			
	IT Systems		
	Framework Agreement-Consultants		
	Highways Improvement Contracts 2014/15	H	5
	HIC Follow Up	H	5
	Traffic Management / Road Safety		
	Traffic Management Act		

Service Area / Job		Risk	2015/16 Days
	Access to Countryside		
	Allotments		
	Business Support Team / Administration	M	15
	Final Accounts		
	Current Contracts		
	Filming Policy		
	Streetworks	M	15
Operational Areas			
	Highways & Drainage		
	Grounds Maintenance		
	Street Cleansing		
	Parking Services		
	Street Lighting		
	CCTV / Security - Telford Depot Follow up	H	5
Transport Management			
	ITU - S/S Taxi Framework		
	Fleet / Vehicle Management		
	Public Transport Support		
	Bus Services Support Grant 2014/15	M	5
Environmental Services			
	Waste Disposal Site		
	Refuse Collection 2014/15	H	5
	Recycling & Sustainability	M	12
	Recycling - Wastesavers Review		
	Household Waste Recycling Centre		
	Re-use Shop		
	Green Services		
	Cemeteries		
	Crematorium	M	15
Civil Contingencies			
	Civil Contingencies		
General			
	Agency / Overtime (follow up)	M	8
	Financial Advice		8
	Follow Up of Agreed Management Actions		3
	Transformation Projects	H	20
	Finalisation of 2014/15 jobs		6
Total planned days for Streetscene & City Services			127.0

Total Days Educ, RIH, SSCS, L&R Audit Plans

552

Special Investigations

240

Total Audit Days 2015/16

1343

Report

Audit Committee

Part 1

28 May 2015

Item No 10

Subject **Standing Order 24 (Urgent Decisions) and Waiving of Contract Standing Orders: October 2014 to March 2015**

Purpose To inform Members of the use of Standing Order 24 and the Waiving of Contract Standing Orders in recent decisions taken by Cabinet and Cabinet Members.

Author Scrutiny Support & Research Officer

Ward General

Summary This report provides details of decisions on the use of Standing Order 24 (decisions taken urgently) and the Waiving of Contract Standing Orders for the above period.

In consideration of this report, Members are reminded that they are not questioning the merits of the decisions taken but are focussing why decisions were taken as urgent or why contract standing orders needed to be waived.

Proposal The Forum is asked to consider whether the reasons for the urgency/waiving of contract standing orders are properly reflected in the documentation supporting each decision. Members may wish to invite Cabinet Members to attend a meeting of the forum should they consider this not to be the case.

Action by Audit Committee

Timetable Immediate

This report was prepared after consultation with:

- Head of Law & Standards
- Chief Financial Officer
- Head of Human Resources & Policy
- Chief Internal Auditor

Background

1. Details of the decisions taken by Cabinet/Cabinet Members during the above period are set out in the table below together with a commentary from the Chief Internal Auditor. Copies of the reports giving rise to the decisions are attached.

Financial Summary

2. The cost implications of the decisions were set out in the original reports to the Cabinet Members. There are no cost implications of the Forum's consideration of this report

Risks

3. Scrutiny of these matters by the Forum is an important means of ensuring that the reasons for the urgency or waiving of Contract Standing Orders were properly addressed in the decision making process and that decisions are transparent.

Links to Council Policies and Priorities

4. To be good at what we do.

Options Considered/Available. Preferred choice and reasons

5. The Forum is asked to consider whether the reasons for the urgency/waiving of contract standing orders are properly reflected in the documentation supporting each decision. Members may wish to invite Cabinet Members to attend a meeting of the forum should they consider this not to be the case.

Comments of Chief Financial Officer

6. See attached reports

Comments of Monitoring Officer

7. See attached reports

Comments of Head of Human Resources, Policy & Performance

8. See attached reports

Subject	Decision & Date	Reason for Urgency/ Reason to waive Contract Standing Orders	Comments of Chief Internal Auditor
Ceasing of Winter Domestic Garden Waste Collection	107/14 24 November 2014	Whilst the Cabinet Member had undertaken consultation with all Members prior to taking a decision, in view of the necessity to implement the action required quickly the decision was not subject to the "Call in" process under Standing Order 27	The report does not specifically state why the decision is required urgently, although the decision schedule appears to have been signed off by the Cabinet Member on the 24

			<p>November 2014 with an expected implementation date of the request being mid December 2014, which would indicate the need for urgency. If the report had been written earlier in the year then proper due process could have been followed. That said, members were given the opportunity to comment on the proposal, to which some did with the corresponding feedback being recorded.</p>
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TO: ALL MEMBERS OF THE NEWPORT CITY COUNCIL
Decision Schedule published on 24 November, 2014

Decision Schedule

Cabinet Member for Infrastructure

The Cabinet Member for Infrastructure took the following decision on 24 November, 2014.

Whilst the Cabinet Member has undertaken consultation with all Members prior to taking a decision, in view of the necessity to implement the action required quickly this decision is not subject to the "Call in" process under [Standing Order 27](#).

Reports relating to staffing issues are not circulated to all Members of the Council as part of the consultation/ call in processes.

I 07/14

Ceasing of Winter Domestic Garden Waste Collections

Options Considered/Reasons for Decision

The Cabinet Member considered a report proposing the stopping of garden waste collection for Newport residents during the Winter period 2014-15. Newport City Council currently collected garden green waste via a wheeled bin from its residents 365 days per year. During the winter months the amount collected reduced substantially and it would therefore make financial sense to stop the service during this period.

With the level of Welsh Government grant reducing and the requirement to recycle more continuing, there was a need to ensure that available funding was spent in the most effective way. Although it was estimated that this service would deliver approximately 225 tonnes green waste over this period the cost of £84,000 made it unviable. The lost 225 tonnes equated to approximately 0.34% off the Council's recycling figures which would be difficult to replace, it was expected that some of this material would find its way into the system via the Household Waste Recycling Centre.

It was proposed to cease the service from mid December 2014 until mid March 2015 which would mean releasing 12 Agency staff during this period. The proposal would result in a reduced service but residents would be advised that they could take their green waste to the Household Waste Recycling Centre site at Docks Way.

Decision

To stop the collection of domestic garden waste between mid-December 2014 and mid-March 2015.

Consultation

Monitoring Officer, Chief Financial Officer, Head of People & Transformation

All Members were consulted and provided with an opportunity to comment. Any comments received and

responses to them are set out in the Report.

Implemented By: Interim Head of Streetscene
Implementation Timetable: Immediate

COUNCILLOR K CRITCHLEY CABINET MEMBER FOR INFRASTRUCTURE

Date: 24 November, 2014

Report

Cabinet Member for Infrastructure

Part 1

24 November 2014

Item No.1

Subject	Ceasing of Winter Domestic Garden Waste Collections
Purpose	To seek Cabinet Member approval to cease the collection of garden waste from Newport residents during the winter period 2014/15.
Author	Environmental Services Manager
Ward	ALL
Summary	Newport City Council currently collects garden green waste via a wheeled bin from its residents 365 days per year. During the winter months the amount collected reduces substantially and it would therefore make financial sense to stop the service during this period.
Proposals	To stop the collection of domestic garden waste between mid-December 2014 and mid-March 2015.
Action by	Head of Streetscene
Timetable	After the consultation period

This report was prepared after consultation with:

- Head of Finance
- Head of Law and Standards
- Head of People and Transformation

Signed:

1.0 Background

- 1.1 As part of the Council's waste and recycling services Newport City Council collects domestic garden green waste via wheeled bin from its residents.
- 1.2 The Council collects around 8,000 tonnes of material through this system adding approximately 12% to its recycling/composting figure.
- 1.3 The Council utilises 4 refuse vehicles and 12 staff to deliver the service over the full year.
- 1.4 As would be expected the majority of this material is collected during the spring and summer months when residents are working in their gardens.
- 1.5 The Welsh Government supply Newport City Council with a recycling grant every year, unfortunately the level of grant has been reducing over recent years despite the need to increase recycling to avoid fines.

2.0 Current Position

- 2.1 With the level of WG grant reducing and the requirement to recycle more continuing, there is a need to ensure that the available funding is spent in the most effective way.
- 2.2 Although it is estimated that this service will deliver approximately 225 tonnes green waste over this period the cost of £84k makes it unviable.
- 2.3 The lost 225 **tonnes equates to approximately 0.34% off our recycling figure above, which will be** difficult to replace, however it is expected that some of this material will still find its way into the system via the Household Waste Recycling Centre.

3.0 Proposal

- 3.1 It is therefore proposed to cease the service from end-December 2014 until mid-March 2015. This will mean releasing 12 agency staff during this period.
- 3.2 This proposal will result in a reduced service however residents will be advised that they can take their green waste to the HWRC site at Docks Way if required.

4.0 Financial Summary

	Year 1 (14/15) £	Year 2 £	Year 3 £	Ongoing £	Notes including budgets heads affected
Savings	84,000	See MTRP			
Costs	10,000				Reduced income to site, leaflets printing and delivery costs.
Net impact on budget	74,000				

5.0 Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Overspending the budget	H	H	Reducing spend where possible	Environmental Services Manager
* Taking account of proposed mitigation measures				

6.0 Links to Council Policies and Priorities

- To make our city a better place to live for all our citizens
- To be good at what we do
- To work hard to provide what our citizens tell us they need

7.0 Options Considered/Available

7.1 To approve the proposals outlined in the report.

7.2 To not accept the proposals and overspend the budget.

8.0 Preferred Choice and Reasons

8.1 Option 7.1 above, this will help address the potential overspend and ensure funds are spent in the most effective way.

9.0 Comments of Chief Financial Officer

9.1 The recycling service is under increasing pressure due to year on year reductions in grant funding despite the need to increase recycling. Due to the level of green waste collected during this time, this proposal will have minimal impact upon recycling rates between the period of mid-December to mid-March. It is, however, hoped that some of this material will still find its way into the system via the Household Waste Recycling Centre.

As the Authority is under increasing financial challenge no service area has the Authority to overspend against grants. This proposal will support effective utilisation of the grant awarded and will ensure outcomes are consistent with prescribed recycling targets.

10.0 Comments of Monitoring Officer

10.1 Although the Council has a duty to collect household waste under the Environmental Protection Act, there is a discretion as to the timing and frequency of any collections. In addition, under Controlled Waste Regulations, the Council has a discretion to charge for garden waste collection. Therefore, the Council can suspend the garden waste collection service from November to March if it is not economically viable to maintain the service during the Winter months. This will, however, have an impact on the Council's recycling targets. In terms of the public sector equality duty, the Cabinet Member will also have to have regard to the potential impact of this reduction in service on particular sections of the community, such as the elderly, who may be unable to take their garden waste to the Recycling Site. There should be no staffing implications as the waste operatives who would be laid off during this period are agency workers rather than direct employees of the Council.

11.0 Comments of Head of People and Transformation

11.1 • There are no direct HR implications in releasing agency workers from their assignments. However, the use of agency workers should be managed in line with the Council's Agency Worker Guidance/Agency Worker Regulations.

12.0 Local Issues

12.1 Reduced service.

13.0 Comments from Non Executive Members

Councillor Whitehead

Not really sure this will go down well with residents across the city as people still do garden maintenance throughout the winter season. What are they supposed to do with their garden waste?. Drains and small culverts will still need to be cleared in gardens to ensure localised flooding doesn't occur.

Response from Cabinet Member and Interim Head of Streetscene

We recognise that residents will still be using the garden waste bin over the winter months and the leaflet that will be delivered asks residents to continue to fill the bin in readiness for March collections. We appreciate that this years unseasonal good weather has extended the growing season but we believe the leaf fall should occur prior to residents final collection.

Councillor Fouweather

I can see the logic behind this proposal but I am concerned that stopping the

collection until mid-March is too long. I would like to suggest that the service resumes at the end of February as residents begin tidying their gardens once again around this time.

Would the cabinet member confirm that cardboard will still be collected during this period and as the cardboard is collected in the same vehicle as the garden waste could he tell me how this will result in a reduction of agency staff as you will have the same number of vehicles on the road?

Response from Cabinet Member and Interim Head of Streetscene

Thank you for agreeing with the rationale for these service changes. We have analysed the tonnage data over the last 5 years and it shows that tonnages do not begin to rise until late March early April and is usually in line with Easter holidays. The card and garden waste have been collected on separate vehicles since the introduction of bags for card. The leaflet that will be delivered to all households should this proposal be accepted explains that cardboard will continue to be collected throughout the Winter and the four vehicles /crews involved will continue to collect card on the alternate weeks to the household waste collections.

Councillor Delahaye

I fully agree with this. It is one of the ways I would have suggested towards our budget cuts.

Dated: 24 November 2014

Report

Audit Committee

28 May 2015

Item No 11

Subject Work Programme

Purpose To report the details of this Committee's work programme.

Author Scrutiny Support & Research Officer

Ward General

Summary The purpose of a forward work programme is to help ensure Councillors achieve organisation and focus in the undertaking of enquiries through the Audit Committee function.

This report presents the current work programme to the Committee for information and details the items due to be considered at the Committee's next two meetings.

Proposal The Committee is asked to endorse the proposed schedule for future meetings, confirm the list of people it would like to invite for each item, and indicate whether any additional information or research is required.

Contact Senior Overview and Scrutiny Officer

Action by Audit Committee

Timetable Immediate

This report was prepared after consultation with:

- Head of Law and Standards
- Head of Finance
- Head of Human Resources and Policy

Background

- 1.1 The purpose of a forward work programme is to help ensure Councillors achieve organisation and focus in the undertaking of enquiries through the Audit Committee function.

The Current Programme

- 1.2 Attached at Appendix1 is the forward work programme for this Committee. Below are the items scheduled to be presented at the Committee's next two meetings. Committee Members are asked to endorse this schedule, confirm the list of people they would like to invite for each item, and indicate whether any additional information or research is required.

June/July 2015 Meeting

Internal Audit Unsatisfactory Audit Opinions (6 monthly report)
Corporate Risk Register Update (Considered by Cabinet in June)
Annual Governance Statement
Draft Financial Accounts 2013/14
Overspend on Market Square Bus Scheme

17 September 2015 Meeting

Internal Audit Plan 2015/16 – Progress Quarter 1
Statement of Accounts 2014-15
Audit of Financial Statements Report 2014-15
WAO Regulatory Plans and Fees
SO24/Waiving of Contract SO's:Quarterly report reviewing Cabinet/CM urgent decisions or waiving Contract SOs (Quarter 1, April to June)
Regulatory Reports
Corporate Risk Register Update (considered by Cabinet in September)

Financial Summary

- 1.3 Please see comments from Chief Financial Officer below.

Risks

- 1.4 If proper work programming procedures are not put in place, the organisation and prioritisation of the work programme is put at risk. The work of the Audit Committee could become disjointed from the work of the rest of the Council, which could undermine the positive contribution to service improvement.

The specific risks associated with individual topics on the work programme will need to be addressed as part of the Committees investigations.

Links to Council Policies and Priorities

2. Having proper work programming procedures in place ensures that the work of the Audit Committee makes a positive impact upon the Council's delivery of services, contributes to the delivery of corporate objectives, and ensures that work can be undertaken in a timely and well-planned manner.

Options Considered / Available; Preferred Choice and Reasons

3. The Committee is asked to endorse the proposed work programme for the current year, and note the topics due to be considered at the Committee's next meeting.

Comments of Monitoring Officer

4. I have no comments, as there are no legal implications.

Comments of Chief Financial Officer

5. There will be financial consequences for some of the reviews undertaken. These will be commented upon as the reports are presented. The preparing and monitoring of the work programme is done by existing staff for which budget provision is available.

Staffing Implications: Comments of the Head of People and Transformation

6. There are no staffing implications within this report. Any staffing implications of the reviews in the work programme will need to be addressed in individual reports.

Background Papers

7. Scrutiny Handbook (available at www.newport.gov.uk/scrutiny)

Appendix 1

(Audit Committee to meet every other month unless circumstances dictate otherwise)

28 May 2015
Appointment of Chairman
Internal Audit Annual Report 2014/15
Internal Audit Annual Plan 2015/16
SO24/Waiving of Contract SOs: Quarterly report reviewing Cabinet/CM urgent decisions or waiving Contract SOs (Quarter 3 and 4, Oct to March, Oct to Dec deferred from March meeting)
Corporate Risk Register Update (considered by Cabinet in March)
Annual Governance Statement ??

25 June 2015
Internal Audit Unsatisfactory Audit Opinions (6 monthly report)
Corporate Risk Register Update (Considered by Cabinet in June)
Annual Governance Statement
Draft Financial Accounts 2013/14
Overspend on Market Square Bus Scheme

17 September 2015
Internal Audit Plan 2015/16 – Progress (Quarter 1)
Statement of Accounts 2014-15
Audit of Financial Statements Report 2014-15
WAO Regulatory Plans and Fees
SO24/Waiving of Contract SOs: Quarterly report reviewing Cabinet/CM urgent decisions or waiving Contract SOs (Quarter 1, April to June)
Regulatory Reports
Corporate Risk Register Update (Considered by Cabinet in September)

28 September 2015
Statement of Accounts 2014-15 (if not signed at 17September 2014 meeting)

26 November 2015
Internal Audit Plan – Progress (Quarter 2)
SO24/Waiving of Contract SOs: Quarterly report reviewing Cabinet/CM urgent decisions or waiving Contract SOs (Quarter 2, July to September)
Treasury Management Report

28 January 2016

Internal Audit Plan – Progress (Quarter 3)

Financial Memorandum on the 2014-15 Financial Audit

Treasury Management Report

Internal Audit Unsatisfactory Audit Opinions (6 monthly report)

Corporate Risk Register (Considered by Cabinet in December)

24 March 2016

Annual Audit outline for the 2013/14 Financial Audit

SO24/Waiving of Contract SOs: Quarterly report reviewing Cabinet/CM urgent decisions or waiving Contract SOs (Quarter 3, October to December)

WAO Annual Report on Grants Works

Regulatory Reports

Annual Governance Statement (draft statement)

Corporate Risk Register (Considered by Cabinet in March)

Member Development Self Evaluation Exercise

**Unallocated work
(Dates to be agreed)**

Date of Issue *March 2015*

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Audit Committee Self-Assessment Workshop –June 2015

Measuring the Effectiveness of the Audit Committee

Issue	Yes	No	Partly	Comment	Future Considerations / Proposed Improvement Actions	
Roles and Responsibilities						
1	Have the Committee's Terms of Reference been approved by Full Council?					
2	Do the Terms of Reference follow best practice, as set out in the CIPFA model and the Local Government Measure 2011?					
3	Is the Terms of Reference reviewed periodically to ensure it remains fit for purpose?					
4	Does the agenda for meetings and work programme support the role and responsibilities of the Committee?					
5	Does the Committee take a role in reviewing and scrutinising: <ul style="list-style-type: none"> • Annual Governance matters • Risk Management Strategies • Internal Control Statements • Anti-Fraud arrangements • Corporate Policies and Strategies • Financial Affairs and Statements • External & Internal Audit Reports 					

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Agenda Item 13

	Issue	Yes	No	Partly	Comment	Future Considerations / Proposed Improvement Actions
6	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work.					
Monitoring and Oversight						
7	<p>Does the Committee consider that it receives adequate and timely information in relation to:</p> <ul style="list-style-type: none"> • Corporate Governance • Risk Management • Internal Control • Treasury Management • Financial Affairs and Statements 					
8	<p>Does the Committee consider that it received appropriate support from:</p> <ul style="list-style-type: none"> • Statutory Officers • Senior management • External Audit • Internal Audit • Secretariat services 					
9	Does the Committee consider it has the opportunity to invite officers and members to attend and be held accountable for their actions?					
10	Has the Committee agreed set criteria when an officer may be invited to attend Committee?					

	Issue	Yes	No	Partly	Comment	Future Considerations / Proposed Improvement Actions
11	Does the Committee consider they have the mechanisms to ensure that officers are acting on and monitoring action taken to implement recommendations?					
12	Does the Committee consider that they have the opportunity to refer matters on to other bodies (internal & external) as they consider appropriate?					
13	Does the Committee have appropriate interaction with other Committees e.g. Scrutiny?					
14	Does the Committee prepare an Annual Report outlining its findings and provide an opinion in relation to its role, which helps to inform the Annual Governance Statement?					
15	Does the Committee undertake an annual Self Assessment of its own effectiveness?					
16	Are there arrangements to hold the committee to account for its performance?					
17	Members of the Committee have regard to the Seven Principles of Public Life, known as the Nolan Principles: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.					

	Issue	Yes	No	Partly	Comment	Future Considerations / Proposed Improvement Actions
18	<p>The Audit Committee is committed to the Council's Vision and Values:</p> <p>Vision – To be recognised as a high performing council, ensuring the right services are provided to our communities, our councillors and our staff</p> <p>Corporate Values – Accountable Open United</p>					
Internal Audit Process						
Page 100	Does the Committee approve the strategic audit approach and the annual programme?					
20	Is the work of Internal Audit reviewed regularly?					
21	Is the level of detail provided in Audit progress summaries adequate to meet Members' needs?					
22	Does the Committee receive regular information on client perceptions of the Internal Audit service and other performance management information?					
23	Is the Annual Report from the Chief Internal Auditor presented to the Committee?					
24	Is there the opportunity to hold private					

Issue	Yes	No	Partly	Comment	Future Considerations / Proposed Improvement Actions
meetings with the Chief Internal Auditor?					
External Audit Process					
25				Are reports on the work of external audit and other inspection agencies presented to the Committee?	
26				Does the Committee consider that they have the opportunity to input into the external audit programme?	
27				Is there the opportunity to hold private meetings with the External Auditor?	
Membership					
28				Has the membership of the Committee been formally agreed and a quorum set?	
29				Is the make up of the Committee consistent with the requirements of the Local Government Measure 2011?	
30				Is the Chair free of Executive or Scrutiny functions?	
31				Does the Chair have strong level of leadership skills?	

Issue		Yes	No	Partly	Comment	Future Considerations / Proposed Improvement Actions
32	Are Members sufficiently independent of the other key Committees of the Council?					
33	Is the Committee politically balanced in accordance with the Local Government (Democracy) (Wales) Act 2013?					
Meetings						
34	Does the Committee meet regularly?					
35	Is the frequency of meetings adequate to support the role and responsibly of the Committee?					
36	Are agenda papers circulated in advance of meetings to allow adequate preparation by Members?					
37	Are meetings free and open without political influences being displayed?					
38	Are meetings public and records relating to the Committee open, transparent and easily available?					
39	Do Members feel they can actively contribute to discussion at meetings and are encouraged to do so?					
40	Are decisions reached promptly and					

Issue	Yes	No	Partly	Comment	Future Considerations / Proposed Improvement Actions	
recorded?						
Skills and training						
41	Has the membership of the committee been assessed against a knowledge and skills framework and found to be satisfactory.					
42	Do Committee Members have the knowledge, experience and understanding of the key risks and issues facing the Council?					
43	Is induction training provided to Members?					
44	Is more advanced training available if required?					
45	In specialised areas such as treasury management do Members feel they have the appropriate skills to fulfil the role expected of them?					
46	Do Members feel they can request training if they consider this would help them fulfil their role?					

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