

**Public Accounts Committee**

**PAC(4) 14-13 – Paper 1 - Annex**



**CALDICOT & WENTLOOGE LEVELS INTERNAL DRAINAGE BOARD**

Audit of Accounts 2010-11 – Report in the Public Interest

Review of progress with the Board's response to the findings of the Report

Control Objective 1: Governance

Ref	Weakness identified in PIR	PIR comment	Agreed management action to address weakness	Date	Responsible Officer
17 – 24	The Drainage Board's governance arrangements were inadequate and ineffective.	Public bodies must demonstrate that they are delivering the services for which they are responsible in accordance with principles of good governance. This means that public bodies must put in place robust arrangements	Key strategic documentation currently being produced:  Strategic plan, operational plan, organisational budget, work programme,  Private works policy, which links to the overall agreed work programme	Jan 2013 and will continue to be developed  Spring 2013	General Manager  General Manager Board Engineer
25 – 35	The Drainage Board's decision-making framework was not properly constituted and, as a result, the Drainage Board has been operating contrary to the law.	The Drainage Board is a statutory body and must act in accordance with legislation that governs its operations.	Governance documents currently being revised for adoption – delay due to NCC not appointing representatives until December 2012. WG Ministerial approval will be sought in January 2013 once adopted by Board.	Achieved  Rules approved by WG Minister on 13/02/2013	F&SSM  General Manager F&SSM
36 – 48	The Drainage Board's Establishment Committee did not have a clear membership and remit, and inadequate records were kept of its proceedings prior to 2011.	Appointments to & membership of the Board's Establishment was unclear  The records of the proceedings of meetings of the Establishment Committee prior to 2011 were inadequate	No committee structure in place since July 2011. The Board has established a Capital Expenditure Working Group to make recommendations to the Board	Achieved	Board Engineer F&SSM

			about major items of capital expenditure		
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49 – 55	The formal records of committee and Board proceedings contain inaccuracies, anomalies, breaches of information law and, in a number of cases, minutes appear to have been drafted to represent the views of the former Clerk and Engineer and former Office and Personnel Manager	The record of proceedings for meetings of a public body is extremely important in demonstrating that the body has operated in a lawful, fair and transparent way and made its decisions objectively.	Improvements were put in place in July 2012 for the recording of proceedings for meetings. Since Oct 2012 the Board has engaged the services of Peter Evans, Head of Democratic Services MCC, to take the minutes of future Board meetings in order to demonstrate a further measure of independence.	Achieved	General Manager
56 – 67	The Board's failure to introduce key governance policies and procedures has contributed to major governance failings within the Drainage Board's operations.	Public bodies should establish robust and effective governance arrangements which set out the parameters within which the organisation operates and which help direct and guide the behaviour of members of staff and Board Members.	Governance documents currently being revised for adoption – delay due to NCC not appointing representatives until December 2012. WG Ministerial approval will be sought in January 2013 once adopted by Board.	Achieved  Suite of amended governance documents received at Board meeting 11/02/2013 further amended documents approved at Board meeting 18/03/2013	General Manager  F&SSM

Control Objective 2: Members & Officers

Ref	Weakness identified in PIR	PIR comment	Agreed management action to address weakness	Date	Responsible Officer
68 - 123	Some members and officers acted in a way which is likely to undermine public confidence in the way in which the Drainage Board operated.	<p>The standards expected of those holding public office are high. It is essential that such individuals conduct themselves in accordance with the seven principles of public life the so-called 'Nolan principles'.</p> <p>The former Clerk &amp; Engineer had a conflict of interest when he drew up proposals for his own redundancy package and presented those proposals to the Board's Establishment Committee.</p> <p>The Board failed to put in place arrangements to ensure the independent review of the former Clerk &amp; Engineer. The Clerk &amp; Engineer was involved in submitting proposals relating to his pay to committees of the Board</p>	Appropriate changes in the way such issues are handled by the Board are now in place to ensure there is no repetition of such action by either Board members or Board employees	Achieved	General Manager F&SSM

Control Objective 2: Members & Officers

Ref	Weakness identified in PIR	PIR comment	Agreed management action to address weakness	Date	Responsible Officer
124 – 158	Three members of the Board and the former Clerk & Engineer participated in proceedings of the Board relating to an ongoing case when they had a conflict of interest in the matter.	Three members of the Board participated in proceedings on several occasions of the Board relating to the sea defences case when they had disqualifying personal interests.	All Board members are fully aware that it is their responsibility to register any relevant interests and to declare such interests in relation to the proceedings of the Board. A Register of Interests is kept and all declaration of interest is recorded.	Achieved  Revised Register Of Interest declaration circulated to Board members for completion 08/04/2013	General Manager and all Board Members

Control Objective 3: Budget

Ref	Weakness identified in PIR	PIR comment	Agreed management action to address weakness	Date	Responsible Officer
159 -	The Drainage Board did not exercise good financial management and control at corporate level	<p>The Drainage Board's budget setting process for 2010-11 was not robust and Board minutes do not record that the Board formally approved the budget or amendments to it.</p> <p>The Drainage Board did not have a formal budgetary control system in place for financial years prior to 2011-12 and had no documented financial control procedures.</p>	<p>Improvements have been put in place for producing the 2013/2014 budget. A work programme and operational plan will be produced and responsible delegated budget holders.</p> <p>NCC the Board's internal auditors carried out an audit of Budgetary control systems in August 2012</p> <p>Procedures now in place</p>	<p>Achieved</p> <p>A more detailed work programme to be produced for 2013/2014</p> <p>Implementation of recommendations</p> <p>In producing 2013/2014 budgets.</p> <p>Achieved</p>	<p>F&amp;SSM and all budget holders.</p> <p>F&amp;SSM and all budget holders.</p> <p>F&amp;SSM</p>
CWLIDB – WAO PIR Review	December 2012	7			

		<p>The way in which the Board has set the annual rate has resulted in a potential inequity between the respective financial burdens placed on the taxpayer and the local ratepayer. Furthermore, the Drainage Board is unable to demonstrate that it has been setting a lawful rate for several years.</p>	<p>The necessary information required to demonstrate the Board is setting a lawful rate has not yet been obtained as the information is not readily available from local authorities or the Wales Valuation Office in the format requested by the F&amp;SSM</p>	<p>Local authorities unable to provide information requested. A further meeting to be arranged with WAO to discuss way forward.</p>	<p>F&amp;SSM</p>
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Control Objective 1: Taxpayer's Money

Ref	Weakness identified in PIR	PIR comment	Agreed management action to address weakness	Date	Responsible Officer
179 – 180	The Drainage Board has failed to demonstrate that it has achieved value for money and acted lawfully in some key areas.	Public bodies are funded by taxpayers. It is therefore imperative that they use the resources that they have at their disposal in an economic, efficient and effective way. They should be able to demonstrate value for money.	The Board acknowledges that there is a need to demonstrate that its resources are being used in an economic, efficient and effective way and that it needs to demonstrate VFM. The General Manager is considering ways in which the Board's activities can be better scrutinised	On going	General Manager
181 – 198	The Drainage Board spent taxpayer's money funding 'inspection' visits by Board Members and officers without having any business case to justify these visits or any effective means of assessing the benefits realised from these visits. The expenditure did not represent value for money and the expenditure was contrary to law.	The Drainage Board failed to demonstrate that it achieved value for money in respect of its inspection trip to Italy, Northern Ireland & the Netherlands.	There have been no further 'inspection visits' and any such visits will only be organised in the future if a robust business case can be demonstrated	Achieved	General Manager
199 – 228	The Drainage Board did not have adequate procedures in place for the procurement of goods and services, and did not always comply with its own procedures. As a result, the Drainage Board is unable to demonstrate that it has achieved good value for money from their purchases	When purchasing equipment, public bodies must ensure that they can demonstrate that procurement complies with proper procedure and that value for money has been secured.	Appropriate procurement procedures have been put in place to ensure VFM from purchases.	Achieved	Board Engineer F&SSM

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229 - 234	On some occasions, the Drainage Board used public resources in supporting external organisations which it had no statutory powers to do so	The Drainage Board is a statutory body. It is only able to act in accordance with the statutory powers granted to it. It cannot use public resources to undertake any activities which are outside its legal remit.	A review of the external organisations supported by the Board was carried out last year and the Board now only supports appropriate external bodies in line with its legal remit	Achieved	General Manager

Control Objective 1: HR Policies & Procedures

Ref	Weakness identified in PIR	PIR comment	Agreed management action to address weakness	Date	Responsible Officer
235 – 242	The Drainage Board did not have HR policies and procedures in place. This has led to a lack of transparency over the grading and remuneration of staff. Furthermore, the former Clerk and Engineer recommended to the Board that the Office and Personnel Manager's post be re-graded even though he had a personal and pecuniary interest.	Internal drainage boards may remunerate their staff as they see fit as long as this is within reasonable limits and is transparent.  It is incumbent on each board to develop effective HR policies and procedures.	HR policies and procedures have been reviewed and a new organisational structure for both office-based and Field Staff has been put in place. The remuneration framework has also been reviewed and implemented. Performance appraisal arrangements for all staff are currently being consulted on and will be in place for the New Year	Largely achieved. The majority of HR policies & procedures have been updated. A new Employee Handbook will be produced to reflect revised terms and conditions of service following consultation and Board approval in early summer 2013	General Manager F&SSM
243 – 246	The decisions taken to allow senior staff time off in lieu of extra-contractual hours worked were not taken properly.	These decisions, which were based on the recommendations made by the former Clerk and Engineer, benefited only three members of staff including the former Clerk and Engineer and the former Office and Personnel Manager.	The arrangements for time off in lieu have been reviewed and will be terminated as from April 2013	Achieved	F&SSM

Control Objective 1: Services to other Drainage Boards & Private Works

Ref	Weakness identified in PIR	PIR comment	Agreed management action to address weakness	Date	Responsible Officer
247 – 251	The Drainage Board provided services to other drainage boards without having considered the strategic implications, costs and risks of doing so.	It was concluded that factors such as risks and rewards, impact and financial cost weren't adequately considered by the Drainage Board before agreeing to provide services to other internal Drainage Boards.	<p>The current arrangements whereby services are provided to other Drainage Boards have been reviewed to ensure they are currently 'fit for purpose' and represent VFM. The current arrangements with River Lugg and North Somerset Levels IDBs will terminate at the end of 2013</p> <p>Such arrangements will be further reviewed in the light of the Welsh Government decision on the future of IDBs in Wales</p>	<p>Achieved</p> <p>No decision made by WG as at 04/04/2013</p>	General Manager
252 - 260	The Drainage Board's recording and pricing of private works has not been sufficiently robust and the operation of its 'profit incentivisation' scheme was contrary to law.	Internal Drainage Boards may charge the cost of undertaking private works to organisations and individuals for whom they undertake these works. The legislation does not empower an Internal Drainage Board to price the cost of the work it undertakes to generate a profit.	<p>The arrangements for undertaking 'private works' have been reviewed and such work is now restricted to drainage work within the IDD.</p> <p>There is now no profit element in the pricing of such work and the former 'profit incentivisation scheme' was discontinued after 2010.</p>	Achieved	General Manager Board Engineer