

REPORT TO THE ADDITIONAL ACCOUNTING OFFICER OF  
THE DEPARTMENT FOR CHILDREN, EDUCATION,  
LIFELONG LEARNING AND SKILLS

**BRIDGEND COUNTY BOROUGH COUNCIL**

BY

**The Provider Audit and  
Governance Service  
(PAGS)**

Issued to:

Gareth Moss  
Corporate Director .  
Resources  
Nyall Meredith  
Chief Internal Auditor

Report Date:

May 2008

Llywodraeth Cynulliad Cymru Welch Assemy Government

PAGS reference: 07/28



# REVIEW OF BRIDGEND COUNTY BOROUGH COUNCIL CONTENTS

## Page

Executive Summary 1

Introduction 3

Findings and Recommendations 5

Management Implementation Plan Annex A

Performance Indicators Annex B

## Note

The opinions and assurances provided in this report are given solely for the use of the Additional Accounting Officer of the Department for Children, Education, Lifelong Learning and Skills.

Audit observations and recommendations are provided to the Local Authority in order to promote the application of best practice and compliance with the conditions of the grant.

This report is not intended for other parties and PAGS will not accept responsibility for any reliance such parties might place on it.

## Rest,ictel

### Provider Audit and Governance Service

*Review of Bridgend County Borough Council Adolygiad o Gyrrgor Bwrde, stref Sirol Pen-y-Bont Ar Ogwr*

## Executive Summary

The Additional Accounting Officer of the Department for Children, Education, Lifelong Learning and Skills (DCELLS) must be satisfied that Local Authorities (LAs) are making proper arrangements to ensure that Welsh Assembly Government (WAG) funds are being used in accordance with the conditions of the grant. In order to obtain assurance, PAGS will seek to rely on the work of LAs' own internal auditors and thereby avoid duplication of audit work.

The principal objective of this review is to assess the Authority's compliance with the WAG's Local Authority audit guidance. It has included a review of the audit framework and the extent to which the Director of DCELLS, as Additional Accounting Officer may rely on it for assurance purposes. This has included discussions with representatives of internal audit.

### Statement of Assurance

On the basis of the work carried out, the Provider Audit and Governance Service (PAGS) has concluded that with the exception of testing the PLASC data, the Local Authority has made proper arrangements to obtain assurance that WAG funds are being used in accordance with the conditions of the grant.

### Summary of Issues

It is pleasing to note that the systems and controls at each sixth form school are reviewed, on the basis of risk, on a three yearly cycle.

As part of this review, the scope of the cyclical audit and the detailed tests performed were examined. We draw your attention to the following areas which need to be strengthened to obtain further assurance with regard to the framework of control at each sixth form school and to ensure that PAGS will be able to rely on the work of the Internal Auditor.

- a) Whilst it is noted that Internal Audit has undertaken a comprehensive review of sixth form funding within the Authority, PLASC audit checks have yet to be undertaken at schools to evidence activity levels recorded on the PLASC return. There is a risk that any errors and weaknesses in controls in relation to claims for sixth form funding are not identified;
- b) Although Internal Audit aim to undertake systems reviews at each school on a three year cycle, it was noted for two schools within the Authority that the period between reviews was six years. Without adequate coverage the internal auditor will be unable to provide an opinion on the adequacy and effectiveness of the systems within schools; and
- c) The governing body is collectively responsible for the overall direction of the school and its strategic management. The review identified that the audit programme on governance could be strengthened with regard to how the governing body operates. Without full internal audit coverage, there is a risk that the failure to comply with the statutory instruments and good practice is not detected on a timely basis.

.Page 1 .

## Rest,ictel

### Provider Audit and Governance Service

*Review of Caerphilly County Council Adolygiad a Cynigor Bwrdeistref Sird Caerffili*

## Executive Summary

PAGS would like to thank staff at the LA for their assistance during the course of this review.

.Page 2 .

## Restricted

### Provider Audit and Governance Service

*Review of Bridgend County Borough Council Adolygiad a Cynigor Bwrdeistref Sirol Pen-y-Bont Ar Ogwr*

## Introduction

## Background

1 This is the first review of Bridgend County Borough Council (the LA) carried out by the PAGS on behalf of DCELLS.

## Scope and Objectives

2 The principal objective of this review is to assess the LA's compliance with the WAG's Local Authority audit guidance and has included a review of the audit framework and the extent to which the Director of the DCELLS, as Additional Accounting Officer may rely on it for assurance purposes.

3 This is achieved through a peer review of the work of the internal audit function. Detailed compliance or substantive testing has not been carried out by the PAGS. The review has specifically considered the planning, approach and reporting of the internal audit work undertaken by the internal audit function in relation to sixth form schools and community learning.

## Structure of the report

This report consists of the following sections:

4 Executive **Summary** .sets out the issues arising from the review.

5 Introduction .sets out the objectives of the review and the structure of the report.

6 Detailed Audit Findings .sets out the findings from the review.

## Protocol

7 This review has been reported on an exception basis to focus attention on those areas where management action is required to strengthen existing arrangements. Accordingly, audit observations are made where considered appropriate together with recommendations designed to improve and strengthen controls.

.Page 3 .

Restricted

Provider Audit and Governance Service

Review of Bridgend County Borough Council Adolygiado Cyngor Bwrdeistret Sirol Pen -y-Borrt Ar Ogwr

## Introduction

8 All recommendations have been given a risk rating of **I** to 3 to signify their relative importance. A scale of **A** to **C** has been used to indicate the expected timescales for remedial action. The following definitions have been adopted:

- Page 4 -

Rating	Definition
<b>I</b>	<b>Fundamental:</b> the control framework is inadequate
<b>2</b>	<b>Significant:</b> the control framework is inadequate in some important respects
<b>3</b>	<b>Requires</b> weakness in the control framework that <b>Attention:</b> must be addressed
<b>A</b> <b>B</b>	<b>Immediate:</b> management action required immediately
<b>Short Term:</b> management action required within a maximum of 6 months	
<b>C</b>	<b>Medium Term:</b> management action required within a maximum of 12 months

Restricted

Provider audit and Governance Serv,cv

Review of Bndgend County Borough Council Adolygiad o Cyngor Bwrreistre( Snot Pen-yBonl Ar Ogwr

## Findings and Recommendations

### PLASC Checks

**9 [iidings A** review of WAG sixth form funding was undertaken by Internal Audit in 2006. The main objective of the review was to establish if suitable systems were in place to deal with the application for funding and that funding received had been used in accordance with the terms and conditions set by the WAG.

Updated guidance on the checks required on PLASC data was issued in October 2006. The guidance recommends that for each pupil selected as part of the audit sample a number of tests should be performed to evidence the accuracy of the PLASC return.

At the time of undertaking this visit, the above tests had yet to be undertaken at sixth-form schools.

**Recommendation** The LA should undertake PLASC data audits at each sixth-form school on a cyclical basis.

As part of the PLASC data audits, the following checks should be undertaken:

1/2 That the pupil is included on the school's register;

1/2 That for each separate activity on the return (e.g. A Level, Key Skill) that the pupil is enrolled on the activity (this will include checking to individual classroom registers and timetables); and

1/2 For each activity, a number of Guided Contact Hours (GCH) will be recorded on the PLASC return and checks should be undertaken to ensure that the number of GCHs recorded can be evidenced by actual timetabled activity.

.Page 5 .

<b>Risk</b>	Errors in the PLASC return are not detected, resulting in schools being allocated incorrect levels of funding.		
	<b>Risk Rating</b>	<b>IB</b>	

Restricted  
Provider Audit and Governance Service

*Review of Bridgend County Borough Council*

*Adolygiedd Cyngw Bwrdd & Stref Sirol Pen -y-Bont Ar Ogor*

Review Cycle

## Findings and Recommendations

10 findings Risk

Internal Audit aim to undertake a review of each school's systems and controls on a three year cyclical basis. However, it was noted for two schools (Cynfig and Brynteg) within the Authority that the gap between reviews was six years (2000 to 2006).

Without adequate coverage the internal auditor will be unable to provide an opinion on the adequacy and effectiveness of the systems within schools.

Risk Rating 2A

Recommendation

Follow Ups

It is recommended that the LA's Internal Audit ensures that each sixth-form school's systems and controls are reviewed at least once every five years on the basis of risk.

Internal Audit has recently introduced processes to enable previous audit recommendations to be followed up. It is noted that this system has yet to be fully implemented.

11

Recommendation A system should be established where all previous audit recommendations are followed up to confirm the status of the agreed action.

.Page 6 .

<b>Risk</b>	Until a formal follow up system has been established,
-------------	---

	there is a risk that previously raised recommendations
are not fully implemented. As a consequence,	
systematic failings or financial irregularities may occur.	
Risk Rating 2B	

**Restnctecj**  
 Provider **Audit end** Goveinan **Service**

*Rewew of Brfdgend Cou(y Borough Counc,I Adolygsacio Cyngor Bwnie, stref Sirol Pen-yBont Ar Ogwi Finding* **and Recommendations**  
 Governance

12 The governing body is collectively responsible for the overall direction of the school and its strategic management.

We note that the internal audit plan provides for a review of the LEA governance support unit, which was last reported on in February 2006. This support unit provides guidance and monitors governance arrangements for schools in the Authority

We draw your attention to the following areas of governance, which in addition to the work undertaken above, would strengthen the audit programme for schools in regard to governance arrangements. The approach should be tailored to distinguish between those schools supported by the LEA governance unit and schools that have their own arrangements in place.

• Ensuring that the composition of the governing body is correct and that the meetings are quorate;

• Ensuring that the roles and responsibilities of the governing body, its committees, the headteacher should be set out in writing;

• A review of the register of business interests of governors and headteacher and any other staff who influence decisions. This should be open to examination by governors, the staff, parents and the

LA;

• Ensuring that there are agreed arrangements for providing public access to agendas, minutes and papers of the governing body;

• Review of the extent to which the headteacher seeks to involve the governing body in the development of the School Development Plan including the statement of its educational goals and that the plan is linked to the school's budget; and

• That the governing body ensures that the school complies with the Race Relations Act, Sex Discrimination Act and the Disability Discrimination Act.

Risk Limited internal audit coverage of governance arrangements may result in statutory requirements and good practice not being complied with.

Risk Rating 2B

.Page 7 .

**Restricted**  
 Provider **Audit and Governance Service**  
 Rewew of &vdgerid Coirnfr Bofough Council Adolygiado Cyngor Bwrdeisfref Sirol Pen-y-Bont Ar Ogwr

## **Findings and Recommendations**

Para 12 continued

Recommendation The Internal Auditor should strengthen the audit programme in relation to governance as detailed in the above finding.

The audit approach to governance should be tailored to address those schools supported by the LEA governance unit and schools that have their own arrangements in place.

.Page .

The LA should undertake PLASC data audits at each sixth-form school on a cyclical basis.

As part of the PLASC data audits, the following checks should be undertaken:

• That the pupil is included on the school's register;

• That for each separate activity on the return (e.g. A Level, Key Skill) that the pupil is enrolled on the activity (this will include checking to individual classroom registers and timetables); and;

For each activity, a number of Guided Contact Hours (GCH) will be recorded on the PLASC return and checks should be undertaken to ensure that the number of GCHs recorded can be evidenced by actual timetabled activity.

The PLASC data is reviewed as part of all secondary schools audits. The extra checks requested in the recommendation have now been included in the audit programme and have been implemented.

9

**IB**

Agreed.

**ANNEX A**

In place Group Auditor

The system of Rating recommendations is explained in the introduction to this report.

.Page 9-

Para. Ref.	Rating*	Recommendation	Management Implementation Comments	Responsible Officer Timetable
------------	---------	----------------	------------------------------------	-------------------------------

... PAGS Visit Nol -2007  
 Managemet Implementation Plan continued

A system should be established where all previous audit recommendations are followed up to confirm the status of the agreed action.

Recommendation agreed and a July 2008 system of follow ups will be put in place.

11 2B

Group Auditor

Page 10-

Para. Ref.	Rating*	Recommendation	Management I Comments	Implementation Timetable	Responsible Officer
10 c	2A	It is recommended that the LAs Internal Audit ensures that each sixth-form school's systems and controls are reviewed at least once every five years on the basis of risk,	Agreed. In place It is already internal audit's policy to audit schools more frequently than once every five years. The incidences noted in the audit report were due to staff shortages at that time.		Group Auditor

Fjetric?,cf  
 Bkigncl County Borough Council  
 PAGS Visit Nd -2007  
 Management Implementation Plan continued

The Internal Auditor should strengthen the audit programme in relation to governance as detailed below:  
 Ensuring that the composition of the governing body is correct and that the meetings are quorate;  
 Ensuring that the roles and responsibilities of the governing body, its committees, the headteacher should be set out in writing;  
 A review of the register of business interests of governors and headteacher and any other staff who influence decisions. This should be open to examination by governors, the staff, parents and the LA;

The secondary schools audit programme will be updated to incorporate the requested checks.

12

2B

Agreed.

ANNEX A

September 2008

Group Auditor

- Page 11 -

Para. Ref.	Rating*	Recommendation	Management Comments	Implementation	Responsible Officer
------------	---------	----------------	---------------------	----------------	---------------------

*Rest ited*

*Brdgend County Borough Council ANNEX A*

*PAGS Wslt Nol - 2007*

*Mane genit 1/27ent Implementation Pien 1/2s continued*

**12** 1/2 Ensuring that there are agreed (cont.) arrangements for providing public access to agendas, minutes and papers of the governing body;

That the governing body ensures that the school complies with the Race Relations Act, Sex Discrimination Act and the Disability Discrimination Act; and

Review of the extent to which the headteacher seeks to involve the governing body in the development of the School Development Plan including the statement of its educational goals and that the plan is linked to the school's budget.

The audit approach to governance should be tailored to address those schools supported by the **LEA** governance unit and schools that have their own arrangements in place.

-Page 12-

Para. Ref.	Rating*	Recommendation	Management Comments	Implementation Timetable	Responsible Officer
------------	---------	----------------	---------------------	--------------------------	---------------------

Restricted  
ANNEX B

### Performance Indicators

The following table indicates the time taken from fieldwork to completion of this report against performance indicators developed by PAGs and reported to the Additional Accounting Officer. 1/2 Target Days 1/2 represent the number of working days allowed for completion of each stage of the finalisation process. It is intended that the working draft report should be issued within 30 working days of completion of fieldwork.

- Page 13 -

Progress	Target Days	Date	Actual Days	Comments
Fieldwork start		30/07/07		1/2 No category 1A 1/2 recommendations
Fieldwork completion	2	30/07/07	1	
Category 1/2 1A 1/2 action plan issued		N/A		

Working draft report issued	30	19/10/07	47	
Responses received	<b>30</b>	14/05/08	140	
Final report issued	10	15/05/08	1	
Formal issue to the Additional Accounting Officer	5	I		