

Agenda



Governance and Audit Committee

Date: Thursday, 28 March 2024

Time: 5.00 pm

Venue: Council Chambers - Civic Centre

To: G Chapman (Chair), Barry, Reed (Deputy Chair),
Councillors G Horton, S Cocks, J Harris, R Mogford and J Jordan

Item		Wards Affected
1	<u>Apologies for Absence</u> Councillor Harris	
2	<u>Declarations of Interest</u>	
3	<u>Minutes of the Last Meeting</u> (Pages 3 - 16)	
4	<u>Corporate Risk Register (Quarter 3)</u> (Pages 17 - 64)	
5	<u>Lessons Learned 2022/23 Accounts Closedown and Financial Statements Preparation</u> (Pages 65 - 72)	
6	<u>Internal Audit Annual Plan 2024-25</u> (Pages 73 - 82)	
7	<u>Member Development Self Evaluation Exercise</u> (Pages 83 - 90)	
8	<u>Work Programme</u> (Pages 91 - 92)	
9	<u>Date of Next Meeting</u> Thursday 30 th May at 5pm	

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Date of Issue: Friday 22 March 2024

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Minutes Governance and Audit Committee

Date: 25 January 2024

Time: 5pm

Present: Mr G Chapman (Chair), Mr D Reed and Dr N Barry

Councillors Jordan, Horton, Harris, and Mogford

R Cornwall (Strategic Director: Transformation and Corporate), M Rushworth (Head of Finance), R Green (Assistant Head of Finance), D Newens (Audit Manager), L Mahoney (Senior Finance Business Partner, Chief Accountant), S Powell (Transformation and Intelligence Manager).

In Attendance: S A Jenkins (Director – Social Services), N Poyner (Head of Children Services), R Brook (Service Manager – Childrens Teams), J McCabe (Service Manager – Operations), L Rowlands (Democratic and Electoral Services Manager), T Strange (Governance Officer), A Jenkins (Governance Team Leader), B Hopkins (Audit Wales)

1. Apologies for Absence

1.1 Councillor Cocks.

2. Declarations of Interest

2.1 None declared.

3. Minutes

3.1 The minutes of the meeting held on 23 November 2023 were accepted subject to the following:

3.2 Items 8 and 9: Dr Barry was minded to record what the Strategic Director for Social Services gave as an update, which should be for public record.

3.3 The Strategic Director for Transformation and Corporate had read out the update on behalf of the Strategic Director for Social Services and the full meeting had been recorded and is available for public access on the Council's website.

4. Internal Audit Plan – Progress (Quarter 3)

4.1 The Audit Manager outlined key points of the report that ran up to December 2023.

4.2 The challenges faced had been with staffing. There was a long-standing Principal Auditor and there were now two Auditors who had come on board in the past six to eight weeks. Recruitment was underway at the time of writing the report, looking to employ another Auditor and Senior Auditor, however this had been unsuccessful; and recruitment is on pause for the time being.

4.3 The percentage of jobs delivered was below target, as expected. They had completed 34 reviews and things were progressing well.

- 4.4 In relation to the appendices, at the time of writing the report, there were 17 completed jobs with four at reporting stage.
- 4.5 In point 10 of the report, arrangements in place with counter fraud colleagues in SWAP Internal Audit Services to carry out a fraud risk assessment, which would be delivered in the next 2-3 months.
- 4.6 There was also an overview review against the public sector internal audit standards, this would be carried out in quarter one of the 24/25 period within the timeframe for compliance.

Comments of Committee Members:

- 4.7 Mr Reed referred to the SWAP counter fraud team and asked would the results come to Governance and Audit Committee in July this year. The Audit Manager advised that this was correct.
- 4.8 Mr Reed also noted that no financial training had been completed and asked was there a risk to the organisation and what were the mitigating actions being taken. The Audit Manager advised that there was a mop-up training session in January, to make up for the period missed, with a high turnout of 40 staff rather than the usual figure of around 10 staff.
- 4.9 Mr Reed referred to page 18, Appendix B referring to the Audit Managers comments in para 4.4 and enquired if it would be possible to get a snapshot of what it was like 12 months ago to show the direction of travel. The Audit Manager agreed to provide this.
- 4.10 Dr Barry referred to Mr Reed's point regarding risk and noted that 32% of the plan had been delivered to date. Dr Barry went on to ask where the team expected to progress to by 31 March and if that presented risk to the authority. The Audit Manager advised that whilst there 17 of the 48 opinion jobs undertaken by the time of writing the report, the Audit Manager was confident this would change to 36 by year end. In terms of risk, the had mitigated against any substantial issues, such as the delivery of the finance training mop-up session and the Audit Manager was comfortable with expected coverage by end of March. Anything that the team was not able to cover would be carried over into next year's plan.
- 4.11 The Chair added that by comparison to the position at the beginning of the year, it was an improvement and the officers had done well. The Chair thanked the Audit Manager and those working for the Internal Audit team.

Recommendation:

The Governance and Audit Committee noted the report.

5. Risk Management Policy

- 5.1 This item followed on from training on risk arrangements for the committee members, ahead of the formal Committee. This was an important training session for Governance and Audit Committee and provided assurances for Audit Wales. All those committee members in attendance today also attended the aforementioned training.
- 5.2 The Transformation and Intelligence Manager introduced the item and thanked committee for attending the training session before the committee took place.
- 5.3 Newport City Council is responsible for delivering a multitude of different services and activities through its statutory and non-statutory duties. The Council faces many complex and wide-ranging opportunities, challenges, and risks that could prevent it from delivering these services effectively.

The Council's Corporate Plan 2022-27 set 4 Well-being Objectives and to deliver against these, the Council and its services need to take well-managed opportunities and risks when making decisions.

- 5.4 The draft Risk Management Policy (RMP) provided an overview of the Council's risk management arrangements and also its risk appetite statement on how the Council managed the opportunities and risks throughout the delivery of this Corporate Plan. The Risk Management Policy was developed in consultation with Cabinet, senior officer group and other risk related services such as Health and Safety, Insurance and Civil Contingencies.
- 5.5 The Performance and Programme Manager highlighted that the RMP was developed with Cabinet and the Senior Leader Team and held a workshop in October 2023 to discuss and understand the levels of risk appetite. In developing this policy, the team looked outside the organisation to see best practice, hence referring the UK Government Orange Book for Risk Management. The Performance and Programme Manager referred to page 48 which showed the five levels of risk appetite, within the statement, ranging from "adverse" to "eager", with a description of each level. The overall risk appetite statement was about setting the culture of the organisation on how we managed risk and how to manage opportunities that presented themselves, and how we delivered services and improved services for communities. Officers and Cabinet would make different levels of decisions, based upon evidence and data to look at how to accept the risk. This new approach was to set a level of understanding for the organisation and enable senior officers to make strategic, tactical, or operational decisions.
- 5.6 The final version would be presented to executive board, with the Committee's feedback, and the policy was intended to go to Cabinet in March. Following approval, a programme of engagement with service areas would take place to inform and communicate the new policy and provide training.

Comments of Committee Members:

- 5.7 Dr Barry considered the policy to be a good document and referred to the Fairness and Equality Impact Statement (FEIA) and asked if this was a new development. The Head of People, Policy and Transformation advised that Newport City Council had used this tool for some time as part of the decision-making process, although not all Local Authorities have them in place. Dr Barry noticed that there was no reference to the Modern Slavery Act and asked if there should be as part of the statement. The Performance and Programme Manager suggested that this was a good point and would look into this.
- 5.8 Dr Barry referred to two bullet points at the introduction of the plan. The first outlined the Council's commitment to risk management, and to providing a framework to continue to embed risk management. Dr Barry wondered whether this should be three points; outlining the Council's commitment, then providing a framework and then setting the Council's appetite. The Performance and Programme Manager said that this was another good point and would take this comment on board.
- 5.9 The Chair also referred to FEIA and considered that this should be completed for all policy and procedure changes. The Strategic Director for Transformation and Corporate explained that Newport City Council was the only Local Authority area in Wales that had an independent Fairness Commission. This had been in existence since 2012 with representations from Newport as the Local Authority, as well as a range of other organisations working across Newport. The Commission's website [Home | Newport Fairness Com \(newportfairnesscommission.com\)](https://www.newportfairnesscommission.com) highlights the parameters of fairness and the Council consider these parameters as part of decision-making and impacts on fairness. The Fairness aspect is not part of statutory requirements around equality, but it is something Newport has embedded in decision making.

Recommendation:

The Governance and Audit Committee considered the report and provided feedback on the draft Risk Management Policy and risk appetite statement, subject to comments by the Governance and Audit Committee.

6. Audit Wales and Regulatory Bodies Six-Month Update

6.1 The Performance and Programme Manager gave an update on the regulatory activity. There are three external regulators: Audit Wales, Care Inspectorate Wales, and Estyn. Each body is responsible for providing assurance that the Council is fulfilling its statutory duties and providing value to the public. This report covered the regulatory reports / inspections completed by each body between April 2023 and December 2023 including a summary of the Council's response (where applicable), and any additional actions which the Council is undertaking to respond to the recommendations.

The report also included an update with any actions in progress from the previous report to Governance and Audit Committee. Four national thematic reports had been published by Audit Wales and two local reports.

Care Inspectorate Wales had delivered two national reports and one inspection of an adult residential provision. Estyn delivered six school inspections and five national thematic reviews.

Comments of Committee Members:

6.2 Dr Barry noted that, 29% of elected members had not attended the training; Dr Barry asked how this would be addressed and what was covered in the training. Mr Reed also asked what steps would be taken in relation to non-attendance, and queried whether the Committee require feedback in terms of names of those that did not attend.

6.3 Dr Barry added that the testing of business continuity plans was not included in the report, and this was a requirement.

6.4 Dr Barry referred to building control registration competency issue, did this need to be completed by 1 April with nine months to complete an action plan, this was a long time and could it be completed within a month or two.

6.5 Dr Barry referred to three national themed reports, with 11 recommendations in total, but it was not clear which of these recommendations referred to which reports, so this could be clearer.

6.6 Dr Barry thought that the National Fraud Initiative self-appraisal checklist should be brought forward.

6.7 The Head of People, Policy and Transformation responded to both Dr Barry and Mr Reed's query on cyber training. Every councillor received training before they could access the system at the beginning of their term, although Audit Wales did refer to additional cyber training provision. Since this was last reported to the Committee, training attendance had increased, and this was also supplemented with online training. This was an interactive online session, with colleagues running through all aspects of data protection, information management and security including cyber control. Attendance at the training would continue to be encouraged and promoted.

6.8 The Head of People, Policy and Transformation referred to business continuity testing, this did not meet control set by Audit Wales but was being reviewed and therefore testing would be completed at a later stage. They noted the comments of the Committee and would provide feedback to the service area.

6.9 The Strategic Director for Transformation and Corporate added that every member had completed compliance training around cyber security. This represented additional training, and the Committee may wish to make a recommendation on if it should be mandatory. There is a difference between

training that is considered mandatory under legislation and a list of training suggested as useful and important. Cyber training, however, was continually changing and training should be accessed on a regular basis.

- 6.10 Councillor Jordan pointed out training slides were provided for all councillors following a session and these were available for those that were unable to attend training sessions.
- 6.11 Councillor Mogford mentioned that in the past he had requested training slides for those courses he had attended but had not received them. The Chair noted that officers would pick this up outside of the committee.
- 6.12 Dr Barry was concerned about cyber-attack and the consequences around information security. The Strategic Director for Transformation and Corporate suggested that this could be taken as a Part 2 update to Committee Members.
- 6.13 The Chair took on board the points and understood that training took place in July 2023, but the audit report was not issued until August 2023, which was after the date of the initial training. The Chair requested that the committee's concern regarding councillor attendance at cyber training be noted as an ongoing concern.
- 6.14 The Chair also referred to testing arrangements around cyber security and business continuity. The Strategic Director for Transformation and Corporate suggested that cyber compliance was to be discussed in private. In terms of business continuity, the Strategic Director for Transformation and Corporate noted that there was an arrangement in place, which had been well-tested during the pandemic.
- 6.15 The Chair suggested a lead officer should be named as accountable for delivering these recommendations, as it was not listed in the report. The Policy and Programme Manager assured the Chair that all reports would go to the Head of Service, who are ultimately responsible for those reports, however, they would look at making the chain of accountability clearer in the report.
- The Chair referred to the National Fraud Initiative (NFI) and asked if reassurance was provided by the Audit Manager regarding training. The Head of Finance advised that there would be two pieces of work, one on NFI, with a lot of those checks undertaken within service areas with a mop-up of reports from the Audit Manager during March/April. There would also be a bigger piece of work on the fraud risk assessment, which would inform the audit plan over a number of years.
- 6.16 The Chair considered that recommendations in one of the CIW reports, required a wider narrative on how they were being dealt with. The Policy and Programme Manager would feed this back to the relevant officers for future reports.
- 6.17 The Chair referred to the Estyn report, where it should say that all schools had received training on the Additional Learning Needs (ALN) system rather than nearly all schools had received training. The Policy and Programme Manager advised that Education services used Estyn's ratings in terms of how they were assessed and did not realise that it had a different interpretation for the Governance and Audit Committee. This would be made clear in future when reporting back in future.
- 6.18 Mr Reed referred to Page 66 regarding National Fraud Initiative where it stated that 13 out of 22 Welsh Local Authorities identified 95% of fraud. It did not make it clear in the report that Newport was not one of them, therefore under NCC Action should there be a comment that Newport was one of the LA's that contributed to identifying the 95%. The Policy and Programme Manager advised that it was addressed when it was last looked at but not included in the information.
- 6.19 Mr Reed referred to page 68, there was no recommendations and Mr Reed wanted to congratulate officers for this.

Recommendation:

The Governance and Audit Committee considered the contents of the report and the regulatory activity completed, and noted that where recommendations were raised, the Council took necessary action as a response.

That the comments of the Governance and Audit Committee be noted.

7. Capital Treasury Management Strategy 2024/25

- 7.1 The Assistant Head of Finance presented the key points in the report to the Committee. The current programme ran from 2023/24 to 2027/28. In line with the rolling programme management approach, the next iteration of the five-year programme ran from 2024/25 to 2028/29. The next iteration of the programme predominantly comprised of annual recurring allocations and a number of ongoing schemes from the existing programme.
- 7.2 The report included both the Capital and Treasury Management Strategies which, at their core, (i) confirmed the Capital Programme, as part of the Capital Strategy and (ii) the borrowing limits and other indicators which governed the management of the Council's borrowing and investing activities, as part of the Treasury Management Strategy.
- 7.3 The Assistant Head of Finance referred to questions included in the report which were points for consideration by the Committee as set out in paragraph 8.
- 7.5 Governance arrangements had also been strengthened around the capital programme, introducing from this year a capital assurance group of senior officers monitoring the capital programme and ongoing projects.
- 7.6 A new accounting standard will be adopted from 1 April 2024 which requires Local Authorities to treat lease arrangements as capital expenditure rather than revenue, which will allow for capital value of lease payments not yet made.
- 7.7 The Capital Strategy also sets out the long-term context (10 years) in which capital decisions are made. It demonstrates that the Council's approach to taking capital and investment decisions is in line with service objectives, whilst considering risk, reward, and impact. It also demonstrates that these decisions are taken whilst having proper regard to stewardship of public funds, value for money, prudence, sustainability, and affordability.
- 7.7 The liability benchmark graph included in the report gave a long-term impression on where long-term internal borrowing was heading and demonstrated that there was an increased borrowing need and over the next 12-18 months, there was a significant refinancing need.
- 7.8 There was a Head of Finance Summary review also within the report.

Comments of Committee Members:

- 7.9 The Chair noted that the Capital Strategy met the requirement of assuring the committee.
- 7.10 The Chair referred to loans coming up for renewal, and asked if there was a likelihood that this would be on a short-term basis or if there was a better rate for long-term borrowing. The Assistant Head of Finance advised that short-term borrowing would only be considered for short-term need, and they look to replace on a long-term basis and consult with advisers on where interest rates might be heading.
- 7.11 Mr Reed considered that this was a good report, and it gave him confidence as a Newport resident that it was being well-run and well-thought-through.

Recommendation:

Governance and Audit Committee was asked:

- To provide comment on the Capital Strategy (Appendix 2), including the draft Capital Programme (shown separately in Appendix 1), and the borrowing requirements/limits needed to deliver the new programme.
- To provide comment on the Treasury Management Strategy and Treasury Management Indicators, the Investment Strategy, and the Minimum Revenue Provision (MRP) policy for 2024/25. (Appendix 3)

As part of the above the Committee

- Noted the increasing debt, and corresponding revenue cost of this, in delivering the Capital Programme, and the implications of this over both the short and medium to long term with regard to affordability, prudence and sustainability.
- Noted the Head of Finance recommendation to Cabinet and Council that borrowing needs to be limited to the extent that it meets the objective of stabilising, and ideally reducing, the Council's Capital Financing Requirement, and the recommended prudential indicators on borrowing limits to achieve this.

8. Update from the Strategic Director: Social Services on the Unsound Opinion for Children Services – Safeguarding Children's Money

- 8.1 The Service Manager – Operations referred to the action plan attached and advised the committee that all but one of the actions had been completed. The main point to share with the committee was that one of the actions identified was identified under a medium risk, which was the development of a Corporate Parenting strategy, and this was in the process of being finalised. Unfortunately, there was a delay due to personal circumstances but there was now a group representative that had taken over and was in the process of consulting with Children and young people to finalise this work.

Comments of the Committee:

- 8.3 Mr Reed requested that could paragraphs be numbered rather than bullet-pointed, as it was easier to follow.
- 8.7 The Chair asked if a follow-up inspection would be carried out. The Audit Manager advised that both items under Social Services would be added to the plan for revisiting and presented back to the Committee. The Chair suggested that the Strategic Director and Audit Manager meet to discuss a suitable timescale and therefore considered this be reflected in the recommendations.

Recommendation:

- The Governance and Audit Committee considered the contents of the report of the regulatory activity completed and that the Council was taking necessary action where recommendations were raised.
- That Internal Audit would prepare an update report for the Committee, date to be confirmed.

9. Update from the Strategic Director: Social Services regarding the Internal Audit of Adoption Allowances Resulting in a Third consecutive Unsatisfactory Opinion

- 9.1 Service Manager – Childrens Teams advised the committee that a new process had been implemented, with process maps in place to support this. There was an All-Wales Adoption Policy, and the adoption allowances were considered under the Childrens Finances Policy. New resources

are in place with staff undertaking a review of the adoption allowances. This is undertaken annually, in June so it would be timely that Internal Audit undertake a further re-assessment after this has been concluded.

9.4 The Chair agreed that a full report be brought to committee by September 2024.

Comments of Committee Members:

- 9.6 Dr Barry suggested that additional information be included under 'completed' to provide the level of assurance the Committee were seeking.
- 9.7 Dr Barry also referred to point 206 the progress did not appear directly next to the identified weaknesses.
- 9.8 Dr Barry considered that these issues arose due to lack of processes and management of the processes, and sought assurance that management was providing guidance and overseeing work being undertaken.
- 9.9 The Chair said that the Audit Manager picked this up and ensured that these processes were in place and that people were taking accountability and responsibility for the services that they were providing.

Recommendation:

- The Governance and Audit Committee considered the contents of this report on the regulatory activity completed and that the Council was taking necessary action where recommendations were identified.
- A report would be brought back to meeting in September or as agreed by the Strategic Director and the Audit Manager.

10. Forward Work Programme

- 1.1. The purpose of the forward work programme is to help ensure Members achieved organisation and focus on the undertaking of enquiries through the Governance and Audit Committee function. The report presented the current work programme to the Committee for information and detailed the items due to be considered at the Committee's next two meetings.
- 1.2. It was requested that the cyber review be added as a Part 2 discussion at a subsequent meeting.
- 1.3. The Complaints Lead for the Public Services Ombudsman for Wales requested to talk to the Committee. This meeting would take place before the next meeting on 28 March, at 4pm.

Recommendation:

That the Governance and Audit Committee noted the Work Programme subject to the above.

11. Date of Next Meeting

- 1.1. The next meeting will take place on 28 March 2024.

Date Raised	Item	Recommendation	Responsible Officer	Status	
23/07/23	Agenda Item 7: Corporate Risk Register Quarter 4	1. Provide an information only written update on the work being undertaken to manage the impact of the Eliminate Programme.	Strategic Director for Social Services	1. In Progress – written update to be shared with Committee as an information only update	
23/07/23	Agenda Item 8: Audit Wales and Regulatory Body Six-Month Update	1. Make amendments in future reports to make it clearer on whether the recommendations were completed or in progress (e.g. Carbon Reduction 114, Equality Impact Assessment 116, Asset Management 117). 2. Anonymised recommendations from the Care Inspectorate for Wales inspections to be shared with the Committee, subject to the approval of the Monitoring Officer.	Performance and Programme Manager Performance and Programme Manager / Head of Law and Standards	COMPLETED Actions were considered in preparation of the 6 monthly update presented in January 2024.	Jan 2024
28/09/23	Agenda Item 8: Annual Report on Compliments, Comments and	Future annual reports to build on the data outlined in the report and include demographics of residents providing feedback, and	Complaints Manager	In Progress – this will be considered in preparation of the next Annual Report which	2024

	Complaints Management 2022/23	roadmap of planned improvements.		will be presented in 2024.	
26/10/23	Agenda Item 11: 2023-24 Half Year Treasury Management Monitoring Report	Consider adding in some data from previous years as reference points to show direction of travel	Head of Finance	In Progress - The next update report on TM will be in June/July 2024 and will be incorporated then.	Summer 2024
25/01/24	Agenda Item 4: Internal Audit Plan – Progress (Quarter 3)	Provide comparison date from 12 months ago so that data in Appendix B can be compared to show the direction of travel.	Audit Manager	COMPLETED A comparison from the 12 months prior will be provided within the Annual Opinion Report, which will be presented in May 2024.	
25/01/24	Agenda Item 5: Risk Management Policy	1. Consider the Modern Slavery Act in the context of FEIA development	Performance and Programme Manager	COMPLETED 1. Modern-day slavery covered in procurement documents and contracts. However, if evidence suggests a potential positive or negative impact on particular groups in relation to modern-day slavery, this is included under the relevant part of an FEIA.	

		<p>2. Consider building three elements into the introduction of the plan;</p> <ul style="list-style-type: none"> • The Council's commitment to risk management • Framework for managing risk • Risk appetite 	Performance and Programme Manager	<p>2. Feedback and comments from GAC were considered and included in the Risk management policy which was agreed by Cabinet in March 2024. Rollout to staff will include more detailed guidance.</p>	
25/01/24	<p>Agenda Item 5:</p> <p>Audit Wales and Regulatory Bodies Six-Month Update</p>	<p>1. Encourage remaining members to attend cyber security training and note the Committee's concern that this should be considered mandatory.</p> <p>2. Following the conclusion of current review, testing of business continuity plans to be included in future reports.</p> <p>3. Provision of training materials for member seminars to be followed up outside of the Committee meeting.</p>	<p>Head of People, Policy and Transformation / Democratic and Electoral Services Manager</p> <p>Head of People, Policy and Transformation</p> <p>Democratic and Electoral Services Manager</p>	<p><u>In progress</u></p> <p>1. New date arranged.</p> <p>2. Noted for future work.</p> <p>3. Alternative arrangements for sharing training information and materials for members are being explored.</p>	

		<ol style="list-style-type: none"> 4. Part 2 update on cyber security to be shared with Committee. 5. Make clear in future reports the use of Estyn ratings in Education reports. 6. Make it clear in future reports that Newport City Council is one of the LA's contributing to the findings of the National Fraud Initiative. 	<p>Head of People, Policy and Transformation</p> <p>Performance and Programme Manager</p> <p>Performance and Programme Manager</p>	<ol style="list-style-type: none"> 4. On work programme. 5. Accepted and will be considered in future Regulatory reports to GAC. 6. Accepted and noted for future reports. 	
25/01/24	<p>Agenda Item 8:</p> <p>Update from the Strategic Director: Social Services on the Unsound Opinion for Children Services – Safeguarding Children's Money</p>	<ol style="list-style-type: none"> 1. Complete a follow up inspection and report back to committee, date to be confirmed. 2. Number the paragraphs of future reports. 	<p>Audit Manager / Director of Social Services</p> <p>Director of Social Services</p>	<ol style="list-style-type: none"> 1. A follow up review will be performed in September 2024 and then reported back the Committee. 	
25/01/24	<p>Agenda Item 9:</p> <p>Update from the Strategic Director: Social Services regarding the Internal Audit of Adoption Allowances Resulting in a Third consecutive Unsatisfactory Opinion</p>	<ol style="list-style-type: none"> 1. Complete a follow up inspection and report back to committee by September 2024. 2. Provide additional evidence to support the actions noted as 'completed' in future reports. 	<p>Audit Manager / Director of Social Services</p> <p>Director of Social Services</p>	<ol style="list-style-type: none"> 1. A follow up review will be performed in August 2024 and then reported back the Committee. 	

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Report

Governance and Audit Committee

Part 1

Date: March 2024

Subject **Quarter 3 23/24 Corporate Risk Register Update**

Purpose To present an update of the Corporate Risk Register for the end of Quarter 3 (1st October 2023 to 31st December 2023).

Author Head of People, Policy and Transformation

Ward All

Summary The Council's Corporate Risk Register monitors those risks that may prevent the Council from achieving its strategic priorities or delivering services to its communities and service users in Newport.

At the end of Quarter 3, there were 15 risks recorded in the Corporate Risk Register that are considered to have a significant impact on the achievement of the Council's objectives and legal obligations.

Overall, there are 8 Severe risks (risk scores 15 to 25); 7 Major risks (risk scores 7 to 14); that are outlined in the report. In comparison to the Quarter 2 corporate risk register, one risk score decreased (Failure to achieve completion of the Internal Audit Plan). All remaining risks did not change score.

As set out in the Council's Risk Management Policy, the Governance and Audit Committee reviews the Corporate Risk Register on a quarterly basis ensuring procedures are in place to monitor the management of significant risks.

Proposal The Governance and Audit Committee is asked to consider the contents of this report and assess the risk management arrangements for the Authority, providing any additional commentary and/or recommendations to the Cabinet.

Action by Corporate Management Team and Heads of Service

Timetable Immediate

This report was prepared after consultation with:

- Cabinet
- Executive Board
- Corporate Management Team

Background

The Well-being of Future Generations (Wales) Act 2015 requires Newport City Council to set Well-being Objectives in its Corporate Plan. As a public body, Newport City Council is also responsible for delivering services (statutory and non-statutory) to residents, businesses, and visitors across Newport. We will inherently encounter opportunities and risks that may prevent, disrupt, impact or enhance the delivery of the Council services and achieve the objectives in the Corporate Plan. How the Council responds and manages these opportunities and risks is important to ensure resources are being used efficiently and effectively to maximise value for money and to minimise and/or prevent the risk impacting services, communities, and citizens in Newport.

In March 2024, [Newport City Council's Cabinet](#) approved the Council's new Risk Management Policy and risk appetite statement. Following this approval, the Risk Management Policy will come into effect from 1st April 2024 and will be reported in Quarter 1 of 2024/25. The Corporate Risk Register provides assurance on the most significant risks that the Council was managing in the last quarter.

Officers across the Council regularly manage risk in the course of their duties whether this is health and safety risks, civil contingencies, safeguarding risks to children, young people, adults and carers or risks to assets, buildings, and council employees. The relevant service area(s) and professional disciplines will be assessing and managing these risks as required and reporting these through their own reporting mechanisms. In accordance with the Council's Risk Management Policy, any new, escalated / de-escalated, and closed risks in the Corporate Risk Register are presented to the Council's Executive Board for decision.

Risk Management Process

In Newport City Council risks that may prevent or impact on the delivery of our services is continuously monitored and managed at all levels of the organisation. The diagram below summarises how risks are continuously managed in Newport City Council.

There are many different sources of risks, such as civil contingencies, health & safety, service delivery and projects throughout the organisation where risks to the delivery of the Corporate Plan, or services might be identified and included on the Council's risk register. New risks identified to be included on the register have to be assessed and evaluated to determine their risk scores (Inherent / Residual / Target), existing controls that are in place and where further mitigating controls are required to respond and reduce the overall impact of the risk to the Council. To assess risk scores Newport City Council uses a standard 5x5 matrix that is commonly adopted across Welsh and English local authorities. Appendix 1 of this report shows the risk heat map of the Council's corporate risks using this matrix.



All risks identified are initially agreed by the Head of Service. If the residual risk score is 15 or above or if the Head of Service considers the risk to have an impact on the delivery of services / achievement of Council objectives, it is escalated to the Council's senior management team to determine whether it is included on the Council's Corporate Risk Register or if the risk should be managed by the relevant service area(s).

All risks are recorded in the Council's 'Management Information Hub'. Every quarter, risk owners, and risk action owners are required to assess and provide an update on the risk score and mitigating actions in place. Any risk that has escalated to 15 or above is automatically escalated and requires the Directors team to consider whether it should be included on the Corporate risk register or if they are satisfied that the responsible owner and mitigating actions are effective to be managed within the service area / team.

As risk mitigating actions are completed and the risk is reduced to meet the target risk score, an assessment will be undertaken by the risk owner to determine whether the risk is closed and if the risk mitigation actions have been sufficient to mitigate the overall risk. For risks on the Corporate Risk Register this responsibility would fall onto the Head of Service and senior management team to determine if the risk can be closed.

Newport City Council – Quarter 3 Service Area Risk Summary

Appendix 2 of the report provides an overview of the Council's overall risks reported at the end of Quarter 3. This includes corporate and service area risks across the Council's service areas. In summary, the Council had 43 risks of which:

Total Risks at Q2	Risk Scores Increased since Q2	Risk Scores Decreased since Q2	No Change since Q2	New Risks Since Q2	Closed Risks Since Q2	Escalated Risks ⁺¹	De-escalated Risks ⁺²
43	2	2	39	0	0	0	0

Newport City Council Quarter 3 Corporate Risk Register Summary

At the end of Quarter 3, the Council's Corporate Risk Register included 15 of the 43 risks that are considered to pose the most risk to the delivery of Council services and achievement of its strategic priorities. The 15 Corporate Risks consisted of:

- 8 Severe risks (15 to 25)
- 7 Major Risks (7 to 14)

In comparison to the Quarter 2 corporate risk register, one risk (Failure to achieve completion of the Internal Audit plan) decreased from 16 to 9. All other risk scores remained the same as Quarter 2. Summary of the risk is provided below.

Risk	Risk Summary	Q1 Risk Score	Q2 Risk Score	Summary
<p>Failure to achieve completion of the annual Internal Audit Plan</p> <p><i>Leader of Newport City Council</i></p> <p><i>Transformation & Corporate / Finance</i></p>	<p>The Internal Audit (IA) Plan comprises of opinion and non-opinion related audit jobs and is based on a number of audit days available to undertake the work. If not enough opinion related jobs are completed to draft report stage by the end of the financial year this could impact on the Chief Internal Auditor's ability to provide an overall opinion on the adequacy of the internal control environment, governance arrangements</p>	16	9	<p>At the of end of Quarter 3, there has been good progress made by the Internal Audit team in the delivery of the Audit Plan for 23/24. Since the previous quarter, the Council has recruited 2 auditors and have agreed for South West Audit Partnership (SWAP) to undertake further work.</p>

Risk	Risk Summary	Q1 Risk Score	Q2 Risk Score	Summary
	and risk management processes operated within the Council.			

The Quarter 3 Corporate Risk Register was presented to [Cabinet](#) earlier in March 2024. Cabinet accepted the changes to the Corporate Risk Register and the risk scores for Quarter 3.

Appendix 1 - Quarter 3 Corporate Risk Heat Map and Risk Profile

Appendix 2 – Quarter 3 Newport City Council’s Service Area Risk Summary.

Appendix 3 – Newport City Council’s Quarter 3 Corporate Risk Register (Attached separately).

Glossary – Risk Management terminology and Risk Score Assessment

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. Audit Committee oversight of risk management process.	Directors, Heads of Service and Performance Team

*Taking account of proposed mitigation measures

Links to Council Policies and Priorities

Corporate Plan 2022-27

Service Plans 2022-24

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 this report and assessment of the risk management arrangements for the Authority, providing any additional commentary and/or recommendations to the next Cabinet meeting.
2. To request further information or reject the contents of the risk register.

Preferred Option and Why

1. 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 itself. 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.

There are a number of risks with either a direct or indirect financial impact. For example, the risk around balancing the medium-term financial position is currently rated as severe, due to the high inflationary environment and increasing demand for services. Whilst balanced budgets for 2023/24 and 2024/25 were achieved, the challenge of achieving that over the medium term remains, with further difficult decisions being required to do that. It is noted that the risk surrounding the Internal Audit service has been downgraded. Whilst it is clearly positive that good progress has been made in the delivery of the audit plan, close monitoring will be required to ensure that this position is maintained.

As well as risks specific to the Finance service, the report highlights high levels of risk in a number of areas, such as Children's Services, homelessness, the property estate and the highways network. These areas all result in financial pressures, either due to increasing demand for services or the challenges in maintaining assets to an appropriate level. As a result of their high significance, these particular pressures are specifically referenced within the Council's budget for 2024/25, with investment being made in all of these areas in response to those pressures.

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. Governance and Audit Committee are responsible for reviewing and assessing the Council's risk management, internal control and corporate governance arrangements. However, the identification of corporate risks within the risk register and monitoring the effectiveness of the mitigation measures are matters for Cabinet. As the report notes above, the majority of the risk scores remained the same in Quarter 3, with only one change to the risk score relating to achievement of the internal audit plan, for which the score decreased.

Comments of Head of People, Policy and Transformation

Effective monitoring and reporting of the Council's Corporate Risk Register is essential in minimising and preventing the likelihood and impact of risks against our objectives. The Council's risk management is a key area in the implementation of the Well-being of Future Generations Act (Wales) 2015.

The recent Internal Audit review of the Council's risk management arrangements confirmed that the Council has 'Substantial' (highest assurance rating) and effective processes in place to manage, identify and monitor its risks. The new Risk Management Policy (presented to Cabinet in March 2024) will set the necessary appetite and arrangements to deliver the Council's strategic priorities.

Scrutiny Committees

Not Applicable. Audit Committee have a role in reviewing and assessing the risk management arrangements of the Authority.

Fairness and Equalities Impact Assessment

For this report, a full Fairness and Equality Impact Assessment is not required to be undertaken. This is because this report is not seeking any strategic decisions or policy changes, with its purpose being to update Governance and Audit Committee on the current risk register and risk management process of the Council.

Wellbeing of Future Generations (Wales) Act 2015

Under the Wellbeing of Future Generations Act (Wales) 2015 and its 5 ways of working principles this report supports:

Long Term – Having effective risk management arrangements will ensure that the opportunities and risks that will emerge consider the long-term impact on service users and communities.

Preventative – Identifying opportunities and risks will ensure the Council is able to implement necessary mitigations to prevent or minimise their impact on Council services and service users.

Collaborative – The management of risk is undertaken throughout the Council and officers collaborate within service areas, Corporate Management Team and the Council's Cabinet to ensure decisions are made in a timely manner and are evidence based.

Involvement – The Council's Risk Management process involves officers across the Council's service areas and Cabinet Members.

Integration – Risk Management is being integrated throughout the Council and supports the integrated Planning, Performance and Risk Management Framework. The Framework ensures that planning activities consider the opportunities and risks to their implementation and overall supports the delivery of the Council's Corporate Plan and legislative duties.

Consultation

The Quarter 3 Corporate Risk Register was presented to Cabinet in March 2023. Cabinet accepted the changes to the register and the risk scores for Quarter 3.

Background Papers

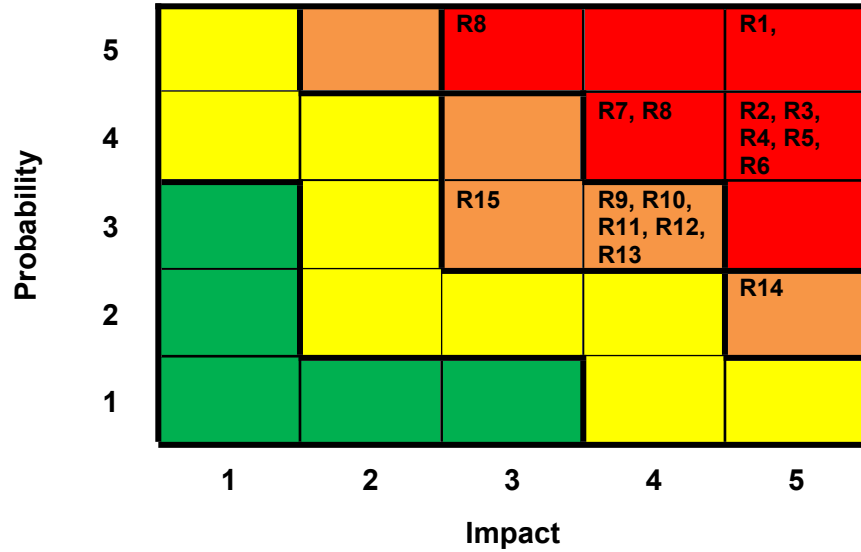
[Quarter 3 Corporate Risk Update to Cabinet](#)

[Quarter 2 Corporate Risk Update to GAC](#)

Risk Management Policy

Dated: 20th March 2024

Appendix 1 – Quarter 3 2023/24 Risk Heat Map



Corporate Risk Heat Map Key (Quarter 3 2023/24)	
R1 - Pressure on the delivery of Children Services	R9 - Cyber Security
R2 - Pressure on Adult & Community Services	R10 - Schools Finance / Cost Pressures
R3 - Balancing the Council's Medium-Term budget	R11 - Demand for ALN and SEN support
R4 - Highways Network	R12 - Educational Out of County Placements
R5 - Pressure on Housing and Homelessness Service	R13 - Welsh Government's Net Carbon Zero Target by 2030
R6 - Newport Council's Property Estate	R14 - City Centre Security and Safety
R7 - Stability of Social Services Providers	R15 - Failure to achieve completion of the annual Internal Audit Plan
R8 - Eliminate Profit from Social Care	

Risk Score Profile between Quarter 4 2022/23 and Quarter 3 2023/24

Risk Reference	Risk	Lead Cabinet Member(s)	Lead Directorate / Service Area	Risk Score Q4 2022/23	Risk Score Q1 2023/24	Risk Score Q2 2023/24	(Current) Risk Score Q3 2023/24	Target Risk Score
R1	Pressure on the delivery of Children Services	Cabinet Members for Social Services	Social Services / Children Services	25	25	25	25	12
R2	Pressure on Adult & Community Services	Cabinet Members for Social Services	Social Services / Adult Services	20	20	20	20	12
R3	Balancing the Council's Medium-Term budget	Leader of the Council / Cabinet	Transformation & Corporate / Finance	20	20	20	20	10
R4	Highways Network / Infrastructure	Cabinet Member for Infrastructure & Assets	Environment & Sustainability / Infrastructure	20	20	20	20	15
R5	Pressure on Housing and Homelessness Service	Cabinet Member for Strategic Planning, Regulation & Housing	Environment & Sustainability / Housing & Communities	20	20	20	20	12
R6	Newport Council's Property Estate	Cabinet Member for Infrastructure & Assets	Transformation & Corporate / People, Policy & Transformation	16	16	20	20	12
R7	Stability of Social Services Providers	Cabinet Members for Social Services	Social Services / Adult Services	20	20	16	16	12
R8	Eliminate Profit from Social Care	Cabinet Members for Social Services	Social Services / Children Services	15	15	15	15	4
R9	Information and Cyber Security	Cabinet Member for Organisational Transformation	Transformation & Corporate / People, Policy & Transformation	12	12	12	12	8

Risk Reference	Risk	Lead Cabinet Member(s)	Lead Directorate / Service Area	Risk Score Q4 2022/23	Risk Score Q1 2023/24	Risk Score Q2 2023/24	(Current) Risk Score Q3 2023/24	Target Risk Score
R10	Schools Finance / Cost Pressures	Deputy Leader & Cabinet Member for Education & Early Years	Chief Executive / Education Services	12	12	12	12	12
R11	Demand for ALN and SEN support	Deputy Leader & Cabinet Member for Education & Early Years	Chief Executive / Education Services	12	12	12	12	6
R12	Educational Out of County Placements	Deputy Leader & Cabinet Member for Education & Early Years	Chief Executive / Education Services	12	12	12	12	4
R13	Welsh Government's Net Carbon Zero Target by 2030	Cabinet Member for Climate Change & Biodiversity	Environment & Sustainability / Environment & Public Protection	12	12	12	12	2
R14	City Centre Security and Safety	Cabinet Member for Infrastructure & Assets	Environment & Sustainability / Infrastructure	10	10	10	10	9
R15	Failure to achieve completion of the annual Internal Audit Plan	Leader of the Council	Transformation & Corporate Finance	12	16	16	9	6

Appendix 2 – Quarter 3 23/24 NCC Service Area Risk Summary

Directorate	Service Area	Total Q3 Risks	Risk Scores Increased since Q2	Risk Scores Decreased since Q2	No Change since Q2	New Risks Since Q2	Closed Risks Since Q2	Escalated Risks ^{*1}	De-escalated Risks ^{*2}
Chief Executive	Education	5	0	0	5	0	0	0	0
	Regeneration & Economic Development	4	1	0	3	0	0	0	0
Environment & Sustainability	Environment & Public Protection	4	0	0	4	0	0	0	0
	Housing & Communities	3	0	0	3	0	0	0	0
	Infrastructure	5	0	0	5	0	0	0	0
Social Services	Adult Services	4	0	0	4	0	0	0	0
	Children Services	3	0	0	3	0	0	0	0
	Prevention & Inclusion	1	1	0	0	0	0	0	0
Transformation & Corporate	Finance	6	0	1	0	0	0	0	0
	Law & Standards	2	0	0	2	0	0	0	0
	People, Policy & Transformation	6	0	1	5	0	0	0	0
Total		43	2	2	39	0	0	0	0

*1 – Escalated Risks – Risks that have been escalated from Service area risk registers to Corporate Risk Register

*2 – De-escalated Risks – Risks that have been de-escalated from Corporate Risk Register to service area risk register

Glossary

This document provides an explanation of terminology used in this report and supporting documents.

Risk Appetite – the amount of risk that Newport City Council is willing to seek or accept in the pursuit of the Council’s long term objectives.

Inherent Risk Score – The level of risk in the absence of any existing controls and management action taken to alter the risk’s impact or probability of occurring.

Residual Risk Score – The level of risk where risk responses i.e. existing controls or risk mitigation actions have been taken to manage the risk’s impact and probability.

Target Risk Score – The level of risk (risk score) that Newport City Council is willing to accept / tolerate in managing the risk. This is set in line with the Council’s overall risk appetite.

Risk Mitigation Action – Actions identified by the Risk Owner to respond to the risk and reduce the impact and probability of the risk of occurring.

Risk Mitigation Action (Red Progress Score) – Significant issue(s) have been identified with the action which could impact on the ability of the action meeting its completion date. Immediate action / response is required resolve its status.

Risk Mitigation Action (Amber Progress Score) – issue(s) have been identified that could have a negative impact on the action achieving its completion date. Appropriate line manager(s) should be informed and where necessary action taken.

Risk Mitigation Action (Green Progress Score) – The action is on course for delivering to the agreed completion date and within the agreed tolerances.

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

Score	Description	Impact Measures						
		Strategic / Policy	Operational / Business Continuity	Financial	Governance / Legal / Regulatory	Health & Safety	Reputational	Project Delivery / Savings / Benefits
5	Severe	Failure of a key strategic objective	Serious organisational / service failure that has direct impact on stakeholders including vulnerable groups. Service disruption over 5+ days.	<u>Corporate / Project</u> Unplanned and/or additional expenditure disturbance. Capital > £1M Revenue >£1M	Legislative / Regulatory breach resulting in multiple litigation / legal action taken on the Council (linked to Financial / Reputational Impacts).	Multiple major irreversible injuries or deaths of staff, students or members of public. (Linked to Financial / Reputational Impacts)	Severe and persistent National media coverage. Adverse central government response, involving (threat of) removal of delegated powers. Officer(s) and / or Members forced to Resign.	Project status is over 12 months from anticipated implementation date. Project(s) do not deliver the major benefits / savings identified in business case. This is linked to Financial / Strategic / Reputational Impacts
4	Major	Severe constraint on achievement of a key strategic objective	Loss of an important service(s) for a short period that could impact on stakeholders. Service disruption between 3-5 days.	<u>Corporate / Project</u> Unplanned and/or additional expenditure disturbance. Capital > £0.5M - £1.0M Revenue >£0.5M- £1M	Serious legislative breach resulting in intervention, sanctions and legal action. (Linked to Financial / Reputational Impacts)	Major irreversible injury or death of staff, student or member of public. (Linked to Financial / Reputational Impacts)	Adverse publicity in professional / municipal press, affecting perception / standing in professional /local government community Adverse local and social media publicity of a significant and persistent nature.	Project status is 6 to 12 months over from anticipated implementation date. Project(s) do not deliver major benefits / savings identified in business case. This is linked to Financial / Strategic / Reputational Impacts
3	Moderate	Noticeable constraint on achievement of a key strategic objective /	Loss and/or intermittent disruption of a service between 2-3 days.	<u>Corporate / Project</u> Unplanned and/or additional	Significant legislative breach resulting in investigation. (Linked to Financial	Major reversible injury to staff, student or member of	Adverse local publicity / local public opinion including social media.	Project status is 1 to 6 months over from anticipated implementation date.

Score	Description	Impact Measures						
		Strategic / Policy	Operational / Business Continuity	Financial	Governance / Legal / Regulatory	Health & Safety	Reputational	Project Delivery / Savings / Benefits
		Service Plan objective.		expenditure disturbance. Capital = £0.25M - £0.5M Revenue = £0.25M to £0.5M Revenue = £0.25M to £0.5M	/ Reputational Impacts)	public. Not life threatening. (Linked to Financial / Reputational Impacts)	Statutory prosecution of a non-serious nature.	There is significant reduction on delivery of benefits / savings identified in business case. This is linked to Financial / Strategic / Reputational impacts.
Page 29	Low	Constraint on achievement of Service Plan objective that does not impact on Corporate Strategy	Brief disruption of service that has a minor impact on the delivery of a service. Service disruption 1 day.	<u>Corporate / Project</u> Unplanned and/or additional expenditure disturbance. Capital = £0.1M - £0.25M Revenue = £0.1M – £0.25M	Moderate impact leading to warning and recommendations.	Some minor reversible injuries. (Linked to Financial / Reputational Impacts)	Contained within Directorate Complaint from individual / small group, of arguable merit	Project status is 1 to 4 weeks over from anticipated implementation date. There is minor reduction on delivery of benefits / savings identified in business case. This is linked to Financial / Strategic / Reputational impacts.
1	Very Low	Constraint on achievement of Service / Team Plan objective	Minor disruption of a non-critical service.	<u>Corporate / Project</u> Unplanned and/or additional expenditure disturbance. Capital < £100k	No reprimand, sanction or legal action.	Some superficial injuries. (Linked to Financial / Reputational Impacts)	Isolated complaint(s) that are managed through the corporate complaints process and service area.	Project status is 1 week over from anticipated implementation date. There is insignificant / no impact on delivery of benefits / savings

Score	Description	Impact Measures						
		Strategic / Policy	Operational / Business Continuity	Financial	Governance / Legal / Regulatory	Health & Safety	Reputational	Project Delivery / Savings / Benefits
				Revenue <£100k				<p>identified in business case.</p> <p>This is linked to Financial / Strategic / Reputational impacts.</p>

Score	Probability	Criteria
5	Very likely 75% +	<p>Systematic Risks – Local evidence indicating very high probability of occurrence if no action / controls are in place. Risk is highly likely to occur daily, weekly, monthly, quarterly.</p> <p>Emerging Risks – National and Global evidence indicating very high probability of occurrence on local communities if no action / controls are taken. Risks are highly likely to occur within the next 5 years.</p>
4	Likely 51-75%	<p>Systematic Risks – Local evidence indicating high probability occur in most circumstances with near misses regularly encountered e.g. once or twice a year.</p> <p>Emerging Risks – National and Global evidence indicating high probability of occurrence on local communities if no action / controls are taken. Risks are likely to occur within the next 5-10 years.</p>
3	Possible 26-50%	<p>Systematic Risks – Local evidence indicating distinct possibility with circumstances regularly encountered and near misses experienced every 1-3 years.</p> <p>Emerging Risks – National and Global evidence indicating distinct probability of occurrence on local communities if no action / controls are taken. Risks are likely to occur within the next 10-15 years.</p>
2	Unlikely 6-25%	<p>Systematic Risks – Local evidence indicating low to infrequent near misses experienced every 3 + years.</p> <p>Emerging Risks – National evidence indicating low probability of occurrence on local communities if no action / controls are taken. Risks are likely to occur within the next 16-25 years.</p>
1	Very Unlikely	<p>Systematic Risks – Local evidence indicating risk has rarely / never happened or in exceptional circumstances.</p> <p>Emerging Risks – National evidence indicating very low probability of occurrence on local communities if no action / controls are taken. Risks are likely to occur within the next 16-25 years.</p>

Systematic Risks – Risks that are known or are becoming part of social, cultural, economic, and environmental systems that govern our lives.

Emerging Risks – Risks that are further away, less defined, and early stage of being known about.

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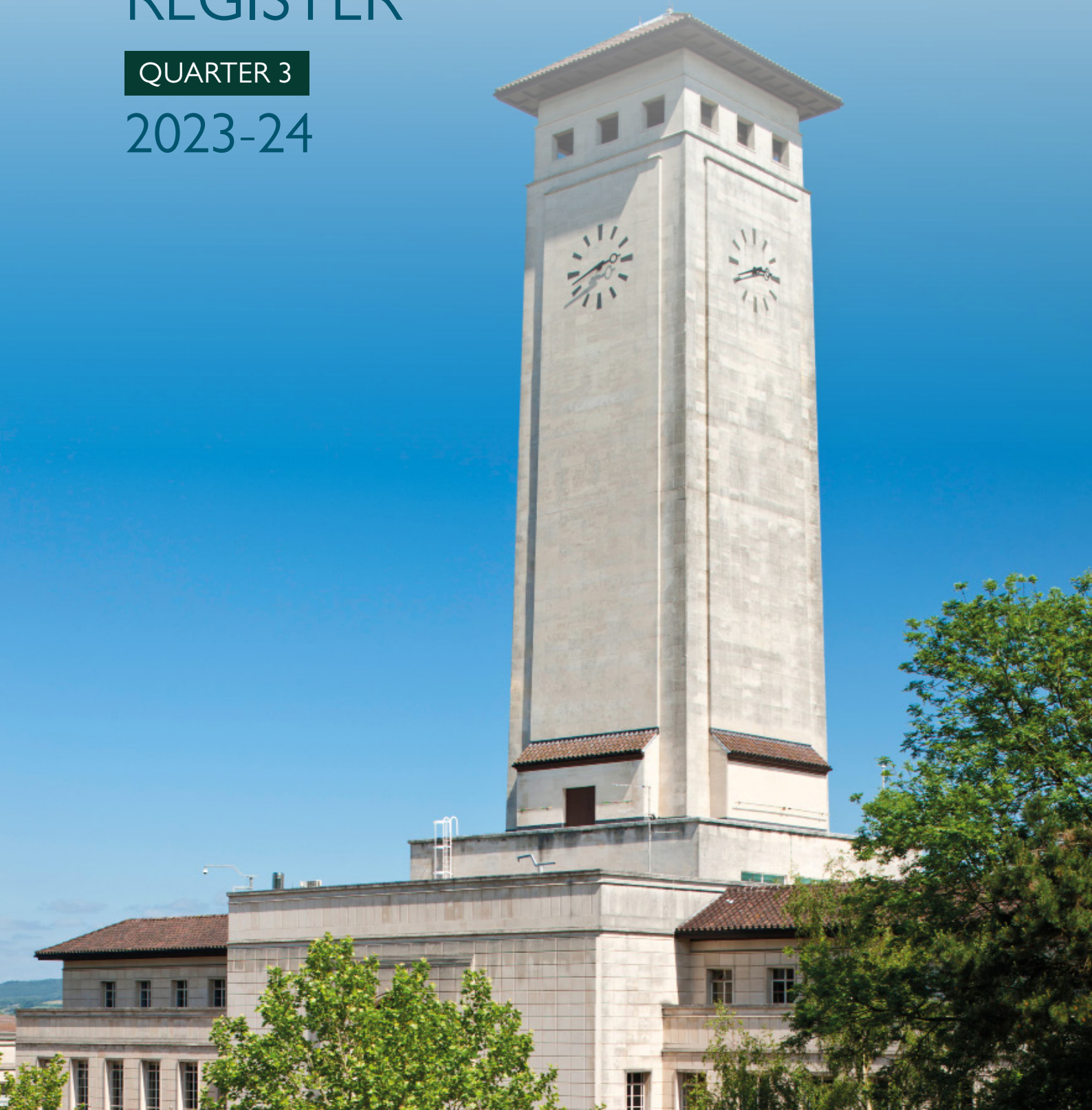


NEWPORT
CITY COUNCIL
CYNGOR DINAS
CASNEWYDD

CORPORATE RISK REGISTER

QUARTER 3




2023-24






Corporate Risk Report Definitions

Direction of Risk

The change of risk score between previous quarter and the current quarter being reported.

Direction of Risk	Definition
	The risk score has decreased / improved since the last quarter update.
	The risk score has increased / worsen since the last quarter update.
	The risk score has remained the same since the last quarter update.

Risk Mitigation Action Plan

RAG Assessment	Definition
	Action is on track to be completed by the Agreed target date.
	Action is mainly on track with some minor issues preventing the action being completed by the agreed target date. Management interventions required to improve performance and close monitoring by the Head of Service / Service Management Team.
	Action is not on track with major issues preventing the action being completed by the agreed target date. Immediate management interventions and escalation to Directorate Management Board required to improve performance.

Abbreviations

ALN – Additional Learning Needs
 BP – Business Partner
 CCP – Climate Change Plan
 DOR – Direction of Risk.
 IA – Internal Audit
 LAEP – Local Area Energy Plan
 MTFP – Medium Term Financial Plan
 NCC – Newport City Council
 OOC – Out of County
 PPT – People Policy & Transformation
 RAG – Red / Amber / Green
 RSL – Registered Social Landlord
 SEN – Special Education Needs
 SRS – Shared Resource Service (Newport Council's IT Partner)
 WLGA – Welsh Local Government Association
 YJS – Youth Justice Service
 'Name' – Project – Defines a programme or project monitoring from service area plans

Balancing the Council's Medium Term Budget

Risk Overview	To meet the Council's requirement of reducing the gap between Council spend and Budget allocation over the next 3-5 years
Parent Service(s)	Finance (sv)
Lead Cabinet Member(s)	Leader of the Council & Cabinet Member for Economic Growth & Investment




Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> Finance reported to key strategic boards on monthly basis e.g. Executive Board, Directorate Management Boards, Corporate Management Team, Service Area Management teams. Finance updates reported to Cabinet on revenue and capital position. Corporate Governance and Council Constitution sets roles and responsibilities of financial management.
Internal Controls & Processes	<ul style="list-style-type: none"> Monthly finance (revenue and capital) forecasting of budgets to identify budget pressures and savings. Finance Business Partners supporting budget holders / senior managers. Budget setting process with senior officers / budget holders. Includes consultation with public and other key stakeholders.
Other Arrangements	<ul style="list-style-type: none"> Regulatory / Audit Wales review of Council finances. Internal Audit reviews of finance and financial controls. Local authority network and reporting to Society of Welsh Treasurers and Welsh Government.

Direction of Risk

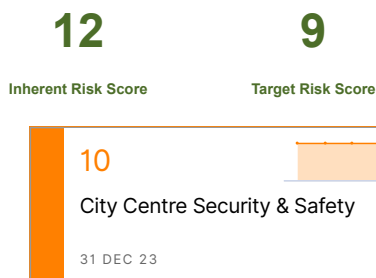
	DoR	Comment
Balancing the Council's Medium Term Budget	➔	As at the end of Quarter 3, the Council had received the draft settlement figure from Welsh Government for 2024/25, which confirmed the likely funding levels for the following year. This enabled a draft budget to be developed for the purpose of consultation, for consideration by Cabinet in January. The provisional funding levels reduced the budget gap and it is hopeful that a balanced budget can be set for the forthcoming year, although this won't be confirmed until February. However, the medium term outlook remains extremely challenging and difficult decisions will be required in order to balance the budget for 2025/26 and beyond, which is the reason for the risk rating remaining unchanged from previous quarters.

Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Finance Business Partner reviews of service area monitoring positions	01 Jun 2023	31 Jan 2024	31 Jan 2024	★
 Regular discussion with Society of Welsh Treasurers.	01 Jul 2023	29 Feb 2024	29 Feb 2024	★
 Senior leadership and Cabinet engagement in MTFP preparations	01 Jun 2023	31 Mar 2024	31 Mar 2024	★

City Centre Security & Safety

Risk Overview	Minimise the risks and disruption to people and businesses due major incidents or deliberate acts that pose hazards to people and business and can result in structural damage; damage/disruption to infrastructure and utilities; impacts on business continuity, reputation, and the economy, in both the city centre and affected surrounding areas.
Parent Service(s)	Infrastructure (sv)
Lead Cabinet Member(s)	Cabinet Member for Infrastructure & Assets



Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> The Protect Duty Act is currently going through Parliament, which will create a statutory duty for Counter Terrorism preparedness to be undertaken across all city centres across the UK. Newport City Council along with the Wales Extremism Counter Terrorism Unit (WECTU), Heddlu Gwent Police and other emergency services have formed the Newport City Council Protectiveness Security and Preparedness Groups (PSPGs), chaired, and led by NCC. A key role of PSPGs will be the multi-agency assessment of current risk and vulnerabilities, and provision of effective mitigation in a proportionate manner. PSPGs will also ensure responsibilities under the new Protect Duty are discharged.
Internal Controls & Processes	<ul style="list-style-type: none"> Included in the NCC Infrastructure Service Area Plan is the objective to ensure Newport City Council is meeting its requirements under the Civil Contingencies Act, by developing and having in place effective governance and control arrangements to identify, prepare and respond to events in Newport. Supporting this objective, the Council has a well-established and integrated Corporate Emergency Management Plan, which outlines arrangements which are intended to assist the co-ordination of the Authority's response to any actual, or threatened incident, or emergency, while maintaining normal services as far as possible. The plan provides a flexible framework of procedures to enable a quick, effective, and appropriate response to mitigate the effects of an incident or emergency that may have an impact on the Council's response. The Council's Emergency Management Structure provides a framework of integrated emergency management to ensure co-ordination within the Council and with external agencies. The structure enables the Council to respond at an operational, tactical, and strategic level. At a strategic level in any incident a Gold Duty Officer (Chief Executive, Strategic Director, Head of Service) will be available to decide on what actions to take. Via the Civil Contingencies Duty Officer systems, the Council also provides 365 24/7 incident response. Consideration to be given to incorporating structured and strategic conversations about security and counter terrorism into pre application stage of major developments.
Other Arrangements	<ul style="list-style-type: none"> Through the duties of the Civil Contingencies Act 2004, that Council also works in partnership with key responding agencies, including the emergency services, to ensure a timely and effective multi agency response to incidents. Multi Agency Plans and Procedures are developed via the Gwent Local Resilience Forum. Due to significant recent major incidents across the UK (Manchester Arena Bombing) the Council with its partners review any recommendations resulting from inquiries to ensure that where necessary appropriate learning is integrated into existing plans and procedures.

Direction of Risk

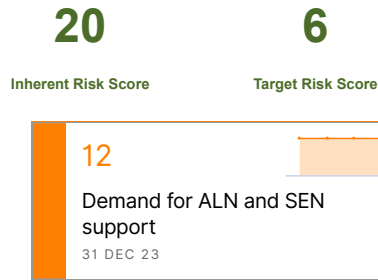
	DoR	Comment
City Centre Security & Safety	→	Although the risk score for Q3 remains the same, work is continuing with partners to assess the risks of incidents occurring and improve the infrastructure required to minimise these risks and mitigate any impacts. The work with colleagues in Counter Terrorism Policing Wales to assess city centre security measures by not only geographical zones but also business/sector type zones, will commence at the beginning of January 2024, with the intention that this new initiative will support enhanced liaison and buy-in from business across the city centre area. In addition, during Q3, work has been undertaken to identify two suitable locations should there be a requirement to provide shelter, security and safety to those impacted by an incident in the city centre that requires an evacuation. Training sessions have been undertaken with Newport Live Officers that would have the responsibility in the first instance to manage these locations.

Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
<input checked="" type="checkbox"/> City Centre Training to Businesses	28 Feb 2020	31 Mar 2024	31 Mar 2024	●
<input checked="" type="checkbox"/> Co-ordinated evacuation arrangements	31 Mar 2020	31 Mar 2024	31 Mar 2024	●

Demand for ALN and SEN support

Risk Overview	Funding to cover Additional Learning Needs (ALN) and Special Education Needs (SEN) provision across the city is insufficient and does not meet the demand of increasing need.
Parent Service(s)	Education Services (sv)
Lead Cabinet Member(s)	Deputy Leader & Cabinet Member for Education & Early Years



Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> Schools Forum review and agree funding formulas and funding arrangements for school Schools Forum Finance sub-group. ALN Panel scrutinise pupil information to identify if a specialist placement is needed as part of their statutory duty.
Internal Controls & Processes	<ul style="list-style-type: none"> ALN Implementation finance subgroup review and discuss a number of funding formula models and agree on the most appropriate to be presented firstly to the Schools forum Finance Sub-Group and if in agreement will be presented at Schools Forum for ratification. ALN Panel scrutinise pupil information to identify if a specialist placement is needed as part of their statutory duty. Specific OOC ALN Officer responsible for monitoring OOC provision and where possible look for local alternative provision.
Other Arrangements	<ul style="list-style-type: none"> Newport LA has commissioned 14 places at Catch 22 a primary age Social, Emotional, Behaviour Difficulties Independent Education Provider to reduce the risk of pupils requiring OOC placements.

Direction of Risk

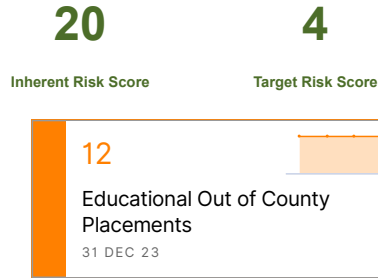
	DoR	Comment
Demand for ALN and SEN support	➔	The risk score has remained static as we continue to maintain the risk within the service area. However, there are increasing financial pressures on schools due to the expectations of ALN reform and the increase of complex pupils. Headteachers have reported that they are struggling to fund the additional learning provision for some of their pupils. We are seeing an increase in referrals for specialist provision. The primary Learning Resource Bases are full, and a waiting list is in place, Ysgol Bryn Derw is oversubscribed by 16 pupils. Our other specialist provisions are either full or have very few spaces left.

Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Develop a Post – 16 Transition Plan to support ALN learner at all points of transition.	01 Sep 2022	31 Mar 2024	31 Mar 2024	★
 Develop feedback system for learners, parents & carers to support effective stakeholder engagement	01 Nov 2022	31 Mar 2024	31 Mar 2024	★
 Embed anti-poverty strategy across Education Service	01 Sep 2022	31 Mar 2024	31 Mar 2024	★
 Implement the ALN and Educational Tribunal Act 2018...	01 Apr 2022	31 Mar 2024	31 Mar 2024	★

Educational Out of County Placements

Risk Overview	Limited access to Newport City Council (NCC) provision for pupils who require complex and specialist placements which results on a reliance on Out of County (OOC) placements both day and residential.
Parent Service(s)	Education Services (sv)
Lead Cabinet Member(s)	Deputy Leader & Cabinet Member for Education & Early Years



Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> ALN Panel scrutinise pupil information to identify if a specialist placement is needed as part of their statutory duty. Procurement and Head of Service approval needed for OOC placements.
Internal Controls & Processes	<ul style="list-style-type: none"> ALN Panel scrutinise pupil information to identify if a specialist placement is needed as part of their statutory duty. Monthly budget monitoring and review of cost of planned OOC placements Procurement and Head of Service approval needed for OOC placements. Specific OOC ALN Officer responsible for monitoring OOC provision and where possible look for local alternative provision.
Other Arrangements	<ul style="list-style-type: none"> Newport LA has commissioned 14 places at Catch 22 a primary age Social, Emotional, Behaviour Difficulties Independent Education Provider to reduce the risk of pupils requiring OOC placements.

Direction of Risk

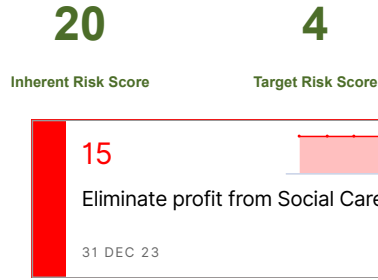
	DoR	Comment
Educational Out of County Placements	→	The OOC risk remains static this quarter. Although there has been a rise in the need for specialist placements - OOC placements have risen to 98 compared to 96 in the last quarter, these additional costs are being managed within the service area. Education and Finance are closely monitoring the in-year budget pressure to mitigate the risk for the remainder of the financial year.

Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Develop a Post – 16 Transition Plan to support ALN learner at all points of transition.	01 Sep 2022	31 Mar 2024	31 Mar 2024	★
 Develop feedback system for learners, parents & carers to support effective stakeholder engagement	01 Nov 2022	31 Mar 2024	31 Mar 2024	★
 Embed anti-poverty strategy across Education Service	01 Sep 2022	31 Mar 2024	31 Mar 2024	★
 Implement the ALN and Educational Tribunal Act 2018...	01 Apr 2022	31 Mar 2024	31 Mar 2024	★

Eliminate profit from Social Care

Risk Overview	Increased pressure on Local Authorities to ensure children are placed in accommodation which does not make profit from children by 2027 as part of Welsh Government Legislation. Although Welsh LA's support this in principle it may lead to LA's being forced into developing unregistered emergency placements for children. This is costly and could lead to prosecution of the Head of Children's Services.
Parent Service(s)	Children Services (sv)
Lead Cabinet Member(s)	Cabinet Member for Social Services




Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> Children Services is working both nationally and regionally to create opportunities to reduce the risks. The Council's Corporate Plan and Service Plan has identified this as a strategic priority to deliver over the next 5 years. Regional collaborative working to identify options and opportunities to create in-house services. Bids have been submitted to WG to develop care homes for children and to assist with developing edge of care provisions in order to reduce the numbers of children entering the care system.
Internal Controls & Processes	<ul style="list-style-type: none"> Newport Council has several settings such as Windmill Farm, and Rosedale Cottage which provide in-house provision which is also available to other local authorities. Bids have been submitted to Welsh Government to develop further provision in Newport. Newport fostering team has a recruitment campaign which is aligned with Foster Wales
Other Arrangements	<ul style="list-style-type: none"> Newport is working with Action for Children to develop a local residential provision for our disabled children and developing further residential provision for our Unaccompanied Asylum Seeker Children. NCC has submitted a bid to Welsh Government for revenue funding up to £15m to support the delivery of this new requirement over the next 3 years. The funding will be used to develop projects to build in-house placement sufficiency. However, after the three year period it is uncertain whether NCC will receive additional funding. It is anticipated for NCC to be notified by the quarter 3.

Direction of Risk

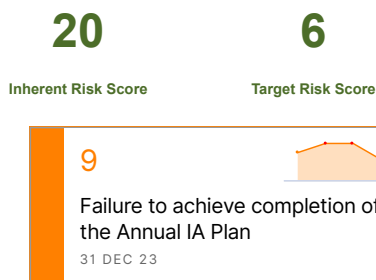
	DoR	Comment
Eliminate profit from Social Care	→	Eliminate continues to be a significant risk for both CS and the Council as a whole due to the financial commitment that will be required to ensure that we are self-sufficient by April 2027. A considerable amount of work is underway in order to prevent children coming into care and to ensure that we have enough not for profit accommodation for our children looked after. Newport remains in a stronger position than most Welsh LA's however we will require additional resources if we are to meet self-sufficiency by 2027.

Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Focus on developing specialist fostering placements with psychological support.	01 Oct 2022	31 Mar 2024	31 Mar 2024	●
 Increase the proportion of foster care provision within Newport.	01 Oct 2022	31 Aug 2024	31 Aug 2024	★
 Residential Children's Homes Programme - Project	01 Apr 2021	31 Mar 2028	31 Mar 2028	●

Failure to achieve completion of the Annual IA Plan

Risk Overview	The Internal Audit (IA) Plan comprises of opinion and non-opinion related audit jobs and is based on a number of audit days available to undertake the work. If not enough opinion related jobs are completed to draft report stage by the end of the financial year this could impact on the CIA's ability to provide an overall opinion on the adequacy of the internal control environment, governance arrangements and risk management processes operated within the Council.
Parent Service(s)	Finance (sv)
Lead Cabinet Member(s)	Leader of the Council & Cabinet Member for Economic Growth & Investment



Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> The Internal Audit team report to the Council's GAC, on the delivery of the Internal Audit Plan. Additional arrangements will be put in place for regular updates to be provided by the Head of Finance and Director of Transformation & Corporate on the delivery of the Audit Plan, recruitment of officers and exploration of potential options for the long term arrangements for the Internal Audit function.
Internal Controls & Processes	<ul style="list-style-type: none"> As part of the Council's duty, the Audit Plan target for 23/24 has reduced from 80% to 50%. The Acting Chief Internal Auditor and Head of Finance are also reviewing the current Internal Audit Plan to prioritise work on the highest risk areas of the Council. Staffing support counter fraud activity including investigations.
Other Arrangements	<ul style="list-style-type: none"> Internal Audit will call in external audit provision through the South Wales Audit Partnership service to support the delivery of high risk audit jobs. Head of Finance and Director for T&C are also exploring long term Internal Audit arrangements for the delivery of the Internal Audit service. This would bring other potential advantages such as access to wider skills and improved resilience.

Direction of Risk

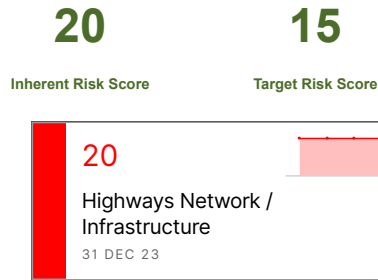
	DoR	Comment
Failure to achieve completion of the Annual IA Plan	↓	At the of quarter 3, there has been good progress made by the Internal Audit team in the delivery of the Audit Plan for 23/24. Since the previous quarter, the Council has recruited 2 auditors and have agreed for SWAP to undertake further work.

Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Review & assess long term arrangements for the Internal Audit service	01 Aug 2023	30 Sep 2024	30 Sep 2024	★
 Review and deliver a revised Internal Audit plan for 23/24	01 Aug 2023	31 Mar 2024	31 Mar 2024	★
 Undertake urgent recruitment to fill vacancies in the Internal Audit Team	01 Aug 2023	31 Jan 2024	31 Jan 2024	★

Highways Network / Infrastructure

Risk Overview	Failure to recognise current levels of under investment in the whole life of the city's highway network assets in the medium to long term will continue to compound existing maintenance backlog figures.
Parent Service(s)	Infrastructure (sv)
Lead Cabinet Member(s)	Cabinet Member for Infrastructure & Assets



Existing Arrangements to Manage Risk

Governance	<p>Highway Asset Management Plan</p> <ul style="list-style-type: none"> A quinquennial Highway Asset Management Plan (HAMP) is produced by City Services, which was last refreshed in 2019. It seeks to document the activities, processes, and information to support strategic investment decisions and long-term maintenance planning. It provides information on the assets we have responsibility for, monitors how they are performing, documents their depreciation and confirms levels of funding required to mitigate the demands placed upon them. <p>Highway Annual Status and Options Report</p> <ul style="list-style-type: none"> The highway Annual Status and Options report is a product of the HAMP that records the condition of the assets and seeks to identify and prioritise the funding need. The report sets out the status of our assets in terms of extent, value and condition and presents the projected outcome of identified investment options. <p>Highway Maintenance Manual</p> <ul style="list-style-type: none"> The Highway Maintenance Manual documents how the council manages the city's highway maintenance. It sets out how, as highway authority, it discharges its duties and the management of user risk.
Internal Controls & Processes	<ul style="list-style-type: none"> To ensure the asset condition, maintenance requirement and its associated risk to the highway user is understood, the service area undertakes the following internal controls and processes: <p>Reactive Safety Inspections</p> <ul style="list-style-type: none"> These are inspections undertaken in response to stakeholder notification of potential maintenance defects <p>Routine Inspections</p> <ul style="list-style-type: none"> This is a regime of planned safety inspections designed to identify defects that have the potential to cause harm to users and defects that require repair in order to prevent escalation of deterioration and increased (avoidable) maintenance needs. <p>Condition Surveys</p> <ul style="list-style-type: none"> These are both visual and specialist road condition "machine based" surveys, that record the condition of components of the asset to enable a programme of renewal/replacement to be prepared
Other Arrangements	<ul style="list-style-type: none"> The Highway Asset Management Plan projects an anticipated annual capital investment of £500k and an anticipated £1.86m revenue investment through to the end of the current plan in 2023/24.

Direction of Risk

	DoR	Comment
Highways Network / Infrastructure	➔	<p>Nationally, the condition of the country's highway infrastructure asset continues to be a cause of concern as a result of historic under investment.</p> <p>Within Newport, the annual highway network investment has continued to decrease over time whilst the number of roads maintainable at public expense and asset usage has continued to rise. Investment levels are failing to maintain "steady State" as a minimum asset condition. Therefore, asset condition continues to deteriorate year on year.</p> <p>In addition to the impact of increased vehicles and usage of assets, increases in permitted axle weights, wetter winters and hotter summers are all resulting in accelerated deterioration and unpredictable asset failure.</p> <p>2022/23 saw a significant decline in highway asset condition, especially within the carriageway and structures (bridges) asset groups. This is anticipated to continue this financial year.</p>

Risk Mitigation Action Plan

The current risk assessment has identified no further action can be undertaken to manage the risk. Ongoing assurance and assessment of the risk will be provided through regular risk reviews by the Directorate / service area and through its internal / external audit assurance activity.

Information and Cyber Security

Risk Overview	Management and security of the Council's data to protect from being accessed and processed inappropriately. This includes preventing inappropriate access, loss, theft, and malicious attacks to maintain business continuity and integrity of our data.
Parent Service(s)	People, Policy & Transformation (sv)
Lead Cabinet Member(s)	Cabinet Member for Organisational Transformation



Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> Existing governance is documented in the council's information risk management policy. This includes internal groups such as the Information Governance Group chaired by the Director – Transformation and Corporate and the Data Protection Group. It also includes roles of Senior Information Risk Owner (SIRO), Data Protection Officer (DPO), the Information Management team and a designated Cabinet Member with this strategic responsibility. The Annual Information Risk Report is formally reviewed by Overview Scrutiny Management Committee and Cabinet Member – Organisational Transformation. Existing Organisation / Service Area management structure to report and escalate issues to senior officers. Also could be a Programme / Project Board, Task & Finish Group or other governance group which are aware and have oversight of the risk.
Internal Controls & Processes	<ul style="list-style-type: none"> An Annual IT Health Check is carried out in line with requirements of the Public Services Network (PSN). Regular hardware and software updates are carried out by the IT Service. Technical controls are in place including the use of endpoint protection, firewalls, encryption, backups, security certificates, mobile device management etc. Physical security measures are in place to prevent inappropriate access. Data Protection Impact Assessments (DPIA's) are carried out and an Information Risk Register is managed. The council's IT Service, the Shared Resource Service (SRS), has a security function complementing council staff as well as security embedded in various roles. The council has processes for out of hours incidents including the SRS.
Other Arrangements	<ul style="list-style-type: none"> Audit Wales conducts independent reviews including on cyber security. The council is a member of the Warning and Reporting Point (WARP). Shared Resource Service is responsible for the Council's management of systems and processes.

Direction of Risk

	DoR	Comment
Information and Cyber Security	➔	<p>The overall risk score is unchanged. Previous improvements included Security Operations Centre (SOC) and Security Information and Event Management (SIEM) implementation and migration of the Council's data centre with improved back up facilities to the cloud.</p> <p>Existing governance is documented in the council's updated information risk management policy including the Information Governance Group, Senior Information Risk Owner (SIRO) role and the Annual Information Risk Report. Annual IT Health Check is completed in line with the requirements of the Public Services Network (PSN) and compliance was achieved June 2023. The latest Annual IT Health Check was carried out in July 2023 and good progress to date made against vulnerabilities identified. Technical controls are in place alongside physical security measures. The council's IT Service, the Shared Resource Service (SRS), supports through their security function and joint processes for out of hours incidents.</p> <p>The action plan in relation to the Audit Wales review of Cyber Security is in progress with member training completed and various policies reviewed.</p>

Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Improve Cyber resilience and information security governance	01 Apr 2023	31 Mar 2027	31 Mar 2027	★
 Information & cyber awareness raising and training	01 Apr 2023	31 Mar 2024	31 Mar 2024	★
 Progress implementation of Audit Wales Recommendations	01 Aug 2023	31 Aug 2024	31 Aug 2024	★

Newport Council's Property Estate

Risk Overview	NCC has a significant property estate covering over 170 operational buildings (circa) such as the Civic Centre, Telford Depot, and its school estate etc. The Council has to ensure the estate is maintained to required standards to enable access, safety, security and in the long term sustainable for staff and residents to use.
Parent Service(s)	People, Policy & Transformation (sv)
Lead Cabinet Member(s)	Cabinet Member for Infrastructure & Assets



Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> The Council's Strategy Asset Management Group is responsible for the monitoring, delivery and reporting of the Council's Assets. This is represented by senior officers from the Council and representatives from the Council's Property Services partner, Newport Norse. Capital Asset Group also monitors the Council's capital programme and reports to Executive Board. The Schools' / Social Services estate is also overseen by the officer led group which also includes representatives from the Council's Property Services partner, Newport Norse and Council representatives.
Internal Controls & Processes	<ul style="list-style-type: none"> Newport Council has a contract arrangement with Newport Norse who oversee the management and maintenance of the Council's estate. Service Areas are responsible for the building assets which they use across the Council's estate. Newport Norse are responsible for undertaking regular building condition assessments to ensure that they meet necessary legislative and building regulations. The assessments completed by Newport Norse are risk assessed and reported through the Council's governance groups. Maintenance work completed on the Council's estate is prioritised based upon risk including any reactionary / immediate work that has to be completed. School's estate is devolved to schools and managed through their arrangement with Newport Norse and the Corporate Landlord Policy establishes responsibilities also.
Other Arrangements	<ul style="list-style-type: none"> The Council's asset maintenance budget is insufficient to meet ongoing annual maintenance requirements across the property portfolio, and this is part of the asset rationalisation review. The Council has a joint venture with Newport Norse to oversee and manage the estate portfolio (including schools).

Direction of Risk

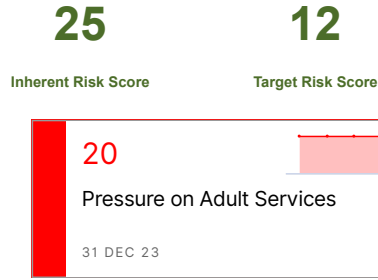
	DoR	Comment
Newport Council's Property Estate	→	There is no change in the risk score in this quarter and the Council's asset rationalisation programme continues to identify examine the long term sustainability of the Council's estate. As in previous updates, the lack of investment in previous years has contributed to increased likelihood of failures within the estate, and increased pressure on revenue budgets for reactive repair and maintenance.

Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Adherence to the Corporate Landlord Policy and ensuring that all Premises Managers are accountable.	01 Oct 2022	31 Mar 2024	31 Mar 2024	★
 Asset Rationalisation - Project	01 Oct 2022	31 Mar 2027	31 Mar 2027	★
 Develop and manage effective contract management arrangements with Newport Norse.	01 Oct 2022	31 Dec 2025	31 Dec 2025	★
 Review building requirements for staff accommodation.	01 Oct 2022	31 Mar 2024	31 Mar 2024	★
 Review NCC Strategic Asset Management Plan, and Disposal and Asset transfer strategies.	01 Oct 2022	31 Mar 2024	31 Mar 2024	★

Pressure on Adult Services

Risk Overview	There is increasing pressure on Adult Services to deliver services to adults with complex and long lasting needs. With an increase in demand / volume of referrals and care packages the Council has seen an increase in costs whilst in the context of tightening budgets. There are also additional statutory requirements to safeguard adults in our care and prevent risk of harm, injury or a loss of life.
Parent Service(s)	Adult Services (sv)
Lead Cabinet Member(s)	Cabinet Member for Social Services



Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> Newport Council has a new structure with a Director of Social Services and three service areas to deliver Social Services. There are regular Directorate and Service Area meetings held to monitor and report the delivery of Adult Services. At a regional level the Council is part of the Regional Partnership Board which oversees the delivery of social services across Gwent. A Population Needs Assessment has been undertaken for Gwent in relation to the forecasting of demand and provision of services across Newport and Gwent.
Internal Controls & Processes	<ul style="list-style-type: none"> NCC Adult Services has various mechanisms to monitor and report on the delivery of its services through financial and non-financial performance measures. Regular reports and updates are provided through Directorate, Service and Team management levels in the organisation.
Other Arrangements	<ul style="list-style-type: none"> The delivery of Adult Services is subject to External Regulatory review through Care Inspectorate Wales. Internal Audit provide assurance in relation to the delivery of Adult Services.

Direction of Risk

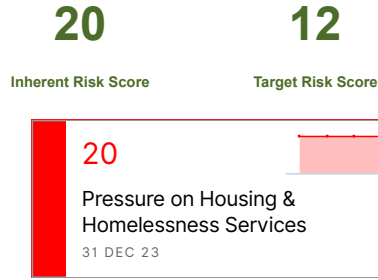
	DoR	Comment
Pressure on Adult Services	➔	Health pressures to discharge from hospitals across the region continue to provide pressure on adult services. Crisis management within health across services has a knock-on effect to the community resources and ability to maintain vulnerable adults within their own homes through reablement and social care services.

Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Appointeeship Service - Project	01 Apr 2021	31 Mar 2024	31 Mar 2024	★
 Dementia Hwb in Newport - Project	01 Oct 2022	31 Mar 2024	31 Mar 2024	●
 Hospital Service - Project	01 Oct 2022	31 Mar 2024	31 Mar 2024	★
 Integration of Frailty service into Info, Advice & Assistance hub - Project	01 Apr 2021	31 Mar 2024	31 Mar 2024	★

Pressure on Housing & Homelessness Services

Risk Overview	Increased pressures being faced by the Council's housing service as result of new legislative requirements, lack of affordable permanent accommodation, cost of living crisis and uncertainty over future financial grants from Welsh Government
Parent Service(s)	Housing & Communities (sv)
Lead Cabinet Member(s)	Cabinet Member for Strategic Planning, Regulation & Housing



Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> Housing Transformation Board has been established to deliver changes required to the housing service. Housing and Homelessness including Housing Transformation Board is monitored and reported to the Environment & Sustainability Directorate Management Team and Service Management Team. Regular updates are provided to the Cabinet Member for Strategic Planning, Regulation & Housing on performance and risk. Furthermore there are existing team arrangements to monitor and report the delivery of the service. The Housing and Homelessness teams are also involved with the Strategic Housing Forum and its associated subgroups with Registered Social Landlords and Rough Sleeper Strategic Group.
Internal Controls & Processes	<ul style="list-style-type: none"> Weekly meetings are held with the finance BP to discuss budgets and forecasting. The Housing and Homelessness teams also submit monthly finance forecasts and produce quarterly performance measures to monitor performance. There are also other operational performance measures monitored and reported through the teams. The team also submit monthly Wales Housing statistics to Welsh Government.
Other Arrangements	<ul style="list-style-type: none"> Welsh Government grants were received during 2022-23 which reduce the overall spend on the housing advice and temporary accommodation service. WG has advised that additional grant funding will be forthcoming in future years but has given no indicative figures. The Housing and Homelessness teams are also involved with the Strategic Housing Forum and its associated sub groups with Registered Social Landlords and Rough Sleeper Strategic Group. NCC provides regular monitoring performance reports on its housing and homelessness position.

Direction of Risk

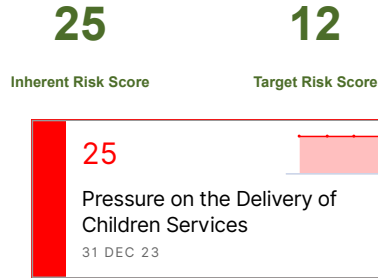
	DoR	Comment
Pressure on Housing & Homelessness Services	➔	Welsh Government's changes to Homelessness legislation in December 2022 continues to have an impact on the number of households whom the authority has a statutory duty to accommodate in temporary accommodation. Supply is not keeping pace with demand and the cost of living crisis has started to increase this demand further. An additional pressure emerged in the last reporting period which relates to the Home Office Streamlined Asylum Process (SAP) whereby it is estimated that additional households may require accommodation, with very little notice being given to the authority. A number of initiatives are being explored to increase the supply of temporary and permanent housing and reduce the use of bed and breakfast and hotel accommodation. A 'prevention' team has also been created with a focus on preventing homelessness wherever possible to avoid additional placements into temporary housing.

Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
<input checked="" type="checkbox"/> Coalition & Action Plan established for Homewards Programme.	01 Apr 2023	31 Mar 2027	31 Mar 2027	★
<input checked="" type="checkbox"/> Establish multi-agency task forces to reduce rough sleeping & homelessness	01 Apr 2023	31 Mar 2024	31 Mar 2024	★
<input checked="" type="checkbox"/> Housing Transformation - Project	01 Apr 2023	31 Mar 2025	31 Mar 2025	★
<input checked="" type="checkbox"/> Increase the number of private landlords with high quality & affordable housing	01 Oct 2022	31 Mar 2024	31 Mar 2024	★
<input checked="" type="checkbox"/> Increase the number of Social Housing Units in Newport	01 Jun 2023	31 Mar 2024	31 Mar 2024	★
<input checked="" type="checkbox"/> Produce a Local Housing Market Assessment	01 Oct 2022	31 Dec 2024	31 Dec 2024	★
<input checked="" type="checkbox"/> Publish a Homelessness Prevention and Support Strategy for Newport	01 Apr 2023	31 Mar 2025	31 Mar 2025	●
<input checked="" type="checkbox"/> Publish Newports Rapid Rehousing Transition Plan	01 Oct 2022	31 Dec 2023	31 Dec 2023	●
<input checked="" type="checkbox"/> Restructure the Housing Service to meet service needs.	01 Jan 2023	31 Mar 2024	31 Mar 2024	●
<input checked="" type="checkbox"/> Review Temporary Accommodation in use to reduce cost	01 Apr 2023	31 Mar 2024	31 Mar 2024	★
<input checked="" type="checkbox"/> Review the Council's Empty Residential Property Action Plan	01 Jun 2023	31 Mar 2024	31 Mar 2024	★
<input checked="" type="checkbox"/> Review the HMO Licensing Scheme and take appropriate action, including licence renewal	01 Apr 2023	31 Mar 2024	31 Mar 2024	★

Pressure on the Delivery of Children Services

Risk Overview	Children Services are facing pressures to manage increase in volume of referrals and cases of children with complex needs. This is in a context of inflationary cost rises and budgets not being able to meet these cost increases; alongside recruitment and retention issues across the Social Care sector and in Newport.
Parent Service(s)	Children Services (sv)
Lead Cabinet Member(s)	Cabinet Member for Social Services



Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> Children Services delivered in accordance with Social Services and Well-being Act, Well-being of Future Generations and Children's Act. There are governance arrangements in place at local, regional and national levels. Directorate and Service Management Teams meet monthly to provide service and performance updates on the delivery of the service. This includes performance, finance and HR information to inform decision making. Additionally, the Council's Executive Board and Corporate Management Team has oversight in the delivery of services. At a regional (Gwent) level, Heads of Service and Director of Social Services represent Newport Council at the Regional Partnership Board. Service pressures are reported here and collaborative working between agencies and other local authorities. The Safeguarding Board and Children's Family Strategic Partnership Board collaboratively work at regional levels to monitor and manage demand issues.
Internal Controls & Processes	<ul style="list-style-type: none"> The Council's Children Services teams deliver services in compliance with the Social Services and Well-being Act and Children's Act. Internal Controls and processes are established to meet these requirements under the different Acts. WCCIS system monitors and records caseloads and case management across social services. Regular (Monthly) check ins and case management meetings are held between the Council's staff and managers to monitor and manage caseloads. Collaborative and co-production working takes place between Children Services and other agencies to manage caseloads. This includes Foster Wales. Human Resources – HR Business Partners support Managers with the recruitment and retention of staff including working the Council's Communications team to promote social care roles. Finance – monthly forecasting and monitoring of finances across Children services. Mechanisms in place to escalate budget pressures and Finance Business Partners forecasting demand pressures / resources. Commissioning and procurement to find best value for residential placements. Performance Management – Monthly reporting to Welsh Government and regular performance monitoring of services in Newport.
Other Arrangements	<ul style="list-style-type: none"> Care Inspectorate Wales (External Regulator) and Internal Audit provide assurance of governance, internal control and risk management. Third sector partnership working with Barnardos – prevention and statutory functions supporting families, MyST, residential homes provision, and Foster families.

Direction of Risk

	DoR	Comment
Pressure on the Delivery of Children Services	→	Children Services continues to see a rise in referrals and complexity of need. Caseloads remain high due to challenges in recruitment. National, regional and local strategies are attempting to address the workforce challenges.

Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Access appropriate regional and National workforce development groups.	01 Oct 2022	31 Mar 2024	31 Mar 2024	★
 Acquisition of new YJS intervention hub.	01 Oct 2022	31 Mar 2025	31 Mar 2025	★
 Children Services - Support staff to access social care training to social work qualification.	01 Oct 2022	31 Mar 2024	31 Mar 2024	★
 Develop support provided by the YJS incorporating robust early intervention and prevention work.	01 Apr 2022	31 Mar 2024	31 Mar 2024	★

Schools Finance / Cost Pressures

Risk Overview	Cost pressures of schools are not met resulting in increased deficit budgets
Parent Service(s)	Education Services (sv)
Lead Cabinet Member(s)	Deputy Leader & Cabinet Member for Education & Early Years

20 12
 Inherent Risk Score Target Risk Score



Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> Structures within Education and Finance support the escalation of identified issues to senior officers, Heads of Services and Executive Board. In addition, the Schools Forum is a statutory committee which acts as a consultative body in relation to any changes to the schools funding formula, and task and finish sub-groups are created to consider specific elements where necessary. Schools Governors are also responsible for monitoring and reporting school finance positions.
Internal Controls & Processes	<ul style="list-style-type: none"> The Finance Business Partners provide a key role through their relationships with schools, and support early identification of emerging issues. Any issues are escalated to the Lead and Senior Finance Business Partners and the Assistant Head of Education to consider intervention and discussions around appropriate mitigating actions.
Other Arrangements	<ul style="list-style-type: none"> Each school has a Service Level Agreement with the Council to support them in financial planning and monitoring, although schools have a choice in the level of service they wish to procure under these arrangements.

Direction of Risk

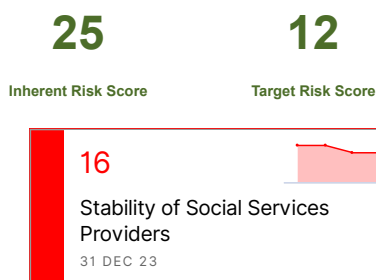
	DoR	Comment
Schools Finance / Cost Pressures	➔	School revenue budgets continue to pose a significant risk. Whilst all schools were able to set a balanced budget at the start of the financial year, this position has changed, and at the end of the autumn term 2023, two schools are now projecting to close the year in deficit. Targeted work is programmed via the Finance Team to provide specific support to these schools. Looking ahead, latest projections suggest that in the region of 12-13 schools will be unable to set a balanced budget for the 24/25 financial year. The situation moving forward therefore remains fragile and concerning.

Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Review approved school budgets and investigate future spend plans...	01 Apr 2022	31 Mar 2024	31 Mar 2024	

Stability of Social Services Providers

Risk Overview	The Council requires support from external providers to deliver care packages for children and adults (residential / Non Residential). The current marketplace for external providers is volatile due to the increasing costs to provide care, maintain homes, staffing meeting legislative and regulatory requirements.
Parent Service(s)	Adult Services (sv)
Lead Cabinet Member(s)	Cabinet Member for Social Services



Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> Newport City Council is consistently reviewing and monitoring the provision of residential and non-residential care providers in the city and across the region. Regular Directorate and Service area meetings are held including representatives from Finance to assess and forecast the Council's financial position. Extensive work being undertaken regionally and nationally to support providers and to explore alternative models of provision. This includes Welsh Government officials and is linked to extensive focus and work with health colleagues to explore care in hospital settings and the need to provide community based care.
Internal Controls & Processes	<ul style="list-style-type: none"> The Council undertakes regular monitoring and assessment of placements and care packages across Adult Services. The Commissioning team are in weekly if not daily contact with providers in order to support packages of care. Similarly staff from the teams are in very regular contact with residential providers including links with Care Inspectorate Wales. The Council's financial monitoring and reporting of care provision is also undertaken monthly. Contract management arrangements are in place to manage provision and ensure providers meet necessary requirements, standards and provide value for money.
Other Arrangements	<ul style="list-style-type: none"> The focus on this area of work is extensive including external monitoring.

Direction of Risk

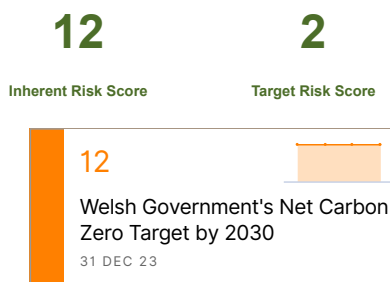
	DoR	Comment
Stability of Social Services Providers	➔	We are in a fortunate position with local providers for both domiciliary care and placements. Strong commissioning with established relationships across provider services has enabled opportunities to be creative for the needs of our citizens.

Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Collaborate with residential/dom care providers to ensure fair & sustainable costs are maintained	01 Oct 2022	31 Mar 2024	31 Mar 2024	★
 Increase the provision of accommodation for adults with learning disabilities.	01 Oct 2022	31 Mar 2024	31 Mar 2024	★

Welsh Government's Net Carbon Zero Target by 2030

Risk Overview	Welsh Government has set a target for all public sector bodies to be net zero carbon by 2030. To achieve this target, NCC has a Climate Change Plan 2022-27 to deliver key actions and projects.
Parent Service(s)	Environment & Public Protection (sv)
Lead Cabinet Member(s)	Cabinet Member for Climate Change & Bio-diversity



Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> The Climate Change Plan is overseen by the Climate Programme Board. Six subgroups are in place to lead on each of the themes which reports to the Climate Programme Board. Strategic Director (Environment & Sustainability) is the chair of the Climate Programme Board and lead officer of the Climate Change Plan. Strategic Director (Transformation & Corporate) is Deputy Lead and Vice Chair.
Internal Controls & Processes	<ul style="list-style-type: none"> Quarterly reports are reported to the Programme Board and Cabinet Member and half yearly reports are reported to Overview and Scrutiny Management Committee. An Annual Report which includes council carbon emissions is reported to Cabinet each year. Action plans are reviewed on an annual basis to agree work for the following year.
Other Arrangements	<ul style="list-style-type: none"> The council is working with partners to implement the Local Area Energy Plan which is the route map to a carbon net zero energy system by 2050 for the whole of the local authority area. The council is also working with One Newport partners to develop a Newport-wide strategy.

Direction of Risk

	DoR	Comment
Welsh Government's Net Carbon Zero Target by 2030	→	Due to an increase in resource, grant funding and engagement, our risk of not achieving our 2030 carbon neutral target is reducing. However, due to the level of capital investment required, which has been estimated at £10m per year for buildings alone, significant challenges lay ahead.

Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Accelerate the roll out of access to Electric Vehicle charging for residents (CCP & LAEP)	01 Apr 2022	31 Mar 2024	31 Mar 2024	★
 Engagement with Newport's industrial cluster to decarbonise (CCP & LAEP)	01 Apr 2022	31 Mar 2024	31 Mar 2024	●
 Identify and apply for funding to support actions across the Climate Change Plan.	01 Apr 2022	31 Mar 2024	31 Mar 2024	●
 New buildings net zero and retrofit existing buildings (Climate Change Plan)	01 Apr 2022	31 Mar 2024	31 Mar 2024	★
 PPT support the Council's Climate Change Plan delivering Our Buildings, Our Land and Procurement	01 Oct 2022	31 Mar 2024	31 Mar 2024	★
 PPT supporting the Council's Climate Change Plan delivering its Strategic themes	01 Oct 2022	31 Mar 2024	31 Mar 2024	★
 Support Cardiff Capital Region work on regional Domestic Energy Efficient schemes (CCP & LAEP)	01 Apr 2022	31 Mar 2024	31 Mar 2024	★
 Support reducing transport emissions and develop integrated network (Climate Change Plan)	01 Apr 2022	31 Mar 2024	31 Mar 2024	★
 Support to improve organisation Climate Change Culture & Leadership	01 Oct 2022	31 Mar 2024	31 Mar 2024	★



Report

Governance and Audit Committee

Part 1

Date: 28th March 2024

Subject **Lessons Learned – 2022-23 Accounts Closedown and Financial Statements Preparation**

Purpose This report presents the findings of a lessons learned review carried out by finance officers following the 2022/23 accounts closedown. It gives an assessment on the findings of the lessons learned review and the plans in place to implement for 2023/24 and the key risks to the closedown process for 2023/24.

Author Chief Accountant

Ward All

Summary Following the closedown of the 2022/23 accounts, a lessons learned review was undertaken to put into place further improvements for the closedown of the accounts process. This lessons learned review is taken as a matter of course, and with the issues that arose from the audit of the 2022/23 accounts, this review is of high importance to ensure improvements are delivered for 2023/24.

Proposal **To note the lessons learned process that has been carried out to date and the planned improvement following lessons learned review.**

Action by Chief Accountant / Assistant Head of Finance

Timetable Immediate

This report was prepared after consultation with:

- Finance Teams
- Audit Wales

Background

The 2022/23 year-end saw further improvements from previous years and a number of the actions from the lessons learned reported to Governance and Audit Committee in March 2023 were implemented.

These included:

- In common with previous years, a task timetable was agreed with senior accountants. The majority of tasks were completed within timescale and the draft Statement of Accounts was published by 30th June 2023.
- Reserves – there was a change to the process for administration and approval of reserves. In previous years, agreement of the outturn position and transfers to various reserves introduced significant delays which impacted on the balance sheet preparation. For 2022/23, reserve requests were grouped into phases, with each phase getting separate approval, meaning that much of the work required for the accounts was done before year end. This minimised the level of transfers requiring member approval and did not delay the technical team in working on the statement of accounts.
- Related Party relationships – Prior to the accounts for 2022/23, the amount of members which did not submit updated annual declarations was flagged as a weakness by Audit Wales within the ISA 260 Report. However, all members submitted annual declarations for the 2022/23 accounts, following increased efforts by officers to ensure compliance.
- Importance of Coding and Categorising -- An increasing focus of Audit Wales feedback has been on gross rather than net account presentation, which has led them to conclude “overstatements” to individual notes. Whilst the net position remained accurate in the Statement of Accounts, and so were correctly reported, staff were reminded of the importance about how transactions are subsequently categorised, and this issue was resolved for 2022/23.
- A longer period of review was built into the closing accounts timetable. This meant that the quality of the draft accounts submitted to Audit Wales was improved as simple errors such as transposition errors, and incorporation of third party data, which were noted within the Lessons Learned report last year, were reviewed before the accounts were passed to Audit Wales.

Process for improvement

Audit Wales have issued an unqualified true and fair view assessment of the Statement of Accounts for 2022/23. However, there will always be refinement issues from the annual audit process captured in Audit Wales’ ISA260 Report and this year was no exception.

This report considered improvements alongside the ISA260 Report which was submitted to Governance & Audit Committee on 23rd November 2023. The ISA260 report captured the issues raised, their cause and an initial reflection about how such issues can be mitigated in future, where possible.

Whilst the volume of corrected misstatements has slightly decreased to that of previous years, there were two significant issues arising from the audit.

- Review of assets with zero Net Book Value which included reviewing and removing net nil book asset entries
- Liability to Newport City Homes relating to repair of the Duffryn District Heating System

The process for challenge and improvement for the 2023/24 accounts closedown and financial statements has taken place and key officers involved in the accounts closedown were asked to provide their thoughts on what went well, key areas of risk and how they could be managed and improved upon. The next stage

of this process is now to review these findings and look at the improvements that can be implemented prior to the preparation of the 2023/24 accounts.

In general, it was felt that the Statement of Accounts process went well and was very positive. There were good client relations between Newport Council and Audit Wales and it was felt that the two teams worked well together. Weekly meetings were held and were helpful to discuss any findings, which allowed issues to be resolved promptly, as well as discussing any information outstanding, ensuring that the Audit was able to continue quite smoothly. However, this report will focus on the areas that could be improved and detail the work that can be done to facilitate this.

Whilst a significant amount of work has been done to improve the issues that were raised as part of the 2021/22 Audit, some work still remains to be concluded.

Fixed Assets

- Review of zero net book value - As part of their audit in 2021/22, Audit Wales identified £12.8 million of property, plant and equipment assets with a net book value of zero in the draft accounts that were no longer in use by the Council, and which were removed for the final 2021-21 accounts. The Council agreed to review such assets in detail in 2022/23, which was also required as part of the preparation work for the new finance system which is going live on 2nd April 2024. This review has been ongoing, but Audit Wales identified a further £2.6m of assets that were no longer in use by the Council and so needed to be removed from the 2022/23 accounts. However, it should be noted that whilst the value of this finding is significant, it is only in relation to two assets. The review has been continuing as part of the preparatory work for the transfer over to new system as well as for the 2023/24 statement of accounts.
- Construction inflation uplift - this was an all-Wales issue, which was raised by Audit Wales as part of the 2021/22 accounts. Given recent inflationary pressures, assets valued under the depreciated replacement cost method would likely be subject to material increases in value during 2022/23. Therefore, the Council (in line with many other councils in Wales) undertook an exercise to uplift the value of those assets in 2022-23 using appropriate industry indices.

Whilst Audit Wales were satisfied with the Council's approach to calculate these uplifts in value, there were some incorrect figures were included in working papers which led to the calculations being overstated by £1.7 million in 2022/23. The Council opted not to correct this misstatement given the volume and complexity of accounting entries required and the resulting impacts on supporting notes to the accounts. This is an annual exercise so the misstatement will be corrected as part of the calculation for 2023/24. Given the small nature of the team and the fact that key members of staff have also been heavily involved in the new system, it is not expected that this will be an issue for 2023/24. However, the Council will ensure that this is done as early as possible within the accounts process so that the working papers can be reviewed by other members of the team, rather than relying on one individual.

Annual Governance Statement

For the 2022/23 accounts, the timetabling of this activity was better, a draft version was reviewed by Governance and Audit Committee twice before a final signed copy was received in October to be included within the final set of accounts which was presented to the Committee for signing in November. However, this process could still be improved. It needs to be brought far further forward in the process in getting both draft and final discussed by Governance & Audit Committee earlier and ultimate sign off by Chief Executive and Leader prior to the draft Accounts submitted to the Governance & Audit committee which would usually be June/July. This would align with the Welsh Government recommendation that the Annual Governance

Statement is published at the time the draft annual accounts are signed and dated by the responsible financial officer.

Audit Wales are required to use the version supplied to get comfort about the control environment in operation, which it cannot do if a significant adjusted version is provided in October, which would be one to two months after the traditional end of the audit process and was again, only able to be accommodated this year due to the audit process not concluding as early as the statutory deadlines. For 2023/24, the intention is for the Annual Governance Statement to be completed much earlier in the process, which should avert the issues experienced last year.

Grant Testing

The grant note within the statement of accounts involves a significant amount of Audit testing and requires information from all service areas. Discussions with Audit Wales have suggested that grant income testing could be started earlier in the process due to the amount of information and evidence that is required. Audit Wales have also provided some examples of good practice which can be used to educate service users on what information would be sufficient for their grant testing.

The Council has also been reviewing and implementing changes to the grants process, a database has now been created and is being used across Accountancy to hold grant information, including grant award letters and grant claims in one place to try and ensure consistency of information where possible. The Council have also reflected on how the way that the note is prepared could be improved and will look to include services areas to be responsible for the information required for compiling the note. This should also mean that the technical team will be able to provide an oversight role which will strengthen the review process.

Valuations for Property, Plant and Equipment

Newport Council have a good working relationship with Newport Norse and work closely together. Whilst the technical team have a good working relationship with the valuation department in Newport Norse, due to a key member of staff within Newport Norse being on maternity leave, it meant that there was a lack of experienced staff to carry out the valuations required for the 2022/23 accounts. This meant the process took far longer than it has previously, which did impact the work that the technical team were able to do on the Property, Plant and Equipment note to the accounts. As this is one of the largest notes within the accounts, this did have a significant impact, as it was not finalised until the beginning of June, which delayed the finalisation of other notes within the accounts.

Discussions have been had and a lesson learned review has also been undertaken with Newport Norse. Monthly meetings have now been set up and have been in place since October 2023. These meetings ensure that good communication between the two teams continues and as these meetings also include a number of staff from each team, this will mean that more people are aware of what is required, and should provide more resilience in the process for 2023/24.

Leasing & IFRS 16 adoption

Whilst this is not a lesson learned from previous years, the adoption of IFRS 16 Leases, which is the new accounting standard for how we account for leases, is now mandatory from 1st April 2024. It presents one of the biggest accounting changes in a number of years and will mean that the Council will need to ensure that it has processes in place to be able to provide assurance that all information for the leases that the Council has is available and that the process will enable any new leases to be captured as they are agreed going forward. Work has been undertaken across the Council, including schools, to gather the relevant information and fully understand the impact upon the Council. However, this process still needs to be refined to ensure that we are capturing all information to ensure that they are accounted for correctly.

Financial Summary (Capital and Revenue)

There are no direct financial implications arising from this report.

Risks

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

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Delayed accounts due to reliance on third parties	M	L	Estimations/judgements may be required where the information isn't available from third parties i.e., accruals Ensure third parties are aware of timetable deadlines	Finance
New policies/treatments	L	L	Knowledge of changes to the 'Code' and impact on the Authority's financial statements. Attendance at relevant year end courses. Discussions with auditors at early stage of process.	Finance
Impact of new system migration on key staff	H	M	Constant Communication between the Council and the Audit team needs to happen to ensure that areas of work are prioritised depending on when Accountancy staff need to be released to work on the new system. As part of the close down process, additional staff are being trained to ensure there is some additional capacity within the team	Chief Accountant
Failure to approve and publish the accounts before the statutory deadline increases the risk of qualification and increases reputational external perception risks.	M	L	The Council works with its Auditors to ensure the Accounts are prepared and suitably reflect the financial position of the authority	Chief Accountant /Assistant Head of Finance

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

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

Options Available and considered

Note and provide any comment for the planned improvement following lessons learned review.

Preferred Option and Why

As above

Comments of Chief Financial Officer

The outcome of the 2022/23 external audit process was positive, in that an unqualified opinion was issued and the number of issues identified within Audit Wales' ISA 260 report was lower than the previous year. However, despite this positive outcome, there are always opportunities to improve the process and reduce the issues identified in future years. This report highlights areas that either have been or will be reviewed in advance of the 2023/24 closedown process and, ideally, rectified so that they are not issues in future years. In addition, an internal process of review will continue so that other opportunities to identify efficiencies or improve the quality of the accounts can be capitalised upon.

Comments of Monitoring Officer

There are no legal implications arising. The Council is fulfilling its statutory and regulatory requirements in ensuring that it can meet statutory deadlines regarding its Statement of Accounts.

Comments of Head of People, Policy and Transformation

There are no staffing implications arising from the report which is a key part of our regulatory framework and reflects sound financial management.

Scrutiny Committees

N/A

Fairness and Equality Impact Assessment:

- **Wellbeing of Future Generation (Wales) Act**
- **Equality Act 2010**
- **Socio-economic Duty**
- **Welsh Language (Wales) Measure 2011**

For this report, a full Fairness and Equality Impact Assessment has not been undertaken. This is because this report is not seeking any strategic decisions or policy changes, with their purpose being to provide members with an overview of the steps being taken in preparing for the forthcoming closure of accounts process. The Wellbeing of Future Generations (Wales) Act 2015 forms an integral part of the financial management of the Council

To support the delivery of the Wellbeing of Future Generations Act, public sector bodies including local authorities should be considering the seven corporate areas of change including finance. This report submitted to the Audit Committee is a demonstration of how the Council's finance team are self-reflecting on their performance and improving their delivery. This is also a good demonstration of having a collaborative approach with the Council's service areas and External Audit (Audit Wales) to implement their improvements and to have sufficient assurance that the processes are effective and efficient to meet the necessary legislative requirements

Crime and Disorder Act 1998

N/A

Consultation

N/A

Background Papers

Statement of Accounts 2022/23 - available to public.

ISA 260 Audit of Financial Statements 2022/23 – available to public

Dated: 7th March 2024

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Report

Governance and Audit Committee

Part 1

Date: 28th March 2024

Subject Internal Audit Annual Plan 2024/25

Purpose To inform Members of the Council's Governance and Audit Committee of the Internal Audit Plan for 2024/25, providing opportunity for comment and approval.

Author Interim 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 Internal Audit Plan for 2024/25, which is based on an assessment of risk and available audit resources for the 12 months of the financial year. The plan is based on the available resource of 971 audit days.

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

Proposal That the Internal Audit Annual Plan 2024/25 be approved by the Council's Governance and Audit Committee.

Action by The Governance and Audit Committee

Timetable This report was prepared after consultation with:

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

Background

1. This report aims to inform Members of the Governance and Audit Committee of the work to be undertaken by the Internal Audit Section across 2024/25. It identifies why the Council operates an Internal Audit function, the resources currently available and how they will be applied across the services of Newport City Council to give management assurance that systems are working as intended.
2. 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.
3. Prior to the start of each financial year, Internal Audit, in conjunction with senior management, put together a proposed plan of audit work. The objective of our planning process and subsequent plan is to put us in a position to provide a well-informed and comprehensive annual audit opinion, based on sufficient and appropriate coverage of key business objectives, associated risks, and risk management processes.
4. In previous years, the May Governance & Audit Committee meeting has been used to present the Internal Audit Plan, however the 2024/25 plan is being presented to the March 2024 meeting to provide a full year for its delivery.
5. The outcomes of each of the audits in our planned programme of work will provide senior management and members with assurance that the current risks faced by the Council in these areas are adequately controlled and managed.
6. 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 Interim Chief Internal Auditor, the Internal Audit Section at Newport City Council undertakes this provision on behalf of the Head of Finance.

Independence

7. 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 Interim Chief Internal Auditor is responsible for the control and direction of Internal Audit;
 - the Interim Chief Internal Auditor has a duty to report direct to the Chief Executive and the Leader of the Council on any matter which they feel 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 Interim Chief Internal Auditor; and
 - the Interim Chief Internal Auditor submits an annual report to the Governance and Audit Committee giving an overall opinion on the adequacy of internal controls operated within the Council.

Internal Audit Plan Creation and Key Inclusions

8. The plan has been compiled in liaison with the 11 Heads of Services at Newport City Council. This collaborative approach has enabled discussions regarding priority areas for Internal Audit coverage within the 2024/25 plan.

9. The attached audit plan (**Appendix 1**) shows the areas of internal audit coverage for 2024/25, broken down by Directorate and Service Area. The following aspects have played key parts in the creation of the plan:
 - Meetings with the Head of Finance (as part of their Section 151 role).
 - Meetings with each Head of Service and input from their Service Managers. These meetings were informed by reviews of key Council documentation, such as the Corporate Plan, the Corporate Risk Register, external review reports and budget documentation.
 - A discussion with the Governance & Audit Committee Chair.
 - A discussion with the Performance & Programmes Manager.
 - Consideration of the Audit Universe, which acts as Internal Audit's strategic plan, highlighting areas which have lacked coverage in recent years.
 - Use of key external publications and liaison with fellow Chief Internal Auditors.
10. Some key areas of inclusion within the 2024/25 plan are as follows:
 - New Finance System x3: Reviews scheduled to cover data migration and feeder system interfaces (Q1), system workflows & separation of duties (Q2), and debtors data migration (Q4).
 - Deferred reviews from 2023/24: Adoption Allowances Follow Up #3, Children's Money Follow Up, Direct Payments, Families First, Enforcement (Waste).
 - Cross Cutting Reviews: Gifts & Hospitality, P-cards, Overtime.
 - Targeted Counter Fraud Work: Following outcomes of ongoing Fraud Risk Assessment review.
11. The Internal Audit Plan was presented to and approved by the Executive Board on 5th March 2024.
12. Due to a change in how available resource is presented (such as the combining of previously separate advice and support jobs into one job, and the cross service reviews such as WCCIS and ALN Transport), it is not possible to provide a like for like comparison with the number of audit jobs from previous years. The focus has been on ensuring adequate coverage of key risk areas within the plan.
13. The 2024/25 plan takes account of available audit resources and an allowance for financial advice, delivering corporate training, and special investigations have also been included. Allowances for non-productive days such as general and specific training, management, holidays, sickness and professional studies as needed, have also been made in arriving at the number of available audit days for 2023/24. This leaves 971 days available to undertake audit work.
14. Although Internal Audit has finite resources, the aim is to provide as much coverage of the Council's systems and establishments as possible. The proposed plan provides audit delivery across all Council Service Areas.
15. Agreed management actions of previous audit reports will be followed up during 2024/25; this will identify the progress managers have made on addressing weaknesses in internal control. For 2024/25 the follow up process will be enhanced to make it more robust. This will be reported back to the Governance and Audit Committee on a regular basis.
16. It is important to note that, whilst this plan provides the proposed coverage for the whole of 2024/25, it remains under constant review to ensure that changing risk profiles or audit priorities can be accommodated. Where significant changes to the plan are required, the matter will be reported to the Head of Finance for approval; this will subsequently be reported to the Governance and Audit Committee. Internal Audit's progress against this plan will continue to be reported to the Governance and Audit Committee on a regular basis.

Resources

17. A number of resource challenges have been experienced across 2023/24, which has impacted upon the available outputs of the Internal Audit function. To construct an Internal Audit Plan for 2024/25, it has been important to determine the available resource to deliver audits. The following team is currently in place:
- Interim Chief Internal Auditor – 2 days per week since September 2023. This role has recently been extended until July 2024 to provide continuity for the team.
 - Principal Auditor x1
 - Auditor x2
 - Vacancies:
 - Principal Auditor x1 and Senior Auditor x1 – With a recent recruitment exercise unsuccessful, steps have been taken to ensure delivery for 2024/25. Up to 360 days of audit delivery have been procured with SWAP Internal Audit Services (in addition to those days being delivered by the Interim Chief Internal Auditor). This ensures that, should any future recruitment process be unsuccessful, there is continuity of delivery across 2024/25, providing a level of mitigation to the risk of non-delivery experienced throughout 2023/24.
 - A permanent management arrangement (Chief Internal Auditor / Audit Manager) remains undetermined, due to the ongoing considerations regarding the future positioning of the Internal Audit function.

This information has been used to determine the 971 available 'productive' days.

18. The longer term arrangements for the Internal Audit team remain under consideration. Progress in this regard is being led by the Head of Finance, with a recommendation for future arrangements expected within quarter 1 of 2024/25.

Internal Audit Standards & External Relations

19. The Interim Chief Internal Auditor will continue to ensure compliance with the Public Sector Internal Audit Standards. An external assessment against the Internal Audit team's compliance with these standards will be performed in May 2024.
20. New Global Internal Audit Standards are to be implemented from January 2025. Once further information is understood on the upcoming changes, including the impacts upon the Public Sector Internal Audit Standards, the Governance & Audit Committee will be notified.
21. An Internal Audit Charter is in place which sets out the nature, role, responsibility, status and authority of internal auditing at the Council. Newport City Council's Internal Audit Charter was last approved by the Governance & Audit Committee in May 2022. A further review of the Charter will be undertaken later in the year to ensure compliance with the GIAS.
22. The Council's External Auditor is Audit Wales. 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. They will also continue to assess Internal Audit against the standards to ensure that a professional and effective service is being provided.

Risks

23. If Members are not involved in the process of endorsing the Annual Internal 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 Audit Wales.

Risk Title / Description	Risk Impact score of Risk if it occurs* (H/M/L)	Risk Probability of risk occurring (H/M/L)	Risk Mitigation Action(s) What is the Council doing or what has it done to avoid the risk or reduce its effect?	Risk Owner Officer(s) responsible for dealing with the risk?
Members not involved in approving the Internal Audit Plan	M	L	The Interim Chief Internal Auditor is providing this report to Governance and Audit Committee so its Members are able to scrutinise and approve the 2024/25 Internal Audit Plan.	Interim Chief Internal Auditor
Insufficient resources to deliver the Internal Audit Plan	M	L	Steps have been taken to ensure that, should future recruitment activities be unsuccessful, delivery can be maintained.	Interim Chief Internal Auditor / Head of Finance

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

24. The work of Internal Audit supports the Council's successful achievement of priorities and plans.

Options Available

25. (1) That the Annual Internal Audit Plan for 2024/25 be approved, subject to any amendments suggested by the Governance and Audit Committee.

Preferred Option and Why

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

Comments of Chief Financial Officer

27. The Internal Audit operational plan is shown in an appendix to the report and identifies the areas agreed for review. This has been co-produced between the Internal Audit team and Chief Officers / Directors and incorporates the audit team's strategic and risk assessment, together with local priorities.

28. The report outlines the resources anticipated to be available during 2024/25, and the audit plan has been drafted within those constraints. It should be noted by the Committee that there continue to be challenges recruiting to vacant roles. However, this challenge is being mitigated by the procurement of audit capacity from SWAP, which is available to fill any gap created by an inability to recruit. Therefore, there is a reasonable amount of confidence that the proposed audit plan is deliverable, irrespective of whether vacancies can be filled.

29. It should also be noted that the longer term arrangements relating to the Internal Audit function remain under consideration. At the appropriate time, the proposed future arrangements will be reported to the Committee. Once those arrangements are agreed, it should provide greater certainty regarding delivery of the audit plan, as greater resilience will be in place.

Comments of Monitoring Officer

30. There are no specific legal issues arising from the report, which sets out the operational Internal Audit Plan for 2024/25 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 Governance and 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, the Governance and Audit Committee are required to consider the 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, Policy and Transformation

31. The development of the 2024/25 Internal Audit Plan has considered the principles of the Well-being of Future Generations Act. The Plan for 2024/25 provides necessary assurance for the Council to deliver its Corporate Plan and its strategic priorities to meet the necessary statutory and non-statutory requirements. As noted in the report the views of the Council's senior officers and Chair of the Governance & Audit Committee have been considered in the development of the Plan.
32. There are no specific HR issues arising as a result of the report. which sets out the operational Internal Audit Plan for 2024/25 and identifies the specific areas of audit work that will be carried out, having regard to the corporate risk profile and available staffing resources.

Equality Impact Assessment

33. As this is an internal report on planned audit work there is no requirement for an Equalities Impact Assessment to be completed. All audits are undertaken consider the necessary equalities (including Socio-Economic impact), Welsh language legislative requirements.

Wellbeing of Future Generations (Wales) Act 2015

34. The role of Internal Audit supports the Council in complying with the principles of the Wellbeing Act and providing assurance on the activities undertaken across the Council. 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 strategic plan that is aligned to the Council's Corporate 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 Council's corporate governance, internal control and risk management environment in operation and support sound stewardship of public money.

Collaboration - Internal Audit work in collaboration 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. The involvement of the Governance & Audit Committee provides assurance and oversight of an effective internal audit provision to carry out its duties.

Consultation

35. No external consultation is required for this report. Internal consultations have been completed in the development of the Internal Audit Plan as outlined in the report.

Dated:

Appendix 1

	Audit Area	Directorate	Service Area	Risk Level
Regen & ED	SPF Programme Management	Chief Executive	Regeneration & ED	H
	Safeguarding	Chief Executive	Regeneration & ED	H
	Medieval Ship	Chief Executive	Regeneration & ED	M
Education	Catering Contract	Chief Executive	Education	H
	ALN Transport	Chief Executive	Education	H
	21st Century Schools	Chief Executive	Education	H
	SIG Grant	Chief Executive	Education	M
	PDG Grant	Chief Executive	Education	M
	CRSA	Chief Executive	Education	M
	School Review x6	Chief Executive	Education	M
Tendering of Non-Maintained Settings	Chief Executive	Education	M	
Housing	Housing Needs & Homelessness	Environment & Sustainability	Housing	H
	Housing Support Grant - Usage	Environment & Sustainability	Housing	M
	Housing Support Grant - Funding Impact	Environment & Sustainability	Housing	M
	Library Service	Environment & Sustainability	Housing	M
	Grant Governance (Social Housing Grant & Transitional Accommodation Grant)	Environment & Sustainability	Housing	M

Environment & PP	Scambusters Grant	Environment & Sustainability	Environment & PP	M
	Enforcement (Waste)	Environment & Sustainability	Environment & PP	M
	Energy Usage & Efficiency	Environment & Sustainability	Environment & PP	M
Infrastructure	ALN Transport	Environment & Sustainability	Infrastructure	H
	Contract Management Review	Environment & Sustainability	Infrastructure	H
	EV / Fleet Sustainability	Environment & Sustainability	Infrastructure	M
Law & Standards	Elections Act Compliance	Transformation & Corporate	Law & Standards	H
	Land Charges	Transformation & Corporate	Law & Standards	M
	Private Practice Payments	Transformation & Corporate	Law & Standards	M
Policy, People & Transformation	Project Management	Transformation & Corporate	Policy, People & Transformation	H
	Website Redevelopment	Transformation & Corporate	Policy, People & Transformation	M
	Strategy & Policy Creation	Transformation & Corporate	Policy, People & Transformation	M
	Establishment Control	Transformation & Corporate	Policy, People & Transformation	M

Finance	New Finance System Review #1	Transformation & Corporate	Finance	H
	New Finance System Review #2	Transformation & Corporate	Finance	H
	New Finance System Review #3	Transformation & Corporate	Finance	H
	New Procurement Legislation Readiness	Transformation & Corporate	Finance	H
	Housing, Temporary Accommodation & Emergency Payments	Transformation & Corporate	Finance	H
	IFRS16 (Leases)	Transformation & Corporate	Finance	M
	CT Base - Property Accuracy	Transformation & Corporate	Finance	M
Children Services	Adoption Allowances Follow Up #3	Social Services	Children Services	H
	Children's Money Follow Up	Social Services	Children Services	H
	WCCIS	Social Services	Children Services	H
	Children's Commissioning	Social Services	Children Services	H
	SGO Allowance Reviews	Social Services	Children Services	M
	Windmill Farm	Social Services	Children Services	M
	CRSA	Social Services	Children Services	M
Adult Services	Direct Payments	Social Services	Adult Services	H
	WCCIS	Social Services	Adult Services	H
	Managed Care	Social Services	Adult Services	H
	Appointeeship	Social Services	Adult Services	H
	Centrica Lodge	Social Services	Adult Services	M

	CRSA	Social Services	Adult Services	M
Prevention & Inclusion	Families First	Social Services	Prevention & Inclusion	H
	WCCIS	Social Services	Prevention & Inclusion	H
	Flying Start	Social Services	Prevention & Inclusion	H
	Disabled Facilities Grants	Social Services	Prevention & Inclusion	M
Cross Cutting	Gifts & Hospitality	Cross Cutting Review	Cross Cutting Review	H
	P-Cards	Cross Cutting Review	Cross Cutting Review	H
	Overtime	Cross Cutting Review	Cross Cutting Review	H
Support / Admin	Follow Up of Management Actions	Support / Admin	Support / Admin	N/A
	Planning/Advice/Training/Support	Support / Admin	Support / Admin	N/A
	Completion of ongoing 23/24 work	Support / Admin	Support / Admin	N/A
Counter Fraud	Reactive Fraud Work	Counter Fraud	Counter Fraud	N/A
	Targeted Proactive Fraud Work	Counter Fraud	Counter Fraud	N/A
	NFI	Counter Fraud	Counter Fraud	N/A



Report

Governance and Audit Committee

Part 1

Date: 28 March 2024

Subject Governance and Audit Committee Self-Assessment

Purpose To set out the draft skills and knowledge self-assessment questionnaire for Government and Audit Committee Members to complete to inform the development of a learning and development plan for the Committee.

Author Strategic Director, Transformation and Corporate

Ward All

Summary Establishing a training programme and ongoing support for Governance and Audit Committee members is essential to ensure that they can confidently and effectively discharge their responsibilities. Exact needs will depend on the composition of the committee and members' existing knowledge and experience.

A self-assessment questionnaire, based on the Chartered Institute of Public Finance and Accountancy (CIPFA) publication 'Audit Committees – Practical Guidance for Local Authorities & Police', is attached to this report. It is proposed that members of this Committee complete and return the questionnaire in order to assess the existing skills, knowledge and areas of expertise of members and to identify any gaps or training requirements.

The results will assist in developing a learning and development plan for the Committee.

Proposal The Committee is asked:

- i. To consider and note the contents of this report;
- ii. To agree the wording of the draft self-assessment questionnaire which is appended to this report;
- iii. To agree a timescale for completion of the questionnaire by members of this Committee; and
- iv. To resolve to consider the questionnaire responses at a future meeting.

Action by Interim Chief Internal Auditor, Governance and Audit Committee Members

Timetable Immediate

Background

Local government bodies are expected to meet high standards of governance and accountability. The Governance and Audit Committee provides a specialist forum to support and monitor the authority in the areas of governance, risk management, external audit, internal audit and financial reporting.

Under CIPFA Guidance it is recommended practice for Governance Audit committees to review and assess themselves annually. The results of the assessment should be available in the annual report from the committee.

The self-assessment form asks Governance and Audit Committee members to consider ten statements and to indicate whether their level of knowledge / experience is either 'good', 'satisfactory' or 'little' knowledge in relation to each.

The questionnaire also asks Governance and Audit Committee members to indicate what knowledge and skills they have which will add value to the work of the Governance and Audit Committee. It is proposed that Committee Members will be given the opportunity to complete their self-assessments and that a report on the data collated through the self-assessment will be brought to the Committee at a future meeting.

The responses to the questionnaire will remain confidential and the report shared at Committee would be an anonymised summary of the data collated. Information collated under the self-assessment questionnaire would be managed in line with requirements of the General Data Protection Regulations.

Appendix 1 – Draft Self-Assessment Form

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 Governance and Audit Committee is not effective in supporting the authority to address weaknesses in its governance, risk, and control arrangements at an early stage.	H	L	Self-Assessment Questionnaire to be adopted for Governance and Audit Committee Members to complete on an annual basis. Learning and Development plan to be developed based on the data collected through the self-assessment.	Audit Manager

*Taking account of proposed mitigation measures

Links to Council Policies and Priorities

Annual Governance Statement

Robust governance arrangements 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 this report and the draft self-assessment questionnaire and agree a timeline for Committee Members to complete the questionnaire.
2. To amend the self-assessment questionnaire and agree a timeline for Committee Members to complete the questionnaire.

Preferred Option and Why

1. Option 1 is the preferred option.

Comments of Chief Financial Officer

There are no financial implications arising from the proposal for members of the committee to complete the self-assessment questionnaire.

Comments of Monitoring Officer

The Governance and Audit Committee has a number of functions prescribed by statute which relate to the oversight of various Council procedures, including in relation to auditing, complaints handling, financial procedures and risk management. The completion of this questionnaire by members of the Committee will assist in identifying areas where training or further development of skills is required with a view to ensuring that the Committee is able to fulfil its constitutional and statutory functions.

Comments of Head of People, Policy and Transformation

As stated in the report, it is good practice for the Governance and Audit Committee to self-assess its effectiveness and identify areas of improvement. This supports the Council's approach to delivering continuous improvement and the Council's Annual Governance Statement. Being self-reflective also supports the Council's approach to meeting the 5 ways of working of the Well-being of Future Generations Act (see below). There are no HR implications with this paper.

Scrutiny Committees

Not Applicable.

Fairness and Equalities Impact Assessment

For this report, a full Fairness and Equality Impact Assessment is not required to be undertaken. This is because this report is not seeking any strategic decisions or policy changes, with its purpose being to present Governance and Audit Committee with a draft self-assessment questionnaire and process for consideration of the data collated by the Committee at a future date.

Wellbeing of Future Generations (Wales) Act 2015

Under the Wellbeing of Future Generations Act (Wales) 2015 and its 5 ways of working principles this report supports:

Long Term – Having effective governance arrangements ensures that the opportunities and risks that emerge consider the long-term impact on service users and communities.

Preventative – Identifying opportunities for further development will ensure the Committee is able to continue to develop the collective skill set required for effective oversight of future Governance and Audit work programmes.

Collaborative – Governance arrangements are managed in collaboration with officers within service areas, Corporate Management Team and the Council's Cabinet.

Involvement – Involving Governance & Audit Committee enables committee members to identify areas of strengths and weaknesses to improve the effectiveness of the committee to fulfil its requirements as set out in the Committee's Terms of Reference.

Integration – Governance arrangements are integrated throughout the Council. Robust and effective governance arrangements support the delivery of the Council's Corporate Plan and legislative duties.

Consultation

Not applicable.

Background Papers

Not Applicable

Dated: 22nd March 2024

Governance and Audit Committee

Members Knowledge and Skills Self-Assessment Questionnaire

Please place an X in **ONE** of the columns shaded blue, for each of the numbered statements 1 to 10 below.

Name of Committee Member :

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Statement		I have good knowledge and experience of this	I have satisfactory knowledge and experience of this	I have little knowledge or experience of this	Any Comments
Organisational Knowledge					
1.	Knowledge of the governance structure of the authority (including the Annual Governance Statement), decision-making processes, the Council's objectives, and its major functions.				
Governance and Audit Committee Role and Functions:					
2.	An understanding of the Governance and Audit Committee's role and place within the governance structures, its terms of reference and accountability arrangements.				
Internal Audit:					
3.	An understanding of the purpose of the Council's Internal Audit Service and its responsibilities to the Governance and Audit Committee.				

	Statement	I have good knowledge and experience of this	I have satisfactory knowledge and experience of this	I have little knowledge or experience of this	Any Comments
	Financial Management & Accounting:				
4.	Awareness of the financial statements that a local authority must produce and the principles it must follow to produce them, and the role the Governance and Audit Committee plays in reviewing the Council's draft financial statements.				
	External Audit:				
5.	Knowledge of the role and functions of the external auditor and the responsibility it has to the Council's Governance and Audit Committee.				
	Risk Management:				
6.	Understanding of the risk management arrangements in place within the Council and the role of Governance and Audit Committee in overseeing these arrangements.				
	Counter Fraud:				
7.	An understanding of the main areas of fraud and corruption risk to which the Council is exposed, knowledge of the Council's arrangements for tackling fraud and awareness of good fraud risk management practice.				
	Values of Good Governance:				

8.	Knowledge of the authority's key arrangements to uphold ethical standards for both members and staff (including knowledge of the 7 principles of public life) and knowledge of whistle-blowing arrangements within the Council and Financial and Contract Procedure Rules				
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	Statement	I have good knowledge and experience of this	I have satisfactory knowledge and experience of this	I have little knowledge or experience of this	Any Comments
	Council Performance Self-Assessment				
9.	Understanding of the Council's Performance Self-Assessment and independent Panel Performance Assessment responsibilities and the role of the Governance and Audit Committee in reviewing and challenging the outcome of these assessments.				
	Complaints Handling				
10.	Understanding of the Council's arrangements for handling complaints and the role of the Governance and Audit Committee in reviewing and assessing the effectiveness of the arrangements in place.				

Are there any other areas of support / advice that you consider would help you in discharging your role as a member of the Council's Governance and Audit Committee?

Which knowledge areas below) do you have experience in that will add value to the work of the Governance and Audit Committee? (Please place an X for any that apply)

Accountancy	<input type="checkbox"/>	Service and organisational knowledge relevant to the functions of the organisations	<input type="checkbox"/>
Internal Audit	<input type="checkbox"/>	Programme and project management	<input type="checkbox"/>
Risk Management	<input type="checkbox"/>	IT Systems and IT Governance	<input type="checkbox"/>
Governance and Legal	<input type="checkbox"/>	Other (please specify)	<input type="checkbox"/>



Report

Governance and Audit Committee

Part 1

Date: 28 March 2024

Subject Draft Work Programme

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

Author Governance Officer

Ward General

Summary The purpose of a forward work programme is to help ensure Committee Members achieve organisation and focus on the undertaking of enquiries through the Governance and 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 Governance and Audit Committee

Timetable Immediate

Background

The purpose of a forward work programme is to help ensure Councillors achieve organisation and focus on the undertaking of enquiries through the Governance & 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 meetings until June 2024.

Committee Members are asked to endorse this schedule, confirm the list of people they would like to invite for each item, and indicate whether any additional information or research is required.

28 March 2024
Corporate Risk Register (Quarter 3)
Lessons Learned 2022/23 Accounts Closedown and Financial Statements Preparation
Internal Audit Plan 2024/25

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

There are no legal implications arising from this report.

Comments of Head of People, Policy and Transformation

The sustainable development principle of the Wellbeing of Future Generations Act will need to be addressed in individual reports, along with any human resources implications.

Background Papers

None.

Appendix 1

Forward Work Plan; agenda set out in a table for each meeting.

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

30 May 2024
Appointment of Chairperson
Treasury Management Year End Report 2023/2024
Corporate Risk Register (Quarter 4)
SO24/Waiving of Contract SOs: Quarterly report reviewing Cabinet/CM urgent decisions or waiving Contract SOs (Quarter 4, January to March)
Audit Wales Annual Report on Grants Works 2020-21, 2021-22, 2022-23 Draft
Audit Wales Annual Audit Summary 2023
Audit Wales Annual Audit Plan 2024
Internal Audit Annual Report 2023-2024
Annual Governance Statement (draft statement)

Appendix 2

Forward Work Plan; agenda set out in alternative format.