

Agenda



Audit Committee

Date: Thursday, 26 November 2015

Time: 5.00 pm

Venue: Committee Room 1

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

Item		Wards Affected
1	<u>Apologies for Absence</u>	
2	<u>Declarations of Interest</u>	
3	<u>Minutes from 24 September 2015 meeting</u> (Pages 3 - 8)	
4	<u>Update following Audit Committee recommendation re guidance to staff re risk assessments</u>	
5	<u>Regulatory Reports</u> (Pages 9 - 50)	
6	<u>Lessons Learned - 2014/15 Accounts Close down and Financial Statements Preparation</u> (Pages 51 - 58)	
7	<u>Treasury Management Report</u> (Pages 59 - 72)	
8	<u>Internal Audit Plan 2015/16 - Progress Quarter 2</u> (Pages 73 - 82)	
9	<u>Internal Audit Charter</u> (Pages 83 - 100)	
10	<u>Audit Committee Self Evaluation Exercise</u> (Pages 101 - 114)	
11	<u>SO24/Waiving of Contract SOs: Report reviewing Cabinet/Cabinet Member urgent decisions or waiving Contract Standing Orders (Quarter 1 and 2, April to September)</u> (Pages 115 - 122)	
12	<u>Work Programme</u> (Pages 123 - 128)	
13	<u>Referrals to Audit Committee</u>	
14	<u>Date of Next Meeting - 28 January 2016</u>	

Contact: Julie Ellams

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Date of Issue: 19 November 2015

Minutes



Audit Committee

Date: 24 September 2015

Time: 5.00 pm

Present: Mr J Baker (Chair), J Guy, E Townsend, R White, D Davies and M Spencer

In Attendance: S Davies (Strategic Director – Place) M Neilson (Interim Head of Street Scene) A Wathan (Chief Internal Auditor) M Rushworth (Head of Finance), O James (Assistant Head of Finance (Accountancy), M Dickie (Business Service Development Manager) H Brayford (Project Manager), R Davies (Senior HR Business Partner) J Sweet and A Barrett (WAO) and J Ellams (Scrutiny Support and Research Officer)

1 Apologies for Absence

Cllr Mogford

2 Declarations of Interest

No declarations of interest.

3 Minutes from 16 July 2015

The Minutes of the meetings held on 16 July 2015 were submitted.

Re Minute 6, Draft Financial Accounts, the title was corrected from 2013/14 to 2014/15.

Agreed

That subject to the above, the Minutes of the meeting held on 16 July 2015 be confirmed.

4 Presentation on Whistle Blowing Policy

Members received a presentation on the Whistleblowing Policy and WAO recommendations on how the policy could be strengthened. The presentation included information on who was covered by the policy, protection and anonymity, the process and how it was monitored. The Policy had been in place since April 2015 and was due to be reviewed in April 2016.

Members discussed the policy and felt that it was helpful but difficult to change if the culture was not right and people still felt threatened. R Davies, the Senior HR Business Partner explained that following support and coaching from officers, individuals were more likely to get involved in the scheme and to put their name to their concern. Employees who made disclosures were entitled to receive independent advice and this together with trade union support gave protection to individuals.

Agreed

That the information be noted.

5 **Statement of Accounts 2014-15 and Audit of Financial Statements Report 2014-15**

Members considered a report on the results of the external audit of the 2014-15 Statement of Accounts, which highlighted the changes since they were initially published at the end of June 2015 and the WAO report which set out for consideration the matters arising from the audit of the financial statements of the Council for 2014-15.

Auditors reviewed the 2014/15 Statement of Accounts in detail, and a number of required changes were identified. Appendix A presented the revised Accounts which Members were invited to review and subsequently approve in accordance with the Council's standing orders.

The Accounts were published at the end of June 2014 by the Head of Finance and added to the Council's website at that time. The Accounts were available for public scrutiny, as required by the Accounts and Audit (Wales) regulations 2014, for a 20 working day period ending 21 August 2015.

The Chair of Audit Committee reported that in addition to the two proposals listed in the report, there was also a third, "to sign a Letter of Representation".

The Assistant Head of Finance explained that account preparation up to the end of June did suffer because of the number of staff leaving the authority. As a result there were a number of amendments but none of these affected the general reserve balances. WAO had highlighted a number of issues including an "Emphasis of Matter" paragraph drawing the readers' attention to the fact that the Council had not prepared Group accounts for Newport Transport Limited. There were a number of reasons for this as previously reported to Audit Committee in June. He also explained the other uncorrected misstatements and the impact of each one. Some of these were due to the processes in place and timing and he was already looking to improve the process in place for 2015/16.

The way small bodies were dealt with was an ongoing issue and he planned to present a report to Audit Committee listing all the bodies the authority had an interest in and proposed treatment of those bodies for Audit Committee to agree.

The Head of Finance explained that the "emphasis of matter" was disappointing but did not relate to any financial transactions of the single entity Newport City Council's accounts in-itself and recommended that the accounts be signed.

Members raised a number of issues:

- A number of typing errors were identified and corrected.
- Members queried the reduction in salary between 2013/14 and 2014/15 for some senior employees and they were advised that this was due to adjustments following a change to the person in post. Members suggested a footnote be added to explain this.
- The "absence of matter" was a serious concern. Officers should have consolidated to the single entity accounts and then audit opinion would be on a group set of accounts. Consistency was fundamental and there was a need to review how things were done and decide whether or not to consolidate. This should be picked up in the planning process. Members were advised that concerns had been raised at earlier meetings with officers. The Council needed to complete an assessment and in the absence of this, WAO undertook their own assessment and concluded that

the council had control of Newport Transport Ltd and needed to produce group accounts.

- There were also concerns around pensions which indicated that there was a lack of attention to detail.
- Members were concerned that they had not been told about the lack of resources which had been an issue between late autumn and May/June this year.
- Members felt that the process had not been as good as in previous years and that an in depth learning lessons document was required. Members discussed the benefits of Audit Committee chairing such a review and the independent constructive challenge they could bring. The Assistant Head of Finance explained that he had already started to talk to everyone involved in the process and that he would share his plans with external audit and bring a detailed assessment to the November meeting.

A Barrett, WAO explained that following a number of errors in the previous years accounts, interim arrangements were made which had not been as effective as they could have been. There had been improvements recently and he was confident that next year would go more smoothly following the recent Assistant Head of Finance appointment.

Agreed

1. That the content of the 2014/15 Accounts and the Wales Audit Offices Financial Statements (ISA260) report on the 2014/15 Accounts and comment be noted.
2. That the Chairman be authorised to adopt the Accounts 2014/15, in accordance with the Accounts and Audit (Wales) (Amendment) regulations 2010.
3. That the Chairman be authorised to sign a "Letter of Representation".
4. That the Assistant Head of Finance presents a report to the November Audit Committee meeting:
 - listing all the bodies the authority had an interest in and proposed treatment of those bodies for Audit Committee to agree and
 - a detailed assessment of the process and plans for 2015/16.

6 Overspend on Market Square Bus Scheme

Members received the final outturn report on the Market Square Bus Station Project. The original bus station project awarded to Encon Construction Ltd was forecast to be completed for the sum of £1.7 million. The final certificated outturn recorded an excess cost of £163,000 following extensive negotiations on the substantial elements of contractual claims submitted by Encon. This overspend was a considerable reduction on the liability reported at the previous meeting.

Streetscene Management had already instigated a lessons learnt investigation seeking to understand what happened and how to mitigate the risk of such future issues.

Members discussed a number of issues:

- There were still concerns about the matter not being referred to Audit Committee immediately due to negotiations to try to reduce the loss. Members were reassured that a referral would happen automatically.
- There was confusion over the final overspend and the reduction of just £18000. S Davies (Strategic Director) explained that there was confusion because the project consisted of three contracts over a two year period commissioned by different bodies that no longer existed. There had also been staff redundancies and different Heads of Service involved in the project. The Strategic Director confirmed that in future projects would be dealt with in a different way and that she was satisfied there had been probity throughout.
- Concerns were raised about the length of time it had taken to bring the final report to Audit Committee and problems pulling together the final financial position. The Strategic Director explained that there had been problems for the reasons already given but there were very good relationships now in place with the finance department providing more timely reports on a regular basis.

Agreed

That details of the final outturn report, the reasons for the overspend and lessons learned from the project, be noted.

7 Corporate Risk Register Update and Risk Assessments contained within reports

Members considered a report on the latest updates to the Corporate Risk Register. The register identified seven risks, 2 high, 4 medium and 1 low risk. Since the last update 4 risks were new, 2 unchanged and 1 was reduced.

Members discussed risk 1, Legislative Requirements, and how it was important to comply with the Welsh Language Act, Future Generations Act and the Social Services Act. Officers explained that there could be a considerable financial and reputational impact from non-compliance with any of this new and emerging legislation.

Members discussed the risk table included within all reports and the number of times the risk related to not taking a decision rather than the risk of taking the decision. Not taking a decision was part of the decision making process rather than risk analysis. Members agreed that the process by which risk was analysed was in some cases inadequate and it felt like a tick box exercise rather than a considered view. Members recommended that the appropriate person give guidance to staff on risk, including the risk of taking a decision rather than not taking a decision.

Agreed

That a recommendation from Audit Committee be made to the appropriate person that guidance be given to staff on risk, including the risk of taking a decision rather than not taking a decision.

8 Internal Audit Plan 2015/16 - Progress Quarter 1

Members considered a report on the Internal Audit Section's progress against the 2015/16 agreed audit plan for the first three months of the year and for information on audit opinions given to date and progress against key performance targets.

The team currently operated with an establishment of 10 audit staff. At the start of the year there were 8 audit staff with two vacancies in the team. A Senior Auditor also left during the quarter. A

new Auditor started with the team. The relationship with Monmouthshire County Council (for sharing of the Chief Internal Auditor) continued.

The section had already been involved with 6 special investigations which could have an impact on this year's achievement of the audit plan; so far there had been no unplanned reviews,

The performance for Qtr 1 2015/16 was compared to the same period of the previous year.

- 16% (19%) of the audit plan had been achieved so far which was just below last year's performance but above the profiled target of 10%;
- The promptness of issue of draft report (comparing timescale between finalising all fieldwork and issuing the draft report to management) averaged at 2 days (8 days) which was within the target time of 10 days;
- The promptness of report finalisation (comparing timescale from meeting with client to discuss issues raised in the draft report to issue of finalised report to management) averaged 1 day (2 days) which was within the target of 5 days.
- Coverage of the plan at this stage of the year was above expectations; the target being 10%.
- 39 (34) days had been spent finalising 15 (20) 2014/15 audit reviews; 1 of which had been finalised. 53 days had already been spent on 6 special investigations.
- A vacancy / secondment provision was taken into account in the planning stage which related to the Chief Internal Auditor's work with Monmouthshire and the senior auditor vacancy.
- Generally, there had been positive feedback from service managers via the evaluation questionnaires and these would continue to be collated throughout the year and fed into the annual audit report for 2015/16.
- Only 2 jobs completed to at least draft report stage by 30 June 2015 warranted an audit opinion: 2 x *Reasonable* with no *Unsatisfactories* or *Unsound*s. Of the 5 community centre accounts undertaken, 2 were *Qualified*. Other reports have been completed which did not warrant an audit opinion or related to audit certification work. Other work completed related to the Annual Governance Statement, the Council's performance indicators, grant claims, provision of financial advice and external clients.

Agreed

That the Internal Audit Section's progress against the 2015/16 agreed audit plan for the first three months of the year, be noted.

9 Audit Committee Self Evaluation Exercise

Agreed

That this item be deferred to the 26 November 2015 meeting.

10 Work Programme

Agreed

That this item be deferred to the 26 November 2015 meeting.

11 Referrals to Audit Committee

There were no referrals

12 **Date of Next Meeting - 26 November 2015**

The date of the next meeting was confirmed as 26 November 2015

Report

Audit Committee

Part 1

Date: 26th November 2015

Item No: 05

Subject **Monitoring Regulatory Reports**

Purpose To provide Audit Committee with information about the regulatory reports that have been received by the Authority and the arrangements to follow up on any recommendations made.

Author Ceri Dowsett, Senior Performance Management Officer

Ward All

Summary This report details all of the regulatory reports that have been received by the authority from our main regulators, Wales Audit Office (WAO), Care and Social Services Inspectorate Wales (CSSIW) and Estyn.

Each of the regulatory reports contains recommendations or proposals on areas of service delivery where the authority can make improvements. It is important that the authority take note of these proposals and make plans to implement the findings and to monitor the progress of the plans

Proposal 1. To note the contents of the report.
2. To receive a further update in March 2016

Action by Heads of Service

Timetable Immediate

This report was prepared after consultation with:

- Head of Law & Standards
- Chief Democratic Services Officer
- Head of People and Transformation
- Head of Finance
- Chair of Cabinet
- Audit Committee

Signed

Background

This report builds on the information provided to the Audit Committee on 19th September 2013 and 21st November 2013, 27th March 2014, 27th November 2014 and 10th March 2015. Earlier reports contain details of regulatory reports that have been received by the authority since 2011. However for ease of reading this report only includes details for 2013 onwards. Review from our main regulators are included, Wales Audit Office (WAO), Care and Social Services Inspectorate Wales (CSSIW), Estyn and more recently, Her Majesty's Inspectorate of Probation (HMIP)

Each of the regulatory reports contains recommendations or proposals on areas of service delivery where the authority can make improvements. It is important that the authority take note of these proposals and make plans to implement the findings and to monitor the progress of the plans.

New Information for this report

- The authority has received the CSSIW Annual Review and Evaluation of Performance and this was considered by Scrutiny and Cabinet in February 2015. The balanced report highlighted areas for development and improvement alongside areas of good practice within social services and identified five areas for follow up by CSSIW in the next year.
- A Certificate of Compliance issued by the WAO after an audit of the Improvement Plan 15/16 was considered by Cabinet in May 2015.
- Upcoming WAO reviews include Financial Resilience, Waste and an Estyn Inspection March 2016

Monitoring WAO proposals for Improvement and recommendations

To date, the monitoring of the proposals for improvement made by WAO are reported to Cabinet, whereas the monitoring arrangements for CSSIW and Estyn reports are through Scrutiny. Progress monitoring reports for the WAO proposals for improvement are reported to Cabinet on a quarterly basis. These quarterly reports to Cabinet include updates of the open Proposals for improvement and the recommendations arising from the Corporate Assessment. The latest update on the Proposals for Improvement is included in appendix 2

Links to the Cabinet papers can be found below:

Cabinet Report 17th March 2014 (page 42 onwards)

<http://www.newport.gov.uk/stellent/groups/public/documents/report/cont722104.pdf>

Cabinet Report 9th June 2014 (page 62 onwards)

<http://www.newport.gov.uk/stellent/groups/public/documents/report/cont724223.pdf>

Cabinet Report 8th September 2014 (page 42 onwards)

<http://www.newport.gov.uk/stellent/groups/public/documents/report/cont727364.pdf>

Cabinet Report 8th December 2014 (page 44 onwards)

<http://www.newport.gov.uk/stellent/groups/public/documents/report/cont730383.pdf>

Cabinet Report 16th March 2015 (page 46 onwards)

<http://www.newport.gov.uk/stellent/groups/public/documents/report/cont733719.pdf>

Cabinet Report 8th June 2015 (page 54 onwards)

<https://democracy.newport.gov.uk/documents/s1526/05%20Improvement%20Plan%20-%20Quarter%204%20v3%2015MAY15.pdf>

Cabinet Report 1st September 2015 (page 37 onwards)

<https://democracy.newport.gov.uk/documents/s2400/05%20Improvement%20Plan%20-%20Quarter%201%20v1%2018AUG.pdf>

WAO Local Studies

WAO Undertake a programme of work at the council about our local arrangements. The findings of the performance work are published in two letters to the council and the data quality review report.

Local Studies currently underway are:

- Corporate Assessment Review
- Gwent Frailty Follow up

WAO National Studies

In addition to the local work that WAO undertaken at the council they also carry out a number of national studies each year on various topics. The outcomes of these studies are to identify trends across Wales and to identify best practice. We have been asked to participate in the following

National Studies over the next few months.

- Value for money study on early termination and severance payments
- Gwent wide review – Social Services, managing the financial challenges
- All Wales Local Government Improvement Study: Independence of Older People
- All Wales Local Government Improvement Study: Delivering with Less: Leisure Services
- National Value for money study on Coastal Erosion and Flooding
- All Wales Local Government Improvement Study: Strategic approach to income generation and charging
- All Wales Local Government Improvement Study Community safety partnerships

Roles and Responsibilities

Body	Role	Responsibilities
Cabinet	To receive and respond to service review reports by drawing up appropriate and robust action plans. To work with officers to ensure delivery of those action plans.	To receive 'whole authority' reports from the major regulatory bodies (WAO, CSSIW and Estyn) and endorse action plans for consideration and monitoring (where appropriate) by Scrutiny. To receive quarterly monitoring reports on the proposals for Improvement
Cabinet Members		To receive whole authority reports To receive specific review reports and endorse action plans for consideration and monitoring by Scrutiny. To ensure delivery of action plans.
Audit Committee	To ensure all regulatory reports are being appropriately dealt with, and the Council's risk management and internal control mechanisms are adequate.	To receive six monthly overview reports about the position of the regulatory reports received by the authority, including summary findings of reports received. To be advised of upcoming regulatory reports
Scrutiny Committees	To hold the Executive to account in responding to regulatory reports, ensuring actions plans are robust, and progress is being made in delivering them.	To receive all regulatory reports and resulting action plans, and to monitor the progress of the action plans as appropriate.
Chief Executive, Directors, Heads of Service and Senior Managers	To present and deliver action plans and ensure these plans are monitored through service planning or other scrutiny arrangements.	To input into the whole authority and specific review reports as appropriate. To work with Cabinet Members to ensure delivery of action plans.

Types of regulatory report

There are two types of report that are received from regulators, whole authority (or whole service) reports, and specific review reports.

- 'Whole Authority' reports are those that cover the governance of the authority or the whole scope of the regulator. Examples of this would be the Corporate Assessment, Improvement Letters, Estyn Inspection of Local Authority Services, and the CSSIW Annual Review and Evaluation of Performance. These reports will be considered by Cabinet and final reports will generally be presented by the regulator that authored the report.
- 'Specific Review' reports are those on a single topic, e.g. Waste Management or Regeneration. These reports will be considered by the relevant Cabinet Member.

Financial Summary

- There are no specific financial implications from 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 authority may not comply with the Local Government Measure in this respect	M	M	Processes have been put in place to capture, monitor and manage proposals from regulators.	
That the authority does not have a full picture of the regulatory activity	M	L	This overview report, the cabinet reports and regular future reports on this topic will address this issue	

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

This report contributes in some way to all of the Council's priorities

Options Available

For information

Comments of Chief Financial Officer

There are no specific financial consequences arising from this report. There may be financial consequences arising from the individual regulatory reports and these will be picked up within those reports as appropriate.

Comments of Monitoring Officer

There are no specific legal issues arising from the Report. However, the Local Government (Wales) Measure 2011 and relevant statutory guidance now requires that Audit Committee should be informed of all external audit or regulatory reports, so they can be satisfied with the measures adopted to address any issues identified and to mitigate any internal risks. Following the processes set out in this report, Cabinet, Scrutiny Committee's and Audit Committee will need to exercise a greater overview over regulatory reports in future..

Staffing Implications: Comments of Head of People and Business Change

There are no direct staffing implications associated with this report.

This report enables the authority to have an overview of the regulatory reports received by the authority, and as such, complies further with the Local Government (Wales) Measure 2011

Background Papers

See links in report

'Regulatory Reports Review' Audit Committee (19/09/13)

'Monitoring Regulatory Reports' Audit Committee (21/11/13)

'Monitoring Regulatory Reports' Audit Committee (27/03/14)
'Wales Audit Office: 2014/15 Performance Audit Work and Fees (18/09/14)
'Monitoring Regulatory Reports' Audit Committee (27/11/14)
'Monitoring Regulatory Reports' Audit Committee (10/03/15)

Dated: 26th November 2015

Appendix One Details of Regulatory Reports

Key: The following acronyms are used in the table below

LCL Scrutiny	Leisure, Caring and Learning Scrutiny Committee (post May 2012)
CPD Scrutiny	Community Planning and Development Scrutiny (post May 2012)
SRS Scrutiny	Streetscene, Regeneration and Safety Scrutiny Committee (post May 2012)
CFS	Service Area: Children and Family Services
CIS	Service Area: Customer and Information Services
P&T	Service Area: People and Transformation
RRS	Service Area: Regeneration and Regulatory Services
L&S	Service Area: Law and Standards

Education (Estyn Regulatory Reports)

Service Area	Report / Review and date	Reported to	Comments / follow up
Education	Inspection Pupil Referral Unit October 2012 http://www.newport.gov.uk/stellent/groups/public/documents/report/cont710582.pdf (report) http://www.newport.gov.uk/stellent/groups/public/documents/report/cont710585.pdf (Action plan)	LCL Scrutiny 17 th April 2013	Action plan appended to the report. Estyn make 7 recommendations for improvement
Education	Pupil Referral Unit Monitoring http://www.newport.gov.uk/stellent/groups/public/documents/report/cont712697.pdf	LCL Scrutiny 12 th June 2013	Follow up report by Estyn on the 7 recommendations made in October 2012.
Education	Review of regional school improvement services (EAS)	Joint Education Group* June 2015	Fieldwork for the review was undertaken in mid-November, the conclusions of the review are expected in the Spring.
Education	Upcoming: Estyn Inspection – March 2016	Cabinet and LCL Scrutiny	Outcomes from the inspection are expected June 2016

*Joint Education Group consists of 5 cabinet members (across Gwent) and the Chief Education Officer

Social Services (CSSIW Regulatory Reports)

Service Area	Report / Review and date	Reported to	Comments / follow up
Adults	WAO report on Gwent frailty November 2012 http://www.newport.gov.uk/stellent/groups/public/documents/report/cont709310.pdf	CPD scrutiny 13 th March 2013	No specific action plan included as proposals apply to the whole of Gwent. Follow up: Cabinet 9 th September and CPD Scrutiny on 23 rd October

Service Area	Report / Review and date	Reported to	Comments / follow up
CFS	Inspection Report for Children and Family Services February 2013 http://www.newport.gov.uk/stellent/groups/public/documents/report/cont712699.pdf	LCL Scrutiny 12 th June 2013	Action plan included in the report
Social Services	CSSIW Annual Review and Evaluation of Performance 2012/13 http://www.newport.gov.uk/stellent/groups/public/documents/report/cont720831.pdf	Cabinet 10 th February 2014	CSSIW have identified 12 areas for potential Improvement and Development
Social Services	CSSIW Annual Performance Evaluation Report 2013/14 http://www.newport.gov.uk/stellent/groups/public/documents/report/cont732574.pdf	Cabinet 9 th February 2015 LCL Scrutiny 18 th February 2015	A CSSIW evaluation of the Annual Report of the Director of Social Services. CSSIW highlight areas for development and improvement, and five areas for follow up during the next year.
CFS	HMI Probation Inspection Full Joint Inspection of Youth Offending Work in Newport	Local Service Board 3 rd March 2015	The report contains 12 recommendations and a plan is in place to implement the changes necessary.
CFS	WAO review of Safeguarding of Children https://democracy.newport.gov.uk/documents/s917/5%20WAO%20Inspection%20Safeguarding%20Final.pdf	LCL Scrutiny 15 th April 2015	The review includes six proposals for Improvement the will be monitored on a quarterly basis alongside the other open proposals for improvement that the authority has received.
CFS	CSSIW National Inspection Safeguarding and Care Planning of looked after children and care leavers, who exhibit vulnerable or risky behaviours https://democracy.newport.gov.uk/documents/s919/7%20CSSIW%20Inspection%20Final.pdf	LCL Scrutiny 15 th April 2015	Findings from the individual local authority inspections will inform a CSSIW national overview report to be published later this year.
CFS	CSSIW Inspection report Newport City Council Fostering Service https://democracy.newport.gov.uk/documents/s2592/5%20Fostering%20Cover.pdf	LCL Scrutiny 16 th September 2015	Following the inspection both recommendations have been fulfilled.
Adults	CSSIW Inspection of Adult Social Services https://msmodgovdb01.corporate.newport/documents/s2082/CSSIW%20Inspection%20Report%20-%20Adult%20Social%20Services.pdf	Spring 2015	The inspection outlined 9 Recommendations. An action plan has been developed to address these.

Other Service Areas and Corporate Reports (WAO Regulatory Reports)

Service Area	Report / Review and date	Reported to	Comments / follow up
ALL	WAO Improvement Assessment Letter 2 December 2012 http://www.newport.gov.uk/stellent/groups/public/documents/report/cont705797.pdf (Cover) http://www.newport.gov.uk/stellent/groups/public/documents/report/cont705798.pdf (Report)	Cabinet 14 th January 2013	A further seven proposals for improvement are made in this report. All proposals are included in the quarterly monitoring to Cabinet
RRS	Asset Management August 2012 http://www.newport.gov.uk/stellent/groups/public/documents/report/cont706586.pdf	SRS Scrutiny 21 st January 2013	Action plan included in report of January 2013 and proposals are being monitored through the quarterly report to Cabinet.
RRS	WAO regeneration http://www.newport.gov.uk/stellent/groups/public/documents/report/cont706588.pdf	SRS Scrutiny 21 st January 2013	Action plan included in report of January 2013 and proposals are being monitored through the quarterly report to Cabinet.
ALL	Corporate Assessment September 2013 http://www.newport.gov.uk/stellent/groups/public/documents/report/cont717470.pdf (Cover) http://www.newport.gov.uk/stellent/groups/public/documents/report/cont716631.pdf (Report)	Cabinet 21 st October 2013	The report contains 7 proposals for Improvement that are updated in the quarterly monitoring report to Cabinet (November 2013). The report also contains 6 Recommendations. The statement of response can be found on the link below and the Recommendations will be monitored through the next quarterly monitoring report (March 2014) http://www.newport.gov.uk/stellent/groups/public/documents/article/cont717942.pdf
P&T	Review of Transformation Programme http://www.newport.gov.uk/stellent/groups/public/documents/report/cont718071.pdf	Joint Scrutiny Meeting 11th November 2013	WAO Report contains 4 proposals for Improvement and included in the report to scrutiny is an action plan to address these. Monitoring will be undertaken through the quarterly Cabinet report and an update on the action plan will be presented to Scrutiny in November 2014
ALL / L&S	Good Scrutiny? Good Question! Wales Audit Office Scrutiny Improvement Study, Newport City Council Self Evaluation http://www.newport.gov.uk/stellent/groups/public/documents/report/cont718067.pdf	Joint Scrutiny Meeting 11th November 2013	Strengths and weaknesses are discussed in the report and an action plan is also provided
P&T	Review of Neighbourhood Working http://www.newport.gov.uk/stellent/groups/public/documents/report/cont719051.pdf	SRS Scrutiny, 9 th December 2013	The report contains 3 proposals for Improvement and an action plan for addressing these. Quarterly monitoring will be undertaken as part of the reports to

Service Area	Report / Review and date	Reported to	Comments / follow up
			Cabinet
ALL	WAO Improvement Assessment Letter 2 http://www.newport.gov.uk/stellent/groups/public/documents/report/cont720830.pdf	Cabinet 10 th February 2014	Two proposals for improvement will be monitored by the quarterly report to Cabinet
ALL	WAO Certificate of Compliance: Audit of Improvement Plan 14/15 http://www.newport.gov.uk/stellent/groups/public/documents/report/cont729426.pdf	Cabinet 10 th November 2014	A certificate was issued to confirm that the authority has complied with the requirements of the Local Government Measure 2009 with regards to Improvement Planning 14/15
P&T	WAO HR Review http://www.newport.gov.uk/stellent/groups/public/documents/report/cont730050.pdf	CPD Scrutiny 19 th November 2014	An update on the progress made towards the recommendation made in the Corporate Assessment. There are no new actions arising from the report
P&T	WAO Whistleblowing http://www.newport.gov.uk/stellent/groups/public/documents/report/cont730049.pdf	CPD Scrutiny 19 th November 2014	The WAO contains 6 proposals for improvement and an action plan setting out how improvements will be delivered is also included in the report. The proposals will be updated through the next quarterly monitoring report (March 2015)
ALL	WAO Certificate of Compliance: Annual Review of Performance 13/14	Cabinet 8 th December 2014	A certificate was issued to confirm that the authority has complied with the requirements of the Local Government Measure 2009 with regards to its Assessment of Performance 13/14
CIS	WAO Information Governance https://democracy.newport.gov.uk/documents/s1823/4.4.%20Newport_CC_IT_Follow_Up.pdf	Cabinet 6 th July 2015	The Council has made progress in addressing the recommendations on ICT
ALL	WAO Corporate Assessment Review https://democracy.newport.gov.uk/documents/s1820/4.1.%20Corporate%20Assessment%20Cabinet%20report%2025JUN15.pdf	Cabinet 6 th July 2015	A follow up of the original Corporate Assessment undertaken in 2013. The Corporate Assessment Review contains seven recommendations. Since the last assessment one recommendation has been closed, four have been updated, one has not been changed and there are two new recommendations. These will be monitored via quarterly reporting to Cabinet. Included with this report is a more detailed Action Plan (Cabinet, November 2015) which outlines progress made and planned towards the Recommendations.
ALL	WAO Data Quality Review https://democracy.newport.gov.uk/documents/s1822/4.	Cabinet 6 th July 2015	An assessment of the accuracy of the performance data produced by the authority. Three proposals for

Service Area	Report / Review and date	Reported to	Comments / follow up
	3.%20Newport CC Data Quality Review.pdf		improvement received.
ALL	Certificate of compliance for improvement plan https://msmodgovdb01.corporate.newport/documents/s1527/06%20certificate%20of%20compliance%2019MAY15.pdf	Cabinet 8 th June 2015	The Auditor General had issued the Council with a Certificate of Compliance following an audit of the Improvement Plan 2015-16
ALL	Annual Improvement Report https://democracy.newport.gov.uk/documents/s2791/04%20AIR%20Cover%20report%20revised%20V2%20Sept30.pdf	Cabinet 19 th October 2015	An assessment as to whether the authority will meet statutory continuous improvement duties.
ALL	WAO: Certificate of Compliance. Annual Review of Performance 14/15	Cabinet December 2015	A certificate was issued to confirm that the authority has complied with the requirements of the Local Government Measure 2009 with regards to its Assessment of Performance 14/15
FIN	UPCOMING: WAO Financial Resilience	Cabinet	Expected December 2015
STS	UPCOMING: Waste Review	Cabinet	Scoping work is underway. Outcomes expected by Spring 2016

Appendix Two

Update on Wales Audit Office Proposals for Improvement and Recommendations

(Taken from September 2015 Cabinet report)

Regeneration

Ref	Proposal	Progress update to the end of June 2015	Actions planned next quarter	Expected close down date	Responsible Officer
29	Ensure that its Economic Development Strategy and Master Plan clearly relate to the relevant objectives in the Community Strategy and Improvement Objectives and to each other, to help the Council assess their contribution to its improvement programme and to achieving the Council's strategic priorities.	Preparatory work to put in place a revised economic development / regeneration framework for the city. When implemented this will: - Ensure vitality and viability of the city centre is safeguarded - Increase employment - Fewer empty shops and vacant/derelict buildings	Work is now underway on a new Economic Growth Strategy encompassing a new regeneration framework. This will link to the objectives of the Community Strategy and Improvement programme. A high level delivery plan will be produced as part of the new Regeneration Strategy outlining outcomes, targets & milestones. Scrutiny Committee – July Full Council – September / October	By close of 2015/16	Head of Regeneration and Regulatory Services
30	Prioritise its actions and, against those actions, consistently include more details regarding outcomes, targets, deadlines, resources, milestones, risk factors and mitigating actions, which can be used to monitor progress, measure success and establish improvement.	- Provide growth within local economy - Increase footfall in city centre and increase level of tourism and use of city as a sporting venue Regeneration Targets have been set through the Vibrant and Viable Places program			
31	Strengthen the setting of outcomes and targets for regeneration schemes and projects, and ensure sufficient performance information is available to maintain monitoring and evaluation.				
32	Include more details on time, budget and resources in regeneration documents such as project initiation documents to enable assessment of value and cost effectiveness.				

Proposals for Improvement from the Corporate Assessment 2013 and Corporate Assessment Review April 2015 (includes those from Data Quality, Transformation and ICT Reviews)

Ref	Proposal	Progress update to the end of June 2015	Actions planned next quarter	Expected close down date	Responsible Officer
40	<p>The Council should:</p> <ul style="list-style-type: none"> • develop and implement an appropriate engagement and communication strategy that both communicates the new mission and organisational framework, and also supports cultural changes within the organisation; • ensure that it has in place the people and resources capable of implementing the organisational framework and delivering subsequent service changes; and • engage the Fairness Commission when developing improvement priorities as well as budget proposals. 	<p>The council continues to operate an effective mix of engagement and communication techniques in order to inform both staff and wider stakeholders.</p> <p>Internally this includes daily messaging through the staff intranet. This carries multiple messages ranging from the chief executive's message, updates on key council-wide projects and department specific projects as well as a daily news summary.</p> <p>The design of the intranet has been refreshed in response to staff feedback on their preferences and user experience to date.</p> <p>A regular ebulletin is also sent to staff which includes a mix of corporate messages, staff updates and wider city news.</p> <p>Newport Matters, continues to be a key external communication tool, and was noted as a key information channel for residents finding out about the council's budget challenges and potential service changes.</p> <p>Social media channels increase in popularity, allowing the council to inform many residents instantly of key council information.</p>	<p>The council will maintain its increased momentum of staff communications, and will work closely with all service areas to make sure key initiatives and changes are communicated in a timely manner to those both directly affected and a wider council audience when appropriate.</p> <p>The September edition of Newport Matters will feature an open letter to readers from the Chair of the Fairness Commission.</p> <p>September will also see the council hold its annual staff conference. The content of this has been developed in consultation with the employee panel, and will include three separate breakout sessions allowing staff to meet their knowledge priorities.</p>	Ongoing	Head of People and Business Change / Head of Finance

Ref	Proposal	Progress update to the end of June 2015	Actions planned next quarter	Expected close down date	Responsible Officer
		<p>Core council business, such as cabinet meetings, are always supported with external press releases that are distributed through a variety of news channels.</p> <p>Meetings of full council can also be watched online via a live streaming service accessible from the council's website.</p>			
42	<p>Develop a clearer understanding of the collaborative projects taking place across the Council and an agreed and widely communicated approach to the management of collaboration. The approach should help the Council to ensure that collaborations are providing value for money outcomes for Newport's citizens.</p>	<p>Details of collaborations and partnerships are included in the service planning and review process, and through the annual governance statement. A clearer understanding of the councils collaborative activity is now available</p>	<p>Service plans and reviews contain collaborative information and will be considered by Scrutiny in Autumn</p>		

Ref	Proposal	Progress update to the end of June 2015	Actions planned next quarter	Expected close down date	Responsible Officer
45	<p>Strengthen the LSB's performance management framework to clarify:</p> <ul style="list-style-type: none"> • How all the information from partners is collated and managed and who is responsible for this; • When the Single Integrated Plan will be reviewed and considered for approval; and • The mechanisms for dealing with underperformance 	<p>The mechanism for dealing with underperformance is firstly the SIP Board within their responsibilities to manage the delivery of the SIP and if this fails it is escalated to the LSB.</p> <p>One Newport Local Service Board produced the first Annual Report detailing work undertaken during 2013/14 and this was presented to Scrutiny in June 2014.</p> <p>The Performance Management Framework was reviewed and revised after year 1 in April 2014. LSB meeting schedule were also changed so that there is better alignment for performance monitoring arrangements.</p> <p>Three communication and engagement events took place in March 2015 to assess progress of the SIP and agree SIP priorities for the coming year.</p> <p>The Performance Management Framework has been reviewed and updated for 2015-16. The main changes to the framework are:</p> <ul style="list-style-type: none"> • Updated clearer roles and responsibilities; • The removal of the Performance Group from the structure to reduce duplication; • An increase in the frequency of performance reporting to quarterly and a simplification of the SIP Board performance process to focus on the core theme dashboards. This will enable the SIP Board to address underperformance, reduce risk 	<p>The first quarter performance will be reported to the SIP Board on 26th August 2015.</p>	<p>This will be on going as part of a culture of continuous improvement.</p>	<p>Head of People and Business Change</p>

Ref	Proposal	Progress update to the end of June 2015	Actions planned next quarter	Expected close down date	Responsible Officer
		<p>and remove blockages;</p> <ul style="list-style-type: none"> The introduction of a process to critically analyse the core themes to ensure that the overarching themes of Tackling Poverty and Vulnerable Groups are focused on. A streamlining of the Priority Delivery Plan for use by the Working Groups and Theme Boards; <p>The Annual Report for 2015/16 has been presented to the LSB on 19th May 2015.</p>			
46	No further action required.				
49	<p>New focus on service improvement and value for money P3 Instil a new focus on service improvement and value for money by:</p> <ul style="list-style-type: none"> clarifying the extent of improvement the Council wants to make through the programme and supporting this with appropriate measures and targets to monitor progress, particularly focusing on service quality, performance, customer experience and the difference the Council wants 	<p>Performance team now merged into the Council's Business Improvement function.</p> <p>Alignment of the Change Programme, Budget and Performance reporting to relevant boards,</p> <p>Improvement measure and target developed for the Change programme and incorporated into the Council's performance management framework and reporting mechanisms.</p> <p>Change Programme reporting</p>	<p>Develop appropriate improvement measures and targets for individual initiatives and monitor using existing governance processes and mechanisms.</p> <p>Identify appropriate Benchmark comparators and incorporate within the Change Programme reporting process.</p>	Ongoing	Head of People and Business Change

Ref	Proposal	Progress update to the end of June 2015	Actions planned next quarter	Expected close down date	Responsible Officer
	<p>to make to the lives of local citizens;</p> <ul style="list-style-type: none"> • jointly reporting savings and performance information to help evaluate the impact of the programme on service performance and assess whether value for money is improving; • continuously challenging performance through benchmarking with other councils and service suppliers and integrating this with programme monitoring and reporting; • developing more consistent mechanisms to obtain feedback from users and using this to take corrective action and inform future changes to service delivery; and • continuing to develop a performance culture in which service managers are accountable for service performance and efficiency. 	<p>dashboard incorporating performance, savings and budgetary Information reported monthly to the Change Programme Board and the Cabinet Member.</p> <p>High level portfolio and all council dashboards bring together finance, performance and change information along with people related information and risk management</p> <p>Social media “Yammer” being utilised internally to gain feedback from users across the Council.</p> <p>Development of performance culture – Embed review of performance into the service area management meetings-. Social Services, streetscene, Regeneration and Regulatory Services, CLL and Education..</p> <p>Through project governance processes service users are consulted on proposed changes to service delivery and feedback is used to inform the direction of future activity.</p> <p>Increased alignment of the Change programme with the Councils performance framework.</p> <p>Staff involved in budget consultation process and underlying change programme proposals</p> <p>Heads of Service and Service Manager are the key for the development and delivery of the</p>			

Ref	Proposal	Progress update to the end of June 2015	Actions planned next quarter	Expected close down date	Responsible Officer
		<p>efficiency initiatives which underpin the forward MTRP.</p> <p>Heads of Service and Service Managers are responsible for the development of Service planning, monitoring and target setting.</p>			
50	<p>Learning and evaluation</p> <p>P4 Strengthen the arrangements to capture and share learning by:</p> <ul style="list-style-type: none"> more consistent evaluation of reviews at key stages and on completion; strengthening mechanisms to capture, share and apply learning on a corporate basis; and establishing mechanisms to systematically obtain post-implementation feedback from staff and managers, for example to assess the impact on staff capacity, identify training and IT needs and learn from their experience. 	<p>Gateway review process and post implementation reviews defined as part of the Newport Programme and Project Management methodology.</p> <p>Lessons Learned log completed and circulated to key stakeholders for the Budget setting process and development of the Change programme for the 14/15 financial period</p> <p>Lessons Learned log completed for the Norse Property Joint Venture, Street cleansing and Refuse.</p> <p>Lessons learned report completed for the 2015/16 budget setting process and disseminated among Senior management.</p> <p>Lessons learned report completed for the initial stages of the New Ways of Working Change programme.</p>	<p>Roll out of the Gateway Review process and post implementation review process across all initiatives within the Change Programme.</p> <p>Ensure adherence to the gateway review process and post implementation review process by embedding within the governance process for the Change programme.</p> <p>Review options for disseminating and apply learning on a corporate basis</p>	Ongoing	Head of People and Business Change
54 (old DQR)	No further action required				
58 (NEW)	<p>Test the information technology business continuity plan to ensure it operates as anticipated. In particular the Council should test a scenario where both server rooms at the Civic Centre are not available to determine how long it will take to set up an offsite server room and what</p>	<p>Using the Council's Business Continuity Priority Matrix as a foundation, the application matrix has been reviewed to ensure that all current systems and infrastructure affected by a server room failure are identified.</p>	<p>Complete discussions with SRS regarding greater resilience.</p> <p>Final developments of the plan for testing, with final approval of the plan by October 15.</p> <p>Test planned for Q3 2015.</p>	Jan 16	Head of Customer Services and Digital innovation

Ref	Proposal	Progress update to the end of June 2015	Actions planned next quarter	Expected close down date	Responsible Officer
	effect this has on its timetable for restoring its critical systems.	<p>This will provide the foundation for the testing.</p> <p>Discussions have commenced with the Shared Resource Service based in Blaenavon to determine if an arrangement with the SRS could provide greater resilience for BC and DR.</p>			
59 (NEW)	The Council must reallocate the role of the chair for the Information Governance Group to remove the current conflict of interest that the Head of the ICT Division has by chairing the group.	The Council has reallocated the role of Chair of the Information Governance Group and has therefore removed the conflict of interest.		No further action required	Head of Customer Services and Digital innovation
60 (NEW)	<p>Strengthen the Local Service Board's Communications Plan and One Newport Engagement and Participation Strategy by introducing a delivery plan that includes:</p> <ul style="list-style-type: none"> an explicit statement on intended outcomes and impact; a timeframe for delivery with an assessment of progress; and robust performance measures. 	<p>A revised and strengthened Communications Plan has been developed for consideration by the LSB.</p> <p>The Consultation and Engagement Group has been tasked with developing a delivery plan for the Engagement and Participation Strategy.</p>	<p>The updated Communications Plan will be discussed at the SIP Board in August 2015 and then signed off by the LSB in September 2015</p> <p>Engagement and Participation Delivery Plan will be considered by the SIP Board in September 2015</p>	March 2016	Head of People and Business Change

Ref	Proposal	Progress update to the end of June 2015	Actions planned next quarter	Expected close down date	Responsible Officer
61 (NEW)	<p>The Council must ensure that it has robust data collection arrangements for its own self-defined performance indicators that include ensuring that:</p> <ul style="list-style-type: none"> • (P1.1) the Council's corporate arrangements for performance management are being rigorously implemented by service departments; • (P1.2) the Council's own internal information systems (VIEWS) reconcile with the final validated data; and • (P1.3) a complete audit trail of the Council's own internal processes for validating performance indicator data is retained. 	<p>The majority of local definitions are in place and it is anticipated that those outstanding should be complete by the start of Q2. A list of compilers and reviewers is currently being compiled and will again be published to the intranet.</p> <p>The council will continue to monitor performance management arrangements to ensure they are rigorously implemented; An audit of Views users has been started, this will help to target those who may need training or a refresher as to the PM cycle and data reporting processes.</p> <p>Ensure that data owners understand, take ownership and maintain audit trails of their performance data</p> <p>(P1.1 – general – see above)</p> <p>(P1.2) Views data reconciles with final validated data</p> <p>(P1.3) There is a complete audit trail of all data undertaken; and documentary evidence of data reconciliation is available. (i.e. CCAS/L/014)</p>	<p>Self-assessment documentation is being revised and will be rolled out to the OPN (Operational Performance Network) later this year.</p> <p>Ensure local definitions are completed and published</p> <p>Lists of compilers and reviewers will again be published to the intranet.</p> <p>Finalise audit of Views users</p> <p>Review need for training for new data inputters/reviewers/compilers</p> <p>Autumn meeting of the Operational Performance Network (OPN) to discuss data quality issues, data monitoring and keeping audit trails.</p> <p>We will continue to strive to eliminate inconsistencies between data held in service systems and Views and that correct protocols for amending figures in Views are applied.</p>	March 2016	Head of People and Business Change

Recommendation 1

The Council should ensure that members are provided with robust information at the earliest opportunity to enable them to inform, take and challenge choices and decisions effectively, and ensure that they are recorded and reported transparently. This includes the provision of:

- Options appraisals.
- The implications of the options, recommendations and decisions.
- Fully costed business cases prior to initiating major programmes to support change. The financial impact of any significant proposed service changes should be reflected in medium-term financial plans directly where the change is certain to proceed or as a sensitivity if the change is not certain.

Progress to date:

- Responding to this recommendation is not the responsibility of one particular service area, it has implications for various people across the organisation.
- All Heads of Service are seen to have a role in providing members with robust information and in response to the Corporate Assessment this is now being addressed through the business planning process
- The Scrutiny Team are seen to have a role in raising awareness among officers of the procedures that are in place for reporting to members and challenging whether they are being adhered to (options, implications, recommendations and decisions).
- The Business Improvement Team are seen to be responsible for ensuring that fully costed business cases are developed
- The Report Template is to be amended to include options, appraisals and implications by the end of 2014 to coincide with the introduction of a new Document management process. The challenge will be ensuring compliance.
- Discussions have taken place and a lessons learned log is in place to improve the approach for 2016/17 and beyond.

Future actions:

- Future compliance checking is to be carried out.

Recommendation 2

The Council should address with more urgency the weaknesses in its governance arrangements that underpin its decision making to support improvement. This would include:

- R2.1 strengthening committee work programming arrangements to ensure they are timely, meaningful, informative, transparent, balanced, monitored, and joined up;
- R2.2 reviewing and updating the Council's constitution ensuring that roles, responsibilities and accountabilities are clear, and that all members understand and apply their respective roles in relation to each other without compromising independence;
- R2.3 empowering members to be more proactive and accountable for their roles and responsibilities;
- R2.4 strengthening decision-making arrangements to ensure transparency and appropriate safeguards are in place;
- R2.5 strengthening scrutiny arrangements to more effectively inform and challenge policies, options, decisions and actions, and hold Cabinet members, officers, partners and others to account more robustly to drive increased pace of progress and improvement;

R2.6 strengthening and mandating member and officer development and learning programmes based on competency assessments to improve skills and understanding to enable them to undertake their roles more effectively; and
R2.7 addressing information security and business continuity arrangements.

Progress to date

- Scrutiny Improvement Group (SIG) established; Regular meetings of the SIG and the Executive are now diarised. Meetings of the SIG and joint meetings with the executive are continuing
- A development programme based on skills appraisal is being developed by way of the Democratic Services Committee. Meetings are progressing with members and a final report to the Committee is scheduled for February 2015. The Scrutiny Improvement Group is also looking at a programme of development for scrutiny members; A report was presented to the Democratic Services Committee in February 2015 as planned.
- The Scrutiny Improvement Group (SIG) Action Plan contains some twenty actions which are included in the SIG programme of work. Good progress is being made in implementing these actions and a review of progress was set out in the Scrutiny Annual Report 2014. Further progress is being made on these issues and a self – assessment of progress is planned for the Annual Report 2015 in July
- An important feature of the action plan resulted from the Wales Audit Office’s National Scrutiny Study. The Scrutiny Improvement Group was set up to implement this plan and to drive forward the improvement programme for Scrutiny. The Scrutiny Improvement Group continues its work on a range of issues
- One of our most significant achievements this year has been to secure funding through the Welsh Government’s Scrutiny Development Fund to hold the “Gwent Scrutiny Challenge 2014 The project started with a high profile, very well attended event on 6 June in the Riverfront Theatre, looking at experiences from the Mid-Staffordshire Inquiry and what lessons can be learned by local government about the quality of challenge within our organisations. We are now planning a series of training events within each authority to look at how the lessons can be applied and our skills improved. : Since June we have been working with CfPS on the ‘legacy’ from the event, and a follow up workshop was held with Members in March – again, this was positively received
- The Composite Work Programme (CWP) continues to be used as an on-going programme and informs the work programme of the Council, Cabinet and Scrutiny Committees. This continues.
- A new generic model constitution has been developed by a group of lawyers for use in Local Government. There has been some delay in producing this document but it should be available late in 2014. Democratic Services Committee is taking the lead on this work and will use the model constitution to facilitate an overall review of the constitution as opposed to previous piecemeal approaches; The review and update of the constitution is now unlikely in 2014. The next phase of ensuring understanding and application will take place in 2015; The new model constitution is still awaited but the constitution has been updated as necessary by way of the Democratic Services Committee
- A progress report on the development programme based on skills appraisal that is being followed by a small number of members was produced in July 2014. Based on the findings of this report the Democratic Services Committee agreed to further develop the programme; a final report on the process is to be considered by the DSC in February. : We have a modest budget of £12,000 to cover all members’ development. Much of this budget is used for mandatory training, particularly in terms of planning and licensing committees. By way of the Democratic services committee, we did a review of members to find out what they wanted to see in any programme. The results of the Review highlighted a need for training and development in a range of IT skills, interpersonal skills and Council or Committee related skills and knowledge. The WLGA’s funding and support for member development has been lost so the chances of new training opportunities are limited. However we will now work on meeting identified needs in-house at little or no cost, either offering members places on existing Newport City Council courses, or providing a course specifically for councillors. They will also be directed towards e-learning opportunities.

Where there is a need for a particular external course, the cost of the training will be considered against the resources within the Members Development budget

- A document that clarifies roles and responsibilities and standards for decision making and the relationships between the Executive and Scrutiny has been produced and considered by the joint meeting of the Scrutiny Improvement group and the Executive. This was agreed as guidance by the Scrutiny Improvement group and the Executive.
- Information Governance Group established (Annual Risk Report refers). The group is constituted, has met and the meetings have been minuted and have Terms of Reference: and a report containing proposals and action plan.

Future Actions:

- Regular monthly updates to the committee work programme
- The Constitution will be reviewed by the Democratic Services Committee throughout 2015 – 2016. This will include more clear information on roles and responsibilities
- To make further progress to identify and respond to members development needs

Recommendation 3

Updated since 2013 Corporate Assessment

The Council needs to ensure that its arrangements for strategic financial planning and management continue to develop to meet the significant challenges that are being faced by ensuring that:

- robust savings plans are developed in more detail to meet the projected budget shortfall for 2015-16 and to support the delivery of a meaningful medium term financial plan;
- sufficient challenge is applied to ensure that savings/investment plans are delivered and any budget overspends are highlighted and addressed by early intervention;
- financial plans provide clear links to improvement objectives and service plans; and
- sufficient finance staff (both centrally and within individual departments) with appropriate skills and experience are in post to support the development and delivery of future plans.

Progress to date:

- All saving proposals are subject to a business case process which have robust processes around them to ensure, as far as it is possible, that proposals are robust/achievable
 - Input from Senior Finance Business Partners and Business Improvements Team in their development and initial challenge/review
 - A formal 'Peer' review session is held with all HoS's at around September to ensure all proposals going to Members are robust. Reviews carried out by HoF and Head of Business Change/HR
 - Review by Cabinet and individual Cabinet Member for service areas prior to formal approval

- The Council has a medium Term MTRP which looks forward 4 years to 2019/20 currently. Demographic issues are included in the MTRP as are predictions for WG grant changes. It is reviewed on an on-going basis.
- In year Budget monitoring reviews progress on the delivery of all savings as well as overall forecast for all service and non-service areas. Whilst slippage inevitably occurs, this Council has good record of finding mitigating savings to offset short term problems/delays in delivering savings and had subsequently kept within budget. These are reported to Cabinet in detail as part of revenue budget monitoring reports.
- The Council's 'Corporate Management Team' reviews progress on delivery of savings and specific problem areas.
- The Councils in year budget forecasting and MTRP is informed by operational data on various key cost/income drivers and further development is required in this area though a good base is already in place at this point.
- The Council's MTRP on-going review makes explicit reference to issues such as risk and financial resilience and performance reports confirm that targets are delivered within existing resources. Any issues which would require additional and new resource would be considered alongside other budget pressures
- The finance function is currently recruiting into a small number of junior level vacancies, following the completion of its restructure and Total Reward grading exercise. This follows recruitment of a 'technically strong' Assistant Head of Finance in early Summer 2015. Capacity is improving and there is one further more senior role which is currently vacant and which will be recruited into in late Summer/Autumn.

Planned future action:

- Necessary financial modelling tools (projections) to be developed by end of 2015.

Recommendation 4

Updated since 2013 Corporate Assessment

The Council must continue to develop its people management arrangements, to ensure it has the capacity and capabilities necessary to change and improve. In doing so, it should:

- continue to develop its draft Workforce Plan and associated action plans by, for each action: allocate responsibility to an officer and set a deadline for completion;
- in the absence of a formal approach to 360 degree feedback for all staff, address manager inconsistency in carrying out appraisal and ensure all staff receive a constructive and developmental appraisal to support job performance; and
- put in place a key performance indicator and a challenging target for sickness absence that adheres to the target setting principles agreed by the Council's Senior Leadership Team on 17 March 2015.

Progress to date:

- A Workforce Plan has now been designed and is ready for publication. There are 6 key strands, each of which has an action plan, associated owners and deadlines for implementation.
- The OD strategy has been commissioned and will be published by December 2015 which will feature our plan for improvement in performance management systems, including staff feedback and consistency of appraisal

- Absence targets have been set for 2015/16 at each service level, with challenging targets for those who did not reach their target in 2014/2015. Additional resource has been allocated to manage attendance at work and targets will be closely monitored to ensure the Council can react to any slippage.

Planned future action:

- We will review the pilot area that has been utilising a workforce planning template and then adapt if necessary for use in all other service areas. It is anticipated that this will be completed in Autumn 2015
- A data dashboard containing workforce planning data and comparative data between services (including all wales data where possible) is projected to be in place by December 2015
- We will review the existing workforce as part of the planning template and link the review to service objectives, whilst developing career pathways to help with succession planning strategies. This will be a fluid objective, with the project starting in September 2015 and completing by June 2016.
- Revisions to the performance management process are anticipated to be ready for implementation for the next annual appraisal cycle, April 2016
- A review of the Aspiring Leaders programme will be undertaken and consideration given to expansion and further development opportunities throughout the organisation will be done by June 2016
- We will aspire to promote cross functional team working from April 2016 onwards through effective talent management
- A coaching and mentoring strategy will be designed by June 2016
- We will develop a strategy to address areas of under representation in the workforce by June 2016
- Review of MoA Policy and occupational health (along with associated systems and processes) to improve attendance at work, with a focus on managing long term absence (by March 2016).
- Further development of iTrent to improve access to absence data and roll-out of manager and employee self-service to actively engage managers and employees in absence management (by March 2016)

Recommendation 5 (previously R6)

Updated since 2013 Corporate Assessment

To strengthen the arrangements that enable the Council to, scrutinise, its improvement objectives. In doing so, the Council should:

- Enable members to effectively challenge and scrutinise service performance:
 - clarify the respective roles of the performance board and scrutiny;
 - ensure that meeting agendas allow for sufficient time for members to focus on (broad) underperformance in both; and
 - provide training on effective challenge and scrutiny for members.
- Improve target setting to better reflect the service/performance standards the Council wants to achieve.

Progress to date:

- **The respective roles of Performance Board and scrutiny have been clarified.** Members of Cabinet and Scrutiny met to discuss their respective roles in March 2014 and the roles of Performance Board and scrutiny was clarified at the Performance Board meeting in March 2014.
- **Both Performance Board and scrutiny receive regular, high quality, priority-focused performance information.** Performance Board meet quarterly and receive regular concisely reported monitoring information on each Improvement Objective contained within the Improvement Plan and also receive information on overall Council performance. Half yearly and end of year service plan reviews are considered by Scrutiny Committees.
- **Meeting agendas allow for sufficient time for members to focus on underperformance.** Meeting agendas for Performance Board are now prioritised to assess both 'looking forward' and 'looking back'. The latter is a mechanism to highlight underperformance and ensure that sufficient time is available to consider and address the underlying causes. The setting of appropriate agendas is complemented by timely briefing meetings with the Leader.
- **The Council is improving the training it provides to members on effective challenge and scrutiny.** The Democratic Services Committee has considered a schedule of member development activities and recognised that much of the training events were knowledge based rather than concentrating on the skills members need to fulfil their various roles. This is now being addressed and the Organisational Development Team is assessing the benefits of developing a programme based on needs identified by members. An initial report is to be considered by the Committee in July. The Scrutiny Improvement Group will examine the needs of members of scrutiny committees within its programme of work.
- **Target setting reflects the standards the Council wants to achieve and resources are allocated to deliver desired standards through the Medium Term Financial Plan.** There is clear alignment between target setting within business plans and the Medium Term Financial Plan. The targets and the allocation of resources reflect the Council's ambition and priorities in relation to decision to both invest to save and disinvest. In addition, all NSI, PAM, Improvement and Service plan targets have been scrutinised and agreed by SLT where a three principle approach has been applied; measure targets must be i. above the Welsh Average, ii. Improving on last year, and iii. Be set above quartile 4 levels.

Recommendation 6 - New

We recommend that the Council improves the collective leadership and delivery of its response to the Auditor General's 2013 Corporate Assessment by agreeing clear accountability and monitoring arrangements for the implementation of recommendations and proposals for improvement.

Progress to date: July Cabinet agreed accountability and monitoring arrangements for PFIs and Recommendations (see July cabinet papers).

Recommendation 7 - New

The Council must ensure that all National Strategic Indicator data is collected and published in accordance with the Welsh Government definitions; particularly NSI. EDU/015a - Final Special Educational Needs statements issued in 26 weeks.

Current position: The Education service has revised its approach to how data is collected in regard to the EDU/015a indicator and this has been carried out in accordance with the prescribed national definition. The Council will continue to ensure that all NSI data is collected and published as required by Welsh Government.

Report

Cabinet

Part 1

Date: 9th November 2015

Item No:

Subject Updated Action Plans in Response to Corporate Assessment Recommendations

Purpose To present Cabinet with jointly agreed updated action plans in response to the Recommendations made by the Wales Audit Office following the Corporate Assessment Review 2015

Author Chief Executive

Ward All

Summary In May this year, the Council received the Corporate Assessment Review which outlined the Wales Audit Office's findings of progress following the full Corporate Assessment of the Council in 2013.

The Corporate Assessment Review 2015 contains seven recommendations. Since the original assessment in 2013, one recommendation has been closed, four have been updated, one has not been changed and there are two new recommendations.

In October, the Council held a number of joint workshop sessions with members and senior officers to agree detailed action and monitoring plans to address the requirements of each recommendation with the intention of closing them.

Proposal Cabinet are requested to:

- Endorse the action plans and monitoring framework
- To continue to receive quarterly monitoring reports on the progress made towards recommendations and proposals for improvement

Action by Chief Executive, Strategic Directors and Head of Service

Timetable Immediate

This report was prepared after consultation with:

- Chair of Cabinet
- Cabinet
- Chief Executive
- Strategic Directors
- Heads of Service

Signed

Background

During November and December 2014 the Wales Audit Office reviewed the progress that the Council had made in implementing the Recommendations and Proposals for Improvement from the full Corporate Assessment in 2013.

The overall conclusions from the Corporate Assessment Review are:

“The Council has made improvements in some aspects of its arrangements, however in other areas the scale and pace of change required has not been achieved, and longstanding governance weaknesses remain”

The Corporate Assessment Review contains seven recommendations. Since the original assessment one recommendation has been closed, four have been updated, one has not been changed and there are two new recommendations.

At its July meeting, Cabinet were presented with broad action plans to address the detail of the recommendations. In order to progress actions towards the recommendations, a series of joint workshops for elected members and officers were held in October. These meetings resulted in more detailed and robust action plans and monitoring arrangements being established; with the intention of efficiently concluding the recommendations.

The action plans are included in appendix one below.

Financial Summary

All actions will be delivered within existing budgets

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?
Competing priorities delay the implementation of the action plans	M	L	Regular monitoring of action plan progression is essential to ensure the council maintains pace with delivery of the action plans	SLT Heads of service Cabinet Members
Regular monitoring of the action plan does not take place	M	L	Regular monitoring of action plan progression is essential in the Council being able to demonstrate that it has addressed the point in the statutory recommendations so that they may be considered closed in due course.	SLT Heads of service Cabinet Members

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

Corporate Assessment Review and Statement of Response

Options Available

- a) To accept the updated action plans and monitoring framework
- b) To disregard the action plans and monitoring framework

Preferred Option and Why

The preferred option is a). The updated action plans and monitoring framework establish a more robust approach towards the recommendations received as part of the Corporate Assessment Review and will enable the Council to more quickly conclude the recommendations.

Comments of Chief Financial Officer

There are no direct financial implications arising from this report.

Comments of Monitoring Officer

There are no direct legal implications arising from this report.

Staffing Implications: Comments of Head of People and Business Change

There are no direct staffing implications arising from this report. Work programmes associated with the action plan that have future staffing implications will need to be subject to a separate report to the Cabinet Member for People and Business Change.

Comments of Cabinet Member

The Chair of Cabinet has been consulted and has agreed that this report goes forward to Cabinet for consideration.

Background Papers

Cabinet Report "Corporate Assessment" (21/10/13)

Cabinet Report "Corporate Assessment Review 2015" (06/07/15)

Appendix One: Action plans

Dated: November 2015

Appendix 1

Action plan to address WAO Recommendations

Recommendation 1

The Council should ensure that members are routinely and transparently considering robust information at the earliest opportunity to enable them to inform, take and challenge choices and decisions effectively, and ensure that decisions are recorded and reported transparently.

Responsible Officers: Head of Finance, Head of People and Business Change

Responsible Cabinet Member: Leader of the Council, Cabinet Member for People and Business Change

Additional actions as identified on 8th October by Cabinet and SLT:

- Heads of Service will be reminded to use the briefing template previously issued to ensure there is consistency and the appropriate information (such as sickness data) is routinely provided
- The decision making tracker will record and ensure the right trigger mechanisms are in place for properly governed decision making

CA Recommendation	Actions	Timescales	Evidence
<p>the consideration of Options appraisals</p> <p>The implications of the options, recommendations and decisions</p>	<p>To set up a process to ensure that the template for all reports is amended to ensure that all reports to the Council meeting; the Cabinet and Cabinet Members that are seeking a decision, include reference to all options considered ; options appraisals and implications of options, as well as the preferred option.</p> <p>The SLT will view all Decision making reports and will conclude on whether the options appraisals are of sufficient quality and the case for the preferred option is well made.</p> <p>This will take place alongside improvements on the identification of risk in any decision- making reports. The section on risk in the report will consider the risk of taking the proposed decision as well as any risks that could impact on the proposals</p> <p>The SLT will view all Decision making reports and will conclude on whether the risk appraisals are of sufficient quality.</p>	<p>March 2016</p>	<p>Written process</p> <p>Minutes of a meeting where process is agreed</p> <p>Reports considering options for decisions</p>
<p>Fully costed business cases prior to initiating major programmes to support change. The financial impact of any significant proposed service changes should be reflected in medium-term financial plans directly where the change is certain</p>	<p>The Business Case template used in compiling the Medium Term Financial Plan has been revised and now includes options appraisals and all business cases are fully costed, including the identification of implementation costs, prior to the implementation of projects</p>	<p>February 2016 (timescales in line with the budget setting process)</p>	<p>Revised business case template</p>

CA Recommendation	Actions	Timescales	Evidence
to proceed or as a sensitivity if the change is not certain			

Recommendation 2

The Council should address with more urgency the weaknesses in its governance arrangements that underpin its decision making to support improvement.

Responsible Officers: Head of Law & Regulation

Responsible Cabinet Member: Leader of the Council

Additional actions as identified on 8th October by Cabinet and SLT:

- The attendance rota for Cabinet Member attendance will be set out well in advance to allow for availability to be organised and an appropriate briefing to be provided by the Head of Service
- All Heads of Service and lead officers will be reminded of the need to attend scrutiny and help with ensuring that the right things are on the agenda. Thereby ensuring scrutiny are focussing on the big strategic plans and financial challenge options
- A review of the constitution is already underway and will be overseen by the Democratic Services Committee. This will set out roles and responsibilities and give clarity around these matters
- Regular meetings between the Cabinet Members and the senior officer team will continue to be diarised and notes of these meetings taken for future reference

CA Recommendation	Actions	Timescales	Evidence
strengthening committee work programming arrangements to ensure they are timely, meaningful, informative, transparent, balanced, monitored, and joined up	Undertake the annual review of the Committees' work programmes and assist members in ensuring that scrutiny work is focused on key risks and priorities, and can make a positive impact on service improvement and policy development (Scrutiny AR Action 1)	Initial work by end October 2015 March 2016 to introduce composite WP	Work programmes agreed at September scrutiny meetings. Cabinet now agreeing its work programme and changes at every meeting
	Develop the links between Scrutiny and Auditors / Inspectors / Regulators, in particular to support work programming and training (Scrutiny AR Action 4)	Ongoing throughout the year	Meetings held with AIR contacts Training activities set up AIRs notified of committee activity and invited to attend

CA Recommendation	Actions	Timescales	Evidence
	Update Scrutiny Team procedures and processes to ensure a consistent and thorough approach (Scrutiny AR Action 10)	Ongoing throughout the year	as appropriate Updated procedures and processes
reviewing and updating the Council's constitution ensuring that roles, responsibilities and accountabilities are clear, and that all members understand and apply their respective roles in relation to each other without compromising independence	Clarify Scrutiny's role within the overall Governance arrangements of the Council, including the links between the scrutiny function and Performance Board. (Scrutiny AR Action 7)	By end April 2016	The Democratic Services Committee has considered two reports to date and this work is ongoing via that committee
empowering members to be more proactive and accountable for their roles and responsibilities	Complete the Gwent Scrutiny Challenge project and use the resulting toolkit to critically evaluate the performance of the Overview and Scrutiny function in Newport (Scrutiny AR Action 3)	Ongoing throughout the year	Agreement of toolkit; Training and evaluation activities undertaken as a result
strengthening decision-making arrangements to ensure transparency and appropriate safeguards are in place			
strengthening scrutiny arrangements to more effectively inform and challenge policies, options, decisions and actions, and hold Cabinet members, officers, partners and others to account more robustly to drive an increased pace of progress and improvement	<p>Work with the Scrutiny Improvement Group to consider new ways of working and examine the range of methods available in carrying out scrutiny work, including the use of technology to support alternative ways of working and information sharing between Members (Scrutiny AR Action 2)</p> <p>Develop a public engagement strategy for scrutiny, to improve public access to the scrutiny process, ensuring that processes are consistent and duplication is avoided with other processes within the Council (Scrutiny AR Action 5)</p> <p>Continue regular meetings between Scrutiny and the Executive to develop protocols for interaction between Scrutiny and the Executive and to discuss opportunities to widen the scope for monitoring the</p>	<p>Ongoing throughout the year</p> <p>By end October 2015</p> <p>Ongoing throughout the year</p>	<p>Reports and Minutes of SIG New processes and practices agreed</p> <p>Completed strategy (approved June 15) Agreed action plan and monitoring reports</p> <p>Reports and Minutes of meetings Agreed protocols</p>

CA Recommendation	Actions	Timescales	Evidence
	<p>outcomes of decisions where considered necessary (Scrutiny AR Action 6)</p> <p>Enhance links with colleagues within the Council and beyond and to look at a range of methods to promote and support the scrutiny function (Scrutiny AR Action 9)</p>	Ongoing throughout the year	In the process of arranging training with neighbouring colleagues
strengthening and mandating member and officer development and learning programmes based on competency assessments to improve skills and understanding to enable them to undertake their roles more effectively	To discuss Members requirements for training with the Scrutiny Improvement Group and to complete the review of training and development for Scrutiny Members and Officers, and ensure any gaps in training identified are addressed (Scrutiny AR Action 8)	By end May 2016	SIG reports and minutes Scrutiny seminar and training programme
addressing information security and business continuity arrangements	<p>WAO detailed report on Information Governance received by Scrutiny and Cabinet Member.</p> <p>Information Governance Group continues to meet quarterly. Terms of reference on the Council's intranet. The review had also recommended that the chair of the group was not the SIRO (senior information risk owner) and the chair has now been changed to Strategic Director (Place).</p> <p>The third annual information risk report outlines the Council's plans to address risk issues for the year, and reviews the performance of the previous year. Formal report to Scrutiny and Cabinet Member refers.</p> <p>Next steps</p> <p>Review the role of senior information risk owner (SIRO) following the senior management restructure.</p> <p>Continue with other activities as outlined in the annual information risk report.</p> <p>Business continuity - priority systems determined and agreed by</p>	<p>immediate</p> <p>ongoing</p>	<p>Scrutiny and Cabinet Member reports.</p> <p>Annual information risk report and action plan, service plan.</p> <p>System priority list,</p>

CA Recommendation	Actions	Timescales	Evidence
	<p>strategic leadership team. Planning for test of disaster recovery arrangements in support of business continuity planning underway. The Council is also working with the Shared Resource Service (Blaenavon) to support disaster recovery due to capacity and staff retention issues within IT.</p>		<p>discussions at business continuity group.</p>

Recommendation 3

The Council needs to ensure that its arrangements for strategic financial planning and management continue to develop to meet the significant challenges that are being faced.

Responsible Officer: Head of Finance

Responsible Cabinet Member: Leader of the Council

CA Recommendation	Actions	Timescales	Evidence
robust savings plans are developed in more detail to meet the projected budget shortfall for 2015-16 and to support the delivery of a meaningful medium term financial plan	<ul style="list-style-type: none"> - All saving proposals have appropriate and detailed individual business cases to support them, which includes risks and impacts and cost to deliver - Peer Review sessions on all business Cases and all business cases completed with help/guidance/preliminary challenge from BIP/Finance business partners – September each year. - Further review by Cabinet members individually and with Cabinet colleagues - 4year MTFP in place which identifies key budget pressure items, including demography issues and RSG predictions over the period. - To 2016/17, strategic framework of ‘Prospectus for Change’ guides service plans and associated budget proposals. Currently finalising a new vision document of ‘Newport 2020’ to supersede this. Provides an overview of strategic direction of services over the period. 	In place	Business Cases
	<ul style="list-style-type: none"> - Longer term budget proposals linked to service vision and action plan delivers a balanced medium term MTFP 	In place	Evidence of meetings
sufficient challenge is applied to ensure that	<ul style="list-style-type: none"> - People/Place boards consider delivery of saving proposals and financial position in detail and agree appropriate actions 	In place	Evidence of meetings
		Agree ‘Newport 2020’ with Cabinet – December 2015	MTFP reported to Cabinet
		Balanced MTFP reported to Cabinet Feb each year	Cabinet report

<p>savings/investment plans are delivered and any budget overspends are highlighted and addressed by early intervention</p>	<ul style="list-style-type: none"> - Council Change/Efficiency Board considers overall position on delivery of saving proposals and overall financial position of Council and provides appropriate challenge to understand action being taken. - Delivery of savings reported to SLT/Cabinet and service area action to deal with overspending - Scrutiny reviews of financial position and performance in each Autumn - SLT review of financial/performance 'hotspots' each Autumn 	<p>In place</p> <p>In place</p> <p>Autumn 2015</p> <p>In place – due Autumn 2015</p>	<p>Meeting/Reports</p> <p>Reports</p> <p>Reports</p> <p>Evidence of meeting</p>
<p>financial plans provide clear links to improvement objectives and service plans</p>	<ul style="list-style-type: none"> - MTFP reports to include explicit sections on risk and performance and how they link to budget proposals - Individual 'Improvement Plans' and agreement by Cabinet to provide an analysis of resources required to deliver and confirmation that these are in place - Review Service Plans format to consider current level of financial detail in there. Areas to consider include – (i) savings to be delivered (ii) identifying resources required to deliver on Pl's / Improvement objectives 	<p>In place</p> <p>2016/17 service plans</p>	<p>Cabinet papers on MTFP – including 'scene setting', 'December and Feb Cabinets'</p> <p>Cabinet Report</p> <p>Service plans</p>
<p>sufficient finance staff (both centrally and within individual departments) with appropriate skills and experience are in post to support the development and delivery of future plans</p>	<ul style="list-style-type: none"> - Appointment of experienced Assistant Head of Finance / S151 - Appointment to current gaps in new accountancy structure - Develop new accountancy structure by clarifying roles and responsibilities of new posts and performance standards - Put in place an updated log of staff undertaking professional training and ensure linked to manpower and succession planning as far as the service can. 	<p>In place</p> <p>Dec 2015</p> <p>December 2015</p> <p>In place</p>	<p>Post-holder identified</p> <p>Posts filled</p> <p>Evidence of meetings to do this. Statement of key roles/responsibilities for each level of hierarchy stemming from those meetings</p> <p>Log</p>

Recommendation 4

The Council must continue to develop its people management arrangements, to ensure it has the capacity and capabilities necessary to change and improve.

Responsible Officers: Head of People and Business Change

Responsible Cabinet Member: Cabinet Member for People and Business Change

CA Recommendation	Actions	Timescales	Evidence
Continue to develop its draft Workforce Plan and associated action plans by, for each action: allocate responsibility to an officer and set a deadline for completion	<ul style="list-style-type: none"> • Strategy for delivering workforce plan designed • Actions created and allocated • Cabinet Member and SLT sign off • Workforce plan template agreed by Head of People and Business Change • Monthly meeting of SHRBP and HRBP to assess progress against workforce plan timescales 	<p><i>August 2015</i></p> <p><i>August 2015</i></p> <p><i>August 2015</i></p> <p><i>August 2015</i></p> <p>September 2015 onwards</p>	<p>Brochure produced</p> <p>Actions printed in brochure</p> <p>Minutes from SLT meeting 24.08.15</p> <p>Email confirmation</p> <p>Monthly minutes produced</p>
In the absence of a formal approach to 360 degree feedback for all staff, address manager inconsistency in carrying out appraisal and ensure all staff receive a constructive and developmental appraisal to support job performance	<ul style="list-style-type: none"> • Construct a new OD strategy for the organisation with focus on performance management arrangements • Review the data on appraisal submissions to assess current levels of annual appraisal • Review of the quality of appraisal submissions to assess manager inconsistency • Review and prioritise training to managers on performance management appraisal systems and handling cases of poor performance 	<p>November 2015</p> <p>November 2015</p> <p>December 2015</p> <p>March 2016</p>	<p>Publication of strategy</p> <p>Appraisal data as held by OD</p> <p>Report</p> <p>Training directory lists courses available</p>
put in place a key performance indicator and a challenging target for sickness absence that adheres to the target setting principles agreed by the Council's Senior Leadership Team on 17 March 2015	<ul style="list-style-type: none"> • Provisional targets submitted to Performance Board on 23rd June 2015 • Targets reviewed and amendments made following final outcome of sickness data – applying principles established in the report to Performance Board and uploaded to Views • Annual absence review letters to be issued to all staff to set out new Council targets • Monthly meeting of SHRBP and HRBP to assess progress against targets 	<p><i>June 2015</i></p> <p><i>July 2015</i></p> <p>November 2015</p> <p>September 2015 and onwards</p>	<p>Performance Board report and minutes of meeting of 23 June 2015</p> <p>Final absence data available from iTrent</p> <p>Letters issued</p> <p>Monthly minutes produced</p>

Italics is completed

Recommendation 5

To strengthen the arrangements that enable the Council to, scrutinise, its Improvement Objectives.

Responsible Officers: Head of People and Business Change

Responsible Cabinet Member: Leader of the Council

Additional actions as identified on 8th October by Cabinet and SLT:

- WLGA will be invited to talk to group, council and scrutiny chairs. Further training will be provided
- Consider inviting the Data Unit to present to the team on the council's overall performance

CA Recommendation	Actions	Timescales	Evidence
Enable members to effectively challenge and scrutinise service performance: – clarify the respective roles of the performance board and scrutiny;	The Scrutiny Annual Report was endorsed by full Council on 29 September 2015. A key priority for next year will be to develop the relationship with Cabinet further, and work is currently being undertaken on developing a protocol between the Executive and Scrutiny that will help clarify the respective roles of both parties, including responsibilities for monitoring and accounting for performance. Regular meetings continue to be held between Cabinet and Scrutiny Improvement Group - at the most recent, on 6 October, Members discussed their roles and responsibilities and a finalised protocol / procedure will be agreed and implemented shortly.	By the end of the financial year 2015/16	Minutes of Scrutiny Improvement Group – 6 th October
ensure that meeting agendas allow for sufficient time for members to focus on (broad) underperformance in both;	We have recently reviewed the Committees' work programmes to focus more on key risks and priorities, with a new information reporting procedure to enable us to routinely provide performance and other relevant information to Members. The intention is to improve Members' background knowledge on service issues and provide a mechanism to pick up on any potential issues as they arise. Last year we also revised the service plan process for scrutiny - the half year reviews will take place in November, and will look at exception reports on any variances in performance against the plans	By the end of November 2015	Committee work programmes Scrutiny Agenda's and minutes for the November meetings (half year reviews)
provide training on effective challenge and scrutiny for members	Alongside the new work programmes, we are also putting together a programme of seminars and training events for Members, to develop skills and provide background information to support Members in scrutinising and challenging services more effectively. This currently includes briefings on key policy changes, for example in social services legislation, as well as training from the Fairness Commission on assessing fairness in policy development. We are also providing training on Fairness and Equality Impact Assessments, to improve	By the end of the financial year 2015/16	Training Materials for Members Member training calendar

CA Recommendation	Actions	Timescales	Evidence
	challenge within the budget setting process.		
Improve target setting to better reflect the service/performance standards the Council wants to achieve.	Target setting guidance has been in place since February 2015. The guidance sets out three key principles which heads of service must meet when establishing measure targets for the year ahead. The three principles include targets: exceeding previous year performance, not being in quartile 4 and exceeding Welsh Average. All targets are reviewed by SLT and if they do not meet these criteria, the relevant head of service must provide satisfactory reasoning behind retaining the target.	Completed	SLT minutes and reports Target setting guidance document

Recommendation 6

We recommend that the Council improves the collective leadership by both Members and officers of the delivery of its response to the Auditor General's 2013 Corporate Assessment by agreeing clear accountability and monitoring arrangements for the implementation of recommendations and proposals for improvement.

Additional actions as identified on 8th October by Cabinet and SLT:

- Cabinet Members and Heads of Service would attend scrutiny twice a year. They will jointly present the looking back/looking forward service plan and the 6 monthly review. This will include the full range of performance measures, to include financial performance, national and local performance indicators and priorities outlined in the service plan. Officers will design an appropriate template to capture all of the key data and allow for consistent reporting
- The meeting with the WAO on the 20th October was a joint presentation. It will also include the action plans sitting below the statutory recommendations which was presented by the relevant Cabinet Member/Lead Officer
- Consider opportunities in the future to present as a collective leadership group to staff groups

Recommendation 7

The Council must ensure that all National Strategic Indicator data is collected and published in accordance with the Welsh Government definitions; particularly NSI. EDU/015a - Final Special Educational Needs statements issued in 26 weeks.

Additional actions as identified on 8th October by Cabinet and SLT:

- In June, a comprehensive internal audit was carried out on this measure (EDU/015a)
- There were a number of issues identified and it was determined that NCC was non-compliant with the Welsh Government definition and guidelines
- The data collection and recording processes were revised; data for this measure was recalculated for 2014/15 submission and is now compliant with the WG definition
- An action plan was established to ensure the SEN team further embed the process with regular progress monitoring in place

Monitoring and Accountability

Role	Responsibilities	Monitoring Arrangements
Cabinet	To receive and respond to whole authority reports from the major regulatory bodies (WAO, CSSIW and Estyn) and endorse action plans for consideration and monitoring by Cabinet and/or Scrutiny.	Quarterly monitoring reports on the progress made towards recommendations and proposals for Improvement through the Improvement Plan Update report
Cabinet Members	To receive and respond to whole authority reports To receive and respond to specific review reports and endorse action plans for consideration and monitoring by Scrutiny. To work with officers to ensure delivery of those action plans.	Quarterly update from their head of service on progress made towards recommendations and proposals for Improvement
Scrutiny Committees	To receive all regulatory reports and resulting action plans, and to monitor the progress of the action plans as appropriate. To hold the Executive to account in responding to regulatory reports, ensuring actions plans are robust, and progress is being made in delivering them.	Six Monthly updates on the progress of recommendations and proposals for improvement through the service planning half year and year-end review process
Audit Committee	To receive six monthly overview reports about the position of the regulatory reports received by the authority, including summary findings of reports received. To be advised of upcoming regulatory reports To ensure all regulatory reports are being appropriately dealt with, and the Council's risk management and internal control mechanisms are adequate.	Six monthly updates on progress of recommendations and proposals for improvement through the 'monitoring regulatory reports' report
Chief Executive, Directors, Heads of Service and Senior Managers	To input into the whole authority and specific review reports as appropriate. To work with Cabinet Members to prepare and deliver robust action plans To provide internal peer challenge on the delivery of action plans and ensure these plans are progressed with adequate pace	Monthly updates on progress to be considered at Strategic Leadership Team and/or Corporate Management Team

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Report

Audit Committee

Part 1

26 November 2015

Item No

Subject **Lessons Learned – 2014/15 Accounts Closedown and Financial Statements Preparation**

Purpose This report presents the findings of an initial lessons learned review carried out by finance officers following the 2014/15 accounts closedown. It gives an assessment on the findings of this lessons learned review and the plans in place to implement for 2015/16 and the key risks to the closedown process for 2015/16.

Author Assistant Head of Finance

Ward General

Summary Following the closedown of the 2014/15 accounts, a lessons learned log was required to put into place improvements for the closedown of the accounts process. This lessons learned review should be taken as a matter of course, and with the issues that arose from the audit of the 2014/15 accounts, this review is of high importance to ensure improvements are delivered for 2015/16.

While there was a number of positives that came out of the closedown process in 2014/15 which can be taken forward into future years, there are a number of areas where weaknesses have been identified and improvements can be made. Processes, timetables and communication are essential in delivering these.

Proposal Committee is recommended:

- To note the lessons learned process that has been carried out to date and agree the proposed plan for 2015/16 closedown.
- To note the proposed treatment of companies that we have an interest in, subject to further discussion with Wales Audit Office on smaller bodies.

Action by (i) Head of Finance/Assistant Head of Finance – implement proposals and processes highlighted in the report.

Timetable Immediate

This report was prepared after consultation with:

- Finance Teams
- Wales Audit Office

Background

The completion of the accounts closedown and preparation of the Financial Statements was a challenging one in 2014/15, with a significant number of key members of staff having left the authority during the preceding financial year and therefore a number of new staff members that had not been involved in the process before.

Despite these challenges both the draft accounts and final accounts were prepared and presented within the statutory deadlines. Indeed, there were also a number of positives from the 2014/15 closedown process that can be continued into future years.

A meeting has taken place with Wales Audit Office, where the findings of our review and action plan was discussed. There was also a discussion around Wales Audit Office's own review of the 2014/15 close down and it was agreed that there were a number of areas of improvement that could be made from both parties. These are highlighted in this report.

Outcome – Certification of the Accounts

The opinion from the Independent Auditors report was that the accounts gave a true and fair view and have been properly prepared in accordance with the Code of Practice. There was however an emphasis of matter included in relation to the failure to prepare Group Accounts for the consolidation of Newport Transport Ltd accounts. This is discussed later in lessons learned.

Process for improvement

The process for challenge and improvement for 2015/16 accounts closedown and financial statements has already begun and officers involved in the accounts closedown have all been asked to provide their analysis of:

- What went well?
- What didn't go well?
- What can be improved on?
- Key risks.

These have been completed and collated and the next stage of this process is now to review these findings and timetable the improvements that can be implemented prior to planning the preparation of 2015/16 year end accounts. Some of the key themes that have come from the initial review are as follows:

- Number of year end tasks that can be completed earlier in the closedown process/during the financial year.
- Improved timetable with less emphasis on all items being included, but to have a high level timetable with more targeted deadlines for appropriate officers.
- Early identification of the requirements for working papers by individuals in discussion with External Auditors, with a review of the deliverables document.
- Better work instructions linked to working papers. This will allow both officers who are new to the role, but also auditors, to understand how working papers are derived and what processes are used to get to the position.
- Meetings with External Auditors to agree any implications of changes to the Code and any updates we are making to our processes. This was discussed at lessons learned meeting with Wales Audit Office, and it was agreed that communication was key to avoid issues such as the treatment of Newport Transport at the late stages of the accounts process in 2014/15, and the implications this had.
- Better use of the systems to create linked notes, accruals.
- Early review of Group Accounts requirements and implementation.
- More time built in for quality assurance.

- Create better link with the financial statements and Whole of Government Accounts. Carry out early reconciliations on transactions with other public bodies.

The next stage is to look at each of these in detail and assign the delivery of these improvements with individual officers/teams to ensure delivery.

In addition to the lessons learned above, as agreed at Audit Committee in September, we have undertaken a review of the companies in which we have an interest and our proposed treatment of these. This will be presented separately.

Communication

Communication will be essential throughout this process, and we will need to engage the appropriate officers to take these improvements forward. Liaison with Wales Audit Office during the lessons learned and planning stages is also key to a smooth closedown and audit process. Following the initial lessons learned meeting discussions which need to take place with WAO include:

- Agreement to transactions and proposed methodologies/processes that can be completed earlier in the year (clarification of estimations and judgements used)
- Communication and agreement on upcoming policy changes
- Early review of 2014-15 Group Accounts
- Agreement on level of working papers and timings- review of deliverables document
- Early discussions on earlier closing and working together to succeed

Timetable for improvement

October 2015	Carry out lessons learned review with relevant officers on accounts closedown 2014/15 – Completed
November 2015	Meeting with Wales Audit Office to agree lessons learned and action plan – take to Audit Committee
November 2015	Review of Oracle system to review coding structure and balances on accounts. Update word document and excel tables in preparation for 2015/16.
Early December 2015	First “closing” meeting set up with relevant officers to discuss lessons learned log, assign responsibilities, and discuss closing timetable.
Mid December 2015	Early DRAFT timetable and memo sent out to relevant officers and teams including payroll, accounts payable, revenues etc. Schools to be included in communication and discussions on the timetable.
Early January 2016	FINAL timetable and memo to be agreed with responsible officers and HoF
January 2016	Group Accounts to be prepared based on 14-15 figures – shared with WAO for review. Review deliverables document with WAO.
February 2016	Final timetable and memo sent out to appropriate officers
February/March 2016	Completion of earlier closedown tasks to take pressure off closedown periods
3rd week April 2016	ALL transactions relating to Outturn to have been completed
4th week April 2016	All “technical” transactions to be complete
Continuous	Working Papers to be completed at earliest opportunity rather than waiting for Outturn to be closed off – if not changing complete – checks to be made.
Throughout May	Put financial statements together as per agreed timetable
1st week June	Completed draft SOA ready for QA and review
2nd week June	Approval of SOA by HoF – dates of Audit Committee to be confirmed but likely to be in July.

Financial Summary:

There are no direct financial implications arising from this report.

Risks:

There are a number of key risks to the closedown process that need to be mitigated against. The following table highlights these.

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?
Consolidation of Newport Transport Accounts	H – Accounts could be qualified	M – First year of producing, will require “buy-in” from third party	Early communication with Newport Transport Ltd outlining the requirements. Early completion of 2014/15 Group Accounts with Audit review in order for 2015/16 to follow same process.	Assistant/Head of Finance
Number of new staff/loss of key staff	M	M	Good working papers need to be set up and easy to follow. Complete work instructions and clear responsibilities for closing tasks	Finance
Delayed accounts due to reliance on third parties	M	L	Estimations/judgements may be required where the information isn't available from third parties i.e. accruals Ensure third parties are aware of timetable deadlines	Finance
New policies/treatments	L	L	Knowledge of changes to the 'Code' and impact on the Authority's financial statements. Attendance at relevant year end courses. Discussions with auditors at early stage of process.	Finance
Failure to approve and publish the accounts before the 30 Sept deadline increases the risk of qualification, and increases reputational external perception risks.	M	L	The Council works with its Auditors to ensure the Accounts are prepared and suitably reflect the financial position of the authority	Assistant/Head of Finance

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

Effective financial management is essential if an organisation is to achieve its stated objectives.

Options Considered/Available

Note and agree process of planned improvement following lessons learned review.

Agree proposed treatment of interest in other companies subject to discussion with Wales Audit Office

Preferred choice and reasons

As above

Comments of Monitoring Officer

N/A

Staffing Implications-: Comments of Head of Human Resources and Policy

There are no staffing implications arising from the report

Background Papers

Appendix A – Treatment of interest in other companies.

Appendix A - Summary of Group Accounting Requirements for 2015/16 Statutory Accounts

Body	Current Treatment	Required Treatment Per Code	Larger / Smaller Body	Actions required	Proposed treatment	% To Account for in Council's Statements
The South East Wales Education Achievement Service Ltd	Transactions in single entity accounts Disclosure Note included No consolidation	Joint Venture - Joint control of a company limited by guarantee with rights over net assets. This requires equity accounting.	Larger	Discuss the approach with other authorities as they have all accounted for it within their single entity accounts.	As per current treatment Other authorities do not consolidate on equity method - grant funding	20%
Newport Transport Ltd	Transactions included within single entity accounts. Disclosure Note included	Full consolidation - a limited company 100% owned by the council.	Larger	Consolidate, as stated will be the case in the accounts for 2015/16	Consolidate in Group Accounts	100%
Newport Norse	Transaction within single entity accounts. Disclosure Note included	Separate Entity but Authority does not have significant influence. Minority representation on board.	Larger	As per current	As per current	20%
Newport Live	N/A set up 1 April 2015	Newport Live has been set up as a Charitable Trust. Whilst we have 2 members on the board, there is no control and no influence. Commissioning contact only	Larger	No action required due to not having significant influence	Transactions in single entity accounts Disclosure Note	N/A
The Gwent Wide Integrated Community Equipment Service (GWICES)	Items within single entity accounts. Pooled arrangements	Joint Operation - joint control with no separately constituted entity.	N/A	As per current	As per current	N/A
The Gwent Frailty Programme	Items within single entity accounts. Pooled arrangements	Joint Operation - joint control with no separately constituted entity.	N/A	As per current	As per current	N/A
Gwent Joint Records Committee	Transactions within single entity accounts.	Joint Venture - joint committee	Smaller	Subject to discussion - No action (Equity Method - % to be included in single entity accounts)	As per current	31%

Greater Gwent Cremation Committee	Transactions within single entity accounts.	Joint Venture - joint committee	Smaller	Subject to discussion - No action (Equity Method - % to be included in single entity accounts)	As per current	27%
Project Gwyrdd	Transactions within single entity accounts.	Joint Venture - joint committee	Smaller	Subject to discussion - No action (Equity Method - % to be included in single entity accounts)	As per current	20%
South East Wales Transport Alliance	Transactions within single entity accounts.	Joint Venture - joint committee	Entity no longer exists	N/A	N/A	N/A
Welsh Purchasing Consortium	Transactions within single entity accounts.	Joint Venture - joint committee	Smaller	Subject to discussion - No action (Equity Method - % to be included in single entity accounts)	As per current	5%
Coroners Court	Transactions within single entity accounts.	Not separate entity	N/A	As per current	As per current	N/A

* Equity method for **Smaller** bodies to be discussed as only a reduced return for audit purposes required.

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Report

Audit Committee

Part 1

Date: 26 November 2015

Item No:

Subject Report on Treasury Management for the period to 30 September 2015

Purpose To inform the Council of treasury activities undertaken during the period to 30 September 2015.

Author Assistant Head of Finance

Ward General

Summary The Council continues to be both a s/t investor of cash and borrower to manage day-to-day cash-flow's . Current forecasts indicate that in the future, temporary borrowing will continue to be required to fund normal day to day cash flow activities and to fund borrowing for the City Centre Redevelopment. A restructure of a number of PWLB loans took place in April 2015, which allowed for significant interest rate savings as a result of re-borrowing at substantially lower interest rates. Apart from the re-structure of this debt and the funding for the City Centre Redevelopment, no additional long term borrowing has been undertaken to date.

With the City Centre Redevelopment approaching its conclusion, discussions about the sale of the development will begin. The timing of the sale will have significant impact on the cash flow activities of the authority, with the potential of large sums of cash being received prior to the offsetting borrowing of the Council itself, maturing. Details of how this will be invested in the short-medium term will be included in the Treasury Management Strategy in January.

There are no proposed changes to the Counterparty limits for UK Banking. However, the maximum lending period for a number of the UK Institutions have been revised as advised by the Authority's Treasury Management Consultants (Arlingclose Ltd), see Appendix D.

Proposal To note the report on treasury management activities for the period to 30 September 2015.

Action by Head of Finance

Timetable Immediate

This report was prepared after consultation with:

- Treasury Advisors
- Head of Finance

Please list here those officers and members you have consulted on this report.

Signed

Background

1. The Council's Treasury Management Strategy and Prudential Indicators were approved by Council in February 2015 alongside the Medium Term Financial Plan and the 2015/16 Budget.
2. The Treasury Management Strategy for 2015/16 has been underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2011, which includes the requirement for determining a treasury strategy on the likely financing and investment activity for the forthcoming financial year. The Code also recommends that members are informed of Treasury Management activities at least twice a year. This report therefore ensures this authority is embracing best practice in accordance with CIPFA's recommendations.
3. Treasury management is defined as: "The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
4. The report has been prepared in accordance with the CIPFA Treasury Management Code and the Prudential Code, and reviews and reports on:
 - Borrowing Activity and Rescheduling
 - Investment Strategy and proposed changes to the Council's approved investment limits
 - Economic Background
 - Compliance with Prudential Indicators approved by Council

Short and Long Term Borrowing

5. Whilst the Council has significant long term borrowing requirements, the Council's strategy of funding capital expenditure through reducing investments rather than undertaking new borrowing remains i.e. we defer taking out new l/t borrowing and fund capital expenditure from day to day positive cash-flows for as long as we can. By using this strategy the Council can minimise cash holding at a time when counterparty risk remains high. The interest rates achievable on the Council's investments are also significantly lower than the current rates payable on long term borrowing.
6. Whilst the strategy minimises investment counterparty risk, the risk of interest rate exposure is increased as the current low longer term borrowing rates may rise in the future. The market position is being constantly monitored in order to minimise this risk.
7. In April 2015 the Council undertook a re-scheduling of a number of debts relating to PWLB. A total of £16.3m debt with an average interest rate of 9.4% was re-paid early. As is normal in these circumstances in the current lower interest environment, a premium was payable on redemption, and new long-term loans at a much improved average interest rate of 2.19% was taken out. This allowed the authority to make significant annual savings on the interest payable on these loans, even with the premium, and was part of the approved 2015/16 budget savings.
8. As anticipated, during the year, the authority has undertaken additional long-term borrowing of £25.0million to the end of September, associated with city centre redevelopment funding of the approved loan to Queensberry Real Estates (Newport) Ltd (QRE). The borrowing associated with this loan is kept separate from the Council's other borrowing requirements shown in Appendix C. The loan is anticipated to be paid off via capital receipts in 2016/17, therefore the Council is not required to make MRP charges to the revenue budget in relation to the Friars Walk Development loan as the borrowing will be paid off in full at the end of the scheme.

9. Further borrowing will be required in the coming months in the finalisation of the Friars Walk Development, and once receipt of payment is in; the Council will need to review its Treasury Management Strategy to ensure prudent investment of any surplus cash in the short to medium term.
10. With the exception of the re-scheduling of debts and the Queensberry loans discussed above, no further long term loans have been taken out in the first half of the financial year. However, it is anticipated that the Council will need to undertake additional borrowing on a short term basis for the remainder of the year in order to cover normal day to day cash flow activity. With current estimates it is not expected that any additional long-term borrowing would be required at this stage.
11. Appendix C summarises the Council's debt position as at 30 September 2015. The changes in debt outstanding relate to the raising and repaying of the rescheduling of debt, temporary loans, and a repayment in respect of the soft loans.
12. The value of the Council's LOBO money market loans remains the same. No loans were called during the period. Of the £35m outstanding, £25m is subject to potential change of interest rates by the lender (which would automatically trigger a right to the Council to repay these loans) prior to the end of this financial year. Should a change of interest rate be requested, then it will be considered in detail and a decision on how we proceed will be made in conjunction with our treasury advisors.

Investments

13. As per the agreed strategy, the Council will be a short-term investor to maintain low cash balances as required. As at 30th September 2015, there was £3.715m balance on short-term investments outstanding. Across a typical month, the Council both invests and borrows short term to manage day-to-day cash-flow's.
14. Following the completion of the City Centre re-development the Council may have surplus cash to invest in relation to payment received from the sale of the development. This is because the repayment could be received prior to the loans the Council took out itself in relation to this, maturing themselves.. Investment of this surplus cash will need to be allocated where it minimises risk while achieving a return for the Council, prior to using the cash to repay the Council's own l/t borrowing in relation to this scheme.
15. The Council does not hold any long-term (more than 364 days) investments as at 30th September 2015.
16. There were no significant changes in credit ratings advised in the first half of the financial year that had implications for the approved lending list. The long term rating of Santander UK, the Council's bankers, remains at A just above the Council's minimum level of A-.

Economic Background

17. Appendix A outlines the underlying economic environment during the first half of the financial year, as provided by the Council's Treasury Management Advisors Arlingclose.

Compliance with Prudential Indicators approved by Council

18. The Authority can confirm that it has complied with the Prudential Indicators for 2015/16 set in February 2015 as part of the Treasury Management Strategy. Details of treasury-related Prudential Indicators can be found in Appendix B.

19. During the period the Council's treasury advisors have advised that the maximum lending period for the Counterparty Institutions are now 13 months. This Lending Period changes relate to Lloyds Banking Group and HSBC Bank Ltd. Details of the current counterparty limits and lending periods of UK institutions can be found in Appendix D.

Financial Summary

- There are no direct costs arising from 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?
Investment counterparty not repaying investments	High but depending on investment value	Low	The Council only invests with Institutions with very high credit scores. It employs advisors to monitor money market movements and changes to credit scores and acts immediately should things change adversely. The lower levels of funds available for investment will also alleviate the risk.	Members, Head of Finance, Treasury staff, based on advice from treasury advisors
Interest Rates moving adversely against expectations	Low	Low	Base and short-term Interest rates are expected to remain at current levels until Q3 in 2016. The Treasury strategy approved allows for the use of short term borrowing once investment funds are exhausted to take advantage of these low rates.	Head of Finance, Treasury staff, treasury advisors

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

It is the Council's policy to ensure that the security of the capital sums invested is fully recognised and has absolute priority. The Council follows the advice of the Welsh Governments that any investment decisions take account of security, liquidity and yield in that order.

Options Available

The Prudential Code and statute requires that, during and at the end of each financial year, reports on these matters are presented to Council for approval. Thus the only option available is consider the report.

- To approve changes to counterparty investment changes to the maximum period detailed in the report.

Preferred Option and Why

Note the contents of the report and approve the changes to the maximum lending period relating to counterparty investment limits.

Comments of Chief Financial Officer

There are no direct financial implications from this report. Decisions made on treasury matters will be made with a view the Treasury Management Strategy, Treasury Advisors and Prudential Indicators.

Comments of Monitoring Officer

There are no legal implications. The in year and annual treasury management report is consistent with relevant Chartered Institute of Public Finance and Accountancy Guidance, Treasury Management principles and the Council's investment strategy.

Staffing Implications: Comments of Head of People and Business Change

There are no staffing implications arising from this report.

Comments of Cabinet Member

N/A.

Background Papers

Treasury Management Strategy report to Audit Committee January 2015.

Report to Council February 2015: 2015/16 Budget and Medium Term Financial Plan

Dated: 11 November 2015

APPENDIX A

External Context

As the year began, economic data was largely overshadowed by events in Greece. Markets' attention centered on the never-ending Greek issue stumbled from turmoil to crisis, running the serious risk of a disorderly exit from the Euro. The country's politicians and the representatives of the 'Troika' of its creditors - the European Commission (EC), the European Central Bank (ECB) and the International Monetary Fund (IMF) – barely saw eye to eye. Greece failed to make a scheduled repayment to the IMF on 30th June, in itself not a default until the IMF's Managing Director declares it so. Prime Minister Tsipras blindsided Greece's creditors by calling a referendum on 5th July on reform proposals which by then were off the table anyway. The European Central Bank froze liquidity assistance provided to Greek banks and capital controls within the country severely restricted individuals' and corporates' access to cash.

On 12th July, following a weekend European Union Summit, it was announced that the terms for a third bailout of Greece had been reached. The deal amounting to €86 billion was agreed under the terms that Greece would see tax increases, pension reforms and privatisations; the very reforms Tsipras had vowed to resist. This U-turn saw a revolt within the ruling Syriza party and on 27th August, Alexis Tsipras resigned from his post as Prime Minister of Greece after just eight months in office by calling a snap election, held on 20th September. This gamble paid off as Tsipras led his party to victory once again, although a coalition with the Independent Greeks was needed for a slim parliamentary majority. That government must now continue with the unenviable task of guiding Greece through the continuing economic crisis – the Greek saga is far from over.

The summer also saw attention shift towards China as the Shanghai composite index (representing China's main stock market), which had risen a staggering 50%+ since the beginning of 2015, dropped by 43% in less than three months with a reported \$3.2 trillion loss to investors, on the back of concerns over growth and after regulators clamped down on margin lending activity in an effort to stop investors borrowing to invest and feeding the stock market bubble. Chinese authorities intensified their intervention in the markets by halting trading in many stocks in an attempt to maintain market confidence. They surprised global markets in August as the People's Bank of China changed the way the yuan is fixed each day against the US dollar and allowed an aggressive devaluation of the currency. This sent jitters through Asian, European and US markets impacting currencies, equities, commodities, oil and metals. On 24th August, Chinese stocks suffered their steepest one-day fall on record, driving down other equity markets around the world and soon becoming known as another 'Black Monday'. Chinese stocks have recovered marginally since and are trading around the same level as the start of the year. Concerns remain about slowing growth and potential deflationary effects.

UK Economy: The economy has remained resilient over the last six months. Although economic growth slowed in Q1 2015 to 0.4%, year/year growth to March 2015 was a relatively healthy 2.7%. Q2 2015 GDP growth bounced back and was confirmed at 0.7%, with year/year growth showing slight signs of slowing, decreasing to 2.4%. GDP has now increased for ten consecutive quarters, breaking a pattern of slow and erratic growth from 2009. The annual rate for consumer price inflation (CPI) briefly turned negative in April, falling to -0.1%, before fluctuating between 0.0% and 0.1% over the next few months. In the August Quarterly Inflation Report, the Bank of England projected that GDP growth will continue around its average rate since 2013. The Bank of England's projections for inflation remained largely unchanged from the May report with them expecting inflation to gradually increase to around 2% over the next 18 months and then remain there in the near future. Further improvement in the labour market saw the ILO unemployment rate for the three months to July fall to 5.5%. In the September report, average earnings excluding bonuses for the three months to July rose 2.9% year/year.

The outcome of the UK general election, largely fought over the parties' approach to dealing with the consequences of the structural deficit and the pace of its removal, saw some very big shifts in the political landscape and put the key issue of the UK's relationship with the EU at the heart of future politics.

The US economy slowed to 0.6% in Q1 2015 due to bad weather, spending cuts by energy firms and the effects of a strong dollar. However, Q2 GDP showed a large improvement at a twice-revised 3.9% (annualised). This was largely due to a broad recovery in corporate investment alongside a stronger performance from consumer and government spending and construction and exports. With the Fed's decision on US interest rate dependent upon data, GDP is clearly supportive. However it is not as simple as that and the Fed are keen to see inflation rise alongside its headline economic growth and also its labour markets. The Committee decided not to act at its September meeting as many had been anticipating but have signalled rates rising before the end of the year.

Market reaction: Equity markets initially reacted positively to the pickup in the expectations of global economic conditions, but were tempered by the breakdown of creditor negotiations in Greece. China led stock market turmoil around the globe in August, with the FTSE 100 falling by around 8% overnight on 'Black Monday'. Indices have not recovered to their previous levels but some improvement has been seen. Government bond markets were quite volatile with yields rising (i.e. prices falling) initially as the risks of deflation seemingly abated. Thereafter yields fell on the outcome of the UK general election and assisted by reappraisal of deflationary factors, before rising again. Concerns around China saw bond yields dropping again through August and September. Bond markets were also distorted by the size of the European Central Bank's QE programme, so large that it created illiquidity in the very markets in which it needed to acquire these bonds, notably German government bonds (bunds) where yields were in negative territory.

APPENDIX B

Compliance with Prudential Indicators

(a) Gross Debt and the Capital Financing Requirement

This is a key indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

If in any of these years there is a reduction in the capital financing requirement, this reduction is ignored in estimating the cumulative increase in the capital financing requirement which is used for comparison with **gross** external debt.

The Head of Finance reports that the Authority had no difficulty meeting this requirement in 2014/15 and 2015/16 (to date), nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

(b) Estimates of Capital Expenditure

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax and in the case of the HRA, housing rent levels.

Capital Expenditure	2015/16 Approved £m	2015/16 Revised £m	2016/17 Estimate £m	2016/17 Revised £m	2017/18 Estimate £m	2017/18 Revised £m
Total	39.9	25.0	27.8	38.8	20.1	19.6

Capital expenditure will be financed or funded as follows:

Capital Financing	2015/16 Approved £m	2015/16 Revised £m	2016/17 Estimate £m	2016/17 Revised £m	2017/18 Estimate £m	2017/18 Revised £m
Capital Receipts	2.7	0.3	4.1	5.3	0.4	0.5
General Capital Grant	2.4	2.5	2.2	2.3	2.2	2.2
Other Specific Grants	13.5	9.6	9.2	15.5	3.2	0.3
S106 Contributions	2.1	1.6	0	1.0	0	0
Revenue Contributions	0	0.1	0	0	0	0
Total Financing	20.7	14.1	15.5	24.1	5.8	3.0
Supported borrowing	4.0	4.0	3.7	3.7	3.6	3.6
Unsupported borrowing	15.1	6.9	8.2	10.5	10.6	12.9
Finance Leases	0.1	0	0.4	0.5	0.1	0.1
Total Funding	19.2	10.9	12.3	14.7	14.3	16.6
Total Financing and Funding	39.9	25.0	27.8	38.8	20.1	19.6

The table above shows that the capital expenditure plans of the Authority cannot be funded entirely from sources other than external borrowing.

(c) Ratio of Financing Costs to Net Revenue Stream:

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code.

The ratio is based on costs net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2015/16 Approved %	2015/16 Revised %	2016/17 Estimate %	2017/18 Estimate %	2018/19 Estimate %
Total	8.9	8.0	7.7	8.1	8.3

(d) Capital Financing Requirement

The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and financing.

Closing Capital Financing Requirement	2015/16 Actual £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m
Total CFR	280.7	278.7	280.2	283.0	282.2

(e) Incremental Impact of Capital Investment Decisions

This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and Housing Rent levels. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

Incremental Impact of Capital Investment Decisions	2015/16 £	2016/17 Estimate £	2017/18 Estimate £	2018/19 Estimate £
Increase in Band D Council Tax*	(0.19)	0.42	6.69	5.26

Assumes a 4.0% cumulative increase in Council Tax although no decision has been taken to this effect.

(f) Authorised Limit and Operational Boundary for External Debt

The Local Government Act 2003 requires the Authority to set an 'Authorised Borrowing Limit', irrespective of their indebted status. This is a statutory limit which should not be breached.

The 'Operational Boundary' is based on the same estimates as the Authorised Limit but reflects the most likely, prudent but not worst case scenario without the additional headroom included within the Authorised Limit.

The Authority confirms that there were no breaches to the Authorised Limit and the Operational Boundary during 2014/15 to date:

	Authorised Limit 2015/16 £000s	Authorised Limit 2016/17 £000s	Operational Boundary 2015/16 £000s	Operational Boundary 2016/17 £000s	Actual Debt as at 30/09/2015 £000s	Estimated Debt as at 31/03/2015
Borrowing	299,000	306,000	269,000	276,000	212,813	242,813
Other Long-term Liabilities	49,000	47,000	49,000	47,000	51,201	51,201
Total	348,000	353,000	318,000	323,000	264,014	294,014

(g) Adoption of the CIPFA Treasury Management Code

This indicator demonstrates that the Authority has adopted the principles of best practice.

Adoption of the CIPFA Code of Practice in Treasury Management

The Council approved the adoption of the CIPFA Treasury Management Code at its Council meeting on 29th June 2009.

The Authority has incorporated the changes from the revised CIPFA Code of Practice into its treasury policies, procedures and practices.

(h) Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

- These indicators allow the Authority to manage the extent to which it is exposed to changes in interest rates.
- The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

	Approved Limits for 2015/16 £/%	Maximum during 2015/16 £/%
Upper Limit for Fixed Rate Exposure	100%	100%
Compliance with Limits:		Yes
Upper Limit for Variable Rate Exposure	50%	0%
Compliance with Limits:		Yes

(i) Maturity Structure of Fixed Rate Borrowing

This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

Maturity Structure of Fixed Rate Borrowing	Upper Limit %	Lower Limit %	Actual Fixed Rate Borrowing as at 30/9/2015 £000s	% Fixed Rate Borrowing as at 30/9/2015	Compliance with Set Limits?
under 12 months	40%	0%	27,297	13%	Yes
12 months and within 24 months	20%	0%	40,997	19%	Yes
24 months and within 5 years	70%	0%	43,065	20%	Yes
5 years and within 10 years	50%	0%	33,133	16%	Yes
10 years and within 20 years	30%	0%	15,311	7%	Yes
20 years and within 30 years	20%	0%	16,950	8%	Yes
30 years and within 40 years	20%	0%	5,000	2%	Yes
40 years and within 50 years	20%	0%	16,058	8%	Yes
50 years and above	20%	0%	15,000	7%	Yes
Total			212,811		

(The 2011 revision to the CIPFA Treasury Management Code now requires the prudential indicator relating to Maturity of Fixed Rate Borrowing to reference the maturity of LOBO loans to the earliest date on which the lender can require payment, i.e. the next call date¹)

¹ Page 15 of the Guidance Notes to the 2011 CIPFA Treasury Management Code

(j) Upper Limit for Total principal sums invested for periods longer than 364 days

The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Authority having to seek early repayment of the sums invested.

Upper Limit for total principal sums invested over 364 days	2015/16 Approved	30/9/2015 Actual £000s	31/03/2016 Estimate £000s	31/03/17 Estimate £000s
TOTAL	4,000	0	4,000	4,000

APPENDIX C

Loan Debt Activity - 1 April 2015 - 30 September 2015

Newport City Council Debt	Outstanding as at 31/03/14 £000's	Debt Raised £000's	Debt Repaid £000's	Outstanding as at 30/09/2015 £000's
Public Works Loans Board	70,131	21,535	16,830	74,836
Market Loans	35,000	0	0	35,000
Stock Issue	40,000	0	0	40,000
Other Soft Loans (IFRS)	305	0	303	2
Queensbury Real Estate Debt **	34,975	25,000	0	59,975
Total Long Term Loans	180,411	46,535	17,133	209,813
Temporary Debt*	10,000	56,960	63,960	3,000
Total Long Term and Temporary Debt	190,411	103,495	81,093	212,813

* The temporary debt relates to the normal activities of the Council

**This relates to additional borrowing undertaken to fund the Newport City Centre redevelopment between the Council and Queensberry Real Estate (Newport) Ltd.

Total Investments Administered Newport City Council	Outstanding as at 31/03/14 £000's	Raised £000's	Repaid £000's	Outstanding as at 30/09/2015 £000's
Total	2,560	272,090	270,935	3,715

APPENDIX D

COUNTERPARTY LIMITS FOR BANKING - UK INSTITUTIONS

Instrument	Country/ Domicile	Counterparty - Banking UK Institutions	Total Investments below £10million	Total Investments above £10million - minimum of 4 Counterparties required	
			Maximum Counterparty Limit and Group Limit (if applicable)	Maximum Counterparty Limit and Group Limit (if applicable)	Maximum Lending Period
Term Deposits/ Call Accounts/ CDs	UK	Santander UK Plc. (Banco Santander Group)	£4,000,000	£8,000,000 or 50% of outstanding investments	6 Months
Term Deposits/ Call Accounts/ CDs	UK	Bank of Scotland/ Lloyds TSB (Lloyds Banking Group)	£4,000,000	£8,000,000 or 50% of outstanding investments	13 Months
Term Deposits/ Call Accounts/ CDs	UK	Barclays Bank Plc.	£4,000,000	£8,000,000 or 50% of outstanding investments	100 Days
Term Deposits/ Call Accounts/ CDs	UK	HSBC Bank Plc.	£4,000,000	£8,000,000 or 50% of outstanding investments	13 Months
Term Deposits/ Call Accounts/ CDs	UK	Nationwide Building Society	£4,000,000	£8,000,000 or 50% of outstanding investments	6 Months
Term Deposits/ Call Accounts/ CDs	UK	Royal Bank of Scotland/ National Westminster Bank (Royal Bank of Scotland Group)	£4,000,000	£8,000,000 or 50% of outstanding investments	35 Days
Term Deposits/ Call Accounts/ CDs	UK	Standard Chartered Bank	£4,000,000	£8,000,000 or 50% of outstanding investments	6 months

Report

Audit Committee

Part 1

Date: 26th November 2015

Item No: 08

Subject Internal Audit – Progress against audit plan 2015/16 Quarter 2

Purpose To inform Members of the Council's Audit Committee of the Internal Audit Section's progress against the 2015/16 agreed audit plan for the first six months of the year and for information on audit opinions given to date and progress against key performance targets.

Author Chief Internal Auditor

Ward General

Summary The attached report identifies that the Internal Audit Section is making good progress against the 2015/16 audit plan broadly in line with expectations and internal performance indicators.

Proposal 1) The report be noted 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
-
-
-

Please list here those officers and members you have consulted on this report.

Signed

Background

1. This report aims to inform Members of the Audit Committee of progress of work undertaken by the Internal Audit Section of the Council against the agreed audit plan. Progress against the audit plan for the first six months of the year will be reported.
2. The report gives Members assurance (or otherwise) on the adequacy of the internal control environment operated within the Council by providing the audit opinions on work undertaken at the end of Q2.

Internal Audit Staffing

3. The team currently operates with an establishment of 10 audit staff. At the start of the year there were 8 audit staff with two vacancies in the team. A Senior Auditor also left during quarter 1 who hasn't yet been replaced. One Auditor left the team and a new Auditor started with the team during Qtr 2.
4. The relationship with Monmouthshire County Council (for sharing of the Chief Internal Auditor) continues.

Audit Plan

5. The Public Sector Internal Audit Standards (PSIAS) (IIA) came into force from April 2013 which the team will need to ensure it is compliant with. These standards replace the former Code of Practice for Internal Audit within Local Government (CIPFA).

Performance

6. The Audit Section's performance is measured against planned work, which incorporates externalities like special investigations, financial advice and financial regulations training. Where actual time taken for the review exceeds planned time there will be an impact on the audit plan. Ad-hoc reviews requested by management cannot be planned for but will have an immediate impact on the achievement of the audit plan. The section has already been involved with 8 special investigations which could have an impact on this year's achievement of the audit plan; so far there have been no unplanned reviews.
7. The section's performance is measured against performance indicators set and agreed by the Welsh Chief Auditors' Group. Performance is benchmarked against this group on an annual basis and reported internally on a quarterly basis; the targets for each of the indicators are set internally by the Chief Internal Auditor.
8. The performance for Qtr 2 2015/16 has been compared to the same period of the previous year (shown in brackets). The figures (**Appendix A**) are cumulative and show that:
 - a. 32% (31%) of the audit plan has been achieved so far which is just above last year's performance but in line with the profiled target of 30%;
 - b. The promptness of issue of draft report (comparing timescale between finalising all fieldwork and issuing the draft report to management) averages at 10 days (7 days) which is in line with the target time of 10 days;
 - c. The promptness of report finalisation (comparing timescale from meeting with client to discuss issues raised in the draft report to issue of finalised report to management) averages 3 days (2 days) which is within the target time of 5 days.

9. Coverage of the plan at this stage of the year is just above expectations; the target being 30%. Although performance may dip throughout the year, historically things have picked up in the final quarter; this year will depend on sufficient audit resources being available to complete the audit plan. All key financial systems will be reviewed by the year end.
10. 51 (34) days have been spent finalising 15 (20) 2014/15 audit reviews; 11 of which have been finalised. 88 days have already been spent on 8 special investigations.
11. A vacancy / secondment provision was taken into account in the planning stage which related to the Chief Internal Auditor's work with Monmouthshire and the senior auditor vacancy.
12. Inevitably there will be some overruns on reviews undertaken within the team which may result in not as many reviews being undertaken as were planned for the year, but there has been a significant improvement in this over previous years.
13. Audit Management have been involved with special investigations during the year. This has impacted on the timeliness of reviewing audit work and getting draft reports sent out post completion of the work.

Quality Control

14. On completion of all audit reviews, an evaluation questionnaire is sent out to the service manager with the final report. This gives the manager who has been audited an opportunity to comment on the audit review itself, confirming (or not) that it was of benefit to their service and that the main risks had been covered; the staff, their approach, constructiveness and helpfulness; the report, covering the benefits of discussing the draft report, whether the balance was right via the inclusion of strengths and weaknesses, whether management comments were correctly reflected and if the report format was easy to follow. These questionnaires are returned in confidence to the Chief Internal Auditor who will assess the comments and address any criticisms. Generally, there has been positive feedback from service managers via these questionnaires; this will continue to be collated throughout the year and fed into the annual audit report for 2015/16.

Financial Training

15. In the Audit Section's continual efforts to ensure that Council's 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 is offered to all service areas. An overview of financial management is also part of the Corporate Induction Programme and the course is also available on a self nomination basis, quarterly, as part of the Corporate Training Programme. Feedback from staff who have attended courses has been positive. During this year the financial training is continuing to be targeted to areas of previous poor performance, in line with the agreed protocol for dissemination of good practice.
16. The training programmes continue with 5 sessions delivered to 77 delegates up to 30 September 2015; these will continue to be provided as the year progresses.

Audit Opinions 2015/16

17. Audit opinions issued so far in 2015/16 are shown at **Appendix B**. Definition of audit opinions currently given is shown at **Appendix C**.

18. 10 jobs completed to at least draft report stage by 30 September 2015 warranted an audit opinion: 3 x *Good*, 6 x *Reasonable* with 1 x *Unsatisfactory but no Unsounds*. Of the 5 community centre accounts undertaken, 2 were *Qualified*. Other reports have been completed which did not warrant an audit opinion or related to audit certification work. Other work completed related to the Annual Governance Statement, the Council's performance indicators, grant claims, provision of financial advice and external clients.
19. The audit opinion relates to the adequacy of internal controls within the system or establishment being reviewed. The opinion is derived from the balance of strengths and weaknesses identified from evidence obtained, and testing undertaken, during the audit. Where the auditor believes that any issues identified are the result of a deliberate action and may be in breach of the Disciplinary Code or Employee Code of Conduct, further investigations will be carried out and action taken as appropriate.

Service Management Responsibilities

20. Heads of Service and service managers are responsible for addressing any weaknesses identified in internal systems and demonstrate this by incorporating their agreed actions into the audit reports. When management sign off the reports they are accepting responsibility for addressing the issues identified within the agreed timescales.
21. Although Heads of Service are responsible for implementing and maintaining adequate internal controls within service areas, operational managers are responsible for working within those controls and for ensuring compliance with Council policies and procedures. All reports, once finalised, are sent to the respective Heads of Service for information and appropriate action where necessary.

Follow up audit reviews

22. Where unsatisfactory and unsound opinions are issued, they are followed up within a twelve month timescale to ensure that the agreed actions have been taken by management and that the internal control systems are improved. These are reported separately to this Audit Committee on a six-monthly basis.

Financial Summary

23. 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

24. N/A

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

25. Giving management assurance on systems in operation gives them confidence that there is sound financial management in place, that more effective services can be provided and the risk of theft, fraud and corruption is minimised. Better service provision, looking after the public pound makes our City a better place to live for all our citizens.

- 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

Options Available

26. (i) That the Progress Report of the Internal Audit team for Quarter 2 be noted and accepted by the Audit Committee.
(ii) That the Progress Report of the Internal Audit team for Quarter 2 not be noted and accepted by the Audit Committee

Preferred Option and Why

27. Option (i). The quarterly reports provide a mechanism for monitoring the performance and progress of the Internal Audit team and the adequacy of the Council's internal control environment to ensure the public pound is spent wisely and appropriately and that fraud, theft and corruption is minimised.

Comments of Chief Financial Officer

28. I can confirm that I have been consulted and have no additional comments.

Comments of Monitoring Officer

29. There are no legal implications. The Report has been prepared in accordance with the Council's internal audit procedures and the Performance Management framework. The progress made to date in delivering the objectives set out in the approved Audit Plan highlights the effectiveness of the work undertaken by this service area in ensuring that adequate and effective internal financial controls are in place.

Staffing Implications: Comments of Head of People and Business Change

30. There are no direct Human Resources issues arising from this report. In terms of Corporate Policy & Performance, the report presents a review of audit activity during the period concerned and is set out in the context of 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

31. N/A

Local issues

32. N/A

Consultation

33. N/A

Background Papers

34. N/A

Dated:

Appendix A

Newport City Council

Internal Audit Service

Performance Indicators

2014/15	2014/15 Target	1 st Qtr 14/15	2 nd Qtr 14/15	3 rd Qtr 14/15	4 th Qtr 14/15	Comments
Proportion of planned audits complete	75%	19%	31%	51%	66%	[Profiled Target %]
Proportion of planned audits complete within estimated days	65%	N/A	50%	33%	50%	Cumulative figures
Directly chargeable time against total time available	61%	52%	51%	54%	54%	Quarterly performance
Directly chargeable time against planned	84%	80%	85%	87%	88%	Quarterly performance
Proportion of Special Reviews responded to within 5 working days	100%	100%	100%	100%	100%	Cumulative figures
Number of sessions provided to train staff in all Service Areas on best financial practice	11	2	5	5	9	Cumulative figures
Staff turnover rate (1 member of staff)	9%	0	0	0	2	Quarterly performance
Promptness of draft report issue (end of fieldwork to draft report issue date)	10 days	8 days	7 days	13 days	12 days	Cumulative figures
Promptness of report finalisation (date of client meeting to final report issue date)	5 days	2 days	2 days	2 days	2 days	Cumulative figures

2015/16	2015/16 Target	1 st Qtr 15/16	2 nd Qtr 15/16	3 rd Qtr 15/16	4 th Qtr 15/16	Comments
Proportion of planned audits complete	75%	16%	32%			[Profiled Target 30%]
Proportion of planned audits complete within estimated days	65%	N/A	36%			Cumulative figures
Directly chargeable time against total time available	61%	53%	53%			Quarterly performance
Directly chargeable time against planned	84%	81%	77%			Quarterly performance
Proportion of Special Reviews responded to within 5 working days	100%	100%	100%			Cumulative figures
Number of sessions provided to train staff in all Service Areas on best financial practice	11	0	5			Cumulative figures
Staff turnover rate (number of staff)	1	1	1			Quarterly performance
Promptness of draft report issue (end of fieldwork to draft report issue date)	10 days	2 days	10 days			Cumulative figures
Promptness of report finalisation (date of client meeting to final report issue date)	5 days	1 day	3 days			Cumulative figures

Appendix B
Opinions as at 30 September 2015, Qtr 2

Very Good	
Good	3
Reasonable	6
Unsatisfactory	1
Unsound	
Total	10

Internal Audit Services - Management Information for 2015/16

Job number	Service Area	Section or Team	Job Title	Risk Rating / Priority	Complete when FINALISED	Opinion given
P1516-P6	Finance	Local Taxation	Council Tax	Medium	Finalised	Good
P1516-P31	CS & DI	Customer Service	Housing Benefits	High	Finalised	Good
P1516-P41	Res & Plan	Primary Schools	St Woolos Primary	Medium	Draft	Good
P1516-P5	Finance	Income Collection	Debtors	High	Finalised	Reasonable
P1516-P13	People & Bus Change	Business Service Development	Performance Indicators	Medium	Finalised	Reasonable
P1516-P39	Res & Plan	Primary Schools	Ysgol Gymraeg Bro Teyrn	Medium	Draft	Reasonable
P1516-P40	Res & Plan	Primary Schools	Maesglas Primary	Medium	Draft	Reasonable
P1516-P58	Law & Reg	Public Protection Service	Community Safety Warden Service	Medium	Draft	Reasonable
P1516-P67	RI&H	CL&L	Library Service 2014/15	Medium	Finalised	Reasonable
P1516-P20	Children & Young People Serv	Children's Teams	Looked After Children Team (16+)	High	Draft	Unsatisfactory

Non Opinion work 2015/16

Job number	Service Area	Section or Team	Job Title	Risk Rating / Priority	Complete when FINALISED	Opinion given
P1516-P23	Adult & Comm Serv	Quality Assurance	Supporting People Grant Certification	Medium	Finalised	Unqualified
P1516-P60	Law & Reg	Trading Standards	Scambusters Grant Claim 2014/15	Medium	Finalised	Unqualified
P1516-P78	Streetscene & City Svcs	Transport Management	Bus Services Support Grant 2014/15	Medium	Finalised	Unqualified

Job number	Service Area	Section or Team	Job Title	Risk Rating / Priority	Complete when FINALISED	Opinion given
P1516-P9	Finance	General	Annual Governance Statement	Not applicable	Finalised	Not applicable
P1516-P10	Finance	General	Financial Advice	Not applicable		Not applicable
P1516-P15	People & Bus Change	General	Financial Advice	Not applicable		Not applicable
P1516-P16	People & Bus Change	General	Financial Regulations Training	Not applicable		Not applicable
P1516-P21	Children & Young People Serv	General	Financial Advice	Not applicable		Not applicable
P1516-P28	Adult & Comm Serv	General	Financial Advice	Not applicable		Not applicable
P1516-P33	CS & DI	General	Financial Advice	Not applicable		Not applicable
P1516-P55	Imp & Inc	General	Financial Advice	Not applicable		Not applicable
P1516-P61	Law & Reg	General	Financial Advice	Not applicable		Not applicable
P1516-P66	RI&H	Community Centres	CC Accounts	Low		Not applicable
P1516-P71	RI&H	General	Financial Advice	Not applicable		Not applicable
P1516-P83	Streetscene & City Svcs	General	Financial Advice	Not applicable		Not applicable
P1516-P86	Ext Audits	Caldicot & Wentlooge Levels Internal Drainage Board	Caldicot & Wentlooge Levels IDB (Annual Report / Return)	Not applicable	Finalised	Not applicable
P1516-P87	Ext Audits	Caldicot & Wentlooge Levels Internal Drainage Board	Lower Wye IDB (Annual Report / Return)	Not applicable	Finalised	Not applicable
P1516-P88	Ext Audits	WCAG	WCAG Training Programme	Not applicable		Not applicable


Appendix C

INTERNAL AUDIT SERVICES – OPINIONS

VERY GOOD	Very well controlled with minimal risk and minor recommendations
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

- The Internal Audit team is in the process of revising the audit opinions in line with the level of assurance obtained from undertaking the audit work, that appropriate controls, governance arrangements and risk management are in place.
- The Internal Audit team is also piloting a new report format during 2015/16 where the Audit Opinion will be colour coded based on a traffic light system and the report will contain key issues which need to be addressed.
- This will be presented to the Audit Committee during the year.

REVISED AUDIT OPINIONS 2015/16:

	GOOD	Well controlled with only moderate risks identified which require addressing; substantial level of assurance.	Green
	REASONABLE	Adequately controlled although risks identified which may compromise the overall control environment; improvements required; reasonable level of assurance.	Yellow
	UNSATISFACTORY	Not well controlled; unacceptable level of risk; changes required urgently; poor level of assurance.	Amber
	UNSOUND	Poorly controlled; major risks exists; fundamental improvements required with immediate effect.	Red

Report

Audit Committee

Part 1

Date: 26th November 2015

Item No: 09

Subject Internal Audit Charter

Purpose To make Members of the Council's Audit Committee aware of the revised and updated Internal Audit Charter in order to enable them to make an informed decision to approve the Charter in line with the expectations of the Public Sector Internal Audit Standards (PSIAS).

Author Chief Internal Auditor

Ward General

Summary This report provides an overview of why the Council's Internal Audit Team needs to have its own Charter and why the Audit Committee needs to be aware of it and approve it.

Proposal 1) The Internal Audit Charter be approved 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
-
-
-

Please list here those officers and members you have consulted on this report.

Signed

Background

1. This report aims to make Members of the Audit Committee aware of the Council's Internal Audit Charter in order to enable them to make an informed decision to approve The Charter in line with the expectations of the Public Sector Internal Audit Standards (PSIAS)..
2. The purpose of this Charter is to define what Internal Audit at Newport City Council is and explain its purpose, authority and responsibility.
3. This Charter has been written in accordance with Standard 1000 of the Public Sector Internal Audit Standards (PSIAS) which came into force from April 2013.
4. The Public Sector Internal Audit Standards 2013 (PSIAS) defines Internal Audit as:

"... 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."
5. A professional, independent and objective Internal Audit service is one of the key elements of good governance.
6. Internal Audit has specific responsibilities and rights of access to people and documents written into the Council's Financial Regulations which are included within The Charter, along with its objectives, roles and responsibilities, the staff involved and how it demonstrates its organisational independence. The expectations and responsibilities of the Chief Internal Auditor are also included within The Charter.
7. The Charter reinforces the point that Internal Audit provides assurance to Members and Senior Management and should not be involved with operational matters of service delivery. It includes an important reference to the Code of Ethics for those working within the team in that they need to conform with the principles of Integrity, Objectivity, Confidentiality and Competence and have due regard to the 'Seven Principles of Public Life (Nolan Principles)' when undertaking their duties.
8. The expectations of how Internal Auditors will approach their work in terms of due professional care, integrity, independence, impartiality is written into The Charter; the work itself being delivered through an Audit Strategy and an Annual Audit Plan. The reporting and quality assurance processes are also included, along with how relationships with the team's stakeholders will be developed.
9. Dealing with Fraud and Irregularities is an important part of what the Internal Audit Team does in order to safeguard public money; it is important to include this aspect of its work within The Charter. How the Internal Audit Team will be resourced and continually developed through training has also been included within The Charter.
10. The intention is to maintain The Charter as a working document, which from time to time, will need to be refreshed and updated; The Internal Audit Charter will therefore be reviewed periodically by the Chief Internal Auditor and presented to Senior Management and the Audit Committee for approval.

Financial Summary

11. 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

12. N/A

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

13. Giving management assurance on systems in operation gives them confidence that there is sound financial management in place, that more effective services can be provided and the risk of theft, fraud and corruption is minimised. Better service provision, looking after the public pound makes our City a better place to live for all our citizens

- 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

Options Available

14. (i) That the Internal Audit Charter be approved by the Audit Committee.

Preferred Option and Why

15. Option (i). Approving Newport's Internal Audit Charter ensures compliance with the Public Sector Internal Audit Standards and enables Members and Officers to understand what Internal Audit is about, its purpose, authority and responsibility in a transparent way.

Comments of Chief Financial Officer

16. I can confirm that I have been consulted and have no additional comments.

Comments of Monitoring Officer

17. There are no legal implications.

Staffing Implications: Comments of Head of People and Business Change

18. There are no direct Human Resources issues arising from this report.

Comments of Cabinet Member

19. N/A

Local issues

20. N/A

Consultation

21. N/A

Background Papers

22. N/A

Dated:

Appendix A

Newport City Council Internal Audit Charter





INTERNAL AUDIT

CHARTER

Version: Draft 06
Date: October 2015
Author: Andrew Wathan, Chief Internal Auditor



INTERNAL AUDIT CHARTER

1. Introduction

- 1.1 The purpose of this charter is to define what Internal Audit is and explain its purpose, authority and responsibility.
- 1.2 This Charter has been written in accordance with Standard 1000 of the Public Sector Internal Audit Standards (PSIAS).
- 1.3 For the purposes of internal audit activity the following terms are defined as follows:
'board' – the Audit Committee
'senior management' – the Senior Leadership Team which is made up of the Chief Executive, Strategic Director Place, Strategic Director People, Head of Finance and the Head of People and Business Change.

2. Definition, Scope and Authority of Internal Audit

Definition

- 2.1 The Public Sector Internal Audit Standards 2013 (PSIAS) defines Internal Audit as:
"... 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."
- 2.2 A professional, independent and objective Internal Audit service is one of the key elements of good governance.

Scope

- 2.3 Financial Regulations 5.4 states:

For the purpose of Internal Audit the Head of Finance (and Scrutiny) and his/her nominated representative shall have authority to:

- enter at all reasonable times on any Council premises or land without prior notice;
- have access to all records, documents, computer programs and files and correspondence relating to any financial and related transactions of the Council;
- require and receive such explanations as are necessary concerning any matter under examination;
- require any employee of the Council to produce cash, stores or any other Council property under their control or such items in their custody as an officer of the Council which are the property of other persons;

- secure and prevent access to any equipment and records subject to an immediate report to the relevant Head of Service or Strategic Director.
- 2.4 The scope of Internal Audit allows for unrestricted coverage of the Authority's activities in order to review, report and provide the appropriate assurance based on its reviews to the Audit Committee. Internal Audit shall also have unrestricted access to all records and assets deemed necessary by auditors in the course of an audit. In addition, Internal Audit, will have unrestricted access to:-
- the Audit Committee
 - the Chief Executive
 - the Leader of the Council
 - Members of the Council
 - individual Chief Officers
 - all Authority employees.
- 2.5 Such access to records, access and personnel may be limited to certain named individuals as agreed with the Chief Internal Auditor where highly sensitive or confidential information is involved.

Authority

- 2.6 The authority of the internal audit function is derived from legislation. The requirement for an internal audit function for local authorities is implied by Section 151 of the Local Government Act 1972, which required that authorities shall *'make arrangements for the proper administration of their financial affairs and shall ensure that one of their officers has responsibility for the administration of those affairs'*. The Accounts and Audit (Wales) Regulations 2005 requires that *'A local government body shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper practices in relation to internal control'*.
- 2.7 Newport City Council has delegated these responsibilities to the Head of Finance.

3. Objectives

- 3.1 Internal Audit's main objectives are to:
- provide a quality, independent and objective audit service that effectively meets the Council's needs, adds value, improves operations and helps protect public resources
 - provide assurance to management that the Council's operations are being conducted in accordance with external regulations, legislation, internal policies and procedures
 - to ensure the objectives of the Council are being met

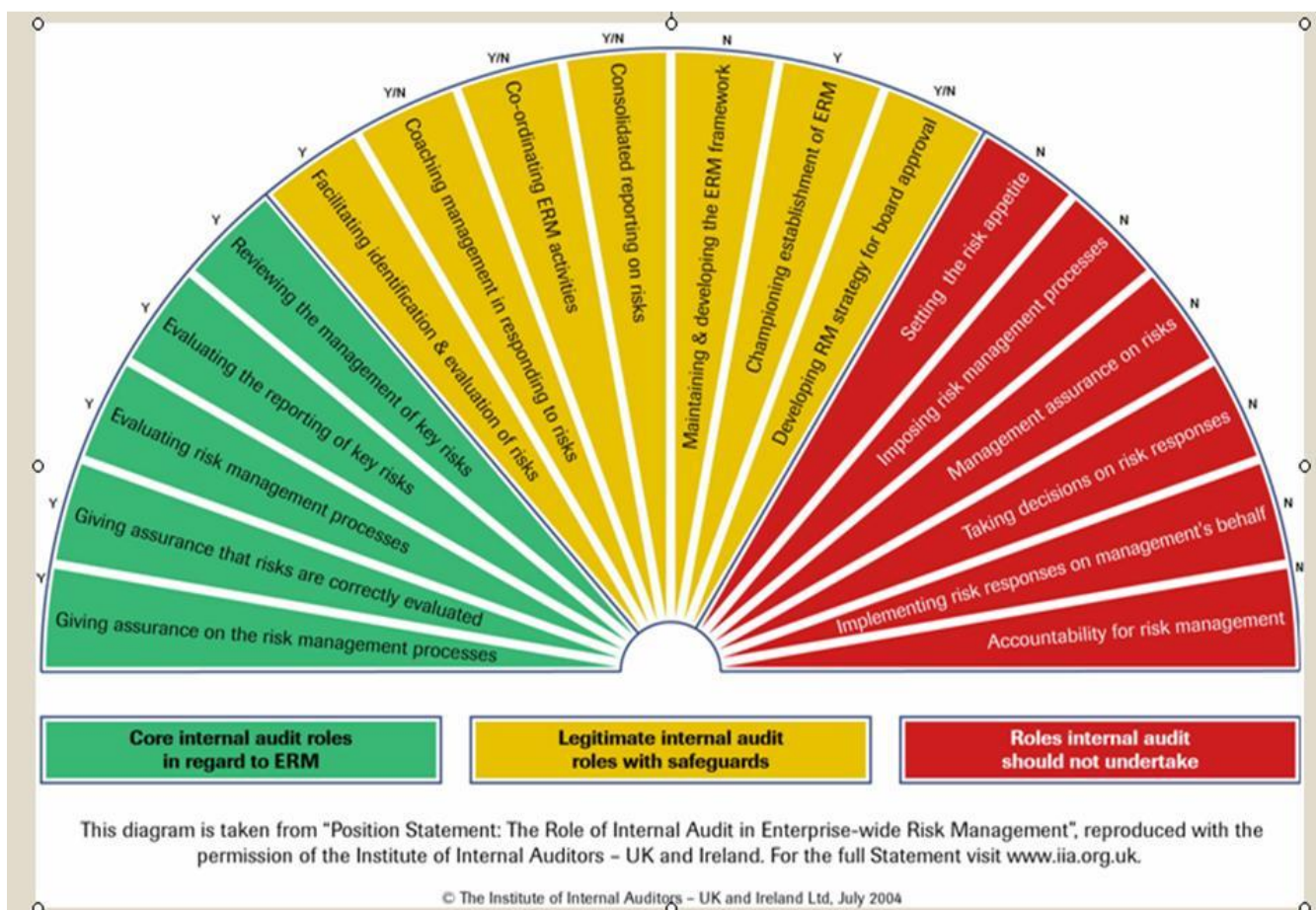
- provide a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes
- provide advice and support to management to enable an effective control environment to be maintained
- promote an anti-fraud, anti-bribery and anti-corruption culture within the Council to aid the prevention and detection of fraud
- investigate allegations of fraud, bribery, corruption and other irregularities
- to liaise with the police where criminal activities are suspected.

4. Roles & Responsibilities

Role of Internal Audit

4.1 To meet Internal Audit objectives, internal auditors are responsible for:

- reviewing and assessing the soundness, adequacy and reliability of financial and non-financial management systems and operations
- reviewing and assessing the effectiveness of internal controls
- assessing the appropriateness of management action for improvement, where appropriate
- reviewing and assessing procedures to check that the Council's assets and interests are adequately protected and risks are identified and effectively managed
- checking for compliance with legislation, Council policies and procedures
- promoting and assisting the Council in the effective use of resources
- ensuring governance and risk management processes are effective and robust
- undertaking independent investigations into allegations of fraud and irregularity in accordance with Council policies and procedures and relevant legislation.



Provision of the Internal Audit Function

4.2 The Internal Audit Function is provided 'in house' and consists of the Chief Internal Auditor, 2 Audit Managers, 2 Principal Auditors, 3 Senior Auditors and 2 Auditors. The team comprises of professionally qualified and part qualified accountants and auditors (CIPFA, ACCA, IIA, AAT). The Chief Internal Auditor operates in collaboration with a neighbouring local authority dividing his time on a 60:40 basis between Newport and Monmouthshire.

Organisational Independence

4.3 PSIAS Standard 1100 states that the Chief Internal Auditor must report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities. The Chief Internal Auditor will confirm to the Audit Committee, at least annually, the organisational independence of the internal audit activity.

4.4 Organisational independence is effectively achieved when the Chief Internal Auditor reports functionally to the Audit Committee. The Audit Committee is required to:

- approve the Internal Audit Charter;
- approve the risk based Internal Audit Annual Plan;
- receive communications from the Chief Internal Auditor on the internal audit activity's performance relative to its plan and other matters;
- make appropriate enquiries of management and the Chief Internal Auditor to determine whether there are inappropriate scopes or resource limitations.

Management Structure

4.5 Internal Audit is part of the Finance Service Area, with the Chief Internal Auditor reporting directly to the Head of Finance. However, in order to maintain its independence Internal Audit has a right of access to the Chief Executive and/or the Leader of the Council and/or the Chair of the Audit Committee should circumstances warrant it. In addition, there is a right of access to Councillors as a matter of last resort. The Chief Internal Auditor also reports in his own name. Internal Audit does not carry out any non-audit functions and has operational independence.

4.6 The Chief Internal Auditor is responsible:

- in managerial terms to the Head of Finance
- for the performance of the Internal Audit Service to the Audit Committee
- providing a level of assurance, or otherwise, to the Audit Committee.

4.7 The Chief Internal Auditor's responsibilities to the Audit Committee include:

- presenting for approval the Internal Audit Charter
- presenting and obtaining approval of the risk-based annual audit plan
- reporting quarterly on the work undertaken by Internal Audit
- reporting any serious weaknesses found in the internal control systems, governance or risk, and any instances where corrective action has not been taken by management
- reporting any instances where responses to audit reports have not been received within a reasonable timescale of the issue of draft and/or final audit reports, and any instances where agreed management actions have not been implemented within an acceptable time period
- providing an annual audit opinion of the overall adequacy and effectiveness of the Council's internal control environment.

4.8 The Audit Committee responsibilities are in accordance with the Committee's terms of reference.

5. Code of Ethics

5.1 The Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards 2013 (PSIAS) by:

- ensuring that all internal auditors conform to the Code of Ethics principles of integrity, objectivity, confidentiality and competency
- implementing the Attribute and Performance Standards as detailed in Section 5 of the Standards

5.2 Internal Audit staff are required to make an annual affirmation of their knowledge of, and compliance with, the PSIAS Code of Ethics and must also have regard to The Committee on Standards in Public Life's *Seven Principles of Public Life* (Nolan Principles).

6. Service Standards

What you can expect from us:

6.1 Internal Auditors will, at all times, exercise due professional care, act with integrity and take a professional, reliable, independent and innovative approach to their work. It is essential that auditors are impartial so that when an audit opinion is requested it will be unbiased and based upon the facts available. Should a situation arise where impartiality could be questioned, then another auditor will be assigned to undertake the task concerned.

6.2 Where an auditor was previously employed within a service/area subject to audit then the Chief Internal Auditor will ensure that the auditor concerned is not assigned audits in that area until an appropriate amount of time has lapsed.

Audit Strategy

6.3 The Chief Internal Auditor prepares a risk-based audit strategy and translates this into a five year rolling plan that shows cyclical coverage of audits. Where there is a difference between the strategy/plan and resources available, this is reported to the Audit Committee.

Annual Audit Plan

- 6.4 To implement the audit strategy, an annual audit plan is established using a risk-based assessment methodology. The plan determines in broad terms the resources and skills needed, and is used for allocating auditors' work. Should the plan indicate a need for additional resources, this will be discussed with the Head of Finance. Heads of Service / Managers are consulted on the audit plan during the planning process and asked if there are any areas or work they wish specifically to be incorporated into the audit coverage. The plan is flexible and includes a contingency to allow for changes in priorities, emerging risks, ad hoc projects, fraud and irregularity, etc.
- 6.5 The Annual Internal Audit Plan is reported to and endorsed by the Audit Committee.

What we expect from you

- 6.6 Managers and staff should co-operate with the auditors, and responses should be made to draft reports within 10 working days of issue of report. Where a response is not forthcoming a reminder will be issued. However, if a response is not received then the matter will be referred up to the next level of management, and ultimately to the Head of Service, Strategic Director, Chief Executive or Audit Committee, as appropriate.

7. Reporting

Audit Reports

- 7.1 All audit assignments will be the subject of formal reports. Where appropriate draft reports will be sent to the managers responsible for the area under review for agreement of the factual accuracy of findings. After agreement, the final reports will be issued to the relevant Head of Service. All reports will be issued on behalf of the Chief Internal Auditor and will contain a corresponding audit opinion.

Audit reports:

- show the findings based on a risk assessment e.g. high, medium and low or may be advisory (a finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or poor practice)
- include an action plan showing the agreed management actions and the target date for implementation
- give an opinion of the system as at the time of the audit based on the evidence available at that time
- define the circulation of the draft and the final reports
- all reports will be issued on behalf of the Chief Internal Auditor.

7.2 Audit report circulation/Reporting structure:

- Operational managers receive a draft report for discussion followed by the final report
- Heads of Service will receive a copy of all final reports within their service area
- Chief Executive and Senior Leadership Team will receive a copy of all quarterly update reports presented to the Audit Committee and can request individual reports as required.

Reporting Standards

7.3 Upon completion of audits, draft audit reports are internally quality reviewed and issued to the relevant line managers for them to confirm the accuracy of the audit findings. Managers are invited to contact the auditor if they wish to discuss the report and asked to show their response to the significant weaknesses raised in the draft report. For agreed management actions, dates for action or implementation are recorded in the report and the action plan. The managers' responses are recorded in the final report.

7.4 In accordance with professional standard (2500 Monitoring Progress), follow-up audits are undertaken to ensure that the agreed controls and actions have been implemented by management.

7.5 Any agreed management actions not implemented within a reasonable timescale and any 'high' risk weaknesses that are not accepted will be reported to the Audit Committee in accordance with the committee's terms of reference.

7.6 Internal Audit works to the reporting quality standards of:

- draft audit reports to be issued within 10 working days of the completed audit job being reviewed
- final audit reports to be issued within 5 working days of the discussion of the draft audit report
- agreed action plans within final reports to be followed-up within 12 months of the date issue of the final audit report, to ensure that the agreed management actions due for implementation have been established.

8. Quality Assurance

8.1 The Chief Internal Auditor will maintain a process of review of the Internal Audit Service to provide reasonable assurance that its work conforms with the relevant standards and to the requirements of this document. Internal assessments will include:

- on-going monitoring of the performance of the service including ensuring there is adequate supervision of work performed
 - periodic self-assessments on how the service meets the requirements of the Public Sector Internal Audit Standards.
- 8.2 External assessments of the Internal Audit Service will be undertaken once every five years, in accordance with the PSIAS.
- 8.3 Internal auditors are required to enhance their knowledge, skills and other competencies through continuing professional development.
- 8.4 Audit reports are reviewed by a senior member of staff / peer reviewed prior to issue. All reports are issued by the Audit Manager (or Chief Internal Auditor).

9. Relationships

- 9.1 General - in all of these relationships the person/s concerned will be treated with respect, courtesy, politeness and professionalism. Any confidential or sensitive issues raised with, or reported to, Internal Audit staff will be dealt with in an appropriate manner. Where issues could cause embarrassment to the Council, the appropriate manager will be advised immediately so that the issue can be addressed without delay.
- 9.2 Internal - the main contacts are with: Council employees, operational managers, Heads of Service, Strategic Directors and the Chief Executive. Internal auditors will ensure that they explain to the person/s concerned the purpose of the audit and the various stages that the audit will follow. Internal Audit will agree with the manager concerned the timing and scope of the audit and the circulation of the audit report.
- 9.3 Councillors – the main means of communication between Internal Audit and Councillors is via the Audit Committee which meets 7 times per year.
- 9.4 External – Internal Audit will liaise with the external auditors in order to:
- foster a co-operative and professional working relationship
 - eliminate the incidence of duplication of effort
 - ensure appropriate sharing of information
 - co-ordinate the overall audit effort.

10. Fraud & Irregularities

- 10.1 The Chief Internal Auditor is responsible for reviewing and updating the Council's Anti-Fraud and Corruption Strategy and for promoting an anti-fraud culture within the Council. This is achieved by the following:

- specific detailed testing in high risk areas
 - participation in the Cabinet Office National Fraud Initiative data matching exercise
 - investigation of all areas of concern identified through routine audit, reported to management or via the Council's Whistleblowing policy.
- 10.2 Heads of Service / operational managers are responsible for managing risks in order to prevent fraud, irregularities, waste of resources, etc. Internal Audit will assist Heads of Service / operational managers to effectively manage these risks.
- 10.3 However, no level of controls can guarantee that fraud will not occur, even when the controls are performed diligently with due professional care.
- 10.4 Where there is evidence or reasonable suspicion that a fraud or irregularity has occurred, then this must be reported immediately to Internal Audit. All cases will be dealt with in accordance with the Council's '*Anti-Fraud, Anti – Bribery and Anti-Corruption Strategy*' and '*Whistleblowing Policy*'.

11. Audit Resources

- 11.1 The staffing structure of Internal Audit will comprise a mix of qualified, technician, trainee and auditor posts with a mix of professional specialisms to reflect the varied functions of the section.
- 11.2 As far as is practicable, Internal Audit will not participate in the day-to-day operation of any systems of internal control. However, in strict emergency situations only, audit personnel may be called upon to carry out non-audit work on a short-term basis.
- 11.3 Members of the Internal Audit Section will be expected to contribute to the general management and conduct of business through membership of working groups and participation in ad hoc exercises.
- 11.4 Members of the Audit Team annually declare any potential conflicts of interests and do not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment.

12. Audit Training

- 12.1 Internal auditors must enhance their knowledge, skills and other competencies through continuing professional development (Standard 1230).

- 12.2 The Chief Internal Auditor will carry out a continuous review of the development and training needs of all audit personnel and will arrange in-service training covering both internal and external courses. This will complement the Council's 'My Review' process.
- 12.3 The Internal Audit Team will continue to co-ordinate training for internal auditors across 16 South Wales internal audit teams on behalf of the South Wales Chief Auditors Group; a sub group of the Welsh Chief Auditors Group. An annual training programme will be proposed and delivered.

13. Review

- 13.1 The Internal Audit Charter will be reviewed periodically by the Chief Internal Auditor and presented to Senior Management and the Audit Committee for approval.



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Report

Audit Committee

Part 1

Date: 26th November 2015

Item No: 10

Subject **Audit Committee Self Evaluation Summary**

Purpose To provide Members of the Council's Audit Committee with a summary of the self evaluation exercise and questionnaire responses from June 2015 and to agree an action plan to further improve the way in which the Audit Committee operates.

Author Chief Internal Auditor

Ward General

Summary The attached report provides a summary of Audit Committee Members' responses to the self evaluation questionnaire along with an action plan.

Proposal 1)The report be noted and the action plan agreed 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
-
-
-

Please list here those officers and members you have consulted on this report.

Signed

Background

1. As part of good governance arrangements and feedback from a CIPFA course attended by Members in September 2014, The Effective Audit Committee, Members of the Audit Committee undertook a self evaluation exercise in June 2015 in order to assess the effectiveness of the Audit Committee at that time and to develop an action plan to further improve the way it operated.
2. A self evaluation questionnaire was devised by the Chief Internal Auditor based on expected good practice for Audit Committees (CIPFA) and to ensure that the Council's Audit Committee was meeting its functions in accordance with the Local Government Measure 2011.
3. Although all Audit Committee Members were afforded the opportunity to contribute to this exercise, only 4 responses were received. A summary of the responses of how effective Members felt the Audit Committee is shown at Appendix 1.
4. Areas covered by the self evaluation exercise included:
 - a. Roles and Responsibilities
 - b. Monitoring and Oversight
 - c. Internal Audit Process
 - d. External Audit Process
 - e. Membership
 - f. Meetings
 - g. Skills and Training
5. Overall there was a general positive response to the self evaluation and Members felt appropriate measures were in place to demonstrate they were involved with an effective Audit Committee, although in some areas there was a lack of clarity of what process were actually in place or had been agreed previously. New Members joining the Audit Committee may not always be aware of how it operates and where key requirements have been approved and at what level.
6. There is a need to further develop existing functions to demonstrate continual improvement in the Audit Committee's effectiveness and to refresh Members with key aspects of how it operates on an annual basis to ensure clarity and consistency.
7. The self evaluation exercise should be undertaken annually and all Members of the Audit Committee should contribute to the process. The agreed action plan should be monitored and reviewed as part of this process in order to demonstrate continual improvement and effectiveness of the Council's Audit Committee.

Roles & Responsibilities

8. There was some uncertainty around the Audit Committee's Terms and Reference and where they had been approved and whether they followed the CIPFA model and the requirements of the Local Government Measure 2011. There was also a lack of clarity over what the Audit Committee could review and scrutinise and it needs to further develop feedback on its own performance and effectiveness.

Monitoring & Oversight

9. Members felt that the Audit Committee received adequate and timely information and received appropriate support from Democratic Admin and Internal Audit, although not always from Senior Management. Generally it was agreed that they could invite officers to Audit Committee and

hold them accountable for their actions and ensure recommendations were implemented, and could refer matters to other bodies as appropriate.

10. Although an annual report is not prepared on behalf of the Audit Committee it was felt that the work it undertakes throughout the year feeds into the Annual Governance Statement. Members agreed they were aware of the Seven Principles of Public Life and were committed to the Council's Vision and Values.

Internal Audit

11. Members confirmed that they agreed the Internal Audit plan, received the Chief Internal Auditor's Annual Report, regularly reviewed Internal Audit's work and felt the detail provided by Internal Audit was adequate to meet their own needs. They didn't always receive regular feedback on client perceptions of Internal Audit and not all were clear if they could hold private meetings with the Chief Internal Auditor.

External Audit

12. With regards External Audit, their work was reported into Audit Committee and members felt they had an opportunity to contribute to the external audit programme, although again, not all were clear if they could hold private meetings external auditor.

Membership

13. The responses reflected that Members were aware of the make-up of the Audit Committee, that it needed to be quorate to function and was consistent with the Local Government Measure 2011. They agreed the Chairman was free from Executive functions and had strong leadership skills. However, there was a slight lack of clarity over the independence of Members who were sitting on other scrutiny fora or were Cabinet Members. The majority felt the Audit Committee was politically balanced in accordance with the Local Government (Democracy)(Wales) Act 2013 as it was formed by Council.

Meetings

14. A positive response was received around the regularity of Audit Committee meetings, the timing of the circulation of agenda papers, non-political and openness of discussion which allowed all Members to contribute and that the meetings were public with subsequent records being transparent and readily available.

Skills & Training

15. Although all Members felt that they could request training to help them fulfil their role, the majority were not sure if they all had the necessary knowledge, experience and understanding of the key risks facing the Council. They were unsure if induction training was provided or whether more advanced training was available if required; they weren't sure if their own skills had been assessed against a knowledge and skills framework and found to be satisfactory. However, the majority agreed that they had the appropriate skills to fulfil the role expected of them in specialist areas.

Financial Summary

16. 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

17. N/A

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

18. N/A

Options Available

19. N/A

Preferred Option and Why

20. N/A

Comments of Chief Financial Officer

21. I can confirm that I have been consulted and have no additional comments.

Comments of Monitoring Officer

22. There are no legal implications.

Staffing Implications: Comments of Head of People and Business Change

23. There are no direct Human Resources issues arising from this report.

Comments of Cabinet Member

24. N/A

Local issues

25. N/A

Consultation

26. N/A

Background Papers

27. N/A

Dated:

Audit Committee Self-Assessment Workshop –June 2015
Measuring the Effectiveness of the Audit Committee

Issue	Yes	No	Partly / Not sure	Comment	Future Considerations / Proposed Improvement Actions	
Roles and Responsibilities						
1	Have the Committee's Terms of Reference been approved by Full Council?	1		3		Clarify where and when the Audit Committee's Terms of Reference were approved and remind Members of the Audit Committee
2	Do the Terms of Reference follow best practice, as set out in the CIPFA model and the Local Government Measure 2011?	1		3		Make Members of the Audit Committee aware of the Terms of Reference, 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?	1	1	2		Review Terms of Reference every two years
4	Does the agenda for meetings and work programme support the role and responsibilities of the Committee?	3		1	It needs to be effective	
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 	2		2	These are important areas of scrutiny which need to be covered.	Clarify the role of Audit Committee and make Members of the Audit Committee aware

Issue		Yes	No	Partly / Not sure	Comment	Future Considerations / Proposed Improvement Actions
	<ul style="list-style-type: none"> External & Internal Audit Reports 					
6	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work.		2	2	This is something we are trying to introduce	Continue to obtain feedback of the Audit Committee's performance and effectiveness from those outside the Audit Committee
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 	3		1		
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 	2		2	Secretariat and IA very good. Not from senior management	Establish what they key issues are in not getting appropriate support from senior managers. Consider raising with SLT for appropriate support.
9	Does the Committee consider it has the opportunity to invite officers and members to attend and be held accountable for their actions?	3		1		

Issue		Yes	No	Partly / Not sure	Comment	Future Considerations / Proposed Improvement Actions
10	Has the Committee agreed set criteria when an officer may be invited to attend Committee?	3	1			
11	Does the Committee consider they have the mechanisms to ensure that officers are acting on and monitoring action taken to implement recommendations?	4				
12	Does the Committee consider that they have the opportunity to refer matters on to other bodies (internal & external) as they consider appropriate?	3		1	We have introduced regular meetings with CEO	
13	Does the Committee have appropriate interaction with other Committees e.g. Scrutiny?	2	2			Consider the appropriateness of referring matters to, and interacting with, other scrutiny fora
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?	1		1	We feed into the AGS	Consider completing an Annual Report on behalf of the Audit Committee
15	Does the Committee undertake an annual Self Assessment of its own effectiveness?	1		3	This questionnaire is the start of this process	Undertake an annual self evaluation process; monitor and review the action plan.
16	Are there arrangements to hold the committee to account for its performance?		2	2		
17	Members of the Committee have	4				

Issue		Yes	No	Partly / Not sure	Comment	Future Considerations / Proposed Improvement Actions
	regard to the Seven Principles of Public Life, known as the Nolan Principles: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.					
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>	4				
Internal Audit Process						
19	Does the Committee approve the strategic audit approach and the annual programme?	3		1		
20	Is the work of Internal Audit reviewed regularly?	4				
21	Is the level of detail provided in Audit progress summaries adequate to meet Members' needs?	4				
22	Does the Committee receive regular information on client perceptions of the Internal Audit service and other performance management	1		3		Consider independent assurance from operational officers within the Council on how well the Internal Audit Team is performing.

Issue		Yes	No	Partly / Not sure	Comment	Future Considerations / Proposed Improvement Actions
	information?					
23	Is the Annual Report from the Chief Internal Auditor presented to the Committee?	4				
24	Is there the opportunity to hold private meetings with the Chief Internal Auditor?	2		2		Clarify with Members that the Chief Internal Auditor is available to attend private meetings as appropriate
External Audit Process						
25	Are reports on the work of external audit and other inspection agencies presented to the Committee?	4				
26	Does the Committee consider that they have the opportunity to input into the external audit programme?	4				
27	Is there the opportunity to hold private meetings with the External Auditor?	2		2	This would be at the request of Auditors	Clarify with Members that External Audit are available to attend private meetings as appropriate
Membership						
28	Has the membership of the Committee been formally agreed and a quorum set?	3	1			
29	Is the make up of the Committee consistent with the requirements of the Local Government Measure 2011?	4				

Issue		Yes	No	Partly / Not sure	Comment	Future Considerations / Proposed Improvement Actions
30	Is the Chair free of Executive or Scrutiny functions?	4				
31	Does the Chair have strong level of leadership skills?	3				
32	Are Members sufficiently independent of the other key Committees of the Council?	3		1	Members sit on other scrutiny fora plus 1 Cabinet Member. Not sure this is consistent with Quis custodiet ipsos custodies?	
33	Is the Committee politically balanced in accordance with the Local Government (Democracy) (Wales) Act 2013?	3		1	Committee is formed by Council	
Meetings						
34	Does the Committee meet regularly?	4				
35	Is the frequency of meetings adequate to support the role and responsibly of the Committee?	3		1		
36	Are agenda papers circulated in advance of meetings to allow adequate preparation by Members?	3	1		Generally this is the case but there are occasions when papers are late. Have problems opening items in PDF on modern.gov emails. System worked better before change	
37	Are meetings free and open without political influences being displayed?	4				

Issue		Yes	No	Partly / Not sure	Comment	Future Considerations / Proposed Improvement Actions
38	Are meetings public and records relating to the Committee open, transparent and easily available?	4				
39	Do Members feel they can actively contribute to discussion at meetings and are encouraged to do so?	4				
40	Are decisions reached promptly and recorded?	3		1		
Skills and training						
41	Has the membership of the committee been assessed against a knowledge and skills framework and found to be satisfactory.		1	3	Extra training has been provided. Attendance is sporadic by some, non-existent by others. Some evidence that Members do not read papers.	Ensure commitment by Members nominated to the Audit Committee.
42	Do Committee Members have the knowledge, experience and understanding of the key risks and issues facing the Council?	1		3		Ensure Members are made aware of the key risks faced by the Council and then assess the level of Members' knowledge and experience.
43	Is induction training provided to Members?	1	1	2		Provide induction training to new Members of the Audit Committee. Provide ongoing refresher training
44	Is more advanced training available if required?	2		2		

Issue		Yes	No	Partly / Not sure	Comment	Future Considerations / Proposed Improvement Actions
45	In specialised areas such as treasury management do Members feel they have the appropriate skills to fulfil the role expected of them?	3		1		
46	Do Members feel they can request training if they consider this would help them fulfil their role?	4				

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Report

Audit Committee

Part 1

Date: 26 November 2015

Item No: 11

Subject **Standing Order 24 (Urgent Decisions) and Waiving of Contract Standing Orders: April 2015 to end of September 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 and 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
- Chief Internal Auditor

Background

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 report giving rise to the decision are attached.

Financial Summary

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

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

To be good at what we do.

Options Available/Preferred Option and Why

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

See attached reports

Comments of Monitoring Officer

See attached reports

Staffing Implications: Comments of Head of People and Business Change

See attached report

Subject	Decision & Date	Reason for Urgency/Reason to waive Contract Standing Orders	Comments of Chief Internal Auditor
Housing (Wales) Act 2015 – Test of Intentionality (Homelessness)	ACS 03/15 15 June 1015	The Homeless Intentionality decision made in March 2015 was in advance of the power being made available under legislation, this being	The decision was taken previously with full member consultation per the report; the subsequent decision taken is the same one

		<p>due to delays on implementation with the Welsh Government. The decision now needed to be reconfirmed with the current date. There were no other amendments to the report required, simply reconfirmation of the decision. The report did not go out for consultation with Members again (Members were consulted before the original decision was taken in March 2015) and was not subject to the "call in" process.</p>	<p>albeit on a more current date post the legislation date providing the respective power. The report contains sufficient justification for the urgent decision.</p>
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Decision Schedule

Cabinet Member for Adult & Community Services

TO ALL MEMBERS OF NEWPORT CITY COUNCIL

Decision Schedule published on 15 June 2015

The Cabinet Member took the following decision on 15 June, 2015. It will take immediate effect, this decision confirming a previous decision made on 6 March, 2015 (after full Member consultation) which has had to be updated following a request from the Welsh Government (see below).

This decision is not subject to the "Call in" process.

In accordance with Standing Order 24 – Urgent Matters this matter will be forwarded to the Audit Committee.

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

ACS 03/15

Housing (Wales) Act 2015 – Test of Intentionality (Homelessness)

Options Considered/Reasons for Decision

The Housing (Wales) Act 2015 required the Council to consider and subsequently decide which household groups would continue to be assessed as being intentionally homeless where applicable in line with legislative requirements.

The Homeless Intentionality decision made in March, 2015 was in advance of the power being made available under legislation, this being due to delays on implementation with the Welsh Government. This decision now needed to be reconfirmed with the current date. There were no other amendments to this report required, simply reconfirmation of the decision.

Decision

To retain the Council's right to apply the test of intentionality to all household groups presenting as homeless

Consultation

Monitoring Officer, Head of Finance, Head of People & Business Change

All Members were consulted and provided with an opportunity to comment when previously circulated. Any comments received and response thereafter are set out in the report.

Implemented By: Regeneration, Housing and Property Manager

Implementation Timetable: Immediate

Councillor Paul Cockeram, Cabinet Member for Adult & Community Services Date: 15 June 2015

Report

Cabinet Member for Adult and Community Services

Part 1

Date: 15 June 2015

Item No: 1

Subject **Housing (Wales) Act 2015 – Test of Intentionality (Homelessness)**

Purpose To seek approval from Cabinet Member to continue to apply the test of intentionality to all household groups presenting as homeless to the Council in line with requirements of the Housing (Wales) Act 2015.

Author Regeneration, Housing and Property Manager

Ward All

Summary The Housing (Wales) Act 2015 requires the Council to consider and subsequently decide which household groups will continue to be assessed as being intentionally homeless where applicable in line with legislative requirements.

N.B.The Homeless Intentionality decision made in March, 2015 on the basis of this report was in advance of the power being made available under legislation, this being due to delays on implementation with the Welsh Government. This decision now needed to be reconfirmed with the current date. There were no other amendments to this report required, simply reconfirmation of the decision.

Proposal **The proposal is to retain the Council’s right to apply the test of intentionality to all household groups presenting as homeless.**

Action by Regeneration, Housing and Property Manager

Timetable Immediate

This report was prepared after consultation with:

- Head of Law and Regulations
- Head of Finance
- Head of People and Business Change

Signed

1. Background

1.1 The Housing (Wales) Act 2015 places a requirement on the Council to provide a formal public statement on which household groups the Council will continue to assess as being intentionally homeless where an individual household contributes to their homelessness through either a deliberate act or lack of action on the part of the household which subsequently results in their accommodation being lost for no good reason.

1.2 There are a number of groups that the Council must consider. These are:

- Households with dependent children or a pregnant woman
- Households vulnerable due to old age
- Households vulnerable to physical disabilities or mental illness / learning disability
- Households vulnerable due to being a care leaver / or a young person at particular risk of sexual or financial exploitation (18-20 year olds)
- Households vulnerable due to being a 16 or 17 year old
- Households vulnerable due to fleeing domestic violence / abuse or threatened violence
- Households vulnerable due to leaving the armed forces
- Households vulnerable due to other reasons
- Households homeless upon release from leaving prison and considered vulnerable as a result

1.3 The number of households found to be intentionally homeless by the Council is limited the details of decisions made are outlined below for the last 5 years.

Decision	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Not eligible	6	5	15	0	0
Not Homeless	274	280	335	295	300
Not in Priority Need	105	160	225	160	265
Full Housing Duty	455	505	505	475	370
Intentionally Homeless	43	50	65	70	60
Total Decisions	883	1000	1145	1000	995

1.4 This represents approximately 6% of the decisions made in the main each year for the last 5 years. Steps are taken to assist in securing alternative accommodation, usually either within the private rented sector or within supported housing, for households where they effectively engage with services. This practice is established within the Council's prevention policy and process which has recently been reviewed and will be the core of service delivery when other changes contained with the Housing (Wales) Act 2015 come into effect in 2015. In short, whilst households are found to have contributed to their homelessness, services are available to assist with securing alternative housing where individuals engage with services and the Council continue to assist in the provision of accommodation, practical support and advice as appropriate.

1.5 The Council is required to take a decision on which groups are to have the test of intentionality applied and this requires the approval of Cabinet Member. The decision must be communicated to the Welsh Government and details must be made public in order to ensure that both agencies and residents are aware of the Council's policy and decision on this matter.

2. Options Available

2.1 There are a number of options to consider:

1. To continue to assess intentionality as part of the homeless assessment process for all household groups identified.
2. To cease to assess intentionality for all household groups
3. To cease to assess intentionality for specific groups

3. Preferred Option and Why

- 3.1 The preferred option is to continue to assess intentionality as part of the homeless assessment process for all house homelessness and offer additional assistance and services to all households either homeless or at risk of being made homeless within the 56 days. The reason for this decision is that there are already significant changes being brought into effect under the Housing (Wales) act 2015 placing additional burdens upon the Council in terms of seeking to prevent homelessness and find solutions for households.
- 3.2 These changes will place a greater level of pressure on services and will also require a change in working practice which will inevitably be an additional pressure on staff to deliver the key fundamental changes contained within the new legislation. The added pressure of changing the process around the assessment of intentionality would only serve to add additional complications and provide additional pressures on services at a time of significant change. The removal of the assessment of intentionality could potentially have a detrimental effect on this approach as this will clearly require a period of time to become embedded in services and to provide further alterations to process could have a negative effect on this approach.
- 3.3 In addition, there is also a risk that by changing the requirement to not find the above groups to be intentionally homeless then there is a real financial risk on the Council in the continued provision of accommodation where individuals are failing to engage with services and to not take responsibility for their actions which is also a core part of the changes within the Housing (Wales) Act 2015 surrounding the prevention of homelessness. It is therefore essential that households are provided with services aimed at preventing homelessness where practicable to do so and to seek to build services around individuals so that they are able to develop the necessary skills to sustain accommodation in the long term, thereby reducing the overall impact on services.
- 3.4 In summary, it is recommended that the intentionality test is retained for all household groups, with this being reviewed after the legislation has been in place for 2 years which will allow for a more comprehensive assessment of the position and the impact of the legislation to be better examined and evaluated. This may then lead to further recommendations being made in terms of removing the test for certain groups.

4. Comments of Chief Financial Officer

- 4.1 Homelessness currently contributes to a financial pressure in the region of £20k (Housing Needs Unit) within the Regeneration, Investment and Housing portfolio. A decision to change the requirement to not find the above groups to be intentionally homeless would create further financial risk for the Council as there would be a requirement to continue to provide accommodation where individuals are failing to engage with services and to not take responsibility for their actions. This proposal is consistent with the changes within the Housing (Wales) Act 2015 surrounding the prevention of homelessness.

5. Comments of Monitoring Officer

- 5.1 In accordance with Section 78 of the Housing (Wales) Act 2014 and Regulations made thereunder, the Council must determine whether to have regard to the test of intentionality when considering homelessness applications from certain prescribed categories of households and it must publicise this policy decision. The Council can disapply the test altogether or retain it for all or some of the various household categories. If the Council did not apply the test to all or any of these homelessness cases, then no account would be taken of any conduct on the part of the members of the household and a full re-housing duty would be owed, even where they had become homeless intentionally as a consequence of their own actions. This would have significant resource implications for the Council, particularly in view of the increased duties under the legislation to take early preventative action to deal with people threatened with homelessness. Therefore, until the full effects of the new legislation and homelessness duties can be properly assessed, it would be advisable to maintain the current status quo and continue to apply the intentionality test to all categories of homeless households.

6. Staffing Implications: Comments of Head of People and Business Change

- 6.1 The report proposes the continuation of the current process of assessing all groups resenting as homeless so there are, therefore, no staffing implications. The report also details work undertaken to prevent homelessness and the Authorities obligations to do so and this is in line with the aspirations of the Single Integrated Plan and Corporate Plan.

7. Comments of Cabinet Member

- 7.1 Cabinet Member happy to support.

8 Comments of Non Executive Members

- 8.1 None received.

9 Children and Families (Wales) Measure

- 9.1 None

10 Consultation

- 10.1 None

11 Background Papers

- 11.1 None

Dated: 15 June 2015



Report

Audit Committee

Part 1

Date: 26 November 2015

Item No: 12

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.**

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

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.

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.

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 2015/16 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

Financial Summary

Please see comments from Chief Financial Officer below.

Risks

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 Audit Committee makes to service improvement.

This report is presented to each Committee every month in order to mitigate that risk. The specific risks associated with individual topics on the work programme will need to be addressed as part of the Committee's investigations.

Comments of Chief Financial Officer

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.

Comments of Monitoring Officer

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

Staffing Implications: Comments of Head of People and Business Change

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

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)

16 July 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
Treasury Management Report

24 September 2015
Internal Audit Plan 2015/16 – Progress (Quarter 1)
Statement of Accounts 2014-15
Audit of Financial Statements Report 2014-15
Corporate Risk Register Update (Considered by Cabinet in September)
Risk Assessment and information contained within reports (requested at July 2015 meeting)
Report on Audit Committee Self Evaluation Exercise
Presentation on Whistle blowing Policy
Overspend on Market Square Bus Scheme

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 1 and 2, April to September)
Treasury Management Report (and 15 min training session, requested at July 2015 meeting)
Lessons Learned 2014/15
Regulatory Reports
Audit Committee Self Evaluation Exercise

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 2015/16 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)**

Report on Risks associated with Hosting (IT)

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