

Agenda



Audit Committee

Date: Thursday, 24 March 2016

Time: 5.00 pm

Venue: Committee Room 1, Civic Centre, Newport

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

Item		Wards Affected
1	<u>Apologies for Absence</u>	
2	<u>Declarations of Interest</u>	
3	<u>Minutes of the Last Meeting - 28 January 2016</u> (Pages 3 - 8)	
4	<u>Corporate Risk Register</u> (Pages 9 - 24)	
5	<u>Regulatory Reports</u> (Pages 25 - 56)	
6	<u>Annual Governance Statement</u> (Pages 57 - 88)	
7	<u>Audit Plan 2016</u> (Pages 89 - 106)	
8	<u>WAO Certification of Grants and Returns</u> (Pages 107 - 140)	
9	<u>SO24 / Waiving of Contract SO's: Quarterly report reviewing Cabinet / CM urgent decisions or waiting Contract SO's (Quarter 3, October to December 2015)</u>	
	None to report.	
10	<u>Member Development Self Evaluation Exercise</u>	
11	<u>Work Programme</u> (Pages 141 - 146)	
12	<u>Referrals to Audit Committee</u>	
	None to report.	
13	<u>Date of Next Meeting - 26 May 2016</u>	

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Date of Issue: 17 March 2016

Minutes



Audit Committee

Date: 28 January 2016

Time: 5.00 pm

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

In Attendance: A Wathan (Chief Internal Auditor) D Palmer and R Squance (Audit Managers) M Rushworth (Head of Finance), H Brayford (Project Manager), T Lewis and A Veale (WAO) and J Ellams (Scrutiny Support and Research Officer).

Apologies: Councillors Jeavons

1 Minutes from 8 December 2015 meeting

The Minutes of the meetings held on 8 December 2015 were submitted.

Agreed

That the Minutes of the meeting held on 8 December 2015 be confirmed.

2 Corporate Risk Register

Members considered the latest update of the Corporate Risk Register. There were seven risks identified in the register, one high risk, five medium risks and one low risk. Since the last update five risks remained unchanged and two had reduced.

Members discussed risk 1, Legislative requirements and asked for the individual Acts associated with this risk? The Project Manager explained that the Welsh Language Act, the Social Services Act and the Future Generations Act were the main areas of concern and these would be included in any future report. The Chair requested that the whole document be updated to reflect this information.

Members were advised that the risk level for the Friars Walk Development (risk 6) had reduced from 4 to 2. Members were concerned that this did not accurately reflect the risk of not being able to sell the development. The Head of Finance explained that it was a theoretical risk but 82% of the development had now been let and only minimal risk remained. Cabinet continued to meet monthly to monitor the saleability of the development.

A concern was raised relating to communication between the Health Board and Social Services. This had implications for risks 2, Increasing Ageing Population and risk 5, Safeguarding. The Member was advised to put his concerns in writing to the Cllr Davies, Cabinet Member for Street Scene and City Services who was currently looking at arrangements for calls between professionals and for child protection etc.

The Chairman asked if there was regular dialogue between officers and the responsible Cabinet Member for the risk appetite to be established. The Project Manager explained that there were a number of risk registers below this one where service plans were considered and risks discussed in more detail. The Corporate Risk Register only picked up the highest level risks. Members suggested the report include more detail regarding the process before the register was compiled, to allow them to fully understand and challenge more effectively.

Agreed

That the contents of the Corporate Risk Register be noted.

3 Treasury Management Report and Training

Members considered a report on the Treasury Management Strategy, Prudential Indicators, Investment Strategy and the Minimum Revenue Provision policy. Both the Prudential Code and Welsh Government required Audit Committee to review and consider the Council's Treasury Management Strategy and Prudential Indicators before they were approved by full Council.

The strategies within the report set the Council's approved borrowing and investment limits, based on planned capital spending. The report was prepared in line with the Council's draft Medium Term Revenue Plan and would be presented to full Council as part of the overall budget report for approval in March 2016.

During 2015/16 the Council had undertaken an additional £48 million of long term borrowing, of which £43 million related to the Friars Walk Development. It was anticipated that new temporary borrowing of approximately £8 million would be required before the end of the 2015/16 financial year, the majority of this relating to the Friars Walk Development.

The Head of Finance gave a presentation to Members outlining the basics of the Treasury Management strategy.

Members raised a number of issues during the presentation:

- Who was ultimately responsible when it came to decisions relating to risk and advice? Members were advised that responsibility fell with the Section 151 Officer who worked within an approved strategy.
- Is it within Audit Committees remit to challenge the strategy and the amount the authority borrows? The Head of Finance explained that borrowing limits related to a programme approved elsewhere. He also referred to using reserves to fund capital borrowing if appropriate. Members were unclear about the role of Audit Committee and requested further training to clarify their position.
- Members raised the issue of the sale of land and the importance of independent valuations although it was confirmed that this was not a treasury management issue.
- WAO confirmed that they would expect the Council to seek specialist advice on these matters.
- Members asked how decisions were made re investments and borrowing. They were advised that the Treasury Team was responsible for "doing the sums" and working out the best plan of action.
- The report made several references to HRA which no longer existed and would be deleted from the report.
- The Head of Finance explained that very few building societies had credit ratings and therefore they wouldn't appear on the list to be considered.
- The spelling of Queensbury Ltd was corrected to Queensberry Ltd.

Agreed

1. That a recommendation for approval be made to Cabinet for the Prudential Indicators, Minimum Revenue Provision Policy, the Treasury Management Strategy and the Annual Investment Strategy.
2. That a further training session on Treasury Management be arranged.

4 Internal Audit Plan 2015/16 Progress Quarter 3

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

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 who hadn't yet been replaced. One Principal Auditor and one Auditor left the team during Quarter 3.

The section had already been involved with 9 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 3 2015/16 was compared to the same period of the previous year.

- 43% (51%) of the audit plan had been achieved so far which was below last year's performance and the profiled target of 50%;
- The promptness of issue of draft report (comparing timescale between finalising all fieldwork and issuing the draft report to management) averaged at 15 days (13 days) which was outside 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 at 3 days (2 days) which was within the target time of 5 days.
- Coverage of the plan at this stage of the year was just below expectations; the target being 50%. This was mainly due to insufficient audit resource in the team available to undertake planned audit work, although this was better than expected given the team had not been as involved with special investigations as planned.
- 52 (34) days had been spent finalising 15 (20) 2014/15 audit reviews; 13 of which had been finalised. 132 days had already been spent on 9 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.
- 19 jobs completed to at least draft report stage by 31 December 2015 warranted an audit opinion: 4 x Good, 12 x Reasonable and 3 Unsatisfactory but no Unsound. Of the 6 community centre accounts undertaken, 3 were *Qualified*. Other reports had 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.

Members asked if there were underlying reasons for the number of vacancies in the team? The Chief Internal Auditor explained that he had tried to recruit but had been unsuccessful. The section had then been restructured and a Principal Auditor had been appointed recently

and shortlisting for the other post was about to take place. Concerns were raised that issues could be missed as a result of the section not being adequately staffed. The Chief Internal Auditor explained that the Audit Plan was adjusted to reflect resources and there were regular talks with the Heads of Service to reprioritise.

Agreed

That progress on delivery of the audit plan and audit opinions given to date be noted.

5 Internal Audit Unsatisfactory Audit Opinions

Members considered a report on the up to date position of audit reviews previously given an unsatisfactory/unsound audit opinion.

In 2013/14, 41 audit opinions were issued of which there were no unsatisfactory or unsound opinions.

In 2014/15 five audit reviews were given an unsatisfactory audit opinion: Amenity Funds, Flexible Working and Travel and Subsistence Procedures, CCTV/Security, Discretionary Charging and SEN Assessments/Out of County Placements. These reviews were due to be followed up during 2015/16 but to date no follow ups have been undertaken.

In 2015/16, up to December 2015, 19 audit opinions had been issued; 3 were unsatisfactory and there were no unsound opinions.

Members discussed the issues raised regarding a Newport Nursery and it was suggested that these examples be circulated to other schools/nurseries for staff to check to make sure the process was being followed correctly. The Audit Manager explained that she held training sessions with the schools where best practice was shared and such issues discussed.

Members asked what arrangements were in place for training Community Centre volunteers? They were advised that no formal training was provided but efforts were made to make them aware of their responsibilities and packs were provided with gaps to fill in to help the process.

Agreed

That the report be noted and endorsed by Audit Committee.

6 Financial Memorandum on the 2014-15 Financial Audit

Members considered the WAO report on whether the financial statements of Newport City Council gave a true and fair view of the financial position of the Council as at 31 March 2015 and its income and expenditure for the year.

Overall WAO found that the information provided to support the Financial Statements to be relevant, reliable, comparable and easy to understand. However despite improvements in some areas, there were still issues that needed to be addressed for the 2015-16 statements.

The problems encountered were:

- All the working papers requested were not made available at the scheduled start of the audit which delayed its commencement. The outstanding working papers were provided during the course of the audit work.
- Officers were sometimes slow to respond to queries and to make available some of the missing working papers

- The supporting information to verify existence and ownership of some of the Council's assets was not sufficient so required additional time for verification.

The Audit Team and the Assistant Head of Finance discussed the key themes for improvement and presented them in a report to the December Audit Committee meeting. Arrangements had been put in place and progress made in an effort to deliver significant improvement.

Members raised a number of issues:

- Were there still regular interviews between WAO and Cabinet Members? Cllr Davies confirmed these meetings still took place and were mainly to do with performance.
- Recommendation 5, provide more information on capital assets, wasn't this information available in the Asset Register? WAO explained that there was not enough information available to answer their questions.
- Recommendation 6, accounting arrangements for Port Health Authority, this had been flagged for a few years but legal advice was there was no need to incorporate it. WAO opinion was that it should be reflected in the accounts.

The Head of Finance confirmed that he had received a response to his letter to WAO regarding the treatment of smaller bodies. The response was open but also clarified intentions.

Agreed

That the Financial Memorandum on the 2014-15 Financial Audit be noted.

7 Work Programme

Members agreed that:

- a) "Referrals to Audit Committee" should be listed in the work programme for each month.
- b) A further Treasury Management training course should be arranged.

Agreed

That subject to the above, the Work Programme be noted.

8 Referrals to Audit Committee

Cllr Townsend referred to a WAO report to Cabinet which commented on weaknesses in scrutiny. In the July 2014 Council meeting, there was a Notion of Motion where it was resolved that the Caerleon Campus issue be referred to Scrutiny, to invite submissions, to consider relevant issues and the Council's response. This had not yet been considered at any scrutiny meeting and the Campus was now closing. Cllr Townsend had already received an explanation from officers that there had been discussions as to how best to move this on, bearing in mind we had no power to dictate how the USW made use of its buildings. Scrutiny Officers were advised that the consultant's report on the future of the Caerleon site was due imminently and the University would then go out to consultation on its plans for the site and a decision was made that March/April 2016 would be the right time for the debate and to take part in the consultation.

Part of the role of Audit Committee was to act as a post box to make sure reports and referrals were forwarded to the right body and actioned appropriately. The fact that the referral had not been discussed at a scrutiny meeting indicated that the process had failed

and Members were keen to receive further information regarding this matter and to establish if there had been any other failures.

Agreed

That the Senior Overview and Scrutiny Officer be invited to attend the next Audit Committee meeting to explain the background to the matter.

9 **Date of Next Meeting - 24 March 2016**

Report

Audit Committee

Part 1

Date: 24 March 2016

Subject Corporate Risk Register Update

Purpose To present an updated Corporate Risk Register.

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

Ward All

Summary This report contains the latest update of the Corporate Risk Register. There are seven risks identified in the register, 1 high risk and 5 medium risks and 1 low risk. Since the last update all risk ratings remain unchanged.

Proposal Note the changes to the risk tolerance levels
Note the contents of the Corporate Risk Register

Action by Chief Executive, Strategic Directors and Heads of Service

Timetable Immediate

This report was prepared after consultation with:

- Cabinet
- Deputy Leader
- Audit Committee
- Corporate Management Team
- Head of Law and Standards
- Head of People and Transformation
- Head of Finance

Background

1. Corporate Assessment

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

2. Risk Management Strategy

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

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

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

3. Role of Audit Committee

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

4. Risks updated in this report

All risks included in the Corporate Risk Register have been updated for this report.

5. Changes to risk tolerance matrix

It is proposed that the following changes to the risk tolerance matrix are made to ensure that any risks with a score of 4 are assessed as low. Risks included within this report use the current matrix, and if agreed will use the proposed new matrix for the next update report. None of the 7 risks in this report are scored as 4x1 or 1x4 so there is no effect of this change on the current risks included in the register.

Current Matrix

Probability	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
		Impact				

Proposed new Matrix

Probability	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
		Impact				

6. Closed Risks

The table below details the following closed risks from the Corporate Risk Register

Date	Risk	Closure Details
September 2014 - April 2015	<i>Risk Title: Delivering a Balanced Budget Risk Description: That the savings required to deliver a balanced budget in the following year cannot be achieved</i>	In November 2014 this risk was scored as probability 1 and impact 1. This was because a balanced budget was drafted and being progressed through the council's decision making hierarchy. A balanced budget was approved by Cabinet and Council in February 2015 and this risk is now considered to be closed.
September 2014 - June 2015	<i>Risk Title: Total Reward Risk Description: That the complex and contentious tensions inherent to the Single Status pay and grading review delay the project implementation.</i>	The Total Reward project has now been implemented and any remaining issues and risks can now be managed at a service area level
September 2014 - June 2015	<i>Risk Title: Information Governance Risk Description: That the council does not have adequate arrangements in place to protect the data in holds and that this results in significant fines and reputational damage</i>	This risk can now be managed at a service area level.

Financial Summary

- There are no direct costs associated with this report

Risks

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

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

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

Comments of Chief Financial Officer

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

Comments of Monitoring Officer

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

Staffing Implications: Comments of Head of People and Business Change

There are no direct staffing implications arising from this report.

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

Comments of Cabinet Member

Report author to confirm that the Cabinet Member has approved the report for consideration by cabinet.

Scrutiny Committees

The Risk register is also considered by Audit Committee. Meetings with the committee have resulted in some changes in format and layout of the register.

Consultation

As above, the Risk Register is also considered by Audit Committee

Background Papers

Corporate Assessment, Cabinet 21st October 2013

Corporate Risk Register, Cabinet 13th January 2014, Audit Committee 30th January 2014.

Draft Corporate Risk Management Strategy, Cabinet, 12th May 2014

Draft Corporate Risk Management Strategy Audit Committee 29th May 2014

Corporate Risk Management Strategy and Register, Cabinet, 8th September 2014

Corporate Risk Management Strategy and Register, Audit Committee, 18th September 2014

Corporate Risk Register, Cabinet, 8th December 2014

Corporate Risk Register, Audit Committee, 22nd January 2015

Corporate Risk Register, Cabinet, 13th April 2015

Corporate Risk Register, Audit Committee, 28th May 2015

Corporate Risk Register, Cabinet 8th June 2015

Corporate Risk Register, Audit Committee, 16th July 2015

Corporate Risk Register, Cabinet, 8th September 2015

Corporate Risk Register, Audit Committee, 24th September 2015

Corporate Risk Register, Cabinet, 18th December 2015

Corporate Risk Register, Audit Committee, 28th January 2016

Corporate Risk Register, Cabinet 14th March 2016

Dated: 10th March 2016

Risk Management Roles and Responsibilities

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

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

Corporate Risk Management Strategy September 2014

Assessing Risk

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

Risk Assessment Matrix

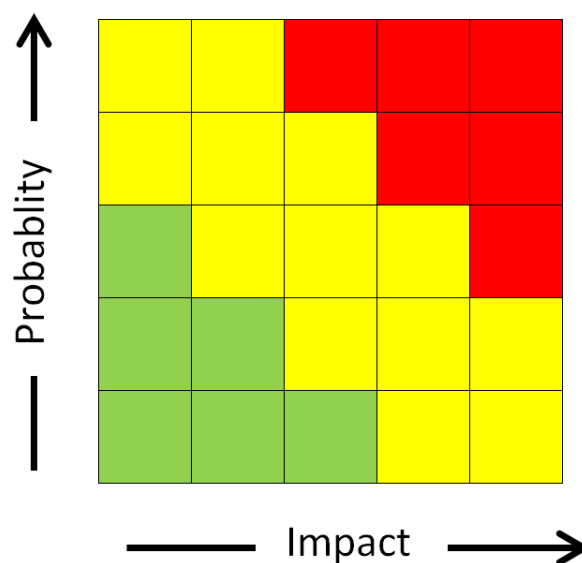
A Corporate Risk Register will contain the high level risks for the whole authority. In order to differentiate between these high level risks a 5x5 risk assessment matrix will be applied. The matrix is shown below and further detail is included in appendix one.

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

Risk Scoring

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

Current Risk Matrix (Subject to change)



Impact Matrix

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

Probability

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

RISK 1: Legislative Requirements						
That new legislative requirements potentially place significant duties on the Authority that it cannot fulfil (resulting in adverse judgements from regulators, significant fines and potential court proceedings and/or existing services are compromised)						
Present Matrix	Assessment Date	Present Risk Score	Present Score Breakdown		Direction of Risk	Review Date
			Probability	Impact		
	February 2016	16	4	4	Unchanged	June 2016
	December 2015	16	High probability	High Governance impact	<i>The is continued pressure on the council to implement the new duties detailed by new legislation</i>	
	August 2015	16				
Current Action Status / Control Strategy	<p>Social Services Act</p> <ul style="list-style-type: none"> • Specific details and guidance for the Act is being produced. Officers are participating in Working Groups with Welsh Government to formulate and influence the guidance. • Work is being undertaken on eligibility criteria • Staff are being regularly informed of progress • Possible implementation of the Act is planned for March 2015 onwards • Big emphasis on prevention and early intervention • Possible funding and support available for Welsh authorities for Social Services Act and Future Generations Act <p>Welsh Language Act</p> <ul style="list-style-type: none"> • Strategic equalities group now overseeing implementation • Project plan agreed and in place • Translator employed and based with Caerphilly CBC to enable both authorities to work in partnership • Extended provision of Welsh language courses provided by Caerphilly CBC • Early engagement with Welsh Language groups in the area, providing support and expertise for the development of the Welsh Language Standards action plan (in development) • Welsh Language included in Service Plans • Increasing awareness of the Welsh Language Standards across the authority <p>Future Generations Act</p> <ul style="list-style-type: none"> • Cabinet report in September to become an early adopter of Future Generations Act • Public Services Board development group in place 					
Responsible Officer: Chief Executive						
Responsible Cabinet Member: Cabinet Member for Social Care and Wellbeing, Cabinet Member for Human Resources and Assets						
Scrutiny Committee(s): (1) Community Planning and Development and (2) Learning, Caring and Leisure						


RISK 2:Increasing Ageing Population

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

Present Matrix	Assessment Date	Present Risk Score	Present Score Breakdown		Direction of Risk	Review Date
			Probability	Impact		
	February 2016	12	4	3	Unchanged	June 2016
	December 2015	12	High probability	Medium Financial Management Impact	<i>Demographic Pressures indicate a 14% rise in the number of adults over 70yrs of age by 2020. There are also increasing numbers of older people with complex health conditions and national research indicates that local authority adult services budgets need a % year on year real terms increase in budgets to manage this challenge. The economic climate makes this rate of budget increase extremely unlikely, thereby indicating increasing unmet need..</i>	
	August 2015	12				
	May 2015	12				
	March 2015	12				
	August 2014	8				
Current Action Status / Control Strategy	<ul style="list-style-type: none"> • Focussing on preventative measures and developing resources for prevention and early intervention with colleague agencies to reduce pressure on more acute statutory services • Transforming existing services to provide an optimal care pathway for older people focussing on independence and re-ablement • Implementing through project management approach with strong management and performance monitoring • Development of a long term dialogue with communities aiming to strengthen community resilience and capability • Development of a whole council approach to building community resilience 					
Responsible Officer: Strategic Director People						
Responsible Cabinet Member: Cabinet Member for Social Care and Wellbeing						
Scrutiny Committee: Community Planning and Development						

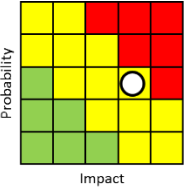

RISK 3: Capacity and capability to meet the councils objectives

That there are not skills and or capacity within the workforce to deliver both operational services and also the pace of change needed to modernise services and balance the budget.

Present Matrix	Assessment Date	Present Risk Score	Present Score Breakdown		Direction of Risk	Review Date
			Probability	Impact		
	February 2016	12	4	3	Unchanged  Work continues in this area	June 2016
	December 2015	12	High Probability	Medium Operational Impact		
	August 2015	12				
Current Action Status / Control Strategy	<ul style="list-style-type: none"> • Development of the workforce plan • Investment in Project Management and business change resources • More effective use of central support resource • Training Master classes developed • Use of external resource / experts • Coaching, shadowing and mentoring opportunities 					
Responsible Officer: Chief Executive						
Responsible Cabinet Member: Cabinet Member for Human Resources and Assets						
Scrutiny Committee: Community Planning and Development						

RISK 4: Budget Challenge

That the continuing need for significant annual savings is increasingly difficult to achieve and that could compromise organisational capacity and service delivery including statutory services

Present Matrix	Assessment Date	Present Risk Score	Present Score Breakdown		Direction of Risk	Review Date
			Probability	Impact		
	February 2016	12	3	4	Unchanged 	June 2016
	December 2015	12	Medium probability	High Financial Management impact	<i>Whilst assumptions on WG revenue grant support has improved and therefore reduced medium term budget gap over medium term, the planning parameters still assume an annual cash reduction in grant and therefore savings required which are increasingly difficult to achieve, without cuts to service provision. Impact on organisational capacity and delivery of services therefore still significant</i>	
	August 2015	16				
Current Action Status / Control Strategy	<ul style="list-style-type: none"> • Business planning process identifies impact of all savings including impact on statutory services • Agreed financial strategy • Robust and early work on the financial strategy and budget • Medium term outlook within the financial strategy • 2016/17 budget resolved subject to consultation and final decisions • Business cases 2016/17 and 2017/18 developed and reviewed • MTFP still required balancing over the medium term 					
Responsible Officer: Chief Executive						
Responsible Cabinet Member: Leader						
Scrutiny Committee: Community Planning and Development						

RISK 5: Safeguarding

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

Present Matrix	Assessment Date	Present Risk Score	Present Score Breakdown		Direction of Risk	Review Date
			Probability	Impact		
<p>Probability</p> <p>Impact</p>	February 2016	8	2	4	Unchanged	September 2016
	August 2015	8	Low Probability	High Governance Impact	<p><i>The level of risk is manageable because this is an area of absolute priority for the local authority.</i></p> <p><i>We have created new safeguarding manager roles across the council and we have strong links with national and regional safeguarding boards</i></p>	
	March 2015	8				
	August 2014	8				
Current Action Status / Control Strategy	<ul style="list-style-type: none"> • Safeguarding Action Plan agreed and implementation underway • Continuous review of policies and procedures • Partnership working • Raising awareness of policies and procedures with staff • Service Manager for Safeguarding is in place • New Safeguarding role in Education 					
Responsible Officer: Strategic Director - People						
Responsible Cabinet Member: Cabinet Member for Education and Young People, Cabinet Member for Social Care and Wellbeing						
Scrutiny Committee: Learning, Caring and Leisure						

RISK 6: Investment in Friars Walk Development						
That the development does not realise its target value and the developer is unable to sell or re-finance the scheme to repay the loan						
Present Matrix	Assessment Date	Present Risk Score	Present Score Breakdown		Direction of Risk	Review Date
			Probability	Impact		
<p>Probability</p> <p>Impact</p>	February 2016	2	1	2	Unchanged	June 2016
	December 2015	2	Very Low Probability	Low Financial Management Impact	<i>Developer's currently progressing marketing of the Scheme to the market and are in discussions with various parties. Scheme is c83% let by income and developers working to increase that over the next 12 months. At this level, the scheme has a good level of value which significantly reduces any impact of a sale value, though it can never be zero risk, until such time as a buyer/value is confirmed. Deadline for repayment of the Council loan is Nov 16.</i>	
	August 2015	4				
	May 2015	6				
	March 2015	8				
	November 2014	12				
	August 2014	12				
Current Action Status / Control Strategy	<ul style="list-style-type: none"> • Financial Appraisals independently verified by Deloitte • Financial modelling undertaken based on different yields, voids rates and rental levels • Retail and Leisure anchor stores secured (Debenhams and Cineworld) and other major store units now leased. • Robust and tested Funding Agreement, Development Agreement and Lease • Safeguards built in to mitigate financial risks • Council able to exercise step-in rights • Monthly meetings with Developers to monitor progress • (See Council Report 26th November 2013) 					
Responsible Officer: Strategic Director – Place						
Responsible Cabinet Member: Cabinet Member for Regeneration and Development						
Scrutiny Committee: Streetscene, Regeneration and Safety						

RISK 7: City Deal

That the SE Wales region, which includes Newport CC, cannot conclude a city deal within the timescales and as a result misses the opportunity to secure investment to improve economic outcomes for the communities of the city

Present Matrix	Assessment Date	Present Risk Score	Present Score Breakdown		Direction of Risk	Review Date
			Probability	Impact		
	February 2016	9	3	3	Unchanged ↔	June 2016
	December 2015	9	Medium Probability	Medium Strategic Impact	<p><i>Discussions are ongoing with UK and Welsh Govts. A great deal of progress has been made working across the 10 Local Authorities in terms of developing the partnership which will be critical to the city deal.</i></p> <p><i>The aim is to have a heads of terms agreement with UK Govt by the end of March 2016.</i></p> <p><i>Until this is done the risk is unchanged</i></p>	
	August 2015	9				
Current Action Status / Control Strategy	<ul style="list-style-type: none"> Governance arrangements are in place to provide oversight at a regional level. The initial submission will set out the parameters of the deal we are seeking to make and will provide the foundations for the detailed work which needs to be done over the autumn. Aiming for a heads of terms agreement between UK Govt, Welsh Govt and the 10 Local Authorities by the end of March 2016. This will then be subject to agreement by council before any substantive action is taken 					
Responsible Officer: Chief Executive,						
Responsible Cabinet Member: Leader of the Council						
Scrutiny Committee: Community Planning and Development						

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Report

Audit Committee

Part 1

Date: 24 March 2016

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 Hannah Brayford, Project Manager

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 September 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

Background

This report builds on the information provided periodically to the Audit Committee since 19th September 2013. Earlier reports contain details of regulatory reports that have been received by the authority since April 2011. However for ease of reading this report only includes details of the last 12 months activity. 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

- WAO Certificate of Compliance. Annual Review of Performance 14/15, 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
- WAO Data Quality Review, An assessment of the accuracy of the performance data produced by the authority
- CSSIW Performance Evaluation Report 14/15 and action plan considered by a joint committee of Community Planning and Development Scrutiny and Learning, Caring and Leisure Scrutiny on 2nd December 2015

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 reports provided in the last 12 months are below.

Cabinet 8th June 2015 (page 54 onwards)

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

Cabinet 8th September 2015 (page 81 onwards)

<https://democracy.newport.gov.uk/documents/s2388/04%20Annual%20Review%20of%20the%2014%2015%20IP%20and%20cover%2019AUG.pdf>

Cabinet 18th December 2015 (page 39 onwards)

<https://democracy.newport.gov.uk/documents/s3797/05%20Improvement%20Plan%20-%20Quarter%202%204DEC%20FINAL.pdf>

Cabinet 14th March 2016 (page 40 onwards)

<https://democracy.newport.gov.uk/documents/s4691/05%20Improvement%20Plan%20-%20Quarter%203%20template%20and%20cover%2001MAR16.pdf>

WAO Work Programme 15/16

Local Studies

WAO Undertake a programme of work at the council about our local arrangements. The following local work is being carried out during 2015/16

- Improvement Plan Certificate of Compliance – received May 2015
- Improvement Plan year end Certificate of Compliance – received November 2015
- Data Quality Review – received February 2016
- Corporate Assessment Follow up Review – review underway

- Review of Waste Services – review underway
- Annual Improvement Report – to be started

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. WAO select a handful of authorities to be study sites where more detailed assessments are carried out. We have been asked to participate in the following National Studies over the next few months.

- Financial Resilience – This is a wide national reviews where all authorities are assessed in detail.
- Income Generation – Newport is one of 6 study sites for this review
- Funding of Third Sector Service – Newport is not a study site
- Community Safety Partnerships - Newport is not a study site

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)

'Monitoring Regulatory Reports' Audit Committee (26/11/15)

Dated: 10th March 2016

Appendix One Details of Regulatory Reports

Key: The following acronyms are used in the table below

LCL Scrutiny	Leisure, Caring and Learning Scrutiny Committee
CPD Scrutiny	Community Planning and Development Scrutiny
SRS Scrutiny	Streetscene, Regeneration and Safety Scrutiny Committee
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	Review of regional school improvement services (EAS)	Joint Education Group* June 2015	
Education	Upcoming: Estyn Inspection – March 2016	Cabinet and LCL Scrutiny	Outcomes expected June 2016

*Joint Education Group consists of 5 Cabinet Members across Gwent and the Chief Education Officers

Social Services (CSSIW Regulatory Reports)

Service Area	Report / Review and date	Reported to	Comments / follow up
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%20Safeuarding%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	LCL Scrutiny 15 th April 2015	Findings from the individual local authority inspections will inform a CSSIW national overview

Service Area	Report / Review and date	Reported to	Comments / follow up
	exhibit vulnerable or risky behaviours https://democracy.newport.gov.uk/documents/s919/7%20CSSIW%20Inspection%20Final.pdf		report to be published later this year.
Adults	CSSIW Inspection of Adult Social Services https://democracy.newport.gov.uk/documents/s2082/CSSIW%20Inspection%20Report%20-%20Adult%20Social%20Services.pdf	CPD Scrutiny 22 nd July 2015	The inspection outlined 9 Recommendations. An action plan has been developed to address these.
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.
Social Services	CSSIW Performance Evaluation Report 14/15 https://democracy.newport.gov.uk/documents/s3584/1.%20CSSIW%20Cover%20report.pdf	2 nd Dec 2015 Joint Scrutiny CPD & LCL	A CSSIW evaluation of the Annual Report of the Director of Social Services. CSSIW highlight areas for development and improvement. A progress update was reported to the committee and is included as appendix 2 of the report
Adults	Upcoming: Gwent Frailty Review	CPD scrutiny – 13th April 2016	

Other Service Areas and Corporate Reports (WAO Regulatory Reports)

Service Area	Report / Review and date	Reported to	Comments / follow up
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.

Service Area	Report / Review and date	Reported to	Comments / follow up
ALL	WAO Data Quality Review https://democracy.newport.gov.uk/documents/s1822/4.3.%20Newport_CC_Data_Quality_Review.pdf	Cabinet 6 th July 2015	An assessment of the accuracy of the performance data produced by the authority. Three proposals for improvement received.
ALL	Certificate of compliance for improvement plan https://democracy.newport.gov.uk/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 https://democracy.newport.gov.uk/documents/s3799/07%20Certificate%20of%20Compliance.pdf	Cabinet 18 th 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
ALL	WAO Data Quality Review	Performance Board 29 th March 2016	An assessment of the accuracy of the performance data produced by the authority
FIN	UPCOMING: WAO Financial Resilience	Cabinet	Expected April 2016
STS	UPCOMING: Waste Review	Cabinet Member and SRS Scrutiny	Scoping work is underway. Outcomes expected by Spring 2016
ALL	UPCOMING: WAO Corporate Assessment Follow up Review	Cabinet	A follow up of the Corporate Assessment Review undertaken in 2015. Report expected summer 2016

Appendix Two

Update on Wales Audit Office Proposals for Improvement and Recommendations

(Being reported to Cabinet on 14th March 2016)

Ref	Proposal	Progress update to the end of December 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.	<p>The draft Economic Growth Strategy was endorsed by Cabinet on October 19th. It was considered and adopted by full Council on November 24th.</p> <p>The plan sets out a range of key objectives, within the context of three strategic themes, relevant to the Council's Corporate Plan and Single Integrated Plan.</p>	<p>An action plan will be implemented with immediate effect and monitored by the Council's Regeneration service, through existing partnership and project meetings.</p> <p>This work will be reported to and monitored by the Council's Regeneration and Streetscene Committee on a bi-annual basis. All operational regeneration projects to fall under Vibrant and Viable Places Programme Board for monitoring of performance, targets and outcomes.</p>	By close of 2015/16	Head of Regeneration, Investment and Housing 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.	<p>The document is accompanied by an action plan, which identifies outcomes, outputs and measures of success to support effective monitoring. It also includes timescales and high-level resource requirements to enable improved project management and risk mitigation.</p>			
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 December 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>During this quarter the council carried out its staff survey. It does this every two years in order to get valuable insight on how staff feel about working for the council.</p> <p>Overall the engagement rate was high with broadly positive feedback and some significant improvements since the last survey.</p> <p>We continued with daily messaging through the staff intranet. This carried 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>A regular ebuletin was also sent to staff which included a mix of corporate messages, staff updates and wider city news.</p> <p>Social media was effectively used including Facebook and Twitter. These channels continue to increase in popularity, allowing the council to inform many residents instantly of key council information.</p>	<p>The council will create both internal and external communications regarding the results of the staff survey. This will include a message to all staff from the Chief Executive.</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 communications from the council for this quarter will focus on the outcome of the budget setting process.</p> <p>This will include a clear narrative explaining why the council has to make savings and the options that are</p>	Ongoing	Head of Law and Regulation

Ref	Proposal	Progress update to the end of December 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 still be watched online via a live streaming service accessible from the council's website.</p> <p>A weekly information email bulletin was sent to a growing subscriber database to keep them informed of the latest council activities and news.</p>	recommended for approval by full council.		
42	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>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 council's collaborative activity is now available.</p> <p>Service plans and reviews contain collaborative information and were considered by Scrutiny in Autumn</p>	Service plans and reviews contain collaborative information and are reviewed at mid-year and year end by scrutiny	Ongoing	Head of People and Business Change
45	<p>Strengthen the LSB's performance management framework to set out:</p> <ul style="list-style-type: none"> • clearer and more detailed roles and responsibilities on what will be delivered by which organisations; 	<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</p>	The third quarter performance will be presented to SIP Board on 26 th February 2016 and the LSB on the 15 th March. Scrutiny Committee is also considering the current	This will be on going as part of a culture of continuous	Head of People and Business Change

Ref	Proposal	Progress update to the end of December 2015	Actions planned next quarter	Expected close down date	Responsible Officer
	<ul style="list-style-type: none"> • what performance information will be collected, where and when it will be monitored, and how progress and performance will be monitored; • mechanisms for dealing with underperformance; and • a stronger focus on performance and resource management across the LSB. 	<p>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 and remove blockages; • The introduction of a process to critically analyse the core themes to ensure that 	performance of the LSB during February and March 2016.	improve ment.	

Ref	Proposal	Progress update to the end of December 2015	Actions planned next quarter	Expected close down date	Responsible Officer
		<p>the overarching themes of Tackling Poverty and Vulnerable Groups are focused on.</p> <ul style="list-style-type: none"> • 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> <p>The first quarter performance was reported to the SIP Board on 26th August 2015 and the LSB on 15th September 2015.</p> <p>The second quarter performance was reported to the SIP Board on 25th November 2015 and the LSB on 15th December 2015.</p>			
46	No further action required.				
49	<p>New focus on service improvement and value for money</p> <p>P3 Instil a new focus on service improvement and value for money by:</p> <ul style="list-style-type: none"> <input type="checkbox"/> 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 	<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 dashboard incorporating performance, savings and budgetary Information reported monthly to</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 December 2015	Actions planned next quarter	Expected close down date	Responsible Officer
	<p>the Council wants to make to the lives of local citizens;</p> <ul style="list-style-type: none"> <input type="checkbox"/> 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; <input type="checkbox"/> continuously challenging performance through benchmarking with other councils and service suppliers and integrating this with programme monitoring and reporting; <input type="checkbox"/> developing more consistent mechanisms to obtain feedback from users and using this to take corrective action and inform future changes to service delivery; and <input type="checkbox"/> continuing to develop a performance culture in which service managers are accountable for service performance and efficiency. 	<p>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 Council’s performance framework.</p> <p>Staff involved in budget consultation process and underlying change programme proposals</p>			

Ref	Proposal	Progress update to the end of December 2015	Actions planned next quarter	Expected close down date	Responsible Officer
		<p>Heads of Service and Service Manager are the key for the development and delivery of the 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> <p>Development of new targets as part of the service planning process, to be at least in line with the Wales Average, above the quartile four level and improving on the previous year.</p> <p>Development of specific PI targets to be incorporated into initiatives eg. specification for Newport Norse, Newport Live.</p>			

Ref	Proposal	Progress update to the end of December 2015	Actions planned next quarter	Expected close down date	Responsible Officer
50	<p>Learning and evaluation P4 Strengthen the arrangements to capture and share learning by:</p> <ul style="list-style-type: none"> <input type="checkbox"/> more consistent evaluation of reviews at key stages and on completion; <input type="checkbox"/> strengthening mechanisms to capture, share and apply learning on a corporate basis; and <input type="checkbox"/> 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>Continue to roll out 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	<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</p>	<p>Planned simulation exercise took place in Dec 15 and examined the potential outcomes if the Civic Centre machine rooms were lost.</p> <p>The exercise concentrated on the highest priority systems, and we have an action</p>	<p>Working with SRS resources to report and implement on actions identified for improvement within budget constraints.</p> <p>Continue to consider the</p>	Apr 16	Head of People and Business Change

Ref	Proposal	Progress update to the end of December 2015	Actions planned next quarter	Expected close down date	Responsible Officer
	Centre are not available to determine how long it will take to set up an offsite server room and what effect this has on its timetable for restoring its critical systems.	plan to make improvements in the short, medium and long term periods. Shared Resource Service (SRS) management resource engaged to increase IT capacity focussed on disaster recovery improvements	effect of a disaster on other systems and review priorities.		
59 (NEW)	No further action required				
60	Strengthen the Local Service Board's Communications Plan and One Newport Engagement and Participation Strategy by introducing a delivery plan that includes: <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>The updated Communications Plan was discussed at the SIP Board in August 2015 and then signed off by the LSB in September 2015.</p> <p>The Communication action plan has been reviewed and monitored by the SIP Board on a quarterly basis and is on target to be implemented within the agreed timescales.</p> <p>The Consultation and Engagement Group has developed a delivery plan for the Engagement and Participation Strategy. This was reviewed by the SIP Board in September 2015 and further work was requested. The SIP Board agreed the updated version n 25th November 2015.</p>	<p>The Communication Plan will be reviewed again by the SIP Board on 23rd March 2016.</p> <p>Engagement Group will be planning engagement activities to support the Wellbeing Assessment. This will be discussed with Scrutiny Improvement Group March 2nd.</p> <p>Progress against the Engagement Action Plan will be reported to the SIP Board March 23rd March 2016.</p>	March 2016	Head of People and Business Change

Ref	Proposal	Progress update to the end of December 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>All local definitions are in place and published. A list of compilers and reviewers is completed and has been 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 completed.</p> <p>Ensure that data owners understand, take ownership and maintain audit trails of their performance data</p> <p>Self-assessment documentation has been revised and rolled out to the OPN (Operational Performance Network).</p> <p>Training has been provided where a need has been identified.</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 process is underway with local measures due by the end of February 2016</p> <p>Audit of Views users finalised.</p> <p>Winter meeting of the Operational Performance Network (OPN) to discuss data quality issues, data monitoring and keeping audit trails and self-assessment.</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> <p>Working towards introducing new software to replace the current system. Training and overview sessions to be provided to relevant staff.</p>	March 2016	Head of People and Business Change

Updated Action Plans in Response to Corporate Assessment Recommendations

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
the consideration of Options appraisals The implications of the options, recommendations and decisions	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. 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. 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 The SLT will view all Decision making reports and will conclude on whether the risk appraisals are of sufficient quality.	March 2016	The template is prepared in draft form for consideration by the Senior management team and Deputy Leader in March 2016
Fully costed business cases prior to initiating major programmes to support change. The financial impact of any significant	Complete	February 2016 (timescales in line with	Revised business case template The Business Case template

CA Recommendation	Actions	Timescales	Evidence
<p>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</p>		<p>the budget setting process)</p>	<p>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. All proposed service changes are reflected in the Medium Term revenue plan.</p>

Italics = completed

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 focusing 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)	<i>Initial work by end October 2015</i> March 2016 to introduce composite WP	Work programmes are presented to cabinet and Scrutiny Committees at each meeting. There is evidence of this in all agenda / minutes of each meeting of the Cabinet and Scrutiny Committees
	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	A composite version of the work programme will be ready and available to view by end of March 2016
	Update Scrutiny Team procedures and processes to ensure a consistent and thorough approach (Scrutiny AR Action 10)	Ongoing throughout the year	The Scrutiny Team met informally with CSSIW in

CA Recommendation	Actions	Timescales	Evidence
			July 2015 and more recently with Estyn in January 2016 to discuss what processes could be improved to ensure a more consistent approach. New working practices are being introduced into the Scrutiny Committees such as pre-meetings
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 has agreed a proposal for consideration by Council. This is currently being considered by the political groups and the Chairs of the Scrutiny Committees prior to final consideration by Council later in 2016
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	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)	Ongoing throughout the year	Reports and Minutes of SIG New processes and practices agreed

CA Recommendation	Actions	Timescales	Evidence
members, officers, partners and others to account more robustly to drive an increased pace of progress and improvement	<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 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>	<p><i>By end October 2015</i></p> <p>Ongoing throughout the year</p> <p>Ongoing throughout the year</p>	<p>Completed strategy (approved June 15) Agreed action plan and monitoring reports</p> <p>Reports and Minutes of meetings Agreed protocols</p> <p>In the process of arranging training with neighbouring colleagues</p>
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>Scrutiny and Cabinet Member reports.</p> <p>Annual information risk report and action plan, service plan.</p>

CA Recommendation	Actions	Timescales	Evidence
	<p>The third annual information risk report outlines the Councils 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. Continue with other activities as outlined in the annual information risk report.</p> <p>Business continuity - priority systems determined and agreed by 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>immediate</p> <p>ongoing</p>	<p>System priority list, discussions at business continuity group.</p>

Italics = completed

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. - Longer term budget proposals linked to service vision and action plan delivers a balanced medium term MTFP 	<p>In place</p> <p>In place</p> <p>In place</p> <p>In place</p> <p>‘Newport 2020’ agreed by Cabinet – Feb 16</p> <p>Balanced MTFP reported to Cabinet Feb each year</p>	<p>Business Cases</p> <p>Evidence of meetings</p> <p>Evidence of meetings</p> <p>MTFP reported to Cabinet</p> <p>Cabinet report</p> <p>Cabinet report</p>
sufficient challenge is applied to ensure that savings/investment plans are delivered and any budget overspends are highlighted and addressed by early intervention	<ul style="list-style-type: none"> - People/Place boards consider delivery of saving proposals and financial position in detail and agree appropriate actions - 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 	<p>In place</p> <p>In place</p> <p>In place</p>	<p>Meeting papers/reports</p> <p>Meeting/Reports</p> <p>Reports</p>

	<ul style="list-style-type: none"> - Scrutiny reviews of financial position and performance in each Autumn - SLT review of financial/performance 'hotspots' each Autumn 	<p>June 2016 as part of joined up service planning and financial reviews</p> <p>In place – due Autumn 2015</p>	<p>Reports</p> <p>Evidence of meeting</p>
financial plans provide clear links to improvement objectives and service plans	<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 PI'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>
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	<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 Dec 2015</p> <p>Completed December 2015</p> <p>In place</p>	<p>Post-holder identified 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>

Italics = completed

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 • Workforce canvas undertaken • Creation of a workforce plan review group • Publication of workforce plan 	<p><i>August 2015</i> <i>August 2015</i> <i>August 2015</i> <i>August 2015</i> September 2015 onwards</p> <p>January 2016 January 2016 February 2016</p>	Brochure produced Actions printed in brochure Minutes from SLT meeting 24.08.15 Email confirmation Monthly minutes produced Minutes from scrutiny group Documented responses Quarterly meetings Intranet confirmation
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 • Review of performance management framework 	<p>November 2015</p> <p>November 2015</p> <p>December 2015</p> <p>March 2016</p> <p>August 2016</p>	Publication of strategy Appraisal data as held by OD Appraisal data as held by OD Training directory lists courses available

CA Recommendation	Actions	Timescales	Evidence
<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</p>	<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 = 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;	<p>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.</p> <p>Regular meetings continue to be held between Cabinet and Scrutiny Improvement Group - at the most recent, on 6 October, A draft procedure for Cabinet Member involvement with Scrutiny has been drafted and will be discussed at the next meeting on SIG and Cabinet scheduled for 2 February 2016. This procedure includes guidance on what was agreed at the last meeting in terms of when Cabinet Members will be invited to attend Scrutiny and for what purpose.</p>	By the end of the financial year 2015/16	Minutes of Scrutiny Improvement Group – 6 th October Scrutiny Improvement Group agenda and minutes – 2 February
ensure that meeting agendas allow for sufficient time for members to focus on (broad) underperformance in both;	<p>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.</p> <p>Last year we also revised the service plan process for scrutiny - the half year reviews took place in November. The Committees received exception reports only highlighting the red and high risk areas of performance within the service area, with the full report being emailed for information. This process was successful in</p>	Completed	Committee work programmes Scrutiny Agenda's and minutes for the November meetings (half year reviews)

CA Recommendation	Actions	Timescales	Evidence
	<p>focusing the time available at the Committee meetings on the areas of underperformance.</p> <p>The Committees are also in the process of introducing pre meetings before the Committee meetings to allow time to be briefed by the Scrutiny Officer on the agenda, to focus attention on the role of the Committee for each item and focus questioning/ lines of enquiry.</p>		
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 challenge within the budget setting process.	By the end of the financial year 2015/16	Training Materials for Members Member training calendar
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

Italics = completed

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
- Consider opportunities in the future to present as a collective leadership group to staff groups

Completed Actions:

- Cabinet Members and Heads of Service have had a series of informal cabinet meetings to discuss the budget
- 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

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.

- The 2015/16 Data Quality Review has been completed by the Wales Audit Office, the report was received in January and confirms that this recommendation has been addressed.

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Report

Audit Committee

Part 1

Date: 24 March 2016

Subject Annual Governance Statement 2015/16 – First Draft

Purpose To inform and give Members an early opportunity to contribute to the Council's Annual Governance Statement, which will accompany the Annual Statement of Accounts for 2015/16

Author Chief Internal Auditor

Ward General

Summary In order to meet the requirements of the Accounts and Audit (Wales) Regulations 2014, Newport City Council needs to prepare and present an Annual Governance Statement with its Annual Statement of Accounts. This Statement is based on how well the Council meets its own Code of Corporate Governance. A review of Governance is also a requirement of the Local Government Measure.

Proposal To review the first draft of the Annual Governance Statement and provide appropriate comments before recommending its presentation alongside the Annual Statement of Accounts 2015/16.

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

Background

1. In order to meet the requirements of the Accounts and Audit (Wales) Regulations 2014, Newport City Council needs to prepare and present an Annual Governance Statement (AGS) alongside its Annual Statement of Accounts. The AGS is based on the Council's Code of Corporate Governance. A review of Governance is also a requirement of the Local Government Measure.
2. The Code sets out Newport City Council's approach to achieving and maintaining good corporate governance. It follows guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE), and also takes account of the Welsh Assembly Government's 'citizen-centred governance principles for Wales'.
3. Newport City Council (the Council) is by nature, a complex organisation which affects the lives of all citizens in the area: As well as providing a diverse range of services, it also works with partner organisations who provide other public services. The Council's aims and priorities reflect these responsibilities.
4. The Council sees Corporate Governance as aiming to do the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and also the culture and values, by which the Council is directed and controlled and how it accounts to and engages with its citizens.
5. Strong, transparent and responsive governance enables the Council to put citizens first by pursuing its aims and priorities effectively, and by underpinning them with appropriate mechanisms for managing performance and risk. In order to maintain citizens' confidence, these mechanisms must be sound and be seen to be sound.

Governance Principles

6. The Council operates through a governance framework that brings together its legislative responsibilities and management processes with six core governance principles based on those developed by the Independent Commission on Good Governance in Public Services in 2004. These are:
 - Focusing on the purpose of Newport City Council and on outcomes for the community and creating and implementing a vision for the local area;
 - Members and officers working together to achieve a common purpose with clearly defined functions and roles in order to achieve the best possible outcomes for citizens;
 - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk in order to foster innovation;
 - Developing the capacity and capability of members and officers to be effective; and
 - Engaging with local people and other stakeholders to ensure robust public accountability.
7. The Council's AGS, shown at Appendix 1, is based around these governance principles and demonstrates how it ensures that its business is conducted in accordance with the law and to proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in

which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

8. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and which includes arrangements for the management of risk.
9. The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
10. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
11. The governance framework has been in place at the Council for the year 2015/16.

Financial Summary

12. 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

13. If members are not involved in the process of ensuring sound corporate governance the Council could be subject to adverse criticism from the external auditor, currently WAO.

Links to Council Policies and Priorities

14. The Governance framework and arrangements supports all of the Council's priorities and plans.

Options Available

15. (i) That the Annual Governance Statement be accepted and presented alongside the Annual Statement of Accounts 2015/16, subject to any amendments suggested by the Audit Committee.

Preferred Option and Why

16. Option (1) as it is requirement of the Local Government Measure

Comments of Chief Financial Officer

17. I can confirm that I have been consulted on Annual Governance Statement and have no additional comments.

Comments of Monitoring Officer

18. In accordance with the Accounts and Audit (Wales) Regulations 2014, an Annual Governance Statement must be prepared with the Annual Statement of Accounts, setting out how well the Council complies with its Code of Corporate Governance. The Council's internal governance arrangements are set out in various constitutional framework documents under the umbrella of the Code of Governance. The Code has been prepared in accordance with relevant Guidance and incorporates the six core governance principles developed by the Independent Commission on Good Governance in Public Services. It also reflects legislative requirements and ethical principles of democratic decision-making. Compliance with the Code will ensure that decisions continue to be made lawfully and with propriety and in a fair and transparent manner.

Staffing Implications: Comments of Head of People and Business Change

19. No Human resources or policy implications for this report.

Background Papers

20. The early draft of the 2015/16 Annual Governance Statement is set out at Appendix 1.

Appendix 1

ANNUAL GOVERNANCE STATEMENT 2015/16

DRAFT 1

Andrew Wathan

1 This Statement has been prepared in accordance with guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE); the 'Delivering Good Governance in Local Government Framework'. It embraces the elements of internal financial control required by the 'Code of Practice on Local Authority Accounting in the United Kingdom'.

2 Scope of Responsibility

2.1 Newport City Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and to proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government (Wales) Measure 2009 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency and innovation.

2.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and which includes arrangements for the management of risk.

2.3 The Council's financial management arrangements conform to the governance requirements of the 'CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)'.

2.4 The code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government', was initially approved by Cabinet and then Council in July 2013 with a further update approved by Cabinet in July 2014. A copy of the code can be obtained from the Head of Finance. This statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit (Wales) Regulations 2014.

3 The Purpose of the Governance Framework

3.1 The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

3.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to

identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

- 3.3 The governance framework has been in place at the Council for the current year 2015/16, and up to the date of approval of the statement of accounts.

4 The Governance Framework

- 4.1 The Council's code of governance has been developed in line with the following principles:

- Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area;
- Members and officers working together to achieve a common purpose with clearly defined functions and roles in order to achieve the best possible outcomes for citizens;
- Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk in order to foster innovation;
- Developing the capacity and capability of members and officers to be effective; and
- Engaging with local people and other stakeholders to ensure robust public accountability.

The key elements of the Council's governance framework are as follows:

- 4.2 The Council's vision is to be "recognised as a high performing Council, ensuring the right services are provided to our communities, our councillors and our staff".

- 4.3 The Council's mission is 'Improving people's lives – providing the best affordable services'.

- 4.4 The Council's Corporate Plan for 2012-2017 "Standing Up For Newport" sets out the 5 year vision for the Council. The strategy is set out in the Corporate Plan and these have been adopted as the Council's Improvement Objectives: Newport is

- A Caring City;
- A Fairer City;
- A Learning and Working City;
- A Greener and Healthier City;
- A Safer City;

- Supported by an improving and transformed City Council

The [strategic planning process](#) shows how the corporate plan fits in with the improvement plan and other key plans and strategies in Newport.

4.5 The [Improvement Plan](#) is the delivery vehicle for the Corporate Plan. The Improvement Plan summary leaflet highlights what the Council is aiming to do and how it is going to measure its success towards the aims set out above; 8 Improvement Objectives were agreed by Council in April 2015.

1. Supporting Older People leaving hospital
2. Improving care and support services for adults
3. Developing and regenerating the City
4. Supporting young people into education, employment or training
5. Ensuring the best educational outcomes for children
6. Helping children have a flying start in life
7. Increasing recycling
8. Improving outcomes for youth justice

4.6 The Single Integrated Plan (SIP) (Cabinet February 2013) – ‘Feeling good about Newport 2013-17’ represents the combined strategic planning intent of a partnership of the key public service providers in Newport which includes the Council – for improving the quality of life in terms of the social, economic and environmental well-being of the whole community. It is agreed by all partner organisations that are members of the One Newport Local Service Board (LSB). A review of partnership arrangements, in line with Welsh Government planning guidance has resulted in an integrated partnership structure and Single Integrated Plan (SIP) that replaces the Community Strategy and four core partnerships of:

- Healthy Newport (Health, Social Care and Wellbeing Strategy)
- Young Newport (Children and Young People’s Plan)
- Prosperous Newport (Prosperous Newport Plan)
- Safer Newport (Community Safety Plan)

The priorities within the SIP are:

- Skills and work
- Economic opportunity

- Safe and cohesive communities
 - Health and wellbeing
 - City centre
 - Alcohol and substance misuse
- 4.7 The Council's values are Accountable, Open and United and these are communicated to staff via the intranet.
- 4.8 The Council's stakeholders are consulted in regard to determining the priorities needed to realise the vision set out in the Corporate Plan, Improvement Plan, SIP, and the service-planning process establishes and communicates those priorities and means of achieving them.
- 4.9 The Council's Risk Management Strategy requires the proactive participation of all those responsible for planning and delivering services in identifying, evaluating and managing significant risks to the Council's priorities, services and major projects. The risks and the controls necessary to manage them are recorded in the respective service plans, and any required improvements to controls are monitored to ensure implementation.
- 4.10 Processes are in place to ensure the economic, effective and efficient use of resources and for securing continuous improvement in the way that functions are exercised. This is supported by reviews undertaken by the external auditors and inspectors, and co-operating with the Welsh Government and as part of the wider collaborative agenda.
- 4.11 The Chief Executive and the Strategic Directors are accountable for ensuring that the Council Priorities are delivered, and performance against key targets is regularly monitored via the performance management framework, Views, and is regularly reported to the Performance Board.
- 4.12 In order to ensure the successful delivery of services and completion of projects, central guidance and support is provided in respect of procurement and project management.
- 4.13 The Constitution, which can be found on the Council's website, sets out:
- how the Council operates and makes decisions;
 - the procedures to ensure that decision-making is transparent and accountable to local people and other stakeholders;
 - the key roles of all members and senior officers, including the lead responsibilities for corporate governance of the Leader, the Chief Executive and other designated senior officers;
 - a scheme of delegated powers for decision-taking;

- responsibilities for reviewing and agreeing the Council's corporate governance arrangements;
- arrangements for ensuring it is regularly reviewed and updated;
- its related codes and protocols.

4.14 The Council takes its decisions by way of the full Council meeting or the Executive. The Executive comprises the Cabinet working as a collective. Decisions are also taken by individual Cabinet Members and Chief Officers. The Scheme of Delegation and the Terms of Reference which are included in the Constitution, make it clear at which level decisions are taken. Agendas, reports, decision schedules and minutes of all meetings of the Council or the Cabinet are available to the public by way of the Council's website except in exceptional circumstances where reports are not available to the public as they may contain exempt or confidential matters. Any minutes or decisions arising from the consideration of such reports are, however, available to the public via the website. Report and Decision schedules showing decisions taken by individual Cabinet Members are also available to the public via the websites except in similar exceptional circumstances. Every report considered as part of the decision making process by Members must contain comments by the Council's Monitoring Officer and by the Section 151 Officer and (where there are staffing issues) by the Head of People and Business Change. The report template ensures report authors consider potential risks and financial implications of their proposals.

4.15 The Council has appointed 3 Scrutiny Committees to assist in policy development and also to hold the executive to account:

- Learning, Caring and Leisure Scrutiny
- Street Scene, Regeneration and Safety Scrutiny
- Community Planning and Development Scrutiny

Each Committee is politically balanced and the chairs are allocated in proportion to the number of seats held by political groups. In response to the Local Government Measure the Council established an Audit Committee and a Democratic Services Committee. Agendas, reports, decision schedules and minutes of all meetings of these Committees are available to the public by way of the Council's website except in exceptional circumstances where exempt or confidential matters are discussed. The Audit Committee has appointed an independent chairman; he is not part of the political structure of the Council.

4.16 There are robust arrangements for effective financial control through the Council's accounting procedures, Financial Regulations and Contract Standing Orders (CSOs). These include established budget planning procedures, which are subject to risk assessment, and regular reports to members comparing actual revenue and capital expenditure to annual budgets. The Head of Finance is responsible for the proper administration of the Council's financial affairs, as required by Section 151 of the Local Government Act 1972. Procedures for tendering and contract letting are included in the CSOs. The Council's Treasury Management arrangements follow professional practice and are subject to regular review by the Council's Audit Committee and full Council.

4.17 The ethical governance framework includes:

- codes of conduct for officers and members, which are regularly reviewed, updated and tested for compliance;
- a protocol governing Member/Officer relations;
- a whistle-blowing policy widely communicated within the Council and which is regularly reviewed;
- registers of personal and business interests for Members and Chief Officers;
- an agreed policy and associated corporate procedures for ensuring that complaints about services can be properly made and investigated, and for ensuring that any lessons can be applied; and
- the Strategic Equality Plan and Equality Objectives 2016-2020 (Cabinet February 2016).

4.18 The Head of Law and Regulation is the designated 'Monitoring Officer' in accordance with the Local Government and Housing Act 1989, and ensures compliance with established policies, procedures, laws and regulations. After appropriate consultation, this officer will report to the full Council in respect of any proposals, decisions or omissions which could be unlawful or which have been subject of an Ombudsman Investigation resulting in a finding of maladministration.

4.19 Established anti-fraud and corruption arrangements provide a deterrent, promote detection, identify a clear pathway for investigation and encourage prevention. These include procedures designed to combat money-laundering, the anti-fraud and corruption policy and the whistleblowing policy.

4.20 The Audit Committee considers the work of external auditors and the responses to audit recommendations. It also has responsibility for approving the Annual Statement of Accounts and its associated reports (which include this statement).

4.21 All reports to Scrutiny forums, Cabinet Members and Cabinet incorporate a risk assessment. Scrutiny forums also consider and monitor service plans which include the key risks of service provision within that area.

4.22 Internal Audit operate to the standards set out in the Public Sector Internal Audit Standards (PSIAS) and its role and status is set out in the Council's Internal Audit Terms of Reference. The Chief Internal Auditor is accountable to the Head of Finance and the Audit Committee.

4.23 The Chief Internal Auditor reports to the Audit Committee a summary of audit findings for each quarter, and also reports annually an opinion on the overall adequacy and effectiveness of the Council's control environment. The overall opinion for 2015/16 was 'Reasonable' to be updated at 31-3-16.

- 4.24 The Council has an objective and professional relationship with its external auditors and statutory inspectors, as evidenced by the Annual Information Risk Report. This can be found on the Council's website. The Council is subject to external compliance requirements such as the Wales Audit Office high level risk assessments for its financial systems and information and technology, and the extensive requirements of Public Services Network (PSN) compliance, assessed annually by the Cabinet Office, and Payments Card Industry Data Security Standards (PCI-DSS).
- 4.25 Local Authorities collect, store, process, share and dispose of a vast amount of information. The Council must meet its statutory responsibilities effectively and protect the personal information it holds throughout its life cycle; from creation through storage; uses, retention, archiving and deletion, outlined in the Information and Technology Strategy 2011-2014 (to be reviewed and updated in 2015/16).
- 4.26 Following adoption of the Information Risk Management Policy in 2013 the Council has defined roles and responsibilities for information risk as:
- The Senior Information Risk Owner (SIRO) has high level responsibility for controls relating to information security and the role is undertaken by the Head of Law & Regulation;
 - Information Asset Owners (IAO's) must effectively manage the information assets that they own;
 - The Information Management team are the operational lead on information governance in conjunction with the IT Service;
 - The Information Governance Group provides a high level management overview of information governance;
 - The Council's Information Risk Register is maintained by the Information Management team to document and manage risks, reported annually.

Information risks are also covered in the Corporate Risk Strategy and Register.

- 4.27 The Standards Committee, which includes a majority of independent representatives, advises on and monitors the Member Code of Conduct, the Protocol for Member/Officer Relations, and any other Codes relating to the conduct of Members.
- 4.28 The Council's recruitment procedures provide equality of employment opportunities. An equality-assessed pay structure to meet the requirements of the Single Status Agreement of 1997 was implemented in April 2015.
- 4.29 Agreed arrangements enable the Council to comply with statutory requirements in respect of child protection and the protection of vulnerable adults. Recruitment procedures help ensure that Council employees and Members working with children or vulnerable adults are checked for their suitability to do so.

- 4.30 In accordance with its statutory responsibilities, the Council has in place a Health and Safety Policy and related procedures.
- 4.31 The Council is required to meet statutory obligations regarding the handling of data and as part of the development of the Information & Technology Strategy, has adopted an Information Risk Management Policy which outlines roles and responsibilities for information risk management. This ensures that the requirements of legislation, including the Data Protection Act 1998, Environmental Information Regulations 2004 and the Freedom of Information Act 2000 are met and that the risks around information are managed appropriately. The Information Risk Management Policy also formalised the requirement for an Annual Information Risk Report which was reviewed by Scrutiny Committee before being reported to the Deputy Leader in August 2014, and will be reviewed shortly.
- 4.32 The Annual Information Risk Report provides an annual assessment of the Council's information governance arrangements and key risks, supported by an action plan. The highest level information risks are escalated in the Corporate Risk Register as appropriate.
- 4.33 There are also agreed procedures to meet the requirements of the Regulation of Investigatory Powers Act 2000.
- 4.34 In terms of Transparency, the Council publishes all expenditure >£500 on its website on a quarterly basis in accordance with the Information Commissioners Office (ICO) and Central Government guidance.
- 4.35 In line with the Local Government Measure a separate Democratic Services Committee was established during 2012/13 along with a Chief Democratic Services Officer; this committee meets quarterly dealing with national consultation exercises, national policy and Members codes and development.

5 Review of Effectiveness

- 5.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Senior Leadership Team within the Council which has responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 5.2 The governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

5.3 The processes that have been applied to maintain, review and improve the effectiveness of the governance framework include:

- i) periodic reviews of the Constitution and ethical governance arrangements (including the extent of compliance with the Regulation of Investigatory Powers Act) by the Monitoring Officer;
- ii) periodic reviews of the financial controls by the Chief Finance Officer;
- iii) formal risk management and regular on-going review of the processes involved;
- iv) the Internal Audit function, whose work takes account of identified risks through regular audits of the major systems, establishments and major projects in accordance with the annual internal audit plan, and which includes 'follow-up' work to ensure that Heads of Service implement agreed management actions;
- v) the work of the Scrutiny Forums and other Committees, including its Standards Committee and Audit Committee;
- vi) the opinions and recommendations of the Council's external auditors and other inspection and review agencies;
- vii) regular monitoring of performance against the Improvement Plan and service plans and of key targets, and reporting of this to senior management and members;
- viii) the outcomes of the Annual Information Risk Report.

5.4 Audit Committee Members undertook a self-assessment of the effectiveness of the Audit Committee.

6 Principle 1: Focusing on the purpose of Newport City Council and on outcomes for the community and creating and implementing a vision for the local area

6.1 One Newport's Single Integrated Plan (SIP) – Feeling Good about Newport 2013-2017– was produced and published in May 2013. A Single Integrated Plan (SIP) is a defining statement of strategic planning intent for the local authority area and contains the LSB's vision for improving the city. No single organisation can meet the total needs of a community, so there is a requirement to plan and deliver services in collaboration with other public and private sector organisations.

6.2 The SIP identifies key priorities and programmes that the LSB will work towards achieving over a set period of time. These priorities have been identified as those where the LSB and other key stakeholders must work together to achieve success.

6.3 The One Newport Local Service Board annual report 2014/15 was taken to the Local Service Board in May 2015; progress against the Single Integrated Plan 2015/16 was presented in September 2015.

- 6.4 An update of the Council's Corporate Plan was taken to Cabinet in July 2014; this report provides the story behind the programmes and activities that have taken place over the last 12 months that have contributed to the City's on-going improvement journey and the council's commitment to 'Improving people's lives'.
- 6.5 The annual review of the 2014/15 Improvement Plan was presented to Cabinet in September 2015 – Overall progress against the 2014/15 plan was assessed as being 'good', with most Improvement Objectives performing well with 'Ensuring people have the right social services to meet their needs'; 'Education attainment'; and 'Flying Start' all assessed as excellent. Newport was the third most improved Council in Wales.
- 6.6 Progress reports on the Council's Improvement Plan were taken through Cabinet regularly in 2015/16.
- 6.7 The Improvement Plan for 2015/16 sets out eight improvement objectives that contribute towards the themes in the Corporate Plan. The eight improvement objectives 2015/16 are linked to the themes in the Corporate Plan 2012-2017.
- 6.8 In September 2015 Cabinet received a progress report to Q1 on the Improvement Plan 2015/16; The overall assessment of progress towards achieving the improvement objectives set out in the plan was classed as 'Amber – Good.' Good progress is being made in a number of key areas including: Developing and regenerating the City; Supporting young people into education, employment or training; ensuring the best educational outcomes for children; and helping children have a flying start in life, each of which had been assessed as excellent.
- 6.9 In December 2015 Cabinet received a progress report to Q2; The overall assessment of progress towards achieving the Improvement Objectives set out in the plan is classed as 'Amber – Good.' Excellent progress is being made some areas including: 'Ensuring the best educational outcomes for children' and 'Helping children have a flying start in life'.
- 6.10 Improvement Plan priorities for 2016/17 were taken through Cabinet in January 2016 following a consultation exercise; 8 Improvement Objectives were identified as priorities of the Corporate Plan.
- 6.11 The Wales Audit Office issued the Council with Certificate of Compliance following an audit of the Council's Improvement Plan 2015/16 which went to Cabinet in June 2015.
- 6.12 The Wales Audit Office Data Quality Review was considered by Performance Board in March 2014; the key message was "Improvement planning is developing but still needs strengthening and processes for dealing with data are not consistently applied or embedded across services leading to significant weaknesses in the accuracy of reported data". In their Corporate Assessment Review issued in May 2015, the Wales Audit Office stated "that there have been some enhancements to the Council's improvement planning and performance management arrangements, but the scrutiny of performance is not sufficiently challenging to consistently drive

improvement.”The Performance Team are working on an action plan to further improve the processes in place.

- 6.13 Early analysis of Performance Indicators 2014/15 was presented to the Performance Board in June 2015; 76% of measures had met or exceeded targets; 62% of measures had met or exceeded previous year’s targets. Overall 2014/15 performance was reported to the Performance Board in September 2015; 76% performed better than target, 71% performed better than last year, 52% have performance better than Wales Average. Mid year performance analysis of the 2015/16 performance was reported to the performance Board in December 2015;
- 6.14 Progress has been made in ensuring that the Strategic Director’s vision of ‘Every Child, Every Chance, Every Day’ is shared and understood by Education Service staff and schools. This also forms the basis of the foreword to the Education Service Plan which is a public document. The Strategic Director’s vision links to the Corporate Plan and Medium Term Financial Plan.
- 6.15 2015/16 service planning incorporated an understanding of customer needs, service area outcomes and improvement priorities, performance management and monitoring, an action plan to achieve the outcomes, an assessment of service related risk, an acknowledgement of regulators’ proposals for improvement and an equalities impact assessment.
- 6.16 A Prospectus for Change 2013-17 – Improving People’s Lives – Providing the Best Affordable Services was introduced in 2013/14, with an update presented to Cabinet in October 2014. The Cabinet was informed that good progress had been made towards delivering the first year targets for the Change and Efficiency programme with a number of key successes in the first half year of 2014/15.
- 6.17 Reports were taken through the Scrutiny process during the year which linked service plans to the Council’s policies, priorities and objectives. The agendas and minutes of which became public documents available through the Council’s website.
- 6.18 Communication is important to Newport; the Annual Statement of Accounts 2014/15 was taken through the Audit Committee process before being endorsed by Cabinet and Council. All Council decisions, reports and questions asked by Members are available on the website; as are Cabinet Member decisions, Audit Committee reports, Performance Board and the work of the Scrutiny Committees.. Headline figures of the Council’s financial position were included in the Council tax leaflets distributed with all bills. Financial information, Improvement Plan progress, Council activities, achievements, developments, updates and events were included in Newport Matters which is distributed to every household in the City, is available on the Council’s intranet and website.
- 6.19 Equality Impact Assessments are required by law under the Equality Act 2010. Newport’s assessments also examine ‘Fairness’ and the Welsh language to ensure that the needs of other vulnerable people are considered, as well as the effect on different areas within Newport. A range of these were undertaken during 2015/16 which have been published on the website.

- 6.20 To ensure that users receive a high quality of service, service plans were reviewed mid-year and at the end of the year through Scrutiny. The Customer Complaints Policy was updated and reported through Cabinet; the process of which is available on the website, where the public can also report a problem or concern via the StreetScene pages.
- 6.21 Dealing with customer complaints helps Newport to identify and deal with failures in service delivery. The Council's complaint / compliment procedure is available on the web site. The following table shows the number of complaints received for the past three years:

	2013/14	2014/15	2015/16
Stage 1 Complaints	475	387	
Stage 2 Complaints	30	50	
Complaints to Ombudsman	2	8*	
Customer Feedback / Compliments	347	227	

* The Ombudsman reviewed the complaints but did not investigate any of them

- 6.22 The Customer Services Strategy included a target of increasing the number of people using online services – monitored by Customer Service and Digital Innovation service plan.
- 6.23 And where things are not working as well, the Performance Board has recognised the shared role of Cabinet Members in performance against Improvement targets. The Performance Board also recognises the role of scrutiny in looking at any systematic failures. Newport is learning from its mistakes. The implementation of action plans continued across the board with the Corporate Assessment, Improvement Plan, Estyn Inspections, service plans and internal audit reports.
- 6.24 Where value for money of the public pound is concerned, the budget proposals were examined by a joint meeting of Scrutiny Committees and then by the individual committees as part of the budget process. It is intended that the Medium Term Financial Plan (MTFP) will form the basis of some of the Scrutiny Reviews in the coming year. As part of its review process the internal audit team checks to ensure corporate contacts are being utilised.

Procurement Gateway Process

- 6.25 In 2015 NCC introduced a 'Procurement Gateway Process' mandatory to follow if seeking to commission or procure goods, services or works over £3k in value. The processes are designed to give a consistent approach to procurement across the authority and enable senior management to have visibility of the goods and services being purchased by the Council. The process includes completion and submission of a Procurement Gateway Approval Form, which includes a detailed explanation of each Gateway stage.
- 6.26 The Gateway process is being implemented due to major reforms in EU legislation for procurement and the Introduction of the National Procurement Service for Wales (NPS), ensuring compliance and transparency.

- 6.27 We need to ensure that we are in compliance with the new Directives and that we are not purchasing anything that must be sourced via collaborative arrangements such as those by NPS.
- 6.28 For all procurements over £100k there is a monthly Gateway Board chaired by the Chief Executive that will approve or reject new Business Cases. The Strategic Procurement Category Managers lead service areas in both the gateway process and submitting business case.

Thresholds:

- 6.29 Up to £3,000 it is necessary only to demonstrate and record that value for money is being achieved-
- 6.30 From £3,000 to £25,000, requirements should either be sought through the 'Quick Quote' section on www.sell2wales.gov.uk or openly advertised on www.sell2wales.gov.uk . Quotations must either be sought from a minimum of three recognised suppliers in the appropriate market, or previously established competitive sources of supply (Quick Quote), or where limited market knowledge exists and suppliers are unknown, an open quotation must be used.
- 6.31 From £25,000 to £100,000 all requirements must be openly advertised on www.sell2wales.gov.uk and tendered using the council's electronic etenderwales tendering system.
- 6.32 Over £100,000 all requirements must be openly advertised on www.sell2wales.gov.uk and tendered using the council's electronic etenderwales tendering system.
- 6.33 Some examples of achieving value for money through the procurement process included:

Contract	Collaborative	Type	Savings
WPC Milk Commodity Supply of Fresh Pasteurised Liquid Milk	Yes with 13 Local Authorities	Competitive Tender Robust Qualification and Specification 60% Quality 40% Price	Contract Value = £3,174,168.00 Annual Savings = £697,961.00 NCC savings = £34,157

Cyclical assessment of trees (eos) owned and managed by Newport City Council Phase 2	No	Competitive Tender Quality 30% Price 70%	Actual Contract Value for EOS Lots - £19,952.00 Saving - £20,048.00 Savings used to procurement additional work linked to the requirements meant that actual savings = £1,318.00 (based on moving from 12 month to 18 month assessments)
Provision of an independent living support service for the tenants at Ty Nant, Newport	No	Competitive Tender Quality 60% Price 40%	Estimated contract value per annum based on the total cost £619,944.00* of six tenants being in residence Estimated saving per annum over current contract value £85,823.00*
<p>*These figures are indicative as only basic pen pictures of tenants were provided within the tender document.</p> <p>Therefore the estimated value of the contract based on five residents would be as follows:</p> <p>Estimated contract value per annum £516,620.00</p> <p>Estimated saving per annum £58,397.00</p>			
Provision of a Supported Living Service to Tenants at the Long Barn, Caerphilly	No	Competitive Tender Process 60% quality 40% price	The current contract spend is £404,593.00 per annum and the new contract value, including negotiation, will be £292,073.00 per annum which will result in a saving of £112,520.00 <i>However, this saving will be reduced by £12K</i>

Medium Term Financial Plan

6.34 Regular budget / outturn reports for revenue and capital were presented to and approved by Cabinet during the year. The updated MTFP and budget monitoring reports were presented to

and approved by Cabinet June 2015, July 2015, September 2015, November 2015, December 2015, January 2015 and February 2015. The 2016/17 Budget consultation and MTFP were submitted to Council in February 2016; budget proposals also went through the Learning, Caring and Leisure Scrutiny, Street Scene, Regeneration and Safety Scrutiny, Community Planning and Development Scrutiny, in September 2015, October 2015, December 2015, January 2016 and through joint scrutiny in January 2016. The Council recognises that timely and accurate budget monitoring information is essential for effective decision making purposes. A public consultation exercise was also undertaken to determine the 2016/17 budget proposals.

6.35 The Local Service Board review includes the monitoring of targets to ensure policies are delivering the agreed outcomes to ensure services are effective, focused on local people and improved quality of life in the city. In terms of measuring the environmental impact of policies, plans and decisions, the Council is working with the Welsh Local Government Association as one of 10 lead authorities for sustainability.

7 Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles in order to achieve the best possible outcomes for citizens.

7.1 Developing the Relationship between Cabinet and Scrutiny was a major focus of both the National Scrutiny Study and the Corporate Assessment, highlighting the need to clarify roles and responsibilities of Cabinet and Scrutiny. Regular meetings have taken place to further develop the relationship between Scrutiny and the Executive.

7.2 The scheme of delegation in the constitution sets out the various responsibilities of Members and Officers. This is updated as required via the Democratic Services Committee. Standing Orders and the Constitution were updated to take account of the requirements of the Local Authorities (Standing Orders) (Wales) (Amendment) Regulations in July 2014.

7.3 The Democratic Services Committee will review any necessary changes to the Constitution. Over the past year some changes to Standing Orders have occurred following deliberations by the Committee. A more wide ranging review of the Constitution is planned to commence in the coming year.

7.4 Appropriate and relevant job descriptions were in place for the Chief Executive, Senior Leadership Team (SLT), Monitoring Officer and Head of Finance. The minutes of the SLT were also made available on the Intranet during the year.

7.5 To ensure agreed procedures and all applicable statutes are complied with the Monitoring Officer attends all Council meetings; authors of all scrutiny, audit committee, Cabinet, Council reports need to obtain comments from the Monitoring Officer, Chief Finance Officer and the Head of People and Business Change before submission. All reports taken in 2015/16 included such comments.

- 7.6 A protocol on Members / Officers relations is included within the Council's Constitution and this was reviewed by the Standards Committee during 2013/14. A Planning Committee Code of Best Practice is also in place.
- 7.7 Remunerating Members - The Members' scheme is now determined by the Independent Remuneration Panel. A report on any discretionary payments is presented to the Council following consideration by the Democratic Services Committee.
- 7.8 In order to effectively monitor service delivery, the Performance Board monitors the Improvement Plan and addresses areas of under-performance; Performance Board agendas and minutes. Service plans are monitored by the Scrutiny Committees as evidenced in minutes.

Partnerships / Collaboration Working

- 7.9 Partnership and Co-operative Principles (Outcome Agreement) is included within the Council's Improvement Plan with its aim being to support the delivery of public sector reform by working collaboratively with our partners to improve outcomes for the City. A single plan for partnership working in Newport is being delivered via the "One Newport" Local Service Board (Single Integrated Plan) – inter-related work streams include: health and wellbeing, skills and work, economic opportunity, safe and cohesive communities, the city centre and alcohol and substance misuse.
- 7.10 Although the majority of partnership and collaborative arrangements were identified during 2013/14 for all service areas, the governance arrangements for individual relationships needs to be worked through and clarified in order to determine the continuation of the partnership relationships.
- 7.11 The establishment of the Education Achievement Service (EAS) for 5 South East Wales Education authorities in 2012 including Newport, has appropriate governance arrangements in place. Revised governance arrangements for the EAS were taken through Cabinet in October 2014.
- 7.12 Prosiect Gwyrdd is a key partnership Newport is involved in with 5 neighbouring local authorities (Cardiff, Vale of Glamorgan, Caerphilly and Monmouthshire); Newport's Contract Waste Profile was reported to Cabinet March 2012. This partnership is covered by an Inter-Authority Agreement (IAA).
- 7.13 The Gwent Frailty Programme was launched in April 2011. The Frailty Programme is a multi-agency partnership aimed at improving Intermediate Care services in Gwent and spans the Aneurin Bevan Health Board (ABHB), 5 Local Authority partners and a number of voluntary sector organisations.
- 7.14 In One Place obtained Cabinet support in November 2013 to facilitate collaboration between Aneurin Bevan Health Board (ABHB), the five local authorities and Housing Associations within Gwent with the aim of streamlining the process of developing suitable accommodation for people with complex health and social care needs in Gwent.

- 7.15 One Newport Local Service Board includes health, police, colleges, local government, housing, third sector and central government; it has a shared strategic purpose detailed in the Single Integrated Plan with terms of reference and the Performance Management Framework.
- 7.16 The South East Wales Improvement Collaborative (SEWIC) Fostering Group is a working group to develop a marketing strategy, with the objective of creating a unified brand to represent all 10 of the local authorities in South East Wales. It reports to SEWIC Board of Social Services Directors.
- 7.17 There is a Council policy on information sharing along with numerous information sharing protocols with our partners. Information sharing is key to joined up service delivery. The Wales Accord on the Sharing of Personal Information (WASPI) was developed as a practical approach to multi agency sharing for the public sector in Wales, and Newport signed up to this in January 2011. The Council is required to meet statutory obligations regarding the handling and sharing of data, in accordance with the Data Protection Act 1998. The Information Sharing Policy has been developed to ensure information is only shared appropriately, safely and compliantly.

8 Principle 3: Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour

- 8.1 The code of conduct and member / employee relationship document are set out in the constitution.
- 8.2 There were no successful “call-in” challenges to decisions on procedural grounds and no judicial review challenges on grounds of legality during the year.
- 8.3 **There were no complaints of Member misconduct made to the Ombudsman in 2015/16 involving City Councillors. Therefore, there were no referrals to the Standards Committee and no findings of misconduct or breaches of the Member Code.**
- 8.4 All waivers of the Contract Standing Orders are reported through the Audit Committee quarterly. The Internal Audit team continues to deliver awareness raising sessions on the importance of compliance with these Contract Standing Orders.
- 8.5 The Audit Committee has the power to call in a Head of Service and Cabinet Member to hold them to account for addressing required improvements to the internal control environment within their service area.
- 8.6 **34** Internal Audit opinions were issued in 2015-16; **8** were good, none were deemed to be unsound. The overall opinion on the adequacy of the internal control environment for 2015/16 was therefore **REASONABLE**.

	2013-14	2014-15	2015-16
Very Good	2	0	
Good	21	8	
Reasonable	18	21	
Unsatisfactory	0	5	
Unsound	0	0	
Total	41	34	

8.7 Management have agreed to implement the action points in order to address the weaknesses identified and Internal Audit will be following this up in 2016/17.

8.8 The audit opinions are about the adequacy of the internal control environment within a particular service area or establishment at a particular point in time. They are not a reflection of how well the service is delivered or the establishment is run.

9 Principle 4: Taking informed and transparent decisions, which are subject to effective scrutiny and managing risk in order to foster innovation.

9.1 Minutes, Agendas & Reports along with their subsequent decision schedules and questions to Cabinet Members are all available on the web site. Council, Cabinet, Scrutiny and Audit Committee reports are available on the Council's website.

9.2 A Scrutiny Improvement Group was established in 2013/14 to review and improve the scrutiny function, which is supported by Cabinet. The group comprises of members and officers and meets monthly.

9.3 Audit Committee meets regularly and its activities can be seen via the Council's website.

9.4 To enable good, quality information, advice and support to ensure that services are delivered effectively and are what the community wants / needs, a report template has been developed which helps authors to consider relevant issues in report writing and insists that statutory officers are consulted. Minutes, Agendas & Reports along with decision schedules are all available on the website. Legal / Finance / HR officers attend key meetings to respond to questions as required.

Risk Management

9.5 The Council's Corporate Risk Strategy and Risk Register was updated and taken through Cabinet in September 2014 after being considered by the Audit Committee. The Corporate Risk

Register was further updated and presented to Cabinet in April 2015, June 2015, September 2015, December 2015; further updates were presented to Audit Committee during the year.

- 9.6 Mitigation of risk is incorporated within the risk register, which moves the risk from inherent to residual. The major risks Newport has identified, following an assessment of current controls or mitigation in place; the top 7 risks facing the Council as at March 2016 were as follows: **(updated from Cabinet Report March 16)**

	Risk	Risk Assessment August 2015	Risk Assessment December 2015	Risk Assessment February 2016
1	<p>Legislative Requirements –</p> <p>That new legislative requirements potentially place significant duties on the Authority that it cannot fulfil (resulting in adverse judgements from regulators, significant fines and potential court proceedings and/or existing services are compromised)</p>	16	16	16
2	<p>Increasing Ageing Population</p> <p>That an increasing percentage of the population are over 65 are this puts an increasing strain on demand led services, particularly those that are statutory in nature and significant budgetary overspends</p>	12	12	12
3	<p>Capacity and capability to meet the councils objectives</p> <p>That there are not skills and or capacity within the workforce to deliver both operational services and also the pace of change needed to modernise services and balance the budget.</p>	12	12	12

4	Budget Challenge That the continuing need for significant annual savings is increasingly difficult to achieve and that could compromise organisational capacity and service delivery including statutory services	16	12	12
5	Safeguarding That the arrangements and the implementation of policies and procedures by the council (and its partners) are not adequate to protect vulnerable adults and children who may be at risk of significant harm	8	8	8
6	Investment in Friars Walk Development That the development does not realise its target value and the developer is unable to sell or re-finance the scheme to repay the loan	4	2	2
7	City Deal That the SE Wales region, which includes Newport CC, cannot conclude a city deal within the timescales and as a result misses the opportunity to secure investment to improve economic outcomes for the communities of the city	9	9	9

9.7 The above figures relate to a likelihood v impact score where the higher the number, the higher the risk.

9.8 The Audit Committee felt that managing the risks faced by service areas was an important aspect of the manager's role and should be part of his / her

day to day responsibilities. Further work was required to ensure that risk management became fully embedded within Council operations so that it became more of a living document so that operational managers took greater responsibility for owning and dealing with the risks identified in their areas.

9.9 A report template for all formal member and scrutiny reports, requires authors to consider risk and its management or mitigation when writing reports.

- 9.10 Heads of Service submitted their 2015/16 service plans to the respective scrutiny forum in July 2015. The plan included an overview of the service area, budget information and links to the medium term financial plan, an understanding of its customers' needs, service area outcomes, service improvement priorities, performance measures, links to corporate priorities and equalities assessments. The key risks for each service area were identified in each of the service plans. Service Plans were reviewed by Scrutiny members in November 2015 to ensure that the delivery of the service was on track and key objectives were being met. These will continue to be reviewed.
- 9.11 Each Head of Service incorporates the keys risks to their service within operational plans which identified the impact, the likelihood and any mitigation in place to manage those risks.

Information Governance

- 9.12 The purpose of the Annual Information Risk Report is to provide an assessment of the information governance arrangements for the Council and identify where action is required to address weaknesses and make improvements. This was received by [Scrutiny in June 2015](#) and will be reported to the Deputy Leader with the Scrutiny Committee comments in July 2015.
- 9.13 The Annual Information Risk Report forms an important element of information risk management, and includes an action plan. Progress on the actions will be reported in the 2015/16 report and included:
- 350 staff trained on information security since April 2014;
 - Information Governance group continues to meet quarterly (Chair changed in line with Wales Audit Office recommendations);
 - Further development of a number of policies including Records Management and Incident Reporting;
 - High level risks information risk now included in the Corporate Risk Register;
 - PSN (Public Services Network) compliance renewed;
 - Payment Card Industry standards (PCI-DSS) achieved;
 - New Information Sharing protocols developed.

Other work is on-going, and the report for 2015/16 will also consider security incidents, and data breaches through the year;

(Link) [Annual Information Risk Report 2015](#)

- 9.14 The Council's website includes other information which the Council is required to publish, such as allowances paid to members in accordance with statutory provisions, and developing the transparency agenda for the publication of data on Council spending over £500. There are also agreed procedures to meet the requirements of the Regulation of Investigatory Powers Act 2000.

(Link to transparency data): www.newport.gov.uk/transparency

- 9.15 The Information Commissioner (ICO) recommends that Councils publish information proactively and the Council has adopted the ICO [publication scheme](#) in this respect. The model publication scheme commits the Council to publishing certain classes of information. It also specifies how the Council should make the information available, any charges, and what we need to tell members of the public about the scheme. This has been updated in line with new requirements to provide sets of electronic data on request.
- 9.16 Following a WAO view that there was a conflict of interest with the Chairman of the Information Governance Group, the Strategic Director for Place will now chair this group.

10 Principle 5: Developing the capacity and capability of Members and Officers to be effective.

- 10.1 Councillor programmes have been held mainly based on their various roles within the Council. The Democratic Services Committee recognised the Council needed to do more to base the programme on individual needs as identified by Councillors. To this end the Committee agreed to pilot a series of interviews with the Organisation Development team to participate in this pilot.
- 10.2 There is an on-going programme of events for Members involved in Planning & Licensing Committees and Sub Committees.
- 10.3 The majority of employees have undertaken the 'my review' process. This ensures that all officers and managers reflect on continued professional development (CPD) opportunities which are needed to improve their skill, knowledge and understanding base. Education Service confirmed that all staff in their service had gone through the process. Corporate Health Measures were taken to the Performance Board in June 2015.
- 10.4 Senior Management lead Cabinet Member briefings on a regular basis. Briefings stimulate discussion around the need for Member training. These considerations are followed up with Democratic Services, ensuring that an appropriate and timely Members training programme is planned.
- 10.5 Overview and Scrutiny are leading a programme of training and support aimed at improving challenge and scrutiny. The Gwent Scrutiny Challenge is being undertaken in partnership with Gwent colleagues and with support from Welsh Government's Scrutiny Development Fund, Wales Audit Office, Welsh Local Government Association and Centre for Public Scrutiny.

11 Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability

- 11.1 The Scrutiny Annual Report is produced for the Council meeting in July each year.
- 11.2 The Scheme of Delegation sets out responsibilities for decision making. The Council's website includes the Cabinet and Cabinet Member decisions / Member profiles. The Scrutiny Handbook was updated in 2013/14. Development of Customer Insight to better understand our communities. Dissemination of ward meeting minutes.
- 11.3 Social media, Twitter and Facebook for example, is increasingly being used to engage local people and communicate the corporate message.
- 11.4 The majority of meetings are held in public as shown from Committee agendas and minutes which are then available on the website. The Council now broadcasts Council meetings and Planning / Licensing Committees live on the internet and is working towards webcasting other formal member meetings.

11.5 The Council has responded to Freedom of Information Act requests within the required 20 days:

	2013-14	2014-15	2015-16
No' of FOI requests	869	895	
No' responded to within 20 days	757	785	
Percentage of FOIs responded to within 20 days [Target 87% - national standard 85%]	87%	88%	

12 Action Plan 2014/15

- 12.1 Action taken to address the issues raised in the 2014/15 Annual Governance Statement are shown at Appendix 1.
- 12.2 The Wales Audit Office have undertaken a Corporate Assessment and a follow up assessment of Newport City Council. The Corporate Management Team on behalf of the Council, is working on an action plan to incorporate the recommendations of these assessments to further improve and strengthen the governance arrangements and their effectiveness in future years.

13 Conclusion

- 13.1 We propose over the coming year to continually monitor and review the projects within each service area to mitigate and manage these risks to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:**Date**..... **2016**

Leader

Signed:**Date**..... **2016**

Chief Executive

Action Plan 2014/15

Action taken during 2015/16 to address the issues raised in the 2014/15 Annual Governance Statement to further enhance the Council's governance arrangements.

	Governance issue to be addressed	How	Responsible Officer	By when	Action Taken

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2016 Audit Plan

Newport City Council

Audit year: 2015-16

Issued: March 2016

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Status of document

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This document was produced by Anthony Veale, Terry Lewis and Non Jenkins.

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2016 Audit Plan

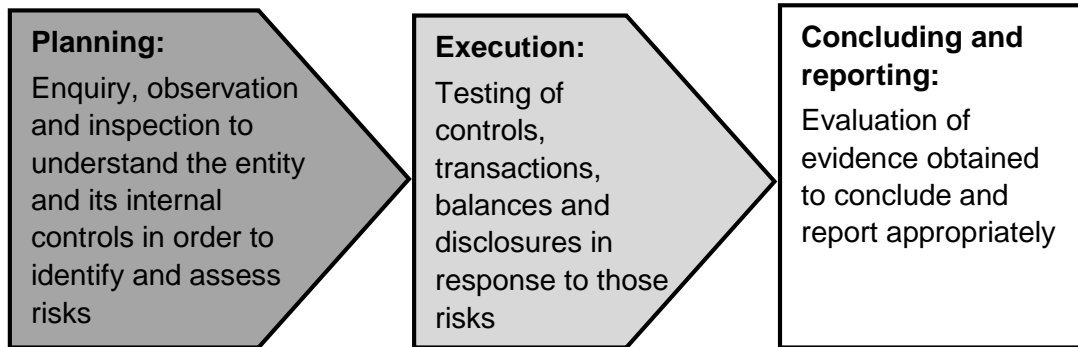
Summary

1. As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009 (the Measure), the Local Government Act 1999, and the Code of Audit Practice, namely to:
 - examine and certify whether your financial statements are ‘true and fair’;
 - assess whether you have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources;
 - audit and assess whether you have discharged duties and met requirements of the Measure; and
 - undertake studies to enable me to make recommendations for improving economy, efficiency and effectiveness or for improving financial or other management arrangements.
2. The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
3. There have been no limitations imposed on me in planning the scope of this audit.
4. My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

Financial audit

5. It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their ‘truth and fairness’.
6. I also consider whether or not Newport City Council (the Council) has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception if the Annual Governance Statement does not comply with requirements.
7. [Appendix 1](#) sets out my responsibilities in full.
8. The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows me to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the financial statements as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

Exhibit 1: My audit approach



9. The risks of material misstatement which I consider to be significant and which therefore require special audit consideration, are set out in **Exhibit 2** along with the work I intend to undertake to address them.

Exhibit 2: Financial audit risks

Financial audit risk	Proposed audit response
<p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>We will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business.
<p>Risk of material misstatement in the financial statements arising from error or omission of transactions, balances and disclosure.</p>	<p>On receipt of the 2015-16 draft financial statements in June 2016, we will undertake a review of the statements and update our risk assessment accordingly.</p> <p>We will design audit testing programmes to focus our work on material balances and transactions and any additional financial statement risks that arise following our review of the draft financial statements.</p>

Financial audit risk	Proposed audit response
<p>The preparation of the Statement of Accounts will involve the estimation of a number of account figures such as provisions for the Council's liabilities.</p>	<p>We will review:</p> <ul style="list-style-type: none"> the annual assessment made by officers of the basis on which estimates are made and revised in line with the latest information; and documentation held to support estimates derived and judgements made, and refer to papers provided in support of them. <p>We will also ensure that appropriate accounting and disclosure requirements are included within the financial statements.</p>
<p>The Council has taken out a loan of £90 million to finance the building of Friars Walk shopping centre. It expects to re-pay this loan when the development is sold in November 2016 and the receipt is accounted for by the Council.</p> <p>There is a risk that the Council may not fully recover the anticipated receipt following the sale of the development.</p>	<p>We will review the Council's valuation assessment of the estimated receipt/amount receivable included within 2015-16 financial statements. We will also ensure that amount receivable relating to the repayment is appropriately classified and disclosed in the financial statements.</p>
<p>Sensitive disclosures – the Council's 2014-15 financial statements will include a number of disclosures which are material by nature. These include the disclosure of Related Parties and Senior Officer's Remuneration.</p>	<p>We will review all notes and disclosures that are material by nature and will substantively test these to ensure that they are consistent with supporting evidence and all required disclosures are made in line with the Code of Practice on Local Authority Accounting.</p>
<p>A number of issues were identified during our 2014-15 audit which included the need for the Council to:</p> <ul style="list-style-type: none"> incorporate the financial transactions of Newport Transport Ltd, in accordance with the requirements to account for 'group' operations; improve working papers and ensure they are available in a timely manner in accordance with the agreed Audit Deliverables document (which will be updated early in 2016); improve the process for preparation of the Whole of Government Accounts return so that it is prepared earlier (together with the supporting working papers) to ensure that there sufficient time to complete audit work and submit by the deadline set by Welsh Government; and 	<p>We will follow up the progress made by the Council in addressing these issues.</p>

Financial audit risk	Proposed audit response
<ul style="list-style-type: none"> review the accounting arrangements for the Council's involvement in all joint committees and other jointly controlled operations (including Newport Norse), as set out in its Accounting Policy and as required by the Code of Audit Practice. 	

10. I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes, but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Audit Committee prior to completion of the audit.
11. For reporting purposes, I will treat any misstatements below a 'trivial' level (the lower of five per cent of materiality or £100,000) as not requiring consideration by those charged with governance and therefore I will not report them.
12. My fees are based on the following assumptions:
 - information provided to support the financial statements is timely, to the quality expected and has been subject to quality assurance review;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
 - all appropriate officers will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.
13. In addition to my responsibilities in respect of the audit of the Council's statutory financial statements set out above, I am also required to certify a return to the Welsh Government which provides information about the Council to support preparation of Whole of Government Accounts.
14. It should be noted that for 2015-16, the Welsh Government is in the process of setting revised thresholds to determine whether an audited body's Whole of Government Accounts return is subject to audit. We will review the revised thresholds with officers and assess whether an audit certificate is required.

Certification of grant claims and returns

15. I have been requested to undertake certification work on the Council's grant claims and returns. A total of 18 grant claims were audited in 2014-15 and whilst the final programme of grants and returns requiring certification for 2015-16 is yet to be finalised, I anticipate the number of claims requiring audit to be of a similar number.
16. A separate report, Certification of Grants and Returns 2014-15, has been issued which sets out the key issues I have identified in relation to the individual claims and returns audited.
17. An estimate of my audit fee for auditing the 2015-16 grant claims is set out in [Exhibit 4](#).

Other work undertaken

18. In addition to my responsibilities in respect of the audit of the statutory financial statements set out above, I am also responsible for the audit of the Gwent Cremation Joint Committee Annual Return (downgraded last year from a full audit to an independent examination). My team will undertake the audit of these accounts on my behalf in accordance with the timescales agreed with the Council. The fee for this work is estimated to be £2,104.

Performance audit

19. The components of my performance audit work are shown in [Exhibit 3](#) and have been designed in order to help deliver the high-level objectives set out in our 2013-2016 corporate strategy (www.audit.wales/publication/wales-audit-office-corporate-strategy-2013-2016).

[Exhibit 3: Components of my performance audit work](#)



-
- 20.** Local government in Wales is going through an unprecedented period of change. Austerity continues to bite, audited bodies will be required to adopt the principle of sustainable development from April 2016, and the draft Local Government (Wales) Bill proposes fewer councils and a renewed performance framework. The Minister for Public Services has publicly stated that he would like to see a refreshed audit regime in advance of the legislative timetable with a view to supporting change. In January this year the minister advised me of a substantial reduction in the grant that subsidises my local government performance audit work under the Measure.
- 21.** However, for 2016-17 the Measure will still be in place, and I will still need to examine whether authorities will meet their duty to make arrangements for continuous improvement. The challenge for me in these uncertain times is to balance my existing, new and proposed statutory duties with the need to continue to undertake meaningful, risk-based and proportionate audits and assessments.
- 22.** In spring 2016 I will be engaging in a consultation with public service bodies on how I can best discharge my various duties whilst striking the most appropriate balance and adding value by:
- providing assurance on the governance and stewardship of public money and assets;
 - offering insight on the extent to which resources are used wisely in meeting people's needs; and
 - identifying and promoting ways by which the provision of public services may be improved.
- 23.** Taking all these factors into consideration, I am presently unable to be specific about my programme of performance audit work in local government. I am working through the practicalities of designing an appropriate programme of work, and examining the implications of the reduction in grant funding with a view to ensuring, as far as I am able, that there is little adverse impact on local authorities through fees.
- 24.** As soon as practical, I will write to confirm my 2016-17 programme of work.
- 25.** The performance audit projects included in last year's Audit Plan, which are either still underway or which have been substituted for alternative projects in agreement with you, are set out in [Appendix 2](#).

Fee, audit team and timetable

Fee

26. The Wales Audit Office does not generate profits on fees. Legislation requires that the fees charged may not exceed the full cost of exercising the function to which the fee relates. The fee rates are set at a level to recover that full cost. My fee rates have been held static for 2016 and my audit teams will continue to look for efficiencies in their audits and welcome working with you constructively on this.
27. Your estimated fee for 2016 is set out in **Exhibit 4**. The audit fee has been kept at the same level as last year in line with the Wales Audit Office fee setting policy. It should be noted there was an additional charge of £3,920 to last year's fee. This was to recover increased costs associated with the delay in providing us with complete accounts working papers and additional work required on the issue of the consolidation of Newport Transport Ltd.

Exhibit 4: Audit fee

Audit area	Proposed fee (£) ¹	Actual fee last year (£)
Financial audit work ¹	191,100	195,020
Performance audit work ²	104,700	104,657
Subtotal fee	295,800	299,677
Grant certification work ³	82,000	83,000
Other financial audit work ⁴	2,104	1,980
Total fee for all audit work	379,904	384,657

Notes:

- ¹ Payable November 2015 to October 2016.
- ² Payable April 2015 to March 2016.
- ³ Payable as work is undertaken.
- ⁴ Payable as work is undertaken in respect of the Greater Gwent Cremation Joint Committee.

¹ The fees shown in this document are exclusive of VAT, which is no longer charged to you.

-
28. Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Council.
29. Further information on my fee scales and fee setting can be found on the Wales Audit Office website at: www.audit.wales/about-us/fee-scales-and-fee-setting.

Audit team

30. The main members of my team, together with their contact details, are summarised in [Exhibit 5](#).

Exhibit 5: My team

Name	Role	Contact number	E-mail address
Anthony Veale	Engagement Director and Financial Audit Engagement Lead	029 2032 0585	anthony.veale@audit.wales
Terry Lewis	Financial Audit Manager	02920 320641	terry.lewis@audit.wales
Ramim Kahn	Financial Audit Team Leader	02920 320632	ramim.khan@audit.wales
Alan Morris	Performance Audit Engagement Lead	01244 525900	alan.morris@audit.wales
Non Jenkins	Performance Audit Manager	02920 320595	non.jenkins@audit.wales
Sara-Jane Byrne	Performance Audit Lead	02920 324085	sara-jane.byrne@audit.wales

31. I can confirm that my team members are all independent of the Council and your officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.

Timetable

32. I will provide reports, or other outputs as agreed, to the Council covering the areas of work identified in this document. My key milestones are set out in [Exhibit 6](#).

Exhibit 6: Timetable

Planned output	Work undertaken	Report finalised
2016 Audit Plan	December 2015 – February 2016	March 2016
Financial accounts work: <ul style="list-style-type: none">• Audit of Financial Statements Report• Opinion on Financial Statements• Financial Accounts Memorandum	February – September 2016	September 2016 September 2016 October 2016
Performance work: I am presently unable to be specific about my programme of performance audit work in local government	April 2016 – March 2017	As soon as practical, I will write to confirm my 2016-17 programme of work
2017 Audit Plan	October – December 2017	January 2017

* Subject to timely clearance of draft findings with the Council.

Future developments to my audit work

33. The Well-being of Future Generations (Wales) Act 2015 (the Act) requires me to have undertaken an examination in each of the public bodies specified within the Act and to have provided a report to the National Assembly, by 2020.
34. As referred to in [paragraph 22](#), I will be consulting on my proposed response to the Act in spring 2016. This consultation will feature a commitment to engage and work collaboratively with public bodies in developing an audit approach which is rigorous, meaningful and proportionate. I propose using 2016-17 as a transition year during which my teams work with a limited number of public bodies to develop and test my approach.
35. As we confirm our audit approaches and respond to continuing consultation from the Welsh Government, we will be talking to audited bodies about the implications for their fees from 2017-18 onwards and will be exploring alternative funding models with the next National Assembly's Finance Committee.

Appendix 1

Respective responsibilities

Financial audit

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on:

- Their 'truth and fairness', providing assurance that they:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with the statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
- The consistency of information in the Annual Report with the financial statements.

I must also state by exception if the Annual Governance Statement does not comply with requirements, if proper accounting records have not been kept, if disclosures required for remuneration and other transactions have not been made or if I have not received all the information and explanations I require.

The Public Audit (Wales) Act 2004 requires me to assess whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. To achieve this, I consider:

- the results of the audit work undertaken on the financial statements;
- the Council's system of internal control, as reported in the Annual Governance Statement and my report thereon;
- the results of other work carried out including work carried out under the Local Government (Wales) Measure 2009 (the Measure), certification of claims and returns, and data-matching exercises;
- the results of the work of other external review bodies where relevant to my responsibilities; and
- any other work that addresses matters not covered by the above, and which I consider necessary to discharge my responsibilities.

The Public Audit (Wales) Act 2004 sets out the rights of the public and electors to inspect the Council's financial statements and related documents, to ask me, as the Appointed Auditor questions about the accounts and, where appropriate, to challenge items in the accounts. I must also consider whether in the public interest, I should make a report on any matter which comes to my notice in the course of the audit.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;
- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within the Council from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

Performance audit

The Measure places a general duty on improvement authorities to 'make arrangements to secure continuous improvement in the exercise of [their] functions'. It also places specific requirements on authorities to set improvement objectives, and to publish annual improvement plans and assessments of performance. Improvement authorities are defined as county and county borough councils, national park authorities, and fire and rescue authorities.

The Measure also requires me to carry out an improvement assessment for each improvement authority every year, to determine whether the authority is likely to comply with its general duty and requirements of the Measure. The Auditor General must also carry out an audit of whether the authority has discharged its improvement planning and reporting duties.

The Auditor General may also in some circumstances carry out special inspections (under section 21), in respect of which he will provide a report to the relevant authorities and Ministers, and which he may publish (under section 22). The Auditor General will summarise audit and assessment reports in his published annual improvement report (under section 24). This will also summarise any reports of special inspections.

Appendix 2

Performance work in last year's audit outline still in progress

Performance audit project	Status	Comment
Financial resilience assessment	Reporting	Draft report is currently being reviewed before it is issued to the Council.
Waste management review	Reporting	Report is being drafted and will be issued to the Council by the end of March.
Review of progress in addressing the corporate assessment and corporate assessment follow-up recommendations	Fieldwork	On-site fieldwork is scheduled to take place w/c 14 March.
Annual improvement report	Drafting	This will be issued to the Council May/June.

Appendix 3

National value-for-money studies

The Council may also be interested in the national value-for-money examinations which I undertake, some of which will be of particular relevance to, and may involve evidence gathering across, local government. These studies are funded by the National Assembly. Reports are presented to the National Assembly's Public Accounts Committee to support its scrutiny of public expenditure and potentially support scrutiny by other National Assembly committees.

The table below covers all of the value-for-money studies work currently programmed. The programme includes all-Wales summaries of audit work undertaken locally in the NHS and reactive examinations into specific issues of public concern that have been raised with me. In addition to the work outlined below, I may decide during the year to prepare other national reports summarising local audit work or based on the findings of reactive examinations.

Further updates on my programme of value-for-money studies will be provided to you within the regular progress reports prepared by my team.

Topic	Anticipated publication timeframe
Welsh Government acquisition and ownership of Cardiff Airport	Late January 2016
The development of Natural Resources Wales	Early February 2016
Operating theatres	February 2016
Impact of private practice on NHS provision	February 2016
Wales Life Sciences Investment Fund	March 2016
Welsh Government responses to audit recommendations (memorandum for the Public Accounts Committee)	Spring 2016
Coastal flood and erosion risk management	Spring 2016
Rail services	Spring 2016
Governance of the National Library of Wales	Spring 2016
Welsh Government oversight of further education institutions' finances and delivery	Autumn 2016
Public procurement (including development of the National Procurement Service)	Winter 2016

Topic	Anticipated publication timeframe
Early intervention and behaviour change	Spring/summer 2017 ²
Welsh Government interventions in local government	TBC ³

I have been considering over recent months the inclusion in my programme of a number of new studies on:

- The NHS Wales Informatics Service
- Capital investment in schools (21st Century schools programme) and school places
- Further education finances
- Waste management
- The Supporting People programme
- Access to public services for people whose first language may not be English or Welsh and those who may be disadvantaged without access to specialist interpretation services

With the exception of the further education study, referred to in the table above, firm plans for these new studies are yet to be confirmed, although initial scoping work is underway.

² My programme of good practice work includes a project that will aim to explore the range of behaviour change work across Welsh public services and opportunities to improve practice, deliver better outcomes for citizens, and achieve better value for money. The project will include a range of engagement events and the development of a community of practice to share learning and experience. I anticipate that the information and evidence gathered through this work will support the production of a report on this topic, although this is unlikely to be a traditional audit report and it would not be prepared until the first half of 2017.

³ Plans for this work have been under review in light of the Welsh Government commissioned review of the Anglesey intervention by the Public Policy Institute for Wales, and also to consider the implications for the work of plans for local government reform.

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Certification of Grants and Returns 2014-15

Newport City Council

Audit year: 2014-15

Issued: March 2016

Document reference: 329A2016

Authors: Jon Martin and Terry Lewis

Status of report

The team who delivered the work comprised

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Summary

1. Under Paragraph 20 of Schedule 8 to the Government of Wales Act 2006 the Auditor General shall, if required by a local government or other grant-receiving body, make arrangements for certifying claims and returns (referred to as grant claims, hereafter).
2. We have completed our audit work and conclude that the Council had adequate arrangements in place for the production and submission of its 2014-15 grant claims.
3. For 2014-15, we certified 18 grant claims with a total value of £154.7 million compared to 20 claims with a total value of £149.8 million in 2013-14. The decrease relates to the removal of certification arrangements for three Welsh Government Education grants plus the certification of two S28a projects under HLG03 on the same claim form, netted against the new certification arrangements for Transitional SBIG T3 21st Century Schools under EDU18 and Local Transport Grant under TRA15.
4. The Council was late submitting only 3 out of the 18 claims, or 16.7 per cent – this is an improvement in performance from 2013-14 when 5 out of 20 claims were submitted late. One of these late claims was the final claim for the European Structural Fund, Pillgwenlly Regeneration Initiative audited under EUR02, where Council officers and WAO agreed to delay the start of the audit by 7 days to ensure an auditor suitably experienced and familiar with the project was available to undertake the audit. Of the remaining 2 claims, the Housing Benefit Subsidy return audited under BEN01 was only 1 day late. The other late claim was the NNDR3 Final Contributions return audited under LA01. Council officers informed us that the signed return had been posted to the WAO office in Cardiff in the absence of auditors on site to physically hand it on, but the return never arrived. After waiting an appropriate time for late delivery, a replacement return was provided on 30th June 2015. For future reference, Council officers should always physically hand claim forms to WAO auditors. The '*Joint Protocol on Grants Management*' specifies the respective roles and responsibilities of both Council officers and WAO to prevent the loss of signed claims. If this is prevented by the absence of WAO staff on site, the Protocol makes provision for the date of deemed receipt to be logged by WAO in preference to entrusting claims to the vagaries of the postal service.
5. Following delivery of grants training to Council officers on 17 March 2015 focussing on the agreed requirements, as set out in the '*Joint Protocol on Grants Management*' and in particular ensuring clearer compliance with the revised '*Council Grant Claim Checklist*', we have provided specific feedback on every grant claim audited and certified, both to the Council officers compiling the claims and to the Council's Grants Co-ordinator. The quality of files provided was generally satisfactory but improvements can be made which would potentially facilitate smoother audits and reduce the audit cost to the Council. The range of issues covered by this specific feedback is broad and will be discussed with the Council's Grants Co-ordinator to establish where improvements can be made for the 2015-16 audit certification round. Common issues noted included the identification of all contracts under which grant-funded expenditure was incurred,

the evidence supporting accruals and supplementary creditors claimed but not paid at year-end, and the clarity of evidencing that expenditure per claim was reconciled to the Council's ledger records.

6. Our corresponding 2013-14 report on grants certification highlighted the first two of these three issues, and has led to a number of amendments and qualifications as will be seen in the detailed feedback on each claim later in this report. The '*Joint Protocol on Grants Management*' clearly sets out the expected process to be followed to provide a supporting evidence file with the signed claim for audit, including the quality assurance checks necessary to complete the '*Council Grant Claim Checklist*'. At very least, this should have ensured that there was an audit trail available albeit maybe not always able to be filed separately – and should have identified inconsistencies, such as the requirement to provide a list of contracts entered into under the claim being 'not applicable' for a claim involving capital expenditure. It must also be noted that the '*Joint Protocol on Grants Management*' also provides that certification instructions applicable to the audit of each grant are provided to the Council's Grants Co-ordinator upon their release to auditors, for further circulation to relevant Council officers responsible for collating that grant claim. These certification instructions clearly flag the audit review expected, and should forewarn officers of the nature of audit enquiries – giving ample opportunity to prepare working paper files meeting every applicable requirement listed on the '*Council Grant Claim Checklist*'.
7. The number of 'qualified' claims increased from 6 in 2013-14 to 10 in 2014-15, albeit all four Communities First clusters audited under RG03 were qualified on the same issue. This qualification and also the main qualification for the Local Transport Grant audited under TRA15 relate to failures to prove that contracts awarded, under which grant-funded expenditure was incurred, had been procured properly under Council's Contract Standing Orders. Both these grants and indeed most of the Welsh Government funded grants impose an audit requirement to test contract procurement – it does not mean the actual expenditure incurred under these contracts is automatically invalid or ineligible, but as it is an explicit requirement of the audit there is no discretion to avoid reporting. It must also be noted that two qualifications raised on the Flying Start claim audited under EYC01 and the Families First claim audited under EYC14 relate to specific requirements to obtain approval to vire funding between budget heads within the approved analysis of projects under each claim. Again, testing is explicitly required by each certification instruction and the facts have been reported but evidence provided by Welsh Government already indicates no action is to be taken on either issue. We would highlight that the grant-paying body, usually Welsh Government, hold discretion on how to address a qualification issue they have specifically instructed auditors to be test for and we would expect the Welsh Government to be in contact with Council officers to decide what steps will be taken on each qualification. As noted with the virements qualifications above, the qualifications themselves do not necessarily lead to further action being taken..

-
8. Claims requiring amendment decreased from 13 in 2013-14 to 10 in 2014-15, which represent 65% and 55% of the certified claims respectively. The value of the amendments made decreased significantly, albeit this comparison is skewed by a £351,004 amendment made to the Free Concessionary Travel return audited under TRA23 in 2013-14. The majority of amendments made relate to specific issues, of which the most pervasive would be the continued claiming of accrued expenditure either not proven to be incurred in 2014-15 or proven to not be a valid accrual. It must also be noted that the reconciliation issues described on the European Structural Fund, Pillgwenlly Regeneration Initiative audited under EUR02 have not generated any amendments to the final claim form in accordance with the set protocol imposed by the Welsh European Funding Office (WEFO) under EU rules – however, the reported omission of £136,975 of eligible expenditure from the final claim is highly unlikely to be ignored and should generate amendments to the final claimed balance when WEFO process the final accountants report highlighting this issue amongst others.
 9. Two of the 10 amendments were significant, being over £10,000 in value. One of these amendments relates to the removal of all invalid accruals claimed in the Flying Start claim audited under EYC01, totalling £31,797 or approximately 10% of claimed accrued expenditure on this claim. We recognise that there is a Council process at year-end to ensure accruals relating to open purchase orders are checked and, if followed diligently by all officers, it should theoretically address the risk of accruing for expenditure that has not been incurred and will not result in any payment. The second amendment relates to the correction of the claim balance on the Families First claim audited under EYC14, reducing the balance by £14,817 to recognise a repayment already made after year-end but in advance of the CFO certification of the claim for audit. Certification instructions clarify the requirements for claim completion and should mirror specific completion instructions circulated by the grant-paying body to councils, which should provide sufficient guidance to ensure all required data is included.
 10. Details of both the 10 qualifications and 10 amendments made to claims are contained in the body of the report between pages 8 and 26 and form the main basis of our recommendations between pages 27 and 31.
 11. The total cost of our grant claims audit in 2014-15 is £81,812 compared to the 2013-14 fee of £83,029. The audit work and associated cost for the two new grant certifications, EDU18 and TRA15, is considerably more extensive than the work required on the three EDU grants no longer requiring certification in 2014-15, which if factored in to allow direct comparison of grants audited in both 2013-14 and 2014-15, gives fees of £82,187 for 2013-14 and £75,806 for 2014-15. A comparison of these equivalent costs indicates that the decrease of £6,381 represents approximately 7.7% of the total 2013-14 fee charged to the Council. Further consideration of the reasons for the decrease in cost as contained on pages 32 and 33 of the report.

-
12. We acknowledge the Council's assistance and co-operation during the audit and will continue to work with Council officers to develop our protocol and working arrangements for the 2015-16 audits.
 13. Detailed on the following page is a summary of the key outcomes from our certification work on the Council's 2014-15 grants and returns, showing where either audit amendments were made as a result of our work or where we had to 'qualify' our audit certificate.
 14. A qualification means that issues were identified concerning the Council's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant-paying body will require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate.

Key information for 2014-15

Overall, we certified 18 grants and returns (20 in 2013-14):

5 grant claims were unqualified with no amendment (6 in 2013-14)

10 grant claims required amendments (13 in 2013-14)

10 grant claims required a qualification to our audit certificate (6 in 2013-14)

We have not been required to issue any separate reports due to significant issues (same in 2013-14)

Audit Findings

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Ref – Para	CI Ref	Grants and returns	Claim due	Claim received	Late	Testing level	Qualified certificate	Qualified value	Significant adjustment (>£10,000)	Minor adjustment (<£10,000)	Unqualified/un-amended grant claim
1	BEN01	Housing Benefit Subsidy	30/04/15	1/05/15	Yes	Various				£+5,677	
	EDU18	Traditional SBIG, 21 st Century Schools	30/09/15	30/09/15	No	N/A					1
2	EUR02	European Structural Funds – Pillgwenlly Regeneration Initiative	1/09/15	9/09/15	Yes	20%	1	Not quantifiable			
3	EYC01	Flying Start	30/09/15	30/09/15	No	10%	1	Quantified, -£20,631	£-31,797		
4	EYC02	Flying Start (Capital)	30/09/15	30/09/15	No	10%	1	Quantified, -£53,081			
5	EYC14	Families First	30/09/15	30/09/15	No	10%	1	Not quantifiable	£-14,817	£0	
	HC02	Substance Misuse Action Plan Fund	30/09/15	30/09/15	No	10%					1
6	HLG03	S28A - Learning Disabilities + Frail Older Adults	30/09/15	30/09/15	No	10%				£0	
	LA01	NNDR3 Final Contributions	30/05/15	30/06/15	Yes	10%					1
	LA12	Sustainable Waste Management	30/09/15	30/09/15	No	10%					1
7	PEN05	Teachers Pensions	30/06/15	22/06/15	No	25%	1	Quantified, - £110		- £868	

Ref – Para	CI Ref	Grants and returns	Claim due	Claim received	Late	Testing level	Qualified certificate	Qualified value	Significant adjustment (>£10,000)	Minor adjustment (<£10,000)	Unqualified/un-amended grant claim
8	RG03	Communities First – West Cluster	31/07/15	31/07/15	No	25%	1	Not quantifiable		£-3,917	
8	RG03	Communities First – North Cluster	31/07/15	31/07/15	No	25%	1	Not quantifiable		£-587	
8	RG03	Communities First – East Cluster	31/07/15	31/07/15	No	25%	1	Not quantifiable			
8	RG03	Communities First – Central Cluster	31/07/15	31/07/15	No	25%	1	Not quantifiable		£-994	
	SOC07	Social Care Workforce Development Programme	25/09/15	25/09/15	No	10%					1
9	TRA15	Local Transport Grant	30/09/15	30/09/15	No		1	Quantified, - £73,729		£-6,000	
10	TRA23	Free Concessionary Travel	30/09/13	15/10/13	-	25%				£0	
TOTAL QUALIFICATIONS AND AMENDMENTS							10	£-147,551	£-46,614	£-6,689	5

15. This table overleaf summarises the key issues behind each of the adjustments or qualifications that were identified above.

Ref	Summary observations	Qualification	Amendment
1	<p>Housing Benefit Subsidy (BEN01)</p> <ul style="list-style-type: none"> • The Council claimed subsidy of £59,854,645 (previous year £57,400,243). A small number of amendments were made to individual cells which resulted in a slightly increased subsidy to £59,860,322. All errors identified during the audit were corrected prior to final certification of an amended claim form and no issues requiring qualification were identified. • Amendments made to the cell entries and subsidy claimed related to the following issues: <ul style="list-style-type: none"> – Correction made to non-HRA Rent Rebate records on the system subsidy report, result of Council officers checking entire population of benefit claims recorded against Cells 12 to 15 on the Subsidy claim form. This check was undertaken in response to misclassifications between these 4 Cells on the 2013-14 claim form. Total of 25 benefit claims in this population were found to have errors of a broad and varied nature, wider than the misclassification risk being tested for (e.g. LHA rate incorrectly set, with 2 bedrooms entered rather than 3 and affecting cap etc), with some cases needing reclassification as Rent Allowances due to input errors. Sample testing of the review undertaken by Council officers confirmed the amendments made on the system were valid. Subsidy increased accordingly – In addition, isolated errors were identified and corrected for the incorrect calculation of weekly occupational pension income based on quarterly or annual occupational receipts and for the incorrect deductions made for one claimant in receipt of two war pensions. Audit review confirmed these issues related to discrete small populations which were checked in full and confirmed to be the only errors needing amendment. 	N/A	£+5,677

2	<p>European Structural Funds – Pill Regeneration Initiative (EUR02)</p> <ul style="list-style-type: none"> • The 15 month final claim was audited at the end of the funding period and at the conclusion of the overall project, final claim date of 30 June 2015. The Accountants report submitted to the Welsh European Funding Office (WEFO) reported a number of issues, some of which relate to errors remaining on the claim and some relate to wider qualification issues • No amendments were made to the final claim but a number of errors were reported from sample testing. The errors reported are as follows and relate to control weaknesses in ensuring the claim is accurate and complete: <ul style="list-style-type: none"> – Calculated Staff Recharge was overstated by £0.13/hr for 1 officer employed on the project, for period 1 April 2014 to 30 June 2015, failure to recalculate for receipt of pay increment. This has zero impact as the Council net these costs off with notional match funding – i.e. staff costs claimed are borne by Council monies and are not claimed from WEFO – Transposition error noted, detailed transaction list correctly stated the correct cost but manually input into the WEFO Online system incorrectly. As also match funded, net impact is that the Council claimed £45 too much grant (representing the difference between the overstated expenditure and the correct match funding declared). – Omission of £24,209 of ineligible expenditure and £3,086 of eligible expenditure –transactions for both were listed on the detailed transaction list but not appearing on the WEFO Online system record of costs input by the Council, – Match funding declared omitted £2,800 of match funding received to cover ineligible works, error in classification on detailed transaction lists as the category they were listed as does not exist within the claim categories – Match funding declared was overstated by £1,648 relating to the Council covering more than the agreed 25% of salary costs for one officer employed on the project. For one quarter, match funding declared was the full cost. – Match funding declared similarly omitted 1 month's superannuation on-cost for 1 officer despite declaring the associated net pay and national insurance on-cost – Match funding declared also omitted £6,522 of staff expenditure funded by the Council, relating to the salary recharges for 2 officers and the 25% cost cited above 	Quantified – value not quantifiable	To be decided by Welsh European Funding Office based on Accountants report submitted
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Ref	Summary observations	Qualification	Amendment
	<ul style="list-style-type: none">- In all but the first issue, a reconciliation between the detailed transaction list for the quarter being input into WEFO Online and the subsequent WEFO Online report would have identified the error, or at very least have highlighted the existence of inconsistencies where the specific errors could have been identified.		

Ref	Summary observations	Qualification	Amendment
3	<p>Flying Start (EYC01)</p> <ul style="list-style-type: none"> • Claim amended due to the following issue <ul style="list-style-type: none"> – Test 9 of certification instruction EYC01 (14-15) requires the auditor to confirm the following, “<i>Have any amounts included in the statement by way of accruals and provisions been paid by the date of the authority’s certificate?</i>” – Sample testing of 21 accruals valued at £54,737 identified that 12 out of the 21 had not been paid but moreover were identified to not be eligible 2014-15 expenditure, with a value of £14,374. A full review of every accrual claimed totalling £318,024 was undertaken by Council officers on our request and concluded a total of £31,797.38 related to expenditure which had not been incurred at 31 March 2015. The claimed expenditure has subsequently been reduced accordingly. – The current year-end process requiring Council officers to validate all accruals relating to purchase orders raised but not yet matched to invoice should in theory address this risk, depending on all officers undertaking a thorough review designed to remove any accruals not required - i.e. where the expenditure was in fact incurred in the following financial year or where the purchase order should be closed off as all goods or services have in fact been received, etc. • Claim qualified due to the following two issues: <ul style="list-style-type: none"> – Relating to the same requirement of Test 9 of certification instruction EYC01 (14-15), a further £20,630.70 relating to a number of items was identified where no invoices had been received or paid by the authority at time of audit. Current records have been insufficient to ascertain whether the accrual is accurate, complete and represents eligible expenditure - no supporting information was available to validate the nature of goods and services actually delivered. In all cases, officers gave assurances that all services and goods were eligible and that payments are expected to be made as soon as invoices are received, the delay being due to administration errors from the suppliers. 	Qualified, -£20,631	-£31,797

Ref	Summary observations	Qualification	Amendment
3 (cont)	<p>Flying Start (EYC01) - continuation</p> <ul style="list-style-type: none"> – Test 5 of certification instruction EYC01 (14-15) requires the auditor to confirm that entries on the statement agree with the grant award funding letter (and any subsequent changes notified by the paying body in writing). In particular, paragraph 16 to the CI specifies that <i>“approval must have been sought in advance from the Welsh Government for any significant changes to the plan and related expenditure profiles agreed... authorities were allowed to make small virements across headings as long as the changes were not more than 10% or £250,000 (the lower) of the budget category”</i>. – This requirement has been interpreted that Newport City Council are free to adjust grant allocations between projects up to a maximum value of the lower of 10% or £250,000 without requiring Welsh Government approval, to ensure the maximum grant funding covers expenditure incurred. – The project analysis appearing on the detailed table of funding streams within the claim indicates that the expenditure claimed exceeds 110% of the pre-populated budget allocations for one project, declaring expenditure in excess of the 110% maximum valued at £16,576. – The remaining projects all declared expenditure within 110% of the disclosed allocation. Enquiries to officers confirmed no formal approval had been granted for this virement. – Officers referred us to a letter dated 23 December 2014 from Welsh Government relating to both Flying Start and Families First budgets dated 23 December 2014: <i>“We must now ensure that local authorities spend as much as possible of the Flying Start and Families First grants allocated to them this year...we are requesting that in the final claim for this year ... local authorities claim all the remaining grant available to them”</i>. Officers interpreted this instruction as authority to incur the additional spend, corroborated by an e-mail from Welsh Government dated 20 November 2015 stating <i>“I can confirm that the letter issued relating to full spend supersedes our usual instruction to claim accurately and we expected each local authority to claim their full allocation, regardless of their own personal forecast.”</i> As Council officers were acting under Welsh Government instructions, the failure to comply with specific conditions relating to virements was specified within the qualification letter as a less significant matter. 		

Ref	Summary observations	Qualification	Amendment
4	<p>Flying Start Capital (EYC02)</p> <ul style="list-style-type: none"> • Claim qualified due to the following issues: <ul style="list-style-type: none"> – Test 9 of certification instruction EYC02 (14-15) requires the auditor to confirm the following: <i>‘Have any amounts included in the statement by way of accruals and provisions have been paid by the date of the authority’s certificate?’</i> – Audit testing matched all accrued expenditure claimed as at 31 March 2015 of £109,167 to prime documents to assess whether it was incurred in the 2014-15 financial year. Audit testing identified that three accruals totalling £53,081 of this amount could not be incurred in the 2014-15 financial year, as follows: <ul style="list-style-type: none"> ○ £20,000 – This represents 5% retention on the value of works claimed by the contractor as per a payment certificate dated 30 March 2015. Payments to date actually made to the contractor do not include the retention. Officers stated that this retention will not be released and paid for a further twelve to eighteen months, following final inspection of the building to ensure free of defects etc. As the liability to make payment will occur only when this inspection is completed, it cannot yet be incurred and claimed as eligible expenditure (albeit the actual eligible construction works were completed by 31 March 2015). ○ £27,959 – This represents inspection fees due relating to the release of the above retention and on the same basis cannot have been incurred yet and cannot be eligible expenditure. ○ £5,122 – This represents similar inspection fees due relating to a second set of works carried out, noting that the related retention due to the contractor was not claimed as the expenditure cap was reached without need to include this expenditure. Officers confirm the inspection works were undertaken between September 2014 and September 2015, but at the time of audit, no payment had been made but an invoice for £5,122 had been received. Applying similar logic as above, this cannot be an expense incurred in the 2014-15 financial year if it is dependent on the completion of inspections occurring in the 2015-16 financial year. – Following our qualification on this matter, we are aware that Council officers will be separately writing to the Welsh Government concerning claiming retentions due to contractors and associated inspection fees incurable as part of the check allowing release of the retention. 	Quantified, -£53,081	N/A

Ref	Summary observations	Qualification	Amendment
5	<p>Families First (EYC14)</p> <ul style="list-style-type: none"> • Claim amended due to the following issue: <ul style="list-style-type: none"> – Test 7 of certification instruction EYC14 (14-15) requires the auditor to confirm the following: <i>“Are payments on account appearing on the statement those received from Welsh Government in respect of the statement period up to the date of the authority’s certificate?”</i> – In the course of the audit, it was noted that Welsh Government had already invoiced the Council for £14,817 to be repaid in respect of underspent 2014-15 funding. This was actually repaid on 10 August 2015, in advance of the CFO signature of the claim form. – In order for the claim form to disclose both the accurate eligible expenditure and balance due to Welsh Government after accounting for this repayment, amendment was necessary to the Grant Received line on the claim form • Claim qualified due to the following issue: <ul style="list-style-type: none"> – Test 5 of certification instruction EYC14 (14-15) requires the auditor to check whether all ‘virements’ have been made in accordance with the Welsh Government’s terms and conditions such as prior written approval. In particular, paragraph 15 to the CI specifies that <i>“Approval must have been sought in advance from the Welsh Government (WG) for any significant changes to the plan and related expenditure profiles agreed between the authority and the WG. A significant change would be: a proposed addition to a grant related activity; or discontinuation of a grant related activity. Authorities were allowed to make small ‘virements’ across headings as long as the changes were not more than 10% or £250,000 (the lower) of the budget category. Welsh Government have interpreted this as being within 10% (or up to £250,000) of either budget line/project, ie.a reduction of up to 10% of a budget line/project, and a corresponding increment of up to 10% of the size of the budget lines/projects that subsequently increased.”</i> – This requirement mirrors Paragraph 2.3 of Families First Financial Management Guidance 2012-17, latest version dated April 2014 and has been interpreted that Newport City Council are free to adjust grant allocations between projects up to a maximum value of the lower of 10% or £250,000 without requiring Welsh Government approval, to ensure the maximum grant funding covers expenditure incurred. 	Qualified – value not quantifiable	£-14,817

Ref	Summary observations	Qualification	Amendment
5 (cont)	<p>Families First (EYC14) - continuation</p> <ul style="list-style-type: none"> – The project analysis appearing on the detailed table of funding streams on page 2 of the claim indicates that the expenditure claimed exceeds 110% of the pre-populated budget allocations for two projects, declaring expenditure in excess of the 110% maximum valued at £11,843. – However, both projects are 'Disability' projects for which additional ring-fenced grant funding was made available specified in the award letter dated 31st March 2014 as a single allocation of £354,368. The Council then re-profiled and divided the overall allocation between 4 specific 'Disability' projects. If the overall allocation to 'Disability' projects is viewed as one allocation, then the expenditure claimed on all 4 projects together is within the 110% maximum, It is uncertain whether the Disability Project funding was intended to be treated as one allocation, or whether the re-profiling meant that each specific project became subject to the 10% / £250,000 threshold for obtaining approval for reallocations. – Council officers also provided copies of an email exchange between Welsh Government and the Council dated 30th November 2015 which indicates that this issue is recognised but that no action is to be taken. In particular, the following statements from Welsh Government officers were noted: <ul style="list-style-type: none"> ○ <i>"The 'virements' you informed us of were all approved and Welsh Government have no issue with your spend for 2014/15. You had also informed us of the changes at the account management meeting in January and this is mentioned in the meeting note".</i> ○ <i>"We will not be taking this any further and if we had any issues with your proposed changes to spend, we would have let you know. The fact we did not agree the changes by email is an oversight on our side for which we apologise but all 'virements' were approved".</i> – Given the above, the failure to comply with specific conditions relating to 'virements' was specified within the qualification letter as a less significant matter. 		

Ref	Summary observations	Qualification	Amendment
6	<p>S28a - Learning Disabilities + Frail Older Adults (HLG03)</p> <ul style="list-style-type: none"> • Claim amended due to the following issue: <ul style="list-style-type: none"> – Initially, two separate claim forms were provided covering each of the projects funded under S28a arrangements with Aneurin Bevan LHB. The certification instruction HLG03 (14-15) attached a pro-forma voucher which was compared to the claim forms provided for audit. Two issues were noted which required amendments, as follows: <ul style="list-style-type: none"> ○ The certification by the Council CFO was noted to be incomplete - references to certain legislation had been omitted ○ It was noted that the expenditure for multiple projects could be recorded on the same claim without need to separately declare on separate claims – One amended claim form was produced with the correct certification contained therein and covering both projects – No other amendments were necessary 	N/A	£0

Ref	Summary observations	Qualification	Amendment
7	<p>Teachers Pensions Return (PEN05)</p> <ul style="list-style-type: none"> • Claim amended for following two issues: <ul style="list-style-type: none"> – Section 2 of the Return includes a disclosure on the Refunds Made. Audit testing determined this was overstated by £20. – Section 3 of the Return discloses the 'Analysis of Contributions by Tier'. During the course of audit testing, it was determined that the analyses for Tiers 4,5 and 6 were incorrect due to miscalculations of the contributions deducted for a small number of teachers providing home tuition services. For the most part, this involved reclassifications between the 3 tiers but an overstatement of £888 was noted within Tier 4, which was corrected by the amendment of the table. • Claim qualified due to the following issues: <ul style="list-style-type: none"> – Test 7b of certification instruction PEN05 (14-15) requires the auditor to check, for a sample of teachers paid by the authority payroll, whether teachers' contributions have been deducted at the appropriate rate and disclosed within the appropriate tier in section 3 column 2 of the annual return – An unidentified system error has been noted which has resulted in the deduction of excess teachers contributions on at least one teacher's contributory salary. In the case of one teacher, in April 2014 only, the teachers' contribution had been deducted at the tier 3 rate of 8.3%, but should have been deducted at the tier 2 rate of 7.2%. The correct deduction was made for the subsequent 11 months in accordance with contributory salary received and all the other 55 teachers sampled were found to be paying contributions in line with salary received. The impact of the error noted is a £4.56 overstatement of the teacher's contribution relating to the excess 1.1% contribution deducted in error for the 1 month. – Extrapolating the error of £4.56 on a sample gives an error rate of 0.002%, which translates against the total population into a projected error across the claim of overstated teachers' contributions of £109.65. No amendments have been made to the claim for the known £4.56 error or the projected £109.65 error. – While the error rate calculated from total testing has very small impact overall, the authority has not identified how it occurred but believes changes made to the 'Teachers Pension scheme' from 1 April 2015 will completely negate the risk after this date. 	Quantified, £-110	£-868

Ref	Summary observations	Qualification	Amendment
7 (cont)	<p>Teachers Pensions Return (PEN05) - continuation</p> <ul style="list-style-type: none"> – Test 7a of certification instruction PEN05 (14-15) requires the auditor to check, for a sample of teachers paid by the authority payroll, whether contributory salaries have been extracted correctly from payroll records and disclosed within the appropriate tier in section 3 column 1 of the annual return. – The contributory salary and resulting teachers' contributions data by tier is built up from monthly payroll records. Sample testing, corroborated by enquiries to officers, confirmed that each month's pay should ordinarily result in a contribution deduction equal to one of the eight tiers – the exception being any back-pay where salary changes necessitate a contribution covering two tiers. Ordinarily, changes to teachers' pay would be made at the start of a payroll month, avoiding the need for the system to calculate a monthly deduction made up of two different contributions. – However, officers have confirmed that the Section 3 table disclosing contributory salaries and teachers' contributions by tier has been completed by annualising all 12 monthly salary payments and contribution deductions and then disclosing within the tier to which the teacher's annual contribution rate is closest. For many teachers, the rate of contribution changes throughout the year in accordance with changes to salary. Although the deducted contribution corresponds with the correct tier rate for the salary received in any given month, the calculation of an annual average contribution rate inevitably creates variances from the tier rates. For example, a teacher whose annual contribution rate was calculated to be 9.3% based on deductions of 8.3% and 9.5% has been included wholly in tier 4, 9.5%. – Consequently, there are minor differences between the total contribution deducted and the estimated contribution calculated from the annual contributory salary at each tier multiplied by the tier rate, 		

Ref	Summary observations	Qualification	Amendment
8	<p>Communities First – all Clusters (RG03)</p> <ul style="list-style-type: none"> • Claims amended for following issues: <ul style="list-style-type: none"> – Following submission of the claims for audit, review by Council officers identified a number of costs spread across a number of expenditure categories which were ineligible. Consequently, the eligible expenditure recorded on the claim form was revised to record the expenditure the Council were satisfied was eligible from their own review and sample testing undertaken accordingly. This relates to the West Cluster and North Cluster claims where third party groups are responsible for managing the Communities First activities and expenditure and where Council checks are made to validate the eligibility of claimed expenditure. – With respect to the Central Cluster claim only, an understatement of £6 in respect of miscalculated accommodation recharges was netted against a separate overstatement of £1,000 relating to ineligible expenditure claimed against the community involvement budget. Audit testing confirmed both issues were isolated and correction to the claim form would be sufficient. – All 4 claims had not been signed by the CFO, as required, and were subsequently re-signed correctly – incorporating the amendments cited above for the 3 amended Clusters. 	Qualified – value not quantifiable	£-3,917 (West) £-587 (North) £-994 (East)

8 (cont)

Communities First – all Clusters (RG03) - continuation

- All four claims qualified due to the following three issues, with the second and third reported as less significant:
 - Test 12 of certification instruction RG03 (14-15) requires the auditor to confirm that any new contract awards during the period were made in accordance with the terms and conditions of grant and the authority's standing orders and financial regulations. The initial sample testing undertaken on the East Cluster Communities First identified expenditure of over £25,000 charged against the 'Vibrant and Viable Places' budget line on the East Cluster claim. Enquiries to officers determined that the majority of the £60,650.50 'Vibrant and Viable Places' expenditure incurred across all 4 Clusters related to training courses procured from this one contractor, totalling £58,279.35. Audit review of the procurement process confirms that while the tendering and evaluation exercise was undertaken correctly, no formal signed contract was ultimately agreed between the Council and the contractor, breaching two of the Council's Contract Standing Orders, CSO 24 and CSO 26. Officers confirmed there were misunderstandings and miscommunications between departments resulting in the failure to issue a formal agreement with the contractor.
 - In addition, Paragraph 53 of certification instruction RG03 (14-15) refers to Appendix 9 of the Communities First Guidance, and provides salary ranges for different grant-funded positions. The funding bids initially submitted by the authority for 2014-15 costed a number of positions at higher salaries than those stated in the guidance. Enquiries with Council officers confirmed that on-costs for NI and superannuation had been included, that these bids had been approved by Welsh Government and accordingly the authority has incurred staff costs inclusive of on-costs. Review of Communities First Guidance failed to clarify whether the set salary ranges were inclusive or exclusive of salary on-costs.
 - Paragraph 58 of certification instruction RG03 (14-15) states that: "*Community Involvement Budgets should not exceed £25,000 per annum, the only exceptions being clusters with a population in excess of 15,000 which are allowed a maximum budget of £30,000*" The initial funding bids for all 4 Clusters did not exceed £25,000 for 'Community Involvement'. However, subsequent virements sought from and approved by Welsh Government meant that the Community Involvement budgets and subsequent costs incurred breached £25,000 for North Cluster (by £1,148) and West Cluster (by £3,185). The population of both affected Clusters is under 15,000 per Welsh Government website statistics. However, as the budget virements responsible for the excess expenditure were approved by the Welsh Government, the Council subsequently incurred costs within these approved budgets albeit in excess of the £25,000 cap.

Ref	Summary observations	Qualification	Amendment
9	<p>Local Transport Grant (TRA15)</p> <ul style="list-style-type: none"> • Claim amended for following issue: <ul style="list-style-type: none"> – Test 9 of certification instruction TRA15 (14-15) requires the auditor to confirm the following: <i>‘Have any amounts included in the statement by way of accruals and provisions have been paid by the date of the authority’s certificate?’</i> – Sample testing of accruals undertaken identified two errors where eligibility of expenditure claimed in 2014-15 could not be proven, as follows: <ul style="list-style-type: none"> ○ Total of £2,125 on the George St / Lower Dock Street project relating to £1,298 invoice for services provided in June 2015, £152 for which no invoice has been received to validate the spend is eligible in to claim in 2014-15 and £675 representing the difference between an accrual and the matched invoice received . ○ Total of £3,725 on Newport Strategic Network, Lliswerry Link project relating to goods ordered in 2014-15 but not delivered until 2015-16 – Extended sample testing of all accrued expenditure claimed did not identify any further issues and therefore the errors identified are deemed isolated 	Quantified, £-73,729	£-6,000

Ref	Summary observations	Qualification	Amendment
9 (cont)	<p>Local Transport Grant (TRA15) - continuation</p> <ul style="list-style-type: none"> • Claim qualified due to the following issues, the second being reported as a less significant issue: <ul style="list-style-type: none"> – Test 12 of certification instruction TRA15 (14-15) requires the auditor to confirm that any new contract awards during the period were made in accordance with the terms and conditions of grant and the authority's standing orders and financial regulations. Expenditure of £73,729 was identified within the claim for services to complete the missing link of cycleway from Lliswerry to Corporation Road, and the procurement of this contracted expenditure was reviewed against Council's Contract Standing Orders. – Enquiries made to officers failed to produce evidence to validate that the tendering and evaluation exercise was undertaken correctly. Officers resorted to asking employees of the contractor for their recollection on how the contract had been awarded, which elicited the response that the contractors were the preferred contractor for a separate, more extensive contract to build 'cycleways' in the Newport area and that the works funded by Local Transport Fund monies would have been added into this contract as a variation order. The contract covering these wider cycleway works has not been provided, nor has any information on its procurement – however, this is not relevant to the award of additional works outside the remit of the original contract and hence no further enquiries have been made. – Consequently, officers are unable to demonstrate compliance with Contract Standing Orders, i.e.; <ul style="list-style-type: none"> ○ The Council has been unable to demonstrate advertisement of invitations to tender, review of tender submissions or the confirmation of the ultimate award to the contractor; and ○ Officers have been unable to confirm that a formal signed contract was ultimately agreed between the Council and the contractor – This breaches CSO 7, CSO 9, CSO 11, CSO 24 and CSO 26 – Following our qualification on this matter, we are aware that Council officers have separately written to the Welsh Government providing further information on the circumstances of this contract award. 		

Ref	Summary observations	Qualification	Amendment
9 (cont)	<p>Local Transport Grant (TRA15) - continuation</p> <ul style="list-style-type: none"> – As noted previously, Test 12 of certification instruction TRA15 (14-15) requires the auditor to confirm that any new contract awards during the period were made in accordance with the terms and conditions of grant and the authority's standing orders and financial regulations. Expenditure of £447,598 was identified within the claim for services to improve the junction of George Street and Lower Dock Street., and the procurement of this contracted expenditure was reviewed against Council's Contract Standing Orders. – The Council provided evidence validating the tendering and evaluation exercise was undertaken correctly. A signed letter of intent dated 17 September 2014 by the authority to the contractor was also provided, stating that: <i>"The formal contract documentation will be prepared for signature as soon as possible and subsequently forwarded to you."</i> – All works required were completed by 31 March 2015. However, the formal contract was not formally executed as a deed under the Council's seal until 30 April 2015 per the signatures of the contractor on the copy retained by the Council as the contractor's deed (with the contractors retaining the copy made under seal of the Council). – While this does not explicitly breach any of the Council's Contract Standing Orders as no constraints on the timeliness of contract procurement are specified, the delay in formalising the contract until works have been completed is not considered to be good practice, particularly in resolving legal liability for any issues occurring in the period of construction. 		

Ref	Summary observations	Qualification	Amendment
10	<p>Free Concessionary Travel (TRA23)</p> <ul style="list-style-type: none"> • Claim amended for following issue: <ul style="list-style-type: none"> – Test 7 of certification instruction TRA23 (14-15) requires the auditor to test the following; <i>“Do entries in lines 4a-e correspond to the grant payments received in the 2014-15 financial year and agree to the four claims made by the authority?”</i> – Lines 4a to 4e relate to the 4 quarterly receipts from Welsh Government and a fifth receipt entitled ‘Quarter Zero’ which falls after Quarter 4. In the course of audit testing, it became evident that a fifth claim had been received after 31 March 2015 in relation to the 2014-15 financial year and had been omitted. Further information on paragraph 19 of CI TRA23 confirmed that audit work focused on ensuring: <ul style="list-style-type: none"> ○ That the total payment figure on the Annual Return agrees to the Qtr 0 receipt plus the four quarterly claims submitted to the Welsh Government by the authority; and ○ The total of lines 4a-e as included in the ‘2014-15 Totals’ column represents the total grant paid to the authority for the period. Auditors should confirm that this total is what the local authority has received up to the point of the CFO certificate. – As this fifth receipt pre-dated the CFO certificate, amendment to the claim was necessary. – Following guidance within the CI, a matching amendment was made to the operators costs declared on the claim form to ensure the balance of grant per the claim remained unchanged. • In addition, Test 16 certification instruction TRA23 (14-15) requires auditors to report on the level of SmartCard data being used by operators to support their claims. In particular: <ul style="list-style-type: none"> – The overall percentage of data being provided by the SmartCard system – A breakdown by operator of what percentage of data is provided via the SmartCard system – Any instances of where the source of the data cannot be verified. <p>As this is a specified report required under the CI to provide information to the grant-paying department within the Welsh Government, we do not regard this as a qualification.</p>	N/A	£0
Total effect of amendments to the Council		£-147,551	£-53,303

Recommendations

16. We have given each recommendation a risk rating and agreed what action management will need to take. We will follow up these recommendations during next year's audit.

Priority 1	Priority 2	Priority 3
Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.	Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.	Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.

Issue	Implication	Recommendation	Priority
One claim submitted for audit was lost in transit to the WAO, necessitating resubmission for audit.	<ul style="list-style-type: none"> Lost claims create potential delays to the audit process. 	R1 Adherence to the agreed arrangements within the ' <i>Joint Protocol on Grants Management</i> ' should ensure all claims are provided on time for 2015-16 and are physically handed over to WAO audit staff	3
Wide number of improvements to the audit evidence submitted to support each audited grant claim have been noted, and fed back in individual Certification Feedback Notes – quality assurance arrangements are not consistently being applied per the ' <i>Council Grant Claim Checklist</i> '.	<ul style="list-style-type: none"> Improvements to the files provided for audit will strengthen the evidence supporting the claim and potentially allow reductions to audit time and fees incurred. 	R2 WAO and Council Grants Co-ordinator should agree the steps necessary for 2015-16 to make improvements to files and ensure these are circulated to relevant officers. If necessary, amendments to the ' <i>Joint Protocol on Grants Management</i> ' and ' <i>Council Grant Claim Checklist</i> ' should be made to formalise expectations.	2

Issue	Implication	Recommendation	Priority
<p>A number of claims were qualified on issues which were highlighted within certification instructions circulated to officers under the '<i>Joint Protocol on Grants Management</i>' – in some circumstances, gaps in the audit evidence required under the '<i>Council Grant Claim Checklist</i>' were the first indication of potential problems (e.g. 'virement' approvals, list of awarded contracts).</p>	<ul style="list-style-type: none"> Potential qualification issues can be identified early in the claim collation process and steps taken to minimise the impact – e.g. the liaison with Welsh Government in respect of qualifications for not obtaining approval for 'virements' 	<p>R3 The agreed arrangements within the '<i>Joint Protocol on Grants Management</i>' should ensure certification instructions are circulated to appropriate officers in time to take action and mitigate or minimise the risk accordingly – combined with a robust quality assurance of the audit evidence required under the '<i>Council Grant Claim Checklist</i>' to ensure potential issues are flagged prior to the CFO certifying the claim ready for audit certification</p>	<p>1</p>

Issue	Implication	Recommendation	Priority
<p>Specific issues were identified relating to proving that all procurement requirements specified under Council's Contract Standing Orders had been met – relating to more than one claim where expenditure incurred was under contract</p>	<ul style="list-style-type: none"> As an explicit test required by Welsh Government across a number of grant claims, failure to evidence that contracts have been procured entirely in line with Contract Standing Orders is highly probable to result in qualification of the grant claim. The Welsh Government retain discretion to take action as they best see fit in response to the qualification – in worst-case scenario, this could entail 'clawback' of grant funding. 	<p>R4 As well as ensuring that sufficient records exist to collate an accurate and complete list of all contracts awarded under which grant-funded expenditure is incurred, it would be prudent for officers to check that all Contract Standing Orders have been complied with for each contract as part of their routine preparation of grant claims, either periodically throughout the year, or in one exercise post-year-end as part of collating the claim for signature by the CFO.</p>	<p>1</p>

Issue	Implication	Recommendation	Priority
<p>Accrued expenditure was claimed on a number of claims comprising extant purchase orders accrued as supplementary creditors at year-end which should have been removed as not payable. The year-end exercise by the Council to sanitise the supplementary creditor and remove all non-payable costs was not consistently performed</p> <p>In addition, a number of costs not yet incurred had been accounted for in the financial year when they should have been accounted for in the subsequent year.</p>	<ul style="list-style-type: none"> • Amendments were necessary to correct the claimed expenditure, and in one claim to identify substitute eligible expenditure • If no amendments were agreed, qualification would become necessary 	<p>R5 The Council exercise to ensure the accruals made at year-end relate purely to valid expenditure that remains payable should be reviewed and performed consistently by all officers – where any doubt exists, such as in accounting for retentions on capital works, guidance from the grant-paying body should be sought as a matter of priority before the claim is signed by the CFO.</p> <p>[This issue was also raised in the 2013-14 report]</p>	1

Fees

17. Our overall fee for the certification of grants and returns has decreased slightly compared to the 2013-14 fees. The audit work and associated cost for the two new grant certifications, EDU18 and TRA15, is considerably more extensive than the work required on the three EDU grants no longer requiring certification in 2014-15, which if factored in to allow direct comparison of grants audited in both 2013-14 and 2014-15 gives fees of £82,187 for 2013-14 and £73,333 for 2014-15. The decrease of £8,854 represents nearly 11% of the 2013-14 fee charged to the Council.
18. Beyond a simple quantum of claim numbers, there are a number of other factors to account for.
 - a. The audits of some grant claims were completed quicker than in previous years and with either a lower number of issues identified or with swifter resolution of the issues arising – the Flying Start EYC01 and EYC02 claims being prime examples.
 - b. Conversely, there have been increases in costs incurred on the audit of a number of grant claims, partially due to the nature of the issues identified and their resolution (examples being HC02 Substance Misuse Action Plan and HLG03 S28a Learning Disabilities + Frail Older Adults), and partially due to employing a richer skill mix of staff at higher charge-out rates to conclude audits (an example being EYC14 Families First),.
 - c. The relative skill mix employed on some audits has successfully reduced audit costs considerably in the instance of the Housing Benefit Subsidy BEN01 claim, ESF Pill Regeneration Initiative return EUR02 and the NNDR3 Return LA01.
19. Grants management and review time charged has increased to compensate for using this different skill mix. It must also be noted that regular liaison with the Council's Grants Co-ordinator and preparation and delivery of the training provided in March 2015 has also impacted on the planning undertaken.

Breakdown of fee by grant/return	2014-15	2013-14
Housing Benefit Subsidy (BEN01)	15,179	28,335
Schools Effectiveness Grant (EDU15) – <i>limited audit required in 2013-14 only</i>	0	318
Learning Pathways (EDU43) – <i>limited audit required in 2013-14 only</i>	0	262
Welsh in Education Grant (EDU44) – <i>limited audit required in 2013-14 only</i>	0	262
Traditional SBIG T3 21 st Century Schools (EDU18 – <i>new for 2014-15</i>)	3,103	0

Breakdown of fee by grant/return	2014-15	2013-14
European Structural Funds – Pill Regeneration Initiative (EUR01 / EUR02)	2,530	4,102
Flying Start (EYC01)	4,163	5,236
Flying Start Capital (EYC02)	2,070	4,564
Families First (EYC14)	5,863	3,258
Substance Misuse Action Plan Fund (HC02)	2,863	2,141
S.28A – Learning Disabilities + Frail Older Adults (HLG03)	2,954	1,813
NNDR Final Contributions (LA01)	3,217	4,641
Sustainable Waste Management (LA12)	2,133	1,647
Teachers Pensions (PEN05)	4,125	3,935
Communities First (RG03) x4	9,708	9,575
Social Care Workforce Development Programme (SOC07)	3,148	3,436
Local Transport Grant (TRA15) – <i>new for 2014-15</i>	2,903	0
Free Concessionary Travel (TRA23)	3,505	2,467
Grant Planning, Management + Review	14,348	7,037
Total fee	£81,812	£83,029



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Report

Audit Committee

Part 1

Date: 24 March 2016

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.

26 May 2016

Appointment of Chairman
Internal Audit Annual Report 2015/16
Internal Audit Annual Plan 2016/17
SO24/Waiving of Contract SOs: Quarterly report reviewing Cabinet/CM urgent decisions or waiving Contract SOs (Quarter 4, Jan to March)
Corporate Risk Register Update (considered by Cabinet in March 2016)
Referrals to Audit Committee

23 June 2016

Internal Audit Unsatisfactory Audit Opinions (6 monthly report)
Corporate Risk Register Update (Considered by Cabinet in June 2016)
Annual Governance Statement
Draft Financial Accounts 2015/16
Treasury Management Report
Referrals to Audit Committee

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)**

26 May 2016
Appointment of Chairman
Internal Audit Annual Report 2015/16
Internal Audit Annual Plan 2016/17
SO24/Waiving of Contract SOs: Quarterly report reviewing Cabinet/CM urgent decisions or waiving Contract SOs (Quarter 4, Jan to March)
Corporate Risk Register Update (considered by Cabinet in March 2016)
Referrals to Audit Committee

23 June 2016
Internal Audit Unsatisfactory Audit Opinions (6 monthly report)
Corporate Risk Register Update (Considered by Cabinet in June 2016)
Annual Governance Statement
Draft Financial Accounts 2015/16
Treasury Management Report
Referrals to Audit Committee

22 September 2016
Internal Audit Plan 2016/17 – Progress (Quarter 1)
Statement of Accounts 2015-16
Audit of Financial Statements Report 2015-16
SO24/Waiving of Contract SOs: Quarterly report reviewing Cabinet/CM urgent decisions or waiving Contract SOs (Quarter 1, April to June)
Corporate Risk Register Update (Considered by Cabinet in September 2016)
Report on Audit Committee Self Evaluation Exercise
Referrals to Audit Committee
Regulatory Reports Summary (every 6 months approx. March and September)

24 November 2016
Internal Audit Plan 2016/17 – Progress (Quarter 2)
SO24/Waiving of Contract SOs: Quarterly report reviewing Cabinet/CM urgent decisions or waiving Contract SOs (Quarter 2, July to September)
Treasury Management Report
Lessons Learned 2015/16
Audit Committee Self Evaluation Exercise
Referrals to Audit Committee

26 January 2017
Internal Audit Plan – Progress (Quarter 3)
Financial Memorandum on the 2015-16 Financial Audit
Treasury Management Report
Internal Audit Unsatisfactory Audit Opinions (6 monthly report)
Corporate Risk Register (Considered by Cabinet in December 2016)
Referrals to Audit Committee

30 March 2017
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
Referrals to Audit Committee

Unallocated work (Dates to be agreed)
Report on Risks associated with Hosting (IT)
Treasury Management Training

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