

EDUCATION THROUGH REGIONAL WORKING CONSORITUM

Report Issued to:

Ian Altman, Interim ERW Chief Officer

Report Issued to:

Greg Morgan, Interim ERW Chief Officer

Report Issued to:

Jon Haswell, ERW Section 151 Officer

Report Issued to:

Gareth Morgans, ERW Lead Director of Education

Report Copied to:

ERW Joint Committee (Final Only)

Auditor:

Charlotte Hodges, Principal Auditor

Rationale for Audit:

Annual Risk Based Review

Internal Audit Report No:	20032 (2020-21)
Assurance Rating:	Limited
Progress To Date (↑, ↓ or →):	↓
Fieldwork Completed:	30 April 2021
Draft Report:	21 May 2021
Management Comments:	08 June 2021
Final Report Issued:	08 June 2021

Introduction and Objectives

An audit review of the Education Through Regional Working (ERW) Consortium has been carried out as part of the 2020-2021 Internal Audit Plan, as agreed with the Joint Committee, the ERW Section 151 Officer and the ERW Interim Chief Officers. The objective of the audit was to provide assurance to the Joint Committee, the ERW Section 151 Officer and the ERW Interim Chief Officers that the Consortium has adequate governance, internal control, risk management and financial management arrangements in place, which are operating effectively, and that the recommendations arising from the previous Internal Audit reviews and actions contained within the Annual Governance Statement (AGS) have been implemented.

Audit Scope

Governance: Internal Control: Risk Management:	<ul style="list-style-type: none">• Follow Up of Previous Internal Audit Recommendations and AGS Actions• Arrangements for the cessation of ERW and preparations for future education through regional working• ERW Business Plan• Risk Register
Financial Management:	<ul style="list-style-type: none">• Budgetary Management and Control• Compliance with Contract Procedure Rules• Grant Schedules & Returns from Authorities

Methodology

<ul style="list-style-type: none">• Interviews with relevant Officers
<ul style="list-style-type: none">• Examination of systems and relevant documentation
<ul style="list-style-type: none">• Evaluation of the adequacy of internal controls
<ul style="list-style-type: none">• Sample testing

Executive Summary

There has been limited progress in implementing recommendations from the previous internal audit review, or the Significant Governance Issues and Priorities for Improvement that were contained within the 2019-2020 Annual Governance Statement. There continues to be lack of oversight/scrutiny by the Joint Committee to ensure previously identified matters arising are resolved. Recommendations made in the 2019-2020 audit to address this have not been implemented.

Neath Port Talbot County Borough and Ceredigion County Councils have formally withdrawn from the Consortium. The Joint Committee has approved commissioning arrangements enabling both Local Authorities to continue to receive elements of provision until August 2021. The detail of the service provision under the commissioning arrangement has not been finalised, resulting in the provision not being appropriately costed. There is a risk that if service provision is not clearly defined, the commissioning arrangements could result in a financial burden upon the ERW Consortium.

The focus of 2020-2021 has been the development of the new ERW Footprint. It has been agreed that ERW will cease as a partnership on 31 August 2021, with 3 Local Authorities forming a new partnership from 1 September 2021. Two further Local Authorities are discussing the possible benefits of informal partnership working. Decisions required to move forward with the cessation of ERW in its current format have not been undertaken within the required timeframes, resulting in a risk that statutory processes cannot be completed before 31 August 2021. This will result in a greater financial burden upon the new partnership, due to the staffing structure not being aligned to the size of the new partnership. There are also risks that as liability estimations have not included all relevant costs, current and former partners may not be aware of the financial implications of any decisions relating to the cessation of ERW in its current format, and that the ongoing uncertainty over the structure required for the new partnership could have a detrimental impact upon the morale and wellbeing of staff.

A timeline was presented to Joint Committee to advise of key milestones that were required to be met to enable an orderly cessation of ERW. Updates against the timeline were not provided to the Joint Committee, and milestones were not met. A revised timeline had not been established at the time of the audit review.

PREVIOUS INTERNAL AUDIT RECOMMENDATIONS AND AGS ACTIONS

There has been limited action to address the recommendations arising from the previous internal audit reviews, or the matters arising in the 2019-2020 Annual Governance Statement. It has been confirmed that:

In relation to 2019-20:

- 1 of 7 recommendations have been actioned, with 4 further recommendations currently in progress;
- Action to address the Significant Governance Issue is in progress;
- Action to address 1 of the 5 Priorities for Improvement is currently in progress. The remaining actions are outstanding.

In relation to prior years, of the 23 outstanding recommendations and AGS items:

- 6 have been superseded; 6 have been actioned, with 4 further recommendations and AGS items currently in progress; 7 are outstanding.

(Full details are provided in Appendix 1)

Following the previous internal audit review a process for monitoring the implementation of recommendations and Annual Governance Statement actions was not devised by ERW. Had such a process been implemented, and progress updates provided to the Joint Committee, there would have been greater oversight to ensure the required improvements were made and actions undertaken within a suitable timeframe.

RECOMMENDATION

To ensure the sustainability of future arrangements, all outstanding recommendations and Annual Governance Statement actions must be considered, and should be incorporated into the development of a robust Governance framework, and internal control arrangements, for the new partnerships.

Grade: Critical

MANAGEMENT RESPONSE

Due to the demise of ERW and proposed new partnerships post September 2021, and the fact that discussions are ongoing, we will only implement in the short term any outstanding recommendations and Annual Governance Statement actions which are critical to the effective governance and system of internal control of ERW. All remaining outstanding recommendations and Annual Governance Statement actions will be used to inform the new governance framework and system of internal control for the new partnership post September 2021. They will be shared with the Local Authorities who will not be part of the new partnership.

Responsible Officers

Lead Director/Chief
Officers/Statutory Officers

Timescale for Action

November 2021

ARRANGEMENTS FOR THE CESSATION OF ERW AND PREPARATIONS FOR FUTURE EDUCATION THROUGH REGIONAL WORKING

Two Local Authorities have formally withdrawn from the ERW Consortium, Neath Port Talbot County Borough Council (CBC) and Ceredigion County Council (CC) (with effect from 1 April 2020 and 1 April 2021 respectively). Both Swansea and Carmarthenshire County Councils submitted notices to withdraw, but temporarily rescinded the notices in line with the agreed continuation of ERW until 31 August 2021. Powys and Pembrokeshire County Councils have not submitted notices to withdraw. A further variation to the Legal Agreement will be needed to facilitate this withdrawal within the remaining timescale, which would require approval by each partner authority.

A paper submitted to Joint Committee in November 2020 advised Members of the required timeline and milestones that needed to be achieved to allow the cessation of ERW from 31 March 2021, and noted there was an intention to produce a full and detailed project plan by 18 December 2020. This project plan was not developed. Since November 2020, the Joint Committee have not been appraised of the progress made against the reported milestones. As a consequence of this, and competing priorities, decisions were not made at the required pace, which resulted in the Joint Committee agreeing to continue ERW until 31 August 2021. A project plan, and revised timeline, with clear milestones is now urgently needed, which should be communicated to all partners to provide transparency over what is required to be completed, and allow early notification of when key decisions must be made to facilitate the cessation of ERW in an orderly fashion and ensure all actions remain on track.

Agreement on the footprint of the new partnership has been reached, and the Lead Director of Education advised that the Directors Group have agreed upon the functions of the new partnership. However, the footprint and functions have not been formally communicated to future partner authorities to obtain their approval, and Statutory Officers for the new partnership have not been formally appointed.

(continued)

RECOMMENDATION

To facilitate the orderly and timely cessation of the ERW Consortium in its current format, a project plan, including a detailed timeline and key milestones, is urgently required. The project plan, timeline and key milestones must be communicated to partner authorities to provide transparency over what is required to be completed, and allow early notification of any decisions that may be required. The risk of not achieving key dates or milestones must be articulated within the project plan. Regular updates against the project plan, timeline and key milestones must be provided to Stakeholders.

Grade: Critical

MANAGEMENT RESPONSE

Agreed.

Responsible Officer

Lead Director

Timescale for Action

June 2021

ARRANGEMENTS FOR THE CESSATION OF ERW

The number of staff required to deliver the functions of the new partnership has not yet been determined, nor have the associated costs. Consequently, the new partnership will initially have to maintain a larger staffing structure than required, resulting in increased costs for the new partnership. Timescales to ensure compliance with statutory obligations for any redundancy process have been missed, with the consequence that any required redundancies will now not occur before 31 August 2021. The delay in progressing the redundancy process could also impact upon current and former partners of ERW, as liabilities could increase due to matters such as annual pay increases, which may not have been factored into original calculations.

A redundancy Worst Case Scenario model was produced to support the production of the Statement of Accounts, however this did not include any potential liabilities relating to pension payments, so does not reflect the true financial risk involved. At the time of the audit formal consultations relating to any potential redundancies had not commenced, therefore redundancies (if any) will not materialise within the required timeframe.

Internal Audit were informed that progress is being made to identify all non-HR liabilities that require resolution. Notice has not yet been given by ERW for any Service Level Agreement (SLA) arrangements, and a formal decision on the continuation of SLAs from 1 September 2021 has not been made. This matter should now be progressed by ERW to determine whether any additional liabilities need to be considered upon cessation of the ERW Consortium.

There remain a number of risks to the cessation of ERW on 31 August 2021, including a structure not yet being agreed, not all partners have submitted withdrawal notices, a shadow Joint Committee has not been established to allow decisions about the new partnership to be formally made, and the Legal Agreement has not been revised. Each aspect has the potential to hinder the introduction of the new partnership from 1 September 2021.

RECOMMENDATION

To provide current and former partners an indication of the financial costs they would be liable for on the cessation of ERW in its current format, liabilities must be calculated in full, modelled against potential scenarios, and a decision made as to which liabilities will be funded by the new partnership. These costings should include, but not be limited to, redundancy costs; pension liabilities; contractual liabilities; Service Level Agreement liabilities. The ERW Section 151 Officer must be kept fully abreast of all financial discussions and decisions.

Grade: Critical

MANAGEMENT RESPONSE

Agreed, noting the proposed changes to the Consortium post September 2021 and the fact that discussions are ongoing.

Responsible Officer

Lead Director/S151 Officer

Timescale for Action

August 2021

FINANCIAL MANAGEMENT

Following the departure of Neath Port Talbot CBC from the partnership on 31 March 2020, ERW entered into a commissioning arrangement with Neath Port Talbot CBC to allow them to continue to engage in key national initiatives during 2020-2021. An extension to this commissioning arrangement was approved by the Joint Committee on 30 March 2021. Following the departure of Ceredigion CC from the partnership on 31 March 2021, Joint Committee also approved a commissioning arrangement to be entered into for the period April – August 2021. The details of the commissioning arrangement and provision of service delivery had not been formalised at the time of the audit, resulting in the contributions required from Neath Port Talbot CBC and Ceredigion CC not being calculated. Without these agreements being formalised on a full cost recovery basis, there is a risk that ERW may incur financial costs as a result of the arrangements.

The 2020-2021 budget was approved by Joint Committee on 21 July 2020, with the 2021-2022 budget (up until the end of August 2021) approved by Joint Committee on 30 March 2021, covering core costs for the Central Team. Due to the methodology for distribution of grant funding being amended by Welsh Government for the ERW Consortium for 2021-2022, grant funding was paid directly to Local Authorities. Local Authorities were notified of the contribution that would be required to be made to ERW for the period April – August 2021 at the Joint Committee meeting, and this was approved by Members. It was confirmed by the Principal Accountant that regular budget monitoring takes place, with financial updates provided to each meeting of the Joint Committee.

The Principal Accountant advised that Business Plan Lead Officers are advised of the Contract Procedure Rules during discussions regarding planned expenditure, and that monitoring is regularly carried out to ensure Contract Procedure Rules are complied with. Sample testing confirmed that exceptions to tendering were sought where expenditure had exceeded £25,000.

RECOMMENDATION

The detail of the commissioning arrangements with Neath Port Talbot CBC and Ceredigion CC must be clarified as a matter of urgency, to provide certainty to the required provision and allow for costings for service delivery to be calculated, at full costing recovery rate. The commissioning arrangements must not result in a financial burden upon the ERW Consortium or remaining partners.

Grade: Critical

MANAGEMENT RESPONSE

Agreed, noting the proposed changes to the Consortium post September 2021 and the fact that discussions are ongoing.

Responsible Officer

Lead Director/S151 Officer

Timescale for Action

June 2021 (for period to August)
August 2021 (post September)

ERW BUSINESS PLAN

The 2020-2021 Business Plan was approved by the Joint Committee in November 2020, and was developed prior to the Interim Chief Officers' appointments in September 2020.

The 2020-2021 Business Plan included high level costings and success criteria for each of the themes within the Plan. The costings of specific actions within the Plan were not detailed, and milestones or performance metrics against which the success criteria could be measured were not developed. Activity updates to the Joint Committee remain in the same format as during 2019-2020, and whilst they provide the Joint Committee with a comprehensive overview of activity undertaken by the Central Team, there is not a direct link to actions contained within the Business Plan to allow oversight and scrutiny of the progress made towards implementation of the Business Plan. The Joint Committee have not requested any additional information to scrutinise the delivery of the actions contained within the Business Plan, and ensure the Business Plan objectives are being achieved. Updates on the progression of the Business Plan were provided to the Directors Group.

It was recommended during the 2019-2020 Internal Audit review that an Integrated Report be developed, and presented to each meeting of the Joint Committee to provide clear and concise management information relating to the delivery of the Business Plan. This recommendation was not actioned, and shortcomings remain in the information presented to the Joint Committee to allow them to effectively scrutinise the activity of the ERW Central Team against the actions outlined in the Business Plan and financial framework within which the Strategy Groups work.

The Interim Chief Officers developed a monitoring tool, whereby Lead Officers are required to provide a termly RAG rated update on progress against the actions included within the Business Plan, as well as providing narrative to support the rating provided. This has provided an enhanced level of oversight on the completion of the Business Plan, when compared to previous years. The monitoring updates are not, however, submitted to the Joint Committee to supplement the Activity updates that are provided. *(continued)*

RECOMMENDATION

A Lessons Learned review of shortcomings with the process for development, monitoring, review and scrutiny of the Business Plan should be undertaken to assist with the development and governance framework for any future Business Plan.

Grade: Critical

MANAGEMENT RESPONSE

Agreed, this will be incorporated into the new governance framework and system of internal control for the Consortium post September 2021.

Responsible Officer

Lead Director/Chief Officers

Timescale for Action

August 2021

ERW BUSINESS PLAN (Continued)

The Strategy Group Structure has enabled a greater oversight at an Officer level on activity undertaken by the Team, and progress of actions required. Membership of each of the Strategy Groups includes representation from each of the partner Authorities.

An assessment on the impact of the 2019-2020 Business Plan was not completed. The Interim Chief Officers indicated that a full evaluation of the 2020-2021 Business Plan will be undertaken early 2021-2022, which will feed into a Self-Evaluation report, which will include an assessment on impact and value for money. Data sources such as attendance on courses, feedback received etc. will be used to support judgements as to whether the success criteria has been achieved. This review was in the early stages of commencement at the time of the audit.

The Chief Officers advised that due to the Covid-19 Pandemic, there was a requirement to be agile and amend programmes that were offered to Schools, particularly in the initial stages of the Pandemic when the focus shifted to developing resources to support schools in their delivery of online learning. A number of programmes and training courses were re-written to allow them to be delivered in a virtual environment, and meetings and seminars were moved to online provision. The move to virtual training has allowed ERW to continue to deliver upon actions contained within the Business Plan, albeit in a different format to what was originally intended. The Interim Chief Officers advised that this has allowed their provision to be more effective, by removing lost time driving to locations and condensing the learning, and this will have a positive lasting impact on delivery of training and meetings moving forward.

Welsh Government have announced that any unused RCSIG funding can be rolled forward to be used by 31 August 2021, which has allowed ERW to ensure projects can still be completed (such as the Coding project) where delays were incurred due to schools not being open for face to face learning.

RECOMMENDATION

The Self-Evaluation report should be presented to the Joint Committee, and actively publicised, to provide openness and transparency on the impact and value for money of the ERW Consortium.

Grade: Important

MANAGEMENT RESPONSE

Agreed.

Responsible Officer

Lead Director/Chief Officers

Timescale for Action

July 2021

RISK REGISTER

Following the departure of the Policy, Data and Communications Officer, responsibility for maintaining the ERW Risk Register was transferred to the Interim Chief Officers. The Interim Chief Officers advised that they have been supported by the Lead Director of Education in this role.

The Interim Chief Officers advised that the Risk Register is subject to termly review by themselves and Directors of Education during Directors meetings, prior to submission to the Executive Board and Joint Committee. However, it was noted that Risk Owners are not always contacted as part of this review process to ratify or recommend amendments to the risk control measures or risk score.

It is good practice for Risk Owners to be involved in the Risk Register review process, thereby ensuring the Risk Register contains accurate scoring and up to date information on risk control measures in place.

RECOMMENDATION

Not applicable

MANAGEMENT RESPONSE

Not applicable

Responsible Officer

Not applicable

Timescale for Action

Not applicable

Outstanding Internal Audit Recommendations, Significant Governance Issues and Priorities for Improvement

Reference	Recommendation	Progress
IAR 2019-20 1	Action must be taken to implement the recommendations outstanding from previous internal audit reviews, and Annual Governance Statement actions. Progress reports on the implementation of internal audit recommendations and Annual Governance Statement Significant Governance Issues and Priorities for Improvement should be submitted to each meeting of the Joint Committee, and could be incorporated into an Integrated Report. This will allow effective oversight, monitoring and scrutiny of the implementation of recommendations and assist in ensuring improvements are made at the required pace.	In Progress. Of the recommendations and Annual Governance Statement items recorded as outstanding in the previous internal audit report, 6 are complete and 5 are partially complete. There are 6 recommendations and Annual Governance Statement items still outstanding.
IAR 2019-20 2	The process to agree the future Footprint of ERW should be expedited to ensure a swift resolution, enabling the Consortium and partner Local Authorities to move forward on an agreed agenda, and to provide stability to the future partnership arrangements. Following resolution, Local Authorities should reconfirm their commitment to partnership working, and the vision and objectives of the Consortium to ensure there is a clear strategic focus and all are working towards a collective goal. A robust governance structure must also be put in place.	In Progress. The footprint of the new partnership has now been agreed. The Mission Statement and Key Principles for the new model have been drafted and agreed by Directors, along with the aims and values of the new model, and was presented to the Joint Committee in February 2021. The governance structure for the new model has not yet been developed.
IAR 2019-20 3	ERW must ensure it operates within the governance structure of the Legal Agreement, with the Executive Board being responsible for recommending action on matters to the Joint Committee and undertaking the operational decision making, as opposed to the Education Directors group (section 9 of the Legal Agreement refers).	In Progress. Meetings of the Executive Board have recommenced during 2020-21. However, the Executive Board has primarily met to receive papers for noting prior to a Joint Committee meeting, rather than undertaking the operational decision making role as outlined within the Legal Agreement.
IAR 2019-20 4	Following confirmation of the future Footprint of ERW, discussions should be held with partner Authorities regarding the level of core contributions required to fund the agreed Central team over the medium term, to ensure the level of funding provided is suitable in order to provide sustainability and stability for the Consortium moving forward.	Outstanding. Agreement has now been reached on the footprint of the new model. The staffing structure of the new model had not been developed at the time of the audit, and consequently financial modelling had not been undertaken.

Reference	Recommendation	Progress
IAR 2019-20 5	An Integrated Report, evidencing how the objectives of ERW are being achieved, should be standing agenda item to each meeting of the Joint Committee. The Integrated Report would provide a holistic overview of the effectiveness and added value of the Consortium by providing clear and concise management information, enabling effective scrutiny, openness and transparency over the activity of the Consortium. The Integrated Report should include progress against the delivery of the Business Plan, performance measures and outcomes, updates on the risks to the achievement of the objectives, financial information and any outstanding governance actions.	Outstanding. An Integrated Report has not been produced for presentation to the Joint Committee.
IAR 2019-20 6	A methodology must be devised for monitoring and evaluating the implementation of the Business Plan, utilising a combination of qualitative and quantitative evidence, showing how the implementation of the Business Plan has impacted upon the Region and provided Value for Money. An end of year report on the effectiveness of the 2019-20 should be presented to the Joint Committee, to enable effective oversight, monitoring and scrutiny of activities undertaken.	In Progress. An end of year report was not produced for 2019-20. The Interim Chief Officers have developed a tool for monitoring and evaluating the implementation of the Business Plan. This monitoring continues to be based upon qualitative rather than quantitative evidence. The Interim Chief Officers have begun preparing an end of year Self-Evaluation for 2020-21, reporting on the effectiveness of ERW and the delivery of the Business Plan.
AGS SGI 2019-20	The intended withdrawal of Partner Authorities by the end of March 2021 will lead to the end of ERW in its current form. A meeting has been held with Leaders, Chief Executives and the Minister for Local Government to discuss options for a revised future footprint. The decision to progress on the basis of the Swansea Bay City Deal and Growing Mid Wales respective footprints will need to be formally approved as a matter of urgency to provide certainty for all Partner Authorities. Preparations are required to establish staffing and financial implications, and to allow for new arrangements to be developed to provide a robust governance framework for the new consortia.	In Progress. The footprint of the new partnership has been agreed. Staffing and consequently financial implications have not been established at the time of the audit review.
AGS PFI 2019-20	Consideration should be given to undertaking a Lessons Learned review to establish the failings of ERW to ensure sustainability of the future consortia.	Outstanding. A Lessons Learned review has not been undertaken.

Reference	Recommendation	Progress
AGS PFI 2019-20	New Legal Agreements will need to be in place to support the two new consortia when they come into effect, which is anticipated to be 1 April 2021. This should include reference to a revised Governance Structures and Codes of Governance, aligned to best practice, which must be adhered to.	Outstanding. New/revised Legal Agreements have not yet been drafted to support the new model.
AGS PFI 2019-20	The Business Plan should include clear milestones, outcomes, supported by performance measures so that delivery and effectiveness can be monitored throughout the year. The Business Plan needs to be fully costed to ensure that it is deliverable within available resources and ensure for Value for Money.	Outstanding. The Business Plan included Success Criteria to determine whether actions had been completed. This was not supported by clear milestones and performance measures to support the monitoring and delivery of the plan throughout the year.
AGS PFI 2019-20	The Governance Structure & Central Team should have clear roles and responsibilities with defined outcomes linked to the delivery of the National Mission. In order to ensure accountability and value for money can be evidenced, forward work plans for Committee's and Working Groups should be in place which include a structure for measuring performance and delivery across the consortia. There should be clear reporting lines and mechanisms to enhance accountability while avoiding unnecessary bureaucracy. The Business Plan should include clear milestones, outcomes, supported by performance measures so that delivery and effectiveness can be monitored throughout the year. The Business Plan needs to be fully costed to ensure that it is deliverable within available resources and ensure for Value for Money.	In Progress. Forward work programmes for Committee's and Working Groups have not been developed. The Strategy Groups report and are accountable to the Chief Officers, with regular updates provided. The Business Plan does not include clear milestones, and is not supported by performance measures. Delivery is now monitored during this year, with narrative provided detailing progress. The Business Plan includes high level costings for priority areas, however, the cost of delivering specific activities outline within are not recorded within the Business Plan.
AGS PFI 2019-20	The future consortia will need to be supported by a Medium Term Financial Plan to enable longer-term Business Planning. The revised Core Funding Agreement will need to ensure that core funded posts are sustainable and continue to deliver value for money.	Outstanding. Core funding requirements for the new Consortia have not yet been determined.
AGS Pfi IAR 8.2a	There needs to be greater transparency of meetings of the Executive Board through publishing minutes of meetings. This should also provide evidence to the Joint Committee that robust challenge is undertaken by the Executive Board, including delivery of outcomes, financial challenge and value for money scrutiny.	Outstanding. Minutes arising from meetings of the Executive Board are not published.

Reference	Recommendation	Progress
AGS Pfl IAR 6.3a IAR 6.3b LOL R2	Delegation arrangements should be clarified and formally approved by the Joint Committee. Records should be published of delegated decisions to improve transparency and accountability.	In Progress. Delegation arrangements have been formalised, and a revised Delegation Schedule approved by the Joint Committee. Records of delegated decisions are not published.
AGS Pfl IAR 6.6	Arrangements to ensure compliance with Data Protection legislation need to be put in place.	Outstanding. There has been no progress in respect of this recommendation.
IAR 6.2b	The number of journals carried out should be monitored to ensure they decrease as expected. If numbers do not decrease, the reasons why they continue to be high should be established.	In Progress. The number of journals processed by ERW has decreased during 2020-21, when compared to previous years. Efforts should be made to continue to reduce the number of journals processed further.
IAR 6.4	An ERW Impact Report should be produced annually to help evidence the impact of the Consortium's work and the value for money achieved. This should include quantitative data, be aligned to funding, and should be publicised to raise awareness and increase public perception.	Outstanding. An ERW Impact Report has not been produced.
IAR 6.7b	Orders should be placed on the Commitments System at the time of ordering rather than when the invoice is received.	Outstanding. Testing confirmed that orders continue to be placed on the Commitments System when the invoice is received, rather than when the order is raised.
IAR 6.7d	Care should be taken to ensure VAT is recorded correctly for purchase card transactions. Where VAT is applicable, VAT invoices should be requested from suppliers in order that the VAT can be appropriately accounted for. This should also be checked as part of the supervisor review.	In Progress. Testing identified a small number of errors in the recording of VAT for purchase card transactions.
IAR 8.2b	A Freedom of Information Act Publication Scheme should be documented as soon as possible. Guidance is available on the Information Commissioner's Office website.	Outstanding. A Freedom of Information Act Publication Scheme has not been documented.
IAR 8.5	The type of data shared between the Consortium and Local Authorities should be investigated to determine if a data sharing agreement is required. If necessary, a Data Sharing Agreement should then be documented and signed by all parties.	Outstanding. Data shared between the Consortium and Local Authorities has not been investigated to determine if data sharing agreements are required.

Reference	Recommendation	Progress
LOL R8	The accounting structure of ERW should be reviewed so that each grant is allocated a specific main code, with each Business Plan priority having a separate cost centre so that financial reporting is both strengthened and easier to analyse. The introduction of the new Financial Information Management System within Pembrokeshire should provide an opportunity to do this.	Outstanding. It was intended that a new accounting structure would be developed to coincide with the implementation of the new Financial Information Management System (FIMS) in April 2020. The implementation of the new FIMS has been delayed.
LOL R10	The Joint Committee should be informed where all secondments are funded from and the National Priorities which are being worked on to ensure improved accountability and greater scrutiny on working arrangements.	In Progress. The Joint Committee are notified of secondments as part of the financial updates provided. It was noted that the update in February 2021 did not include all secondments into ERW.

Reference Key:

AGS SGI- Annual Governance Statement 2018-19 Significant Governance Issue

AGS Pfi – Annual Governance Statement 2018-19 Priority for Improvement

IAR 2019-20 – Internal Audit Report, 2019-20

IAR – Internal Audit Report, 2018-19 (IAR recommendations starting with a 6. are outstanding from the 2017-18 Internal Audit Report)

LOLR – Internal Audit Investigation into the Leader of Learning Programme 2019-20

ASSURANCE RATINGS

Level of Assurance	Description
Substantial	There are no or few weaknesses in the adequacy and/or effectiveness of the governance, internal control, risk management and financial management arrangements, which could impair the ability of the Consortium to achieve its objectives. However, they would either be unlikely to occur or their impact would not affect the achievement of the Consortium's Business Plan.
Moderate	There are weaknesses in the adequacy and/or effectiveness of the governance, internal control, risk management and financial management arrangements, which could have a significant impact on the ability of the Consortium to achieve its objectives but is unlikely to have a significant effect on the achievement of the Consortium's Business Plan.
Limited	There are weaknesses in the adequacy and/or effectiveness of the governance, internal control, risk management and financial management arrangements, which, in aggregate, have a significant impact on the ability of the Consortium to achieve its objectives and could have a significant effect on the achievement of the Consortium's Business Plan.

RECOMMENDATION GRADING

Seriousness	Action Required
Critical	High risk that requires prompt strategic or operational action.
Important	Medium risk that requires strategic or operational action.
Opportunistic	Potential to strengthen the service by taking advantage of a situation

Low level findings will be reported to the Interim Managing Director during the exit interview.

LIMITATIONS IN ASSURANCE

It should be noted that full testing was not undertaken as part of this audit review, therefore the results should be considered in this context.

ACKNOWLEDGEMENT

We would like to take this opportunity to thank all staff involved for their co-operation during the audit review.

CONTACT DETAILS

If the Internal Audit Service can be of any further assistance please contact:

- Matthew Holder, Audit, Risk & Counter Fraud Manager
- Jo Hendy, ERW Head of Internal Audit