

Agenda



Audit Committee

Date: Thursday, 28 March 2019

Time: 5.00 pm

Venue: Committee Room 1 - Civic Centre

To: Councillors D Davies, J Guy, J Jordan, L Lacey, H Thomas, K Thomas, H Townsend, R White and D Williams

Item

- 1 Agenda yn Gymraeg / Agenda in Welsh (Pages 3 - 4)
- 2 Apologies for Absence
- 3 Declarations of Interest
- 4 Minutes of the Last Meeting held on 24 January 2019 (Pages 5 - 10)
- 5 Quarter 3 Corporate Risk Register Update (Pages 11 - 46)
- 6 Annual Audit outline for the 2018/19 Financial Audit (Pages 47 - 66)
- 7 WAO Annual Report on Grants Works 2017-2018 (Pages 67 - 76)
- 8 Internal Audit Annual Plan 2019/2020 (Pages 77 - 100)
- 9 Work Programme (Pages 101 - 106)
- 10 Date of Next Meeting
6 June 2019

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Agenda

Pwyllgor Archwilio

Dyddiad: Dydd Iau, 28 Mawrth 2019

Amser: 5 y.p.

Lleoliad: Ystafell Bwyllgora, Canolfan Dinesig

At: Mr J Baker (Cadeirydd), Y Cynghorwyr: D Davies, J Guy, J Jordan, L Lacey, H Thomas, K Thomas, H Townsend R White a D Williams

Eitem

Rhan 1

1. Agenda yn Gymraeg/Agenda in Welsh
2. Ymddiheuriadau am absenoldeb
3. Datganiadau o fuddiant
4. Cofnodion y cyfarfod a gynhaliwyd ar 24 Ionawr 2019
5. Diweddariad am y Gofrestr Risg Gorfforaethol (Chwarter 3)
6. Amlinelliad Archwilio Blynyddol ar gyfer 2018/2019 Archwiliad Ariannol
7. Swyddfa Archwilio Cymru y Grant yn Gweithio 2017-2018
8. Cynllun Archwilio Mewnol Blynyddol 2019/2020
9. Rhaglen Waith
10. Dyddiad y cyfarfod nesaf – 6 Mehefin 2019

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Minutes

Audit Committee

Date: 24 January 2019

Time: 5:00pm

Venue: Committee Room 1

Present: Mr J Baker (Chair) Councillors D Davies, J Guy, J Jordan, L Lacey, H Thomas, K Thomas, H Townsend, R White and D Williams

In attendance: Meirion Rushworth (Head of Finance), Andrew Watham (Chief Internal Auditor), Dona Palmer (Audit Manager) Roberet Squance (Audit Manager), Gareth Lucey (WAO Audit Manager), Owen James (Assistant Head of Finance)

Apologies: D Davies, L Lacey

1. Declarations of Interest

There were none

2. Minutes of the Meeting held on 22 November 2019

The minutes of the meeting held on 22 November 2019 were submitted.

Members were requested to view Page 6 in relation to the Corporate Risk Register, it was discussed how the Risk Register reflects Brexit. It was stated that the Senior Performance Management Officer would be taking the issue to Cabinet and Senior Management. It was asked that as we are two months along has anything emerged that the Committee should be concerned about? The Head of Finance confirmed that the Senior Officer is working on this issue at present and has not reported back to Corporate Management yet on the matter. The Senior Officer is due to come back to the Committee on this issue.

On page 13 paragraph 8 there were discussions regarding funding and the bullet points in relation to staffing levels. If the post was not filled, then this could create problems.

Agreed:

To confirm the minutes of the meeting held on the 22 November 2019.

3. Treasury Management Strategy 2019/20

Members considered the Report which sets out the Treasury Management Strategy for 2019/2020. It was considered that the Council needs to improve on the first draft of its Capital strategy. The Capital strategy and Corporate strategy are linked.

In relation to the Treasury Management Strategy papers finalised at Februarys cabinet, the Treasury Management papers have gone out and there was only a small difference in both strategies but the message in both strategies remain the same.

Discussions regarding the Borrowing Strategy

It was discussed how the Council is internally borrowing wherever possible but was slightly tweaked to say that while the Council was still internally borrowing the capacity to further borrow has come to an end. It was stated that the Council would need to borrow early to mitigate interest rates and to gain advice from Treasury Management Advisors.

The Assistant Head of Finance stated how the strategy shows that the Council would need to re-finance any maturing debt over a long period. It was likely to be on a long term basis over 30-40 years. The strategy showed how the Council needs to refinance maturing debt eg £40 million on a long term fixed basis. This was based on the maturity profile. The fixed term interest rates were currently low and the Council would need to take advantage of the low interest rates if there are plans to borrow in the future. The Council would need to undertake additional borrowing to fund the capital programme.

It was questioned whether this was a general rule only that the Council gets? The Assistant Head of Finance confirmed that it was not a special rule and Councils can borrow from the Public Works Loan Board (PWLB) to utilise the borrowing facility which is cheap borrowing. The Council can borrow only to fund capital expenditure.

A Member stated that we know that Officers were employed to advise us but if these decisions were made on a lock down on how much the Council could borrow, it puts us in a position where little decision making is made on how to deal with future cuts.

It was also questioned as to what were the rules for borrowing and does it cost the Council more? The Assistant Head of Finance confirmed that one of the recommendations is that the Council could have the revenue budget set and our interest rates and that we take a risk short term. It is known that the Council would have to borrow £40 million. The revenue budget was set at a certain level and it was noted that the Council wished to secure interest rates at the level currently set.

It was discussed that we could benefit from having an analysis of the current Brexit situation and as to whether the Council should set a fixed rate now while interest rates are historically low and to secure that over a long period or risk a drop by half a percent.

The Head of Finance confirmed that Treasury decisions were made long term. In hindsight one could look at a decision made eg the Council paying 8% interest on the Bond but when this was taken out 40 years ago it was a reasonable idea at that time. In the long term it was confirmed that the Council would not be debt free for a long time, not even in 40 year's time.

The Head of Finance advised that if interest rates were low, then it may be best to use that opportunity to replace the £40 million loan and refinance it at a lower rate e.g. 3%. If that money was to be borrowed in the short term at half a percent a further £40 million would need to be found after 6 months so the Council would need to keep finding new options for loans.

- The Chair questioned as to how much debt the Council wants?

The Assistant Head of Finance confirmed that what was previously discussed was borrowing in terms of medium term and Members considered Table 1 on page 19 which highlighted what the Council needed to borrow medium term- over 4 years. Our Capital programme suggests the Council must undertake borrowing of £69 million. The Council may go early on borrowing if the Council can secure interest rates at a level within the Councils revenue budget.

In terms of strategy it was discussed how the Capital Strategy touches more on this, but it was confirmed how borrowing was inherently linked to Capital Expenditure. The more Capital Expenditure the more borrowing is needed.

- It was questioned as to how the revenue limit will give the Council some headroom for the next 4 years. The revenue budget is almost limiting the amount that the Council can borrow. Affordability needs to be looked at from a revenue point over the medium term.

The Chair suggested that if the Council looked at the borrowing rate of 3% and that at the end of the 10 years the debt level has gone up and the interest rates are 10% how does this fit in with future generations?

The Assistant Head of Finance confirmed that the medium term is 4 years and following that the Capital strategy looks a lot further at 10 years. It was confirmed that looking at the future we have Capital finance and interest budgets and MRP is rising. The Council would be putting forward a strategy as it was known that there are Capital demands and asset demands. As a Council it was confirmed that Senior Management and the Cabinet need to prioritise spending and keep it to a minimal amount. The Council could not make assumptions on potential grants and funding from Welsh Government. It was also imperative to keep a lid on Capital expenditure funded by borrowing. It was discussed how it was difficult to make decisions now and that it was important to keep CFR level steady or reduce it which would be ideal. It would be putting the Council in a position where the Council would be locked into keeping this low.

- It was questioned as to whether the Revenue charge would be capped? It was confirmed that the MRP budgets go up so it cannot be capped. It was not immediately evident what funding is going to do. For example, more council tax could fund a better MRP Capital.

The Chair remarked that the Council cannot be borrowing further now, as future generations will be laden with debt.

- It was questioned that as there were 3- 4 years of interest rates that were low could the Council build more houses in Newport and in relation to long term projects etc do the Council get advice on this?

The Assistant Head of Finance confirmed that this was on a case by case process based on budget. There is not a restriction put on MRP budgets and the Council cannot be restricted to a long-term restriction on revenue.

In the case of funding going forward, if the Council fund by borrowing then the CFR goes up etc but this was worth doing if there was a saving. The framework in Capital strategy states the Council can fund through borrowing.

It was commented that the Council have Officers employed to advise on these matters and that there is a lock in on how much we can borrow, councillors cannot make decisions on future cuts which restricts options on these matters.

The Head of Finance confirmed that Capital financing budgets were long term lock ins. When the Council commits to fund a capital programme, for example when a decision is made to pay £45million to build a new school, the Council would be paying the mortgage on this for a long time. If there was no grant and no Capital receipts and that school/project needed to be built, then the Council needs to borrow money. Therefore, the project needs to be affordable and Cabinet can make decisions that we could borrow another £100 million but this must be paid for, as the Council may have flexibility, but affordability is key. This locks the Council into funding over a certain period.

It was discussed how loans maturing in 15 year's time, the Council would not know what the interest rates would be. Advisors can let us know what the prediction is. The Council has internally borrowed £90 million and this was spent on previous capital projects, but the Council has reached the end of that now.

The Head of Finance confirmed that if the Council wanted to now borrow £90 million then the interest rates are low, but the Council do not need £90 million now.

- It was questioned by a Member that the Council could have a Building programme?

The Head of Finance confirmed that if the Council did have a property services company that would sell houses etc now would be a good time to borrow the money, only borrow money if you need it over a short time scale.

It was commented that if the opportunity was there for the money to be borrowed it was fine but there needs to be a reason to borrow. The Chair commented for the Committee to consider a lot of what other Local Authorities do, they borrow money to buy out shopping centres and they can go up to borrowing limits to invest in an area. When affordability is looked at, and if the debt level came down it gives the Council a gap in the borrowing limits. The Chair stated that the strategy should be clearer, and it should be clarified so points can be made on borrowing requirements, for example Friars Walk, it was not clear on the strategy.

Agreed:

It was requested that those comments be added in and for Cabinet to be updated.

Discussions included the following:

- A Member requested that the term 'Commercialisation' be avoided and that they preferred the term 'active income generation for the Council.'
- The Chair stated that it could be argued both ways and that neither term should be used. It was better to look at strategy; what was the preferred debt level and that the document is not clear enough here.
- The Head of Finance stated that in terms of preferred debt level the Council do provide that over the Medium term. For example, for the CFR to stay affordable in terms of current levels, if the Cabinet were to undertake more borrowing this would increase the budget.
- The Chair stated that the strategy should be self-sustainable so the Council do not incur debt down the line. The document is not clear enough and hasn't been over the last 4-5 years.
- The Assistant Head of Finance stated that the next stage would be look at the strategic plan- Highways, Asset Management plan, Schools etc. The Council need to know the total cost of demand on the Capital Programme. The Council are limited by affordability and this is from a revenue point of view. The Council were in a position where we are under financial constraints from Welsh Government and other Authorities. The Council have not set a borrowing limit and it was restricted by CFR.
- The Chair noted that maybe the Council would always be a 'borrower' and it was questioned as to whether we stay at current borrowing levels or reduce them? It was commented that it was felt that it was good to have a debate on the matter of debt levels and it showed that the document is not clear enough.
- A Member remarked that if anything was required it was that we needed to think about things in a different way and regeneration of income was very important.
- The Assistant Head of Finance confirmed that Capital strategy touched on Commercial strategy and appropriate Government arrangements need to be arranged going forward.

4. Internal Audit Plan

Members considered a report on the Internal Audit's progress against the 2018/19 audit plan for the first 9 months of the year by providing information on audit opinions given to date and progress against key performance targets.

Chief Internal Auditor confirmed that the overarching summary was that the team were making good progress. The majority of Internal Audit opinions were reasonable.

Members were requested to view Paragraph 11 of the report where it was stated that 53% of the audit plan has been achieved so far.

It was noted that the promptness of report finalisation averages 3 days which is below the target time of 5 days.

Members were requested to view Appendix A on page 70 of the report, in particular to the shaded area that showed quarter 4 which showed that the teams were on track to achieve target and are ahead.

Members were requested to view Appendix B in particular to the Unsound Opinion on page 72, this was treated as a special investigation, Education were aware of the concerns and would not be reporting back to Audit.

Discussions included the following issues:

- It was noted that Streetscene opinion still showed as unsatisfactory so this was still quite concerning.
- It was noted that the list of jobs completed was less, certain jobs were not covered due to there being less staff and resources. If vacancy not filled, then not enough coverage across sources and it was questioned as to whether there was an adequate safety net provided for council.
- The Chair enquired at what point would the number of staff be a problem?
- It was confirmed by the Chief Internal Auditor that there were agency staff in post at present on Quarter 4 to achieve target of 82% by the 31 March 2019. There were also discussions with HR about how the Council can re-advertise and fill that post.
- It was stated that this raises concerns and it was noted that the Annual Government Statement will have these items recorded there.
- It was noted that more resources were needed and the safety of it needed to be considered. It was commented that staff is at a minimum at the moment so if there were more staff then this could answer the question.

Agreed:

For the Annual Government Statement to be updated.

5. Internal Audit Unsatisfactory Audit Opinions (6 monthly report)

The attached report identified the current progress of systems or establishments which have previously been given an unsatisfactory or unsound audit opinion. Although there will always be concerns over reviews given an unsatisfactory or unsound audit opinion, managers are allowed sufficient time to address the issues identified and improve the financial internal controls within their areas of responsibility.

Members were requested to view paragraph 6 page 79 of the report, where it stated that Norse was in the plan but this was planned for Quarter 4 following the outcome of the independent CIPFA review.

-In relation to CCTV there was a delay in management but now new cameras were installed so there would now be a report back in due course.

- There were still a number of actions outstanding which require work by the Shared Resource Service (SRS) but this was currently low priority.
- In relation to Charles Williams Church in Wales School opinion had improved to a reasonable level.
- On page 81 Members were requested to view the 40 Audit Opinions on Lllanwern High School which were followed up and opinion had improved and others are due to be followed up.
- In relation to SGO/Kinships this would be completed in 2020 and there was a meeting scheduled to discuss this. It was noted that it was important to get the right processes in place and to look at the wide perspective on how to support people who have an SGO for a child. Financial hardship needs to be looked at. There was identified concerns with the process and comments were taken on board. Social Services Department confirmed that a new team would be implemented which is now up and running. The second review was to be completed.
- It was noted that there was still issues in Street cleansing, City Services which was mentioned last time and the issue was referred to the Chief Executive to get some assurances. If Members agreed a comment would be requested from the Chief Executive in relation to the ongoing situation.
- In relation to the Bridge Achievement centre it was noted that a comment could not be made as this was a special investigation.

Agreed:

For a comment to be requested from the Chief Executive in relation to the ongoing issues in Street Cleansing.

6. Work Programme

Members attention was drawn to the Work Programme

-Internal audit plan for 2019/20 to be discussed in March meeting.

Corporate Risk Register and how it affects Brexit to be discussed in March meeting

Date of Next Meeting – 28 March 2019



Report

Audit Committee

Part 1

Date: March 2019

Item No: 5

Subject Quarter 3 Corporate Risk Register Update

Purpose To present an update of the Corporate Risk Register for the end of quarter 3 (31st December 2018).

Author Head of People and Business Change

Ward All

Summary The Council's Risk Management Strategy and Risk Register enables the Council to effectively identify, manage and monitor those risks to ensure that the Council realises its Corporate Plan and ensure service delivery is provided to its communities and citizens.

At the end of quarter 3 there were 14 risks recorded in the Council's Corporate Risk Register made up of 6 high risks and 8 medium risks. In quarter 3, two new risks (City Centre Security and Safety / Council buildings and assets) were added to the register and one risk (Pressure on Infrastructure) was closed. The risk rating for the Council's Brexit risk increased from 9 to 16 and the Stability of External Suppliers increased from 16 to 20. Both of these risks were a reflection on the uncertainty with the UK Government's Brexit negotiations and an increase probability of a 'No Deal' scenario taking place in March 2019. The Council's Highway Network risk score had decreased from a score of 25 to 20 reflecting the separation of the building assets from the risk score but also the ongoing backlog of maintenance work required to the highways infrastructure. All remaining risk scores remained the same in the last quarter.

Proposal The Audit Committee is asked to consider the contents of this report and assess risk management processes in place for the Authority.

Action by Senior Leadership Team and Heads of Service

Timetable Immediate

This report was prepared after consultation with:

- Corporate Management Team

Signed

Background

As part of the Wellbeing for Future Generations (Wales) Act 2015, it is a requirement for all public sector bodies to set Wellbeing objectives in their Corporate Plans. This enables the Council to set its future vision and how it will improve lives of the current and future generations. With any Corporate Plan there will be risks that may prevent the Council from achieving its objectives. The Council's Risk Management Strategy and Risk Register enables the Council to effectively identify, manage and monitor those risks to ensure that the Council realises its Plan and ensure service delivery is provided to its communities and citizens.

As outlined by the Council's Constitution, the Audit Committee is required to examine and assess the risk management processes in place with comments and recommendations of the Committee considered by Cabinet.

1. Risk Management Strategy

The Risk Management Strategy outlines how the Council manages its risk management process in identifying, managing and monitoring corporate risks in the Council's risk register using the Management Information Hub system. All risks identified in the risk register are owned by a member(s) of the Senior Leadership Team and a Cabinet Member. Mitigating actions to minimise the risk from occurring are managed by members of the Corporate Management Team with updates on progress of delivery provided every quarter.

Below the Council's Corporate Risk Register sits other risk management activities, which are managed through their own governance processes and control frameworks. Escalation processes are in place to for potential corporate wide risks to be escalated into the Corporate Risk Register. These activities include:

- **Programme / Project Risk Management** – managed through the programme / project boards;
- **Civil Contingencies (emergency planning and business continuity)** – Managed through People & Business Change service area and the Gwent Local Resilience Forum;
- **Newport Well-being Plan / Partnership risks** – managed through the One Newport Public Services Board and supporting delivery boards;
- **Newport Council Service Area risks** – Managed through their Senior Management Boards;
- **Information Governance Risk** – managed through the Council's Information Governance Board;
- **Health & Safety** – managed by the Council's Health & Safety team and service areas.

2. Summary of risks in this report

At the end of quarter three (31st December 2018) there were 14 corporate risks consisting of 6 high risks and 8 medium risks. The risk mitigation actions identified for each risk is imperative for outlining how these risks are managed and enable the Council achieve its objectives. Appendix 1 of this report provides a summary of the risk register and movement of risks in the last 4 quarters. In the quarter two update presented to the Council's Audit Committee in November 2018 recommendations were raised in relation to Council's Brexit risk, asset management risk and partnership work. Further to these recommendations in quarter three the following changes to the Corporate Risk Register were made:

- **Risk 4 (Brexit)** – Following guidance received from the Welsh Local Government Association (WLGA), the Council established a Brexit Task & Finish Group led by the Strategic Director for Place and consisting of senior managers from across all of the Council's service areas. Using the WLGA toolkit the Council has been able to assess the impact of Brexit on key Council services and an action plan has been developed. However, over the last period the uncertainty over the Brexit arrangements and an increased probability of a 'No Deal' scenario from 29th March 2019 has led to the risk score increasing from 9 to 16.
- **Risk 8 (Stability of External Suppliers)** – the risk score has increased from 16 to 20 in quarter three due to the ongoing uncertainty which a 'No deal' Brexit could have on the health and social care service. Many residential and domiciliary providers that provide care and support to adult and children

services could be impacted as a result of supply disruptions, staffing shortages and increase in costs which could be passed back onto the Council.

- **Risk 9 (Pressure on Infrastructure)** – This risk was focused on the impact which the removal of the Prince of Wales Bridge Tolls on the M4 would have on the Council’s highway infrastructure. A review was also completed on risk 13 (Asset Management) and it was agreed by the Senior Leadership Team to close this risk and incorporate this into *risk 13 – Maintenance of the Highways Network*.
- **Risk 11 (IT Modernisation) and Risk 12 (Cyber Attack)** – Both of these risks were subject to a review in quarter three and mitigating actions were updated to reflect the changes that have occurred in the Council following the transfer of services to the Shared Resource Service and the broader cyber risks to the Council’s IT infrastructure. Both the risk scores remain the same for quarter 3 and reflects the governance and security controls in place to manage these areas.
- **Risk 13 (Maintaining the Highways Network) and Risk 16 (Council Buildings and Assets)** – Further to the recommendations raised by the Council’s Audit Committee in quarter two, a review was undertaken of the Asset Management risk relating to the Highways Network and Council buildings / assets. As a result of this review it was agreed by the Senior Leadership Team to separate the Highways and Council buildings into two risks. The risk score for maintaining the highways network has reduced to 20 which reflects the long term level of funding required to maintain and replace the existing infrastructure and the impact of the removal of the M4 tolls on the Highways infrastructure. The Council’s building and assets risk has been scored 12 which acknowledges the existing controls in place to risk assess the Council’s building assets but also reflects the funding required to maintain and improve the Council’s assets.
- **Risk 15 (Newport City Centre Security and Safety)** – The regeneration of the Newport City Centre and attraction of major events to Newport are key objectives in the Council’s Corporate Plan 2017-22. However, with the increased profile and coverage of Newport it is recognised that this poses additional risks to the security and safety of buildings, citizens and businesses. This risk has been added to the risk register to reflect these impacts and has been scored at 15 with mitigation actions added to demonstrate the ongoing work required by the Council and its partners.

Appendix 2 of this report is the Council’s Corporate Risk Register which contains the detailed and planned mitigating actions for each risk taken from the Council’s Management information Hub.

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?
The Council does not achieve its objectives as corporate level risks are not adequately managed and monitored.	M	L	Risk Management Strategy has been adopted and mechanisms are in place to identify, manage and escalate emerging and new risks / mitigation strategies.	Directors, 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

Options Available and considered

1. To consider the contents of the quarter 3 update of the Corporate Risk Register and make recommendations for Cabinet and Officers on the Council's risk management arrangements.
2. To request further information or reject the contents of the risk register

Preferred Option and Why

Option 1 is the preferred option with recommendations raised by the Audit Committee to be considered and reported to Cabinet and Officers in accordance with the Council's Constitution.

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

There are no specific legal issues arising from the report. As part of the Council's risk management strategy, the corporate risk register identifies those high-level risks that could impact upon the Council's ability to deliver its corporate plan objectives and essential public services. Although Audit Committee are responsible for reviewing and assessing the Council's risk management, internal control and corporate governance arrangements, the identification of corporate risks within the risk register and monitoring the effectiveness of the mitigation measures are matters for Cabinet.

Comments of Head of People and Business Change

Risk Management in the Council is a key area to implementing Wellbeing of Future Generations Act (Wales) 2015. The Corporate Risk Register enables the Council to capture, manage and monitor those risks, which could prevent the achievement of the objectives in the Corporate Plan and the Wellbeing plan. The risks and the mitigating actions identified in the Corporate Risk Register are subject to ongoing assessment, which also enables the Council to identify any new and emerging risks.

Comments of Cabinet Member

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

Local issues

None

Scrutiny Committees

Audit Committee have a role in reviewing and assessing the risk management arrangements of the authority. Meetings with the committee have resulted in some changes to the processes used to compile and update the risk register, leading to clarity of detail within the report. The views of the Committee are considered in this report.

Equalities Impact Assessment

Not applicable.

Children and Families (Wales) Measure

Not applicable.

Wellbeing of Future Generations (Wales) Act 2015

Risk management is a key area to implementing the Wellbeing of Future Generations Act (Wales) 2015. The council must ensure that it considers risks in the short, medium and longer term and that it manages risks in a manner that protects current service delivery and communities as well as considering the longer term impact. It supports the delivery of the wellbeing objectives that are identified in the council's Corporate Plan by considering the risks to delivering these objectives and by defining and monitoring actions to mitigate those risks.

The Corporate Risk Register helps the council to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs by considering the sustainable development principle set out in the Wellbeing of Future Generations (Wales) Act 2015.

Crime and Disorder Act 1998

Not applicable.

Consultation

As above, the Risk Register is also considered by Cabinet

Background Papers

Corporate Risk Register, Cabinet 12th December 2018

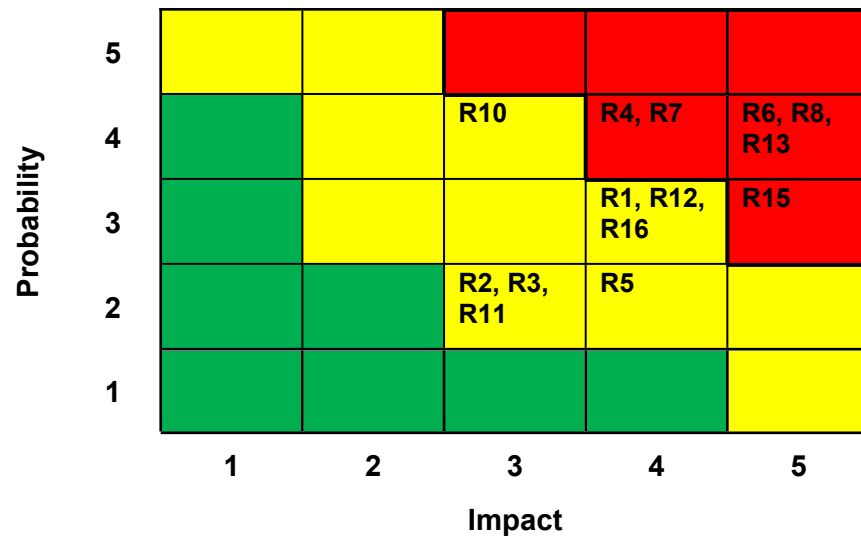
Corporate Risk Register, Audit Committee 22nd November 2018

Corporate Risk Register, Cabinet 19th September 2018

Corporate Risk Register, Audit Committee, 20th September 2018

Dated: March 2019

Appendix 1 - Quarter 3 Corporate Risk Heat Map



Corporate Risk Heat Map Key	
R1 – Legislative Requirements	R8 – Risk of Stability of External Suppliers
R2 – Capacity and Capability to meet the Council's Objectives	R10 – Climate Change
R3 – Safeguarding	R11 – IT Services & Modernisation Agenda
R4 – Decision to leave the European Union (Brexit)	R12 – Cyber Attack
R5 – In Year Financial Management	R13 – Maintaining the Highways Network
R6 – Balancing the Council's Medium Term Budget	R15 – City Centre Security & Safety
R7 – Increased Pressure on Demand Led Services	R16 – Council Buildings and Assets

**Note: Risk 9 'Increasing Pressure on Existing Infrastructure' was closed in Quarter 3 of 2018/19
Risk 14 'Recruitment and retention of specialist staff was closed in Quarter 2 of 2018/19*

Risk Score Profile between Quarter 3 2017/18 and Quarter 2 2018/19

Risk Position	Risk No. - Description	Risk Score Quarter 4 2017/18	Risk Score Quarter 1 2018/19	Risk Score Quarter 2 2018/19	(Current) Risk Score Quarter 3 2018/19
1	R06 – Balancing the Council's Medium Term budget.	16	16	20	20
2	R08 – Risk of Stability of External Suppliers	20	16	16	20
3	R13 – Maintaining the Highways Network	25	25	25	20
4	R4 – Decision to leave the European Union (Brexit)	9	9	9	16
5	R7 – Increased pressure on demand led services	16	16	16	16
6	R15 – City Centre Security and Safety	-	-	-	15
7	R1 – Legislative Requirements	12	12	12	12
8	R10 – Climate Change	12	12	12	12
9	R12 – Increasing Risk of Cyber Attack	12	12	12	12
10	R16 – Maintenance and improvement of council buildings and assets	-	-	-	12
11	R5 – In year finance management	9	8	8	8
12	R2 – Capacity and capability to meet the Council's objectives	12	9	9	6
13	R3 – Safeguarding	8	8	8	6
14	R11 – Increasing demands on IT Services and the Modernised agenda	6	6	6	6

How the Council Assesses 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 3.

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

Risk Scoring

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

Risk Matrix

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				

Impact Matrix

Rating	Severity of impact	General description	Impact factors (and examples of what they might look like)						
			Strategic	Operational	Financial	Resources	Governance	Health & Safety	Reputational
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 (e.g. several institutions), adverse local press, complaint/s upheld by Ombudsman

Rating	Severity of impact	General description	Impact factors (and examples of what they might look like)						
			Strategic	Operational	Financial	Resources	Governance	Health & Safety	Reputational
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
	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

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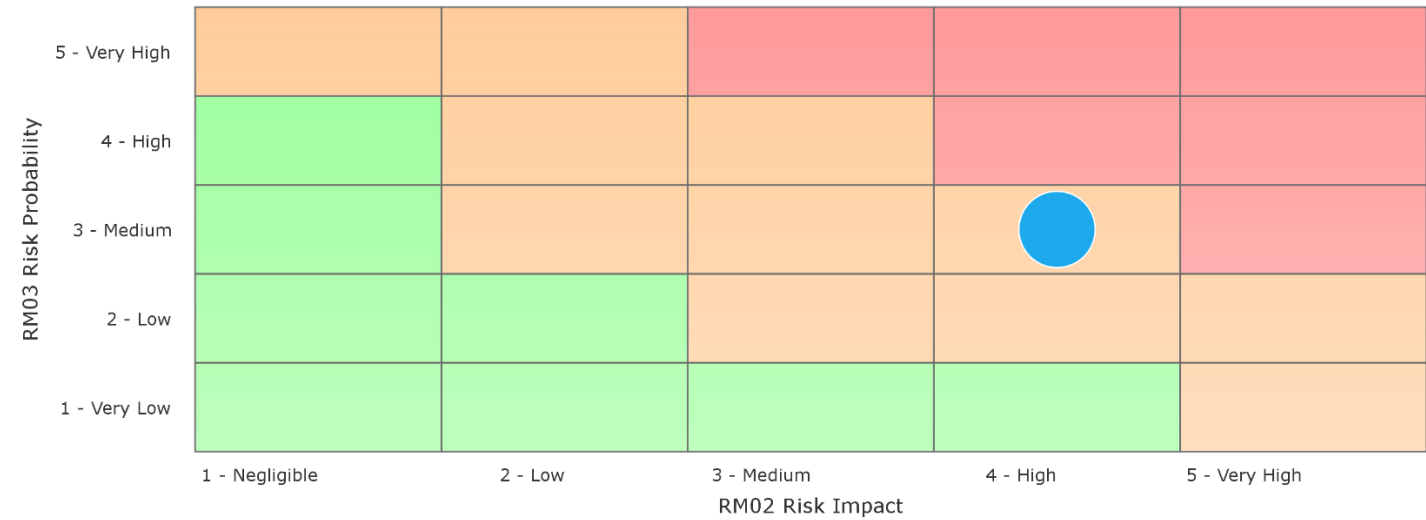


NCC Corporate Risk Register

2018/19 Quarter 3 Update

RISK 01 - Legislative Requirements

Responsible Officer	Chief Executive
Lead Cabinet Member	Leader of the Council The Deputy Leader and Cabinet Member for Assets and Member Development



Dec 2018		Risk 01 - Assessment Date & Score					
Risk - Direction of Risk	Direction	Series					
The risk remains at 12 as the actions in place are still managing this risk. However, it is recognised that if non compliance does arise there is an impact on the Council's reputation and finance.	➔	Risk Score	Risk Rating				
				Mar 2018	Jun 2018	Sep 2018	Dec 2018
		RM01 Risk Rating	Risk Score	12	12	12	12
			Risk Rating	●	●	●	●

Mitigating Action

All 12 selected

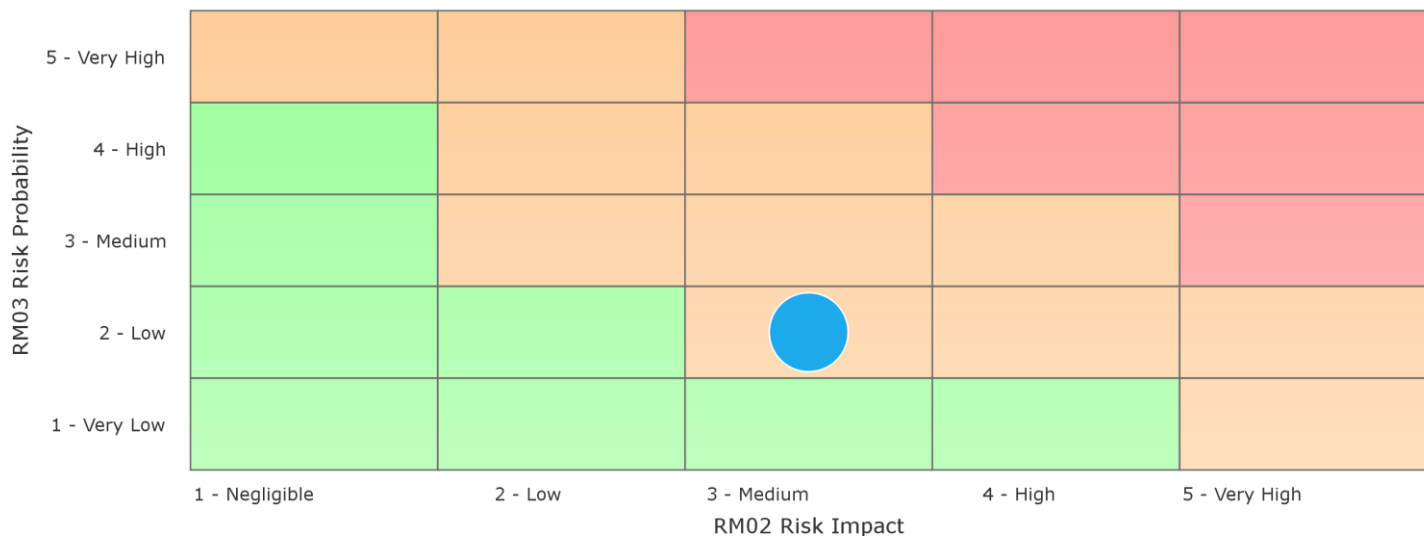
Dec 2018		Planned Mitigation		Risk - Action Status/Control Strategy	
<input checked="" type="checkbox"/>	Risk 01.01	Welsh Language Act: Strategic Equalities Group monitors implementation supported by Welsh Language Group.		To reflect the significance of the Equalities Agenda the Strategic Equalities Group (SEG) now meets every other month, engaging with different Equalities Objective in each meeting. The group continues to be chaired by Deputy Leader who has responsibility for the equalities agenda. The group has ongoing representation from Trade Unions, Senior Management, and a members of the political opposition. The Welsh Language Implementation Group continues as the internal working group charged with the responsibility of delivering and implementing the Welsh Language Standards across the authority. The group is facilitated by the authority's Welsh Language Officer with support from senior management.	
<input checked="" type="checkbox"/>	Risk 01.02	Welsh Language Act: Action plans in place and being monitored. This has shown significant progress.		Welsh Language action plans are monitored and used to monitor progress, which will also form part of the annual report. A 'mystery shopper' exercise being developed over the next quarter will support, testing the provision in place and highlighting areas for future development.	
<input checked="" type="checkbox"/>	Risk 01.03	Welsh Language Act: Progress includes increasing awareness of the Welsh Language Standards across the authority. Leaflets, posters, desk prompts and video available.		The authority has continued to promote awareness of Welsh Language Standards and has publicized the availability of guidance on the intranet and staff notice boards. Over the coming year, we will be looking to refresh this material to ensure we keep momentum in regards to Welsh Language Standards moving forward, the annual report will also reflect on this.	
<input checked="" type="checkbox"/>	Risk 01.04	Welsh Language Act: Partnership arrangements with another Council now in place and £280k budget allocated, additional resources now available to support service areas and work such as website development now underway.		The annual budget for welsh language and equalities funds posts on the corporate team to support the development of welsh language provision, including meeting welsh language standards. There is a service level agreement in place with Cardiff Council and this can be used by officers across the Authority to provide translation services on request. Cardiff Council's translation unit has proved able to accommodate the specific requirements of the authority, particularly in regards to the translation of the Newport City Council's Corporate Website. Advice and guidance continues to be provided to services, and where complaints or issues are raised these are investigated for lessons learned.	
<input checked="" type="checkbox"/>	Risk 01.05	Welsh Language Act: 5 year strategy developed through consultation.		The 5 Year Welsh Language Strategy is published and the Authority has demonstrated good progress in delivering on many of the actions established within. This has included work with education and the update of promotional materials through the 'Benefits of Bilingualism' campaign. Progress will be further reported in the annual Welsh Language Report at the end of the current year.	






RISK 01 - Legislative Requirements

Responsible Officer	Chief Executive
Lead Cabinet Member	Leader of the Council The Deputy Leader and Cabinet Member for Assets and Member Development

<input checked="" type="checkbox"/> Risk 01.06	Future Generations Act: Cabinet reports updating members on progress and approach. Awareness raising sessions with officers and members completed and work with consultants to develop organisational readiness for the Act underway.	Work on the mid year service plan reviews has reinforced the five ways of working, as have reviews by Wales Audit Office particularly around corporate plan progress. The annual report has been compiled and published supporting the developing work on wellbeing objectives. This has been used to complete the Future Generations Commissioner 'toolkit' to establish NCCs development of the principles of the Act.
<input checked="" type="checkbox"/> Risk 01.07	Future Generations Act: Formal report, service plan and business case templates updated to ensure the principles of the Act are reflected in all decision making.	All report templates, service plans and business case templates updated to reflect the principles of the Act. Mid year service plan reviews have reinforced this, although this work needs to continue to evolve. WAO feedback following the recent review of the five ways of working will support this and can be used to develop work further. Head of People and Business Change comments on formal reports also provide assurance that the five ways of working of the WFG Act are considered in decisions. Work ongoing and may mean this risk is closed at year end.
<input checked="" type="checkbox"/> Risk 01.08	Future Generations Act: Public Services Board established with agreed Terms of Reference, formal meetings are held at least quarterly.	Formal PSB meetings take place on a quarterly basis, focus currently on delivery of the Well-being Plan published May 2018. First year progress will be published in May 2019 including report to Scrutiny. Representation of all sectors are involved in delivery of the plan although formal performance reporting has not yet commenced. Newport's PSB is wider than the statutory participants and is providing an effective partnership forum for issues that impact across the city.
<input checked="" type="checkbox"/> Risk 01.09	Future Generations Act: Draft Wellbeing Assessment in place in conjunction with the assessment required for the Social Services Act. Work being undertaken on a Gwent basis to inform the Wellbeing Assessment and Plan - funding secured from Welsh Government to support this work.	Wellbeing assessment published and will be reviewed this year, work has commenced on updating the population data. Work programme reported to PSB, behind schedule owing to resource commitments. Development work with colleagues across the Gwent local authorities through the Gwent Strategic Well-being Assessment Group (GSWAG) officer group.
<input checked="" type="checkbox"/> Risk 01.10	Future Generations Act: Development of wellbeing objectives finalised, and aligned with performance reporting.	First combined annual report has been received by Cabinet. Scrutiny are also reviewing progress against the corporate plan and how this is reported - this will incorporate wellbeing objectives. This work will develop with service planning and work by WAO to review this area, as reported above.
<input checked="" type="checkbox"/> Risk 01.11	Waste Management Legislation/targets: We commenced new contract last week with trade waste diverted for sorting to GD Environmental Services. Dates this financial year run from August 9th 2017 through to March 31st 2018 to divert approx. 2500 tonnes this year.	Diversion of municipal waste and other recycling activities in place to meet 18/19 recycling target; waste strategy with proposals to increase recycling long term fwere presented to Cabinet Member and Strategy and were approved on 28/12/19 - changes to be implemented from next financial year to ensure 19/20 target of 64% is met.
<input checked="" type="checkbox"/> Risk 01.12	General Data Protection Requirement (GDPR): The Council is ensuring compliance through the Information Governance Group and a cross-organisation Task and Finish Group, making recommendations and changes as required.	The GDPR Task & Finish group has now been transitioned in to an on-going Data Protection Group led by Information Management, with continued representation across services. The GDPR Action Plan was updated in Quarter 2 and is monitored by this new Data Protection Group and the Information Governance Group. The GDPR action plan has been improved with more detailed actions and progress updates. Day to day data protection issues are managed by Information Management.

Responsible Officer	Chief Executive
Lead Cabinet Member	Cabinet Member for Community and Resources



Dec 2018		Risk 02 - Assessment Date & Score						
Risk - Direction of Risk		Direction	Series					
The programmes that are in place to mitigate this risk are underway. we will need to assess the impact of these programmes over the next 12 to 18 months.			Risk Score		Risk Rating			
			RM01 Risk Rating		Risk Score		Risk Rating	
			Mar 2018	Jun 2018	Sep 2018	Dec 2018		
			12	9	9	6		
								

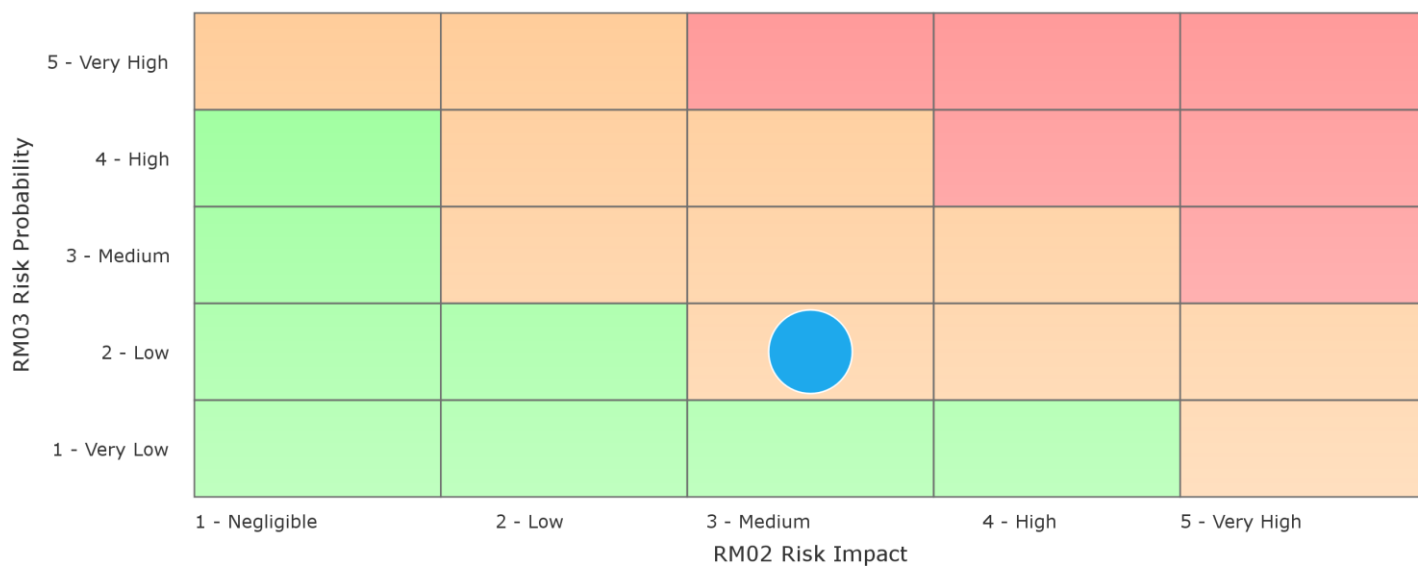
Mitigating Action

All 7 selected

	Dec 2018	
	Planned Mitigation	Risk - Action Status/Control Strategy
✓ Risk 02.01	People and Business Change will pilot career pathway planning in Autumn 2017 to role model to other service areas.	Still in progress.
✓ Risk 02.02	Pilot taking place in Education Services for the roll out of greater NVQ/ILM opportunities for those in the workplace wanting to enhance current skill level. Intention to offer to wider workforce in 2017 linked to workforce planning for each service area.	ILM continues to be offered and taken up by the workforce, with the latest offer of an ILM level 5 in Coaching and Mentoring due to start in January 2019. HR&OD Business Partners due to receive one day training on Workforce Planning in early February to develop skills set around supporting service areas to better plan for future workforce requirements.
✓ Risk 02.03	Mandatory training will be identified for each post and linked to job descriptions to set out the expectation of ability, skill and experience at the point of recruitment and to form a development path throughout induction, probation and longer term.	Still in progress
✓ Risk 02.04	Additional Investment in Project Management and business change resources.	On hold pending report to Senior Leadership Team (SLT) on options
✓ Risk 02.05	Coaching, shadowing and mentoring opportunities delivered as part of the change programme.	ILM coaching and mentoring commences January 2019 with formal network to be established once first cohort of coaches have started.
✓ Risk 02.06	Specific business support and training provided for business change, project and program management, continuous change and specific tools including business case development and project management.	Currently reviewing innovation and change management programme, for reporting back to SLT in Feb 2019. MI Hub is being developed to support organisational project management and we are sourcing management training on continuous innovation practices.
✓ Risk 02.07	People service plan to heavily focus on workforce planning and OD for next 12 months.	One day workshop on Workforce Planning to take place early February to support the development of future planning.

RISK 03 - Safeguarding

Responsible Officer	Strategic Director - People
Lead Cabinet Member	Cabinet Member for Social Services



Dec 2018		Risk 03 - Assessment Date & Score			
Risk - Direction of Risk	Direction	Series			
In addition to the work undertaken by the Council's safeguarding team, the recent Estyn Report did not raise any significant concerns / issues with the Council's safeguarding process. A Cabinet Report presented in February 2019 also highlighted the policies, processes in place to manage safeguarding. The risk score has been reduced to a 6 to reflect this work.	✓	Risk Score	Risk Rating		
				Mar 2018	Jun 2018
				Sep 2018	Dec 2018
		RM01 Risk Rating	Risk Score	8	8
			Risk Rating	●	●

Object Measure Name

All 7 selected

Dec 2018		Risk - Action Status/Control Strategy			
	Planned Mitigation				
<input checked="" type="checkbox"/>	Risk 03.01	Safeguarding Action Plan agreed and implementation underway.	Completed		
<input checked="" type="checkbox"/>	Risk 03.02	Continuous review of policies and procedures.	Completed		
<input checked="" type="checkbox"/>	Risk 03.03	Raising awareness of policies and procedures with staff.	<p>Corporate safeguarding statement in the intranet, with suite of policies and processed up to date also available</p> <p>We raised awareness within the Council on the intranet and stands in Civic and Information Station for the duration of national safeguarding week in November 2018.</p> <p>We also provided lunch time sessions each day for all Council staff to raise the profile of adults at risk and Child Sexual Exploitation (CSE).</p> <p>The Welsh Government theme was exploitation for the national safeguarding week, Newport's intranet pages included all messages and awareness raising for the week on all areas of exploitation for children and adults.</p> <p>We held a practitioner event to further raise awareness for all practitioners within Newport in social care and related services, with attendance of 82 practitioners.</p> <p>There will be a re-launch of the safeguarding policies and procedures after the first safeguarding Champion meeting in February 2019.</p> <p>Social Care staff are also directed to the Gwent safeguarding website for more information</p>		

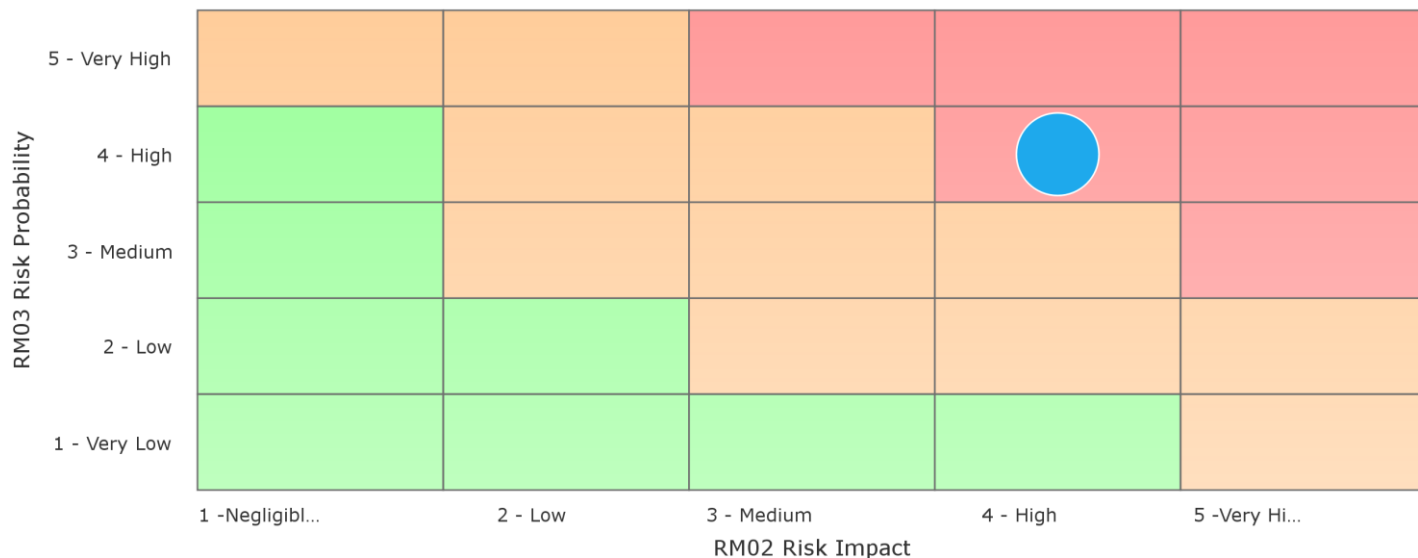
RISK 03 - Safeguarding

Responsible Officer	Strategic Director - People
Lead Cabinet Member	Cabinet Member for Social Services

<input checked="" type="checkbox"/> Risk 03.04	Partnership working.	Partnership working continues to build within the Safeguarding HUB. Children and adult social services, Police, Independent Domestic Violence Advisor's (IDVA) and Prevention services are all in the central office, Education joined in December to pilot the 'encompass' model of communication between Police and attendance at domestic incidents with the schools the next morning. Children services are part of the RAG rating of information that goes to the schools. Single points of access (spoc) in place with other partners, Health, Probation, CRS, Gwent Drug and Alcohol Service (GDAS) and specialist services. Newport safeguarding Network meet 6/52 to share information updates from the regional safeguarding Board and local developments. National safeguarding week in November enabled stalls and lunch time sessions open to all council and partner agencies to attend. The week concentrated on exploitation and introduced the safeguarding champion role across the council.
<input checked="" type="checkbox"/> Risk 03.05	Establishment of Safeguarding Champions across the service areas.	The introduction of the safeguarding champions across the council was introduced during National safeguarding week and we now have a nomination from all areas of the Council. 1st champion meeting planned in early February 2019.
<input checked="" type="checkbox"/> Risk 03.06	Review Schools DBS procedure.	Disclosure & Barring Service (DBS) review for education staff is underway in collaboration with HR, starting with a scoping exercise of numbers of staff with a DBS over 3 yrs old and with a preparation of accurate information to be discussed with SLT regarding options going forward. Schools will be required to hold the information locally and update.
<input checked="" type="checkbox"/> Risk 03.07	Safeguarding Training to be provided to Council Members and staff	Councillors were invited to the lunchtime sessions raising awareness on safeguarding topics during safeguarding week. In the process of planning a schedule of training for Members, when their schedules allow. This will be confirmed for next quarter.

RISK 04 - Decision to leave the European Union (Brexit)

Responsible Officer	Chief Executive
Lead Cabinet Member	Leader of the Council



Dec 2018	Risk 04 - Assessment Date & Score				
Risk - Direction of Risk	Direction	Series			
A review of this risk was undertaken between SLT, and other strategic partners in the council. The Council has taken steps to establish an action plan to identify and manage the Brexit risk through the Task & Finish Group, Civil Contingencies at the Local Resilience Forum and to action / oversee the implementation of Brexit mitigations. The uncertainty over the final UK position reflects why this has increased to 16.	✗	Actual	Risk Rating		
				Mar 2018	Jun 2018
				Sep 2018	Dec 2018
		RM01 Risk Rating	Actual	9	9
			Risk Rating	9	16

Dec 2018	Planned Mitigation		Risk - Action Status/Control Strategy	
☑ Risk 04.01	<p>Finance / Supplies & Services – The Council will closely monitor its financial position as part of its annual budget setting process and Medium Term Financial Planning. For Council activities and services which are EU funded there is ongoing discussions with the Welsh Government to put in arrangements after 2021.</p> <p>The Council will be liaising with its strategic partners (Newport Norse / SRS / Newport Live) to assess the impact on its supplies and services. Also across the Council, service areas are being asked to identify their high risk / key contracts and to obtain the necessary assurances of any Brexit impact which could affect the availability and cost of supplies or services.</p>		<p>Following the Council's review of the Brexit risk and the establishment of the new Task & Finish Group this risk action has been updated in Quarter 3. The Council's Finance team is represented at the Task & Finish Group and work has been ongoing monitoring the Council's finances as part of its budget setting process and medium term financial planning.</p> <p>Work has been ongoing across the services to identify and obtain the necessary assurances over the supplies and availability of stock / goods for the Council's operations. There is continuing dialogue between the Council's Social Services care providers (Residential / Domiciliary) to ensure that the necessary supplies and provisions are in place. Regular updates are being provided to the Council's Task and Finish Group, Senior Leadership Team and Corporate Management Team.</p>	
☑ Risk 04.02	<p>Regulation / Legislation – The Council's Regulatory Services (Trading Standards and Licensing) will receive advice and guidance from the Home Office and work closely with Association of British Ports (ABP) to manage any impact on the service.</p>		<p>As a result of the Council's review of the Brexit risk and establishment of the Task & Finish Group, this risk action was updated in Quarter 3. The Council's Regulatory Services including Trading Standards have been receiving ongoing information and assurances from the Welsh Government Association of British Ports and the UK Government. Work is ongoing in the team to prepare for April 2019 and beyond.</p> <p>The Local Resilience Forum (partnership wide group consisting of local authorities, Emergency services and other public sector groups) has also been involved in ensuring sufficient stores and arrangements are in place to mitigate any potential disruptions to the port and access routes.</p>	

RISK 04 - Decision to leave the European Union (Brexit)

Responsible Officer	Chief Executive
Lead Cabinet Member	Leader of the Council

<input checked="" type="checkbox"/> Risk 04.03	Governance – The Strategic Director/Place is part of a Brexit group led by the WLGA working with other local authorities and other public sector bodies. Brexit is included as a standard agenda item at the Corporate Management Team (CMT) meeting. A Task & Finish Group has been established with service area experts to monitor and implement necessary actions in preparation of Brexit. Regular updates will be provided to the Senior Leadership Team (SLT) and Cabinet on the Council's Brexit preparations.	<p>Following a review of the Council's Brexit risk this action has been updated. In Quarter 3, the Council formally established the Brexit Task & Finish Group using guidance provided by the Welsh Local Government Association in November 2018. The Council also has Brexit as a standard agenda item at Senior Leadership Team and Corporate Management Team.</p> <p>The Director of Place has also been attending Meetings held by the Welsh LGA and the Local Resilience Forum with Civil Contingencies. Information and guidance from these meetings is being disseminated to all relevant officers in the Council.</p>
<input checked="" type="checkbox"/> Risk 4.04	<p>Human Resources - The Council will need to capture information on the number of existing staff members which are from the EU and ensure necessary arrangements are in place for new starters in the Council. Long term, the Council will monitor and liaise with service areas and partners on the impact of Brexit on resources and skill issues / opportunities as a result of leaving the EU.</p> <p>Guidance and advice will also need to be available to EU staff members on completing any residency applications.</p>	<p>This is a new risk which was raised as a result of the review undertaken in Quarter 3. As part of the Council's Brexit Task and Finish Group, a sub group meeting between the Council's Communication team, HR and Civil Contingencies took place. HR confirmed that an internal communication to staff has been drafted and being reviewed. It is planned for this to be issued in February 2019. Discussions on the Council's internal and external communications is being discussed at the Task & Finish Group.</p>
<input checked="" type="checkbox"/> Risk 4.05	Civil Contingencies - For regular updates to be provided to the Council and Brexit Task & Finish Group on Regional and National wide Brexit preparations. Regular updates from the Gwent Local Resilience Forum which includes local authorities, Police, Fire, Health as well as Welsh Government, WLGA and other strategic group updates will be included as part of this process.	<p>This is a new action following the review of the Council's Brexit risk. In the last quarter regular updates have been provided as part of the Council's involvement at the Gwent Local Resilience Forum, Welsh Government and WLGA groups. Government and non government agencies have been making preparations to manage different Brexit scenarios. Where applicable, this information is being shared with the Council's Brexit Task & Finish Group.</p>

Risk 05 - In Year Financial Management

Responsible Officer

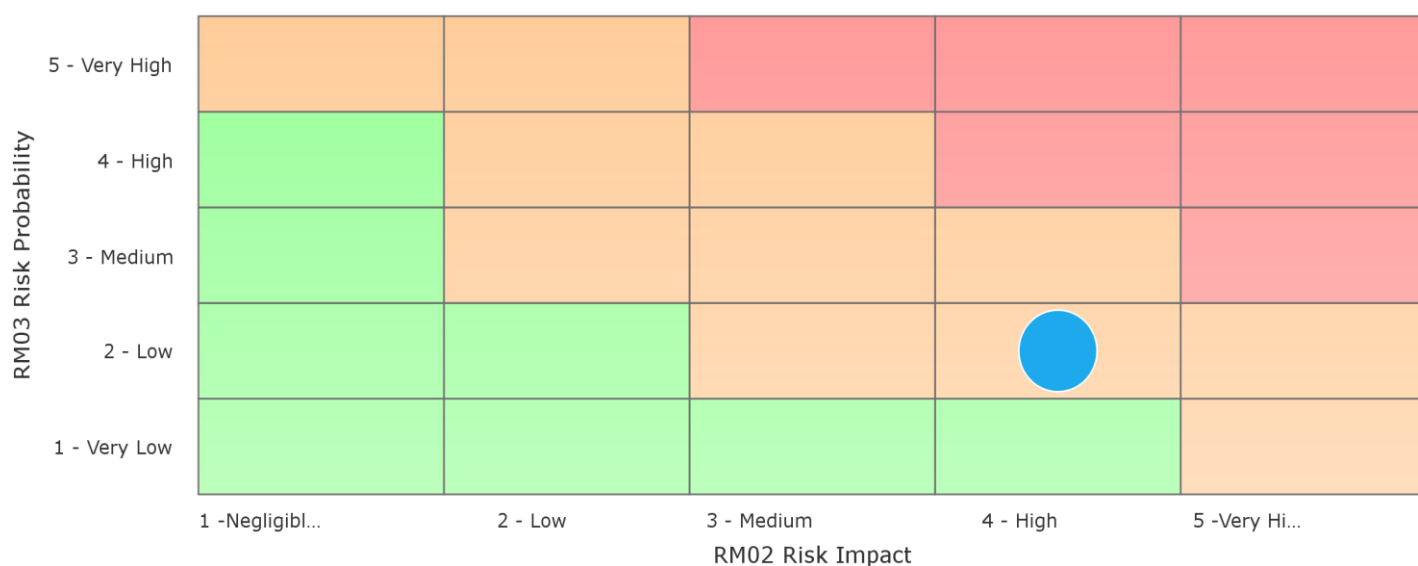
Chief Executive

Directors

Heads of Service

Lead Cabinet Member

Leader of the Council



Dec 2018		Risk 05 - Assessment Date & Score					
Risk - Direction of Risk	Direction	Series					
The October monitoring reported to Cabinet in December continued to show an underspend. A decision has been made to move £2m of this underspend to invest to save reserve for to support the medium term budget pressure.	➔						
		Actual	Risk Rating				
				Mar 2018	Jun 2018	Sep 2018	Dec 2018
		RM01 Risk Rating	Actual	9	8	8	8
			Risk Rating	●	●	●	●

Dec 2018		
	Planned Mitigation	Risk - Action Status/Control Strategy
<input checked="" type="checkbox"/> Risk 05.01	CMT instigated targeted spending freeze on non-essential spending.	Mitigation action closed as completed.
<input checked="" type="checkbox"/> Risk 05.02	Chief Executive and Head of Finance will be holding monthly meetings with adult social care management team to look and review actions for reducing spend.	Mitigation action closed as completed.
<input checked="" type="checkbox"/> Risk 05.03	Head of Service for adults/children social care and education have reviewed and improved decision making panels who assess individual cases accessing services.	Mitigation closed as completed
<input checked="" type="checkbox"/> Risk 05.04	Heads of Service with their service managers, supported by corporate business partners will plan actions to mitigate and bring down overspends in the future.	Mitigating actions have been discussed with heads of service, and plans have been submitted in the MTFP for savings and pressures to balance the current position. Ongoing work will need to be carried out to ensure the savings proposals are achieved and costs stay within cash limits set in 19/20.
<input checked="" type="checkbox"/> Risk 05.05	Focus on forward planning to ensure early identification of potential overspending to enable early resolution and incorporate into medium term financial projections, where unavoidable, as appropriate.	Meetings with Directors and Heads of service to look at medium term financial projections which have been included in the MTFP. Demand models will need to be developed and updated on a regular basis with the MTFP updated accordingly. Going into 19/20 demand pressures have been identified and the 19/20 cash limits are being set accordingly.
<input checked="" type="checkbox"/> Risk 05.06	Ensure medium term planning based on robust information on key cost drivers and risk areas.	As 05.05 demand models need to be refined and developed on an ongoing basis to support the MTFP.

Risk 06 - Balancing the Council's Medium Term Budget

Responsible Officer

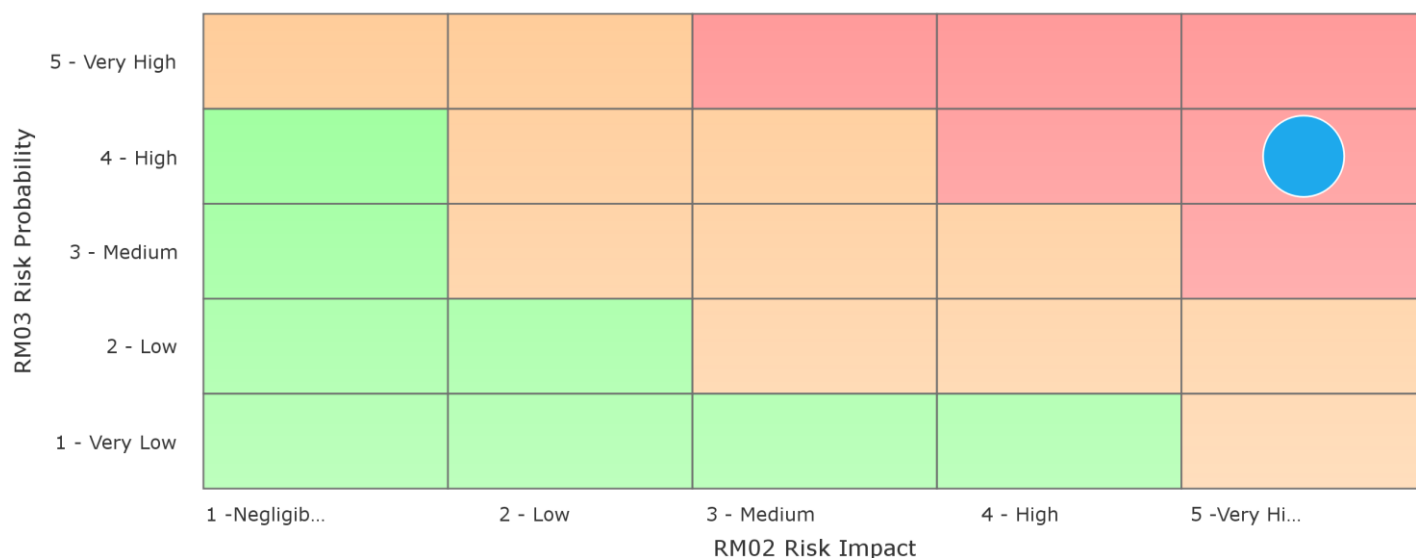
Chief Executive

Directors

Heads of Service

Lead Cabinet Member

Leader of the Council

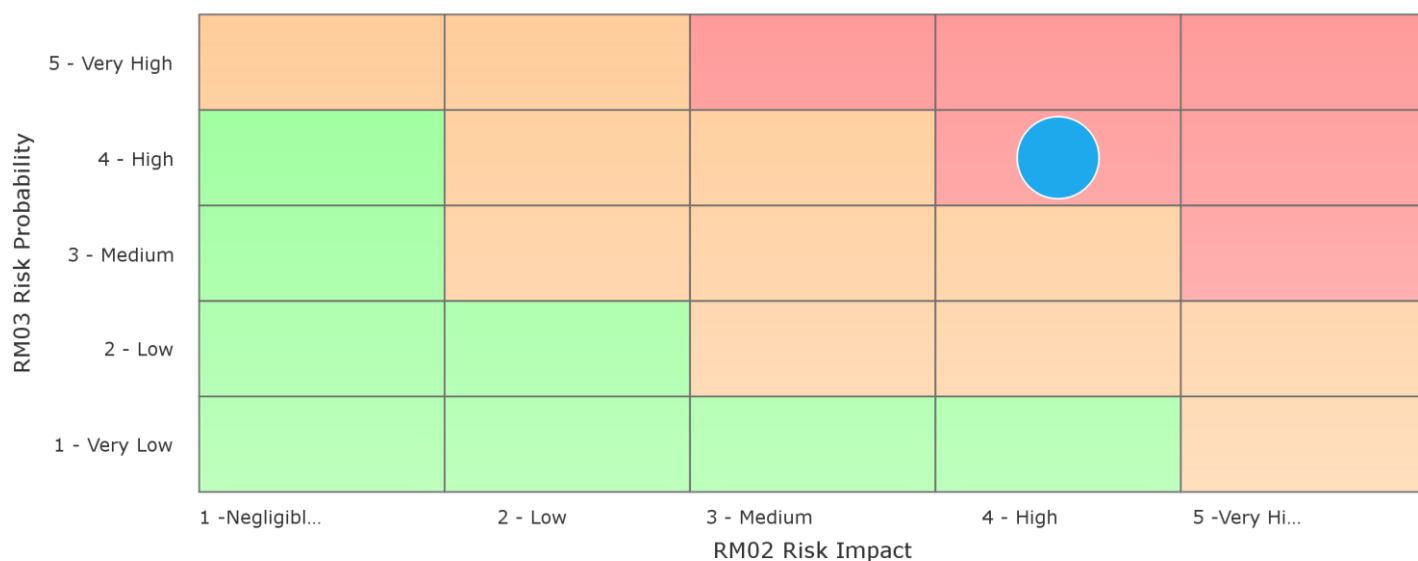


Dec 2018		Risk 06 - Assessment Date & Score						
Risk - Direction of Risk		Direction	Series					
The risk remains at 20 for this period which reflects the ongoing challenges in reducing the gap between the Council's funding and delivery of services in the medium to long term. Council Service Areas are being asked to review their services and activities to identify future savings and to meet the demand of our users which is overseen by the Council's Senior Leadership Team and Cabinet.		➔	Actual		Risk Rating			
				Mar 2018	Jun 2018	Sep 2018	Dec 2018	
			RM01 Risk Rating	Actual	16	16	20	20
				Risk Rating	▲	▲	▲	▲

Dec 2018		Risk - Action Status/Control Strategy			
Planned Mitigation					
☑ Risk 06.01	On-going review and challenge to budget pressures within the MTFP	Meetings have been carried out with Heads of Service and Strategic Directors with Finance to agree forecasts for future pressures. These have highlighted a number of challenges for the future Medium Term Financial Plans (MTFP) which will need to be managed through the budget process. There remains a level of uncertainty on a number of the pressures which need to be regularly reviewed including demand on Special Education Needs (SEN) and comm care and uncertainty on funding including teachers pension increases.			
☑ Risk 06.02	Discussions with SLT to review cash-limits for each service areas with view to identify savings and mitigation of pressures	Final cash limit meetings have been carried out, and budgets have been set for 19/20 subject to Cabinet decision in February. There is still a medium term budget gap and the challenge now for the boards will be to come up with plans on how to reduce this gap over the medium term.			
☑ Risk 06.03	Project initiated to draw up a medium term change programme by June 2018 latest.	While there is a balanced budget for 19/20. Boards will need to come up with plans on how to manage the medium term budget gap, and come up with proposals early in the new year to work towards reducing the gap.			
☑ Risk 06.04	4 boards to discuss and draw up strategic projects that will deliver savings over the medium term to mitigate	Further discussions have taken place with SLT to agree cash limits for Service Areas which have now been included as part of the budget consultation by Cabinet.			

Risk 07 - Increased Pressure on Demand Led Services

Responsible Officer	Strategic Director - People Strategic Director - Place
Lead Cabinet Member	Cabinet Member for Education and Skills Cabinet Member for Regeneration and Housing Cabinet Member for Social Services



Dec 2018	Risk 07 - Assessment Date & Score				
Risk - Direction of Risk	Direction	Series			
The risk score should remain at 16 based upon the ongoing budget and demand pressures being placed on the Council's Children Services, Adult Services, Education Services and Housing. As part of the Council's ongoing strategic planning, performance and risk review, this risk will be reviewed for 2019/20.	→	Actual	Risk Rating		
				Mar 2018	Jun 2018
				Sep 2018	Dec 2018
		RM01 Risk Rating	Actual	16	16
			Risk Rating	▲	▲

Planned mitigation

All 32 selected

Dec 2018	Planned Mitigation	Risk - Action Status/Control Strategy
<input checked="" type="checkbox"/> Risk 07.01	Education Increasing population putting extra pressure on school places across Newport. One new school (due to open September 2017) and second new school (due to open September 2018). Both established largely through 106 funding. Additional school places have been established across the city through a capacity exercise. Where schools are being re-developed, (e.g. Bryn Derw, Caerleon Lodge Hill) additional places have been included.	The planning of school places (POSP) group meets once a term to consider surplus places and the pupil place challenge across the city. This provides forecast data and informs strategic planning. There are currently enough school places in both the primary and secondary phases to meet demand .
<input checked="" type="checkbox"/> Risk 07.02	Education Increasing population putting extra pressure on school places across Newport. Three further new build schools are planned through 106 monies funding from 2019 – 2024 (NB: shortfall in funding that will need to be made up by Authority). Forecasts show that there is also a need for expansion on existing school sites, in specific areas of the city, with significant population growth. A Welsh Government 21st Century Band B' schools bid has been made which focusses on Newport's urgent need for additional school places as our key priority.	No further changes to date
<input checked="" type="checkbox"/> Risk 07.03	As children with complex needs live longer, the number of children requiring care will increase and the length of care that they require will increase. The number of educational places within the city need to grow in order to provide provision for pupils with complex needs.	Extension work o Maes Ebbw Special school will commence shortly , creating additional specialist provision for 3-19 year old pupils.
<input checked="" type="checkbox"/> Risk 07.04	Growing population of highly vulnerable children: The number of Learning Resources Bases across the city will expand to support increased demand of pupils with Special Educational Needs, allowing them to maintain mainstream school places.	No further changes at present.

Risk 07 - Increased Pressure on Demand Led Services

Responsible Officer	Strategic Director - People Strategic Director - Place
Lead Cabinet Member	Cabinet Member for Education and Skills Cabinet Member for Regeneration and Housing Cabinet Member for Social Services

<input checked="" type="checkbox"/> Risk 07.05	The total cost of Out of County placements continues to grow. Education Services will develop an analysis and forecast of Out of County Placements in order to facilitate a strategic plan of supporting these needs in the most affordable way over the next five years.	Out of County placement shave stabilised, no further overspend is reported.
<input checked="" type="checkbox"/> Risk 07.06	MANAGING DEMAND – PREVENTION EARLY INTERVENTION Older Person's Pathway - joint initiative with Health, people identified from GP surgeries and offered a Stay Well Plan that is individualised and focused on maintaining well-being and health.	The Older Persons Pathway continues to operate out of GP's surgeries, identifying those at risk and offering a stay well plan to maintain health and well-being. The project has evidenced positive impacts on diverting the need for additional services and is part of a workstream led by Annuerin Bevan Unitary Health Board (ABUHB) that is developing well being networks across the city
<input checked="" type="checkbox"/> Risk 07.07	MANAGING DEMAND – PREVENTION EARLY INTERVENTION Reconfiguring a number of service pathways including Frailty & Reablement to reduce duplication, streamline provision, facilitate hospital discharge and provide services focused on maintaining independence.	The integration of reablement is now complete and offers a time limited intervention upon discharge and to those who may need short term assistance upon first referral to Social Services. The service maximises independence and prevents the need for longer term care and support.
<input checked="" type="checkbox"/> Risk 07.08	MANAGING DEMAND – PREVENTION EARLY INTERVENTION Investment in preventative services including 2 Third Sector consortiums offering information, advice and assistance for any Newport citizen.	A review of both Third Sector Consortiums will take place during 2019/20. They have been in operation for over 2 years and whilst they have offered significant benefits to citizens needing to access low level support it is now appropriate to re-vist the service model to establish if they continue to be the most effective and efficient way to meet demand.
<input checked="" type="checkbox"/> Risk 07.09	MANAGING DEMAND – PREVENTION EARLY INTERVENTION Utilisation of ICF for Community Connectors offering community based assistance to people who require support to access low level services	The Community Connectors continue to be resourced by the Intermediate Care Fund. Regular monitoring information is submitted to ABUHB in line with the funding requirements. A new full time member of the team has recently been appointed. There are 8 Connectors working a combination of full and part time hours.
<input checked="" type="checkbox"/> Risk 07.10	MARKET MANAGEMENT Domiciliary care and Residential and Nursing provision commissioned robustly. Working closely with providers to ensure services are fit for purpose in terms of quality and capacity. Relationship management ensures flexibility and responsiveness.	The Commissioning Team work closely with providers to ensure quality and cost effectiveness. Relationships are well developed and communication ongoing. The Contracts Officers visit establishments regularly on a cyclical basis and in response to specific issues.
<input checked="" type="checkbox"/> Risk 07.11	MARKET MANAGEMENT Ensuring in house services are cost effective and targeted at community need.	The Supported Living Service has now been reduced from 4 homes to 2. The tenants have been successfully moved on to new independent living arrangements that is more appropriate to their needs. The remaining 2 homes are now scheduled to close and alternative placements are being sourced for the remaining tenants. Staff consultation processes are underway and whilst not a guaranteed timescale it is possible that the whole service will be closed by the end of the financial year. The Extracare contract is close to finisation and implementation planning is underway in partnership with the new provider. A start date of 1st April 2019 is in scope.
<input checked="" type="checkbox"/> Risk 07.12	MARKET MANAGEMENT Cost control –negotiating sustainable fees with providers that offer value for money whilst protecting the social care workforce	Work is underway to establish a fee negotiation strategy for 2019/20 and discussions are taking place with providers.
<input checked="" type="checkbox"/> Risk 07.13	MARKET MANAGEMENT Engagement with Regional workstreams to address National issues around the purchase of domiciliary and residential care services	As previous quarters comments... NCC continues to engage with Regional workstreams around domiciliary and residential care. Specifically, work around the development of a pooled budget and common contracts are in progress and joint monitoring and intelligence exchange with Health and partner Authorities continue to develop.
<input checked="" type="checkbox"/> Risk 07.14	MARKET MANAGEMENT Early engagement with Health to maximise CHC funding for people with Health needs.	Ongoing - Where Continuing Healthcare Checklist (CHC) triggers are identified there is an established process to ensure referrals are progressed
<input checked="" type="checkbox"/> Risk 07.15	Removal of preventative services could impact negatively on statutory services by increasing the demand and complexity of needs. • Investment in a consortium model of third sector preventative services to offer a single point of contact for all Newport citizens	There is a £250k saving attached to the Third Sector budget in 2019/20. A review will take place to inform a re-design of preventative services in accordance with new developments around well being networks and community hubs
<input checked="" type="checkbox"/> Risk 07.16	Removal of preventative services could impact negatively on statutory services by increasing the demand and complexity of needs. • Investment in a Third Sector mental health consortium in partnership with Health – offering a single point of contact for citizens in Gwent.	The mental Health consortium is a Regional service mostly funded by Health. The service is being re-tendered to reflect changing service needs. Work will commence during 19/20 to re-define the specification and ensure a new service is in place from April 2020.

Risk 07 - Increased Pressure on Demand Led Services

Responsible Officer	Strategic Director - People Strategic Director - Place
Lead Cabinet Member	Cabinet Member for Education and Skills Cabinet Member for Regeneration and Housing Cabinet Member for Social Services

<input checked="" type="checkbox"/> Risk 07.17	Removal of preventative services could impact negatively on statutory services by increasing the demand and complexity of needs. • Utilisation of ICF to deliver a Community Connector Service – offering community support for people to access services.	There is a £250k savings target linked to the Third Sector budget for 2019/20. A full review will take place during the year to scope a re-commissioning exercise that fits with the wider and evolving preventative services agenda that includes the Community Connector Service
<input checked="" type="checkbox"/> Risk 07.18	Removal of preventative services could impact negatively on statutory services by increasing the demand and complexity of needs. • Utilisation of ICF to employ a Carers Development Officer	The Carers Network continues to grow and meetings are scheduled in March, June and October
<input checked="" type="checkbox"/> Risk 07.19	Growing population of highly vulnerable children Investment in developing preventative services to work with families to build resilience and to prevent children from being accommodated: • Re-tendering for the Strategic Collaborative Partnership that delivers the Family Assessment Support Service (FASS) and Family Support Team (FST).	The family group conferencing initiative has been implemented across Childrens Services, staff have received training and the first Conference is scheduled on Monday February 4 The Barnardo's early intervention and prevention service will have access to WCCIS in March to improve the recording and sharing of information
<input checked="" type="checkbox"/> Risk 07.20	As children with complex needs live longer, the number of children requiring care will increase and the length of care that they require will increase. Investment in developing preventative services to work with families to build resilience and to prevent children from being accommodated: • Full review of short break services for families with Children with disabilities. • Full review of providing house respite service for families with Children with disabilities.	The refurbishment of Oaklands has started and the service has been temporarily relocated to Brynglas Bungalow.
<input checked="" type="checkbox"/> Risk 07.21	Investment in developing preventative services to work with families to build resilience and to prevent children from being accommodated: • Carers Development Officer supports families with Children with disabilities.	The following has been agreed from the Transformation Fund around the preventative agenda 1. Additional posts to be based in NCC hub to work with families who are below the threshold for statutory provision 2. An additional Child and Adolescent Mental Health Support (CAMHS) worker 3. Further funding for the Family Intervention Service 4. Funding for a post-natal worker
<input checked="" type="checkbox"/> Risk 07.22	Engagement with Regional work streams to address developing a consistent framework around Continuing Health Care Process.	There is now an agreed pathway for Continuing Care cases. Complex Needs panel will initially screen CC cases and all that cannot be agreed will be referred to an Escalation Panel - The EP is attended by the 5 Heads of Service and ABUHB. This is a new process and will continue to be monitored.
<input checked="" type="checkbox"/> Risk 07.23	Cost control – negotiating sustainable fees with providers that offer value for money whilst protecting the social care workforce.	Please see previous Qtr comments. Fees are now being addressed for 19/20 to ensure early resolution of rates and maintain market stability
<input checked="" type="checkbox"/> Risk 07.24	Community Regeneration Aligning services and grants into one programme (Neighbourhood Hubs) will support a rationalization process across all the grants, this process will help us to achieve smarter ways of working that could support a long term vision of sustainability. Processes such as; • Staffing – the alignment of staff can reduce the requirement for current levels in finance and management functions. • Duplication – aligning programmes will support projects who share outcomes to end specific projects therefore reducing wasted expenditure. • Commissioning – a single commissioning model will provide the less duplication and savings in regards to management fees to other organisations. • Assets – The colocation and integration of teams through Neighbourhood Hubs will negate the requirement for different facilities and will provide greater focused usage in specific centres.	A consultant has been appointed to review all the grants within the new Flexible Fund. The consultant will review all the areas of concern and produce recommendations that will ensure that we do not duplicate services, refine commissioning processes and align staffing wherever possible. The assets are being reviewed through the NH programme and a group has been created to review this and manage any transition of centres from council ownership. The recommendations from these reviews should be available by March 2019.

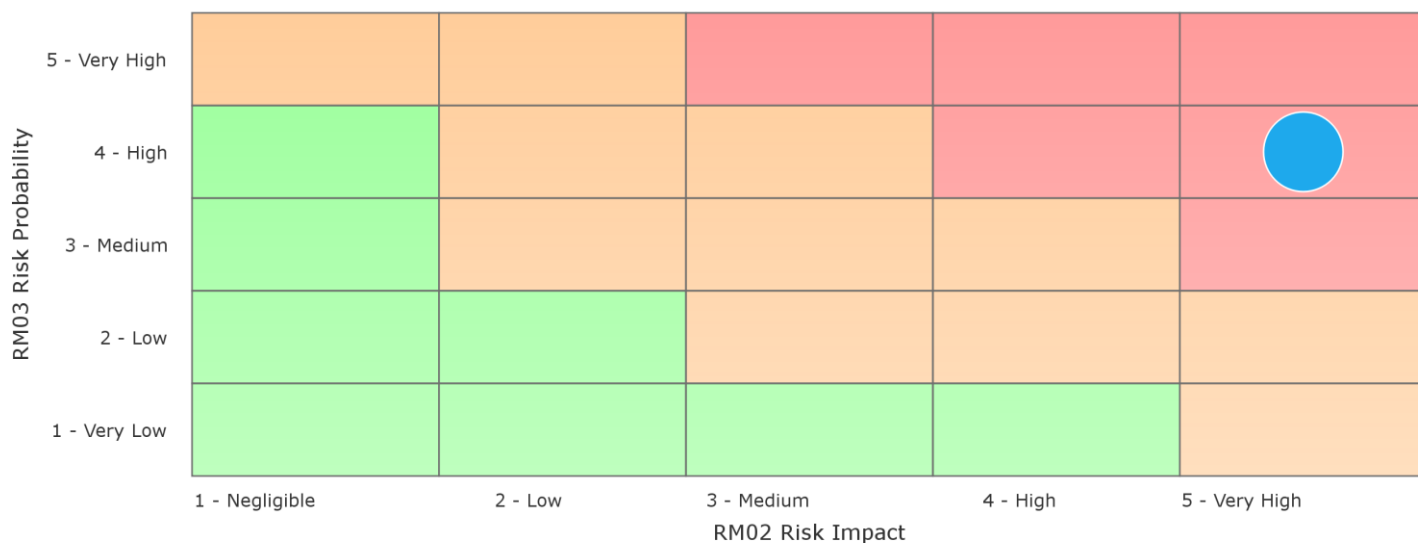
Risk 07 - Increased Pressure on Demand Led Services

Responsible Officer	Strategic Director - People Strategic Director - Place
Lead Cabinet Member	Cabinet Member for Education and Skills Cabinet Member for Regeneration and Housing Cabinet Member for Social Services

<input checked="" type="checkbox"/> Risk 07.25	Community Regeneration Work with funders to identify further opportunities to provide additional resource to community delivery.	We have been working with Department for Work Pensions (DWP), Welsh Government (WG) and private contractors to identify opportunities to deliver work that will benefit our delivery model. To date we have engaged with People Plus who wish us to deliver employability opportunities in Newport, and Wales European Funding Office (WEFO) to deliver training opportunities to residents.
<input checked="" type="checkbox"/> Risk 07.26	Housing Services That an increasing percentage of the population are over 65 putting an increasing strain on demand led services, particularly those that are statutory and raising the risk of unplanned significant budgetary overspends. The number of older people in Newport is growing. More than 600 owner-occupiers aged over 55 currently have active applications for some form of affordable housing	We continue to work with housing association partners and Welsh Government to deliver new and re-modelled housing for older people, through the Planned Development Programme
<input checked="" type="checkbox"/> Risk 07.27	Removal of preventative services could impact negatively on statutory services by increasing the demand and complexity of needs. <ul style="list-style-type: none"> Increased resources provided to assist in homeless prevention and to secure additional staffing to meet need Grant funding available from Welsh Government targeted to key demand areas of the homelessness prevention service across a range of partners Links with third sector agencies in place and being developed to meet demand for services Regional Homelessness Strategy under development in order to explore regional opportunities for service development/initiatives 	The Regional Homelessness Strategy and Action Plan for Gwent has been drafted to take forward a co-ordinated approach across neighbouring authorities
<input checked="" type="checkbox"/> Risk 07.28	Increasing population putting extra pressure on demand for affordable housing or specialised housing Increased pressure to deliver affordable housing, but in a climate when viability issues on sites regularly see the development industry reducing the percentage of affordable housing they are willing to deliver <ul style="list-style-type: none"> Homeless prevention work to secure alternative affordable accommodation options established and embedded within statutory services Procurement of temporary accommodation for homeless households in place to meet the changing demands and needs for the service 	As before As expected, the level of affordable housing being achieved on developments is below target
<input checked="" type="checkbox"/> Risk 07.29	Growing population of highly vulnerable children requiring housing solutions within the care system and once leaving the care system.	As before: We are still collaborating in partnership with Children Services to deliver innovative solutions for children and young people through different schemes (supported lodgings, private sector arrangements, partnerships with Registered Social Landlords (RSL's) Working with Social Services to look at developing appropriate bids for Integrated Care Fund (ICF) funding to look at alternative housing solutions and opportunities to prepare for independence.
<input checked="" type="checkbox"/> Risk 07.30	Increasing shift away from owner occupation towards private renting A study for the Welsh Government into the fees charged by letting agents showed that Newport has a relatively high proportion, 36% of registered rental properties managed by agents, and was designated a high rent area and the total number of properties registered was 8,252. The study found that, although the work required and the costs incurred by the agents were similar in all areas, the fees charged to applicants varied considerably, according to the size of agency and the local housing market. Fees can make it difficult for low-income tenants to secure private rented housing, especially if they are obliged to move more frequently than owner-occupiers would when assured shorthold tenancies come to an end.	Changes to the private rented housing sector will be reviewed through the Local Housing Market Assessment and Local Housing Strategy
<input checked="" type="checkbox"/> Risk 07.31	Increasing concerns about the standard and fitness within the existing housing stock Much of Newport's housing stock is pre-1920's and, in 2017, the council's Environmental Health team identified nearly 13,000 serious hazards in Newport homes, most of them privately rented.	A Housing Improvement Loans Policy has been drafted for consideration as a framework for assistance to improve housing conditions in the private sector
<input checked="" type="checkbox"/> Risk 07.32	An expanding population of older people along with increasing numbers of people choosing to remain living in their own homes will increase demand for mandatory home adaptation services Increasing pressure on the adaptations capital budget.	The pressure on the housing adaptations service, and the mitigation activity, are ongoing

Risk 08 - Risk of Stability of External Suppliers

	to Dec 2018
Responsible Officer	Strategic Director - People
Lead Cabinet Member	Cabinet Member for Social Services



Dec 2018		Risk 08 - Assessment Date & Score				
Risk - Direction of Risk		Direction				
The risk score has increased in the last period due to the potential impact of Brexit. There are potential risks which could impact on the stability of domiciliary and residential providers which provide services on behalf of the Council. There are potential impacts which could result in staff shortages, supply issues relating to medical and non medical supplies and potential future cost impacts which could be passed onto the Council.		↑	Series			
			Actual	Risk Rating		
					Mar 2018	Jun 2018
					Sep 2018	Dec 2018
RM01 Risk Rating		Actual	20	16	16	20
		Risk Rating	▲	▲	▲	▲

Object Measure Name

All 6 selected

Dec 2018		Risk - Action Status/Control Strategy				
Planned Mitigation						
<input checked="" type="checkbox"/> Risk 08.01	Market Management Consultation and engagement with social care providers	The Commissioning Team have regular dialogue with providers around a range of issues. In the last quarter we have been in contact with a range of service providers to discuss their Brexit preparations. Whilst we have received assurances that they are preparing the best they can, there is still uncertainty in the health and social care sector on the overall impact of Brexit both in the short and long term. These assurances are being fed back to the Council's Brexit task and finish group and we continue to monitor and engage with our partners and other local authorities during this period of time. We also have our regional workstreams which is engaging domiciliary care and residential providers on their ongoing fees and quality of care being provided to our clients.				
<input checked="" type="checkbox"/> Risk 08.02	Encouraging New Providers To Enter The Market The offer of block contracts for domiciliary care hours that provides incentive for new providers and creates a diverse market place.	The spot contact method of engaging providers is working well in Newport. The market is stable and all requests are filtered through the Brokerage Team who have up to date market knowledge.				
<input checked="" type="checkbox"/> Risk 08.03	Encouraging New Providers To Enter The Market Open dialogue with providers interested in entering the market to ensure they are fully informed about service demand and future commissioning intentions.	The Commissioning Team take every opportunity to talk to new providers. New services that are subject to tender are advertised and dialogue encouraged through supplier days.				

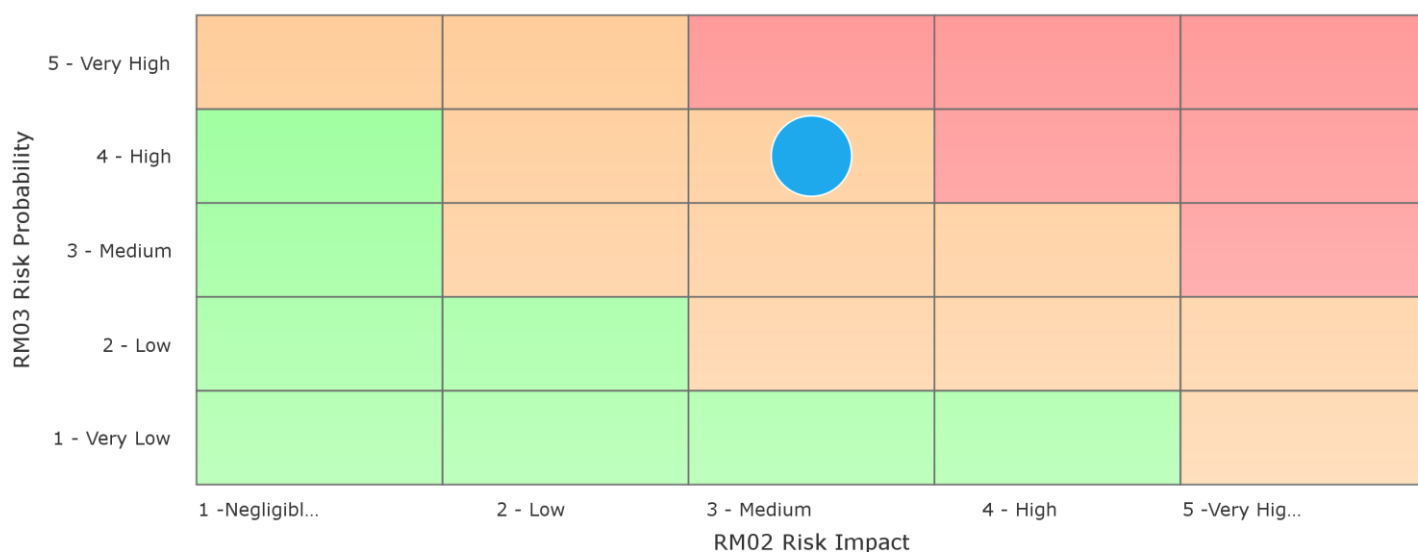
Risk 08 - Risk of Stability of External Suppliers

	to Dec 2018
Responsible Officer	Strategic Director - People
Lead Cabinet Member	Cabinet Member for Social Services

<input checked="" type="checkbox"/> Risk 08.04	<p>Developing New Sustainable Models of Service & Maximising Alternative Funding</p> <p>Working with partners such as Housing and Health to develop new services that are more financially sustainable and offer better opportunities for people to live independently.</p>	<p>The Independent Living Strategy is now a live document that will inform the future development of new accommodation options for people with learning disabilities. This work is dependent upon strong partnerships with RSL's. The Council's in house supported living scheme is moving towards closure as better opportunities for the tenants are sourced.</p> <p>Plans are in place for 2 more schemes in 2020 - Kings Hotel and Emlyn Street. Both will allow people to live in single units rather than group homes.</p>
<input checked="" type="checkbox"/> Risk 08.05	<p>Working With Commissioning Partners</p> <p>Working Regionally & Nationally to share knowledge, best practice, market intelligence and to develop commissioning strategies in both adults and children's services.</p>	<p>As identified in risk action 8.01 we are working with our commissioning partners, other local authorities and service providers to ensure that robust arrangements are in place for both adults and children services. In the last quarter we have also had dialogue with all of our strategic partners, service providers and local authorities regarding their Brexit arrangements. This work is ongoing and we are reporting any significant developments and changes to the Council's Brexit Task & Finish Group.</p>
<input checked="" type="checkbox"/> Risk 08.06	<p>Commissioning Function</p> <p>Strong, well organised Commissioning function and agreed strategies that effectively oversees and controls all purchasing activity and understands the local market. The Commissioning team are fully sighted on market issues, have well developed relationships with providers and work closely with operational teams to source good quality sustainable services.</p>	<p>Work has progressed in the development of a People Commissioning Hub.</p> <p>There are 3 new team members and childrens residential placements will become the sole responsibility of the hub from 1st March.</p> <p>Discussions are ongoing with Education to secure additional resource.</p>

Risk 10 - Climate Change

Responsible Officer	Strategic Director - Place
Lead Cabinet Member	Cabinet Member for Streetscene The Deputy Leader and Cabinet Member for Assets and Member Development



Dec 2018		Risk 10 - Assessment Date & Score				
Risk - Direction of Risk	Direction	Series				
Since the last quarter there has not been any significant change to this particular risk. The mitigation action demonstrates ongoing work being undertaken across the Council and further work will be undertaken in quarter 4 and beyond.	→	Risk Score	Risk Rating			
				Mar 2018	Jun 2018	Sep 2018
		RM01 Risk Rating	Risk Score	12	12	12
			Risk Rating			

Mitigating Action

All 8 selected

Dec 2018		Risk - Action Status/Control Strategy				
	Planned Mitigation					
<input checked="" type="checkbox"/>	Risk 10.01	Produce and implement a Carbon Management and Implementation plan to set out a strategy, objectives and programme to reduce overall carbon emissions, provide investment opportunities and to mitigate against anticipated increases in energy supply costs.	A Carbon Management Plan document this will be put forward to members in Quarter 4. Projects to reduce carbon emissions and cost are proceeding; conversion of our existing streetlights to LED is starting imminently which when complete will reduce our overall carbon emissions by over 5% and reduce our energy spend by over £500k per year. Additionally, the Council are entering into a building energy efficiency programme to tackle carbon emissions from our estate.			
<input checked="" type="checkbox"/>	Risk 10.02	Aim to get the best value for money from procurement of utilities through the National Procurement Service. Wherever possible purchase electricity backed by Renewable Energy Guarantee of Origin Certificates.	A policy on the procurement of zero carbon fuels will be built in to the Carbon Management plan to be adopted.			
<input checked="" type="checkbox"/>	Risk 10.03	Undertake a full review of the Council's assets and their suitability for the application of renewable energy technologies to deliver Carbon and financial benefits.	Building related renewable energy schemes to be included in building energy efficiency programme which is now in development. - Further feasibility on a potential solar farm site is ongoing			
<input checked="" type="checkbox"/>	Risk 10.04	Plan and deliver Sustainable Urban Drainage Systems (SuDS) - SuDS such as permeable surfaces, swales, wetlands and ponds can play an important role in managing local flood risk in urban areas since they replicate natural surface water drainage systems.	New legislation relating to Schedule 3 of the Flood and Water Management Act 2010 came into effect in Wales on 7 January 2019. This requires all new developments where the construction area is 100m2 or more to include Sustainable Drainage Systems (SuDS) that comply with WG national standards. Schedule 3 of the FWMA 2010 also places a duty on NCC as SuDS Approving Body (SAB) to adopt and maintain systems that are compliant as long as they are built and function in accordance with the approved proposals, including any SAB conditions of approval. NCC has set up a SuDS Approving Body (SAB) to undertake the statutory function of ensuring that drainage proposals on any construction site over 100m2 are designed, built and maintained in accordance with WG standards.			

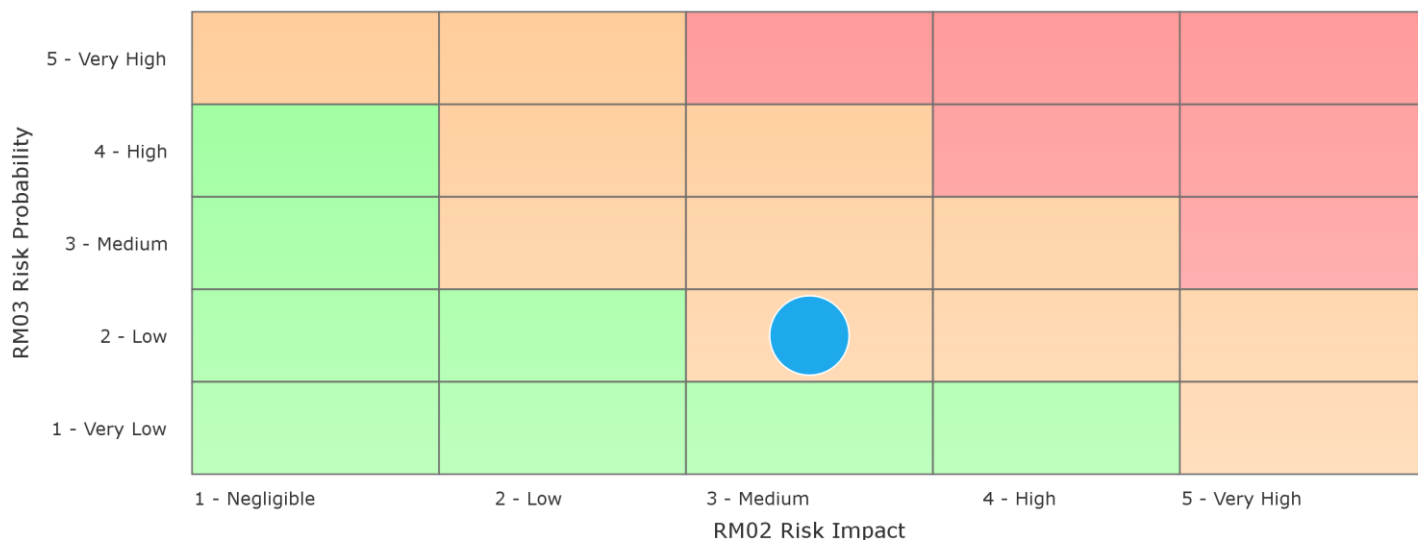
Risk 10 - Climate Change






Responsible Officer	Strategic Director - Place
Lead Cabinet Member	Cabinet Member for Streetscene The Deputy Leader and Cabinet Member for Assets and Member Development

<input checked="" type="checkbox"/> Risk 10.05	Comprehensive and robust Adverse Weather Plans.	Highways adverse weather plans are currently in followed and weather patterns monitored
<input checked="" type="checkbox"/> Risk 10.06	Plan and deliver green infrastructure - green infrastructure (trees, parks, open space etc) is important because it can help to keep cities cool in the summer, provide drainage routes for surface water and provide pathways through the urban environment for biodiversity to migrate as the climate changes.	Green Infrastructure Strategy format has been circulated as a draft document, developed in conjunction with the Public Service Board Partners and in Particular Natural Resources Wales (NRW). It appears that the next revision of PPW will require authorities to undertake a Green Infrastructure Assessment to inform a GI strategy and from there a next step is to develop the plan into a full document to guide future LDP revision. Proposed development will be through the use of an interactive consultation tool. PSB using interactive tool developed by Sustrans. Has been agreed that the PSB and NCC will take ownership of a combined GI strategy.
<input checked="" type="checkbox"/> Risk 10.07	Selection of road surfacing materials that have a higher resistance to heat damage and /or heat reflectivity. Increased preventative maintenance to seal surfaces to water ingress and arrest disintegration.	Good asset management and timely intervention with preventative highway treatments seals surfaces from water ingress and the destructive actions of severe weather. The limited capital investment available is implemented to maximise sustainability of the highway asset through good asset management planning
<input checked="" type="checkbox"/> Risk 10.08	Maximise on available Welsh Government funding to improve the defence of the city against fluvial and coastal flooding.	NRW have completed works on the Flood Alleviation Scheme at Crindau Shaftesbury and NCC are negotiating the hand over of the works and associated infrastructure. NCC managed to secure funding for 'add on' Flood and erosion mitigation measures through the WG LTF and have installed protective sheet pile walling to rear of pugsley street allotments that ties in with the FAS.

Risk 11 - Increasing Demands on IT Services and the Modernised Agenda

Responsible Officer	Chief Executive
Lead Cabinet Member	Cabinet Member for Community and Resources

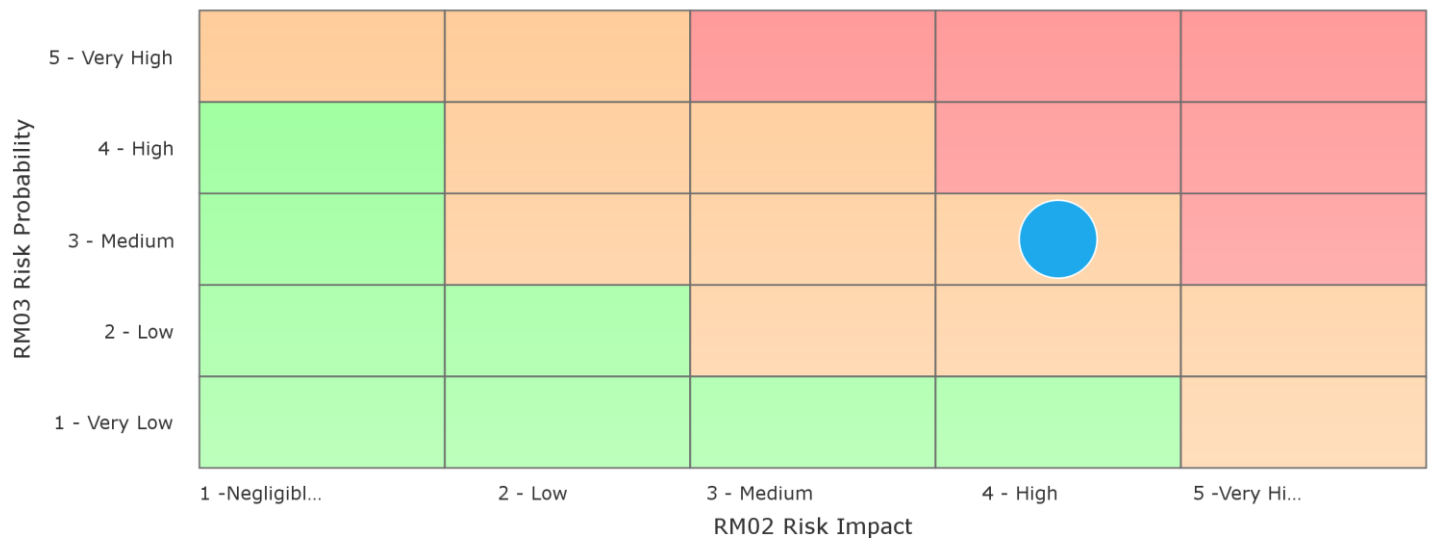


Dec 2018		Risk 11 - Assessment Date & Score							
Risk - Direction of Risk		Direction		Series					
Following a review of this risk in Quarter 3, it was confirmed that the score should remain at a 6 which is a reflection on the governance processes in place to oversee the delivery of IT projects.				Risk Score		Risk Rating			
						Mar 2018	Jun 2018	Sep 2018	Dec 2018
				RM01 Risk Rating	Risk Score	6	6	6	6
				Risk Rating					

Dec 2018			Risk - Action Status/Control Strategy			
Planned Mitigation						
☑ Risk 11.01	The Digital Service was established with a new structure to support its client management role. The monthly Delivery Group meetings with the SRS has been established to review performance (financial and non-financial) and project updates. This also includes project and core planned work to be prioritised. Regular briefings also take place with the Cabinet Member responsible and to the Chief Executive via the Head of Service. The Council is represented on all the SRS Boards by relevant staff.		Following a review of the risk in Quarter 3, this action has been updated to reflect the ongoing work between the Council and its partners, Shared Resource Service (SRS). Governance arrangements to monitor and report on the delivery of key IT projects with SRS are in place and being strengthened. Regular updates to the Cabinet Member and SLT are also being provided.			
☑ Risk 11.02	The Council's Programme Boards (Modernised Council, Thriving Cities, Resilient Communities, and Aspirational People) will provide the necessary oversight and scrutiny on the delivery of key Council projects involving IT services and infrastructure. The NCC Digital City Board was established to monitor the delivery of IT projects across the council with representation from SRS, Digital Service and council services. The Council will ensure that the necessary funding and financial monitoring and reporting controls are in place to ensure that the Council and SRS to deliver key projects and service delivery		This action has been updated following a review in Quarter 3. The Council's Programme Boards (Thriving City, Modernised Council, Resilient Communities and Aspirational People) are now established with regular monitoring and reporting on key IT projects being undertaken by the Boards. Each of these Boards are Sponsored by a member of SLT. The Council's Digital City Board is in place to also monitor and report the delivery of key IT projects with representatives from the SRS, Digital Services and other Council service areas.			

Risk 12 - Increasing Risk of Cyber Attack

Responsible Officer	Chief Executive
Lead Cabinet Member	Cabinet Member for Community and Resources

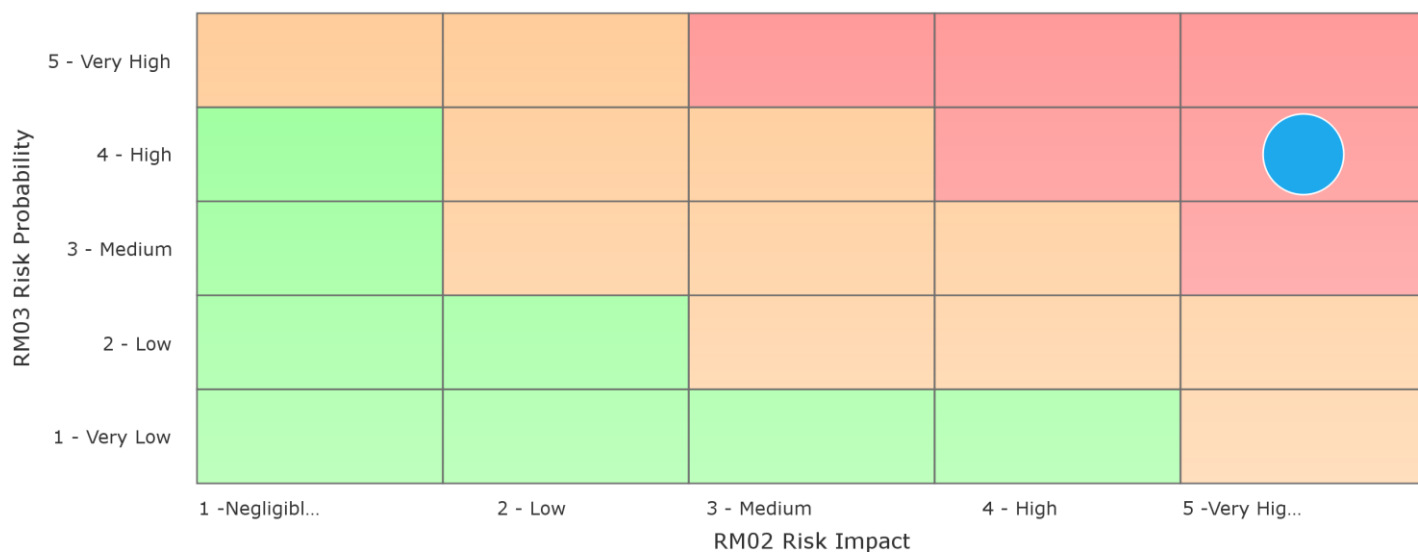


Dec 2018		Risk 12 - Assessment Date & Score				
Risk - Direction of Risk	Direction	Series				
In Quarter 3 this risk was reviewed and new actions have been raised. In the last quarter the council achieved its PSN accreditation and is now working towards its cyber essentials accreditation. It was determined that this risk remains at a risk score of 12 for this quarter.	→	Risk Score	Risk Rating			
				Mar 2018	Jun 2018	Sep 2018
		RM01 Risk Rating	Risk Score	9	12	12
			Risk Rating			

Dec 2018			Risk - Action Status/Control Strategy			
	Planned Mitigation					
<input checked="" type="checkbox"/> Risk 12.02	<p>The Council is working Regular PSN accreditation and other IT security reviews such as the 'Minimum Cyber Security Standard' to be completed with findings / recommendations reported and monitored through the Information Governance Group.</p> <p>SRS will also undertake the necessary IT security updates on all new and existing IT infrastructure to minimise the risk of external and internal cyber threats. The Council's IT team to receive regular risk updates and notifications.</p>		This action has been updated following a review in Quarter 3. The Council has obtained its Public Services Network (PSN) accreditation in Q3 and are now in the process of under a cyber-essentials accreditation which will build upon the Council's IT security in the Council.			
<input checked="" type="checkbox"/> Risk 12.03	<p>Policies, procedures and guidance relating to IT Security will be updated to align with the new GDPR legislation and also current arrangements in relation to the management and monitoring of cyber risks.</p> <p>Training and guidance is provided to all Newport City Council staff, agency workers and consultants which access the IT Network. The Council's Data Protection online training will also be updated to reflect recent GDPR changes and staff will continue to be encouraged to attend the Council's information Security training. SRS will also continue to notify and provide guidance to staff where potential cyber threats are received.</p>		This is a new risk action following a review in Q3. Digital Services will be undertaking a review of all of its policies and procedures to ensure that it meets the necessary legislative and regulatory requirements. Ongoing training of staff is being undertaken in relation to Data Protection and Digital Services are providing updates on security issues to the Information governance group.			
<input checked="" type="checkbox"/> Risk 12.04	<p>Disaster Recovery and business continuity processes between the Council and SRS will be reviewed and updated. These processes will be subject to regular testing with findings and recommendations fed back to the Council's Information Governance Group to ensure the necessary action(s) are completed.</p>		This is a new risk action for Q3 following a review of the risk. This action will be monitored in Q3 and beyond.			

Risk 13 - Maintaining the Highways Network

to Dec 2018
Responsible Officer
Lead Cabinet Member
Strategic Director - Place
Cabinet Member for Streetscene
The Deputy Leader and Cabinet Member for Assets and Member Development

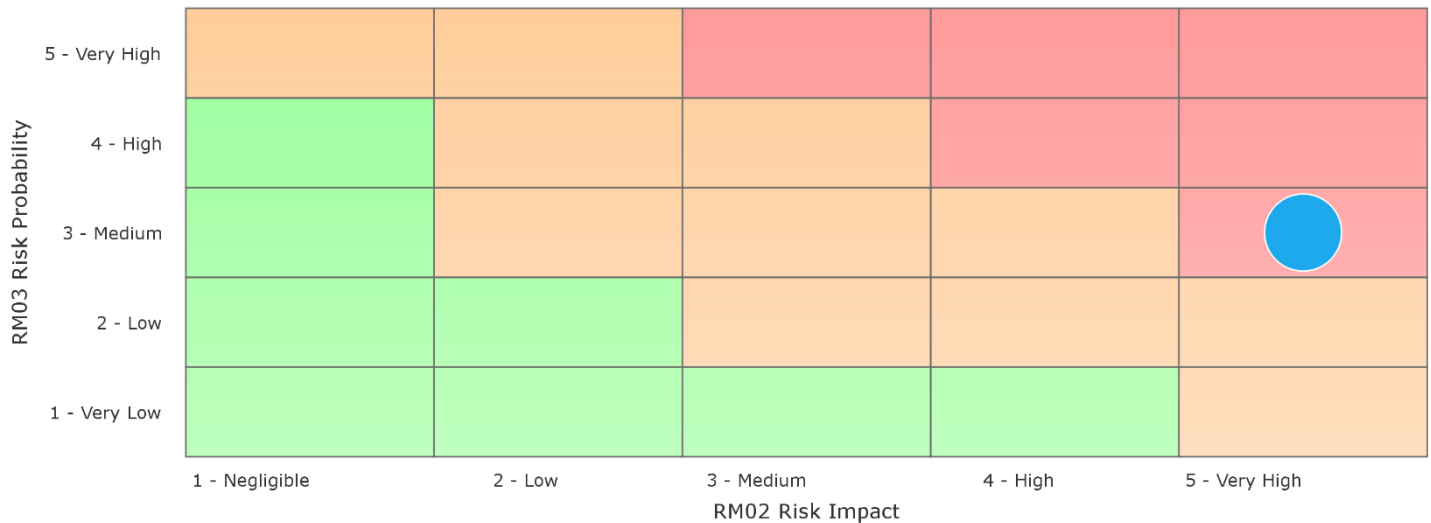


Dec 2018	Risk 13 - Assessment Date & Score				
Risk - Direction of Risk	Direction	Series			
In Quarter 3, this risk was subject to a review which resulted in building and highways assets being split into two separate risk areas. As a result of this review the risk has been scored 20 to reflect the removal of buildings from risk but also to reflect the ongoing pressure on the Council to maintain its infrastructure and the backlog of work that needs to be undertaken.	✓	Risk Score	Risk Rating		
				Mar 2018	Jun 2018
				Sep 2018	Dec 2018
		RM01 Risk Rating	Risk Score	25	25
			Risk Rating	25	20
				▲	▲

Dec 2018	Risk 13 - Action Status/Control Strategy	
Planned Mitigation	Risk - Action Status/Control Strategy	
<input checked="" type="checkbox"/> Risk 13.01 The limited capital investment available is implemented to maximise sustainability of the highway asset through good asset management planning. However, asset condition continues to decline. The authority continues to lobby through WLGA and CSS(W) for recognition of asset decline and commensurate funding to address the backlog. The Highways Asset Management Plan (HAMP) will support this approach by: <ul style="list-style-type: none"> • Development of co-ordinated forward work packages for highway maintenance, operation and improvement • Maintenance strategies for the long term, based whole life costing • Calculating future funding requirements to maintain agreed levels of service • Managing risk of failure or loss of asset serviceability 	Following a review in Q3 this risk action has been updated to reflect the current financial and operational position of the Council. The Council is still raising to WLGA and Welsh Government the difficulties which it has in addressing the backlog of works. Additional funding from Welsh Government has been assigned for additional improvements to the infrastructure but this does not cover all of the works that need to be undertaken by the Council.	
<input checked="" type="checkbox"/> Risk 13.02 Robust inspection and repair regimes ensure that the safety and serviceability of assets are maintained and mitigate the risk of 3rd party claims against the authority as a result of failure of duty to maintain the highway under section 41 Highways act.	this risk action has been updated following a review in Q3. City Services has an inspection programme in place for its highways assets and is enabling the Council to undertake repairs / maintenance of assets which are at significant risk / harm to the public. This work is delivered through the Council's revenue budgets.	

Risk 15 - City Centre Security & Safety

Responsible Officer	Strategic Director - Place
Lead Cabinet Member	Cabinet Member for Streetscene



Dec 2018		Risk 15 - Assessment Date & Score								
Risk - Direction of Risk		Direction	Series							
This is a new risk that has emerged for Quarter 3 and following approval at Senior Leadership Team, the risk score has initially been assessed as 12.		?	Risk Score		Risk Rating					
							Mar 2018	Jun 2018	Sep 2018	Dec 2018
			RM01 Risk Rating	Risk Score	~	~	~	15		
				Risk Rating	»	»	»	▲		

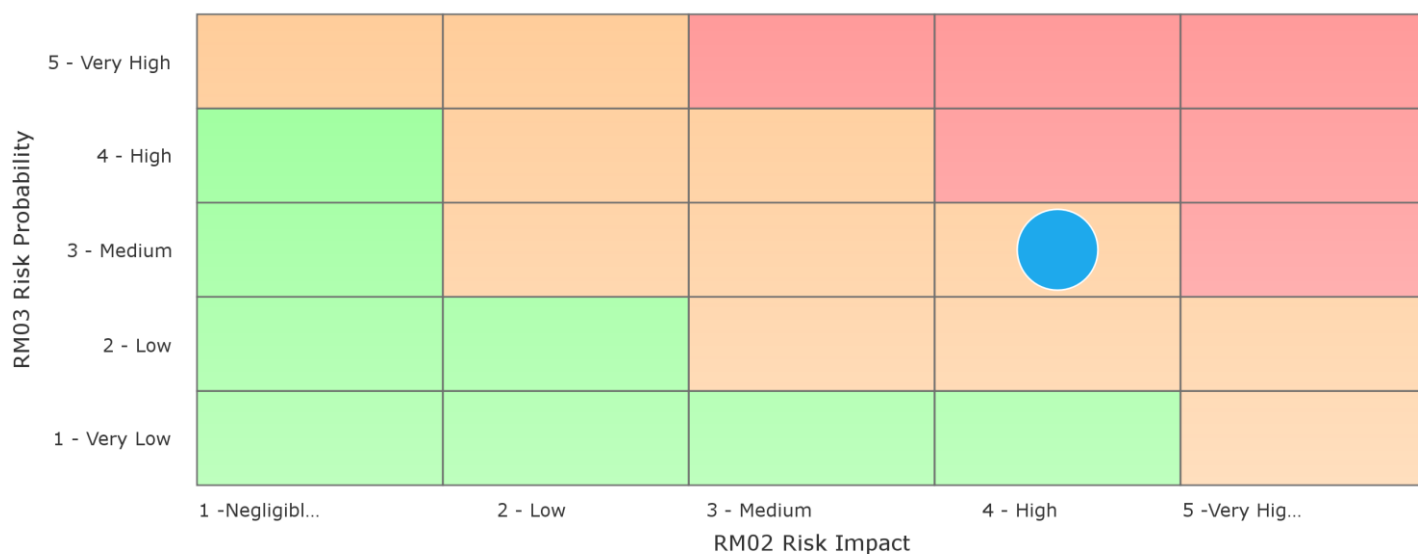
Mitigating Action

All 3 selected

Dec 2018		
	Planned Mitigation	Risk - Action Status/Control Strategy
<input checked="" type="checkbox"/> Risk 15.01	Secure vehicle access and pedestrian separation. – City Services are currently working on a plan to identify what mitigation measures can be put in place around the city centre to protect densely populated areas.	This is a new action and an update will be provided in Quarter 4
<input checked="" type="checkbox"/> Risk 15.02	Training for those businesses operating within the city centre that may be affected by significant incidents – Gwent Police will lead on the training with the use of NCC channels to promote and raise initial awareness of the scheme.	This is a new action and an update will be reported in Quarter 4.
<input checked="" type="checkbox"/> Risk 15.03	Co-ordinated evacuation arrangements for the city centre – NCC will be working with all partner organisations such as the emergency services and private business within the city centre to construct a co-ordinated evacuation system.	This is a new action and an update will be reported in Quarter 4.

Risk 16 - Maintenance and improvement of Council buildings and assets.

	to Dec 2018
Responsible Officer	Strategic Director - Place
Lead Cabinet Member	Cabinet Member for Streetscene



Dec 2018	
Risk - Direction of Risk	Direction
This is a new risk following a review in Quarter 3 of the Asset management: Highways and buildings. SLT agreed for the risk to be split and a new risk score is 12. This reflects the ongoing budget pressures to address backlog of work to maintain and improve the council's buildings.	?

Risk 16 - Assessment Date & Score

Series

Risk Score	Risk Rating
------------	-------------

		Mar 2018	Jun 2018	Sep 2018	Dec 2018
RM01 Risk Rating	Risk Score	~	~	~	12
	Risk Rating	»	»	»	●

	Dec 2018	
	Planned Mitigation	Risk - Action Status/Control Strategy
☑ Risk 16.01	The Council through its Strategic Property Partners Newport Norse are undertaking condition surveys which have been enhanced from 2018/19 to better understand the entire estate with a reduced commitment for each year thereafter for cyclical condition surveys and specialist surveys to accompany.	This is a new risk action which was raised as a result of the Q3 review. The Council is working with Norse undertaking condition surveys and help support the Council's strategic asset Management Plan.
☑ Risk 16.02	The Council's Building and Assets Evaluation matrix is regularly monitored and reported to the Capital Strategy and Asset Management Group.	This is a new risk action as a result of the Q3 review. The Asset Management Group regular convene and are receiving updated reports on the evaluation matrix and the work being undertaken between the Council and Norse to risk manage its estate.

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WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

2019 Audit Plan – Newport City Council & Newport City Council Group

Audit year: 2018-19

Date issued: March 2019

Document reference: 1157A2019-20

This document has been prepared as part of work performed in accordance with statutory functions.
Further information on this is provided in [Appendix 1](#).

No responsibility is taken by the Auditor General, the staff of the Wales Audit Office or, where applicable, the auditor acting on behalf of the Auditor General, in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

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2019 Audit Plan

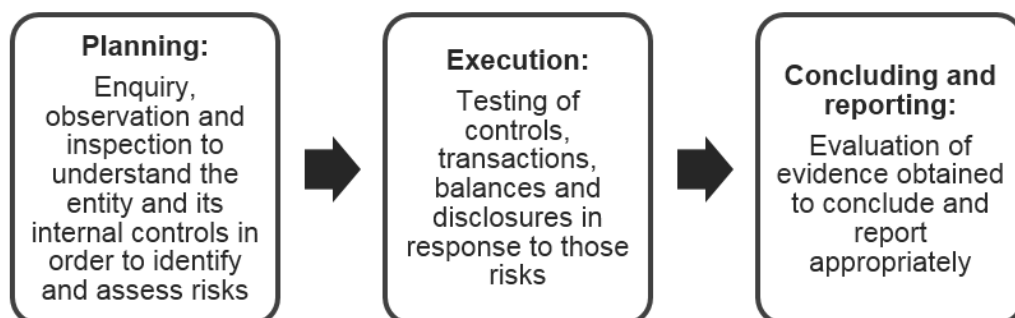
Summary

- 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), Wellbeing of Future Generations (Wales) Act 2015, 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 the 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](#).

Audit of accounts

- 5 It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their 'truth and fairness'. Our audit work covers the accounts of Newport City Council (the Council) and those of Newport City Council Group (the Group) which incorporates Newport Transport Ltd. This provides assurance that the accounts of the Council and the Group:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
- 6 I also consider whether 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. Also included are other key areas of audit attention my team will be focusing on.

Exhibit 2: financial audit risks

Financial audit risk	Proposed audit response
Significant risks	
Risk of management override 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].	My audit team will: <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business.
Other areas of audit attention	
Group accounts As in prior years, the Council's 2018-19 financial statements will include consolidated financial statements including the accounts of Newport Transport Ltd.	My audit team will: <ul style="list-style-type: none"> • perform early audit work to confirm the consolidation process for the 2018-19 financial statements; and • review any disclosures made by the Council in detail to ensure that they are in line with Code requirements.

Financial audit risk	Proposed audit response
<p>City Deal</p> <p>The Council is participating in the Cardiff Capital Region City Deal (CCRCD).</p> <p>City deals are arrangements negotiated with government that give greater accountability for actions in return for new powers to help encourage growth and jobs. The CCRCD involves ten local authorities. The City Deal was ratified by all participating authorities on 1 March 2017. The authorities have established a joint committee (the Regional Cabinet) to oversee delivery of a range of programmes designed to increase connectivity and to improve physical and digital infrastructure over the course of 20 years.</p> <p>This significant programme will have financial, governance and delivery risks that need to be managed. There will be numerous accounting issues to address, including consolidation of joint committee accounts.</p>	<p>My audit team will liaise with the auditors of the Regional Cabinet Joint Committee accounts and the Council to confirm that its proposed accounting treatment of its share of the assets / liabilities of the CCRCD is appropriate.</p>
<p>Friars Walk – revenue subsidy</p> <p>The sale of the Friars Walk shopping centre was completed in July 2017. As part of the sale, the Council remains potentially liable for an ongoing revenue subsidy which is set at a maximum of £0.5 million per year, for 13 more years as at 31 March 2019.</p> <p>The Council will need to estimate this potential liability appropriately and account for it in the 2018-19 financial statements. This estimate could vary over time due to changing circumstances and developments.</p>	<p>My audit team will review the Council's calculation of the revenue subsidy, to ensure that it is reasonable and considers all relevant factors.</p>

Financial audit risk	Proposed audit response
<p>New accounting standards</p> <p>IFRS 9 financial instruments applies from 1 April 2018 and brings in a new principles-based approach for the classification and measurement of financial assets. It also introduces a new impairment methodology for financial assets based on expected losses rather than incurred losses. This will result in earlier recognition of expected credit losses and will impact on how the bad debt provision is calculated.</p> <p>IFRS 15 revenue from contracts with customers introduces a principles-based five-step model for recognising revenue arising from contracts with customers. It is based on a core principle requiring revenue recognition to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration a body expects to be entitled to, in exchange for those goods or services. It will also require more extensive disclosures than are currently required.</p>	<p>My audit team will assess the likely impacts of the new IFRSs and undertake work to respond to any identified risks of material misstatement.</p>

- 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. For audit planning purposes, we have adopted a materiality level of £4.6 million, being 1% of gross expenditure in the 2017-18 accounts. We will update this level on receipt of the draft 2018-19 accounts, and will report it to the Audit Committee prior to completion of the audit.
- 11 We also set separate, lower levels of materiality for certain areas of the financial statements that are deemed sensitive in nature. For this audit, a lower materiality level will be set for the audit of related party disclosures and senior officer remuneration tables.
- 12 For reporting purposes, I will treat any misstatements below a 'trivial' level (that is, 5% of materiality) as not requiring consideration by those charged with governance and therefore I will not report them.
- 13 My fees and planned timescales for completion of the audit are based on the following assumptions:
 - the financial statements are provided in accordance with the agreed timescales, to the quality expected and have been subject to a robust quality assurance review;

- 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 officials 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.
- 14 In addition to my responsibilities in respect of the audit of the Council's and the Group's statutory financial statements set out above, I am also required to certify a return to the Welsh Government which provides information about Newport City Council to support preparation of Whole of Government Accounts.
- 15 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
 - Section 31 Right to make objections at audit.
- 16 Audit fees will be chargeable for work undertaken in dealing with electors' questions and objections. Because audit work will depend upon the number and nature of any questions and objections, it is not possible to estimate an audit fee for this work.
- 17 If I do receive questions or objections, I will discuss potential audit fees at the time.

Other financial audit work

- 18 I am also responsible for the examination of the Greater Gwent Crematorium Joint Committee Annual Return. This work involves an independent examination rather than a full audit. My team will undertake the examination of these accounts on my behalf in accordance with the timescales agreed with the Council.
- 19 My audit fee for this work is set out in [Exhibit 4](#).

Performance audit

- 20 I need to balance my existing, new and proposed statutory duties with the need to continue to undertake meaningful, risk-based and proportionate audits and assessments. In discharging my responsibilities, I will continue to seek to strike the most appropriate balance and add 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.
- 21 As it is likely that the anticipated Local Government Wales Bill will propose that the Local Government (Wales) Measure 2009 no longer applies to councils, I will continue to minimise work that focuses on the process of improvement planning.
- 22 In my audit plan for 2018 I explained that in previous years I had placed reliance on my work under the Measure to help discharge my duty under the Public Audit (Wales) Act 2004 to satisfy myself that councils have made proper arrangements to secure economy, efficiency and effectiveness (value for money) in the use of resources. Given that in the future it is likely that I will be unable to rely on my work under the Measure, in 2019-20, and subsequent years, the focus of my local performance audit programmes will continue to be more clearly aligned to discharging my Public Audit (Wales) Act 2004 duty.
- 23 In 2018-19 I undertook an examination of the extent to which you are acting in accordance with the sustainable development principle in taking steps to meet your well-being objectives. During 2019-20 I will undertake a further examination to assess the extent to which you are applying the sustainable development principle when taking steps towards meeting your well-being objectives. This will be the final piece of work I will undertake to discharge my duties under the Wellbeing of Future Generations Act at the Council prior to laying my first cyclical report with the National Assembly in 2020. During 2019-20 I will also be considering how to discharge my duties under the Act over the period 2020 to 2024 and I will seek to engage with local authorities as well as other stakeholders in developing my approach.
- 24 The Wales Audit Office also undertakes a programme of local government studies. This work is included within the Wales Audit Office estimates for funding from the Welsh Consolidated Fund and not local fees. These studies primarily lead to a national report augmented by good practice and shared learning outputs rather than by local reports. Local findings, where relevant, will be captured in improvement assessment work and reported in annual improvement reports depending on the timing and the focus of conclusions.
- 25 Taking all these factors into consideration, my 2019-20 programme of work will comprise:

Exhibit 3: performance audit programme

Performance audit programme	Brief description
Improvement audit and assessment work including improvement planning and reporting audit	Audit of discharge of duty to publish an improvement plan, and to publish an assessment of performance.
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	Examination of the extent to which the Council has acted in accordance with the sustainable development principle when taking steps to meet its wellbeing objectives.
Assurance and Risk Assessment	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.
Financial Sustainability	A project common to all local councils that will assess financial sustainability in light of current and anticipated future challenges.
Follow up review of the Shared Resource Service (SRS)	This review will follow up on the recommendations made by the Auditor General in his 2015 report reviewing the SRS. The review will be carried out across the four local councils that are members of the SRS.
Embedding the Council's Corporate and Well-being Plans	We will undertake work in relation to supporting the Council to embed its new Corporate Plan and Well-being Plan and the underpinning boards.
2019-20 Local Government Studies	(Funded by the Welsh Consolidated Fund) The Auditor General has recently completed his consultation on his forward work programme and new local government studies to commence in 2019-20 will be confirmed shortly.

- 26 The four 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](#).

Certification of grant claims and returns

- 27 I have been requested to undertake certification work on Newport City Council's grant claims and returns. A separate report, Certification of Grants and Returns 2017-18, summarises the more significant and/or recurring issues I identified when undertaking grant certification work in 2017-18.
- 28 As was the case last year, the Welsh Government will not require me to provide any report of factual findings related to any activity levels or outcomes.
- 29 My audit fee for this work is set out in [Exhibit 4](#).

Fee, audit team and timetable

Fee

- 30 Your estimated fee for 2019 is set out in [Exhibit 4](#). There have been some small changes to my fee rates for 2019, however. My audit teams will continue to drive efficiency in their audits to ensure any resulting increases will not be passed to you. This estimate represents a 1% decrease compared to your actual 2018 fee.

Exhibit 4: audit fee

Audit area	Proposed fee (£) ¹	Actual fee last year (£)
Audit of accounts ²	191,900	191,900
Performance audit work ³	104,815	104,776
Grant certification work ⁴	70,000	73,705
Other financial audit work ⁵	1,244	1,244
Total fee	367,959	371,625

- 31 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.
- 32 Further information on my [fee scales and fee setting](#) can be found on our website.

Audit team

¹ The fees shown in this document are exclusive of VAT, which is not charged to you.

² Payable November 2018 to October 2019.

³ Payable April 2019 to March 2020.

⁴ Payable as work is undertaken.

⁵ Payable as work is undertaken on the Greater Gwent Cremation Joint Committee.

- 33 The main members of my team, together with their contact details, are summarised in **Exhibit 5**.

Exhibit 5: my audit team

Name	Role	Contact number	E-mail address
Anthony Veale	Engagement Director and Engagement Lead – Financial Audit	029 2032 0585	anthony.veale@audit.wales
Huw Rees	Engagement Lead – Performance Audit	029 2032 0599	huw.rees@audit.wales
Gareth Lucey	Financial Audit Manager	029 2082 9398	gareth.lucey@audit.wales
Ramim Khan	Financial Audit Team Leader	029 2032 0632	ramim.khan@audit.wales
Non Jenkins	Performance Audit Manager	029 2032 0595	non.jenkins@audit.wales
Gareth Jones	Performance Audit Lead	029 2032 0548	gareth.jones@audit.wales

- 34 I can confirm that that my team members are all independent of Newport City 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

- 35 I will provide reports, or other outputs as agreed, to Newport City 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
2019 Audit Plan	December 2018 to January 2019	March 2019
Financial accounts work: <ul style="list-style-type: none"> Audit of Financial Statements Report Opinion on Financial Statements Financial Accounts Memorandum 	January to August 2019	September 2019 September 2019 November 2019
Performance work: <ul style="list-style-type: none"> Improvement Plan Audit 	June 2019	June 2019*
<ul style="list-style-type: none"> WFG Act Examination 	April - September 2019	September 2019*
<ul style="list-style-type: none"> Assessment of Performance Audit 	October- November 2019	November 2019
<ul style="list-style-type: none"> Assurance and Risk Assessment 	October – November 2019	December 2019*
<ul style="list-style-type: none"> Financial Sustainability 	tbc	tbc
<ul style="list-style-type: none"> SRS Review 	tbc	tbc
<ul style="list-style-type: none"> Embedding the Corporate and Well-being Plans 	tbc	tbc
Annual Improvement Report	April 2019 – May 2020	June 2020*
2020 Audit Plan	October to December 2019	January 2020*

* Estimated

Future developments to my audit work

- 36 Details of other future developments including forthcoming changes to key International Financial Reporting Standards, the Wales Audit Office's Good Practice Exchange (GPX) seminars and my planned work on the readiness of the Welsh public sector for Brexit, are set out in [Appendix 3](#).

Appendix 1

Respective responsibilities

Audit of accounts

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 Newport City 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;
- Newport City 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 Newport City 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 Newport City 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 Public Audit (Wales) Act 2004 requires me, by examination of the accounts or otherwise, to satisfy myself that the body has made proper arrangements for:

- securing economy, efficiency and effectiveness in its use of resources; and
- that the body, if required to publish information in pursuance of a direction under section 47 (performance information) has made such arrangements for collecting and recording the information and for publishing it as are required for the performance of its duties under that section.

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. I 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.

Section 15 of the Well-being of Future Generations Act (Wales) 2015 requires me to carry out examinations of public bodies for the purposes of assessing the extent to which it has acted in accordance with the sustainable development principle when:

- (a) setting well-being objectives; and
- (b) taking steps to meet those objectives.

I must carry out such an examination of each public body at least once during a five-year period. Before the end of the period I must report on the results of those examinations to the National Assembly.

Appendix 2

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

Exhibit 7: performance work in last year's audit outline still in progress

Four pieces of performance audit work included in last year's audit plan remain outstanding.

Performance audit project	Status	Comment
Environmental Health Review of the arrangements the council has put in place to deliver environmental health services building on the study previously undertaken by the Auditor General as part of the 'delivering with less' themed studies.	Scoping	We are conducting a short follow up of the Council's progress in addressing the recommendations made in the Auditor General's national study. We aim to conclude this work by early Autumn 2019.
Leisure Services Review of the arrangements the council has put in place to deliver leisure services building on the 'study previously undertaken by the Auditor General as part of the 'delivering with less' themed studies.	Scoping	We are conducting a short follow up of the Council's progress in addressing the recommendations made in the Auditor General's national study. We aim to conclude this work by early Autumn 2019.
Corporate Safeguarding Arrangements Review of the effectiveness of corporate safeguarding arrangements building on the study previously undertaken by the Auditor General in this area.	Scoping	We are conducting a short follow up of the Council's progress in addressing the recommendations made in the Auditor General's national study. We aim to conclude this work by early Autumn 2019.
Out of County Placements	Scoping	Agreed area of focus is on out of county placements for looked after children. The audit was delayed to allow the Council to implement changes to its residential care provision in early 2019.

Appendix 3

Other future developments

A. Forthcoming key IFRS changes

Exhibit 8: changes to IFRS standards

Standard	Effective date	Further details
IFRS 16 leases	Expected in 2020-21	IFRS 16 will replace the current leases standard IAS 17. The key change is that it largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. It will lead to all leases being recognised on balance sheet as an asset based on a right of use principle with a corresponding liability for future rentals. This is a significant change in lessee accounting.

B. Good Practice Exchange

The Wales Audit Office's GPX helps public services improve by sharing knowledge and practices that work. Events are held where knowledge can be exchanged face to face and resources shared on line. The main areas of work are regarding financial management, public-sector staff and governance.

[Further information, including details of forthcoming GPX events and outputs from past seminars.](#)

C. Brexit: preparations for the United Kingdom's departure from membership of the European Union

In accordance with Article 50 of the Treaty of Rome, on 29 March 2019 the United Kingdom will cease to be a member of the European Union. Negotiations are continuing, and it currently remains unclear whether agreement will be reached on a transition period to 31 December 2020, or whether a 'no deal' immediate exit will take place next March.

The Auditor General has commenced a programme of work looking at the arrangements that the devolved public sector in Wales, including all NHS bodies, is putting in place to prepare for, and respond to, Britain's exit from the European Union. This will take the form of a high-level overview to establish what is being put in place across the Welsh public sector, and what the key issues are from the perspectives of different parts of the Welsh public service.

The Auditor General intends to carry out this initial work in two tranches. In autumn 2018, he issued a call for evidence to compile a baseline summary of arrangements being put in place. On 19 February, the Auditor General issued a report⁶ on preparations in Wales for a 'no deal' Brexit. This will be followed up by further audit fieldwork during the rest of 2019.

⁶ <http://www.audit.wales/publication/preparations-wales-no-deal-brexite>

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WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Certification of Grants and Returns 2017-18 – Newport City Council

Audit year: 2017-18

Date issued: March 2019

Document reference: 1156A2019-20

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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 the certification of grant claims and conclude that Newport City Council (the Council) had generally good arrangements in place for the production and submission of its 2017-18 grant claims. The Council worked closely with us to ensure that an accurate and up-to-date schedule of grant claims was in place throughout the year.
- 3 For 2017-18 we certified ten grant claims with a total value of £154.4 million compared to 16 grant claims with a total value of £164.1 million in 2016-17. The main reasons for the decrease are explained below:
 - 2017-18 saw the introduction of the Welsh Government Summary Statement of Expenditure, a single return which replaced separate returns for:
 - Flying Start Revenue;
 - Flying Start Capital;
 - Families First; and
 - Free Concessionary Travel;
 - there was a single return for Communities First in 2017-18, instead of four separate returns for each Communities First cluster; and
 - there were reductions in the total value of certain grant claims, such as National Non-Domestic Rates (£7.1 million reduction in 2017-18), 21st Century Schools (£3.4 million), and Housing Benefit Subsidy (£2.3 million).
- 4 The Council submitted all but one grant claims to us on time, with the one late grant claim submitted late only a single day past the submission deadline (no claims were submitted late in 2016-17). We can confirm that we have certified all of the claims, at a total audit cost of £73,705 (2016-17: £74,189).
- 5 Four claims were qualified in 2017-18 which is the same as in 2016-17.

Summary of certification work outcomes

- 6 Detailed on the following page is a summary of the key outcomes from our certification work on the Council's 2017-18 grant claims, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate.
- 7 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	2017-18	2016-17	2015-16
Grant claims certified	10	16	16
Claims qualified with no amendment	4	1	1
Claims qualified and required some amendment	0	3	1
Claims unqualified but required some amendment	3	3	5
Claims unqualified with no amendment	3	9	9

Summary of certification work outcomes

	Grants and returns	Value of Grant / Return	Certification Status	Amendment Value	Reason for Qualification / Amendment	Other Comments
1	Housing Benefit Subsidy	£54,677,512	Qualified	£0	Qualification The Housing Benefit Subsidy return was qualified in a number of areas, with the extrapolated value of issues ranging from £66 to £15,590. Qualification issues related to: <ol style="list-style-type: none"> 1. meal deductions; 2. fuel deductions; 3. bed & breakfast rates; 4. number of bedrooms; 5. periods of occupancy; 6. inclusion of VAT; and 7. classification of costs. 	The Housing Benefit Subsidy Return does not have a de-minimis report level. As such, matters of any value must be either amended or reported in a Qualification Letter. Our Qualification Letter identifies a potential decrease in subsidy due to the Council of £16,958.
2	Welsh Government Summary Statement of Expenditure	£14,405,895	Observation Letter	£0	Observation Letter Items raised in the Observation Letter were: <ol style="list-style-type: none"> 1. two amounts pre-populated by the Welsh Government had been changed by the Council; 2. for four of the grant schemes, the amounts recorded as 'LA Grant Expenditure' were understated; and 3. an amount of £39,654 had been incorrectly recorded as a virement on one of the grant schemes. 	Under the Certification Instruction for this statement, any matters arising from our work are to be reported as an Observation Letter, with no amendments to the Return. Our Observation Letter identifies a potential increase in grant due to the Council of £39,758.

	Grants and returns	Value of Grant / Return	Certification Status	Amendment Value	Reason for Qualification / Amendment	Other Comments
3	Teacher's Pension Return	£13,448,385	Qualified	£0	Qualification Items raised in the Qualification Letter were: <ol style="list-style-type: none"> 1. there are several small errors in the calculation of pension contributions noted in the Return. 2. some of the entries on the Return did not agree to the Council's payroll reports. This was due to two transactions that required manual amendment, but the amendments were incorrectly entered. 	The Teacher's Pension Return does not have a de-minimis report level. As such, matters of any value have to be amended or reported in a Qualification Letter. Our Qualification Letter identifies that the Council has potentially overpaid contributions by £109.
4	Substance Misuse Action Fund	£4,374,724	Qualified	£0	Qualification The Substance Misuse Action Fund is a revenue scheme. Our work identified potential capital expenditure within the claim.	Our Qualification Letter identifies a potential decrease in grant due to the Council of £15,593.
5	Section 28A Annual Voucher	£2,094,510	Amended	£0	Amendment The return needed be re-signed by the appropriate signatory.	No further comments.
6	Social Care Workforce Development Programme	£514,379	Amended	£9,000	Amendment Our work identified £9,000 of expenditure as being incurred after the statement period. As such, it could not be claimed in 2017-18, leading to a reduction in grant receivable of £6,300 (grant is provided at 70% of expenditure).	No further comments.

	Grants and returns	Value of Grant / Return	Certification Status	Amendment Value	Reason for Qualification / Amendment	Other Comments
7	Local Transport Fund	£1,074,000	Amended	£6,600	Amendment 1. Amounts were originally entered to the nearest point, when the requirement is to enter to the nearest thousand pounds. 2. Total Expenditure and Grant received were both understated by £6,600, but this does not affect the grant receivable by the Council.	No further comments.
8	21 st Century Schools	£7,619,483	Unqualified	£0	Not applicable.	No further comments.
9	National Non-Domestic Rates	£54,508,933	Unqualified	£0	Not applicable.	No further comments.
10	Communities First	£1,674,071	Unqualified	£0	Not applicable.	No further comments.
	Total	£154,391,892				

Fees

- 8 Our overall fee for the certification of grants and returns for 2017-18 is £73,705. Compared to 2016-17, there were reductions in fees arising from the certification of the Welsh Government Summary Statement of Expenditure (£8,033) and the single Communities First return (£6,660). However, there were increased costs of £10,315 arising from the qualification of the Housing Benefit Subsidy return.

Breakdown of fee by grant/return	2017-18	2016-17	2015-16
Housing Benefit Subsidy	£32,628	£22,313	£20,626
Welsh Government Summary Statement of Expenditure ¹	£4,464	N/A	N/A
Teacher's Pension Return	£4,712	£4,708	£4,820
Substance Misuse Action Fund	£3,583	£2,485	£2,842
Section 28A Annual Voucher	£1,937	£1,600	£1,729
Social Care Workforce Development Programme	£3,144	£2,030	£2,093
Local Transport Fund	£2,245	£1,313	£1,385
21 st Century Schools	£2,385	£2,546	£2,037
Non-Domestic Rates	£3,042	£2,877	£2,989
Communities First	£3,385	£10,045	£9,429
Free Concessionary Travel ^{1 2}	£979	£2,923	£2,899
Flying Start Revenue ¹	N/A	£4,280	£3,633
Families First ¹	N/A	£4,306	£3,822
Flying Start Capital ¹	N/A	£1,966	£2,093
Grant Planning, Management and Review	£11,201	£10,797	£10,523
Total Fee	£73,705	£74,189	£70,919

1. The Welsh Government Summary Statement of Expenditure is a single return which replaced separate returns for (i) Flying Start Revenue (ii) Flying Start Capital (iii) Families First and (iv) Free Concessionary Travel. The total fee for the individual returns in 2016-17 was £13,475.
2. The fee for Free Concessionary Travel relates to work undertaken to report to Welsh Government on the use of Smartcard Data by Bus Operators within the Council area. As noted in point 1 above, certification work was incorporated into our work over the Welsh Government Summary Statement of Expenditure.

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Report

Audit Committee

Part 1

Date: 28th March 2019

Item No: 8

Subject **Draft Internal Audit Annual Plan 2019/20**

Purpose To inform Members of the Council's Audit Committee of the Internal Audit Section's Draft Operational Audit Plan for 2019/20.

For the Audit Committee to comment on and approve the Draft 2019/20 Operational Internal Audit Plan and provide comments as appropriate.

Author Chief Internal Auditor

Ward General

Summary Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, effective and efficient use of the Council's resources.

The attached report is the draft operational Internal Audit plan for 2019/20 based on an assessment of risk and available audit resources. It outlines where Internal Audit resources will be focused over the next year, covering systems and establishments in all service areas of the Council. 1258 productive audit days have been planned for 2019/20 [1214 days 2018/19]. This is a draft plan as work on 2018/19 is not yet complete.

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

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

Action by The Audit Committee

Timetable Immediate

This report was prepared after consultation with:

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

Signed

Background

1. This report aims to inform Members of the Audit Committee of the work to be undertaken by the Internal Audit Section at an operational level for 2019/20. It identifies why the Council operates an Internal Audit function, the resources currently available and how they will be applied across the services of Newport City Council to give management assurance that systems are working as intended.
2. The draft plan has been compiled from cumulative audit knowledge and experience, with reference to the Corporate Plan, Service Improvement Plans, Newport's Corporate Risk Register, Budget and Medium Term Revenue Plan and external audit reports along with previous history of known problems or issues. The views and concerns of service area management teams have also been incorporated into prioritising workloads for the audit planning process. Heads of Service have been afforded the opportunity to contribute to the drafting of the plan.
3. The report refers to options considered, preferred choice and consultation undertaken. The report lists all background papers relevant to scrutiny of this issue.
4. The Head of Finance is, for the purposes of Section 151 of the 1972 Local Government Act, responsible for the proper administration of the Council's financial affairs. More specifically, The Accounts and Audit (Wales) Regulations 2014 require that the relevant body maintains an adequate and effective internal audit function. Under the direction of the Chief Internal Auditor, the Internal Audit Section at Newport City Council undertakes this provision on behalf of the Head of Finance.
5. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. It provides assurance or otherwise to management.
6. An organisation as diverse as the City Council has many internal systems which require appropriate controls. Each of these systems can be considered appropriate for internal audit review along with the Council's establishments. However, it is not considered appropriate to review all systems every year so they are undertaken on a cyclical basis, prioritised by way of a risk assessment approach (high, medium or low priority). The attached audit plan (**Appendix 1**) shows a summary of how the Internal Audit resource will be allocated across service areas. The more detailed plan (**Appendix 2**) shows how the systems operated and services provided within all service areas will be covered.
7. The draft operational plan (2019/20), at this point in time, is as realistic as possible taking account of available audit resources and an allowance for financial training and advice; special investigations have also been included. Allowances for post entry training, general training, holidays, sickness and professional studies have been made in arriving at the number of available audit days for 2019/20.
8. The timing of each review in the 5-year cycle depends on an assessment of the risk that each system poses for the Council, Service Area and Section. A number of factors are taken into account when assessing risk, but it should be stressed that management are responsible for managing that risk, and are best placed to identify the risk in the first place. Accordingly, the views of the management teams within each service area have been sought when compiling this plan and incorporated where appropriate. An update of the strategic audit plan will be provided to the Audit Committee by the end of the first quarter of 2019/20.
9. Although Internal Audit have limited resources (currently 8 staff including the Chief Internal Auditor), the aim is to provide as much coverage of the Council's systems and establishments as

possible. The audit resources have been significantly reduced over the last few years which leads to less coverage across service areas which will have an impact on the level of assurance the audit team can give to senior management on the adequacy of sound financial management / internal control / governance / risk management across the Council.

10. The initial draft Internal Audit plan has been discussed with Heads of Service to ensure the risk profile determined by the audit management team is right. Comments from some management teams suggest that greater coverage should be given to their specific service areas to provide even more assurance, which would be achievable given greater audit resources. Heads of Service have welcomed the opportunity to contribute to the audit planning process and view it as a positive move forward. Some are seeking audit advice in system implementation stages more so, moving away from the traditional audit opinion work, which is encouraging from the audit perspective.
11. The initial plan for the year always starts off as a “long-list” of what work we should be covering in that particular year. We then have to balance that with the resources we have available and the risk profile of the individual audit job. The 2019/20 operational plan aims to cover the areas stated within the given time allocations but professionally I feel that it will provide assurance to managers on the effectiveness of their internal controls and safeguard the assets of the Authority whilst covering the key risks. Time allocations per review are also tight but have been set to provide as much coverage as possible within service areas.
12. Agreed management actions of previous audit reports will be followed up during 2019/20; this will identify the progress managers have made on addressing weaknesses in internal control; i.e. have the agreed management actions been implemented? This could impact on the coverage planned for other systems within service areas. This will be reported back to the Audit Committee.
13. From time to time the risk profile or priority of audit workload or service area may change so the planning process needs to be flexible enough to accommodate this. Where significant changes to the operational plan are required, the matter will be reported to the Head of Finance for approval; this will subsequently be reported to the Audit Committee. Internal Audit's performance against this plan will continue to be reported to the Audit Committee on a regular basis.
14. Ultimately, the audit team has to undertake sufficient work across the whole Authority to enable the Chief Internal Auditor to give an overall annual audit opinion, and hence assurance, on the adequacy of the internal control environment of the systems operated within the Council.
15. With collaboration, change and efficiency reviews on the horizon, across the whole Council, the audit team will need to be flexible enough and adaptable to respond to changing priorities within the Council in order to provide the assurances required. The Chief Internal Auditor will continue to provide the same service to Monmouthshire CC, in collaboration.

Risk Analysis

16. The risks that the Council face are many and varied. A number of factors have been taken into consideration in compiling both the operational one-year plan and the strategic plan; financial budgets, previous audit work, The Measure, history of fraud, theft, misappropriation or non-compliance, changes in systems, changes in key personnel, along with concerns of management. A risk assessment exercise is undertaken in compiling the audit plan. An assessment is made of the likelihood and impact of an event happening, taking into account any mitigation.
17. The audit workload needs to be prioritised to ensure appropriate coverage is given in all service areas and that assurance can be given that Council and service area objectives are being achieved. This is helped with Heads of Service and their senior managers being involved with the

process and contributing to the risk profile assessment as a collaborative exercise with Internal Audit.

18. Grant income and external funding is becoming more prominent within the finances of the Council; generally these will be audited externally by the external auditor who provides assurances to the grant paying body. Internal Audit may be requested to audit some grants, therefore, a limited number of days have been included in the Internal Audit planning process.
19. In the Audit Section's continual efforts to ensure that Council assets are safeguarded and to provide assurance to management that their internal controls are robust, further training specifically on Financial Regulations and Contract Standing Orders has been incorporated in the audit plan. Heads of Service have noted that this is a positive step and encourage their staff to attend. Some sessions will be targeted to managers who have previously received unfavourable audit opinions.
20. A requirement of the Accounts and Audit (Wales) Regulations 2014 is that an Annual Governance Statement needs to be included with the Statement of Accounts; this covers corporate governance, performance measurement and risk management as well as internal financial control. The Chief Internal Auditor will continue to be involved with collating and co-ordinating the relevant information to support this statement, although the preparation of the statement should be a corporate responsibility.
21. 1258 productive audit days have been incorporated into the 2019/20 draft audit plan. The total resource available for the beginning of the year was 2096 days; annual leave, public holidays, sickness, training, known vacancies, management and administration time is then deducted to determine the available audit days to undertake audit reviews, deal with special investigations, provide advice and deliver training. On average an auditor has 180 available days to undertake audit work during the year.
22. An allocation of time has been included in the plan for special investigations which members of the team may get involved with during the year. These could range from allegations of fraud or theft to non-compliance with Contract Standing Orders. The allocation has been fairly consistent over the last few years; for 2019/20 the allocation will be 150 days:

	Allocation of days	Actual days
2015/2016	240	140
2016/2017	200	91
2017/2018	200	70
2018/2019	180	60 approx.
2019/2020	150	

Risks to the Provision of Internal Audit

23. There is a potential change to the way audit services are delivered across South Wales with shared services on the agenda following the Williams Report. This could be seen as an opportunity for Newport Internal Audit team especially as the Chief Internal Auditor currently provides the same service to a neighbouring local authority. This will continue into 2019/20.

Independence

24. Independence is achieved through the organisational status of internal audit and the objectivity of internal auditors. In order to ensure the objective nature of audit reviews is not compromised,

Internal Audit must be seen to be demonstrably independent of all managerial influence. Within Newport City Council this is achieved as follows:

- the Chief Internal Auditor is responsible for the control and direction of Internal Audit;
- the Chief Internal Auditor has a duty to report direct to the Chief Executive and the Leader of the Council on any matter which he feels appropriate, in particular where the Head of Finance appears to be personally involved;
- individual audit reports are sent to service managers and heads of service as appropriate in the name of the Chief Internal Auditor; and
- the Chief Internal Auditor submits an annual report to the Audit Committee giving an overall opinion on the adequacy of internal controls operated within the Council.

Audit Opinion

25. At the end of each audit review an audit opinion is given on the adequacy of the internal controls operated within that system or establishment. Taking into account strengths and weaknesses, the current suite of opinions ranges from good through to unsound:

	GOOD	Well controlled with no critical risks identified which require addressing; substantial level of assurance.
	REASONABLE	Adequately controlled although risks identified which may compromise the overall control environment; improvements required; reasonable level of assurance.
	UNSATISFACTORY	Not well controlled; unacceptable level of risk; changes required urgently; poor level of assurance.
	UNSOUND	Poorly controlled; major risks exists; fundamental improvements required with immediate effect.

Structure

26. The Internal Audit Section comprises of two teams each led by an Audit Manager both reporting directly to the Chief Internal Auditor. The section has an establishment of 8 and is responsible for auditing all of the Council's systems and establishments including the payroll functions for 6,000+ staff.

Resources

27. Consideration has been given to the appropriate level of resources for Internal Audit at Newport City Council. The current establishment of 8 staff remains just about adequate for the current level of assessed risk as outlined above; a greater audit resource could provide a greater assurance to management and allow the section to be even more responsive to changing priorities and risk profiles throughout the year. Any unplanned absences such as long term sickness, secondments or prolonged special investigations could significantly affect the audit plan as cover is limited.

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

29. It has been difficult to prioritise workload for 2019/20; after discussions with senior management teams in the service areas, in particular Social Services and Education Services, it was evident that a lot more audit coverage was required than the team is resourced up to deal with. Currently the draft plan is under resourced by **96 audit days**; the proposed audit work will be finalised showing a balanced audit plan by the end of quarter 1 of 2019/20.

Staffing & Training

30. The Section is supported by staff on a range of grades with appropriate professional qualifications including part qualified and fully qualified accountants and auditors. The staff have considerable experience of working within the local authority and audit environment. The Chief Internal Auditor, Andrew Wathan, is a qualified CIPFA accountant (Chartered Institute of Public Finance and Accountancy) and has extensive working knowledge of external and internal audit practices within the public sector. Andrew's management team consists of two professionally qualified Audit Managers, one CIPFA qualified and one ACCA qualified. One member of staff is PIIA qualified (Institute of Internal Auditors) and others in the team are part qualified, either PIIA, ACCA or AAT.
31. Audit management will continue to support professional and work related training in order to enhance the Section's effectiveness in service delivery in line with the Council's management expectations and the Public Sector Internal Audit Standards. This will ensure that all staff are kept up to date with developments in auditing techniques and changes within local government which may impact on the provision of the service.
32. The team will continue to arrange technical audit training on behalf of the South Wales Chief Auditors' Group throughout the year which Newport's Internal Audit staff have the opportunity of attending. These sessions are run on a breakeven basis.

External Auditor / Relations

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

Service Areas

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

Financial Summary

37. 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

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

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

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

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

Options Available

40. (1) That the Draft Annual Audit Plan for 2019/20 be approved, subject to any amendments suggested by the Audit Committee.

Preferred Option and Why

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

Comments of Chief Financial Officer

42. I can confirm that I have been consulted on Annual Audit Plan 2019/20 and have no additional comments.

Comments of Monitoring Officer

43. There are no specific legal issues arising from the report, which sets out the draft operational Internal Audit plan for 19/20 and identifies the specific areas of audit work that will be carried out, having regard to the corporate risk profile and available staffing resources. The Council has a statutory duty under the Accounts and Audit (Wales) Regulations 2014 to ensure that it has adequate and effective financial management and a sound system of internal control, which is reviewed regularly. The Audit Committee has responsibility under the Local Government (Wales) Measure 2011 to keep under review the Council's risk management, internal control and corporate governance arrangements and to oversee the work of the internal audit team. Therefore, Audit Committee are required to consider the draft operational plan and satisfy themselves that the annual work programme to be undertaken by the internal audit team is sufficient to discharge this responsibility.

Comments of Head of People and Business Change

44. The audit plan details how the resources available to the Chief Internal Auditor are allocated based on organisational risk and priority. I confirm that I have been consulted upon about this plan and agree with the allocation of resource within it.
45. As part of the Well-being of Future Generations Act (2015) it is necessary to ensure that the Council's functions are operating effectively and efficiently to manage its governance, internal control and risk management arrangements to deliver the Corporate Plan. This report presents the proposed Internal Audit activity during the period to meet this requirement.

Comments of Cabinet Member

46. Not applicable.

Local issues

47. No local issues.

Scrutiny Committees

48. Not appropriate

Equalities Impact Assessment

49. The Equality Act 2010 contains a Public Sector Equality Duty which came into force on 06 April 2011. The Act identifies a number of 'protected characteristics', namely age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation; marriage and civil partnership. The new single duty aims to integrate consideration of equality and good relations into the regular business of public authorities. Compliance with the duty is a legal obligation and is intended to result in better informed decision-making and policy development and services that are more effective for users. In exercising its functions, the Council must have due regard to the need to: eliminate unlawful discrimination, harassment, victimisation and other conduct that is prohibited by the Act; advance equality of opportunity between persons who share a protected characteristic and those who do not; and foster good relations between persons who share a protected characteristic and those who do not. The Act is not overly prescriptive about the approach a public authority should take to ensure due regard, although it does set out that due regard to advancing equality involves: removing or minimising disadvantages suffered by people due to their protected characteristics; taking steps to meet the needs of people from protected groups where these differ from the need of other people; and encouraging people from

protected groups to participate in public life or in other activities where their participation is disproportionately low.

50. As this is a progress report on performance and audit opinions there is no need for an Equalities Impact Assessment. All audits are undertaken in a non-discriminatory manner.

Children and Families (Wales) Measure

51. Not appropriate.

Wellbeing of Future Generations (Wales) Act 2015

52. In compiling this report the principles of this Act have been considered:

- Long term: The Internal Audit workload is based on an annual operational plan supported by a 5-year Strategic Plan
- Prevention: Internal Audit identify strengths and weaknesses within the control environment of Newport City Council; addressing the weaknesses gives management the opportunity of preventing gaps in service provision getting worse. This should also minimise the potential for fraud, theft, loss or error.
- Integration: Internal Audit opinions provide an objective opinion on the adequacy of the internal control environment in operation and support sound stewardship of public money. Internal Audit will work with external audit to avoid duplication.
- Collaboration: Internal Audit work with operational managers to develop an appropriate action plan in order to address identified concerns.
- Involvement: Heads of Service and Senior Managers are invited to contribute to the audit planning process each year in order to prioritise audit resources.

Crime and Disorder Act 1998

53. The work undertaken by Internal Audit should minimise potential fraud, corruption, theft or misappropriation within the Council. Allegations of potential criminal activity will be investigated and reported to the police where appropriate.

Consultation

54. Not appropriate

Background Papers

55. 2018/19 Internal Audit quarterly reports, Corporate Plan, Corporate Risk Register, Service Improvement Plans.

Dated:

APPENDIX 1

Internal Audit Services		
Operational Audit Plan for 2019/20		
Service Area	Number of days	Percentage of plan
Finance	151	12%
People & Business Change	180	14%
Law & Regulation	99	8%
Children & Young People Services	147	12%
Adult Services	109	9%
Streetscene & City Services	106	8%
Regeneration, Investment & Housing	78	6%
Education Services	228	18%
External Audits	10	1%
Special Investigations	150	12%
Total Days for Operational Plan	1258	100.0%

Service Grouping	Number of days	Percentage of plan
Chief Executive		
Corporate Services	430	34%
People		
Social Services	256	20%
Education Services	228	18%
Place		
Streetscene & Regeneration	184	15%
Other	160	13%
Total Days for Operational Plan	1258	100.0%

The above table is a general indication of where audit resources will be allocated as the audit of the 2018/19 plan is not yet complete.

APPENDIX 2

DRAFT INTERNAL AUDIT SERVICES – 2019/20

The table below is a general indication of where audit resources will be allocated as the Internal Audit team are still in discussions with Heads of Service regarding the prioritisation of work to be undertaken. The draft plan will be finalised by the end of the first quarter of 2019/20.

INTERNAL AUDIT SERVICES - AUDIT PLAN 2019/20 (DRAFT)

Finance		Last Review	Risk	2019/20 Days
Accountancy				
	Main Accounting System	-	M	15
	~ Bank Reconciliation	2016/17		
	~ Budgetary Control (Revenue)	2014/15		
	~ Budgetary Control (Capital)	2018/19		
	~ Coding Structure / Journals / Holding & Suspense	2010/11		*
	~ System Security & Integrity	2012/13		*
	~ Feeder Systems	2010/11		*
	Schools Finance	2014/15	H	20
	Social Services Income Assessment & Charging	2017/18		
	Taxation (VAT)	2018/19		
	Treasury Management	-		
	~ Financial Vetting	Never		
	~ Income Management	2015/16		
	~ Income Returns	2018/19		
	~ Internet Banking	2018/19		
	~ Paye.net	2010/11	H	20
	~ Treasury Management	2017/18		
Income Collection				
	Council Tax	2018/19		
	National Non Domestic Rates (NNDR)	2016/17	M	18
	Sundry Debtors	2017/18	M	18
Strategic Procurement				
	Strategic Procurement	-		
	~ Gateway Process (incl. Excepted Contracts)	2017/18		
	~ eTendering	2015/16		
	Creditors CAATs	2018/19		
	Petty Cash / Imprest Accounts	2018/19		
	Procure to Pay (eProcurement)	2016/17		
	Purchasing Cards (System)	2017/18		
	Purchasing Cards (Transactions)	2018/19	M	12

		Last Review	Risk	2019/20 Days
General				
	Annual Governance Statement	2018/19		10
	National Fraud Initiative (NFI)	2018/19	H	20
	Financial Advice	Annual		10
	Follow up of Agreed Management Actions 2018/19	Annual		5
	Finalisation of 2018/19 Audits	-		3
Total Planned Days for Finance				151

		Last Review	Risk	2019/20 Days
People & Business Change				
Digital Services				
	Document Services	-		
	~ Electronic Document Management System (EDMS) & Modern Records	Never		
	~ Mail Services	2014/15		
	~ Printing / Reprographic Services	2013/14		
	Information Management	-		
	~ Data Protection (General Data Protection Regulation) (Follow Up)	2018/19	H	12
	~ Freedom of Information	2017/18		
	~ Payment Card Industry Data Security Standards (PCI DSS) (Follow Up)	2016/17	H	5
	Digital Projects	-		
	~ SRS Client Relationship Management (Follow Up)	2018/19	H	12
Human Resources				
	Employment Services	-		
	~ Agency Staff	2017/18		
	~ Employment Status	Never	M	13
	~ Management of Attendance	Never		
	~ Maternity Absence Payments	2017/18		
	~ Members' Allowances	2018/19		
	~ Organisational Structure	2011/12		
	~ Payroll CAATs	2018/19		
	~ Payroll System	2016/17		
	~ Recruitment & Selection	2013/14		
	~ Redundancy	2012/13		
	~ Sickness Absence Payments	2017/18		
	~ Travel & Subsistence	2016/17	M	18
	Health & Safety	2013/14		
	Human Resources & Organisational Development	-		
	~ Job Evaluation / Equal Pay	2018/19		

		Last Review	Risk	2019/20 Days
	~ Social Services Training Unit	2017/18		
	~ Organisational Development	Never	M	20
Newport Intelligence Hub				
	Address Management Function (Corporate Gazetteer)	Never	M	15
	Business Development (iTrent)	Never		
	Corporate Geographical Information Systems (GIS)	Never		
	Database System Administration	Never		
	Education Learning & Support	2006/07		
	Performance Analysis	Never		
Partnership Support				
	Civil Contingencies	Never	H	23
	Corporate Policy	Never		
	Partnerships	Never		
	Performance Management	Never		
	~ Performance Indicators (Data Quality)	2018/19		
	Risk Management	2018/19	M	18
General				
	Corporate Governance	Never	M	18
	Project Management	Never		
	Welsh Language Standards	Never		
	Financial Advice	Annual		8
	Financial Regulations Training	Annual		10
	Follow up of Agreed Management Actions 2018/19	Annual		4
	Finalisation of 2018/19 Audits			4
Total Planned Days for People & Business Change				180

Children & Young People Services		Last Review	Risk	2019/20 Days
Children's Teams				
	Children With Disabilities	2012/13	M	20
	Pathway Teams x3	2011/12		
	Safeguarding Hub	2008/09		
Child Protection & Family Support				
	Child Protection & Family Support (x 4 Teams)	Never	H	20
	Family Contact Centre	2018/19		

		Last Review	Risk	2019/20 Days
	Integrated Family Support Service	2012/13		
	Mentoring, Assessment & Consultancy	Never		
Resources				
	Adoption Allowances (Follow Up)	2018/19	M	12
	Fostering	2014/15		
	Family & Friends	-		
	~ SGO/Kinship Payments (Follow Up)	2017/18	H	12
	Matching & Placement Support	Never		
	~ LAC Education Support	2014/15		
	Residential	-		
	~ Cambridge House	2014/15	M	15
	~ Forest Lodge	2015/16		
	~ Oaklands	2016/17		
	~ Rose Cottage	Never		
Safeguarding, Quality Assurance & Child Protection				
	Adult Safeguarding	-		
	~ Appointeeships	2016/17		
	~ Deprivation of Liberty Safeguards (DOLS)	Never		
	~ Adults at Risk	2012/13	M	20
	Corporate Safeguarding	2017/18		
	Children's Safeguarding	-		
	~ Education Safeguarding	2016/17		
	~ Independent Reviewing Officers (IROs)	2013/14		
	Violence Against Women Domestic Abuse & Sexual Violence (VAWDASV)	Never		
	Quality Assurance	Never		
Youth Justice & Preventions				
	Preventions	Never	H	20
	Youth Offending Service	Never		
General				
	Adoption Fees	2018/19		
	Children & Families Imprest Account	2016/17	M	15
	Financial Advice	Annual		6
	Follow up of Agreed Management Actions 2018/19	Annual		3
	Finalisation of 2018/19 Audits			4
Total Planned Days for Children & Young People Services				147

Adult & Community Services		Last Review	Risk	2019/20 Days
Integrated Teams				
	Occupational Therapy Service	2014/15		
	Mental Health Service	Never	H	20
First Contact				
	Hospital Team	Never	H	20
	Intake Team	2017/18		
	~ Independent Living Advisors	Never	M	12
	Telecare Contracts	Never		
	Out of Hours Emergency Scheme	Never		
Managed Care				
	Frailty Service (Reablement)	2010/11	M	20
	NCN Teams (x 3 - East, North, West)	2018/19		
Service Development & Commissioning				
	Commissioning & Contracts			
	~ Commissioning, Contracts, Monitoring	2016/17		
	~ Direct Payments	2017/18		
	~ Non-Residential Care Provider Payments	2015/16		
	~ Residential Care Provider Payments	2018/19		
	~ Supported Living Provider Payments	Never		
	Supporting People	2013/14		
	~ Supporting People Programme Grant (SPPG) Certification (Finances)	2017/18	M	4
	~ Supporting People Programme Grant (SPPG) Certification (Outcomes)	2017/18	M	4
	Performance Information	Never		
Care & Support Services				
	Residential Services	-		
	~ Blaen-y-Pant	2016/17		
	~ Parklands	2018/19		
	~ Spring Gardens	2017/18		
	Day Services	-		
	~ Brynglas Day Opportunities	2017/18		
	Cross-Cutting / Thematic Reviews			
	~ Residents' Monies	2014/15	H	18
	~ Amenity Funds	2016/17		
General				
	Financial Advice	Annual		6
	Follow up of Agreed Management Actions 2018/19	Annual		3
	Finalisation of 2018/19 Audits			2

		Last Review	Risk	2019/20 Days
Total Planned Days for Adult & Community Services				109

Law & Regulation		Last Review	Risk	2019/20 Days
Democratic Services & Communications				
	Democratic Administration	2018/19		
	Marketing & Communications	Never	M	12
	City Festivals & Events			
	Mayoralty & Events	2004/05		
Electoral Registration				
	Electoral Registration	2012/13		
Legal				
	Insurances	2015/16		
	Land Charges	2014/15		
	Litigation	2012/13		
	Corporate Admin Team	Never	M	10
Regulatory Services				
	Community & Environment			
	Environmental Health			
	- Food Safety	2018/19		
	- Domestic Health	2002/03	M	15
	- Port Health	2006/07		
	- Private Sector Housing	2012/13		
	- Pollution	2009/10		
	- Neighbourhood (CCTV / CSW)	2002/03 (CCTV) 2015/16 (CSW)	M	15
	- Discretionary Charging	2015/16		
	Commercial			
	Consumer Protection			
	- Consumer Protection Team	2018/19		
	- RIPA	2017/18		
	- Industrial & Animal Health	2007/08		
	- Licensing (Premises)	2011/12	H	15
	- Licensing (Taxi)	2013/14		
	- Scambusters Team	2012/13		
	- Scambusters Grant Claim 2018/19	Annual	M	8
	- Newport City Dogs Home	2007/08	M	12

		Last Review	Risk	2019/20 Days
Registration Services				
	Registration Services	2016/17		
General				
	Financial Advice	Annual		5
	Follow up of Agreed Management Actions 2018/19	Annual		2
	Finalisation of 2018/19 Audits			5
Total Planned Days for Law & Regulation				99

Education Services		Last Review	Risk	2019/20 Days
Resources & Planning				
	School Admissions & Appeals	2010/11	H	15
	21st Century Schools Capital Programme	Never		
	School Reorganisation Programme	Never		
	Education Properties (Caretakers)	2006/07		
	School Meals			
	- Catering Contract Management (Chartwells)	2012/13		
	- Outside Preferred Catering Contractor (Schools)	2018/19		
	- Cashless Catering (Parent Pay)	Never		
	- Free School Meals	2010/11		
	Breakfast Clubs	Never		
	Trips & Visits (Evolve System) (Follow-Up)	2018/19		
	Early Years	Never		
Engagement & Learning				
	Education Welfare Service	2017/18		
	Gwent Education Minority-Ethnic Service (GEMS)	2017/18		
	Gwent Music Support Service			
	- Music Support Service	2011/12	M	15
	- Review of Procedures for Trips & Events	2006/07		
Inclusion				
	Bridge Achievement Centre (PRU) Follow up	2018/19	H	8
	Curriculum Improvement			
	- Additional Educational Needs (AEN) Service	Never		
	- Specific Learning Difficulty (SpLD) Service	Never		
	- Healthy Schools	Never		
	Educational Psychology	2011/12		
	Special Educational Needs			
	- SEN Assessments	2015/16		
	- SEN Out of County Placements	2015/16		

		Last Review	Risk	2019/20 Days
	- SEN Recoupment	2009/10	H	15
	- SEN Equipment & Resources	Never		
	- SEN Transport	Never		
	Education Safeguarding & Child Protection	2016/17		
	Pupil Exclusions	Never		
	Education Other Than At Schools (EOTAS)	2005/06	M	15
Education Grants				
	Education Improvement Grant 2018/19	Annual	H	5
	Pupil Deprivation Grant 2018/19	Annual	M	5
	Appetite for Life Grant	2012/13		
Nursery Schools				
	Kimberley Nursery	2016/17		
	Fairoak Nursery	2015/16		
Primary Schools				
	Millbrook Primary	2009/10	M	10
	Ringland Primary	2010/11	M	10
	St Patricks RC Primary	2010/11	M	10
	Glasllwch Primary	2011/12	M	10
	Pentrepoeth Primary	2011/12	M	10
	High Cross Primary	2012/13	M	10
	Maesglas Primary 2018/19	2015/16	M	5
Secondary Schools				
	Ysgol Gyfun Gwent Is Coed	Never	M	12
	John Frost	2013/14	M	12
	Caerleon Comprehensive Follow up	2018/19	H	8
	Secondary Learning Resource Units	Never		
Special Schools				
	Maes Ebbw	2017/18		
	Ysgol Bryn Derw	Never	M	12
	New Social, Emotional & Behavioural Difficulties School	Never		
Other - School Related				
	CRSA's / Healthcheck - Secondary / Primary / Nursery	Annual	M	12
	Duffryn High Sports Hall	2011/12		
General				
	Schools Financial Regulations Training	Annual		4
	Financial Advice	Annual		20
	Follow up of 2018/19 Agreed Management Actions	Annual		3
	Finalisation of 2018/19 Audits			2
Total Planned Days for Education Services				228

Regeneration, Investment & Housing		Last Review	Risk	2019/20 Days
Community Regeneration				
	Communities First	2009/10		
	Community Buildings			
	- Directly Managed	2008/09		
	- Voluntary Managed	2015/16		
	Families First	2018/19		
	Flying Start			
	- Flying Start	Never		
	- Play Development	2003/04		
	30 hours Free Childcare	Never	M	15
	Work, Skills & Performance			
	- Inspire to Achieve	2018/19		
	- Skills & Work Contract	2015/16		
	- Community Development Improvement Plan	2011/12		
	- Financial & Admin Systems	2009/10		
	Youth Development			
	- Youth Service	2017/18		
	- Duke of Edinburgh Award	2017/18		
	- Inspire to Work	Never		
	Grants			
	- Flexible Funding Grant 2018/19	Never	M	10
Development Services				
	Development Control			
	- Planning Applications	2011/12		
	- Planning Enforcement	2011/12		
	- Historic Building Conservation	Never		
	Building Control	2013/14		
	Regeneration Initiatives			
	- Vibrant & Viable Places	2017/18		
	- Heritage Lottery Funding	Never		
	- Business Support Loans & Grants	2017/18		
	- Europeans Grants	2007/08		
	Planning Policy			
	- Planning Obligations (S106)	2017/18		
	Technical Support	Never		
Culture, Libraries and Community Learning				
	Business Support Team	Never		
	Community Learning & Libraries			
	- Adult Education	2015/16		
	- Library Service	2014/15		
	Museum & Heritage			

		Last Review	Risk	2019/20 Days
	- Museum & Art Gallery	2005/06	M	15
	- Medieval Ship	2008/09		
	- Transporter Bridge	2012/13		
	- Tredegar House (National Trust Agreement)	2012/13		
	- Fourteen Locks	Never		
	- Tourist Information Centre	2010/11		
Housing, Regeneration & Property				
	Housing Needs			
	- Home Options (Common Register)	2018/19		
	- Homelessness Assessment & Prevention	2017/18		
	- Private Sector Housing	2009/10		
	Housing Renewals			
	- Disabled Facilities Grants	2017/18		
	- Empty Homes (Houses to Homes Grant)	2013/14		
	Newport Norse (Joint Venture) Follow Up	2015/16	H	10
	Ellen Ridge Site	Never		
	Integrated Property Unit			
	- Commercial Properties Follow up	2018/19	H	8
	- Newport Market	2005/06	M	10
	- Facilities Management (Civic Centre / Info Station)	Never		
	- Carbon Reduction Commitment	2013/14		
General				
	Financial Advice	Annual		7
	Follow up of Agreed Management Actions 2018/19	Annual		2
	Finalisation of 2018/19 Audits			1
Total Planned Days for Regeneration, Investment & Housing				<u>78</u>

Streetscene & City Services		Last Review	Risk	2019/20 Days
Customer Experience				
	Contact Centre			
	- Contact Centre	2015/16		
	- Information Station	2012/13		
	Digital Optimisation			
	- Channel Optimisation	Never		
	Complaints Handling			
	- Children's Rights & Complaints	Never		
	Benefits			
	- Housing Benefits	2018/19	H	12

		Last Review	Risk	2019/20 Days
Environment & Leisure				
	Bereavement Services			
	- Cemeteries (Follow-Up)	2018/19		
	- Gwent Crematorium	2016/17		
	Parks & Recreation			
	- Parks & Outdoor Recreation	2007/08	M	15
	- Allotments	Never		
	Biodiversity			
	- Access to Countryside	2006/07		
	- Active Travel	Never		
	- Tree Surveys and Inspections (TPO)	Never		
	Grounds Maintenance			
	- Grounds Maintenance	2018/19		
	Newport Live (Partnership Arrangements)	Never	M	10
Highways & Engineering				
	Highways Maintenance			
	- Highways & Drainage (Network)	2010/11		
	- Highways (follow up)	2018/19	H	8
	- Drainage	2010/11	M	15
	- Overtime & On Call Facility	2017/18		
	- Parking Services	2017/18		
	- Street Works	2016/17		
	- Winter Maintenance	Never		
	Transport			
	- Fleet / Vehicle Management	2012/13		
	- Vehicle Usage & Trackers (follow up)	2018/19	H	8
	- Home to School Transport	2005/06	H	15
	- Social Services Taxi Framework			
	- Passenger Transport Taxi Framework	2018/19		
	- Public Transport Support	2006/07		
	- Bus Services Support Grant	2016/17		
	- Civil Parking Enforcement	2018/19	H	5
	Traffic & Safety			
	- Traffic, Transport & Road Safety	Never		
	Asset Management			
	- Telford Depot CCTV & Security (Follow-Up)	2018/19		
	- Highways Improvement Contracts (Follow-Up)	2015/16		
	- Project Management	Never		
	- Streetlighting	2013/14		
	- Highways Network Assets	2017/18		
Waste & Cleansing				
	Waste Collections			

		Last Review	Risk	2019/20 Days
	- Refuse	2015/16		
	- Agency / Overtime (Follow-Up #2)	2018/19		
	Recycling			
	- Recycling & Engagement	Never		
	- Enforcement	Never		
	Landfill Site			
	- Waste Disposal Site	2011/12		
	- Household Waste Recycling Centre	2013/14		
	- Agency / Overtime	2016/17		
	Cleansing			
	- Street Cleansing (follow up)	2018/19	H	8
	Wastesavers (Partnership Arrangements)	2004/05		
General				
	Financial Advice	Annual		5
	Follow up of Agreed Management Actions 2018/19	Annual		3
	Finalisation of 2018/19 Audits			2
Total Planned Days for Streetscene & City Services				<u>106</u>

TOTAL PLANNED DAYS	1098
SPECIALS ALLOCATION	150
EXTERNAL	10
	1258
AVAILABLE CHARGEABLE DAYS 2019/20	1162
DIFFERENCE	96

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Report

Audit Committee

Part 1

Date: 28 March 2019

Item: 9

Subject Work Programme

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

Author Democratic & Services 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 Regulation
- Head of Finance
- Head of Human People and Business Change

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 Appendix 1 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.

6 June 2019

Appointment of Chairman
Corporate Risk Register (Considered by Cabinet in March)
Internal Audit Unsatisfactory Audit Opinions (6 monthly report)
Internal Audit Annual Report 2018/19
Internal Audit Annual Plan 2018/19
Treasury Management Year End Report 2019/20
Draft Financial Accounts 2019/2020
Audit Enquiries Checklist 2019/20
Referrals to Audit Committee
Regulatory Reports

5 September 2019

Statement of Accounts 2018-19
Audit of Financial Statements Report 2018-19
SO24/Waiving of Contract SOs: Quarterly report reviewing Cabinet/CM urgent decisions or waiving Contract SOs (Quarter 1, April to June)
Report on Audit Committee Self Evaluation Exercise

Financial Summary

Please see comments from Chief Financial Officer below.

Risks

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

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

Comments of Chief Financial Officer

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

Comments of Monitoring Officer

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

Staffing Implications: Comments of Head of People and Business Change

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

Background Papers

None.

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

6 June 2019
Appointment of Chairman
Corporate Risk Register (Considered by Cabinet in March)
Internal Audit Unsatisfactory Audit Opinions (6 monthly report)
Internal Audit Annual Report 2018/19
Internal Audit Annual Plan 2018/19
Treasury Management Year End Report 2019/20
Draft Financial Accounts 2019/2020
Audit Enquiries Checklist 2019/20
Referrals to Audit Committee
Regulatory Reports

5 September 2019
Statement of Accounts 2019-20
Audit of Financial Statements Report 2018-19
SO24/Waiving of Contract SOs: Quarterly report reviewing Cabinet/CM urgent decisions or waiving Contract SOs (Quarter 1, April to June)
Report on Audit Committee Self Evaluation Exercise
Referrals to Audit Committee

17 October 2019
Progress Against Internal Audit Plan 2019/2020 Quarter 1
Public Sector Internal Audit Standards – External Review
Corporate Risk Register Update (Considered by Cabinet in September)
Referrals to Audit Committee

21 November 2019
Internal Audit Plan 2019/20 – 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 2018/19
Regulatory Reports Summary (every 6 months - June and November)
Referrals to Audit Committee

23 January 2020
Internal Audit Plan – Progress (Quarter 3)
Financial Memorandum on the 2018-19 Financial Audit
Treasury Management Report
Corporate Risk Register (Considered by Cabinet in Dec)
Internal Audit Unsatisfactory Audit Opinions (6 monthly report)
Referrals to Audit Committee

26 March 2020
Corporate Risk Register
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 2018-19
Annual Governance Statement (draft statement)
Member Development Self Evaluation Exercise
Referrals to Audit Committee

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