

Report

Audit Committee

Part 1

Date: 6th June 2019

Item No: 7

Subject Internal Audit – Progress against unfavourable audit opinions previously issued [to March 2019] (previous report was to September 2018)

Purpose To inform Members of the Council’s Audit Committee of the progress made by operational managers to implement agreed management actions in order to improve the control environment, minimise risk and obtain a more favourable audit opinion within their service or establishment.

Author Chief Internal Auditor

Ward General

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

During **2016/17** 35 audit opinions had been issued; 5 were *Unsatisfactory*, 1 was *Unsound*. The new Head of Streetscene & 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. This was reported, in part, to Audit Committee in March 2017.

During **2017/18** 40 audit opinions had been issued; 6 were *Unsatisfactory*, none were *Unsound*. The audit of **Agency / Overtime – Refuse** resulted in a second unfavourable audit opinion.

During **2018/19**, 48 audit opinions had been issued; 10 were *Unsatisfactory*, 1 was *Unsound*. A further follow up audit of **Agency / Overtime – Refuse** resulted in a *Good* audit opinion (March 2019).

- Proposal**
- 1) The report be noted and endorsed by the Council’s Audit Committee
 - 2) To consider calling in any specific heads of service if members of the Audit Committee feel they require further assurance that improvements will be made to the control environment following unfavourable audit opinions.
- The follow up of **Trips & Visits (Evolve System)** within Education Services resulted in a second consecutive *Unsatisfactory* audit opinion. The agreed protocol is to invite the service manager and Head of

Service to Audit Committee to provide assurance that improvements will be made.

Action by The Audit Committee

Timetable Immediate

This report was prepared after consultation with:

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

Signed

Background

1. This report aims to inform Members of the Audit Committee of the current status of audit reviews previously given an *unsatisfactory* or *unsound* audit opinion and to bring to their attention any areas which have **not** demonstrated improvements within the financial control environment. The previous report was presented to Audit Committee in January 2019 which related to opinions as at 30 September 2018. The then new Head of Streetscene & 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. He gave a commitment that improvements would be made within 12 months. 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.
2. Since bringing this report to the Audit Committee there have been 13 reviews which had been given two consecutive *unsatisfactory* or *unsound* audit opinions and these have previously been brought to the attention of the Audit Committee by the Chief Internal Auditor; in each case the relevant Head of Service and Cabinet Member attended a meeting of the Audit Committee.
3. It is pleasing to report that improvements were made in 13 of the 13 areas and have been reported to Audit Committee previously. These reviews will now be picked up as part of the audit planning cyclical review and will be audited as part of that process.
4. Where the Internal Audit team comes across obstacles in undertaking follow up work, for example managers stating that the issues will be addressed by the implementation of a new system, the Chief Internal Auditor will take a view as to the usefulness of a follow up review at the time and report back to the Audit Committee.
5. Definitions of the audit opinions are shown at Appendix A

History of unfavourable audit opinions

6. In **2015/16**, 34 audit opinions were issued; 8 of which were deemed to be *Unsatisfactory*; a summary of the significant issues has previously been reported. 5 out of the 8 audits have been followed up and were given a more favourable audit opinion which has been reported previously. A further follow up resulted in a more favourable opinion. 2 out of the 8 have not yet been followed up.

	Original Date of follow up	Current Status
Joint Venture – Newport Norse	Unsatisfactory 2015/16 Follow up: 2019/20	Not yet followed up. Delay in finalising original report. Senior Managers requested follow up to be put back. Now planned for 2019/20 following the outcome of the independent CIPFA review.
Highways Improvements Contracts – Project Management	Unsatisfactory 2015/16	Not yet followed up. No further project management / contracts being undertaken in the service area.

CCTV / Security Telford Depot – Follow Up	Unsatisfactory 2014/15	Reasonable March 2019
	Unsatisfactory 2015/16	

7. In **2016/17**, 35 audit opinions were issued; 5 were deemed to be *Unsatisfactory*, 1 was *Unsound*. 4 out of the 6 have been followed up and were given more favourable audit opinions.

	Original Opinion / Date of follow up	Current Status
Payment Card Industry Data Security Standards	Unsatisfactory *1 July 2016	Now within SRS monitored by Information Governance Group
Highways Network Assets Valuation	Unsatisfactory *2 February 2017	N/A
Charles Williams Church in Wales Primary School	Unsatisfactory July 2017	Reasonable March 2019
Maes Ebbw School	Unsatisfactory March 2017	Good March 2018
Overtime & On Call Payments - Highways	Unsatisfactory December 2016	Reasonable March 2018
Agency / Overtime - Refuse (incl. Follow-up)	Unsound November 2016 Unsatisfactory March 2018	Good March 2019

*1 Still a number of actions outstanding which require work by the Shared Resource Service (SRS). These are behind due to the current workload of the SRS which includes a large number of projects. The matter is on the agenda and being monitored by the Council's Information Governance Group.

*2 The risk profile has reduced substantially as a result of CIPFA deciding not to proceed with the introduction of the Highways Network Asset Code into the financial reporting

requirements for local authorities and the fact that the valuation figures are no longer a mandatory requirement for the whole of government accounts.

8. In **2017/18**, 40 audit opinions were issued; 6 were deemed to be *Unsatisfactory*, none were *Unsound*. 4 out of the 6 have been followed up; 3 of which have resulted in a more favourable audit opinion; 1, Trips & Visits (within Education) resulted in a second consecutive *Unsatisfactory* audit opinion. The agreed protocol is to invite the service manager and Head of Service to Audit committee to provide assurance that improvements will be made. A further follow up audit of **Agency / Overtime – Refuse** resulted in a *Good* audit opinion.

	Original Opinion / Date of follow up	Current Status
Llanwern High School	Unsatisfactory December 2017	Reasonable August 2018
Cemeteries	Unsatisfactory January 2018	Reasonable March 2019
SGO / Kinships	Unsatisfactory March 2018 Follow up: 2019/20	
Trips & Visits (Evolve)	Unsatisfactory March 2018	Unsatisfactory March 2019
Outside Preferred Catering Contractor (Schools)	Unsatisfactory March 2018 Q1 2019/20 A follow up audit is subject to the School entering into a new contract.	
Agency / Overtime – Refuse Follow Up	Unsound November 2016 Unsatisfactory March 2018 [Head of City Services called into Audit Committee September 2018.]	Good March 2019

9. In **2018/19**, 48 audit opinions had been issued; 10 were deemed to be *Unsatisfactory*, 1 was deemed to be *Unsound*. A summary of the significant issues follows in the tables:

	Original Opinion / Date of follow up	Current Status
General Data Protection Regulation (GDPR)	Unsatisfactory November 2018 Final	
Subject Access Requests	Unsatisfactory November 2018 Final	
SRS Client Relationship Management	Unsatisfactory December 2018 Draft	
Adoption Allowances	Unsatisfactory March 2019 Draft	
Commercial & Industrial Property Portfolio	Unsatisfactory February 2019 Draft	
Highways	Unsatisfactory November 2018 Draft	
Vehicle Tracking System & Usage	Unsatisfactory February 2019 Draft	
Street Cleansing	Unsatisfactory August 2018 Final	
Trips & Visits (Evolve System) (Follow-Up)	Unsatisfactory March 2019 Draft	
Caerleon Comprehensive	Unsatisfactory March 2019	

	Draft	
Bridge Achievement Centre (PRU)	Unsound February 2019 Final	

a. General Data Protection Regulation (GDPR)

Previously reported

b. Subject Access Requests

Previously reported

c. SRS - SRS Client Relationship Management *

Ref.	SIGNIFICANT
1.10	There was no formal contract in place between NCC and the SRS for the provision of the IT service.
1.11	Limited evidence was available to confirm that NCC representatives attended and received minutes of the SRS board meetings.
1.12	The NCC Digital Board was no longer in operation and the Digital Business Development Group and Digital Champions meetings had not taken place for some time.
1.13	NCC officers and Members were not provided with assurance on the governance, risk management, and internal controls in place at the SRS in relation to the services provided to NCC.
1.14	The purchase order for the 2017/18 management fee was not raised promptly and the purchase order for the 2018/19 fee was not raised for the correct amount.
2.03	SRS Partnership Scrutiny updates were not reported on a periodic basis and there was no scheduled timetable for submission of the reports.
2.04	The investment objectives were not supported by clearly defined measures and there was insufficient evidence to determine whether or not they were being met 13 months after the collaboration had been entered into.
3.08	There was very little evidence available to confirm that IT goods and services charged to service area cost centres had been received.
3.09	There were no formal stock records for the consumable items held by the SRS on behalf of NCC.

* Whilst the draft opinion was 'Unsatisfactory' at the end of the 18/19 financial year, additional information provided by management in respect of two of the significant weaknesses has resulted in the removal and downgrading of those issues in the final report and consequently an improvement in the audit opinion to 'Reasonable'.

d. Adoption Allowances

Ref.	SIGNIFICANT
2.06	There was a lack of evidence to verify that financial assessment forms had been completed detailing the household composition of the adoptive family as well as the income and expenditure of the relevant family members.
2.07	A privacy notice was not held on the authority's website for the data processing activities undertaken in relation to adoption allowance assessments.
2.08	There was a lack evidence to verify that financial assessment forms had been supported with the appropriate evidence of income and expenditure.
2.09	There was a lack of evidence to verify that financial assessments had been accurately calculated and completed in a timely manner.
3.06	Annual review assessments, though completed in a timely manner, had not all been calculated accurately.
3.07	Review forms were not consistently supported with the appropriate evidence of income and expenditure.
3.08	Income and expenditure details provided were not cross-checked, including against the previous assessment, to allow any discrepancies to be investigated appropriately.
3.09	Annual reviews had not identified retrospective changes that were not previously notified, awards were not reviewed from the relevant date and, where appropriate, adopters were not advised of the overpayment amount that they were liable to repay.
3.10	Independent checks completed on annual review assessments to ensure correctness had failed to identify errors in the calculation of adoption allowance awards.

e. Commercial & Industrial Property Portfolio

Memo Ref	Recommendation
1	To review and ascertain all properties / land owned which are rented commercially by NCC to ensure that the estate portfolio is complete and being appropriately managed, monitored with rental value maximised.
2	To review those properties which are showing as lease expired to ensure that a new agreement has been entered into or reasons are available and documented to support why terms of the lease have been held over.
3	To populate the C&I portfolio spreadsheet with the required information to ensure that rent reviews are conducted as and when required and where on-going negotiations are taking place that these are documented for completeness.
4	To ensure that NCC have access to the K2 Asset Management system to ensure that the C&I Asset Portfolio and contracts are being effectively managed as per the lease arrangements.
5	Investigation needs to take place regarding the rental of Pill Library to ensure

Memo Ref	Recommendation
	that this is the most cost effective use of resource and if the premises is required operationally by NCC.
6	When sending a copy of the reconciled C&I portfolio spreadsheet back and forth to Newport Norse that either Egress Switch or a form of password protection is used.
7	To ensure that the information on the NCC website contains the most up-to-date and accurate information regarding opportunities within the C&I estate and this is reviewed on a regular basis.

f. Highways

Ref.	SIGNIFICANT
1.07	The Highways Maintenance Plan 2005 had not been reviewed and updated for over 10 years.
1.08	The Highways defect inspection target of 5 working days had not been reviewed since it was implemented and incorrect closure dates were recorded on occasions.
1.09	Works orders were being raised as 'passed to other departments' for 'aesthetic improvements' and not being actioned by departments in the same service area in a timely manner.
1.10	It was identified that works orders were not allocated to the appropriate gang / crew in a timely manner; and target dates for completion were calculated from the date the work was allocated and not from the date that the works order was raised.
1.11	There were no performance measures in place to monitor and report the efficiency and effectiveness of the Highways Inspection and Maintenance teams.
2.10	An officer in the Highways team had been receiving an 'Acting up' payment for over 6 months which had not been subject to a business case approval in accordance with the Council's 'Additional Duties' Scheme.
2.11	Highways staff were working for long periods without taking the necessary leave / rest days to ensure that their health and wellbeing was being managed effectively.
2.12	Operatives that had completed winter maintenance duties were paid overtime when they worked throughout the night but did not have their contracted hours deducted from pay for not working their contracted hours.
2.13	Operatives were not deducting breaks when they had worked over 6 hours overtime and had incorrectly claimed and been paid overtime.
2.14	There was high usage of agency staff to deliver the service whilst it was running with unadvertised vacancies.
2.15	Agency workers' timesheets and payments did not always match the hours worked as recorded on the Highways signing in / out sheets.
2.16	There were high sickness levels within Highways for the period 1 st April 2017 to 20 th July 2018. In addition there was insufficient recording of the reasons for the management actions taken to demonstrate that the Management of Attendance Policy had been followed.
2.17	Vehicle insurance and driving licence documents for Highways staff had not been checked for over 6 months.
3.03	The Highways team did not always follow Contract Standing Orders and demonstrate value for money when procuring goods and services.

Ref.	SIGNIFICANT
3.04	Purchase orders were sometimes raised after the completion of works and receipt of the invoice. Purchase orders relating to agency workers were also being raised retrospectively following the receipt of the invoice.

g. Vehicle Tracking System & Usage

Ref.	SIGNIFICANT
1.05	An agreed Fleet Tracker Policy has not been approved by the Cabinet Member and issued to staff.
1.06	A number of Supervisors, Team Managers & Senior Managers both across City Services and other Service Areas who should have had access did not have access to the Vehicle Tracking system.
2.01	The majority of vehicle drivers do not log in to the tracking system in the vehicle prior to undertaking journeys.
2.02	Regular reports from the Vehicle Tracking system were not being run and reviewed by the fleet team to monitor employees driving behaviour, vehicle use, location or to identify any issues with vehicles.
2.03	A number of vehicles were found to have been breaking the speed limit and travelling in excess of 90mph.
2.04	It was not formally documented which members of staff took Council vehicles home. Staff had not signed to confirm they were aware of any Terms & Conditions relating to taking vehicles home and any potential tax liability which they might have.
2.05	Where vehicles are taken home by City Services staff there has been no consideration if these long standing arrangements are an effective use of Council resources which was potentially costing circa £25k per annum.
2.06	From a review of the Vehicle Tracking records it appeared that some employees were not working their contracted hours.
2.07	Employee P11D's had not yet been completed for the 2017/18 tax year for relevant drivers.
2.08	There was no adequate monitoring of the panic alert facility on vehicles.
2.09	Driving Licence checks for regular fleet users were not always conducted on a 6 monthly basis.
3.03	Not all Council vehicles had a Vehicle Tracker installed.
3.04	A number of Vehicle Trackers were not operational. Issues with Vehicle Trackers had not been resolved promptly.
3.05	No monitoring was being conducted on the Vehicle Tracking system to ensure that usage of vehicles was appropriate.

Ref.	SIGNIFICANT
3.06	No provision had been made for the tracking of vehicles which were on long term hire arrangements.

h. Street Cleansing

Previously reported

i. Trips & Visits (Evolve System) (Follow-Up)

Ref.	SIGNIFICANT
1.05	The agreement in place with the third party Outdoor Education Adviser had not been reviewed and no formal agreement had been implemented. The current version of the agreement was also non-compliant with GDPR requirements.
1.07	Educational Visits Coordinator (EVC) training had not been received or renewed in the past 3 years for the majority of the schools in line with the Outdoor Education Advisory Panel's National Guidance.
1.08	Despite the annual review exercise carried out by Central Education, a number of inappropriate accounts remained present on the EVOLVE system.
1.09	The current engagement with the Outdoor Educational Adviser remains non-compliant with off-payroll, working through an intermediary, (IR35) regulations.
2.10	Trips and Visits categorised as adventurous, residential and overseas were not always submitted by the School's Education Visits Coordinator / Headteacher 28 days prior to the visit taking place, in accordance with the instruction issued by the Chief Education Officer.
2.11	Trips had taken place without required Local Authority approval, these were not reported to the Education Senior Management Team.

j. Caerleon Comprehensive

Ref.	CRITICAL
6.01	The School was operating with a large budget deficit which is projected to reach in excess of £1.6 million within the next 18 months. No recovery plan was in place to reduce the deficit amount and the School had exceeded the licenced deficit amount without obtaining further approval from the LEA. The School was in breach of the June 2014 Intervention Plan and unable to repay the £500k loan agreement with the LEA.

Ref.	SIGNIFICANT
1.05	Receipting of budget income was not always completed promptly. Formal receipts issued did not always reflect the actual date of income received.
1.06	The income processes at the School lacked a segregation of duties. Paye.net banking reports and paying-in counterfoils had not been independently certified by the Headteacher / a designated senior officer.
1.07	There was no evidence to confirm that the School's Lettings Policy and Fees & Charges had been reviewed and agreed by the Governing Body on an annual basis. Charges for the lettings were not consistent and were collected in arrears.
2.09	The procurement quotation process for appointing a Catering Contract Management company did not present all available options to Governors. The Contract Manager was costing the School in excess of £22k over a 3 year period, despite running a deficit budget.
2.10	The School had not acquired quotes in accordance with Contract Standing Orders for Schools and there was no evidence available to support that the School had always conducted market-testing to demonstrate value for money when purchasing goods and services.
3.04	A complete staffing structure could not be provided to Internal Audit. The Teaching and Learning Responsibility (TLR) posts at the School had not been reviewed since 2015.
3.05	DBS checks were not always completed prior to members of staff commencing work at the School. In the absence of a DBS check, a DBS Risk Assessment was not always completed prior to the employees start date with the DBS application form being submitted to the DBS.
3.06	Regular overtime was being paid to the Caretakers at the School. Income received from weekend lettings did not cover the overtime costs paid to staff. Overtime claim forms were not always completed in full.
3.07	Staff were permitted to take 3 days paid leave of absence if their child was unwell. There was no documented policy at the School and evidence of Governing Body approval for these arrangements was not provided.
3.08	High levels of Time off in Lieu (TOIL) were being accrued by members of staff with no evidence of authorisation for the additional hours being worked. The School did not have a TOIL policy and when requesting days off using accrued TOIL, full information was not provided to the Deputy Headteacher. TOIL earned was sometimes paid as additional hours.
3.09	A number of Sickness Absence and Return to Work Discussion forms could either not be located or were not completed in full.
3.10	The review of driving at work documentation was not sufficient, had not been conducted on an annual basis for all staff and those who drove fleet vehicles / transported young people did not have their licence reviewed every 6 months.
4.05	The School Private Fund management committee was not documented as meeting on a regular / termly basis to review the activities of the fund. The Fund Constitution document could not be located at the time of the audit.
4.06	Supporting documentation to identify the date and source of school private fund income being initially received was not present to support the School trip income. Teaching staff were collecting and holding significant sums of money which was in excess of the Schools Insurance arrangements.
4.07	Expenditure in relation to 'tips' on School trips were not always detailed and accompanied by supporting documentation.
4.08	The School was operating the School Private Fund across more than the permitted number of bank accounts and monthly reconciliations only accounted for 1 of the 3 SPF bank accounts held. There was no mandate held for the two additional bank accounts operated.

Ref.	SIGNIFICANT
	The treasurer had online bank account access and the ability to move funds without any prior authorisation or oversight.
4.09	The SPF accounts for 2017/18 had not been independently audited. Previous account audits had not included the full fund (i.e. 3 bank accounts) and were completed by an employee of the School.
5.05	The School's inventory record was incomplete at the time of the review and did not detail all required information. It was not possible to complete an inventory check of the School's assets.
5.06	The School did not have an adequate safe and had not reviewed the access controls for a considerable period of time.
5.07	The records in support of the School's minibus were not fully completed and the statutory daily defects check sheets were not being completed.
6.02	There was no evidence to confirm that the School's budget for 2018/19 had been formally approved by the Governing Body.
6.03	No visit had been made by Schools Finance to the School for budget monitoring purposes for 5 months, despite the projected deficit. Previous visits were not made in accordance with the School's Intervention Plan (June 2014).
6.04	No budget monitoring / reconciliation documentation could be provided by the School for the period prior to the new School Business Manager commencing employment. (July 2018)
6.05	The School budget was not a standing agenda item at the Full Governing Body meetings. The finances of the School were not regularly and sufficiently discussed by either the Full Governing Body or the Finance Sub-Committee as per the recorded minutes.
7.03	Minutes of Governing Body meetings were not available at the School (signed or otherwise)
7.04	Register of Business Interest forms for members of the Governing Body could not be located and had not been completed for staff employed at the School.
7.05	A number of Statutory School policies required review. Governing Body approval for these policies was not provided to Internal Audit.

k. Bridge Achievement Centre (PRU)

Previously reported

General

10. Internal Audit will continue to revisit any areas which have been given an *Unsatisfactory* or *Unsound* audit opinion within a twelve month timescale.
11. Heads of Service and service managers are responsible for addressing any weaknesses identified in internal systems and have agreed to do this by incorporating their comments within the audit reports and taking on board the agreed management actions.
12. Internal Audit are continuing to raise the awareness of financial regulations and contract standing orders within the Council by delivering seminars to all service areas; during recent years this training has been further targeted towards areas that have had *Unsatisfactory* / *Unsound* audit opinions.

13. Where managers are compliant with Council policies and procedures and sound financial management can be demonstrated then audit reviews should result in an improved audit opinion being given. If, as a result, improvements are made to internal controls then greater assurance can be given by Internal Audit to the Audit Committee, the Leader and the Chief Executive on the overall effectiveness of all the Council's internal controls

Financial Summary

14. There are no direct financial issues related to this report.

Risks

15. One of the key objectives of an audit report is to outline compliance against expected controls within a system, an establishment or the duration of a project or contract. The report should give management assurance that there are adequate controls in place to enable the system to run effectively, efficiently and economically. If adequate controls are not in place then there is greater exposure to the risk of fraud, theft, corruption or even waste.

16. Newport Internal Audit reports outline strengths of the system under review along with any weaknesses in internal control. The reports are discussed with operational management where the issues identified are agreed. The operational manager will then add his / her action plans to the report which will address the agreed issue and mitigate any further risk.

17. Reduced audit staff reduces the audit coverage across service areas which provides reduced assurance to management.

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?
Audit Plan not completed	M	M	Passed potential management issues back to management; Agency staff taken on board to cover longer term vacancies.	Chief Internal Auditor

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

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

- To make our city a better place to live for all our citizens
- To be good at what we do
- To work hard to provide what our citizens tell us they need

Options Available

19. This is a factual progress report and therefore there are no specific options, as such. The six monthly reports provide a mechanism for providing assurance on the adequacy of the Council's internal control environment to ensure the public pound is spent wisely and appropriately and that fraud, theft and corruption is minimised; that improvements are being made and where appropriate service managers and Heads of Service are held to account where expected controls are not as good as they should be.

Preferred Option and Why

20. N/A

Comments of Chief Financial Officer

21. This report is compiled on behalf of the Head of Finance. Areas of unsatisfactory / unsound audit opinions are a concern and in particular, those affecting significant amount of money in overtime/on-call arrangements. But having highlighted issues, it is expected that local managers implement appropriate improvements as soon as they can. Further on-going unsatisfactory / unsound opinions are then of even more concern and the Committee will need to come to a view, having made enquiries of the Chief Internal Auditor, what, if any further action may be required. For example, they may request that the relevant Head of Service and service manager come to a future meeting to explain the lack of progress and what changes they have planned and timescales.

Comments of Monitoring Officer

22. There are no legal implications. The report has been prepared in accordance with the Council's internal audit procedures and the Performance Management framework.

Staffing Implications: Comments of Head of People and Business Change

23. There are no direct Human Resources issues arising from this report. Internal Audit provide a critical function within the Council to provide assurance on financial systems and monitoring and to highlight weaknesses so that issues can be identified and addressed.

Comments of Cabinet Member

24. N/A

Local issues

25. N/A

Scrutiny Committees

26. N/A

Equalities Impact Assessment and the Equalities Act 2010

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

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

Children and Families (Wales) Measure

29. N/A

Wellbeing of Future Generations (Wales) Act 2015

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

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

Crime and Disorder Act 1998

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

Consultation

32. N/A


Background Papers

33. N/A

Dated:

Appendix A

INTERNAL AUDIT SERVICES – OPINION DEFINITIONS

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