

Capital Payment to Theatr Brycheiniog

Advisory Report – Final

Issue Date: 13th March 2020

Executive Summary

Objectives and Scope

The Audit Committee Chair requested that SWAP Internal Audit undertake a review of the decision by Powys County Council to make a one-off Capital Payment to Theatr Brycheiniog in August 2018. The Client agreed the scope and objectives of the review on the 31st October 2019. These are:

Objectives

The objective of the audit is to determine whether the Council has applied effective governance in the decision-making process to grant the payment to Theatr Brycheiniog.

The governance principles adopted are from Powys' guide to good governance which are:

1. Open decision making
2. Effective engagement in the decision-making process
3. Managing public money responsibly
4. Accountability for decisions made

Scope

The scope audit will review:

A – Decision Making Process

1. Compliance with the agreed constitutional rules, delegated powers, and locally agreed protocols
2. Decision makers have been appropriately advised, relevant information provided (including in relation to the lease) and sufficient time to allow effective challenge
3. Alternative options were reasonably considered together with appropriate risk awareness for each potential outcome.
4. Effective engagement with the relevant stakeholders in relation to agreeing to the funding.
5. Awareness of the risks associated with the decision
6. Formal recording of the decision

B – The Decision – Lessons Learned

1. Financial information associated with the decision was accurate and reflective of the situation
2. Payment in line with Financial rules, in particular those on Capitalisation and State Aid
3. The value of the decision and the sustainability of the desired outcomes.

It should be noted that the review will be limited by the availability of information and actions undertaken by Officers that have now left the employment of the Council.

Conclusion

Key Areas

Outcome

The Council made a one-off capital payment of £189,504 (including VAT) to Theatr Brycheiniog in August 2018. Whilst many of the issues outlined in the sections below identify some concerns with the process, it should be noted that Theatr Brycheiniog were not under scrutiny and were in fact willing contributors to the Internal Audit process.

At the time of the review, the Financial Accounts of Theatr Brycheiniog CYF for 2018/19 had not been agreed, but the Chair of the Theatr indicated that the financial standing was much more resilient. The Directors Report for the year ending 31st March 2018 stated that the one-off payment “...has returned the Theatr to financial stability and is allowing it to pay down creditors and build up some reserves for the future.” The subsequent publication of the 18/19 accounts confirms the positive position expressed by the Theatr in the Chair’s Report which states “The Theatr’s finances are now in recovery with positive indicators for the future.”

However, the financial sustainability is contradicted somewhat by the Independent Auditors Report who were unable to offer an opinion. The basis of disclaimer of the opinion stated that “...the charity is heavily reliant on support from its funders and the availability of future grants.”. In addition, the report also states “The Charity has significant levels of indebtedness and has not been able to provide corroboratory evidence which would indicate that it has the ability to continue to operate as a going concern for the foreseeable future, although the financial projections that have been prepared by Management indicate that the deficit on the balance sheet will be significantly reduced, but not eradicated, in each of the next three financial years.”

Therefore, it is likely that Theatr Brycheiniog’s ability to operate as a going concern has much to do with the Council’s decision to make the one-off payment. However, its continuing financial sustainability is reliant on the delivery of financial recovery plans and funding from external sources.

Transparency

There has been a lack of documented evidence and audit trail throughout this decision process. Actions may have been undertaken, however without formal records it is hard to clarify if the process was undertaken or followed. The recording of actions helps to protect Officers and Members should questions be raised at a later date.

Inadequate records were kept to support many aspects of the decision-making process.

Property

The Council entered into a full repairing lease that expressly required the responsibility for the repair and maintenance of the building to sit with the Theatr Brycheiniog CYF (tenant). The opinion of the Council's Property Team, as experts in the area, consider that the lease is the primary document and takes precedence. The responsibility for repairs and maintenance is also reiterated by a letter from the Council's Chief Executive in March 2016.

During the course of the lease, a separate Service Level Agreement (SLA) was created by Officers in the Arts, Leisure and Recreation Service. The SLA states that it is to sit parallel to the lease and makes the responsibility for repairs and maintenance less clear. In addition, repairs have been made to Theatr Brycheiniog at the Council's expense.

The Theatr over the years had entered into repeated dialogue requesting funding for property repairs and maintenance. In March 2017, a meeting was held between the Theatr and Council Officers, where the Theatr provided information to support their rebuttal of the Council's Chief Executive Letter in March 2016. Subsequent to this, the Theatre provided the Council with a package of documents for consideration.

The financial accounts indicate that expenditure was made on the property for repairs and maintenance, but the Internal Auditors have been unable to verify if the building remained in a suitable condition as periodic building inspections were not undertaken by the Council.

The remit of this review did not cover the property maintenance concerns; however, it became apparent that two services of the Council had over the years been independently involved in dialogue about property management at the Theatre. This may have led to an uncoordinated approach and at times providing conflicting information. It is believed that the lines of responsibility are now clearer, but it should be emphasised that a more joined up approach needs to be considered in the future for all Council owned buildings.

Constitutional Framework

The Council has approved constitutional rules that outline the procedure when decisions are called in and when decisions are considered as urgent. These rules have been very rarely used by the Council.

The rules allowed certain Senior Executives to approve the use of an urgent decision subject to meeting certain qualifying conditions. In this case, the Executive that approved the use of this power also was the officer that authored the report. Therefore, segregation of duty did not exist between those officers considering whether the decision was urgent and those officers endorsing the decision. Whilst there was no conflict of interest, it could allow others to perceive that a potential conflict occurred. Although, it should be noted that the current Constitutional Framework does not specifically require segregation of duties when approving an urgent decision.

The Council have an appropriate constitutional framework for making urgent decisions. However, some improvements in the segregation of duties could enhance open and transparent decision making even where there is no conflict of interest.

Due Diligence

The Council carried out diligence activities in the following areas during the decision-making process:

- Council Members were Theatr Brycheiniog Board Members and Council Officers attended the Board as observers. They were able to ensure the Council was briefed on the operational and financial position.
- The Council requested, received, and considered financial and business-related information from Theatr Brycheiniog.
- The Council commissioned a report to consider the financial risks associated with granting a loan to the Theatre.
- An officer working group assessed the risks and cost implications to the Council of the Theatre building being unoccupied.
- The Former Acting Deputy Chief Executive was in contact with the Auditors at Theatr Brycheiniog to have a detailed understanding of the financial position prior to proposing financial decisions.

Most of the diligence activities outlined above were carried out under the auspice of the consideration of a loan. This basis was first considered in January 2018 and continued up until the middle of August 2018. The diligence suggested that granting a loan would represent high risk to the Council. The Council did not offer a loan.

There is no visible evidence that the Council conducted any further due diligence in reaching the decision to grant a one-off capital payment other than the contact with the Theatre's auditors. However, the urgent nature of the decision may not have allowed much of an opportunity. It is acknowledged that some of the due diligence for the loan may have been relevant to the capital payment and it is highly likely that the diligence

involved in granting a loan would be more rigorous than making a one-off payment. However, the diligence process was not formalised and therefore it is difficult to link the outcome of the diligence for the loan to the outcome of the diligence for the one-off payment.

Whether it be the award of a loan or a one-off payment, the Council has a responsibility to spend the public purse with due diligence to ensure that it is adequately protected and value for money is achieved. It is clear that effective diligence was undertaken for the loan and whilst there are some common areas it was less clear for the one - off payment. It is acknowledged that the risk to the Council of a one-off capital payment is much less as it is not required to be repaid, the Council should have recorded that due diligence was undertaken and to provide reasonable assurance that public funds would not be invested in an unsustainable organisation. The outcome of the diligence was not clear to the Auditors as the Council did not formally offer a loan to Theatr Brycheiniog.

Urgency

The issue of financial support (loan) for the Theatre is one that had been considered by the Executive Body of the Council since January 2018 on multiple occasions. By August 2018, the Council had not made a decision on the granting of a loan. During this time further requests had been made by the Theatre for financial support with the need becoming increasingly serious. No mention had previously been made in reports or correspondence to suggest that a one-off payment was an option.

It is clear from the evidence submitted that the matter suddenly became more critical to ensure the continued use of the theatre building. Failure to ensure the continuation of a theatre provision may have been in breach of the terms and conditions and may require the repayment of a £1.6m grant to the Arts Council for Wales. This factor was significant in forming the proposal.

The first evidence that an urgent one-off payment was being considered was the 16th August. This was in a meeting between the former Acting Deputy Chief Executive, Leader of the Council, Deputy Leader and Theatr Brycheiniog. It is in the notes of this meeting that the Council first suggest the one -off payment.

The Council published the notice of an Urgent Decision on the 24th August.

The Council did not decide to award the funding until the matter became one of urgency. Earlier actions would have allowed the normal call-in process to be utilised and therefore the option of increased scrutiny.

Report

The former Acting Deputy Chief Executive authored a report titled “Capital Expenditure Contribution: Theatr Brycheiniog” that was dated and published on the 28th August 2018 (attached in Appendix E). The delegated decision report was sponsored by the Portfolio Holder for Finance, Countryside and Transport and the Portfolio Holder for Highways, Recycling and Assets.

The draft report was discussed verbally in outline detail with the chairs of scrutiny by the former Acting Deputy Chief Executive, but they did not have sight of the report until it was officially published. The report itself was subject to the statutory consultations as well as obtaining local member comments apart from the above.

The format of the report used a standard Powys template. The contents of the report included a brief summary recommending that a contribution was made in respect of expenditure incurred on protection of the Council’s asset.

Having considered the report, it was found to contain minimal information to support the requested decision. It did not justify the reason for taking a delegated urgent decision and did not effectively explain the reasoning behind the switch from a loan payment to a capital payment. In general, the content of the report did not provide a great deal of factual information to help support the outcome of the decision. Although the document clearly states the proposed figures.

The report indicates that the payment would be both within budget and in compliance with policy. Whilst not included in the capital programme, it is understood that the funds were available at the time of the decision. During interviews with Council Officers, a relevant policy or standard could not be established that specifically support the use of one-off capital payments for supporting repairs and maintenance for Council owned properties with full repairing leases. The Former Acting Deputy Chief Executive received assurances that funding was available under the capital programme from Finance and that the payment would not have proceeded if funding was not available.

Whilst the payment is clearly labelled as a one-off, it is likely that other bodies in a similar position either currently or in the future could claim that this sets a precedent. The Auditors could not find any background work to identify if such risks were considered and any potential impact. It is not in the Council’s usual course of business to fund such payments, but it is recognised that the Council would incur significant revenue costs if the theatre building was not occupied and may be required to repay the ACW grant of £1.6m.

The Council did not undertake an Equality Impact Assessment (EIA) for this decision. However, the report recommended that a review of the impact would be presented to the portfolio holder/ cabinet for information by the 31st March 2019. There is no evidence that this review was carried out.

Undertaking these actions would have allowed the Council to fully understand the impact of the decision it was making and review whether the desired outcome had been achieved and if any lessons had been learned.

The Urgent Delegated Decision report did not contain enough detailed information to openly and transparently justify the reasoning and support for making such a decision. In addition, there was no reference made to a policy to support this option and that it appears to be a one-off decision that appears to diverge from the Councils normal course of business. However, it is recognised that the Council has the power to undertake such activities.

The need for urgency requires the consideration of more information to make a decision in an open and transparent way. It is acknowledged that the promptness of an urgent decision does not give much time to adequately prepare a detailed report. However, as the decision on funding options for the loan had been considered for some time and the regular contact with Theatr Brycheiniog over financial matters, the Council should have been more prepared so that the matter need not be dealt with such urgency.

Decision

The process followed by the Council to award a one-off capital payment to Theatr Brycheiniog was in accordance with agreed constitutional rules. Whilst the Chairs of the Scrutiny Committees expressed concerns, as they felt under pressure, they agreed to the urgent decision. The Chair of the Audit Committee agreed subject to specific conditions. This involved a two-stage payment of an initial 40% and the remainder being paid following a report to Audit Committee and the Portfolio Holders reflecting on the need to make the payment.

The Audit Committee meeting was held on the 12th September. There was no formal report submitted to the Audit Committee for the purpose of this reflection. Although this meeting fulfilled the requirement, it is unclear from the minutes what the purpose of the meeting was, what was presented and the desired outcome. Although, subsequent to the audit process, Auditors were informed by the Head of Finance of a series of documents that were presented during the meeting as evidence to support the decision.

There is no evidence to indicate that the Portfolio Holders considered their decision to make the payment prior to the final stage payment as requested by the Audit Committee. It is possible that this occurred, however there was no documented evidence of a review. Generally, there is an absence of an audit trail of documented evidence to support the decision-making process.

The decision itself was automatically approved because it was a delegated decision.

The Council complied with its constitutional procedures, but there were issues expressed by Scrutiny Chairs surrounding the decision. However, there were underlying factors as the decision-making pathway was impacted by the urgency of the situation and therefore a form of challenge was agreed that allowed the initial payment to be made whilst allowing some form of scrutiny.

The matter was considered at a meeting of the Audit Committee on the 12th September 2018. There is little formal information available about the reports provided, the purpose of providing those reports and the desired outcome. Overall, it is unclear if the scrutiny made by the Audit Committee resulted in a meaningful and real challenge that was considered by the decision makers. The onus was on the Cabinet / Council Officers to ensure that information was effectively presented to enable that agreed additional level of scrutiny.

Payment

It should be made clear that Theatr Brycheiniog did not determine the amount to be paid, nor did it make a claim for this amount. The Theatr was asked to provide an invoice for the offered amount by the Council.

The Delegated Decision report indicates the foundation of the payment was based on the costs incurred in maintaining the asset by Theatr Brycheiniog and was stated to be the costs from the Audited Accounts incurred for the financial years 2014/15, 2015/16, 2016/17. The value of the published accounts adds up to £156,754 (net of VAT) whereas the invoice value is £157, 920 (net of VAT). The differential between the sums of £1,166 (VAT inclusive- £ 1399.20) is unexplained and cannot be corroborated by supporting records.

In addition, it has been established that another funding body (Arts Council for Wales) had contributed £33,000 towards the cost of maintaining the asset during that period. Given the lack of clarity over the way in which the one-off payment was formulated it difficult to determine whether expenditure has been reduced by this figure. This should have been part of the Council's diligence process and should not reflect adversely on Theatr Brycheiniog.

The Code of Practice in Local Authority Accounting in the UK indicates that the day to day servicing of an asset (e.g. labour and consumables), commonly referred to as 'repairs and maintenance' should not be considered as capital items as it does not add to the future economic benefits.

The invoice for £189,504 (including VAT) was paid from the Capital Budget Code for Arts.

There is insufficient information to categorically determine whether expenditure included on the invoice constituted a legitimate capital payment for the Council. i.e. enhanced the asset. The Auditors do not question that the Theatre incurred such expenditure, but internal records inspected would indicate that some of these items may fall under the guidance of routine repair and maintenance rather than enhancing the asset. The Council

determined the basis of the payment, not Theatr Brycheiniog, and therefore should be certain that those items of expenditure constitute a capital payment.

Areas for Improvement

1.	Property	
1.1	Finding and Action	
Issue		Risk
The Council have not undertaken periodic building surveys of the Theatre.		There is a risk that the property may not be looked after properly as per the lease agreement.
Recommendation		
We recommend that the Council undertake periodic inspections.		Priority Score 3
Agreed Action		Timescale
The Council will undertake inspections in line with the terms of the lease agreement. The Council is also in the process of procuring a new asset management system which will provide a workflow system which will enhance the management and scheduling building inspections.		As per the lease
		Responsible Officer Gwilym Davies, Head of Property, Planning and Public Protection
1.2	Finding and Action	
Issue		Risk
The Council had a conflicting and uncoordinated approach to building management		The is a risk that the responsibility for maintenance is unclear which may result in it not being addressed.
Recommendation		
We recommend that the Council should have a coordinated approach to its buildings across all services.		Priority Score 3
Agreed Action		Timescale
The Council is in the process of establishing a Corporate Landlord function for all the buildings in its ownership to provide a coordinated approach to their management.		31 March 2021
		Responsible Officer Gwilym Davies, Head of Property, Planning and Public Protection

2. Constitutional Framework

2.1 Finding and Action		
Issue	Risk	
The constitutional framework allows a single officer to authorise the use of an urgent decision and to author the report making the recommendation.	There is a risk that there could be a perceived conflict of interest.	
Recommendation		
We recommend that there should be segregations of duties between decision authoriser and report author.	Priority Score	2
Agreed Action	Timescale	30 July 2020
A report will be prepared for Council on 7 July 2020 to amend the Constitutional Framework to ensure a segregation of duty between the report author and the decision authoriser.	Responsible Officer	Clive Pinney, Head of Legal and Democratic Services

3. Due Diligence

3.1 Finding and Action		
Issue		Risk
Financial due diligence is less clear for the one-off capital payment		There is a risk that decisions are not supported, open and transparent.
Recommendation		
We recommend that robust financial diligence should be documented for urgent decisions. Consideration should be given to carrying out financial diligence checks before making payments to all outside bodies.		Priority Score
		1
Agreed Action		Timescale
Financial due diligence will be documented for all urgent decisions.		16 th March 2020
		Responsible Officer
		Jane Thomas, Head of Finance

3.2 Finding and Action		
Issue	Risk	
Due diligence documentation and evidence was not easily accessible.	There is a risk that the decision cannot be supported.	
Recommendation		
We recommend that all information relevant to the decision that has been made is stored in one place to enable an effective audit trail.	Priority Score	2
Agreed Action	Timescale	16 th March 2020
All information relevant to urgent decisions will be stored electronically in one place to enable an effective audit trail.	Responsible Officer	Clive Pinney, Head of Legal and Democratic Services

4. Urgency

4.1 Finding and Action		
Issue	Risk	
Inactivity by the Council has contributed to the need for an urgent decision. An urgent decision bypassed the normal decision process.	There is a risk that urgent decisions are not subject to scrutiny which may make people question the decision.	
Recommendation		
We recommend that the council needs to closely monitor the position pending decisions to ensure that they don't become urgent, and to consider implementing an escalation process for decisions.	Priority Score	2
Agreed Action	Timescale	Complete (Client Self-assessment)
The Council has a robust risk management system in place to ensure risks are identified along with actions to mitigate them, with a clear escalation process.	Responsible Officer	Jane Thomas, Head of Finance
Recommendation		
Whilst the Council followed its constitutional rules, the principle of good scrutiny should be adopted wherever possible on urgent decision. We recommend that for any future urgent decisions that the Council involves scrutiny at the earliest possible time.	Priority Score	2

Agreed Action	Timescale	16 th March 2020
Relevant Scrutiny Chairs will be involved in future potential urgent decisions at the earliest possible time.	Responsible Officer	Clive Pinney, Head of Legal and Democratic Services

5. Report

5.1	Finding and Action	
Issue	Risk	
The delegated decision report did not contain enough information to adequately support the decision.	There is a risk that incorrect decisions could be made.	
Recommendation		
We recommend that all delegated decision reports should contain adequate information to support the decision. This is an even greater priority in the case of urgent decisions.	Priority Score	1
Agreed Action	Timescale	16 th March 2020
All future reports will have the appropriate level of information.	Responsible Officer	Senior Leadership Team

5.2	Finding and Action	
Issue	Risk	
The decision to award the payment was not clearly linked to an approved Council policy.	There is a risk that decisions are made that are outside the policy.	
Recommendation		
We recommend that all future reports for decision should specify a relevant policy/standard (where appropriate) and the rationale for the decision made.	Priority Score	2
Agreed Action	Timescale	16 th March 2020
All future reports for decision should specify a relevant policy/standard (where appropriate) and the rationale for the decision made.	Responsible Officer	Senior Leadership Team

5.3 Finding and Action		
Issue	Risk	
The Council did not adequately consider the risks and effects that approving this decision would have on other similar situations.	There is a risk that the decision may have wider financial and operational impacts that have not been considered.	
Recommendation		
We recommend that impact assessments should be undertaken where decisions have the potential to impact other organisations or similar situations.	Priority Score	1
Agreed Action	Timescale	16 th March 2020
Where a decision could amount to a precedent for future decisions impact assessments will be undertaken.	Responsible Officer	Senior Leadership Team

6. Decision

6.1 Finding and Action		
Issue	Risk	
The Council did not formally provide the Audit committee with sufficient information to scrutinise the decision. The were no formal records showing which documents had been shared with the audit committee.	There is a risk that poor decisions are made.	
Recommendation		
We recommend that formal reports should be provided to scrutiny committees to allow affective challenge.	Priority Score	2
Agreed Action	Timescale	16 th March 2020
Formal reports will be provided to scrutiny committees.	Responsible Officer	Senior Leadership Team

6.2 Finding and Action		
Issue		Risk
There is no evidence from the minutes of the Audit Committee meeting of 12 September that the Committee were satisfied with the decision to make the final payment.		There is a risk that decisions may be seen to be not effectively approved.
Recommendation		
We recommend that the decision-making process is adequately recorded and that the pathway to agreeing the decision is understood and formalized prior to making the decision itself.		Priority Score
		2
Agreed Action		Timescale
The decision-making process will be adequately recorded.		16 th March 2020
		Responsible Officer
		Clive Pinney, Head of Legal and Democratic Services

6.3 Finding and Action		
Issue	Risk	
The delegated decision report required an internal review of the decision to be undertaken by Council Officers by the 31 st March 2019, no evidence could be found of this.	There is a risk that desired outcomes may not be achieved.	
Recommendation		
We recommend that the Authority fulfills the requirement as stated on the delegated decision report to review the decision.	Priority Score	2
Agreed Action	Timescale	Complete (Client Self-Assessment)
This Internal Audit Review and Report fulfils the requirement and no further action is therefore proposed.	Responsible Officer	Ness Young, Corporate Director

7.	Payment
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7.1 Finding and Action		
Issue	Risk	
There is insufficient evidence to conclude that the capital payment conforms with the definition in Local Authority guidance.	There is a risk part, or all of the payment should not have been made as an item of capital expenditure but should have been made from revenue funding.	
Recommendation		
We recommend that all capital payments should be in accordance with the rules on capital accounting and that sufficient information is held to support compliance.	Priority Score	2
Agreed Action	Timescale	16 th March 2020
All capital payments will be in accordance with the rules on capital accounting and that sufficient information is held to support compliance.	Responsible Officer	Jane Thomas, Head of Finance

Detailed Findings and Outcomes

1. Background

Relevant Background

The Auditors undertook fact-finding interviews with Officers and Members of the Council and an employee and Trustee of the Board of Theatr Brycheiniog (Full list contained in Appendix D). The following relevant background information was established during those interviews.

The Theatr Brycheiniog previously known as the Guild Hall Theatre Company took occupation of the Building in 1997, but did not sign the lease immediately. The Council required a full repairing lease with expressed responsibility for the repair and maintenance of the building, which was signed in 2004. It is believed that the details of this lease were managed by the Property /Legal Section of the Council. Correspondence provided by Theatr Brycheiniog highlighted that the cause of the delay was issues with the restraints within the lease as well concerns about the building's condition. Auditors did not see a copy of the lease that was signed by both parties; however, it was advised that this is a fully binding legal document by a member of the Legal team.

In addition to the full repairing lease, the Leisure, Arts and Recreation department developed a 5-year service level agreement (SLA) that initially ran from 1997 to 2002. Point 4 of the introduction within the agreement states

“It is agreed the Council will lease Theatr Brycheiniog to the company for a period of 28 years. In parallel to the lease there will be a service level/ Management agreement under which the Company will manage the facility for the Council”

Point 6 within the Financial Arrangements (h) states

“In respect of responsibilities for major capital repairs and maintenance of Theatr Brycheiniog this will as a result of the full repairing lease term be vested in the company. However, it is hereby recognised that the council as landlord does accept that with regard to major repairs to the fabric of the building that it will be required to assist with the funding of any works agreed as necessary. The company will therefore have full responsibility for all other repairs and maintenance matters and the supervisory role liaising with the council in respect of major repairs.”

This statement is in contradiction with Section 5.7 “Statutory Obligations” of the full repairing lease signed by the Theatre in 2004:

“ 5.7.1 At the Tenant’s own expense to execute all works and provide and maintain all arrangements upon or in respect of the Premises or the use to which the Premises are being put that are required to be carried out by an occupier of premises under any statute in order to comply with the requirements of any statute (already in the future to be passed) or any government departmental, local authority other public or competent authority or court of competent jurisdiction.”

In a letter on the 1st April 2008 to Andy Eagle (previous Director of the Theatr) from Louise Ingham, former Arts, Culture Manager for Powys County Council, grant support was offered subject to an SLA agreement. This letter highlighted the changes that had been made to the previous SLA agreement, although the majority of the clauses remained the same:

- Point 4 of the introduction was not amended
- Point 5 within the introduction of the original SLA was amended so that the new agreement ran from 1st April 2008 to 31st March 2011.
- Point 6 of the Financial Arrangement Section was amended slightly, “The Council will conduct a survey of the building as and when deemed necessary” was added.

Correspondence in February 2001 displays that the lease was being discussed at the same time as a draft SLA. The Theatr is seen to agree a version of a draft SLA, however it is unclear if they were referring to the final document as a letter from the Council suggests changes are still being made.

There were concerns raised in November 2000, January 2001 and July 2001 from the Theatre surrounding the conditions of the building and the lease. In 2014 the Theatre commissioned an extensive building survey by Mott MacDonald, which identified significant issues with the building. Following this, they sought meetings with the Council to discuss the issues, leading to a meeting in 2015 where the Mott MacDonald report was presented to the Council.

The previous Chief Executive responded to the Theatr’s approaches in a letter in March 2016. The letter confirms the view of the Council at this time:

“the Council has taken the view that subsequent issues that are now being complained of are the result of lack of repair and maintenance”

“ I should however be grateful however, given the issues complained about and my above response, that you arrange as soon as practical for the building to be put back into a good standard of repair and ensure that necessary maintenance is carried out to the building until the expiry of the lease term. Please note, that it is the Councils intention to carry out periodical checks of the building to ensure you are complying with the Theatre’s repair and maintenance obligations under the lease.”

In the notes of the meeting between the Chair and Vice Chair of the Audit Committee and the previous Professional Lead -Strategic Property on the 20th December 2018, it was indicated that the previous Professional Lead felt that “the SLA has no validity as a lease was entered into a later date.” The current Property Manager is of the opinion that the SLA ran before the lease was signed and once agreed the lease superseded the SLA. However, it is the Chair of the Theatr’s opinion that the SLA was heavily relied upon by the trustees as a parallel agreement to mitigate their concerns over the repair and maintenance burden of the lease.

Internal Auditors were given indications by the property team that only one inspection took place. It was also understood that after a request from the Art and Culture Managers the Property Service had previously undertaken maintenance on the building.

In March 2017, the Theatr Board met with officers of the Council to discuss the building. Subsequent to this meeting in June 2017, at the request of the Council, the Theatre submitted a letter and pack of evidence to the Council for consideration. This pack contained the first iteration of the Repairs and Maintenance document (1997-2017), as well as documents for Scheduled Work (2017/18) and Urgent repairs for 2017.

A timeline of events surrounding the property can be seen in Appendix C.

Decision Making Timeline

The following timeline surrounding the decision has been created from official council documents that were located.

Date	Forum	Document	Author/Owner	Comments
9 th January 2018	Cabinet Management Team Report	Theatr Brycheiniog Report (Cashflow Funding	Jane Thomas	This document was never published however it was commented that it was used for part of a Cabinet Management Team discussion.
5 th June 2018	(Pre-Cabinet) Cabinet Management Team Report	Theatr Brycheiniog Update	Jane Thomas	
20 th August 2018		Invoice	Theatr Brycheiniog	Invoice submitted at the request of the Council as per the meeting on the 16 th August. Invoice for net value of £157,920. Description: Contribution to repairs to the Theatr Brycheiniog property costs in Financial years 2014/15, 2015/16 and 2016/17
24 th August 2018	Portfolio Holders	Urgent Decision Notification	Steve Boyd	Provides supplementary information of urgent decision.
28 th August	Portfolio Holders	Delegated Decision Report, Capital expenditure Contribution: Theatr Brycheiniog	David Powell, Aled Davies & Phyl Davies	Delegated Decision approving a one-off capital payment to the Theatr Brycheiniog for £157,920
28 th August 2018	Portfolio Holders	Urgent Decision Notification	Steve Boyd	Notice that the call-in rule 7.37 of the constitution will not apply to the decision.
12 th September 2018	Audit Committee	Minutes		Acting Chief Executive presented information to support the payment to the theatr

Throughout the audit, more information surrounding this decision was provided. A more in-depth timeline was created from this information and can be found in Appendix B.

Constitutional Framework

Scrutiny Committees are required by law to discharge certain overview and scrutiny functions. Scrutiny Committees are there to hold the Cabinet to account and should not shy away from the need to challenge and question decisions.

Version 5 of Powys County Council's Constitution, which became effective from the 12th July 2018, outlines the responsibilities and procedures of the Scrutiny Committee. Extracts of the relevant sections are contained in Appendix A. In summary, a "Call-in" is the vehicle by which Scrutiny Committees may challenge decisions made by the Council as long as they meet certain qualifying criteria. A call-in may occur provided that the Monitoring Officer/ and or the Chief Finance Officer are satisfied that the following conditions are met:

- The decision or action is contrary to the policy, or budget
- The decision maker had not followed procedures or consulted the appropriate people
- The Cabinet had failed to take legal obligations, or regulations into consideration

The potential outcomes of the "call-in" is that the decision will stand or that it will be referred back to the decision-making body for further consideration.

However, the rules of call-in summarised above will not apply where the decision taken is urgent. The Council have rarely used the procedure to suspend Call-in on the basis of urgency.

A decision will be considered as urgent if:

- Any delay likely to be caused by the Call-in process would seriously prejudice the Council or other Public Interests; and
- One of three nominated Senior Executives certifies the above in writing; and
- Chair of relevant Scrutiny Committee agrees in writing to the decision being treated as a matter of urgency; and
- The record of the decision, and notice by which it is made, shall state that the decision is an urgent one and that the matter of urgency has been approve as above.

Decisions approved as urgent can be implemented forthwith but must be reported at the next available meeting of the relevant scrutiny committee outlining the reasons for urgency

Compliance with the Constitutional Framework

There are four conditions for the urgent decision process to be used:

'7.37.1.1 -any delay likely to be caused by the call-in process would seriously prejudice the Council's or other public interests;'

Evidence was provided that suggested, towards the end of the Powys decision-making process, the Theatre was under increasing cashflow pressure. There is both documentary and anecdotal evidence that the urgency of the situation was contributed too by the Council not making a definitive decision on the funding options.

After a decision is made, there is a 5 days grace period in which a call-in decision can be made if it meets the criteria. If a Call-in is requested, the relevant scrutiny committee has 10 days to review the decision and provide their scrutiny. However, the Monitoring Officer, or Chief Finance Officer can turn the request down. Had the Council gone through the normal process and called it in, it would have potentially taken up to 15 days for the decision to go through. (18th September 2018)

It is unclear from the evidence examined whether undertaking the normal decision process would have caused enough delay to damage the Council's Interest.

'7.37.1.2 the Head of Paid Service and / or the Monitoring Officer and / or the Chief Finance Officer certifies in writing that any delay likely to be caused by the call-in process could seriously prejudice the Council, or the public interest;'

Two notices were published at the authorisation of the Chief Finance Officer (also the former Acting Deputy Chief Executive and Section 151 Officer) on the 24th & 28th August (Appendix F&G). These notices confirm that an urgent decision has been made and approved by the Scrutiny Chairs. The Chief Finance Officer also wrote the delegated decision report, which was published on the 28th August. Although, these documents fulfil the constitutional requirement, they do not specifically explain why the call-in process was used nor the urgency of the situation.

There is a lack of segregation of duties within the constitutional framework which allowed an action that could be considered as a potential conflict of interest, in that the Chief Finance Officer is the author of the delegated decision report and approver of the urgent decision process. However, it is noted that in this case the rules within the framework were followed and that there was no conflict of interest.

7.37.1.3 the chair of the relevant Scrutiny Committee agrees in writing to the decision being treated as a matter of urgency. In the absence of the Scrutiny chair then either the Scrutiny vice chair or the chair of Council may agree to the decision being treated as a matter of urgency;

An email from the Scrutiny Chair for Culture to the former Acting Deputy Chief Executive, approves of the decision being treated as an urgent decision. A second email from the former Acting Deputy Chief Executive summarises a conversation that he had with the Chair of the Audit Committee, in which a 40% immediate payment proposed. It is believed that the response was verbal.

7.37.1.4 the record of the decision, and notice by which it is made public, shall state that the decision is an urgent one, and that the urgency of the matter has been approved by the Head of Paid Service and / or the Monitoring Officer and / or the Chief Finance Officer and by the chair of the relevant Scrutiny Committee or Scrutiny vice-chair or the chair of Council

The record of the decision was documented through the delegated decision report. The notification of an urgent decision was published by Cabinet Manager prior to the decision. However, this notification suggests that following an Audit Committee meeting the Portfolio Holders will reflect on whether the full amount will be paid. There was no evidence to support that the outcome of the reflection. The notice does not make it clear who out of the Head of Paid Service, the Monitoring Officer or the Chief Finance Officer approved the use of the urgent process, however the delegated report stated the Chief Finance Officers name.

3. Due Diligence

Due Diligence

At the time of the payment, two nominee Council Members were Trustees of the Theatr, and two Council Officers attended the Theatr Board as observers on a regular basis. Occasionally an additional financial officer would also attend the board meetings, to provide the council with updated information and to protect the Council's asset.

In February 2018, Powys County Council commissioned a due diligence report by Link Asset Services to assess the financial risk associated with offering a funding package to Theatr Brycheiniog on a commercial basis. The assessment considered financial statements for 3 years from 1st April 2013 to 31st March 2016 together with unpublished financial record for the year ending 31st March 2017. The report considered the following areas:

- Purpose of the funding
- Organisational and financial position of the Theatr and future projections
- Statutory Considerations to be considered by the Council
- State Aid
- Covenants (conditions)
- Funding options
- Summary

Given the commercial sensitivity of such information, the audit review has not contained any detailed outcomes of the diligence review. Whilst this report was originally intended to assess the viability of a commercial loan, the diligence information was equally as valuable and should have been considered as part of the due diligence process when assessing the financial viability of making the one-off capital payment i.e. Would the payment have a material and sustainable effect?

A group of operational officers carried out a due diligence exercise in August 2018 to determine the financial impact to the Council if the building were to be vacated. The exercise considered the likelihood of the property remaining vacant for some time and any costs that would be associated with that such as business rates, security, statutory testing, and maintenance requirements.

The former Acting Deputy Chief Executive spoke to the Auditors of the Theatr in August and received assurances about the status of 2017/18 financial statements and the on-going financial viability of the organisation. The letter dated 6th August 2018, that was marked “without responsibility” stated that;

“Based on our limited review of the information provided. Theatr Brycheiniog Cyf appears to be achieving its intended aims of:

- Bringing costs and revenue streams into balance....”

“Based on the above, we very much hope to be in a position to be able to provide and unqualified audit report for the Charity for the year ending 31st March 2019.”

This view does not align to the later opinion published by the Auditors in the Financial Accounts published in 2019.

In late August, a decision was made to offer a one-off capital payment to the Theatre. Internal Auditors were informed that this offer was presented to the Theatre during a meeting on the 16th August, which was evidenced by the meeting notes.

4. Urgency

Urgency Timeline

The first documented evidence that the Theatre was under financial pressure was a letter from Mary Philips, former Chair of Theatr Brycheiniog to Councillor Rosemary Harris dated October 2017. The letter explains the situation that the Theatr was in and requests a meeting with the Leader and key Cabinet members to present their proposals on how to deal with the issues.

A meeting was held in November 2017, between Council Officers and the Theatr, however, no minutes or notes of this meeting could be located.

A Cabinet Report from 9th January 2018, which was never published but believed to be used as a discussion document for a pre cabinet meeting, highlighted the issues faced by the Theatr and actions undertaken by the Council. The report informs the Cabinet that the grant funding for 2018/19 had been brought forward as an intermediate measure of helping the Theatr with its cashflow issues, whilst the Council investigated providing the loan.

An Email on the 14th February 2018 from a Council’s finance officer explained the early release of the grant funding and also suggested that the loan be “put back on the table April/May”, whilst alluding that there was reluctance from some of the Cabinet to offer the loan.

A delegated decision took place on the 22nd March 2018 by the Portfolio Holder for Finance, and the Portfolio Holder for Children Youth, Libraries and Leisure Services, to approve bringing the grant payment for 2018/19 forward.

A Letter from Sally Jones, Chair of Theatr Brycheiniog to Rosemary Harris in May 2018, expresses concerns surrounding their request for a loan. The Theatr had been informed that the Cabinet was still considering providing them with a loan and therefore requested an urgent meeting.

“Before this week we understood the loan would be reconsidered in late May/early June. We now understand that Cabinet wishes to monitor the Theatre’s performance against budget for the next few months and are not currently minded to agree the loan”

On the 5th June 2018, a Cabinet meeting took place, where they discussed the request for the loan, and updated the Cabinet on the financial position of the Theatre. There is an option mentioned under the preferred choice section, however this was identified by the Head of Finance as an error on the report. It is unclear if a decision was made at this meeting or whether an outcome was determined.

On the 8th June 2018 the Leader of the Council sent a letter to the Chair of the Theatr asking for more financial information, stating that “Once we have this information we will consider whether a loan is appropriate and, if, so when it could be drawn down.”

On the 25th June 2018, the Chair of the Theatr responded to the Leader’s letter, expressing their concerns about the situation and delay of the decision to award the working capital loan.

“If you recall, we had hoped after our meeting last November for a decision early this year, and the delay in any clear indication from the Council makes the Theatr’s position increasingly precarious”

It is also mentioned within the letter about the Board meeting in July to consider whether they can “continue trading if the Council is not able to make the working capital loan” that was requested.

Internal Auditors were provided with informal notes by the Theatr for a meeting that was held on the 3rd August between themselves and Council Officers and the Leader of the Council. Within the notes, it is clear that the Council is still considering giving the Theatre a loan. The notes discuss both the Theatr and Council’s current positions on the situation. The interest rate of the loan is debated, as well as the options faced by the Theatr following the receipt of professional advice. The outcome of the meeting was for the former Acting Deputy Chief Executive to have a conversation with the Theatre’s Auditor.

A meeting was held on the 10th August between officers of the Council. It is believed that members of the Property, Leisure and Recreation, Legal and Finance teams attended this meeting, however no formal notes could be located. This meeting was held to discuss whether it was viable for

Powys to take on the theatre, and what costs would the authority incur if they did not offer the loan. Although no formal notes were located, auditors viewed an email from a member of the Legal team, providing comments on the discussion.

On the 13th August, the former Acting Deputy Chief Executive sent an email to the Cabinet explaining that a “paper providing additional information to enable Cabinet to make a decision” had been drafted and should be finalised by the 14th. No copies of this paper were seen; however, it is believed that this is not the delegated decision report and was probably a Cabinet report.

A meeting between the Council and the Theatr was held on the 16th August which was attended by the Leader of the Council, Deputy Leader and former Acting Deputy Chief Executive. It is during this meeting that the Theatr is offered a one-off capital payment of £157,920. One of the points from the notes of this meeting stated that:

“The Council will make a £157,920 contribution to the ‘repairs to the property’ costs. This will be payable on receipt of an invoice from the Theatr. The payment is for the total spent in financial years 2014/15, 2015/16 and 2016/17 as per the audited accounts. This represents a full and final contribution towards expenditure of £356,752 incurred since 1997/98”

Emails on the 24th & 28th August between the Chair of the Theatr and the former Acting Deputy Chief Executive highlight the financial position of the Theatr, and the need for rapid payment of the offered amount.

A notice of urgent decision was published on the 24th August.

Urgency of the Situation

The Theatr first approached the Council in October 2017, the process of agreeing to help them took 11 months. There was some stagnation in the decision-making process, although the Council ensured the appropriate due diligence was undertaken for a potential loan.

A letter from the Theatr on the 25th June 2018 highlighted the urgency of the situation that required immediate attention and the need for it to be resolved by the end of August 2018.

It was indicated by Council officers that the Authority looked into alternative delivery models for the use of the building which may have delayed the decision to offer the loan.

Emails between the two parties towards the end of August highlight the urgent need of funding for the Theatr due to increasing financial pressure. Whilst this supports the decision to use the urgent decision process, it could have been possible to avoid this had the Council acted sooner.

5. Delegated Decision Report

The Report

The Delegated Portfolio Holder Report was published on the 28th August 2018, created by the former Acting Deputy Chief Executive. It was supported by the Portfolio Holders for Finance, Transport & Countryside Services alongside the Portfolio Holder for Highways, Recycling & Assets. The relevant Portfolio Holder for Leisure and Recreation did not sponsor the delegated decision report.

Section 1; The Summary

The Summary provides a brief overview. However, given the urgency of the decision, Auditors feel that there is not enough detail provided to give a reflective of the situation, nor the diligence officers had undertaken in order to get to this point.

Point 1.3 suggests that a joint review between the Council and the Theatr will be undertaken to look at:

- The current model of provision
- The budget going forward including the need to protect the asset
- The longer-term issues affecting the building including its condition and the concerns of the tenant

It is unclear whether this review has taken place. It was commented by the Chair of the Theatr that a review involving the Council, ACW and themselves was currently underway in which points 1 and 2 have been completed, with the third still outstanding. Due to an Officer's absence at the time of this audit, Internal Audit have been unable to confirm this from the Council.

Section 3; Options Considered

There are two options considered; the first to make a payment to the theatr, the second to consider granting the theatr a loan. Neither option was reported in any detail to allow reasonable alternative options. It is also noted that the 'do nothing' was not expressed as an option.

Section 4; Preferred Choice and Reasons

The option to make a payment to the Theatre has been recommended, but the reasoning displayed within the report lacks sufficient supporting information. It is possible that detailed discussion took place and additional information was shared but the auditor found no record to support this option.

Section 5; Impact Assessment

The Council did not undertake an Equality Impact Assessment (EIA) for this decision. Auditors feel that an impact assessment would have been relevant due to this being an unplanned capital budget expenditure and the potential impact on other organisation in a similar position. An impact assessment would have allowed the Council to consider the wider impact of this decision. It would have also helped to explain the due diligence and consideration that had gone into making this decision.

At the end of the report it recommended that a review of the impact would be presented to the portfolio holder/ cabinet for information by the 31st March 2019. There is no evidence that this review was carried out.

Section 6; Corporate Improvement Plan

There is a statement that the “Theatr make a £1.5million contribution to the local economy”. The report does not provide any background for this statement, nor explains where the figure comes from. It was commented by the Chair of the Theatr that they provided this figure to the Council during the initial meeting for the request of the loan, and that this figure came from an internal review, undertaken by their treasurer at the time. Internal Auditors did not see this report and cannot comment on its credibility.

Section 11; Scrutiny

The report was not subject to the normal scrutiny process because it was an urgent decision. The Council could have included an explanation of the reasoning for the urgent decision and the agreed steps that had been arranged with the Chair of the Audit Committee.

The report was shared with local members, and several different services within the Council before the decision was published. Given that the opportunity was found for these groups to contribute, it may have been advisable to consult with the Scrutiny Chairs at the earliest stage. Indications that the Council raised the idea of a one-off capital payment on the 16th August 2018.

The table at the end of the report suggests that the decision taken is within policy, and within budget. However, the report does not state which policy or budget is being used. Officers were unable to inform Auditors which policy this decision would fall under. It was commented by the former Acting Chief Executive that the policy for using capital funding to keep the council assets in appropriate condition.

6. The Decision

The Decision

A notice of urgent decision was published by the Council on 24th August 2018 on the authorisation of the former Acting Deputy Chief Executive.

The Delegated Portfolio Holder Report on the 28th August written by the former Acting Deputy Chief Executive and sponsored by the Cabinet Portfolio Holders for Finance, Countryside and Transport and the Cabinet Portfolio Holder for Highways, Recycling and Assets. Unless a delegated decision is called for scrutiny then it is automatically approved and officially published a week later.

As required for an urgent decision by the Constitution the former Acting Deputy Chief Executive contacted the appropriate Chairs of Scrutiny who agreed to by-pass their right to call in. However, the Scrutiny Chair of Learning and Skills indicated that he would only be happy if the Chair of Audit agreed with the proposal. The Chair of Audit specified an initial payment of 40% be paid and the rest should be considered following an Audit Committee meeting.

Audit Committee

The Audit Committee met on the 12th September, in County Hall, minutes of this meeting are available on the Modern Gov website. The payment to Theatr Brycheiniog was discussed in a confidential session. The official minutes (Appendix H) provide a brief overview of what was discussed, though did not provide a clear picture of the purpose of the meeting or what the outcome should be. Auditors were provided with bullet pointed notes of the confidential discussion that took place taken by the Clerk. Although these notes provide a clearer picture of what was discussed, the outcome of the meeting is still not definitive.

There were no formal reports provided to the Audit Committee. The Head of Finance informed Internal Auditors that the following documents were presented to the Audit Committee:

- David Metcalfe follow on report in respect of a Financial Review of the Theatr Building Survey conclusions from a report the Theatr had commissioned
- A Creditors and Cashflow position as at 31/07/18
- Management Accounts July 2018
- Details of the Theatr Building spend for the period 1997 – 2015

These documents were not submitted to the clerk as part of the formal record.

The urgent decision notification that was issued on the 24th August stated that an Audit Committee has been called to understand the financial decision and process. It is also stated that:

“40% of the contribution be paid, and the Portfolio holders will reflect on the committee’s discussions following the meeting before payment of the balance.”

This statement is reflected within the confidential notes of the Audit Committee meeting. The Internal Auditors did not see any documents, or evidence to suggest that a reflection took place by Cabinet Portfolio Holders.

7. Finance

The Payment

The Council made a one-off capital payment of £189,504.00 (net £157,920.00) to the Theatre in September 2018. This payment was made in two parts:

- 1st payment - gross payment of £75,801.60 (net £63,168.00) in the Council ledger as a journal entry on 3rd September 2018
- 2nd Payment – gross £ 113,702.40 (Net £94,752.00) in the Council ledger as a Journal entry on the 18th September 2018.

The second payment was paid after the Audit Committee meeting on the 12th September.

The payment was made from the Capital Expenditure code (9C210)- RSC Arts and Museums. Auditors were informed by the Head of Finance that this was paid through the Treasury Management System, and then journaled to the relevant account.

The invoice, amount and its contents were specified by the Council as per the meeting with the Theatr on the 16th August 2018. These notes suggest that the figure came from the 2014/15, 2015/16 and 2016/17 audit accounts. It was commented by Chair of the Theatr, that they were uninvolved in how the figure was calculated.

No documentation could be provided by Council Officers to explain how the figure of £157,920 was calculated. It was believed by some officers that a Maintenance & Repairs 1997-2018 Summary document that had previously been supplied by the Theatr could have been used to calculate this amount. Auditors have been unable to confirm this.

Auditors tried to calculate the figure using the audited accounts, from Companies House and the Charities Commission websites. This information was compared to the Maintenance and Repairs document (1997-2018) to see if the maintenance document had been used to create the payment figure. The table below displays the findings:

	Financial Statement	Maintenance & Repairs listing	Difference
2014/15	£ 27,819.00	£ 28,757.00	-£ 938.00
2015/16	£ 59,891.00	£ 59,891.00	£ -
2016/17	£ 69,044.00	£ 69,044.00	£ -
Total	£ 156,754.00	£ 157,692.00	£ 938.00

Capital Expenditure

The payment made to the Theatr was made as a capital payment. Cabinet Portfolio Holders who agreed to this decision stated that they took the advice of Council Officers that this was a legitimate capital payment. The former Acting Deputy Chief Executive commented that he sought the advice of the Council's capital accountant before making this decision, but he ultimately signed off the position.

It is unclear what figures were used to calculate the capital expenditure. The table in the previous section, displays that the costings on the financial statement are close to the figures on the Maintenance and Repairs summary.

The Code of Practice in Local Authority Accounting in the UK states:

“4.1.2.18 Subsequent costs arising from day-to-day servicing of an asset (i.e. labour costs and consumables), commonly referred to as ‘repairs and maintenance’, should not be capitalised if they do not meet the recognition principle in paragraph 4.1.2.16 because the expenditure does not add to the future economic benefits or service potential of the asset. Rather the expenditure maintains the asset’s potential to deliver future economic benefits or service potential that it was expected to provide when originally acquired. These subsequent repair and maintenance costs do not, therefore, qualify for recognition as an asset in their own right.”








If the Maintenance and Repairs document, was a reflection of the works undertaken, then Auditors have concerns whether some of the items on the list qualify as capital expenditure.

It has been raised that it is possible some of the capital expenditure for roof repairs had already been paid for by a grant from the Arts Council for Wales (ACW). The Financial Accounts ending in March 2016 show a grant of £33,832 from ACW, which was listed as “other grant income (restricted)” but does not mention the purpose of the grant. However, the Council determined the basis and amount of the one-off payment.

The Theatr commented that they were never asked for information on their capital spending in relation to the payment but were informed that it was based on audited accounts. Iterations of the Repairs and Maintenance documents had been submitted to the council for a different purpose. It was stressed that they were not asked about any grant funding, and if they had been asked about it, they would have been happy to provide the requested information.

Appendix

Documents

 Extracts From Scrutiny Committee .	A. Extracts from the Constitution for the Scrutiny Committee Rules
 Decision Making Timeline .docx	B. Decision Making Timeline
 Property Timeline .docx	C. Property Related Timeline
 List of Interviewees.docx	D. Contributors and Interviewees in the Audit Process
 Portfolio Holder Delegated Decision	E. Delegated Decision Report
 Urgent Decision Notification 24th Au	F. Notice of urgent decision 24 th August
 Notice of Urgent Decision 28th Augu:	G. Notice of urgent decision 28 th August



2018-09-12 Audit
minutes.pdf

H. Audit Committee Minutes from the 12th September

Audit Framework and Definitions

Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors, however, the definitions imply the importance.

Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Finding that requires attention.

Authors and Distribution

Please note that this report has been prepared and distributed in accordance with the agreed Audit Charter and procedures. The report has been prepared for the sole use of the Partnership. No responsibility is assumed by us to any other person or organisation.

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