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Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr

Bridgend County Borough Council



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Annwyl Cyngorydd,

PWYLLGOR LLYWODRAETHU AC ARCHWILIO

Cynhelir Cyfarfod Pwyllgor Llywodraethu ac Archwilio O Bell Trwy Microsoft Teams ar **Dydd Iau, 22 Ebrill 2021 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 - 14
I dderbyn am gymeradwyaeth y Cofnodion cyfarfod y 28/01/2021
4. Cofnod Gweithredu'r Pwyllgor Llywodraethu ac Archwilio 15 - 20
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12. Siarter Cydwasanaethau'r Archwiliad Mewnol Rhanbarthol 2021-22 161 - 184
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14. Materion Brys
I ystyried unrhyw eitemau o fusnes y, oherwydd amgylchiadau arbennig y cadeirydd o'r farn y dylid eu hystyried yn y cyfarfod fel mater o frys yn unol â pharagraff 2.4 (e) o'r Rheolau Trefn y Cabinet yn y Cyfansoddiad.

Nodyn: Sylwch: Yn sgil yr angen i gadw pellter cymdeithasol, ni fydd y cyfarfod hwn yn cael ei gynnal yn ei leoliad arferol. Yn hytrach, bydd hwn yn gyfarfod rhithwir a bydd Aelodau a Swyddogion yn mynychu o bell. Bydd y cyfarfod yn cael ei recordio i'w ddarlledu ar wefan y Cyngor cyn gynted ag sy'n ymarferol ar ôl y cyfarfod. Os oes gennych unrhyw gwestiwn am hyn, cysylltwch â cabinet_committee@bridgend.gov.uk neu ffoniwch 01656 643147 / 643148.

Yn ddiffuant

K Watson

Prif Swyddog – Gwasanaethau Cyfreithiol, Adnoddau Dynol a Rheoleiddio

Dosbarthiad:

Cynghowrwyr

CA Green

JE Lewis

MJ Kern

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

Presennol

Y Cyngorydd LM Walters – Cadeirydd

CA Green
A Williams
TH Beedle

JE Lewis
AJ Williams
A Hussain

MJ Kearm
PA Davies

RM Granville
P Davies

Swyddogion:

Simon Roberts	Uwch Ymchwilydd Twyll
Deborah Exton	Dirprwy Bennaeth Cyllid dros dro
Mark Thomas	Pennaeth Gwasanaeth Archwilio Rhanbarthol
Samantha Clements	Swyddfa Archwilio Cymru
Mark Galvin	Uwch Swyddog Gwasanaethau Democrataidd - Pwyllgorau
Andrew Rees	Rheolwr Gwasanaethau Democrataidd
Gill Lewis	Pennaeth Cyllid a Swyddog 151 Dros Dro
Michael Pitman	Swyddog Gwasanaethau Democrataidd – Pwyllgorau
Nigel Smith	Rheolwr Cyllid
Eilish Thomas	Rheolwr Cyllid – Rheoli Ariannol a Chau
Frances Mantle	Rheolwr Cyllid Llywodraethu a'r Trysorlys

Aelod Lleyg:

Mrs J Williams

222. DATGANIADAU O FUDDIANT

Dim.

223. CADARNHAU COFNODION

PENDERFYNIAD: Bod Cofnodion cyfarfod y Cyngor a'i cynhaliwyd ar 22 Ionawr 2020 yn cael eu cymeradwyo fel cofnod cywir.

224. COFNOD GWEITHREDU'R PWYLLGOR ARCHWILIO A LLYWODRAETHU

Cyflwynodd y Rheolwr Gwasanaethau Democrataidd adroddiad, gyda'r diben o roi'r wybodaeth ddiweddaraf i'r Aelodau am Gofnod Gweithredu'r Pwyllgor Llywodraethu ac Archwilio.

Mae'r Cofnod Gweithredu wedi'i lunio i gynorthwyo'r Aelodau i olrhain y penderfyniadau a wnaed gan y Pwyllgor wrth ymarfer ei swyddogaethau.

Er mwyn cynorthwyo'r Pwyllgor Llywodraethu ac Archwilio i sicrhau bod penderfyniadau'r Pwyllgor yn cael eu gweithredu, amgaewyd y Cofnod Gweithredu yn Atodiad A yr adroddiad. Cyflwynir y Cofnod Gweithredu i bob cyfarfod Pwyllgor i'w gymeradwyo ac er eu gwybodaeth.

Dywedodd y Prif Swyddog Dros Dro – Cyllid, Perfformiad a Newid wrth yr Aelodau mai un o'r camau gweithredu cafodd ei arddangos yn yr Atodiad oedd cyflwyno adroddiad Strategaeth Dwyll i'r cyfarfod heddiw. Fodd bynnag, roedd yr adroddiad yma ar hyn o

bryd yn y camau olaf o'r fformat drafft. Byddai felly'n cael ei gyflwyno i gyfarfod y Pwyllgor Llywodraethu ac Archwilio ym mis Ebrill. Byddai ystyriaeth hefyd yn cael ei rhoi i drefnu sesiwn hyfforddi i Aelodau'r Pwyllgor ar yr un pwnc rywbryd yn y dyfodol.

PENDERFYNIAD: Bod y Pwyllgor wedi cymeradwyo'r Cofnod Gweithredu a'i cyflwynwyd i'r Aelodau er eu gwybodaeth, yn amodol ar y cafeatau uchod.

225. ADRODDIAD PWYLLGOR LLYWODRAETHU AC ARCHWILIO - ARCHWILIO CYMRU

Cyflwynodd y Prif Swyddog Dros Dro – Cyllid, Perfformiad a Newid adroddiad gyda'r diben o gyflwyno nifer o ddiweddiadau ac adroddiadau gan Archwilio Cymru i'r Pwyllgor, gan gynnwys y wybodaeth ddiweddaraf ar y gwaith archwilio ariannol a pherfformiad sydd wedi'i ei wneud, ac sydd i'w wneud, gan Archwilio Cymru, yn ystod 2020-21.

Cafodd aelodau eu hatgoffabod Archwilio Cymru yn ymgymryd â rhaglen waith yn ystod y flwyddyn i helpu'r Archwilydd Cyffredinol i gyflawni ei ddyletswyddau o dan Ddeddf Archwilio Gyhoeddus (Cymru) 2004 (Deddf 2004) a Mesur Llywodraeth Leol (Cymru) 2009. Mae swyddogaethau'r Archwilydd Cyffredinol yn cynnwys archwilio cyfrifon a gwneud gwaith archwilio perfformiad lleol mewn ystod eang o gyrff cyhoeddus, ochr yn ochr â chynnal rhaglen o archwiliadau ac astudiaethau gwerth am arian cenedlaethol. Mae'r Archwilydd Cyffredinol hefyd yn asesu i ba raddau y mae cyrff cyhoeddus yn cydymffurfio â'r egwyddor o ddatblygu cynaliadwy wrth bennu a chymryd camau i gyflawni eu hamcanion lles.

Roedd Mesur Llywodraeth Leol (Cymru) 2009 yn cynnwys dyletswydd gyffredinol sy'n ei gwneud yn ofynnol i awdurdodau gwella Cymreig wneud trefniadau i sicrhau gwelliant parhaus wrth iddynt ymarfer eu swyddogaethau. Roedd yn ofynnol i'r Archwilydd Cyffredinol gynnal Asesiad Gwella blynyddol i benderfynu os yw'r Cyngor yn debygol o gydymffurfio â gofynion Rhan 1 o'r Mesur.

Cynhyrnodd Archwilio Cymru nifer o adroddiadau i'r Pwyllgor Llywodraethu ac Archwilio eu hystyried. Dangoswyd y rhain ym mharagraff 4.1 o'r adroddiad ac fe'u hatodir fel atodiadau i'r adroddiad, fel a ganlyn:-

- Y Wybodaeth Ddiweddaraf gan Bwyllgor Llywodraethu ac Archwilio - Archwilio Cymru (Atodiad A);
- Crynodeb Archwilio Blynyddol (Atodiad B);
- Cynaliadwyedd Ariannol Llywodraeth Leol o ganlyniad i Bandemig Covid-19 (Atodiad C)

Cyfeiriodd Swyddog Arweiniol Archwilio Perfformiad, Archwilio Cymru, yr Aelodau at dudalen 23 o'r adroddiad a'r archwiliad o'r Grantiau a Ffurflenni, a'i cwblhawyd gydag ond ychydig o fân waith sy'n ofynnol mewn perthynas â'r darn hwn o waith.

O ran archwilio Datganiad Cyfrifon 2020/21, roedd y gwaith cynllunio mewn perthynas â hyn wedi dechrau eisoes ac felly byddai rhagor o wybodaeth yn cael ei nodi yn adroddiad y Cynllun Archwilio, a gafodd ei drefnu i'w gyflwyno i'r Pwyllgor yn y cyfarfod nesaf.

Yn dilyn hyn, cynghorodd Archwilio Cymru fod y Rhaglen Waith Archwilio Perfformiad ar gyfer 2019-20 wedi bod yn destun trafodaeth flaenorol ac y byddai'n cael ei gwblhau heddiw. Roedd y Rhaglen Waith Archwilio Perfformiad ar gyfer

2020-21 yn parhau a byddai crynodeb Archwilio Blynyddol yn dod i ben erbyn mis Tachwedd/Rhagfyr 2021 ac nid Mehefin/Gorffennaf, fel sy'n cael ei nodi yn yr adroddiad.

Dywedodd Swyddog Arweiniol Archwilio Perfformiad, Archwilio Cymru, fod y gwaith ar Aswariant ac Asesiadau Risg bron a bod wedi'u cwblhau ar gyfer 2020-21 a bod y cyfarfod nesaf gyda Bwrdd Rheoli Corfforaethol y Cyngor am gael ei drefnu at Chwefror 10fed, a byddai'r canlyniadau'n llywio'r risgiau a'u hamlygwyd o'r gwaith a wnaed drwy gydol y flwyddyn, gan gynnwys unrhyw fewnbwn gan arolygwyr y Cyngor fel Estyn ac AGC. Yna, yn deillio o hyn, byddai Cynllun Archwilio'n cael ei lunio, ynghyd â rhaglen gytûn o waith ar gyfer y dyfodol.

O ran y gwaith archwilio ar Gynllun Adfer y Cyngor, dywedodd hi fod hwn yn waith oedd ar y gweill a byddai'r gyfran nesaf o waith ar Gynaliadwyedd Ariannol yr Awdurdod yn dechrau ar ôl i CBSPO gael Setliad Terfynol gan Lywodraeth Cymru. Ychwanegodd Swyddog Arweiniol Archwilio Perfformiad, Archwilio Cymru, fod gwaith ar yr Adolygiad Digidol a Phrosiect Dysgu Covid-19 yn parhau.

Gofynnodd Aelod am y wybodaeth ddiweddaraf am yr Archwiliad Ariannol, pryd y byddai'r Pwyllgor yn cael gwybodaeth derfynol am y gwaith a chafodd ei wneud yn nhermau Grantiau.

Cadarnhaodd y Prif Swyddog Dros Dro – Cyllid, Perfformiad a Newid fod hawliadau grant wedi'u cwblhau ac y byddai'r rhain yn cael eu llofnodi fel y cyfryw gan CBSPO, ac yn dilyn hynny byddai Archwilio Cymru yn cwblhau archwiliad o'r rhain, gydag unrhyw ganlyniadau wedyn yn cael eu rhannu mewn adroddiad i'w gyflwyno i'r Pwyllgor yn ei gyfarfod nesaf. Cafwyd dau hawliad grant o'r fath a oedd wedi'u cymhwyso, ychwanegodd, a rhoddodd rywfaint o fanylion byr am y rheini.

Yn dilyn hyn, rhoddodd y Swyddog Arweiniol Archwilio Perfformiad, Archwilio Cymru, atodiad C o'r adroddiad i'r Aelodau, gan esbonio bod rhaglen waith parhaus ar Gynaliadwyedd Ariannol awdurdodau lleol ar waith, a oedd yn dyddio'n ôl i lymder tua 11 mlynedd yn ôl. Felly, roedd hyn wedi bod yn risg allweddol i gyrff cyhoeddus fel y Cyngor ers cryn amser, a oedd ond wedi'i ddwysáu ymhellach gan bandemig Covid-19.

Caeodd y Cadeirydd y ddadl ar yr eitem hon, drwy ddweud y byddai'n ddefnyddiol ar gyfer adroddiadau o'r math hwn yn y dyfodol, pe gellid cynnwys gwybodaeth bellach yn y manylion am 'ganfyddiadau a chyd-destun ychwanegol' yr adroddiadau. Teimlai y byddai hyn yn caniatáu i'r cyhoedd, ynghyd ag unrhyw un arall sy'n darllen adroddiadau o'r math hwn, gael mwy o ddealltwriaeth ohonynt.

PENDERFYNIAD:

Nododd y Pwyllgor Adroddiadau'r Pwyllgor Llywodraethu ac Archwilio yn Atodiadau A, B a C o'r adroddiad.

226. STRATEGAETH RHEOLI'R TRYSORLYS 2021-22

Cyflwynodd Rheolwr y Grŵp Interim – Prif Gyfrifydd adroddiad a oedd yn cynnwys drafft Strategaeth Rheoli'r Trysorlys ar gyfer y cyfnod uchod, gan gynnwys ei wahanol gydrannau.

Esboniodd, er mwyn sicrhau archwiliad effeithiol o reoli'r trysorlys yn unol â Strategaeth Rheoli'r Trysorlys (SRhT), bod y Pwyllgor Llywodraethu ac Archwilio wedi'i enwebu i fod

yn gyfrifol am sicrhau archwilio effeithiol o'r SRhT a pholisïau yn unol â Datganiad Polisi'r Trysorlys a Dangosyddion Darbodus Rheoli'r Trysorlys.

Cyngor yr adroddiad oedd bod gweithgareddau rheoli trysorlysoedd y Cyngor yn cael eu rheoleiddio gan ddeddfwriaeth, a roddai'r pwerau i fenthycu a buddsoddi o fewn terfynau rheoledig. Roedd gofynion deddfwriaethol ariannol o'r fath hefyd yn cynnwys gofyn i'r Cyngor gymeradwyo SRhT cyn dechrau pob blwyddyn ariannol, i nodi cyfrifoldebau, dirprwyaeth a threfniadau adrodd y Cyngor a'r Prif Swyddog Ariannol (Atodiad A i'r adroddiad a'i cyfeiriwyd ato).

Mae SRhT 2021-22 yn Atodiad A yn cadarnhau cydymffurfiaeth y Cyngor â Chod CIPFA, sy'n ei gwneud yn ofynnol i amcanion, polisïau ac arferion, strategaethau a threfniadau adrodd ffurfiol a chynhwysfawr fod ar waith ar gyfer rheolaeth a rheoli gweithgareddau rheolaeth y trysorlys yn effeithiol, ac mai rheolaeth a rheoli risg yn effeithiol yw prif amcanion y gweithgareddau hyn.

Mae'r SRhT wedi'i ddiweddarau i adlewyrchu'r cyd-destun economaidd presennol, yn enwedig cynnal cyfraddau llog Banc Lloegr ar 0.10%, yn ogystal â heriau gadael yr Undeb Ewropeaidd ac effaith y pandemig coronafeirws.

Mae aeddfedrwydd dyledion hirdymor wedi'i gynnwys, a'r rhagolwg yw y gallai fod angen i'r Cyngor fenthycu dros y ddwy flynedd nesaf i gefnogi'r Rhaglen Gyfalaf. Hyd yma, mae'r Cyngor wedi gallu defnyddio cronfeydd wrth gefn i gefnogi ei wariant cyfalaf, caiff hyn ei gyfeirio ato fel benthyca mewnol. Fodd bynnag, mae'r sefyllfa hon yn un tymor byr ac wrth i gronfeydd wrth gefn gael eu defnyddio a balansau'n lleihau, bydd angen yr angen yn codi i fenthycu. Caiff hyn ei fonitro'n agos drwy gydol y flwyddyn gan y bydd newidiadau i'r Rhaglen Gyfalaf yn dylanwadu arno.

Cynghorodd Rheolwr y Grŵp Interim – Prif Gyfrifydd fod y gwrthbartion buddsoddi a'r terfynau sydd wedi'u cymeradwyo (gweler Tabl 6 yn y strategaeth) wedi'u symleiddio a'u diwygio i ystyried y cyngor diweddaraf gan Gynghorwyr Trysorlys y Cyngor, Arlingclose. Yn ogystal, bu newid i'r terfynau ar gyfer Cronfeydd Marchnad Arian, a oedd wedi'u cynyddu i £30 miliwn yn yr adolygiad canol blwyddyn o'r SRhT, ac a gymeradwywyd gan y Cyngor ym mis Tachwedd 2020, gyda'r cyngor bellach yn sefyll fel terfyn diderfyn. Cynigir na fyddai mwy na £6 miliwn yn cael ei fuddsoddi mewn unrhyw Gronfa unigol, er mwyn lleihau unrhyw effaith bosib o risg ddiofyn i'r Cyngor.

Mae'r terfyn arfaethedig i fuddsoddiadau nad yw'n ymwneud â'r Trysorlys wedi cynyddu o £1 miliwn i £2 filiwn. Pwrpas hyn yw cefnogi buddsoddiad arfaethedig mewn Cerbyd Diben Arbennig sydd i'w sefydlu i ddarparu Rhwydwaith Gwres Trefol arfaethedig Pen-y-bont ar Ogwr.

Yn ôl Rheolwr y Grŵp - Prif Gyfrifydd, byddai'r SRhT yn cael ei gyflwyno i'r Cyngor ym mis Chwefror 2021 i'w gymeradwyo.

Nododd y Cadeirydd fod y Tabl yn Atodiad yr adroddiad oedd yn dangos ad-daliadau yn glir iawn o ran deall y rhain, gyda'i gilydd pan oedd yn ofynnol eu gwneud.

Cydnabu Aelod y straen ariannol yr oedd yr awdurdod lleol yn ei wynebu ar hyn o bryd, felly gofynnodd beth oedd y pwysau ariannol sylweddol allweddol yr oedd yn eu hwynebu o ganlyniad i'r duedd barhaus am i lawr mewn cyfraddau llog, o ran colli incwm/benthyca.

Cynghorodd y Rheolwr y Grŵp Interim – Prif Gyfrifydd, er bod cyfraddau llog yn isel iawn h.y. ar 0.1%, cyfradd a oedd yn edrych i aros yn y dyfodol agos, fod y Cyngor, o ran ei fenthycu, wedi llwyddo i sicrhau cyfraddau llog cyfnod penodol yn bennaf, felly ni fyddai

unrhyw ostyngiad yn y gyfradd yn effeithio ar y benthyciadau hyn. Lle bynnag y bo modd, roedd yr Awdurdod yn ceisio sicrhau'r elw mwyaf posibl o log yr oedd yn ceisio'i gael, drwy Gronfeydd Arian Marchnad (er mwyn sicrhau'r llog am i mewn mwyaf posib).

Cyfeiriodd y Cadeirydd at dudalen 74 yr adroddiad a'r adran ar gyfyngiadau newydd ar fenthyciadau hyd at £2m mewn buddsoddiadau nad yw'n ymwneud â'r trysorlys. Roedd o'r farn y dylai'r benthyciad ar gyfer y Cerbyd Diben Arbenigol (CDA) arfaethedig sy'n cefnogi Cam 1 o brosiect Rhwydwaith Gwres Tref Pen-y-bont ar Ogwr gael ei gynnwys fel Buddsoddiad nad yw'n ymwneud â'r trysorlys, fel pe bai'n brosiect sy'n eiddo i'r Cyngor, roedd hyn yn cynnwys benthyciad trydydd parti. Nid oedd ychwaith yn ymwybodol o hyd y benthyciad nac o fanylion ynglŷn â'r difidendau.

Cynghorodd y Rheolwr y Grŵp Interim – Prif Gyfrifydd, y byddai'r benthyciad ar gyfer y CDA yn cael ei gefnogi gan Gynllun Ariannol ac y byddai angen cymeradwyaeth y Cyngor arno er mwyn gallu parhau. Roedd adroddiad wedi'i gynllunio ar gyfer cyfarfod y Cyngor ym mis Chwefror, cyn i hyn gael ei ystyried ymhellach. Ychwanegodd y byddai'r benthyciad ar gyfer hyn dros gyfnod sylweddol, h.y. hyd at 40 mlynedd, a rhagwelwyd ar hyn o bryd y byddai'r CDA yn eiddo i'r Cyngor yn gyfan gwbl.

Cynghorodd y Rheolwr y Grŵp Interim – Prif Gyfrifydd fod hwn yn bwynt dilys ac yn hytrach na bod y CDA yn cael ei gynnwys fel Buddsoddiad nad oedd yn ymwneud â'r trysorlys, y dylid ei ystyried yn fuddsoddiad annibynnol trydydd parti. Cytunodd felly i roi hyn mewn adran ar wahân o Strategaeth Rheoli'r Trysorlys, at ddibenion eglurhad.

PENDERFYNIAD:

Bod y Pwyllgor wedi:

1. Rhoi ystyriaeth briodol i Strategaeth Reolaeth y Trysorlys ar gyfer 2021-22 yn Atodiad A o'r adroddiad.
2. Cytuno y dylid ei anfon at y Cyngor i'w gymeradwyo ym mis Chwefror 2021, yn amodol ar y mân ddiwygiad uchod.

227. ASESIAD RISG CORFFORAETHOL 2021-22

Cyflwynodd y Prif Swyddog Interim – Cyllid, Perfformiad a Newid adroddiad, gyda'r diben o roi Aseiad Risg Corfforaethol diweddaredig 2021-22 i'r Pwyllgor Llywodraethu ac Archwilio a Pholisi Rheoli Risg Corfforaethol diweddaredig, a rhoi'r wybodaeth ddiweddaraf hefyd ar Ddigwyddiadau ac Achlysuron 'bron a bod'.

Atgoffodd yr Aelodau fod yr Aseiad Risg Corfforaethol yn cael ei ystyried a'i adolygu gan y Bwrdd Rheolaeth Corfforaethol (BRC), yr Uwch Dîm Rheoli, a'r Pwyllgor Llywodraethu ac Archwilio, fel rhan o fframwaith Asesu Perfformiad Corfforaethol chwarterol y Cyngor, a'i fod yn cael ei ddefnyddio i lywio Rhaglen Waith y Pwyllgorau Trosolwg a Chraffu a phroses y gyllideb.

Atodwyd yr Aseiad Risg Corfforaethol yn Atodiad A o'r adroddiad. Nododd y prif risgiau sy'n wynebu'r Cyngor, eu cysylltiad ag amcanion llesiant corfforaethol Deddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015, yr effaith debygol o'r risgiau hyn ar wasanaethau'r Cyngor a'r Fwrdeistref Sirol ehangach, yn ogystal â nodi'r hyn sy'n cael ei wneud i reoli'r risgiau a phwy sy'n gyfrifol am ymateb y Cyngor. Roedd yr aseiad risg hefyd yn cyd-fynd â'r Strategaeth Ariannol Tymor Canolig.

Eglurodd y Prif Swyddog Dros Dro – Cyllid, Perfformiad a Newid fod yr Aseiad Risg Corfforaethol, o ganlyniad i bandemig y coronafeirws, yn cael ei adolygu'n barhaus i ystyried unrhyw risgiau sy'n gysylltiedig â COVID-19, ac yn nodi sut mae'r Cyngor yn

ymateb i'r risgiau hyn, yn gorfforaethol yn ei gyfanrwydd ac ar sail Cyfarwyddiaeth fesul Cyfarwyddiaeth drwy lunio adroddiadau SITREP wythnosol.

Cytunwyd hefyd ar fesurau llywodraethu corfforaethol ychwanegol i sicrhau, lle bo hynny'n briodol, y gellir cynyddu risgiau i BRC. Mae'r Cyngor wedi sefydlu grŵp gweithredol 'Arian', sy'n cynnwys Penaethiaid Gwasanaeth yn bennaf, i ystyried materion priodol a gwneud argymhellion i BRC sydd, pan fo angen, yn cyfarfod ar wahân fel y grŵp 'Aur' strategol i wneud penderfyniadau sy'n ymwneud â COVID-19, gydag unrhyw risgiau o gryn bryder i'w gynyddu ymlaen i'r Cabinet/BRC.

Ar hyn o bryd roedd y Cyngor yn profi pwysau aruthrol ar draws yr awdurdod, yn enwedig ym maes Gofal Cymdeithasol h.y. drwy ddarparu offer PPE a'r gwasanaeth Profi, Olrhain a Diogelu (TTP), ac roeddent yn archwilio ffyrdd o gryfhau adnoddau i flaenoriaethu a chefnogi'r swyddogaethau hanfodol hyn. Yn ogystal, mae'r awdurdod yn gweithio'n agos gyda'r Bwrdd Iechyd i reoli'r gwaith o gyflwyno rhaglen frechu COVID-19. Roedd y Cyngor newydd agor ei Ganolfan frechu COVID-19 gyntaf, gan ganolbwyntio ar imiwneiddio gweithwyr iechyd a gofal cymdeithasol rheng flaen ac roedd hyn yn gweithredu'n llwyddiannus.

Roedd llinell amser y Polisi Rheoli Risg Corfforaethol, sydd wedi'i gynnwys yn Atodiad B o'r adroddiad, wedi'i diwygio ar gyfer 2021-22 a chytunwyd arni hefyd gan y BRC.

Mae'r tîm Yswiriant yn cadw cofnod o'r achosion 'bron a bod', yn unol â'r weithdrefn adrodd bresennol 'bron a bod'. Amgawyd cofnod o achosion a'u hadroddwyd yn ystod 2020, yn Atodiad C i'r adroddiad. Bu adrodd dau achos, un gwyrdd ac un ambr. Ni fu adrodd unrhyw achos coch yn y cyfnod.

Roedd modiwl E-Ddysgu newydd yn cael ei ddatblygu i godi ymwybyddiaeth o'r mater ac mae tudalen mewnwyd y Cyngor yn cael ei ddiweddarau i ganiatáu cyflwyniadau rhyngweithiol o achosion a ffurflenni 'bron a bod'.

Cychwynnodd Swyddog Yswiriant y Cyngor cyswllt rheolaidd â Phenathiaid Gwasanaeth i wneud ymholiadau o fewn eu tîm am unrhyw ddiwyddiadau ac achosion 'bron a bod', er mwyn ceisio lleihau hysbysiad hwyr ohonynt.

Teimlai Aelod fod iechyd a lles staff y Cyngor yn ystod argyfwng Covid o'r pwys mwyaf, yn enwedig gan eu bod yn ceisio dod i delerau â chyfnodau clo hir i ffwrdd o drefn arferol bywyd, gan gynnwys amgylchedd swyddfa. Nododd fod rhai staff yn cael eu trosglwyddo i waith argyfwng, gan gynnwys cefnogi cyflwyniad y brechlyn Covid. Gobeithiai fod yr unigolion dan sylw yn cael eu diogelu wrth roi'r brechlyn i nifer fawr o unigolion, drwy gael y brechlyn eu hunain cyn cymryd rhan y gwaith hwn.

Cadarnhaodd y Prif Swyddog Dros Dro – Cyllid, Perfformiad a Newid fod staff a oedd yn cefnogi cyflwyno'r brechlyn wedi gwirfoddoli i wneud hyn, yn hytrach na'u bod yn cael eu gofyn i wneud. Wrth ymateb i'r ymholiad ond heb fod yn gwbl sicr, teimlai y byddent, yn ôl pob tebyg, yn cael eu brechu ar ôl iddynt dderbyn hyfforddiant ar gyfer gweinyddu'r brechlyn cyn iddynt gymryd rhan yn y gwaith cymorth hwn. Wrth ateb cwestiwn pellach ar les staff, ychwanegodd fod Mewnwyd y Cyngor yn cynnig nifer o ffyrdd i gefnogi'r gweithwyr oedd yn ei chael hi'n anodd dros y cyfnod clo, a bod staff yn cael eu cyfeirio at y rhain drwy e-byst Corfforaethol Pen-y-bont ar Ogwr. Roedd hyfforddiant wedi'i ddarparu hefyd ar gyfer uwch staff, ar sut i reoli staff o bell yn effeithiol.

Teimlai Aelod y byddai'n fuddiol, o ystyried yr amgylchedd gelyniaethus y wynebai awdurdodau lleol fel CBSPO yn ddyddiol fel sgil-ffaith andwyol o'r pandemig, pe gallai Aelodau'r Pwyllgor Archwilio gael crynodeb, er enghraifft bob chwarter, o sut yr oedd yn lliniaru'r risgiau a wynebai fel rhan o'i Fframwaith Risg. Gallai hyn amlygu'r pwysau

newidiol parhaus ac ychwanegol yr oedd Covid yn eu rhoi ar yr Awdurdod, yn ogystal â'r camau sy'n cael eu cymryd i fynd i'r afael â'r rhain.

O ran Risg 2 ar y Cynllun Gweithredu sy'n atodol i'r adroddiad, a'r anhawster wynebai'r Cyngor o ran cyflawni trawsnewid/cynigion am ffyrdd gwahanol o weithio, gan gynnwys sicrhau'r arbedion ariannol y cytunwyd arnynt, gofynnodd pam yr oedd y lefel risg hon wedi gostwng o 16 i 4 ar gategorïau tebygolrwydd ac effaith. Roedd o'r farn bod hyn yn newid eithaf radical, o ystyried nad oes tystiolaeth ddigonol i gefnogi'r gostyngiad mewn risg. Teimlai'n ogystal y gallai arbedion ariannol gael eu gwireddu gan fecanweithiau eraill ar wahân i lefelau staffio'r sefydliad yn unig. Roedd ffactorau eraill ar wahân i elfen Adnoddau Dynol y sefydliad i sicrhau arbedion.

Dywedodd y Rheolwr Cyllid – Llywodraethu a'r Trysorlys fod hon yn bwynt dilys ac, felly, byddai'n adolygu'r risg hon ac yn ehangu gydag unrhyw wybodaeth bellach a allai fod ar gael i wneud arbedion ariannol, yn ychwanegol at y rhai a oedd yn ymwneud â staffio yn unig.

Cyfeiriodd y Cadeirydd at Risg 6 yn y Cynllun Gweithredu yr oedd yn cael ei hystyried bellach fel risg hanesyddol, felly teimlai y gellid ei ddileu yn awr o'r Gofrestr Risg. Mewn perthynas â Risgiau 14 a 15 ar ysgolion, gofynnodd a oedd y rhain yn gysylltiedig â Covid.

Cadarnhaodd y Prif Swyddog Dros Dro – Cyllid, Perfformiad a Newid, ei bod o'r argraff bod y risg gyntaf yn ehangach na Covid yn unig, tra bod yr ail risg fwy na thebyg yn fwy cysylltiedig â'r pandemig. Sicrhaodd y Cadeirydd, fodd bynnag, y byddai'n gofyn am ragor o wybodaeth am y ddau hyn y tu allan i'r cyfarfod gyda'r Cyfarwyddwr Corfforaethol – Addysg a Chymorth i Deuluoedd ac yn ei dro, yn rhoi'r wybodaeth ddiweddaraf i'r Aelodau yn unol â hynny gydag unrhyw ganfyddiadau.

PENDERFYNIAD:

Fod y Pwyllgor:

1. Wedi ystyried yr Asesiad Risg Corfforaethol 2021-22 (Atodiad A yr adroddiad) a'r Polisi Rheoli Risg Corfforaethol (Atodiad B) wedi'i ddiweddarau, gan gynnwys yr amserlen yn Atodiad 2 (o fewn Atodiad B)
2. Wedi nodi'r achlysur a'r achosion 'bron a bod' o Atodiad C yn yr adroddiad.

228. CYNNYDD YN ERBYN Y CYNLLUN SEILIEDIG AR RISG ARCHWILIO MEWNOL (EBRILL Y 1AF 2020 I HYDREF Y 31AIN 2020)

Cyflwynodd y Rheolwr Cleient Archwilio adroddiad, a roddodd ddatganiad sefyllfa i Aelodau'r Pwyllgor ar y cynnydd sy'n cael ei wneud yn erbyn y gwaith archwilio a'i cynhwyswyd a chymeradwywyd yng Nghynllun Archwilio Mewnol seiliedig ar Risg 2020-21.

Cynghorodd, yn unol â Safonau Archwilio Mewnol y Sector Cyhoeddus, mai'r Pennaeth Archwilio Mewnol oedd yn gyfrifol am ddatblygu cynllun archwilio blynyddol yn seiliedig ar risg, sy'n ystyried fframwaith rheoli risg y Cyngor. O fewn y Safonau roedd hefyd yn ofynnol i'r Pennaeth Archwilio Mewnol adolygu ac addasu'r cynllun, yn ôl yr angen, mewn ymateb i newidiadau ym musnes, risgiau, gweithrediadau, rhaglenni, systemau, rheolaethau ac adnoddau'r Cyngor.

Cyflwynwyd y Cynllun Archwilio Mewnol ar gyfer 2020-21 i'r Pwyllgor Llywodraethu ac Archwilio i'w ystyried a'i gymeradwyo ar Fedi'r 10fed 2020. Amlinellodd y Cynllun yr

aseiniadau i'w cyflawni a fyddai'n rhoi digon o sylw i roi barn ar ddiwedd 2020-21, wrth ystyried effaith ddigynsail pandemig COVID.

Cadarnhaodd Rheolwr y Cleient Archwilio fod y cynnydd a wnaed yn erbyn y cynllun ar gyfer y cyfnod rhwng Ebrill y 1af a Rhagfyr yr 31ain 2020 wedi'i atodi yn Atodiad A i'r adroddiad. Roedd hyn yn manylu ar statws pob adolygiad arfaethedig, y farn archwilio a nifer unrhyw argymhellion uchel neu ganolig a wnaed i wella'r amgylchedd reoli. Dylid nodi nad oedd gan rai adolygiadau caiff eu rhestru barn archwilio, er enghraifft cyngor ac arweiniad, adroddiadau'r Pwyllgor Archwilio a'r Bwrdd Rheoli Corfforaethol (CMB). Y rheswm am hyn oedd nad oedd y gwaith archwilio a wnaed mewn perthynas â'r eitemau hyn, er ei fod wedi'i gynllunio, yn arwain at brofion a ffurfiad barn archwilio.

Dangosodd Atodiad A bod 16 eitem o waith wedi'u cwblhau ar Ragfyr yr 31ain 2020, ac roedd 12 o'r adolygiadau archwilio hyn wedi arwain at ddarpariaeth barn. Roedd 3 adolygiad arall wedi'u cwblhau a chyhoeddi adroddiadau drafft ac roedd y rhain yn aros am adborth gan Adrannau Gwasanaeth. Roedd 15 adolygiad arall yn parhau ar hyn o bryd ac roedd 5 arall wedi'u dyrannu i ddechrau'n fuan.

Ychwanegodd, yn seiliedig ar asesu cryfderau a gwendidau'r meysydd a'u harchwiliwyd drwy brofi effeithiolrwydd yr amgylchedd rheolaeth fewnol, fod barn archwilio o sicrwydd sylweddol wedi'i rhoi i 1 adolygiad gorffenedig sicrwydd rhesymol i 10 adolygiad gorffenedig. Rhoddwyd barn archwilio o sicrwydd cyfyngedig i weddill yr adolygiad archwilio a'u cwblhawyd. Roedd y maes hwn yn destun dadl yng nghyfarfod diwethaf y Pwyllgor Llywodraethu ac Archwilio, atgoffodd y Rheolwr Cleient archwilio'r Aelodau.

Nododd Atodiad A hefyd fod cyfanswm o 16 argymhelliad canolig (arwyddocaol) wedi'u gwneud i wella amgylchedd rheoli'r meysydd a'u hadolygwyd. Byddai gweithredu'r argymhellion hyn yn cael ei fonitro er mwyn sicrhau bod gwelliannau'n cael eu gwneud.

Cydnabuwyd bod rhai meysydd gwasanaeth o dan bwysau mawr ar hyn o bryd a lle y bo'n bosibl, mae gwaith archwilio wedi'i gynllunio yn cael ei aildrefnu i ddarparu ar gyfer unrhyw geisiadau am wasanaeth. Adlewyrchodd Atodiad A hefyd bod llawer o'r adolygiadau archwilio arfaethedig bellach wedi'u dyrannu ac roedd yn ymddangos y bydd digon o sylw'n cael ei gwblhau erbyn diwedd y flwyddyn i ffurfio barn archwilio.

Cwblhaodd y Rheolwr Cleient Archwilio ei chyflwyniad, drwy roi résumé o rai o'r manylion allweddol yn Atodiad A, er budd yr aelodau.

PENDERFYNIAD:

Nododd y Pwyllgor gynnwys yr adroddiad a'r cynnydd a wnaed yn erbyn Cynllun Seiliedig ar Risg Blyneddol Archwilio Mewnol 2020-21.

229. EFFEITHIOLRWYDD Y PWYLLGOR ARCHWILIO - HUNANASESIAD

Cyflwynodd Pennaeth y Gwasanaeth Archwilio Mewnol Rhanbarthol adroddiad i aelodau'r Pwyllgor, gyda'r diben o grynhoi canfyddiadau'r Hunanasesiad Arferion Da o Ganllawiau Ymarferol Pwyllgorau Archwilio 2018, gan y Sefydliad Siartredig Cyllid Cyhoeddus a Chyfrifeg (CIPFA).

Fel cefndir, dywedodd fod yr Archwiliad Mewnol wedi adolygu effeithiolrwydd y Pwyllgor Llywodraethu ac Archwilio hwn yn unol â'r Hunanasesiad Arferion Da sydd wedi'i gynnwys yn arweiniad CIPFA. Mae hyn yn darparu adolygiad lefel uchel sy'n ymgorffori'r egwyddorion allweddol a nodir yn Natganiad Sefyllfa CIPFA.

Atodwyd y rhestr wirio orffenedig a'i chanfyddiadau yn Atodiad A o'r adroddiad. Mae'r rhestr wirio yn dangos bod effeithiolrwydd cyffredinol y Pwyllgor Llywodraethu ac

Archwilio yn dda gydag ychydig o feysydd wedi'u nodi lle gellir gwneud gwelliannau. Roedd paragraff 4.2 o'r adroddiad yn manylu ar ffurf pwyntiau bwled.

Cyfeiriodd Pennaeth y Gwasanaeth Mewnol Archwilio Rhanbarthol yr Aelodau at Atodiad B o'r adroddiad, a oedd yn cynnwys argymhellion ar gyfer meysydd a'u gellir eu gwella. Yn dilyn, roedd Atodiad C yn cynnwys holiadur sgiliau a gwybodaeth i'r Aelodau i'w hystyried a'i gwblhau.

Ychwanegodd bod yr holiadur wedi'i dreialu gydag Aelodau o'r Pwyllgor cyfatebol yng Nghyngor Bwrdeistref Sirol Rhondda Cynon Taf ychydig cyn cyfnod y Nadolig.

Dywedodd y Prif Swyddog Dros Dro – Cyllid, Perfformiad a Newid, y gallai Aelodau, wrth lenwi a dychwelyd yr holiadur, wneud hynny'n ddiennw pe baent yn dymuno.

Teimlai'r Cadeirydd y dylai pob Aelod lenwi'r holiadur Sgiliau a Gwybodaeth, a theimlai y dylid pennu'r dyddiad cau ar gyfer cwblhau hyn fel dydd Gwener Chwefror y 19eg.

I Aelodau'r Pwyllgor oedd hefyd am drafod hyfforddiant yn y dyfodol, ychwanegodd y byddai'n hapus i ddarparu ar gyfer hyn mewn cyfarfod rhithwir, i'w sefydlu gyda chymorth Swyddogion.

PENDERFYNIAD:

Cytunodd y Pwyllgor:

1. Bod y Cadeirydd yn cyfarfod yn rhithiwr â Swyddogion ac Aelodau sydd â diddordeb, ar gyfer unrhyw anghenion a gofynion hyfforddi gofynnol a nodwyd.
2. Y dylai'r holiadur hunanasesu sgiliau gael ei gwblhau gan bob Aelod o fewn cyfnod o 3 wythnos, h.y. erbyn Chwefror 19eg 2021.

230. ADRODDIAD ARCHWILIO MEWNOL - CYLLID ALLANOL

Cyflwynodd Pennaeth y Gwasanaeth Archwilio Mewnol Rhanbarthol adroddiad, er mwyn rhannu gydag Aelodau'r Pwyllgor, adroddiad archwilio mewnol ddiweddar a adolygodd sampl o gynlluniau a'u hariannwyd yn allanol, er mwyn rhoi sicrwydd ynglŷn ag agweddau caffael a llywodraethu'r cynlluniau.

Er gwybodaeth gefndir, dywedodd fod adolygiad archwilio mewnol o Gyllid Allanol wedi'i gynnal fel rhan o Gynllun Archwilio Mewnol blynyddol 2020/21. Amcan yr adolygiad oedd rhoi sicrwydd y glynir wrth bolisïau a gweithdrefnau'r Cyngor, yn ogystal â thelerau ac amodau ariannu, wrth reoli cyllid allanol a dderbyniwyd gan y Cyngor.

Cyflwynodd y Prif Weithredwr adroddiad i'r Cabinet ar raglen Arbed, ar yr 17eg o Dachwedd 2020. Yn yr adroddiad hwnnw cyfeiriwyd at waith sy'n cael ei wneud gan yr Archwiliad Mewnol, gyda'r nod o roi sicrwydd bod agweddau caffael a llywodraethu'r cynlluniau a'u hariennir yn allanol yn cydymffurfio â pholisïau'r Cyngor yn ogystal ag unrhyw delerau ac amodau grant penodol.

Adroddodd yr adroddiad hwnnw wrth y Cabinet y byddai'r adroddiad archwilio gorffenedig yn cael ei gyflwyno i'r Pwyllgor Llywodraethu ac Archwilio.

Atodwyd yr adroddiad archwilio mewnol gorffenedig yn Atodiad A o'r adroddiad.

Cadarnhaodd Pennaeth y Gwasanaeth Archwilio Mewnol Rhanbarthol fod yr adroddiad hwnnw'n nodi'r 10 cynllun a'u hadolygwyd, yn ogystal â chanfyddiadau ac argymhellion o ganlyniad i'r archwiliad. Canfuwyd, o'r sampl dewisol a'i hadolygwyd, nad yw'r

pryderon sy'n deillio o gynllun blaenorol a'i hariannwyd yn allanol wedi'u hailadrodd. Roedd dogfennau ar gael i gefnogi cydymffurfiaeth â Rheolau Gweithdrefn Contract y Cyngor a chyfranogiad Caffael Corfforaethol wrth ymgysylltu â chontractwyr. Roedd tystiolaeth hefyd o fonitro, adrodd a llywodraethiad cyflenwyr ar draws yr holl brosiectau.

Rhodddwyd barn archwilio o sicrwydd rhesymol, hynny yw bod y rheolaethau allweddol yn bodoli, ond efallai y bydd rhywfaint o anghysondeb o ran cymhwysiad. Mae'n cloi trwy ddweud, o ganlyniad, dim ond 4 argymhelliad bach, 'yn deilwng o sylw' a wnaed.

Gofynnodd Aelod a oedd unrhyw gynlluniau yn y tymor hir, i wneud gwaith pellach a'i cynigiwyd ar ffurf adolygiadau ar brosiectau a'u hariennir yn allanol.

Dyweddodd Pennaeth y Gwasanaeth Archwilio Mewnol Rhanbarthol y byddai adolygiadau pellach, fel rhan o'r archwiliadau arfaethedig mewn perthynas â chaffael a phrosiectau/cynlluniau penodol.

Gofynnodd y Cadeirydd a oedd unrhyw un o'r adolygiadau cafodd eu hymgydryd ynddynt ar brosiectau â chyfyngiad amser neu brosiectau a'u hariannwyd yn hwyr, gan y gallai hyn fod wedi bod yn ffactor yn ariannu'r prosiect Arbed.

Dyweddodd Pennaeth y Gwasanaeth Archwilio Mewnol Rhanbarthol fod un o'r deg cynllun wedi bod yn destun cyllid hwyr. Gwaith mewn perthynas â phrosiect y Cynllun Teithio Llesol ym Mhen-coed, lle'r oedd y Cyngor wedi gwneud cais am gyllid pellach i Lywodraeth Cymru yn ychwanegol at yr hyn cafodd ei fuddsoddi yn y prosiect yn gychwynnol.

Ehangwyd ar fanylion hyn gan Reolwr Cleient Archwilio er budd yr Aelodau.

Cadarnhaodd y Prif Swyddog Dros Dro – Cyllid, Perfformiad a Newid i'r Pwyllgor fod yr awdurdod lleol yn cael nifer cynyddol o grantiau wedi'u neilltuo yn hwyr yn y flwyddyn ariannol gan Lywodraeth Cymru i gefnogi prosiectau penodol, gan gynnwys y rhai a'u cynhwyswyd yn y Rhaglen Gyfalaf.

PENDERFYNIAD:

Nododd yr Aelodau yr adroddiad

231. BLAENRAGLEN WAITH DIWYGIEDIG 2020-21

Cyflwynodd y Dirprwy Bennaeth Cyllid Dros Dro adroddiad, a'i ddiben oedd ceisio cymeradwyaeth ar gyfer y Flaenraglen Waith arfaethedig wedi'i Diweddarau (FW) ar gyfer 2020-21.

Rhestrwyd yr eitemau FW ar gyfer y cyfarfod nesaf ar Ebrill yr 22ain 2021, ym mharagraff 4.1 o'r adroddiad.

Eglurodd y Dirprwy Bennaeth Cyllid Dros Dro y byddai dwy eitem arall ar gyfer yr agenda ar gyfer y cyfarfod uchod, sef Diweddariad gan Archwilio Cymru ar y Fenter Twyll Cenedlaethol yn ogystal ag eitem ar yr Asesiad Risg a Strategaeth Twyll.

Fel adlewyrchodd yr adroddiad, byddai Blaenraglen Waith arfaethedig ar gyfer y flwyddyn 2021-22 yn cael ei chyflwyno i'r Pwyllgor ym mis Ebrill, gan amlinellu adroddiadau arfaethedig i'w cynnwys fel eitemau agenda ar gyfarfodydd dilynol a'u cynullwyd o fewn y cyfnod hwn.

PENDERFYNIAD:

Bod y Pwyllgor wedi ystyried a chymeradwyo'r Flaenraglen Waith

PWYLLGOR LLYWODRAETHU AC ARCHWILIO - DYDD IAU, 28 IONAWR 2021

arfaethedig wedi'i diweddarau ar gyfer 2020-21, yn amodol ar yr eitemau ychwanegol canlynol:

- a) Adroddiad Asesu Risg a Strategaeth Twyll;
- b) Y wybodaeth ddiweddaraf gan Archwilio Cymru am y Fenter Twyll Cenedlaethol.

232. EITEMAU BRYS

None.

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

22 APRIL 2021

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

GOVERNANCE AND AUDIT COMMITTEE ACTION RECORD

1. Purpose of report

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

2. Connection to corporate well-being objectives/other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objectives under the **Well-being of Future Generations (Wales) Act 2015**:-

1. **Supporting a successful sustainable economy** – taking steps to make the county borough a great place to do business, for people to live, work, study and visit, and to ensure that our schools are focussed on raising the skills, qualifications and ambitions for all people in the county borough.
2. **Helping people and communities to be more healthy and resilient** - taking steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services. Supporting individuals and communities to build resilience, and enable them to develop solutions to have active, healthy and independent lives.
3. **Smarter use of resources** – ensure that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.

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 Governance and 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 impact on 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 The Committee is recommended to note the Action Record and provide any comment upon this, as appropriate.

Kelly Watson
Chief Officer – Legal, HR & Regulatory Services
April 2021

Contact Officer: Mark Anthony Galvin
Senior Democratic Services Officer - Committees

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Background Documents

None

Governance and Audit Committee Action Record

Date of Committee / Minute Number	Agreed Action	Lead	Target Date	Progress/ Completed
18 April 2019 / 125	Regional Internal Audit Shared Service Charter 2019/20 <ul style="list-style-type: none"> • Harmonisation of the Audit Committees Terms of Reference with neighbouring authorities. 	Head of Internal Audit	January 2021	Harmonisation of the Audit Committees Terms of Reference with neighbouring authorities is in the Forward Work Programme for January 2021 depending on Local Government Bill being published by Welsh Government.
18 April 2019 / 125	<ul style="list-style-type: none"> • Suggested consideration for potential networking initiative – Chairs of Audit Committees of neighbouring authorities to meet up and share best practice. 	Head of Internal Audit		All Wales Session for Audit Committee Chair took place on 11 th October 2019 - Completed.
10 September 2020 / 206	Annual Corporate Fraud Report 2019-20	Interim Chief Officer – Finance, Performance and Change & Head of Internal Audit	November 2020	A refreshed fraud strategy be presented to the next Committee.
12 November 2020 / 214	Audit Wales Governance & Audit Committee Update	Audit Wales	January 2021	Reports on the Financial Sustainability of Local Government as a Result of the COVID-19 Pandemic and the National Fraud Initiative

Date of Committee / Minute Number	Agreed Action	Lead	Target Date	Progress/ Completed
				be brought to the next meeting of the Committee.
12 November 2020 / 215	Position Statement - 'Raising Our Game – Tackling Fraud In Wales' Report	Head of Internal Audit / Audit Wales Head of Internal Audit	January 2021 January 2021	Internal Audit, Audit Wales and Tarian develop training on fraud for the Committee to undertake. Officers present a report to the next meeting of the Committee on Fraud Risk Assessment.
12 November 2020 / 219	Disabled Facilities Grant – Progress Report and Position Statement	Head of Partnership Services	April 2021	A report on Disabled Facilities Grants be brought to the April meeting of the Committee.
12 November 2020 / 220	Forward Work Programme 2020-21	Head of Internal Audit	January 2021	A report on Fraud Risk Assessment be brought to the next meeting of the Committee.
28 January 2021 / 225	Governance and Audit Committee Action Record	Interim Chief Officer – Finance Performance and Change	April 2021	A report on the Fraud Strategy to be submitted to the next meeting of the Committee to be supported with a training session for Members on a future date yet to be arranged.
28 January 2021 / 226	Audit Wales Governance and Audit Committee Reports	Audit Wales Interim Chief Officer –	April 2021	1. To receive a further update on the External Audit Plan, to include outcomes in respect of the Audit of the Statement of Accounts 2020-21.

Date of Committee / Minute Number	Agreed Action	Lead	Target Date	Progress/ Completed
		Finance Performance and Change Audit Wales		2. To receive an update on Grants and Returns to include details of the completed grants work 3. To receive a further update on the Financial Sustainability of local governments (more particularly BCBC) as a result of austerity and the Covid-19 pandemic.
28 January 2021 / 227	Treasury Management Strategy 2021-2022	Interim Chief Officer – Finance Performance and Change	N/A	For Members to note that a report on this item was considered and approved by Budget Council on 24 February 2021, as part of the Council’s overall Medium Term Financial Strategy (MTFS)
28 January 2021 / 228	Corporate Risk Assessment 2021-2022	Interim Chief Officer – Finance Performance and Change	Completed/ Ongoing	1. That the Committee continues to receive quarterly updates on how major risks of the Council have or are proposed to be mitigated 2. That Risk 2 on the Action Plan (Transformation and Planned savings) that accompanied the report be reviewed. 3. That Risk 6 in the Action Plan be removed. 4. That the Chairperson of the Committee meets with the Corporate Director – Education and Family

Date of Committee / Minute Number	Agreed Action	Lead	Target Date	Progress/ Completed
				Support on the school based Risks, referenced as Risks 14 and 15 on the Action Plan
28 January 2021 / 230	Effectiveness of Audit Committee – Self-Assessment	Head of Internal Audit	<p>June 2021</p> <p>June 2021</p>	<ol style="list-style-type: none"> 1. That Committee Members note that the Skills and Knowledge questionnaire that accompanied this report has now been completed by Members of the Committee by the closing date suggested by the Chairperson, namely 19 February 2022. 2. That Committee awaits a further report on the content of responses of Members as detailed in the completed and returned questionnaires. 3. That Members note that a virtual meeting had taken place since the last Committee meeting between the Chairperson and Members of the Committee, on any training needs they have identified going forward. This would form the subject of a further report.

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

22 APRIL 2021

REPORT OF THE INTERIM CHIEF OFFICER - FINANCE, PERFORMANCE AND CHANGE

AUDIT WALES GOVERNANCE AND AUDIT COMMITTEE REPORTS

1. Purpose of report

- 1.1 The purpose of this report is to submit to the Committee reports from Audit Wales, including an update on the financial and performance audit work undertaken, and due to be undertaken, by Audit Wales, and the Audit Wales 2021 Audit Plan.

2. Connections to corporate well-being objectives / other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objective under the **Well-being of Future Generations (Wales) Act 2015**:
- **Smarter use of resources** – ensuring that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help deliver the Council's well-being objectives.
- 2.2 The Council's performance is an important element in determining the extent to which the well-being objectives can be delivered.

3. Background

- 3.1 Audit Wales undertakes a programme of work during the year to help the Auditor General discharge his duties under the Public Audit (Wales) Act 2004. The Auditor General's functions include auditing accounts and undertaking local performance audit work at a broad range of public bodies, alongside conducting a programme of national value for money examinations and studies. The Auditor General also assesses the extent to which public bodies are complying with the sustainable development principle when setting and taking steps to meet their well-being objectives.
- 3.2 Part 2 of the 2004 Act sets out the powers and duties of the Auditor General to undertake studies in relation to local government bodies in Wales. The most widely used of these provisions is section 41, which requires the Auditor General to undertake studies designed to enable him to make recommendations for, among other things, improving the value for money in the provision of services.
- 3.3 In accordance with Section 89 of the Local Government and Elections (Wales) Act 2021 the Authority is required to keep under review the extent to which it is exercising

its functions effectively, using its resources economically, efficiently and effectively and ensuring its governance is effective for securing these performance requirements.

4. Current situation/proposal

4.1 Audit Wales has produced a number of reports for the Governance and Audit Committee to consider. These are:

- **The Audit Wales Governance and Audit Committee Update - (Appendix A)** - this outlines both financial and performance work undertaken in the Council by and on behalf of the Auditor General under the Local Government (Wales) Measure 2009 and the Public Audit (Wales) Act 2004.
- **Audit Wales 2021 Audit Plan – Bridgend County Borough Council - (Appendix B)** – this document sets out the work that the Auditor General plans to undertake during 2021 to discharge his statutory responsibilities as the Council’s external auditor and to fulfil his obligations under the Code of Audit Practice.

5. Effect upon policy framework and procedure rules

5.1 There is no impact on 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 wellbeing 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 wellbeing 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 Committee notes the Audit Wales Governance and Audit Committee Reports at Appendix A and Appendix B.

Gill Lewis
Interim Chief Officer – Finance, Performance and Change
April 2021

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Background Documents: None

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Bridgend County Borough Council – Governance and Audit Committee Update 22nd April 2021

Financial Audit work

Description	Scope	Status
Audit of the Council's 2019-20 Grants and Returns	The audit of Housing Benefit, Teachers Pension, Non-Domestic Rates and two pooled budgets.	We have completed the audits of all grants and returns. Amendments were required to two claims with one also requiring a qualification letter.
Audit of the Council's 2020-21 statement of accounts		Our Audit Plan will be presented to the April Audit Committee. Our planning work of the audit has commenced. We have also commenced our interim testing of income and expenditure.

Performance Audit work

2020-21 Performance audit work	Scope	Status
<p>Improvement Plan audit</p> <p>Performance audit</p>	<p>Checks Council compliance with Local Government Measure (Wales) 2009 requirement to publish a self-assessment of performance in the previous year by 31 October.</p>	<p>Final Certificates issued 19th May and 6th November 2020</p>
<p>Annual Audit Summary</p>	<p>Annual report summarising the audit work undertaken in the last year which also includes a summary of the key findings from reports issued by 'relevant regulators'. Also now combined with the Annual Audit Letter.</p>	<p>June/July 2021</p>
<p>Assurance and risk assessment</p>	<p>Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.</p>	<p>Joint Presentation to Corporate Management Board on 10th February 2021. This informed our 2021 audit plan</p>
<p>Recovery Planning</p>	<p>We intend to support and challenge recovery planning in real-time. Collectively we need assurance that recovery takes due account of the multitude of risks, but also that it grasps the opportunities for a different and sustainable future. We have taken the decision to replace the 'prevention' themed work that we set out in audit plans with this work on recovery planning.</p>	<p>Ongoing.</p>
<p>Financial Sustainability</p>	<ul style="list-style-type: none"> <p>Phase 1 will be a baseline assessment of the initial impact of Covid-19 on local authorities' financial position that will draw on the year-end position for 2019-20 as well as the position at the end of quarter 1 for 2020-21. The output from phase 1 will be a short national summary report that will include comparative data for year-end 2019-20 as well as a summary of common themes and issues identified by local authorities.</p> 	<p>Phase 1 – Published 6th October 2020 Link is found HERE.</p>

	<ul style="list-style-type: none"> Phase 2 will be undertaken over the remainder of 2020-21. This work will draw on the position and themes identified during phase 1 to enable a focus on financial recovery planning. At the conclusion of Phase 2 we will produce a local output for each council and a national summary report. 	Phase 2 – underway.
Review of the Council’s arrangements to become a ‘Digital Council	As a result of our 2019-20 Assurance and Risk Assessment, we agreed with the Council that we would do a piece of work relating to digital.	Soft launch meeting set up 16 th April 2021
Covid 19 learning project	<p>To help public bodies capture and share the lessons they are learning, we have established the ‘COVID-19 learning project’. Rather than the traditional audit approach of examining actions after the event, our aim here is to get alongside public services to capture and share learning in real time.</p> <p>We have released blogs which can be found on our Wordpress site. We have also put out a series of Tweets under #COVID19learning / #DysguCOVID19. Under this general hashtag, you will find information from various bodies, as well as some Audit Wales have come across. You will find the ones we have shared on our Good Practice team Twitter feed - https://twitter.com/AuditWales_GPX</p>	Ongoing

Local Government Studies

2019-20 Local Government Studies work programme	Scope	Status
The impact of austerity on discretionary services in local government	Looking at councils approaches to sustaining discretionary services and identify if councils are ensuring changes in provision or cessation of activity do not	Report currently being cleared. Due to be published April 2021.

	adversely impact future generations or those with protected characteristics. The review will take a strong focus on risk management and consider how well councils manage the transition from direct service providers towards a different role based on what will be affordable in the future.	
Follow up review – rough sleeping	<p>Follow up our report published in July 2020 which looked at how public bodies can help to end people sleeping rough in Wales.</p> <p>In the first three months of the pandemic the Welsh Government supported councils to rehouse over 800 people sleeping rough or at risk of homelessness.</p> <p>One of the unexpected outcomes of the lockdown is that rough sleeping has been significantly reduced.</p>	Scoping and set up
2020-21 Local Government Studies Programme	Scope	Status
Emergency services	<p>The review will primarily focus on the three main ‘blue-light’ services but will also consider how they collaborate with allied emergency responders and council emergency planning departments. We will also consider national policy and guidance, and the range of local, regional, and national structures, collaborative and partnership architecture, and funding and delivery arrangements.</p>	<p>Phase 1 data collection – drawing conclusions and reporting</p> <p>Phase 2 – to run from May 2021</p>
Town centre regeneration	<p>The review will primarily focus on the activities of local authorities in regenerating town centres but will also consider how they collaborate with their public sector partners and other stakeholders, including businesses and citizens. We will also consider national policy and guidance, and the range of local, regional, and national structures, collaborative and partnership architecture, and funding and delivery arrangements.</p>	Drawing conclusions

Direct payments study	Focusing on value for money, we will review how Local Authorities are overcoming barriers that need to be addressed in increasing the take-up of Direct Payments, including any potential challenges around the local workforce. We will consider what Local Authorities are doing to ensure equitable access to Direct Payment, as well as the arrangements they have in place to gain assurance on whether Direct Payments are delivering what is intended	Fieldwork underway
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Recent National Reports

Test, Trace, Protect in Wales	Published 18 th March 2021 Link is found HERE
Procurement and supply of PPE during the COVID-19 pandemic	Published 15 th December 2020 Link is found HERE
Providing Free School Meals During Lockdown	Published 24 th November 2020 Link is found HERE
Preparations for the end of Brexit transition	Published 18 th November 2020 Link is found HERE
Covering teachers' absence: Follow-up	Published 12 th November 2020 Link is found HERE
Welsh Community Care Information System	Published 15 th October 2020 Link is found HERE
The National Fraud Initiative in Wales 2018-20	Published 13 th October 2020 Link is found HERE
Commercialisation in Local Government	Published 6 th October 2020 Link is found HERE
Better law making: the implementation challenge	Published 24 th September 2020 Link is found HERE

2021 Audit Plan – Bridgend County Borough Council

Audit year: 2021-22

Date issued: April 2021

Document reference: 2362A2021-22

This document has been prepared as part of work performed in accordance with statutory functions.

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

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2021 Audit Plan

About this document

- 1 This document sets out the work I plan to undertake during 2021 to discharge my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

My duties

- 2 I complete work each year to meet the following duties.

Audit of financial statements

- 3 Each year, I audit Bridgend County Borough Council's (the Council's) financial statements to make sure that public money is being properly accounted for.

Value for money

- 4 The Council has to put in place arrangements to get value for money for the resources it uses, and I have to be satisfied that it has done this.

Continuous improvement

- 5 Under the Local Government (Wales) Measure 2009 (the Measure) the Council has to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General has to assess whether the Council is likely to (or has) met these requirements. Some requirements of the Measure will cease during 2021-22 due to changes in legislation arising from the Local Government and Elections (Wales) Act 2021. However, I anticipate that during 2021-22 I will still be required to audit the Council's published assessment of its performance that covers the 2020-21 year.

Sustainable development principle

- 6 Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

Impact of COVID-19

- 7 The COVID-19 pandemic continues to have a significant impact across the United Kingdom and on the work of public sector organisations. As in 2020, it is likely to significantly impact on the preparation of the 2020-21 accounts and my financial audit and performance audit work.
- 8 Recent developments in relation to a vaccine programme indicate that the Welsh Government's restrictions on movement and anticipated sickness absence levels are expected to ease through 2021. However, I recognise that there remains significant uncertainty and I understand that many local authorities may not be able to prepare accounts in line with the timetable set out in the Accounts and Audit (Wales) Regulations 2014. As well as the delivery of my statutory responsibilities as the Auditor General, my priority is to ensure the health, safety and wellbeing of Audit Wales staff, their families and those of our partners elsewhere in the public service at this incredibly challenging time.
- 9 Audit Wales staff will continue to work flexibly to deliver the audit work set out in this plan. In response to the government advice and subsequent restrictions, we will continue to work remotely, building on the arrangements made in 2020, until such time that it is safe to resume on-site activities. I remain committed to ensuring that the work of Audit Wales staff will not impede the vital activities that public bodies need to do to respond to ongoing challenges presented by the COVID-19 pandemic.
- 10 Consequently, while this audit plan sets out an initial timetable for the completion of my audit work, the ongoing uncertainties around the impact of COVID-19 on the sector mean that some timings may need to be revisited. My audit team will discuss any amendments required to the proposed timetable with the Council as the 2021 position becomes clearer.

Audit of financial statements

- 11 It is my responsibility to issue a certificate and report on the financial statements. This includes:
 - an opinion on the on the 'truth and fairness' of the Council's financial statements for the financial year ended 31 March 2021; and
 - an assessment as to whether the Council's Narrative Report and Annual Governance Statement is prepared in line with the CIPFA Code and relevant guidance and is consistent with the financial statements and with my knowledge of the Council.
- 12 In addition to my responsibilities for auditing the Council's financial statements, I also have responsibility for:
 - responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary);
 - the audit of annual returns for Coychurch Crematorium joint committee and Porthcawl Harbour Authority; and

- the certification of a number of grant claims and returns as agreed with the funding bodies.

- 13 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Audit Committee prior to completion of the audit.
- 14 Any misstatements below a trivial level (set at 5% of materiality) I judge as not requiring consideration by those charged with governance and therefore will not report them.
- 15 There have been no limitations imposed on me in planning the scope of this audit.
- 16 I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#), along with further information about my work.

Audit of financial statements risks

- 17 The following table sets out the significant risks I have identified for the audit of the Council.

Exhibit 1: financial statement audit risks

This table summarises the key financial statement audit risks identified at the planning stage of the audit.

Audit risk	Proposed audit response
Significant risks	
<p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business.

Audit risk	Proposed audit response
<p>Impact of COVID-19</p> <p>The COVID-19 national emergency continues and the pressures on staff resource and of remote working may impact on the preparation, audit and publication of accounts. There is a risk that the quality of the accounts and supporting working papers, eg around estimates and valuations, may be compromised leading to an increased incidence of errors. Quality monitoring arrangements may be compromised due to timing issues and/or resource availability.</p>	<p>We will discuss your closedown process and quality monitoring arrangements with the accounts preparation team and make arrangements to monitor the accounts preparation process. We will help to identify areas where there may be gaps in arrangements.</p>
<p>The COVID-19 pandemic will have a significant impact on the risks of material misstatement and the shape and approach to my audit. The Welsh Government has made available various funding streams to the authority. In some cases, these monies provide financial support to the authority itself. In other cases, the funds have been administered by the authority, making payments to third parties on behalf of the Welsh Government. The amounts involved are material to the accounts.</p> <p>Examples of audit risks include:</p> <ul style="list-style-type: none"> • Incorrect accounting treatment for COVID-19 funding ie principal or agency arrangements • Fraud/error risks • Potential year-end valuation uncertainty • Estimation of accrued annual leave provisions 	<p>We will review the funding streams received from the Welsh Government and confirm the appropriate accounting treatment with the authority.</p>
<p>Other audit risks</p>	
<p>City deal</p> <p>City deals are arrangements negotiated with government that give greater</p>	<p>Liaising closely with the external auditors of the other local authorities, my audit team will monitor progress</p>

Audit risk	Proposed audit response
<p>accountability for actions in return for new powers to help encourage growth and jobs. The Cardiff Capital Region City Deal (the City Deal) involves ten local authorities. The City Deal was ratified by all participating authorities on 1 March 2017.</p> <p>The authorities have established a joint scrutiny committee (the Regional Cabinet) to oversee delivery of a range of programmes designed to increase connectivity and to improve physical and digital infrastructure over the course of 20 years. This significant programme will have financial, governance and delivery risks that need to be managed. There will be a number of accounting issues to address including potential consolidation of joint committee accounts.</p>	<p>with the City Deal project and carry out early work as necessary to assess the existing and proposed financial and governance arrangements. We will also take into account the work undertaken by HM Treasury to scrutinise the effectiveness of the region's governance arrangements.</p>
<p>McCloud judgement</p> <p>In 2015, the Government introduced reforms to public sector pensions, meaning most public sector workers were moved into new pension schemes in 2015.</p> <p>In December 2018, the Court of Appeal ruled that the 'transitional protection' arrangements amounted to unlawful discrimination.</p> <p>Consultations on proposed remedies for the Local Government, Police and Fire pensions schemes closed in October 2020. The Government recently announced that for unfunded schemes the underpin will be the deferred choice model for the remedy. No announcement has yet been made on the Local Government Pension Scheme. Final details are expected to be published during 2021.</p> <p>The impact of the judgement is likely to have a significant impact on the IAS 19 disclosed liabilities.</p>	<p>My audit team will review the provision previously made in relation to the McCloud judgement and monitor progress on the development of proposals for a remedy to be applied in the Local Government pension schemes.</p>

Other matters

- 18 There are two further matters on which my audit team will undertake early work in preparation for the 2021-22 audit.

Exhibit 2: Other matters

This table summarises the key financial statement audit risks identified at the planning stage of the audit.

Other matters	
CIPFA/LASAAC has once again deferred the introduction of IFRS 16 until 1 April 2022. The Council will, however, need to undertake considerable work to identify leases, and the COVID-19 pandemic may pose implementation risks.	My team will undertake some early work to review preparedness for the introduction of IFRS 16 Leases.

Performance audit

- 19 In addition to my Audit of Financial Statements, I also carry out a programme of performance audit work to discharge my duties as Auditor General as set out on **page 4** in relation to value for money and sustainable development.
- 20 In response to the pandemic, I have adopted a flexible approach to my performance audit work both in terms of topic coverage and methodology. My work on recovery planning, COVID-19 learning and my assurance and risk assessment work are examples of this. This has enabled me to respond to the fast-moving external environment and provide more real-time feedback in a range of formats.
- 21 For 2021-22, I intend to build on this approach to help enable my work to be responsive and timely, and where possible to share learning more quickly. As part of this approach, I anticipate that a significant proportion of my local performance audit programme will be delivered through the Assurance and Risk Assessment Project, that will be ongoing throughout the year.
- 22 Given the high degree of commonality in the risks facing councils at this time, I also intend to deliver a number of thematic projects examining risks common to all councils.
- 23 I have consulted public bodies and other stakeholders on how I will approach my duties in respect of the Well-being of Future Generations (Wales) Act 2015. This consultation was extended due to the pandemic.
- 24 In my consultation I have set out and sought views on proposals to:

- a) continue to undertake specific examinations to assess the setting of well-being objectives and how steps are being taken to meet them, respectively;
 - b) integrate the examination of steps alongside value for money studies and local audit work, wherever possible; and
 - c) strengthen and expand the co-ordination of work with the Future Generations Commissioner.
- 25 I will be writing to the 44 public bodies designated under the Act setting out the results of the consultation and how I intend to approach this work over the reporting period 2020-2025.
- 26 In view of the above factors, I intend to retain a high degree of flexibility in my local performance audit programme at the Council and will continue to update the Council as the audit programme changes.
- 27 For 2021-22, this work is set out below.

Exhibit 3: Performance Audit Programme 2021-22

This table summarises the performance audit programme for 2021-22.

Performance audit programme	Brief description
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	Work to be discussed with Council.
Improvement reporting audit	Audit of discharge of duty to publish an assessment of performance.
Assurance and Risk Assessment	<p>Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.</p> <p>At Bridgend County Borough Council, the project is likely to focus on:</p> <ul style="list-style-type: none"> • Financial position • Self-assessment arrangements • Recovery planning • Implications of the Local Government and Elections (Wales) Act • Carbon reduction plans

Performance audit programme	Brief description
	<ul style="list-style-type: none"> • Contract management and governance • Strategic capacity • Arrangements to address regulatory recommendations and proposals for improvement.
Thematic work – Springing Forward – Examining the building blocks for a sustainable future	As the world moves forward, learning from the global pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.
Follow-up review – Disabled Facilities Grants	Follow up the Council's progress to address the findings from our disabled facilities grants (DFG) review.
Review relating to the Cwm Taf Morgannwg health partnership following the Council's transition to the partnership in 2019	Scope to be discussed with the Council.
Statutory building compliance	A short piece of assurance work to assess the Council's arrangements to improve its levels of statutory buildings compliance.

Certification of grant claims and returns

28 I have been requested to undertake certification work on the Council's grant claims and returns as set out in **Exhibit 4**.

Exhibit 4: summary of grant claim certification work

This table summarises my 2020-21 programme of grant claim certification work.

Name of scheme	Estimated expenditure
Housing Benefits (BEN01)	£40,600,000
Pooled budgets – integrated community services (HLG01)	£5,100,000
Pooled budgets – assisted recovery in the community (HLG01)	£600,000
National Non-Domestic Rates (LA01)	£42,350,000
Teachers' Pensions (PEN05)	£15,850,000

Statutory audit functions

- 29 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit
 - Section 31 Right to make objections at audit
- 30 As this work is reactive, I have made no allowance in the fee table below. If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee, audit team and timetable

- 31 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with a timescale to be agreed taking into account the impact of COVID-19, to the quality expected and have been subject to a robust quality assurance review;
 - information provided to support the financial statements is in accordance with the agreed audit deliverables document;

- appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
- all appropriate officials will be available during the audit;
- you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
- Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.

32 If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee

33 Your estimated fee for 2021 is set out in **Exhibit 5**. This is the same as your actual fee for 2020, which included a refund on the proposed fee that was included in last year's Audit Plan. Please note that our Fee Scheme remains subject to approval by the Finance Committee and therefore this proposed fee currently remains subject to final moderation by the Auditor General.

Exhibit 5: audit fee

This table sets out the proposed audit fee for 2021, by area of audit work, alongside the actual audit fee for last year.

Audit area	Proposed fee (£) ¹	Actual fee last year (£)
Audit of accounts ²	182,000	182,000
Performance audit work ³	97,405	97,405
Grant certification work ⁴	35,000	35,140
Other financial audit work – Porthcawl Harbour Authority and Coychurch Crematorium Joint Committee	1,415	1,417
Total fee	315,820	315,962

34 Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Council.

¹ Notes: The fees shown in this document are exclusive of VAT, which is not charged to you.

² Payable November 2020 to October 2021.

³ Payable April 2021 to March 2022.

⁴ Payable as work is undertaken.

35 Further information on my [fee scales and fee setting](#) can be found on our website.

Audit team

36 The main members of my team, together with their contact details, are summarised in **Exhibit 6**.

Exhibit 6: my audit team

This table lists the members of the local audit team and their contact details.

Name	Role	Contact number	E-mail address
Derwyn Owen	Engagement Director and Engagement Lead – Financial Audit	02920 320500	derwyn.owen@audit.wales
Huw Rees	Engagement Lead – Performance Audit	02920 320500	huw.rees@audit.wales
Jason Blewitt	Audit Manager - Financial Audit	02920 320500	jason.blewitt@audit.wales
Sara-Jane Byrne	Audit Manager - Performance Audit	07786 111385	sara-jane.byrne@audit.wales
John Llewellyn	Audit Lead – Financial Audit	02920 320500	john.llewellyn@audit.wales
Samantha Clements	Audit Lead – Performance Audit	02920 320163	samantha.clements@audit.wales

Timetable

- 37 The key milestones for the work set out in this plan are shown in **Exhibit 7**. As highlighted earlier, there may be a need to revise the timetable in the light of developments with COVID-19.
- 38 The Public Audit (Wales) Act 2004 provides electors with the right to ask questions and to make objections to the Authority's accounts to the Auditor General. The rights to ask questions and make objections at audit are linked to electors' rights to inspect the accounts that are also set out in the 2004 Act. The current COVID restrictions may impose restrictions on the Authority's ability to facilitate the inspection of accounts. Therefore, we have not yet set a date for the exercise of electors' rights and will continue to monitor the situation before confirming a date with you. We anticipate that we will be in a position to agree a date with you in late May 2021.

Exhibit 7: Audit timetable

Planned output	Work undertaken	Report finalised
2021 Audit Plan	January – March 2021	April 2021
Audit of Financial Statements work: <ul style="list-style-type: none"> • Audit of Financial Statements Report • Opinion on Financial Statements 	January to July 2021 See my comment to the right.	July 2021 I expect to provide my audit opinion on the financial statements soon after the Audit Committee on 22 July 2021.
Performance audit work	Timescales for individual projects will be discussed with the Council.	
Annual Audit Summary	N/A	December 2021

Planned output	Work undertaken	Report finalised
2022 Audit Plan	January to March 2022	April 2022

- 39 I can confirm that my team members are all independent of the Council and your officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.



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We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

22 APRIL 2021

REPORT OF THE INTERIM CHIEF OFFICER - FINANCE, PERFORMANCE AND CHANGE

FRAUD STRATEGY & FRAMEWORK 2021/22 TO 2024/25

1. Purpose of report

- 1.1 The purpose of this report is to provide members of the Committee with the Council's draft Fraud Strategy and Framework 2021/22 to 2024/25 and the draft Fraud Risk Register in accordance with the functions of the Governance and Audit Committee as outlined in the Terms of Reference, prior to submission to Cabinet for approval.

2. Connection to corporate well-being objectives / other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objective under the **Well-being of Future Generations (Wales) Act 2015**:-
- **Smarter use of resources** – ensure that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.

3. Background

- 3.1 The Council's Fraud Strategy and Framework 2018/19 to 2020/21 was a 3 year strategy which now requires reviewing and updating.
- 3.2 In July 2020 Audit Wales produced a report entitled 'Raising Our Game – Tackling Fraud in Wales'. The report identified seven key themes that all public bodies needed to focus on in raising their game to tackle fraud more effectively and made 15 recommendations across the themes.
- 3.3 In November 2020 a position statement against the National Study was completed and brought to this Committee. One of the recommendations was that all public bodies should undertake comprehensive fraud risk assessments.

4. Current situation/proposal

- 4.1 Attached at **Appendix A** is a draft Fraud Strategy & Framework 2021/22 to 2024/25 which takes into account the 'Raising Our Game – Tackling Fraud in Wales' report and the subsequent position statement presented to this Committee in November 2020.
- 4.2 The document at **Appendix A** outlines the aims and objectives of the strategy, identifies fraud risks and includes a 3 year action plan which will further improve the Council's resilience to fraud, bribery and corruption. Finally the report includes

measures of success and a flow chart to demonstrate the Council's approach to a suspected fraud.

- 4.3 Attached at **Appendix B** is a draft fraud risk register which lists 20 potential fraud risks that have been identified throughout the Council. The document outlines the consequences of each risk and how each risk is being addressed with key actions being identified. A process to evaluate the potential fraud risks is currently being formulated which will be linked into the corporate risk assessment process.

5. Effect upon policy framework and procedure rules

- 5.1 There is no impact on 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 wellbeing 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 wellbeing goals/objectives as a result of this report.

8. Financial implications

- 8.1 The financial implications are reflected within this report as any fraud impacts on the resources available to the Council.

9. Recommendation

- 9.1 The Committee is recommended to note the draft Fraud Strategy and Framework 2021/22 to 2024/25 and the draft fraud risk register prior to submission to Cabinet for approval.

Gill Lewis
Interim Chief Officer – Finance, Performance and Change
April 2021

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Background documents: None

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Fraud Strategy and Framework 2021/22 – 2024/25

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1. Introduction

Bridgend County Borough Council has a zero-tolerance culture to fraud, bribery, and corruption.

“In carrying out its functions and responsibilities, the Council encourages a culture of openness and fairness and expects Elected Members and employees at all levels to adopt the highest standards of propriety and accountability. The council seeks to demonstrate clearly that it is firmly committed to dealing with fraud, corruption and bribery and will deal equally with perpetrators from inside (Members and employees) and outside the Council. In addition there will be no distinction made in investigation and action between cases that generate financial benefit and those that do not.”

“The Council’s culture is one of honesty and zero tolerance to fraud and corruption. The prevention or detection of fraud and corruption and the protection of public money are everyone’s responsibility. There is an expectation and requirement that all individuals, businesses and organisations dealing in any way with the Council will act with high standards of probity, openness and integrity and that Council employees or its agent(s) will lead by example in these matters.

(Bridgend County Borough Council – Anti-Fraud and Bribery Policy).

The Council takes its responsibilities for the stewardship of public finances very seriously and is committed to the highest standards of transparency and accountability in order to ensure appropriate use of public funds and assets. It has a duty to prevent fraud and corruption, whether it is attempted by someone within or outside of the Council such as another organisation, a resident, an employee, contractor or Councillor. The Council is committed to creating and maintaining an effective anti-fraud and corruption culture, by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities.

The Council maintains a suite of strategies and policies to support the effective management of the prevention, detection, investigation of fraud, corruption, and bribery (Anti-Fraud and Bribery Policy, Whistleblowing Policy, Anti-Money Laundering Policy and Anti-Tax Evasion Policy). This document provides an extension to the council’s existing policies affording a framework of reactive and proactive initiatives to detect fraud and / or demonstrate assurance that fraud has not taken place.

In all its dealings, the Council will adhere to the seven principles of public life set out in the Nolan Committee report on *Standards in Public Life*.

Selflessness

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their families or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands. Openness requires an inclusive approach, an outward focus and a commitment to partnership

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example.

The Council will not tolerate fraud or corruption by its councillors, employees, suppliers, contractors, customers or any other attacks on its resources by criminals. We will take all necessary steps to investigate all allegations of fraud or corruption and pursue sanctions available in each case, including removal from office, dismissal, prosecution and robust recovery of losses through both civil and criminal means.

To fulfil the Council's Fraud Strategy and Framework Action Plan 2021 - 2024, the authority must ensure that fraud, bribery, corruption, and misappropriation is minimised. Every pound lost to fraud and corruption is a reduction in resources and negatively influences the authorities' ability to deliver its objectives.

Our strategy is based upon five key principles: Govern, Acknowledge, Prevent, Pursue and Protect.



Accompanying the five principles are six overarching themes to assist the organisation ensure that our counter fraud response is comprehensive and effective. These are often referred to as the six Cs.

- **Culture**
Create a culture in which beating fraud and corruption is part of normal business
- **Capability**
Ensuring that the range of counter fraud measures deployed is appropriate to the fraud risks
- **Capacity**
Deploying the right level of resources to deal with the level of fraud risk
- **Competence**
Having the right skills and standards in place
- **Communication**
Raising awareness, deterring fraudsters sharing information and celebrating success
- **Collaboration**
Working together across internal and external boundaries with colleagues and other agencies, sharing resources, information skills and learning

2. Roles & Responsibilities

The Anti-Fraud and Bribery Policy deals with fraud, corruption and bribery internally and externally, it applies to:

- Employees
- Councillors
- Contractors
- Consultants
- Suppliers
- Service Users

Key roles and responsibilities are as follows :

Stakeholder Responsibilities	Specific Responsibilities
Chief Executive	Ultimately accountable for the effectiveness of the Council's arrangements for countering fraud corruption and bribery.
Chief Officer Finance (Section 151 Officer)	To ensure the Council has adopted an appropriate fraud strategy and framework, there is an effective internal control environment in place and there is an adequately resourced and effective Counter-Fraud Team.
Chief Officer Legal Services (Monitoring Officer)	To advise Councillors and Officers on ethical issues, standards and powers to ensure that the Council operates within the law and statutory Codes of Practice.
The Governance and Audit Committee	To monitor on a regular basis the Council's approach to tackling fraud and corruption and promote an anti-fraud culture.
Councillors	To comply with the Code of Conduct and related Council policies and procedures, to be aware of the possibility of fraud, corruption and bribery and to report any genuine concerns accordingly.
Internal Audit	Internal Audit are responsible for evaluating the potential for the occurrence of fraud and how the organisation manages fraud risk.
Investigation Officer	Responsible for the co-ordination of the authorities' fraud strategy and framework, including the measures in place to

	<p>acknowledge, prevent and pursue fraud and corruption activity. This also includes the key co-ordination role in the National Fraud Initiative (NFI), which is a fraud prevention and detection exercise based around bulk data matching that is led by the Cabinet Office, every two years.</p>
<p>Chief Executive, Chief Officers and Group Managers</p>	<p>Manage the risk of fraud, corruption and bribery. To promote staff awareness and ensure that all suspected or reported irregularities are immediately referred to the Investigation Officer or Internal Audit. To ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption and bribery and to reduce these risks by implementing strong internal controls. It is vital that this group show leadership in supporting investigations into fraud and corruption and that they are responsive to implementing actions arising from this work. Their role in the NFI exercise is to provide data for matching and to analyse the outputs from the matching exercise and take appropriate action.</p>
<p>Employees</p>	<p>Our employees are the first line of defence against fraud, corruption and bribery. They are expected to conduct themselves in ways which are beyond reproach, above suspicion and fully accountable. Also responsible for reporting malpractice through the established 'Whistle Blowing' procedures. Employees are expected to adhere to the Employee Code of Conduct Protocol and Financial Regulations and Contract Procedure Rules.</p>

3. Definitions

What is Fraud?

The **Fraud Act 2006** details the legal definitions of fraud and is used for the criminal prosecution of fraud offences. The Council also deals with fraud in non-criminal disciplinary matters.

For the purposes of this document, fraud is defined as, 'the intentional distortion of financial statements, or other records by a person or persons internal or external to the authority, which is carried out to conceal the misappropriation of assets or otherwise for gain'.

This includes deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion.

The definition covers various offences including; deception, forgery, theft, misappropriation, collusion and misrepresentation. However, use in this context is not intended to limit the full use of the Fraud Act 2006 in the investigation and prosecution by the Council of any offences.

What is Corruption?

Corruption is the offering or acceptance of inducements designed to influence official action or decision making. These inducements can take many forms including cash, holidays, event tickets or meals.

Bribery Act 2010

The **Bribery Act 2010** received Royal Assent on 8th April 2010 and reforms the criminal law to provide a new, modern and comprehensive scheme of bribery offences that will enable courts and prosecutors to respond more effectively to bribery at home or abroad.

Bribery - 'the offering, promising, giving, soliciting, agreement to accept or acceptance of a financial or other advantage which may induce or reward a person to perform improperly a relevant function under 'The Bribery Act 2010.'

Bribery Act Offences

The Act creates the following offences relevant to the Council:

- Offences of bribing another person,
- Offences relating to being bribed; and
- Offences relating to the bribery of foreign public officials.

Furthermore, if the offence is proved to have been committed with the consent or connivance of a senior officer of the organisation, then the senior officer may be personally liable.

Further guidance is available from the Ministry of Justice to explain to organisations what action is required to ensure they are compliant.

What is Theft?

Theft is stealing any property belonging to the Council or which has been entrusted to it (i.e. client funds), including cash, equipment, vehicles and data.

Theft does not necessarily require fraud to be committed. Theft can also include the stealing of property belonging to our staff or members whilst on Council property.

What is Money Laundering?

Money laundering is the process by which criminals attempt to 'recycle' the proceeds of their criminal activities in order to conceal its origins and ownership and which leaves them with money that cannot be traced back. All employees are instructed to be aware of the increasing possibility of receiving requests that could be used for money laundering and illicit requests for money through e-mails. Detailed guidance is set out in the Council's Anti-Money Laundering Policy.

Any service that receives money from an external person or body is potentially vulnerable to a money laundering operation. The need for vigilance is vital and if there is any suspicion concerning the appropriateness of the transaction then the Council's Anti-Money Laundering Policy should be followed. The Council's Money Laundering Reporting Officer (MLRO) is the Chief Finance Officer / Section 151 Officer.

4. Aims and Objectives

The aims and objectives of the Fraud Strategy and Framework are to: -

A. Protect the Council's valuable resources by ensuring they are not lost through fraud and corruption but are used for improving the delivery of services to Bridgend County Borough residents through the successful implementation of the Fraud Action Plan 2021 - 2024.

B. Gain a better understanding of local fraud and corruption risks influencing the Council's ability to deliver its objectives.

C. Create an 'anti-fraud' culture that highlights the Council's zero tolerance of fraud, corruption and bribery, which defines roles and responsibilities and actively engages the public, Councillors and employees, by raising awareness of fraud both internally and externally.

D. Actively seek to increase the Council's resilience to fraud and corruption through the raising of fraud awareness.

E. Provide a best practice counter-fraud service which:

- Proactively deters, prevents and detects fraud, corruption and bribery.

- Investigates suspected or detected fraud, corruption and bribery.
- Enables the Council to apply appropriate sanctions and recover losses.
- Provides management reports and recommendations to inform policy, systems, and control improvements, thereby reducing the Council's exposure to fraudulent activity.

F. Create an environment that enables the reporting of any genuine suspicions of fraudulent activity. However, we will not tolerate malicious or vexatious allegations or those motivated by personal gain and, if proven, we may take disciplinary or legal action; and

G. Work with our partners and other investigative bodies in collaboration to strengthen and continuously improve our arrangements to prevent fraud and corruption.

5. Fraud Risks

The Council seeks to fulfil its responsibility to reduce fraud and protect its resources by a strategic approach consistent with that outlined in both CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption and in the Local Government Fighting Fraud & Corruption Strategy for the 2020's, and its five key themes of Govern, Acknowledge, Prevent, Pursue & Protect. Fraud risks are corporate risks faced by all of our services and, as with other risks, they are the responsibility of the Directorates to manage and mitigate.

The Investigating Officer and Internal Audit, however, provide advice, knowledge, and support to the Directorates in the managements of these risks.

<p>Committing Support</p>	<p>The Council's commitment to tackling fraud threats is clear. We have whistleblowing procedures and support those who come forward to report suspected fraud. All reports will be treated seriously and acted upon. Staff awareness of fraud risks will be gained through e-learning, face-to-face development sessions, Internal Audit and Investigating Officer reports and general consultation and advice provided.</p>
<p>Assessing Risks</p>	<p>We will continuously assess those areas most vulnerable to the risk of fraud as part of our risk management arrangements and annually meet with the Directorate Management Teams to discuss fraud, bribery, corruption and internal control risks and seek to assess in terms of likelihood and impact. These risk assessments along with known fraud risks identified by investigation work and national reports and fraud patterns will inform our annual programme of works for both Internal Audit and the Investigating Officer.</p>

Robust Response	We will strengthen measures to prevent fraud. Internal Audit and the Investigation Officer will work with management and our internal partners such as Human Resources, Finance and Legal to ensure new and existing systems and policy initiatives are adequately fraud proofed.
Better use of Information Technology	We will explore the use of data and analytical software to prevent and detect fraudulent activity. We will always look for opportunities to share data and fraud intelligence to increase our capability to uncover potential and actual fraud as we have done in becoming members of the Welsh Fraud Officers Group. We will continue to play an active part in the National Fraud Initiative (NFI) data matching exercise. Whilst the Investigation Officer plays a co-ordination and support role in this exercise, management are responsible for processing the actual matches. The Investigating Officer will ensure there is a robust follow up process to ensure that high risk matches are pursued where appropriate.
Enhancing fraud controls and processes	We will educate managers with regard to their responsibilities for operating effective internal controls within their service areas. We will promote strong management and good governance that provides scrutiny and independent challenge to risks and management controls. Internal Audit reviews will seek to highlight vulnerabilities in the control environment and make recommendations for improvement. The Investigation Officer's investigations and reports will also provide management with actions to improve controls to reduce fraud risks.
Anti-fraud culture	We will promote and develop a strong counter fraud culture, raise awareness, provide a fraud e-learning module, and provide information and guidance on all aspects of our counter fraud work.
Fraud Recovery	A crucial element of our response to tackling fraud is recovering any monies lost through fraud. This is an important part of our strategy and will be rigorously pursued, where possible.
Punishing Fraudsters	We will apply realistic and effective sanctions for individuals or organisations where an investigation reveals fraudulent activity. This may include legal action, criminal and/or disciplinary action. We will also seek to publicise successes to act as a deterrent to those seeking to commit fraud.
Enforcement	We will investigate instances of suspected fraud detected through the planned proactive work and cases of suspected

	<p>fraud referred from internal or external stakeholders or received via the whistleblowing procedures. These will be prioritised on a fraud risk basis. We will work with internal/external partners/organisations, including law enforcement agencies where common ground exists or where intelligence can be lawfully shared.</p>
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6. Current Fraud Landscape & Risks

The fraud landscape is ever changing and requires constant review. Covid 19 and the associated grant schemes has provided a further challenge in this area. The Council keeps abreast of these changes in a number of ways.

- Membership of the National Anti-Fraud Network (NAFN), which provides the Council with a legal gateway to a wide range of information providers, best practice and legislation updates. It also enables the sharing of fraud intelligence and bulletins of local and national interest which potentially affect the organisation.
- Membership of the Welsh Fraud Officers Group which meets regularly to discuss current fraud work and associated risks, trends and emerging fraud risks developing across Wales.
- Membership of the Welsh Chief Auditors Group, whose aim is to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes.
- Membership of The Chartered Institute of Public Finance and Accountancy (CIPFA) and a contributor to the Counter Fraud and Corruption Tracker (CFaCT) survey.
- Attendance at relevant counter fraud conferences.
- Contributing and reviewing of National Fraud Reports such as Protecting the Public Purse (PPP) and the Annual Fraud Indicator Report.
- Contributors to the National Fraud Initiative (NFI) exercise led by the Cabinet Office and co-ordinators of the output reports analysis from the exercise.
- Constant review of incoming fraud referrals informing patterns and/or concerns affecting the fraud risk in specific areas.
- Fraud investigation and Internal Audit outcome reports to management highlighting fraud risk control weaknesses with recommendations to strengthen.
- Liaison with the Directorates and their Department Management Teams on an annual basis to discuss fraud risks and periodically when required.

The Council can be exposed to fraud, corruption and bribery through a variety of internal and external sources. These include:

	Fraud Risk Area	Overview
1	Housing Benefit & Council Tax Reduction	A claimant makes a claim based on information known to be inaccurate or fails to inform the council about a change in circumstances that would reduce the award
2	Council Tax Single Person Discount (SPD) / Other Council Tax Discounts	A claimant claims a discount when more than one person actually lives in the household, falsely claims to be a student or claims a property is empty and unfurnished.
3	Cyber Fraud	The use of technology specifically is used to take advantage of system weaknesses for gain. This could include ransomware/malware attacks, hacking or use of council systems to test stolen account details ("checker fraud"). Staff/clients could fall victim to scams and frauds, including: executive impersonation, advanced fee and funds transfer. It could also include "cyber-enabled" frauds (i.e. use of the internet to commit fraud). Remote working can increase risk leaving users more vulnerable to fraudulent attacks. This is due to reduced checks.
4	Direct Payments	A recipient falsely claims Direct Payments, e.g. by misrepresenting their care needs or failing to disclose receipt of other benefits. There is also a risk of abuse of position by personal assistants, carers or parents, leading to monies not being spent for the recipients benefit. There is an additional risk that a family member misuses the direct payments meant for the person they are caring for and becomes dependant on the income.
5	Procurement Fraud	There are activities including price-fixing, bid-rigging and cover pricing, to maximise profit margins or share out contracts. In addition this risk also overlaps with bribery and corruption internal risks. There is a risk that claims are made to defraud the council by claiming payment for goods/services not provided; delivering goods/services of substandard quality; overpricing or duplicate invoicing
6	National Non-Domestic Rates (NNDR)	A business makes a claim for rate relief based on false information, e.g. stating that a property is no longer in use; not declaring the location of a business or falsely claiming relief, e.g. by claiming to be occupied by a charity; intermittent occupation or the use of "phoenix

		companies” to avoid liability (although not technically illegal)
7	Internal Fraud by Officers and Members	Officers or Members may abuse their position for private gain or misuse council assets for personal gain, including: computer hardware and software; plant, machinery and equipment and intellectual property. Theft of cash or portable items belonging to the Council, employees or Members. Receipt of financial or other rewards as an inducement to perform their duties improperly or seek to influence a decision-maker. Also a risk of failing to declare an interest in a company or organisation.
8	Client Finances	The management of client’s finances, where clients lack capacity, are fraudulently managed. This covers appointeeship, court of protection and any other management of client’s finances
9	Election Fraud	There is voter registration fraud; impersonation (at polling stations); phishing and hacking, denial of service and ransomware (particularly at the time of an election).
10	Cash Handling	Theft or false accounting occurs with officers responsible for handling cash, either as income or expenditure (e.g. petty cash). This could include accounting for cash (and other income) security and banking.
11	Organised Crime/ Money Laundering	Council systems are used to launder money or there is abuse of council systems and they are used by organised crime gangs, e.g. sham marriages. Also there is a risk that properties are used within the town as fronts for illegal activity (illicit tobacco/alcohol, money laundering).
12	Schools	Although the majority of schools’ frauds are covered elsewhere (e.g. payroll, staffing, cash handling, procurement), nationally schools are the largest source of internal referrals. The delegated nature of their budgets also requires a specific counter fraud response. Currently a 90 million pound budget covers 59 different schools with each pound spent decided by the school themselves.
13	Insurance Fraud	Bogus claims are made with serial claimants across authorities. Also organised “crash for cash” or “slip and trip” frauds and any insurance claim that is proved to

		be false, made against the organisation or the organisations insurers.
14	Blue Badges	Abuse of the scheme occurs, including an individual using a badge holders badge when the badge holder is not part of the journey or continues to use it or applies for a new badge after the badge holder's death. Also the use of counterfeited badges or applications for a blue badge using inaccurate information or failing to report a change.
15	Payment to suppliers (including payment by Purchasing Cards)	There is misuse of procurement cards, creation of bogus suppliers / invoices. Offences include fraud by abuse of position, false accounting and corruption.
16	Employment / Payroll	There are submissions of claims for duties not carried out, inflation of expenses claims, claiming sick pay when fit to work and failing to work contracted hours. Also the creation of ghost employees and generating payments and false overtime claims. Offences include fraud by false representation, failure to disclose information and false accounting.
17	Grants	Grant payments are obtained from the Council under false pretences or that grants are claimed from different sources for the same purpose or that the recipient fails to deliver outputs stated in the grant conditions. In addition there is a risk of bogus companies or individuals making a claim perpetrating to be someone else. This also overlaps with the internal risk of corruption. There is additional risk where there is a requirement to process and pay grants at speed where sufficient checks may not be completed.
18	Licensing	There is an abuse of a license (e.g. assigning to someone else) or claiming benefits/council tax reduction while working or having no right to work in this country. There are also links to organised crime. There is also a risk of a fraudulent application for a taxi license where an applicant does not declare a relevant fact or fails to declare a change posing a potential risk to the public.
19	Recruitment	Applicants submit bogus qualifications or references or have no right to work or fail to disclose income for benefit purposes. There is also a risk of offences which could include fraud by false representation or failure to disclose information.

20	False Applications	There is a risk that the council is supplied with false documentation in support of applications / registrations in respect of services provided e.g. declaration of intention to marry from persons subject to immigration control, applications for housing and planning applications
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These areas can be regularly subject to attack by individuals / groups intent on committing fraud, which, if successful, means that there is less money and resources available for those in genuine need.

7. Managing the Risk of Fraud, Bribery & Corruption

Whilst all stakeholders have a part to play in reducing the risk of fraud, Elected Members and Senior Management are ideally positioned to influence the ethical tone of the organisation and play a crucial role in fostering a culture of high ethical standards and integrity.

As with any risk faced by the Council, it is the responsibility of managers to ensure that fraud risk is adequately considered within their individual service areas and in support of achieving strategic priorities, business plans, project and programme objectives and outcomes. In making this assessment, it is important to consider the risk of fraud occurring (i.e. proactive) rather than the actual incidence of fraud that has occurred in the past (reactive).

Once the fraud risk has been evaluated, appropriate action will be taken by management to mitigate those risks on an on-going basis, for example through introducing and operating effective systems of internal control (first line of defence).

Adequate supervision, recruitment and selection, scrutiny and healthy scepticism will not be seen as distrust, but simply as good management practice, shaping attitudes and creating an environment opposed to fraudulent activity.

Good corporate governance procedures are a strong safeguard against fraud, corruption and bribery.

The Council's Governance and Audit Committee plays a key role in scrutinising the Council's approach to fraud, its system of controls and risk management; and its wider resiliency to financial irregularity in general (second line of defence).

The Council undertakes a risk-based programme of works targeting areas of high risk to fraud and corruption. This is based on consultation with the Directorates, known local fraud outcomes from investigation work, evidence from national reports such as *Protecting the Public Purse 2015* and outcomes from data-matching such as the National Fraud Initiative, this programme of works is approved by the Governance and Audit Committee.

Internal Audit also undertakes a risk-based assurance programme of work each year developed with input from management and agreed by the Governance and Audit Committee. This assurance work involves an independent review of systems and

procedures, including a review of the management of risk (of both fraud and other types of risk) whereby system weaknesses are brought to the attention of management along with recommendations to strengthen controls within procedures (third line of defence).

8. Action Plan

This Fraud Strategy and Framework sets out the developments and actions the Council proposes to take over the medium-term future to further improve its resilience to fraud, bribery and corruption. These developments include the following actions:

	Action	Implementation Date
1	Development of a fraud risk register to be integrated into the existing risk management framework, where significant fraud, bribery and corruption risks will be owned and maintained by the directorates.	
2	Ensure there is a comprehensive and up-to-date set of policies and procedures which together represent a cohesive strategy for identifying, managing, and responding to fraud risks.	
3	To be an active participant in the bi-annual National Fraud Initiative (NFI) exercise and to robustly investigate suspected cases of fraud identified through NFI. The Investigation Officer is responsible for the co-ordination of the exercise including ensuring that the data sets comply with specification and are securely uploaded to the Cabinet Office. Management are responsible for the review of matches that are returned and for referring suspicions of fraud and corruption to the Investigation Officer.	
4	Raise awareness of fraud, bribery, and corruption by developing an effective online fraud awareness training programme for Members and Officers and provide ongoing training.	
5	Produce an end of year report to those charged with governance covering all reactive and proactive fraud initiatives.	
6	With a national increase in applications due to the Covid 19 pandemic, there has been a consequent increase in attempts by fraudsters to obtain public funds via false applications. Also, there is a developing trend for individuals to make multiple applications across different authorities. 2021 will see all Covid 19 grant applications produced on the NFI platform for review and investigation.	

7	Maximise the use of data analytics and data matching to match electronic data to detect and prevent fraud.	
8	Develop a newsletter that promotes awareness of fraud and provides alerts and information to staff and members across the Council at regular intervals throughout the duration of the action plan.	
9	Conduct a “Fraud Health Check” across school establishments to attain assurance over the controls and governance in place to mitigate the potential for fraud.	
10	To actively maintain the authorities membership of the Welsh Fraud Officers Group, The Chartered Institute of Public Finance and Accountancy (CIPFA), and all other enforcement partners including the Police and HMRC. Also, to be open to new and innovative anti-fraud projects.	
11	To produce fraud investigation outcome reports for management which highlight the action taken to investigate the fraud risks and the outcome of the investigations e.g. sanction and recommendations to minimise future risk of fraud.	
12	To explore with Human Resources the possibility of including management responsibility for managing fraud and corruption risks within all managerial role profiles.	
13	To enable a clear and concise point of reference for necessary information on fraud and irregularity maximising the potential of digital to enhance the user experience. Maintain the fraud internet/intranet pages to ensure they are kept up to date.	

9. Measures of Success

The successful implementation of this strategy will be measured by the following:

- Successful implementation of the actions contained within the strategy.
- Increased awareness of fraud, corruption and bribery risks by members, managers and employees.
- Evidence that fraud risks are being actively managed across the authority.
- Increased fraud risk resilience across the authority to protect the Council’s assets and resources.

- An anti-fraud, bribery, and corruption culture where employees feel able to identify and report concerns relating to potential fraud, corruption, and bribery.

10. Reporting and Review

The Council's approach to suspected fraud can be demonstrated in its Fraud Response Plan/Flowchart - **see Appendix 1.**

The Council recognises that the primary responsibility for the prevention and detection of fraud rests with management. If anyone believes that someone is committing a fraud or suspects corrupt practices, these concerns should be raised in the first instance directly with line management then the Investigation Officer or Internal Audit.

Where managers are made aware of suspected fraud by employees, they have responsibilities for passing on those concerns to the Investigation Officer, Internal Audit and Chief Finance Officer (Section 151 Officer).

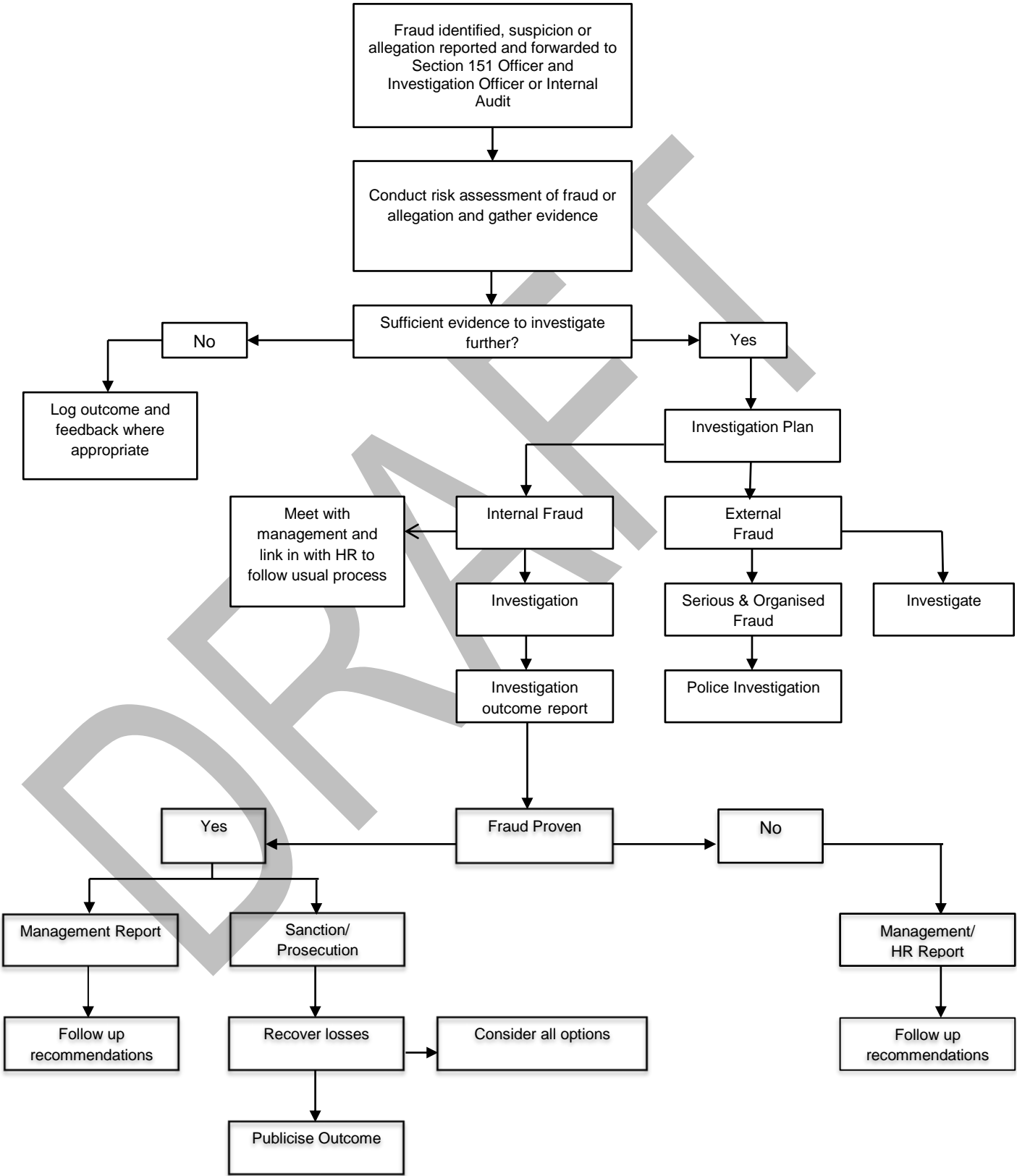
In the event of a whistleblowing allegation the Monitoring Officer should also be updated. Managers should react urgently to suspicion of potential internal fraud, bribery or corruption.

Head teachers of LA-maintained schools should also notify their Chair of Governors. Notifications must be treated with the utmost confidentiality. Any person that is implicated in the alleged offence should not be included in the notification procedure.

The Chief Finance Officer (Section 151 Officer), the Chief Legal Officer (Monitoring Officer) and the Head of Regional Internal Audit Service have responsibility for ensuring the authority has a robust anti-fraud, bribery, and corruption response.

The Governance and Audit Committee will ensure the continuous review and amendment of this strategy and the action plan contained within it. This will ensure that it remains compliant with good practice national public sector standards, primarily CIPFA's Code of Practice on Managing the Risk of Fraud, Bribery and Corruption and the Local Government Fighting Fraud & Corruption Strategy for the 2020's and that it continues to meet the needs of Bridgend County Borough Council.

Appendix 1. Fraud Response Plan/Flowchart



Bridgend County Borough Council Fraud Risk Register (April 2021)

No.	Internal/ External Risk	Area	There is a risk that ..	Consequences of risk	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	Last Reviewed	Next Review
Page 73 1	External	Housing Benefit / Council Tax Reduction	A claimant makes a claim based on information known to be inaccurate or fails to inform the council about a change in circumstance that would reduce the award.	<ul style="list-style-type: none"> Financial loss to the council Reputational damage to the council Loss in working time in investigating and correcting issues and liaising with police and lawyers Potential court costs which have impact on council budget Adverse effect on council budget 	<ul style="list-style-type: none"> Trained and qualified fraud investigator based within Benefits Department Established procedure for referring cases to fraud both internally and externally from members of the public Reviews conducted on active claims to identify any undeclared changes Joint working with Department for Work and Pensions Single Fraud Investigation Service business as usual Fraud Prevention E-Learning module rolled out across the council for employees and members Use of the media to publicise prosecutions to raise awareness that fraud will not be tolerated Fraud prevention awareness is included in all corporate inductions going forward with the aim of reducing the instances of fraud by raising awareness and builds on the culture of zero tolerance towards fraud. In addition fraud awareness also forms part of the induction process for all new benefits staff Strong internal audit team in place with an Audit Client Manager experienced and qualified in all aspects of fraud including internal investigations. Internal Audit is part of regional service so knowledge and expertise can be shared across authorities Membership of Wales wide network of Local Authority Fraud Investigators and The National Anti Fraud Network which provides the opportunity to share knowledge/intelligence/good practice. Membership also provides ability to share training and invite special guest speakers The council has links to The Chartered Institute of Public Finance and Accountancy (CIPFA) and has constructive dialog with Audit Wales Participation in The National Fraud Initiative (NFI) Any system weaknesses identified during investigation are considered and remedied if necessary. Feedback is also provided to the Benefits team so they can further 'fraud proof' the system 	<ul style="list-style-type: none"> Maximise use of data analytics and data matching to match electronic data to detect and prevent fraud Maximise the use of The National Fraud Initiative Targeted reviews on known areas of fraud e.g. capital and occupational pension reviews Develop specific fraud awareness training for benefit staff, customer service staff and those on the front line receiving benefit claims e.g. customer services staff Update main council website and internal staff intranet with clear information on how to report suspected fraud and also other useful fraud information Develop fraud newsletter for circulation across the council to raise awareness of the work conducted within the fraud team and also communicate fraud alerts Ensure all suspected cases of fraudulent activity are referred to the fraud investigator by benefit staff 	Apr-2021	Apr-2022
2	External	Council Tax Single Person Discount (SPD) /Other Council Tax Discounts	A claimant claims a discount when more than one person actually lives in the household, falsely claims to be a student or claims a property is empty and unfurnished.	<ul style="list-style-type: none"> Financial loss to the council Reputational damage to the council Loss in working time in investigating and correcting issues and any litigation action that may follow Potential court costs which have impact on council budget Adverse effect on council budget 	<ul style="list-style-type: none"> Trained and qualified fraud investigator available for investigation of any cases of suspected fraud Revenues team regularly conduct reviews of all single person discounts in effect on accounts to ensure claim is still valid Use of 'end dates' on time limited discounts so discount is not allowed to continue Spot checks by visiting officer on properties claiming empty and unfurnished discounts Use of council tax visiting officer on any claims suspected to be false Review of student discounts at key points during academic year Council tax debt and recovery including attachment of earnings, attachment of benefits and enforcement agents Claim verification by Revenues Team Fraud Prevention E-Learning module rolled out across the council for employees and members National Fraud Initiative (NFI) data match on SPD claims on a yearly basis Various verification checks made via credit reference agencies and other external sources when new claims for SPD are made Fraud prevention awareness is included in all corporate inductions going forward with the aim or reducing the instances of fraud by raising awareness and builds on the culture of zero tolerance towards fraud Strong internal audit team in place with an Audit Client Manager experienced and qualified in all aspects of fraud including internal investigations. Internal Audit is part of regional service so knowledge and expertise can be shared across authorities Membership of Wales wide network of Local Authority Fraud Investigators and The National Anti Fraud Network which provides the opportunity to share knowledge/intelligence/good practice. Membership also provides ability to share training and invite special guest speakers The council has links to The Chartered Institute of Public Finance and Accountancy (CIPFA) and has constructive dialog with Audit Wales 	<ul style="list-style-type: none"> Utilise internal and external data matching products, especially matches provided to us through NFI Ensure all suspected cases of fraudulent activity are referred to the fraud investigator by council tax staff Increased recovery of any SPD and other discounts wrongly claimed Update main council website and internal staff intranet with clear information on how to report suspected fraud and also other useful fraud information Develop fraud newsletter for circulation across the council to raise awareness of the work conducted within the fraud team and also communicate fraud alerts Develop specific fraud awareness training for council tax staff 	Apr-2021	Apr-2022
3	External & Internal	Cyber Fraud	The use of technology specifically is used to take advantage of system weaknesses for gain. This could include ransomware / malware attacks, hacking or use of council systems to test stolen account details ("checker fraud"). Staff / clients could fall victim to scams and frauds, including: executive impersonation, advanced fee and funds transfer. It could also include "cyber-enabled" frauds (i.e. use of the internet to commit fraud).Remote working can increase risk leaving users more vulnerable to fraudulent attacks. This is due to reduced checks.	<ul style="list-style-type: none"> Financial loss to the council Reputational damage to the council Loss in working time in investigating and correcting issues and any litigation action that may follow Adverse effect on council budget Potential loss of service affecting different areas across the council Potential data protection/GDPR breaches 	<ul style="list-style-type: none"> Trained and qualified fraud investigator available for investigation of any cases of suspected fraud Fraud Prevention E-Learning module rolled out across the council for employees and members Fraud prevention awareness is included in all corporate inductions going forward with the aim or reducing the instances of fraud by raising awareness and builds on the culture of zero tolerance towards fraud Strong internal audit team in place with an Audit Client Manager experienced and qualified in all aspects of fraud including internal investigations. Internal Audit is part of regional service so knowledge and expertise can be shared across authorities Membership of Wales wide network of Local Authority Fraud Investigators and The National Anti Fraud Network which provides the opportunity to share knowledge/intelligence/good practice. Membership also provides ability to share training and invite special guest speakers The council has links to The Chartered Institute of Public Finance and Accountancy (CIPFA) and has constructive dialog with Audit Wales ICT software with relevant safeguards to prevent cyber attacks on the council ICT Code of Practice 'Six Simple Rules' to help prevent loss of data and security breaches Known threats communicated across the council to all users to raise awareness Procurement process for any new software used by ICT to mitigate risk. Segregation of duties in place when paying suppliers Software patching regularly undertaken and regular audits on the network for exploits USB ports disabled for external storage devices to prevent loss of data The council has links to The Chartered Institute of Public Finance and Accountancy (CIPFA) and has constructive dialog with Audit Wales 	<ul style="list-style-type: none"> Increased awareness, support and training for all officers to understand and apply a strong counter fraud culture and display good governance Staff in areas of the council more susceptible to cyber attacks e.g. finance payments, provided with targeted training on known attacks ICT team continue to provide and conduct regular, preferably continuous, assessments of configuration and vulnerability risk across all council IT systems Ensure software and systems and regularly checked for necessary patching and upgrades Ensure all cases of suspected fraud are referred to the councils Internal Audit section or Fraud Investigator or the Police where necessary Fraud information to be made available on internal and external webpage with clear guidance on how and to who fraud should be reported 	Apr-2021	Apr-2022

No.	Internal/ External Risk	Area	There is a risk that ..	Consequences of risk	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	Last Reviewed	Next Review
Page 74 4	External	Direct Payments	A recipient falsely claims Direct Payments, e.g. by misrepresenting their care needs or failing to disclose receipt of other benefits. There is also a risk of abuse of position by personal assistants, carers or parents, leading to monies not being spent for the recipient's benefit. There is an additional risk that a family member misuses the direct payments meant for the person they are caring for and becomes dependant on the income	<ul style="list-style-type: none"> Financial loss to the council Reputational damage to the council Loss in working time in investigating and correcting issues Client detriment for those in need Potential costs arising from any necessary litigation 	<ul style="list-style-type: none"> Trained and qualified fraud investigator available for investigation of any cases of suspected fraud Fraud Prevention E-Learning module rolled out across the council for employees and members Fraud prevention awareness is included in all corporate inductions going forward with the aim of reducing the instances of fraud by raising awareness and builds on the culture of zero tolerance towards fraud Strong internal audit team in place with an Audit Client Manager experienced and qualified in all aspects of fraud including internal investigations. Internal Audit is part of regional service so knowledge and expertise can be shared across authorities Membership of Wales wide network of Local Authority Fraud Investigators and The National Anti Fraud Network which provides the opportunity to share knowledge/intelligence/good practice. Membership also provides ability to share training and invite special guest speakers The council has links to The Chartered Institute of Public Finance and Accountancy (CIPFA) and has constructive dialog with Audit Wales Direct payments protocol and guidance documents in place. The council has a contract in place with a direct payments support organisation who offer support to direct payment recipients by providing a fully comprehensive payroll service in accordance with HMRC regulations Direct payments bank accounts are monitored and reconciled to ensure that the money is being used appropriately The use of contract monitoring officers to ensure payments are made for services that were delivered Participation in The National Fraud Initiative (NFI) Social workers are used to assess the needs of the person requiring care 	<ul style="list-style-type: none"> Increased awareness, support and training for all officers to understand and apply a strong counter fraud culture and display good governance Ensure all cases of suspected fraud are referred to the councils Internal Audit section or Fraud Investigator Fraud information to be made available on internal and external webpage with clear guidance on how and to who fraud should be reported 	Apr-2021	Apr-2022
5	External & Internal	Procurement fraud	There are activities including price-fixing, bid-rigging and cover pricing, to maximise profit margins or share out contracts. In addition this risk also overlaps with bribery and corruption internal risks. There is a risk that claims are made to defraud the council by claiming payment for goods / services not provided; delivering goods / services of substandard quality; overpricing or duplicate invoicing.	<ul style="list-style-type: none"> Financial loss to the council Reputational damage to the council Loss in working time in investigating and correcting issues Sub-standard work delivery Potential costs arising from any necessary litigation Lack of public confidence Detrimental effect on staff morale 	<ul style="list-style-type: none"> Trained and qualified fraud investigator available for investigation of any cases of suspected fraud Fraud Prevention E-Learning module rolled out across the council for employees and members Fraud prevention awareness is included in all corporate inductions going forward with the aim of reducing the instances of fraud by raising awareness and builds on the culture of zero tolerance towards fraud Strong internal audit team in place with an Audit Client Manager experienced and qualified in all aspects of fraud including internal investigations. Internal Audit is part of regional service so knowledge and expertise can be shared across authorities Membership of Wales wide network of Local Authority Fraud Investigators and The National Anti Fraud Network which provides the opportunity to share knowledge/intelligence/good practice. Membership also provides ability to share training and invite special guest speakers The council has links to The Chartered Institute of Public Finance and Accountancy (CIPFA) and has constructive dialog with Audit Wales Contract procedure rules in place in relation to the procurement of goods and services as well as various procedure notes The Employee Code of Conduct includes guidance in respect of employee relationships with contractors, corruption and gifts and hospitality Robust declaration of interest policy in place Participation in The National Fraud Initiative (NFI) External training received from The Regional Organised Crime Unit to raise awareness and further training planned 	<ul style="list-style-type: none"> Increased awareness, support and training for all officers to understand and apply a strong counter fraud culture and display good governance Ensure all cases of suspected fraud are referred to the councils Internal Audit section or Fraud Investigator or the Police where necessary Fraud information to be made available on internal and external webpage with clear guidance on how and to who fraud should be reported Review current fraud awareness systems and implement all guidance in line with Welsh Audit guidance and focus on seven key themes:- <ol style="list-style-type: none"> Leadership and culture Risk management and control framework Policies and training Capacity and expertise Tools and data Collaboration Reporting and scrutiny 	Apr-2021	Apr-2022
6	External	National Non-domestic rates	A business makes a claim for rate relief based on false information, e.g.. stating that a property is no longer in use; not declaring the location of a business or falsely claiming relief, e.g. by claiming to be occupied by a charity; intermittent occupation or the use of "phoenix companies to avoid liability (although not technically illegal)	<ul style="list-style-type: none"> Financial loss to the council Reputational damage to the council Loss in working time in investigating and correcting issues Potential court costs which have impact on council budget Adverse effect on council budget 	<ul style="list-style-type: none"> Trained and qualified fraud investigator available for investigation of any cases of suspected fraud Fraud Prevention E-Learning module rolled out across the council for employees and members Fraud prevention awareness is included in all corporate inductions going forward with the aim of reducing the instances of fraud by raising awareness and builds on the culture of zero tolerance towards fraud Strong internal audit team in place with an Audit Client Manager experienced and qualified in all aspects of fraud including internal investigations. Internal Audit is part of regional service so knowledge and expertise can be shared across authorities Membership of Wales wide network of Local Authority Fraud Investigators and The National Anti Fraud Network which provides the opportunity to share knowledge/intelligence/good practice. Membership also provides ability to share training and invite special guest speakers The council has links to The Chartered Institute of Public Finance and Accountancy (CIPFA) and has constructive dialog with Audit Wales Current financial regulations Business rates debt and recovery including attachment of earnings, attachment of benefits, enforcement agents and charging orders Claim verification by Revenues Team Monitoring of usage available payment information Use of council tax visiting officer including spot checks on suspect properties 	<ul style="list-style-type: none"> Ensure all relevant policies and regulations are up to date and fit for purpose Consider the sharing of more data between councils, making use of new technologies to ensure that suspicious activity can be easily identified, utilising aspects of the Digital Economy Act 2017 to disrupt and detect fraud Highlight the specific risks involving NNDR fraud on council website. The website could also support a public fraud reporting system making clear how and to who fraud should be reported The council's fraud investigator could deliver ad-hoc awareness presentations as and when required to business rates staff Maximise the use of data analytics and data matching to match electronic data to detect and prevent fraud Ensure all cases of suspected fraud are referred to the councils Internal Audit section or Fraud Investigator Increased recovery of any business rates relief/discounts wrongly claimed 	Apr-2021	Apr-2022
7	Internal	Internal Fraud by Officers and Members	Officers or Members may abuse their position for private gain or misuse council assets for personal gain, including: computer hardware and software; plant, machinery and equipment and intellectual property. Theft of cash or portable items belonging to the Council, employees or Members. Receipt of financial or other rewards as an inducement to perform their duties improperly or seek to influence a decision-maker. Also a risk of failing to declare an interest in a company or organisation	<ul style="list-style-type: none"> Financial loss to the council Reputational damage to the council Loss in working time in investigating and correcting issues and liaising with police and lawyers Potential court costs which have impact on council budget Adverse effect on council budget Lack of public confidence 	<ul style="list-style-type: none"> Trained and qualified fraud investigator available for investigation of any cases of suspected fraud Fraud Prevention E-Learning module rolled out across the council for employees and members Fraud prevention awareness is included in all corporate inductions going forward with the aim of reducing the instances of fraud by raising awareness and builds on the culture of zero tolerance towards fraud Strong internal audit team in place with an Audit Client Manager experienced and qualified in all aspects of fraud including internal investigations. Internal Audit is part of regional service so knowledge and expertise can be shared across authorities Membership of Wales wide network of Local Authority Fraud Investigators and The National Anti Fraud Network which provides the opportunity to share knowledge/intelligence/good practice. Membership also provides ability to share training and invite special guest speakers The council has links to The Chartered Institute of Public Finance and Accountancy (CIPFA) and has constructive dialog with Audit Wales The council's constitution includes governance arrangements including financial rules and conduct protocols for both members and employees Policies, procedures and reporting mechanisms are in place to prevent, detect and report on fraud, bribery and corruption, these include:- <ol style="list-style-type: none"> Fraud strategy and framework Whistleblowing Policy ICT Code of Conduct Anti-Fraud and Bribery Policy Anti-Tax Evasion Policy Disciplinary Policy External training received from The Regional Organised Crime Unit to raise awareness and further training planned 	<ul style="list-style-type: none"> Officers and Members to be reminded at regular intervals of their expected conduct and where to access the relevant policies and procedures Production of information where necessary e.g. internet usage, pay and expenses claims, purchase card usage, phone usage etc. Consider an enhanced vetting process for officer and senior management level applicants Increased awareness, support and training for all officers to understand and apply a strong counter fraud culture and display good governance Ensure all cases of suspected fraud are referred to the councils Internal Audit section or Fraud Investigator or the Police where necessary Ensure all relevant policies and regulations are up to date and fit for purpose The council's fraud investigator could deliver ad-hoc awareness presentations as and when required to relevant staff/members Fraud information to be made available on internal and external webpage with clear guidance on how and to who fraud should be reported 	Apr-2021	Apr-2022

No.	Internal/ External Risk	Area	There is a risk that ..	Consequences of risk	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	Last Reviewed	Next Review	
Page 75	Internal	Client finances	The management of client's finances, where clients lack capacity, are fraudulently managed. This covers appointeeship, court of protection and any other management of client's funds	<ul style="list-style-type: none"> Financial loss to the council Reputational damage to the council Lack of public confidence Client detriment 	<ul style="list-style-type: none"> Trained and qualified fraud investigator available for investigation of any cases of suspected fraud Fraud Prevention E-Learning module rolled out across the council for employees and members Fraud prevention awareness is included in all corporate inductions going forward with the aim of reducing the instances of fraud by raising awareness and builds on the culture of zero tolerance towards fraud Strong internal audit team in place with an Audit Client Manager experienced and qualified in all aspects of fraud including internal investigations. Internal Audit is part of regional service so knowledge and expertise can be shared across authorities Membership of Wales wide network of Local Authority Fraud Investigators and The National Anti Fraud Network which provides the opportunity to share knowledge/intelligence/good practice. Membership also provides ability to share training and invite special guest speakers The council has links to The Chartered Institute of Public Finance and Accountancy (CIPFA) and has constructive dialog with Audit Wales The council's constitution includes governance arrangements including financial rules and conduct protocols Policies, procedures and reporting mechanisms are in place to prevent, detect and report on fraud, bribery and corruption 	<ul style="list-style-type: none"> Officers to be reminded at regular intervals of their expected conduct and where to access the relevant policies and procedures Increased awareness, support and training for all officers to understand and apply a strong counter fraud culture and display good governance Ensure all cases of suspected fraud are referred to the councils Internal Audit section or Fraud Investigator Ensure all relevant policies and regulations are up to date and fit for purpose Fraud information to be made available on internal and external webpage with clear guidance on how and to who fraud should be reported 	Apr-2021	Apr-2022	
	9	External	Election fraud	There is voter registration fraud; impersonation (at polling stations); phishing and hacking, denial of service and ransomware (particularly at the time of an election).	<ul style="list-style-type: none"> Reputational damage to the council Lack of public confidence GDPR/Data Protection Breach 	<ul style="list-style-type: none"> Trained and qualified fraud investigator available for investigation of any cases of suspected fraud Fraud Prevention E-Learning module rolled out across the council for employees and members Fraud prevention awareness is included in all corporate inductions going forward with the aim of reducing the instances of fraud by raising awareness and builds on the culture of zero tolerance towards fraud Strong internal audit team in place with an Audit Client Manager experienced and qualified in all aspects of fraud including internal investigations. Internal Audit is part of regional service so knowledge and expertise can be shared across authorities Membership of Wales wide network of Local Authority Fraud Investigators and The National Anti Fraud Network which provides the opportunity to share knowledge/intelligence/good practice. Membership also provides ability to share training and invite special guest speakers The council has links to The Chartered Institute of Public Finance and Accountancy (CIPFA) and has constructive dialog with Audit Wales Policies, procedures and reporting mechanisms are in place to prevent, detect and report on fraud, bribery and corruption to include:- <ol style="list-style-type: none"> Anti-Fraud and Bribery Policy ICT Code of Conduct Whistleblowing Policy GDPR Policy and Procedures Participation in The National Fraud Initiative (NFI) where annual matches are produced 	<ul style="list-style-type: none"> Officers to be reminded at regular intervals of their expected conduct and where to access the relevant policies and procedures Increased awareness, support and training for all officers to understand and apply a strong counter fraud culture and display good governance Ensure all cases of suspected fraud are referred to the councils Internal Audit section or Fraud Investigator and the Police where necessary Ensure all relevant policies and regulations are up to date and fit for purpose Fraud information to be made available on internal and external webpage with clear guidance on how and to who fraud should be reported 	Apr-2021	Apr-2022
	10	Internal	Cash handling	Theft or false accounting occurs with officers responsible for handling cash, either as income or expenditure (e.g. petty cash). This could include accounting for cash (and other income), security and banking.	<ul style="list-style-type: none"> Financial loss to the council Reputational damage to the council Loss in working time in investigating and correcting issues and liaising with police and lawyers Potential court costs which have impact on council budget Adverse effect on council budget Lack of public confidence 	<ul style="list-style-type: none"> Trained and qualified fraud investigator available for investigation of any cases of suspected fraud Fraud Prevention E-Learning module rolled out across the council for employees and members Fraud prevention awareness is included in all corporate inductions going forward with the aim of reducing the instances of fraud by raising awareness and builds on the culture of zero tolerance towards fraud Strong internal audit team in place with an Audit Client Manager experienced and qualified in all aspects of fraud including internal investigations. Internal Audit is part of regional service so knowledge and expertise can be shared across authorities Membership of Wales wide network of Local Authority Fraud Investigators and The National Anti Fraud Network which provides the opportunity to share knowledge/intelligence/good practice. Membership also provides ability to share training and invite special guest speakers The council has links to The Chartered Institute of Public Finance and Accountancy (CIPFA) and has constructive dialog with Audit Wales The council has a number of controls in place to reduce the risk of theft or facilitation of tax evasion in respect of cash transactions including financial procedure rules. Policies, procedures and reporting mechanisms are also in place to prevent, detect and report on fraud, bribery and corruption The council's constitution includes governance arrangements including financial rules and conduct protocols for both members and employees Additional controls in place to ensure safety of cash as it progresses internally to the point of collection by external secure cash collection service providers All metric car parking machines can be interrogated from the back office system to establish which machines need emptying. Two officers are allocated for collection and dual supervision is in place when counting monies. The system supporting metric car parking also has functionality which can identify any discrepancies very early on so checks can be made on machines to minimise and protect potential financial losses Newer car parking machines have card payment facilities as a result of coin usage falling. Additionally most car parks have a paybyphone system in place Receipt of cash is supported by full audit trail and coins bagged in readiness for collection by external secure cash collection service provider are reconciled back to receipts Cash collected is signed for by the cash collection courier before onward travel 	<ul style="list-style-type: none"> Officers to be reminded at regular intervals of their expected conduct and where to access the relevant policies and procedures Increased awareness, support and training for all officers to understand and apply a strong counter fraud culture and display good governance Ensure all cases of suspected fraud are referred to the councils Internal Audit section or Fraud Investigator and the Police where necessary Ensure all relevant policies and regulations are up to date and fit for purpose Fraud information to be made available on internal and external webpage with clear guidance on how and to who fraud should be reported 	Apr-2021	Apr-2022

No.	Internal/ External Risk	Area	There is a risk that ..	Consequences of risk	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	Last Reviewed	Next Review
Page 76 11	External & Internal	Organised crime / money laundering	Council systems are used to launder money or there is abuse of council services and they are used by organised crime gangs, e.g. sham marriages. Also there is a risk that properties are used within the town as fronts for illegal activity (illicit tobacco / alcohol, money laundering).	<ul style="list-style-type: none"> Financial loss to the council Reputational damage to the council Lack of public confidence The council inadvertently or otherwise becomes involved in money laundering or terrorist financing Loss in working time in investigating and correcting issues and liaising with police and lawyers Potential court costs which have impact on council budget Adverse effect on council budget 	<ul style="list-style-type: none"> Trained and qualified fraud investigator available for investigation of any cases of suspected fraud Fraud Prevention E-Learning module rolled out across the council for employees and members Fraud prevention awareness is included in all corporate inductions going forward with the aim of reducing the instances of fraud by raising awareness and builds on the culture of zero tolerance towards fraud Strong internal audit team in place with an Audit Client Manager experienced and qualified in all aspects of fraud including internal investigations. Internal Audit is part of regional service so knowledge and expertise can be shared across authorities Membership of Wales wide network of Local Authority Fraud Investigators and The National Anti Fraud Network which provides the opportunity to share knowledge/intelligence/good practice. Membership also provides ability to share training and invite special guest speakers The council has links to The Chartered Institute of Public Finance and Accountancy (CIPFA) and has constructive dialog with Audit Wales The council's constitution includes governance arrangements including financial rules and conduct protocols for both members and employees Policies, procedures and reporting mechanisms in place to include:- <ol style="list-style-type: none"> Anti Money-Laundering Policy Money Laundering Reporting Officer in place Anti-Fraud and Bribery Policy Whistleblowing Policy Anti-Tax Evasion Policy External training received from Regional Organised Crime Unit to raise awareness and further training planned 	<ul style="list-style-type: none"> Officers to be reminded at regular intervals of their expected conduct and where to access the relevant policies and procedures Increased awareness, support and training for all officers to understand and apply a strong counter fraud culture and display good governance Ensure all cases of suspected fraud are referred to the councils Internal Audit section or Fraud Investigator and the Police where necessary Ensure all relevant policies and regulations are up to date and fit for purpose Fraud information to be made available on internal and external webpage with clear guidance on how and to who fraud should be reported 	Apr-2021	Apr-2022
12	Internal	Schools	Although the majority of schools frauds are covered elsewhere in the register (e.g. payroll, staffing, cash handling), nationally schools are the largest source of internal referrals. The delegated nature of their budgets also requires a specific counter fraud response. Currently a 90 million pound budget covers 59 different schools which each pound spent decided by the school themselves	<ul style="list-style-type: none"> Financial loss to the council and/or school Reputational damage to the council and/or school Lack of public confidence Loss in working time in investigating and correcting issues and liaising with police and lawyers Potential court costs which have impact on council budget Adverse effect on council budget Adverse effect on pupils Parental concerns Staff morale 	<ul style="list-style-type: none"> Trained and qualified fraud investigator available for investigation of any cases of suspected fraud Fraud Prevention E-Learning module rolled out across the council for employees and members Fraud prevention awareness is included in all corporate inductions going forward with the aim of reducing the instances of fraud by raising awareness and builds on the culture of zero tolerance towards fraud Strong internal audit team in place with an Audit Client Manager experienced and qualified in all aspects of fraud including internal investigations. Internal Audit is part of regional service so knowledge and expertise can be shared across authorities Membership of Wales wide network of Local Authority Fraud Investigators and The National Anti Fraud Network which provides the opportunity to share knowledge/intelligence/good practice. Membership also provides ability to share training and invite special guest speakers The council has links to The Chartered Institute of Public Finance and Accountancy (CIPFA) and has constructive dialog with Audit Wales Governing bodies have to have policies, procedures and reporting mechanisms in place for school staff, parents and guardians Performance and Financial Monitoring Board meet once a month to go through each schools budget 'line by line' to ensure money is spent correctly and no fraud exists Estyn approval of effectiveness of current systems in place 	<ul style="list-style-type: none"> School staff to be reminded at regular intervals of their expected conduct and where to access the relevant policies and procedures Increased awareness, support and training for all school staff to understand and apply a strong counter fraud culture and display good governance Ensure all cases of suspected fraud are referred to the councils Internal Audit section or Fraud Investigator and the Police where necessary Ensure all relevant policies and regulations are up to date and fit for purpose Fraud information to be made available to schools with clear guidance on how and to who fraud should be reported A 'Fraud Health Check' conducted across all school establishments to attain assurance over the controls and governance in place to mitigate the potential for fraud 	Apr-2021	Apr-2022
13	External	Insurance fraud	Bogus claims are made with serial claimants across authorities. Also organised "crash for cash" or "slip and trip" frauds and any insurance claim that is proved to be false, made against the organisation or the organisations insurers.	<ul style="list-style-type: none"> Financial loss to the council Reputational damage to the council Increased insurance premiums Any claim will ultimately have to be paid for from Council resources. The cost of processing unsuccessful claims is a drain on staff time and diverts resources from front line services Loss in working time in investigating and correcting issues Adverse effect on council budget 	<ul style="list-style-type: none"> Trained and qualified fraud investigator available for investigation of any cases of suspected fraud Fraud Prevention E-Learning module rolled out across the council for employees and members Fraud prevention awareness is included in all corporate inductions going forward with the aim of reducing the instances of fraud by raising awareness and builds on the culture of zero tolerance towards fraud Strong internal audit team in place with an Audit Client Manager experienced and qualified in all aspects of fraud including internal investigations. Internal Audit is part of regional service so knowledge and expertise can be shared across authorities Membership of Wales wide network of Local Authority Fraud Investigators and The National Anti Fraud Network which provides the opportunity to share knowledge/intelligence/good practice. Membership also provides ability to share training and invite special guest speakers The council has links to The Chartered Institute of Public Finance and Accountancy (CIPFA) and has constructive dialog with Audit Wales The council only deal with claims with a value under £1,000 - personal injury claims, motor claims and claims that over £1,000 are sent directly to the insurers who conduct more in depth fraud checks and utilise 'Net Watch' Segregation of duties in place when processing claims, if staff member has personal knowledge of claimant they 'step away'. Conflict of interest policy and procedure in place Use of 'Claim File Fraud Check' when processing claims - this is a tick list to ensure all relevant checks and process are followed before claims are paid Tender process used to choose the council's insurer placed a large amount of emphasis on the insurers skill and abilities in fraud investigation Insurance procedure rules in place and all documents received in support of a claim are thoroughly vetted Robust and comprehensive data base used to record claims made to the council. This data base can be used to flag previous claims and duplicate claims etc. Ability to search by NINO, Postcode, DOB. All new claims compared with database for any matches or relevant information. 	<ul style="list-style-type: none"> Increased awareness, support and training for all officers to understand and apply a strong counter fraud culture and display good governance Ensure all cases of suspected fraud are referred to the councils Internal Audit section or Fraud Investigator and the Police where necessary Ensure all relevant policies and regulations are up to date and fit for purpose Fraud information to be made available on internal and external webpage with clear guidance on how and to who fraud should be reported 	Apr-2021	Apr-2022

No.	Internal/ External Risk	Area	There is a risk that ..	Consequences of risk	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	Last Reviewed	Next Review
Page 77 14	External	Blue badges	Abuse of the scheme occurs, including an individual using a badge holders badge when the badge holder is not part of the journey or continues to use it or applies for a new badge after the badge holder's death. Also the use of counterfeited badges or applications for a blue badge using inaccurate information or failing to report a change	<ul style="list-style-type: none"> Financial loss to the council Reputational damage to the council Loss in working time in investigating and correcting issues and any litigation action that may follow Potential court costs which have impact on council budget Fraudulent use prevents people in genuine need parking where they need it most Cost to public purse through loss of funds for the council in lost parking charges and residents parking permits Lack of public confidence 	<ul style="list-style-type: none"> Trained and qualified fraud investigator available for investigation of any cases of suspected fraud Established procedure for referring cases to fraud both internally and externally from members of the public Fraud Prevention E-Learning module rolled out across the council for employees and members Fraud prevention awareness is included in all corporate inductions going forward with the aim or reducing the instances of fraud by raising awareness and builds on the culture of zero tolerance towards fraud Strong internal audit team in place with an Audit Client Manager experienced and qualified in all aspects of fraud including internal investigations. Internal Audit is part of regional service so knowledge and expertise can be shared across authorities Membership of Wales wide network of Local Authority Fraud Investigators and The National Anti Fraud Network which provides the opportunity to share knowledge/intelligence/good practice. Membership also provides ability to share training and invite special guest speakers The council has links to The Chartered Institute of Public Finance and Accountancy (CIPFA) and has constructive dialog with Audit Wales Fraud drive conducted in the Summer of 2019 across the borough to raise awareness with the public that fraud in this area will not be tolerated and also to target the fraud being committed Use of the media to publicise prosecutions to raise awareness that fraud will not be tolerated - recent fraud drive publicised in local media and also publicised in 'Parking News' which has a UK wide distribution Participation in The National Fraud Initiative (NFI) The council is a member of the Blue Badge Working Group, organised and run by the Welsh Government where best practice is shared amongst other Local Authorities in Wales Any system weaknesses identified during investigation are considered and remedied if necessary. Feedback is also provided to the Benefits team so they can further 'fraud proof' the system 	<ul style="list-style-type: none"> Maximise use of data analytics and data matching to match electronic data to detect and prevent fraud Maximise the use of The National Fraud Initiative Develop specific fraud awareness training for customer service staff and those on the front line dealing with blue badge applications and renewals Update main council website and internal staff intranet with clear information on how to report suspected fraud and also other useful fraud information Develop fraud newsletter for circulation across the council to raise awareness of the work conducted within the fraud team and also communicate fraud alerts Increased awareness, support and training for all officers to understand and apply a strong counter fraud culture and display good governance Ensure all suspected cases of fraud are referred to the fraud investigator Further training for CEO's working across the borough to allow them to spot more cases of potential fraud to be referred to the fraud investigator and maximise results Further fraud drives planned to raise further awareness within the borough and promote the message that blue badge fraud will not be tolerated 	Apr-2021	Apr-2022
15	Internal	Payment to suppliers(including payment by Purchasing Cards)	There is misuse of procurement cards, creation of bogus suppliers / invoices. Offences include fraud by abuse of position, false accounting and corruption.	<ul style="list-style-type: none"> Financial loss to the council Reputational damage to the council Loss in working time in investigating and correcting issues and any litigation action that may follow Lack of public confidence Adverse effect on council budget 	<ul style="list-style-type: none"> Trained and qualified fraud investigator available for investigation of any cases of suspected fraud Fraud Prevention E-Learning module rolled out across the council for employees and members Fraud prevention awareness is included in all corporate inductions going forward with the aim or reducing the instances of fraud by raising awareness and builds on the culture of zero tolerance towards fraud Strong internal audit team in place with an Audit Client Manager experienced and qualified in all aspects of fraud including internal investigations. Internal Audit is part of regional service so knowledge and expertise can be shared across authorities Membership of Wales wide network of Local Authority Fraud Investigators and The National Anti Fraud Network which provides the opportunity to share knowledge/intelligence/good practice. Membership also provides ability to share training and invite special guest speakers The council has links to The Chartered Institute of Public Finance and Accountancy (CIPFA) and has constructive dialog with Audit Wales The council has a number of controls in place to reduce the risk and prevent fraud, including managing all supplier creation at a central point, a verification process for changing supplier bank details and an online authorisation of invoices All supplier transactions must be supported by a relevant invoice / documentation and independently signed off as approved to pay For payments over a certain financial value there is an additional tier of authorisation before payment is processed Financial Procedure Rules apply to all payments made by Corporate Purchasing Cards which should mitigate the risk of fraud and error Planned Internal Audit reviews of payments ensure that procedures are in place and are being followed The council's constitution includes governance arrangements including financial rules and conduct protocols for both members and employees External training received from The Regional Organised Crime Unit to raise awareness and further training planned Use of the media to publicise prosecutions to raise awareness that fraud will not be tolerated - a recent investigation and prosecution surrounding fraudulent misuse of a purchasing card was published in the media 	<ul style="list-style-type: none"> Increased awareness, support and training for all officers to understand and apply a strong counter fraud culture and display good governance Ensure all cases of suspected fraud are referred to the councils Internal Audit section or Fraud Investigator and the Police where necessary Ensure all relevant policies and regulations are up to date and fit for purpose Fraud information to be made available on internal and external webpage with clear guidance on how and to who fraud should be reported 	Apr-2021	Apr-2022
16	Internal	Employment/Payroll	There are submissions of claims for duties not carried out; inflation of expenses claims; claiming sick pay when fit to work and failing to work contracted hours. Also the creation of ghost employees and generating payments and false overtime claims. Offences include fraud by false representation, failure to disclose information and false accounting.	<ul style="list-style-type: none"> Financial loss to the council Reputational damage to the council Loss in working time in investigating and correcting issues and any litigation action that may follow Lack of public confidence Staff morale 	<ul style="list-style-type: none"> Trained and qualified fraud investigator available for investigation of any cases of suspected fraud Fraud Prevention E-Learning module rolled out across the council for employees and members Fraud prevention awareness is included in all corporate inductions going forward with the aim or reducing the instances of fraud by raising awareness and builds on the culture of zero tolerance towards fraud Strong internal audit team in place with an Audit Client Manager experienced and qualified in all aspects of fraud including internal investigations. Internal Audit is part of regional service so knowledge and expertise can be shared across authorities Membership of Wales wide network of Local Authority Fraud Investigators and The National Anti Fraud Network which provides the opportunity to share knowledge/intelligence/good practice. Membership also provides ability to share training and invite special guest speakers The council has links to The Chartered Institute of Public Finance and Accountancy (CIPFA) and has constructive dialog with Audit Wales Participation in The National Fraud Initiative (NFI) and the use of data analytics to identify any cases of suspected fraud The council has in place an employee Whistleblowing Policy, Disciplinary Policy, Anti-Fraud and Bribery Policy and Employee Code of Conduct DBS checks conducted on employees working in certain areas where it is needed All new employees have their qualification documents fully checked and references are requested in respect of them Timesheets, expenses claims, sickness absence claims and leave cards are signed by managers The council's constitution includes governance arrangements including financial rules and conduct protocols for employees 	<ul style="list-style-type: none"> Maximise use of data analytics and data matching to match electronic data to detect and prevent fraud Maximise the use of The National Fraud Initiative Increased awareness, support and training for all officers to understand and apply a strong counter fraud culture and display good governance Ensure all cases of suspected fraud are referred to the councils Internal Audit section or Fraud Investigator and the Police where necessary Ensure all relevant policies and regulations are up to date and fit for purpose Fraud information to be made available on internal and external webpage with clear guidance on how and to who fraud should be reported 	Apr-2021	Apr-2022

No.	Internal/ External Risk	Area	There is a risk that ..	Consequences of risk	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	Last Reviewed	Next Review
Page 78 17	External	Grants	Grant payments are obtained from the Council under false pretences or that grants are claimed from different sources for the same purpose or that the recipient fails to deliver outputs stated in the grant conditions. In addition there is a risk of bogus companies or individuals making a claim perpetrating to be someone else. This also overlaps with the internal risk of corruption. There is additional risk where there is a requirement to process and pay grants at speed where sufficient checks may not be completed	<ul style="list-style-type: none"> Financial loss to the council Reputational damage to the council Lack of public confidence Failure to support genuine need Loss in working time in investigating and correcting issues Potential court costs which have impact on council budget Adverse effect on council budget 	<ul style="list-style-type: none"> Trained and qualified fraud investigator available for investigation of any cases of suspected fraud Fraud Prevention E-Learning module rolled out across the council for employees and members Fraud prevention awareness is included in all corporate inductions going forward with the aim of reducing the instances of fraud by raising awareness and builds on the culture of zero tolerance towards fraud Strong internal audit team in place with an Audit Client Manager experienced and qualified in all aspects of fraud including internal investigations. Internal Audit is part of regional service so knowledge and expertise can be shared across authorities Membership of Wales wide network of Local Authority Fraud Investigators and The National Anti Fraud Network which provides the opportunity to share knowledge/intelligence/good practice. Membership also provides ability to share training and invite special guest speakers The council has links to The Chartered Institute of Public Finance and Accountancy (CIPFA) and has constructive dialog with Audit Wales Participation in The National Fraud Initiative (NFI) and the use of data analytics to identify any cases of suspected fraud Specific data match released via The National Fraud Initiative (NFI) to deal with Covid-19 grants paid The council has a number of controls in place including a robust process in relation to the financial management of grants via its grant procedure rules Strong segregation of duties process in place when dealing with grants as well as sufficient due diligence and financial procedure rules which assist in mitigating the risk of collusion Any 'means tested' grants have robust financial checks in place In the case of Disabled Facilities Grants (DSG) a declaration is signed by the owner of the property to confirm ownership - verification is conducted with Land Registry and charges placed on the property where applicable The balance between speed and due diligence/verification correctly set 	<ul style="list-style-type: none"> Maximise use of data analytics and data matching to match electronic data to detect and prevent fraud Maximise the use of The National Fraud Initiative including the new and specific Covid-19 data matches Increased awareness, support and training for all officers to understand and apply a strong counter fraud culture and display good governance Ensure all cases of suspected fraud are referred to the councils Internal Audit section or Fraud Investigator and the Police where necessary Ensure all relevant policies and regulations are up to date and fit for purpose Fraud information to be made available on internal and external webpage with clear guidance on how and to who fraud should be reported 	Apr-2021	Apr-2022
18	External	Licensing	There is an abuse of a license (e.g. assigning to someone else) or claiming benefits / council tax reduction while working or having no right to work in this country. There are also links to organised crime. There is also a risk of a fraudulent application for a taxi license where an applicant does not declare a relevant fact or fails to declare a change posing a potential risk to the public	<ul style="list-style-type: none"> Loss of revenue for the council Reputational damage to the council Lack of public confidence Staff morale Loss in working time in investigating and correcting issues Potential court costs which have impact on council budget Adverse effect on council budget 	<ul style="list-style-type: none"> Trained and qualified fraud investigator available for investigation of any cases of suspected fraud Fraud Prevention E-Learning module rolled out across the council for employees and members Fraud prevention awareness is included in all corporate inductions going forward with the aim of reducing the instances of fraud by raising awareness and builds on the culture of zero tolerance towards fraud Strong internal audit team in place with an Audit Client Manager experienced and qualified in all aspects of fraud including internal investigations. Internal Audit is part of regional service so knowledge and expertise can be shared across authorities Membership of Wales wide network of Local Authority Fraud Investigators and The National Anti Fraud Network which provides the opportunity to share knowledge/intelligence/good practice. Membership also provides ability to share training and invite special guest speakers The council has links to The Chartered Institute of Public Finance and Accountancy (CIPFA) and has constructive dialog with Audit Wales Participation in The National Fraud Initiative (NFI) and the use of data analytics to identify any cases of suspected fraud Applicants applying for a license are required to hold a Disclosure and Barring Service (DBS) certificate before their application is approved Driving Licenses of applicants are verified independently and all documents provided in support of an application are checked thoroughly The Licensing department follows all policies and procedures in place 	<ul style="list-style-type: none"> Maximise use of data analytics and data matching to match electronic data to detect and prevent fraud Maximise the use of The National Fraud Initiative Increased awareness, support and training for all officers to understand and apply a strong counter fraud culture and display good governance Ensure all cases of suspected fraud are referred to the councils Internal Audit section or Fraud Investigator and the Police where necessary Ensure all relevant policies and regulations are up to date and fit for purpose Fraud information to be made available on internal and external webpage with clear guidance on how and to who fraud should be reported 	Apr-2021	Apr-2022
19	Internal	Recruitment	Applicants submit bogus qualifications or references or have no right to work or fail to disclose income for benefit purposes. There is also a risk of offences which could include fraud by false representation or failure to disclose information.	<ul style="list-style-type: none"> Reputational damage to the council Lack of public confidence Staff morale Loss in working time in investigating and correcting issues 	<ul style="list-style-type: none"> Trained and qualified fraud investigator available for investigation of any cases of suspected fraud Fraud Prevention E-Learning module rolled out across the council for employees and members Fraud prevention awareness is included in all corporate inductions going forward with the aim of reducing the instances of fraud by raising awareness and builds on the culture of zero tolerance towards fraud Strong internal audit team in place with an Audit Client Manager experienced and qualified in all aspects of fraud including internal investigations. Internal Audit is part of regional service so knowledge and expertise can be shared across authorities Membership of Wales wide network of Local Authority Fraud Investigators and The National Anti Fraud Network which provides the opportunity to share knowledge/intelligence/good practice. Membership also provides ability to share training and invite special guest speakers The council has links to The Chartered Institute of Public Finance and Accountancy (CIPFA) and has constructive dialog with Audit Wales E-Recruitment portal in use across the council to manage all recruitment functions Policies, procedures and reporting mechanisms are in place to prevent, detect and report on fraud, bribery and corruption to include:- <ol style="list-style-type: none"> Safer Recruitment Policy Disclosure and Barring Policy 2015 Recruitment and Selection Policy - Corporate Standards Anti-Fraud and Bribery Policy Whistleblowing Policy Participation in The National Fraud Initiative (NFI) and the use of data analytics to identify any cases of suspected fraud 	<ul style="list-style-type: none"> Maximise use of data analytics and data matching to match electronic data to detect and prevent fraud Maximise the use of The National Fraud Initiative Increased awareness, support and training for all officers to understand and apply a strong counter fraud culture and display good governance Ensure all cases of suspected fraud are referred to the councils Internal Audit section or Fraud Investigator and the Police where necessary Ensure all relevant policies and regulations are up to date and fit for purpose Fraud information to be made available on internal and external webpage with clear guidance on how and to who fraud should be reported 	Apr-2021	Apr-2022

No.	Internal/ External Risk	Area	There is a risk that ..	Consequences of risk	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	Last Reviewed	Next Review
Page 79 20	Internal	False Applications	<p>There is a risk that the council is supplied with false documentation in support of applications/registrations in respect of services provided e.g. declaration of intention to marry from persons subject to immigration control, applications for housing and planning applications</p>	<ul style="list-style-type: none"> •Reputational damage to the council •Lack of public confidence •Loss in working time in investigating and correcting issues • Failure to support genuine need 	<ul style="list-style-type: none"> •Trained and qualified fraud investigator available for investigation of any cases of suspected fraud •Fraud Prevention E-Learning module rolled out across the council for employees and members •Fraud prevention awareness is included in all corporate inductions going forward with the aim of reducing the instances of fraud by raising awareness and builds on the culture of zero tolerance towards fraud •Strong internal audit team in place with an Audit Client Manager experienced and qualified in all aspects of fraud including internal investigations. Internal Audit is part of regional service so knowledge and expertise can be shared across authorities •Membership of Wales wide network of Local Authority Fraud Investigators and The National Anti Fraud Network which provides the opportunity to share knowledge/intelligence/good practice. Membership also provides ability to share training and invite special guest speaker •The council has links to The Chartered Institute of Public Finance and Accountancy (CIPFA) and has constructive dialog with Audit Wales •The council's constitution includes governance arrangements including financial rules and conduct protocols for both members and employees •Policies, procedures and reporting mechanisms in place to include:- <ul style="list-style-type: none"> ①Anti Money-Laundering Policy ②Money Laundering Reporting Officer in place ③Anti-Fraud and Bribery Policy ④Whistleblowing Policy ⑤Anti-Tax Evasion Policy •Relevant documents requested and verified by staff with robust checks in place to ensure they are genuine. This includes the necessary identification documents •Thorough needs assessment undertaken in respect of homeless applications and declarations signed by applicants 	<ul style="list-style-type: none"> •Increased awareness, support and training for all officers to understand and apply a strong counter fraud culture and display good governance •Ensure all cases of suspected fraud are referred to the councils Internal Audit section or Fraud Investigator and the Police where necessary •Ensure all relevant policies and regulations are up to date and fit for purpose •Fraud information to be made available on internal and external webpage with clear guidance on how and to who fraud should be reported 	Apr-2021	Apr-2022

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

26 APRIL 2021

REPORT OF THE INTERIM CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE

ANTI-TAX EVASION POLICY

1. Purpose of report

- 1.1 The purpose of the report is to inform the Governance and Audit Committee of the new Anti-Tax Evasion Policy.

2. Connection to corporate well-being objectives / other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objective under the **Well-being of Future Generations (Wales) Act 2015**:-

1. **Smarter use of resources** – ensure that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.

3. Background

- 3.1 The Criminal Finances Act 2017 (the '2017 Act') became law in the summer of 2017 and Part 3 of the 2017 Act sets out how those organisations categorised as 'relevant bodies' under the Act will be considered criminally liable where they fail to prevent those who act for, or on their behalf, from criminally facilitating tax evasion.
- 3.2 The 2017 Act introduced new offences that will be committed where a relevant body fails to have taken appropriate steps to prevent an associated person criminally facilitating the evasion of a tax, and this will be the case whether the tax evaded is owed in the UK or in a foreign country.
- 3.3 '**Relevant bodies**' include corporate or partnerships (wherever incorporated or formed), local authorities and fire authorities.
- 3.4 An '**associated person**', as set out in the legislation, is an employee, agent or other person who performs services for or on behalf of the Council.
- 3.5 '**Tax evasion**' can be described as any fraudulent activity that intends to divert funds from the public revenue and constitutes the common law offence of cheating the public revenue.

- 3.6 Organisations, including local authorities, could be liable to severe penalties if they fail to put in place adequate procedures to prevent tax evasion.
- 3.7 In order for the corporate charges to be brought there must first be two offences that have taken place. There must be a criminal offence by the tax payer and an associated person must deliberately and dishonestly take action to facilitate the taxpayer's evasion. To accidentally, ignorantly or negligently facilitate the evasion of tax will not result in the corporate offence.
- 3.8 If both offences have been committed then the Council will have committed the corporate offence of "failure to prevent the facilitation of tax evasion" unless it can demonstrate that it had reasonable preventative procedures in place.
- 3.9 The penalty for this offence includes unlimited fines and ancillary orders such as confiscation orders or serious crime prevention orders, as well as reputational damage to the Council. Tax based fraud or evasion is generally investigated by Her Majesty's Customs and Revenue (HMRC) with prosecutions brought by the Crown Prosecution Service (CPS).
- 3.10 HMRC issued guidance for relevant bodies formulated around the following six guiding principles:
- a) Risk assessment
 - b) Proportionality of risk-based prevention procedures
 - c) Top level commitment
 - d) Due diligence
 - e) Communication (including training)
 - f) Monitoring and review.
- 3.11 HMRC's Freedom of Information release 'Number of live Corporate Criminal Offences Investigations' dated 21 October 2020 identified that it had 13 live Corporate Criminal Offence cases underway and a further 18 live opportunities under review. These investigations spanned 10 different business sectors including financial services, labour provision and software development. The number and spread of investigations clearly demonstrate that HMRC is actively enforcing the legislation across all tax and duty regimes and across a wide range of organisations.
- 3.12 Covid-19 has resulted in an increased risk of businesses becoming the victim of fraud, as incentive and opportunity gives rise to individual rationalisation to commit tax fraud, with furloughed schemes being identified as a high risk area for tax evasion and fraud by HMRC.

4. Current situation/proposal

- 4.1 The Council is committed to establishing and maintaining effective arrangements to prevent and detect acts of bribery, corruption and tax evasion in relation to Council services. The Council requires all Members and employees to demonstrate the highest standards of honesty and integrity and this includes compliance with the relevant legislation.

- 4.2 The Council already has Anti-Fraud and Bribery and Anti-Money Laundering policies in place to support effective arrangements to prevent and detect acts of bribery and corruption which are monitored and reviewed by the Governance and Audit Committee.
- 4.3 A policy has now been developed specifically to address the prevention of tax evasion and will provide a coherent and consistent approach for all employees and any person who performs services for and on behalf of Bridgend County Borough Council. The Anti-Tax Evasion Policy is attached as **Appendix A**.
- 4.4 This policy statement is supplementary to the Council's wider Anti-Fraud and Bribery Strategy which sets out the key responsibilities with regard to fraud prevention and what to do if fraud or financial irregularity is suspected and the action that will be taken by management.
- 4.5 Cabinet approved the new Anti-Tax Evasion Policy on 9 February 2021.
- 4.6 The Governance and Audit Committee are asked to consider the policy as part of their role to obtain assurance over the Council's corporate governance and risk management arrangements. The policy will be reviewed and updated as required on a biannual basis.

5. Effect upon policy framework and procedure rules

- 5.1 In the Financial Procedure Rules (Part 4 of the Constitution), the section on 'Prevention of Theft, Fraud & Corruption' will require amending to make reference to the new 'Anti-tax evasion' policy. Similarly under Part 3 of the Constitution, 'Responsibility of Functions', the Terms of Reference (ToR) of the Governance and Audit Committee will require amendment to include the monitoring of this policy alongside the Anti-Fraud and Bribery Strategy and Anti-Money laundering Policy.
- 5.2 The proposed amendments to the Constitution and ToR of the Governance and Audit Committee (attached as **Appendix B**) will be presented to Council at a future meeting, following which the Constitution will be amended accordingly.

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. The following is a summary to show how the 5 ways of working to achieve the well-being goals have been used to formulate the recommendations within this report:

- **Long Term** The Anti-Tax Evasion Policy, Procedure and Reporting Arrangements will assist in the long term to support officers and Members in the successful execution of their duties by meeting

the legal obligations in the course of business activities.

- **Prevention** The purpose of the procedure is to prevent the facilitation of Tax Evasion under the Criminal Finances Act 2017.
- **Integration** The outcomes that the procedure supports is that implementation of the policy will help in the prevention of the facilitation of tax evasion by persons associated with the Council and in doing so prevent fraudulent activity that intends to divert funds from the public revenue. This objective links with the Government objective to tackle tax evasion.
- **Collaboration** An 'associated person' or person who performs services on behalf of the Council will be required to adhere to this policy.
- **Involvement** The persons mainly involved in the procedure will be BCBC staff. However any agent or other person who performs services for or on behalf of the Council will be included, this may involve a diverse range of stakeholders.

8. Financial implications

8.1 There are no financial implications directly associated with the Anti-Tax Evasion Policy.

9. Recommendations

9.1 It is recommended that the Committee:

- Note the Anti-Tax Evasion Policy attached as **Appendix A**.
- Note the proposed amendments to the Terms of Reference of the Committee and the Constitution attached as **Appendix B** to be presented to Council for approval.
- Note that further reports on monitoring the policy will be provided to the Governance and Audit Committee for consideration.

Gill Lewis CPFA
Interim Chief Officer – Finance, Performance and Change
5 March 2021

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ANTI-TAX EVASION POLICY



January 2021

ANTI-TAX EVASION POLICY

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1. Introduction

- 1.1 The Government believes that relevant bodies should be criminally liable where they fail to prevent those who act for, or on their behalf, from criminally facilitating Tax Evasion.
- 1.2 The Criminal Finances Act 2017 (the '2017 Act') became law in the summer of 2017 and Part 3 of the 2017 Act introduced new offences which sets out how those organisations categorised as 'relevant bodies' under the Act will be considered criminally liable where they fail to prevent those who act for, or on their behalf from criminally facilitating Tax Evasion. The act applies to both tax evaded which is owed in the UK or in a foreign country.
- 1.3 This statement sets out Bridgend County Borough Council's (the Council) policy in relation to anti-tax evasion and sets out the procedures that must be followed to enable the Council to comply with its legal obligation.
- 1.4 This policy statement is supplementary to the Council's wider Anti-Fraud and Bribery Strategy which sets out the key responsibilities with regard to fraud prevention and what to do if fraud or financial irregularity is suspected and the action that will be taken by management.
- 1.5 The Council aims to conduct its financial affairs in a law abiding way and does not tolerate either the commitment or facilitation of Tax Evasion. The Council has a zero tolerance approach to all forms of Tax Evasion, whether under UK law or under the law of any foreign country.
- 1.6 The Council already has a range of policies, procedures and guidance that underpins its financial activities including the Anti-Money Laundering Policy and Anti-Fraud and Bribery Policy.
- 1.7 We request all our officers and all who have, or seek to have, a business relationship with the Council, to familiarise themselves with our Anti-Tax Evasion Policy and to act at all times in a way which is consistent with the procedures and reporting arrangements therein.

2. Scope of the policy

- 2.1 This policy applies to all persons working for the Council or any subsidiary, including employees at all levels, directors, officers and associates (as defined below), including, but not limited to, agency workers, seconded workers, volunteers, apprentices, contractors, external consultants, third party representatives and business partners, sponsors or any other person associated with us, wherever located.
- 2.2 This policy is adopted by the Council. Officers in leadership positions are responsible for ensuring those reporting to them understand and comply with the policy.

3. What is the facilitation of tax evasion?

- 3.1 Part 3 of the Criminal Finances Act 2017 (“the Act”) created the corporate criminal offence of failure to prevent the facilitation of Tax Evasion. Under this offence the Council, if found to be facilitating Tax Evasion, could face an unlimited fine and consequent damage to reputation. The Council could be found guilty if a third party committed Tax Evasion which a member of Council staff or an associate helped to assist in any way.
- 3.2 This legislation aims to overcome the difficulties in attributing criminal liability to relevant bodies for the criminal acts of employees, agents or those that provide services for or on their behalf. Under the Act the new offence does not radically alter what is criminal, it simply focuses on who is held to account for acts contrary to the current criminal law. It does this by focussing on the failure to prevent the crimes of those who act for or on behalf of a corporation, rather than trying to attribute criminal acts to that corporation.
- 3.3 The legislation applies to any form of tax including employment taxes and indirect taxes such as VAT, national insurance, landfill tax, custom tax and excise duties e.g. road fund licence and tax on the sale of alcohol and tobacco, capital gains and employment taxes. This list is not exhaustive.
- 3.4 A person is “**associated**” with a relevant body if that person is an employee, agent or other person who performs services for or on behalf of the relevant body e.g. contractors, professional advisors and back office outsourced service suppliers such as IT or payroll providers.
- 3.5 Only a “**relevant body**” can commit the offences contained in the ‘2017 Act’. This means that only incorporated bodies (typically companies) and partnerships can commit the new offences, including local authorities. Individuals cannot commit these offences.

3.6 **Tax Evasion** is the illegal non-payment or under-payment of taxes, usually as the result of making a false declaration (or no declaration) of taxes due to the relevant tax authorities, which results in legal penalties if the perpetrator is caught.

3.7 **Tax Avoidance**, by contrast, is seeking to minimise the payment of taxes without deliberate deception. This is often legitimate but is sometimes contrary to the spirit of the law, e.g. involving the exploitation of loopholes. Importantly the corporate criminal offence of facilitation only applies to Tax Evasion.

3.8 There are two stages to assessing whether an offence has been committed under the Act and these apply to both UK and overseas Tax Evasion offences:

Stage 1: A criminal Tax Evasion by the taxpayer (either by an individual or legal entity) must have occurred under existing law. A prosecution is not a pre-requisite for tax evasion, however where there is no criminal conviction of the taxpayer, the prosecution in respect of the corporate offence would still have to prove to the criminal standard of beyond reasonable doubt that the taxpayer's offence had been committed.

Stage 2: The criminal facilitation of the offence by a person associated with the Council with a view to aiding, abetting, counselling or procuring the evasion of tax by the taxpayer.

3.9 Liability is strict - if stages 1 and 2 are satisfied, the Council will have committed an offence unless it shows that it has put in place reasonable measures and procedures to prevent the criminal facilitation of Tax Evasion or that it was not reasonable in the circumstances to expect it to have prevention procedures in place.

3.10 If a relevant body is found guilty of a facilitation of Tax Evasion it could face unlimited financial penalties. Tax based fraud or evasion is generally investigated by Her Majesty's Revenue and Customs (HMRC) with prosecutions brought by the Crown Prosecution Service (CPS).

3.11 The foreign Tax Evasion facilitation offence can only be committed by an organisation that has a connection with the UK, namely:

- it is a body incorporated, or partnership formed, within the UK, or;
- it carries on business, or part of a business, within the UK, or;
- through any conduct constituting part of the foreign Tax Evasion facilitation offence takes place in the UK.

4. Examples of tax evasion

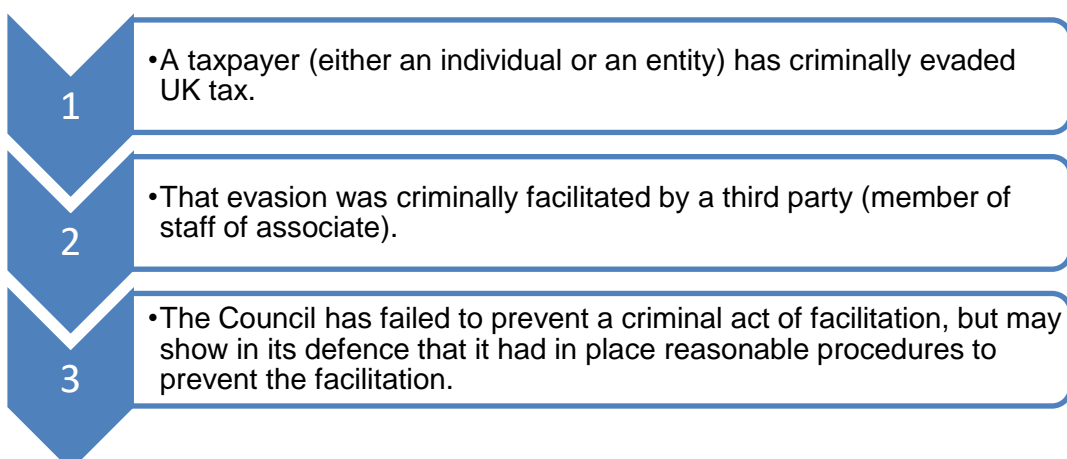
- 4.1 It is not possible to give examples covering every possible scenario, however, some 'red flag' indicators are detailed below to give a flavour of the scope of the legislation:

<i>INDICATORS OF POSSIBLE TAX EVASION:</i>
<i>You become aware, in the course of your work, that a third party has made or intends to make a false statement relating to tax; has failed to disclose income or gains to, or to register with, HMRC; has delivered or intends to deliver a false document relating to tax; or has set up or intends to set up a structure to try to hide income, gains or assets from a tax authority.</i>
<i>You become aware, in the course of your work that a third party has deliberately failed to register for VAT or failed to account for VAT.</i>
<i>Someone who works for a third party supplier offering you what seems like a discount because they tell you they don't need to charge you VAT – without giving a reason.</i>
<i>Someone asking you to do something that does not match up or 'feel right' and does not adhere to policy documentation – for example, paying into a different account than that which is specified on the invoice.</i>
<i>A third party requests payment in cash and/or refuses to provide an invoice or receipt for a payment made.</i>
<i>You become aware, in the course of your work that a third party working for us as an employee asks to be treated as a self-employed contractor, but without any material changes to their working conditions.</i>

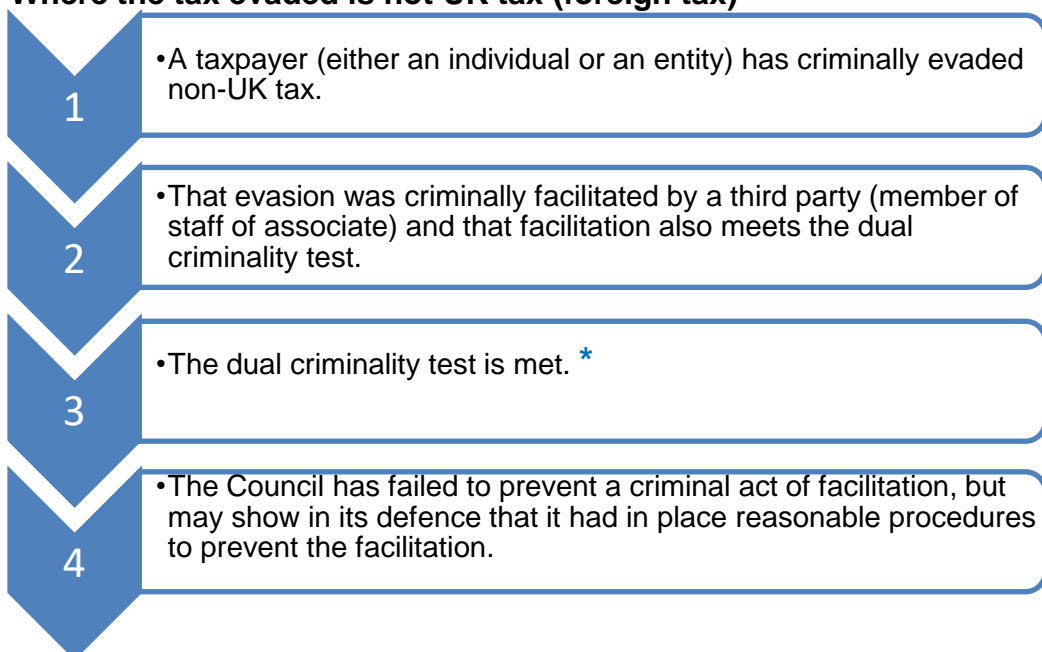
5. Defences

- 5.1 For the corporate offence to be committed there must be criminal facilitation of the taxpayer evasion by a person acting in the capacity of a person associated with the relevant body. The associated person must deliberately and dishonestly take action to facilitate the taxpayer-level evasion. If the associated person is only proved to have accidentally, ignorantly or even negligently facilitated the Tax Evasion offence then the offence is not committed by the relevant body.
- 5.2 It is a defence to the corporate criminal offence of facilitating Tax Evasion if the Council can prove that it has in place such prevention procedures as it is reasonable to expect in the circumstances. The diagram below summarises the stages of the offence for both UK and foreign Tax Evasion:

Where the tax evaded is UK tax



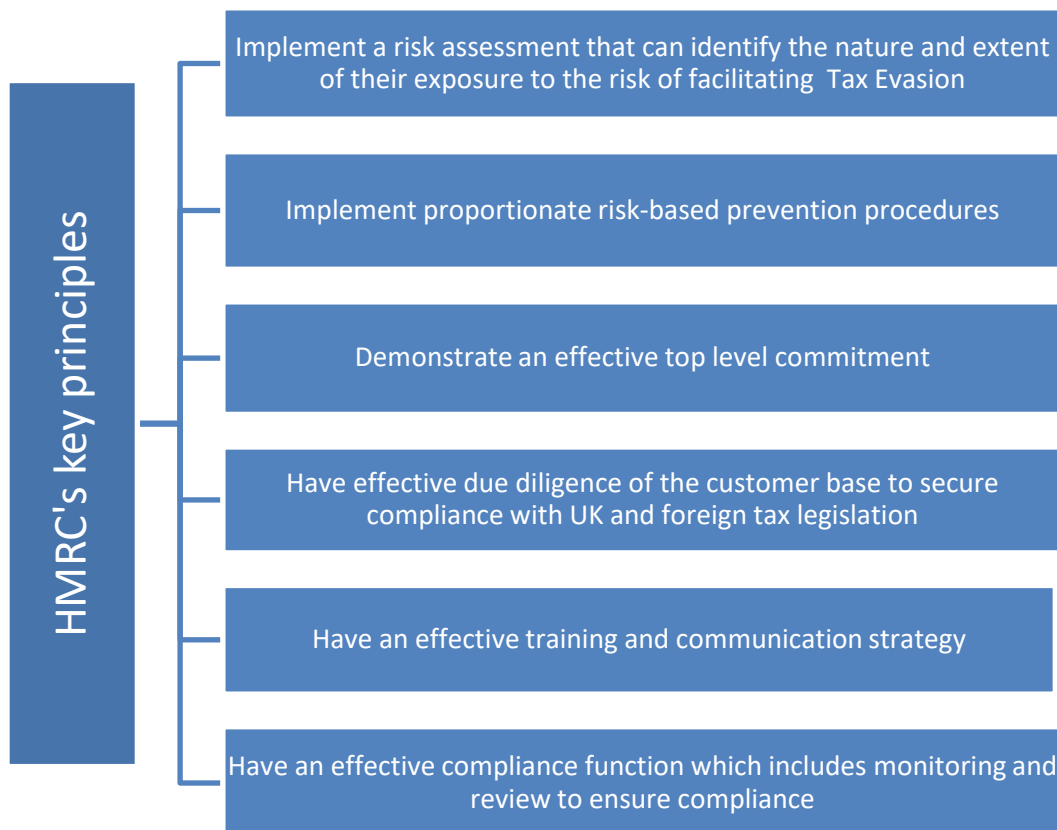
Where the tax evaded is not UK tax (foreign tax)



* *An organisation must have a connection with the UK and there must also be so-called “dual criminality”. In effect this broadly means equivalence between both the taxpayer’s Tax Evasion offence and the “associated person” facilitator’s offence with regard to the UK and the foreign jurisdiction:*

- For the taxpayer Tax Evasion offence: e.g. a French taxpayer evades French income tax (i.e. this is an offence in France) – Income Tax Evasion is a criminal offence in the UK, so there is “dual criminality”;
- For the “associated person” facilitator’s offence: e.g. an “associated person” commits a French offence of aiding and abetting Tax Evasion – aiding and abetting Income Tax Evasion is a criminal offence in the UK, so there is “dual criminality”.

- 5.3 HMRC has produced guidance on the appropriate set of prevention measures (six core principles) which could be put in place by a relevant body to prevent associated persons from criminally facilitating Tax Evasion are:



6. Responsibilities of staff & other associated persons

- 6.1 The prevention, detection and reporting of all forms of financial irregularity, including suspected Tax Evasion, are the responsibility of all those working for the organisation or under its control (“associated person”). All staff are required to avoid activity that breaches this policy.
- 6.2 To prevent Tax Evasion, Council staff (and associates, so far as relevant) should:
- always follow Council policies, procedures and guidance;
 - tell management if any criminal activity is suspected;
 - attend any appropriate training offered.

- 6.3 Failure to comply with these policies, procedures and guidance, including in particular failure to comply with the obligations detailed in this policy, may result in disciplinary action for staff and the termination of arrangements with associates.
- 6.4 Should staff or associates be concerned that another employee or associate is facilitating a third party's Tax Evasion, they should report this (*please see section 10 on how to raise your concerns*).
- 6.5 Specifically, staff and associates must not knowingly do anything that helps someone else to evade tax. Note in this context that the Council is only responsible for the actions of associates in respect of things they do for, or on behalf of, the Council. Other than this the Council is not responsible for the way associates manage their business.
- 6.6 It is not acceptable for officers and associates to:
- engage in any form of facilitating Tax Evasion or Foreign Tax Evasion.
 - aid, abet, counsel or procure the commission of a Tax Evasion offence or Foreign Tax Evasion offence by another person.
 - fail to promptly report any request or demand from any third party to facilitate the fraudulent Evasion of Tax by another person, in accordance with this policy;
 - engage in any other activity that might lead to a breach of this policy;
 - threaten or retaliate against another individual who has refused to commit a Tax Evasion offence or a Foreign Tax Evasion offence or who has raised concerns under this policy.
 - commit an offence under the law of any part of the UK consisting of being knowingly concerned in, or taking steps with a view to, the fraudulent evasion of tax.

7. Risk assessment

- 7.1 The Council should assess the nature and extent of its exposure to the risk of those who act for or on its behalf engaging in activity during the course of business to criminally facilitate Tax Evasion, analysing whether they have the motive, opportunity and means to do so and how that risk might be managed. The Council should keep the risks under review.
- 7.2 The Council's systems of control are designed to aid compliance. In addition, the Council's Internal Audit Team conducts regular compliance checks paying specific attention to areas of high risk and reporting back to Governance and Audit Committee.
- 7.3 Examples of the type of exposure the Council faces in relation to the prevention of the facilitation of Tax Evasion and how the risk is managed is attached as **Appendix A**.
- 7.4 The Council has governance processes and procedures to address specific risks. This includes both this policy and a "whistle blowing" policy. The Council also has procedures in place on the segregation of duties, budget holder's guidance, Anti Money Laundering Policy and Anti-Fraud and Bribery Strategy.
- 7.5 There is not an exhaustive list of Tax Evasion opportunities. At a more general level, the best defence of Tax Evasion and facilitation of Tax Evasion remains the vigilance of our officers and the adoption of a common sense approach supported by our clear whistleblowing procedures.

8. Senior management commitment

- 8.1 The top-level management of a relevant body should be committed to preventing persons associated with it from engaging in the criminal facilitation of Tax Evasion. Those at the most senior levels of a relevant body are best placed to foster a culture where actions intended to facilitate Tax Evasion are considered unacceptable.
- 8.2 This policy has been approved by Cabinet and complements the Anti-Fraud and Corruption Strategy.
- 8.3 Once adopted the policy will be reported to the Governance and Audit Committee for monitoring and review.

9. Due diligence

- 9.1 A relevant body should apply due diligence procedures, taking an appropriate risk based approach, to identify the risk of criminal facilitation of Tax Evasion by associated persons, in order to mitigate such risks.
- 9.2 Reasonable care and caution is exercised when processing all transactions particularly high value/high risk area payments. Regular monitoring takes place and particular caution is exercised when making payment to new suppliers.
- 9.3 In applying a common sense approach, officers must be aware of the following:
- Is there anything unusual about the manner in which an associate of the Council is conducting their relationship with the third party (usually a customer)?
 - Is there anything unusual about the customer's or associate's conduct or behaviour?
 - Are there unusual payment methods?
- 9.4 An example of high risk factors are listed below:
- Private banking.
 - Anonymous transactions (which may include cash).
 - Non face-to-face business relationships or transactions.
 - Payment received from unknown or associated third parties.
 - The business relationship is conducted in unusual circumstances.
 - Non-resident customers.
 - Businesses that are cash intensive.
 - The ownership structure of the company appears unusual or excessively complex.
 - Countries identified by credible sources as not having adequate anti-money laundering and counter-terrorism financing approaches.
 - Countries subject to sanctions, embargoes, or similar measures issued by, for example, the UN
 - Countries identified by credible sources as providing support for terrorist activities, or that have designated terrorist organisations operating within their country
- 9.5 Unusual payment methods and unusual conduct of third parties with Council associates can be indicative that a transaction may not be as it seems – please refer to section 5 of the Council's 'Anti-money Laundering Policy' for further guidance on unusual payment methods and unusual conduct. Likewise, the Council procedures outlined in the aforementioned policy for identifying the customer are also an important part of the Councils' policy against Tax Evasion.

10. How to raise a concern

- 10.1 The Council is committed to ensuring that there is a safe, reliable, and confidential way of reporting any suspicious activity, and wants each and every member of staff to know how they can raise concerns.
- 10.2 All have a responsibility to help detect, prevent and report instances of Tax Evasion. If you have a concern regarding a suspected instance of Tax Evasion, please speak up – your information and assistance will help. The sooner it is brought to attention, the sooner it can be resolved. You do NOT need to be certain that Tax Evasion is taking place to report it.
- 10.3 The Council has clear guidance in its Whistleblowing Policy in relation to how employees can raise their concern. However as this policy relates to specifically to Tax Evasion any concerns or suspicions should be directed to the:
- Chief Officer – Finance, Performance and Change, and
 - Interim Deputy Head of Finance
- 10.4 Officers are encouraged to raise concerns about any issue or suspicion of Tax Evasion as soon as possible. If there is any suspicions of any intention that a staff member, associate or third party is attempting to commit Tax Evasion, the details of the parties and the transaction must be reported to the Chief Officer – Finance, Performance and Change using the confidential form at **Appendix B**, who may report the circumstances to HMRC.
- 10.5 Concerns expressed anonymously may, at the Council's discretion, be considered but are much less powerful. It is better to raise your concerns in writing but you may equally express your concerns verbally and have the detail recorded for you. Whilst you will not be expected to prove the truth of any allegations you make, you will need to demonstrate sufficient grounds for your concerns.
- 10.6 In the event that an incident of suspected wrong doing is reported, the Council will act as soon as possible to evaluate the situation. It has clearly defined procedures for investigating fraud, misconduct and non-compliance issues and these will be followed in any investigation of this kind. This is easier if and quicker if concerns raised are not anonymous.

11. What happens if an officer prefers not to report their suspicions?

- 11.1 This should never happen. If there is any suspicion of any intention to evade tax and the transaction is nevertheless finalised, the Council can be criminally prosecuted, subject to a large fine and be publically named and shamed.

12. Self reporting

- 12.1 If an organisation suspects that one of the two offences may have taken place it may wish to undertake an internal investigation and (voluntarily) self-report; self-reporting can be done via an online form. The official UK HM Revenue & Customs guidance states that “In order to encourage relevant bodies to disclose wrongdoing, timely self-reporting will be viewed as an indicator that a relevant body has reasonable procedures in place” (so an organisation may have a defence).

13. Communication & training

- 13.1 To ensure that the policy against engaging in activities to help clients commit tax fraud is communicated, embedded and understood throughout the organisation to help deter those providing services on behalf of the relevant body from engaging in such activities, all new staff, especially those involved in processing and approving financial transactions, will be made aware of this policy via their induction.
- 13.2 All staff will also be able to access this information on the Council’s intranet.
- 13.3 It will be the responsibility of Chief Officers for ensuring compliance with the policy.

14. Monitoring & review

- 14.1 Monitoring and reviews of the Council’s prevention procedures will form part of audit programmes with regular reports back to the Governance and Audit Committee.
- 14.2 The Chief Officer – Finance, Performance and Change will be responsible for the continuous review and amendment of this policy document, to ensure that it remains compliant with good practice and legislative requirements. The next review date is scheduled for December 2022 and biennial thereafter.

15. Other relevant policies

- 15.1 Further information on the relevant Council policy and practice can be found in the following internal documents:

- The Council's [Constitution](#), incorporating the Members' Code of Conduct, Officers' Code of Conduct, Contract Procedure Rules, Financial Procedure Rules;
- [Anti-Money Laundering Policy](#);
- [Anti-Fraud and Bribery Policy](#);
- [Whistleblowing Policy](#);
- [Gifts & Hospitality Policy for Officers](#);

APPENDIX A

Example of risk exposure within the Council in relation to the facilitation of tax evasion & how the risk is managed

1. Construction Industry Scheme

- 1.1 There is a risk of suppliers purposely submitting artificially low labour breakdowns on their invoices to avoid tax being deducted on the labour element or no tax being deducted at all.
- 1.2 There is a risk that staff have a lack of understanding as to what work comes within the scope of the scheme or the implications of not applying the scheme.
- 1.3 The member of staff would have had to act deliberately and dishonestly to facilitate the taxpayer-level evasion for the Council to be considered as having committed a criminal offence in assisting in a third party in Criminal Tax Evasion.
- 1.4 The Council has in place adequate Construction Industry Scheme (CIS) procedure documents, and undertakes a daily check of all CIS payments input into the financial information system to ensure that they have been correctly included or excluded from the CIS scheme and that labour has been recorded and flagged as such, if expected. In addition all new data entry inputters receive full training about the scheme and their responsibilities, and are provided with the rules of the scheme on an annual basis. All staff centrally supporting the payment of CIS transactions have also received internal training and are familiar with the HMRC guidance on CIS.

2. Direct Payments (for Care & Support Services)

- 2.1 There is a risk that there is a deliberate failure to ensure deduction of Income Tax and National Insurance from payments made to personal assistants by recipients of Direct Care Payments.
- 2.2 There is a risk that the Council makes payments to people who have over-stated their requirements at the needs assessment stage.
- 2.3 A member of staff would have had to act deliberately and dishonestly to facilitate the taxpayer-level evasion for the Council to be considered as having committed a criminal offence in assisting in a third party in Criminal Tax Evasion. To achieve such evasion, it would require collusion by a number of parties involved in the Direct Payments process.
- 2.4 The Council has adequate Direct Payments Protocol and Guidance documents in place. The Council has a contract in place with a Direct Payments Support

Organisation, who offer support to Direct Payment recipients, by providing a fully comprehensive payroll service in accordance with HMRC regulations. Direct Payments bank accounts are monitored and reconciled, to ensure that the money is being used appropriately. All payments calculated by the Council to Direct Payment recipients are checked and authorised by a second member of staff.

3. Grants

- 3.1 There is a risk that an organisation purposely fails to ensure that grant funding provided by the Council is used for its intended purpose.
- 3.2 There is a risk that the Council gives a grant to an organisation for a specific project or service which may include the employment of staff. Staff are paid without the appropriate deduction of Income Tax and National Insurance.
- 3.3 The member of staff would have had to act deliberately and dishonestly to facilitate the taxpayer-level evasion for the Council to be considered as having committed a criminal offence in assisting in a third party in Criminal Tax Evasion.
- 3.4 The Council has in place a number of controls to mitigate the risk including a robust process in place in relation to the financial management of grants via its grant procedure rules, strong segregation of duties, due diligence and financial procedure rules which assists in mitigating the risk of collusion.

4. Off Payroll Working – IR35

- 4.1 There is a risk that a member of staff fails to identify workers and associates that should be paid via the payroll system rather than the creditors system. If the member of staff did not deliberately and dishonestly take action to facilitate the taxpayer-level evasion and are proved to have accidentally, ignorantly or even negligently facilitated the Tax Evasion offence then an offence has not been committed by the Council.
- 4.2 There is a risk that a supplier wishes to be treated as a self-employed contractor so that payments to them are paid gross and they can evade paying the appropriate income tax and national insurance liabilities. There is a risk that a Council officer helps the supplier by deliberately falsifying information on the Employment Status Questionnaire so the worker is treated as a contractor rather than deducting PAYE at source. By supplying false information in this way, the Council employee is committing a criminal offence as they have assisted a third party in Criminal Tax Evasion.

4.3 The Council has in place a number of controls to mitigate risk. Control procedures are in place so that all new suppliers are set up centrally and are reviewed to ensure that off payroll working is identified and treated appropriately. All sundry suppliers are reviewed daily and investigated where necessary to identify if they meet the criteria for off payroll working. Although there are central controls to diligently review that off payroll working is identified, it does rely on the manager completing the IR35 self-assessment correctly.

5. PAYE- Income Tax & National Insurance

5.1 There is a risk that a member of staff fails to deduct the tax and NI at the correct rate. If there is no collusion and the member of staff did not deliberately and dishonestly take action to facilitate the taxpayer-level evasion and are proved to have accidentally, ignorantly or even negligently facilitated the Tax Evasion offence then an offence has not been committed by the Council.

5.2 The Council has in place a number of controls to mitigate this risk, Tax and National Insurance details are system generated on the payroll system so the only potential issue could be where these are manually overwritten. If this should happen then this would be picked up in the monthly real time submission to HMRC which provides information about tax and other deductions under the PAYE system.

6. Value Added Tax

6.1 There is a risk of suppliers adding VAT to their invoices when they are not registered for VAT. Payment would be made to the supplier and recovered from HMRC. The expense would not fall as a cost to anyone's budget so would be difficult to spot.

6.2 There is a risk that an officer pays a fraudulent VAT only invoice. The expense would not fall as a cost to anyone's budget as the money would be recovered from HMRC.

6.3 Both instances would have to be in collusion with officers for there to be an offence of assisting a third party in Criminal Tax Evasion.

6.4 The Council has in place a number of controls to mitigate risk. The Council's Constitution - Part 4 Rules of Procedure requires that each Chief Officer be responsible for examining, verifying and authorising invoices and any other payment vouchers or accounts arising from sources in their Directorate. Before authorising an account, the authorising officer shall be satisfied that invoices satisfy VAT regulations and that prices, extension, calculations etc. are correct. A similar responsibility exists for schools where the checking of invoices for

accuracy and that VAT has correctly been charged is the responsibility of the Finance Officer or Bursar. Additionally, VAT only invoices are costed separately and are easily identifiable and as such are reviewed by a member of the VAT team to ensure VAT has correctly been applied.

7. Payment To Suppliers

- 7.1 There is a risk that a supplier seeks to evade tax by asking to be paid into an offshore account, to deliberately and dishonestly hide their income which will not be declared in the UK for UK tax purposes, and that they send an invoice to the Council asking to be paid into this bank account which is not the same as the one set up within our supplier database.
- 7.2 There is a risk that an officer of the Council (who in this example is the 'associated person') facilitates this Tax Evasion by deliberately and dishonestly paying this invoice into the offshore account at the request of the supplier. This could be as a result of collusion (such as taking a bribe), or could be simply turning a blind eye to the Tax Evasion of which they are aware.
- 7.3 Both instances would have to be in collusion with officers for there to be an offence of assisting a third party in Criminal Tax Evasion
- 7.3 The Council has in place a number of controls to reduce the risk and prevent the facilitation of Tax Evasion including managing all supplier creation at a central point, a verification process for changing supplier bank details, the on-line authorisation of invoices and all supplier transactions must be supported by relevant invoice(s) / documentation and independently signed off as approved to pay. For payments over a certain financial value there is an additional tier of authorisation before payment is processed. Financial Procedure Rules also apply to all payments made by Corporate Purchasing Cards which should mitigate the risk of fraud and error. Planned Internal Audit reviews of payments also ensure that procedures are in place and being followed.

8. Cash

- 8.1 There is a risk that cash received from a supplier or service recipient by a member of staff is retained by the individual and not paid into the Authority's bank account.
- 8.2 Whilst this would be considered a criminal activity, for a Criminal Tax Evasion Offence to be committed under the Act collusion would also have had to have taken place.
- 8.3 The Council has in place a number of controls to reduce the risk of the theft or facilitation of tax evasion in respect of cash transactions including financial procedure rules. Cash high risk areas also have additional controls in place to ensure the safety of cash as it progresses internally to the point of collection by our external secure cash collection service providers. For example all our metric car parking machines can be interrogated from the back office system to establish which machines need emptying, two officers are allocated for collection and

counting of the cash & collection and there is dual supervision when counting monies. Receipt of cash is supported by a full audit trail and coins bagged in readiness for collection by our courier service is reconciled back to machine receipts which is then signed for by the cash collection courier before onward transmission to a specialist sorting office for banking. The system supporting metric car parking also has functionality which can identify any discrepancies very early so we can check machines to minimise and protect potential financial losses. A number of newer machines also have card payment facilities and as a result the use of coin is falling considerably, additionally most car parks have a paybyphone system and this usage has also increased.

9. Outsourcing

9.1 There is a risk that an outsourced service provide colludes with a member of staff to facilitate tax evasion.

9.2 The Council has in place a number of controls to mitigate this risk of staff colluding with outsourced services as officers have to adhere to internal rules such as contract procedure rules and financial procedure rules. Additionally outsourced service providers have other rules that they need to comply with. For example:

- I. Our leisure services provider are a registered charity and a company limited by guarantee and therefore have to comply with company law as well as charity law and intrinsically are required to submit externally audited accounts and statutory reports to both annually. The leisure services provider have in place financial procedures and controls that support budget setting, financial performance review and operational controls that would be expected of an established charity, as well as an internal audit function. Financial performance is scrutinised at their board level and discussed as part of client monitoring approaches. An advisory board mechanism is available in Bridgend and quarterly reports present financial and other performance information. The leisure services provider provides their accounts to the charity commissioners and share the details with Bridgend County Borough Council. They also manage any food and beverage related services themselves – there is no outsourcing – which falls under the internal controls and processes established by the leisure services provider.
- II. Our cultural trust services provider also has in place financial procedures and controls that support budget setting, financial performance review and operational controls that would be expected of an established charity. Financial performance is scrutinised at the cultural trust services board level and discussed as part of client monitoring approaches. They also provide their accounts to the charity commissioners and share the details with Bridgend County Borough Council. Cultural Trust Services Trading is in place to operate services that have a level of commerciality (Bryngarw House, Bryngarw Café, Pavilion Café and bars) and to donate any profits to the Trust as the parent organisation-standard practice for Trust based models. The services referenced such as food and beverage are now directly operated by

the Trust as opposed to being sub contracted. As well as the external audit, the Trust also have an internal audit function which assists in creating financial controls, ensuring they are adhered to, indicating where they need improving and ensuring that those improvements are actioned as required.

APPENDIX B

Report of tax evasion activity

Report to the Chief Officer – Finance, Performance and Change

To: Chief Officer – Finance, Performance and Change

From: _____

[Insert name of employee]

Directorate: _____

[Insert post title and team]

Ext/Tel No: _____

Urgent Yes/No

Date by which response needed: _____

Details of suspected offence:

Name(s) and address(es) of person(s) involved:
[If a company/public body please include details of nature of business, please supply as many details as possible]

Nature, value and timing of activity involved:
[Please include full details e.g. what, when, where, how. Continue on a separate sheet if necessary]

Nature of suspicions regarding such activity:
[Please continue on a separate sheet if necessary]

--

Has any investigation been undertaken (as far as you are aware)? [Delete as appropriate]
Yes / No

If yes, please include details below:

Have you discussed your suspicions with anyone else? [Delete as appropriate]
Yes / No

If yes, please specify below, explaining why such discussion was necessary:

Please set out below any other information you feel is relevant:

Signed: _____ Dated: _____

Please do not discuss the content of this report with anyone and particularly those you believe to be involved in the suspected tax evasion activity described.

Part 4 Rules of Procedure

23. Prevention of Theft, Fraud and Corruption

23.1 The Chief Finance Officer is responsible for advising on effective systems of internal control to prevent fraud and corruption.

23.2 The Chief Finance Officer is responsible for developing, maintaining and implementing an Anti-Fraud and Bribery Policy. If a Chief Officer suspects any irregularities concerning cash, stores or other property of the Council or held on trust by the Council, they will notify the Chief Finance Officer who will take such steps as considered necessary by way of investigation and report.

23.3 The Chief Finance Officer is ~~also~~ responsible for developing, maintaining and implementing an Anti-Money Laundering Policy. The key message of this Policy is to make staff aware of their responsibilities and if they suspect that money laundering activity may be taking place or proposed, they must disclose those suspicions to the Council's Money Laundering Reporting Officer who is the Chief Finance Officer.

23.4 The Chief Finance Officer is also responsible for developing, maintaining and implementing the Anti-Tax Evasion Policy. The policy addresses the prevention of tax evasion and will provide a coherent and consistent approach for all employees and any person who performs services for and on behalf of Bridgend County Borough Council.

23.54 All Chief Officers are responsible for ensuring compliance with ~~both~~ the Anti-Fraud and Bribery Policy, ~~and~~ Anti-Money Laundering Policy and the Anti-Tax Evasion Policy and with systems of internal control.

Part 3 Responsibility for Functions

Committee, SubCommittee, Panel or other Body	Membership	Functions	Delegation of Functions
Governance and Audit Committee	12 County Borough Councillors and Lay Members (as set out in Article 8)	<ul style="list-style-type: none"> To monitor the Council's Anti-Fraud and Bribery Strategy, and Anti-Money Laundering <u>Policy</u> <u>and Anti-Tax Evasion Policy</u>. 	None.

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO GOVERNANCE AND AUDIT COMMITTEE

22 APRIL 2021

REPORT OF THE CHIEF EXECUTIVE

LOCAL GOVERNMENT AND ELECTIONS (WALES) ACT 2021

1. Purpose of report

- 1.1 To provide the Committee with an update regarding the Local Government and Elections (Wales) Act 2021 and proposed amendments to the Terms of Reference of the Committee.

2. Connection to corporate well-being objectives / other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objectives under the **Well-being of Future Generations (Wales) Act 2015**:-
1. **Supporting a successful sustainable economy** – taking steps to make the county borough a great place to do business, for people to live, work, study and visit, and to ensure that our schools are focussed on raising the skills, qualifications and ambitions for all people in the county borough.
 2. **Smarter use of resources** – ensure that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.

3. Background

- 3.1 The Act was passed by the Senedd on 18 November 2020 and received Royal Assent on 20 January 2021. It is a substantial piece of legislation covering electoral reform, public participation, governance and performance and regional working.
- 3.2 The new approach as set out in the Act is designed to be a more streamlined, flexible, sector-led approach to performance, good governance and improvement. The intention is for Councils to be proactive in considering how internal processes and procedures should change to enable more effective planning, delivery and decision making to drive better outcomes.
- 3.3 In summary the Act introduces:

Reforming Electoral Arrangements for local government

- Extending the voting franchise to 16 and 17 year olds and foreign citizens legally resident in Wales;
- Enabling councils to choose between 'first past the post' or the 'single transferable vote' voting systems;

- Change of electoral cycle for principal councils from four years to five years;
- Allowing non-politically restricted council staff to stand for election in their own authority (but who should resign if elected);
- Removal of Returning Officers' Fees or local elections.

General Power of Competence

- There was wide spread support for a general power of competence. This is now included in the Act.

Reforming public participation in local government

- Duty to encourage local people to participate in local government (and to produce a strategy to that effect);
- Duty to make a petition scheme (and repeal of community polls);
- Duty to broadcast certain council meetings;
- Flexibility around remote attendance of Members.

Reforms around democratic governance and leadership

- Appointment of Chief Executives (rather than Head of Paid Service) with specific duties;
- Appointment of assistants to Cabinets and allowing job-sharing Leaders or Cabinet Members;
- Updating family absence provisions in line with those available to employees;
- Requiring Leaders of political groups to promote and maintain high standards of conduct by Members of their groups.

Reform of the performance and governance regime

- Repeal of the 2009 Measure duties, replacing audit and reporting duties with self-assessment and panel assessment (peer review);
- Reforms to Audit Committees.

Collaborative Working

- Powers for councils to initiate the establishment of Corporate Joint Committees (CJCs) covering any functions
- Powers for Ministers to establish CJCs covering the four functions of economic wellbeing, transport, strategic planning and school improvement.

Voluntary Mergers of principal councils

- Compulsory mergers are no longer Government policy;
- Powers to facilitate voluntary mergers of principal councils and restructuring a principal area.

4. Current situation/proposal

4.1 The Act introduces previously consulted upon reforms to change Audit Committees including:

- For May 2021, the renaming of the Committee to Governance and Audit Committee;
- From May 2022, prescribed changes to membership and Chair – a third of members to be Lay Members and the Chair to also be a Lay Member;
- Replacing audit and reporting duties with duties with regard to self-assessment and panel assessment (Peer review), including duties to:
 - consider both the draft and final versions of the Council's self-assessment report;
 - at least once during the period between two consecutive ordinary elections, to consider the Independent Panel Performance Assessment report;
 - to review the Council's response to the Independent Panel Performance Assessment report;
- A duty to review and assess the Council's ability to handle complaints.

4.2 It is proposed that the Terms of Reference of the Committee within Part 3 of the Council's Constitution be amended to include the following functions:

- To review and assess the Council's ability to handle complaints effectively;
- To make reports and recommendations in relation to the Council's ability to handle complaints effectively;
- To review the Council's draft self-assessment report on its performance and, if deemed necessary, make recommendations for changes to the conclusions;
- To receive the Council's self-assessment report in respect of a financial year as soon as reasonably practicable after the end of that financial year;
- At least once during the period between two consecutive ordinary elections of councillors to the Council, consider the panel performance assessment report into which the Council is meeting its performance requirements;
- To receive and review the Council's draft response to the report of the panel performance assessment and, if deemed necessary, make recommendations for changes to the statements made in the draft response;
- To consider the assurance framework, including partnerships and collaboration arrangements;
- To support the ethical framework of the Council.

4.3 In addition, as reported at the Governance & Audit Committee on 28 January 2021 as part of the Committee Self-Assessment report prepared by Internal Audit it was identified that the purpose of the Committee needed to be updated to reflect responsibilities around governance and the new legislation. Therefore, it is proposed that the following replaces the current purpose of the Governance and Audit Committee in Part 2 Articles of the Constitution:

To provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting, governance processes, performance assessment and complaints arrangements.

5. Effect upon policy framework and procedure rules

- 5.1 Under Part 3 of the Constitution, 'Responsibility of Functions', the Terms of Reference of the Governance and Audit Committee will require amendment.

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. As the report is for information only 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. Elements of the Act will however have a positive impact on the five ways of working.

8. Financial implications

- 8.1 There are no financial implications directly applicable to this report but individual elements of the Act will have future cost implications.
- 8.2 Welsh Government has committed to providing support and funding for some aspects of the Act's implementation, including £500,000 to support digital democracy and potential set-up costs to support CJsCs.
- 8.3 Improvement support will also be provided to councils through the WLGA, for example in supporting new councillor duties, public participation duties, statutory self-assessments and panel assessments.

9. Recommendations

It is recommended that the Committee:

- 9.1 Notes the report and the prescribed reforms to the current Committee;
- 9.2 Notes the proposed amendments to the Terms of Reference and purpose of the Committee to be presented to Council for approval.

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Background documents: None

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

22 APRIL 2021

REPORT OF THE INTERIM CHIEF OFFICER - FINANCE, PERFORMANCE AND CHANGE

DISABLED FACILITIES GRANT – PROGRESS REPORT AND POSITION STATEMENT

1. Purpose of report

- 1.1 The purpose of this report is to update the Governance and Audit Committee on actions taken to progress improvements to the Disabled Facilities Grant (DFG) service and provide information on the position to date.

2. Connection to corporate well-being objectives / other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objectives under the **Well-being of Future Generations (Wales) Act 2015:-**

1. **Helping people and communities to be more healthy and resilient** - taking steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services. Supporting individuals and communities to build resilience, and enable them to develop solutions to have active, healthy and independent lives.
2. **Smarter use of resources** – ensure that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.

3. Background

- 3.1 Previous reports to Audit Committee, Cabinet and Cabinet / Corporate Management Board (CCMB) have outlined the critical need to re-shape and improve the delivery of the DFG service within Bridgend.
- 3.2 A Wales Audit Office report in 2017/18 on the Service Users Perspective questioned whether the needs and experiences of service users help inform the design and delivery of services to more closely meet their needs. The overall conclusion was that most service users were happy with the adaptations service but that the Council was not maximizing opportunities to improve the service and deliver value for money. Particular recommendations were made which have been the basis for subsequent reports and informed the actions and progress referenced throughout this report. Of particular note is a key recommendation regarding Council controls '*Council needs to be assured that it has appropriate controls in place to provide effective oversight of the adaptations process, given it is ultimately responsible for the delivery of the adaptation*'. Increasing the Council's control on the process and ensuring safeguarding issues are addressed has been the cornerstone of the new service model. Other recommendations were –

- That the service has a strategic fit to Council objectives, the 5 ways of working under the Well-being of Future Generations (Wales) Act 2015 and the Social Services and Well-Being (Wales) Act 2014;
- Evaluation of the service was strengthened;
- A clear and simple overview of grants was developed;
- Formal systems for accrediting contracts with builders was in place to ensure safeguarding;

3.3 A further audit report undertaken by the Regional Internal Audit Service in 2019/20 concluded that there was Limited Assurance in relation to the service -

Based on an assessment of the strengths and weaknesses of the areas examined, and through testing, it has been concluded that the effectiveness of the internal control environment is unsatisfactory and therefore only **limited assurance** can be placed upon the systems of internal control. This overall opinion is supported by the identification of a combination of fundamental and/or significant weaknesses where action is considered imperative to ensure that the Council is not exposed to high risks.

3.4 The report also made a number of recommendations to be taken forward –

- an information guide for applicants is produced and made available online outlining the process, timescales and the information expected of them;
- that processes are reviewed to be as efficient as possible and documented procedure notes are put in place for staff involved in the system;
- that the website differentiates between the processes for adults and children;
- that Occupational Therapists continue to work across all 3 areas to standardise and reduce the wait time;
- that the relationship with the Princess of Wales hospital continues to be strengthened;
- that the team continues to ensure it has adequate staffing to process applications;
- that a review of the Agent provision is undertaken in line with Procurement guidance and only up to date accurate details, which comply with Council processes, are sent to applicants.

3.5 Previous reports to the Governance and Audit Committee in November 2020 outlined the steps that had been taken up to that date to respond to the numerous points of failure that had been identified in the system and the proposals for a fundamental change in the delivery service model. A further report on 19th January 2021 to Cabinet outlined the next steps in achieving change. The impetus was to ensure that the Council met its governance responsibilities, remove outdated processes and to provide a citizen centred approach to applicants. The key components of this change were to –

3.5.1 adopt a new model of in-house service delivery and establish a pilot project that will internalise the DFG service to include all the functions, some of which had previously been undertaken by an 'Agent'. The internalisation will facilitate the diversion of the fees back into the DFG service to increase the capacity of the team to take on a more proactive facilitation and engagement function. Applicants will still have the right to choose an external agent instead of using the Council however, in doing so, all risk will sit with the applicant and they will have to pay the administrative fees.

3.5.2 enter into a Collaboration Agreement with Neath Port Talbot County Borough Council (NPT) to provide support while the new model, policies and processes are established.

3.5.3 The implementation of the new DFG service model will be a significant change and will require support. A full review of all processes and procedures will need to be undertaken along with training for the current team. In addition, new posts will be created and these will need to be recruited. The new posts will also need to be trained in providing the DFG Service. It is therefore crucial that day-to-day service delivery for applicants is maintained whilst the new model of service is being developed.

3.5.4 NPT will provide the necessary capacity while the pilot for internalisation is being initiated and recruitment takes place. NPT already has an in-house DFG service and can provide the capacity. It is felt that through collaboration with NPT, both parties will benefit through shared learning, covering aspects such as reviewing policies, procedures and working practices, alongside the introduction of new ideas, which NPT may choose to utilise or implement in their own in-house service. The latter includes the investigation and creation of a Digital Platform to create a streamlined referral and engagement process supporting the applicant through the lifecycle of their DFG, and a Framework Agreement of contractors who can carry out the works required under the DFG applications.

3.6 A report was presented to Cabinet on 19th January 2021, outlining proposals, and Cabinet approved -

- the internalisation of the DFG service;
- the use of the funding previously used to pay for agents' fees from within the capital budget to support the internalisation of the DFG process;
- the entering into the collaboration agreement with NPT and suspending the relevant parts of the Council's contract procedure rules (CPRs) in respect of the requirements relating to the procurement of the DFG service which NPT shall fulfil;
- delegation of authority to the Interim Chief Officer – Finance, Performance and Change, to approve the final terms of the collaboration agreement with NPT on behalf of the Council and to arrange execution of the collaboration agreement on behalf of the Council, subject to such delegated authority being exercised in consultation with the Chief Officer - Legal, HR and Regulatory Services.

3.7 This report provides an update on the progress made on these key components of change.

4. Current situation/proposal

4.1 Progress on the Cabinet's approved actions is as follows -

4.1.1 The internalization of the DFG service approved by Cabinet has brought the agency role in-house from the 1st April 2021. This ensures that there is end to end responsibility for each application. Engagement has taken place with all external agents to inform them of this change and detailed discussions have taken place with Care and Repair Bridgend (C+R) at a political and senior management level to outline these proposals at an early stage to help mitigate financial and organisational impact. C+R deliver services outside of the DFG remit and in line with its broad support for the third sector the Council will continue to engage with the organization in these other areas of work.

4.1.2 The funding previously used to pay for agents' fees from within the capital budget will support this internalisation by being reallocated to staff costs. The delivery of the in-house service will require the expansion of the current team through a recruitment process to ensure the correct skills such as surveying, technical knowledge etc. will be in place to take on the additional functionality and responsibility. Staffing costs will be funded directly from the capital budget for those staff solely employed on DFGs, in line with proper accounting treatment. During the recruitment phase and the development of the in-house model, a collaboration arrangement will be established with NPT Council via a Collaboration Agreement.

4.1.3 The Collaboration Agreement is drafted and is currently being negotiated with NPT. The Collaboration Agreement shall outline the roles and responsibilities of both parties in delivering a DFG and will be in place for a period of 2 years. The start date is to be agreed. Weekly meetings shall take place between the two local authorities to oversee operational matters and develop joint processes to ensure that the processing of DFG applications will be smooth which is especially pertinent during this Covid-19 period and the current restrictions.

4.1.4 The approval and execution of the Collaboration Agreement shall be dealt with under Delegated Authority as outlined above in section 3.6

4.2 In parallel to the activity outlined above are the actions that respond to the recommendations of the Wales Audit Office report referred to in section 3.2 and Internal Audit Report referred to at sections 3.3 and 3.4 above. These actions meet Council objectives at section 2.1 above and support the 5 ways of working under the Well-being Future Generations (Wales) Act 2015 and the Social Services and Well-Being (Wales) Act 2014.

4.3 A project team is being established which will be responsible for the development, implementation and monitoring of the pilot. Discussions are currently taking place with colleagues from Social Services to strengthen the role of the Social Services

Occupational Therapist service and its role in children’s cases and initiating adult DFG referrals to the housing team. This will ensure that medium and large DFG works are processed in a standardised and consistent manner across the Council and will ensure the pathway to a DFG and related Social Services support is clear.

- 4.4 To ensure compliance with Council processes and procurement, a Framework Agreement is being developed under which contractors shall be appointed to carry out the works on DFG applications in line with the CPRs.
- 4.5 The steps being put in place to streamline the service and the collaborative working with NPT will allow the Council to develop new processes and procedures. Monitoring, review and evaluation processes will be established to ensure the Council has appropriate controls in place.
- 4.6 As part of this process, information leaflets and updated web site information is being developed to ensure that applicants have clear information and understand the differences between a child’s and adult’s application.
- 4.7 Performance improvement
- 4.8 The proposals are a significant change to the current operating system, but have been developed in response to on-going challenge and criticism in relation to poor performance. Information below outlines performance since the 2016/17 financial year

		2016-17	2017-18	2018-19
PSR002 (PAM/015)	The average number of calendar days taken to deliver a Disabled Facilities Grant.	242.41	282.55	290.76

- 4.9 The latest full data set available for 2018/19 shows the Wales average of 207 days and Bridgend with an average of 291 days. Bridgend has not been able to meet the Wales average for 2018/19.
- 4.10 The aspiration for the internalisation of the DFG service is one of continuous improvement and targets have been set to reflect the foundational nature in developing a new service model at this time, as well as reflect the scale of the change being undertaken. During this period the Collaboration Agreement shall commit both authorities to on-going reporting and monitoring and success will be measured against the existing PAM/015 criteria for all “new DFG applications” that come into the DFG service. The table below outlines one of the outcome baselines that will be used to measure the success of the pilot during the course of the two year period:
 - Year 1 target - is a 51 day reduction on the 2018/19 average; a 42 day reduction in 2017/18 average; and a 2 day reduction on the 2016/17 average.

- Year 2 target - has been set to bring Bridgend closer to the Wales average, and to reflect the benefits that a collaborative process is expected to bring.

		Year 1 Pilot 2021-2022	Year 2 Pilot 2022-2023
PSR002 (PAM/015)	The average number of calendar days taken to deliver new Disabled Facilities Grant.	240	210

- 4.11 Other performance indicators (PIs) will be developed over time e.g. satisfaction and quality to measure the success of the pilot, in order to inform further change if appropriate. Once the new model is firmly established new ambitious targets will be set at that time.
- 4.12 The report to Cabinet on 19th January 2021 outlined the potential risks with regards to the internalisation and move to a new operating model which could mean that the Council is unable to achieve the aspirational targets outlined above in paragraph 4.9. The success of the proposal is dependent upon a number of factors including the ability to recruit staff, which could affect the pilot project timeline, and intended transition of delivery from NPT; any delays in the new Framework Agreement or entering into the Collaboration Agreement with NPT will also have an impact. Additionally the impact of Covid-19 on contractors' ability to deliver adaptations could affect project timelines.
- 4.13 The risks identified above and the significant change being made to the delivery of the service are acknowledged and all actions will be taken in a measured and considered manner to chart progress and identify and resolve any issues that might arise.
- 4.14 The benefits of moving to the new operating model are outlined below. The new model will be more responsive, accountable and compliant. For example:
- 4.14.1 The Council will be able to engage directly with contractors through a newly established Framework Agreement enabling better safeguarding and quality control processes.
- 4.14.2 The Council will have a direct relationship with the contractor for each DFG application and will be able to programme works more effectively and respond to queries and complaints sooner.
- 4.14.3 The internalisation of the DFG service provides the Council with end to end ownership of a DFG application from start to finish. This will ensure that quality and delivery standards are key cornerstones of the service.
- 4.14.4 There would be a clear simple process for the applicant.

4.14.5 The performance and the customer experience would be improved through the single point of contact arrangement alongside a robust escalation process putting the applicant at the centre of the DFG service.

4.14.6 Reduction in the average number of calendar days taken to deliver a Disabled Facilities Grant, which is measured by the national indicator PAM/015. DFGs vary in size, type and complexity and this indicator measures performance across the full range of jobs undertaken. The early categorisation of works into medium and large adaptations will allow targeted action to be taken, allowing the delivery time for some adaptations eg stairlifts and bathroom conversions to be reduced.

4.14.7 Ownership of the DFG service end to end provides the Council with the opportunity to continually review progress and identify opportunities for improvement throughout the lifecycle of the pilot.

5. Effect upon policy framework and procedure rules

5.1 There is no effect on policy framework and procedure rules

6. Equality Impact Assessment

6.1 DFGs are available to disabled people who are in need of changes to their home. Whilst the proposals in the report to Cabinet will affect the DFG process, there will be no impact in terms of the eligibility or availability of a DFG. An initial Equality Impact Assessment (EIA) screening has identified that there would be no negative impact on those with one or more of the protected characteristics and therefore a full EIA is not needed at this stage. As there will be continued provision to service users there will be no expected negative impact in this regard.

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

7.1 The Well-being of Future Generations (Wales) Act 2015 provides the basis for driving a different kind of public service in Wales, with five ways of working to guide how the Council should work to deliver wellbeing outcomes for people. The following is a summary to show how the five ways of working to achieve the well-being goals have been considered in this report.

Long term	Ensuring best use of available accommodation allowing Citizens to live safely in their own homes
Preventative	Through a person centred approach preventing an individual escalating into hospital services
Involvement	Providing individuals the choice to remain in their home ensuring they are part of the process from start to finish managed through a single point of engagement
Integration	Ensure individuals can remain within their communities providing an array of benefits including stability through the maintaining of local support networks

Collaboration	Developing a Framework Agreement of contractors for the DFG service. Working in partnership with Social Services to deliver the required adaptations necessary and appropriate to meet the needs of the disabled person. Entering into a Collaboration Agreement with NPT
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8. Financial implications

8.1 Financial break down of the current operation, funded from the service's revenue budget, is as follows.

	2020/21 Budget £
Staff Costs	137,676
Non Pay Costs	9,414
Gross Expenditure	147,090
Admin Fee Income	-81,800
Net Expenditure Budget	65,290

8.2 Underspends for 2019/20 were utilised in part to employ a temporary grant support officer and fund the arrangement with NPT to provide surveying support.

8.3 The table below outlines the cost of replacing the external agent role with an in-house service:

	2020/21 Budget £
Staff Costs	269,694
Non pay budget (extra travel costs anticipated)	12,414
Gross Expenditure	282,108
Admin Fee Income	-81,800
Net Expenditure	200,308
Existing Net Expenditure Budget	65,290
Additional Cost of Proposed Structure	135,018
Offset by Existing Annual Agents' Fees	-139,000
Savings from New Service Model	3,982

8.4 The additional annual costs of the enhanced team that will support the internalisation is anticipated to be £135,018 (based on 2020/21 costs) which will need to be met from the DFG Capital budget annually. This additional annual capital recharge of £135,018 would be met from the capital funding previously used to cover the agency fee and is below the historic costs (£139,000) levied by external agents

8.5 The Collaboration Agreement with NPT will require a fee per case of 15%, which will be paid out of the DFG capital budget. However, as internal capacity for the DFG service increases through the recruitment of staff, the support provided by NPT will reduce alongside the fees on a pro rata basis. The table below is an illustrative example of the potential costs and demonstrates that if all DFGs were carried out by NPT for a financial year their fees based on the average cost of a DFG would not exceed £139k per annum.

Average Number of DFGs Per Annum	Average cost of DFG	15%	Total Fees Per Annum
77	£12,000	£1,800	£138,600

9. Recommendation

9.1 It is recommended that the Committee:-

- Note progress to date to improve the DFG service and the current position.

Gill Lewis
Interim Chief Officer - Finance, Performance and Change
April 2021

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Background documents: None

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

22 APRIL 2021

REPORT OF THE HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE

EFFECTIVENESS OF THE GOVERNANCE AND AUDIT COMMITTEE SELF ASSESSMENT UPDATE

1. Purpose of report

- 1.1 To update members of the Committee, following feedback, on the findings of the Self-Assessment of Good Practice from the Chartered Institute of Public Finance & Accountancy (CIPFA) Audit Committees Practical Guidance 2018, originally reported on 28th January 2021.
- 1.2 To summarise the members' responses to a skills questionnaire issued to gauge their level of knowledge and experience of key areas.

2. Connection to corporate well-being objectives / other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objective under the **Well-being of Future Generations (Wales) Act 2015**:-
 - **Smarter use of resources** – ensuring that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.

3. Background

- 3.1 CIPFA Audit Committee Practical Guidance for Local Authorities and Police 2018 Edition states, as part of its Position Statement, that '*Audit committees are a key component of an authority's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management*'. The scope of this Position Statement includes all principal local authorities in the UK.
- 3.2 The effectiveness of this Governance and Audit Committee should be evaluated in line with the Self-Assessment of Good Practice included in CIPFA guidance. This provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement.

4. Current situation/proposal

- 4.1 The checklist was presented to Committee on 28th January 2021. During the meeting it was agreed that members of the committee would be given the opportunity to

provide their own feedback. In addition the Chair arranged some sessions which members were invited to join if they preferred.

4.2 A draft audit report is attached at **Appendix A** which provides a summary of the findings and the feedback received from members of this Committee, whilst **Appendix B** is the updated checklist. The draft audit report includes a management implementation plan which lists the recommendations being made as a result of this work.

4.3 A skills and knowledge questionnaire was also presented to Committee on 28th January 2021. It was agreed that this would be circulated for completion by all members. The results are also provided in the attached draft audit report at **Appendix A** whilst the questionnaire is attached at **Appendix C** for reference.

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 as a result of the recommendations set out in the report.

9. Recommendation

9.1 That members of the Committee consider and respond to the recommendations in the draft audit report at **Appendix A**.

Mark Thomas
Head of the Regional Internal Audit Service
22 April 2021

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Background Documents :

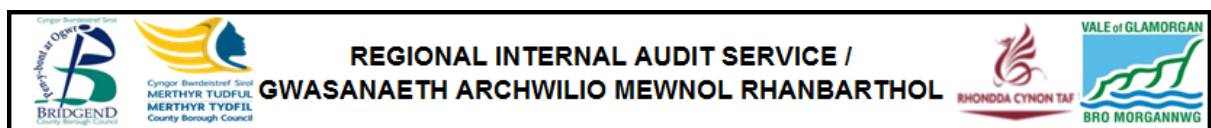
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Draft Internal Audit Report

Authority	Bridgend County Borough Council
Directorate	Cross Cutting
Audit Title	Effectiveness of the Governance & Audit Committee
Audit Year	2020/21



Report Distributed To:	Chair of Governance and Audit Committee - Councillor Lyn Walters Members of Governance and Audit Committee	
Report Produced & Issued By :	Filippa Daniels – Auditor Joan Davies – Audit Client Manager	
Report Dates	Draft: 8th April 2021	Final:
Audit Ref	AA923	

1. Introduction

- 1.1. Internal Audit reviewed the effectiveness of the Governance and Audit Committee in line with the Self-Assessment of Good Practice included in CIPFA guidance.
- 1.2. This report sets out the findings of the assessment and subsequent feedback by members of the Governance and Audit Committee as well as the responses to a skills questionnaire issued to all committee members.
- 1.3. The CIPFA Audit Committee Practical Guidance for Local Authorities and Police 2018 Edition states, as part of its Position Statement, that '*Audit committees are a key component of an authority's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management*'. The scope of this Position Statement includes all principal local authorities in the UK.

2. Objectives & Scope

- 2.1. The objectives of the audit were to review the effectiveness of the Governance & Audit Committee in line with the Self-Assessment of Good Practice included in CIPFA guidance.

3. Strengths & Areas for Improvement

- 3.1. During the audit a number of strengths and areas of good practice were identified as follows:
 - Members of the Governance and Audit Committee engaged with the Self-Assessment Checklist process.
 - Members of the Governance and Audit Committee have completed a training needs assessment.

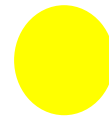
3.2. The following issues were identified during the audit which need to be addressed:

- A number of members felt they lacked reasonable knowledge or skills in certain areas.
- The Governance and Audit Committee did not fully meet all the requirements of the self-assessment checklist.

3.3 A number of recommendations contained within the report are for advisory purposes and have been categorised as Merits Attention. No formal response to these recommendations is required; hence they are not contained within the Management Implementation Plan.

4. Audit Opinion

Based on an assessment of the strengths and weaknesses of the areas assessed, it has been concluded that the effectiveness of the Governance & Audit Committee is **reasonable**. This overall opinion is supported by the identification of weaknesses in some areas, which although not substantial in nature could compromise the overall control environment. Action is considered necessary to avoid potential exposure to risks.



**Reasonable
Assurance**

5. Acknowledgement

- 5.1.** A number of staff and members gave us their time and co-operation during the course of this review. We would like to record our thanks to all of the individuals concerned.
- 5.2.** The work undertaken in performing this audit has been conducted in conformance with the Public Sector Internal Audit Standards.
- 5.3.** Any enquires regarding the disclosure or re-issue of this document to third parties should be sent to the Head of Audit via cmthomas@valeofglamorgan.gov.uk

6. Findings & Recommendations

Risk may be viewed as the chance, or probability, of one or more of the organisation's objectives not being met. It refers both to unwanted outcomes which might arise, and to the potential failure to realise desired results.

The criticality of each recommendation is as follows:

Fundamental: Action that is considered imperative to ensure that the organisation is not exposed to high risks
Significant: Action that is considered necessary to avoid exposure to significant risks
Merits Attention: Action that is considered desirable and should result in enhanced control

6.1. Self-Assessment Checklist

Ref.	Expected Control & Possible Risk	Key findings / Conclusions	Recommendation	Criticality
6.1.1.	<p>Expected Control: Areas are not fully compliant are identified</p> <p>Possible Risk: Committee fails to meet all areas of good practice.</p>	<p>A checklist based on the CIPFA Audit Committees Practical Guidance 2018 Self-Assessment of Good Practice was completed by Internal Audit in January 2021. The checklist indicated that the overall effectiveness of the Governance and Audit Committee is good and a few areas were identified where improvements can be made.</p> <p>The main areas identified for consideration were:</p> <ul style="list-style-type: none"> • The Committee does not currently produce an Annual Report on its work. • The Terms of Reference for the Committee did not clearly reflect the purpose in accordance with CIPFA's Position Statement • Changes in legislation set out in the Local Government & Elections (Wales) Act will need to be 	<p>The Governance & Audit Committee considers producing an Annual Report that is presented to Full Council.</p> <p>The Governance & Audit Committee's Terms of Reference is reviewed and updated in line with CIPFA's Position Statement</p> <p>The changes in legislation set out in the Local Government and Elections (Wales) Act need to be reflected in the Terms of Reference.</p>	<p>Merits Attention</p> <p>Merits Attention</p> <p>Significant</p>

Ref.	Expected Control & Possible Risk	Key findings / Conclusions	Recommendation	Criticality
		<p>reflected once they are confirmed.</p> <ul style="list-style-type: none"> • A training needs assessment for members was required, (this has since been completed). • Feedback is not sought from those relying on the Committee’s work. • The Committee does not currently evaluate whether and how it is adding value. <p>The findings of this checklist were presented to the Governance and Audit Committee held on 28th January 2021.</p>	<p>The Committee seek feedback from those interacting with it or relying on its work.</p> <p>The Committee evaluates whether and how it is adding value and an action plan is put in place to improve any weaknesses.</p>	<p>Merits Attention</p> <p>Merits Attention</p>
6.1.2.	<p>Expected Control: Members have been given the opportunity to feedback on the self-assessment</p> <p>Possible Risk The self assessment is not a true reflection of the Committee</p>	<p>Members were provided with an opportunity to discuss and feedback on the findings of the self-assessment following the Governance and Audit Committee meeting on 28th January 2021.</p> <p>As agreed in this meeting a number of members decided to feedback as a group whilst others fed back individually.</p> <p>The feedback provided was:</p> <ul style="list-style-type: none"> • The Ethical Framework for BCBC needs to be enhanced and better articulated so the Committee is able meet this responsibility. • Additional meetings should be considered to avoid excessively voluminous papers that can be difficult to absorb prior to meetings. 	<p>The suggestions obtained through feedback are considered by the Committee to agree which points are to be taken forward in an appropriate manner.</p>	<p>Merits Attention</p>

Ref.	Expected Control & Possible Risk	Key findings / Conclusions	Recommendation	Criticality
		<ul style="list-style-type: none"> • A 30 minute pre-meeting for members only (to reflect approach in Scrutiny Committees) to discuss issues and agree questions. This would not stop other questions being raised during the meeting but may assist in streamlining the questions and processes. • New members who join the Audit Committee after the first year do not receive specific audit committee training. • Only partly instead of fully agreeing that there is an appropriate mix of knowledge and skills among the membership. • There is inadequate knowledge of what the Governance & Audit Committee does by other members of the Council (not on this Committee) • Some members do not have the knowledge to perform their function effectively. • As this committee in comparison to other overview and scrutiny committees of the Council requires a very specific skill set, it is suggested that all Group Leaders and non-aligned Independent Members undertake a skills audit to identify those in their political groups who are best placed to sit on this committee. This will ensure that the committee is comprised of those members with the most appropriate professional background and knowledge. • Slightly disagree that the arrangements to hold the committee to account for its performance are operating satisfactorily. 		

Ref.	Expected Control & Possible Risk	Key findings / Conclusions	Recommendation	Criticality
		<ul style="list-style-type: none"> There is not always a good level of discussion and engagement from all members in meetings. Response to <i>Does the audit committee report directly to full council?</i> Should be no and not partly met. 		

6.2. Members Knowledge & Skills Questionnaire

Ref	Expected Control & Possible Risk	Key findings / Conclusions	Recommendation	Criticality																
6.2.1.	<p>Expected Control: It is known what areas of training are required by the Committee.</p> <p>Possible Risk: Members lack necessary skills to perform their role confidently.</p>	<p>The questionnaire was issued to all 13 members of the Governance & Audit Committee to assess their individual knowledge and experience. 12 members completed and returned their completed questionnaire with the other member being on maternity leave.</p> <p>The results of the questionnaire are summarised below:</p> <table border="1"> <thead> <tr> <th></th> <th>Reasonable Knowledge & Experience</th> <th>Limited Knowledge & Experience</th> <th>No Knowledge or Experience</th> </tr> </thead> <tbody> <tr> <td>Organisational Knowledge</td> <td>9</td> <td>3</td> <td>0</td> </tr> <tr> <td>Audit Committee Role & Functions</td> <td>8</td> <td>4</td> <td>0</td> </tr> <tr> <td>Internal Audit</td> <td>8</td> <td>4</td> <td>0</td> </tr> </tbody> </table>		Reasonable Knowledge & Experience	Limited Knowledge & Experience	No Knowledge or Experience	Organisational Knowledge	9	3	0	Audit Committee Role & Functions	8	4	0	Internal Audit	8	4	0	<p>A training programme for members of the Governance & Audit Committee is developed.</p> <p>Members of the Governance & Audit Committee attend training when made available.</p>	<p>Merits Attention</p> <p>Merits Attention</p>
	Reasonable Knowledge & Experience	Limited Knowledge & Experience	No Knowledge or Experience																	
Organisational Knowledge	9	3	0																	
Audit Committee Role & Functions	8	4	0																	
Internal Audit	8	4	0																	

Ref	Expected Control & Possible Risk	Key findings / Conclusions	Recommendation	Criticality																				
		<table border="1" data-bbox="584 403 1382 691"> <tr> <td>Financial Management & Accounting</td> <td>9</td> <td>2</td> <td>1</td> </tr> <tr> <td>External Audit</td> <td>9</td> <td>2</td> <td>1</td> </tr> <tr> <td>Risk Management</td> <td>9</td> <td>3</td> <td>0</td> </tr> <tr> <td>Counter Fraud</td> <td>7</td> <td>4</td> <td>1</td> </tr> <tr> <td>Values of Good Governance</td> <td>8</td> <td>3</td> <td>1</td> </tr> </table> <p data-bbox="584 722 1382 858">These responses show that there are a number of areas where members feel they have a gap in their knowledge and experience. This demonstrates that there would be a benefit for additional training.</p> <p data-bbox="584 895 1382 994">Of the 12 responses, 6 members felt they had reasonable knowledge in all 8 areas and 2 members felt they did not have reasonable knowledge in any of the areas.</p>	Financial Management & Accounting	9	2	1	External Audit	9	2	1	Risk Management	9	3	0	Counter Fraud	7	4	1	Values of Good Governance	8	3	1		
Financial Management & Accounting	9	2	1																					
External Audit	9	2	1																					
Risk Management	9	3	0																					
Counter Fraud	7	4	1																					
Values of Good Governance	8	3	1																					
6.2.2.	<p data-bbox="226 1026 548 1161">Expected Control: The knowledge and skills members possess are known and utilised.</p> <p data-bbox="226 1198 548 1361">Possible Risk: Individual members knowledge and skills not used to benefit the whole Committee.</p>	<p data-bbox="584 1026 1382 1125">Part of the questionnaire requested members to state the areas where they had knowledge that could add value to the work of the Committee. The responses are shown below:</p> <table border="1" data-bbox="584 1161 1382 1377"> <thead> <tr> <th>Skill</th> <th>Number</th> </tr> </thead> <tbody> <tr> <td>Accountancy</td> <td>2</td> </tr> <tr> <td>Internal Audit</td> <td>3</td> </tr> <tr> <td>Risk Management</td> <td>5</td> </tr> <tr> <td>Governance & Legal</td> <td>5</td> </tr> <tr> <td>Service and Organisational</td> <td>3</td> </tr> </tbody> </table>	Skill	Number	Accountancy	2	Internal Audit	3	Risk Management	5	Governance & Legal	5	Service and Organisational	3										
Skill	Number																							
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Ref	Expected Control & Possible Risk	Key findings / Conclusions	Recommendation	Criticality						
		<table border="1"> <tr> <td data-bbox="584 405 1039 440">Knowledge Programme & Project Management</td> <td data-bbox="1039 405 1384 440">3</td> </tr> <tr> <td data-bbox="584 440 1039 475">IT Systems & IT Governance</td> <td data-bbox="1039 440 1384 475">4</td> </tr> <tr> <td data-bbox="584 475 1039 510">Other</td> <td data-bbox="1039 475 1384 510">2</td> </tr> </table>	Knowledge Programme & Project Management	3	IT Systems & IT Governance	4	Other	2		
Knowledge Programme & Project Management	3									
IT Systems & IT Governance	4									
Other	2									
6.2.3.	<p>Expected Control: Members of the Committee have been given the opportunity to raise other areas of support/ advice they feel would be beneficial.</p> <p>Possible Risk: Committee misses out on opportunities to improve.</p>	<p>The questionnaire included a section to allow members to raise any other areas of support/advice they considered would be beneficial. The responses and comments were as follows:</p> <ul style="list-style-type: none"> • Prior to Audit Committee meetings members should go through the agenda with an officer from the Audit department to help understand the importance of item. • Initial training missed and any training would be welcome. • Would benefit from a regular programme of member development. • Specific training as an audit committee has probably been insufficient. • Strange there is no mandatory training before you can sit on this committee. • Should not be a dominance of any political party on this committee. • An annual training update to include any changes to Welsh Government's/other regulations for the Council that have a bearing on the future of the Committee's remit would be helpful. • Prior to the first audit meeting of the year, a meeting 	The additional points raised are considered when developing the training programme.	Merits Attention						

Ref	Expected Control & Possible Risk	Key findings / Conclusions	Recommendation	Criticality
		to discuss Governance and Audit and the Committee members' roles.		

7. Management Implementation Plan

Rec no.	Recommendation	Cat. Code (see Key)	Criticality	Report Ref.	Agreed (Y/N)	Management Comments	Job Title of Officer Responsible	Date to be implemented
1	The Governance & Audit Committees' Terms of Reference is reviewed and updated in line with CIPFA's Position Statement and the forthcoming changes in legislation set out in the Local Government and Elections (Wales) Bill once they are confirmed.	A	Significant	6.1.1.	Y	Report prepared by Legal for presentation to the Governance and Audit Committee to be followed by a report to Council on the changes.	Monitoring Officer	Date of Annual Council meeting 19 May 2021.
2	The Governance & Audit Committee considers producing an Annual Report that is presented to Full Council.	A	Merits Attention	6.1.1.				

Rec no.	Recommendation	Cat. Code (see Key)	Criticality	Report Ref.	Agreed (Y/N)	Management Comments	Job Title of Officer Responsible	Date to be implemented
3	The Committee seeks feedback from those interacting with it or relying on its work.	A	Merits Attention	6.1.1.				
4	The Committee evaluates whether and how it is adding value and an action plan is put in place to improve any weaknesses.	A	Merits Attention	6.1.1.				
5	The suggestions obtained through feedback are considered by the Committee to agree which points are to be taken forward in an appropriate manner.	A	Merits Attention	6.1.2.				
6	A training programme for members of the Governance & Audit Committee is developed	A	Merits Attention	6.2.1.				
7	Members of the Governance & Audit Committee attend training when made available.	A	Merits Attention	6.2.1.				
8	The additional points raised	A	Merits	6.2.3.				

Rec no.	Recommendation	Cat. Code (see Key)	Criticality	Report Ref.	Agreed (Y/N)	Management Comments	Job Title of Officer Responsible	Date to be implemented
	within the questionnaire are considered when developing the training programme.		Attention					

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Management Implementation Plan Category Code Key

Category Code	Category Description	Category Code	Category Description
A	Accomplishment of objectives	S	Safeguarding of assets
C	Compliance	X	Governance
R	Reliability and integrity of information	Y	Corporate impact
E	Value for money	Z	Self-audit

Audit Assurance Category Code Key

The objective of an audit is to evaluate the system with a view to delivering reasonable assurance as to the adequacy of the application of the internal control system. The control system is put in place to ensure that risks to the achievement of the Authority's objectives are managed effectively.

Based upon the recommendations made, the categorisation of them and the areas that they relate to, an overall conclusion as to the level of assurance that can be provided will be given, as below:

Substantial Assurance

- Key controls exist and are applied consistently and effectively; and,
- Objectives are being achieved efficiently, effectively and economically (VFM).

Reasonable Assurance (some risk of loss, fraud, impropriety, or damage to reputation)

- Key controls exist but there may be some inconsistency in application;
- Compensating controls operating effectively; and,
- Objectives achieved after a fashion, e.g. VFM could be improved.

Limited Assurance (a high risk of loss, fraud, impropriety, or damage to reputation)

- Key controls exist but they are not applied, or significant evidence that they are not applied consistently and effectively; and,
- Objectives are not being met, or are being met without achieving VFM.

No Assurance (a very high risk of loss, fraud, impropriety, or damage to reputation)

- Key controls do not exist; and,
- Objectives are either not met, or are met without achieving VFM.

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Governance & Audit Committee Effectiveness Checklist (based on Appendix D Self-Assessment of Good Practice from CIPFA Audit Committees Practical Guidance 2018)					
Completed by: Filippa Daniels				Date: April 2021	
	Purpose & Governance	Yes	No	Partly	Comment
1	Does the authority have a dedicated audit committee?	✓			BCBC has the Governance & Audit Committee.
2	Does the audit committee report directly to full council? (applicable to local government only)			✓	<p>Part 3 (Responsibility for Functions) in the Council's Constitution states the Governance & Audit Committee can bring concerns arising from financial statements or from the audit that need to be brought to the attention of the Council.</p> <p>The Treasury Management Strategy, Annual Accounts and Corporate Risk Management Policy are all examples of matters considered by the Committee before reporting to Council and this is acknowledged in the covering reports that go to Full Council.</p> <p>Democratic Services advised that Audit Committee minutes do not go to Council but are available and accessible online to all members.</p>

3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?			✓	<p>Terms of Reference in Council Constitution says purpose is: <i>'To provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.'</i></p> <p>Compared to CIPFA's Position Statement in CIPFA Audit Committees Practical Guidance 2018 and BCBC does not mention governance</p> <p>CIPFA's is <i>'to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing both internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place'</i></p>
4	Is the role and purpose of the audit committee understood and accepted across the authority?	✓			Terms of Reference in Council Constitution states the purpose in 8.02 and the function in Part 3. The Council's Constitution applies to all staff and Members.
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	✓			Part 3 of the Council's Constitution states reviewing and scrutinising governance as a function of Governance and Audit Committee. Governance and Audit Committee approved the draft Annual Governance Statement 2019-20 on 16/07/20. Audit Committee also has a Forward Work Programme in place which keeps them updated on their functions.
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?	✓			All meeting agendas and minutes are available for all on the Council's website allowing for transparency.

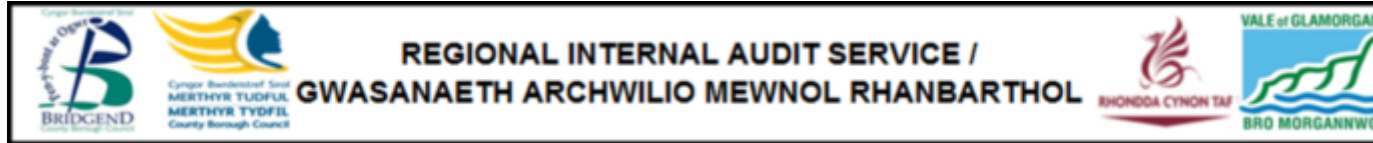
	Functions	Yes	No	Partly	Comment
7	<p>Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?</p> <p><input type="checkbox"/> good governance</p> <p><input type="checkbox"/> assurance framework, including partnerships and collaboration arrangements</p> <p><input type="checkbox"/> internal audit</p> <p><input type="checkbox"/> external audit</p> <p><input type="checkbox"/> financial reporting</p> <p><input type="checkbox"/> risk management</p> <p><input type="checkbox"/> value for money or best value</p> <p><input type="checkbox"/> counter fraud and corruption</p> <p><input type="checkbox"/> supporting the ethical framework</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p>		<p>Terms of Reference in Council Constitution.</p> <p>Assurance framework and collaboration arrangements not covered.</p> <p>Ethical framework not covered.</p>
8	<p>Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?</p>	<p>✓</p>			<p>Core areas evaluated Jan 2021 and will be reviewed annually as part of this self assessment:</p> <ul style="list-style-type: none"> • <i>good governance</i> – Yes. Annual Governance Statement and governance forms part of some audits. • <i>assurance framework, including partnerships and collaboration arrangements.</i> • <i>internal audit</i> – Yes, reports received and representatives from Internal Audit attend meetings to allow challenge. • <i>external audit</i> - Yes, reports received and representatives from External Audit attend meetings to allow challenge. • <i>financial reporting</i> – Yes, Statement of Accounts presented 10/9/20 • <i>risk management</i> – Yes Corporate Risk Assessments presented 10/9/20. • <i>value for money or best value</i> – Yes, within audits. • <i>counter fraud and corruption</i> – Yes, Annual Corporate Fraud Report presented on 10/9/20 • supporting the ethical framework – raised above

9	Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	✓			The Committee considers the wider areas identified in CIPFA's Position Statement of Treasury Management monitoring with Annual Treasury Management Outturn reports presented.
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	✓			Via the draft internal audit report
11	Has the committee maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose?	✓			Committee does not have any decision making powers.
Membership and Support		Yes	No	Partly	Comment
12	Has an effective audit committee structure and composition of the committee been selected? This should include: <input type="checkbox"/> separation from the executive <input type="checkbox"/> an appropriate mix of knowledge and skills among the membership <input type="checkbox"/> a size of committee that is not unwieldy <input type="checkbox"/> consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement)	✓ ✓ ✓ ✓			Council's constitution clearly states composition as 12 County Borough Councillors and Lay Members. With one member having to be a lay member. 12 members in place and 1 lay member.
13	Have independent members appointed to the committee been recruited in an open and transparent way and approved by the full council or the PCC and chief constable as appropriate for the organisation?	✓			Lay Member reappointed 17/5/17 at Council meeting for 2 nd term. Reappointment was transparent taking place in Council meeting.
14	Does the chair of the committee have appropriate knowledge and skills?	✓			Democratic Services advised the Audit Committee members would have had general training. Current Chair of BCBC has appropriate knowledge and skills for role.
15	Are arrangements in place to support the committee with briefings and training?			✓	Democratic Services advised the Audit Committee members would have had general training in their first year of current electoral term. Some specific training has been provided by departments but nothing formal in place. Questionnaire has been developed to assess needs/gaps and issued.

					Feedback fed into the Audit Report. Questionnaire developed to assess needs/gaps and issued. Feedback fed into the Audit Report.
16	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	✓			
17	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	✓			Yes. External and Internal Audit and CFO representatives present at meetings and can discuss and challenge items on agenda. Regular pre meetings held with Chair.
18	Is adequate secretariat and administrative support to the committee provided?	✓			Support is provided by Democratic Services who send out agendas and compile minutes.
Effectiveness of the Committee		Yes	No	Partly	Comment
19	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?		✓		CIPFA Audit Committee Guidance 2018 states ' <i>Seeking feedback on the operation of the committee may be helpful to supplement a self-assessment. Those interacting regularly with the committee or relying on its output would be the principal sources of feedback. Where the committee is struggling, an external assessment may be an appropriate way to evaluate the committee and to develop an action plan for improvement.</i> ' Could results be in an Audit Committee Annual report?
20	Are meetings effective with a good level of discussion and engagement from all the members?	✓			Meeting minutes from 10/09/20 show Members engaging on various agenda items.
21	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	✓			Council's Constitution allows Members and Officers to be called to attend meetings who must then attend. A report was presented at the committee meeting on 12 November 2020 on the progress of DFGs and the appropriate Senior Officer was in attendance.
22	Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?	✓			Members challenge Officers and approve recommendations.

23	Has the committee evaluated whether and how it is adding value to the organisation?		✓		Does it complete any self-assessment? No annual report completed by Committee.
24	Does the committee have an action plan to improve any areas of weakness?	✓			There is an action tracker log which records identified issues and logs relevant actions until they are addressed. Action developed as part of the Self-Assessment report.
25	Does the committee publish an annual report to account for its performance and explain its work?		✓		No annual report from the Committee.

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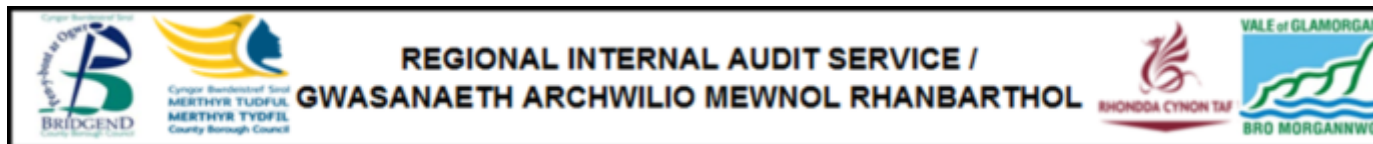
Audit Committee: Members knowledge & skills

Knowledge and Skills Framework - Self Assessment

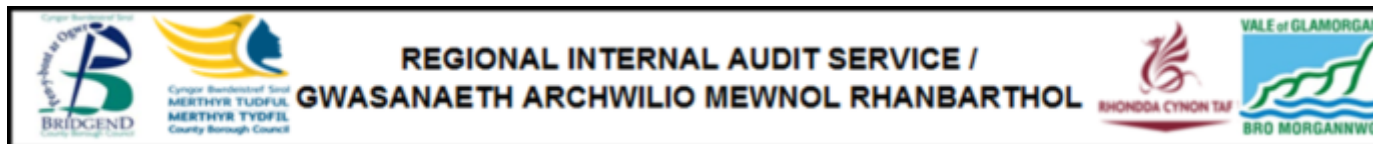
Please place an X in **ONE** of the columns shaded blue, for each of the numbered statements 1 to 8 below.

Name of Committee Member:

Statement		I have reasonable knowledge and experience of this	I have limited knowledge and experience of this	I have no knowledge or experience of this	Any Comments
Organisational Knowledge					
1.	Knowledge of the governance structure of the authority (including the Annual Governance Statement), decision-making processes, the Council's objectives and its major functions and how the Council works.				
Audit Committee Role and Functions:					
2.	An understanding of the Audit Committee's role and place within the governance structures, its terms of reference and accountability arrangements.				
Internal Audit:					
3.	An understanding of the purpose of the Council's Internal Audit Service and its responsibilities to the Audit Committee.				



	Statement	I have reasonable knowledge and experience of this	I have limited knowledge and experience of this	I have no knowledge or experience of this	Any Comments
	Financial Management and Accounting				
4.	Awareness of the financial statements that a local authority must produce and the principles it must follow to produce them, and the role the Audit Committee plays in reviewing the Council's draft financial statements.				
	External Audit:				
5.	Knowledge of the role and functions of the external auditor and the responsibility it has to the Council's Audit Committee.				
	Risk Management:				
6.	Understanding of the risk management arrangements in place within the Council and the role of Audit Committee in overseeing these arrangements.				
	Counter Fraud:				
7.	An understanding of the main areas of fraud and corruption risk to which the Council is exposed, knowledge of the Council's arrangements for tackling fraud and awareness of good fraud risk management practice.				
	Values of Good Governance:				
8.	Knowledge of the authority's key arrangements to uphold ethical standards for both members and staff (including knowledge of the 7 principles of public life) and knowledge of whistle-blowing arrangements				



	within the Council.				
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Any other areas of support / advice that you consider would help you in discharging your role as a Member of the Council's Audit Committee?

Which knowledge areas below (tick any/all as appropriate) do you have experience in that will add value to the work of the Audit Committee?

Accountancy	<input type="checkbox"/>	Service and organisational knowledge relevant to the functions of the organisation	<input type="checkbox"/>
Internal Audit	<input type="checkbox"/>	Programme and project management	<input type="checkbox"/>
Risk Management	<input type="checkbox"/>	IT Systems and IT Governance	<input type="checkbox"/>
Governance and Legal	<input type="checkbox"/>	Other (please specify)	<input type="checkbox"/>

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

22 APRIL 2021

REPORT OF THE HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE

PROGRESS AGAINST THE INTERNAL AUDIT RISK BASED PLAN 2020-21

1. Purpose of report

- 1.1 To provide members of the Committee with a position statement on progress being made against the audit work included and approved within the Internal Audit Risk Based Plan 2020-21.

2. Connection to corporate well-being objectives / other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objective under the **Well-being of Future Generations (Wales) Act 2015**:

- Smarter use of resources – ensuring that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.

3. Background

- 3.1 In accordance with the Public Sector Internal Audit Standards, the Head of Internal 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 Internal 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 Internal Audit must also ensure that Internal Audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan.

- 3.2 The Internal Audit Plan for 2020-21 was submitted to the Governance and Audit Committee for consideration and approval on 10th September 2020. The Plan outlined the assignments to be carried out which will provide sufficient coverage to provide an opinion at the end of 2020-21 whilst having regard to the unprecedented impact of the COVID pandemic.

4. Current situation/proposal

- 4.1 Progress made against the plan during 2020-21 is attached at **Appendix A**. It must be noted that this is a draft position as some work is in the process of being completed and the outcome of this work will be included in the Head of Audit's Annual Internal Audit Report 2020-21 which will be brought to a future Governance and Audit Committee.

- 4.2 **Appendix A** 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, Governance and 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 to date 26 items of work have been completed of which 19 audits have resulted in an opinion being provided. A total of 13 audits are currently on-going and will be included within the final annual opinion report.
- 4.4 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 2 completed reviews and an opinion of reasonable assurance to 16 completed reviews. The remaining completed audit review was given an audit opinion of limited, that is only limited assurance can be placed on the current system of internal control. This was discussed in the last Governance and Audit Committee meeting on 12th November 2020.
- 4.5 **Appendix A** identifies that a total of 28 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 It is recognised that some service areas are currently under intense pressure and where possible planned audit work is rearranged to accommodate any service requests. **Appendix A** shows that some of the planned audit reviews have been deferred following a request from the service department and will be considered in the following year's plan. However, from the work undertaken there has been sufficient coverage to form an audit opinion for 2020-21 which will be included in the Head of Audit's Annual Internal Audit Report.

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 of the Committee note the content of the report and the progress made against the 2020-21 Internal Audit Annual Risk Based Plan.

Mark Thomas
Head of the Regional Internal Audit Service
March 2021

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Background Documents :

None

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Bridgend County Borough Council - Activity Against Audit Plan 1st April 2020 to 31st March 2021

Area	Audit Scope / Risk	Status	Opinion			Recommendations	
			Substantial	Reasonable	Limited	High	Medium
Good Governance	To provide assurance that key Corporate Governance processes are in place and operating effectively to enable them to discharge their responsibilities. Assist in the AGS preparation	completed					
Safeguarding	An annual assessment of the Council's overall operating model for safeguarding; including reviewing the adequacy of assurances obtained by the Council in respect of safeguarding arrangements in place for vulnerable adults and children particularly having regard to the impact of COVID19.	completed		√			0
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.						
	Education Improvement Grant 2019/20	completed		√			0
	Housing Support Grant 2019/20	completed		√			1
	Post 16 Grant 2019-20	completed					
Purchasing Cards	To provide assurance that the Council's guidance for purchasing cards is sufficient and there is compliance to these policies and procedures across the Council	completed		√			6
External Funding	To provide assurance that Council's processes and procedures are being complied with whilst also adhering to the specific grant funding terms and conditions.	completed		√			0
Risk Management	Successful risk management relies on a corporate approach to ensure that all risks are identified and managed systematically and consistently across the Council	on-going					
COVID - Remote Working	Increase in remote working due to COVID19 - impact on governance and internal control arrangements using a questionnaire	on-going					
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.	not undertaken, assurance from work completed in previous year					
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.	not undertaken, aspects covered in various audits					
Material Systems – Key Financial Systems	A rolling programme of audits is adopted for material systems. The work programme for each year may differ, with each audit having varying amounts of system review, testing or a combination of the two to deliver a more cost-effective service. The new arrangements adopted due to COVID19 will be examined to provide assurance that controls are still in place.						
	Income Collection & Cash Control	completed	√				0
	Free School Meals	deferred					
	Creditors	draft issued					
	Debtors	on-going					
Payroll	Review starters and leavers, changing records / data	completed		√			3

Area	Audit Scope / Risk	Status	Opinion			Recommendations	
			Substantial	Reasonable	Limited	High	Medium
Code of Conduct	To ensure that the internal processes in place in respect of the Members Code of Conduct are effective	completed		√			2
	To ensure that the internal processes in place in respect of the Officers Code of Conduct are effective	deferred					
ICT Audit	In consultation with ICT, systems reviews will be undertaken across Directorates to ensure robust controls are evident and operating effectively and the ICT business continuity provision is effective						
	Review the control and distribution of ICT equipment since the increase of home working since the outbreak of COVID19	completed		√			2
Early Retirement / Redundancy	Provide ensure transparency and assurance that Council's policies are adhered to	deferred					
Homelessness	Review the effectiveness of the systems in operation for processing applications and monitoring homelessness cases and select a sample of cases to review the application process, to ensure compliance with the guidance, and to establish the level of monitoring undertaken once the decision to accept a homeless case has been made.	completed		√			0
Coychurch Crematorium	A compliance review to complete the Annual Accounting Statement	completed		√			1
Porthcawl Harbour	A compliance review to complete the Annual Accounting Statement	completed		√			0
Project management / Contract monitoring	A review of the procedures and processes associated with a number of Contracts / Projects / Programme to ensure compliance to the Council's Rules and Regulations and Project Management Methodology associated with high risk contracts. Focus will be on tender and award and any impact COVID19 has had to these processes.	on-going					
Schools	To undertake a number of school based reviews as well as cross cutting thematic reviews in accordance with the Internal Audit risk based assessment.	see below					
	School Purchasing Cards	on-going					
School 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.	on-going					
School deficits	To review the monitoring processes both within the school and between the school and LA to ensure that deficit balances are sufficiently monitored and the recovery plan is achievable	completed		√			2
ALN - Out of County Charges	To provide assurance that monitoring of expenditure is adequate	on-going					
Looked After Children	Review the monitoring arrangements in place to provide assurance that the Council's interests are protected and agreed rates are paid.	deferred					
Care Home Contracts	Review the actual financial impact of these contracts against the expectations to ensure efficiency and value for money and determine if COVID19 had had an impact on the financial arrangements in place	completed		√			2
Carry Forward from 2019/20	Provision for those assignments which are still ongoing at the end of 2019/20.						
	C/F Council Tax Reduction Scheme	completed	√				0
	C/F MasterGov System	completed		√			1

Area	Audit Scope / Risk	Status	Opinion			Recommendations	
			Substantial	Reasonable	Limited	High	Medium
	OVERALL TOTALS		2	16	1	0	28

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

22 April 2021

REPORT OF THE HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE

REGIONAL INTERNAL AUDIT SERVICE CHARTER 2021/22

1. Purpose of report

- 1.1. To present to members of the Governance and Audit Committee the Regional Internal Audit Service's Internal Audit Charter for 2021/22.

2. Connection to corporate well-being objectives/ other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objective under the **Well-being of Future Generations (Wales) Act 2015**:

- **Smarter use of resources** – ensure that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help deliver the Council's well-being objectives.

3. Background

- 3.1 The Internal Audit Charter is a formal document that defines the purpose, authority and responsibility of Internal Audit activities. The Internal Audit Charter establishes Internal Audit's position within the organisation; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of Internal Audit activities.
- 3.2 The purpose of this Regional Internal Audit Service Charter is to define the purpose, authority and responsibilities of the Regional Internal Audit Shared Service across Bridgend, Merthyr Tydfil, Rhondda Cynon Taf and the Vale of Glamorgan Councils. The Charter is consistent with the objectives of the Regional Shared Service, including eliminating duplication and application of best practice.
- 3.3 The Charter establishes the position of internal audit activity within each Council along with reporting lines, authorising access to records, personnel and physical property relevant to the performance of audit work and defines the scope of internal audit activities.
- 3.4 The Head of Internal Audit is responsible for reviewing the charter and presenting it to each Council's Audit Committee annually for review and approval in line with the Public Sector Internal Audit Standards (PSIAS).

- 3.5 The PSIAS are applicable to all areas of the United Kingdom public sector and are based on the Chartered Institute of Internal Auditor's (CIIA's) International Professional Practices Framework.
- 3.6 The Regional Internal Audit Shared Service is committed to meeting the standards laid down in the Public Sector Internal Audit Standards Framework and any significant deviations from the Standards will be reported to the Audit Committee.
- 3.7 The Charter is split into the following sections:
- Purpose, Authority and Responsibility;
 - Independence and Objectivity;
 - Proficiency and Due Professional Care;
 - Quality Assurance and Improvement Programme.
- 3.8 The Charter also has two annexes containing a Glossary of Terms and the Code of Ethics.
- 3.9 The roles of the Governance and Audit Committee in relation to internal audit are to:
- Oversee its independence, objectivity, performance and professionalism;
 - Support the effectiveness of the internal audit process and;
 - Promote the effective use of internal audit within the assurance framework.
- 3.10 One of the key roles which demonstrate the Governance and Audit Committee's oversight is the approval of the Regional Internal Audit Service's Internal Audit Charter.

4. Current situation / proposal

- 4.1. The PSIAS requires the Head of Internal Audit to review the charter periodically but final approval resides with the Governance and Audit Committee.
- 4.2. The Regional Internal Audit Charter for 2021/22 is attached at **Appendix A**. The Charter was fully reviewed and amended for 2020/21 to have a consistent Charter for the four Councils. This is consistent with the objectives of the Regional Shared Service, that is, to eliminate duplication and apply best practice.
- 4.3. It has been reviewed again for 2021/22 to ensure it continues to reflect the requirements of the PSIAS and is applicable to all four Councils involved in the Shared Service. The only changes made relate to the change of title of the Audit Committee to the Governance and Audit Committee as a result of the Local Government & Elections (Wales) Act.

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 An effective Internal Audit Service is a key contributor in ensuring that the Council's assets and interests are properly accounted for and safeguarded. There are no direct financial implications as a result of this report.

9. Recommendation

9.1 That members of the Committee consider and approve the Regional Internal Audit Service Charter for 2021/22 as attached in **Appendix A** to this report.

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Head of the Regional Internal Audit Service
April 2021

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Background Documents

Public Sector Internal Audit Standards 2017

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Internal Audit Charter 2021/22

Bridgend County Borough Council



Merthyr Tydfil County Borough Council



Rhondda Cynon Taf County Borough Council



Vale of Glamorgan Council



March 2021

Review and Approval of the Internal Audit Charter

This Internal Audit Charter defines the purpose, authority and responsibility of the Internal Audit Service.

The Internal Audit Charter is defined within the Public Sector Internal Audit Standards as follows:

The Internal Audit Charter is a formal document that defines the purpose, authority and responsibility of Internal Audit activities. The Internal Audit Charter establishes Internal Audit's position within the organisation; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of Internal Audit activities.

A professional, independent and objective Internal Audit Service is one of the key elements of good governance, as recognised throughout the UK Public Sector.

The purpose of this Regional Internal Audit Shared Service Charter is to define the purpose, authority and responsibilities of the Regional Internal Audit Shared Service (RIASS) across Bridgend, Merthyr Tydfil, Rhondda Cynon Taf and the Vale of Glamorgan Councils.

The Charter establishes the position of internal audit activity within each Council along with reporting lines, authorising access to records, personnel and physical property relevant to the performance of audit work and defines the scope of internal audit activities.

The Head of Internal Audit is responsible for reviewing the charter and presenting it to each Council's Governance & Audit Committee annually for review and approval.

The Public Sector Internal Audit Standards sets out the Mission of Internal Audit (what internal audit aspires to accomplish within an organisation) and the definition of Internal Auditing.

Mission of Internal Audit

To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Definition of Internal Auditing

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

- A. In each of the four Councils, the role of the Board, as defined within the Public Sector Internal Audit Standards, will be the responsibility of each Council's Governance & Audit Committee and any reference made throughout this document relating to the Governance & Audit Committee assumes the responsibilities of the Board as defined and referred to within the Standards.
- B. The Public Sector Internal Audit Standards require that the internal audit charter defines the terms Board, Chief Audit Executive and Senior Management in relation to the work of internal audit. For the purposes of internal audit work the roles are defined as follows:
- Board – The internal audit activity is established and defined by the Board, (hereafter referred to as the Governance & Audit Committee) which has responsibility for overseeing the work of Internal Audit.
 - Chief Audit Executive – The role of the Chief Audit Executive is undertaken by the Head of the Audit Service.
 - Senior Management – Senior Management is defined as those officers designated as Chief Officers as set out in each Council's Constitution.
- C. The Public Sector Internal Audit Standards became effective from the 1st of April 2013 and were updated in March 2017. The Public Sector Internal Audit Standards replaced the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006. Conformance with the Standards, the Definition of Internal Auditing and Code of Ethics is mandatory.

The RIASS is committed to meeting the standards laid down in the Public Sector Internal Audit Standards Framework and any significant deviations from the Standards will be reported to the Governance & Audit Committee.

D. The Charter is split into the following sections;

1. Purpose, Authority and Responsibility;
2. Independence and objectivity;
3. Proficiency and due professional care;
4. Quality assurance and improvement programme.

1. Purpose, Authority and Responsibility (Standard 1000)

- 1.1 Internal Audit is an assurance function that primarily provides an independent and objective opinion to management and Members on the control environment comprising risk management, internal control and governance by evaluating its effectiveness in achieving the Council's objectives.
- 1.2 It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- 1.3 It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance issues.
- 1.4 In addition, the other objectives of the function are to:
 - Support the Chief Finance Officer in each Council to discharge their Section 151 duties;
 - Contribute to and support the organisation with the objective of ensuring the provision of, and promoting the need for, sound financial systems;
 - Investigate allegations of fraud or irregularity to help safeguard public funds in consultation with relevant Council Services;
 - Support the work of the relevant Governance & Audit Committees; and
 - Provide an annual audit opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
- 1.5 These objectives will be delivered through maintaining a high quality RIASS function that meets the needs of each Council, supporting the relevant Section 151 Officers and the Governance & Audit Committees in discharging their responsibilities and meeting the requirements of the Public Sector Internal Audit Standards.
- 1.6 Internal Audit is a statutory service. Part 3 of The Accounts and Audit (Wales) Regulations 2018 concerns financial management and internal control. Regulation 5 (responsibility for internal control and financial management) of Part 3 directs that:

'The relevant body must ensure that there is a sound system of internal control which facilitates the effective exercise of that body's functions and which includes:

*Arrangements for the management of risk, and (b)
Adequate and effective financial management.'*

1.7 Regulation 7 (Internal Audit) of Part 3 directs that:

'A relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.'

1.8 The work of Internal Audit forms part of the assurance framework, however, the existence of Internal Audit does not diminish the responsibility of management to establish systems of internal control to ensure that activities are conducted in a secure, efficient and well-ordered manner.

1.9 Section 151 of the Local Government Finance Act 1972 requires every local authority to designate an officer to be responsible for the proper administration of its financial affairs. In each Council it is the Chief Finance Officer/Head of Finance/Director of Finance or equivalent.

Scope

1.10 The scope for Internal Audit work includes the control environment comprising risk management, control and governance.

1.11 This effectively means that Internal Audit has the remit to independently review all the Council's operations, resources, services and processes in place to:

- Establish and monitor the achievement of Council objectives;
- Identify, assess and manage the risks to achieving the Council's objectives;
- Facilitate policy and decision making;
- Ensure the economical, effective and efficient use of resources;
- Ensure compliance with established policies, procedures, laws and regulations;
- Safeguard assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption; and
- Ensure the integrity and reliability of information, accounts and data, including internal and external reporting.

1.12 All the Council's activities, funded from whatever source, and indeed the entire control environment fall within the remit of Internal Audit.

1.13 Internal Audit will consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It will seek to

confirm that management have taken all necessary steps to achieve these objectives.

- 1.14 The scope of Internal Audit work should cover all operational and management controls and should not be restricted to the audit of systems and controls necessary to form an opinion on the financial statements. This does not imply that all systems will necessarily be reviewed, but that all will be included in the audit needs assessment and hence considered for review following the assessment of risk. The Internal Audit activity is free from interference in determining the scope of internal auditing, performing work and communicating results.
- 1.15 It is not the remit of Internal Audit to challenge the appropriateness of Policy decisions. However, Internal Audit is required to examine the management arrangements of the Council by which such decisions are made, monitored and reviewed.
- 1.16 The Public Sector Internal Audit Standards provide the following definitions for assurance and consultancy work:
- Assurance Services
An objective examination of evidence for the purpose of providing an independent assessment on **governance, risk management and internal control** for the organisation. Examples may include financial, performance, compliance, system security and due diligence engagements. **This work will usually result in an opinion** being provided. (These Services may also be provided to other parties and organisations).
 - Consulting Services
Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation's **governance, risk management and internal control** without the Internal Auditor assuming management responsibility. Examples include counsel, advice, facilitation and training. The nature of Consulting Services provided includes acting as a 'critical friend' on Project Boards. This work **will not normally result in an opinion** being provided. (These Services may also be provided to other parties and organisations).
- 1.17 The core aim of the work undertaken is to establish a risk based annual Internal Audit Plan that is balanced and covers the control environment of the Council as far as is practicable. In order to undertake a balanced workload, Internal Audit plans to complete a mix of assurance and consultancy work, the outcomes of which contribute to the Internal Audit Annual Report where it concludes with an opinion on the Council's overall risk, governance and control environment. The Head of Internal Audit should share information, coordinate

activities and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimise duplication of efforts.

- 1.18 In Internal Audit has right of access to all of the Council's records, information and assets that it considers necessary to fulfil its responsibilities, including those of partner organisations. Internal Audit staff shall have unrestricted access to all Council activities and records (whether manual or computerised systems), personnel, cash, stores, other assets and premises, including those of partner organisations and have authority to obtain such information and explanations as considered necessary to fulfil Internal Audit's responsibilities.

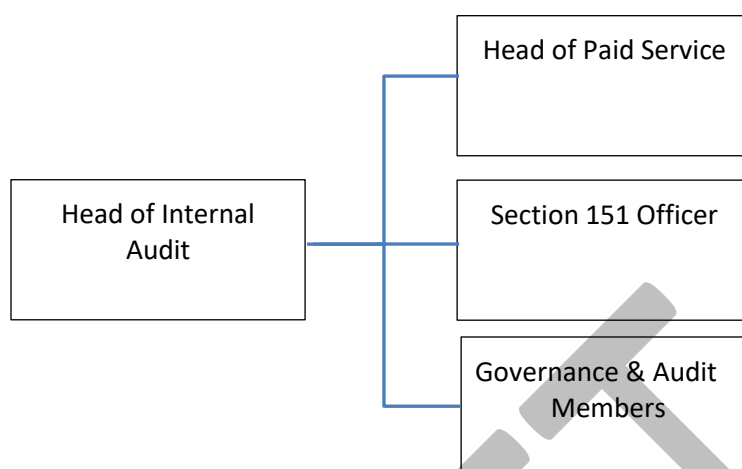
Rights of Access

- 1.19 All staff are required to give complete co-operation to Internal Audit staff to enable the undertaking of an audit.
- 1.20 All partners/agents contracted to provide services on the Council's behalf are also required to co-operate with Internal Audit staff and make available all necessary information. Rights of access to other bodies funded by the Council should be set out in conditions of funding or contract documents.

2. Independence and Objectivity (Standard 1100)

- 2.1 The main determinant of the effectiveness of Internal Audit is that it is seen to be independent and that Internal Auditors must be objective in performing their work. To ensure this, Internal Audit operates within a framework that allows:
- The Head of Internal Audit has direct access to the Chief Executive/ Managing Director, the Section 151 Officer and Monitoring Officer;
 - Unrestricted access to Directors, Heads of Service, Managers and Staff;
 - Unrestricted access to Members (including the Leader, Cabinet Members and Governance & Audit Committee);
 - Unrestricted access to Audit Wales (i.e. the Council's External Auditor);
 - Reporting in its own name; and
 - Internal Audit is free from interference when determining the scope of audit reviews, performing the work and communicating the results.
- 2.2 This is achieved through a reporting relationship in each Council as shown in Figure 1 below:

Figure 1 – Internal Audit reporting arrangements



Section 151 Officer

- 2.3 The Section 151 Officer has overall responsibility for the proper administration of the Council's financial affairs. Internal Audit assists the Officer by providing an opinion on the overall control environment and by regular assurance testing of the key financial systems.

Governance & Audit Committee

- 2.4 The Council operates a Governance & Audit Committee that meets on a cyclical basis. It monitors the performance of Internal Audit in relation to productivity, efficiency and quality. It receives regular reports from Internal Audit including progress in delivering the Annual Audit Plan and is attended by the Head of Internal Audit¹ as well as Officers from the Council.
- 2.5 In addition, the Governance & Audit Committee receives the Internal Audit Annual Report that provides a summary of all assurance and consultancy work undertaken and concludes by giving an opinion on the overall control environment within the Council. If a qualified or unfavourable annual internal audit opinion is issued, the reasons to support this will be stated within the Internal Audit Annual Report.
- 2.6 The Head of Internal Audit has unrestricted access to the Chair of Governance & Audit Committee.

¹ Head of Internal Audit – denotes the Head of the Regional Internal Audit Shared Service

Senior Management

- 2.7 Each Council is divided into various Services and it is the role of the Chief Executive/Managing Director and each Director, Head of Service or equivalent to ensure delivery and operation of the service areas falling within their remit.

Relationships with key stakeholders and Service Managers

- 2.8 The Internal Audit Service develops constructive working relationships with Managers at all levels within the Council in terms of:
- Planning work;
 - Carrying out audit assignments; and
 - Agreeing action plans arising from the work undertaken.
- 2.9 Whilst maintaining its independence, the Internal Audit Service recognises that it must work with Managers to agree improvements that are deemed necessary.

External Auditors

- 2.10 The aim of the relationship between internal and external auditors is to achieve mutual recognition and respect, leading to a joint improvement in performance and to avoid, wherever possible, duplication of work.
- 2.11 The Head of Internal Audit liaises regularly with Audit Wales to consult on audit plans, discuss matters of mutual interest and to seek opportunities for co-operation in the conduct of audit work.

Elected Members

- 2.12 The Head of Internal Audit will aim to have sound working relationships and channels of communication with Elected Members and in particular, Governance & Audit Committee, Cabinet and Scrutiny Committees.

Internal Audit Standards

- 2.13 There is a statutory requirement for Internal Audit to work in accordance with the “proper audit practices”. These are set out in the Public Sector Internal Audit Standards (PSIAS) which the Chartered Institute of Public Finance and Accountancy (CIPFA) developed in collaboration with the Chartered Institute of Internal Auditors (CIIA) and which came into force on the 1st April 2013 and updated in March 2017.
- 2.14 Internal Audit Staff will;
- Comply with relevant auditing standards;
 - Comply and promote compliance throughout the Council with all Council rules and policies;
 - Be expected at all times to adopt a professional, reliable, independent and innovative approach to their work; and

- It is essential that Internal Audit staff are seen to be impartial. All Internal Audit staff are required to complete an annual declaration of their interests and must be kept up to date. This is reviewed as part of the annual appraisal and is in line with professional ethics. The Head of Internal Audit is responsible for ensuring that audit staff are not assigned to operational areas or investigations that could compromise their independence (including previous and / or secondary employment elsewhere in the relevant Council or organisation being audited).

2.15 The RIASS has adopted the CIIA's Code of Ethics. Where members of the RIASS have attained membership with other professional bodies such as: CIPFA or the Institute of Chartered Accountants in England and Wales (ICAEW), those officers must also comply with their relevant bodies' ethical requirements.

2.16 Each member of the Team will receive a copy of the Code of Ethics (included at Annex 2) and sign up to an annual declaration to confirm that they will work in compliance with the Code of Ethics as well as Councils standards and policies such as the Codes of Conduct. Where potential areas of conflict may arise during the year, the auditor will also be required to disclose this. It is critical that all Auditors maintain high standards of integrity, independence, objectivity, confidentiality and competence.

Shared Service

2.17 Internal Audit is delivered through a shared regional service between Bridgend, Merthyr Tydfil, Rhondda Cynon Taf and the Vale of Glamorgan Councils. The host authority for the delivery of the RIASS is the Vale of Glamorgan Council. The governance of the provision of the shared regional service is carried out by the Regional Board. This is made up of the Chief Financial Officers of each Authority or their nominated substitutes who shall be responsible for the strategic direction of the Service.

2.18 The activities of the Regional Board shall include but not be limited to:

- determining the strategic direction of the RIASS;
- monitoring and reviewing standards;
- determining the Authority Charging Rate on the basis of reasonable information provided by the Head of Internal Audit;
- providing general supervision of the provision of the Service; and,
- Resolving conflicts between competing interests amongst the authorities collectively and individually relating to RIASS, the Regional Board and / or the Service.

2.19 The Governance & Audit Committee for each Council reviews the performance and effectiveness of audit activity, including that of the RIASS.

3. Proficiency and Due Professional Care (standard 1200)

- 3.1 Directors, Heads of Service and Service Managers are responsible for ensuring that internal control arrangements are sufficient to address the risks facing their Service including the risk of fraud and corruption.
- 3.2 The Head of Internal Audit is required to manage the provision of a RIASS to each Council which will include reviewing the systems of internal control operating throughout each Council, and will adopt a combination of system based, risk based, regularity, computer and contract audit approaches in addition to the investigation of fraud.
- 3.3 In discharge of this duty, the Head of Internal Audit will:
- Prepare an annual strategic risk based audit plan for approval and ratification by the relevant Governance & Audit Committee; and
 - The Annual Audit Plan will be regarded as flexible and may be revised to reflect changing services and risk assessments; elements of the annual plan are also based on items within Corporate or Strategic Risk Registers.

Resources and Proficiency

- 3.4 For the RIASS to fulfil its responsibilities, the service must be appropriately staffed in terms of numbers, professional qualifications, skills and experience. Resources must be effectively developed and deployed to achieve the approved risk-based plan. The Head of Internal Audit is responsible for ensuring that there is access to the full range of knowledge, skills, qualifications and experience to deliver the audit plan and meet the requirements of the PSIAS.
- 3.5 The Head of Internal Audit must hold a full professional qualification, defined as CCAB, CMIIA or equivalent professional membership and adhere to professional values and the Code of Ethics. They must have sufficient skill, experience and competencies to work with Directors, Heads of Service, and other Managers and the Governance & Audit Committee to influence the risk management, governance and internal control of the Councils.
- 3.6 Each job role within the RIASS structure details the prerequisite skills and competencies required for that role and these will be assessed annually in line with Council policy and the PSIAS. Any development and training plans will be regularly reviewed, monitored and agreed with officers.
- 3.7 All Auditors are also required to maintain a record of their continual professional development in line with their professional body.

Due Professional Care

- 3.8 Internal Auditors must exercise due professional care by considering the:
- Extent of work needed to achieve the assignment objectives;
 - Relative complexity, materiality or significance of matters to which assurance procedures are applied;
 - Adequacy and effectiveness of governance, risk management and control processes;
 - Probability of significant error, fraud, or non-compliance;
 - Cost of assurance in relation to potential benefits; and
 - Considering various data analysis techniques and being alert to significant risks that may affect the objectives.

Relationships

- 3.9 All stakeholders will be treated with respect, courtesy, politeness and professionalism. Any confidential or sensitive issues raised with or reported to Internal Audit staff will be dealt with in an appropriate manner.

Internal – Our main contacts are with:

- Elected Members;
- Chief Officers (as defined in the Council's Constitution)
- Corporate Directors and Section 151 Officers
- Heads of Service and Headteachers;
- Group Managers / Operational Managers and line supervisors;
- Front line employees delivering services to the public; and
- Back office support staff, in particular Financial Services, Legal Services, ICT and HR.

External – Our main contacts are with:

- The Council's External Auditors.
Internal and External Audit work together to ensure audit resources are used to best advantage for the benefit of the Council. The External Auditors have regard to the work performed by Internal Audit when undertaking their final accounts audit.
- Various Government Agencies and Inspectorates.

4. Quality Assurance and Improvement Programme (Standard 1300)

- 4.1 To enable the Head of Internal Audit to assess the RIASS's activities with conformance to the PSIAS and to aid in the annual assessment of the RIASS's efficiency and effectiveness and identify opportunities for improvement, a

Quality Improvement and Management Programme (QIMP) has been developed.

- 4.2 The QIMP includes both internal and external assessments in accordance with the Standards.
- 4.3 Assessment against QIMP forms part of the annual assessment of the effectiveness of internal audit (as contained within the Head of Internal Audit's Annual Opinion Report) which is presented to the relevant Governance & Audit Committee.
- 4.4 Where there are instances of non-conformance to the PSIAS this will be reported to the Governance & Audit Committee and the Regional Board with any significant deviations being detailed within the Annual Governance Statement.

Internal Assessment

- 4.5 All Auditors have access to up to date business processes, working instructions, the Internal Audit Charter, Council policies, the PSIAS, journals, publications and other relevant articles and electronic training material and websites. Where staff are members of bodies such as CIPFA and/or CIIA further guidance is available.
- 4.6 To maintain quality, work is allocated to staff with appropriate skills, competence and experience. All levels of staff are supervised. Work is monitored for progress, assessed for quality and to allow for coaching and mentoring.
- 4.7 Targets are set for individual auditors (such as completion of an audit within a set number of days) as well as for the team. Audit targets and performance indicators will be agreed with the Regional Board and reported to the relevant Governance & Audit Committee.
- 4.8 In addition to the QIMP, progress made against the annual audit plan and any emerging issues (i.e. fraud risks or governance issues) are reported regularly to the relevant Governance & Audit Committee.
- 4.9 Ongoing assessment of individuals is carried out through regular on-going reviews, one to one meetings, feedback from clients via the Client Satisfaction Surveys and formally in the annual personal development review process.

External Assessment

- 4.10 In compliance with the PSIAS, external assessment will be carried out once every five years by a qualified, independent assessor or assessment team from outside of the RIASS Councils. The External Assessment of the previous

Shared Service between Bridgend CBC and the Vale of Glamorgan Council took place during in 2017 and in the other respective Councils in 2018/19. The next external assessment will take place in 2022.

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Annex 1 - Glossary of Terms

Charter

The internal audit charter is a formal document that defines the internal audit activity's purpose, authority and responsibility. The internal audit charter establishes the internal audit activity's position within the organisation; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

Chief Audit Executive

Chief audit executive describes the role of a person in a senior position responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the mandatory elements of the International Professional Practices Framework. The chief audit executive or others reporting to the chief audit executive will have appropriate professional certifications and qualifications. The specific job title and/or responsibilities of the chief audit executive may vary across organisations. In the context of the RIASS this is the Head of Internal Audit.

Code of Ethics

The Code of Ethics of the Chartered Institute of Internal Auditors (CIIA) are Principles relevant to the profession and practice of internal auditing and Rules of Conduct that describe behaviour expected of internal auditors. The Code of Ethics applies to both parties and entities that provide internal audit services.

The purpose of the Code of Ethics is to promote an ethical culture in the global profession of internal auditing.

Compliance

Adherence to policies, plans, procedures, laws, regulations, contracts, or other requirements.

Conflict of Interest

Any relationship that is, or appears to be, not in the best interest of the organisation. A conflict of interest would prejudice an individual's ability to perform his or her duties and responsibilities objectively.

Control

Any action taken by management, the board and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organises and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

Control Environment

The control environment provides the discipline and structure for the achievement of the primary objectives of the system of internal control. The control environment includes the following elements:

- Integrity and ethical values;

- Management's philosophy and operating style;
- Organisational structure;
- Assignment of authority and responsibility;
- Human resource policies and practices; and
- Competence of personnel.

Fraud

Any illegal act characterised by deceit, concealment or violation of trust. These acts are not dependent upon the threat of violence or physical force. Frauds are perpetrated by parties and organisations to obtain money, property or services; to avoid payment or loss of services; or to secure personal or business advantage.

Governance

The combination of processes and structures implemented by the board to inform, direct, manage and monitor the activities of the organisation toward the achievement of its objectives.

Public sector definition: Governance Statement

The mechanism by which an organisation publicly reports on its governance arrangements each year.

Independence

The freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner.

Internal Auditing

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Overall Opinion

The rating, conclusion and/or other description of results provided by the chief audit executive addressing, at a broad level, governance, risk management and/or control processes of the organisation. An overall opinion is the professional judgement of the chief audit executive based on the results of a number of individual engagements and other activities for a specific time interval.

Risk

The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.

Risk Appetite

The level of risk that an organisation is willing to accept.

Risk Management

A process to identify, assess, manage and control potential events or situations to provide reasonable assurance regarding the achievement of the organisation's objectives.

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Annex 2 - Code of Ethics

Public sector requirement

Internal Auditors in UK public sector organisations (as set out in the Applicability Section) must conform to the Code of Ethics as set out below. If individual Internal Auditors have membership of another professional body then he or she must also comply with the relevant requirements of that body. The Code of Ethics promote an ethical and professional culture. It does not supersede or replace Internal Auditors' own professional bodies Code of Ethics or those of employing organisations.

The purpose of The Institute of Internal Auditor's Code of Ethics is to promote an ethical culture in the profession of Internal Auditing. A Code of Ethics is necessary and appropriate for the profession of Internal Auditing, founded as it is on the trust placed in its objective assurance about risk management, control and governance.

The Institute's Code of Ethics extends beyond the definition of Internal Auditing to include two essential components:

Components

1. Principles that are relevant to the profession and practice of Internal Auditing; and
2. Rules of Conduct that describe behaviour norms expected of Internal Auditors.

These rules are an aid to interpreting the Principles into practical applications and are intended to guide the ethical conduct of Internal Auditors.

The Code of Ethics provides guidance to Internal Auditors serving others. 'Internal Auditors' refers to Institute members and those who provide Internal Auditing services within the definition of Internal Auditing.

Applicability and Enforcement

This Code of Ethics applies to both individuals and entities that provide Internal Auditing services. For Institute members, breaches of the Code of Ethics will be evaluated and administered according to The Institute's Disciplinary Procedures. The fact that a particular conduct is not mentioned in the Rules of Conduct does not prevent it from being unacceptable or discreditable and therefore, the member liable to disciplinary action.

Public sector interpretation

The 'Institute' here refers to the Institute of Internal Auditors. Disciplinary procedures of other professional bodies and employing organisations may apply to breaches of this Code of Ethics.

1. Integrity

Principle

The integrity of Internal Auditors establishes trust and thus provides the basis for reliance on their judgement.

Rules of Conduct

Internal Auditors:

- 1.1 Shall perform their work with honesty, diligence and responsibility.
- 1.2 Shall observe the law and make disclosures expected by the law and the profession.
- 1.3 Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of Internal Auditing or to the organisation.
- 1.4 Shall respect and contribute to the legitimate and ethical objectives of the organisation.

2. Objectivity

Principle

Internal Auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined.

Internal Auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.

Rules of Conduct

Internal Auditors:

- 2.1 Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation.
- 2.2 Shall not accept anything that may impair or be presumed to impair their professional judgement.
- 2.3 Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

3. Confidentiality

Principle

Internal Auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

Rules of Conduct

Internal Auditors:

- 3.1 Shall be prudent in the use and protection of information acquired in the course of their duties.
- 3.2 Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation.

4. Competency

Principle

Internal Auditors apply the knowledge, skills and experience needed in the performance of Internal Auditing services.

Rules of Conduct

Internal Auditors:

- 4.1 Shall engage only in those services for which they have the necessary knowledge, skills and experience.
- 4.2 Shall perform Internal Auditing services in accordance with the International Standards for the Professional Practice of Internal Auditing.
- 4.3 Shall continually improve their proficiency, effectiveness and quality of their services.

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

22 APRIL 2021

REPORT OF THE INTERIM CHIEF OFFICER - FINANCE, PERFORMANCE AND CHANGE

FORWARD WORK PROGRAMME 2021-22

1. Purpose of report

- 1.1 The purpose of this report is to seek approval for the proposed Forward Work Programme for 2021-22.

2. Connections to corporate well-being objectives / other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objective under the **Well-being of Future Generations (Wales) Act 2015**:

- **Smarter use of resources** – ensuring that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.

3. Background

- 3.1 The core functions of an effective Governance and Audit Committee include the responsibility 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 Governance and Audit Committees help to 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 Committee in ensuring that due consideration is given to all aspects of their core functions the proposed Forward Work Programme for 2021-22 is attached at Appendix A. 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.

4.2 Shown below are the items scheduled to be presented at the Committee's next meeting on 18th June 2021.

Proposed Agenda Items – 18th June 2021	
1	Governance and Audit Committee Action Record
2	Audit Wales Governance and Audit Committee Reports
3	Statement of Accounts 2020-21 (Unaudited)
4	Porthcawl Harbour Return 2020-21 (Unaudited)
5	Annual Governance Statement 2020-21
6	Internal Audit Annual Strategy and Audit Plan 2021-22
7	Annual Internal Audit Report 2020-21
8	Updated Forward Work Programme 2021-22

4.3 There may be additional agenda items presented to the Committee as the Local Government and Elections (Wales) Act 2021 comes into effect, particularly in respect of the Committee's new responsibilities in respect of performance and complaints, and these will be added to the Forward Work Programme as necessary.

5. Effect upon policy framework and procedure rules

5.1 There is no impact on 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 wellbeing 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 wellbeing 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 Committee considers and approves the proposed Forward Work Programme for 2021-22.

Gill Lewis
Interim Chief Officer – Finance, Performance and Change
April 2021

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Background Documents: None

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GOVERNANCE AND AUDIT COMMITTEE FORWARD WORK PROGRAMME 2021-22	18 June 2021	22 July 2021	11 November 2021	27 January 2022	28 April 2022
Standing Items					
Governance and Audit Committee Action Record	✓	✓	✓	✓	✓
Audit Wales Governance and Audit Committee Reports	✓	✓	✓	✓	✓
Updated Forward Work Programme	✓	✓	✓	✓	✓
Audit Wales Annual Audit Plan					✓
Annual Accounts					
Statement of Accounts 2020-21 (unaudited)	✓				
Porthcawl Harbour Return 2020-21 (unaudited)	✓				
Audited Statement of Accounts and Governance Statement		✓			
Audited Harbour Return <i>if amended</i>		✓			
Internal Audit Reports					
Internal Audit Annual Strategy and Audit Plan 2021-22	✓				
Internal Audit Shared Service Charter 2021-22					✓
Annual Internal Audit Report 2020-21	✓				
Internal Audit Progress Reports		✓	✓	✓	✓
Governance					
Annual Governance Statement 2020-21	✓				
Review of the Annual Governance Statement			✓		
Annual Audit Summary			✓		
Treasury Management					
Treasury Management Outturn 2020-21		✓			
Treasury Management Half Year Report 2021-22			✓		
Treasury Management Strategy 2022-23				✓	
Risk Assurance					
Corporate Risk Assessment 2021-22			✓		
Corporate Risk Assessment, Corporate Risk Management Policy And Incident And Near Miss Reporting Procedure					✓
Counter Fraud					
Corporate Fraud Report 2020-21		✓			
Fraud Risk Assessment					✓
Anti Tax Evasion Policy					✓
Others					

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