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Audit Committee

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4th April 2019

Mr Will Godfrey
Chief Executive
Newport City Council
Civic Centre
NP20 4UR

Dear Chief Executive,

Audit Committee Members' concern around the poor controls within City Services Service Area.

The Audit Committee gain a level of assurance that appropriate controls are in place across the Council's services to safeguard its assets, to ensure sound financial management is in place, to minimise fraud, corruption and significant loss, and to ensure public money is being utilised appropriately, from regular reports from the Chief Internal Auditor. On a quarterly basis the Chief Internal Auditor updates the Audit Committee on the audit reviews undertaken and all audit opinions issued; on a six monthly basis unfavourable audit opinions are reported, the reasons why they were given that opinion along with a revised audit opinion if the work has been followed up. The intention of the follow up audit work is to assess the progress operational managers have made in implementing agreed management actions in order to improve the internal control environment such that a greater level of assurance can be provided of sound financial management.

If the audit follow up work results in a consecutive unfavourable audit opinion then the respective Head of Service is invited into Audit Committee to account for the lack of improvement.

Members of the Audit Committee wish to express their concern about the **limited assurance** provided on systems and services operated within the City Services Service Area. The quarterly update to 31 December 2018 showed that 2 out of the 5 Unsatisfactory audit opinions were within City Services.

The six monthly report, presented to January 2019 Audit Committee, showed that since 2015/16 2 audit reviews within City Services resulted in two consecutive unfavourable audit opinions, showing a lack of improvement. A further review in 2018/19 also resulted in an Unsatisfactory audit opinion.

The Head of City Services was called into Audit Committee in June 2017 to respond to concerns raised by Members of the Audit Committee regarding further unfavourable audit opinions in that service area. The same Head of Service also attended Audit Committee in September 2018 to respond to concerns raised about a

second consecutive unfavourable audit opinion in relation to Refuse Agency & Overtime.

Members of the Audit Committee are concerned that lessons are not being learnt following audit reviews within the service area and improvements are not being made quickly enough. Members would like assurance from you as the Chief Executive of the Council, that appropriate action will be taken to address these shortcomings and would welcome your response to their concerns.

Yours faithfully,

J Baker

John Baker

Chairman of the Audit Committee
On behalf of the Audit Committee