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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

*Rydym yn croesawu gohebiaeth yn Gymraeg.  
Rhowch wybod i ni os mai Cymraeg yw eich  
dewis iaith.*

*We welcome correspondence in Welsh. Please  
let us know if your language choice is Welsh.*



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, 30 Ionawr 2020 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. Cymeradwyaeth Cofnodion 3 - 16  
I dderbyn am gymeradwyaeth y Cofnodion cyfarfod y 14/11/19
4. Cofnod Gweithredu'r Pwyllgor Archwilio 17 - 22
5. Swyddfa Archwilio Cymru - Trosolwg a Chraffu Addas i'r Dyfodol 23 - 28
6. Asesiad Risg Corfforaethol, Polisi Rheoli Risg Corfforaethol a Gweithdrefn 29 - 58  
Adrodd am Ddigwyddiadau ac Achosion y bu ond y dim iddynt Ddigwydd
7. Strategaeth Rheoli'r Trysorlys 2020-21 59 - 88
8. Cynnydd yn Erbyn y Cynllun Seiliedig ar Risg Archwilio (1 Ebrill 2019 hyd 31 89 - 96  
Rhagfyr 2019)
9. Blaenraglen Waith wedi'i Diweddaru 2019/20 97 - 102
10. Materion Brys

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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.

Yn ddiffuant

**K Watson**

Prif Swyddog – Gwasanaethau Cyfreithiol, Adnoddau Dynol a Rheoleiddio

**Dosbarthiad:**

Cynghowrwy

CA Green

JE Lewis

MJ Kearn

B Sedgebeer

Cynghorwyr

RM Granville

LM Walters

A Williams

AJ Williams

Cynghorwyr

PA Davies

P Davies

TH Beedle

A Hussain

Aelod Lleyg:

Mrs J Williams

## PWYLLGOR ARCHWILIO - DYDD IAU, 14 TACHWEDD 2019

COFNODION CYFARFOD Y PWYLLGOR ARCHWILIO A GYNHALIWIYD YN  
YSTAFELLOEDD PWYLLGOR 2/3 - SWYDDFEYDD DINESIG, STRYD YR ANGEL, PEN-Y-  
BONT AR OGWR CF31 4WB DYDD IAU, 14 TACHWEDD 2019, AM 14:00

### Presennol

Y Cyngorydd LM Walters – Cadeirydd

JE Lewis  
P Davies

RM Granville  
TH Beedle

A Williams  
A Hussain

PA Davies

### Ymddiheuriadau am Absenoldeb

MJ Kearn a/ac AJ Williams

### Swyddogion:

Mark Thomas	Pennaeth Gwasanaeth Archwilio Rhanbarthol
Samantha Spruce	Wales Audit Office
Andrew Rees	Rheolwr Gwasanaethau Democraidd
Gill Lewis	Pennaeth Cyllid a Swyddog 151 Dros Dro
Lynne Berry	Rheolwr Grŵp Adfywio Tai a Chymuned
Joan Davies	Rheolwr Cleient Archwilio
Martin Morgans	Pennaeth Gwasanaeth - Perfformiad a Gwasanaethau Partneriaeth
Mark Shephard	Prif Weithredwr
Ieuan Sherwood	Rheolwr Grwp Economi, Adnoddau Naturiol a Chynaliadwyedd
Kelly Watson	Prif Swyddog – Gwasanaethau Cyfreithiol, Adnoddau Dynol a Rheoleiddio
John Llewellyn	Arweinydd Tim Archwilio Cyllid, Swyddfa Archwilio Cymru
Ian Phillips	Performance Auditor, Wales Audit Office
Ginette Beal	Grant Thorntons
Will Lane	Rheolwr Gweithredol – Cydwasanaethau Rheoleiddio

## 152. DATGANIADAU O FUDDIANT

Dim

## 153. LLYWODRAETHU'R GRONFA GOFAL INTEGREDIG

Adroddodd y Cyfarwyddwr Corfforaethol Gwasanaethau Cymdeithasol a Llesiant ar drosolwg o'r Gronfa Gofal Integredig (ICF) Genedlaethol ac ar y trefniadau llywodraethu a monitro rhanbarthol a oedd yn gysylltiedig â'r gronfa honno.

Hysbysodd y Cyfarwyddwr Corfforaethol Gwasanaethau Cymdeithasol a Llesiant y Pwyllgor fod swyddogion ac aelodau etholedig bellach yn gweithio gyda phartneriaid newydd ac yn sefydlu trefniadau partneriaeth rhanbarthol newydd, yn sgil newid ffiniau'r bwrdd iechyd - a elwir bellach yn rhanbarth Cwm Taf Morgannwg. Roedd hyn yn cynnwys dyrannu, rheoli a dylanwadu ar y Gronfa Gofal Integredig sydd yn parhau i gael ei chymeradwyo gan y Bwrdd Partneriaeth Rhanbarthol. Tynnodd sylw at y strwythur llywodraethu sy'n goruchwyllo proses yr ICF yn rhanbarth Cwm Taf Morgannwg. Mae adolygiad yn cael ei gynnal o'r trefniadau llywodraethu ar hyn o bryd yn sgil newid ffiniau'r Bwrdd Iechyd. Disgwylwyd y byddai'r adolygiad yn argymhell strwythur tair haen tebyg, gyda'r bwriad o'i weithredu o fis Ebrill 2020.

Adroddodd y Cyfarwyddwr Corfforaethol Gwasanaethau Cymdeithasol a Llesiant fod dyraniad Refeniw ICF Bwrdd Partneriaeth Rhanbarthol Cwm Taf Morgannwg wedi codi

o £5.608m i £12.7m yn ystod 2019/20, yn sgil cynnwys dyraniad ICF Pen-y-bont ar Ogwr. Er mwyn cynorthwyo Pen-y-bont ar Ogwr i drosglwyddo i'r Rhanbarth newydd, cytunwyd y byddai Pen-y-bont ar Ogwr yn clustnodi ei dyraniad Refeniw blaenorol o £1.988m o'r ICF. Tynnodd sylw at enghreifftiau lle'r oedd peth o Refeniw'r ICF yn cael ei glustnodi i themâu a nodwyd yn flaenoriaethau penodol gan Lywodraeth Cymru er mwyn cyflawni strategaethau cenedlaethol. Mae'r Gwasanaeth Awtistiaeth Integredig, y Cynllun Gweithredu Dementia a System Wybodaeth Gofal Cymunedol Cymru yn enghreifftiau o'r modd y mae dyraniadau penodol o'r ICF yn cael eu clustnodi ym mhob dyraniad rhanbarthol. Dywedodd fod y ceisiadau a oedd wedi'u cwblhau am ddyraniad Refeniw o'r ICF felly'n amrywio rhwng sefydliad unigol a cheisiadau lechyd a Gofal Cymdeithasol Integredig, yn ogystal ag ymagwedd cydweithredol rhanbarthol a allai gynnwys yr holl awdurdodau lleol neu un awdurdod lleol a'r Bwrdd lechyd. Mae rhai o geisiadau'r ICF ar gyfer cynlluniau blaenorol neu gynlluniau sy'n bodoli eisoes sy'n parhau o'r naill flwyddyn i'r nesaf, ac mae'r cynlluniau hynny ar hyn o bryd yn ddibynnol ar yr ICF. Amlinellodd y Cyfarwyddwr Corfforaethol Gwasanaethau Cymdeithasol a Llesiant y broses ar gyfer ceisiadau, lle byddai cynigion yn cael eu cymeradwyo'n lleol a'u cyflwyno i'r Tîm Comisiynu Rhanbarthol sy'n gwasanaethu Bwrdd Partneriaeth Rhanbarthol Cwm Taf Morgannwg.

Adroddodd y Cyfarwyddwr Corfforaethol Gwasanaethau Cymdeithasol a Llesiant ar ddyraniad cyfalaf yr ICF, sef £5,049,000 ar gyfer y rhanbarth yn 2019/20, gan gynnwys £1,500,000 a drosglwyddwyd o Fae'r Gorllewin i'r rhanbarth newydd. Amcangyfrifwyd y byddai hyn yn creu cyfanswm o £5,771,000 yn 2020/21. Dywedodd fod y broses ar gyfer ystyried ceisiadau cyfalaf yr ICF yn debyg i'r broses refeniw. Y gwahaniaeth allweddol rhwng Dyraniad Refeniw'r ICF a Dyraniad Cyfalaf yr ICF yw bod modd rhannu'r dyraniad cyfalaf yn ddwy ran, sef y Brif Raglen Gyfalaf (MCP) ar gyfer cynlluniau dros £100,000 a Chynlluniau Cyfalaf Dewisol (DCP) ar gyfer cynlluniau dan £100,000. Er nad yw'n ofynnol i ranbarthau gael cynlluniau DCP, mae Llywodraeth Cymru yn gorfodi terfyn ar ddyraniad y DCP, sef uchafswm o hyd at 20% o gyfanswm y cyllid cyfalaf sydd ar gael i'r Rhanbarth yn 2019/20.

Cwestiynai'r Pwyllgor a oedd angen prynu tir ac adeiladau yn gysylltiedig â phrosiect MCP 11 er mwyn creu 10 uned llety newydd wedi'u dylunio'n arbennig i rai ag anawsterau iechyd a dysgu cymhleth, oherwydd byddai'n fwy doeth adeiladu ar dir y Cyngor. Dywedodd y Cyfarwyddwr Gwasanaethau Cymdeithasol a Llesiant wrth y Pwyllgor y byddai'r holl amrywiaeth o opsiynau'n cael eu hystyried ar y cyd â landlordiaid cymdeithasol cofrestredig, ac nid oedd cadarnhad eto a fyddai bargaen ynghylch tir ar gyfer prosiect hwn. Dywedodd ei bod hi weithiau'n well gwerthu tir i'w ddatblygu, ac na fyddai tir yn cael ei brynu nes archwilio'r holl opsiynau. Byddai cost-effeithiolrwydd hynny a sut i sicrhau'r canlyniad gorau i'r gwasanaeth yn cael eu hystyried.

Gofynnodd y Pwyllgor gwestiynau ynghylch y cynigion ar gyfer prosiect MCP 13 Ysbyty Maesteg. Dywedodd y Cyfarwyddwr Corfforaethol Gwasanaethau Cymdeithasol a Llesiant wrth y Pwyllgor mai astudiaeth ddichonoldeb oedd y prosiect mwyn datblygu Ysbyty Maesteg yn y dyfodol.

Gofynnodd y Pwyllgor a fyddai'r strwythur llywodraethu newydd yn achosi pryder wrth geisio cael cymeradwyaeth ar gyfer ceisiadau i ariannu prosiectau. Dywedodd y Cyfarwyddwr Corfforaethol Gwasanaethau Cymdeithasol a Llesiant wrth y Pwyllgor nad oedd unrhyw bryderon ar hyn o bryd. Atgoffodd y Pwyllgor Swyddfa Archwilio Cymru (SAC) wedi codi cwestiynau cyn heddiw ynghylch effeithiolrwydd yr ICF ledled Cymru. Dywedodd Samantha Spruce o SAC wrth y Pwyllgor y byddai'n gwneud ymholiadau ynghylch hyn.

Cyfeiriodd y Pwyllgor at oedi yn y broses benderfynu yn Llywodraeth Cymru, a olygai nad oedd cadarnhad o gynigion yn cael dychwelyd i'r rhanbarth tan yn hwyr ym mis

Awst, ac a fyddai perygl i brosiectau beidio â chael eu cwblhau. Hysbysodd y Cyfarwyddwr Corfforaethol Gwasanaethau Cymdeithasol a Llesiant y pwyllgor fod hyn yn broblem cynaliadwyedd a'i bod hi'n anodd cynllunio ar gyfer y tymor hir wrth dderbyn cyllid grant, gan nad yw'n gyllid creiddiol, a bod hynny'n creu anawsterau wrth geisio recriwtio staff dros dro. Dywedodd fod cynlluniau wrth gefn wedi'u sefydlu ar gyfer llithriant. Dywedodd y Cyfarwyddwr Corfforaethol Gwasanaethau Cymdeithasol a Llesiant y byddai'n cyflwyno manylion cynlluniau sydd yn y fantol oherwydd oedi wrth gyllido gerbron y Pwyllgor. Addawodd y byddai'n cyflwyno papurau'r Bwrdd Partneriaeth Rhanbarthol gerbron y Pwyllgor.

PENDERFYNWYD: Bod y Pwyllgor wedi nodi'r wybodaeth yn yr adroddiad.

154. COFNOD GWEITHREDU'R PWYLLGOR ARCHWILIO

Cyflwynodd y Rheolwr Gwasanaethau Democraataidd Cofnod Gweithredu diweddaraf y Pwyllgor Archwilio

Mewn perthynas â'r eitem ar Adolygiad Twyll Corfforaethol 2018-19 a'r Fenter Twyll genedlaethol, esboniodd y Pennaeth Cyllid Dros Dro a'r Swyddog Adran 151 fod dau reswm wrth wraidd y gwahaniaeth rhwng y symiau a nodwyd fel symiau wedi'u gorhawlio ac wedi'u hadennill gan rai sy'n derbyn Gostyngiad Person Sengl. Y rheswm cyntaf oedd mai amcangyfrif oedd y swm a nodwyd fel swm wedi'i orhawlio, a'r gwahaniaeth amser rhwng nodi a chasglu.

PENDERFYNWYD: Bod y Pwyllgor wedi ystyried y Cofnod Gweithredu.

155. GWASANAETHAU IECHYD YR AMGYLCHEDD SWYDDFA ARCHWILIO CYMRU - ADOLYGIAD DILYNOL

Cyflwynodd Ginette Beal o Grant Thornton adolygiad dilynol o Wasanaethau Iechyd yr Amgylchedd. SAC a oedd wedi comisiynu Grant Thornton i gynnal yr adolygiad. Hysbysodd y Pwyllgor fod SAC wedi cyflawni'r darn hwn o waith fel dilyniant i adroddiad cenedlaethol a gyhoeddwyd ym mis Hydref 2014 o dan y teitl 'Cyflawni â llai - yr effaith ar wasanaethau iechyd yr amgylchedd a dinasyddion'. Roedd yr adolygiad lleol yn 2019 yn asesu a gafwyd unrhyw newidiadau o ran cyllideb neu staff o fewn gwasanaethau iechyd yr amgylchedd y Cyngor, a'r graddau yr oedd y Cyngor wedi mynd i'r afael â'r argymhellion yn ei hadroddiad cenedlaethol yn 2014. Yn yr adolygiad diweddar canolbwyntiwyd ar gynnydd y Cyngor tuag at ymdrin ag argymhellion 2, 3, 4 a 5, sef:

- A2 Rhoi'r sgiliau a'r cymorth sydd eu hangen ar gadeiryddion ac aelodau pwyllgorau craffu i graffu ar berfformiad gwasanaethau, cynlluniau arbed ac effaith gostyngiadau cyllidebol a'u herio'n effeithiol.
- A3 Ymgysylltu'n well â thrigolion lleol ynghylch cynlluniau i dorri cyllidebau a newid gwasanaethau drwy:
- ymgynghori â thrigolion ar newidiadau arfaethedig mewn gwasanaethau a defnyddio'r canfyddiadau i lywio penderfyniadau;
  - amlinellu pa wasanaethau a gaiff eu torri a sut y bydd y toriadau hyn yn effeithio ar drigolion; a
  - nodi cynlluniau i gynyddu taliadau neu newid safonau gwasanaeth.
- A4 Gwella effeithlonrwydd a gwerth am arian drwy:
- Nodi dyletswyddau statudol ac anstatudol gwasanaethau iechyd yr amgylchedd cynghorau;

## PWYLLGOR ARCHWILIO - DYDD IAU, 14 TACHWEDD 2019

- Cytuno ar flaenoriaethau iechyd yr amgylchedd ar gyfer y dyfodol a rôl cynghorau wrth gyflawni'r rhain;
- Pennu 'safon dderbyniol o berfformiad' ar gyfer gwasanaethau iechyd yr amgylchedd (uchaf ac isaf) a rhoi cyhoeddusrwydd iddynt ymhlith dinasyddion;
- Gwella effeithlonrwydd a chynnal perfformiad ar y lefel y cytunwyd arni drwy wneud y canlynol:
  - cydweithio a/neu integreiddio ag eraill er mwyn lleihau costau a/neu wella ansawdd;
  - gosod gwasanaethau ar gontractau allanol lle y gellir eu darparu mewn ffordd fwy cost-effeithiol yn unol â'r safonau y cytunwyd arnynt;
  - cyflwyno a/neu gynyddu taliadau a chanolbwyntio ar weithgarwch sy'n cynhyrchu incwm;
  - defnyddio grantiau mewn ffordd strategol er mwyn sicrhau'r effaith a'r elw mwyaf; a
  - lleihau gweithgareddau er mwyn canolbwyntio ar flaenoriaethau statudol a strategol craidd.

### A5 Gwella gwaith cynllunio strategol drwy:

- nodi, casglu a dadansoddi data ariannol, data ar berfformiad a data ar alw/angen mewn perthynas â gwasanaethau iechyd yr amgylchedd;
- dadansoddi data a gasglwyd er mwyn llywio a deall y gydberthynas rhwng 'cost: budd: effaith' a defnyddio'r wybodaeth hon fel sail i benderfyniadau ar wasanaethau iechyd yr amgylchedd cynghorau yn y dyfodol; a
- chytuno sut y gellir defnyddio gwybodaeth ddigidol i gynllunio a datblygu gwasanaethau iechyd yr amgylchedd yn y dyfodol.

Hysbysodd y Pwyllgor fod SAC, ar y cyfan, wedi canfod bod model y Cydwasanaethau Rheoleiddio yn galluogi'r Cyngor i barhau i gyflenwi ei wasanaethau iechyd yr amgylchedd yng nghyd-destun adnoddau sy'n prinhau a'r cyfrifoldebau ychwanegol a osodir arno yn sgil newidiadau parhaus mewn deddfwriaeth. Yr oedd hefyd yn teimlo bod lle i'r Cyngor gryfhau ei drefniadau trosolwg a chraffu ar gyfer gwasanaethau iechyd yr amgylchedd a'i waith gyda'r Cydwasanaethau Rheoleiddio a darparwyr eraill er mwyn archwilio cyfleoedd i wella yn y dyfodol.

Hysbysodd Rheolwr Gweithredol y Cydwasanaethau Rheoleiddio y Pwyllgor bod yr adroddiad yn rhoi darlun cadarnhaol. Dywedodd fod y trefniadau rheoli wedi cael eu symleiddio, ond y byddai heriau cynyddol o'n blaen. Mae'r Cydwasanaethau Rheoleiddio wedi ymrwmo i gynnal adolygiad 4 blynedd o'r gwasanaetha gan ymgynghori â'u Bwrdd, eu staff a'r Undebau Llafur. Yr oedd yn ymwybodol y gallai cyfleoedd godi i bob un o'r tri Chyngor graffu ar y gwasanaeth. Cadarnhaodd y Rheolwr Gwasanaethau Democrataidd fod y Pwyllgor Trosolwg a Chraffu Corfforaethol wedi cynnwys eitem ar ei raglen waith i Graffu ar y Cydwasanaethau Rheoleiddio.

Gofynnodd y Pwyllgor a oedd y Cydwasanaethau Rheoleiddio yn gallu cystadlu â darparwyr gwasanaethau rheoli pla allanol. Hysbysodd y Pennaeth Perfformiad a Gwasanaethau Partneriaeth y Pwyllgor fod y Cyngor yn cynnal ymgynghoriad er mwyn penderfynu a ddylid parhau i ddarparu gwasanaeth rheoli pla di-dâl. Hysbysodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro y Pwyllgor fod y Panel Ymchwil a Gwerthuso Cyllidebau wedi edrych ar hyn yn rhan o broses y gyllideb, ac wedi cyflwyno argymhellion. Roedd y cynnig ar hyn o bryd yn rhan o'r broses ymgynghori'r gyllideb.

Hysbysodd y Rheolwr Gweithredol y Pwyllgor fod Pennaeth y Cydwasanaethau Rheoleiddio yn ystyried darparu cyfleoedd i hyfforddi'r Aelodau. Cadarnhaodd Pennaeth y Gwasanaethau Cyfreithiol a Rheoleiddio fod cyfleoedd craffu dan ystyriaeth.

**PENDERFYNWYD:** Bod y Pwyllgor wedi nodi Adroddiad Dilynol SAC ar Wasanaethau Iechyd yr Amgylchedd.

156. **GRANT CYFLEUSTERAU I'R ANABL (DFG) - YMATEB I ARGYMHELLION SAC**

Rhoddodd y Pennaeth Perfformiad a Gwasanaethau Partneriaeth y newyddion diweddaraf am gynnydd yr argymhellion a wnaed yn adroddiad SAC ar lefelau bodlonrwydd ymgeiswyr Grant Cyfleusterau i'r Anabl ym Mhen-y-bont ar Ogwr.

Hysbysodd y Pwyllgor fod nifer o gamau wedi cael eu gweithredu ers yr adroddiad er mwyn ymateb i argymhellion penodol SAC. Dangosodd hefyd enghreifftiau o astudiaethau achos a oedd wedi cael eu darparu. Roedd y camau allweddol eraill a gymerwyd yn cynnwys ad-drefnu'r staff; gwaith ymchwil â chysylltu ag awdurdodau lleol eraill er mwyn ymchwilio i fodelau darparu a gweithredol, gan gynnwys Cyngor Dinas Caerdydd a Chyngor Castell-nedd Port Talbot; Adolygiad Syniadaeth Ddarbodus wedi'i gynnal gan Ymgynghorydd Annibynnol er mwyn canfod biwrocratiaeth a rhwystrau diangen; a nifer o newidiadau gweithredol o ddydd i ddydd er mwyn eglurhau a symleiddio prosesau lle bo modd, a mwy o waith monitro ac adolygu.

Tynnodd sylw at yr heriau sy'n wynebu'r gwasanaeth, gydag achosion cymhleth sy'n cymryd mwy o amser i'w cyflawni yn effeithio ar gyfartaleddau cyffredinol, Canlyniad hyn oedd cyfartaledd o 270 diwrnod i ddarparu DFG (mae CBSPO yn yr 20<sup>fed</sup> safle yng Nghymru); 713 o ddiwrnodiau i ddarparu DFG i blant, sydd yn tueddu i fod yn fwy cymhleth, ac achosion mwy a oedd yn aml yn golygu gosod estyniad ar ystafell wely neu ystafell wlyb. Dywedodd fod angen gwaith dylunio a chynllunio manwl ar gyfer y rhain, a'u bod yn cymryd mwy o amser i'w cyflawni nag achosion llai cymhleth; a 244 o ddiwrnodiau i ddarparu DFG oedolyn. Hysbysodd y Pwyllgor nad oedd y gwariant llawn yn cael ei gyflawni yn y rhan fwyaf o flynyddoedd, a bod llawer o newidynnau o fewn y model darparu cyfredol, yn fewnol ac yn allanol, a oedd wedi arwain at y sefyllfa hon. Roedd yr adolygiad syniadaeth ddarbodus wedi tynnu sylw at y rhain, ac roeddent yn cael eu harchwilio ar hyn o bryd. Dywedodd fod hyn, ynghyd â'r wybodaeth a gasglwyd gan awdurdodau lleol eraill wedi amlygu agweddau allweddol i'w hystyried ymhellach.

Adroddodd fod y gwasanaeth DFG mewn cyfnod o newid a bod llawer o waith wedi'i gyflawni i ddatblygu opsiynau ar gyfer model darparu'r dyfodol drwy gamau gweithredu i ddatblygu'r gwasanaeth ers cyfarfod diwethaf y Pwyllgor. Gan ystyried canfyddiadau ac argymhellion SAC a safonau gwasanaeth LIC, mae ymchwil yn parhau i nodi'r Model mwyaf effeithiol i ddarparu gwasanaeth amserol o ansawdd i ymgeiswyr; cyflwyno lefel o reolaeth dros faterion perfformiad a diogelu; sicrhau lefel briodol o adnoddau a sicrhau bod mân waith yn parhau i gael ei gyflawni'n effeithiol. Dywedodd y byddai adroddiad yn cael ei gyflwyno i'r Cabinet ar fodelau cyflenwi a gwybodaeth cost/budd yn gysylltiedig ag opsiynau.

Gofynnodd y Pwyllgor pam bod y gwasanaeth yn yr 20<sup>fed</sup> safle yng Nghymru o ran perfformiad, a pham ei bod hi wedi cymryd mor hir i gyflwyno gwelliannau ym mherfformiad y gwasanaeth, a beth fyddai'r raddfa amser resymol i adolygu'r gwasanaeth a'i leoli yn gyntaf yng Nghymru. Soniodd y Pennaeth Perfformiad a Gwasanaethau Partneriaeth y Pwyllgor am yr heriau o flaen y gwasanaeth gan ddweud mai'r amcan oedd gwella ei berfformiad. Dywedodd ei bod hi wedi cymryd cryn amser i sefydlu beth oedd o'i le â'r gwasanaeth a bod angen sefydlu model gwaith newydd. Dywedodd hefyd fod angen anelu'n uchel, a bod perfformiad wedi gwella a'i bod bellach yn cymryd 500 o ddiwrnodiau i gwblhau DFGs plant. Dywedodd wrth y Pwyllgor eu bod wedi dysgu arfer gorau oddi wrth gynghorau Caerdydd, RhCT a Chastell-nedd Port Talbot. Dywedodd fod model gwaith newydd wedi cael ei ddatblygu i symud y gwasanaeth yn ei flaen, a bod angen i'r Cabinet / CMB gymeradwyo'r model hwnnw.

Gofynnodd y Pwyllgor pa mor aml fyddai'r contractwyr yn codi mwy na'r dyfynbris gwreiddiol. Dywedodd y Pennaeth Perfformiad a Gwasanaethau Partneriaeth y byddai'n rhoi'r manylion hynny i'r Pwyllgor. Fodd bynnag, roedd DFGs wedi'u cyfyngu i uchafswm o £36k, er bod cyfleusterau benthyca hefyd ar gael i'r rhai a oedd yn derbyn y gwasanaeth. Dywedodd fod yr awdurdod wedi bod yn agored a thryloyw ynghylch yr hyn yr oedd yn ei ystyried yn DFGs.

Hysbyswyd y Pwyllgor fod yr Adran Archwilio Mewnol ar hyn o bryd yn adolygu DFGs, ac y byddai adroddiad pellach i'r Pwyllgor yn cael ei gyflwyno i'r Pwyllgor ar hynny ar ôl ei gwblhau.

Gofynnodd y Pwyllgor a oedd gwiriadau DBS yn cael eu cynnal ar contractwyr. Hysbysodd y Pennaeth Perfformiad a Gwasanaethau Partneriaeth y Pwyllgor mai ychydig iawn o contractwyr sy'n derbyn gwiriadau DBS, a bydd problemau'n codi pan fydd contractwyr yn dod i gymryd lle contractwr arall. Dywedodd fod angen cyflwyno fframwaith a sicrhau nad oedd gwaith yn cael ei is-gontractio.

Mynegodd y Pwyllgor bryder ynghylch faint o amser yr oedd hi'n ei gymryd i weithredu argymhelliad therapydd galwedigaethol, er enghraifft. Hysbysodd y Pennaeth Perfformiad a Gwasanaethau Partneriaeth y Pwyllgor bod adolygiad wedi canfod y byddai amseroedd darparu yn gyflymach na 7 mis ar gyfer argymhelliad gan therapydd galwedigaethol.

Mynegodd y Pwyllgor bryder y gallai oedi yn achos DFGs plant roi straen ar deuluoedd. Dywedodd y byddai ymgysylltu yn digwydd ar y cyfle cyntaf yn achos DFGs plant, ac y byddai disgwyliadau'n realistig.

**PENDERFYNWYD:** (1) Bod y Pwyllgor wedi nodi'r ymatebion a wnaed i adroddiad SAC;

(2) Y dylid nodi bod yr Adran Archwilio Mewnol yn cynnal adolygiad o DFGs, a bod y Pennaeth Perfformiad a Gwasanaethau Partneriaeth yn adrodd yn ôl wrth gyfarfod o'r Pwyllgor Archwilio yn y dyfodol ar welliannau a wnaed ym mherfformiad DFGs.

**157. RHAGLEN FFOCWS BUDDSODDI CYRCHFAN PORTHCAWL.**

Cyflwynodd Samantha Spruce adroddiad terfynol Swyddfa Archwilio Cymru ar archwiliad o Raglen Ffocws Buddsoddi Cyrchfan Porthcawl. Dywedodd fod SAC wedi archwilio'r graddau y mae'r Cyngor yn gweithredu'n unol â'r egwyddor datblygu cynaliadwy wrth Gyflawni Rhaglen Ffocws Buddsoddi Cyrchfan Porthcawl. Nod y Rhaglen honno yw cynyddu gwerth twristiaeth i'r economi, cynyddu cyfleoedd busnes a chyflogaeth a chefnogi ystod o ddigwyddiadau diwylliannol, chwaraeon a busnes. Dywedodd fod SAC wedi canfod agweddau cadarnhaol yn y modd y mae'r Cyngor wedi ystyried yr egwyddor datblygu cynaliadwy yn ei ymagwedd at gyflawni Rhaglen Buddsoddi Cyfalaf Cyrchfan Porthcawl. Dywedodd fod gan y Cyngor waith pellach i'w gyflawni er mwyn ymwreiddio'r pum ffordd o weithio mewn modd cyson, a rhoddodd amlinelliad o'r ymateb a gafwyd gan y Cyngor.

Hysbysodd Rheolwr Grŵp yr Economi, Adnoddau Naturiol a Chynaliadwyedd y Pwyllgor fod SAC wedi cydnabod gwerth archwilio prosiectau yng nghyd-destun Deddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015. Dywedodd fod Porthcawl yn y trydydd safle fel cyrchfan ym Mhrifddinas-Ranbarth Caerdydd, ac yn y nawfed safle yng Nghymru'n gyffredinol.



**PENDERFYNWYD:** Bod y Pwyllgor wedi nodi adroddiad SAC, "Llesiant Cenedlaethau'r Dyfodol: Archwiliad o gyflawni Rhaglen Ffocws Buddsoddi Tref Porthcawl - Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr'.

**158. ADRODDIAD GWELLA BLYNYDDOL (AGB) SWYDDFA ARCHWILIO CYMRU 2018-19**

Cyflwynodd Samantha Spruce sy'n cynrychioli Swyddfa Archwilio Cymru Adroddiad Gwella Blynyddol yr Archwilydd Cyffredinol. Roedd yr Archwilydd Cyffredinol wedi cynnal asesiad gwella a chyflawni gwaith asesu risg a sicrwydd ochr yn ochr â gwaith yr holl Gyngorau ar Ddeddf Llesiant Cenedlaethau'r Dyfodol (Cymru) Dywedodd fod yr Adroddiad Gwella Blynyddol yn cynnwys crynodeb o'r astudiaethau cenedlaethol a gynhaliodd SAC yn ystod y flwyddyn, ynghyd ag argymhellion y mae'n ofynnol i'r holl awdurdodau lleol fynd i'r afael â hwy. Mae casgliad cyffredinol yr AGB yn gadarnhaol, ac mae'r Archwilydd Cyffredinol o'r farn fod y Cyngor yn debygol o gydymffurfio â gofynion Mesur Llywodraeth Leol 2009 yn ystod 2019-20.

Adroddodd ar brif ganfyddiadau'r prosiectau a ganlyn lle nodwyd cynigion ar gyfer gwella:

- Archwiliadau Deddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2005
- Safbwynt Defnyddwyr Gwasanaethau ar Grantiau Cyfleusterau i'r Anabl
- Iechyd yr Amgylchedd
- Trefniadau Corfforaethol ar gyfer Diogelu Plant

**PENDERFYNWYD:** Bod y Pwyllgor wedi nodi Adroddiad Gwella Blynyddol 2018-19 a luniwyd gan Swyddfa Archwilio Cymru.

**159. ADOLYGIAD DILYNOL SWYDDFA ARCHWILIO CYMRU O DREFNIADAU CORFFORAETHOL AR GYFER DIOGELU PLANT**

Cyflwynodd Samantha Spruce sy'n cynrychioli Swyddfa Archwilio Cymru adolygiad dilynol o Drefniadau Corfforaethol ar gyfer Diogelu Plant.

Dywedodd Ian Phillips o SAC wrth y Pwyllgor fod SAC wedi cyflawni'r gwaith hwn i ddilyn ymlaen o'r adolygiad a gynhaliodd yn 2014. Cynhaliwyd yr adolygiad dilynol rhwng mis Gorffennaf a mis Medi 2019, ac roedd yn cynnwys cyfweiliadau â detholiad o swyddogion ac Aelodau ac adolygiad o ddogfennau. Roedd yr adolygiad dilynol yn 2019 yn ceisio ateb y cwestiwn: A yw'r Cyngor wedi gweithredu'n unol â'r argymhellion a'r cynigion ar gyfer gwella a oedd wedi'u cynnwys yn adroddiadau lleol a chenedlaethol yr Archwilydd Cyffredinol a gyhoeddwyd yn 2014 a 2015? Ar y cyfan, dywedodd fod SAC wedi canfod bod y Cyngor wedi bodloni ei hargymhellion a'i chynigion blaenorol ar gyfer gwella yn llwyr neu'n rhannol. Fodd bynnag, roedd SAC wedi nodi cynigion pellach ar gyfer gwella er mwyn cryfhau agweddau ar drefniadau diogelu corfforaethol y Cyngor. Amlinellodd y naw cynnig ar gyfer gwella a nodwyd yn dilyn yr adolygiad diweddaraf, a dweud wrth y Pwyllgor fod SAC hefyd yn asesu cynnydd yn erbyn yr argymhellion o adroddiad cenedlaethol 2015 ac adroddiad lleol 2014. O ran yr adroddiad lleol, roedd y rhan fwyaf o'r cynigion ar gyfer gwella wedi'u bodloni, ond roedd un cynnig arall ar gyfer gwella wedi cael ei nodi. O ran adroddiad cenedlaethol 2015, mae'r Cyngor wedi bodloni'r argymhellion a'r cynigion gwella blaenorol yn llwyr neu'n rhannol. Mae SAC wedi nodi rhai cynigion gwella pellach i gryfhau agweddau ar drefniadau diogelu corfforaethol y Cyngor.

**PENDERFYNWYD:** Bod y Pwyllgor wedi nodi Adolygiad Dilynol SAC o Drefniadau Corfforaethol ar gyfer Diogelu Plant a bod adroddiad diweddarar ar y camau gweithredu yn cael ei gyflwyno gerbron cyfarfod nesaf y Pwyllgor.

160. **Y DIWEDDARAF I'R PWYLLGOR ARCHWILIO GAN SWYDDFA ARCHWILIO CYMRU (SAC)**

Cyflwynodd Samantha Spruce sy'n cynrychioli Swyddfa Archwilio Cymru y newyddion diweddaraf am waith Archwilio Ariannol a Pherfformiad a gyflawnwyd gan SAC yn ystod 2019-20. Hysbysodd y Pwyllgor fod y rhaglen waith yn cael ei chyflawni er mwyn cynorthwyo'r Archwilydd Cyffredinol i gyflawni dyletswyddau o dan Ddeddf Archwilio Cyhoeddus (Cymru) 2004 (Deddf 2004) a Mesur Llywodraeth Leol (Cymru) 2009. Gallai hefyd ddarparu gwybodaeth ar gyfer astudiaeth i wella gwerth am arian o dan adran 41 o Ddeddf 2004, ac/neu archwiliad a gynhelir gan yr Archwilydd Cyffredinol o dan adran 15 o Ddeddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015. Ym Mesur Llywodraeth Cymru (Cymru) 2009, mae'n ofynnol hefyd i'r Archwilydd Cyffredinol gynnal Asesiad Gwella blynyddol er mwyn canfod a yw Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr yn debygol o gydymffurfio â gofynion Rhan 1 o'r Mesur.

Dywedodd wrth y Pwyllgor am y gwaith a gyflawnwyd yn y Cyngor gan ac ar ran yr Archwilydd Cyffredinol yn gysylltiedig â chyllid a pherfformiad o dan Fesur Llywodraeth Leol (Cymru) 2009, a Deddf Archwilio Cyhoeddus (Cymru) 2004.

**PENDERFYNWYD:** Bod y Pwyllgor wedi nodi diweddariad y Pwyllgor Archwilio i SAC.

161. **ADRODDIAD DILYNOL CYNLLUNIO ARBEDION SWYDDFA ARCHWILIO CYMRU**

Cyflwynodd Samantha Spruce adolygiad Cynllunio Arbedion yn dilyn ymlaen o waith a gyflawnwyd yn flaenorol, mewn adroddiad a gyflwynwyd i'r Cyngor ym mis Mawrth 2017, gyda'r cynigion a ganlyn ar gyfer gwella er mwyn cryfhau trefniadau cynllunio ariannol:

- sicrhau bod cynigion arbed wedi'u datblygu'n llawn a'u bod yn cynnwys graddfeydd amser realistig i'w cyflawni cyn eu cynnwys yn y gyllideb flynyddol; a
- nodi cynigion arbed dangosol dros gyfnod y Cynllun Ariannol Tymor Canolig.

Hysbysodd y Pwyllgor fod SAC wedi cyflawni gwaith ym mis Mai a mis Mehefin 2019 i asesu cynnydd y Cyngor wrth fynd i'r afael â'r cynigion hyn ar gyfer gwella, ac i ystyried effeithiolrwydd trefniadau'r Cyngor i gyflawni ei gynigion arbed. Ar y cyfan, nododd fod SAC wedi canfod bod gan y Cyngor drefniadau cryfach i ddatblygu a chyflawni cynlluniau arbed, ond bod angen gwneud gwaith pellach i ddatblygu strategaeth ariannol tymor canolig gyflawnadwy, yn enwedig ar gyfer 2020-21 a thu hwnt. Er bod y Cyngor wedi cyflawni'r rhan fwyaf o'i gynlluniau arbed yn 2018-19, roedd angen iddo sicrhau bod y trefniadau cryf newydd yn fodd i barhau â hynny, ac roedd angen i'r graddfeydd amser ar gyfer cyflawni fod mor gywir ag sy'n bosibl. Nid oedd unrhyw gynigion pellach ar gyfer gwella wedi'u nodi yn yr adolygiad dilynol. Canfu SAC:

- fod y broses ar gyfer datblygu cynigion arbed y gyllideb bellach yn dechrau ynghynt, gan roi mwy o gyfle i swyddogion ac aelodau gael datblygu ac ymgysylltu ar gynigion, gan gyfeirio'n benodol at rôl Panel Ymchwil a Gwerthuso'r Gyllideb (PYGG);
- bod swyddogion cyllid yn chwarae mwy o ran yn natblygiad cynigion ac yn herio cywirdeb a chyflawnadwyedd amserlenni cyflawni;

- lle'r oedd arbedion yn cael eu bodloni'n rhannol roedd hynny'n aml oherwydd nad oedd digon o amser wedi'i ganiatáu i ymgynghori â'r cyhoedd neu negodi contractau â phartneriaid.
- nad oes achosion busnes â chostau llawn a chynlluniau cyflawni i gefnogi'r holl gynigion arbed.

Dywedodd y bydd swyddogion yn ystyried y sylwadau manwl a amlinellwyd yn yr adroddiad, ac yn gweithio i gryfhau'r prosesau sydd wedi'u sefydlu. Bydd SAC yn adolygu cynaliadwyedd ariannol holl Gynghorau Cymru yn rhan o'i waith archwilio perfformiad. Bydd hyn yn cynnwys strategaethau ariannol tymor canolig a thymor hwy, rheoli cyllidebau, rheoli pwysau o ran costau, effeithlonrwydd a chynlluniau arbed, a lefelau'r cronfeydd a'r defnydd ohonynt. Yn ddiweddar, dywedodd fod y Cyngor wedi cwblhau a chyflwyno hunanasesiad fel rhan annatod o'r prosiect hwn.

Dywedodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro wrth y Pwyllgor fod swyddogion yn gweithio'n galed i gyflawni'r arbedion sy'n ofynnol yn y SATC, a chanmol rôl PYGG yn hyn o beth. Dywedodd yr hoffai weld SATC 4 blynedd yn datblygu, ond nid oedd y setliad yn hysbys. Dywedodd wrth y Pwyllgor ei bod hi'n troi'n fwyfwy anodd canfod arbedion, a bod angen arbed £34 miliwn dros y 4 blynedd nesaf.

Tynnodd Samantha Spruce o SAC sylw'r Pwyllgor at ddarn o waith y mae SAC yn ei gyflawni ar hyn o bryd ar gynaliadwyedd ariannol awdurdodau lleol ledled Cymru a fyddai'n cael ei gyflwyno gerbron Llywodraeth Cymru. Mynegodd y Pwyllgor bryder bod y Cyngor yn gorfod cwtogi gwasanaethau'n barhaus, ac y dylid rhoi pwysau ar Lywodraeth y DU ac ar Lywodraeth Cymru i gynyddu gwariant. Mewn ymateb i gwestiwn, dywedodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro wrth y Pwyllgor fod y Cyngor ymhell o'r senario a brofwyd yng Nghyngor Northampton.

Dywedodd aelod o'r Pwyllgor nad oedd yr holl Aelodau'n gallu cael yr un mynediad at wybodaeth am y gyllideb er mwyn llunio cynigion amgen ar ei chyfer. Gwnaed cais i roi PYGG ar sail ffurfiol. Dywedodd Samantha Spruce y byddai'n ymchwilio i drefniadau Cynghorau eraill ar gyfer cynnal cyfarfodydd tebyg i gyfarfodydd PYGG, ac adrodd yn ôl i'r Pwyllgor. Dywedodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro wrth y Pwyllgor fod SAC bob amser wedi ystyried PYGG yn arfer da. Mae ei gyfarfodydd yn anffurfiol, ac mae'n rhaid i'r Aelodau gadw cyfrinachedd, ac roedd ei waith wedi cael ei gymeradwyo. Ei brif bwrpas yw cynorthwyo'r swyddogion Cyllid i baratoi cyllideb gytbwys. Dywedodd fod y darlun yn amrywio'n helaeth ar draws Cymru o ran rhannu gwybodaeth, ac nad oedd gan Aelodau mewn llawer o Gynghorau eraill fynediad at y lefel hon o wybodaeth na'r arfer a ganiateir gan y Cyngor yn PYGG. Dywedodd hefyd ei bod hi wastad ar gael i'r holl Aelodau siarad â hi ynghylch y SATC a'r gyllideb.

**PENDERFYNWYD:** Bod y Pwyllgor wedi nodi Adroddiad Dilynol SAC ar Gynllunio Arbedion.

## 162. LLYTHYR ARCHWILIO BLYNYDDOL 2018-19

Cyflwynodd yr Arweinydd Tîm Archwilio Ariannol, Swyddfa Archwilio Cymru, Lythyr Archwilio Blynnyddol 2018-19 yr Archwilydd Penodedig. Roedd y llythyr yn cadarnhau bod barn archwilio ddiamod wedi'i rhoi ar y datganiadau cyfrifyddu, a oedd yn cadarnhau eu bod yn rhoi darlun cywir a theg o sefyllfa ariannol a thrafodion y Cyngor. Roedd y llythyr hefyd yn cadarnhau bod yr Archwilydd Penodedig yn fodlon bod y Cyngor wedi gwneud trefniadau priodol i sicrhau darbodusrwydd, effeithlonrwydd ac effeithiolrwydd wrth ddefnyddio ei adnoddau. Roedd yr Archwilydd Penodedig, yn unol â Deddf Archwilio Cyhoeddus (Cymru) 2004, yn cyflwyno tystysgrif i gadarnhau bod gwaith archwilio'r cyfrifon wedi'i gwblhau.

PENDERFYNWYD: Bod y Pwyllgor wedi nodi Llythyr Archwilio Blynyddol 2018-19.

163. RHEOLI'R TRYSORLYS - ADRODDIAD HANNER BLWYDDYN 2019-20

Cyflwynodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro adroddiad a oedd yn rhoi'r newyddion diweddaraf i'r Pwyllgor am yr adolygiad canol blwyddyn a sefyllfa'r alldro hanner blwyddyn ar gyfer gweithgarwch rheoli trysorlys, a dangosyddion rheoli trysorlys ar gyfer 2019-20, a thynnu sylw at gydymffurfiaeth â pholisïau ac arferion y Cyngor yr adroddwyd amdanynt wrth y Cabinet a'r Cyngor.

Esboniodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro fod y Pwyllgor yn gyfrifol am sicrhau trefniadau effeithiol i graffu ar bolisïau a'r Strategaeth Rheoli Trysorlys. Ychwanegodd fod Llywodraeth Cymru wedi cyhoeddi Canllawiau diwygiedig ar Fuddsoddiadau Llywodraeth Leol ym mis Ebrill 2010 a oedd yn ei gwneud hi'n ofynnol i'r Cyngor gymeradwyo Strategaeth Fuddsoddi cyn dechrau pob blwyddyn ariannol, ac roedd hyn wedi'i gynnwys yn y Strategaeth Rheoli Trysorlys.

Adroddodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro fod y Cyngor wedi cydymffurfio â gofynion deddfwriaethol a rheoleiddio yn ystod hanner cyntaf 2019-20. Adroddwyd wrth y Cyngor am Strategaeth Rheoli Trysorlys 2019-20 ar 20 Chwefror a'r Alldro Hanner Blwyddyn ar 23 Hydref 2019. Yn ogystal â hyn, cyflwynwyd adroddiad monitro chwarterol i'r Cabinet ym mis Gorffennaf 2019. Cyflwynodd grynodedeb o weithgareddau rheoli trysorlys ar gyfer hanner cyntaf 2019-20. Nid oedd y Cyngor wedi cymryd unrhyw fenthyciadau hirdymor ers mis Mawrth 2012, ac ni ddisgwyliwyd y byddai angen unrhyw fenthyciadau hirdymor yn 2019-20. Roedd llifoedd arian parod ffafriol wedi creu arian dros ben i'w fuddsoddi, a balans y buddsoddiadau ar 30 Medi 2019 oedd £43.75 miliwn, gyda chyfradd llog gyfartalog o 0.85%.

Hysbysodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro y Pwyllgor ei bod hi'n ofynnol yn y Cod Rheoli Trysorlys i'r Cyngor bennu ac adrodd ar nifer o Ddangosyddion Rheoli Trysorlys, sydd naill ai'n rhoi crynodeb o'r gweithgarwch a ddisgwyli'r neu sy'n gosod terfynau ar y gweithgarwch. Dywedodd fod y Cyngor yn diffinio ansawdd credyd uchel fel sefydliadau a sicrwydd a chanddynt sgôr credyd A- neu'n uwch. Mae'n ofynnol i bob awdurdod lleol gynnal adolygiad canol blwyddyn o'i bolisïau, ei arferion a'i weithgarwch rheoli trysorlys, ac mai canlyniad yr adolygiad hwnnw yw nad oes angen unrhyw newidiadau i'r Strategaeth Rheoli Trysorlys ar hyn o bryd.

Gofynnodd aelod o'r Pwyllgor pam bod y Cyngor wedi mabwysiadu'r strategaeth hon, ac a ellid archwilio strategaethau eraill. Hysbysodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro y Pwyllgor fod y strategaeth yn seiliedig ar egwyddorion sicrwydd, hylifedd ac arenilion, yn y drefn honno. Hysbysodd y Pwyllgor fod rhai cynghorau wedi symud tuag at fasnacheiddio, ac esboniodd fod gan Awdurdodau Lloegr bŵer cymhwysedd cyffredinol. Yr oedd cynnig i gyflwyno hyn ar gyfer awdurdodau lleol Cymru. Byddai angen i'r Cyngor gymeradwyo unrhyw gynigion a fyddai'n newid y Strategaeth Rheoli Trysorlys.

PENDERFYNWYD: Bod y Pwyllgor wedi nodi gweithgareddau rheoli'r trysorlys ar gyfer 2019-20 am y cyfnod 1 Ebrill 2019 hyd 30 Medi 2019 a'r Dangosyddion Rheoli Trysorlys a Darbodus a ragwelir ar gyfer 2019-20, yr adroddwyd arnynt oll gerbron y Cyngor ar 23 Hydref 2019.

164. POLISI CYDRANOLI

Cyflwynodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro adroddiad er mwyn i'r Pwyllgor gael ystyried a chymeradwyo Polisi Cyfrifyddu Cydranoli'r Cyngor ar gyfer

Eiddo, Peiriannau a Chyfarpar, a gweithrediad y polisi ar gyfer Datganiad Cyfrifon 2019-20 a thu hwnt.

Adroddodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro ei bod hi'n ofynnol, yn rhan o'r Cod Ymarfer ar gyfer Cadw Cyfrifon Awdurdod Lleol yn y Deyrnas Unedig, cydranoli asedau, lle bo'r cydrannau'n cynrychioli elfen sylweddol o gyfanswm cost ased, a lle bo gwahaniaeth sylweddol rhwng oes ased y cydrannau hynny a hyd oes yr ased cyfan. Dywedodd fod Swyddfa Archwilio Cymru wedi codi sawl pwynt yn gysylltiedig â gwaith cydranoli asedau'r Cyngor yn archwiliadau'r ddwy flynedd ddiwethaf, gan nodi nad oedd y Cyngor wedi cymhwyso ei bolisi cydranoli i nifer o asedau, ac y dylid cynnal adolygiad ffurfiol o'r polisi bob blwyddyn. Dywedodd wrth y Pwyllgor y byddai adolygiad ffurfiol o'r polisi fel arfer yn cael ei gynnal gan y Swyddog Adran 151 neu swyddog arall priodol, ond ystyriwyd ei bod hi'n briodol cyflwyno'r polisi diwygiedig arfaethedig i'r Pwyllgor Archwilio i'w gymeradwyo ar yr achlysur hwn, yn dilyn argymhellion SAC. Roedd trafodaethau wedi cael eu cynnal â SAC i roi mwy o fanylion ac egluro dull y Cyngor o gydranoli asedau.

Adroddodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro hefyd fod y Cod yn disgrifio cyfrifoldeb y Prif Swyddog Cyllid (PSC) i sefydlu lefelau de minimis o arwyddocâd ar gyfer cydnabod cydrannau, ar sail asesiadau o effeithiau perthnasol posibl ar y datganiadau ariannol. Bydd yn rhaid i'r PSC gynnal asesiad o eitemau unigol o eiddo, peiriannau a chyfarpar, neu grwpiau o asedau tebyg sydd yn is na'r lefelau de minimis, ac y gellir eu hanwybyddu wrth gydranoli. Bydd angen dadansoddi eitemau unigol sy'n uwch na'r terfyn de minimis i weld a oes ganddynt gydrannau sylweddol sy'n amrywio o ran eu hoes ddefnyddiol neu batrymau dibrisiant. Dywedodd fod yr holl asedau'n cael eu hailbriso ar raglen dreigl tair blynedd, ac y bydd yr angen i gydranoli asedau yn cael ei ystyried bob tro wrth ailbriso. Cyflwynodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro y Polisi Cyfrifyddu Cydrannau ar gyfer Eiddo, Peiriannau a Chyfarpar. Mae'r Cefndir a'r Rhagarweiniad wedi cael eu symleiddio a'r fethodoleg ar gyfer sefydlu de minimis wedi'i egluro. Mae'r polisi hefyd yn cadarnhau'r asedau hynny na fyddant yn cael eu hystyried ar gyfer cydranoli ac, ar gyfer yr asedau sy'n weddill, natur y cydrannau a ystyrir.

**PENDERFYNWYD:** Bod y Pwyllgor Archwilio wedi ystyried a chymeradwyo'r Polisi Cydranoli a gweithredu'r polisi hwn ar gyfer Datganiad Cyfrifon 2019-20 a thu hwnt.

#### 165. ASESIAD RISG CORFFORAETHOL

Adroddodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro y newyddion diweddaraf am newidiadau i'r Asesiad Risg Corfforaethol, a wnaed yn dilyn cyfarfod y Pwyllgor Archwilio ar 8 Awst 2019.

Dywedodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro wrth y Pwyllgor fod y Bwrdd Rheoli Corfforaethol wedi ailystyried y sgoriau ar gyfer Risg 1 a Risg 8 fel a ganlyn:

- Risg 1 - Ceir risg na fydd y Cyngor yn gallu gwneud penderfyniadau cadarn tymor canolig i dymor hir lle mae angen newid gwasanaethau.

Cynigiwyd y dylid codi'r sgôr tebygolrwydd o 2 (yn annhebygol o ddigwydd) i 3 (gallai ddigwydd) a phennu sgôr risg diwygiedig o 15. Y rheswm am hyn yw ansicrwydd ynghylch cyllid Llywodraeth Cymru yn y dyfodol, gyda setliadau'n cael eu cytuno o'r naill flwyddyn i'r nesaf. Mae hynny'n golygu ei bod hi'n fwy o her blaengynllunio.

- Risg 8 - Ceir risg na fydd y Cyngor yn gallu denu neu gadw gweithlu a chanddo'r sgiliau angenrheidiol i fodloni'r gofynion ar yr awdurdod a'i wasanaethau

Cynigiwyd y dylid codi'r sgôr tebygolrwydd o 2 (yn annhebygol o ddigwydd) i 3 (gallai ddigwydd) a phennu sgôr risg diwygiedig o 12. Y rheswm am hyn yw bod y Cyngor yn parhau i'w chael hi'n anodd cadw a recriwtio cyflogeion mewn rhai mathau o broffesiynau, gan gynnwys eiddo, cynllunio, materion cyfreithiol a chyllid.

Dyweddodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro hefyd wrth y Pwyllgor fod yr awdurdod wedi penodi swyddog profiadol yn ddiweddar yn lle'r Swyddog Rheoli Risg ac Yswiriant blaenorol a oedd wedi gadael yr awdurdod yn ddiweddar.

**PENDERFYNWYD:** Bod y Pwyllgor wedi ystyried y newidiadau i'r Asesiad Risg Corfforaethol ac y bydd yn derbyn adroddiad pellach ym mis Ionawr 2020 ar Asesiad Risg Corfforaethol 2020-21 ac adolygiad o'r Polisi Rheoli Risg Corfforaethol.

166. **ADOLYGIAD O DDATGANIAD LLYWODRAETHU BLYNYDDOL 2018-19**

Adroddodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro ar y newyddion diweddaraf ynghylch y Cynllun Gweithredu a oedd yn cyd-fynd â Datganiad Llywodraethu Blynyddol terfynol 2018-19 yn Natganiad Cyfrifon 2018-19.

Adroddodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro fod angen sicrhau cyfranogiad gweithgar Aelodau a swyddogion ar draws y Cyngor er mwyn sicrhau llywodraethu corfforaethol da. Caiff trefniadau llywodraethu eu hadolygu'n flynyddol, a defnyddir y canfyddiadau i ddiweddarau'r Datganiad Llywodraethu Blynyddol, sy'n helpu i sicrhau gwelliant parhaus yn niwylliant llywodraethu corfforaethol y Cyngor. Mae'r Datganiad Llywodraethu Blynyddol yn rhoi asesiad cyffredinol o drefniadau llywodraethu corfforaethol y Cyngor ac arfarniad o'r rheolaethau sydd ar waith i reoli risgiau allweddol y Cyngor. Y mae hefyd yn nodi lle mae angen gwelliannau. Ers cyflwyno'r adroddiad gerbron y Pwyllgor Archwilio ym mis Mehefin 2019, dywedodd ei fod wedi cael ei ddiwygio i adlewyrchu canlyniad Arolygiad Estyn.

Er mwyn cychwyn proses gynhyrchu Datganiad Llywodraethu Blynyddol 2019-20, adroddodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro fod angen adolygu'r Cynllun Gweithredu a oedd yn gysylltiedig â DLIB 2018-19. Tynnodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro sylw at gynnydd pob mater llywodraethu o bwys yn erbyn y Cynllun.

**PENDERFYNWYD:** Bod y Pwyllgor:

- 1) Wedi nodi Datganiad Llywodraethu Blynyddol diwygiedig 2018-19;
- 2) Wedi ystyried Cynllun Gweithredu Datganiad Llywodraethu Blynyddol 2018-19.

167. **CYFLWYNIAD AR RÔL YR ADRAN ARCHWILIO MEWNOL A'R NEWYDDION DIWEDDARAF AM Y GWASANAETH ARCHWILIO MEWNOL RHANBARTHOL**

Derbyniodd y Pwyllgor gyflwyniad oddi wrth Bennaeth y Gwasanaeth Archwilio Mewnol Rhanbarthol ar rôl yr Adran Archwilio Mewnol, a'r newyddion diweddaraf am y Gwasanaeth Archwilio Mewnol Rhanbarthol.

Dyweddodd wrth y Pwyllgor am y cynnydd a wnaed gyda'r Gwasanaeth Archwilio Mewnol newydd a oedd wedi'i ehangu, ac a ddaeth i rym ar 1 Ebrill 2019. Tynnodd sylw at yr amcanion a nodwyd; cyfleoedd / manteision; cyflawniadau a blaenoriaethau uniongyrchol i'r gwasanaeth; y blaenoriaethau ar gyfer y 12 mis cyntaf, a chynnig i

ddatblygu ymagwedd fasnachol. Tynnodd sylw hefyd at rôl y Gwasanaeth Archwilio Mewnol a'r Cynllun Archwilio Mewnol ar gyfer 2019-20, a'r math o farn ac argymhellion a fyddai wedi'u cynnwys yn adroddiadau'r Gwasanaeth Archwilio Mewnol.

PENDERFYNWYD: Bod y Pwyllgor wedi nodi cynnwys y cyflwyniad.

168. CYNNYDD YN ERBYN Y CYNLLUN SEILIEDIG AR RISG ARCHWILIO (1 EBRILL 2019 HYD 30 MEDI 2019)

Adroddodd y Rheolwr Cleient Archwilio ar gynnydd a wnaed yn erbyn y gwaith archwilio a oedd wedi'i gynnwys a'i gymeradwyo yng Nghynllun Seiliedig ar Risg Blynyddol yr Adran Archwilio Mewnol 2019-20.

Dywedodd wrth y Pwyllgor fod y Cynllun yn darparu cyfanswm o 1,101 o ddiwrnodiau archwilio i gynnwys y cyfnod o fis Ebrill 2019 hyd fis Mawrth 2020, wedi'u rhannu i'r adolygiadau hynny a ystyriwyd yn Flaenoriaeth Un a Blaenoriaeth Dau, gyda'r nod o gwblhau'r cynllun cyfan erbyn diwedd y flwyddyn ariannol. Pan gymeradwywyd y Cynllun, dywedodd fod 2019/20 yn flwyddyn drosiannol i'r gwasanaeth estynedig newydd, a bod angen rhywfaint o hyblygrwydd i ymdrin â gofynion ychwanegol wrth sefydlu'r gwasanaeth newydd.

Adroddodd y Rheolwr Cleient Archwilio ar gynnydd gwirioneddol yn erbyn chwarter 1 a chwarter 2 Cynllun Seiliedig ar Risg 2019/20, gan fanylu ar statws pob adolygiad a oedd wedi'i gynllunio, y farn archwilio a faint o argymhellion uchel neu ganolig a wnaed er mwyn gwella'r amgylchedd rheoli. Ar 30 Medi 2019, roedd 10 o adolygiadau archwilio wedi cael eu cwblhau, 4 o adolygiadau eraill wedi'u cynnal ac adroddiadau drafft wedi'u cyhoeddi ac yn disgwyl adborth gan Adrannau Gwasanaeth. Ar sail asesiad o gryfderau a gwendidau'r meysydd a gafodd eu harchwilio drwy brofi effeithiolrwydd yr amgylchedd rheoli mewnol, rhoddwyd barn archwilio sicrwydd sylweddol i 1 adolygiad a barn sicrwydd rhesymol i 9 o adolygiadau. Gwnaed 11 o argymhellion tymor canolig i wella amgylchedd rheoli mewnol y meysydd a adolygwyd, a byddai'r broses o weithredu'r argymhellion hyn yn cael ei monitro er mwyn sicrhau bod gwelliannau'n digwydd. Dywedodd fod y cynllun yn seiliedig ar strwythur staff llawn, ond bod y gwasanaeth yn dal i gynnwys swyddi gwag tra bo strwythur y Gwasanaeth Rhanbarthol yn cael ei ddatblygu. Roedd Partneriaeth Archwilio'r De Orllewin (SWAP) wedi cael ei chomisiynu i ymdrin yn rhannol â'r bwch yn nifer y diwrnodiau yr oedd eu hangen i gwblhau'r cynllun.

Gofynnodd y Pwyllgor a ragwelwyd y byddai'r holl ddiwrnodiau archwilio yn cael eu cwblhau, ac a ellid comisiynu mwy o adolygiadau i SWAP. Dywedodd Pennaeth y Gwasanaeth Archwilio Mewnol Rhanbarthol wrth y Pwyllgor fod 6 swydd wag tu fewn yr Adran Archwilio Mewnol yn chwarter 2, ond bod gwaith recriwtio ar y gweill. Roedd cymorth wedi cael ei gomisiynu gan SWAP, a'r Adran Archwilio Mewnol oedd yn penderfynu pa adolygiadau a fyddai'n cael eu comisiynu. Dywedodd na fyddai y cynllun i gyd yn cael ei gyflawni, ond bod hynny'n gyffredin â gwasanaethau archwilio eraill, ond rhoddir sylw digonol i ddarparu barn archwilio i'r Cyngor.

PENDERFYNWYD: Bod y Pwyllgor wedi nodi cynnwys yr adroddiad a'r cynnydd a wnaed.

169. Y DIWEDDARAF AM Y FENTER TWYLL GENEDLAETHOL

Adroddodd y Rheolwr Cleient Archwilio ar gynnydd hyd yma yn gysylltiedig â'r Fenter Twyll Genedlaethol.

Dyweddod y Rheolwr Cleient Archwilio wrth y Pwyllgor fod ymarfer echdynnu a pharu data wedi cael ei gynnal ym mis Medi 2018. Rhyddhawyd y parau ym mis Ionawr 2019, gan ddarparu cyfanswm o 8,466 o barau. Yn ddiweddar roedd hyfforddiant wedi cael ei gyflwyno i staff a oedd yn gyfrifol am adolygu'r parau er mwyn sicrhau ymagwedd gyson ar draws y Cyngor. Cafodd swyddogion ddealltwriaeth well o'r parau data a ddarparwyd a sut i gofnodi'r canfyddiadau'n gywir, ac roedd cyfle hefyd i rwydweithio â meysydd gwasanaeth eraill i drafod unrhyw barau data a oedd yn croesi ar draws y meysydd hynny. Roedd 4,705 o'r 8,466 o barau (55.6%) wedi cael eu prosesu hyd yma, ac mae gwaith yn parhau o hyd ar y parau sy'n weddill. Nodwyd bod cyfanswm o £59,706 yn cynrychioli twyll neu wall posibl, a bod modd adennill £28,804 o'r arian hwnnw.

Adroddodd y Rheolwr Cleient Archwilio mai parau Credydwr oedd y nifer fwyaf o barau. Roedd y rhain yn nodi copiâu dyblyg posibl yn erbyn enw credydwr, cyfeirnod, cyfeiriad a'r cyfeirnod neu'r swm ar yr anfoneb. Wrth gynnal adolygiad cychwynnol o'r parau, gwelwyd bod llawer o'r taliadau'n rhai dilys, a llwyddwyd i gau 50% o'r parau yn yr ymarfer didoli cyntaf hwnnw. Dywedodd fod yr Adran Archwilio Mewnol wedi cynnal ymarfer i adolygu'r parau credydwr i gyflogai lle'r oedd cyflogai yn gysylltiedig â chredydwr â'r un cyfrif banc neu gyfeiriad, ac mai ad-daliadau arian traul i staff ysgol oedd y rhan fwyaf o'r parau. Bu'r Adran Archwilio Mewnol hefyd yn adolygu'r parau lle'r oedd cyflogai neu Aelod wedi'u rhestru fel cyfarwyddwr cwmni y mae'r Cyngor yn masnachu ag ef. Cafodd llawer o'r parau eu cynhyrchu yn sgil y ffaith bod Cynghorwyr yn dal swyddi cyfarwyddwr mewn cwmnïau yr oedd llawer ohonynt wedi'u lleoli yn y gymuned. Mae'r parau wedi'u cau yn dilyn cadarnhad bod yr Aelod perthnasol wedi datgan buddiant.

Adroddodd y Rheolwr Cleient Archwilio hefyd fod angen i wahanol adrannau mewnol gysylltu'r naill a'r llall, neu â sefydliadau eraill, ar gyfer rhai parau NFI, gan fod rhai parau cyflogres yn dangos bod cyflogeion yn cael eu talu gan fwy nag un sefydliad. Dywedodd fod a wnelo un o'r parau â chyflogai yng Nghyngor Pen-y-bont ar Ogwr. Eglurodd y Pennaeth Cyllid a Swyddog Adran 151 Dros Dro nad oedd unrhyw bryderon pellach.

PENDERFYNWYD: Bod y Pwyllgor wedi nodi diweddariad yr NFI.

170. BLAENRAGLEN WAITH WEDI'I DIWEDDARU 2019/20

Cyflwynodd y Pennaeth Archwilio Mewnol Rhanbarthol ddiweddariad Blaenraglen Waith 2019/20. Er mwyn cynorthwyo'r Pwyllgor i sicrhau bod y Pwyllgor wedi rhoi ystyriaeth ddigonol i bob agwedd ar ei swyddogaethau craidd, dywedodd fod Blaenraglen Waith newydd wedi cael ei chyflwyno.

Dyweddod y Cadeirydd wrth y Pwyllgor fod angen cynnal cyfarfod o'r Pwyllgor Archwilio ar 11 Mehefin 2020 er mwyn cymeradwyo Ffurflenni a Datganiad Cyfrifon drafft yr Harbwr.

PENDERFYNWYD: Bod y Pwyllgor wedi nodi'r Flaenraglen Waith a oedd wedi'i diweddaru ar gyfer 2019/20.

171. EITEMAU BRYD

Nid oedd unrhyw eitemau brys.

172. CYMERADWYO'R COFNODION

PENDERFYNWYD: Cymeradwyo bod cofnodion cyfarfod y Pwyllgor Archwilio a gynhaliwyd ar 8 Awst 2019 yn wir a chywir, yn amodol ar



**PWYLLGOR ARCHWILIO - DYDD IAU, 14 TACHWEDD 2019**

ychwanegu enw Mrs J Williams at y rhestr o'r rhai a oedd yn bresennol.

Daeth y cyfarfod i ben am 16:31

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## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO AUDIT COMMITTEE

30 JANUARY 2019

#### REPORT OF THE CHIEF OFFICER – LEGAL, HR AND REGULATORY SERVICES

#### AUDIT COMMITTEE ACTION RECORD

##### 1. Purpose of report

- 1.1 The purpose of this report is to provide Members with an update on the Audit Committee Action Record.

##### 2. Connection to corporate improvement objectives/other corporate priorities

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

##### 3. Background

- 3.1 An Action Record has been devised to assist the Committee in tracking the decisions made by the Committee in the exercise of its functions.

##### 4. Current situation/proposal

- 4.1 In order to assist the Audit Committee in ensuring that decisions made by the Committee are actioned and implemented, the Action Record is attached at **Appendix A**. The Action Record will be presented to each meeting of the Committee for approval.

##### 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 the Audit Committee note the Action Record.

**Kelly Watson**  
**Chief Officer – Legal, HR & Regulatory Services**  
**22 January 2020**

**Contact Officer: Andrew Rees**  
**Democratic Services Manager**

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Bridgend  
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### **Background Documents**

None

Date of Committee	Title of report/ Agenda Item	Actions	Responsible Officer	Updated Timeframe for response	Comment	Status RAG
26 April 2018	<u>EXTERNAL AUDIT ANNUAL AUDIT PLAN 2017-18.</u>	An audit to be undertaken by the Internal Shared Service, in addition to one carried out by lead authority of Cardiff City Council and/or Cardiff City Deal Joint Committee, to ensure accountability was shown by BCBC as a participating authority.	Chief Internal auditor	Review Sept 2019	Awaiting new City Deal projects to be approved as currently only one project is live and then an Internal Audit review can begin.	Amber
6 September 2018	<u>WALES AUDIT OFFICE – OVERVIEW AND SCRUTINY – FIT FOR THE FUTURE?</u>	<ul style="list-style-type: none"> <li>Proposed to benchmark overview and scrutiny in BCBC against other neighbouring authorities.</li> <li>WAO confirmed that any proposal for improvement could be considered by WAO to see if they could offer any assistance. The Committee felt that it would be appropriate for more training to be undertaken in the area of overview and scrutiny.</li> </ul>	Senior Democratic Services Officer  Financial Audit Manager – WAO	Completed	Update Report to January 2020 Committee	Green
17 January 2019	<u>CORPORATE RISK ASSESSMENT, CORPORATE RISK MANAGEMENT POLICY AND INCIDENT AND NEAR MISS REPORTING PROCEDURE.</u>	<p>It was proposed that the Committee considers an annual report summarising incidents and near misses recorded and action taken to prevent reoccurrence of these/ others.</p> <p>A further report would have to be presented to Council, seeking amendment to the Committees</p>	Interim Head of Finance	August 2019	<p>Update Report will be presented to Committee</p> <p>Legal Services confirmed that the terms of reference for the Audit Committee within the</p>	Amber

		Terms of Reference within the Constitution, to include this function.			Constitution were sufficient to cover off this task	
<b>18 April 2019</b>	<u>REGIONAL INTERNAL AUDIT SHARED SERVICE CHARTER 2019/20</u>	Harmonisation of the Audit Committees Terms of Reference with neighbouring authorities.  Suggested consideration for potential networking initiative – Chairs of Audit Committees of neighbouring authorities to meet up and share best practice.	Head of Internal Audit	In Forward Work Programme for November 2019	All Wales Session for Audit Committee Chair took place on 11 <sup>th</sup> October 2019.	Green  Green
<b>8 August 2019</b>	<u>WALES AUDIT OFFICE INTEGRATED CARE FUND REPORT</u>	The Wales Audit Office to suggest actions and targets on how to test and monitor the effectiveness of the Integrated Care Fund.	WAO		Awaiting response from WAO	Amber
<b>14 November 2019</b>	<u>INTEGRATED CARE FUND GOVERNANCE</u>	Wales Audit Office to make enquiries on whether ICF across Wales was effective.  Corporate Director Social Services and Wellbeing to provide the Committee with details of schemes at risk due to delays in funding.	Wales Audit Office  Corporate Director Social Services and Wellbeing	Information to be disseminated to members of the Audit Committee	Response from WAO awaited  Response from Corporate Director Social Services and Wellbeing awaited	Amber  Amber

		Corporate Director Social Services and Wellbeing to provide the Committee with the papers of the Regional Partnership Board	Corporate Director Social Services and Wellbeing	prior to the next meeting  Information to be disseminated to members of the Audit Committee	Response from Corporate Director Social Services and Wellbeing awaited	Amber
<b>14 November 2019</b>	<u>DISABLED FACILITIES GRANT (DFG) - RESPONSE TO WAO RECOMMENDATIONS</u>	Head of Performance and Partnership Services to report back to a future Committee on improvements made in the performance of DFGs.	Head of Performance and Partnership Services	November 2020	Head of Performance and Partnership Service to embed new ways of working, and carry out two procurement exercises and also start to recruit staff.	Red
<b>14 November 2019</b>	<u>WALES AUDIT OFFICE FOLLOW-UP REVIEW OF CORPORATE ARRANGEMENTS FOR THE SAFEGUARDING OF CHILDREN</u>	An update on the actions to be reported to the next meeting of the Committee	Corporate Director Social Services and Wellbeing	April 2020	Report to April 2020 Committee	Green
<b>14 November 2019</b>	<u>CORPORATE RISK ASSESSMENT</u>	Further report in January 2020 concerning the 2020-21 Corporate Risk Assessment and review of the Corporate Risk Management Policy.	Interim Head of Finance and Section 151 Officer	January 2020	Report to January 2020 Committee	Green

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## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO AUDIT COMMITTEE

30 JANUARY 2020

#### REPORT OF THE CHIEF OFFICER LEGAL, HR AND REGULATORY SERVICES

#### WALES AUDIT OFFICE – OVERVIEW AND SCRUTINY – FIT FOR THE FUTURE

##### 1. Purpose of Report

- 1.1 The purpose of this report is to provide the Committee with a progress update on the recommendations made in the Wales Audit Office (WAO) report to the Audit Committee meeting of 6 September 2018 ‘Overview and Scrutiny – Fit for the Future?’ for noting.

##### 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.

##### 3. Background

- 3.1 On 6<sup>th</sup> September 2018 the Audit Committee was presented with the completed WAO report in respect of the ‘Overview and Scrutiny – Fit for the Future?’ review. The WAO undertook this piece of work as part of a national report and explored how ‘fit for the future’ scrutiny functions are within the Authority. The review considered how the Council is responding to challenges, including the Wellbeing of Future Generations (Wales) Act 2015 in relation to their scrutiny activity, and how it undertakes scrutiny of Public Service Boards (PSBs).

- 3.2 The review concluded that 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 and also proposed the following areas for improvement, namely:

- 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.
- 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.

- 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.
- P4 The Council should consider how it can involve the public and other stakeholders in its scrutiny activity.
- P5 The Council should review the type of scrutiny support required to enable the scrutiny function to respond to current and future challenges.

#### **4. Current Situation / Proposal**

4.1 The following progress has been made to date in relation to the WAO proposals for improvement:

- P1 Research has been undertaken by the Scrutiny Team to look at best practice elsewhere, particularly how other local authorities get the public involved in the scrutiny process.

The Corporate Overview and Scrutiny Committee has previously discussed options on how the Council could explore more innovative methods for undertaking Scrutiny activity to make the most effective use of resources available and improve the impact of Scrutiny activity. The Corporate Overview and Scrutiny Committee recommended the introduction of a Scrutiny Chairs Research Group. The Scrutiny Chairs would carry out an 'Information Gathering' exercise on an item from the Forward Work Programme. The evidence will be compiled and included to complement the Officers report which will assist the Committee when the item is subsequently brought before them for Scrutinising. The Scrutiny Chairs agreed to use the 'Strategic Review of Health & Safety Responsibilities' in schools as the Chairs first topic for investigation.

Members of the Scrutiny Team attend and participate fully in two Scrutiny Networks, namely the Welsh Local Government Association (WLGA) Scrutiny Officers' Network and the South East Wales Scrutiny Officers' Network. Both Networks provide an invaluable opportunity for Scrutiny Officers to exchange ideas on best practice and to receive training.

- P2 Regular Officer Planning meetings now take place with the Chairs of Overview and Scrutiny Committees to enable them to have more involvement and input into the Scrutiny Forward Work Programme items that are recommended by Officers.

At the Forward Work Programme planning workshops, Members suggested that recommendations are reported back to each scrutiny Committee with a Red, Amber, Green status so it is clear what has been responded to. The Scrutiny Team chase those recommendations that are not marked as Green until Members are satisfied.

Regular quarterly meetings are held between Cabinet, Corporate Management Board (CMB) and Scrutiny Chairs. These meetings have

been very positive, with Cabinet Members and Officers suggesting input on items from Scrutiny which the Scrutiny Chairs have agreed to add to and also change the order of the Forward Work Programme to accommodate pre decision topics. Action notes are now taken at this meeting which are provided to attendees for accuracy and distributed to all present for information.

- P3 All Scrutiny Members have been surveyed in relation to their development needs, and offered refresher training on a topic already received.

The WLGA has recently delivered training to Scrutiny Committee Members on Questioning Skills to enable Members to be equipped with the necessary skills to effectively scrutinise and challenge service performance. A repeat session will be arranged. In addition, the WLGA will be delivering Scrutiny Committee Chairs training on a date to be agreed.

- P4 Scrutiny meetings which are webcasted are promoted by the Communications Team on the Council's social media platforms in order to encourage public engagement in Scrutiny participation.

In June 2019 a proposed decision of Cabinet in relation to Supported Bus Services was called in by Scrutiny, which resulted in a meeting of Scrutiny being held to consider the Call-in. The meeting was webcasted, which was publicised by the Communications Team. Members of the public were encouraged to engage in the Call-in process and were given an opportunity to address the Committee. Four members of the public took the opportunity to address the Committee.

In November 2019 a proposed decision of Cabinet in relation to Playing Fields, Outdoor Sports Facilities and Parks Pavilions was also called in, resulting in the Call-in being considered by the Corporate Overview and Scrutiny Committee. The Scrutiny Team worked again with the Communications Team to publicise the meeting, which generated significant public interest, with 15 members of the public, representing sports clubs in the County Borough addressing the Committee, while 6 sports clubs submitted written representations for the Committee's consideration. This enabled the 'voice' of local people and communities across the County Borough to be heard as part of the process.

A shortcut has been added to the banner on the Council's website to the webcasting page via the 'My Council' web page, to raise awareness of the Scrutiny function and encourage public participation.

Scrutiny meetings which have been webcast during 2019 have featured the following items:

- Supported Bus Services
- Corporate Landlord function
- Homelessness Strategy
- Empty Properties
- Safeguarding

- Supporting People Grant Programme

A programme of scrutiny meetings that are to be webcast will continue to be developed, covering a wide range of topics.

In an attempt to engage further with the public and stakeholders, it is planned to hold a future Scrutiny Committee meeting in the community on an area of interest to the local community.

Consideration has also be given to holding a live social media session to give the public an opportunity to get involved, similar to the Q&A sessions which have been undertaken on Budget Consultations.

- P5 Pre-meetings have been implemented in order to provide the Chair and Members of the Committee with the opportunity to develop lines of enquiry prior to conducting business and taking evidence from attendees and invitees. It is ensured that discussion/debate which takes place in the pre-meeting is brought back in the public meeting.

The Scrutiny section within Democratic Services has recently gone through a recruitment process to fill vacancies within the team. The section now consists of a full time Senior Democratic Services Officer – Scrutiny and two full time Scrutiny Officers, thereby increasing capacity within the team.

## **5. Effect upon policy framework and procedural rules**

- 5.1 The report does not have any impact upon 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 relating to the report.

## **9. Recommendations**

- 9.1 It is recommended that the Audit Committee note the report.

**Kelly Watson**  
**Chief Officer Legal, HR and Regulatory Services**  
**2 January 2020**

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**Background documents:** None

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## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO AUDIT COMMITTEE

30 JANUARY 2020

#### REPORT OF THE INTERIM HEAD OF FINANCE

#### CORPORATE RISK ASSESSMENT, CORPORATE RISK MANAGEMENT POLICY AND INCIDENT AND NEAR MISS REPORTING PROCEDURE

##### 1. Purpose of Report

- 1.1 The purpose of the report is to provide the Audit Committee with the outcome of the Corporate Risk Assessment 2020-21 in **Appendix A**, inform the Committee of the changes to the Council's Risk Management Policy in **Appendix B** and provide an update on reported Incident and Near Miss occurrences in **Appendix C**.

##### 2. Connections 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 Good governance requires the Council to develop effective risk management processes, including assessment of corporate risks.
- 3.2 The Audit Committee's Terms of Reference requires the committee to review, scrutinise and issue reports and recommendations on the appropriateness of the Council's risk management, internal control and corporate governance arrangements.
- 3.3 The Corporate Risk Assessment is considered and reviewed by the Corporate Management Board, Senior Management Team and Audit Committee, as part of the Council's quarterly Corporate Performance Assessment process, and is used to inform the Overview and Scrutiny Committees' Forward Work Programme and the budget process.
- 3.4 The Corporate Risk Assessment 2020-21 is aligned with the Council's Medium Term Financial Strategy and Corporate Plan.

- 3.5 Each year the Council agrees a risk management timeline. This is shown as Appendix 2 within the Corporate Risk Management Policy attached as **Appendix B**.
- 3.6 The Council introduced an Incident and Near Miss Reporting Procedure which was presented to Audit Committee on 17 January 2019. It was agreed that Audit Committee would receive a copy of the report on incidents and near misses on an annual basis to assist it in its governance function.
- 3.7 It is noted that the Corporate Overview and Scrutiny Committee will also receive a report of incidents and near misses on an annual basis to consider in order to ensure that it is satisfied with the action taken to prevent reoccurrence.

#### **4. Current situation / proposal**

- 4.1 The risk assessment at **Appendix A** has been reviewed in consultation with Corporate Management Board and the Senior Management Team. It identifies the main risks facing the Council, their link to the priority themes, the likely impact of these on Council services and the wider County Borough, what is being done to manage the risks and where responsibility lies for the Council's response. The risk assessment is aligned with the Medium term Financial Strategy.
- 4.2 The Corporate Risk Management policy at **Appendix B** has been amended to include a timeline for 2020-21 in Appendix 2 of the aforementioned document.
- 4.3 This is the first year since inception of the Incident and Near Miss Reporting Procedure. Since January 2019 only three 'Incidents and Near Miss' happenings have been reported. **Appendix C** provides details of these incidents. There were two green and one amber incident, there were no red incidents reported during the period.
- 4.4 Corporate Management Board have received an update on the number of Incident and Near Miss occurrences reported to the Insurance Officer and are of the opinion that the process is not embedded enough, and that there are potentially different processes within each Directorate. A scoping exercise will therefore need to be undertaken to identify the current method of capturing this information within Directorates to be able to consider how the information collected could dovetail into the Incident and Near Miss Reporting procedure and process for reporting. Corporate Management Board believe that the Senior Management Team will need to give further consideration to any additional Incident and Near Miss reporting training that managers may need.

#### **5. Effect upon Policy Framework & Procedure Rules**

- 5.1 This Incident and Near Miss procedure has links with the Council's Corporate Risk Management Policy.

#### **6. Equality Impact Assessment**

- 6.1 Equality issues permeate many of the risks identified and where appropriate equality impact assessments are undertaken within the process of approving the mitigating actions.



## **7. Wellbeing 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 directly associated with the risk assessment, Corporate Risk Management Policy or Incident and Near Miss Reporting Procedure. Implementation actions will be progressed within approved budgets.

## **9. Recommendation**

It is recommended that Audit Committee:-

9.1 consider the Corporate Risk Assessment 2020-21 (**Appendix A**) and the updated Corporate Risk Management Policy (**Appendix B**), including the timeline at Appendix 2.

9.2 note the Incident and Near Miss Reporting occurrences reported in the last 12 months (**Appendix C**).

**Gill Lewis**  
**Interim Head of Finance**  
**30 JANUARY 2020**

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## **Background documents**

None

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Page No.	IDENTIFIED RISK					ACTION PLAN							Corporate Priority		
	There is a risk that..	Consequences of risk	Raw risk score			Control method	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	who	Reviewed by when	Action completed by when	Residual risk score			
			Li	Im	Total							Li		Im	Total
1	The council is unable to make robust medium to long term decisions requiring service change	It is harder each year to make ongoing budget reductions as easier decisions have already been made. If more difficult decisions about cutting or reducing service levels against a background of declining budgets are not made, then the council will not deliver the changes necessary to achieve a balanced budget which will result in it being in breach of its legal responsibilities.	4	5	20	Tolerate	The council manages this risk through existing budget and business planning processes which include early identification of savings targets and development of options for cabinet, challenge from BREP, scrutiny and formal and informal briefings of members and political groupings.	Develop proposals for a stronger focus on future and multiple year financial planning including scrutiny and outline budget decisions by elected members for multiple years.  Cabinet and Corporate Management Board have met regularly as part of the budget planning process for 2020-21 and beyond. This has focussed not only on the immediate requirement for an estimated £10 million savings for 2020-21 but also discussion to begin to shape a longer term strategy for the Council based on projected savings over the next 3-4 years.	CMB	Oct-2019	Feb-2019 Then ongoing quarterly review	3	5	15	Smarter use of resources

Page No.	IDENTIFIED RISK					ACTION PLAN							Corporate Priority			
	There is a risk that..	Consequences of risk	Raw risk score			Control method	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	who	Reviewed by when	Action completed by when	Residual risk score				
			Li	Im	Total							Li		Im	Total	
2	The council is unable to deliver transformation including agreed financial savings	If the council is unable to change the way that staff work, including new roles, collaborations and the acquisition of new skills, it will be unsuccessful in delivering service transformation which will lead to it not meeting its commitments within available budgets.	4	4	16	Treat	The council has a number of transformations in place that either directly support specific proposals for service improvement and /or financial savings. Further transformations have been identified that are intended to support a "One council culture" and support staff and managers through transformation.	Review and rationalisation of management activity.  Further development of a 'One Council' culture and transformational change has progressed since the appointment of a new Chief Executive, initially on an interim basis in January 2019 and then on a permanent basis in May 2019. A review of Council processes has meant that some deemed unnecessary and bureaucratic have ceased but full compliance with those that remain is required. The Chief Executive's Directorate is being embedded to provide a coordinated and efficient corporate support service. The Human Resource/Occupational Development review will ensure, among other things, that managers are given the right training to meet current challenges and that a more balanced approach to promoting and enhancing the wellbeing of those staff in work is developed, as well as teaming with those who unfortunately are absent from work through sickness.	CMB	Oct-2019	Oct-2019	Ongoing	2	2	4	All corporate priorities

Page No.	IDENTIFIED RISK					ACTION PLAN							Corporate Priority		
	There is a risk that..	Consequences of risk	Raw risk score			Control method	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	who	Reviewed by when	Action completed by when	Residual risk score			
			Li	Im	Total							Li		Im	Total
3	The council is unable to respond to legislative change	If reducing budgets and a reducing workforce decreases the council's ability to ensure compliance with statutory requirements and to adapt successfully to an ever changing legislative landscape there is a risk that the council will be in breach of its legal responsibilities and may receive adverse regulatory reports, adverse publicity, fines and ultimately the threat of prosecution.	5	4	20	Treat or Transfer	The council manages this risk in a number of ways that are contingent on the particular service area affected. This might include reducing service quality or reprioritising a response to a legislative change over other activity or transferring risk - for example, where legally possible, by transferring responsibility to another provider. However, some service areas are subject to a non delegable duty of care. Examples of where the council has shared risk are Leisure and Waste.	No further actions to be commissioned at this stage.	CMB	Oct-2019		3	4	12	All corporate priorities
4	The council is unable to identify and deliver infrastructure required in the medium to longer term	If the council does not raise sufficient capital to maintain its infrastructure, including roads, street lights, buildings and technology then it may deteriorate bringing financial and safety risks which could lead to adverse incidents, reports, publicity, fines and ultimately prosecution.	4	5	20	Treat	The council has a ten year capital programme. The development of this programme and arrangements for its review and updating are well established. However the council has identified scope to improve upon this to ensure that these needs are balanced with other demands for capital (such as new schools).	A revised capital strategy has been prepared and agreed by Council setting out capital spending plans and priorities for the next 10 years.	CMB	Oct-2019	Complete with ongoing review	2	5	10	Supporting a successful economy and smarter use of resources

Page No.	IDENTIFIED RISK					ACTION PLAN							Corporate Priority		
	There is a risk that..	Consequences of risk	Raw risk score			Control method	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	who	Reviewed by when	Action completed by when	Residual risk score			
			Li	Im	Total							Li		Im	Total
5	The council is unable to develop positive working relationships across all partners within the new region to ensure that the needs of the Bridgend community are fairly recognised in the immediate future.	If the council is unable to successfully build on the progress made, during the transitional year, of operating within a new region with the health Board, local government and third sector partners, there is a risk that appropriate care to citizens through new service models and relationships will be slowed down or not be delivered resulting in citizens receiving a less satisfactory service with poorer outcomes.	4	4	16	Treat	The council has the ability to influence and shape the new region by ensuring effective governance and appropriate membership on the Regional Partnership Board and the associated groups set up as part of regional arrangements. Effective and good relationships have been established at political and senior managerial levels with the new Cwm Taf Morgannwg University Health Board.	Continue to work with the Health Board, local government and third sector partners to ensure processes are in place to develop regional approaches to service delivery. This includes effective management and monitoring of regional grant funding that is directed through the Partnership Board and the ongoing development of integrated services.	CMB	Oct-2019	Apr-2020	2	4	8	Helping people be more self reliant and smarter use of resources
6	The council fails to safeguard vulnerable individuals e.g. children, adults in need of social care, homeless etc.	If budgets and the workforce continue to decline there is a risk that the council will be unable to provide the necessary services to vulnerable people resulting in the possibility that vulnerable people will not be kept safe and be encouraged to greater safe self-reliance.	3	5	15	Treat	The council has well established mechanisms to ensure compliance with statutory responsibilities. This includes its own operational safeguarding board and active management of demand and caseloads. All meetings of CMB and of Cabinet/CMB have a standing item to consider safeguarding matters and allow for appropriate management actions to be taken quickly.	The review by internal audit identified gaps in completion of mandatory training through e learning. These gaps are identified, reported on and monitored by Human Resources Department.  The full range of Safeguarding activities was reported to Overview and Scrutiny Committee on 3 July 2019.  The internal audit review and the inspection of Youth Offending has identified the need to ensure that all links between Youth Offending Services and other early help or social care services are effective and effectively documented. An action plan has been agreed by Cabinet and Corporate Management Board and rapid improvement will be made before an anticipated inspection in six months time.	CMB	Nov-2019	Completed with ongoing monitoring  Jan-2020	2	5	10	Helping people be more self reliant and smarter use of resources

Page No.	IDENTIFIED RISK					ACTION PLAN							Corporate Priority		
	There is a risk that..	Consequences of risk	Raw risk score			Control method	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	who	Reviewed by when	Action completed by when	Residual risk score			
			Li	Im	Total							Li		Im	Total
7	The council is unable to plan for and recover from major threats to service continuity such as civil emergencies, school failure, cyber attack and discontinuation of funding streams and major contracts	If the council does not have the capacity and expertise to plan for and protect itself against major threats such as cyber-attack, civil emergencies and significant financial variations there is a risk that there may be a failure to deliver services and a balanced financial position which could harm citizens who rely on council services.	4	4	16	Treat	The council has anti virus installed which is regularly updated. All critical data is backed up and located offsite. Software update processes exist that includes the installation of patches. Security awareness training is provided to all employees. The council has established emergency planning arrangements including a Major Incident Plan and contributes to the SWLRF and SWRT.	Cyber resilience training. The council responds appropriately to WLGA/WG/UK Government consultations and seeks to influence the development of any future regional investment programme, via informed discussions with WG  The situation is being monitored on an ongoing basis.	CMB	Oct-2019	TBC  Ongoing	3	3	9	All corporate priorities
8	The council is unable to attract or retain a workforce with the necessary skills to meet the demands placed upon the authority and its services	If there is a continual decreasing number of suitably skilled and experienced staff then there may not be the expertise required to deliver services and protect the interests of the council. This could lead to the wellbeing of citizens suffering and a loss of moral amongst the remaining staff if they feel unsupported and are seeking to work elsewhere.	4	4	16	Treat	The council has workforce planning in place (through directorate level service planning) and is prioritising finite training budget to ensure that key skills and qualifications are targeted. In addition the council is using apprenticeships to actively bring in or develop key skills (such as Welsh language skills or ICT capability). This investment will be enhanced in 2020/21. In specific service areas the council is actively seeking opportunities to collaborate where this will enhance capacity or resilience.	The council will continue to monitor the profile of the workforce and identify challenges through the business planning process. Appropriate action plans will be developed.  The staff survey has been completed and a range of actions implemented. These will improve engagement and feedback and shape the learning and development programme. The council will prioritise role specific training to enable staff to do what is expected of them, it will promote good practice examples of staff development and maximise access to funded learning and development programmes. e.g. WG and TUC.	CMB	Oct-2019	Ongoing  Ongoing	3	4	12	All corporate priorities

Page No.	IDENTIFIED RISK					ACTION PLAN							Corporate Priority		
	There is a risk that..	Consequences of risk	Raw risk score			Control method	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	who	Reviewed by when	Action completed by when	Residual risk score			
			Li	Im	Total							Li		Im	Total
9	Important council services are compromised due to the failure of a key supplier	If the suppliers of council services are not resilient there is a risk that they may fail to deliver those services leading to disruption for citizens and the council, which will be impacted as it seeks to restore provision and suffers a loss of reputation.	4	4	16	Treat or Transfer	The council's strongest defence against this is through its procurement strategy and procurement processes. When tendering for services the council requires contingency arrangements to be in place to allow for the eventuality of supplier failure (for example in the case of refuse and recycling collection contracts). The council also seeks to shape the market where possible to avoid over reliance on single suppliers (for example in social care).	Social Services have quarterly forum meetings with providers where risks, issues and pressures are identified. There are regular contract monitoring visits to monitor performance and quality. Directorates to monitor the financial performance and stability of contractors on an ongoing basis. Dialogue with some major suppliers is required and contingency planning has been progressed.	CMB	Oct-2019	Ongoing	4	3	12	Helping people be more self reliant and smarter use of resources



# **APPENDIX B**

## **Bridgend County Borough Council**

### **Corporate Risk Management Policy**

#### **Final**

January 2020

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# **Bridgend County Borough Council** **Corporate Risk Management Policy**

## **Introduction**

Good corporate governance structures are essential if the Council is to achieve its vision of being “One Council working together to improve lives” within the County Borough. An essential part of governance is the mechanisms for the control and management of risk. There must be a clear focus on the significant risks that could prevent the Council achieving its corporate improvement priorities and this policy seeks to address those risks.

Good governance requires that risk management is embedded into the culture of the Council with Members, managers and staff at all levels recognising that risk management is part of their job. It is important that the changing nature of how we deliver services is acknowledged. In particular, the increasing use of partnerships, shared services and business transformation programmes provide fresh risks to manage.

This policy facilitates the management of corporate risk within the Council; it focuses attention on key areas and its outcomes will inform the budget process and the Medium Term Financial Strategy.

## **Definition of Risk**

The definition of risk the Council uses is:

Any potential development or occurrence which, if it came to fruition, would jeopardise the Council’s ability to:

- achieve its corporate improvement priorities
- provide services as planned
- fulfil its statutory duties, including the duty to make arrangements to secure continuous improvement.

## **Aims and Objectives**

The aim of the policy is to facilitate effective corporate risk management throughout the Council so that risks are identified, evaluated, managed and monitored to enable the Council to achieve its corporate improvement priorities.

This will be done by:

- Managing corporate risk via a process that is integrated into usual business planning and is aligned to budget setting and the Medium Term Financial Strategy.
- Monitoring key corporate risks at the highest level within the Council, including:
  - Cabinet
  - Senior Management Team
  - Corporate Performance Assessment meetings, which are part of the 'informal' management arrangements involving Corporate Management Board/Heads of Service/Cabinet and Scrutiny
  - Overview and Scrutiny Committees
  - Audit Committee.
- Working closely with partner organisations and other bodies such as the Wales Audit Office and external auditors.
- Managing corporate risk via a process that is compatible with any guidance provided by regulatory bodies.

## **Strategy**

Risk will be managed by:

- Providing for risk identification within the business planning process
- Assessing risks against a common understanding of the Council's risk appetite set by Cabinet and Senior Management Team
- Establishing appropriate control measures or other actions to manage risks to appropriate levels
- Maintaining a register of corporate risks which enables them to be recorded and regularly reviewed
- Establishing clear accountabilities and roles
- Ensuring that the risk assessment is considered within the budget setting process and the Medium Term Financial Strategy
- Making the link to corporate improvement priorities
- Learning from incidents and near misses

- Having arrangements to monitor risks involving elected Members and senior management. (Corporate Performance Assessment Meetings and Corporate Working Groups are examples of these)

## **Accountabilities and Roles**

A key part of the strategy is to establish clear roles, responsibilities and reporting lines within the Council.

### **Audit Committee**

The Audit Committee will monitor the effective development and operation of risk management and corporate governance within the Council. The Committee will consider the report on the annual risk assessment in January and a further interim report in September detailing changes in the course of the year.

### **Cabinet**

Together with the Senior Management Team the Cabinet will set the Council's risk appetite. They will also work with Senior Management Team and Heads of Service to provide oversight and information on the management of risk and opportunities arising from the various options facing the Council.

### **Cabinet Members**

Cabinet Members provide risk management oversight of service provision in the Directorates aligned with their portfolio.

They must be made aware of the key risks within their portfolio of services and within any projects or partnerships related to these.

### **Chief Executive**

The Chief Executive leads the Corporate Management Board, Senior Management Team and the wider corporate governance agenda of which risk management is a part. The Chief Executive will review an annual governance statement and together with the Leader consider this and sign it off as appropriate.

### **Corporate Directors**

Together with the Chief Executive they are integral to the risk management process providing leadership to achieve cultural and organisational change. They are involved in the management of risks arising from corporate initiatives, business transformation, major projects, external environment, partnership working and assessing the wider implications of risk assessments and incidents and near misses associated with service provision.

They also need to make arrangements to embed risk management within the services that they have responsibility for, in order to provide assurance to the Chief Executive. They have responsibility for the delivery of Directorate plans, including service improvements and efficiencies and the delivery of corporate priorities.

## **Corporate Performance Assessment Meetings**

Led by the Chief Executive; Cabinet, Corporate Management Board and Overview and Scrutiny Chairs will consider the extent to which business plans are being delivered and challenge senior officers about progress towards the achievement of improvement priorities. This will include review of the risks which are relevant to each priority.

## **Directorate and Service Management Teams**

Managers and management teams have responsibility for delivering services. For successful delivery, many factors such as objectives, people, budget etc must be considered. Risk management is just one aspect of the overall management task. Risks which threaten the successful delivery of services must be identified through the business planning process. Managers will put in place actions to reduce the risks. These will be monitored and reviewed to ascertain the effectiveness of actions taken.

## **Heads of Service**

Heads of Service develop and implement service plans to deliver agreed objectives. They should ensure that risks and the management of those risks has been explicitly considered in framing these plans. They must also receive reports of incidents and near misses and manage the response for those where they have responsibility.

## **Internal Audit**

Internal Audit is an assurance function that primarily provides an independent opinion on the control environment comprising risk management, internal control and governance by evaluating its effectiveness in achieving the Council's improvement priorities. It examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper economic and effective use of resources.

## **Members**

Members collectively are the ultimate policy makers. They will represent their communities and bring their views into the Council decision making process being advocates of and for their communities. They contribute to the continual improvement of Council services and directly to risk management via membership of the Audit and Overview and Scrutiny Committees.

## **Overview and Scrutiny Committees**

Overview and Scrutiny Committees develop a forward work programme having regard to the Council's corporate priorities and risk management framework. They review and scrutinise the decisions made by and the performance of Cabinet and Council officers. They scrutinise the performance of the Council in relation to its policy objectives and performance targets. They make recommendations to the

Cabinet and Council arising from the outcome of the scrutiny process. They consider a report of incidents and near misses on an annual basis and ensure that they are satisfied with the actions taken to prevent a reoccurrence.

### **Insurance and Risk Officer**

The Insurance and Risk Officer will co-ordinate work on the annual risk assessment and subsequent reviews and act as a point of reference and support. The Insurance and Risk Officer will also maintain a database of the incidents and near misses and a report will be provided on an annual basis to the Audit Committee.

### **Section 151 Officer**

The Section 151 Officer is responsible for the proper administration of the Council's financial affairs and oversees the production of the risk register prior to its consideration by Senior Management Team. They must ensure that risks are fully considered and aligned with the Council's Medium Term Financial Strategy.

### **Senior Management Team**

Together with the Cabinet the Senior Management Team will set the Council's risk appetite. They will also "scan the horizon" for new risks to the Council and the County Borough. They will provide a view of the medium to long term impacts of Government policy, financing, business transformation and partnership working.

Senior Management Team will work with Cabinet to produce an annual risk assessment. They will review the effectiveness of actions put in place by Corporate Directors and Heads of Service to mitigate risk at other meetings throughout the year.

Senior Management Team will endeavour to ensure that the resources of the Council are utilised efficiently so that the objectives of the Council are delivered.

### **Staff**

All staff have responsibility for identifying opportunities as well as risks in performing their day to day duties, and for taking appropriate action to take advantage of opportunities or limit the likelihood and impact of risks. They also have a responsibility to report incidents and near misses to their line manager and contribute to any subsequent investigation.

# **Risk Management Methodology**

The risk management methodology describes the way in which risks are managed within the Council.

## **Part 1 – Setting the Council’s Risk Appetite**

Risks must be assessed against the Council’s risk appetite. Risk appetite can be defined as the amount of risk that an organisation is prepared to accept, tolerate or be exposed to before it takes protective action. Setting a risk appetite helps the Council to view risks in a consistent way across all service areas.

## **Part 2 - Identifying Risk**

Risk identification is not a stand alone activity which is completed in isolation from the management of service delivery. It is part of the strategic business planning and performance management processes.

It is concerned with identifying events and their consequences which could impact on the Council’s corporate improvement priorities. Consequently, the starting point is understanding what these are; they are set out within the Corporate Plan.

It can help to use prompts which identify different sources of risk. These include:

- Customer/citizens: Failure to deliver services of a required standard or misunderstanding their needs
- Strategic: doing the wrong things as an organisation; missing opportunities
- Finance: losing monetary resources or incurring unacceptable liabilities
- Reputation: the Council’s image, loss of public confidence
- Legal and regulatory: claims against the Council, non-compliance, new regulations resulting in new or more severe risks
- Information: loss or inaccuracy of data, systems or reported information
- Environmental: things outside of our control; environmental impact
- People: risks associated with employees, management and Members
- Political: political embarrassment, not delivering local or national policies
- Partnerships: the risks the Council is exposed to as a result of partnerships

These categories can be used in discussion to identify events that could prevent or hinder the council from achieving its objectives.

The ideas from these discussions need to be grouped into common themes and developed into the actual risk.

The risk description should have an event which leads to a consequence which then has an impact. Eg. A loss of xxxxxxx, will lead to xxxxxxx, resulting in xxxxxxx.

### **When will risks be identified?**

Risk identification is not a stand alone activity. It forms part of good governance, business planning, decision making and performance management. A key opportunity to identify risk is during the budget process, when the Medium Term



Financial Strategy is being agreed and when Directorate business plans are considered.

### Part 3 - Assessing the raw risk

Once the risks that threaten the achievement of the Council's corporate improvement priorities have been identified, the next step is to assess them in terms of the likelihood that they will occur and the impact if they do. This information will then be used as a tool to inform professional judgements as to the significance of the risks to the Council.

The Council has agreed criteria for the levels of likelihood and impact. These are shown in Tables 1 and 2 below. The definitions for likelihood of occurrence are quite short. However, because the impact of the risk, should it occur, can be much wider, there is a more comprehensive set of definitions.

When considering likelihood and impact you should not take into consideration any existing controls that are in place. The risk score you have will be a raw, inherent or uncontrolled score.

When both the likelihood and impact have been considered, multiply the likelihood by the impact to get the overall risk score. This should be mapped on to the matrix in Table 3. The colours of the matrix are a traffic light system. Those which exceed the Council's risk appetite are in the high risk **red zone** and the **amber zone** **medium zone**. Low risks are the **green zone**.

The risk score should be used to inform your judgement, rather than dictate how risks compare and what the priorities should be. The scores help you to identify the most serious threats and to make decisions about the significance of those risks to the Council and how, or whether, they should be treated.

**Table 1: Description and definitions of LIKELIHOOD of the RISK occurring**

Score	Description
5	Highly likely to happen - More than a 80% chance
4	Likely to happen – 60% to 79% chance
3	Will possibly happen – 40% to 59%
2	Unlikely to happen – 20% to 39%
1	Highly unlikely to happen – Less than 20%

**Table 2: Description and definitions of IMPACT of the RISK**

Impact	Example Detail Description
5	Long term loss of service capability Long term negative perception of council Litigation is certain and impossible to defend Significant corporate budget realignment Breaches of law punishable by imprisonment
4	Medium term loss of service capability Adverse UK wide publicity Litigation almost certain and difficult to defend Some corporate budget realignment Breaches of law punishable by fines
3	Short term loss of service capability Adverse Wales wide publicity Litigation to be expected Budget adjusted across service areas Breaches of major statutory duty
2	Short term disruption to service capability Adverse local publicity High potential for complaint, litigation possible Financial implications contained within the Directorate Breaches of statutory regulations/standards
1	No significant disruption to service capability Unlikely to cause any adverse publicity Unlikely to cause complaint or litigation Financial implications contained within service area Breaches of local procedures or standards.

Now that the raw risk score has been calculated, you can plot the risks on to the risk prioritisation matrix in Table 3. This will be a guide of their relative significance to the Council, and how they will be managed.

**Table 3: Risk Prioritisation Matrix**

	Impact				
Likelihood	5	10	15	20	25
	4	8	12	16	20
	3	6	9	12	15
	2	4	6	8	10
	1	2	3	4	5

## Part 4 - Managing and controlling risks

Having considered how corporate risks should be identified and assessed for likelihood and impact, it is necessary to consider how risks can be managed and controlled. The risk score should not dictate the level of management required, however it should be taken into consideration as it does point to matters that will require managing.

This involves:

### Assessing the raw risk against the Council's risk appetite

The degree to which a raw risk is tolerable should be considered against the Council's risk appetite score of 10. Table 3 identifies which risks are high (**red zone**), medium (**amber zone**) or low (**green zone**).

### Assigning ownership to manage the raw risk to specific officers

The following is a guide to the correct level of ownership.

**Red Risks** – These are high risks that exceed the Council's risk appetite. They require active management by senior officers. The risk owner will be a member of and report to the Corporate Management Board

**Amber Risks** – These are medium risks that exceed the Council's risk appetite. These should be closely monitored by the risk owner who will be a Director or Head of Service

**Green Risks** – These risks are within the Council's risk appetite and will be managed and monitored within the service.

### Assessing the method of control

The Council could tolerate the risk, treat it, terminate it or transfer it to a third party.

The cost and effectiveness of controls is a key consideration and needs to be balanced against the potential consequences (reputational, financial or otherwise) if the event occurred. The cost of implementing and operating the control should not normally exceed the maximum potential benefit.

Depending on the circumstances controls will probably fall under one of four basic approaches

- **Tolerate the risk.** The risks arising from an activity will be scored as part of a risk assessment process. If the score is low, the correct response might be to recognise that the activity brings risk, but still continue with it. You would typically take this approach when it is not cost effective to take action, because the likely impact of the risk, should it occur, is minimal. When a decision is made to tolerate a risk, the reason should be documented. In addition, you should continue to monitor the risk so that you can ensure that your decision remains sound.

- **Treat the risk.** This is the most widely used approach. The purpose of treating a risk is to continue with the activity, but at the same time take action to bring the risk to an acceptable level. This is done through either:
  - containment actions.* These lessen the likelihood or consequences and are applied before the risk materialises
  - or
  - contingent actions.* These are pre planned responses that will reduce the impact after the risk has happened.
- **Terminate the risk.** This involves stopping an activity altogether, or doing things differently so that the risk is removed.
- **Transfer some aspects of the risk to a third party.** The transfer of risk to another organisation can be used to reduce the financial exposure of the Council and/or pass the risk to another organisation which is more capable of effectively managing it. An example would be the transfer of a risk through the terms of a legal contract, such as an insurance policy. The Council has an Insurance Strategy which is shown in Appendix 1.

The cost of management and control should be understood and be proportionate to the risk being addressed. Resources should be expended on the higher level risks that need active management.

The reasons why a particular course of action has been taken should be documented and the decision implemented by the risk owner.

## **Part 5 – Assessing the residual risk**

By this stage the risks have been identified and analysed and each has a raw or uncontrolled risk score. In addition you have assessed the available controls and made decisions about which are appropriate and will be put in place. These controls will either make the likelihood that the risk will come to fruition less or they will reduce the impact of the risk in the event that it takes place.

As the likelihood or impact of the risk has changed you now need to rescore the risk, taking these changes into consideration. The resulting number is the residual risk score.

The mapping of the score on to the matrix in Table 3 should be repeated to record the residual risk. This will show what influence the controls have had. The residual risk score should be lower than the raw risk score. If it isn't, the mitigation measures are just having the effect of stopping the risk from deteriorating. The residual risk score needs to be at an acceptable level when considered against the Council's risk appetite. If the score does not reduce the risk to an acceptable level you should consider the effectiveness and adequacy of the controls.

## Part 6 - Recording and Reviewing Risks

It is necessary to monitor action plans to regularly report on the progress being made in managing risk. Alternative action will be needed if those actions initially taken prove ineffective.

All the information relating to the identified risks should be recorded in a risk register. This information should, as a minimum, include: the link to the corporate improvement priorities, a description of the risk; its impact; the raw risk score, the controls in place or being put in place; the residual risk score and the risk owner. This document needs to be formally approved by the Council and this will be done by the Audit Committee in January each year following prior review by Senior Management Team and Cabinet in December.

Circumstances and business priorities can change, and therefore risks need to be regularly reviewed. The higher the risk, the more frequent the review. The corporate risk register will be reviewed quarterly by Senior Management Team and at Corporate Performance Assessment meetings. This is required because:

- Previously identified risks will change over time.
- New risks arising will need to be added.
- It might be appropriate to delete risks. However, when this is done a record of the reasons for this should be kept.

Prior to review at Senior Management Team, the Insurance & Risk Officer will contact the Directorate Business Managers and ascertain what changes to the risk assessment are proposed by the Directorate. These proposals will be included within the report to Senior Management Team for their consideration.

A timeline for the review process is shown as Appendix 2.

Whilst there is no prescribed process for review, the following is an example of how it could be approached.

Go through the risks listed in the register to consider:

- Are the risks still relevant?
- Have circumstances surrounding the risks changed?
- What progress has been made in managing the risk?
- Given the progress made, do the risk scores need revising?
- Are any further controls needed? If so, what should these be?
- Have any new risks arisen. Perhaps arising out of an adverse event or a new partnership or legislation.

The risk register should then be updated to reflect these changes. A report will be made to the Audit Committee each September.

## **Appendix 1 - Insurance Strategy**

### **What is Insurance?**

All activities involve a certain degree of risk, for example of fire or accident. If these risks come to fruition they will have a financial impact. Insurance is a risk mitigation measure whereby one organisation can transfer the financial impact of the risk to another.

This transfer is achieved when a business which provides insurance agrees to take on some of the risks of another organisation in exchange for a fee, known as a premium. It does this by providing an insurance policy, which is a legally binding contract. The premium, and the terms and conditions of the policy are based on the likelihood of the risk happening and its value. The insurer collects premiums on a number of policies and pools these funds, which it then invests to increase the amount of money held. Should the insured make a claim on a policy; the insurer will meet the claim from the pool of funds. The insurer will seek to make a profit and will be planning for the total premiums it receives in any one year, together with any money it can make through investments, to exceed the total claims it has to pay out.

### **The benefits of Insurance to Bridgend County Borough Council**

Insurance provides the council with many benefits:

- 1) It protects it against the financial consequences of unexpected incidents.
- 2) It encourages the council to undertake activities, and invest with confidence, knowing that losses will be shared with the Insurer. This will benefit the local economy and the community.
- 3) Insurance companies provide expert advice about how the council can prevent or control losses.
- 4) The council does not need to maintain such significant sums of money in reserve to fund future possible losses. Funds can be released for more productive use.
- 5) There are social benefits. If someone is injured and it is as a result of the council's negligence, insurance provides them with compensation for their injuries.
- 6) We have access to external claims handling expertise.

However, Insurance does not provide a panacea to all issues around risk of loss. This is because it rarely provides full financial compensation for the loss, it may be considered uneconomic, there are exclusions and there will be some delays in the restoration of assets to full use.

## **What risks can be insured?**

Not all risks are insurable. To be insurable, the risk must have certain characteristics:

- 1) The loss must be fortuitous. It can't be inevitable and must be unexpected.
- 2) It must be possible to allocate a financial value against the results of the incident.
- 3) The council must have an "insurable interest". This exists if the council would suffer a loss if an event happened. Typically, insurable interest is established by ownership, possession, or a direct relationship.
- 4) The only possible result of the event happening must be a loss rather than a profit.
- 5) The loss must be tied in to a specific identifiable event having happened.

## **What risks will the council insure?**

The council's activities result in a certain amount of predictable financial loss. There is no point in insuring these losses because the Insurance Company will want a pound in premium for each pound it anticipates it will pay in claims. In addition it will charge a further amount for its administrative expenses, profit and insurance premium tax. In these circumstances the purchase of insurance is uneconomic.

The council will insure losses which would have a significant impact on budgets and the provision of services. This is generally achieved by purchasing insurance with a deductible. The overall exposure to financial loss is controlled by an aggregate deductible. This caps losses incurred in any one year to a certain amount.

The council will also buy insurance when it has to by law or where the provision of the insurance provides additional benefits which enable the activity to take place.

## **What information should be provided to Insurers?**

The Insurance Act 2015 puts a duty on policy holders to make a "fair presentation" of the risk. This means that it must disclose to its Insurers all information, facts and circumstances which are, or ought to be, known to it, which are material to the risk. This is an ongoing duty and so if anything changes during the term of the Insurance this should be disclosed during the policy period. A "material" circumstance is one which would influence the judgement of a prudent underwriter in considering whether to provide insurance and, if so, on what basis and cost. This means that the Council is required to ascertain and disclose every material circumstance which is known by its "senior management" and by the individuals who are responsible for arranging its insurance.

The Council is also required to conduct a "reasonable search" for material information it ought to know that is available to it, which includes material information held by others outside the organisation, and by those to be covered by the insurance.

## **How will the council maintain the insurance arrangements?**

The council will seek to keep its insurance arrangements in order so that if a loss occurs they respond in the way intended. In particular the council will:

- 1) Undertake a quinquennial review of its buildings sums insured. Between reviews sums insured will be amended in line with indices provided by the Royal Institute of Chartered Surveyors.
- 2) Be aware of the policy wordings and understand what they mean.
- 3) Keep insurers apprised of changing risk features which will have a material impact on the way Insurers perceive risk.
- 4) Maintain comprehensive records of insurance including Insurance Policy documentation.
- 5) Employ the services of a professional insurance broking company who can provide expert advice
- 6) Only transfer risks to Insurance Companies which are financially strong.



## Appendix 2 - Risk Management Timeline 2020-21 (Subject to agreement of Audit Committee dates)

Timeline	Responsibility	Action
January 2020	Audit Committee	Considers the 2020-21 risk assessment and agree proposed changes to the Risk Management Policy
February 2020	Cabinet/Council	Considers the 2020-21 risk assessment in conjunction with the Medium Term Financial Strategy
February 2020	CPA	Risk assessment considered at quarter 3 2019-20 CPA
March 2020		
April 2020		
May 2020		
June 2020	CPA	Risk assessment considered at quarter 4 2019-20 CPA
July 2020	CMB	Review of the 2020-21 risk assessment
August 2020	Audit Committee	Audit Committee considers the changes made to the 2020-21 risk assessment
September 2020		
October 2020	CMB	Review of the 2020-21 risk assessment
November 2020	CPA	Risk assessment considered at quarter 2 2020-21 CPA
December 2020	Cabinet	Consider draft 2021-22 risk assessment
January 2021	CMB	Consider draft 2021-22 risk assessment and agree proposed changes to the Risk Management Policy
	Audit Committee	Considers the 2021-22 risk assessment
February 2021	Cabinet/Council	Considers the 2021-22 risk assessment in conjunction with the Medium Term Financial Strategy
February 2021	CPA	Risk assessment considered at quarter 3 2020-21 CPA

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APPENDIX C  
REPORTED INCIDENTS & NEAR MISS & ACTIONS TAKEN IN 2019

Month/ Year Reported	Details of Incident or Near Miss	Type of Establishment	Scoring			Zone Responsibility *	Action Taken /Lessons Learnt
			Likelihood	Impact	Risk score		
Apr-19	Minor incident of fire setting in a school playground by ex-pupils, resulting in minor damage to play surface.	Primary school	3	1	3	Head of Service	Play surface repaired. Advice given to school by Insurance officer on actions required to minimise damage from further arson which included: > making sure all combustible materials are at least 6 metres from the building, > ensuring that minibus vehicles are parked away from the building, > see if the CCTV can be extended so that persons in an offsite centre can verbally communicate with people who are on site and > advised that ideally that the sprinkler system is extended under the canopy that surrounds the school. The dangers of fire lighting was also reinforced by the school to its pupils.
Apr-19	Small fire lit on the ramp leading to the Youth Centre . Assumed that materials sourced to light the fire could have been from either rubbish collected in the area or from the wheelie bin.	Youth Centre	2	2	4	Head of Service	Site of fire cleared. Following a site inspection by the Insurance Officer it was recommended that the site wheelie bin should be chained up at least 6 metres from the building. This would reduce the likelihood of waste being used to start a deliberate fire.
Jun-19	Vandalism to roof of school community room by local children causing rain water to damage property. Premises were unoccupied when children accessed the roof, and roof was not checked until rain had caused damage.	Primary School	4	3	12	Directorate Management Team	Access points to roof reviewed. Recommended that in future roof is checked if it is known that access has been gained to it. CCTV facility at the premises to be checked . The school has reduced the risk from this occurring again by <ul style="list-style-type: none"> <li>• Working with community officers</li> <li>• Distributing leaflets with the support of police in area</li> <li>• Publicising the damage caused and impact to local community through school newsletters and our home school app.</li> <li>• Putting up new signage around school</li> </ul>

## \* Zone Responsibility

Score	Incident and Near Miss Procedure Reporting Responsibility
Score 1-9	Head of Service responsible for managing actions.
Score 10-12	Incident reported to the Directorate Management team for review and investigation.
Score 15-25	Incident reported to the Corporate Director.

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## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO AUDIT COMMITTEE

30 JANUARY 2020

#### REPORT OF THE INTERIM HEAD OF FINANCE & SECTION 151 OFFICER

#### TREASURY MANAGEMENT STRATEGY 2020-21

#### 1. Purpose of Report

1.1 The purpose of the report is to present the draft Treasury Management Strategy 2020-21, which includes the:

- Borrowing Strategy 2020-21
- Investment Strategy 2020-21
- Treasury Management Indicators for the period 2020-21 to 2022-23

#### 2. Connections 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.

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 are made ensuring the 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 polices in accordance with the Treasury Policy Statement and Treasury Management Prudential Indicators.

3.2 The Council manages its Treasury Management activities in accordance with the Local Government Act 2003, and associated guidance:

- The Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code), which requires the Council to approve a Treasury Management Strategy before the start of each financial year.
- The Welsh Government (WG) issued revised Guidance on Local Authority Investments in November 2019, which requires the Council to approve an Investment Strategy prior to the start of each financial year.

- The Prudential Code for Capital Finance in Local Authorities (the Prudential Code) 2017. This includes a requirement for local authorities to provide a Capital Strategy, which is a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy and TMS will be approved by Council in February 2020. The Capital Strategy and TMS are interlinked as borrowing and investments are directly impacted by capital plans.

#### **4. Current situation / proposal**

- 4.1 The TMS 2020-21 at **Appendix A** confirms the Council's compliance with the CIPFA Code, which requires that formal and comprehensive objectives, policies and practices, strategies and reporting arrangements are in place for the effective management and control of treasury management activities, and that the effective management and control of risk are the prime objectives of these activities.
- 4.2 The TMS 2020-21 will be presented to Council for approval in February 2020 and whilst the main body will remain unchanged, there may be variations to some of the figures if there are any changes (such as the capital programme) to reflect the most up to date information.

#### **5. Effect upon Policy Framework & Procedure Rules**

- 5.1 Paragraph 20.3 of the Financial Procedure Rules (FPRs) within the Council's Constitution requires that all investments and borrowing transactions shall be undertaken in accordance with the Council's Treasury Management Strategy as approved by Council.
- 5.2 Paragraph 20.8 of the FPRs sets the Audit Committee's responsibility to ensure effective scrutiny of the Treasury Management policies and practices.
- 5.3 This report ensures compliance with the above requirements.

#### **6. Equality Impact Assessment**

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

#### **7. Wellbeing 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. The well-being objectives are designed to complement each other and are part of an integrated way of working to improve wellbeing for the people of Bridgend. In developing the TMS, officers have considered the importance of balancing short-term needs for cash flow management and minimizing the revenue costs of debt, with longer-term objectives of managing the Council's long term debt maturity profile.

#### **8. Financial Implications**

- 8.1 These are reflected within the report.

## **9. Recommendation**

9.1 It is recommended that Audit Committee:

- give due consideration to the Treasury Management Strategy for 2020-21; and
- recommend that it is presented to Council for approval in February 2020.

**Gill Lewis**  
**Interim Head of Finance**  
**22 JANUARY 2020**

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### **Background documents**

CIPFA Code of Practice on Treasury Management in Local Authorities (2017)  
CIPFA Prudential Code for Capital Finance in Local Authorities (2017)  
Welsh Government Statutory Guidance on Local Government Investments (2019)

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# Treasury Management Strategy 2020/21

Bridgend County Borough Council

Cyngor Bwrdeistref Siro



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## 1.0 INTRODUCTION

The Council carries out its treasury management activities in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) *Treasury Management in the Public Services: Code of Practice (2017) (the 'Code')*. These require the Council to set out the policies and objectives of its treasury management activities and to manage its treasury risks in accordance with the Code.

CIPFA has adopted the following as its definition of treasury management activities:

*'The management of the organisation's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'*

The definition of 'Investments' above includes:

- Treasury Management investments (held for the prudent management of financial affairs), and
- Non-Treasury Investments, undertaken as part of a Capital Strategy either in the course of provision of services; or made for commercial reasons purely to make a financial gain. These are managed outside of normal treasury management activity

In addition, the Welsh Government (WG) issued revised *Guidance on Local Authority Investments* in November 2019 that requires the Authority to approve an investment strategy before the start of each financial year. This Strategy fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the WG Guidance. In accordance with the WG Guidance Council would be asked to approve a revised Treasury Management Strategy (TMS) should the assumptions on which it is based change significantly. This might be for example a large unexpected change in interest rates, in the Council's Capital Programme, or in the level of its investment balance, or a material loss in the fair value of a non-financial investment identified as part of the year end accounts preparation and audit process, or a change in Accounting Standards.

Local authorities are required to separately approve a Capital Strategy for capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy includes the Prudential Indicators along with details regarding the Council's non-treasury investments. The CIPFA Code requires the Council to set a number of Treasury Management Indicators which are forward looking parameters and enable the Council to measure and manage its exposure to treasury management risks which are integral to the TMS. The Capital Strategy and TMS should be read in conjunction with each other as borrowing and investments are directly impacted upon by capital plans.

The Council has an integrated TMS where borrowing and investments are managed in accordance with best professional practice, which is assessed either from internal expertise or consultation with our external advisers. The Council borrows money either to meet short term cash flow needs or to fund capital schemes approved within the

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capital programme. Therefore any actual loans taken are not generally associated with particular items of expenditure or assets. The Council is exposed to financial risks including the potential loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's TMS. Should these change significantly, a revised TMS will be presented to Council for approval. A half year review of treasury management performance will also be presented to Council for approval as will an annual report for the financial year

The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the organisation's strategy, Treasury Management Practices (TMP) and CIPFA's *Standard of Professional Practice on Treasury Management*. Quarterly reports will be presented to Cabinet. The Council nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies and regular reports will be presented to Audit Committee for their consideration.

## **2.0 ECONOMIC CONTEXT**

**Economic background:** The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Council's TMS for 2020-21. The Bank of England maintained Bank Rates at 0.75% in December 2019 following a 7-2 vote by the Monetary Policy Committee. The Committee's latest projections for activity and inflation were set out in the November Monetary Policy Report and were based on the assumption of an orderly transition to a deep free trade agreement between the United Kingdom and the European Union. Despite keeping rates on hold, MPC members did confirm that if Brexit uncertainty drags on or global growth fails to recover, they are prepared to cut interest rates as required. Moreover, the downward revisions to some of the growth projections in the Monetary Policy Report suggest the Committee may now be less convinced of the need to increase rates even with a Brexit deal.

**Credit outlook:** Credit conditions for larger UK banks have remained relatively benign over the past year. The UK's departure from the European Union was delayed three times in 2019 and while there remains some concern over a global economic slowdown, this has yet to manifest in any credit issues for banks. Meanwhile, the post financial crises banking reform is now largely complete, with the new ringfenced banks embedded in the market.

Looking forward, the potential for a "no-deal" Brexit and/or a global recession remain the major risks facing banks and building societies in 2020/21 and a cautious approach to bank deposits remains advisable.

**Interest rate forecast:** The Council's treasury management advisor Arlingclose is forecasting that the Bank Rate will remain at 0.75% until the end of 2022. The risks to this forecast are deemed to be significantly weighted to the downside, particularly given the result of the general election, the need for greater clarity on Brexit and the continuing global economic slowdown. The Bank of England, having previously indicated interest rates may need to rise if a Brexit agreement was reached, stated in



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its November Monetary Policy Report and its Bank Rate decision to hold rates that the MPC now believe this is less likely even in the event of a deal.

Gilt yields have risen but remain at low levels and only some very modest upward movement from current levels are expected based on Arlingclose's interest rate projections. The central case is for 10-year and 20-year gilt yields to rise to around 1.00% and 1.40% respectively over the time horizon, with broadly balanced risks to both the upside and downside. However, short-term volatility arising from both economic and political events over the period is a near certainty.

### **3.0 EXTERNAL DEBT AND INVESTMENT POSITION**

On 31 December 2019, the Council held £96.87 million of borrowing and £38.95 million of investments. The external debt and investment position is shown in table 1 below and more detail is provided in sections 4.0 Borrowing Strategy and 5.0 Investment Strategy. Forecast changes in these sums are shown in the balance sheet analysis in table 2 below.

Where a Council finances capital expenditure by borrowing it must put aside revenue resources to repay that debt in later years, known as 'Minimum Revenue Provision' or MRP. The *Local Authority (Capital Finance and Accounting) (Amendment) (Wales) Regulations 2008* requires the Council to produce and approve an Annual Minimum Revenue Provision (MRP) Statement before the start of the financial year that details the methodology for the charge as detailed in the Council's Capital Strategy. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing. This strategy is prudent as investment returns are low and counterparty risk is relatively high. The Council is forecasting an increased CFR due to the prudential borrowing in the capital programme and the impact of the new MRP policy approved by Council in September 2018. Changes in the accounting treatment for leases under International Financial Reporting Standard – IFRS16 - will also have an impact and, once this impact is known, an updated TMS will be presented to Council for approval. As the implementation of the new Standard is for 2020-21, further work is needed before the changes are applied. This requires the Council to 'bring on' to the balance sheet a 'Right of Use Asset' and an equivalent liability, for any assets it leases or is presumed to lease through service contract arrangements

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 3 below shows that the Council complied with this in 2018-19 and expects to comply with this recommendation during 2019-20, 2020-21 and the following two years. More detail is provided in the Capital Strategy.

**Table 1: Council's external debt and investment position as at 31 December 2019**

	<b>Principal as at 31-12-19 £m</b>	<b>Average Rate %</b>
<b>External Long Term Borrowing:</b>		
Public Works Loan Board	77.62	4.70
Lender's Option Borrower's Option	19.25	4.65
<b>Total External Long Term Borrowing</b>	<b>96.87</b>	<b>4.69</b>
<b>Other Long Term Liabilities:</b>		
Private Finance Initiative*	16.83	
Llynfi Loan**	2.25	
Other LTL	1.22	
<b>Total Other Long Term Liabilities</b>	<b>20.30</b>	
<b>Total Gross External Debt</b>	<b>117.17</b>	
<b>Treasury Investments:</b>		
Banks	<b>4.90</b>	0.91
Building Societies	<b>2.00</b>	0.78
Local Authorities	<b>22.50</b>	0.91
Money Market Funds ***	<b>9.55</b>	0.74
<b>Total Treasury Investments</b>	<b>38.95</b>	<b>0.86</b>
<b>Net Debt</b>	<b>78.22</b>	

\* (PFI) arrangement for the provision of a Secondary School in Maesteg 14.25 years remaining term

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

\*\*\*the funds provide instant access

Table 2 below has been produced using estimates of capital spend and forecasts on useable reserves for the current financial year and the next three years. The Capital Plans highlight that the Loans CFR, which is the Council's need to borrow to fund capital expenditure, is increasing year on year due to additional prudential borrowing.

**Table 2: Balance sheet summary and forecast**

	<b>31.3.19 Actual £m *</b>	<b>31.3.20 Estimate £m</b>	<b>31.3.21 Estimate £m</b>	<b>31.3.22 Estimate £m</b>	<b>31.3.23 Estimate £m</b>
<b>CFR</b>	171	171	172	177	180
Less: Other debt liabilities	(17)	(16)	(15)	(14)	(13)
<b>Loans CFR</b>	<b>154</b>	<b>155</b>	<b>157</b>	<b>163</b>	<b>167</b>
Less: External borrowing	(97)	(97)	(100)	(107)	(109)
<b>Internal borrowing</b>	<b>57</b>	<b>58</b>	<b>57</b>	<b>56</b>	<b>58</b>
Less: Usable reserves	(76)	(68)	(64)	(61)	(59)
Less: Working capital	(2)	-	-	-	-
<b>Investments</b>	<b>21</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>New Borrowing - cumulative</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>5</b>	<b>9</b>

\*The accounting practice 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) so these figures will differ from other figures in the TMS which are based on the actual amounts borrowed and invested

**Liability benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This forecasts the minimum amount of debt the Council could hold if its internal resources are used in lieu of external borrowing. This assumes the same forecasts as table 2 above, but that cash and investment balances are kept to a minimum level of £10 million at each year-end to maintain sufficient liquidity but minimise credit risk.

**Table 3: Liability benchmark**

	<b>31.3.19 Actual £m</b>	<b>31.3.20 Estimate £m</b>	<b>31.3.21 Estimate £m</b>	<b>31.3.22 Estimate £m</b>	<b>31.3.23 Estimate £m</b>
Loans CFR	154	155	157	163	167
Less: Usable reserves	(76)	(68)	(64)	(61)	(59)
Less: Working capital	(2)	-	-	-	-
Plus: Minimum investments	21	10	10	10	10
<b>Liability Benchmark</b>	<b>97</b>	<b>97</b>	<b>103</b>	<b>112</b>	<b>118</b>

#### **4.0 BORROWING STRATEGY**

The Council currently holds £96.87 million of loans as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 2 above shows that the Council will have to borrow £9 million over the next three years as detailed below:-

**Table 4: New Borrowing**

	<b>31.3.19 Actual £m</b>	<b>31.3.20 Estimate £m</b>	<b>31.3.21 Estimate £m</b>	<b>31.3.22 Estimate £m</b>	<b>31.3.23 Estimate £m</b>
<b>New Borrowing</b>	-	-	3	2	4

The Section 151 Officer will monitor and update the liability benchmark assumptions on an on-going basis and report any significant changes within the treasury management monitoring reports to Cabinet, Audit Committee and Council as appropriate. This could be as a result of changes in the level of useable reserves at year end, slippage within the Capital Programme or changes within the working capital assumptions.

The Council's **chief objective** when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

Therefore the major **objectives** to be followed in 2020-21 are:

- to minimise the revenue costs of debt

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- to manage the Council's debt maturity profile i.e. to leave no one future year with a high level of repayments that could cause problems in re-borrowing
  - to effect funding in any one year at the cheapest cost commensurate with future risk
  - to monitor and review the level of variable interest rate loans in order to take greater advantage of interest rate movement
  - to reschedule debt if appropriate, in order to take advantage of potential savings as interest rates change
  - to optimise the use of all capital resources including borrowing, both supported and unsupported, usable capital receipts, revenue contributions to capital and grants and contributions

Given the significant cuts to public expenditure in recent years and in particular to local government funding, the Council's **borrowing strategy** continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. The uncertainty over future interest rates increases the risks associated with treasury activity. As a result the Council will take a cautious approach to its treasury strategy. With short term interest rates currently much lower than long term rates, it is likely to be more cost effective in the short term to either use internal resources or borrow short term instead.

The Section 151 Officer will take the most appropriate form of borrowing depending on the prevailing interest rates at the time. However, with long term rates forecast to rise modestly in future years, any such short term savings will need to be balanced against the potential longer term costs. The Council's treasury management advisers will assist the Council with this 'cost of carry' and breakeven analysis. The last time the Council took long term borrowing was £5 million from the Public Works Loan Board (PWLB) in March 2012. As detailed above, it is anticipated that there will be a requirement for new long term borrowing in 2020-21, 2021-22 and 2022-23. It is anticipated that this would be from PWLB and for estimate purposes it has been assumed that this will be over 30 years.

Alternatively, the Council may arrange forward starting loans during 2020-21 where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. In addition, the Council may borrow short term (normally for up to one month) to cover unexpected cash flow shortages.

**Sources of borrowing:** The approved sources of long term and short term borrowing are:

- PWLB and any successor body
- any institution approved for investments (see Investment Strategy below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except the Council's Pension Fund)
- capital market bond investors
- special purpose companies created to enable local authority bond issues

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**Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

The Council has previously raised the majority of its long-term borrowing from the PWLB, but the government increased PWLB rates by 1% in October 2019 making it now a more expensive option. The Council will look to borrow any long-term loans from other sources such as Welsh Government and local authority loans and bank loans, that may be available at more favourable rates. Alternatively the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

**LOBOs:** The £19.25 million shown 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. There are two trigger points in 2020-21 and although the Council understands that the lender is unlikely to exercise this option in the current low interest rate environment, an element of refinancing risk remains and the Council would take the option to repay these loans at no cost if it has the opportunity to do so in the future.

**Short term and variable rate loans:** These loans expose the Council to the risk of short term interest rate rises should interest rates change.

**Debt rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some higher rate loans with new loans at lower interest rates, or repay loans without replacement, where this is expected to lead to an overall saving or reduction in risk.

**Maturity structure of borrowing indicator:** This indicator is set for the forthcoming financial year to control the Council's exposure to refinancing risk with respect to the maturity of the Council's external borrowing 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. It is the amount of projected borrowing maturing in each period as a percentage of total projected borrowing. The upper and lower limits on the maturity structure of borrowing will be:



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**Table 5: Treasury Management Indicator Maturity Structure of Borrowing 2020-21**

<b>Refinancing rate risk indicator Maturity structure of borrowing 2020-21</b>	<b>Upper limit</b>	<b>lower limit</b>
Under 12 months	50%	0%
12 months and within 24 months	25%	0%
24 months and within 5 years	25%	0%
5 years and within 10 years	40%	0%
10 years and within 20 years	50%	0%
20 years and above	60%	25%

## **5.0 INVESTMENT STRATEGY**

The preparation each year of an Investment Strategy is central to the Welsh Government guidance on Local Authority Investments. It encourages the formulation of policies for the prudent investment of the surplus funds that authorities hold on behalf of their communities. In addition, the need for the Strategy to be approved by full Council ensures that these policies are subject to the scrutiny of elected Members: this is particularly important as since 2004 central Government no longer closely regulates local government investment.

The Council holds surplus funds representing income received in advance of expenditure plus balances and reserves and as shown in table 1 above in section 3, the balance at 31 December 2019 was £38.95 million. Investments are estimated to drop to between £10 and £20 million by 31 March 2020. As in previous years this is due partly to increased expenditure expected to be incurred in respect of the capital programme and the reduction in income collected from Council Tax in February and March 2020. Based on its cash flow forecasts, the Council anticipates its investment balances in 2020-21 to range between £10 million to £55 million with an average investment rate of between 0.75% to 1.00% depending on the Bank Rate and investment types, which will be reviewed at half year and reported to Council. The actual balance varies because of the cash flow during the year as to when income is received (such as specific grant income, housing benefits subsidy and Revenue Support Grant) and payments are made (such as salaries and wages, major capital expenditure and loan repayments).

The Council may also hold investment properties with a view to securing a rental income. The Council will consider such investment opportunities should they arise, in line with CIPFA TM Code of Practice. As at 31 December 2019, the Council held £4.635 million of investment properties with an expected return of £0.478 million (10.3%) in 2020-21.

Both the CIPFA Code and the Welsh Government Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments while 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, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal to or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

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The major **objectives** are:

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

**Negative interest rates:** If the UK enters into a recession in 2020-21, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in some other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

**Strategy:** The Council's investments have historically been placed in mainly 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 credit criteria detailed below. Given the increasing risk and very low returns from short-term unsecured bank investments, the Council will consider further diversifying into more secure and/or higher yielding asset classes during 2020-21 as appropriate in consultation with the Council's treasury management advisers. The majority of the Council's surplus cash is currently invested in Money Market Funds (MMF) and with other local authorities but the Council will continue to look at investment options in line with the limits detailed below.

With short term interest rates currently much lower than long-term rates, due consideration will also be given to using surplus funds to make early repayments of long term borrowing if appropriate options become available as referred to in section 4.0 Borrowing Strategy.

**Business Models:** Under the new IFRS 9 Standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore these investments will continue to be accounted for at amortised cost.

**Approved counterparties:** The Council may invest its surplus funds with any of the counterparty types shown in table 6 below, subject to the cash limits and the time limits shown. **These cash/time limits are per counterparty and relate to principal only and exclude any accrued interest.**

**Table 6: Approved investment counterparties and limits**

These limits must be read in conjunction with the notes immediately below the table. The combined secured and unsecured investments in any one bank must not exceed the cash limit for secured investments:

Credit Rating	Banks (including building societies) Unsecured	Banks (including building societies) Secured	Government	Corporates	Registered Providers
UK Central Government	n/a	n/a	£ Unlimited	n/a	n/a
			50 Years		
UK Local Authorities	n/a	n/a	£12,000,000	n/a	n/a
			10 Years		
AAA	£3,000,000	£6,000,000	£6,000,000	£3,000,000	£3,000,000
	5 Years	20 Years	50 Years	20 Years	20 Years
AA+	£3,000,000	£6,000,000	£6,000,000	£3,000,000	£3,000,000
	5 Years	10 Years	25 Years	10 Years	10 Years
AA	£3,000,000	£6,000,000	£6,000,000	£3,000,000	£3,000,000
	4 Years	5 Years	15 Years	5 Years	10 Years
AA-	£3,000,000	£6,000,000	£6,000,000	£3,000,000	£3,000,000
	3 Years	4 Years	10 Years	4 Years	10 Years
A+	£3,000,000	£6,000,000	£3,000,000	£3,000,000	£3,000,000
	2 Years	3 Years	5 Years	3 Years	5 Years
A	£3,000,000	£6,000,000	£3,000,000	£3,000,000	£3,000,000
	13 Months	2 Years	5 Years	2 Years	5 Years
A-	£3,000,000	£6,000,000	£3,000,000	£3,000,000	£3,000,000
	6 Months	13 Months	5 Years	13 Months	5 Years
None	£1,000,000	n/a	see above central government and local authority limit	n/a	£3,000,000
	6 Months				
Pooled Funds	£6,000,000 per fund				

**Credit rating:** Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies to ensure that this lies within our agreed minimum credit rating. Where available, the credit rating relevant to the

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specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account. **Schedule A** shows the equivalence table for credit ratings for three of the main rating agencies Fitch, Moody's and Standard & Poor's and explains the different investment grades.

**Banks unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Where additional amounts received into our accounts with our own bankers are received too late in the day to make an investment the same day, the limit in the above table will not apply as this does not count as an investment.

**Banks secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits.

**Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

**Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made following an external credit assessment and consultation with the Council's treasury management advisers.

**Registered providers:** Loans and bonds issued by, guaranteed by, or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Welsh Government and as providers of public services, they retain the likelihood of receiving government support if needed.

**Pooled funds:** Shares or units in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period can be used for longer investment periods.

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Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. As these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

**Operational bank accounts:** The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept to a minimum. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

**Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify the Council of changes as they occur.

Long-term ratings are expressed on a scale from AAA (the highest quality) through to D (indicating default). Ratings of BBB- and above are described as investment grade, while ratings of BB+ and below are described as speculative grade. The Council's credit rating criteria are set to ensure that it is very unlikely the Council will hold speculative grade investments, despite the possibility of repeated downgrades.

Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made
- any existing investments that can be recalled or sold at no cost will be
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

**Other information on the security of investments:** The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be 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, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations as happened in 2008 and 2011, it is not generally reflected in credit

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ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

**Specified investments:** The *Welsh Government Statutory Guidance on Local Government Investments* defines specified investments as those:

- denominated in pound sterling
- due to be repaid within 12 months of arrangement
- not defined as capital expenditure by legislation, and
- invested with one of:
  - the UK Government
  - a UK local authority
  - a town or community council or
  - body or investment scheme of “high credit quality”

The Council defines “**high credit quality**” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

**Non-specified investments:** Any investment that does not fall into the criteria detailed above under the Specified investments definition. The Council does not intend to make any investments denominated in foreign currencies nor any defined as capital expenditure. Non-specified investments will therefore be limited to:

- long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement
- investments with bodies and schemes not meeting the definition on high credit quality

The *Welsh Government Statutory Guidance on Local Government Investments* requires the Council's Investment Strategy to set an overall limit for non-specified investments which is currently set at £20 million. Table 8 below shows the non-specified categories and the relevant limits and although the total of the individual limits exceed £20 million, at any one point in time a **maximum of £20 million** could be invested in these non-specified investments.

**Principal sums invested for periods longer than a year:** All investments longer than 365 days (non-specified) will be made with a cautious approach to cash flow requirements and advice from the Council's treasury management advisers will be sought as necessary.

Where the Council invests, or plans to invest, for periods longer than a year, an upper limit is set for each forward financial year period for the maturing of such investments. The purpose of this indicator is to control the Council's exposure to the risk of incurring

losses by seeking early repayment of long term investments. The limits on the long term principal sum invested to final maturities beyond the period end will be as shown in table 7 below.

**Table 7: Treasury Management Indicator Principal sums invested for periods longer than a year**

Price risk indicator	2020-21 £m	2021-22 £m	2022-23 £m
Limit on principal invested beyond financial year end	15	10	8

**Investment Limits:** The combined values of specified and non-specified investments with any one organisation are subject to the approved counterparties and limits shown in table 7 above and also the non-specified limits in table 8 and the investment limits detailed in table 9 below.

A group of banks under the same ownership will be treated as a single organisation for limit purposes. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

The combined secured and unsecured investments in any one bank must not exceed the cash limit for secured investments.

**Table 8: Non-specified investment limits**

	Category Cash limit
Total long-term investments	£15m
Total investments without credit ratings or rated below the Council's definition of "high credit quality" (A-) (except the UK Government and UK local authorities)	£10m
Total investments (except pooled funds) with institutions domiciled in foreign countries with a sovereign rating below AA+	£3m
Total Non-Specified Investments Outstanding	£20m



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**Table 9: Investments limits**

	<b>Category Cash limit</b>
Any single organisation, except the UK Central and Local Government	£6m
UK Central Government	unlimited
UK Local Authorities (per Authority)	£12m
Any group of organisations under the same ownership	£6m per group
Any group of pooled funds under the same management	£6m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£6m per country
Registered providers and registered social landlords	£5m in total
Unsecured investments with Building Societies	£6m in total
Money market funds (MMF)	£20m in total

**Liquidity Management:** The Council forecasts on a prudent basis the maximum period for which funds may be committed therefore minimising the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. A limit of £15 million (table 8 above) has been set for 2020-21 for long term investments and this has been set with reference to the Medium Term Financial Strategy and cash flow forecast as shown in the principal sums invested for periods longer than a year indicator in table 7 above. This represents just under 30% of the maximum amount of investments that the Council anticipates to have at any one point in time in 2020-21.

## **6.0 INTEREST RATE EXPOSURES BORROWING AND INVESTMENTS**

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest charged to revenue within the Comprehensive Income and Expenditure Statement will rise;
- borrowings at fixed rates – the fixed rate protects the Council from increased interest charges as an equivalent loan would now cost more. The fair value of the borrowing (liability) will fall;
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise;
- investments at fixed rates – the fixed rate prevents the Council from receiving higher investment income from the same principal invested. The fair value of the investment (asset) will fall.

## **7.0 PERFORMANCE INDICATORS**

Performance indicators are set to assess the adequacy of the treasury function over the year. These are distinct historic indicators as opposed to the treasury management and prudential indicators which are predominantly forward looking.



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One debt performance indicator is where the average portfolio rate of interest is compared to an appropriate average available such as the average PWLB Debt for Welsh and UK local authorities. The rate of return on investments can be monitored against the average rate of return on investments against the Bank Rate and the average rate of return on investments as compared to the average rate of Arlingclose's Welsh local authority clients at each relevant quarter/year-end.

## **8.0 OTHER ITEMS**

In line with the CIPFA Code and Welsh Government guidance the following also forms part of the Council's TMS.

**Financial Derivatives:** In the absence of any explicit legal power to do so, the Council will not use standalone financial derivatives such as swaps, forwards, futures and options. Derivatives embedded into loans and investments including pooled funds and forward starting transactions may be used and the risks they present will be managed in line with the overall treasury risk management strategy.

**Markets in Financial Instruments Directive II (MIFID II):** From January 2018, MIFID II changed the classification of local authority investors. It reclassified local and public authorities as retail investors. The Council has opted up to professional client status with its providers of financial services, including treasury management advisers, banks, building societies and brokers, allowing it access to a greater range of services but without the greater regulatory protection afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Section 151 Officer believed this to be the most appropriate status.

**Investment training:** The needs of the Council's treasury management staff for training in investment management are assessed every six months as part of the staff appraisal process and also if the responsibilities of individual members of staff change.

Training is received from the Council's treasury management advisers, CIPFA and other bodies in the form of training courses and seminars. The Council also supports personal development so individuals enhance their own knowledge through reading CIPFA guidance, publications and research on the internet.

**Investment advisers:** The Council appointed Arlingclose Limited as treasury management advisers following a tender exercise in August 2016. They were awarded a four year contract, to provide advice and information relating to its borrowing and investment activities and capital finance issues. The contract will be reviewed annually and either party may at any time terminate this agreement on 3 months prior written notice. The quality of this service is controlled by having regular meetings with the advisers and regularly reviewing the service provided. As the contract is due to end in September 2020 a re-tendering exercise will be undertaken during the spring and early summer 2020.

**Investment of money borrowed in advance of need:** The Welsh Government maintains that the borrowing of monies purely to invest or on-lend and make a return is unlawful and the Council will not engage in such activity, however, the Council could potentially borrow in advance of need where this is expected to provide the best long

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term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks.

As the Council has an integrated TMS, borrowing is not linked to the financing of specific items of expenditure. The Council's Capital Financing Requirement (CFR) as at 1 January 2020 was in excess of the actual debt of the Council as shown in table 2 above indicating there was no borrowing in advance of need. More detail is provided in the Prudential Indicators in the Council's Capital Strategy.

Schedule A

Credit Rating Equivalence Table

	Description	Fitch		Moody's		Standard & Poor's	
		Long	Short	Long	Short	Long	Short
<b>INVESTMENT GRADE</b>	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	
	Adequate	A-	F2	A3	P-3	A-	A-2
		BBB+		Baa1		BBB+	
		BBB		Baa2		BBB	
<b>SPECULATIVE GRADE</b>	Speculative	BBB-	F3	Baa3	Not Prime (NP)	BBB-	A-3
		BB+		Ba1		BB+	
		BB		Ba2		BB	
	Very speculative	BB-	B	Ba3		BB-	B
		B+		B1		B+	
	Vulnerable	B	C	B2		B	
		B-		B3		B-	
		CCC+		Caa1		CCC+	
		CCC		Caa2		CCC	
		CCC-		Caa3		CCC-	
Defaulting	CC	D	Ca	CC			
	C		C	C			
	D		C	D	D		

## GLOSSARY

Annuity	A method of repaying a loan where the cash payment remains constant over the life of the loan, but the proportion of interest reduces and the proportion of principal repayment increases over time. Repayment mortgages and personal loans tend to be repaid by the annuity method.
Asset Management	The stewardship of capital assets, including decisions around on-going maintenance and eventual disposal
Authorised limit	The maximum amount of debt that a local authority may legally hold, set annually in advance by the Council itself. One of the <i>Prudential Indicators</i> .
BACS	Bankers' automated payment system. UK bulk payments system allowing transfers between bank accounts with two days' notice, for a small charge.
Bail-in	A method of rescuing a failing <i>financial institution</i> by cancelling some of its <i>deposits</i> and <i>bonds</i> . Investors may suffer a reduction in their investment, but may be given shares in the bank as part compensation.
Bail-out	A method of rescuing a failing <i>financial institution</i> by the injection of public money. This protects investors at the expense of taxpayers.
Bank	Regulated firm that provides financial services to customers.
Bank of England	The <i>central bank</i> of the UK, based in London, sometimes just called 'the bank'.
Bank Rate	The official interest rate set by the <i>Monetary Policy Committee</i> , and the rate of interest paid by the <i>Bank of England</i> on commercial bank deposits. Colloquially termed the 'base rate'.
Bond	A certificate of <i>long-term</i> debt issued by a company, government, or other institution, which is tradable on financial markets
Borrowing	Usually refers to the stock of outstanding loans owned and <i>bonds</i> issued.
Broker	Regulated firm that matches either borrowers and lenders (a money broker) or buyers and sellers of <i>securities</i> (a stockbroker) with each other in order to facilitate transactions
Brokerage	Fee charged by a <i>broker</i> , normally paid by the borrower
Building Society	A mutual organisation that performs similar functions to a <i>retail bank</i> but is owned by its customers
Capital	(1) Long-term, as in <i>capital expenditure</i> and <i>capital receipts</i> (2) <i>Principal</i> , as in <i>capital gain</i> and <i>capital value</i> (3) <i>Investments in financial institutions that will absorb losses before senior unsecured creditors</i>

Capital Expenditure	Expenditure on the acquisition, creation or enhancement of fixed asset that are expected to provide value for longer than one year, such as property and equipment, plus expenditure defined as capital in legislation such as the purchase of certain investments
Capital Finance	Arranging and managing the cash required to finance <i>capital expenditure</i> , and the associated accounting.
Capital Financing Requirement (CFR)	A local authority's underlying need to hold debt for capital purposes, representing the cumulative capital expenditure that has been incurred but not yet financed. The CFR increases with <i>capital expenditure</i> and decreases with <i>capital finance</i> and <i>MRP</i> .
Capital Receipt	Cash obtained from the sale of an item whose purchase would be <i>capital expenditure</i> . The law only allows local authorities to spend capital receipts on certain items, such as new capital expenditure. They are therefore held in a capital receipts reserve until spent.
Capital strategy	An annual policy document required by the <i>Prudential Code</i> that sets out a local authorities' high-level plans for capital expenditure, debt and investments and its <i>Prudential Indicators</i> for the forthcoming financial year.
CIPFA	The Chartered Institute of Public Finance and Accountancy – the professional body for accountants working in the public sector. CIPFA also sets various standards for local government – eg Treasury Management Code and Prudential Code
Cost of Carry	When a loan is borrowed in advance of need, the difference between the interest payable on the loan and the income earned from investing the cash in the interim
Counterparty	The other party to a loan, investment or other contract
Counterparty limit	The maximum amount an investor is willing to lend to a <i>counterparty</i> , in order to manage <i>credit risk</i> .
Credit rating	Formal opinion by a <i>credit rating agency</i> of a <i>counterparty's</i> future ability to meet its financial obligations. As it is only an opinion, there is no guarantee that a highly rated organisation will not default.
Credit rating agency	An organisation that publishes <i>credit ratings</i> . The three largest agencies are Fitch, Moody's and Standard & Poor's but there are many smaller ones.
Credit risk	The risk that a <i>counterparty</i> will <i>default</i> on its financial obligations.
Debt	(1) A contract where one party owes money to another party, such as a <i>loan</i> , <i>deposit</i> , or <i>bond</i> . (2) In the Prudential Code, the total outstanding borrowing plus other long-term liabilities

Default	Failure to meet an obligation under a debt contract, including the repayment of cash, usually as a result of being in financial difficulty
Deposit	A regulated placing of cash with a <i>financial institution</i> . Deposits are not tradable on financial markets.
DMO	Debt Management Office – an executive agency of HM Treasury that deals with central government’s debt and investments.
Fair value	<i>IFRS</i> term for the price that would be obtained by selling an investment, or paid to transfer debt, in a market transaction.
FCA	Financial Conduct Authority – UK agency responsible for regulating financial markets and the conduct of <i>financial institutions, brokers, custodians, fund managers</i> and <i>treasury management advisors</i> .
Financial institution	A <i>bank, building society or credit union</i> . Sometimes the term also includes insurance companies.
Financial instrument	<i>IFRS</i> term for investments, borrowing and other cash payable and receivable.
Financing costs	In the <i>Prudential Code</i> , interest payable on <i>debt</i> less investment income plus <i>premiums</i> less <i>discounts</i> plus <i>MRP</i> .
Forward deal	An arrangement where a loan or deposit is arranged in advance of the cash being transferred, with the advance period being longer than the standard period (if any) for such a transaction.
GDP	Gross domestic product – the value of the national aggregate production of goods and services in the economy. Increasing GDP is known as economic growth.
General Fund	A local authority reserve that holds the accumulated surplus or deficit on revenue income and expenditure, except on council housing.
Gilt	Bond issued by the UK Government, taking its name from the gilt-edged paper they were originally printed on.
IFRS	International Financial Reporting Standards, the set of accounting rules in use by UK local authorities since 2010.
Impairment	A reduction in the value of an investment caused by the counterparty being in financial difficulty.
Inflation risk	The risk that unexpected changes in inflation rates cause an unplanned loss, for example by costs rising faster than income.
Interest	Compensation for the use of cash paid by borrowers to lenders on debt instruments.
Interest rate risk	The risk that unexpected changes in interest rates cause an unplanned loss, for example by increased payments on borrowing or lower income on investments.

Internal borrowing	A local government term for when actual “external” debt is below the capital financing requirement, indicating that difference has been borrowed from internal resources instead; in reality this is not a form of borrowing.
Investment property	Land and buildings that are held purely for rental income and/or capital growth. Investment properties are not owner-occupied and provide no direct service benefit.
Investment strategy	A document required by investment guidance that sets out a local authority’s investment plans and parameters for the coming year. Sometimes forms part of the authority’s treasury management strategy.
Lease	A contract where one party permits another to make use of an asset in return for a series of payments. It is economically similar to buying the asset and borrowing a loan, and therefore leases are often counted as a type of debt.
Lessee	Party to a lease contract that uses an asset owned by the lessor.
Lessor	Party to a lease contract that own an asset but permits another (the lessee) to use it.
Liability benchmark	Term in CIPFA’s Risk Management Toolkit which refers to the minimum amount of borrowing required to keep investments at a minimum liquidity level. Used to compare against the actual and forecast level of borrowing.
LIBOR	London interbank offer rate - the benchmark interest rate at which banks offer to lend cash to other banks. Published every London working day at 11am for various currencies and terms. Due to be phased out by 2022.
Liquidity risk	The risk that cash will not be available to meet financial obligations, for example when investments cannot be recalled and new loans cannot be borrowed.
Loan	Contract where the lender provides a sum of money (the principal) to a borrower, who agrees to repay it in the future together with interest. Loans are not normally tradable on financial markets. There are specific definitions in government investment guidance.
Loans CFR	The capital financing requirement less the amount met by other long-term liabilities; i.e. the amount to be met by borrowing.
LOBO	Lender’s option borrower’s option – a long-term loan where the lender has the option to propose an increase in the interest rate on pre-determined dates. The borrower then has the option to either accept the new rate or repay the loan without penalty. LOBOs increase the borrower’s interest rate risk and the loan should therefore attract a lower rate of interest initially.
Long-term	Usually means longer than one year.



Market risk	The risk that movements in market variables will have an unexpected impact. Usually split into interest rate risk, price risk and foreign exchange risk.
Maturity	(1) The date when an investment or borrowing is scheduled to be repaid. (2) A type of loan where the principal is only repaid on the maturity date.
MiFID II	The second Markets in Financial Instruments Directive - a legislative framework instituted by the European Union to regulate financial markets in the bloc and improve protections for investors.
Monetary policy	Measures taken by central banks to boost or slow the economy, usually via changes in interest rates. Monetary easing refers to cuts in interest rates, making it cheaper for households and businesses to borrow and hence spend more, boosting the economy, while monetary tightening refers to the opposite. See also fiscal policy and quantitative easing.
Monetary Policy Committee (MPC)	Committee of the Bank of England responsible for implementing monetary policy in the UK by changing Bank Rate and quantitative easing with the aim of keeping CPI inflation at around 2%.
Money market fund (MMF)	A collective investment scheme which invests in a range of short-term assets providing high credit quality and high liquidity. Usually refers to CNAV and LVNAV funds with a WAM under 60 days which offer instant access, but the European Union definition extends to include cash plus funds.
Money markets	The markets for short-term finance, including deposits and T-bills. See also capital markets.
MRP	Minimum revenue provision - an annual amount that local authorities are required to set aside and charge to revenue for the repayment of debt associated with capital expenditure. Local authorities are required by law to have regard to government guidance on MRP.
Net borrowing	Borrowing minus treasury investments.
Net revenue stream	In the Prudential Code, income from general government grants, Council Tax and rates.
Non-specified investments	Government term for investments not meeting the definition of a specified investment or a loan upon which limits must be set. Since 2018, the term does not apply to treasury investments in England. Not applicable in Scotland.
Other long-term liabilities	Prudential Code term for credit arrangements.



Operational boundary	A prudential indicator showing the most likely, prudent, estimated level of external debt, but not the worst-case scenario. Regular breaches of the operational boundary should prompt management action.
Operational risk	The risk that fraud, error or system failure leads to an unexpected loss.
Pension Fund	Ringfenced account for the income, expenditure and investments of the local government pension scheme. Pension fund investments are not considered to be part of treasury management.
Private Finance Initiative (PFI)	A government scheme where a private company designs, builds, finances and operates assets on behalf of the public sector, in exchange for a series of payments, typically over 30 years. Counts as a credit arrangement and debt.
Property fund	A collective investment scheme that mainly invests in property. Due to the costs of buying and selling property, including stamp duty land tax, there is usually a significant fee charged on initial investment, or a significant difference between the bid and offer price.
Prudential borrowing	Another term for unsupported borrowing.
Prudential Code	Developed by CIPFA and introduced in April 2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice. Local authorities are required by law to have regard to the Prudential Code.
Prudential indicators	Indicators required by the Prudential Code and determined by the local authority to define its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is publicly accountable.
PWLB	Public Works Loans Board - a statutory body operating within the DMO that lends money from the National Loans Fund to local authorities and other prescribed bodies and collects the repayments.
Refinancing risk	The risk that maturing loans cannot, be refinanced, or only at higher than expected interest rates leading to an unplanned loss. Managed by maintaining a smooth maturity profile.
Supported borrowing	Borrowing for which the repayment costs are supported by government grant.
T-bill	Treasury bill - a bill issued by a government.
TMS	(1) Treasury management strategy. (2) Treasury management system.
Treasury bill	See T-bill.

Treasury investments	Investments made for treasury management purposes, as opposed to commercial investments and service investments.
Treasury management	The management of an organisation's cash flows, investment and borrowing, with a particular focus on the identification, control and management of risk. Specifically excludes the management of pension fund investments.
Treasury management advisor	Regulated firm providing advice on treasury management, capital finance and related issues.
Treasury Management Code (TM Code)	CIPFA's Code of Practice for Treasury Management in the Public Services and Cross-Sectoral Guidance Notes, to which local authorities are required by law to have regard.
Treasury management indicators	Indicators required by the Treasury Management Code to assist in the management of credit risk, interest rate risk, refinancing risk and price risk.
Treasury management policy statement	Document required by the Treasury Management Code setting out a local authority's definition of and objectives for treasury management.
Treasury management practices (TMPs)	Document required by the Treasury Management Code setting out a local authority's detailed processes and procedures for treasury management.
Treasury management strategy	Annual report required by the Treasury Management Code covering the local authority's treasury management plans for the forthcoming year.
Unsupported borrowing	Borrowing where the cost is self-financed by the local authority. Sometimes called prudential borrowing since it was not permitted until the introduction of the Prudential Code in 2004. See also supported borrowing.
Working capital	The cash surplus or deficit arising from the timing differences between income/expenditure in accounting terms and receipts/payments in cash terms.

## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO AUDIT COMMITTEE

30 JANUARY 2020

#### REPORT OF THE HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE

#### PROGRESS AGAINST THE AUDIT RISK BASED PLAN (1st APRIL 2019 to 31<sup>st</sup> DECEMBER 2019)

##### 1. Purpose of report

- 1.1 To provide Members with a position statement on progress being made against the audit work that was included and approved within the 2019-20 Internal Audit Annual Risk Based Plan.

##### 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.

##### 3. Background

- 3.1 In accordance with the Public Sector Internal Audit Standards, the Head of Audit is responsible for developing a risk-based annual audit plan which takes into account the Council's risk management framework. Within the Standards there is also a requirement for the Head of Audit to review and adjust the plan, as necessary, in response to changes in the Council's business, risks, operations, programmes, systems, controls and resources. The Head of Audit must also ensure that Internal Audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan.
- 3.2 The 2019/20 Internal Audit Annual Risk Based Plan was submitted to the Audit Committee for consideration and approval on 18th April 2019. The Plan outlined the assignments to be carried out and their respective priorities.

##### 4. Current situation/proposal

- 4.1 The Plan provided for a total of 1,101 audit days to cover the period April 2019 to March 2020. 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. As noted, when the Plan was approved, 2019/20 is a transitional year for the newly extended service so some flexibility is needed to deal with additional demands in terms of setting up this new service.
- 4.2 Actual progress against quarter 1 to quarter 3 of the 2019/20 Risk Based Plan is attached at **Appendix A** which details the status of each planned review, the audit

opinion and the number of any high or medium recommendations made to improve the control environment. It should be noted that some reviews listed have no audit opinion, for example advice and guidance, Audit Committee and Corporate Management Board (CMB) reporting. This is because the audit work carried out in respect of these items is planned but the nature of the work does not lead to testing and the formation of an audit opinion.

- 4.3 Appendix A illustrates that as at 31<sup>st</sup> December 2019, 28 items of work have been completed of which 23 audit reviews have resulted in an opinion being provided. A further 3 reviews have been carried out and draft reports issued that are awaiting feedback from Service Departments. Based on the assessment of the strengths and weaknesses of the areas examined through testing of the effectiveness of the internal control environment an audit opinion of substantial assurance has been given to 4 reviews and an opinion of reasonable assurance to 16 reviews
- 4.4 The remaining 3 audit reviews have been given an audit opinion of limited, that is only limited assurance can be placed on the current system of internal control. These areas are as follows:

Ogmore Vale School

This school has a relatively new Headteacher who is working towards making improvements at the school. Recommendations were made to enhance controls particularly the processes in place for hiring out school facilities including contracts, fee setting and income collection. These recommendations were agreed by the school and a further visit will be undertaken to provide assurance that improvements have been made.

Banks Automated Clearing System (BACS)

This review was to provide assurance on the adequacy and effectiveness of the control environment surrounding both direct debits and credits. Although it was found that BACS submissions were made in a timely manner and contingency measures were in place to safeguard the overall process in the event of any unplanned absences, some key control issues were identified. One fundamental weakness identified was that appropriate restrictions were not applied to all shared files. This recommendation was accepted, and action was immediately taken to rectify this. Staff were also reminded not to use such drives for confidential data. A follow up review will be undertaken to ensure that the agreed improvements have been made.

General Data Protection Regulations(GDPR)

South West Audit Partnership (SWAP) undertook this review and identified some significant opportunities for improvement in BCBC's data protection / GDPR control framework. One area identified is regarding the assessment of risks posed by GDPR. It has been recommended that a corporate risk assessment of the Council's GDPR processes is undertaken involving Corporate and Senior Managers across the Council. This is to ensure that all corporate risks relating to GDPR are identified and included in an action plan. All recommendations made during this review have been agreed by Officers and a follow up review to document progress will be undertaken.

- 4.5 Appendix A illustrates that a total of 6 high (fundamental) recommendations and 54 medium (significant) recommendations have been made to improve the control environment of the areas reviewed. The implementation of these recommendations will be monitored to ensure that improvements are being made.
- 4.6 A follow up of a previous years limited audit review has been completed in respect of the use of the purchasing cards held within the Early Intervention & Prevention Programmes. The previous limited assurance review, completed in 2018, identified many weaknesses in the internal controls that meant an internal fraud was not detected. The follow up review found that the procedures now in place are effective in mitigating the previous risks identified.
- 4.7 The audit plan was based on a fully staffed structure but, as previously reported, the Section continues to carry vacant posts whilst the staffing structure of the Regional Service is being agreed. Therefore, SWAP have been commissioned in order to address in part some of the shortfall in days necessary to complete the plan.

## **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 note the content of the report and the progress made against the 2019/20 Internal Audit Annual Risk Based Plan.

**Mark Thomas**  
**Head of Audit**  
**15 January 2020**

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**Background Documents**

None

## Bridgend County Borough Council - Activity Against Audit Plan 1st April 2019 to 31st December 2019

Page 93	Area	Audit	Status	Opinion			Recommendations	
	Priority One	Scope / Risk		Substantial	Reasonable	Limited	High	Medium
	Good 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. Assist in the AGS	Completed					
	Safeguarding	safeguarding incidents are dealt with in accordance with the Council's safeguarding policies and procedures. Annual assessment of the Council's overall operating model for safeguarding vulnerable adults and children.	assurance from WAO report reported to Audit Committee Nov19					
	CRSA	To undertake the annual controlled risk self – assessment for schools 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.	CRSA's issued to all schools, responses being analysed					
	Grant Certification Work	Under the conditions of the specific grant determination, the Head of Audit must certify that the conditions of the grant have been complied with.						
		Coychurch Crematorium	Completed		√			0
		Porthcawl Harbour	Completed		√			0
		Supporting People Outcomes	Completed		√			0
		Bus Services Support Grant (BSSG)	Completed		√			0
		Education Improvement Grant 2018-19	Completed		√			0
		Supporting People Grant	Completed		√			2
	Material Systems – Key Financial Systems	A rolling programme of audits is adopted for material systems whereby the work programme for each year may differ, with each audit having varying amounts of system review, testing or a combination of the two.						
		Creditor NFI Matches	Completed		√			0
		Business Rates	allocated					
		Treasury Management	allocated					
	Council Tax Reduction Scheme	allocated						
	Direct Payments Follow Up	To follow up on the recommendations made during 2018/19 to ensure action has been taken to implement these.	Completed		√			2
	Data Analytics	To align with this objective, Internal Audit is currently developing a data analytics strategy to be implemented during 2019/20. Data Analytics is proving to be a useful internal audit tool as councils become more reliant on electronic data, as data analytics enables a vast amount of data to be analysed when selecting testing samples	on-going analysis of supplier data used to inform the contract audit work.					
	Property Compliance	Further work following on from 2018/19. To provide assurance that satisfactory progress is being made in respect of Property Compliance.	deferred as previous review completed and issued in qtr 4 2018/19					
	Home to School Transport	This review will focus on the application of eligibility criteria to determine whether children receive the right level of assistance It will also include the processes in place, the risks associated with non-transparent procurement processes (and non-compliance with Procurement rules), inadequate service provider checks putting the safety of children at risk, budget overspends and inappropriate / invalid payments.	SWAP - work on-going					

Area	Audit
Priority One	Scope / Risk
Healthy Organisation Review – follow up	To follow up on the areas for attention as outlined in the Healthy Organisation Review 2017/18 including Governance, Procurement and Commissioning, Risk Management, Programme & Project Management and Information Management.
DOLS	To review the systems in place to ensure compliance with legislation
Carry Forward from 2018/19	Provision for those assignments which are still ongoing at the end of 2018/19.
	C/F Debtors
	C/F Security & Information Transfer
	C/F Arbed
2018/19 Closure of Reports	To finalise all draft reports outstanding at the end of 2018/19.
Follow up of recs. For Limited Reports	To ensure that all outstanding recommendations made during 2018/19 have been actioned.
	Pcard Review- Early Intervention & Prevention Programmes
Recommendation Monitoring	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.
Annual Opinion Report 2018/19	To prepare and issue the Head of Audit's Annual Opinion Report for 2018/19.
Audit Planning – 2019/20	To prepare and present the annual risk based audit plan for 2019/20.
Audit Committee /Members and CMB Reporting	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.
Advice & Guidance	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.
Quality Assurance & Improvement / Effectiveness of Internal Audit	To review / ensure compliance with the Accounts and Audit (Wales) Regulations 2014 / Public Sector Internal Audit Standards (PSIAS).
Emerging Risks / unplanned	To enable Audit Services to respond to provide assurance activity as required.
	Taxi Licensing
	Disabled Facilities Grants
External Audit Liaison	To ensure that a “managed audit” approach is followed in relation to the provision of internal and external audit services.
Fraud / Error / Irregularity	Irregularity Investigations - Reactive work where suspected irregularity has been detected.
	Licensing Complaint
Fraud / Error / Irregularity	Anti-Fraud & Corruption – Proactive - Proactive counter-fraud work that includes targeted testing of processes with inherent risk of fraud.

Status	Opinion			Recommendations	
	Substantial	Reasonable	Limited	High	Medium
completed by SWAP	√				4
SWAP - work on-going					
Completed		√			2
Completed		√			1
Completed				4	
Completed					
completed		√			7
on-going					
completed					
completed					
on-going					
completed		√			4
on-going					
completed		√			0
on-going					



Area	Audit
Priority One	Scope / Risk
Fraud / Error / Irregularity	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.
<b>Sub Totals Priority One</b>	
<b>Priority Two</b>	
Procurement	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.
Capital Programme	A review of this area will be undertaken to provide assurance that the Capital Programme remains on track and that slippage is accounted for, reported and regularly monitored.
Homelessness	This audit will review the effectiveness of the systems in operation for processing applications and monitoring homelessness cases.
Additional Learning Needs Bill	To follow up on the recommendations made during 2018/19 to ensure action has been taken to address the weaknesses identified.
Schools	To undertake a number of school based reviews in accordance with the Internal Audit risk based assessment.
	Cefn Glas School
	Ogmore Vale School
	Brynteg School
Schools	To undertake cross cutting projects to ensure compliance across all schools.
Banks Automated Clearing System (BACS)	This review will provide assurance on the adequacy and effectiveness of the control environment surrounding both Direct Debits and Credits.
Insurance	This review will seek to determine whether the Council has an effective control framework in place for the management/monitoring of incidents that have led to claims being upheld; and that any further mitigating actions/controls are considered/implemented as part of the Council's wider risk management programme.
General Data Protection Regulations	This audit will review whether the Council has an effective control framework in place for ensuring that personal information that is gathered is only used for the purpose for which it was originally intended.
IR35	This review will seek to determine whether the Council has effective arrangements in place to ensure that it conforms to these regulatory requirements.
Supply Chain Management	To undertake a review of key areas of risk, including levels of supply and demand, sustainability and pricing across supply chains, where we are reliant on other organisations for the provision of services. We shall also look at ethical procurement.
Contract and Project Management	To undertake a review of the procedures and processes associated with a number of Contracts / Projects / Programme. Particular emphasis will be placed on compliance to the Council's Rules and Regulations and Project Management Methodology associated with high risk contracts.

Status	Opinion			Recommendations	
	Substantial	Reasonable	Limited	High	Medium
ongoing and subject to separate reporting					
	1	13	0	4	22
purchasing card follow up review undertaken (see above)					
SWAP - on-going					
allocated					
Position Statement SWAP 18/19 no recs made					
draft issued					
completed			v		8
draft issued					
to be allocated					
completed			v	1	9
completed		v			1
completed - SWAP			v	1	10
completed	v				0
to be allocated					
SWAP - draft issued					

Area	Audit
Priority One	Scope / Risk
Social Services Follow up work.	Provision has been made to follow up on recommendations made to ensure action has been taken to address any weaknesses identified
Budget Savings	This review will seek to establish whether there are effective budget monitoring and reporting arrangements in place to track the progress of the identified savings targets.
ICT Audit	In consultation with ICT, systems reviews will be undertaken across Directorates to ensure robust controls are evident and operating effectively.
	ICT Network Management
	ICT Business Continuity Review
Asset Management	To ensure that the disposal of assets is in accordance with Council policy, rules and regulations.
Retrospective Orders	This review will identify the extent to which retrospective orders are occurring and establishing the approximate value and thereby determining the impact this has on the overall control environment.
Standing Data inc. PO Box Addresses	This is a bespoke piece of work which will look at:-reviving validity of PO Boxes, identify irregularities and rec checks to be carried out.
<b>Sub Total Priority Two</b>	
<b>OVERALL TOTALS</b>	

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Status
to be allocated
Assurance from WAO report went to Audit Committee Nov 2019
completed
completed
on-going
completed
completed

Opinion		
Substantial	Reasonable	Limited
√		
√		
	√	
	√	
<b>3</b>	<b>3</b>	<b>3</b>
<b>4</b>	<b>16</b>	<b>3</b>

Recommendations	
High	Medium
	0
	0
	4
	0
<b>2</b>	<b>32</b>
<b>6</b>	<b>54</b>

## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO AUDIT COMMITTEE

30 JANUARY 2020

#### REPORT OF THE HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE

#### UPDATED FORWARD WORK PROGRAMME 2019/20

#### 1. Purpose of report

1.1 The purpose of this report is to provide Members with an update on the Forward Work Programme for 2019/20.

#### 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.

#### 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 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 to all aspects of their core functions the updated Forward Work Programme for 2019/20 is attached at **Appendix A**.
- 4.2 Shown below are the items scheduled to be presented at the Committee's next meeting on 16<sup>th</sup> April 2020. Committee Members are asked to endorse this schedule, confirm the list of people they would like to invite for each item (if appropriate), and indicate whether any additional information or research is required.

<b>Date of Meeting</b>	<b>Agenda Items</b>
<b>16th April 2020</b>	Updated Forward Work Programme and proposed programme for- 2020-21
	Internal Audit proposed Annual Strategy and Audit Plan 2020-21
	Internal Audit Shared Service Charter 2020-21
	Draft Head of Audit's Annual Opinion Report and outturn for the Year 2019-20
	Annual Council Tax Reduction Scheme Fraud Update 2019/20
	External Auditors / Inspection Reports (if applicable)

#### **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 2019/20.

**Mark Thomas**  
**Head of Audit**  
**15<sup>th</sup> January 2020**

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**Background Documents**

None

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**AUDIT COMMITTEE  
PROPOSED SCHEDULE OF MEETINGS AND FORWARD WORK PROGRAMME  
2019 - 2020**

PROVISIONAL DATE OF MEETING	FORWARD WORK PROGRAMME	OFFICER RESPONSIBLE	UPDATE
<b>2019</b>			
<b>13<sup>th</sup> June</b>	Election of Chair & Vice-Chair	Democratic Services Officer	
	Draft Annual Governance Statement 2018-19	Head of Finance	Submitted
	Pre-audited Statement of Accounts 2018/19.	Head of Finance	Submitted
	Treasury Management Outturn 2018/19	Head of Finance	Submitted
	Council Tax Reduction fraud investigations: April 2018 to March 2019	Head of Finance / Benefit's Manager.	Submitted
	Housing Benefit Claim action plan	Head of Finance / Benefit's Manager.	Submitted
	Corporate Fraud Report 2018/19	HOA / Audit Client Manager	Combined with NFI report to be presented in August 2019
	External Auditors / Inspection Reports (where applicable).	Head of Finance / WAO	Submitted
	IASS Outturn Report April and May 2019. Together with progress against Plan.	HOA	Submitted
	Updated Forward Work Programme 2019/20.	Head of Audit (HOA)	Submitted
<b>8<sup>th</sup> August</b>	Updated Forward Work Programme	HOA	Submitted
	Final Statement of Accounts 2018-19 and External Audit Report	Head of Finance	Submitted
	Corporate Risk Register Update	Head of Finance	Submitted
	Counter Fraud Report 2018/19 Including an NFI Update	HOA / Audit Client Manager	Submitted
	External Auditors / Inspection Reports (where applicable).	Head of Finance / WAO	Submitted
<b>14<sup>th</sup> November</b>	Updated Forward Work Programme	HOA	Submitted
	Compliance with the Public Sector Internal Audit Standards	HOA	To be covered in the Head of Internal Audit Annual Report.
	Progress report on the Regional Internal Audit Service	HOA	Presentation Submitted
	Audit Committee Terms of Reference	HOA	Deferred pending Local Govt Bill due to be published by WG in Nov
	NFI update	HOA	Additional item
	Treasury Management Half Year monitoring report 2018-19	Head of Finance	Submitted
	Update Report on Wales Audit Office Recommendations On The Service User Perspective Of Disabled Facilities Grant.	Group Manager Housing	Additional item

## APPENDIX A

	<b>Corporate Risk Assessment</b>	<b>Head of Finance</b>	<b>Additional item</b>
	<b>Review of the Annual Governance Statement 2018-19 Action Plan</b>	<b>Head of Finance</b>	<b>Submitted</b>
	<b>Approval of Council's Asset Componentisation Policy</b>	<b>Head of Finance</b>	<b>Submitted</b>
	<b>Internal Audit Progress Half Year Outturn Report – April 2019 to September 2019.</b>	<b>HOA</b>	<b>Submitted</b>
	<b>External Auditors / Inspection Reports (where applicable).</b>	<b>Head of Finance / WAO</b>	<b>Submitted</b>
<b>2020</b>			
<b>30th January</b>	<b>Updated Forward Work Programme</b>	<b>HOA</b>	<b>Submitted</b>
	<b>Internal Audit Progress Report April – December 2019</b>	<b>HOA</b>	<b>Submitted</b>
	<b>Audit Committee Self-Assessment</b>	<b>HOA</b>	<b>Verbal update and discussion</b>
	<b>Corporate Risk Assessment, Corporate Risk Management Policy and Near Miss Procedure 2020-21</b>	<b>Head of Finance</b>	<b>Submitted</b>
	<b>Treasury Management Strategy 2020-21</b>	<b>Head of Finance</b>	<b>Submitted</b>
	<b>Update of the actions relating to the Follow-up of WAO Review of Corporate Arrangements for the Safeguarding of Children update</b>	<b>Corporate Director Social Services &amp; Wellbeing</b>	<b>Additional Item</b>
	<b>Corporate Fraud Framework</b>	<b>HOA</b>	<b>deferred to June 2020 to present an annual report</b>
	<b>Whistleblowing Policy</b>	<b>tbc</b>	<b>To be reported to Standards Cttee</b>
	<b>External Auditors / Inspection Reports (where applicable).</b>	<b>Head of Finance / WAO</b>	
<b>16th April</b>	<b>Updated Forward Work Programme and proposed programme for-2020-21</b>	<b>HOA</b>	
	<b>Internal Audit proposed Annual Strategy and Audit Plan 2020-21</b>	<b>HOA</b>	
	<b>Internal Audit Shared Service Charter 2020-21</b>	<b>HOA</b>	
	<b>Draft Head of Audit's Annual Opinion Report and outturn for the Year 2019-20</b>	<b>HOA</b>	
	<b>Annual Council Tax Reduction Scheme Fraud Update 2019/20</b>	<b>Head of Finance / Benefits Manager</b>	
	<b>External Auditors / Inspection Reports (if applicable): -</b>	<b>Head of Finance / WAO</b>	