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Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr

Bridgend County Borough Council



Swyddfeydd Dinesig, Stryd yr Angel, Pen-y-bont, CF31 4WB / Civic Offices, Angel Street, Bridgend, CF31 4WB

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dewis iaith.*

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Annwyl Cyngorydd,

PWYLLGOR ARCHWILIO

Cynhelir Cyfarfod Pwyllgor Archwilio yn Ystafelloedd Pwyllgor 2/3 - Swyddfeydd Dinesig, Stryd yr Angel, Pen-y-bont ar Ogwr CF31 4WB ar **Dydd Iau, 15 Tachwedd 2018 am 14:00.**

AGENDA

1. Ymddiheuriadau am absenoldeb
Derbyn ymddiheuriadau am absenoldeb gan Aelodau.
2. Datganiadau o Fuddiant
Derbyn datganiadau o ddiddordeb personol a rhagfarnol (os o gwbl) gan Aelodau / Swyddogion yn unol â darpariaethau'r Cod Ymddygiad Aelodau a fabwysiadwyd gan y Cyngor o 1 Medi 2008.
3. Cymeradwyo'r Cofnodion 3 - 10
I dderbyn am gymeradwyaeth y Cofnodion cyfarfod y 06/09/18
4. Adroddiad Swyddfa Archwilio Cymru (SAC) ar Bersbectif Defnyddwyr y Gwasanaeth o Grantiau Cyfleusterau i'r Anabl 11 - 28
5. Diweddariad ar Waith Perfformiad Swyddfa Archwilio Cymru 2018/19 29 - 38
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10. Diweddariad ar y Flaenraglen Waith 2018/19 139 - 142
11. Eitemau Brys
I ystyried unrhyw eitemau o fusnes y, oherwydd amgylchiadau arbennig y cadeirydd o'r farn

y dylid eu hystyried yn y cyfarfod fel mater o frys yn unol â Rhan 4 (pharagraff 4) o'r Rheolau Trefn y Cyngor yn y Cyfansoddiad.

12. Gwahardd y Cyhoedd

Nid oedd y cofnodion ac adroddiadau sy'n ymwneud â'r eitemau canlynol yn cael eu cyhoeddi, gan fod eu bod yn cynnwys gwybodaeth eithriedig fel y'i diffinnir ym Mharagraffau 14 a 16 o Ran 4 a Pharagraff 21 o Ran 5, Atodlen 12A, Deddf Llywodraeth Leol 1972, fel y'i newidiwyd gan Orchymyn Llywodraeth Leol (Cymru) 2007 (Mynediad at Wybodaeth) (Amrywio).

Os, yn dilyn cymhwyso'r prawf budd y cyhoedd yn yr Is-Bwyllgor yn penderfynu yn unol â'r Ddeddf i ystyried yr eitemau hyn yn breifat, bydd y cyhoedd yn cael eu gwahardd o'r cyfarfod yn ystod ystyriaeth o'r fath.

13. Cymeradwyo Cofnodion Eithriedig

143 - 144

I dderbyn am gymeradwyaeth y Cofnodion cyfarfod y 06/09/18

Yn ddiffuant

K Watson

Pennaeth Gwasanaethau Cyfreithiol a Rheoleiddiol

Dosbarthiad:

Cynghorwyr

CA Green

JE Lewis

MJ Kearn

B Sedgebeer

Cynghorwyr

RM Granville

LM Walters

A Williams

AJ Williams

Cynghorwyr

PA Davies

P Davies

TH Beedle

T Giffard

Aelod Lleyg:

J Williams

PWYLLGOR ARCHWILIO - DYDD IAU, 6 MEDI 2018

COFNODION CYFARFOD Y PWYLLGOR ARCHWILIO A GYNHALIWYD YN
YSTAFELLOEDD PWYLLGOR 2/3 - SWYDDFEYDD DINESIG, STRYD YR ANGEL, PEN-Y-
BONT AR OGWR CF31 4WB DYDD IAU, 6 MEDI 2018, AM 14:00

Presennol

Y Cyngorydd A Williams – Cadeirydd

CA Green
AJ Williams

JE Lewis
P Davies

MJ Kearn
TH Beedle

LM Walters

Ymddiheuriadau am Absenoldeb

T Giffard

Swyddogion:

Mark Jones	Rheolwr Archwilio Ariannol, Swyddfa Archwilio Cymru
Helen Smith	Prif Archwilydd Mewnol
Mary Williams	Rheolwr Grŵp - Phrif Gyfrifydd
Mark Galvin	Uwch Swyddog Gwasanaethau Democrataidd - Pwyllgorau
Gill Lewis	Pennaeth Cyllid a Swyddog 151 Dros Dro
Kelly Watson	Rheolwr Grŵp Gwasanaethau Cyfreithiol a Democrataidd

Aelod Lleyg:

Josephine Williams

71. YMDDIHEURIADAU AM ABSENOLDEB

Derbyniwyd ymddiheuriadau am absenoldeb oddi wrth y Cyngorydd Tom Giffard.

72. DATGANIADAU O FUDDIANT

Datganodd y Cyngorydd Janice Lewis fuddiant personol yn Eitem 8 ar yr agenda, gan fod ei wŷr yn rhan o'r rhaglen Dechrau'n Deg, sefydliad ar gyfer teuluoedd, y cyfeiriwyd ati yn yr adroddiad.

73. CYMERADWYO'R COFNODION

PENDERFYNWYD: Y dylid cymeradwyo cofnodion cyfarfod y Pwyllgor Archwilio, dyddiedig 28 Mehefin 2018, fel cofnod gwir a chywir, yn amodol ar y diwygiad canlynol i Gofnod 61, sydd â'r teitl Datganiad Llywodraethu Blynnyddol 2017/18:

Yn y frawddeg olaf cyn y penderfyniad, dylid newid y testun i'r canlynol: 'Datganodd y Pennaeth Cyllid Dros Dro fod rheolwyr yn canolbwyntio ar feysydd blaenoriaeth y gweithlu a dylid newid y Datganiad o Gyfrifon er mwyn adlewyrchu ei fod yn cael ei fonitro ar sail reolaidd.'

74. DIWEDDARIAD PERFFORMIAD GWAITH SWYDDFA ARCHWILIO CYMRU 2018/19

Cyflwynodd y Pennaeth Cyllid Dros Dro a Swyddog S151 adroddiad, er mwyn rhoi diweddariad am y Rhaglen Archwilio Perfformiad ar gyfer 2018/19 gan Swyddfa Archwilio Cymru i'r aelodau.

Ychwanegwyd yr uchod fel Atodiad A yn yr adroddiad, ac roedd hwn yn cynnwys gwaith a wnaed yn y cyngor gan ac ar ran yr Archwilydd Cyffredinol fel rhan o Fesur Llywodraeth Leol (Cymru) 2009, a Rhannau 2 a 3A o Ddeddf Archwilio Cyhoeddus (Cymru) 2004.

Cadarnhaodd y Pennaeth Cyllid Dros Dro a Swyddog S151 mai rôl i'r pwyllgor oedd derbyn adroddiadau ar feysydd gwaith a ddangosir yn Atodiad A, ond nid i ymholi a chraffu adroddiadau o'r fath. Yn hytrach, ei rôl yw darparu cynllun archwilio a sicrhau bod unrhyw gamau sydd angen eu cymryd mewn perthynas â meysydd gwaith a gynhwysir yn yr adroddiad yn cael eu cwblhau.

Yna, cyfeiriodd y Pennaeth Cyllid Dros Dro a Swyddog S151 at oblygiadau ariannol yr adroddiad, gan gadarnhau mai'r ffi flynyddol ar gyfer y Gwaith Archwilio Perfformiad yn 2018/19 oedd £97,356, a bod cyllideb refeniw wedi'i chlustnodi ar gyfer y ffi hon.

Yna, darparodd y Rheolwr Archwilio Ariannol (Swyddfa Archwilio Cymru) grynodedb o'r gwaith a wnaed, gan gynghori'r sawl a oedd yn bresennol fod yr awdurdod mewn sefyllfa iach ac ychwanegu bod lefelau perfformiad sy'n ymwneud â'r elfennau a fanylir yn Atodiad A yr adroddiad naill ai wedi'u datblygu i safon foddhaol neu fod y gwaith ar hyn yn mynd rhagddo. Ychwanegodd fod cwblhau pob un o'r rhain yn elfen bwysig o ran penderfynu i ba raddau y gallai amcanion corfforaethol y cyngor gael eu cyflawni.

Gofynnodd aelod i'r swyddogion ynghylch rôl y pwyllgor wrth ymwneud â'r adroddiad, a gofynnodd hefyd a oedd y pwyllgor yn cael ei ofyn i'w gymeradwyo ac, os felly, a oedd hyn o fewn cylch gwaith y pwyllgor. Gwnaeth hi hefyd ofyn o ble y deilliwyd penawdau testun yr atodiad.

Cynghorodd y Pennaeth Cyllid Dros Dro a Swyddog S151 mai rôl y pwyllgor oedd cymeradwyo Cynllun Allanol y Pwyllgor Archwilio a bod yn weithredol wrth ei fonitro. Roedd yr aelodau hefyd, fel rhan o'u rôl, yn gallu herio'r cynllun er mwyn sicrhau ei fod yn ddiamser ac yn gywir ac ati, o ran ei fanylion a disgrifyddion. Gwnaeth hi ychwanegu bod y penawdau testun wedi'u deillio o set o feini prawf eithaf cymhleth a osodwyd gan yr Archwilydd Cyffredinol. Ychwanegodd yn ogystal mai bwriad y rhaglen oedd ategu gwaith rhanddeiliaid eraill a nodi unrhyw beryglon cynhenid, yn ogystal ag edrych am welliant parhaus.

PENDERFYNWYD: Bod y Pwyllgor wedi cytuno i dderbyn y cynnydd a wnaed yn unol â'r Cynllun Archwilio Allanol, gan nodi a chymeradwyo diweddariad Awst 2018 ar raglen Gwaith Archwilio Perfformiad Swyddfa Archwilio Cymru, fel y manylir yn Atodiad A yr adroddiad.

75. **SWYDDFA ARCHWILIO CYMRU – TROSOLWG A CHRAFFU – ADDAS I'R DYFODOL?**

Gwnaeth Pennaeth y Gwasanaethau Cyfreithiol a Rheoleiddio gyflwyno adroddiad, er mwyn cyflwyno adroddiad terfynol Swyddfa Archwilio Cymru i'r aelodau o ran yr Adolygiad Trosolwg a Chraffu – Addas i'r Dyfodol.

Rhoddodd hi ychydig o wybodaeth gefndirol er budd aelodau, ac am adolygiad a wnaed yn flaenorol a wnaeth archwilio pa mor 'addas i'r dyfodol' yw swyddogaethau craffu'r awdurdod. Gwnaeth yr adolygiad yn benodol ystyried sut y mae Cyngor Bwrdeistref Sirol

Pen-y-bont ar Ogwr yn ymateb i rai heriau newydd cyfredol, gan gynnwys y rheini sydd â natur ddeddfwriaethol.

Yn yr adroddiad, daethpwyd i'r casgliad fod swyddogaeth trosolwg a chraffu Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr yn cael ei gweithredu'n dda, ond bod angen iddi gael ei haddasu er mwyn wynebu heriau'r dyfodol, yn ogystal g ystyried cyfleoedd penodol er mwyn gweithio'n wahanol. Yn ychwanegol, cynigiwyd meysydd i'w gwella yn yr adroddiad.

Ategwyd copi o'r adroddiad llawn yn Atodiad 1 i'r adroddiad eglurhaol.

Esboniodd Pennaeth y Gwasanaethau Cyfreithiol a Rheoleiddio y byddai manylion o'r adolygiad a'r cynigion a ddaw ohono yn cael eu hystyried gan y Pwyllgor Trosolwg a Chraffu Corfforaethol yn ei gyfarfod nesaf ar 26 Medi.

Nododd aelod fod yr Adran Graffu a'r Adran Gwasanaethau Democraidaidd yn eu cyfanrwydd wedi gweld lleihad yn niferoedd y bobl yn eu gweithlu yn ystod y blynyddoedd diwethaf, gan gynnwys ar y lefel reoli, yn unol â gostyngiadau i'r gyllideb a gyflwynwyd (ledled yr holl awdurdod) fel rhan o'r Strategaeth Ariannol Tymor Canolig er mwyn gwneud arbedion gofynnol. Gofynnodd hi a fyddai hyn yn peryglu'r cynigion ar gyfer gwelliant a gynhwysir yn adroddiad Swyddfa Archwilio Cymru mewn unrhyw ffordd.

Cadarnhaodd Pennaeth y Gwasanaethau Cyfreithiol a Rheoleiddio nad oedd yr adroddiad hwn yn cyfeirio at unrhyw lefelau staffio yn y gorffennol neu'r presennol a oedd yn effeithio ar y Gwasanaethau Democraidaidd, na chwaith p'un a oedd gan yr adran ddiffyg neu ormod o staff. Fodd bynnag, gwnaeth yr adroddiad nodi y gallai gwaith trosolwg a chraffu o fewn Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr gael ei brosesu mewn modd sy'n fwy arloesol, a gallai hyn arwain yn ei dro at wella dulliau gwaith a phrotocolau presennol.

Er gwerthfawrogi hyn, gofynnodd aelod sut y gallai gweithio gan ddefnyddio dulliau mwy arloesol na'r hyn a geir yn bresennol gael ei fonitro a'i fesur yn ddigonol er mwyn mesur llwyddiant unrhyw welliannau.

Gwnaeth Pennaeth y Gwasanaethau Cyfreithiol a Rheoleiddio gydnabod y byddai angen rhywfaint o brofi a methu ar y cynnig hwn, er bod dulliau cysylltiedig eraill ar gyfer datblygu'r broses graffu ymhellach – megis, er enghraifft, ymgysylltu mwy â'r cyhoedd, yn ogystal ag yn fewnol â chyfarwyddiaethau ac yn allanol drwy gyrff allanol a/neu sefydliadau eraill. Byddai ehangu testunau allweddol i'w craffu hefyd yn cael ei ystyried.

Yn ychwanegol, cynigiwyd y dylid meincnodi trosolwg a chraffu yng Nghyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr ochr yn ochr ag awdurdodau cyfagos.

Ychwanegodd cynrychiolydd Swyddfa Archwilio Cymru y gallai fynd â rhai o'r cynigion ar gyfer gwella i ffwrdd hefyd i weld a allai Swyddfa Archwilio Cymru ddarparu unrhyw gymorth yn hyn o beth.

Yn y diwedd, roedd y pwyllgor yn teimlo efallai y byddai'n syniad fod aelodau yn derbyn mwy o hyfforddiant ym maes gwaith trosolwg a chraffu.

PENDERFYNWYD: Bod aelodau wedi nodi cynnwys adroddiad Swyddfa Archwilio Cymru – Trosolwg a Chraffu – Addas i'r dyfodol?

76. **DATGANIAD O GYFRIFON 2017/18**

Cyflwynodd y Rheolwr Grŵp – Prif Gyfrifydd adroddiad, er mwyn cyflwyno'r Datganiad o Gyfrifon terfynol ar gyfer 2017/18, a fydd bellach yn cael ei ardystio gan archwilyddyr allanol y cyngor, Swyddfa Archwilio Cymru, a Llythyr Sylwadau cysylltiedig y cyngor. Byddai rhywfaint o adborth o ran hwn yn cael ei gyflwyno ar lafar gan Reolwr Archwilio Ariannol Swyddfa Archwilio Cymru yn y cyfarfod heddiw.

Amlinellodd yr adroddiad wybodaeth gefndirol benodol, gan gadarnhau bod Swyddfa Archwilio Cymru wedi cwblhau rhan helaeth o'i gwaith archwilio a bod y Datganiad o Gyfrifon yn barod i'w arwyddo gan yr Archwilydd Cyffredinol ar 10 Medi, yn amodol ar gymeradwyaeth o'r cyfrifon gan y Pwyllgor Archwilio.

Dangosodd paragraff 4.2 o'r adroddiad grynodedb ar ffurf tabl o falensau Cronfa'r Cyngor a chronfeydd wrth gefn wedi'u clustnodi fel yr oeddynt ar 31 Mawrth 2018, ac fel y'u cyflwynwyd i'r pwyllgor ym mis Mehefin. Roedd manylion pellach ar gael o ran y wybodaeth hon ar dudalennau 62 i 66 oddi fewn y Datganiad o Gyfrifon.

Cadarnhaodd cynrychiolydd Swyddfa Archwilio Cymru na chafwyd unrhyw addasiadau a oedd wedi cael effaith ar y ffigurau diwedd y flwyddyn hyn.

Er gwaethaf yr uchod, ac er nad yw'n effeithio ar sefyllfa ariannol y cyngor, gwnaeth Adroddiad Archwilio Datganiadau Ariannol Swyddfa Archwilio Cymru nodi nifer o ddiwygiadau a oedd angen eu gwneud yn y cyfrifon drafft, fel y crynhowyd ym mharagraff 4.4 yr adroddiad.

Darparodd cynrychiolydd Swyddfa Archwilio Cymru grynodedb o'r rhain trwy groesgyfeirio at feysydd priodol y Datganiad o Gyfrifon 2017/18, a ategir i Atodiad A yr adroddiad.

Roedd angen Llythyr Sylwadau terfynol oddi wrth y cyngor gan yr Archwilydd Penodedig er mwyn cwblhau'r broses a galluogi i'r cyfrifon gael eu cymeradwyo, a dangoswyd hwn yn Atodiad B yr adroddiad.

Yn unol â Safon Ryngwladol ar Archwilio 260, mae'n ofynnol i'r archwilydd allanol gyfleu materion perthnasol sy'n ymwneud â'r archwiliad o'r datganiadau ariannol i'r rheini sy'n 'gyfrifol am lywodraethu'. Ymgorfforwyd y materion hyn yn yr 'Adroddiad Archwilio Datganiadau Ariannol' a ddangoswyd yn Atodiad C yr adroddiad. Roedd yr atodiad hefyd yn cynnwys rhestr lawn o'r holl addasiadau a wnaed i'r cyfrifon o ganlyniad i'r archwiliad a ddisgrifir ym mharagraff 4.4 yn ogystal ag ymatebion rheolwyr i'r cynigion a wnaed.

Dymunai cynrychiolydd Swyddfa Archwilio Cymru bwysleisio bod Datganiad o Gyfrifon y cyngor ar gyfer 2017/18 o ansawdd/safon uchel, a bod yr addasiadau wedi cael eu gwneud.

Gofynnodd yr aelodau nifer o fân gwestiynau i'r swyddogion, a chafwyd ymatebion priodol ganddynt.

Daeth y cadeirydd â'r drafodaeth ar yr adroddiad i ben trwy ddiolch i'r swyddogion cyllid am gynhyrchu cyfrifon gwych mewn modd amserol.

PENDERFYNWYD: Bod y pwyllgor:

- (1) Wedi cymeradwyo'r Datganiad o Gyfrifon 2017/18 a archwiliwyd (Atodiad A yr adroddiad).
- (2) Wedi nodi a chytuno'r Llythyr Sylwadau terfynol at Swyddfa Archwilio Cymru (Atodiad B yn yr adroddiad).

(3) Wedi nodi Adroddiad Archwilio Datganiadau Ariannol yr archwilydd penodedig (Atodiad C yr adroddiad).

77. **ADRODDIAD ARCHWILIO – ADOLYGIAD SEFYDLIAD IACH – CYNLLUN GWEITHREDU**

Cyflwynodd y Pennaeth Cyllid Dros Dro a Swyddog S151 adroddiad ar ran y Prif Weithredwr, at ddiben cyflwyno'r Cynllun Gweithredu gorffenedig i'r aelodau o ran yr Adolygiad Sefydliad Iach a gyflwynwyd i'r pwyllgor yng nghyfarfod y pwyllgor ar 28 Mehefin 2018.

Er mwyn cyfleu rhywfaint o gefndir, fe'i cadarnhaodd hi fod angen comisiynu nifer o adolygiadau i'w gweithredu gan ddarparwr allanol o ganlyniad i faterion cyflenwi adnoddau o fewn y Cydwasanaeth Archwilio Mewnol yn ystod 2017/18. Cafodd South West Audit Partnership (SWAP) ei gontractio felly i gynnal yr adolygiad uchod ar gyfer pump o wyth swyddogaeth graidd y cyngor.

Canlyniad yr adolygiad a rannwyd yn flaenorol ag aelodau oedd y byddai Bwrdd Rheoli Corfforaethol y cyngor yn canolbwyntio ar feysydd risg uchel yr adolygiad ac y byddai'r rhain wedyn yn cael eu hymgorffori o fewn y cynllun gweithredu. Mae'r cynllun gweithredu hwn bellach wedi'i gynhyrchu a chafodd ei atodi i'r adroddiad yn Atodiad A.

Wrth ymateb i gwestiwn gan aelod, cadarnhaodd y Prif Archwilydd Mewnol nad oedd y gwaith dilyn ar un o'r pump (o wyth) swyddogaeth graidd, sef Rheoli Gwybodaeth, wedi'i gwblhau eto oherwydd oedi wrth dderbyn yr adroddiad drafft, ac felly byddai canlyniadau hwn yn cael eu cyflwyno i'r aelodau yng nghyfarfod nesaf y pwyllgor sydd wedi'i drefnu ar 15 Tachwedd 2018.

Sicrhaodd y pwyllgor y byddai'r holl gamau gweithredu yn y cynllun nad oeddynt yn ymddangos fel petaent wedi eu cwblhau yn derbyn sylw mewn modd amserol er mwyn sicrhau eu bod yn cael eu cwblhau, ac y byddai cadarnhad o hyn ac unrhyw wybodaeth bellach ynglŷn â'r rhain yn cael eu rhannu gyda'r pwyllgor yn unol â hynny.

Roedd aelod hefyd yn teimlo, ar gyfer unrhyw adroddiadau o'r fath yn y dyfodol, y gallai gwybodaeth a gynhwysir yn y cynllun gweithredu fod yn fwy eang, fel ei bod yn cynnwys gwybodaeth fwy eang ynghylch yr eitemau / peryglon / camau gweithredu a gymerwyd ac ati.

PENDERFYNWYD: Bod aelodau wedi ystyried cynnwys Cynllun Gweithredu'r Adolygiad Sefydliad Iach, er mwyn sicrhau ei fod yn mynd i'r afael â'r meysydd allweddol hynny sydd angen sylw, yn amodol ar y sylwadau a wneir uchod, a bod canlyniad yr adolygiad dilynol ar Reoli Gwybodaeth yn cael ei adrodd mewn cyfarfod yn y dyfodol.

78. **ARCHWILIAD MEWNOL – ADRODDIAD ALLDRO – MIS EBRILL I FIS GORFFENNAF 2018**

Cyflwynodd y Prif Archwilydd Mewnol adroddiad, at ddiben hysbysu'r Pwyllgor Archwilio am wir berfformiad yn yr archwiliad mewnol yn ystod y cyfnod o fis Ebrill i fis Gorffennaf 2018 yn ystod blwyddyn y Cynllun Archwilio.

Er mwyn cyfleu gwybodaeth gefndirol, dywedodd y cafodd y Cynllun Archwilio Mewnol ar gyfer 2018/19 ei gyflwyno i'r Pwyllgor Archwilio i'w ystyried a'i gymeradwyo ym mis Ebrill y llynedd. Amlinellodd hwn yr aseiniadau yr oedd angen eu gweithredu a'u blaenoriaethau priodol.

Ychwanegodd hi fod y cynllun yn darparu ar gyfer cyfanswm o dros 1,000 o ddiwrnodau cynhyrchiol er mwyn cwmpasu blwyddyn ariannol 2018/19. Rhannwyd y dyddiau hyn yn adolygiadau yr ystyriwyd eu bod yn brif flaenoriaeth a'r rhai yr ystyriwyd eu bod o flaenoriaeth eilradd, gyda'r bwriad o gwblhau'r holl gynllun erbyn diwedd y flwyddyn ariannol.

Ategwyd y gwir gynnydd o'i gymharu â Chynllun Seiliedig ar Risg 2018/19 yn Atodiad A yr adroddiad, tra ychwanegwyd gwybodaeth bellach yn Atodiad B, gan fanylu ar yr adolygiadau hynny nad oeddent wedi eu dyrannu yn y chwarteri priodol eto, a'r adolygiadau hynny a oedd wedi cael eu dwyn ymlaen o chwarteri yn y dyfodol. Nid oedd rhai adolygiadau wedi eu dyrannu eto, oherwydd adnoddau staffio cyfyngedig. Roedd y diffyg yn y fan hon yn gyfatebol â 40 diwrnod gwaith, er y rhagwelid y gellid dal i fyny â'r gwaith hwn cyn diwedd y flwyddyn ariannol.

Rhoddodd yr adroddiad amlinelliad wedyn o'r cyflenwad staffio yn yr adran Archwilio Mewnol, ac, er bod ymarfer recriwtio llwyddiannus wedi'i gynnal yn ystod y misoedd diweddar, roedd dal nifer o swyddi gwag o fewn yr adran.

Er mwyn cynorthwyo â'r gwaith o fonitro'r cynllun seiliedig ar risg blynyddol yn effeithiol, ategwyd rhagor o wybodaeth yn Atodiad C, a oedd yn manylu ar yr holl adolygiadau hynny sydd wedi'u cwblhau yn ystod y cyfnod a'r perfformiad.

Ychwanegodd y Prif Archwilydd Mewnol yn ogystal mai un adolygiad yn unig yn ystod y cyfnod oedd wedi nodi gwendidau sylweddol yn y system rheoli mewnol hyd yma, a darparwyd rhagor o wybodaeth yn yr atodiad y cyfeiriwyd ato yn union uwchben.

Gofynnodd aelodau cwestiynau am wybodaeth ategol yr adroddiadau, gan gynnwys ar yr archwiliad o feysydd gwaith taliadau uniongyrchol a gofal cartref a ddyrannwyd i SWAP, ac a fyddai angen i SWAP gefnogi gwaith ymhellach yn ymwneud ag archwilio yn y dyfodol ai peidio, oherwydd diffyg adnoddau mewnol.

Cyfeiriodd aelod ar ôl hyn at Atodiad C yn yr adroddiad, a'r adolygiad o'r rhaglen Dechrau'n Deg, a'r sicrwydd cyfyngedig a roddwyd i hon yn dilyn archwiliad o'r maes gwasanaeth a gynhaliwyd yn flaenorol.

Gofynnodd hi a oedd y meysydd gwan a nodwyd yn gysylltiedig, gan ei bod yn ymwybodol ar ôl darllen yr adroddiad fod dau ymchwiliad wedi'u cynnal yn y maes gwaith hwn, a ddechreuwyd o dan bolisi disgyblu'r cyngor, a bod un ohonynt wedi cael ei gyfeirio at yr heddlu. Gofynnodd a oedd yr ymchwiliadau hyn yn gysylltiedig.

Yn dilyn cyngor gan swyddogion, cytunwyd y dylai'r pwyllgor gynnal sesiwn gaeedig fel y gellid rhoi ymateb i'r cwestiwn hwn.

GWAHARDD Y CYHOEDD

PENDERFYNWYD: O dan Adran 100A (4) o Ddeddf Llywodraeth Leol 1972 fel y'i diwygiwyd gan Orchymyn Llywodraeth Leol (Mynediad at Wybodaeth) (Amrywiad) (Cymru) 2007, y dylid gwahardd y cyhoedd o'r cyfarfod yn ystod ystyriaeth o'r eitem fusnes ganlynol gan ei bod yn cynnwys gwybodaeth eithriedig fel y diffinnir ym Mharagraffau 12, 13 a 18 o Ran 4 a Pharagraff 21 o Ran 5 Atodlen 12A o Ddeddf Llywodraeth Leol 1972, fel y'i diwygiwyd gan Orchymyn Llywodraeth Leol (Mynediad at Wybodaeth) (Amrywiad) (Cymru) 2007.

Yn dilyn gweithrediad prawf lles y cyhoedd wrth ystyried yr eitem hon, penderfynwyd, yn unol â'r Ddeddf y cyfeirir ati uchod, ei bod yn cael ei hystyried yn breifat, a gwaharddwyd y cyhoedd o'r cyfarfod gan y byddai'n golygu datgelu gwybodaeth iddynt sydd wedi'i heithrio o'r natur a nodwyd uchod.

Yn dilyn y cwestiwn uchod a ymatebwyd, aeth y Pwyllgor yn ôl i sesiwn agored a chafodd y wasg a'r cyhoedd eu hatal yn y cyfarfod.

PENDERFYNWYD: Bod yr Aelodau'n ystyried yr Adroddiad Allbwn Archwilio Mewnol sy'n cwmpasu'r cyfnod o fis Ebrill i fis Gorffennaf 2018, er mwyn sicrhau bod pob agwedd ar eu swyddogaethau craidd yn cael eu hadrodd yn ddigonol.

79. **DIWEDDARIAD AR Y FLAENRAGLEN WAITH 2018/19**

Cyflwynodd y Prif Archwilydd Mewnol adroddiad, at ddiben cyflwyno diweddariad ar Flaenraglen Waith y Pwyllgor Archwilio ar gyfer 2018/19 i aelodau. Ategir y Flaenraglen Waith yn Atodiad A yr adroddiad.

Roedd aelodau'n ymwybodol o'r nifer o adroddiadau sydd wedi'u hamserlennu ar gyfer y tri chyfarfod pwyllgor nesaf a drefnwyd, yn enwedig y cyfarfod dyddiedig 15 Tachwedd 2018, lle'r oedd deg o eitemau wedi'u rhestru ar yr agenda ar hyn o bryd.

Cadarnhaodd y Pennaeth Cyllid Dros Dro y gellid symud yr eitem o'r enw 'Adroddiad Monitro Hanner Blwyddyn Rheoli'r Trysorlys 2018/19' i'r cyfarfod nesaf ar 17 Ionawr 2020.

Roedd aelodau a swyddogion yn teimlo efallai y byddai'n werth cynnal cyfarfod Pwyllgor Archwilio ad hoc pellach, cyn y rheini sydd wedi'u hamserlennu yn Rhaglen Cyfarfodydd 2018/19, er mwyn mynd i'r afael â'r nifer fawr o adroddiadau sydd wedi'u rhestru fel eitemau ar flaenraglen waith y pwyllgor.

PENDERFYNWYD: Bod aelodau yn ystyried ac yn nodi'r Flaenraglen Waith ddiweddaedig ar gyfer 2018/19 fel yr ategwyd yn Atodiad A yn yr adroddiad.

80. **EITEMAU BRYD**

Dim
Daeth y cyfarfod i ben am 15:40

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

15 NOVEMBER 2018

REPORT OF THE INTERIM HEAD OF FINANCE AND SECTION 151 OFFICER

WALES AUDIT OFFICE (WAO) REPORT ON THE SERVICE USER PERSPECTIVE OF DISABLED FACILITIES GRANTS

1. Purpose of this report

- 1.1 The purpose of this report is to present a recent Wales Audit Office (WAO) report on the Service User Perspective of Disabled Facilities Grants within Bridgend CBC.

2. Connections to Corporate Improvement Objectives / Other Corporate Priorities

- 2.1 This report assists in the achievement of the following corporate priority:
- Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.
- 2.2 The Council's performance is an important element in determining the extent to which the Corporate Objectives can be delivered.

3. Background

- 3.1 In 2017-18, the WAO completed work to understand the 'service user perspective' at every council within Wales. Within Bridgend CBC, the review focused primarily upon the service user experience of the housing adaptation/disabled facilities grant process and the earlier assessment process before the building works begin.

4. Current Situation / Proposal

- 4.1 The WAO Report on Service User Perspective of Disabled Facilities Grants is attached as **APPENDIX A**. The findings of the Report were based on field work undertaken in June and July 2018 including:-
- a telephone survey of 54 of the 222 service users that had received disabled facilities grants and had works completed in their homes;
 - interviews with a selection of senior officers and operational staff within the Housing Team;

- interviews with senior officers from external organisations; and
- a review of relevant Council documents.

4.2 The overall conclusion of the Report was that most service users “were happy with the housing adaptations service, but the Council is not maximising opportunities to improve the service and delivery value for money”. There are five proposals for improvement and these can be found on page 6 of the Report.

5. Effect upon policy framework & procedural rules

5.1 None.

6. Equality Impact Assessment

6.1 There are no equality implications arising from this report.

7. Well-being of Future Generations (Wales) Act 2015 Implications

7.1 This report links to the Council’s long-term well-being objectives as it examines the performance of the Council and how continuous improvement is being achieved.

8. Financial implications

8.1 There are no direct financial implications of this Report.

9. Recommendation

9.1 It is recommended that Audit Committee:-

- Note the WAO Report on Service Users Perspective of Disabled Facilities Grants (**Appendix A**)

Gill Lewis CPFA

Interim Head of Finance and Section 151 Officer

24 October 2018

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Background Documents:

WAO Service Users Perspective of Disabled Facilities Grants Report



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Service User Perspective of Disabled Facilities Grants – **Bridgend County Borough Council**

Audit year: 2017-18

Date issued: October 2018

Document reference: 853A2018-19

This document has been prepared for the internal use of Bridgend County Borough Council as part of work performed/to be performed in accordance with the Well-being of Future Generations Act (Wales) 2015.

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info.officer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

The team who delivered the work comprised Sara Jane Byrne and Martin Gibson under the direction of Huw Rees.

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Most service users found the application process easy, but the Council receives regular queries which it is not best placed to answer as other outside parties become involved as the project progresses. 9

The Council could do more to help service users make informed choices about which agent and builder to use and to strengthen its oversight of them, particularly ensuring that builders are safe to work in the homes of vulnerable people 10

Most service users we spoke to were satisfied with the time it took for the Council to approve their housing adaptation, but the overall time taken for the Council to deliver adaptations has increased in recent years 12

There is scope for the Council to strengthen its arrangements for evaluating the housing adaptations service to help it learn and improve the service 13

Summary report

Summary

What we looked at

- 1 In 2017-18, the Wales Audit Office completed work to understand the 'service user perspective' at every council within Wales. We followed a broadly similar approach at each council but agreed the specific focus and approach to the work individually. In Bridgend County Borough Council (the Council), we focussed on the housing adaptation/disabled facilities grants service. In particular, we sought to answer the question: do the needs, experiences and aspirations of service users inform the design and delivery of services to more closely meet their needs? 'Involvement' is one of the five ways of working identified in the Well-being of Future Generations (Wales) Act 2015.
- 2 The review focussed primarily upon the service user experience of the housing adaptation/disabled facilities grant process, but we did consider the earlier assessment process before the building work begins.
- 3 The findings in this report are based on fieldwork that we undertook during the period June to July 2018. We conducted a telephone survey of 54 of the 222 service users who had received disabled facilities grant and had the works completed in their home in the previous year. We also interviewed a selection of senior officers and operational staff from the Council's housing adaptations service. We also spoke with senior officers of a Registered Social Landlord, Valleys to Coast Housing Limited¹, Bridgend Care and Repair Service² and reviewed Council documents.
- 4 We have also drawn upon the findings and recommendations of the Auditor General for Wales' report on Housing Adaptations³.
- 5 We concluded that most service users we spoke to were happy with the housing adaptations service, but the Council is not maximising opportunities to improve the service and deliver value for money. We came to this conclusion because:

¹ Valleys to Coast Housing Limited (V2C) is a not for profit organisation. It provides management, maintenance and improvement services to 5,800 rented homes, all within the area of Bridgend Council. V2C was established through a housing stock transfer from the Council in 2003. www.v2c.org.uk

² Bridgend County Care and Repair was established in 1988 to promote independent living for older and disabled people living in Bridgend. Their aim is to provide high quality expertise, advice and practical support to people aged over 50 years who need to undertake repairs, renovations or adaptations to their home. This is done to help homeowners or private sector tenants remain living at home independently, comfortably, safely and securely. www.careandrepair.org.uk

³ Auditor General for Wales report on Housing Adaptations. This report looks at whether public bodies, with responsibilities for delivering housing adaptations, have an effective strategic approach that delivers value for money, published in February 2018 www.audit.wales/publication/housing-adaptations

- The Council has clear aims for the housing adaptations service recognising the difference it can make to people's lives, but the actions it has identified to improve the service are limited.
- Most service users we spoke to are happy with the housing adaptations service and feel that the adaptations have helped them with their needs.
- Most service users found the application process easy, but the Council receives regular queries which it is not best placed to answer as other outside parties become involved as the project progresses.
- The Council could do more to help service users make informed choices about which agent and builder to use and to strengthen its oversight of them, particularly ensuring that builders are safe to work in the homes of vulnerable people.
- Most service users we spoke to were satisfied with the time it took for the Council to approve their housing adaptation, but the overall time taken for the Council to deliver adaptations has increased in recent years.
- There is scope for the Council to strengthen its arrangements for evaluating the housing adaptations service to help it learn and improve the service.

Proposals for Improvement

Exhibit 1 – proposals for Improvement

The table below sets out the proposals for improvement that we have identified following this review.

Proposals for improvement	
P1	The Council should consider more broadly how its housing adaptations service can contribute to meeting its strategic aim ‘To ensure that Bridgend County is a place that people want to live, where there is a choice of good quality, affordable, and sustainable housing, appropriate to the needs of each household’ and the medium and longer-term actions needed to do this. In doing so, it should consider how it can apply the five ways of working from the Well-being of Future Generations (Wales) Act to help it do this and the Social Services and Well-being Act.
P2	The Council should strengthen its arrangements for evaluating the housing adaptations service to help the Council improve the service. This includes improving the design of the service user survey and extending it to include all service users and to increase awareness of the survey and the results across the organisation.
P3	The Council should help service users understand the often-complicated process that involves multiple organisations by providing a clear and simple overview of the grant process from beginning to end.
P4	<p>The Council should fully implement the recommendations made by the Auditor General for Wales’ in his report in 2018 on housing adaptations, most notably Recommendation 6 to introduce formal systems for accrediting contractors to undertake adaptations including developing effective systems to manage and evaluate contractor performance.</p> <ul style="list-style-type: none">• The Council should ensure it has arrangements in place to monitor and manage the performance of third parties involved in the DFG process. This performance information should be shared with service users to inform their decision upon which agent and builder to engage for their housing adaptation.• Formally accrediting contractors and continually monitoring user satisfaction will satisfy the Council that adequate safeguards are in place to protect vulnerable service users when builders are entering their homes.
P5	The Council needs to assure itself that it has appropriate controls in place to provide effective oversight of the adaptations process, given it is ultimately responsible for the delivery of the adaptation.

Most service users we spoke to were happy with the housing adaptations service, but the Council is not maximising opportunities to improve the service and deliver value for money

The Council has clear aims for the housing adaptations service recognising the difference it can make to people's lives, but the actions it has identified to improve the service are limited

- 6 The Council has defined the strategic aims and objectives of the housing adaptations service, and the powers under which it can take action, in its Private Sector Housing Renewal and Disabled Adaptations Policy 2016. In its Operational and Partnership Services Directorate Business Plan 2017-2018, the Council states a strategic aim of the Council is: 'To ensure that Bridgend County is a place that people want to live, where there is a choice of good quality, affordable, and sustainable housing, appropriate to the needs of each household.' In support of this strategic aim, the Council has identified a series of improvement priorities which include: Helping people to be more self-reliant (Improvement Priority Two).
- 7 To help meet this strategic aim, the Council has set its Sustainable Renewal Officer two tasks, to:
 - develop a questionnaire to be sent to grant recipients following completion of works to enable relevant data to be captured; and
 - liaise with Social Services Occupational Therapy team, Care & Repair and other agencies to prevent the same data being requested from grant recipients and possible information overload on elderly recipients.
- 8 However, the impact of these actions on meeting the Council's strategic aim and upon the experience of service users will be limited. The Council should consider more broadly how its housing adaptations service can contribute to meeting its aim and the medium and longer-term actions needed to do this. In doing so, it should consider how it can apply the five ways of working⁴ from the Well-being of Future

⁴ The Well-being of Future Generations Act states that to act in accordance with the sustainable development principle '...which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.' the prescribed public bodies must take account of the 'five ways of working'. These are: • looking to the long term so that they do not compromise the ability of future generations to meet their own needs; • taking an integrated approach so that they look at all the well-being goals in deciding on their well-being objectives; • involving a diversity of the population in the decisions that affect them; • working with others in a collaborative way to find shared, sustainable solutions; and • understanding the root causes of issues to prevent them from occurring or getting worse.

Generations (Wales) Act to help it do this.

Most service users we spoke to are happy with the housing adaptations service and feel that the adaptations have helped them with their needs

- 9 In our survey of service users, 94% of respondents felt that the adaptation helped them with the needs they have. 96% were satisfied with the overall quality of the housing adaptations service provided by the Council.
- 10 Responsibility for the housing adaptation changes as the process progresses and the Council does not have control over every stage. The role of an agent in the DFG process is, for a fee, to support the service user through the whole building process. Whilst using an Agent is optional, only one of 222 the service users who completed the DFG process in the last year did not use the services of an Agent.
- 11 Last year, Bridgend County Care and Repair were the agent for 170 of the 222 housing adaptations projects. Bridgend County Care and Repair asked the service users that had employed them to for their views once the adaptations work had been completed. Ninety-seven service users had their adaptations completed during the period October 2017 to March 2018. Bridgend County Care and Repair's short telephone survey asked these service users three questions:
 - Had the adaptation helped them and made a difference?
 - Had the adaptation enabled them to become more independent?
 - Did they have any further comments?
- 12 The results of Bridgend County Care and Repair's survey are less positive than the results of our telephone survey. The results of the Bridgend Care and Repair's survey show that:
 - 57 of the 97 (59%) service users said that the housing adaptation had helped them and had made a difference;
 - 50 of the 97 service users (52%) said that the housing adaptation had enabled them to become more independent; and
 - 28 of the 97 (29%) service commented – with the vast majority of comments being positive about their experience and complimentary of the service received.
- 13 Using the findings of Bridgend County Care and Repair Survey, the Council has set itself an outcome focused, performance measure to help it understand the impact of the service better: 'The percentage of people who feel they are able to live more independently as a result of receiving an adaptation to their home, with a target being set of 75%.
- 14 Whilst we acknowledge that Bridgend County Care and Repair's survey data is only for one six-month time period, it suggests that the Council is unlikely to achieve its target of 75% of people who feel they are able to live more independently as a result

of receiving an adaptation to their home. Therefore, the Council needs to consider what it needs to do to improve the experiences and outcomes for service users.

Most service users found the DFG application process easy, but the Council receives regular queries which it is not best placed to answer as other outside parties become involved as the project progresses

- 15 In our survey, 78% of those we spoke to found the application process very easy or easy. 6% of service users found it difficult and 11% found it neither easy or difficult. 52% of those we spoke to contacted the Council with questions or comments during the application stage of the process.
- 16 Almost all recipients of a housing adaptation and DFGs are referred by health organisations to the Council's Team Manager for Community Services. When received by the Council, all referrals are categorised as either urgent or routine (urgent – week to 10 days; routine – in chronologic order). The appropriate adaptation works, and the appropriateness of a DFG, is only decided upon once the service user and their housing situation have been assessed by an Occupational Therapist (OT).
- 17 The OT carries out the assessment and suggests the most appropriate adaptation, primarily based upon practicality and cost. Other considerations include family care, residential care, and other options. The full extent of the options considered by the assessment are not always conveyed to the service users. Consequently, service users may be of the opinion that they have not been offered other options by the Council. Of the 54 service users we spoke to, 59% said that they were offered other services instead of going straight to the adaptation, but 41% said they were not. In our survey 85% of service users felt that their needs, views and wishes were fully taken into account when their need for an adaptation was assessed by the Council. 28 (52%) of the 54 service users who we surveyed told us that they contacted the Council with a query during the application process; with three of the service users not being clear who to contact.
- 18 A typical housing adaptation project that receives a DFG follows a process that involves a range of parties:

<u>Stage</u>	<u>Activity</u>	<u>By whom</u>
1	Referral and Assessment	Council Social Services
2	DFG application and award	Council DFG service and Service User
3	Appointment of Agent	Service User
4	Obtain quotes from approved builders	Agent

5	Consideration of quotes	Council, DFG service
6	Appoint builder	Agent and Service User
7	Undertake the building works	Builder
8	Assess works and finalise DFG	Council, DFG service

- 19 The Council could help service users understand the often-complicated process by documenting the pathway from approaching the Council to having the completed works assessed.

The Council could do more to help service users make informed choices about which agent and builder to use and to strengthen its oversight of them, particularly ensuring that builders are safe to work in the homes of vulnerable people

- 20 In the Council's process, it is the applicant's responsibility to appoint the building contractor to deliver the housing adaptation. This can be by themselves or with the help of a delivery agent, such as Bridgend County Care and Repair. 80% of the service users we spoke to rated the Council's assistance with appointing building contractors as good or very good.
- 21 It is positive that the Council gives the service user choice about which agent and builder to use. This is consistent with the principles of the Social Services and Well-being Act, which aims to give people more of a say in the care and support they receive.
- 22 Currently, the Council provides the applicant with a list of agents but is not able to tell the service user about the capacity that each agent has to progress the project, as it does not collect this information. Furthermore, the agent is unable to tell the service user of the capacity that the builders have to undertake the building works, or their track record of performance in completing works and the quality of these works. The capacity of the builder to undertake the building works is an important factor in addition to the financial cost and quality when considering overall value for money.
- 23 The Auditor General for Wales' report in 2018 on housing adaptations found that most local authorities, housing associations and Care and Repair agencies have established processes to appoint, oversee and manage builder and/or contractor performance. However, he found wide variations in how delivery organisations arrange, contract and deliver building works. He recommended that delivery organisations introduce formal systems for accrediting contractors to undertake adaptations, including developing effective systems to manage and evaluate contractor performance by:
- setting an appropriate range of information to judge performance and delivery of

works covering timeliness of work; quality of work; service user feedback; cost of work (including variations); health and safety record; and customer feedback;

- regularly reporting and evaluating performance to identify opportunities to improve services; and
- providing formal feedback to contractors on their performance covering issues such as service user satisfaction, level and acceptability of variations, right first-time work, post-inspection assessment and completion within budget and on time.

24 Our review found that the Council has not yet fully addressed this recommendation.

25 Currently, the Council does not have any direct involvement in the appointment and vetting of builders that undertake work in the houses of DFG recipients, potentially vulnerable households. The appointment of builders is managed by the agent appointed by the service user. The Bridgend County Care and Repair service managed 170 of the 222 (77%) housing adaptations through the disabled facilities grant from June 2017 until July 2018. It has arrangements in place to assess and monitor builders that they recommend to service users. However, the Council was unable to confirm that this was the case for the remaining 52 or 23% of housing adaptations.

26 During our telephone survey, one service user stated: 'The Council sent me out a form - I thought the form was complaining about the builder rather than giving my views on the job or if my needs were met. So, I didn't look at the form as I just wanted to forget about the bad experience and the horrible man.'

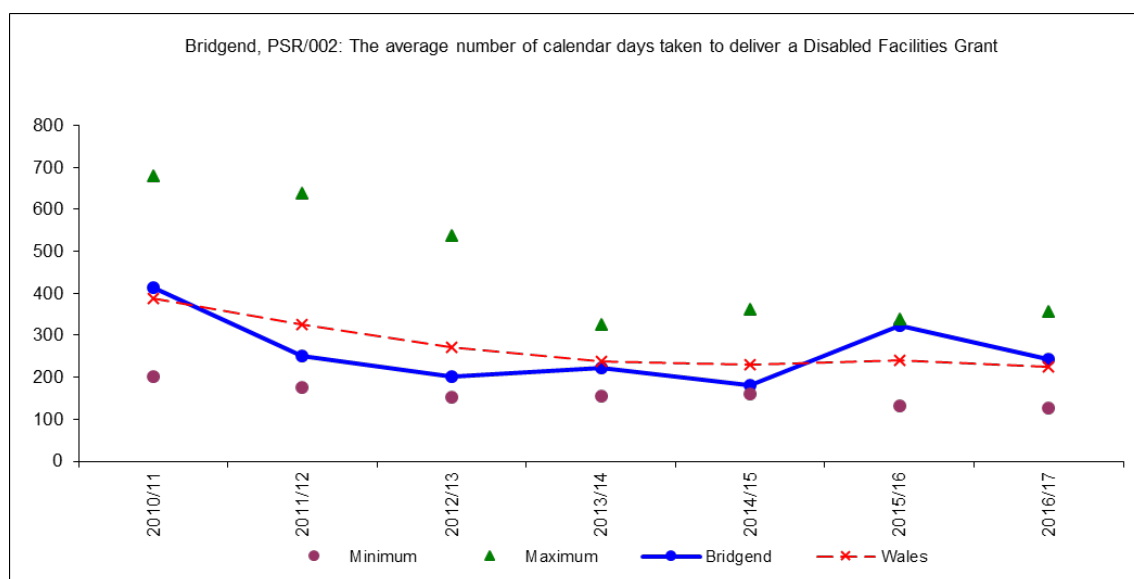
27 Another service user commented: 'The first builder didn't want the work as the job was too small, so he passed it to the second builder. The owner of the company was intimidating. I complained about an aspect of the work to him and he ended up making me cry.'

28 The Council's arrangements for DFGs passes the responsibility onto the service user to directly engage the builder, with the help of an agent when one is appointed. However, given the views expressed by some of the service users during our telephone survey, the Council should satisfy itself that adequate safeguards are in place to protect vulnerable service users when builders enter their homes.

Most service users we spoke to were satisfied with the time it took for the Council to approve their housing adaptation, but the overall time taken for the Council to deliver adaptations has increased in recent years

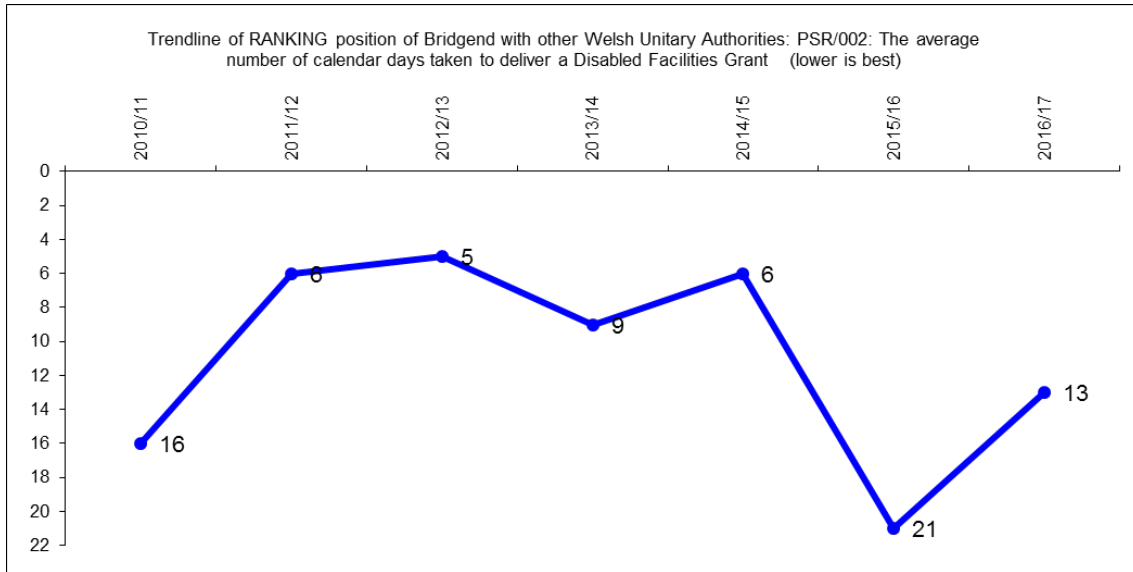
- 29 In our telephone survey with service users, 85% of the people we spoke to were either very satisfied or satisfied with the time it took the Council to approve their housing adaptation. 9% were fairly dissatisfied or very dissatisfied with the time taken to approve their adaptations.
- 30 Within the suite of Public Accountability Measures (PAM) that are defined by the Welsh Local Government Association, and managed by Data Cymru, is a performance indicator (PI) entitled the average number of calendar days to deliver a Disabled Facilities Grant. All Welsh councils have agreed to record and publish their performance on this PI every year. **Exhibit 2** is the Council's annual performance for this indicator for the last seven years, where lower is better.
- 31 In comparison with the other Welsh councils, Bridgend's performance was above the average for Wales for the four years 2011-12 through to 2014-15. Bridgend's actual and comparative performance declined in 2015-16. Whilst improving both in actual and comparative terms in 2016-17, its performance still failed to be above the Welsh average. **Exhibit 3** depicts the comparative performance of the Council's performance.

Exhibit 2 – Bridgend Council's annual performance continually improved every year during the period 2010-11 through to 2014-15, but has since failed to achieve that standard in the last two years



Source: Wales Audit Office analysis of Data Cymru data

Exhibit 3 – Bridgend’s comparative performance with other Welsh councils has been below average for the last two years



Source: Wales Audit Office analysis of Data Cymru data

- 32 The Council has restructured its community team and lost a significant proportion of its experienced workforce. We were told by the Council that the whole referrals process now takes a lot longer than it did a few years ago. This is supported by the Council’s performance illustrated in the diagrams above. Significant delays in assessment are likely to have a detrimental effect upon the service users’ ability to continue living in their own home.
- 33 The Council does not have ultimate control over every stage in the DFG process. It hands over the process to the service user to appoint an agent and then onto the agent to manage the builder to implement the building works. The Council regains control to evaluate the building works. Multiple Council officials spoke of their frustration that the performance of others has a direct impact upon the perceived performance of the Council with the public accountability measure measure. Given that the Council has overall responsibility for adaptations and the grants, the Council would benefit from having appropriate controls in place to provide stronger oversight of the DFG process.

There is scope for the Council to strengthen its arrangements for evaluating the housing adaptations service to help it learn and improve the service

- 34 The Council inspects the housing adaptation works to ensure that they have been

completed as specified and asks the service users for their views once the adaptations work has been completed. However, our telephone survey found that 59% of service users we spoke to said that the Council had not asked for their feedback on the service provided. We also found that 48% of respondents said that the Council had not asked them if the adaptation they had received had met their needs, whilst 43% said that the Council had asked them. 9% didn't know.

- 35 Our review also found that outside the Council's Sustainable Renewal team, there was limited awareness of the Council's survey within the Council and that the results of this survey are not widely shared across the organisation, for example with Occupational Therapists and Social Services. This limits the extent to which the results are used to inform and improve the service. It would be helpful for the Council to share the survey results recognising that the service involves a range of different departments and agencies.
- 36 We also found that there is scope for the Council to improve the design and delivery of the survey so that it provides sufficient insight to help improve the service:
- Extend the range of questions in the survey to gain greater insight on service user opinion, rather than just seeking the service user's overall satisfaction. For example, the Council is missing an opportunity to learn from service user experiences by not probing the reasons for any service users' negative opinions.
 - As the duration of the application process and implementing the adaptation works can typically take 12 months – consideration should be given to the timeliness of the survey; possibly consider surveying at the completion of key stages, rather than just at the completion of the works; and
 - Ensure that the officer undertaking the satisfaction survey is independent from the DFG process, to avoid influencing the service user.

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

15 NOVEMBER 2018

REPORT OF THE INTERIM HEAD OF FINANCE AND SECTION 151 OFFICER

WALES AUDIT OFFICE (WAO) PERFORMANCE WORK UPDATE 2018-19

1. Purpose of this report

- 1.1 The purpose of this report is to submit an update on the Performance Audit Programme for 2018-19 by the Wales Audit Office (WAO).

2. Connections to Corporate Improvement Objectives / Other Corporate Priorities

- 2.1 This report assists in the achievement of the following corporate priority:

- Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

- 2.2 The Council's performance is an important element in determining the extent to which the Corporate Objectives can be delivered.

3. Background

- 3.1 This programme of work is undertaken to help the Auditor General discharge his duties under section 17 of the Public Audit (Wales) Act 2004 (the 2004 Act) and section 18 of the Local Government (Wales) Measure 2009. It may also inform a study for improving value for money under section 41 of the 2004 Act, and/or an examination undertaken by the Auditor General under section 15 of the Wellbeing of Future Generations (Wales) Act 2015. The Local Government (Wales) Measure 2009 also requires the Auditor General to carry out an annual Improvement Assessment to determine whether Bridgend County Borough Council is likely to comply with the requirements of Part 1 of the Measure. This involves:-

- A review of the Council's arrangements to secure continuous improvement;
- Improvement studies of areas which may hinder improvement or transformation or give rise to inefficiencies;
- Bespoke pieces of work related to the Council's improvement objectives and arrangements; and

- An audit of the Council's published improvement plans and its self-assessment of performance.

4. Current Situation / Proposal

- 4.1 The WAO performance audit work programme update October 2018 is attached as **APPENDIX A**. It outlines work undertaken in the Council by and on behalf of the Auditor General under the Local Government (Wales) Measure 2009 and Parts 2 and 3A of the Public Audit (Wales) Act 2004.

5. Effect upon policy framework & procedural rules

- 5.1 None.

6. Equality Impact Assessment

- 6.1 There are no equality implications.

7. Well-being of Future Generations (Wales) Act 2015 Implications

- 7.1 This report links to the Council's long-term well-being objectives as it examines the performance of the Council and how continuous improvement is being achieved.

8. Financial implications

- 8.1 The annual fee for Performance Audit Work in 2018-19 is £97,356 and there is a revenue budget allocated for this charge.

9. Recommendation

- 9.1.1 It is recommended that Audit Committee:-

- Note the WAO performance audit work programme update October 2018 (**Appendix A**)

Gill Lewis CPFA
Interim Head of Finance and Section 151 Officer
24 October 2018

Contact Officer : Gill Lewis, Interim Head of Finance
 Mary Williams, Group Manager – Chief Accountant

Telephone : (01656) 643605

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Postal address: Raven's Court, Brewery Lane, Bridgend, CF314AP

Background Documents:

WAO performance audit work programme update October 2018

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Bridgend County Borough Council

Audit Committee Update – 15th November 2018

Performance Audit work

2017-18 performance audit work	Scope	Status
Improvement Plan Audit	Checks Council compliance with Local Government Measure (Wales) 2009 requirement to set improvement objectives.	Complete
Performance Audit	Checks Council compliance with Local Government Measure (Wales) 2009 requirement to publish a self-assessment of performance in the previous year by 31 October.	Complete
Annual Improvement Report (AIR)	Annual report summarising the audit work undertaken in the last year which also includes a summary of the key findings from reports issued by 'relevant regulators'	Complete
WFG Year one commentary	Year one commentary on WFG/BaselineGather evidence on how the 44 bodies are beginning to respond to the requirements of the WFG Act and identify examples of notable emerging practice. There was no local report, the baseline informed a commentary published summer 2018.	Complete. Link to our published national report.
Overview and Scrutiny – Fit for the Future	This review examined the impact of the WFG Act on the work of scrutiny committees including PSB scrutiny, facilitating improvement and sharing of good practice.	Complete
Service User Review	To gather evidence and insight into the extent to which services respond to the needs and expectations of service users both in their design and	Complete

2017-18 performance audit work	Scope	Status
	delivery. Our work at the Council will focus on Housing Adaptations and Disabled Facility Grants.	
Aligning Levers for Change	The purpose of this review is to support the development of local action that will promote positive practice and help identify barriers to be addressed. The review will assist councils to refine current arrangements in Councils by promoting what is working well, identifying any barriers and developing local improvement opportunities.	Complete
Digital Risk	An overview of the level of digital risk the Council faces. The diagnostic will be used by the Wales Audit Office to identify 'potential' digital risks and issues at the Council. Potential risks identified will be used to focus auditors on areas where further, more specific Information management and technology related performance work might be needed.	Reporting

2018-19 performance audit work	Scope	Status
Improvement Plan audit	Checks Council compliance with Local Government Measure (Wales) 2009 requirement to publish a self-assessment of performance in the previous year by 31 October.	Audit complete. Final certificate issued 19 th April 2018.
Performance audit	Checks Council compliance with Local Government Measure (Wales) 2009 requirement to set improvement objectives.	Not started. Due October/November 2018
Annual Improvement Report (AIR)	Annual report summarising the audit work undertaken in the last year which also includes a summary of the key findings from reports issued by 'relevant regulators'	Not started. Likely timescales June/July 2019

Financial planning and transformation	We will follow up the proposals for improvement made in our savings planning report issued to the Council in April 2017 and undertake ongoing monitoring of the Council's transformation programme, providing real-time challenge during the year.	Planning
Assurance and risk assessment	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.	Underway
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	Examination of the extent to which the Council has acted in accordance with the sustainable development principles when taking steps to meet the following wellbeing objective: Deliver the Porthcawl Resort Investment Focus Programme (e.g. the Cosy Corner developments and the Rest Bay café development) to grow the value of tourism in the economy, increase employment and business opportunities, and support a range of cultural, sporting and business events.	Underway
Environmental health	Review of the arrangements the Council has put in place to deliver environmental health services building on the study previously undertaken by the Auditor General as part of the 'delivering with less' themed studies.	Planning
Corporate safeguarding arrangements	Review of the effectiveness of corporate safeguarding arrangements building on the study	Planning

previously undertaken by the Auditor General in this area.

2017-18 Local Government Studies	Scope	Status
Services to rural communities	The study will focus on whether local government uses its resources to deliver services that meet the needs of rural communities today and in the longer term.	Report publication date 13th November 2018.
Using data effectively	<p>This study will seek to identify whether councils' corporate management arrangements for managing and using data are leading to better decision making in the use of resources.</p> <p>The study will collect information from all councils in Wales.</p> <p>A short survey was issued across all councils in Wales</p>	In progress.
2018-19 Local Government Studies	Scope	Status
First point of contact assessments under the Social Services and Well-being (Wales) Act 2014	<p>The Welsh Government introduced the Social Services and Well-being (Wales) Act 2014 (the 2014 Act), which focuses on reforming and simplifying the law relating to social services. The 2014 Act introduced new duties for local authorities, local health boards and other public bodies and covers adults, children and their carers, and came into force on 6 April 2016. The study will review first point of contact and assessments for adult social care.</p> <p>Detailed fieldwork in five local authorities. We are planning to undertake fieldwork in Cardiff City Council, Denbighshire County Council, Merthyr Tydfil County Borough Council, Pembrokeshire County Council and Carmarthenshire County Council</p>	Underway
Tackling violence against women, domestic abuse and sexual violence	In 2015 the Welsh Government passed the Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act (the 2015 Act). The	Underway

	<p>overarching objective of the 2015 Act is to improve the Public Sector response to violence against women, domestic abuse and sexual violence; provide a strategic focus on these issues; and ensure consistent consideration of preventative, protective and supportive mechanisms in the delivery of services. The review will focus on determining whether local authorities and their partners are effectively working together to prevent gender-based violence and domestic abuse, and protecting all of the people involved.</p> <p>Our fieldwork sites are Swansea City and County Council, Conwy County Borough Council, Flintshire County Council, Rhondda Cynon Taff County Borough Council, South Wales Police and South Wales Fire and Rescue Authority</p>	
<p>Planning Services: Improving the wellbeing of Wales</p>	<p>Planning services are an important part of the democratic jigsaw that allows the detailed consideration of proposals to improve the economic prospects of the nation. Good planning decisions can have a positive impact on the wellbeing of people and places. Poor planning decisions can have a detrimental impact on people’s wellbeing and can stifle economic development. This study will provide independent assurance that planning authorities are supporting sustainable development and delivering for the future long-term wellbeing of their communities and for Wales</p> <p>We are planning to undertake fieldwork in Bridgend County Borough Council, Gwynedd County Council, Newport City Council, Torfaen County Borough Council and Ceredigion County Council.</p>	<p>Underway</p>

National Studies	Update and link to report
<p>Waste management</p>	<p>Recycling module (clearance); waste prevention (clearance) and waste treatment infrastructure modules (published 11th October Link)</p>
<p>NHS Wales informatics services</p>	<p>Published 10 January 2018. Link to published report</p>
<p>Access to public services with the support of specialist interpretation and translation</p>	<p>Published 25 April 2018. Link to published report</p>

Early intervention and public behaviour change	Drafting
Welsh Government business finance	Clearance (phase 1)
Primary care	Published April 2018. Link to published report
Youth services	Drafting
Rural Development Programme 2014-2020	Clearance
European Structural Funds Programme 2014-2020	Published August 2018 Link
Integrated Care Fund	Drafting

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

15 NOVEMBER 2018

REPORT OF THE INTERIM SECTION 151 OFFICER

WALES AUDIT OFFICE ANNUAL IMPROVEMENT REPORT (AIR) 2017-18 BRIDGEND COUNTY BOROUGH COUNCIL

1. Purpose of this report

- 1.1 The purpose of this report is to introduce the Annual Improvement Report (AIR) 2017-18 from the Auditor General which is attached at **Appendix A**.

2. Connections to Corporate Improvement Objectives / Other Corporate Priorities

- 2.1 This report assists in the achievement of the following corporate priorities:-

1. **Supporting a successful economy** – taking steps to make the county a good place to do business, for people to live, work, study and visit, and to ensure that our schools are focused on raising the skills, qualifications and ambitions of all people in the county.
2. **Helping people to be more self-reliant** – taking early steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services.
3. **Smarter use of resources** – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

- 2.2 The Wales Audit Office (WAO) report assesses whether or not the Council meets its continuous improvement duties under the Local Government (Wales) Measure 2009, taking account of a range of audit, regulatory and inspection work reported during 2017-18.

3. Background

- 3.1 The Local Government (Wales) Measure 2009 requires the Auditor General to undertake a forward-looking annual improvement assessment and to publish an annual improvement report for each improvement authority in Wales.

- 3.2 For 2017-18, the Auditor General undertook improvement assessment work at all councils as well as work in relation to the Well-being of Future Generations (Wales) Act 2015; a service-user perspective themed review and a review of overview and scrutiny arrangements. For some councils, local risk-based audits were also carried out.
- 3.3 A summary of the findings is set out in Exhibit 1 (pp. 6-9 of the attached report).
- 3.4 The report also includes a summary of the national studies the WAO undertook during the year (Exhibit 2, pp. 14-25), with recommendations that require all local authorities to address.

4. Current Situation / Proposal

- 4.1 The overall conclusion of the AIR is positive, as follows:

“The Council is meeting its statutory requirements in relation to continuous improvement, based on the work carried out by the Wales Audit Office and relevant regulators, the Auditor General believes that the Council is likely to comply with the requirements of the Local Government Measure (2009) during 2018-19”.

- 4.2 Headline findings under each project are summarised below:

‘Scrutiny : Fit for the Future?’ Review

Findings – “the Council overview and scrutiny function is well-run, but needs to adapt to meet future challenges and should consider opportunities to work differently”.

The Auditor General did not make any formal recommendations but made five proposals for improvement as outlined on page 6 of the Report.

Annual audit letter 2016-17

Finding – “the Council complied with its responsibilities relating to financial reporting and use of resources”.

The Auditor General did not make any formal recommendations nor proposals for improvement.

Annual improvement plan audit

Finding – “the Council has complied with its statutory improvement planning duties”.

The Auditor General did not make any formal recommendations nor proposals for improvement.

Annual assessment of performance audit

Finding – “the Council has complied with its statutory improvement reporting duties”.

The Auditor General did not make any formal recommendations nor proposals for improvement.

4.3 Exhibit 1 also includes the findings of work undertaken by the CIW – Inspection of Children’s Services.

5. Effect upon Policy Framework & Procedure Rules.

5.1 There is no effect upon the Policy Framework and the Procedure Rules.

6. Equality Impact Assessment.

6.1 No equality impact assessment has been undertaken as the Auditor General’s Annual Improvement Report is essentially a retrospective assessment of the Council’s performance.

7. Wellbeing of Future Generations (Wales) Act 2015 Implications

7.1 The report supports all the wellbeing objectives.

8. Financial Implications.

8.1 There are no financial implications in this report.

9. Recommendations.

9.1 It is recommended that the Audit Committee:

- Note the Annual Improvement Report 2017-18 produced by Wales Audit Office (**Appendix A**)

Gill Lewis CPFA
Interim Section 151 Officer
12 October 2018

Contact Officer : Mary Williams

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Background Documents: WAO Annual Improvement Report 2017-18

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WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report 2017-18

Bridgend County Borough Council

Issued: September 2018
Document reference: 739A2018-19



This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Ian Phillips and Sara-Jane Byrne under the direction of Huw Rees.

Adrian Crompton
Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

The Auditor General is independent of government, and is appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office Board, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the National Assembly.

The Auditor General audits local government bodies in Wales, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. He also conducts local government value for money studies and assesses compliance with the requirements of the Local Government (Wales) Measure 2009.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Assembly Commission and National Health Service bodies in Wales.

The Auditor General and staff of the Wales Audit Office aim to provide public-focused and proportionate reporting on the stewardship of public resources and in the process provide insight and promote improvement.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document is also available in Welsh.

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Summary report

2017-18 performance audit work

- 1 In determining the breadth of work undertaken during the year, we considered the extent of accumulated audit and inspection knowledge as well as other available sources of information including Bridgend County Borough Council's (the Council) own mechanisms for review and evaluation. For 2017-18, we undertook improvement assessment work at all councils. We also undertook work at all councils in relation to the Wellbeing of Future Generations Act, a service-user-perspective themed review and a review of overview and scrutiny arrangements. At some councils, we supplemented this work with local risk-based audits, identified in the Audit Plan for 2017-18.
- 2 The work carried out since the last Annual Improvement Report (AIR), including that of the relevant regulators, is set out in [Exhibit 2](#).

The Council is meeting its statutory requirements in relation to continuous improvement

- 3 Based on, and limited to, the work carried out by the Wales Audit Office and relevant regulators, the Auditor General believes that the Council is likely to comply with the requirements of the Local Government Measure (2009) during 2018-19.

Recommendations and proposals for improvement

- 4 Given the wide range of services provided by the Council and the challenges it is facing, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
 - make proposals for improvement – if proposals are made to the Council, we would expect it to do something about them and we will follow up what happens;
 - make formal recommendations for improvement – if a formal recommendation is made, the Council must prepare a response to that recommendation within 30 working days;
 - conduct a special inspection, and publish a report and make recommendations; and
 - recommend to ministers of the Welsh Government that they intervene in some way.

- 5 During the course of the year, the Auditor General did not make any formal recommendations. However, we have made a number of proposals for improvement and these are repeated in this report. We will monitor progress against them and relevant recommendations made in our national reports ([Appendix 3](#)) as part of our improvement assessment work.

Audit, regulatory and inspection work reported during 2017-18

Exhibit 1: audit, regulatory and inspection work reported during 2017-18

Description of the work carried out since the last AIR, including that of the relevant regulators, where relevant.

Issue date	Brief description	Conclusions	Proposals for improvement
July 2018	<p>‘Scrutiny: Fit for the Future?’ Review</p> <p>Review of how well placed councils’ overview and scrutiny functions are to respond to current and future challenges.</p>	<p>The Council’s overview and scrutiny function is well-run, but needs to adapt to meet future challenges and should consider opportunities to work differently. We came to this conclusion because:</p> <ul style="list-style-type: none"> the Council values the role of its scrutiny function, but should consider the type of support and training necessary to help scrutiny members respond effectively to current and future challenges; overview and scrutiny committee meetings are well run, but there is scope to improve the planning of agenda items and to ensure that information is provided to scrutiny members in a timely manner; and the Council should explore different ways of working to improve the impact of scrutiny and make more effective use of its resources. 	<p>P1 The Council should explore more innovative methods for undertaking scrutiny activity to make the most effective use of the resources available and improve the impact of scrutiny activity.</p> <p>P2 The Council should improve the timeliness with which scrutiny committees are provided with information they request to enable them to undertake their work more effectively.</p> <p>P3 The Council should consider the skills and training that scrutiny members may need to better prepare them for current and future challenges, and develop and deliver an appropriate training and development programme.</p> <p>P4 The Council should consider how it can involve the public and other stakeholders in its scrutiny activity.</p> <p>P5 The Council should review the type of scrutiny support required to enable the scrutiny function to respond to current and future challenges.</p>

Issue date	Brief description	Conclusions	Proposals for improvement
November 2017	<p>Annual Audit Letter 2016-17</p> <p>Letter summarising the key messages arising from the Auditor General's statutory responsibilities under the Public Audit (Wales) Act 2004 and his reporting responsibilities under the Code of Audit Practice. The Annual Audit Letter is in Appendix 2 of this report.</p>	<ul style="list-style-type: none"> The Council complied with its responsibilities relating to financial reporting and use of resources. We are satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources. 	None.
Improvement planning and reporting			
May 2017	<p>Wales Audit Office annual improvement plan audit</p> <p>Review of the Council's published plans for delivering on improvement objectives.</p>	The Council has complied with its statutory improvement planning duties.	None.
November 2017	<p>Wales Audit Office annual assessment of performance audit</p> <p>Review of the Council's published performance assessment.</p>	The Council has complied with its statutory improvement reporting duties.	None.

Issue date	Brief description	Conclusions	Proposals for improvement
Reviews by inspection and regulation bodies			
June 2017 CIW – Inspection of Children’s Services	R1 A range of user-friendly information should be developed and made easily accessible for families, children and young people not only with respect to signposting to preventative services but also how children’s services and early help carries out its work. R2 Effective, multi-agency training and quality assurance arrangements should be established to ensure that the thresholds and referral expectations of both early help and statutory children’s services are understood by staff and partners and are consistently applied. R3 The council should continue to develop information systems that include scrutiny of service demand and support an analysis of the difference that early help, care and support and/or protection is making for children and families. R4 Caseload and quality assurance reports should be continuously monitored to ensure there is sufficient capacity for workers to engage effectively with children and their families. R5 The quality and consistency of record keeping and the use of chronologies and genograms should be improved. R6 Effective arrangements should be put in place to ensure that the needs of children and young people are assessed if contacts and referrals about their well-being are repeated. R7 The council should review its Emergency duty team (EDT) arrangements to ensure that EDT referrals are effectively captured on the electronic system and that communication with the daytime service supports timely hand over and action. R8 The quality of assessments and plans should be improved to ensure that they are consistently of a good quality, with a clear focus on the needs, risks and strengths of children and families, and that desired outcomes, timescales and accountabilities for actions are clear. R9 A service model of risk assessment and risk management should be developed and shared with staff and also partner agencies. This should be accompanied by a programme of training and assurance mechanisms to ensure compliance, quality and impact. R10 Expectations in relation to the timeliness and quality of partner’s contributions to assessments and care plans should be established. An assurance mechanism should be implemented to ensure compliance and quality. R11 Effective, management oversight and challenge systems should be established at the point of transfer between teams to ensure a clear understanding of the needs and risks associated with the case. R12 The council should actively evaluate the effectiveness of its inter directorate working in supporting the Statutory Director Social Services in delivering against the statutory requirements of the Social Service Well-being Act and in particular Information Advice and Assistance. R13 The council should progress its commitment to developing an evidence based commissioning plan in relation to both statutory and early intervention services for children and families.		

Issue date	Brief description	Conclusions	Proposals for improvement
<p>June 2017 CIW – Inspection of Children’s Services</p>	<p>R14 The council should consider how it can increase the voices of children and families in shaping service planning to provide a better understanding of the difference that help, care and support and/or protection is making for children and families.</p> <p>R15 The council should consider how it can provide opportunities for staff and partners to be further engaged in the development and transformation of services; the identification of lessons learnt from its implementation of IAA should be used to inform the planned transition to a multi-agency safeguarding hub.</p> <p>R16 The quality assurance framework should be developed and implemented as a priority.</p> <p>R17 The workforce strategy should continue to focus on maximising staff retention and actions to promote the timely recruitment of experienced staff.</p> <p>R18 Staff must have the capacity to complete the training which has been identified to support their professional development.</p> <p>R19 Senior managers should take steps to improve the frequency, consistency and quality of front line staff supervision; an assurance mechanism should be implemented to ensure compliance and quality.</p> <p>R20 Arrangements for group managers, team/deputy managers and senior practitioners should be kept under review as part of the remodelling of services to ensure their capacity to effectively and consistently provide management oversight of decision making, challenge and direction for staff across the service; access to a leadership and development programme should be progressed for managers to build resilience.</p>		

Appendices

Appendix 1 – Status of this report

The Local Government (Wales) Measure 2009 (the Measure) requires the Auditor General to undertake a forward-looking annual improvement assessment, and to publish an annual improvement report, for each improvement authority in Wales. Improvement authorities (defined as local councils, national parks, and fire and rescue authorities) have a general duty to 'make arrangements to secure continuous improvement in the exercise of [their] functions'.

The annual improvement assessment considers the likelihood that an authority will comply with its duty to make arrangements to secure continuous improvement. The assessment is also the main piece of work that enables the Auditor General to fulfil his duties. Staff of the Wales Audit Office, on behalf of the Auditor General, produce the annual improvement report. The report discharges the Auditor General's duties under section 24 of the Measure, by summarising his audit and assessment work in a published annual improvement report for each authority. The report also discharges his duties under section 19 to issue a report certifying that he has carried out an improvement assessment under section 18 and stating whether (as a result of his improvement plan audit under section 17) he believes that the authority has discharged its improvement planning duties under section 15.

The Auditor General may also, in some circumstances, carry out special inspections (under section 21), which will be reported to the authority and Ministers, and which he may publish (under section 22). An important ancillary activity for the Auditor General is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement authority. The Auditor General may also take account of information shared by relevant regulators (under section 33) in his assessments.

Appendix 2 – Annual Audit Letter

Councillor Huw David
The Leader
Bridgend County Borough Council
Civic Offices
Angel Street
Bridgend
CF31 4WB

Reference: 286A2017-18

Date issued: 30 November 2017

Dear Councillor David

Annual Audit Letter – Bridgend County Borough Council 2016-17

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 and my reporting responsibilities under the Code of Audit Practice.

The Council complied with its responsibilities relating to financial reporting and use of resources

It is the Council's responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a Statement of Accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires me to:

- provide an audit opinion on the accounting statements;
- review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming that I have completed the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This Code is based on International Financial Reporting Standards.

On 29 September 2017 I issued an unqualified audit opinion on the 2016-17 accounting statements confirming they present a true and fair view of the Council's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to the members of the Council's Audit Committee on 28 September 2017 through my 'Audit of Financial Statements Report'.

In this report I confirmed that the quality of the draft accounts and associated records presented for audit were generally good, and an improvement on the previous year.

I am satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts, as well as placing reliance on the work completed under the Local Government (Wales) Measure 2009.

I am satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources, although in September 2017 I set out in my 'Annual Improvement Report'¹ the areas where improvements could be made.

¹ Wales Audit Office, [Bridgend County Borough Council Annual Improvement Report 2016-17, September 2017](#)

On 29 September 2017 I issued a certificate confirming that the audit was completed.

I expect the financial audit fee to be as estimated in the Audit Plan.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D Owen', written in a cursive style.

Derwyn Owen

For and on behalf of the Auditor General for Wales

cc. Darren Mepham, Chief Executive Officer

Randal Hemingway, Head of Finance and Section 151 Officer

Appendix 3 – National report recommendations 2017-18

Exhibit 2: national report recommendations 2017-18

Summary of proposals for improvement relevant to local government, included in national reports published by the Wales Audit Office, since publication of the last AIR.

Date of report	Title of review	Recommendation
June 2017	<u>Savings Planning in Councils in Wales</u>	The report did not include any recommendations or proposals for improvement, although proposals for improvement were included in local reports issued to each Council.
October 2017	<u>Public Procurement in Wales</u>	The report contained seven recommendations. Six of the recommendations were for the Welsh Government, one of the recommendations was for public bodies: R3 It was clear from our sampling that some procurement strategies are out of date and there has also been a mixed response to new policy and legislation, such as the Well-being of Future Generations (Wales) Act 2015. We recommend that public bodies review their procurement strategies and policies during 2017-18 and on an annual basis thereafter to ensure that they reflect wider policy and legislative changes and support continuous improvement.
October 2017	<u>Good governance when determining significant service changes – National Summary</u>	The report did not include any recommendations or proposals for improvement, although proposals for improvement were included in local reports issued to each Council. The report was designed primarily to provide insight, share existing practice and prompt further conversations and discussions between councils and other organisations.
December 2017	<u>Local Government Financial Reporting 2016-17</u>	The report did not include any recommendations or proposals for improvement.

Date of report	Title of review	Recommendation
January 2018	How Local Government manages demand – Homelessness	<p>R1 Implementing the Housing (Wales) Act 2014 requires local authorities to develop services which are focussed on preventing homelessness and reducing demand. These are very different to traditional casework led homelessness services, and prevention work requires new skills and early interaction with users and potential users. We found local authorities' progress in revising and strengthening services is variable (paragraphs 1.12 to 1.20). We recommend that local authorities:</p> <ul style="list-style-type: none"> • ensure their staff are sufficiently skilled to deal with the new demands of mediating, problem solving, negotiating and influencing with homeless people; and • review and reconfigure their services to engage more effectively with homeless and potentially homeless people to prevent homelessness. <p>R2 The Welsh Government provided funding to support local authorities to implement the Housing (Wales) Act 2014 and this funding has been critical in enabling new preventative services to be developed. The funding is in place until 2019-20 but authorities need to ensure they use headspace provided by these resources to revise their services to deliver their responsibilities in the future (paragraphs 1.21 to 1.28). We recommend that local authorities review their funding of homelessness services to ensure that they can continue to provide the widest possible preventative approach needed. Reviews should consider use of Supporting People as well as General Council fund monies to support delivery of the authority's homelessness duties.</p> <p>R3 How services are configured and managed at the first point of contact can significantly influence how effective local authorities are in managing and reducing demand. Easy to access services which maximise usage, avoid gate keeping and focus on early solutions can significantly improve the prospects for successful homelessness prevention. We found that some authority point of entry systems are poorly designed which reduces the authority's prospects for early intervention to prevent homelessness from occurring (paragraphs 2.4 to 2.11). We recommend that local authorities:</p> <ul style="list-style-type: none"> • design services to ensure there is early contact with service users; • use 'triage' approaches to identify and filter individuals seeking help to determine the most appropriate response to address their needs; and • test the effectiveness of first point of contact services to ensure they are fit for purpose.

Date of report	Title of review	Recommendation
January 2018	How Local Government manages demand – Homelessness	<p>R4 Establishing clear standards of service that set out what the authority provides and is responsible for is critical to ensuring people know what they are entitled to receive and what they need to resolve themselves. We found that authorities are not always providing clear, concise and good quality information to help guide people to find the right advice quickly and efficiently (paragraphs 2.12 to 2.17). We recommend that local authorities publish service standards that clearly set out what their responsibilities are and how they will provide services to ensure people know what they are entitled to receive and what they must do for themselves. Service standards should:</p> <ul style="list-style-type: none"> • be written in plain accessible language. • be precise about what applicants can and cannot expect, and when they can expect resolution. • clearly set out the applicant’s role in the process and how they can help the process go more smoothly and quickly. • be produced collaboratively with subject experts and include the involvement of people who use the service(s). • effectively integrate with the single assessment process. • offer viable alternatives to the authority’s services. • set out the appeals and complaints processes. These should be based on fairness and equity for all involved and available to all. <p>R5 Local authorities need to design services to engage with service users effectively and efficiently, but current standards are too variable to ensure service users are getting access to the advice they need (paragraphs 2.18 to 2.24). To improve current performance we recommend that local authorities make better use of their websites to help manage demand by:</p> <ul style="list-style-type: none"> • testing the usability and effectiveness of current website information using our lines of enquiry set out in Appendix 5; • increasing and improving the range, quality and coverage of web based information; making better use of online applications; and • linking more effectively to information from specialist providers and advice specialists, such as Citizens Advice. <p>R6 The Housing (Wales) Act 2014 introduces a new duty on social services and housing associations to collaborate with local authority homelessness services in preventing homelessness. We found that these arrangements are not operating effectively and service responses to prevent homelessness and assist homeless people are not always being provided, nor are they consistently effective (paragraphs 3.13 to 3.25). We recommend that local authorities set out and agree their expectations of partners identifying how they will work together to alleviate homelessness. The agreement should be reviewed regularly and all partners’ performance reviewed to identify areas for improvement.</p>

Date of report	Title of review	Recommendation
January 2018	How Local Government manages demand – Homelessness	<p>R7 Local authorities monitoring systems and evaluation approaches to ensure compliance with their responsibility under the Equality Act 2010 and the Public Sector Equality Duty are not working as well as they should (paragraph 3.35 to 3.39). We recommend that local authorities address weaknesses in their equalities monitoring, and ensure that their homelessness service accurately records and evaluates appropriate data to demonstrate equality of access for all service users that the local authority has a duty towards.</p> <p>R8 Managing demand can be challenging for local authorities. There are some clear lessons to be learnt with regard to the implementation of the Housing (Wales) Act 2014 and homelessness prevention duties that can be applied to managing demand in other services (paragraphs 4.24 to 4.27). We recommend that local authorities use the checklist set out in Appendix 10 to undertake a self-assessment on services, to help identify options to improve how they can help manage demand.</p>

Date of report	Title of review	Recommendation
February 2018	Housing Adaptations	<p>The report contained nine recommendations. One of the recommendations was for the Welsh Government, eight of the recommendations were for local authorities and/or delivery organisations:</p> <p>R1 There are many sources of funding and policies for adaptations, which results in disabled and older people receiving very different standards of service (paragraphs 1.5 to 1.9). To address these discrepancies we recommend that the Welsh Government set standards for all adaptations to ensure disabled and older people receive the same standard of service irrespective of where they live, who their landlord is and whether they own their own home.</p> <p>R2 Most public bodies are clear on how their work on adaptations can positively impact on disabled and older people, and have set suitable aims that provide focus for action. For adaptations, having the right strategic goals also establishes a clear basis for decision-making on who should be prioritised for services and how and where to use resources. However, we found that current policy arrangements have a number of deficiencies and public bodies are not maximising the benefit of their investment (paragraphs 3.8 to 3.15). We recommend that local authorities work with partner agencies (health bodies, housing associations and Care and Repair) to strengthen their strategic focus for the provision of adaptations by:</p> <ul style="list-style-type: none"> • setting appropriate strategic objectives for adaptations that focus on wellbeing and independence; • improving the quality of information on the demand for adaptations by using a wide range of data to assess need including drawing on and using information from partners who work in the local-authority area; and • linking the system for managing and delivering adaptations with adapted housing policies and registers to make best use of already adapted homes. <p>R3 Ensuring that all those who might need an adaptation have all the information they need in order to apply for and receive an adaptation is important. Good-quality and accessible information is therefore essential for delivery organisations to demonstrate fair access and transparency. However, we identified weaknesses in the quality and coverage of public information relating to housing adaptations (paragraphs 2.6 to 2.15). We recommend that delivery organisations provide information on housing adaptations in both Welsh and English, and accessible formats including braille, large fonts, audio versions and other languages. Information should be promoted widely via a range of media including social media, websites and published information, and also through key partners. Preferably, information should be produced jointly and policies aligned between delivery bodies to improve coverage and usage.</p>

Date of report	Title of review	Recommendation
February 2018	Housing Adaptations	<p>R4 Given the wide number of routes into services, delivery organisations need to ensure they have robust systems to deal effectively and quickly with applications. However, we found that the processes used by delivery organisations vary widely and often create difficulties for disabled and older people seeking assistance (paragraphs 2.16 to 2.19). We recommend that delivery organisations streamline applications by creating single comprehensive application forms covering all organisations within a local-authority area that are available via partners and online.</p> <p>R5 Delivery of adaptations can be delayed by a variety of factors (paragraphs 2.20 to 2.33). To improve timeliness in delivery we recommend that:</p> <ul style="list-style-type: none"> • the Welsh Government reviews whether local authorities should continue to use the means test for Disabled Facilities Grants (DFGs); • local authorities provide or use home improvement agency services to support disabled and older people to progress their DFG applications efficiently; • delivery organisations work with planning authorities to fast track and streamline adaptations that require approvals; • delivery organisations use Trusted Assessors to undertake less complex adaptation assessments; and • the Welsh Government streamlines its approval processes for Physical Adaptation Grants (PAGs).

Date of report	Title of review	Recommendation
February 2018	Housing Adaptations	<p>R6 Most local authorities, housing associations and Care and Repair agencies have established processes to appoint, oversee and manage builder and/or contractor performance. However, we found wide variations in how delivery organisations arrange, contract and deliver building works (paragraphs 2.37 to 2.44). We recommend that delivery organisations:</p> <ul style="list-style-type: none"> • introduce formal systems for accrediting contractors to undertake adaptations. These should include: <ul style="list-style-type: none"> – standards of customer care such as keeping to appointments, keeping the site tidy, controlling noise etc; – vetting of financial standing, tax and VAT status; – promoting good health and safety practices; – requiring the use of warranty schemes; – ensuring that adequate insurance is held; and – requiring references. • use framework agreements and partnered contracts to deliver adaptations; • address weaknesses in the contracting of adaptations, updating Schedule of Rates used to tender work and undertaking competitive tendering to support value for money in contracting; • develop effective systems to manage and evaluate contractor performance by: <ul style="list-style-type: none"> – setting an appropriate range of information to judge performance and delivery of works covering timeliness of work; quality of work; applicant/tenant feedback; cost of work (including variations); health and safety record; and customer feedback; – regularly reporting and evaluating performance to identify opportunities to improve services; and – providing formal feedback to contractors on their performance covering key issues such as client satisfaction, level and acceptability of variations, right first-time work, post-inspection assessment and completion within budget and on time.

Date of report	Title of review	Recommendation
February 2018	Housing Adaptations	<p>R7 Maximising impact and value for money in provision of adaptations requires effective joint working between housing organisations and health and social care services to ensure the needs of often very vulnerable people can be met, and their quality of life improved. However, our findings highlight that delivery organisations continue to have a limited strategic focus on adaptations, concentrating on organisational specific responses rather than how best collectively to meet the needs of disabled or older people (paragraphs 3.16 to 3.21). We recommend that local authorities work with partner agencies (health bodies, housing associations and Care and Repair) to develop and improve joint working to maximise both take-up and the benefits of adaptations in supporting independence by pooling of resources, co-locating staff and creating integrated delivery teams</p> <p>R8 Most public bodies recognise the value of adaptations in reducing the risk of falls, preventing hospital admissions and speeding up discharge from hospital. However, the importance of adaptations is not always reflected in local partnership arrangements and outside of Occupational Therapists, health professionals noted that the different local-authority and housing-association systems for administering, approving and delivering adaptations are difficult to navigate (paragraphs 3.22 to 3.24). To enhance take-up and usage of adaptations with health bodies we recommend that delivery organisations jointly agree and publish joint service standards for delivery of adaptations within each local-authority area. The service standards should clearly set out how each agency approaches delivery of adaptations and how they will provide services to ensure people know what they are entitled to receive. Service Standards should:</p> <ul style="list-style-type: none"> • be written in plain accessible language; • be precise about what people can and cannot expect to receive; • be produced collaboratively to cover all adaptations services within an area; • set out the eligibility for the different funding streams, application and assessment processes, timescales and review processes; and • offer the viable options and alternatives for adaptations including linking with adapted housing registers to maximise use of already adapted homes.

Date of report	Title of review	Recommendation
February 2018	Housing Adaptations	<p>R9 Having the right performance indicators and regularly reporting performance against these are important for public bodies to manage operational performance, identify areas of improvement and evaluating the positive impact of services. We found that the current range of performance indicator data is extremely limited and not sufficient to enable a full evaluation of performance (paragraphs 4.5 to 4.20). To effectively manage performance and be able to judge the impact of adaptations, we recommend that the Welsh Government and delivery organisations:</p> <ul style="list-style-type: none"> • set appropriate measures to judge both the effectiveness and efficiency of the different systems for delivering adaptations and the impact on wellbeing and independence of those who receive adaptations; • ensure delivery organisations report against their responsibilities in respect of the Equalities Act 2010; • ensure performance information captures the work of all delivery organisations – local authorities, housing associations and Care and Repair agencies; and • annually publish performance for all delivery organisations to enable a whole systems view of delivery and impact to support improvement to be taken.
April 2018	Speak my language: Overcoming language and communication barriers in public services	<p>Ensuring that people who face language and communication barriers can access public services</p> <p>R1 Public bodies are required to ensure that people can access the services they need. To take account of the requirements of the 2010 Equality Act and other legislation, we recommend that public bodies regularly review the accessibility of their services to people who do not speak English or Welsh as a main language including Deaf people who use sign language. This assessment can include using our checklist.</p> <p>Developing interpretation and translation services in Wales</p> <p>R2 Our work with public bodies, interpretation and translation service providers and service users has identified some challenges for interpretation and translation services. We recommend that the Welsh Government work with public bodies, representative groups and other interested parties to make sure that:</p> <ul style="list-style-type: none"> • the supply of interpreters is sufficient especially for languages in high demand such as BSL and Arabic; • interpreters with specialist training are available to work in mental health services and with people who have experienced trauma or violence; and • quality assurance and safeguarding procedures are in place.

Date of report	Title of review	Recommendation
May 2018	<u>Reflecting on Year One: How Have Public Bodies Responded to the Well-being of Future Generations</u>	<p>The report did not include any recommendations or proposals for improvement.</p>
May 2018	<u>Strategic Commissioning of Accommodation Services for Adults with Learning Disabilities</u>	<p>R1 People with a learning disability have a right to live independently. The last 50 years have seen significant changes in the provision of accommodation and support. Service provision has moved to a model that enables people to live in the community in ordinary houses throughout Wales (paragraphs 1.3 to 1.10). We recommend that local authorities continue to focus on preventing people becoming dependent on more expensive placements in care homes by providing effective support at home and a range of step up accommodation by:</p> <ul style="list-style-type: none"> • improving the evaluation of prevention activity so local authorities understand what works well and why. • utilising the mapping of prevention services under the Social Services and Well-being (Wales) Act 2014 that covers other agencies and service providers. • improving the signposting of additional help so carers and support networks can be more resilient and self-reliant. This should include encouraging carers to make long-term plans for care to maintain and protect their dependants' wellbeing. • sharing risk analysis and long-term planning data with other local authorities, service providers, and partners to agree a shared understanding of the range of options. <p>R2 Population projections show that the number of people with a learning disability will increase in the future, and those aged over 65 and those with a moderate or severe learning disability will rise significantly (paragraphs 1.3 to 1.10). We recommend that local authorities improve their approach to planning services for people with learning disabilities by building on the Regional Partnership Boards' population assessments for people with learning disabilities and agreeing future priorities.</p>

Date of report	Title of review	Recommendation
May 2018	<u>Strategic Commissioning of Accommodation Services for Adults with Learning Disabilities</u>	<p>R3 The Welsh Government produced guidance to local authorities, entitled ‘developing a commissioning strategy for people with a learning disability’ to support authorities in producing strategic plans for the commissioning of learning disability services. In conjunction with codes of practice developed following the Social Services and Well-being (Wales) Act 2014, the Welsh Government requires local authorities to develop integrated commissioning options with Local Health Board services. The aim is to provide a joined-up and cost-effective approach to the commissioning of services but our review highlighted weaknesses in current arrangements (paragraph 2.4 to 2.12). We recommend that local authorities do more to integrate commissioning arrangements with partners and providers and take account of the work of the National Commissioning Board by:</p> <ul style="list-style-type: none"> • understanding the barriers that exist in stopping or hindering further integration; • improving the quality of joint strategic plans for learning disability services (see also paragraphs 3.11 to 3.14); • establishing investment models and sustainable financial structures, joint workforce planning and multi-year budgeting; and • developing appropriate governance and data sharing frameworks with key local partners that include a clear process for managing risk and failure. <p>R4 Local authorities’ engagement with people with learning disabilities and their carers is variable. Whilst many authority services have positive relationships with advocacy groups, some are less successful in involving these groups and carers in evaluating the quality of services (paragraph 2.18 to 2.20). We recommend that local authorities do more to involve people with learning disabilities and their carers in care planning and agreeing pathways to further independence by:</p> <ul style="list-style-type: none"> • consistently including people with learning disabilities and their carers in the writing, monitoring and development of care plans; • systematically involving carers and advocacy groups in evaluating the quality of services; • involving people with learning disabilities in procurement processes; and • ensuring communications are written in accessible and appropriate language to improve the understanding and impact of guidance and information.

Date of report	Title of review	Recommendation
May 2018	<u>Strategic Commissioning of Accommodation Services for Adults with Learning Disabilities</u>	<p>R5 Local Authorities could do more to involve service providers in commissioning and make the tendering process more effective by making it easier to navigate and more outcome focused. However, providers are not as effectively engaged as they should be (paragraphs 2.28 to 2.38). We recommend that local authorities collaborate with providers, the third sector and suppliers in understanding challenges, sharing data, and pooling expertise by:</p> <ul style="list-style-type: none"> • improving the quality, range, and accessibility of tendering information; and • working with providers to shape local markets by coming to a common understanding of the opportunities, risks, and future priorities in providing learning disabilities services. <p>R6 Most local authorities do not have effective arrangements to monitor and evaluate their commissioning of learning disability services (paragraphs 3.3 to 3.15). We recommend that local authorities develop a more appropriate set of performance indicators and measures of success that make it easier to monitor and demonstrate the impact of service activity by:</p> <ul style="list-style-type: none"> • co-designing measures, service and contract performance indicators with service providers, people with learning disabilities and their carers; • ensure commissioners have sufficient cost and qualitative information on the full range of placement and care options available; • equipping commissioners with data to demonstrate the long-term financial benefits of commissioning choices, this includes having the right systems and technology; • integrating the outcomes and learning from reviews of care plans into performance measures; • evaluating and then learning from different types of interventions and placements; and • including learning disability services in local authority scrutiny reviews to challenge performance and identify improvements.

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

15 NOVEMBER 2018

REPORT OF THE INTERIM HEAD OF FINANCE & SECTION 151 OFFICER

TREASURY MANAGEMENT – HALF YEAR REPORT 2018-19

1. Purpose of the Report

- 1.1 The purpose of the report is to update Audit Committee on the mid-year review and half year outturn position for treasury management activities, Treasury Management and Prudential Indicators for 2018-19 and to highlight the compliance with the Council's policies and practices which have been reported to Cabinet and Council.

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

- 2.1 This report assists in the achievement of the following corporate priority:
- Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.
- 2.2 The work of the Audit Committee supports corporate governance and assists in the achievement of all corporate and service objectives. Prudent treasury management arrangements will ensure that investment and borrowing decisions made by officers on behalf of the Council's smarter use of financial resources and hence assist achievement of Corporate Priorities.

3. Background

- 3.1 To ensure effective scrutiny of treasury management in accordance with the Treasury Management Strategy (TMS), Audit Committee has been nominated to be responsible for ensuring effective scrutiny of the TMS and policies. During the 2018-19 financial year to date, in addition to the regular treasury management reports to Cabinet and Council, Audit Committee received the Annual Treasury Management Outturn Report 2017-18 in June 2018.
- 3.2 The Council's treasury management activities are regulated by the Local Government Act 2003 which provides the powers to borrow and invest as well as providing controls and limits on this activity. The Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 as amended, develops the controls and powers within the Act. This requires the Council to undertake any borrowing activity with regard to the Chartered Institute of Public Finance and

Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities and to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services.

- 3.3 The Council is required to operate the overall treasury function with regard to the Code and this was formally adopted by the Council in February 2012. This includes a requirement for the Council to approve a TMS before the start of each financial year which sets out the Council's and Chief Financial Officer's responsibilities, delegation, and reporting arrangements. Council approved the TMS 2018-19 on 28 February 2018. CIPFA published new editions of Treasury Management in the Public Services: Code of Practice and the Prudential Code for Capital Finance in Local Authorities in late December 2017 however the TMS 2018-19 and this report have been produced using the 2011 Codes.
- 3.4 The Welsh Government (WG) issued revised Guidance on Local Authority Investments in April 2010, which requires the Council to approve an Investment Strategy prior to the start of each financial year and this is included in the TMS.
- 3.5 In March 2018, the Welsh Government also published an amendment to the Local Authorities (Capital Finance and Accounting) (Wales) Regulations which enables the Council to invest in certain instruments which were previously treated as capital expenditure (for example Money Market Funds (MMF)) without the potential revenue cost of Minimum Revenue Provision (MRP) and without the proceeds from sale being considered a capital receipt.

4. Current Situation/Proposal

- 4.1 The Council has complied with its legislative and regulatory requirements during the first half of 2018-19. The TMS 2018-19 and the Half Year Outturn were reported to Council on 28 February and 24 October 2018 respectively. In addition, a quarterly monitoring report was presented to Cabinet in July 2018.
- 4.2 A summary of the treasury management activities for the first half of 2018-19 is shown in **Appendix A**. The Council has not taken long term borrowing since March 2012 and it is not expected that there will be a requirement for any new long term borrowing in 2018-19, however for cash-flow purposes short term borrowing will be taken and £3 million short term borrowing was taken and repaid between 1 April and 30 September 2018 as detailed in section 3 in **Appendix A**. Favourable cash flows have provided surplus funds for investment and the balance on investments at 30 September 2018 was £34.30 million with an average rate of interest of 0.81%. The first table in section 4 in **Appendix A** details the movement of the investments by counterparty types and shows the average balances, interest received, original duration and interest rates for the first half of 2018-19.
- 4.3 As previously reported to Cabinet and Council in 2017-18, the Council opened a MMF in August 2017 which is an approved financial instrument in the TMS and provides instant access to the funds. The Council set up additional MMF's

in September 2018 (all approved by the Council's treasury management advisors Arlingclose) and also set up a web based portal (at no cost to the Council) to simplify and introduce efficiencies to all aspects of MMFs, from account maintenance through to trading and reporting. The new MMF's and the portal application process were not finalised by 30 September 2018 but will be in use once this is confirmed.

- 4.4 The 2011 Treasury Management Code and Prudential Code require the Council to set and report on a number of Treasury Management and Prudential Indicators. The indicators either summarise the expected activity or introduce limits upon the activity, and reflect the underlying capital programme. Details of the estimate for 2018-19 set out in the Council's TMS and also the projected indicators for 2018-19 are shown in section 6 in **Appendix A** and these show that the Council is operating in line with the approved limits.
- 4.5 The Council defines high credit quality as organisations and securities having a credit rating of A- or higher and **Appendix B** shows the equivalence table for credit ratings for Fitch, Moody's and Standard & Poor's and explains the different investment grades.
- 4.6 CIPFA's Code of Practice for Treasury Management requires all local authorities to conduct a mid-year review of its treasury management policies, practices and activities. As a result of this review it was not deemed necessary to make any major changes to the TMS 2018-19, although Council approved a revised MRP policy for 2018-19 on 19 September 2018 as detailed in section 5 in **Appendix A** and also in **Appendix C**.

5. Effect upon Policy Framework & Procedure Rules

- 5.1 As required by Financial Procedure Rule 20.3 within the Council's Constitution, all investments and borrowing transactions have been undertaken in accordance with the TMS 2018-19 as approved by Council with due regard to the requirements of the CIPFA's Code of Practice on Treasury Management in the Public Services.

6. Equality Impact Assessment

- 6.1 There are no equality implications.

7. Well-being of Future Generations (Wales) Act 2015 Implications

- 7.1 The well-being goals identified in the Act were considered in the preparation of this report. As the report is for information only and is retrospective in nature it is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

8. Financial Implications

8.1 The financial implications are reflected within the report.

9. Recommendation

9.1 It is recommended that the Committee:

- Note the treasury management activities for 2018-19 for the period 1 April 2018 to 30 September 2018 and the projected Treasury Management and Prudential Indicators for 2018-19 which were all reported to Council on 24 October 2018.

Gill Lewis
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24 October 2018

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Background documents:

Treasury Management Strategy 2018-19

**SUMMARY OF TREASURY MANAGEMENT ACTIVITIES
01 APRIL 2018 TO 30 SEPTEMBER 2018**

1. External Debt and Investment Position 1 April to 30 September 2018

- 1.1 The Council's external debt and investment position for 1 April to 30 September 2018 is shown below in table 1; more detail is provided in section 3 the Borrowing Strategy and Outturn and section 4 the Investment Strategy and Outturn:

Table 1: Council's external debt and investments 1 April to 30 September 2018

	Principal 01-04-18 £m	Average Rate 01-04-18 %	Principal 30-09-18 £m	Average Rate 30-09-18 %
External Long Term Borrowing:				
Public Works Loan Board	77.62	4.70	77.62	4.70
Lender's Option Borrower's Option	19.25	4.65	19.25	4.65
Total External Borrowing	96.87	4.69	96.87	4.69
Other Long Term Liabilities (LTL):				
Private Finance Initiative (PFI)*	17.64		17.32	
Llynfi Loan**	2.40		2.40	
Other LTL	0.98		0.93	
Total Other Long Term Liabilities	21.02		20.65	
Total Gross External Debt	117.89		117.52	
Treasury Investments:				
Banks	7.40	0.58	8.00	0.85
Building Societies	2.00	0.54	1.00	0.80
Local Authorities	21.00	0.64	23.00	0.80
Money Market Fund***	-	-	2.30	0.69
Total Treasury Investments	30.40	0.62	34.30	0.81
Net Debt	87.49		83.22	

* (PFI) arrangement for the provision of a Secondary School in Maesteg 15.50 years remaining term

** Loan from the WG Central Capital Retained Fund for regeneration works within the Llynfi Valley which has not yet commenced

***the fund provides instant access

- 1.2 Although not classed as treasury management activities and therefore not covered by the CIPFA Code or the WG Guidance, the Council may also purchase property for investment purposes and may also make loans and investments for service purposes, for example in shared ownership housing, or as equity investments and loans to the Council's subsidiaries. Such loans and investments will be subject to the Council's normal approval processes for revenue and capital expenditure and need not comply with the TMS. The Council's existing non-treasury investments relate to investment properties and

the balance as at 31 March 2018 was £4.36 million.

- 1.3 It should be noted that the accounting practice required to be followed by the Council requires financial instruments in the accounts (debt and investments) to be measured in a method compliant with International Financial Reporting Standards (IFRS). The figures shown in the above table and throughout the report are based on the actual amounts borrowed and invested and so may differ from those in the Statement of Accounts, which include accrued interest or are stated at fair value in different instances.
- 1.4 The Council's treasury management advisors are Arlingclose. The current services provided to the Council include:-
- advice and guidance on relevant policies, strategies and reports
 - advice on investment decisions
 - notification of credit ratings and changes
 - other information on credit quality
 - advice on debt management decisions
 - accounting advice
 - reports on treasury performance
 - forecasts of interest rates
 - training courses

2. External Context

- 2.1 The interest rate views incorporated in the Council's TMS 2018-19, were based upon officers' views supported by a selection of City forecasts provided by Arlingclose. When the TMS 2018-19 was prepared in January 2018 it was forecast that the Bank Rate would remain at 0.50% during 2018-19.
- 2.2 The Bank Rate started the financial year at 0.50% and remained at that rate until 2 August 2018 when the Bank of England's Monetary Policy Committee (MPC) increased the rate by 0.25% to 0.75%. The current forecast is that there will be a further 0.25% increase in the Bank Rate by March 2019 reaching 1% by the end of 2018-19.

3. Borrowing Strategy and Outturn for 1 April to 30 September 2018

- 3.1 The Council's primary objective for the management of its debt is to ensure its long term affordability. The majority of its loans have therefore been borrowed from the Public Works Loan Board (PWLB) at long term fixed rates of interest.
- 3.2 With short-term interest rates lower than long term rates, it is likely to be more cost effective in the short term to either borrow short term loans or use internal resources. Short term and variable rate loans expose the Council to the risk of short term interest rate rises and are therefore subject to the limit on the net

exposure to variable interest rates as shown in the treasury management indicators in section 6. However, with long term rates forecast to rise in the coming years, any such short term savings will need to be balanced against the potential longer-term costs. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis.

- 3.3 The £19.25 million in table 1 above relates to Lender's Option Borrower's Option (LOBO) loans which have a maturity date of 2054, however these may be re-scheduled in advance of this maturity date. The LOBO rate and term may vary in the future depending upon the prevailing market rates, the lender exercising their option to increase rates at one of the bi-annual trigger points and therefore the Council being given the option to accept the increase or to repay the loan without incurring a penalty. The next trigger point is 22 January 2019 and the lender is not expected to exercise this option (given the current low interest rate environment) however, an element of refinancing risk remains. Following advice from Arlingclose, the Council approached the LOBO's lender for potential repayment options in 2017-18 but the premium was deemed too excessive to action but the Council would take the option to repay these loans at no cost if it has the opportunity to do so in the future.

The current average interest rate for these LOBO's is 4.65% compared to the PWLB Loans average interest rate of 4.70%.

- 3.4 The last time the Council took long term borrowing was £5 million from the PWLB in March 2012 and it is not expected that there will be a requirement for any new long term borrowing in 2018-19, however for cash-flow purposes short term borrowing will be taken and £3m million short term borrowing was taken and repaid between 1 April and 30 September 2018. Market conditions have meant that there has been no loan rescheduling so far this year however, in conjunction with Arlingclose, the loan portfolio will continue to be reviewed for any potential savings as a result of any loan rescheduling.
- 3.5 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This is known as Internal Borrowing. This strategy is prudent as investment returns are low and counterparty risk is relatively high.

4. Investment Strategy and Outturn 1 April to 30 September 2018

- 4.1 Both the CIPFA Code and the WG Guidance require the Council to invest its funds prudently and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, balancing the risk of incurring losses from defaults against receiving unsuitably low investment income.

The major objectives during 2018-19 are:-

- To maintain capital **security**
- To maintain **liquidity** so funds are available when expenditure is needed
- To achieve the **yield** on investments commensurate with the proper levels of security and liquidity

- 4.2 The Annual Investment Strategy incorporated in the Council's TMS 2018-19 includes the credit ratings defined for each category of investments and the liquidity of investments. The Council's investments have historically been placed in short term bank and building society unsecured deposits and local and central government, however, investments may be made with any public or private sector organisations that meet the minimum credit criteria specified in the Investment Strategy and any new instruments used will be in full consultation with Arlingclose.
- 4.3 Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's to ensure that this lies within our agreed minimum credit rating. **Appendix B** shows the equivalence table for these published ratings and explains the different investment grades. Where available the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. In the current climate, relying mainly on credit ratings is considered to be inappropriate and the Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard is therefore given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.
- 4.4 On a day to day basis, the Council potentially has positive cash balances arising from the cash flow e.g. timing differences between grants being received and making various payments. These are invested on the market via brokers, direct with the institution or held in deposit accounts or a money market fund with instant access. The Council usually invests for a range of periods dependent on cash flow requirements and the interest rates on offer having regard to the Investment Strategy.
- 4.5 The Council's primary objective for the management of its investment portfolio is to give priority to the security and liquidity of its funds before seeking the best rate of return. As shown in the tables below, the majority of investments have been held as short term investments with UK Local Authorities and banks of high credit quality. This has therefore resulted in more of the investment

portfolio being moved into investment instruments with lower rates of return but higher security and liquidity.

- 4.6 Occasionally, investments are placed with the UK Debt Management Office (DMO - Executive Agency of UK Government) but only for very short term deposits and after all other options have been explored. The interest rates offered by this facility are lower than most other counterparties but this is commensurate with the high level of security and reduced risk offered. It provides another option when examining potential investments and ensures compliance with the Council's investment objective that security takes priority over yield. There were no deposits outstanding at 30 September 2018.
- 4.7 Favourable cash flows have provided positive cash balances for investment and the balance on investments at 30 September 2018 was £34.30 million as shown in Table 2 below which details these investments by counterparty type.

Table 2: Investments Profile 1 April to 30 September 2018

Investment Counterparty Category	Balance 01 April 2018	Investments Raised	Investments Repaid	Balance 30 Sept 2018	Interest Received **	Average Original Duration of the Investment	Weighted Average Investment Balance Apr - Sept 2018	Weighted Average Interest Rate Apr-Sept 2018
	(A)	(B)	(C)	(A+B-C)				
	£m	£m	£m	£m	£'000	Days	£m	%
Government DMO	-	41.80	41.80	-	1.58	5	1.02	0.31
Local Authorities	21.00	95.60	93.60	23.00	65.99	148	29.32	0.65
Building Societies	2.00	6.00	7.00	1.00	11.01	99	2.40	0.63
Banks (Fixed Maturity)	5.00	8.00	9.00	4.00	33.46	209	5.82	0.66
Banks Instant Access/Notice Period *	2.40	58.48	56.88	4.00	9.62	n/a	4.40	0.52
Money Market Fund (Instant Access)*	-	6.60	4.30	2.30	4.68	n/a	1.94	0.58
Total/Average	30.40	216.48	212.58	34.30	126.34	115	44.90	0.63

* An average duration is not shown as there is no original duration as instant access or notice period and money is added and withdrawn to/from these accounts as required by cash-flow

** Received in the Council's bank account not interest earned

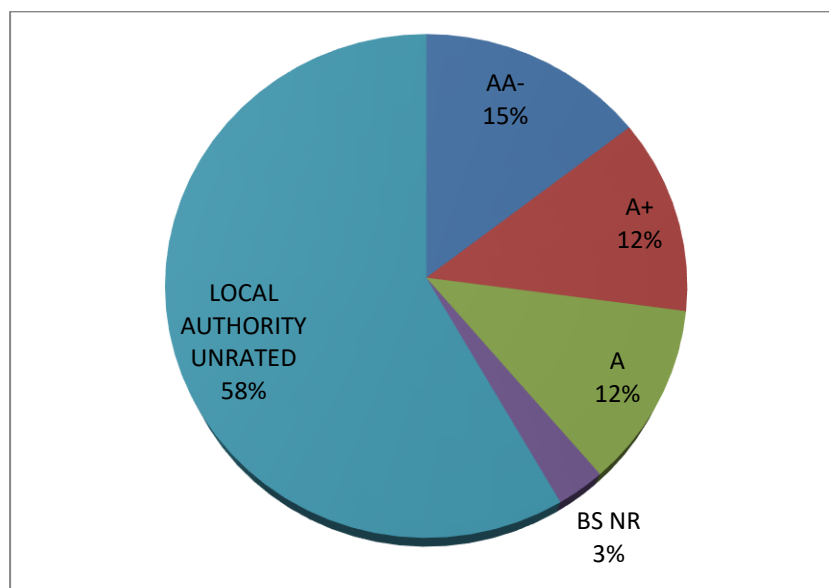
- 4.8 There were four long term investments (original duration of 12 months or more) outstanding at 30 September 2018 totalling £9 million with Local Authorities shown in table 3 below. £5 million maturing in 2019-20 and £4 million maturing in 2020-21. All other investments at 30 September 2018 were short term deposits (including instant access and notice accounts). Table 3 below details

these investments by counterparty type based on the remaining maturity period as at 30 September 2018:

Table 3: Investments Outstanding Maturity Profile 30 September 2018

Counterparty Category	Instant Access £m	Deposits Maturing Within 1 Month £m	Deposits Maturing Within 2-3 Months £m	Deposits Maturing Within 4-12 Months £m	Deposits Maturing Within 1-2 Years £m	Deposits Maturing Within 2-3 Years £m	Total £m
Local Authorities	-	8.00	1.00	5.00	5.00	4.00	23.00
Building Societies	-	-	1.00	-	-	-	1.00
Banks	-	-	4.00	4.00	-	-	8.00
Money Market Fund	2.30	-	-	-	-	-	2.30
Total	2.30	8.00	6.00	7.00	5.00	4.00	34.30

- 4.9 The Council defines high credit quality as organisations and securities having a credit rating of A- or higher. The pie chart below summarises the above table by credit ratings and shows the £34.30 million investments at 30 September 2018 by percentage outstanding. Most Local Authorities do not have credit ratings and the unrated building society (shown as 'BS NR' below) was approved by Arlingclose whilst the remainder of our investments all had a credit rating of A or above.



- 4.10 The Council participates in a benchmarking exercise with Arlingclose and the Council's average rate of return on investments at the end of each quarter in 2018-19 is shown below. At 30 September 2018, the Council's average rate of return was more favourable than the average of Arlingclose Welsh Local Authorities Unitary clients:

2018-19	Bridgend CBC Average Rate of Return on Investments	Arlingclose Welsh Local Authorities Clients Average Rate of Return on Investments
30-06-18	0.65%	0.69%
30-09-18	0.81%	0.70%

5. Review of the Treasury Management Strategy 2018-19

- 5.1 CIPFA's Code of Practice for Treasury Management requires all local authorities to conduct a mid-year review of its treasury management policies, practices and activities. As a result of this review it was not deemed necessary to make any major changes to the TMS 2018-19, although Council approved a revised MRP policy for 2018-19 on 19 September 2018.
- 5.2 Under regulation 21 of the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003, local authorities are required to charge MRP to their revenue account for each financial year to account for the principal cost of their debt in that financial year. The revised MRP policy for 2018-19 amends the method of calculating a prudent annual amount to charge to revenue to repay capital financing costs. The revision of the MRP Policy 2018-19 for calculating MRP on capital expenditure funded from supported borrowing has resulted in a change from a 4% reducing balance method to a straight-line method over 45 years and a revised MRP Statement is shown in Appendix C. The figures in Appendix B have been revised to reflect a minor change from the report approved by Council to reflect the more up to date information available and a minor accounting adjustment in 2018-19.

6. Treasury Management and Prudential Indicators 2018-19

Details of the estimate for 2018-19 set out in the Council's TMS and also the projected indicators for 2018-19 are shown below.

6.1 Treasury Management Indicators 2018-19

- 6.1.1 The following indicators (which are forward looking parameters) form part of the CIPFA Code of Practice on Treasury Management. They enable the Council to measure and manage its exposure to Treasury Management risks.

The Council needs to set the upper limits to its **Interest Rate Exposure** for the effects of changes in interest rates. There are two treasury management indicators that relate to both fixed interest rates and variable interest rates. These limits have been calculated with reference to the net outstanding principal sums and are set to control the Council's exposure to interest rate risk as shown in the table below. Fixed rate investments and borrowings for the purpose of this indicator are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or transaction date if later and all other instruments are classed as variable. The majority of the Council's investments are less than 12 months and even though interest rates may be fixed for the investment duration these would be classed as variable.

No.		TMS 2018-19 £m	Projection 31-03-2019 £m
	Total Projected Principal Outstanding on Borrowing 31 March 2019	96.87	96.87
	Total Projected Principal Outstanding on Investments 31 March 2019	20.00	15.00
	Net Principal Outstanding	76.87	81.87
1.	Upper Limit on fixed interest rates (net principal) exposure	130.00	68.62
2.	Upper Limit on variable interest rates (net principal) exposure	50.00	13.25

The Section 151 Officer will manage interest rate exposures between these limits in 2018-19.

- 6.1.2 A further indicator for Treasury Management measures the **Maturity Structure of Borrowing** and is the amount of projected borrowing that is fixed rate, maturing in each period as a percentage of total projected fixed rate borrowing. This indicator is set to control the Council's exposure to refinancing risk and has been set to allow for the possible restructuring of long term debt where this is expected to lead to an overall saving or reduction in risk.

The 19.87% shown in the table below relates to £19.25 million Lender's Option Borrower's Option (LOBO) loans which may be re-scheduled in advance of their maturity date of 2054, as detailed in paragraph 4.3.3 of the main report. The Code requires the maturity of LOBO loans to be shown as the earliest date on which the lender can require payment, i.e. the call date of January 2019 so the maturity date is actually uncertain but is shown in the "Under 12 months" category as per the Code.

No	Maturity structure of fixed rate borrowing during 2018-19	Upper limit	lower limit	Projection 31-03-19
3.	Under 12 months	50%	0%	19.87%
	12 months and within 24 months	25%	0%	-
	24 months and within 5 years	25%	0%	-
	5 years and within 10 years	50%	0%	13.91%
	10 years and within 20 years	60%	0%	23.49%
	20 years and above	100%	40%	42.73%

6.1.3 The **Upper Limit for Total Principal Sums invested over 364 days** indicator controls the amount of longer term investments which mature beyond the period end. This is set to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments.

No.		TMS 2018-19 (Limit) £m	Projection Principal Outstanding Over 364 days 31-03-19 £m
4.	Upper Limit for Total Principal Sums Invested for more than 364 days	15	4

6.2 Prudential Indicators 2018-19

The Prudential Indicators are required to be set and approved by Council in accordance with CIPFA's Prudential Code for Capital Finance in Local Authorities. The 2011 Code requires the Council to formally adopt CIPFA's Treasury Management Code and this was adopted by Council on 22 February 2012.

6.2.1 Prudential Indicators for Prudence

The following Prudential Indicators are based on the Council's capital programme which is subject to change. The Council's capital expenditure plans are summarised below and this forms the first prudential indicator for Prudence. The total capital expenditure is funded from capital grants and contributions, capital receipts and revenue with the remainder being the **Net Financing Need for the Financial Year** to be met from borrowing.

APPENDIX A

No.	Prudential indicators For Prudence	Estimate TMS 2018-19 £m	Projection 31-03-19 £m
1.	Total Capital Expenditure (Non HRA)	33.69	40.32
	Total Capital Expenditure	33.69	40.32
	Financed by :-		
	Capital Grants and Contributions	6.84	6.21
	Capital Receipts	9.18	18.40
	Revenue Contribution to Capital	7.49	9.26
	Net Financing Need for Year	10.18	6.45

The capital expenditure figures have changed from the Treasury Management Strategy 2018-19 as the capital programme approved by Council on 28 February 2018 has been amended to include new approved schemes and to incorporate slippage of schemes from 2017-18 and a change in the profile of funding and prudential borrowing. This has resulted in a decrease in the Net Financing Need for 2018-19 which is a decrease in Unsupported Borrowing.

The process for charging the financing of capital expenditure to revenue is a statutory requirement and is called the Minimum Revenue Provision (MRP). The actual MRP charge needs to be prudent and the methodology is detailed in the Council's MRP policy in the TMS 2018-19. The updated methodology in **Appendix C** was approved by Council 19 September 2018 as referred to in the main report. Directorates who receive Council approval for capital schemes via Unsupported Borrowing make annual contributions to the capital costs of their schemes known as Voluntary Revenue Provisions (VRP) or additional MRP. This type of borrowing is only approved when Directorates have the necessary revenue resources to make VRP to fund the capital costs though this will be deferred in some cases until the asset becomes operational in accordance with the Council's MRP Policy.

The second Prudential Indicator is the **Capital Financing Requirement (CFR)** for the Council and is shown in the table below. This shows the total outstanding capital expenditure that has not been funded from either revenue or other capital resources. It is derived from the actual Balance Sheet of the Council. It is essentially a measure of the underlying need to finance capital expenditure and forms the basis of the charge to the Council Fund in line with the Prudential Code. The MRP requirement for the Maesteg School PFI Scheme will be equivalent to the write down of the liability for the year and is met from existing budgets.

No.	Prudential indicators For Prudence	Estimate TMS 2018-19 £m	Projection 2018-19 £m
2.	Capital Financing Requirement (CFR)		
	Opening CFR (1 April 2018) adjusted excluding PFI & other liabilities	152.56	153.24
	Opening PFI CFR	17.64	17.64
	Opening Innovation Centre*	0.60	-
	Total Opening CFR	170.80	170.88
	Movement in CFR excluding PFI & other liabilities	3.62	2.04
	Movement in PFI CFR	(0.64)	(0.64)
	Movement in Innovation Centre CFR	(0.06)	-
	Total Movement in CFR	2.92	1.40
	Closing CFR (estimated 31 March 2019)	173.72	172.28
	Movement in CFR represented by :-		
	Net Financing Need for Year (above)	10.18	6.45
	Minimum and Voluntary Revenue Provisions**	(7.26)	(5.05)
	Total Movement	2.92	1.40

*Innovation Centre accounting adjustment at 01-04-18 now included in the opening CFR so not shown separately

**Minimum Revenue Provision (MRP) and Voluntary Revenue Provision (VRP) represent the revenue charge for the repayment of debt and includes MRP for the Private Finance Initiative (PFI)

6.2.2 Limits to Borrowing Activity

The Council's long term borrowing at the 30 September 2018 was £96.87 million as detailed in section 4 of the main report. External Borrowing can arise as a result of both capital and revenue expenditure and timing of cash flows. As the Council has an integrated TMS there is no association between individual loans and particular types of expenditure. Therefore, the Capital Financing Requirement and actual external borrowing can be very different especially when a Council is using Internal Borrowing as highlighted in paragraph 4.3.5 in the main report.

The **Gross Debt** position (Borrowing and Long Term Liabilities) is shown below:

No.	Prudential indicators For Prudence	Estimate TMS 2018-19 £m	Projection 31-03-19 £m
	Gross Debt 31 March		
3.	External Borrowing	96.87	96.87
	Long Term Liabilities (including PFI)	20.24	20.27
	Total Gross Debt	117.11	117.14

Within the Prudential Indicators, there are a number of key indicators to ensure the Council operates its activities within well-defined limits. One key control is

to ensure that over the medium term debt will only be for a capital purpose. The Council needs to ensure that external debt does not, except in the short term, exceed the Capital Financing Requirement for 2018-19. The table below shows that the Council is on target to comply with this requirement.

No.	Prudential indicators For Prudence	Estimate TMS 2018-19 £m	Projection 31-03-19 £m
4.	Gross Debt & the CFR		
	Total Gross Debt	117.11	117.14
	Closing CFR (31 March 2019)	173.72	172.28

A further two Prudential Indicators control the Council's overall level of debt to support Capital Expenditure. These are detailed below and confirms that the Council is well within the limit set :-

- The **Authorised Limit** for External Debt – this represents the limit beyond which borrowing is prohibited. It reflects a level of borrowing that could not be sustained even though it would be affordable in the short term. It needs to be set and approved by Members.
- The **Operational Boundary** for External Debt – this is not an actual limit and actual borrowing could vary around this boundary during the year. It is based on the probable external debt during the course of the year.

No.	Prudential indicators For Prudence	TMS 2018-19 £m	Projection 31-03-19 £m
5.	Authorised limit for external debt -		
	Borrowing	140	
	Other long term liabilities	30	
	Total	170	
6.	Operational Boundary		
	Borrowing	105	
	Other long term liabilities	25	
	Total	130	
	Borrowing		96.87
	Other long term liabilities		20.27
	Total		117.19

6.2.3 Prudential Indicators for Affordability

The **Ratio of Financing Costs to Net Revenue Stream** indicator demonstrates the trend in the cost of capital against the total revenue amount to be met from local taxpayers and the amount provided by the Welsh Government in the form

APPENDIX A

of Revenue Support Grant. The estimates of capital financing costs include interest payable and receivable on treasury management activities and the MRP charged to the Comprehensive Income and Expenditure Statement. The revenue stream is the amount to be met from government grants and local taxpayers. The projection has reduced from the TMS estimate due to the change in the MRP policy detailed in section 5 above and **Appendix C**.

No.	Prudential Indicator for Affordability	Estimate TMS 2018-19 %	Projection 2018-19 %
7.	Ratio of Financing Costs to Net Revenue Stream	4.55	3.77

Credit Rating Equivalence Table

	Description	Fitch		Moody's		Standard & Poor's	
		Long	Short	Long	Short	Long	Short
INVESTMENT GRADE	Extremely strong	AAA		Aaa		AAA	
	Very strong	AA+	F1+	Aa1	P-1	AA+	A-1+
		AA		Aa2		AA	
		AA-		Aa3		AA-	
	Strong	A+	F1	A1	P-2	A+	A-1
		A		A2		A	
		A-		A3		A-	
	Adequate	BBB+	F2	Baa1	P-3	BBB+	A-2
		BBB		Baa2		BBB	
		BBB-		Baa3		BBB-	
SPECULATIVE GRADE	Speculative	B	Ba1	Not Prime (NP)	BB+	B	
			BB		Ba2		BB
			BB-		Ba3		BB-
	Very speculative	B+	B1		B+		
		B	B2		B		
		B-	B3		B-		
	Vulnerable	C	Caa1		C	CCC+	C
			Caa2			CCC	
			Caa3			CCC-	
			Ca			CC	
	C			C			
Defaulting	D	D	C		D	D	

ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2018-19

The Annual Minimum Revenue Provision Statement needs to be approved by Council before the start of each financial year. The MRP charges for 2018-19 will be on the following bases:-

- i. Capital expenditure incurred before 1 April 2008 and any capital expenditure after 1 April 2008 that is government supported expenditure the charge to revenue will be based on a straight line basis over 45 years of the opening Capital Financing Requirement after accounting adjustments. This charge was supplemented by voluntary MRP (based on the useful asset life) in respect of those assets which were financed by unsupported borrowing before 1 April 2008.
- ii. Supported capital expenditure that results in a significant asset (based on an internal assessment) incurred on or after 1 April 2008 and all unsupported capital expenditure, exercised under the Prudential Code, the MRP charge will be based on the Asset Life Method. The minimum revenue provision will be at equal annual instalments over the life of the asset. The first charge can be delayed until the year after the asset is operational but this will be at the discretion of the Section 151 Officer
- iii. for assets reclassified as finance leases under International Financial Reporting Standards (IFRS) or resulting from a Private Finance Initiative, the MRP charge will be regarded as met by a charge equal to the element of the rent/charge that goes to write down the balance sheet liability for the year
- iv. Where loans are made to other bodies for their capital expenditure with an obligation for the bodies to repay, no MRP will be charged. The capital receipts generated by the annual repayments on those loans will be put aside to repay debt instead
- v. MRP may be waived on expenditure recoverable within a prudent period of time through capital receipts (e.g. land purchases) or deferred to when the benefits from investment are scheduled to begin or when confirmed external grant payments towards that expenditure are expected.

The MRP Charge 2018-19 based on the estimated capital financing requirement is detailed below:-

APPENDIX C

	Options	Capital Financing Requirement 01-04-18 £m	2018-19 Estimated MRP £m
Capital expenditure before 01-04-2008 and any after 01-04-2008 that does not result in a significant asset (Supported)	(i)	122.79	2.73
Capital Expenditure before 01-04-2008 (Unsupported)		-	-
Supported capital expenditure that results in a significant asset, incurred on or after 1 April 2008 (Supported)	(ii)	3.42	0.13
Unsupported capital expenditure, exercised under the Prudential Code (Unsupported)		27.03	1.55
PFI, Finance Leases and other arrangements PFI School	(iii)	17.64	0.64
TOTAL		170.88	5.05

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

15th NOVEMBER 2018

REPORT OF THE CHIEF INTERNAL AUDITOR

AUDIT REPORT – INFORMATION MANAGEMENT FOLLOW UP

1. Purpose of report

- 1.1 The purpose of this report is to present to Members the follow up audit in respect of the Information Management review undertaken by the South West Audit Partnership on behalf of the Council's Internal Audit Shared Service (IASS) and which formed part of the Council's 2017/18 Audit Plan.

2. Connection to corporate improvement objectives/other corporate priorities

- 2.1 This report assists in the achievement of the following corporate priority/priorities:
- Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

3. Background

- 3.1 Following the presentation of the Healthy Organisation Review submitted to the Audit Committee on 28th June 2018 and as a consequence of the South West Audit Partnership being unable to form a conclusion on Information Management, a follow up review was commissioned during the first quarter of 2018/19.

4. Current situation/proposal

- 4.1 Information Management is an important aspect of governance for an organisation. Effective Information Management will facilitate and support efficient working, better decision-making, improved customer service and business transformation to facilitate the delivery of key priorities and objectives. Attached at **Appendix A** is the follow up audit report. Set out from pages 15 onwards are the recommendations for improvement and these have been reviewed with the relevant manager and a management response is included for information.
- 4.2 The assurance for Information Management follow up referred to above has been reviewed and depicted as an overall Medium Assurance Opinion. However, it should be noted that due to the passage of time from the completion of this follow up review to the submission to the Council's Audit Committee, the relevant service areas have actioned a significant number of the recommendations made.

5. Effect upon policy framework and procedure rules

- 5.1 There is no effect upon the policy framework and procedure rules.

6. Equality Impact Assessment

6.1 There are no equality implications arising from this report.

7. Well-being of Future Generations (Wales) Act 2015 implications

7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

8. Financial implications

8.1 Effective Audit planning and monitoring are key contributors in ensuring that the Council's assets and interests are properly accounted for and safeguarded.

9. Recommendation

9.1 That Members give due consideration to the content of the Healthy Organisation Follow Up Review and the actions that have already been taken to address those areas requiring attention.

Helen Smith
Chief Internal Auditor
15th November 2018

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Bridgend County Borough Council
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Background Documents

None

Healthy Organisation– Information Management Follow Up Draft Report

Issue Date: July 2018

Working in Partnership to Deliver Audit Excellence

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Executive Summary

This section provides an overview of the approach taken in relation to the Healthy Organisation strategic review, as well the overall assurance assessment.

Summary Assessment

This section contains the summary assessment by theme and the key strengths and Areas for Attention identified are highlighted.

Detailed Assessment

This section contains a more detailed assessment of each area considered by theme.

Appendices:

- Appendix A – Mapping Areas for Attention
- Key Contacts and Distribution
- Statement of Responsibility

Executive Summary

Overview

As part of the 2018/19 audit plan a follow up audit has been undertaken to assess the control framework in place for Information Management at the Council. As part of the initial Healthy Organisation review undertaken in March 2018, a meeting was held with the Group ICT Manager, however at this time we were unable to obtain sight of some key pieces of information to verify that the controls were in place. We were therefore unable to conclude on this theme and have now conducted this follow up review on the areas outstanding to enable assurance to be provided to Senior Management.

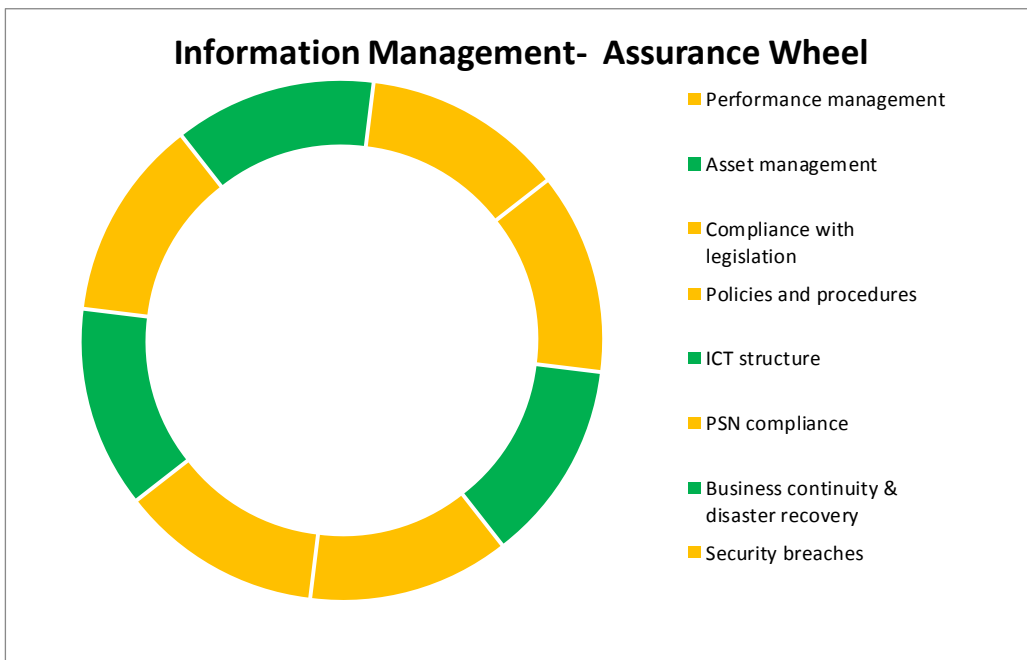
The Audit Assurance section below provides a summary assurance wheel for Information Management, followed by a more detailed assessment for each of the controls. Appendix A of the document maps the areas requiring attention.

Audit Assurance:

Medium

The assurance for Information Management follow up referred to above have been reviewed and depicted in the following graph. This indicates an overall **Medium Assurance** opinion.

Information Management assurance graph



R/A/G Rating Key:

- RED** (Low Assurance / High Risk)
- AMBER** (Medium Assurance / Medium Risk)
- GREEN** (High Assurance / Low Risk)

Summary Assessment

Information Management is an important aspect of governance for an organisation. Effective Information Management will facilitate and support efficient working, better decision-making, improved customer service and business transformation to facilitate the delivery of key priorities and objectives.

AREAS OF STRENGTH

Performance Management

- The satisfaction of the service users against the 4 ICT Key Point Indicators is tested regularly via KPI surveys.
- Satisfaction of ICT service users is consistently excellent/ very good/ good as gauged by the KPI survey results.

Asset Management

- The OTRS Configuration Management Database is regularly updated and holds all relevant information about hardware and software assets to prove their full lifecycle.
- Business cases are submitted with new equipment requests by specific Business Managers, to allow for ICT Services analysis of the need for the equipment and approval as necessary.

Compliance with Legislation – GDPR

- The roll-out of GDPR training and planning for GDPR implementation was already underway during the previous Healthy Organisation review.

ICT Structure

- An ICT structure chart identifies all posts within the ICT Services and most management posts are filled.

Policies, Procedures & Training

- There has been a roll out of Apprenticeships within the ICT Service, to aid progression and learning opportunities.
- Mandatory training records are kept on a standardised Corporate Induction Record, and on the e-learning portal individually for all staff.

PSN Compliance

- There has been the addition of new columns in the PSN remedial actions tracker to assist with monitoring who is responsible for completing actions to adhere with deadlines and comments are now being left by those responsible as to the status of the action.
- There was a decrease in the quantity of “High” risk recommendations made by the PSN assessors compared to the previous assessment.

Business Continuity & Disaster Recovery

- The Group ICT Manager has liaised with Business Managers to collate the list of applications within the ICT Business Continuity Plan.
- An up to date Major Incident Recovery plan is in place, which have been developed in partnership with local and regional 'Category 1' authority representatives. The documents are subject to regular review at local and regional planning groups.

Security Breaches

- The ICT Service Desk ticketing system which security breaches are reported through does not hold detailed information about the breach, therefore mitigating the risk of unauthorized individuals acquiring sensitive information.

AREAS FOR ATTENTION

Performance Management

- The Corporate Director for Operational & Partnerships Services should ensure corporate oversight and analysis of ICT performance is on the CMB agenda if appropriate and that KPIs are further reported to Council at the quarterly committee meetings.
- The Group ICT Manager should consider implementation of more a formal performance review process within the ICT Service.
- Due to the high scores on the KPI surveys for both "*Availability of voice and data network*" and "*Availability of storage area network (core computing)*", the Group ICT Manager could consider adjusting these KPIs to alternative measures which assess areas currently untested.

Asset Management

- The Group ICT Manager should develop an Asset Management Plan for the ICT Service, to define how the Asset Management function works and links with key areas, such as: The Service Desk, the Configuration Management Data Base, change management, procurement and starters/leavers.

Compliance with Legislation – GDPR

- At the time of audit there was uncertainty over the appointment of a new Senior Information Risk Owner (SIRO), with the post holder (the Monitoring Officer, Corporate Director of Operational & Partnership Services) due to retire on 6th July 2018.
- The SIRO should consider whether the unofficial appointment of the DPO is appropriate, along with considering how staff could be more explicitly made aware of who the DPO is and how they can be contacted.
- The DPO should consider a more formal approach to recording the remaining progress of GDPR implementation, as without this information it would be difficult to effectively prove that GDPR implementation was underway in a timely manner, and in accordance with the implementation deadlines which are not currently documented in formal plans.
- The SIRO and DPO together should consider whether the current stance to not publish FOI requests and responses via the Councils website shows sufficient compliance with the Local Government Transparency Act.
- The DPO should ensure that the Retention Guidelines within the amended Data Retention Schedule are correct and in accordance with statutory requirements.
- The DPO should ensure that revised Privacy Statements are made available via the intranet and public facing website.
- The SIRO and DPO should review the members of staff who have not completed the GDPR training to ensure that the list is reasonable.

ICT Structure

- The Corporate Director for Operational & Partnership Services should consider whether there is enough clarity within guidance and structure documentation at the Council, to allow for transparency regarding who holds important Information Governance roles and responsibilities.

- The Information Management Strategy has not have been reviewed since May 2015 and having viewed the document it was unclear who would be responsible for reviewing it. The document should be reviewed to reflect the Information Governance roles not otherwise described within the current version, as well as to reflect changes to Council processes in light of the GDPR implementation; such as the delegation of a new DPO, and the updated Data Protection and Security Breach Policy appendices.

Policies, Procedures & Training

- The Group ICT Manager should undertake a review of all ICT Policy/Codes of Conduct to ensure that these are up to date and reflect the current day ICT Service procedures, as the versions available within the staff intranet dated back to 2009 in some instances. A regular review plan should also be put in place to prevent the documents becoming out of date in the future.
- The Group ICT Manager should ensure Service-wide mandatory training has been completed for those staff in ICT.

PSN Compliance

- The Group ICT Manager should satisfy himself that the next PSN (Public Services Network) assessment due date is within calendar reminders and work plans of those responsible for ensuring compliance, to avoid expiration of the 2018/19 certificate prior to booking the next assessment.
- The Group ICT Manager should ensure that deadlines allocated to “High” risk PSN Assessor recommendations/actions are adequate and ensures the issues are proactively addressed.
- The Group ICT Manager should consider whether the recurring issues have been addressed with adequate actions which will lead to the mitigation/eradication of the risk recurring a third time.

Business Continuity & Disaster Recovery

- The Group ICT Manager should ensure the review of the ICT Business Continuity Plan goes ahead in Summer 2018 to bring the Plan up to date and to clarify the identity of 'critical' applications within the applications list.
- The Corporate Directors of Directorates should ensure that their Services' Business Continuity/Disaster Recovery Plans are up to date and contain an Emergency Plan in event that their Service's critical ICT applications should fail. The Directorate Business Continuity/Disaster Recovery Plans should link or direct Management to the ICT Business Continuity Plan with regards to recovery of their Services applications if not addressed within their own plans.

Security Breaches

- The SIRO should consider the adequacy of the current Security Breach tracking spreadsheet in its current state and ensure that it captures all information required to inform the monitoring manager of the status of actions within.
- The SIRO should ensure that access to the Security Breach spreadsheet log is adequately access-restricted.
- The Data Protection Officer (DPO) should ensure that the process in place for recording breaches into the Data Security Breach Incident tracker is sufficient to record all information required about who is reporting and logging the breach, the timescales of action completion, KPI information, reports to the ICO and so on; and also ensure that reference numbers are assigned to each incident within the log that are reflected on its accompanying investigations and related documents completed by the investigating managers.

- The SIRO and relevant Business Managers should ensure that all outstanding remedial actions have been or are being implemented, and these actions are reviewed and monitored to ensure effectiveness in mitigating the risk and reducing the likelihood of recurrence.
- The DPO and Heads of Service should further consider whether all staff should receive the updated GDPR data protection training, as opposed to omitting staff who 'do not process data'.
- The SIRO should ensure that the Data Security Breach Procedures are clearly accessible via the staff intranet, with old versions being removed to avoid confusion.

Detailed Assessment

Performance Management

Medium Risk

Previous findings:

The Group ICT Manager confirmed that there is a quarterly Corporate Performance Assessment report produced which includes information regarding ICT performance, however a copy was not made available at the time of the original audit (March 2018). We were therefore unable to conclude on the extent to which the priorities stated in the ICT Strategy are measured, monitored and achieved and the requirements of the Performance Management Framework are being met.

Follow up review findings:

There are 4 KPI's for the ICT Service, against which stakeholder satisfaction is gained by means of an OTRS Service desk survey after each 5th ticket logged. Provision and discussion of the 2017/18 Quarterly KPI results with the Group ICT Manager identified that results are generally showing good/very good/excellent performance across the 4 KPIs, and there was not much variance in the figures seen. It was noted that the KPIs for both "Availability of voice and data network" and "Availability of storage area network (core computing)" have consistently scored 100% throughout 2017/18.

On discussion with the Group ICT Manager, it was explained that no ICT service meetings are held regarding KPI performance, however KPI data is forwarded to the Corporate Management Board via an administrator for their review at Corporate Management Board meetings. This data is then put into an accumulative KPI report which is viewed by Council on a quarterly basis, however there was no evidence of this within Council minutes on the Council website. The previous KPI report was viewed, which did not contain the four ICT KPI's. The Group ICT Manager explained that they had enquired as to why the ICT KPIs were not included within this report, however an answer was not provided by the end of this review. The Group ICT Manager stated that efforts will be made to ensure that the ICT KPIs are included in the reports going forward. Two samples of Corporate Management Board agendas and corresponding minutes were provided during the Healthy Organisation Corporate Governance review but did not appear to discuss the ICT Service's performance criteria within the agendas or minutes.

It appears that KPI data is gathered on a sufficiently regular basis and that KPI survey topics are for relevant measures. It is, however, unclear how the ICT Service proactively manage their performance formally within the Service; and there was little evidence of discussion of their Performance at Corporate Management Team meetings or at full Council.

Asset Management

Low Risk

Previous findings:

There is no documented Asset Management Plan in place for the ICT department. For this reason, we were unable to conclude how the ICT asset management functions links with the service desk, configuration management, change management, procurement, release management and starters/leavers process, or whether a full asset management life cycle takes place within ICT.

There is a database in place which is used for ICT asset management, however only one screenshot of information held within the database was provided for audit testing. We were therefore unable to confirm whether further assets life cycles are monitored, or how assets are recorded on this register.

Follow up review findings:

As identified within the previous audit, there is no documented plan or policy for asset management within the ICT Service. Whilst there is not an asset management policy to define assets (software or hardware) within the Service, the ICT Business Continuity Plan holds a list of 'critical' software applications (identified as Tier 1). The list was developed by the Group ICT Manager during meetings with Business Managers prior to the final ICT Business Continuity Plan being published in May 2016.

Discussion with the Group ICT Manager has clarified that the full lifecycle of an asset can be tracked within the CMDB, whether purchased via the ICT Service or via Directorates. New ICT assets are requested via the OTRS Service desk ticketing system and will only be considered if a business case completed by one of five Directorate Business Managers has been attached. Requests for new equipment must be approved by the Group ICT Manager prior to procurement of the asset.

Existing hardware assets are assigned a 5-year expiry date, after which they will be replaced. It is noted that capital funding was restricted in 2017/18 meaning that some assets had reached their 5-year expiry date, however were not replaced. £175,000 of capital funding has been approved by Council to fund the 2018/19 ICT asset renewal, allowing the service to bring their asset renewal up to date.

When a member of staff leaves employment at the Council, a ticket is logged to make ICT aware. Once the ticket has been administered by ICT, the assets record is updated with that information and the equipment is cleared of data and added to stock if not reassigned to another user. To manage and identify assets within the database, assets are assigned an identifier based upon asset type and how and when they were purchased. These categories are not documented within any ICT documentation provided, although they were evident in an asset record pulled from the CMDB which was viewed during the audit.

Compliance with Legislation - GDPR	Medium Risk
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Previous findings:

During the previous audit, it was unclear whether the Data Protection Officer (DPO) at the Council would continue the role long-term, or whether, as expected, it would be reassigned to the Council's Information Officer. The Information Officer had not received any specific GDPR training at the time of testing.

The progression towards implementing GDPR was also unclear, due to there being no formal implementation plans, nor record of minutes from the Implementation Group that had been created.

Evidence was seen that the Data Protection Policy had been reviewed and approved by Council, along with the Data Retention Plan and Data Retention Schedule; however there were concerns regarding the data retention timescales assigned to certain files in the Data Retention Schedule.

Follow up review findings:

In discussion for this follow up review with the Group ICT Manager, it was made clear that the DPO role has now been designated to the Information Officer, who was interviewed during our last review.

There is concern over whether there are any plans to appoint a new SIRO, as the current post holder (the Monitoring Officer, Corporate Director of Operational & Partnership Services) is due to retire from the post on 6th July 2018. There did not appear to be a formal handover of the SIRO responsibilities prior to the current SIRO taking annual leave before their retirement.

On discussion with the Information Officer, now DPO; the role was unofficially assigned from 1st April 2018 by the Corporate Director for Operational & Partnership Services. We were informed that the decision to appoint the Information Officer as DPO was communicated to staff via a Data Protection update within the Bridgenders mailing tool, though when viewed this update did not explicitly inform staff of the DPO appointment. The DPO recently begun GDPR Practitioner Certification training w/c 14 May 2018, which was expected to be completed in 5 weeks' time.

The DPO was unaware of the Information Management Strategy (version 2015), which holds old versions of the Data Protection & Security Breach Policies and Procedures as well as designating the responsibility of DPO to the Monitoring Officer. The DPO was made aware of this document and they advised that they would be update the document.

At present, Freedom of Information requests are not published on the Council's website. A project plan is underway to add more information to the new website, which the DPO expects to lessen the number of FOI requests received.

During the original audit it was identified that some timescales relating to staff records within the Data Retention Schedule did not match the Retention Guidelines for Local Authorities. It was advised that HR are still in the process of determining the appropriate retention guidelines for the issues raised. Once fully completed, all revised Privacy notices will be published via the Intranet and on the Public facing website. When discussed with the DPO, this was due to go ahead on 25th May 2018, but on review of the Intranet, this is yet to occur.

The DPO provided the following statistics in relation to Council staff who have completed the new GDPR training:

Corporate staff: 21% completed, 79% not completed

Schools: 9% completed, 91% not completed.

The DPO explained that these figures were representative of a full head count, however not all staff would be receiving the new GDPR e-module training, only those who process personal data as part of their role. Statistics in relation to those members of staff who process personal data were requested however it was advised it was not possible to provide this information. This indicates that there has been no formal identification of the quantity of existing staff who are to take the GDPR training at the Council.

ICT Structure	Low Risk
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Previous findings:

The ICT structure chart was provided; however, this did not outline the responsibilities/detailed scheme of delegation within the ICT department. Due to no further information regarding ICT roles, we were unable to conclude as to the structure/scheme of delegation of the ICT or Information Management functions at the Council.

Follow up review findings:

The Group ICT Manager advised that no decisions effecting the ICT Service as a whole would be made without their approval. It was explained that there is a Scheme of Delegation within the Council's Constitution document which applies to all Group Managers at the Council, although on viewing the Constitution, this was not found to be the case.

The structure chart provided in the original review is the Service's means of identifying the delegation of authority, along with HR job descriptions which provide further detail of the roles duties/responsibilities. These were provided for the Group ICT Manager, the Data & Network Services Manager and the Systems Manager.

The post of Unified Services Manager is currently vacant and has been since the promotion of the Group ICT Manager who previously held the role. The Unified Services Manager post is currently being supported by the Data & Network Services Manager and the Group ICT Manager.

Policy, Procedures & Training	Medium Risk
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Previous findings:

ICT Policy/Strategy and Code of Conduct documents are available via the Intranet, however most of the documents were found to be out of date and without document control.

Some policies were available in Welsh language, however this not for the entire suite. There was also no consideration for the equality/diversity of ICT in relation to the Discrimination Act, regarding alternative equipment/assets or staff procedures.

Follow up review findings:

The suite of ICT & Information Management Policies and Codes of Conducts still required review at the time of follow up review.

Generally, policies are distributed to staff during the Corporate Induction at the beginning of their employment, which would be signed for on completion of the module on their Corporate Induction Record. Codes of Conduct are delivered as a mandatory e-learning module as part of this process. The exact ICT policies required would be determined by the role of the new member of staff. During employment, updates and newly created policies are communicated via email for Service Managers to disseminate to their teams or via the Bridgend's mailing service. The relevant Intranet page would also be updated to reflect the change.

On top of the mandatory training for ICT staff, specialised ICT roles receive further coaching/training via their peers and have accessibility to specialised accreditation pathways. The Group ICT Manager explained that the ICT Services department advocate using apprentices to develop their teams specialisms and foster a good learning culture.

Training matrices were viewed for both the Unified Services and Systems teams within the ICT Service. Both identified areas of Mandatory training that had not been completed for ICT, Safeguarding, Fire Safety and Violence Against Women, Domestic Abuse & Sexual Violence (VAWDASV), some of which was not completed for the Support and Digital Officer Manager amongst other staff currently in post.

PSN Compliance	Medium Risk
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Previous findings:

Although it was advised that regular PSN check testing is performed internally, we were unable to view a copy of the most recent compliance certificate at the time of the audit and the improvement plan was too vague to confirm implementation of any recommendations, as no timescales or accountabilities were identified in the plan.

Follow up review findings:

As informed by the Group ICT Manager, the previous PSN assessment had expired at the time of the original Healthy Organisation review in April 2018. It was explained that this was due to a changeover of responsibility for ensuring its compliance in the Service, as well as a lack of notification by the PSN Assessors. A PSN review was undertaken at the end of April 2018, as soon as possible following it being identified that the previous certificate had expired. The Group ICT Manager provided the remedial actions tracker for 2017/18 during the original Healthy Organisation review and also the new

remedial actions tracker for 2018/19's review. At the time of testing the 2018/19 tracker and Assessors PSN report had been sent for approval, but that it may not be returned for a few months, as such there had not yet been a decision on whether the PSN actions suggested by the Service yet had been approved yet. It was agreed by the Head of Internal Audit that we would conclude the report on her satisfaction that the PSN was in hand and had been sent for approval.

Details taken from the ICT Service's 2018/19 PSN remedial actions tracker are outlined below:

Risk Level	Total Actions Required	Actions Completed
High	35	7
Medium	16	3
Low	16	0

*figures correct as of 13 June 2018.

The total high-risk actions to be taken is 35, compared to a total of 40 high-risk actions to be taken from the previous assessment. The total medium-risk actions to be taken is 16, compared to a total of 24 from the previous assessment. The total low-risk actions to be taken is also 16, compared to 0 within the previous assessment. The total number of high-risk actions to be completed has fallen compared to the previous year's report, and there has been the addition of new columns in the tracker to assist with monitoring responsibility for completing actions, as well as deadlines and comments left by those responsible.

There are plans for PSN compliance to be phased out across the Public Sector, however it was confirmed that PSN compliance will be adhered to until the point in which the Council no longer utilise services via PSN.

Business Continuity & Disaster Recovery

Low Risk

Previous findings:

We were unable to conclude a full opinion regarding a critical application list, having not been able to view the Configuration Management Data Base (CMDB). The ICT Business Continuity Plan provided did not identify which applications are critical, but did identify application 'owners', contact details for the application suppliers, alternative systems and which servers the application related to. It was noted that the ICT BCP was last reviewed during May 2016. It was advised that there is a printed copy of the ICT Business Continuity Plan held in a fire safe within the Civic Offices. The Group ICT Manager also confirmed that the applications list is not under a regular review process and had not been updated since it was compiled three years ago.

Regarding the Corporate Business Continuity Plans for the Council, the tests could not be concluded as there were no documents identified/provided. The Group ICT Manager confirmed that there are Service/Directorate Business Continuity Plans, but the ICT Plan does not feed into an overarching Corporate Continuity Plan.

Follow up review findings:

Directorate/Service Business Continuity Plans

As previously confirmed, there is an applications list within the ICT BCP, but not within the CMDB. 'Critical' applications are identified within the ICT Business Continuity Plan as 'Tier 1' systems. The Group ICT Manager explained that while most applications are accounted for within the ICT Business Continuity Plan, Directorates should include the applications that they use within their own Directorate Business Continuity Plans and Disaster Recovery Plans. It was also identified by the Group ICT Manager that the ICT Plan has no link with the Corporate Business Continuity Plan, and we were not able to locate a Corporate Business Continuity Plan via the staff Intranet.

One other Business Continuity Plan was made available at the time of the previous audit, for the Social Services & Well-Being Directorate. This document was out of date (due for review in Jan 2016), and did not provide a list of applications used by the Service, nor a plan to follow if applications (for example the DRAIG database) become unavailable. Neither did it link to the ICT BCP server recovery type plans for these applications.

Corporate Business Continuity Plans

The owners of the Major Incident Plans for the Council are the Emergency Planning Team, with the Emergency & Electoral Team Manager responsible for their review and relevant planning. The Emergency & Electoral Team Manager provided the most recent revision of the Strategic Major Incident Plan, Recovery Plans and the Emergency Incident Control Plans; as well as the Corporate (Strategic) Business Continuity Plan. The Corporate Business Continuity Plan for the Council is in place to ensure that during a major incident occurring there are sufficient plans to keep services available to customers, such as bin collection, and other every day services.

The Major Incident Plans and supporting documents have recently been reviewed and, due to restructuring within the Council, there are plans to develop major incident training modules for Service Managers towards the end of 2018 regarding call outs, planning for recovery, and other related topics, to ensure that all necessary staff have sufficient knowledge. The Recovery Plan document outlines the responsibilities of all local Authorities in the case of a major incident and is currently in draft form (dated Feb 2018).

The Emergency & Electoral Team Manager also explained that there are Local Resilience Plans in place which sit beneath the Major Incident Plan, which are developed through seven different 'Category 1' members of local authorities (including Fire teams, Water Boards, and Health Care representatives) who work together at a Regional Planning Group to create recovery plans with regional collaboration.

The Council's Corporate Business Continuity Framework was last reviewed and updated in March 2018, by the Emergency Planning & Electoral Team Manager. The Corporate Business Continuity Framework is supported by individual Directorate plans with more detail on how each directorate will run its own services in the event of a crisis affecting how the Council deliver business as usual. The Framework identifies the Corporate Management Board as the Crisis Management Team and sufficiently outlines teams varying responsibilities if the Plan was to be activated. Contact and distribution list details are not held within this document, but separately by the Emergency Planning team, which would be distributed as necessary when an incident occurred.

It is expected that each service area would hold information regarding emergency response within their own Business Continuity Plan, which was found to be the case within ICT and Social Services & Well-Being. The ICT and Social Services BCPs viewed were both found to be out of date/due for review at the time of testing, with the Social Services plan not identifying their critical/other applications to be bought back in the event of failure. Business Continuity Plans for the remaining service areas were not reviewed as part of this work.

Security Breaches	Medium Risk
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Previous findings:

The Group Manager for ICT confirmed that the DPO and SIRO monitor security breaches at the Council, deciding on which to report to the ICO and monitoring breaches once reported via a central spreadsheet. The Data Security Breach spreadsheet was not provided for audit testing.

The Strategy/Codes of Conducts and mandatory Data Protection training in place appeared to be robust enough to ensure that breaches are reported and monitored, however these required reviews to align with the implementation of GDPR.

Follow up review findings:

The Security Breach Incident Tracker was provided by the Group ICT Manager. It was advised that it is stored within the Councils O: Drive, of which only certain users can access (DPO, SIRO and the Business Managers).

One case of a laptop theft was discussed during an audit interview with the Group ICT Manager, who explained that the incident was reported to the ICO, who took no further action due to the laptop's encryption. Another instance was discussed regarding a significant breach which took place in late 2016, which led to a member of staff being suspended pending further investigation/action. It was advised that the incident was being dealt with by HR and had not yet reached a conclusion.

The ICT Service Desk can be used to log security breaches, however they do not hold full details of the incident investigation, which are signposted to the relevant 5 Business Managers to follow up confidentially. The Security Incident Breach tracker is then updated with the cases progress. Upon review of the tracker, it was found that a lot of information was missing from various columns. The tracker holds all security breach information since 2001, but only a handful of entries in total have been identified with a "Security Breach Ref #".

Within the details tab of the tracker there was little information regarding whether the actions (if any) put in place were completed, by whom, the date of completion and whether any further monitoring was being implemented to address any potential for the incident to reoccur and/or affect other areas of the Council.

Guidance is not easily identifiable within the Bridgend staff intranet as to how to report a data security breach. There is information regarding reporting a Security Breach within the Information Management Strategy as an appendix; however this document is out of date (last reviewed in 2015). It is not possible to tell from the Security Breach Incident Tracker whether the process explained within the Information Management Strategy appendix has been followed as there is insufficient information kept within the tracker to conclude this.

During the audit testing completed in the original Healthy Organisation review, it was identified by the Group ICT Manager that there was a mandatory ICT training module for staff members, as well as a Data Protection mandatory module during staff inductions, to ensure that the data breach protocol is communicated to all staff members.

Appendix A - Mapping Areas for Attention to 2018/19 Internal Audit Plan

Theme	Area for Attention	Update
Information Management- Performance	The Corporate Director for Operational & Partnerships Services should ensure Corporate oversight and analysis of ICT Performance is on the CMB agenda if appropriate and that KPIs are further reported to Council at the quarterly committee meetings.	Complete – performance is monitored on line.
Information Management- Performance	The Group ICT Manager should consider implementation of more formal Performance review within the ICT Service.	Actioned. Current methods are deemed appropriate.
Information Management- Asset Management	The Group ICT Manager should develop an asset management plan for the ICT Service.	Already in place.
Information Management - Legislation - GDPR	There is concern over whether there are any plans to appoint a new SIRO. The Executive Director should ensure that this role has been passed on to a suitably senior member of the Management team.	This has already been actioned with the Monitoring Officer covering the SIRO role.
Information Management- Legislation - GDPR	The SIRO should consider whether the unofficial appointment of the DPO is appropriate, and how staff could be more explicitly made aware of who is responsible/ the main point of contact for the role of DPO.	This has already been actioned and an appropriate appointment made which was clearly disseminated to staff via Bridgenders.
Information Management- Legislation - GDPR	The DPO should consider a more formal approach to recording the remaining progress of GDPR implementation, as without this information it would be difficult to effectively prove that GDPR implementation was underway in a timely manner, and in accordance with the implementation deadlines which are not currently documented in formal plans.	A GDPR implementation Board was established with key representation from each Directorate. It has been accepted that formal minutes should have been taken;
Information Management – Legislation - GDPR	The SIRO and DPO together should consider whether the current stance to not publish FOI requests and responses via the Councils website shows sufficient compliance with the Local Government Transparency Act and formally risk assess the impact of not publishing FOI's online.	There is an FOI Publication Scheme on the intranet which publishes FOI responses that we consider would be of interest to the public. The team are currently reviewing the Publication Scheme with a view to publishing more FOIs
Information Management – Legislation - GDPR	The DPO should ensure that the Retention Guidelines within the amended Data Retention Schedule are correct and in accordance with statutory requirements.	The Data Retention Policy has been reviewed in light of GDPR and was approved by Cabinet in January 2018;
Information	The DPO should ensure that revised	Complete

Theme	Area for Attention	Update
Management – Legislation - GDPR	Privacy Statements are made available via the intranet and public facing website.	
Information Management – Legislation - GDPR	The SIRO and DPO should ensure that staff who have not completed the updated GDPR training are mandated to do so.	GDPR training – this is a set agenda item for the IG Board. The completed lists are reported and each Business Manager is then required to chase those within their Directorate who are yet to complete it;
Information Management - ICT Structure	The Corporate Director for Operational & Partnership Services should consider whether there is enough clarity within guidance and structure documentation at the Council, to allow for transparency regarding who holds important Information Governance roles and responsibilities.	Already in place. Some updating is required but this is low risk and therefore not high priority.
Information Management - ICT Structure	The Information Management Strategy was seen to not have been reviewed since May 2015 and having viewed the document it is unclear who would be responsible for reviewing this Strategy. The document should be reviewed to reflect the Information Governance roles not otherwise described within the current version, as well as to reflect changes to Council processes in light of the GDPR implementation; including the delegation of a new DPO, and the updated Data Protection and Security Breach Policy appendices.	The Information Management Strategy is currently being reviewed by Legal as it is felt that it appropriately sits with Legal.
Information Management – Policy, Procedures & Training	The Group ICT Manager should review all ICT Policies and Procedure documents to ensure that they are up to date and reflect the current day ICT Service procedures, as the versions available within the staff intranet dated back to 2009 in some instances. A regular review plan should also be put in place to prevent the documents being out of date in future.	Complete
Information Management – Policy, Procedures & Training	The Group ICT Manager should ensure Service-wide mandatory training has been completed for staff in ICT.	Complete
Information Management – PSN Compliance	The Group ICT Manager should satisfy himself that the next PSN assessment due date is within calendar reminders and work plans of those responsible for ensuring compliance, to avoid expiration	The Group Manager is satisfied. PSN is being replaced by Cyber Essentials Plus.

Theme	Area for Attention	Update
	of the 2018-19 certificate prior to booking the next assessment.	
Information Management – PSN Compliance	The Group ICT Manager should ensure that deadlines allocated to “High” risk PSN Assessor recommendations/actions are adequate.	All high risks are actioned immediately therefore no recommendations or actions are outstanding.
Information Management – PSN Compliance	The Group ICT Manager should consider whether the recurring issues have been addressed with adequate actions which will lead to the mitigation/eradication of the risk recurring a third time.	This is being considered and will be addressed when the Data-centre is moved to Ravenscourt.
Information Management – Business Continuity & Disaster Recovery	The Group ICT Manager should ensure the review of the ICT Business Continuity Plan goes ahead in Summer 2018 to bring the Plan up to date and to clarify the identity of 'critical' applications within the applications list.	This is being considered and will be addressed when the Data-centre is moved to Ravenscourt.
Information Management – Business Continuity & Disaster Recovery	The Corporate Director for the Social Services and Well-Being Directorate should ensure that the Business Continuity/Disaster Recovery Plans for their services are updated and contain an Emergency Plan in light that their Services critical ICT applications should fail. They should link to the ICT Business Continuity Plan with regards to Recovery of their applications.	As above – this will be actioned as part of the update
Information Management – Business Continuity & Disaster Recovery	The Corporate Director for Education and Family Support should ensure that they hold adequate and up to date Business Continuity and Recovery Plans for their Directorate’s Services in the event of a major event or disaster.	As above – this will be actioned as part of the update.
Information Management – Business Continuity & Disaster Recovery	The Corporate Director for Communities should ensure that they hold adequate and up to date Business Continuity and Recovery Plans for their Directorate’s Services in the event of a major event or disaster.	As above – this will be actioned as part of the update.
Information Management – Business Continuity & Disaster Recovery	The Corporate Director for Operational and Partnership Services should ensure that they hold adequate and up to date Business Continuity and Recovery Plans for their Directorate’s Services in the event of a major event or disaster.	No longer applicable. Will cover the Directorate of CEX – Resources and included as above.
Information Management – Security Breaches	The SIRO should ensure that access to the Data Security Breach Incident tracker is adequately access-restricted.	This is already appropriately access-restricted.
Information Management – Security Breaches	The DPO should ensure that the process in place for recording breaches into the Data Security Breach Incident tracker is	Already actioned and monitored by the DP officer.

Theme	Area for Attention	Update
	sufficient to record all information required about who is reporting and logging the breach, the timescales of action completion, KPI information, and reporting to the ICO; and ensure that reference numbers are assigned to each incident within the log that are reflected on its accompanying investigations and related documents completed by the investigating managers.	
Information Management – Security Breaches	The SIRO and relevant Business Managers should ensure that all of their relevant actions in relation to security breaches have been or are being implemented, and these actions are reviewed and monitored to ensure effectiveness in mitigating/eradicating the risk of recurrence.	DPO – there is a Code of Practice for Data Breaches available for staff on the intranet which outlines the new process in light of GDPR. All data breaches are recorded in Legal and should also be held by the relevant Business Manager. Data Breaches is a set agenda item for the IG Board so that breaches can be discussed with a view to ensuring such breaches do not recur.
Information Management – Security Breaches	The SIRO should ensure that the Data Security Breach Procedures are clearly accessible via the staff intranet, with old versions being removed to avoid confusion.	See above.

Report Authors and Distribution

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Statement of Responsibility

 **Conformance with Professional Standards**
SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Auditing Standards.

 SWAP Responsibility

Please note that this report has been prepared and distributed in accordance with 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.

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

15th NOVEMBER 2018

REPORT OF THE CHIEF INTERNAL AUDITOR

INTERNAL AUDIT – OUTTURN REPORT – APRIL TO SEPTEMBER 2018

1. Purpose of report

- 1.1 The purpose of this report is to inform the Audit Committee of actual Internal Audit performance against the Audit Plan for the period April to September 2018.

2. Connection to corporate improvement objectives/other corporate priorities

- 2.1 This report assists in the achievement of the following corporate priority/priorities:

- Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

3. Background

- 3.1 The 2018/19 Internal Audit Plan was submitted to the Audit Committee for consideration and approval on the 26th April 2018. The Plan outlined the assignments to be carried out and their respective priorities.
- 3.2 The Plan provided for a total of 1,000 productive days to cover the period April 2018 to March 2019. These days were split into those reviews considered to be Priority One and those considered to be Priority Two with the aim of completing the whole plan by the end of the financial year.

4. Current situation/proposal

- 4.1 Actual progress against the 2018/19 Risk Based Plan is attached at **Appendix A** and further information is attached at **Appendix B** which details those reviews which have not yet been allocated in the respective quarters and those reviews which have been brought forward from future quarters.
- 4.2 At present the overall structure of the section continues to be based on 14 Full Time Equivalent (FTE) employees. As previously reported, the section continues to carry vacant posts, however the recent recruitment campaign proved to be extremely successful in so much as the section has managed to fill all the vacant auditors posts and one of the senior posts. These new members of staff commenced their employment with the service on 13th August. The section has once again commissioned the services of the South West Audit Partnership in order to address in part some of the shortfall in days necessary to complete the plan; this is likely to continue throughout this financial year.

4.3 In order to assist with the effective monitoring of the annual risk based plan, further information is attached at **Appendix C** which details all those reviews which have been completed during the period and their performance.

4.4 During the period only one review has identified significant weaknesses in the system of internal control to date and this has already been reported to the Audit Committee in September.

5. Effect upon policy framework and procedure rules

5.1 There is no effect upon the policy framework and procedure rules.

6. Equality Impact Assessment

6.1 There are no equality implications arising from this report.

7. Well-being of Future Generations (Wales) Act 2015 implications

7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

8. Financial implications

8.1 Effective Audit planning and monitoring are key contributors in ensuring that the Council's assets and interests are properly accounted for and safeguarded.

9. Recommendation

9.1 That Members give due consideration to the Internal Audit Outturn Report covering the period April to September 2018 to ensure that all aspects of their core functions are being adequately reported.

Helen Smith
Chief Internal Auditor
15th November 2018

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Background Documents

None

Area	Directorate	Type	Audit Scope	Qtr. 1	Qtr. 2	Update on Progress Audit Committee 15 th November 2018
Carry Forward from 2017/18	Cross Cutting	Assurance	Provision for those assignments which are still ongoing at the end of 2017/18.	20		PLAN ITEM COMPLETE
2017/18 Closure of Reports	Cross Cutting	Assurance	To finalise all draft reports outstanding at the end of 2017/18.	10		PLAN ITEM COMPLETE
Follow up of recommendations for 2017/18 Recommendation Monitoring	Cross Cutting	Assurance	To ensure that all outstanding recommendations made during 2017/18 have been actioned. Monitoring the implementation of Internal Audit recommendations in consultation with service areas which have received these recommendations. During the year, Internal Audit will review the process to ensure recommendations are followed up and reported upon to Audit Committee in a timely, efficient and effective manner.	10	5	PLAN ITEM COMPLETE Recommendation monitoring is ongoing. Completed for the quarter. PLAN ITEM COMPLETE
Annual Opinion Report 2017/18 Annual Opinion Report 2018/19	Cross Cutting	Governance	To prepare and issue the Head of Audit's Annual Opinion Report for 2017/18. Preparation for the production of the 2018/19 Annual Opinion Report.	10		PLAN ITEM COMPLETE
Audit Planning – 2018/19 Annual Planning – 2019/20	Cross Cutting	Governance / Assurance / Risk	To prepare and present the annual risk based audit plan for 2018/19. Preparation for the production of the annual risk based plan 2019/20.	20		PLAN ITEM COMPLETE
Good Governance	Cross Cutting	Governance	To provide assurance that key Corporate Governance processes are in place within the Council and that these are operating effectively to enable the Council to be provided with sufficient information to enable them to discharge their responsibilities.	10		PLAN ITEM COMPLETE

Area	Directorate	Type	Audit Scope	Qtr. 1	Qtr. 2	Update on Progress Audit Committee 15 th November 2018
			To assist the Council in the production of the Annual Governance Statement.			
Safeguarding	Cross Cutting	Governance / Assurance / Risk	Case management of safeguarding incidents are dealt with in accordance with the Council's safeguarding policies and procedures. This review will also include an annual assessment of the Council's overall operating model for safeguarding; including reviewing the adequacy of assurances obtained by the Council in respect of safeguarding arrangements in place for vulnerable adults and children. Preparatory work for the 2018/19 review.	10		Work completed and draft report under review prior to issue. Some review points may need to be followed up.
CRSA	Education & Family Support	Assurance	To undertake the annual controlled risk self-assessment for schools. The aim of the process is to enable Head Teachers to review their internal controls and to ensure that they undertake and comply with the requirements of current legislation and the Financial Procedure rules. The objectives of the Control Risk Self-Assessment (CRSA) questionnaires are to provide a tool for the Internal Audit Service to evaluate the financial and other related controls in operation, help to provide a basis upon which the scope and frequency of audits can be determined and allow Head Teachers to self-assess themselves against potential risks. CRSAs is a widely used technique in both the public and private sectors	10		Preparatory work is underway in readiness for the distribution of the CRSAs to all Schools.
Audit Committee /Members and CMB Reporting	Cross Cutting	Governance / Risk / Assurance	This allocation covers Member reporting procedures, mainly to the Audit Committee. Regular reporting to, and meeting with, the Section 151 Officer, Corporate Management Board and the IASS Board.	10	10	PLAN ITEM COMPLETE

Area	Directorate	Type	Audit Scope	Qtr. 1	Qtr. 2	Update on Progress Audit Committee 15 th November 2018
Advice & Guidance Provision of Internal control / General advice.	Cross Cutting	Assurance	To allow auditors to facilitate the provision of risk and control advice which is regularly requested by officers within the authority, including maintained school based staff.	5	5	Ongoing – advice & guidance is provided when requested and this is regularly monitored. PLAN ITEM COMPLETE FOR THE TWO QUARTERS.
Grant Certification Work	Cross Cutting	Assurance	Under the conditions of the specific grant determination, the Head of Audit must certify that the conditions of the grant have been complied with.	10	5	PLAN ITEM COMPLETE
Financial Systems	Chief Executive / Finance	Assurance	To provide assurances that the financial systems in operation are efficient and effective and that the internal control environment is robust.		25	Two financial systems have been allocated in quarter 2. The work is complete for one and draft report is under review prior to issue and the other the work is ongoing.
Quality Assurance & Improvement Programme / Review of the Effectiveness of Internal Audit	Cross Cutting	Assurance	To undertake a series of internal audits to ensure compliance with PSIAS. To review / ensure compliance with the Accounts and Audit (Wales) Regulations 2014 / Public Sector Internal Audit Standards (PSIAS).	5		Ongoing. PLAN ITEM COMPLETE FOR THE QUARTER.
Emerging Risks / unplanned	Cross Cutting	Contingency	To enable Audit Services to respond to provide assurance activity as required.	10	10	One unplanned piece of work had been raised during the period and is now complete. PLAN ITEM COMPLETED FOR THE QUARTERS.

Area	Directorate	Type	Audit Scope	Qtr. 1	Qtr. 2	Update on Progress Audit Committee 15 th November 2018
External Audit Liaison	Cross Cutting	Governance	To ensure that a “managed audit” approach is followed in relation to the provision of internal and external audit services.		5	Ongoing liaison with WAO. PLAN ITEM COMPLETE FOR THE QUARTER
Health & Safety	Cross Cutting	Assurance / Risk	Deferred from 2017/18 - To review procedures in operation by the Council to ensure compliance with policies and procedures, Health & Safety training, Risk Assessments, records maintenance and incident reporting.	10		The audit work is complete and the report is under review with some review points to be followed through.
Members	Cross Cutting	Governance	Partly deferred from 2017/18 - Following the May elections, reviews will be undertaken to ensure that Members comply with the Council’s Gifts and Hospitality Policy, Declaration of Interests and Code of Conduct.	10		Work is now complete and the report has been issued in draft to management. Awaiting management response.
Performance Indicators	Cross Cutting	Assurance	Deferred from 2017/18 – To review the performance management arrangements paying particular attention to the accuracy of the performance information collected.	10		PLAN ITEM COMPLETE
Transformational Change	Cross Cutting	Governance / Assurance	To gain assurance that high risk projects are being managed under the Transformational Change Agenda and delivering the savings required.	10	10	Field work is now completed and will be followed up with CMB.
Direct Payments	Social Services & Wellbeing	Governance / Risk / Assurance	Review the effectiveness of the procedures and processes in place for Direct Payments to ensure compliance particularly in light of the increase in numbers as a result of the SS&WB Act.			Draft report has been issued and management response is awaited.
Domiciliary Care	Social Services & Wellbeing	Assurance	Review of Commissioning, Contracts / Framework / Agreements, monitoring and invoicing. Provider performance and complaints linked to safeguarding.			Allocated to SWAP – Initial Meeting undertaken with Management and audit scope arranged.

Area	Directorate	Type	Audit Scope	Qtr. 1	Qtr. 2	Update on Progress Audit Committee 15 th November 2018
Property Compliance	Cross-cutting	Governance / Risk / Assurance	This review had been rolled forward from 2017/18. This will be undertaken as a cross-cutting review due to the diversity of responsibility i.e. schools.		5	Allocated in quarter 2 work ongoing.
Healthy Organisation Review – follow up	Cross Cutting	Governance / Risk / Assurance	To follow up on the areas for attention as outlined in the Healthy Organisation Review 2017/18 – particularly focusing on Risk Management and Information Management		25	Follow up on the Information Management function was undertaken by SWAP Work Completed. Report presented to Audit Committee in November 2018. Plan Item Complete
Fraud / Error / Irregularity	Cross Cutting	Contingency	<p>Irregularity Investigations - Reactive work where suspected irregularity has been detected.</p> <p>Anti-Fraud & Corruption – Proactive - Proactive counter-fraud work that includes targeted testing of processes with inherent risk of fraud.</p> <p>Developing fraud risk assessment in inform further areas for detailed focus (Fraud Risk Tools).</p>	10	10	<p>Two investigations have been commenced under the Council’s Disciplinary Policy. One has been referred to the Police.</p> <p>Two reviews have been undertaken under the Council’s Grievance procedure, one is complete and the other is nearing completion.</p>
		Fraud & Error	National Fraud Initiative - Collection of data and analysis of matches for the NFI exercise, acting as first point of contact and providing advice and guidance to key contact officers.			Preparatory work undertaken on data matching to meet deadline.
			Total – Priority One	190	115	

Area	Directorate	Type	Audit Scope	Qtr. 1	Qtr. 2	Update on Progress Audit Committee 15 th November 2018
HIGH RISK – PRIORITY TWO						
Procurement	Operational & Partnership Services	Assurance	This audit will review the procurement framework and a sample of individual procurement activities across the Council in order to evaluate the level of compliance with legislation and the Council’s Constitution.	15		Work has been allocated and audit brief commenced. A significant amount of procurement activity was included in the review on Flying Start.
Additional Learning Needs Bill	Education & Family Support	Assurance	To review the adequacy and effectiveness of early interventions in line with the proposed Additional Learning Needs Bill and to examine the effectiveness of collaboration.		15	Draft report has now been completed and issued to management for their response.
Risk Management	Cross Cutting	Risk	Review of evidenced to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives			
Highways	Communities	Assurance	To review the procedures and processes in operation within Highways – specifically relating to potholes to determine if the control environment is robust.	15		Work is ongoing, audit brief has been issued and agreed by management and field work is underway.
Schools	Education & Family Support	Assurance	To undertake a number of school based reviews in accordance with the Internal Audit risk based assessment.	10	10	Two school visits have been arranged and preparatory work has started.
			To undertake cross cutting projects to ensure compliance across all schools.	10	10	Not yet allocated – Deferred

Area	Directorate	Type	Audit Scope	Qtr. 1	Qtr. 2	Update on Progress Audit Committee 15 th November 2018
						to Quarter 3 / 4
Safer Recruitment	Operational & Partnership Services	Assurance	To provide assurances that safer recruitment is operating effectively across the Council.	10		Work complete and the audit report is under review prior to issue. Any review points will need to be cleared before the draft is issued to Management.
DOLS	Social Services & Wellbeing	Governance	Significant increase in number of DoLS cases impacting on resources. Included in corporate risk register. No previous Internal Audit coverage.		15	Allocated to SWAP – Preparatory work is being undertaken to formulate the Terms of Reference. However, this will not commence until audit completed on POVA.
YOS	Social Services & Wellbeing	Governance / Risk / Assurance	Statutory Service – new Funding streams; early intervention and prevention schemes, young people transferred to secure estate. No audit coverage since 2011/12.		15	Allocated to SWAP – Preparatory work is being undertaken to formulate the Terms of Reference. Meeting arranged with Management to progress review.
Business Continuity Planning	Operational & Partnership Services	Assurance / Risk	To evaluate the Council's Business Continuity Plan to provide assurances that it sets out how the Council will operate following an incident and how it expects to return to 'business as usual' in the quickest possible time afterwards, that roles and responsibilities are clearly defined and understood and that all relevant stakeholders are fully aware of the plan and its content.	10		Allocated and work is nearing completion.
Use of mobile communications	Cross Cutting	Risk	The Council has recognised the growth of mobile communications which can be demonstrated in a number of ways including			

Area	Directorate	Type	Audit Scope	Qtr. 1	Qtr. 2	Update on Progress Audit Committee 15 th November 2018
			integrated self-service opportunities via the Council website. The review will evaluate the effectiveness of the Council's use of Mobile Communications for its community having regards to any appropriate legislation, guidance and internal policies.			
Supplier Management	Cross Cutting	Assurance	To undertake a trend analysis identifying the spend profile of the council to ensure that policies and procedures are being adhered to.			
Project / Contract Management	Communities	Governance / Risk / Assurance	To undertake a review of the procedures and processes associated with a number of Projects / Programmes. Particular emphasis will be placed on compliance.	10	10	Allocated in quarter 2 – work ongoing.
Access to Records - GDPR	Cross Cutting	Governance / Risk / Assurance	To ensure that the GDPR are being implemented and embedded throughout the Council			One audit review undertaken relating to privacy notices and this is now completed.
Asset Management	CEX Finance	Risk / Assurance	To ensure that the disposal of assets is in accordance with Council policy, rules and regulations.			
POVA	Social Services & Wellbeing		To review the processes and procedures in place for the administration for the Protection of Vulnerable Adults.			Allocated to SWAP – Terms of Reference agreed and field work commenced.
ICT Audit	Cross Cutting	Governance / Risk / Assurance	In consultation with ICT, systems reviews will be undertaken across Directorates to ensure robust controls are evident and operating effectively.		20	Not yet allocated but will be undertaken both internally and by SWAP as part of a joint review.
Complaints / Representations & Advocacy	Social Services & Wellbeing	Governance / Risk / Assurance	Review complaints processes within Social Services to provide assurance as to their effectiveness and compliance with set targets. To provide assurances that the Council's policies and procedures are aligned to the	10	10	Work is now complete and the draft report has been issued awaiting management response. Audit Brief has been prepared and field work is

Area	Directorate	Type	Audit Scope	Qtr. 1	Qtr. 2	Update on Progress Audit Committee 15 th November 2018
			<p>National Approach to Statutory Advocacy for Children & Young People being introduced.</p> <p>Provide assurance that procedures and processes are in accordance with the Golden Thread Advocacy programme for Adults.</p>			almost complete.
Looked After Accommodated Children	Social Services & Wellbeing	Governance / Risk / Assurance	Limited Internal Audit report in 2017/18 for Fostering that requires follow up. Placements, Out of County, Leaving Care.			Allocated to SWAP – Initial meeting to be arranged with management to progress audit work. Allocated to SWAP – initial meeting has been arrangement with the relevant management team to approve the terms of reference
			Total – Priority Two	90	105	
			Grand Total	280	220	

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Table 1: Unallocated Work in Quarter 1 and 2.

Progress Against Plan – Priority One – Not Yet Allocated		
Audit Area	Budget Days	Comments
		There are no planned items under Priority One that have not been allocated.
Total Priority One	0	
Progress Against Plan – Priority Two – Not Yet Allocated		
Schools	20	The cross cutting reviews relating to compliance have not yet been allocated but will be included within the allocations for quarter 3 and 4.
ICT Audit	20	The ICT systems reviews have not yet been allocated in Quarter 2 and therefore have been deferred to Quarters 3 and 4. It is envisaged this work will be undertaken Internally and by SWAP
Total Priority Two	40	
Overall Total of un allocated days – Priority One & Two	40	

Table 2: Brought Forward Work from Future Quarters.

Progress Against Plan – Priority One – Brought Forward from Future Quarters		
Audit Area	Budget Days	Comments
Healthy Organisation Review Follow Up – allocated in Quarter 3	10	This work is now completed and an update provided to Audit Committee at their meeting held on 15 th November 2018.
Direct Payments – allocated in Quarter 4	15	Draft report prepared and awaiting management response.
National Fraud Initiative – allocated in quarter 3	15	Preparation for the 2018/19 data matching exercise is underway for the submission of data sets by the deadline.
Total Priority One	40	
Progress Against Plan – Priority Two – Brought Forward from Future Quarters		
Business Continuity – allocated in quarter 3	15	Work is still ongoing, but majority of the work is complete and should be finished within the first part of quarter 3.
Deprivation of Liberty (DOLS) – allocated I Quarters 4	5	Allocated to SWAP – Terms of Reference agreed and work is underway.
Complaints / Representations & Advocacy – allocated in quarter 4.	10	The audit work relating to advocacy is ongoing. Complaints/Representations work is now complete and draft report issued awaiting management response.
Access to Records - GDPR	10	Audit review relating to privacy notices is now completed.
Total Priority Two	40	
Overall Total of brought forward allocations Priority One & Two	80	

**Bridgend and Vale Internal Audit Service:
Head of Internal Audit's Performance Report April 2018 to September 2018
Bridgend County Borough Council.**

Section 1 - Introduction

The 2018/19 Internal Audit Plan was submitted to the Audit Committee for consideration and approval on the 26th April 2018. The Plan outlined the assignments to be carried out and their respective priorities. The information summarised below; provides an update on the work undertaken by Internal Audit for the period April to September 2018, together with an update on performance.

Section 2 – Core Financial Systems – C/F from 2017/18

The following reviews of core financial systems were carried forward from 2017/18 and concluded during the first quarter of the 2018/19 Financial Year. It should be noted that all testing undertaken was based on transactions in 2017/18.

Table 1.

Core Financial System Description	Assurance Opinion			Recommendations Raised	
	Substantial	Reasonable	Limited	Fundamental High	Significant Medium
Creditors	√				1
Debtors	√				2
Automated Processes	√				0
Banking		√			2
Total Audits (4)	3	1	0	0	5

Recommendations have been agreed and Management Implementation Plans have been received.

Section 3 – Other Reviews

The following other reviews have been undertaken and completed during the period April to September 2018:-

Table 2.

Other Reviews	Assurance Opinion			Recommendations Raised	
	Substantial	Reasonable	Limited	Fundamental High	Significant Medium
C/F Overtime & Excessive Hours		√			4
C/F Energy Management Carbon Reduction Certificate		√			2
Porthcawl Harbour Annual Return certification		√			
C/F Flying Start			√		12
Audit Committee - TOR's - Unplanned		√			
Coychurch Crematorium Annual Return certification		√			
Bus Services Support Grant Claim certification	√				
Education Improvement Grant		√			
GDPR Declarations		√			
School Agency Follow up – to be followed through in Qtr. 4.	n/a	n/a	n/a		4
Total Audits providing an overall assurance opinion (9)	1	7	1		22

Flying Start operates from various settings located across the County and is a grant funded scheme, therefore it is imperative that the control environment is robust and source documents can fully support grant claims. Value for money must be a consideration when procuring goods and/or services. Due to the type of purchases which includes food items, the Corporate Procurement Card is the most frequently used method of purchasing and it is this area that has been the focus of the Internal Audit review. The review resulted in a limited assurance report being issued and the following key issues were identified during the Audit:

- The format of Resource Request Forms were not fit for purpose;
- Not all purchases could be supported by invoices/receipts due to loss of documents; and
- Significant weaknesses in controls surrounding recording and approval mechanisms were identified.

The Management Implementation Plan has been completed and returned and Management have confirmed that all 12 recommendations have been implemented. As this is a limited assurance report, a follow up review will be undertaken by Internal Audit within the next three months.

All 22 recommendations made to improve the overall control environment are followed up in accordance with the Internal Audit Shared Service Strategy.

Section 4 – Counter Fraud Work

The following counter fraud work including irregularity reviews have been carried out during the period.

Table 3

Counter Fraud & Corruption Work	Assurance Opinion			Recommendations Raised	
	Substantial	Reasonable	Limited	Fundamental High	Significant Medium
National Fraud Initiative	No opinion – user administration only – report to follow. New data sets are being collated in order to meet the deadline for submission for the new exercise in October 2018			n/a	n/a
Potential Misuse of PCard	Limited Assurance – matter referred to the Police			n/a	n/a
Bank Account (SO)	Prevented due to adequate controls already in place and operational			n/a	n/a
Grievance NI underpayment	This matter was undertaken under the Council's Grievance Policy on behalf of HR and is now complete			n/a	n/a
Management oversight	This matter is still ongoing. Report has been completed and should be concluded in November			n/a	n/a
Grievance Appeal	Awaiting representation at appeal set for November			n/a	n/a
Total Cases (5)					

National Fraud Initiative is included in our audit plan; however, we only facilitate the upload of data and user account management. A separate report will be presented to the Audit Committee in accordance with their Forward Work Programme.

Section 5 – Work in Progress as at 30th September 2018
Table 4

Type of Work In Progress	Update
Section 117 Follow Up	The purpose of this review is to follow up on a Limited Assurance report issued in October 2017 to ensure that the recommendations agreed by management have been implemented in an attempt to reduce the risk. The audit field is complete and the draft report is being prepared.
Fostering Follow Up	The objective of the audit was to ensure that adequate steps have been taken by the department to implement the agreed recommendations made in the Limited assurance Audit Report. This audit work is ongoing.
Business Continuity	To evaluate the Council's ICT Business Continuity Plan to determine how the Council will operate following an incident and how it expects to return to 'business as usual' in the quickest possible time afterwards. To provide assurance that roles and responsibilities are clearly defined and understood and that all relevant stakeholders are fully aware of the Plan and its content. This work is nearing completion.
Corporate Safeguarding	To undertake an assessment of the Council's overall operating model for safeguarding to evaluate the Council's safeguarding performance. The review will include the safeguarding arrangements in place for vulnerable adults as well as children. Work is completed and draft report is under review prior to issuing the report to management.
Community Action Fund	The Community Action Fund was approved by Cabinet on 05/09/2017. Its aim being to create opportunities for localised intervention by Members within their own ward to the benefit of the community. The objectives of the audit are to ensure that the Community Action Fund's financial controls are efficient and effective and decisions are transparent and made in accordance with the published guidance.

	This work is complete and the draft report has been issued for management comment.
Health and Safety	To ensure there are suitable systems and controls in place across the Authority for managing Health & Safety, in particular training, risk assessments, record maintenance and incident and accident reporting, and that these are operating effectively. This work is complete and the draft report is under review with some review comments needing to be followed up prior to issuing the draft to management for comment.
Transformational Change	To identify the current position in regard to the Transformational Change Agenda with a view to identifying a further programme of audit work during 2018-19. This work is now complete and will be discussed with CMB in order to identify specific areas for further review.
Council Tax	The objectives of the audit were to provide assurance that the financial system in place is efficient and effective and that the internal control environment is robust. The scope of the Audit was to review the processes in place for processing refunds including : Receiving & verifying a refund request; Appropriate access rights to parts of the system to enforce division of duties; Regular reconciliations of refunds made; Verification of bank account details and Review action logs. This work has now been completed and the draft report is under review prior to its submission to management for their response.
Main Accounting & Budgetary Control	To provide assurance that effective controls are in place to ensure the prompt and accurate recording of financial data in order to comply with reporting requirements. The objectives of this audit is to ascertain the extent to which the assessed risks have been identified and managed and to evaluate whether effective controls which mitigate the risks have been established within the system and processes and that these have operated effectively throughout the period under review <u>Main Accounting</u> Through the issue and completion of a Control Risk Self-Assessment, assess the controls in place with regards to the Main Accounting system. Undertake testing on a selected area (in consultation with the Audit Client Manager).

	<p><u>Budgetary Control</u> Testing to be undertaken in a sample of departments in relation to:</p> <ul style="list-style-type: none"> • Budget planning / set up • Budget monitoring / reports – preparation, distribution, review and checking, challenge. • Access Controls – ability to move items between cost centres. <p>The audit work has commenced and is ongoing.</p>
Safer Recruitment	<p>The audit looked at whether safer recruitment was operating effectively across the Council. The audit looked at how well the control environment within positions that fall under safer recruitment was operating. The Audit looked specifically at the following: references; DBS checks; risk assessments; EWC (Education Workforce Council) membership; SCW (Social Care Wales) membership; DBS renewals. These were all checked to see if they were in place for employees before employment start date.</p> <p>The audit work has been completed and a draft report prepared for review.</p>
Supporting People Grant 2017-18	<p>The Supporting People Programme was launched in April 2003 and provides housing-related support to help vulnerable people to live as independently as possible. Its aims include helping to prevent and tackle homelessness, providing people with the help they need to live in their own homes, hostels, sheltered housing or other specialist housing and preventing problems in the first place or providing help as early as possible in order to reduce demand on other services such as health and social services. In June 2013 the Welsh Government published guidance as a result of the Aylward Review for implementing the restructure of the administration, governance and funding arrangements for the Supporting People Programme. The guidance also required an independent check from either Internal Audit or the Chief Finance Officer to give assurance that grant expenditure has been managed appropriately by way of completing the Audit Certificate.</p> <p>The audit work has been completed and the resultant report is under review prior to issue.</p>
Procurement	<p>Undertake an overview of the Council's procurement arrangements with particular focus on the overarching strategic management arrangements and category management.</p>

	<p>The objectives of this audit is to ascertain the extent to which the assessed risks have been identified and managed and to evaluate whether effective controls which mitigate the risks have been established within the system and processes and that these have operated effectively throughout the period under review</p> <p>Examine procedures and processes within the Procurement service and provide an overarching overview of the strategic management and category management arrangements.</p> <p>Follow up on the recommendations made as part of the Healthy Organisation Review. In addition, undertake a comparison from partner Councils to establish best practice and process efficiencies if applicable.</p> <p>The audit brief has been agreed and the work is underway.</p>
Highways (Potholes)	<p>The objective of the audit is to review the procedures and processes in operation within Highways – specifically relating to potholes to determine if the control environment is robust.</p> <p>The objectives of this audit is to ascertain the extent to which the assessed risks have been identified and managed and to evaluate whether effective controls which mitigate the risks have been established within the system and processes and that these have operated effectively throughout the period under review.</p> <p>Confirm arrangements in place (whether in-house or contractors) for how the Council reacts to damage to roads, including potholes.</p> <p>Determine the decision making process in undertaking either temporary, semi-permanent or permanent repairs. Establish how best value is obtained within the whole repair process.</p> <p>Audit brief has been agreed and field work is underway.</p>
Project and Contract Management - ARBED funding	The purpose of this piece of work was to undertake initial fieldwork on the commissioning

	<p>and procurement that took place in relation to the Arbed programme.</p> <p>The Arbed programme was set up by Welsh Government to bring environmental, social and economic benefits to Wales and coordinate investment into the energy performance of Welsh homes.</p> <p>This work has commenced and is ongoing.</p>
Performance Indicators	<p>The objective of this audit is to review the performance management arrangements paying particular attention to the accuracy of the performance information collected and reported for 2017/18.</p> <p>The objectives of this audit is to ascertain the extent to which the assessed risks have been identified and managed and to evaluate whether effective controls which mitigate the risks have been established within the system and processes and that these have operated effectively throughout the period under review</p> <p>To verify the accuracy of the National, Core and Local Performance Indicators submitted for 2017/18 providing assurance on the overall reliance that can be place on the accuracy of the information by ensuring that all working papers and source data is correct.</p> <p>Select a number of Indicators from each of the sets of data</p> <ul style="list-style-type: none"> • Refer to the NSI & PAM guidance to ensure all data has been collected in line with the current definitions; • Validate all data sources used to evidence PIs; • Check the accuracy of the working papers; • Using the verified data, check that the PI calculation is correct <ul style="list-style-type: none"> • Refer to the SID definitions and ensure all data has been collected agrees with the current definition • Validate any source data used; • Check the accuracy of the working papers; • Using the verified information, checking that the PI calculation is correct;

	<ul style="list-style-type: none"> • Refer to the PI library for Local PI definitions and ensure all data has been collected in line with current definitions; • Validate all data sources used to evidence PIs; • Check the accuracy of the working papers; <p>Using the verified data, check that the PI calculation is correct</p> <p>This work is now complete and the draft report is under review prior to issue.</p>
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Section 6 – Update on SWAP Reviews – April to September 2018

Type of work in progress SWAP	Update
Direct Payments	<p>To review the effectiveness of the procedures and processes in place for Direct Payments, to ensure compliance particularly in light of the increase in numbers as a result of the SS&WB Act.</p> <p>The audit work has now been completed and a draft report has been produced. This has been sent to the relevant service manager for their information and we are awaiting their comments and their response to the audit recommendations made so that this work can be finalised and closed.</p>
Complaints and Representations	<p>Review complaints processes within Social Services to provide assurance as to their effectiveness and compliance with set targets.</p> <p>The audit work has now been completed and a draft report has been produced. This has been sent to the relevant service manager for their information and we are awaiting their comments and their response to the audit recommendations made so that this work can be finalised and closed.</p>
Information Management – follow up	To follow up on the information management function as a consequence of the work

undertaken in 2017/18.

The audit work has now been completed and a draft report has been produced. This has been sent to the relevant service manager for their information and we are awaiting their comments and their response to the audit recommendations made so that this work can be finalised and closed.

Section 7 – Key Performance Measures – Benchmarking

The Internal Audit Section participates annually in the Welsh Chief Auditors Group benchmarking exercise. The results for 2017/18 have recently been received and are as shown in Table 4 below:

Table 5

Performance Indicator 2017/2018	IASS Performance BCBC 2017/18	WCAG Average Performance 2017/18	IASS Performance for BCBC 2016/17	Overall WCAG Average Performance 2016/17
Percentage of Planned Audits Completed	79%	86%	91%	84%
Percentage of Audits Completed in Planned Time	59%	73%	63%	63%
Percentage of directly chargeable time, actual versus planned	58%	86%	97.8	92%
Average number of days from audit closing meeting to issue of draft report.	9.5 days	6 days	9.5 days	8 days
% of staff leaving during the Financial Year	35%*	12%	30.6*	10%

*combined figure for the shared service

It should be noted that 15 of the 22 Councils returned their performance figures this year representing a return rate of 68%. It is clear from the figures provided that the Section's performance has dipped when compared with that of 2016/17 and therefore there is room for improvement particular in respect of audits completed within planned time.

Section 8 – Key Performance Measures – Client Satisfaction Questionnaires

At the completion of each audit, all recipients of reports are asked to comment on their satisfaction with the audit process, by way of a survey questionnaire ranging from a score of 1 for very satisfied to a score of 5 very unsatisfied. The results for the period April to July 2018 are summarised in Table 5 below.

Table 6

No.	Question	Average Score of Responses to September 2018	Average Score of Responses to March 2018
1	Where appropriate, briefing of client and usefulness of initial discussion.	1.440	1.290
2	Appropriateness of scope and objectives of the audit.	1.560	1.380
3	Timelines of audit.	1.890	1.450
4	Response of Officer to any requests for advice and assistance.	1.440	1.100
5	General helpfulness and conduct of Auditor (s)	1.330	1.100
6	Discussion of findings / recommendations during or at the conclusion of the audit.	1.000	1.000
7	Fairness and accuracy of report.	1.440	1.190
8	Practicality and usefulness of recommendations	1.560	1.190
9	Standard of report.	1.440	1.100
10	Client agreement with overall audit opinion.	1.440	1.190

In addition to the above, the client also has an opportunity to make their own comments on the Client Satisfaction Survey. Set out below are three examples we have received during the period.

The timing of the audit would be more appropriate if done after the lead up to / short period after year end.

The process was fair and the auditor was reactive and responsive to the timeframes for submission of the grant.

I feel that the audit has been managed well by the audit team who have shown a good deal of understanding in this case. While we can influence and raise awareness, we have no actual control over schools' use of agency staff and this has been acknowledged by Audit Committee.

Section 9 – Key Performance Measures – Staff Training

We continue to invest in the development of staff; we have recognised that, whilst the overall audit budget continues to reduce, the need for high quality assurance services does not. Indeed, with the increasing challenges and complexity facing local government and other public sector services, the need for well trained, motivated and versatile audit staff has never been higher.

In terms of professional training, we have 1 member of staff who is currently studying for the Chartered Institute of Public Finance and Accountancy qualification. The member of staff has successfully completed the Professional Certificate stage of the qualification and has now moved on to the Professional Diploma stage.

Staff are encouraged to attend courses and seminars that develop their skills, develop skills for the shared service and also further develop network opportunities. Listed below are a number of training courses that staff have either attended or are scheduled to attend during the coming months:-

- COA Financials refresher training;
- IT Governance Principles
- Best Practices in threat intelligence for threat containment.
- Use of IDEA software;
- Safeguarding,
- General Data Protection Regulations training;
- Wales Audit Office – Finance for the future;
- Institute of Internal Auditors (IIA) Wales Conference and;
- CIPFA Procurement and Contract Audit Summit.
- Domestic Abuse and Sexual Violence

Section 10 – Matters of Note

With the exception of the limited report outlined in Section 3 above, there are no other matters that need to be highlighted from the work undertaken by Internal Audit during the period.

For information:- South West Audit Partnership are continuing to help to support the completion of reviews as outlined in the 2018/19 Risk Based Audit Plan. Three new members of staff have joined the Internal Audit Shared Service on 13th August and have been provided with the necessary induction training together with their work allocation for the relevant quarters.

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

15th November 2018

REPORT OF THE CHIEF INTERNAL AUDITOR

UPDATED FORWARD WORK PROGRAMME 2018/19

1. Purpose of report

1.1 The purpose of this report is to present to Audit Committee the updated Forward Work Programme for 2018/19.

2. Connection to corporate improvement objectives/other corporate priorities

2.1 This report assists in the achievement of the following corporate priority/priorities:

- Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

3. Background

3.1 The Core functions of an effective Audit Committee are:-

- To consider the effectiveness of the Council's Risk Management arrangements, the control environment and associated anti-fraud and corruption arrangements.
- Seek assurances that action is being taken on risk-related issues identified by auditors and inspectors.
- Be satisfied that the Council's assurance statements properly reflect the risk environment and any actions required to improve it.
- Oversee the work of internal audit (including the annual plan and strategy) and monitor performance.
- Review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.
- Receive the annual report of the Chief Internal Auditor as Head of Audit.
- Consider the reports of external audit and inspection agencies, where applicable.
- Ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
- Review and approve the financial statements, external auditor's opinion and reports to Members, and monitor management action in response to the issues raised by external audit.

3.2 Effective Audit Committees help raise the profile of internal control, risk management and financial reporting issues within an organisation, as well as providing a forum for the discussion of issues raised by internal and external

auditors. They enhance public trust and confidence in the financial governance of an authority.

4. Current situation/proposal

- 4.1 In order to assist the Audit Committee in ensuring that due consideration is given by the Committee to all aspects of their core functions the updated Forward Work Programme for 2018/19 is attached **at Appendix A.**

5. Effect upon policy framework and procedure rules

- 5.1 There is no effect upon the policy framework and procedure rules.

6. Equality Impact Assessment

- 6.1 There are no equality implications arising from this report.

7. Well-being of Future Generations (Wales) Act 2015 implications

- 7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

8. Financial implications

- 8.1 There are no financial implications arising from this report.

9. Recommendation

- 9.1 That Members consider and note the updated Forward Work Programme for 2018/19.

Helen Smith
Chief Internal Auditor
15th November 2018

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Bridgend County Borough Council
Internal Audit
Innovation Centre
Bridgend Science Park
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Background Documents

None

**AUDIT COMMITTEE
SCHEDULE OF MEETINGS AND FORWARD WORK PROGRAMME
2018 - 2019**

PROVISIONAL DATE OF MEETING	FORWARD WORK PROGRAMME	OFFICER RESPONSIBLE	UPDATE
2018			
28th June	Information and Action Requests (if applicable).	Chief Internal Auditor (CIA)	N/A
	Updated Forward Work Programme 2018/19.	CIA	Completed
	Pre-audited Statement of Accounts 2017/18.	Head of Finance	Completed
	Draft Annual Governance Statement 2017-18	Head of Finance	Completed
	Treasury Management Outturn 2017/18	Head of Finance	Completed
	Proposal to Incorporate the Shared Internal Audit Service (RIASS) into a Larger Service Hosted by the Vale of Glamorgan Council to Include Two Additional Councils	Head of Finance	Completed
	Incident and Near Miss Reporting Procedure (Excluding Health and Safety)	Head of Finance	Completed
	Community Action Fund 2017-18 Update	Head of Finance	Completed
	Audit Committee's Term of Reference	Head of Finance	Completed
	External Auditors / Inspection Reports (where applicable).	Head of Finance / WAO	
	IASS Outturn Report April and May 2018. Together with progress against Plan.	CIA	Completed
	Healthy Organisational Review	CIA	Completed
6th September	Information and Action Requests	CIA	N/A
	Updated Forward Work Programme	CIA	Completed
	Statement of Audited Accounts and Final Annual Governance Statement 2017/18	Head of Finance / WAO	Completed
	Internal Audit 4 months Outturn Report April to July 2018, progress against plan	CIA	Completed
	External Auditors / Inspection Reports (where applicable).	Head of Finance / WAO	
15th November	Up dated Forward Work Programme	CIA	Submitted
	Information and Action Requests (where applicable)	CIA	N/A
	Risk Management	Head of Finance / Risk & Insurance Officer	Deferred to December
	Update on Community Action Fund	Head of Legal and Regulatory Services	Deferred to December
	Treasury Management Half Year monitoring report 2018-19	Head of Finance	Submitted
	Internal Audit Outturn Report – April 2017 to September 2018.	CIA	Submitted
	Healthy Organisation Review – Information Management follow up	CIA	Submitted
	Incident & Near Miss Procedure	Head of Finance	Deferred to December
	External Auditors / Inspection Reports (where applicable).	Head of Finance / WAO	
	Annual Audit Letter 2017/18		

APPENDIX A

	Annual Improvement Report 2017/18 Performance Work update – 2018/19 Service User Perspective of Disabled Facilities Grants		
13th December			
	Risk Management	Head of Finance / Risk & Insurance Officer	
	Incident & Near Miss Procedure	Head of Finance / Risk & Insurance Officer	
	Update on Community Action Fund	Head of Legal and Regulatory Services	
	External Auditors / Inspection Reports (where applicable). Annual Audit Letter 2017/18	Head of Finance / WAO	
2019			
17th January	Up dated Forward Work Programme	CIA	
	Internal Audit 8 months Outturn Report April – November 2018	CIA	
	External Auditors / Inspection Reports (where applicable)	Head of Finance / WAO	
	Corporate Risk Assessment 2019-20	Head of Finance	
	Fraud Update	Head of Finance / Benefits Manager.	
	Treasury Management Strategy 2019-20	Head of Finance	
	External Auditors / Inspection Reports (where applicable). Performance Work Update – 2018/19	Head of Finance / WAO	
18th April	Updated Forward Work Programme	CIA	
	Proposed Forward Work Programme 2019-20.	CIA	
	Internal Audit proposed Annual Strategy and Audit Plan 2019-2020.	CIA	
	Internal Audit Shared Service Charter 2019/20	CIA	
	Draft Head of Audit’s Annual Opinion Report and outturn for the Year 2018/19	CIA	
	External Auditors / Inspection Reports (if applicable): - External Audit Plan 2019/20 Certification of Grants and Returns 2017/18 Performance Work Update – 2018/19	Head of Finance / WAO	

By virtue of paragraph(s) 12, 13, 18 of Part 4 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

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