

CYD-BWYLLGOR ERW 15 GORFFENNAF 2019

ADRODDIAD ARCHWILIO MEWNOL CONSORTIWM ERW 2018-19

Y Pwrpas:

Darparu canfyddiadau adolygiad Archwilio Mewnol Consortiwm ERW 2018-19 ar gyfer y Cyd-bwyllgor.

YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:

Nodi Adroddiad Archwilio Mewnol 2018-19.

Y RHESYMAU:

Rhoi sicrwydd i'r Cyd-bwyllgor ynghylch y trefniadau sydd ar waith ar gyfer Consortiwm ERW o ran effeithiolrwydd llywodraethu, rheolaeth fewnol, rheoli risg a rheolaeth ariannol, ac amlygu'r meysydd i'w gwella.

Awdur yr Adroddiad: Jo Hendy	Swydd: Pennaeth Archwilio Mewnol	Rhif Ffon: 01437 776213 E: bost Joanne.hendy@pembrokeshire.gov.uk
--	--	---



EXECUTIVE SUMMARY

ERW JOINT COMMITTEE

15 JULY 2019

ERW CONSORTIUM INTERNAL AUDIT REPORT 2018-19

BRIEF SUMMARY OF PURPOSE OF REPORT

To give assurance to the Joint Committee on the effectiveness of governance, internal control, risk management and financial management arrangements in place for the ERW Consortium.

The Internal Audit review for 2018-19, as approved by the Section 151 Officer and the Joint Committee on 08 February 2019, resulted in a limited assurance opinion. The following provides a summary of the key areas of weakness identified.

- A number of recommendations from the previous audit review and Significant Governance Issues and Priorities for Improvement in the AGS remain outstanding (though it should be noted that the majority of these are minor non-compliance issues or a strategic decision has been taken to put them on hold until the Review & Reform programme has been implemented).
- Improvements are required to enhance the Governance arrangements (review of the Legal Agreement & Scheme of Delegation, publishing delegated decisions, and ensuring GDPR compliance), though as above it is noted that a number of these have been on hold, whilst the Review & Reform programme is implemented.
- The Review & Reform programme is now progressing and a budget for the core structure has been agreed. However, there is still some debate over the final funding model for this.
- The inability to agree a funding mechanism for this core budget (and the use of grant funding to fund core salaries) is a concern and this, coupled with the diminishing level of reserves could cast doubt on ERW's ability to continue as a going concern.
- Neath Port Talbot did not pay their contribution but have been receiving all of the benefits of being part of ERW without repercussion (noted that Neath Port Talbot have now paid their contribution but have given notice to withdraw from the ERW Consortium from March 2020).
- Invoices are not being processed for payment on a timely basis and a high volume of journals are still being carried out.
- Financial non-compliance issues (e.g. non-compliance with Standing Orders, VAT not being accounted for on purchase card transactions, purchase card paperwork not submitted on a timely basis).

The factual accuracy of the draft Internal Audit Report has been agreed. Management responses have been received, with the report being finalised on 24 June 2019.

DETAILED REPORT ATTACHED?

YES



IMPLICATIONS

Policy, Crime & Disorder and Equalities NONE	Legal YES	Finance YES	Risk Management Issues YES	Staffing Implications NONE
<p>1. Legal</p> <p>Section 6 of the report highlights the need for the Legal Agreement to be reviewed and updated, which is an ongoing recommendation from 2018-19. It also highlights areas for improvement to comply with the General Data Protection Regulations. Section 7 of the report identifies Significant Governance Issues and Priorities for Improvement from 2018-19 which have still not been addressed, namely clarification and formal arrangements for the delegation of grant funding. Section 8 of the report identifies areas of improvement required in the completion of Register of Interest forms by key Members and Officers.</p>				
<p>2. Finance</p> <p>Section 6 of the report highlights that a decision is required on how the core structure of the consortium is to be funded, which requires approval by all Local Authorities. Section 7 of the report highlights that the Business Plan requires costing to align financial resources to outcomes projected. Section 8 of the report highlights areas for strengthening financial processes within the Consortium.</p>				
<p>3. Risk Management</p> <p>Section 6 of the report also highlighted risk management improvements are required in respect of the Review and Reform programme to ensure that all risks are captured and managed appropriately.</p>				

CONSULTATIONS

N/A

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
N/A	N/A	N/A

