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Bridgend County Borough Council
Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr



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

Legal and Regulatory Services /
Gwasanaethau Cyfreithiol a Rheoleiddiol
Direct line / Deialu uniongyrchol: (01656)
643148/643147
Ask for / Gofynnwch am: Andrew Rees

Our ref / Ein cyf:
Your ref / Eich cyf:

Date / Dyddiad: Friday, 10 April 2015

Dear Councillor,

AUDIT COMMITTEE

A meeting of the Audit Committee will be held in Committee Rooms 2/3, Civic Offices Angel Street Bridgend CF31 4WB on **Thursday, 16 April 2015 at 2.00 pm.**

AGENDA

1. Apologies for Absence
To receive apologies for absence (to include reasons where appropriate) from Members/Officers.
2. Declarations of Interest
To receive declarations of personal and prejudicial interest (if any) from Members/Officers in accordance with the provisions of the Members' Code of Conduct adopted by Council from 1 September 2014
3. Approval of Minutes 3 - 10
To receive for approval the minutes of the Audit Committee of 15 January 2015.
4. External Audit Plan 2014-15 11 - 32
5. Certification of Grants and Returns 2013-14 33 - 52
6. Completed Audits 53 - 64
7. Internal Audit Shared Service Self Assessment Against the Public Sector Internal Audit Standards 2014 - 2015 65 - 104
8. Annual Opinion Report of the Head of Internal Audit for the Period April 2014 to March 2015 105 - 130
9. Audit Committee Terms of Reference 131 - 136

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| 10. | <u>Internal Audit Shared Service Charter 2015/16</u> | 137 - 146 |
| 11. | <u>Draft Internal Audit Strategy and Annual Risk Based Audit Plan April 2015 to March 2016</u> | 147 - 206 |
| 12. | <u>Forward Work Programme - 2014-15</u> | 207 - 210 |
| 13. | <u>Proposed Forward Work Programme - 2015-16</u> | 211 - 214 |
| 14. | <u>Urgent Items</u>
To consider any other items(s) of business in respect of which notice has been given in accordance with Rule 4 of the Council Procedure Rules and which the person presiding at the meeting is of the opinion should by reason of special circumstances be transacted at the meeting as a matter of urgency. | |
| 15. | <u>Exclusion of the Public</u>
The minutes relating to the following item are not for publication as they contain exempt information as defined in Paragraph 18 of Part 4 and Paragraph 21 of Part 5 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information)(Variation) (Wales) Order 2007.

If following the application of the public interest test the Joint Committee resolves pursuant to the Act to consider these items in private, the public will be excluded from the meeting during such consideration. | |
| 16. | <u>Approval of Exempt Minutes</u> | 215 - 216 |

Yours faithfully

P A Jolley

Assistant Chief Executive Legal and Regulatory Services

Distribution:

Councillors:

E Dodd
 G Davies
 GW Davies MBE
 CA Green

Councillors

RC Jones
 JE Lewis
 JR McCarthy
 M Reeves

Councillors

C Westwood
 HM Williams
 RE Young
 DK Edwards

Lay Member

J Williams

AUDIT COMMITTEE - THURSDAY, 15 JANUARY 2015

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD IN COMMITTEE ROOMS 2/3, CIVIC OFFICES, ANGEL STREET, BRIDGEND CF31 4WB ON THURSDAY, 15 JANUARY 2015 AT 2.00 PM

Present:

Councillor E Dodd - Chairperson

Councillor

G Davies
G W Davies MBE
C A Green

Councillor

R C Jones
J E McCarthy
M Reeves

Councillor

C Westwood
H M Williams
R E Young

Officers:

H Smith - Chief Internal Auditor
M Williams - Chief Accountant
Z Shell - Head of Neighbourhood Services
R Martin - Risk Management and Insurance Officer
J Monks - Democratic Services Officer - Committees

159 APOLOGIES FOR ABSENCE

Apologies were received from the following Members/Officers:

Councillor D K Edwards - Other Council Business
J Williams - Work Commitments
Corporate Director – Resources - Other Council Business
Head of Finance and ICT - Personal

160 DECLARATIONS OF INTEREST

The following Members declared a personal interest under Item 8 – Internal Audit's Annual Report on Schools as they are School Governors:

Councillor G W Davies MBE
Councillor E Dodd
Councillor M Reeves
Councillor R E Young

161 APPROVAL OF MINUTES

RESOLVED: That the minutes of a meeting of the Audit Committee held on 20 November 2014 were approved as a true and accurate record.

The Chief Accountant provided Members with an update on the dispute between the Authority and the contractor regarding the final costs of the Bridgend Resource Centre's capital contract. She was pleased to inform the Committee that this had now been resolved with the contractor, as confirmation had been received that they would not be challenging the Authority. Therefore the financial settlement is £271k, and an earmark reserve had been put aside to cover this amount.

162 TREASURY MANAGEMENT HALF YEAR REPORT 2014-15 AND TREASURY MANAGEMENT STRATEGY 2015-16

The Chief Accountant presented a report to update the Committee on the half year position for Treasury Management activities for 2014-15, attached at Appendix A and to highlight compliance with the Council's treasury management policies and practices. Also to present the proposed Treasury Management Strategy 2015-16 before it goes to Council in February for approval.

She reported that the main points for treasury management for the half year review 2014-15 were as follows:

- The Council has complied with its legislative and regulatory requirements by presenting the Half Year report to Council in November 2014, and the first quarter monitoring report had gone to Cabinet;
- No long or short term borrowing or debt rescheduling was undertaken during the first half of the year 14-15;
- The Council had investments of £24.40m at the 30th September with an average interest rate of 0.48%. The current rate received from Central Government was only 0.25%, therefore the Council's investments are out-performing the DMO rate;
- The Investment Strategy was reviewed to enable increased flexibility in the changing financial market to increase potential investment opportunities available, whilst maintaining security;
- The Council operated within its treasury limits and complied with its Treasury Management Practices.

The Chief Accountant informed Members that the Council's new banking contract with Barclays Bank commenced on the 5th January 2015. She then referred to Appendix B and reported the following main points for the proposed Treasury Management Strategy going forward 2015-16:

- The Strategy would be presented to Council on the 25th February 2015 for approval, within the Medium Term Financial Strategy;
- It has been reviewed by Arlingclose, Treasury Management Advisors to the Council;
- It sets the Economic Context and Interest Rates Forecast which assumes an average bank rate for 2015-16 of around 0.75%
- The main change within the Strategy was within the Invest Strategy due to the imminent UK legislation which had resulted from two European Union directives. The combined effect of those changes would leave public authorities and financial organisations as the only senior creditors likely to incur losses in a failing bank after July 2015;
- Investments were historically placed in short term bank and building society unsecured deposits, and local and Central Government. However, due to the aforementioned changes, the relative risk of these deposits would increase;
- Arlingclose are to be invited to provide training before the end of the financial year, to both Members of the Audit Committee as well as the staff in the Finance Department, on the changes and also alternative investment options.

A Member asked whether the imminent changes would place a bigger reliance on the Council's relationship with Arlingclose.

The Chief Accountant confirmed that it would as there was not the required expertise in-house and the Head of Finance & IT and the Finance Manager had already received training through Arlingclose within the last two months. She reported that the Council

had an active relationship and daily contact with staff at Arlingclose, who constantly updated staff on the credit ratings of banks and building societies.

One Member asked whether there was likely to be greater exposure to risk.

The Chief Accountant advised that there would, as the banks would no longer be able to offer the same protection on investments.

RESOLVED: That the Committee:

1. Noted the Annual Treasury Management Half-Year Report which was approved by Council in November 2014.
2. Gave due consideration to the Treasury Management Strategy 2015-16 before it is presented to Council for approval in February 2015 as part of the Medium Term Financial Strategy.

163 THE CORPORATE RISK ASSESSMENT 2015-16

The Risk Management and Insurance Officer presented a report to the Committee that explained the outcome of the Authority's Annual Risk Assessment, attached at Appendix 1, which identified the main risks facing the Council, the likely impact of those risks on Council services and the wider County Borough, and also outlined what was being done to manage the risks and allocated responsibility to individuals for the Council's response.

He advised that a Risk Assessment had been developed in consultation with Corporate Directors, Business Managers and Senior Management Teams, and had gone to the Corporate Management Board (CMB) in December 2014. A summary of the residual risk scores was contained in Appendix 2 and the Corporate Risk Management Policy was attached at Appendix 3. He advised that the Risk Assessment was reviewed quarterly alongside reports to CMB, covering the changes throughout the year.

The Risk Management and Insurance Officer took Members through the list of risks and brought to their attention a report of the Auditor General of Wales which demonstrated that Welfare Reform was affecting Wales more than England, with social housing tenants having had their benefits reduced by 20.4%, as opposed to 19% in England and 15.3% in Scotland. The report highlighted increased poverty amongst social housing tenants as a result of the rising cost of food, fuel and utilities. He reported that 50% of those people surveyed were in greater debt and the level had risen by a quarter since the introduction of the bedroom tax with those who were in rent arrears up by 23% and referrals to food banks had increased by 48%.

A Member asked how the earmarked reserve would be used.

The Chief Accountant advised that it would be used for any pressures facing the Council as a result of Welfare Reform and there was a further sum to help the more vulnerable in society.

The Risk Management and Insurance Officer then referred to the second risk which was "using resource effectively" and reported that during the coming year the Council is required to make savings of £11.25m which included an increase in Council Tax of 4.8%. The total amount of savings required over the following three years is £37.6m, making a total of £48.8m over the next four years and built into that amount is an assumed increase in Council Tax of 4.9% per annum. Directorates are expected to make savings of 8.6% for 2015-16, which include retendering for Learner Transport,

Waste Management, Health and Social Care, Cultural Services, Regulatory Services, Youth Offending, as well as staff restructures as the staffing spend currently accounted for 69% of the budget.

One Member questioned the £200k pump priming to establish core staff capability to deliver the programme, and asked whether this would mean paying twice if staff were seconded from another department within the Authority.

The Chief Accountant advised that pump priming had been used to fund a core team of Project Managers and a specific Project Accountant to assist in delivering projects such as collaboration and outsourcing of certain areas. The Project Managers have been appointed on fixed two year contracts, funded from earmarked reserves, and would ultimately help to attain the required budget savings. She added that a saving would be made elsewhere if those staff were recruited internally.

The Risk Management and Insurance Officer informed Members that Local Government Reorganisation was a new risk area for the Council. He advised that the Council had expressed interest in merging to the east of the borough and the advantages identified to justify this were that the two Councils had a similar tertiary education system, as well as the Council becoming part of the Cardiff City region. He explained that there were a number of negatives to this merger: the Council would straddle two separate health board areas; harmonisation of Council Tax; the long term impact on the European funding was not known; the unknown cost of a merger as the Welsh Government were not in a position to meet those costs, which would inevitably add to the Medium Term Financial Strategy on top of the £48.8m required savings. Furthermore, senior managers would be distracted from prime tasks of delivering services by the need to discuss the detail with colleagues in other Councils on how those services might be brought together.

He then described some other main risk areas. The first was “supporting vulnerable people” and the need to remodel those services as more people were living longer; the number of people over 65 was likely to increase by 24% between now and 2020 and would place increased demand on complex services. Secondly, whilst budgets are decreasing, people’s expectations are not. It was noted that staff numbers would decrease due to annual wastage and the reduction of hours. However more emphasis was now being placed on prevention and the Early Response Team in order to avoid admissions to hospital.

During the last 12 months there had been a change of emphasis in “supporting vulnerable children and young people and their families” regarding the recruitment and retention of Social Workers and the increased number of Looked After Children (LAC) with complex needs which had placed greater strain on resources. In the period 2007-8 to 2012-13 the LAC population had increased by 40% from 291 to 412 and during last year had increased by a further 6.5%. He advised that there was now however enhanced data sharing with health workers and other partners and the Community Care Information Solution (CCIS), a single integrated solution available to all health and social care organisations across Wales, which it was hope would address one issue.

The Risk Management and Insurance Officer then reported on the “schools modernisation programme”, which was part of the Council’s capital programme. He explained that the Welsh Government were committed to fund 50% of Band A projects, dependent upon the Council funding the other 50% and the production of a robust business case. The main part of the match funding, £13.4m, would come from the sale of some of the Council’s properties, £4m from Section 106 Agreements and £5m core funding.

The Risk Management and Insurance Officer reported that for the first time since the start of the financial crisis wages were growing faster than inflation at a rate of 1.8% between August and October 2014. There was also a rise in the number of people in work, although there had been a slight fall in Bridgend.

He then reported on “educational Attainment” and advised that the Estyn Inspection was completed in 2012 and reported in 2013 with five recommendations. At the last meeting there had been good progress and the risk had come down. Estyn returned in December and the Council came out of monitoring, which reflected the good progress which had been made.

RESOLVED: That the Committee considered the Annual Risk Assessment and updated Risk Management timeline contained within Appendix 2 of the Risk Management Policy.

164 INFORMATION AND ACTION REQUESTS BY COMMITTEE

The Corporate Director - Resources submitted a report, that summarised for Committee the actions and information requests made by the Audit Committee at its last scheduled meeting.

This was detailed in paragraph 4.1 of the report, and the Chief Internal Auditor explained that a report on the topic so highlighted would appear later in the meeting as an agenda item.

RESOLVED: That the Committee noted the report and awaits further progress reports as confirmed above, at its next meeting.

165 COMPLETED AUDITS

The Chief Internal Auditor presented a report to summarise for Members the findings of the audits recently completed by the Internal Audit Shared Service. Details of the audits were included in the report, attached at Appendix A and she highlighted for Members some of the areas of concern.

She advised that Management were currently in discussions with the Trade Unions to implement a corporate expenses policy. This was the result of incidents where it was found that duplicate claims had been made. Action had now been taken to provide staff with more training and the ITC department were putting a system in place to flag up any repeat claims.

She reported that the Loan Worker system was working effectively, but as there were only a limited number of staff using it a programme had been set up to raise the system's profile. The system would also be included in the Council's Community Plan.

The Chief Internal Auditor reported that the audit review on Benefits – Free School Meals had identified that there was no policy in place to govern the process. However it had now been confirmed that discussions were being held with the Legal Department to formulate a protocol.

RESOLVED: That the Committee gave due consideration to the completed audits referred to in Appendix A to the report.

166 INTERNAL AUDIT'S ANNUAL REPORT ON SCHOOLS

The Chief Internal Auditor presented a report which summarised the findings made by Internal Audit in relation to school based audits conducted in 2013/14 attached at Appendix A. She informed Members that a total of 24 audit visits were carried out including four secondary schools, 16 primary schools and two infant schools. Also included were a junior school which was closing and a comprehensive school, previously audited in 2012/13 but due to amalgamation and split site, two audit areas were outstanding.

She explained that it was not just about visiting schools, but looking at certain areas from a corporate perspective as well and ensuring that schools are complying with the Welsh Government Regulations; that clear action plans are in place to address any deficits and to ascertain whether they are spending any surplus monies in accordance with the action plan they have produced.. In September 2010 the School Funding (Wales) Regulations came into force which gave local authorities the power to direct spend and claw back monies held by schools where surplus budgets exceed £50k. She referred Members to paragraph 4.3 of the report which provided a complete list of areas which could be covered during an audit visit at both primary and secondary schools.

The Chief Internal Auditor reported a change in Government systems in relation to how safeguarding checks are processed and notified. A new system, Disclosure and Barring Service (DBS) has been introduced to replace the CRB checks, which has better control and will address any weaknesses identified in schools.

The Chief Internal Auditor concluded by reporting that 77% of schools audited achieved substantial assurance and 23% had achieved reasonable assurance.

RESOLVED: That the Committee gave due consideration to the Internal Audit annual report on schools to ensure that all aspects of their core functions are being adequately reported.

167 INTERNAL AUDIT - OUTTURN REPORT - APRIL TO DECEMBER 2014

The Chief Internal Auditor presented a report to update the Committee on the actual Internal Audit performance against the last nine months (April 2014 to December 2014) compared with the annual Audit Plan which had provided for a total of 1,310 productive days to cover the period April 2014 to March 2015. A summary of audits commenced and completed during the period April to December 2014 were attached at Appendices A and B.

She reported that up until recently the Section had sustained a high level of coverage of the Plan for the nine months. However, 99% of BCBC's plan was actually completed, with a total of 976 productive days being achieved. She explained that performance had dropped due to long term sickness absence and maternity leave, as well as another member of staff having left the Authority, as well as three vacant posts all of which was now impacting on the service. A member of staff who had been on long term sickness absence had returned to work but only on a phased return. The Section was struggling and although it had managed over the last months, not having the resources in place had started to show and would continue up to the end of the financial year. The three vacant posts were currently being advertised for the third time. She advised that the Authority would only be charged for the number of days delivered which meant there would be a small budget saving as they had not completed the prescribed number of days.

AUDIT COMMITTEE - THURSDAY, 15 JANUARY 2015

The Chief Internal Auditor informed Members that the two trainees were doing well and one had just passed her second examination. The other trainee was also doing well studying to become a computer auditor and was working through an extremely complex training programme.

She stressed that despite staffing problems, it had not affected her being in a position to provide the Annual Opinion report, possibly in May, and the report would be based on the work of the Section.

She concluded by informing Members that she would call a special meeting of the Committee should it transpire that the next round of recruitment proved to be unsuccessful, so that Members would be made aware of the impact this would have.

RESOLVED: That Members gave due consideration to the Internal Audit Outturn Report and appendices covering the period April 2014 to December 2014 to ensure that all aspects of their core functions were being adequately reported.

168 FORWARD WORK PROGRAMME - 2014-15

The Chief Internal Auditor presented a report for the approval of the proposed Forward Work Programme for 2014-2015, attached at Appendix A.

RESOLVED: The Committee considered and approved the Forward Work Programme for 2014-15.

169 EXCLUSION OF THE PUBLIC

RESOLVED: That under Section 100A (4) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business because of the likelihood that, if members of the public were present during this item there would be disclosure to them of exempt information of the description specified in paragraph 18 of Part 4 of Schedule 12A and paragraph 21 of part 5 of Schedule 12A of the said Act:

Minute No: Summary of Item:

170 Confidential minutes of the previous meeting of the Audit Committee dated the 20th November 2014.

171 Material and Energy Recovery Centre (MREC) and South West Wales Regional Anaerobic Digestion Procurement.

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE AUDIT COMMITTEE

16 APRIL 2015

REPORT OF THE CORPORATE DIRECTOR - RESOURCES

EXTERNAL AUDIT ANNUAL AUDIT PLAN 2014-15

1 Purpose of Report.

- 1.1 The purpose of this report is to submit the External Auditor's Annual Audit Plan 2014-15 for noting.

2 Connection to Corporate Improvement Plan / Other Corporate Priorities.

- 2.1 Internal and External Audit's work impacts on the Corporate Improvement Objectives and other corporate priorities.

3 Background

- 3.1 The Annual Audit Plan Outline has been prepared by the Council's External Auditor to meet the requirement of the auditing standards and proper audit practices. It sets out the work to be undertaken by the Appointed Auditor at Bridgend CBC under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009 (the Measure), the Local Government Act 1999, and the Code of Audit Practice.

4 Current situation / proposal

- 4.1 The key elements of the audit engagement of the Appointed Auditor are outlined in Appendix A of the attached report. The Appointed Auditor is required to:-

- examine and certify whether our financial statements are 'true and fair';
- assess whether we have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources;
- audit and assess whether we have discharged duties and met requirements of the Measure; and
- undertake studies to enable him to make recommendations for improving economy, efficiency and effectiveness.

- 4.2 The Financial Audit 2014-15 element of this plan has been prepared by KPMG LLP. The purpose of this plan is to set out the proposed work, when it will be undertaken, how much it will cost and who will undertake it.

- 4.3 The Plan also outlines the Performance Audit, the Certification of Grant Claims and Returns and other Audit Work undertaken.

5 Effect upon Policy Framework & Procedure Rules.

- 5.1 None

6 Equality Impact Assessment.

6.1 There are no equality issues.

7 Financial Implications.

7.1 None

8 Recommendation.

8.1 That Members note the content of the External Auditor's Annual Audit Plan 2014-15 attached as Appendix A.

Ness Young
Corporate Director - Resources
2 April 2015

Contact Officer: Mary Williams

Telephone: (01656) 643605

E-mail: mary.williams2@bridgend.gov.uk

Postal Address
Bridgend County Borough Council
Finance and Performance
Wing 4 Raven's Court
Brewery Field
Bridgend
CF31 4AP

Background Documents

Annual Audit Plan 2014-15



2015 Audit Plan

Bridgend County Borough Council

Audit year: 2014-15

Issued: April 2015

Document reference: 222A2015

Status of document

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2015 Audit Plan

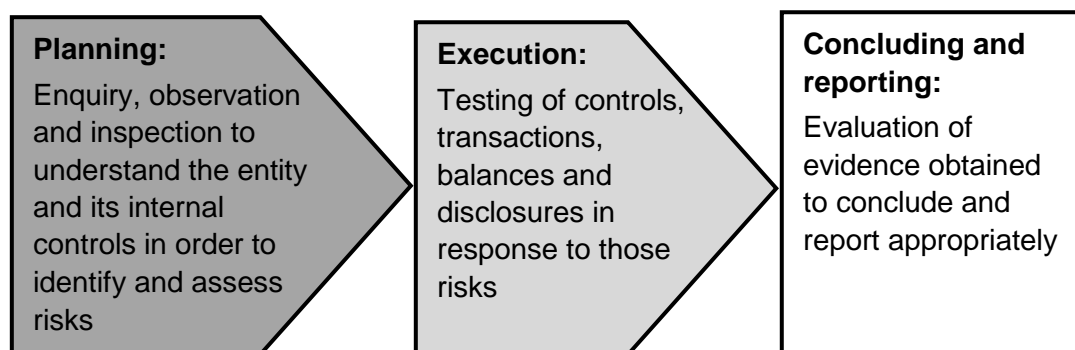
Summary

1. As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009 (the Measure), the Local Government Act 1999, and the Code of Audit Practice, namely to:
 - examine and certify whether your financial statements are ‘true and fair’;
 - assess whether you have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources;
 - audit and assess whether you have discharged duties and met requirements of the Measure; and
 - undertake studies to enable me to make recommendations for improving economy, efficiency and effectiveness or for improving financial or other management arrangements.
2. The Financial Audit element of this plan has been prepared by KPMG LLP on my behalf. The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
3. My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

Financial audit

4. It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their ‘truth and fairness’.
5. I also consider whether or not Bridgend County Borough Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception if the Annual Governance Statement does not comply with requirements.
6. [Appendix 1](#) sets out my responsibilities in full.
7. The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows me to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the financial statements as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

Exhibit 1: My audit approach



8. The risks of material misstatement which I consider to be significant and which therefore require special audit consideration, are set out in [Exhibit 2](#) along with the work I intend to undertake to address them.

Exhibit 2: Financial audit risks

Financial audit risk	Proposed audit response
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].	My audit team will: <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.
Valuation of property: <ul style="list-style-type: none"> The Council has undertaken full valuation of its property portfolio as at 1 April 2014. This valuation was performed by the internal valuers, and was based on a revised methodology from the approach taken at the last valuation in 2009. The Council also needs to consider whether the carrying value of property assets are still materially stated as at 31 March 2015 in light of potential variances since the valuation date, as there is a risk that a material misstatement may arise from movements in value during the year. 	My audit team will: <ul style="list-style-type: none"> review the appropriateness of valuation methodology and consider the expertise of the valuers performing the exercise; agree a sample of the asset valuations posted as per the fixed asset register back to valuation reports and check the accuracy of the accounting entries for these valuations; and review the Council's consideration of the accuracy of property carrying values as at 31 March 2015.
Accounting for Local Authority Maintained Schools:	As part of our audit, we will ensure the Authority is aware of the latest guidance

Financial audit risk	Proposed audit response
<ul style="list-style-type: none"> LAAP Bulletin 101 <i>Accounting for School Assets used by Local Authority Maintained Schools</i> issued in December 2014 has been published to assist practitioners with the application of the Code in this respect. The challenges relate to school assets owned by third parties such as church bodies and made available to school governing bodies under a variety of arrangements. This includes assets used by Voluntary-Aided (VA) and Voluntary-Controlled (VC) Schools as well as Foundation Schools. Authorities will need to review the agreements under which assets are used by VA/VC and Foundation schools and apply the relevant tests of control in the case of assets made available free of charge, or risks and rewards of ownership in the case of assets made available under leases. This is a key area of judgement and there is a risk that Authorities could omit school assets from, or include school assets in, their balance sheet. 	<p>and review the judgements it has made. This will include :</p> <ul style="list-style-type: none"> Determining whether the Authority has identified all relevant maintained schools within its area and undertaken a review of the agreements underpinning the use of school assets by VA, VC and Foundation schools; and Considering the Authority's application of the relevant accounting standards to account for these schools and challenging its judgements where necessary.

9. There is a presumption of a risk of fraud in revenue recognition (ISA 260 Para. 26). We have rebutted this risk, as the nature of income into the Council is such that the risk of material misstatement is reduced.
10. 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. Materiality for planning purposes has been set at £4.5 million, which equates to 1 per cent of prior year gross expenditure. We will revise this materiality based on current year gross expenditure when this information is available and the levels at which I judge misstatements to be material will be reported to the Audit Committee prior to completion of the audit.
11. For reporting purposes, I will treat any misstatements below a 'trivial' level of £100,000 as not requiring consideration by those charged with governance and therefore I will not report them.
12. My fees are based on the following assumptions:
 - information provided to support the financial statements is timely, to the quality expected and has been subject to quality assurance review;
 - 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.
13. In addition to my responsibilities in respect of the audit of Bridgend County Borough Council's statutory financial statements set out above, I am also required to certify a return to the Welsh Government which provides information about Bridgend County Borough Council to support preparation of Whole of Government Accounts.

Certification of grant claims and returns

14. I have been requested to undertake certification work on Bridgend County Borough Council's grant claims and returns.
15. My audit fee for this work is set out in [Exhibit 6](#).

Overall issues identified

16. [Exhibit 3](#) summarises the more significant and/or recurring issues I identified when undertaking grant certification work in 2013-14.

Exhibit 3: Overall issues relating to grant claim and return certification

Effectiveness of grant coordination arrangements

The Authority's arrangement for the production and submission of grant claims and returns are generally good with some improvement from last year, but still some scope for improvement on specific grants.

Qualified grant claims and returns qualified in 2013-14

My team issued unqualified certificates for 21 non-WEFO grants and returns but qualifications were necessary in two cases. We did not need to raise any points for the attention of the Grant Paying Body in the two WEFO project accountants' reports that we issued prior to March 2015. At the time of drafting this report, one WEFO project audit is still to be completed.

Issues related to specific grant claims and returns

17. The issues relating to specific grant claims and returns will be reported to members separately within our Annual Certification of Grants and Returns report.

Other work undertaken

18. There is a requirement for statutory harbour undertakings (including local authorities that are also harbour authorities) to prepare an annual statement of accounts, which are subject to an annual audit. As a small harbour undertaking, Porthcawl Harbour Authority will prepare an annual return to meet this requirement, and this will be subject to our limited assurance regime. This is the first year that such a return will be prepared.
19. I am also responsible for the audit of Catalogue Supplies Service Joint Committee (County Borough Supplies) and Coychurch Crematorium Joint Committee. I wish to draw your attention to the following risk areas I have identified in relation to Catalogue Supplies Service Joint Committee:
 - 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.
 - There is a risk of material misstatement due to fraud in revenue recognition and as such this is treated as a significant risk. We will perform suitable procedures over revenue cut-off relating to this risk.
20. Following the making of the Accounts and Audit (Wales) Regulations 2014 which increases the thresholds defining smaller relevant bodies, Coychurch Crematorium will return to preparing an Annual Return of income and expenditure and statement of balances. This will be subject to our limited assurance regime. The fees for these two Joint Committees administered by the Council are funded by the Joint Committees.
21. My audit fee for this work is set out in [Exhibit 6](#).

Performance audit

22. I am required by the Measure to carry out an improvement assessment for each improvement authority every year, to determine whether the authority is likely to comply with requirements to make arrangements to secure continuous improvement. I must also carry out audits of whether the authority has discharged its duties under the Measure. My improvement assessment work, combined with my work on financial matters, also discharges my responsibility to satisfy myself that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
23. To discharge the requirements of the Measure, I undertake periodic corporate assessments at each improvement authority. Since 2013-14, I have undertaken this programme of corporate assessments on a cyclical basis. Currently I have agreed with the Welsh Government that I may use the grant that I receive from the Welsh Government to fund the corporate assessment. This means that, in addition to fee-funded improvement assessment and audit work, each authority will receive an in-depth corporate assessment once during a four-year period. I propose to undertake such an assessment of the Council during 2015-16. In the intervening years, I will maintain a 'light-touch' overview of developments and of the progress made by the

authority. In the event of emerging issues of concern or matters of priority, I do reserve the flexibility to undertake a more frequent corporate assessment.

24. In addition to my programme of audit and assessment work under the Measure, I undertake a programme of local government studies as required under sections 41 and 42 of the Public Audit (Wales) Act 2004. This work is not included within the local performance audit fee, but is included within the Wales Audit Office estimates for funding from the Welsh Consolidated Fund.
25. I set out in this section the 12-month programme of performance audit work to be undertaken at Bridgend County Borough Council. The content of the programme has been determined by a consideration of the risks and challenges facing Bridgend County Borough Council, the extent of accumulated audit and inspection knowledge, including that of other external review bodies, as well as other available sources of information including Bridgend County Borough Council's own mechanisms for review and evaluation.
26. The components of my performance audit work are shown in [Exhibit 4](#) and have been designed in order to help deliver the high-level objectives set out in our 2013-2016 corporate strategy (www.wao.gov.uk/publication/wales-audit-office-corporate-strategy-2013-2016).

[Exhibit 4: Components of my performance audit work](#)



27. The performance work I propose to undertake is summarised in [Exhibit 5](#).

Exhibit 5: Contents of my 2015-16 performance audit work programme

	Specific projects
Improvement audit and assessment	<p>Corporate Assessment Review of Bridgend County Borough Council's capacity and capability to deliver continuous improvement.</p> <p>'Improvement plan' audit Audit of discharge of duty to publish an improvement plan.</p> <p>'Assessment of performance' audit Audit of discharge of duty to publish an assessment of performance.</p> <p>Financial management review Further work on financial management arrangements following up our 2014-15 review, and looking forward to 2016-17 budget setting and savings proposals. There will also be a focus on reserves position, policy and use of reserves.</p> <p>Governance review Preliminary review in advance of the corporate assessment.</p> <p>Performance management review Preliminary review in advance of the corporate assessment.</p>
Follow-up work	<p>Follow up work will be used to inform the corporate assessment and will include:</p> <ul style="list-style-type: none"> • Scrutiny arrangements and developments since participation in the Wales Audit Office 2013 shared learning event. • Development of performance evaluation arrangements.
Local government studies	<p>The strategic approach of councils to income generation and charging for services.</p> <p>Council funding of third-sector services.</p> <p>The effectiveness of local community safety partnerships.</p>
Good practice	<p>In line with my commitment to identify and share good practice, I will continue to host shared learning seminars, identify relevant case studies and focus my work on identifying and promoting effective practice.</p>

28. The performance audit projects included in last year's Audit Plan, which are either still underway or which have been substituted for alternative projects in agreement with you, are set out in [Appendix 2](#).

Fee, audit team and timetable

Fee

29. Your estimated fee for 2015 is set out in [Exhibit 6](#). This figure represents a 0.76 per cent decrease compared to the fee set out in the 2014 annual audit outline.

Exhibit 6: Audit fee

Audit area	Proposed fee (£) ¹	Actual fee last year (£)
Financial audit work ¹	195,700	195,700
Performance audit work: ²	97,398	99,654
Total fee	293,098	295,354
Grant certification work ³	40,000	40,000
Other financial audit work		
• Porthcawl Harbour Authority ⁴	TBC	-
• Catalogue Supplies Service Joint Committee	8,000	8,000
• Coychurch Crematorium Joint Committee ⁴	TBC	7,000
Total fee for other audit work	TBC	15,000

Notes:

¹ Payable November 2014 to October 2015.

² Payable April 2015 to March 2016.

³ Payable as work is undertaken on an hourly basis. The 2013-14 fee runs from 1 April 2013 to 31 March 2015 and includes an estimate of fees for work on WEFO grants to be completed in March 2015.

⁴ The Harbour Authority and Crematorium will be subject to the Audit General's Limited Assurance regime in 2014-15. The fees are based on a scale dependent on gross income and expenditure during the year and will be confirmed once these figures are finalised.

30. 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 Bridgend County Borough Council.
31. Further information on my fee scales and fee setting can be found on the Wales Audit Office website at: www.wao.gov.uk/about-us/fee-scales-and-fee-setting.

Audit team

32. The main members of my team, together with their contact details, are summarised in [Exhibit 7](#).

¹ The fees shown in this document are exclusive of VAT, which is no longer charged to you.

Exhibit 7: My team

Name	Role	Contact number	E-mail address
John Herniman	Engagement Director	029 2032 0500	John.herniman@wao.gov.uk
Darren Gilbert (KPMG)	Engagement Lead – Financial Audit	029 2046 8205	darren.gilbert@kpmg.co.uk
Jane Holownia	Engagement Lead – Performance Audit	029 2032 0500	Jane.holownia@wao.co.uk
Steve Barry	Performance Audit Manager	07786 190210	Steve.barry@wao.co.uk
Matthew Arthur (KPMG)	Financial Audit Manager	029 2046 8006	matthew.arthur@kpmg.co.uk

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

Timetable

34. I will provide reports, or other outputs as agreed, to Bridgend County Borough Council covering the areas of work identified in this document. My key milestones are set out in Exhibit 8.

Exhibit 8: Timetable

Planned output	Work undertaken	Report finalised
2015 Audit Plan	January 2015 – March 2015	April 2015
Financial accounts work: <ul style="list-style-type: none"> Audit of Financial Statements Report Opinion on Financial Statements 	March – September 2015	September 2015 September 2015
Performance work: <ul style="list-style-type: none"> Corporate Assessment Improvement plan audit Assessment of performance audit Financial management review Governance review Performance management review 	Sept/Oct 2015 June 2015 November 2015 October 2015 June 2015 June 2015	Estimated* May 2016 June 2015 November 2015 January 2016 September 2015 November 2015
Annual Improvement Report	Incorporating corporate assessment	May 2016

* Subject to timely clearance of draft findings with Bridgend County Borough Council.



Appendix 1

Respective responsibilities

Financial audit

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on:

- Their 'truth and fairness', providing assurance that they:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with the statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
- The consistency of information in the Annual Report with the financial statements.

I must also state by exception if the Annual Governance Statement does not comply with requirements, if proper accounting records have not been kept, if disclosures required for remuneration and other transactions have not been made or if I have not received all the information and explanations I require.

The Public Audit (Wales) Act 2004 requires me to assess whether Bridgend County Borough Council made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. To achieve this, I consider:

- the results of the audit work undertaken on the financial statements;
- Bridgend County Borough Council's system of internal control, as reported in the Annual Governance Statement and my report thereon;
- the results of other work carried out including work carried out under the Local Government (Wales) Measure 2009 (the Measure), certification of claims and returns, and data-matching exercises;
- the results of the work of other external review bodies where relevant to my responsibilities; and
- any other work that addresses matters not covered by the above, and which I consider necessary to discharge my responsibilities.

The Public Audit (Wales) Act 2004 sets out the rights of the public and electors to inspect Bridgend County Borough Council's financial statements and related documents, to ask me, as the Appointed Auditor questions about the accounts and, where appropriate, to challenge items in the accounts. I must also consider whether in the public interest, I should make a report on any matter which comes to my notice in the course of the audit.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;
- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and

-
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within Bridgend County Borough Council from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

Performance audit

The Measure places a general duty on improvement authorities to 'make arrangements to secure continuous improvement in the exercise of [their] functions'. It also places specific requirements on authorities to set improvement objectives, and to publish annual improvement plans and assessments of performance. Improvement authorities are defined as county and county borough councils, national park authorities, and fire and rescue authorities.

The Measure also requires me to carry out an improvement assessment for each improvement authority every year, to determine whether the authority is likely to comply with its general duty and requirements of the Measure. The Auditor General must also carry out an audit of whether the authority has discharged its improvement planning and reporting duties.

To discharge the requirements of the Measure, I undertake periodic corporate assessments at each improvement authority. Since 2013-14, I have undertaken this programme of corporate assessments on a cyclical basis. Currently I have agreed with the Welsh Government that I may use the grant that I receive from the Welsh Government to fund the corporate assessment. This means that, in addition to fee-funded improvement assessment and audit work, each authority will receive an in-depth corporate assessment once during a four-year period. In the intervening years, I will maintain a 'light-touch' overview of developments and of the progress made by the authority.

In the event of emerging issues of concern or matters of priority, I do reserve the flexibility to undertake a more frequent corporate assessment.

I may also, in some circumstances, carry out special inspections (under section 21), in respect of which I will provide a report to the relevant authorities and Ministers, and which I may publish (under section 22). I will summarise audit and assessment reports in my

published Annual Improvement Report (under section 24). This will also summarise any reports of special inspections.

In addition to my programme of audit and assessment work under the Measure, I undertake a programme of local government studies as required under sections 41 and 42 of the Public Audit (Wales) Act 2004. This work is not included within the local performance audit fee, but is included within the Wales Audit Office estimates for funding from the Welsh Consolidated Fund.

Appendix 2

Performance work in last year's audit outline still in progress

Performance audit project	Status	Comment
Governance considerations when considering alternative models of service delivery	Agreed project brief	Scheduled for March/April 2015 estimated report date June 2015

Appendix 3

National value-for-money studies

Bridgend County Borough Council may also be interested in the national value-for-money examinations which I undertake, some of which will be of particular relevance to, and may involve evidence gathering across, local government. These studies are funded by the National Assembly and are presented to the National Assembly's Public Accounts Committee to support its scrutiny of public expenditure.

The table below covers all of the value-for-money studies work currently programmed, although some of this work is still at an early stage of development. The programme includes all-Wales summaries of audit work undertaken locally in the NHS and reactive examinations into specific issues of public concern that have been raised with me. I will shortly be considering and consulting on potential topic areas for future value-for-money studies to start, and potentially in some cases to be reported, in 2015-16.

Further updates on my programme of value-for-money studies will be provided to you within the regular progress reports prepared by my team.

Topic	Anticipated publication timeframe
GP prescribing	April to June 2015
Welsh Government investment in next generation broadband infrastructure	April to June 2015
Regional education consortia	April to June 2015
Welsh Government acquisition of Cardiff Airport	April to June 2015
Rail services	April to June 2015
Orthopaedic services	April to June 2015
NHS clinical coding	Summer 2015
NHS waiting lists and private practice	Summer 2015
Picture of public services	Autumn 2015
Development of Natural Resources Wales	Autumn 2015
Regeneration Investment Fund for Wales ²	To be confirmed
Wales Life Sciences Investment Fund ³	To be confirmed
Flood and erosion risk management (likely to focus on coastal flooding)	To be confirmed

² While in clearance, the timescale for publication is uncertain for reasons specific to the project.

³ While in clearance, the timescale for publication is uncertain for reasons specific to the project.

Topic	Anticipated publication timeframe
Early intervention and public behaviour change ⁴	To be confirmed
Welsh Government interventions in local government ⁵	To be confirmed
Welsh Government responses to audit recommendations	To be confirmed
Public procurement and the National Procurement Service	To be confirmed

⁴ In the short-term, development of a new picture of public services report will take priority over this work. However, the picture of public services report is likely to reflect on these themes in some way. Wales Audit Office staff will also be exploring opportunities to take forward work in this area as part of our good practice exchange programme.

⁵ Plans for this work are being revisited in light of the Welsh Government commissioned review of the Anglesey intervention by the Public Policy Institute for Wales and to take into account any wider implications arising from the local government reform programme.

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@wao.gov.uk

Website: www.wao.gov.uk

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn Testun: 029 2032 0660

E-bost: info@wao.gov.uk

Gwefan: www.wao.gov.uk

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE AUDIT COMMITTEE

16 APRIL 2015

REPORT OF THE CORPORATE DIRECTOR - RESOURCES

CERTIFICATION OF GRANTS AND RETURNS 2013-14

1 Purpose of Report.

- 1.1 The purpose of this report is to present the Council's External Auditor's report on the grant work undertaken for 2013-14.

2 Connection to Corporate Improvement Plan / Other Corporate Priorities.

- 2.1 This report is consistent with the Council's Corporate Priorities.

3 Background

- 3.1 KPMG LLP as appointed auditors of the Council, are asked on behalf of the Auditor General for Wales, to certify larger grant claims made by the Council. For 2013-14 they audited 24 grant claims and returns (including 2 Welsh European Funding Office (WEFO) claims) and certified:-

- 24 grants claims and returns with a total value of £124.8 million (31 grant claims with a total value of £151 million in 2012-13)

4 Current situation / proposal

- 4.1 A summary of all claims and returns subject to certification is provided with the report attached at Appendix A, together with the certification fee and outcome of the External Auditor's review.

- 4.2 The certification results are summarised as follows:-

- 100% of the non-WEFO grant claims were submitted in accordance with the awarding body's deadline (this is consistent with 2012-13), but there were delays due to information being unavailable at the agreed audit date on the two WEFO grants ;
- 22 non-WEFO certificates were unqualified with no adjustments, but qualifications were necessary for 2 grants, one qualification related to issues reported in a previous year and another to issues outside of the Authority's control;
- 4 grants were unqualified but required minor adjustments which increased the amount of funds payable to the Authority by £481.

- 4.3 Overall the Council's External Auditors have concluded that the Council has good arrangements in place for the production and submission of its 2013-14 grant claims, but there still remains scope for improvement as set out in the

“Recommendations” section of the attached report and the External Auditors are continuing to work with the Authority to make these improvements for 2014-15.

5 Effect upon Policy Framework& Procedure Rules.

5.1 None

6 Equality Impact Assessment.

6.1 There are no equality issues.

7 Financial Implications.

7.1 None

8 Recommendation.

8.1 That Members note the content of the External Auditor’s report on the grant work undertaken for 2013-14 attached as Appendix A.

Ness Young
Corporate Director - Resources
2 April 2015

Contact Officer: Mary Williams

Telephone: (01656) 643605

E-mail: mary.williams2@bridgend.gov.uk

Postal Address
Bridgend County Borough Council
Finance and Performance
Wing 4 Raven’s Court
Brewery Field
Bridgend
CF31 4AP

Background Documents

Certification of Grants and Returns 2013-14

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Certification of Grants and Returns 2013-14

Bridgend County Borough Council

Audit year: 2013-14

Issued: March 2015

Document reference: BCBC-CGR2014

Status of report

This document has been prepared for the internal use of Bridgend County Borough Council as part of work performed in accordance with statutory functions, the Code of Audit Practice and the Statement of Responsibilities issued by the Auditor General for Wales.

No responsibility is taken by the Auditor General, staff of the Wales Audit Office and, where applicable, the appointed auditor in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales (and, where applicable, his appointed auditor) is a relevant third party. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@wao.gov.uk.

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Summary

1. Under Paragraph 20 of Schedule 8 to the Government of Wales Act 2006 the Auditor General shall, if required by a local government or other grant-receiving body, make arrangements for certifying claims and returns (referred to as grant claims, hereafter).
2. We undertook our work with the aim of certifying individual claims and to answer the question:
'Does Bridgend County Borough Council (the Authority) have adequate arrangements in place to ensure the production of co-ordinated, accurate, timely and properly documented grant claims?'
3. We have completed our certification work and conclude that the Authority had generally good arrangements in place for the production and submission of its 2013-14 grant claims. Improvement has been made since 2012-13 in the value and amount of issues identified by our certification work, although as set out in the 'Recommendations' section of this report below there still remains some scope for improvement. We continue to support the Authority to deliver improvements in the grants process for 2013-14.
4. For 2013-14 we certified 24 grant claims and returns, reduced from 31 in 2012-13 due to certain claims being audited at a regional level and a change in the Communities First regime.
5. The Authority submitted all of its 2013-14 non-WEFO grant claims to us on time. We can confirm that we have certified all of the claims other than three historic land reclamation grants commenced during 2012-13 for which the work is currently suspended awaiting a Welsh Government decision and two WEFO projects where the Authority has agreed a change in the audit period with WEFO.
6. This work was carried out at a total audit cost of some £45,930. Overall, the audits resulted in an additional £481 being claimable in respect of 2013-14. 1:12 of the non-WEFO claims were qualified.

Headlines

Introduction and background

This report summarises the results of work on the certification of the Authority's 2013-14 grant claims and returns

- As appointed auditors of the Authority, we are asked on behalf of the Auditor General, to certify grant claims made by the Authority.
- For 2013-14, we certified 24 grants & returns (including two WEFO grants) with a total value of £124.8m.
- At the start of our grant audit work for 2013-14, we met with the grant co-ordinator and key financial officers (having the responsibility of grant claim preparation) and agreed our proposed plan for completing grant work in the coming months.
- We have produced this report so that we can provide feedback collectively to those officers having the responsibility for grant management so that we can work together to identify further improvements which can be made to improve the processes.

Pages 8-10

Timely receipt of claims

- Our analysis shows that 100 per cent of non-WEFO grants received during the year were received by the Authority's deadline. This is consistent with the 2012-13 audit year.
- There have been some delays in our work around two WEFO grants due to information not being available at the originally agreed audit date and some late changes in the period we were required to audit as communicated to the Authority by WEFO. In future, the grant co-ordinator should ensure any potential delays to agreed audit dates are communicated promptly to give sufficient time to adjust the timetable and re-allocate auditors appropriately.

Pages 8-10

Certification results	<p>We issued unqualified certificates for 22 non-WEFO grants and returns but qualifications were necessary in 2 cases (8 per cent)</p> <ul style="list-style-type: none"> The reasons for qualifying the grants can be grouped into ongoing issues which have been reported in previous financial years and issues which have come to our attention (for the first time) during our grant work carried out in 2013-14: <ul style="list-style-type: none"> Qualification issues reported in previous financial years <ul style="list-style-type: none"> Lack of authorisation evidence for properties granted historic discretionary NNDR relief Qualification issues outside the Authority's control <ul style="list-style-type: none"> The Concessionary bus fares claim required a technical qualification because the calculation of the quarter 4 administrative costs (that the Authority can claim for administering the scheme) was not in line with our testing instructions; however, the Authority followed Welsh Government instructions for this calculation so this qualification was outside the Authority's control; our qualification was required to draw the issue to the attention of Welsh Government. 	Pages 8-10
Audit adjustments	<p>Adjustments were necessary to 4 of the Authority's grants and returns as a result of our auditor certification work this year</p> <ul style="list-style-type: none"> There was no significant adjustments (i.e. over £10,000) The net adjustment of the 4 grants is an increase of £481 in funds payable to the Authority. 	Pages 11-12
The Authority's arrangements	<p>The Authority has adequate arrangements for preparing its grants and returns and supporting our certification work</p> <ul style="list-style-type: none"> Some improvements are required in some specific areas as set out in our recommendations section. 	Pages 13-15

Fees

Our overall fee for certification of grants and returns for 2013-14 is £45,930 which was lower than the fee for the work for 2013-14 (£81,988)

- This is mainly the result of a reduction in hourly rates for grants certification in 2013-14 and a reduction in the overall amount of claims being certified following some claims moving to a regional basis and a change in the Communities First regime.
- In addition there was reduced testing required on certain claims this year as a result of issues raised in previous year being addressed (e.g. Families First and Teachers Pensions). There has been a general improvement in the quality of the grant claims.

Pages 16-17

Summary of certification work outcomes

7. Detailed on the following page is a summary of the key outcomes from our certification work on the Authority's 2013-14 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate.
8. A qualification means that issues were identified concerning the Authority's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant-paying body will require further information from the Authority to satisfy itself that the full amounts of grant claimed are appropriate.

Key information for 2013-14

Overall, we certified 24 grants and returns:

- 17 were unqualified with no amendment
- 3 were unqualified but required some amendment to the final figures
- 2 required a qualification to our audit certificate
- 2 reports to the Welsh European Funding Office drew no matters to the attention of that body

Ref – Para 9	CI Ref	Grants and returns	Claim due	Claim received	Qualified certificate	Significant adjustment (>£10,000)	Minor adjustment (<£10,000)	Comments to WEFO included in report	No comments to WEFO included in report	Unqualified certificate with no adjustments
	BEN01	Housing and Council Tax Benefits	30/04/14	30/04/14						1
	EDU15	Schools Effectiveness Grant	30/09/14	30/09/14						1
	EDU18	Transitional School buildings improvement grant	30/09/14	30/09/14						1
	EDU18	21 st Century Schools	30/09/14	30/09/14						1
	EDU43	Learning Pathways	30/09/14	30/09/14						1
1	EDU43	Learning Pathways (Regional)	15/01/15	15/01/15			£481			
	EDU44	Welsh in Education	30/09/14	30/09/14						1
	EUR01	WEFO Structural Funds (x4)	various	various					2 ¹	
	EYC01	Flying Start (Revenue & Capital)	30/09/14	30/09/14						2
	EYC14	Families First	30/09/14	30/09/14						1
	HLG01	Pooled Budget Memoranda	09/05/14	09/05/14						1
2	LA01	NNDR Final Contributions	30/05/14	30/05/14	1					

¹ Two WEFO project certifications have been delayed due to changes in the claim submission date and are not complete at the time of issue of the report. Any issues arising from this work will be detailed in a future report.

	LA12	Sustainable Waste Management	30/09/14	30/09/14							1
	PEN05	Teachers Pensions	30/06/14	28/05/14							1
3	RG03	Communities First (Clusters x 3)	30/09/14	30/09/14			£450 & £45				1
	RG19	Strategic Regeneration Areas x 3	30/09/14	30/09/14							3
	SOC07	Social Care Workforce Dev Programme	30/09/14	30/09/14							1
4	TRA 23	Free Concessionary Fares	30/09/14	28/08/14	1						
	TOTAL (number)				2	0	3	0	2		17

9. This table summarises the key issues behind each of the adjustments or qualifications that were identified on pages 9 to 10.

Ref	Summary observations	Amendment
1	<p>Learning Pathways regional claim – claim amended</p> <ul style="list-style-type: none"> This claim relates to funding provided on a regional basis to the five Councils in the Central South Consortium, with Bridgend acting as lead. The regional form represents the totals of the local claim forms which are certified by the each Council's auditors separately. The original form presented for certification included an underspend in Bridgend that had not been offset against overspends in two other authorities; this would have resulted in the region losing £481 of its entitlement. As a result of our certification work, this was clarified with Welsh Government who confirmed that the grant was allocated on a regional basis and that the Council could amend the form to re-allocate this underspend against the two overspends, despite this not having been done in the local claim forms. We have recommended to the Council that any underspends or overspends are monitored on a regional basis prior to the preparation of local forms in future years, so re-allocations can be made if required on a timely basis (Recommendation 1). 	£481
2	<p>National non-domestic rates return – claim qualified</p> <ul style="list-style-type: none"> As in the previous year's certification, we identified properties granted a discretionary relief for which evidence of authorisation of this relief could not be located. We understand that the authorisation for the two properties that we identified was granted prior to 1990, since which date the entities have not moved premises. We have no reason to believe that authorisation would not have been granted for these two entities (two community halls), but this could not be substantiated by the Authority by reference to documentary evidence. Subsequent to the claim year, the Council has approved a revised discretionary relief rate policy, which allows the award of discretionary relief to come to a natural end after a maximum period of 3 years, in which time the party must re-apply for the relief, therefore, forcing a review at this stage. Also subsequent to the claim year, the Council has begun the process to obtain new applications from every party that currently receives discretionary relief in order to review and approve them. The two community halls referenced above, among others, have since re-applied and been re-approved for relief. We understand that the aim during 2014-15 is to review all historic discretionary relief awards. (Recommendation 2) 	N/A

Ref	Summary observations	Amendment
3	<p>Communities First – two claims amended</p> <ul style="list-style-type: none"> This is the first year of the new Communities First regime, for which Bridgend has three clusters which require certification. Amendments of £750 and £75 were required to two of the three certificates as the allocation of grant between the spend categories did not agree to the allocation agreed with Welsh Government (there was no amendment required to the overall grant receivable figure). 	£750 & 75 (allocation between categories only – no impact on overall amount claimable by the Authority).
4	<p>Free Concessionary Travel – claim qualified</p> <ul style="list-style-type: none"> This was a technical qualification as the administrative costs within the Claim for the final quarter, which are calculated based on the passes in circulation, were calculated based on the February passes in circulation rather than March, and therefore the calculation was not in line with our certification instructions. However we note that this was because Welsh Government changed the scheme subsequent to agreeing our certification instructions to split the final quarter into two claims (one for January to February and one for March), and the Council was instructed to follow the approach detailed above. 	N/A
Total effect of amendments to the Authority		£481

Recommendations

10. We have given each recommendation a risk rating and agreed what action management will need to take. We will follow up these recommendations during next year's audit.

Priority 1

Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.

Priority 2

Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.

Priority 3

Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
<p>In relation to the Learning Pathways regional claim:</p> <ul style="list-style-type: none"> The original form presented for certification included an underspend in Bridgend that had not been offset against overspends in two other authorities; this would have resulted in the region losing £481 of its entitlement. As a result of our certification work, this was clarified with Welsh Government who confirmed that the grant was allocated on a regional basis and that the Council could amend the form to re-allocate this underspend against the two overspends, despite this not having been done in the local claim forms. 	<p>An underspend by one Authority may result in the regional consortium of authorities losing grant entitlement if it does not re-allocate this underspend against overspends by other authorities in the region.</p>	<p>R1 Where grant schemes are administered on a regional basis, the Council should monitor any underspends or overspends on a regional basis prior to the preparation of local forms in future years, so re-allocations can be made if required on a timely basis.</p>	<p>2</p>	<p>The recommendations seem reasonable. This will be actioned in September 2015 for the local claim and January 2016 regional claim.</p>	<p>D Exton As per Local & Regional Claim dates.</p>

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
<p>In relation to the NNDR claim:</p> <ul style="list-style-type: none"> As in previous years' certifications, we identified properties granted discretionary relief for which evidence of authorisation of this relief could not be located. We have raised a recommendation in previous years to check all discretionary reliefs and maintain evidence of this. The Authority had started acting on this, but not all properties had been checked prior to our audit. Subsequent to the claim year, the Council has approved a revised discretionary relief policy, which allows the award of discretionary relief to come to a natural end after a maximum period of 3 years, and begun the process to obtain new applications from every party that currently receives discretionary relief in order to review and approve them. We understand that the aim during 2014-15 is to review all historic discretionary relief awards. 	<p>The lack of evidence resulted in the need to qualify our certification of the NNDR claim. In addition, circumstances may have changed and therefore the relief, as awarded, may no longer be appropriate. In such an instance, the Authority could be awarding relief for which there is no appropriate basis.</p>	<p>R2 The Authority should ensure that all discretionary relief awards are reviewed during 2014-15 and that the authorisation of relief awards is retained.</p>	<p>2</p>	<p>A full review of all discretionary rate reliefs has been undertaken during 2014-15, a number have been cancelled as a result, mainly due to a change in the Council's rate relief policy.</p>	<p>E Johnson 31 March 2015</p>

Fees

11. Our overall fee for the certification of grants and returns is set out below:

Breakdown of fee by grant/return	2013-14 - £	2012-13 - £
Housing and Council Tax Benefits (BEN01)	10,124	12,833
Schools Effectiveness Grant (EDU15)	1,145	2,636
Transitional School Buildings Improvement Grant & 21 st Century Schools (EDU18)	1,288	1,596
Learning Pathways local and regional return (EDU43)	2,252	1,585
Welsh in Education (EDU44)	1,200	2,333
WEFO – 80256 - Bridgend Convergence Fund (EURO1)	2,349	2,715
WEFO – 80583 – S Wales Interchange (EURO1)	477	3,132
WEFO – 80616 – Prevent 14 - 19 (EURO1) ³	-	3,415
WEFO – 80255 - Maesteg (EURO1) ³	731	2,954
Flying Start (EYC01)	1,877	1,659
Families First (formerly Cymorth) (EYC14)	1,587	5,375
Substance Misuse Action Plan Fund (HC02)	-	2,638
Mental Handicap and Illness Strategy - Resettlement (HC03)	-	2,440
Pooled Budgets x 1 (HLG01)	833	1,296

National non-domestic rates return (LA01)	2,994	7,777
Sustainable Waste Management (LA12)	1,257	1,900
Teachers Pensions (PEN05)	1,920	3,858
Communities First (RG01)	-	2,918
Communities First (RG02)	-	8,769
Communities First (RG03)	2,821	-
Derelict land grant (RG15) ¹	6,541	-
Strategic Regeneration Areas (RG19)	2,721	-
Social Care Workforce Development Programme (SOC07)	1,387	2,300
Regional Transport Consortia Grant (TRA16)	-	2,416
Concessionary Fares (TRA23)	2,387	2,452
Annual report ²	2,291	2,991
Total fee	45,930	81,988

¹ The work relating to the certification of three historic land reclamation grants commenced during 2012-13 is currently suspended awaiting a Welsh Government decision. We have billed the work completed to date during 2013-14 and hope to conclude this work in 2014-15.

² The fee for the annual report in 2013-14 relates to the 2012-13 report and the fee in 2012-13 relates to the 2011-12 report – the fee for this report will be included in the 2014-15 billing cycle.

³ The certification of two WEFO project claims was not completed as at 17 March 2015 due to changes in the period we were required to audit as agreed by the Authority and WEFO. The costs included above are those incurred to date. We will report any remaining costs in relation to these in the 2014-15 report.

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@wao.gov.uk

Website: www.wao.gov.uk

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn Testun: 029 2032 0660

E-bost: info@wao.gov.uk

Gwefan: www.wao.gov.uk

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

16 APRIL 2015

REPORT OF THE CORPORATE DIRECTOR - RESOURCES

COMPLETED AUDITS

1. Purpose of Report.

1.1. To summarise for members the findings of the audits recently completed by Internal Audit Shared Service.

2. Connection to Corporate Improvement Objectives / Other Corporate Priority.

2.1. Internal Audit's work impacts on all the Corporate Improvement Objectives/other Corporate Priorities.

3. Background

3.1. Internal Audit conducts reviews according to an annual audit plan and reports findings to Audit Committee.

4. Current situation / proposal.

4.1. Recently completed audits are summarised in Appendix A attached to this report.

4.2 Members are invited to raise any issues on these audits or to request the production of a fuller report at the next meeting.

5. Effect upon Policy Framework & Procedure Rules.

5.1. None

6. Equality Impact Assessment.

6.1 There are no equality implications.

7. Financial Implications.

7.1. None

8. Recommendation.

8.1. That Members give due consideration to the completed audits report to ensure that all aspects of their core functions are being adequately reported.

Ness Young
Corporate Director - Resources
16th April 2015

Contact Officer: **Helen Smith**
 Chief Internal Auditor

Telephone: **(01656) 754901**

E-mail: **internalaudit@bridgend.gov.uk**

Postal Address

Bridgend County Borough Council
Internal Audit
Innovation Centre
Bridgend Science Park
Bridgend
CF31 3NA

Background documents

Internal Audit reports relating to the above audits held within the Internal Audit Division

Completed Audits

Report	System Overview	Work Finalised	Audit Days	Key Messages	Audit Opinion	Key Action Plan Dates
Non-Operational Estates	The non-operational portfolio for BCBC consists of nearly 400 assets which are made up of both land and property generating income up to £2m per annum. A structured plan has been developed in the form of a strategy which sets out to identify each asset and its potential to the authority. A categorisation structure has been developed as part of the strategy where each asset is defined as retained, remodelled or released. The decision making process is known as the 'Asset Challenge', is made up of 6 tests which are performed and worked through to ensure maximum potential for the authority.	Jan 15	15	It was evident that an identified project board is in place with a clear, well laid out and easy strategy to follow. However, evidence of the detailed asset challenge being performed on assets was not always present to support the decision to retain, release or remodel an asset.	Reasonable	April 2015
Inter Authority Placements Follow Up	Each year the Authority places a number of pupils into SEN schools that are outside of the county. Likewise as an Authority we receive pupils from other Authorities into our special schools. This review was a follow up to a previous Limited Assurance report in	Feb 15	10	The Audit process has concluded that the important changes required within Inter Authority Placements are well under way and the Auditor is happy to report that where sensitive information had been missing at the time of the initial audit, this has now been identified and is safely stored.	Reasonable	N/A

Report	System Overview	Work Finalised	Audit Days	Key Messages	Audit Opinion	Key Action Plan Dates
	this area.			Other processes that were identified as requiring attention are now being looked at with procedures being developed and followed to ensure a suitable level of administrative organisation is met.		
School Deficits and Balances	<p>The School Funding (Wales) Regulations 2010 is the current legislation in place for School balances and deficits which details the procedure to follow at the end of the financial year.</p> <p>Whilst the Authority can only clawback funding above the statutory levels of £50,000 and £100,000, it reviews the balances of all schools at the end of each financial year.</p> <p>The end of year 2013/14 balances identified that there were 50 schools with a surplus balance totalling £2,765,756 and 11 schools with a deficit balance to the value of - £298,307.</p>	Feb 15	10	<p>Appropriate forms had been submitted and retained by Finance in all cases and the Schools' Finance Officers monitor the schools spending on a regular basis.</p> <p>The Authority's Financial Scheme for Schools guidance is compliant with the School Funding Wales Regulations 2010 with no areas for concern or improvement.</p>	Substantial	N/A
Financial Assessments	The budget costs of Residential and Home Care provision within the Authority are significant figures, totaling over £16 million net of	March 15	20	<p>During the Audit a number of strengths and areas of good practice were identified:</p> <ul style="list-style-type: none"> • The Finance team are 	Substantial	N/A

Report	System Overview	Work Finalised	Audit Days	Key Messages	Audit Opinion	Key Action Plan Dates
	<p>income, and without staffing costs included. The accuracy of financial assessments to determine the amount of money chargeable to the Local Authority and, by extension, the amount of income required from Service Users, is essential to limit increasing costs.</p> <p>The Financial Assessments team assess the income and capital of Service Users in receipt of Residential and non-residential services.</p>			<p>evidently proactive in chasing and identifying client information that has not been forwarded to them for charging.</p> <ul style="list-style-type: none"> • Collaboration and communication between team members is clear and open. • Recommendations made in the previous audit have been addressed where applicable. 		
Treasury Management	The Treasury Management function exists to ensure that the Authority maintains a stable financial management system. This is achieved by forecasting and monitoring cash flow and optimising market rates. The annual Treasury Management Strategy provides the framework for Treasury Management activities.	March 15	10	Strengths and areas of good practice were noted in <i>all</i> areas tested and no identified weaknesses.	Substantial	N/A
Leasing	The objectives of the audit were to ensure that the authority obtains value for money from its leasing arrangements and that internal controls are present to ensure that associated risks are managed.	March 15	10	During the audit good practices were identified in all of the areas examined. One advisory recommendation was made in relation to providing a contact point for staff to obtain advice and	Substantial	N/A

Report	System Overview	Work Finalised	Audit Days	Key Messages	Audit Opinion	Key Action Plan Dates
				guidance prior to entering into any lease agreements.		
LSB Grant Verification	To provide assurance that funding received in relation to the grant had been spent in accordance with the terms and conditions of the grant.	March 15	3	It was confirmed that all amounts claimed were accurate, that money had only been spent in accordance with the grant terms and conditions and service could demonstrate how they were meeting the objectives set.	Substantial	N/A
Procurement and Consultancy Spend	<p>An audit review of the adherence to Council Procurement Policies and Procedures in respect of the work undertaken by the Central Procurement Section, including an examination of the procurement of Consultants undertaken by directorates.</p> <p>The Appointment of Consultants was focused on as part of this review because the Welsh Audit Office published in February 2013 a documented titled 'The Procurement and Management of Consultancy Services'. This document identified a number of areas of weakness within the Welsh Public Sector.</p>	March 15	28	<p>A number of strengths and areas of good practice were identified:</p> <ul style="list-style-type: none"> • The Council has well defined and up to date Contract Procedure Rules (CPR) and the Procurement Section was found to be in the main following them. • The Procurement Section had a Procurement Strategy that was being used to identified and monitor an improved service delivery. • The appointment process of Consultants, as evidenced by the Auditor, did not indicate any Council wide failing to follow the correct policies and procedures. <p>The following key issues were</p>	Reasonable	July 2015

Report	System Overview	Work Finalised	Audit Days	Key Messages	Audit Opinion	Key Action Plan Dates
				<p>identified during the Audit:</p> <ul style="list-style-type: none"> • Not all contracts with a cumulative value above £75,000 had been referred to the Procurement Section as required under the CPR's. • Not all Directorates are using an Invitation to Tender document which has been approved by the Procurement Section as required by the CPR. • The percentage split between quality and price when awarding a contract should always ensure that the most economically advantageous, but financially affordable contractor is appointed. 		
IT Health Check	<p>To review the management of IT Health Checks (ITHC), also known as penetration testing.</p> <p>ITHCs are normally undertaken by 3rd Parties who test certain aspects of networks to establish where there are vulnerabilities and whether these vulnerabilities could be exploited. An annual ITHC is mandatory for compliance with the Public Sector Network Code of Connection.</p>	February 15	4.5	<p>The management of the IT Health Check process is sound.</p> <p>There were no significant issues identified.</p>	Substantial	N/A

Report	System Overview	Work Finalised	Audit Days	Key Messages	Audit Opinion	Key Action Plan Dates
	This review focused on the overall management of ITHCs and whether they are planned and organized correctly, results reviewed by management and any remedial action required acted upon in a timely manner.					
Basic Skills	Bridgend has a strategic approach to providing basic skills support across the Authority which is underpinned by the Basic Skills Strategy. The initiative is managed and delivered by the Basic Skills Management Team (BSMT) via the Language & Play (LAP) and Family Learning (FL) programmes and in partnerships with others including the Communities First Team and Families First. The role of the BSMT is to improve literacy and numeracy with young children and adults and to encourage family engagement by supporting parents/carers in activities with their children. Welsh Government (WG) has not set specific targets for Basic Skills however these have been set locally by the BSMT.	February 15	23	<p>During the Audit a number of strengths and areas of good practice were identified as follows:</p> <ul style="list-style-type: none"> ▪ Effective monitoring of the grants is undertaken by Basic Skills Team Manager, Co-Ordinator and Finance Officer ▪ Partnership working is in place to provide required programmes. <p>There were no key issues identified during the Audit which need to be addressed.</p>	Substantial	N/A
Council Tax	As part of the UK Government's welfare benefit reforms it was	February	17.5	A number of strengths and areas of good practice were identified	Substantial	March 2015

Report	System Overview	Work Finalised	Audit Days	Key Messages	Audit Opinion	Key Action Plan Dates
Reduction Scheme	<p>decided that Council Tax Benefit be abolished. In its place the Welsh Government legislated to create the Council Tax Reduction (CTR) Scheme; thus creating a discount rather than a benefit. In reality the CTR Scheme and Council Tax Benefit have broadly, the same legislative frameworks and their out workings are similar.</p> <p>The CTR regulations have been renewed by Welsh Government. The scheme will remain a national scheme, based on 100% liability. Councils will have to meet any additional costs above funding already transferred to Councils by Welsh Government for the scheme in 2013-14. For Bridgend the additional cost to be met in 2014-15 will be approximately £1 million, which includes funding local discretionary elements of the scheme (approved by Council on 8 January 2014).</p>	15		<p>including CTR awards are accurate and processed within a timely manner.</p> <p>However it was established that all CTR awards should be preceded by an appropriate application as per the regulations.</p>		
Section 117 Follow up	Section 117 after-care is intended to provide sufficient support for an individual who has been compulsorily detained so that they can leave hospital and return to their home or other accommodation in a manner	February 15	6	It is clear that the Group Manager has taken significant steps in addressing the recommendations made in the initial Audit Report (September 2014) and accompanying Management	Reasonable	N/A

Report	System Overview	Work Finalised	Audit Days	Key Messages	Audit Opinion	Key Action Plan Dates
	<p>that minimises the risk of deterioration to their mental health and the chances of their needing further hospital treatment. It is therefore important that after-care is effectively managed and delivered to improve outcomes for service users, carers and families.</p>			<p>Implementation Plan. However, processes that have recently been implemented require time to bed in before any conclusions or assurance can be given regarding their robustness. Therefore the Group Manager should ensure that regular, ongoing self-assessment is undertaken to ensure that the Authority and its service users are not exposed to any risk.</p>		
DBS Follow UP	<p>Since 3rd November 2014 applications for both standard and enhanced Disclosure and Barring Service (DBS) checks are now processed through a secure online system called 'E-bulk', which makes the system paperless. E-bulk is a connection between a registered body and the DBS, where there's access to the internet there's access to the E-bulk system meaning that the applicant can complete the application at home rather than in the office, possibly freeing up administrators time.</p> <p>Subsequently, the control environment was revisited to ensure previous controls had migrated with</p>	March 15		<p>A number of strengths and areas of good practice were identified:</p> <ul style="list-style-type: none"> • Experienced and knowledgeable staff members within HR support the DBS administration process. • From the chosen sample; applications had been issued 3 months in advance of expiry. • Where it was identified that DBS checks were not in place at the time of commencement it was confirmed that the individuals concerned had not been set up on Trent therefore had not been paid until DBS clearance was received by HR. 	Reasonable	March 15

Report	System Overview	Work Finalised	Audit Days	Key Messages	Audit Opinion	Key Action Plan Dates
	<p>the new system and that any issues identified in the previous audit had been addressed.</p>			<p>The following issues were identified:</p> <ul style="list-style-type: none"> • There is no documented timescale within the DBS policy on how long the Authority continues to pay an employee who hasn't returned their renewal DBS check however it was advised that this is now 2 months. • At the time of the review there were issues with the disclosure date converting from E-bulk in to Trent which meant that disclosure dates required manual input in to Trent. The issue has since been rectified by IT and data conversion will take place on a weekly basis. 		

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

16 APRIL 2015

REPORT OF THE CORPORATE DIRECTOR - RESOURCES

INTERNAL AUDIT SHARED SERVICE SELF ASSESSMENT AGAINST THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS 2014 - 2015.

1. Purpose of Report.

1. To inform Members of the results of the assessment of the Internal Audit Shared Service function against the Public Sector Internal Audit Standards (PSIAS), effective from 1st April 2013.

2. Connection to Corporate Improvement Objectives / Other Corporate Priorities.

- 2.1. Internal Audit's work impacts on all of the Corporate Improvement Objectives /other corporate priorities.

3. Background

- 3.1. From the 1st April 2013, the Internal Audit Shared Service has been working to the Public Sector Internal Audit Standards (PSIAS), defined as proper practice for Internal Audit in the UK Public Sector, which the Audit Committee endorsed at their meeting held on 23rd January 2013.
- 3.2. The PSIAS is applicable to all areas of the United Kingdom public sector and is based on the Chartered Institute of Internal Auditor's (CIIA's) International Professional Practices Framework.
- 3.3. The roles of the 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.

4. Current situation / proposal

- 4.1. The Head of Audit has undertaken a self-assessment to demonstrate the extent to which the Internal Audit Shared Service complied with the PSIAS and to identify, if applicable, areas where further work is required to demonstrate compliance.
- 4.2. The self-assessment has recently been completed for 2014/15. A summary of the assessment findings is presented in Appendix A and the Conformance checklist at Appendix B to this report, both highlighting where the existing service complies with the PSIAS; or is considered not applicable to the Service and where action is required to address areas of current non-compliance.
- 4.3. The PSIAS are broken down into two main areas:

- Attribute Standards address the characteristics of organisations and parties performing Internal Audit activities;
- Performance Standards describes the nature of Internal Audit activities and provide quality criteria against which the performance of these services can be evaluated.

4.4. As can be seen from Appendix A and B, the Internal Audit Shared Service is fully compliant with all relevant parts of the Standards. However, in relation to Standard 1312 - "External Assessment"; two responses have attracted negative answers. These can only be addressed once the Internal Audit Shared Service has agreed a timetable for being externally assessed; as these questions relate specifically to agreeing a scope of the external assessment. The Standard stipulates that an external assessment must be carried out, at least once every five years. As the Standards became effective from 1st April 2013; the Section must therefore have undergone an assessment before the end of March 2018.

5. Effect upon Policy Framework & 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 issues.

7. Financial Implications.

7.1. There are no financial implications as a result of this report.

8. Recommendation.

It is recommended that:

8.1. Members note compliance with the PSIAS and comment on the areas where compliance has not yet been achieved.

Ness Young
Assistant Chief Executive - Performance
16th April 2015

Contact Officer: Helen Smith – Chief Internal Auditor

Telephone: (01656) 754901

E-mail: internalaudit@bridgend.gov.uk

Postal Address
 Bridgend County Borough Council
 Internal Audit
 Innovation Centre,
 Bridgend Science Park

Bridgend
CF31 3NA

Background Documents
None

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Ref	Definition / Standard	No. of Questions	No. of Positive Responses	No. of Negative Responses	No. of Not Applicable Responses
1	Definition of Internal Audit	3	3		
2	Code of Ethics	13	13		
3	Attribute Standards:				
3.1	Purpose, Authority and Responsibility	29	28		1
	Organisational Independence	9	9		
	Direct Interaction with the Board	1	1		
	Individual Objectivity	2	2		
	Impairment to Independence or Objectivity	11	5		6
3.2	Proficiency and Due Professional Care				
	Proficiency	9	9		
	Due professional care	8	5		3
	Continual Professional Development	4	4		
3.3	Quality Assurance and Improvement Programme (QAIP)	4	3		1
	Requirements of the Quality Assurance and Improvement Programme	10	10		
	External Assessments	8	3	2	3
	Reporting on the QAIP	4	4		
	Use of "Conforms with the International Standards for the Professional Practice of Internal Auditing".	1	1		
	Disclosure of Non-conformance	2			2
4	Performance Standards	5	5		
4.1	Planning	25	22		3
	Communication and Approval	3	3		
	Resource Management	3	3		
	Policies and Procedures	3	3		
	Co-ordination	4	4		
	Reporting to Senior Management and the Board	3	3		
	External Service Provider and Organisational Responsibility for Internal Audit	3	3		
	Governance	9	9		
	Risk Management	13	11		2

	Control	6	5		1
4.2	Engagement Planning	20	13		7
	Engagement Objectives	13	11		2
	Engagement Scope	15	9		6
	Engagement Resource Allocation	3	3		
	Engagement Work Programme	11	11		
	Identifying Information	4	4		
	Analysis and Evaluation	7	7		
	Documenting Information	6	6		
	Engagement Supervision	2	2		
4.3	Communicating Results	16	16		
	Quality of Communication	7	7		
	Errors and Omissions	1			1
	Use of "Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing".	1	1		
	Engagement Disclosure of Non-conformance	3			3
	Disseminating Results	6	6		
	Overall Opinion	21	20		1
4.4	Monitoring Progress	4	3		1
4.5	Communicating the Acceptable Risks	2	2		
	Totals	337	292	2	43

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
1	Definition of Internal Auditing					
	Is the Internal Audit Activity					
	a) Independent?	Y				Compliance within the Shared Service Charter WP 1.1
	b) Objective?	Y				Compliance within the Shared Service Charter WP 1.1
	Does the internal audit activity use a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within the organisation?	Y				Compliance within the Shared Service Charter WP 1.1
2	Code of Ethics					
	Integrity - Do internal auditors					
	a) Perform their work with honesty, diligence and responsibility?	Y				Compliance within the Code of Ethics WP 2.1
	b) Observe the law and make disclosures expected by the law and the profession?	Y				Compliance within the Code of Ethics WP 2.1
	c) Not knowingly partake in any illegal activity nor engage in acts that are discreditable to the profession of internal auditing or to the organisation?	Y				Compliance within the Code of Ethics WP 2.1
	d) Respect and contribute to the legitimate and ethical objectives of the organisation?	y				Compliance within the Code of Ethics WP 2.1
	Objectivity – Do internal auditors display objectivity by not:					
	a) Taking part in any activity or relationship that may impair or be presumed to impair their unbiased assessment?	Y				Compliance within the Code of Ethics WP 2.1
	b) Accepting anything that may impair or be presumed to impair their professional judgement?	Y				Compliance within the Code of Ethics WP 2.1
	c) Disclosing all material facts known to them that, if not disclosed, may distort the reporting of activities under review?	y				Compliance within the Code of Ethics WP 2.1

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	Confidentiality – Do internal auditors display confidentiality by: a) Acting prudently when using information acquired in the course of their duties and protecting that information? b) Not using 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?	Y Y				Compliance within the Code of Ethics WP 2.1 Compliance within the Code of Ethics WP 2.1
	Competency – do internal auditors display competency by a) Only carrying out services for which they have the necessary knowledge, skills and experience? b) Performing services in accordance with the PSIAS? c) Continually improving their proficiency and effectiveness and quality of their services, for example through CPD schemes? d) Do internal auditors have regard to the on Standards of Public Life’s - Seven principles of Public Life?	Y Y Y Y				Compliance within the Shared Service Charter WP 1.1 Identified by the Quality Assurance and Improvement Programme (every review is assessed in accordance with the criteria as outlined in the QAIP) WP 3
3	Attribute Standards					
3.1	1000 Purpose, Authority and Responsibility					
	Does the Internal Audit Charter include a formal definition of: a) The purpose, b) The authority, and c) The responsibility Of the internal audit activity consistent with the Public Sector Internal Audit Standards (PSIAS)?	Y Y Y Y				All as outlined in the Shared Service Charter WP 1.1 And Public Sector Internal Audit Standards (PSIAS) WP 4.1 & WP 4.2
	Does the Internal Audit Charter define the terms “board” and “senior management” for the purposes of the internal	Y				As outlined in the Shared Service Charter WP 1.1

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	audit activity? Note that it is expected that the Audit Committee will fulfil the role of the board in the majority of instances.					
	Does the Internal Audit Charter also: <ul style="list-style-type: none"> a) Set out the internal audit activity's position within the organisation? b) Establish the CAE's functional reporting relationship with the board? c) Establish the accountability, reporting line and relationship between the CAE and those to whom the CAE may report administratively? d) Establish the responsibility of the board and also the role of the statutory officers (such as the CFO, the Monitoring Officer and the head of paid service) with regards to internal audit? e) Establish internal audit's right of access to all records, assets, personnel and premises and its authority to obtain such information and explanation as it considers necessary to fulfil its responsibilities? f) Define the scope of internal audit activities? g) Recognise that internal audit's remit extends to the entire control environment of the organisation? h) Identify internal audit's contribution to the review of effectiveness of the control environment, as set out in the Accounts and Audit (Wales) Regulations 2005, as amended? i) Establish the organisational independence of internal audit? j) Cover the arrangements for appropriate resourcing? 	Y Y Y Y Y Y Y Y Y Y				See Shared Service Charter WP 1.1

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	k) Define the role of internal audit in any fraud-related work? l) Set out the existing arrangements within the organisation's anti-fraud and anti-corruption policies, to be notified of all suspected or detected fraud, corruption or impropriety? m) Include arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities? n) Define the nature of assurance services provided to the organisation, as well as assurances provided to parties external to the organisation? o) Define the nature of consulting services? p) Recognise the mandatory nature of the PSIAS?	Y				
	Does the CAE periodically review the internal audit charter and present it to senior management and the board for approval?	Y				Shared Service Charter for 15-16 presented to Audit Committee for approval on 24.2.2015. WP 1.2
	Does the CAE contribute to audit committee agendas?	Y				Develops; writes and presents: The Forward Work Programme WP 3, Out turn reports WP 5, Shared Service Charter WP 1, and any other reports requested for Audit Committee approval. Attends all meetings.
	Does the CAE have direct and unrestricted access to senior management and the board?	Y				As stated in the Shared Service Charter WP 1.1
	Does the CAE have free and unfettered access to, as well as communicate effectively with, the chief executive or equivalent and the chair of the Audit Committee?	Y				As stated in the Shared Service Charter WP 1.1
	Are threats to objectivity identified and managed at the following levels: a) Individual auditors/ b) Engagement? c) Functional?	Y Y Y				As stated in the Shared Service Charter WP 1.1

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	d) Organisational?	Y				
	1110 Organisational Independence					
	Does the CAE report to an organisation level equal or higher to the corporate management team?	Y				Within BCBC, reports to the Director of Resources & Section 151 Officers and within VOG reports to the Head of Finance – Section 151 Officer. Both officers are Corporate Officers and attend Corporate Management Board / Team.
	Does the CAE report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities?	Y				As stated in the Shared Service Charter WP 1.1
	Have reporting and management arrangements been put in place that preserves the CAE’s independence and objectivity? This is of particular importance when the CAE is line managed by another officer of the authority?	Y				As stated in the Shared Service Charter WP 1.1
	Does the CAE’s position in the management structure: a) Reflect the influence he or she has on the control environment? b) Provide the CAE with sufficient status to ensure that audit plans, reports and action plans are discussed effectively with the board? c) Ensure that he or she is sufficiently senior and independent to be able to provide credibly constructive challenge to senior management?	Y Y Y				This is stated in the Shared Service Charter WP 1.1 which is presented to Audit Committee Annually.
	Does the CAE confirm to the board, at least annually, that the internal audit activity is organisationally independent? The following examples can be used by the CAE when assessing the organisational independence of the internal activity: The Board: a) Approves the internal audit charter b) Approves the risk-based audit plan c) Approves the internal audit budget and resource	Y Y Y				This is demonstrated within the Agenda for Audit Committee 24.2.2015. WP 1.2 & WP 1.3 and in the minutes of the Internal Audit Shared Service Board meetings.

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	plan d) Receives communications from the CAE on the activity's performance (in relation to the plan) e) Approves decisions relating to the appointment and removal of the CAE f) Seeks reassurance from management and the CAE as to whether there are any inappropriate scope or resource limitations	Y				
	Does the chief executive or equivalent undertake, countersign, contribute feedback to or review the performance appraisal of the CAE?	y				This is set out in the Shared Service Charter WP 1.1 and quarterly meetings held with the Managing Director – Vale of Glamorgan
	Is feedback sought from the chair of the audit committee for the CAE's performance appraisal?	y				Not documented – demonstrated in forward work programme being achieved.
	1111 Direct Interaction with the Board					
	Does the CAE communicate and interact directly with the Board?	Y				Demonstrated via Audit Committee meetings. WP 2 QAIP and meetings held with the Internal Audit Shared Service Board.
	1120 Individual Objectivity					
	Do internal auditors have an impartial, unbiased attitude?	Y				As outlined in the Shared Service Charter WP 1.1 and Code of Ethics WP 2.1
	Do internal auditors avoid any conflict of interest, whether apparent or actual?	Y				As outlined in the Shared Service Charter WP 1.1 and Code of Ethics WP 2.1 and the annual completion of the Declaration of Interest form.
	1130 Impairment to Independence or Objectivity					
	If there has been any real or apparent impairment of independence or objectivity, has this been disclosed to appropriate parties (depending on the nature of the impairment and the relationship between the CAE and senior management/the board as set out in the internal				Y	None – Not applicable however it would be reflected in the Head of Audits Annual Opinion report WP 5.1 and WP 5.2

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	audit charter)?					
	Have internal auditors assessed specific operations for which they have been responsible within the previous year?	Y				Stated within IASS Annual Plan WP 6.1 Copies taken of Declaration of interests within the Audit Section as evidence WP 7.1
	If there have been any assurance engagements in areas over which the CAE also has operational responsibility, have these engagements been overseen by someone outside of the internal audit activity?				Y	Not applicable – However, this would be reported within the Head of Audit Opinion Report WP 5.1 and WP 5.2 which is submitted to the IASS Board and Audit Committee.
	Are assignments for ongoing assurance engagements and other audit responsibilities rotated periodically within the internal audit team?	Y				We provide a Shared Service therefore all staff is expected to work across both Councils and all activities.
	Have internal auditors declared interests in accordance with organisational requirements?	Y				See Declaration of Interest Forms. WP 7.1
	Where any internal auditor has accepted any gifts, hospitality, inducements or other benefits from employees, clients, suppliers or other third parties (other than as may be allowed by the organisation's own policies) has this been declared and investigated fully?				Y	None for 2014-15. However, would follow the Council's Code for Gifts and Hospitality. WP 2.3
	Have any instances been discovered where an internal auditor has used information obtained during the course of duties for personal gain?				Y	No instances for 2014-15. However all employees follow the Code of Conduct Policy. WP 2.2
	Have internal auditors disclosed all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful practice, subject to any confidentiality agreements?	Y				All outlined in Working papers and reviewed by senior Audit Officers. WP 7.2
	Have internal auditors complied with the Bribery Act 2010?	Y				Demonstrated in WP 2.4
	If there has been any real or apparent impairment of independence or objectivity relating to a proposed consulting services engagement, was this disclosed to the engagement client before the engagement was accepted?				Y	N/A. Do not provide consulting services.

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	Where there have been significant additional consulting services agreed during the year that were not already included in the audit plan, was approval sought from the board before the engagement was accepted?				Y	N/A
3.3	1200 Proficiency and Due Professional Care					
	1210 Proficiency					
	Does the CAE hold a professional qualification such as CMIIA/CCAB or equivalent?	Y				The CAE is CIPFA Qualified.
	Is the CAE suitably experienced?	Y				The CAE has a wide range of experience both in public and private sectors – audit experience spans over 20 years.
	Is the CAE responsible for recruiting appropriate internal audit staff, in accordance with the organisation's human resources processes?	Y				
	Does the CAE ensure that up to date job descriptions exist that reflect roles and responsibilities and that person specifications define the required qualifications, competencies, skills, experience and personal attributes?	Y				Up to date job descriptions are retained by Officers and HR.
	Does the internal audit activity collectively possess or obtain the skills, knowledge and other competencies required to perform its responsibilities?	Y				Within the Organisational chart and the Quality improvement and assessment programme WP 3
	Where the internal audit activity does not possess the skills, knowledge and other competencies required to perform its responsibilities; does the CAE obtain competent advice and assistance?	Y				Demonstrated through the PDRS process, HR and CIPFA guidance on the excellent auditor.
	Do internal auditors have sufficient knowledge to evaluate the risk of fraud and anti-fraud arrangements in the organisation?	Y				Demonstrated through Qualified Professionalism in Security (PINS) and regular attendance at courses.
	Do internal auditors have sufficient knowledge of key information technology risks and controls?	Y				Dedicated Computer Auditor who is qualified and a Trainee Computer Auditor within the section. In addition training on information technology provided to all staff.
	Do internal auditors have sufficient knowledge of the appropriate computer – assisted audit techniques that are	Y				Regular training exercises undertaken on CAATS. Demonstrated within the 'overheads' Training Folder.

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	available to them to perform their work, including data analysis techniques?					
	1220 Due professional care					
	Do internal auditors exercise due professional care by considering the: a) Extent of work needed to achieve the engagement’s objectives; b) Relative complexity, materiality or significance of matters to which assurance procedures are applied? c) Adequacy and effectiveness of governance, risk management and control processes? d) Probability of significant errors, fraud, or non-compliance? e) Cost of assurance in relation to potential benefits?	Y Y Y Y Y				Outlined in IASS business processes and procedures. Comprehensive consultation of Audit Brief.
	Do internal auditors exercise due professional care during a consulting engagement by considering the: a) Needs and expectations of clients, including the nature, timing and communication of engagement results? b) Relative complexity and extent of work needed to achieve the engagement’s objectives? c) Cost of the consulting engagement in relation to potential benefits?				Y	Not Applicable – we do not do consultancy work.
	1230 Continual Professional Development					
	Has the CAE defined the skills and competencies for each level of auditor?	Y				Aligned to CIPFA’s Good Practice Guide to Skills and Competencies’.
	Does the CAE periodically assess individual auditors against the pre-determined skills and competencies;	Y				Outlined in the Shared Service Charter WP 1.1. Individual Auditors undergo a Personal Development Review annually (PDRS).

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	Do internal auditors undertake a programme of continuing professional development?	Y				As outlined by their professional body if applicable and part of the Council's PDRS
	Do internal auditors maintain a record of their professional development and training activities?	Y				Professional Development and Training Activities are recorded and retained within a file kept by the CAE.
3.4	1300 Quality Assurance and Improvement Programme (QAIP)					
	Has the CAE developed a QAIP that covers all aspects of the internal audit activity and enables conformance with all aspects of the PSIAS to be evaluated?	Y				As outlined in the Shared Service Charter WP 1.1 The Quality Assessment Improvement Programme (QAIP) is approved by Audit Committee, implemented and reviewed. WP 3.
	Does the QAIP assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement?	Y				
	Does the CAE maintain the QAIP/	Y				The CAE maintains the QAIP. WP 3 and reports to Audit Committee
	If the organisation is a "larger relevant body" in England, does it conduct a review of the effectiveness of its internal audit at least annually, in accordance with the Accounts and Audit (England) Regulations section 6(3)?				Y	N/A
	1310 Requirements of the Quality Assurance and Improvement Programme					
	Does the CAE ensure that audit work is allocated to staff with the appropriate skills, experience and competence?	Y				As outlined in the Shared Service Charter WP1.1. In addition is part of the Quarterly Allocation process.
	Do internal assessments include ongoing monitoring of the internal audit activity, such as a) Routine quality monitoring processes? b) Periodic assessments for evaluating conformance with the PSIAS?	Y Y				As outlined in the Shared Service Charter WP1.1

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	Does ongoing performance monitoring include comprehensive performance targets?	Y				As outlined in the Shared Service Charter WP1.1
	Are the performance targets developed in consultation with appropriate parties and included in any service level agreement?	Y				Shown in Head of Audits Opinion Report WP5.1 & WP 5.2 and reported to audit committee.
	Does the CAE measure, monitor and report on progress against these targets?	Y				Performance is regularly reported to Audit Committee and to the Internal Audit Shared Service Board. WP 3.
	Does ongoing performance monitoring include obtaining stakeholder feedback?	Y				Evidence through Client Satisfaction Surveys. See WP 7.3
	Are the periodic self-assessments or assessments carried out by people external to the internal audit activity undertaken by those with a sufficient knowledge of internal audit practices? Sufficiency would require knowledge of the PSIAS and the wider guidance available such as the Local Government Application Note and/or IIA practice advisories etc.	Y				Assessed by external auditors on an annual basis. An external review of PSIAS to be undertaken within the 5 year period as set out in the Shared Service Charter WP1.1
	Does the period assessment include a review of the activity against the risk-based plan and the achievement of its aims and objectives?	Y				Demonstrated by the external auditor placing reliance on the work of internal audit.
	1312 External Assessments					
	Has an external assessment been carried out, or is it planned to be carried out, at least once every five years?	Y				As outlined in the Shared Service Charter and reported to Audit Committee WP1.1
	Has the CAE considered the pros and cons for the different types of external assessment (i.e. full or self-assessment plus independent validation)	Y				Stated within the Charter WP 1.2 - Within the 5 year period a report will be presented to the audit committee.
	Has the CAE discussed the proposed form of the external assessment and the qualifications and independence of the assessor or assessment team with the board?	Y				This will be undertaken prior to an external assessment and reported to Audit Committee.
	Has the CAE agreed the scope of the external assessment with an appropriate sponsor, such as the chair of the audit committee, the CFO or the chief executive?			Y		This will be undertaken prior to an external assessment and reported to Audit Committee.
	Has the CAE agreed the scope of the external assessment			Y		This will be undertaken prior to an external assessment and

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	with the external assessor or assessment team?					reported to Audit Committee.
	<p>Has the assessor or assessment team demonstrated its competence in both areas of professional practice of internal auditing and the external assessment process?</p> <p>Competence can be determined in the following ways:</p> <ul style="list-style-type: none"> a) Experience gained in organisations of similar size b) Complexity c) Sector (i.e. public sector) d) Industry (i.e. local government), and e) Technical experience <p>Note that if an assessment team is used, competence needs to be demonstrated across the team and not for each individual member.</p>				Y	Not Applicable at this time.
	Has the CAE used his or her professional judgement to decide whether the assessor or assessment team demonstrates sufficient competence to carry out the external assessment?				Y	Not Applicable at this time.
	Does the assessor or assessment team have any real or apparent conflicts of interest with the organisation? This may include, but is not limited to, being a part of or under the control of the organisation to which the internal audit activity belongs.				Y	Not Applicable at this time.
1320 Reporting on the QAIP						
	<p>Has the CAE reported the results of the QAIP to senior management and the board?</p> <p>Note that:</p> <ul style="list-style-type: none"> a) The results of both external and periodic internal assessment must be communicated upon completion; b) The results of ongoing monitoring must be communicated at least annually; c) The results must include the assessor's or 	Y				As outlined in the Shared Service Charter WP1.2 The QAIP results are reported on a regular basis to both the IASS Board and the relevant Audit Committee. see. WP 3.

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	assessment team's evaluation with regards to the degree of the internal audit activity's conformance with the PSIAS.					
	Has the CAE included the results of the QAIP and progress against any improvement plans in the annual report?	Y				Evidenced in the Opinion Report WP 5.1, 5.2 and Outturn Reports WP 5.3 submitted to Audit Committee.
	1321 Use of "Conforms with the International Standards for the Professional Practice of Internal Auditing"					
	Has the CAE stated that the internal audit activity conforms with the PSIAS only if the results of the QAIP support this?	Y				As Above
	1322 Disclosure of Non-conformance					
	Has the CAE reported any instances of non-conformance with the PSIAS to the board?				Y	No non-conformances and therefore not applicable.
	Has the CAE considered including any significant deviations from the PSIAS in the governance statement and has this been evidenced?				Y	Not applicable – no significant deviations from the PSIAS
4	Performance Standards					
	Do the results of the internal audit activity's work achieve the purposes and responsibility of the activity, as set out in the internal audit charter?	Y				This is contained within the Shared Charter WP 1.2 and reported to Audit Committee in the Outturn reports WP 5.3 and Annual Opinion reports WP5.1 and WP 5.2
	Does the internal audit activity conform with the Definition of Internal Auditing and the Standards?	Y				As above
	Do individual internal auditors, who are part of the internal audit activity, demonstrate conformance with the Code of Ethics and the Standards?	Y				As above
	Does the internal audit activity add value to the organisation and its stakeholders by a) Providing objective and relevant assurance; b) Contributing to the effectiveness and efficiency of the governance, risk management and internal	Y Y				As above

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	control processes?					
	2010 Planning					
	Has the CAE determined the priorities of the internal audit activity in a risk-based plan and are these priorities consistent with the organisation's goals?	Y				The Authority's Corporate Plan WP 6.2 dictates the Resources Service Plan WP 6.3 which leads into the Audit Team plan WP 6.1 These are sent to Audit Committee in March 2014-15 and stated in the IASS Strategy Annual Plan. The risk based plan is determined by a robust risk assessment process and detailed discussions with Corporate Directors and their Senior Management Teams. The Plan takes account of the Council's priority outcomes / objectives, the Directorate business / service plans and the overall Corporate Risk framework.
	Does the risk-based plan take into account the requirement to produce an annual internal audit opinion?	Y				The Annual Internal Audit Opinion is in the Outturn report sent to Audit Committee on 24.2.2015. WP5.1 and WP 5.2
	Does the risk-based plan take into account the organisation's assurance framework;	Y				Our plan is formulated on Assurance, Governance, Risk, Performance, Fraud and Error. WP 6.1
	Does the risk-based plan incorporate or is it linked to a strategic or high level statement of a) How the internal audit service will be delivered; b) How the internal audit service will be developed in accordance with the internal audit charter; c) How the internal audit service links to organisational objectives and priorities?	Y Y Y				All in Shared Service charter WP 1.1 and reflected in the Outturn reports WP 5.3. Also included in the IASS Strategy Document.
	Does the risk-based plan set out how internal audit's work will identify and address local and national issues and risks?	Y				Demonstrated within the Shared Service Charter WP 1.1 and Audit Annual Plan WP 6.1. Having regard to the Corporate Plan; the Directorate Business/Service Plans and the Corporate Risk Registers.

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	In developing the risk-based plan, has the CAE taken into account the organisation's risk management framework and relative risk maturity of the organisation?	Y				Within the Shared Service Charter and IASS Strategy WP 1.1 and Corporate Risk Register WP 8.
	If such a risk management framework does not exist, has the CAE used his or her judgement of risks after input from senior management and the board and evidenced this?				Y	Not Applicable
	Does the risk-based plan set out the: a) Audit work to be carried out? b) Respective priorities of those pieces of audit work? c) Estimated resources needed for the work?	Y				Demonstrated within the Shared Service Charter WP 1.1 and Audit Annual Plan WP 6.1
	Does the risk-based plan differentiate between audit and other types of work?	Y				As above
	Is the risk-based plan sufficiently flexible to reflect the changing risks and priorities of the organisation?	Y				As above
	Does the CAE review the plan on a regular basis and has he or she adjusted the plan when necessary in response to changes in the organisation's business, risks, operations, programmes, systems and controls?	Y				As above
	Is the internal audit activity's plan of engagements based on a documented risk assessment?	Y				As above
	Is the risk assessment used to develop the plan of engagements undertaken at least annually?	Y				As above
	In developing the risk-based plan, has the CAE also considered the following: a) Any declarations of interest (for the avoidance for conflicts of interest)? b) The requirement to use specialists, eg IT or contract and procurement auditors? c) Allowing contingency time to undertake ad hoc reviews or fraud investigations as necessary? d) The time required to carry out the audit	Y Y Y Y				As above

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	planning process effectively as well as regular reporting to and attendance of the board, the development of the annual report and the CAE opinion?					
	Is the input of senior management and the board considered in the risk assessment process?	Y				Meetings with Corporate Directors and their Senior Management Teams prior to the formulation of the plan and scoping of the audit.
	Does the CAE identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinion and any other conclusions?	Y				Demonstrated in the outturn reports presented to Audit Committee quarterly. WP 5.1 and WP 5.2
	Does the CAE take into consideration any proposed consulting engagement's potential to improve the management of risks, to add value and to improve the organisation's operations before accepting them?				Y	N/A
	Are consulting engagements that have been accepted included in the risk-based plan?				Y	N/A
	2020 Communication and Approval					
	Has the CAE communicated the internal audit activity's plans and resource requirements to senior management and the board for review and approval?	Y				Plans are submitted to the relevant Audit Committee for approval and to the IASS Board. WP 6.4
	Has the CAE communicated any significant interim changes to the plan and/or resource requirements to senior management and the board for review and approval, where such changes have arisen?	Y				Senior Management Assurance Statement WP 9 is utilised as part of the ongoing monitoring arrangements.
	Has the CAE communicated the impact of any resource limitations to senior management and the board?	Y				As part of the ongoing monitoring arrangements. In Audit Plan WP 6.1 and outturn report WP 5.3
	2030 Resource Management					
	Does the risk-based plan explain how internal audit's resource requirements have been assessed?	Y				As above

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	Has the CAE planned the deployment of resources, especially the timing of engagements, in conjunction with management to minimise abortive work and time?	Y				As part of the consultation process when developing the plan.
	If the CAE believes that the level of agreed resources will impact adversely on the provision of the internal audit opinion, has he or she brought these consequences to the attention of the board? This may include an imbalance between the work plan and resource availability and/or other significant matters that jeopardise the delivery of the plan or require it to be changed.	Y				Evidence via part of the ongoing monitoring arrangements. Forward Work Programme WP 3 and Outturn reports WP 5.3 and WP 5.4
2040 Policies and Procedures						
	Has the CAE developed and put into place policies and procedures to guide the internal audit activity?	Y				Business Processes and Quality Assurance.
	Has the CAE established policies and procedures to guide staff in performing their duties in a manner than conforms to the PSIAS? Examples include maintaining an audit manual and/or using electronic management systems.	Y				Internal Audit Management System and Business Processes for all activities.
	Are the policies and procedures regularly reviewed and updated to reflect changes in working practices and standards?	Y				Quarterly reviews undertaken.
2050 Coordination						
	Does the risk-based plan include the approach to using other sources of assurance and any work that may be required to place reliance upon those sources?	Y				Includes specific allocation for other forms of assurance.
	Has the CAE carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance?	Y				The Assurance Framework strategy is utilised.

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	Does the CAE share information and coordinate activities with other internal and external providers of assurance and consulting services?	Y				Regular meetings with External Auditors. Internal Audit and External Audit work together on assignments.
	Does the CAE meet regularly with the nominated external audit representative to consult on and coordinate their respective audit plans?	Y				Regularly planned meetings arranged.
	2060 Reporting to Senior Management and the Board					
	Does the CAE report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility and performance relative to its plan?	Y				Regular Audit Committee meetings and IASS Board meetings. Regular meetings with both Corporate Management Board / Team.
	Does the periodic reporting also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the board?	Y				
	Is the frequency and content of such reporting determined in discussion with senior management and the board and are they dependent on the importance of the information to be communicated and the urgency of the related actions to be taken by senior management or the board?	Y				Quarterly attendance at CMB /CMT. If any issues are of a significant nature and requires action by Senior Management.
	2070 External Service Provider and Organisational Responsibility for Internal Auditing					
	Where an external internal audit service provider acts as the internal audit activity, does that provider ensure that the organisation is aware that the responsibility for maintaining and effective internal audit activity remains with the organisation?	Y				Applies to BCBC under the Internal Audit Shared Service.
	Does the internal audit activity evaluate and contribute to the improvement of the organisation's governance, risk management and internal control processes?	Y				Demonstrated in the Risk Based Annual Audit Plan WP 6.1 The Risk-Based Plan is configured under the following headings: Assurance, Governance; Risk and Performance Management;

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
						Fraud and Error.
	Does the internal audit activity evaluate and contribute to the improvement of the above using a systematic and disciplined approach and is this evidenced?	Y				Evidenced via Outturn reports WP 5.3 and Forward work programmes WP 5.4
	2110 Governance					
	Does the internal audit activity: a) Promote appropriate ethics and values within the organisation? b) Ensure effective organisational performance management and accountability? c) Coordinate the activities of and communicate information among the board, external and internal auditors and management?	Y Y Y				Demonstrated within the Shared Service Charter WP1.1. Code of Ethics WP 2.1 and Code of Conduct WP 2.2
	Does the internal audit activity assess and make appropriate recommendations for improving the governance process as part of accomplishing the above objectives?	Y				All recommendations are categorised at the conclusion of the Audit. Compliance, Accomplishment of Objectives, Value for Money; Reliability and Integrity of Information; Safeguarding Assets; Governance; Corporate Impact; Self-Assessment.
	Has the internal audit activity evaluated the: a) Design b) implementation, and c) effectiveness of the organisation's ethics-related objectives, programmes and activities?	Y Y Y				
	Has the internal audit activity assessed whether the organisation's information technology governance supports the organisation's strategies and objectives?	Y				

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	Has the CAE considered the proportionality of the amount of work required to assess the ethics and information technology governance of the organisation when developing the risk-based plan?	Y				
2120 Risk Management						
	Has the internal audit activity evaluated the effectiveness of the organisation’s risk management processes by determining that: <ul style="list-style-type: none"> a) Organisational objectives support and align with the organisation’s mission? b) Significant risks are identified and assessed? c) Appropriate risk responses are selected that align risks with the organisation’s risk appetite? d) Relevant risk information is captured and communicated in a timely manner across the organisation, thus enabling the staff, management and the board to carry out their responsibilities? 	Y				This is evidence through the Shared Service Charter WP1.1, the Internal Audit Shared Service Annual Audit Plan WP 6.1 and The Corporate Risk Register WP 8.
	Has the internal audit activity evaluated the risks relating to the organisation’s governance, operations and information systems regarding the: <ul style="list-style-type: none"> a) Achievement of the organisation’s strategic objectives? b) Reliability and integrity of financial and operational information? c) Effectiveness and efficiency of operations and programmes? d) Safeguarding of assets? e) Compliance with laws, regulations, policies, procedures and contracts. 	Y				As above
	Has the internal audit activity evaluated the potential for fraud and also how the organisation itself manages fraud risk?	Y				As Above

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	Do internal auditors address risk during consulting engagements consistently with the objectives of the engagement?				Y	N/A
	Are internal auditors alert to other significant risks when undertaking consulting engagements?				Y	N/A
	Do internal auditors successfully avoid managing risks themselves, which would in effect lead to taking on management responsibility, when assisting management in establishing or improving risk management processes?	Y				
	2130 Control					
	Has the internal audit activity evaluated the adequacy and effectiveness of controls in the organisation's governance, operations and information systems regarding the: <ul style="list-style-type: none"> a) Achievement of the organisation's strategic objectives? b) Reliability and integrity of financial and operational information? c) Effectiveness and efficiency of operations and programmes? d) Safeguarding of assets? e) Compliance with laws, regulations, policies, procedures and contracts? 	Y Y Y Y Y				Evidenced in the Annual Opinions Report. BCBC WP 5.2 & VOG WP 5.1
	Do internal auditors utilise knowledge of controls gained during consulting engagements when evaluating the organisation's control processes?				Y	N/A
4.3	2200 Engagement Planning					
	Do internal auditors develop and document a plan for each engagement?	Y				This is undertaken within the Objective, Scope and Brief of each assignment.

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	Does the engagement plan include the engagement's: a) Objectives? b) Scope? c) Timing? d) Resource allocations?	Y Y Y Y				As above
	Do internal auditors consider the following in planning an engagement, and is this documented: a) The objectives of the activity being reviewed? b) The means by which the activity controls its performance? c) The significant risks to the activity being audited? d) The activity's resources? e) The activity's operations? f) The means by which the potential impact of risk is kept to an acceptable level? g) The adequacy and effectiveness of the activity's governance, risk management and control processes compared to a relevant framework or model? h) The opportunities for making significant improvements to the activity's governance, risk management and control processes?	Y Y Y Y Y Y Y Y				As Above
	Where an engagement plan has been drawn up for an audit to a party outside of the organisation, have the internal auditors established a written understanding with that party about the following: a) Objectives? b) Scope? c) The respective responsibilities and other expectations of the internal auditors and the outside party (including restrictions on distribution of the results of the engagement and access to engagement records)?				Y	N/A

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	For consulting engagements, have internal auditors established an understanding with the engagement clients about the following: a) Objectives? b) Scope? c) The respective responsibilities of the internal auditors and the client and other client expectations?				Y	N/A
	For significant consulting engagements, has this understanding been documented?				Y	N/A
	2210 Engagement Objectives					
	Have objectives been agreed for each engagement?	Y				This is evidenced within the Audit Brief, agreed with Service Management.
	Have internal auditors carried out a preliminary risk assessment of the activity under review?	Y				As above
	Do the engagement objectives reflect the results of the preliminary risk assessment that has been carried out?	Y				As above
	Have internal auditors considered the probability of the following, when developing the engagement objectives: a) Significant errors? b) Fraud? c) Non-compliance? d) Any other risks?	Y Y Y Y				As above
	Have internal auditors ascertained whether management and/or the board have established adequate criteria to evaluate and determine whether objectives and goals have been accomplished?	Y				As above
	If the criteria have been deemed adequate, have the internal auditors used the criteria in their evaluation of governance, risk management and controls?	Y				As above

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	If the criteria have been deemed inadequate, have the internal auditors worked with management and/or the board to develop appropriate evaluation criteria?	Y				
	If the value for money criteria have been referred to, has the use of all the organisation's main types of resources been considered; including money, people and assets?	Y				
	Do the objectives set for consulting engagements address governance, risk management and control processes as agreed with the client?				Y	N/A
	Are the objectives set for consulting engagements consistent with the organisation's own values, strategies and objectives?				Y	N/A
2220 Engagement Scope						
	Is the scope that is established for the engagement sufficient to satisfy the engagement's objectives?	Y				This is undertaken within the Objective, Scope and Brief of each assignment.
	Does the engagement scope include consideration of the following relevant areas of the organisation: a) Systems; b) Records; c) Personnel; d) Premises.	Y Y Y Y				As above
	Does the engagement scope include consideration of the following relevant areas under the control of outside parties, where appropriate: a) Systems; b) Records; c) Personnel; d) Premises.	Y Y Y Y				As above
	Where significant consulting opportunities have arisen during an assurance engagement, was a specific written understanding as to the objectives, scope, respective responsibilities and other expectations				Y	N/A

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	drawn up?					
	Where significant consulting opportunities have arisen during an assurance engagement, were the results of the subsequent engagement communicated in accordance with the relevant consulting Standards?				Y	N/A
	For a consulting engagement, was the scope of the engagement sufficient to address any agreed-upon objectives?				Y	N/A
	If the internal auditors developed any reservations about the scope of a consulting engagement while undertaking that engagement, did they discuss those reservations with the client and therefore determine whether or not to continue with the engagement?				Y	N/A
	During consulting engagements, did internal auditors address the controls that are consistent with the objectives of those engagements?				Y	N/A
	During consulting engagements, were internal auditors alert to any significant control issues?				Y	N/A
	2230 Engagement Resource Allocation					
	Have internal auditors decided upon the appropriate and sufficient level of resources required to achieve the objectives of the engagement based on: a) The nature and complexity of each individual engagement? b) Any time constraints? c) The resources available?	Y Y Y				Evidenced within the Shared Service Charter, WP1.1. Included in the Objective, scope and brief of audit assignment. Also part of the quarterly allocation process
	2240 Engagement Work Programme					
	Have internal auditors developed and documented work programmes that achieve the engagement objectives?	Y				Evidenced within the Shared Service Charter, WP1.1. Included in the Objective, scope and brief of audit assignment.
	Do the engagement work programmes include the following procedures for: a) Identifying information?	Y				As above

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	b) Analysing information? c) Evaluating information? d) Documenting information?	Y Y y				
	Were work programmes approved prior to implementation for each engagement?	Y				Evidenced within the Annual Audit Plan. WP6.1
	Were any adjustments required to work programmes approved promptly?	Y				Part of continual monitoring
	Have internal auditors carried out the following in order to achieve each engagement's objectives: a) Identify sufficient information? b) Analyse sufficient information? c) Evaluate sufficient information? d) Document sufficient information?	Y Y Y y				This is demonstrated within the Review process of an audit upon completion of field work. WP 7.2
	2310 Identifying Information					
	Have internal auditors identified the following in order to achieve each engagement's objectives: a) Sufficient information? b) Reliable information? c) Relevant information? d) Useful information?	Y Y Y y				Evidenced within the Shared Service Charter, WP1.1. Included in the Objective, scope and brief of audit assignment.
	2320 Analysis and Evaluation					
	Have internal auditors based their conclusions and engagement results on appropriate analyses and evaluations?	Y				Evidenced within the Shared Service Charter, WP1.1. Included in the Objective, scope and brief of audit assignment and part of the review process and QAIP.
	Have internal auditors remained alert to the possibility of the following: a) intentional wrongdoing; b) errors and omissions; c) poor value for money; d) failure to comply with management policy, and e) conflicts of interest;	Y Y Y Y y				As Above

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	when performing their individual audits, and has this been documented?	Y				As Above
	2330 Documenting Information					
	Have internal auditors documented the relevant information required to support engagement conclusions and results?	Y				Evidenced within the Shared Service Charter, WP1.1. Included in the Objective, scope and brief of audit assignment. In addition also evidenced through Quality Documents used for each audit assignment.
	Are working papers sufficiently complete and detailed to enable another experienced internal auditor with no previous connection with the audit to ascertain what work was performed, to re-perform it if necessary and to support the conclusions reached?	Y				As above
	Does the CAE control access to engagement records?	Y				Access Limitations applied.
	Has the CAE obtained the approval of senior management and/or legal counsel as appropriate before releasing such records to external parties?	Y				
	Has the CAE developed and implemented retention requirements for all types of engagement records?	Y				Council Retention Schedule WP 2.5
	Are the retention requirements for engagement records consistent with the organisation's own guidelines as well as any relevant regulatory or other requirements?	Y				As above
	2340 Engagement Supervision					
	Are all engagements properly supervised to ensure that objectives are achieved, quality is assured and that staff are developed?	Y				Evidence via the Post Audit Assessment Document WP 7.4 and Annual PDRS.
	Is appropriate evidence of supervision documented and retained for each engagement?	Y				As above
4.5	2400 Communicating Results					
	Do internal auditors communicate the results of	Y				Exit / completion meeting are held with the Head of Service to

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	engagements?					communicate results of the assigned Audit.
	2410 Criteria of Communicating					
	Do the communications of engagement results include the following: a) The engagement's objectives? b) The scope of the engagement? c) Applicable conclusions? d) Recommendations and action plans, if appropriate?	Y Y Y y				Part of the Initial meeting to discuss scope and objectives of audit to be completed.
	Has the internal auditor discussed the contents of the draft final report with the appropriate levels of management to confirm factual accuracy, seek comments and confirm the agreed management actions?	Y				Part of the Audit process.
	If recommendations and an action plan have been included, are recommendations prioritised according to risk?	Y				Part of the Audit Process.
	If recommendations and an action plan have been included, does the communication also state agreements already reached with management, together with appropriate timescales?	Y				Part of the Audit Process.
	If there are any areas of disagreement between the internal auditor and management, which cannot be resolved by discussion, are these recorded in the action plan and the residual risk highlighted?	Y				Part of the Audit Process.
	Do communications disclose all material facts known to them in their audit reports which, if not disclosed, could distort their reports or conceal unlawful practice, subject to confidentiality requirements?	Y				Demonstrated within the Code of Conduct WP 2.2 and Code of Ethics WP2.1
	Do the final communications of engagement results contain, where appropriate, the internal auditor's opinions and/or conclusions, building up to the annual internal audit opinion on the control environment?	Y				

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	When an opinion or conclusion is issued, are the expectations of senior management, the board and other stakeholders taken into account?	Y				Part of the exit procedures and processes at the conclusion of the audit.
	When an opinion or conclusion is issued, is it supported by sufficient, reliable, relevant and useful information?	Y				Evidence through the Report and MIP completed. WP 7.5
	Where appropriate, do engagement communications acknowledge satisfactory performance of the activity in question?	Y				Stated in the Client Satisfaction Survey WP7.3
	When engagement results have been released to parties outside of the organisation, does the communication include limitations on the distribution and use of the results?	Y				Limitations are set by the IASS Board. Reports are published once finalised.
	If the CAE has been required to provide assurance to other partnership organisations, has he or she also demonstrated that their fundamental responsibility is to the management of the organisation to which they are obliged to provide internal audit services?	Y				As part of the Shared Service
	2420 Quality of Communications					
	Are communications: a) Accurate? b) Objective? c) Clear? d) Concise? e) Constructive? f) Complete? g) Timely?	Y Y Y Y Y Y Y				Denoted in the PSIAS WP 4.1 which IASS conform to. Evidenced within the Shared Service Charter WP1.1
	2421 Errors and Omissions					
	If a final communication has contained a significant error or omission, did the CAE communicate the corrected information to all				Y	If a significant error has occurred this would have been rectified during the review process, prior to Audit reports being finalised.

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	parties who received the original communication?					
	2430 Use of 'Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing'					
	Do internal auditors report that engagements are 'conducted in conformance with the PSIAS' only if the results of the QAIP support such a statement?	Y				Demonstrated within the QAIP. WP 3.
	2431 Engagement Disclosure of Non-conformance					
	Where any non-conformance with the PSIAS has impacted on a specific engagement, do the communication of the results disclose the following: a) The principle or rule of conduct of the <i>Code of Ethics</i> or <i>Standard(s)</i> with which full conformance was not achieved? b) The reason(s) for non-conformance? c) The impact of non-conformance on the engagement and the engagement results?				Y	N/A
	2440 Disseminating Results					
	Has the CAE determined the circulation of audit reports within the organisation, bearing in mind confidentiality and legislative requirements?	Y				Part of the pre-audit meeting process and agreed with CMB/CMT. Evidenced with the Code of Conduct WP 2.2
	Has the CAE communicated engagement results to all appropriate parties?	Y				Evidenced within the Shared Service Charter WP 1.1
	Before releasing engagement results to parties outside the organisation, did the CAE: a) Assess the potential risk to the organisation? b) Consult with senior management and/or legal counsel as appropriate? c) Control dissemination by restricting the use of the results?				Y	N/A
	Where any significant governance, risk management and control issues were identified during consulting engagements, were these communicated to senior				Y	N/A

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	management and the board?					
	2450 Overall Opinion					
	Has the CAE delivered an annual internal audit opinion?	Y				Evidence in Annual Audit Opinion WP 5.1 and 5.2
	Does the annual internal audit opinion conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control?	Y				As above
	Does the annual internal audit opinion take into account the expectations of senior management, the board and other stakeholders?	Y				As above
	Is the annual internal audit opinion supported by sufficient, reliable, relevant and useful information?	Y				As above
	Does the communication identify the following: a) The scope of the opinion, including the time period to which the opinion relates? b) Any scope limitations? c) The consideration of all related projects including the reliance on other assurance providers? d) The risk or control framework or other criteria used as a basis for the overall opinion?	Y Y Y Y				As above
	Where a qualified or unfavourable annual internal audit opinion is given, are the reasons for that opinion stated?				Y	As above
	Has the CAE delivered an annual report that can be used by the organisation to inform its governance statement?	Y				As above
	Does the annual report incorporate the following: a) The annual internal audit opinion? b) A summary of the work that supports the opinion? c) A disclosure of any qualifications to the	Y Y Y				As above

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	opinion? d) The reasons for any qualifications to the opinion? e) A disclosure of any impairments or restriction in scope? f) A comparison or work actually carried out with the work planned? g) A statement on conformance with the PSIAS? h) The results of the QAIP? i) Progress against any improvement plans resulting from the QAIP? j) A summary of the performance of the internal audit activity against its performance measures and targets? k) Any other issues that the CAE judges is relevant to the preparation of the governance statement?	Y Y Y Y Y Y Y				
4.6	2500 Monitoring Progress					
	Has the CAE established a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action?	Y				Demonstrated within the Shared Service Charter WP 1.1
	Where issues have during the follow-up process, has the CAE considered revising the internal audit opinion?	Y				As above
	Do the results of monitoring management actions inform the risk-based planning of future audit work?	Y				As above
	Does the internal audit activity monitor the results of consulting engagements as agreed with the client?				Y	Do not undertake consultancy work.
4.7	2600 Communicating the Acceptance of Risks					
	If the CAE has concluded that management has accepted a level of risk that may be unacceptable to the organisation, has he or she discussed the matter	Y				Demonstrated within the Shared Service Charter WP 1.1 Included within the Outturn reports for Audit Committee.

Ref.	Conformance with the Standard	Y	P	N	N/A	Evidence
	with senior management?					
	If, after discussion with senior management, the CAE continues to conclude that the level of risk may be unacceptable to the organisation, has he or she communicated the situation to the board?	Y				As above and would report to the Audit Committee quarterly via QAIP WP 3. Would also raise any issues with CMB / CMT and / or IASS Board.

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

16 APRIL 2015

REPORT OF THE CHIEF INTERNAL AUDITOR AS THE HEAD OF AUDIT

ANNUAL OPINION REPORT OF THE HEAD OF INTERNAL AUDIT FOR THE PERIOD APRIL 2014 TO MARCH 2015

1. Purpose of Report.

1. To present to members of the Committee the Chief Internal Auditor as the Head of Internal Audit's annual opinion on the overall adequacy of the Council's internal control environment.

2. Connection to Corporate Improvement Objectives / Other Corporate Priorities.

- 2.1. Internal Audit's work impacts on all of the Corporate Improvement Objectives /other corporate priorities and without an audit assurance any assessment is incomplete.

3. Background

- 3.1 This report gives a brief description of the role of Internal Audit, the control environment within which Internal Audit operates and also provides a summary of work carried out during the period April 2014 to March 2015. A statement of our overall opinion on the internal control environment is also given in support of the Annual Governance Statement which the Council is required to include with the Statement of Accounts.
- 3.2 Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, internal control and governance by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic and effective use of resources.
- 3.3 The control environment comprises the organisation's policies, procedures and operations in place to:
 - Establish and monitor the achievement of the organisation's objectives;
 - Identify, assess and manage the risks to achieving the organisation'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 the organisation's assets and interests from losses of all kind, including those arising from fraud, irregularity or corruption.
- 3.4 One of the main aims of the Section is to provide assurance on the Council's overall system of internal control. This is achieved in part through delivery of the Annual Audit Plan which is designed to address:

- Requirements of the Audit Committee;
- Delivery of a scheduled programme of audits on a risk based needs assessment, identified through consultation with service managers;
- Support the Section 151 Officer in discharging their statutory duties.

4. Current situation / proposal

4.1 Attached at Appendix A and B is a detailed report (including the outturn for April 2014 to March 2015) on the work undertaken by Internal Audit during this period. The purpose of this report is to satisfy the requirements of the Accounts and Audit (Wales) Regulations 2014 as amended and the Head of Internal Audit's annual reporting requirements set out in the Public Sector Internal Audit Standards. The Standards specifies that the following information should be forthcoming:

- Include an opinion on the overall adequacy and effectiveness of the organisation's control environment;
- Disclose any qualifications to that opinion, together with the reasons for the qualification;
- Present a summary of the audit work from which the opinion was derived, including reliance placed on work by other assurance bodies;
- Draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement;
- Compare the actual work undertaken with the planned work and summarise the performance of the internal audit function against its performance measures and targets;
- Comment on compliance with the Standards;
- Communicate the results of the internal audit quality assurance programme.

4.2 The opinion contained within the report relates to the system of internal control at the Council and the overall control environment in place. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate the risk of failure to achieve corporate / service policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

4.3 On the basis of internal audit work undertaken during the period April 2014 to March 2015 and taking into account all available evidence, it is the opinion of the Head of Internal Audit that a satisfactory assurance level can be applied to standards of internal control at Bridgend CBC for the period stated.

5. Effect upon Policy Framework & Procedure Rules.

5.1. None

6. Equality Impact Assessment.

6.1. There are no equality issues.

7. Financial Implications.

7.1. None

8. Recommendation.

- 8.1. That Members give due consideration to the Head of Internal Audit's Annual Opinion covering the period April 2014 to March 2015 to ensure that all aspects of their core functions are being adequately reported.

Helen Smith
Chief Internal Auditor
16th April 2015

Contact Officer: Helen Smith – Chief Internal Auditor

Telephone: (01656) 754901

E-mail: internalaudit@bridgend.gov.uk

Postal Address

Bridgend County Borough Council
Internal Audit
Innovation Centre
Bridgend Science Park
Bridgend CF31 3NA

Background Documents

None

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BRIDGEND COUNTY BOROUGH COUNCIL

THE HEAD OF INTERNAL AUDIT – FINAL OUTTURN REPORT AND ANNUAL OPINION FOR THE PERIOD APRIL 2014 TO MARCH 2015

2014 -15 ANNUAL INTERNAL AUDIT OPINION

1. Introduction

- 1.1 This Annual Report gives the opinion of the Chief Internal Auditor, as Head of Internal Audit for Bridgend CBC on the adequacy and effectiveness of internal control within the Council. It also summarises the work performed by Internal Audit for the period April 2014 to March 2015.
- 1.2 It is the duty of the Head of Internal Audit to give an opinion, at least annually, on the adequacy and effectiveness of the system of internal control. This is based on the findings from audit reviews as documented in the Audit Plan and other advice work completed on control systems. The results of investigation work and the work of other internal reviews within Bridgend CBC also informs the opinion.
- 1.3 The Head of Audit's opinion on the adequacy and effectiveness of internal control is used to inform and should be read alongside the wider Annual Governance Statement incorporated in the Council's Statement of Accounts for 2014/15.
- 1.4 Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, internal control and governance by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic and effective use of resources.
- 1.5 The control environment comprises the organisation's policies, procedures and arrangements in place to:
- Safeguard the organisation's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption.
 - Establish and monitor the achievement of the organisation's objectives.
 - Identify, assess and manage the risks to achieving the organisation'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;

1.6 One of the main aims of Internal Audit is to provide assurance on the Council's overall system of internal control. This is achieved in part through the delivery of the Annual Audit Plan which is designed to address:

- Requirements of the Audit Committee;
- Delivery of a scheduled programme of audits on a risk based needs assessment;
- Support the Section 151 Officer in discharging their statutory duties.

2. Assurance on Internal Control – Executive Summary

Opinion 2014/15

2.1 No system of control can provide absolute assurance against material misstatement or loss, nor can internal audit give that assurance. This statement is intended to provide reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The matters raised in this report are only those which have come to attention during internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

2.2 In arriving at the overall opinion, the Head of Audit has taken into account:

- The results of all audits undertaken as part of the audit programme - April 2014 to March 2015.
- The results of follow-up action of audits from current and previous years;
- Whether or not "high risk" recommendations have been accepted by management and the consequent risks;
- The effects of any material changes in the Council's objectives or activities or risk profile;
- Whether any limitations have been placed on the scope of audit;
- Findings of work performed by other assurance providers (e.g. Wales Audit Office, Council's External Auditors and Regulatory bodies – KPMG, CSSIW and ESTYN).

2.3 Therefore, in the Head of Audit's opinion, taking into account all available evidence, the adequacy and effectiveness of internal control at Bridgend CBC is reasonable. Appendix B attached provides a summary of the internal control environment for the service areas where work has been undertaken in the period under review.

- 2.4 The objective of the assurance identified by Internal Audit is to provide an overall indication that summarises the results, in control terms, of the findings of Internal Audit. Although reasonable assurance demonstrates good control across the board, it is important that control weaknesses in systems where the assurance level has been rated as Limited or No Assurance are dealt with and given priority by management.
- 2.5 During the period 9 reviews have identified weaknesses in control at a level where only limited assurance and 1 where no assurance could be given and management have given written assurance that the recommendations made will be implemented to address the weaknesses identified (these specific reports have been reported to the Audit Committee and Internal Audit has already revisited five (including the No Assurance audit) of the ten to follow up on progress, and have deemed the overall internal control environment to be reasonable in each follow up review. Internal Audit are in the process of scheduling revisits for the remaining five reviews to ensure that management are addressing the weaknesses identified in the control environment and recommendations are being implemented. These will be reported to the Audit Committee in due course.
- 2.6 As set out in Appendix B, the significant control issues identified during the year have tended to relate to specific service areas rather than an across the board breakdown in controls. The relevant managers have agreed with and are working toward implementing the recommendations made to address the weaknesses identified. Internal Audit will follow up on these issues during 2015-16 to ensure that significant progress is being made.
- 2.7 In addition to these areas the challenge from an audit perspective remains the financial context in which the Council is required to operate. The challenge of delivering the further programme of savings will be substantial and impact on all areas of the business and is predicated on a range of reasonable but ambitious assumptions. Therefore, the scale and pace of required change remains a fundamental risk.
- 2.8 In a Council of this complexity, with its significant saving requirements, there is an inherent risk of breakdown in the systems of control particularly where roles, responsibilities and systems are changing. As the Council continues to experience reduced resources, increased demands on services and new and innovative forms of service delivery, there is a need to ensure that the Council's control environment remains robust, proportionate and is as efficient and effective as possible.
- 2.9 As part of each review, Internal Audit works closely with management to assess what actions can be put in place to address any weaknesses identified. Accordingly, the Head of Audit's overall opinion, as detailed

above, is based on audit findings, implementation/action plans from management and other sources of assurance, including External Audit, Risk Management, the Council's Section 151 Officer and Monitoring Officer.

- 2.10 The volume of Internal Audit recommendations accepted by management was 100% and further information is given in section 4. The level of detailed implementation/ action plans received from management identifies how control deficiencies will be rectified and increases the level of assurance the Head of Audit has in the overall internal control environment.

3. Audit Planning / Monitoring

- 3.1 The Audit Plan covering the period April 2014 to March 2015 was submitted and approved by the Audit Committee on 10th April 2014. The Audit Plan outlined the assignments to be carried out, their respective priorities, an estimate of resources needed and differentiated between assurance and other work. The plan was based on an establishment of 7.5 full time equivalents (FTE) equating to 1,310 productive days.
- 3.2 The plan is monitored on an on-going basis and all changes to work included in the plan are based on an assessment of risk at the time. A summary of the plan together with the actual outturn is shown in Table 1 below:

Table 1 – Internal Audit Plan April 2014 to March 2015.

Resources Available	Total Plan Days	Actual Days Achieved
Total Productive days Available	1,310	1,226
Time Allocated to Audit Work	1,310	1,226
Resources (Including ICT & Property)	365	457
Legal and Regulatory Services	85	71
Children (Including Schools)	215	131
Communities	125	143
Wellbeing	125	47
Cross Cutting	255	231
External	20	20

Contingency - Unplanned Work	70	93
Contingency – Fraud & Error / Internal Investigations.	50	33
OVERALL TOTAL	1,310	1,226

- 3.3 As can be seen from the table above the actual outturn for the Section shows that a total of 1,226 productive days has been achieved. This is 84 days less than originally planned.
- 3.4 The reviews provide an assurance of the adequacy of the systems and enable the Council's external auditors to rely on the work carried out. The outturn for the period April 2014 to March 2015 together with the overall audit opinion are listed in Appendix B as extracted from the Audit Planning and Control Environment (APACE) management system.
- 3.5 Table 2 below provides a breakdown of the total number of reviews completed for the year analysed across the functions covered.

Function	Total Reviews	Total No. Opinion Significant / Reasonable	Total No. Opinion Limited / No Assurance	Total No No Opinion Given / Carried Forward.
Assurance	82	57	7	18
Anti-Fraud & Corruption	3	1		2
Governance	7	4		3
Risk and Performance	3	1	1	1
Contingency - Unplanned	18	9	2	7
Totals	113	72	10	31

Table 2

- 3.6 A total of 113 reviews have been undertaken during the year and of this, 64% have been closed with either a substantial or reasonable assurance opinion level. 10 of the reviews undertaken have identified weaknesses in the internal control environment as stated in Paragraph 2.5 above. Of the remaining 31 reviews, 5 are ongoing and therefore have been carried forwarded to 2015/16 and the balance of 26; although necessary, they did not culminate in an overall audit opinion.
- 3.7 The objective of the average opinion score identified by Internal Audit is to provide an overall indication that summarises the results, in

control terms, of the findings of Internal Audit. For the year and based on the scores identified on the reviews where an overall opinion has been given; the adequacy and effectiveness of the internal control environment is deemed to be reasonable.

4. Implementation of Recommendations

- 4.1 Following each audit, report recipients are asked to complete an action /implementation plan showing whether they agree with the recommendations made and how they plan to implement them. The classification of each recommendation made assists management in focusing their attention on priority actions. For the year, Internal Audit has made a total of 102 recommendations, of which management has given written assurance that all of these will be implemented.
- 4.2 Although Merits Attention (Priority Three) recommendations are made where it is deemed appropriate to do so; by their very nature they relate specifically to an action that is considered desirable but does not necessarily have an impact on the control environment. To this end, these recommendations are not included on the Management Implementation Plan or logged on the Internal Audit Management Information system. Therefore a formal written response is not required from the client or included in the table below.

Recommendation Priority	No. Made	No. Agreed / Implemented
Fundamental (Priority One) Rating - D and E (+ to -) Action – Immediate Implementation	5	5
Significant (Priority Two) Rating – C (+ to -) Action – Implementation within 6 – 12 months	97	97
Total	102	102

Table 3

- 4.3 The recommendations made are graded according to their importance (Fundamental and Significant – Priority One and Two). In addition, each recommendation will be grouped by risk. The risk categories are as follows:

A – Accomplishment of Objectives;
 C – Compliance;
 E – Value for Money;
 R – Reliability and Integrity of Information;
 S – Safeguarding Assets;
 X – Governance.

- 4.4 Table 4 below details the number of recommendations made grouped by risk.

Description	Number of Fundamental Recommendations	Number of Significant Recommendations
A – Accomplishment of Objectives		16
C - Compliance	2	30
E – Value for Money		7
R – Reliability and Integrity of Information		23
S – Safeguarding Assets	3	7
X – Governance		8
Y – Corporate Impact		5
Z – Self Audit		1
Total	5	97

Table 4.

5. Audit Client Satisfaction Questionnaires

- 5.1 At the completion of each audit, all recipients of reports are asked to comment on their satisfaction with the audit process, by way of a survey questionnaire ranging from a score of 1 for very satisfied to a score of 5 very unsatisfied. The results are summarised in Table 5 below and compared with last year's overall results:

Table 5.

No.	Question	Average Score of Responses March 2014	Average Score of Responses March 2015
1	Where appropriate, briefing of client and usefulness of initial discussion.	1.420	1.360
2	Appropriateness of scope and objectives of the audit.	1.450	1.450
3	Timelines of audit.	1.490	1.690
4	Response of Officer to any requests for advice and assistance.	1.300	1.240
5	General helpfulness and conduct of Auditor (s)	1.150	1.170
6	Discussion of findings / recommendations during or at the conclusion of the audit.	1.000	1.000
7	Fairness and accuracy of report.	1.600	1.360
8	Practicality and usefulness of recommendations	1.570	1.460
9	Standard of report.	1.380	1.290
10	Client agreement with overall audit opinion.	1.560	1.310

5.2 The survey results are excellent. Whilst we will continue to aim to sustain this high level of customer satisfaction throughout the forthcoming year, we will also continue to improve on the response rate which for this year is 60% compared to 54% for last year. In addition to the above, a number of clients have commented separately on the professionalism and helpfulness of the Auditors they have dealt with.

6. Performance

6.1 The Section participates annually in the Welsh Chief Auditors Group benchmarking exercise. The results for 2013/14 have been reported previously to the Audit Committee. The table below provides a comparison of performance with the overall average for the responding authorities.

Performance Indicator	IASS Performance For 2013/14	Overall Average Performance 2013/14
% of planned audits completed	96%	80%
Number of Audits completed	133	126
% of audits completed within planned time	92%	71%
% of directly chargeable time, Actual versus planned	99%	94%
Average number of days from audit closing meeting to issue of draft report.	10 days	9.5 days
% of directly chargeable time Versus total available.	68%	68%
% of staff leaving during the Financial Year	0%	22%

Table 6

6.2 As can be seen from the table above, the Section is performing well. This, together with our overall performance indicators for the service provided to the Vale places us in the top quartile. It is appreciated that these figures are now out of date; however, the 2014/15 benchmarking exercise has not, as yet, been completed.

7. The Effectiveness of Internal Audit Services (Quality Assurance and Improvement Programme).

7.1 During 2013/14 both Audit Committees endorsed the adoption of the new Quality Assurance and Improvement Programme (QAIP); the aim of which is to:-

Drive Improvements;

Ensure that the activities of Internal Audit are in accordance with Public Sector Internal Audit Standards (PSIAS);
 Assess the efficiency and effectiveness of Internal Audit;
 Provide for a mechanism by which the performance of staff can be measured;
 Identification of Training needs.

7.2 The assessment process included within the QAIP has been in operation since November 2013; the results of which are listed below in Table 7:

Table 7

Definition	Score	No of Assessments Completed
All key criteria met and exceeded expectation by identifying areas of improvement in terms of efficiency and effectiveness and has identified measurable savings for the client (VFM).	5	15
Achieved key criteria, budget achieved or reduced and report issued in a timely manner.	4	138
Achieved key criteria but budget exceeded for no valid reason and/or report untimely.	3	23
Elements of the key criteria have been met but significant number of review points.	2	4
None of the key criteria have been achieved. Scope and objectives either not understood by the Auditor or not met, Over budget, poor quality working papers, insignificant testing and poor feedback from client.	1	
TOTAL		180

7.3 As can be seen from the table above, the majority of post audit assessments completed (representing 77%) have identified that staff are producing work of a high standard whereby: - the scope and objectives of the review have been met; working papers and evidence are of a good standard and relevant; testing supports the findings and conclusion drawn; the report produced is of a good standard, timely and accurate and finally the appropriate assurance level has been applied.

7.4 It is also pleasing to note that 15 assessments (8%) have scored 5 whereby the Auditor(s) have, as a result of their work, also identified areas of improvement in terms of efficiency and effectiveness resulting in measurable savings for the client.

8. Resources, Qualifications and Experience

- 8.1 The Head of Internal Audit requires appropriate resources at their disposal to undertake sufficient work to offer an independent opinion on the Council's internal control environment. This is a fundamental part of Bridgend County Borough Council's governance arrangements. The Internal Audit Annual Plan was presented to the Audit Committee in April 2014; based on a provision of 1,310 productive days.
- 8.2 The Vale of Glamorgan Council leads the Bridgend and Vale Internal Audit Shared Service and provides all internal audit services to its partner Bridgend County Borough Council. As at the 31st March 2015 the staffing structure is listed in the table 8 below.

Table 8

2014-15 Staffing Structure	FTE
Chief Internal Auditor (Head of Audit)	1
Principal Auditor	2
Group Auditor	2
Group Auditor (Information Systems)	1
Auditor (Three posts are vacant at present)	10
Trainee Auditor	1
Trainee Auditor (Information Systems)	1
Administrative Assistant	0.5
Total	18.5

- 8.3 The total resource of 18.5 Full Time Equivalents (FTE's) provides for a comprehensive Internal Audit Service. The Head of Audit aims to achieve best practice but continues to take account of the issues of affordability at a time when both Councils are looking to make substantial reductions in costs. The service has already been vastly streamlined and continues to apply lean auditing risk based methodologies to its plan of work.
- 8.4 During 2014/15; the team has been affected by long term sickness absence and maternity leave. In addition and as reported to the Audit Committee; the service is carrying three vacant posts at present.
- 8.5 Despite the staffing issues encountered during the year; the Service has managed to deliver 93.5%; of the overall planned productive time available being achieved for BCBC.
- 8.6 In accordance with the Public Sector Internal Audit Standards; the Head of Audit must ensure that Internal Auditors possess the knowledge, skills and competencies needed to perform their individual responsibilities. Internal Auditors are therefore encouraged to study for and obtain professional qualifications. In addition, it is a requirement of the standard that the Head of Audit must hold a professional qualification and be suitably experienced. The following information

outlined in table 9 and 10 below demonstrates the experience and qualification mix for the Internal Audit Shared Service.

Experience

Table 9

Auditing Experience	All Auditing	%	In Local Government	%
Up to 1 year	1	5.5%	1	5.5%
1 to 2 years	2.5	13.5%	0	0%
2 to 5 years	4	27%	4	27%
5 to 10 years	3	27%	4.5	35%
Over 10 years	5	27%	6	32.5%
Total Staff	15.5		15.5	

Qualifications

Table 10

Professional Qualification	No of Staff.
Accountants (CIPFA; FCCA; ICAEW)	3
Certified Information Systems Auditor (CISA)	1
Institute of Internal Auditors – full membership	0
Institute of Internal Auditors – practitioner level; part qualified or audit certificate	2
Association of Accounting Technicians (AAT)	4
Studying (AAT, IIA, CIPFA etc.)	3
Total	13

8.7 All staff are encouraged to attend relevant courses and seminars to support their continual professional development. All staff have the opportunity to attend courses run by the Welsh Chief Auditors Group on a diverse range of topics. Individuals keep records of their continuing professional development based on their professional body requirements.

9. Conformance with the Public Sector Internal Audit Standards (PSIAS).

9.1 The Chief Internal Auditor carried out a self-assessment against the key elements of the PSIAS. The Internal Audit Shared Service is fully compliant with all relevant parts of the Standards. However, in relation to Standard 1312 - "External Assessment"; two responses have attracted negative answers. These can only be addressed once the Internal Audit Shared Service has agreed a timetable for being externally assessed; as these questions relate specifically to agreeing a scope for the external assessment. The Standard stipulates that an external assessment must be carried out, at least once, every five years. As the Standards became effective from 1st April 2013; the

Section must therefore ensure that an assessment is undertaken before the end of March 2018.

- 9.2 All staff were introduced to the ethics requirements (as described in the PSIAS) in relation to the professional role of an auditor. While the basis of this remains the same as in previous years, staff were additionally required to read and sign a document confirming they had read and understood what was required of them. All staff provided an annual declaration of interests for consideration to enable management to ensure that there was sufficient information to address any potential conflicts of interest which may arise during audit activities. Staff remained obliged to raise any conflicts or issues with their line managers during the year.

10. Anti-Fraud & Corruption Arrangements

- 10.1 Internal Audit has responsibility for raising awareness of the Council's Anti-Fraud & Bribery and Whistle-blowing Procedures. Anti-Fraud & Bribery and Whistle-blowing information is on the Council's Intranet and the Website, where information is available so that the public and staff can raise concerns easily.
- 10.2 A total of 33 productive days has been spent on Anti-Fraud & Corruption work against a planned allocation of 50. No organisation can guarantee that it will be free from fraud or financial irregularity, the extent of which can be a measure of the effectiveness of internal controls. Apart from the work undertaken on the National Fraud Initiative; Internal Audit were also requested to provide some assistance on an investigation relating to inappropriate IT usage. The Benefits and Financial Assessments Manager continues to have responsibility for the Team who investigate potential Housing Benefit and Council Tax Benefit fraud. Regular updates have been provided to the Audit Committee during the year and will continue in 2015/16.
- 10.3 Internal Audit has continued to act as the key contact for the National Fraud Initiative. This is a mandatory exercise and it is important that data is supplied promptly, and work to ensure that the potential irregularities that the output identifies are dealt with quickly and in a way that is proportional to the value and likelihood of the risks identified.

11. The Role of the Internal Audit Shared Service at the Council

- 11.1 Internal Audit is an independent assurance function that provides objective opinion to the Council on the control environment comprising risk management, internal control and governance, by evaluating its effectiveness in achieving the organisation's objectives. It independently and 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.

11.2 The control environment comprises the organisation's policies, procedures and operations in place to:

- Establish, and monitor the achievement of, the organisation's objectives.
- Identify, assess and manage the risks to achieving the organisation'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 the organisation's assets and interests from losses of all kind, including those arising from fraud, irregularity or corruption.

11.3 One of the main aims of the Section is to provide assurance on the Council's overall system of internal control. This is achieved in part through the delivery of the Annual Audit Plan which is designed to address:-

- Requirements of the Audit Committee;
- Delivery of a scheduled programme of audits on a risk based needs assessment;
- Support the Chief Executive as Head of Paid Service and the Corporate Director of Resources as the Section 151 Officer in discharging their statutory duties.

11.4 Internal Audit Shared Service also investigates any potential or identified internal frauds and irregularities that may arise within the Shared Service.

11.5 The service is delivered by the Bridgend and Vale Internal Audit Shared Service (IASS) which is part of a joint collaboration between Bridgend County Borough Council (BCBC) and the Vale of Glamorgan Council (VOG) under a partnership agreement. The Vale of Glamorgan Council is the host authority which provides an internal audit service to Bridgend. This gives the service an opportunity to network, benchmark and discuss best practice to ensure the service can provide the Councils with the best advice.

12. Update on the Internal Audit Shared Service Arrangements

12.1 2014-15 has proved to be another successful year for both Internal Audit Partners. The Partnership has enabled each Council to call upon a far wider base of skills and knowledge and provides audit staff with a unique opportunity to use their particular expertise at both Councils and to assist their professional development and broaden their knowledge and skills base.

12.3 For 2014/15 both Risk Based Plans have been presented to and approved by the relevant Audit Committees with a commitment to deliver 1,478 productive days for the Vale and 1,310 for Bridgend.

12.4 In relation to the final outturn for the year the Section has achieved 101% of the Vale's expected plan days and 93.5% of Bridgend's. The loss of three members of staff during the year has had an effect on the delivery of the service. The Internal Audit Shared Service (IASS) formal Partnership Agreement has been in effect since February 2013 and therefore the Service has been fully operational for 24 months. The IASS Board oversee the governance arrangement of the Partnership and meet regularly to ensure an efficient and effective service delivery is being provided.

13. Organisational Independence and Objectivity of the Internal Audit Shared Service.

13.1 In accordance with the Public Sector Internal Audit Standards (PSIAS) the internal audit activity must be independent and internal auditors must be objective in performing their work. An interpretation of independence can be described as the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the Head of Audit has direct and unrestricted access to senior management and the Audit Committee.

13.2 The Council's Constitution, Financial Procedure Rules, Audit Charter and the positioning of the Internal Audit Shared Service within the Council demonstrates the independence of the Service along with the practical application of its independence within the organisation.

14. Financial / Governance Arrangements

14.1 The governance framework comprises the systems and processes, and cultures and values, by which the Council is directed and controls its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

14.2 The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

- 14.3 Good Governance is about doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable way.
- 14.4 The Council approved and adopted on the 28th June 2011 a Code of Corporate Governance (COCG) which comprehensively describes the Council's commitment to and understanding of Corporate Governance and outlines the arrangements that it has put in place to ensure ongoing effective implementation and monitoring.
- 14.5 The COCG describes how the Council will meet and demonstrate its commitment to good corporate governance by following the six principles as defined by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).
- 14.6 The COCG also makes provision for a joint commitment by Members and Officers to the principles it contains, as well as a statement of assurance jointly signed by the Leader of the Council and the Chief Executive. This helps to ensure that the principles of good governance are not only fully embedded but also cascade through the Council and have the full backing of the Leader of the Council and elected Members, as well as the Chief Executive and the Corporate Management Board.
- 14.7 As part of the 2014/15 annual Internal Audit Plan, a review of corporate governance, in particular the Council's Code of Corporate Governance, was undertaken. The Auditors were able to evidence good governance arrangements across the Council; as a result, an overall opinion of substantial assurance could be provided.
- 14.8 Internal Audit recommendations and advice strive to support a robust corporate governance framework. Delivering the Internal Audit Risk Based Annual Plan in addition to any reactive work performed during the year, are essential elements in mitigating the risk of losses arising from error, irregularity and fraud. The work of the Internal Audit Shared Service represents a fundamental function in delivering the Council's Corporate Governance responsibilities.
- 14.9 For the 2013/14 year, the Head of Internal Audit's Annual Opinion stated that reasonable assurance could be placed upon the adequacy and effectiveness of the Council's internal control environment. The report also highlighted the significant governance issue surrounding the unavailability of the Council's Section 151 Officer and the imminent departure of the Deputy Section 151 Officer. These issues were addressed by the Chief Executive both on an Interim basis in the short term and more permanently with the new appointment of the Head of Finance and ICT.

- 14.10 The Internal Audit reviews undertaken this year have identified internal control weaknesses in ten areas examined; nine of which only limited assurance could be placed on the internal control environment and one where no assurance could be provided. As set out in Appendix B, the significant control issues identified have tended to relate to specific service areas rather than an across the board breakdown in controls. The relevant managers have agreed with and are working toward implementing the recommendations made to address the weaknesses identified. Follow up reviews in these areas have already been completed for five (including the no assurance area) and significant progress has been made culminating in reasonable assurance on all five areas follow up. The remaining five are either in the process of being followed up or are scheduled to be followed up in the next few weeks.
- 14.11 In addition to this; the Council has proactively responded to central government's austerity drive that has created a period of unprecedented financial pressures in the public sector. Substantial savings are necessary and the latest Medium Term Financial Strategy estimates this to be in the region of £50million for the next four years on top of the £11.2million already identified for 2014/15.
- 14.12 It is clear that the scale of the challenges to come will mean that "business as usual", however well managed, will not be enough. The challenge will be to consider alternative delivery models for services across the Council and this will be essential to mitigate the impact of cuts and assist in continuing to provide priority services. Therefore, as the Council continues to experience reduced resources, increased demands on services and new and innovative forms of delivery; there is a need to ensure that the control environment; including governance and risk management; remains robust, proportionate and is as efficient and effective as possible.
- 14.13 Fundamental to the Council's success in delivering the Medium Term Financial Strategy through to 2016-17 is wholly dependent on strong financial leadership and effective management.

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 B

<u>Cod</u>	<u>Job</u>	<u>Job Name</u>	<u>Days</u>	<u>Budget</u>	<u>Date Commenced</u>	<u>Date Closed</u>	<u>Opinion</u>
ASSURANCE							
	Directorate	RESOURCES					
	390 BCBC - DBS		29.74	30.00	01/04/2014	26/09/2014	Limited
	391 BCBC - Agency Contract		16.81	15.00	04/04/2014	19/08/2014	Reasonable
	418 BCBC - COA Business Continuity C/Fwd		6.76	5.00	01/04/2014	03/09/2014	Limited
	439 BCBC - Debtors		26.08	27.00	24/06/2014	04/11/2014	Reasonable
	441 BCBC - Staff Expenses		14.80	15.00	24/06/2014	06/11/2014	Reasonable
	447 BCBC - Cash Control		9.66	10.00	21/07/2014	11/12/2014	Substantial
	451 BCBC - Main Accounting		13.61	15.00	21/07/2014	31/03/2015	Substantial
	452 BCBC - Treasury Mgt		9.63	10.00	21/07/2014	03/03/2015	Substantial
	453 BCBC - Leasing		9.53	10.00	28/07/2014	04/03/2015	Substantial
	460 BCBC - Taxation		25.44	25.00	04/09/2014	31/03/2015	Substantial
	462 BCBC - Financial Assessments Reviews		20.61	20.00	01/09/2014	03/03/2015	Substantial
	467 BCBC - HB Free School Meals		6.08	7.00	25/09/2014	18/11/2014	Reasonable
	468 BCBC - HB CT Reduction Scheme		17.50	20.00	25/09/2014	12/02/2015	Substantial
	477 BCBC - Creditors		16.66	20.00	06/10/2014	31/03/2015	Substantial
	482 BCBC - Payroll		48.43	45.00	10/11/2014	31/03/2015	Carried Forward
Total	Directorate	RESOURCES	271.34	274.00			
	Directorate	RESOURCES - ICT & PROPERTY					
B	396 BCBC - CRC Return		16.72	15.00	01/04/2014	22/08/2014	Reasonable
	397 BCBC - Lone Worker Monitoring		27.57	30.00	02/04/2014	04/12/2014	Limited
	398 BCBC - Microsoft Enterprise Agreement		1.01	15.00	28/04/2014	02/07/2014	N/A
	404 BCBC - Building Maintenance		22.26	20.00	01/04/2014	10/07/2014	Reasonable
	415 BCBC - CRM Application		4.73	5.00	01/04/2014	31/03/2015	N/A
	416 BCBC - EDRM Application		6.93	7.00	01/04/2014	31/03/2015	N/A
	417 BCBC - SIMS Application		5.74	5.00	01/04/2014	31/03/2015	N/A
	420 BCBC - Info Governance Board		4.46	5.00	01/04/2014	31/03/2015	Substantial
	423 BCBC - Non Operative Estates		15.54	15.00	05/05/2014	20/01/2015	Reasonable
	430 BCBC - CAAT's		9.80	20.00	07/04/2014	31/03/2015	Substantial
	437 BCBC - Electoral System		16.79	17.00	09/06/2014	18/12/2014	Reasonable
	438 BCBC - ICT Asset Mgt		29.49	30.00	27/06/2014	31/03/2015	Limited
	442 BCBC - IT Health Checks		4.56	10.00	02/06/2014	02/02/2015	Substantial
	454 BCBC - UK Mail		1.49	2.00	07/07/2014	12/02/2015	N/A
	481 BCBC - ICT Business Continuity		16.82	17.00	17/11/2014	31/03/2015	Carried Forward
B	484 BCBC - Central Pupil Database		0.98	1.00	17/11/2014	12/02/2015	N/A

	493 BCBC - ICT Governance & Strategy	1.15	10.00	12/01/2015	31/03/2015	N/A
Total	Directorate RESOURCES - ICT & PROPERTY	186.05	224.00			
B	Directorate LEGAL & REGULATORY SERVICES					
	429 BCBC - Taxi Licensing	12.74	10.00	26/05/2014	19/08/2014	Substantial
	444 BCBC - Legal Expenditure	12.84	13.00	01/07/2014	10/10/2014	Substantial
	445 BCBC - Purchasing Cards	15.39	16.00	10/07/2014	23/12/2014	Reasonable
	456 BCBC-Procurement & Mgt Consultants Spend	29.01	40.00	11/08/2014	18/03/2015	Reasonable
Total	Directorate LEGAL & REGULATORY SERVICES	69.98	79.00			
B	Directorate CHILDREN					
	409 BCBC Brynmenin Primary	3.31	4.00	01/04/2014	12/05/2014	Substantial
	410 BCBC Coety Primary	4.22	4.00	01/04/2014	02/06/2014	Substantial
	411 BCBC St Roberts Primary	1.96	4.00	01/04/2014	07/05/2014	Substantial
	421 BCBC - School Summary Report	6.01	8.00	01/04/2014	09/10/2014	N/A
	431 BCBC - Archdeacon John Lewis Primary	5.20	4.00	11/06/2014	11/07/2014	Substantial
	432 BCBC - Newton Primary	6.68	4.00	02/06/2014	06/10/2014	Limited
	434 BCBC Schools CRSA	7.70	9.00	02/06/2014	31/03/2015	Substantial
	436 BCBC Pen y Bont PS	3.24	4.00	25/06/2014	16/09/2014	Substantial
	446 BCBC School Uniform Grant	3.99	5.00	24/07/2014	25/09/2014	Substantial
	459 BCBC - Basic Skills	22.70	23.00	01/09/2014	02/02/2015	Substantial
	461 BCBC - Ffaldau	3.72	4.00	08/09/2014	22/12/2014	Substantial
	464 BCBC - Inter Authority Placements F/Up	11.18	15.00	08/09/2014	10/02/2015	Reasonable
	473 BCBC - St Marys & St Patricks Primary	3.95	4.00	17/10/2014	18/12/2014	Substantial
	474 BCBC - Porthcawl Primary	3.38	4.00	17/10/2014	26/01/2015	Substantial
	476 BCBC- School Deficit and Balances	10.24	10.00	06/10/2014	13/02/2015	Substantial
	490 BCBC - West Park Primary	4.22	4.00	13/01/2015	18/03/2015	Substantial
	491 BCBC - Newton Primary - Follow Up	2.03	4.00	13/01/2015	31/03/2015	Substantial
	494 BCBC - 6th form & Cont Education grant	2.57	2.00	22/01/2015	06/02/2015	Substantial
	495 BCBC- LSB Grant	3.92	5.00	26/01/2015	04/03/2015	Substantial
Total	Directorate CHILDREN	110.23	121.00			
B	Directorate COMMUNITIES					
	394 BCBC - Waste Management	16.30	17.00	08/04/2014	28/10/2014	Reasonable
	405 BCBC - Park Income	12.09	12.00	21/04/2014	19/08/2014	Substantial
B	406 BCBC - Highway Maintenance Potholes	18.34	19.00	07/04/2014	28/10/2014	Reasonable
	408 BCBC - Sign Shop	12.67	13.00	07/04/2014	25/09/2014	Limited
	424 BCBC - Supporting People Pol /Proc Audit	19.86	20.00	12/05/2014	14/10/2014	Substantial
	425 BCBC - Home to School Transport	12.03	12.00	01/05/2014	26/08/2014	Reasonable
	427 BCBC - Houses to Homes Grant	5.14	5.00	19/05/2014	18/09/2014	Substantial

		449 BCBC Supptng People Grant Verification	8.95	10.00	14/07/2014	26/09/2014	Substantial
		458 BCBC - Homelessness	13.75	15.00	02/09/2014	02/02/2015	Reasonable
		463 BCBC - Regeneration Funding	5.37	10.00	01/09/2014	31/03/2015	N/A
Total	Directorate	COMMUNITIES	124.51	133.00			
	Directorate	WELLBEING					
B		407 BCBC - Section 117 Process	20.34	21.00	01/04/2014	26/09/2014	No Assurance
		414 BCBC - SEWTA Grant 13.14	6.66	4.00	01/04/2014	01/07/2014	Reasonable
		478 BCBC - Bus Operator Grants Qtr 1&2 14.15	3.61	5.00	11/11/2014	31/03/2015	Reasonable
Total	Directorate	WELLBEING	30.61	30.00			
	Directorate	BCBC CROSS CUTTING					
B		389 BCBC - Audit Committee	53.72	55.00	01/04/2014	31/03/2015	Substantial
		392 BCBC - Close Down 2013-14	23.23	25.00	01/04/2014	19/12/2014	N/A
		399 BCBC - Advice & Guidance Resources	23.65	25.00	01/04/2014	31/03/2015	N/A
		400 BCBC - Advice & Guidance Legal & Reg	2.26	5.00	01/04/2014	31/03/2015	N/A
		401 BCBC - Advice & Guidance - Communities	4.46	5.00	01/04/2014	31/03/2015	N/A
		402 BCBC - Advice & Guidance Children	3.92	5.00	01/04/2014	31/03/2015	N/A
		403 BCBC - Advice & Guidance Wellbeing	0.74	4.00	01/04/2014	31/03/2015	N/A
		443 BCBC - Telecare F/Up	4.70	5.00	09/07/2014	18/11/2014	Reasonable
		471 BCBC - General Follow ups	4.19	5.00	29/09/2014	31/03/2015	Substantial
		479 BCBC Assurance from External Inspections	5.47	10.00	10/11/2014	31/03/2015	Carried Forward
		498 BCBC - Sign Shop F/up	4.26	5.00	26/01/2015	31/03/2015	Reasonable
		499 BCBC- Data Protection F/up	5.51	7.00	26/01/2015	31/03/2015	Substantial
Total	Directorate	BCBC CROSS CUTTING	136.10	156.00			
	Directorate	EXTERNAL					
B		440 BCBC - County Borough Supplies	10.21	11.00	24/06/2014	07/10/2014	Substantial
		469 BCBC - Crematorium	10.20	10.00	22/09/2014	10/02/2015	Substantial
Total	Directorate	EXTERNAL	20.42	21.00			
Total	Function	ASSURANCE	949.23	1,038.00			
ANTI-FRAUD & CORRUPTION							
	Directorate	BCBC CROSS CUTTING					
B		413 BCBC - National Fraud Initiative NFI	22.33	25.00	01/04/2014	31/03/2015	Substantial
		448 BCBC - Home Improvement Grant allegation	8.07	10.00	30/07/2014	04/12/2014	N/A
		504 BCBC - SI Cleaning IT Usage	2.67	5.00	18/03/2015	31/03/2015	N/A
Total	Directorate	BCBC CROSS CUTTING	33.07	40.00			

Total	Function	ANTI-FRAUD & CORRUPTION	33.07	40.00			
	GOVERNANCE						
B	Directorate	CHILDREN					
		426 BCBC - Learner Transport Project	6.76	10.00	01/05/2014	22/08/2014	Reasonable
		496 BCBC - Looked After Children	13.99	15.00	26/01/2015	31/03/2015	Reasonable
Total	Directorate	CHILDREN	20.74	25.00			
B	Directorate	COMMUNITIES					
		412 BCBC - Section 106 Agreements	18.18	18.00	07/04/2014	31/03/2015	Carried Forward
Total	Directorate	COMMUNITIES	18.18	18.00			
B	Directorate	WELLBEING					
		455 BCBC - Referral Mgt Social/Health Care	15.71	15.00	01/08/2014	31/03/2015	N/A
Total	Directorate	WELLBEING	15.71	15.00			
B	Directorate	BCBC CROSS CUTTING					
		395 BCBC - Business Continuity Management	13.13	12.00	08/04/2014	31/03/2015	Reasonable
		433 BCBC - Corporate Management Board	13.21	20.00	01/04/2014	31/03/2015	Substantial
		465 BCBC - Corporate Governance Framework	4.05	20.00	25/09/2014	31/03/2015	Carried Forward
Total	Directorate	BCBC CROSS CUTTING	30.39	52.00			
Total	Function	GOVERNANCE	85.02	110.00			
	RISK & PERFORMANCE MANAGEMENT						
B	Directorate	LEGAL & REGULATORY SERVICES					
		483 BCBC - Money Laundering	1.18	10.00	17/11/2014	10/02/2015	N/A
Total	Directorate	LEGAL & REGULATORY SERVICES	1.18	10.00			
B	Directorate	BCBC CROSS CUTTING					
		393 BCBC - Capital Projects Porthcawl	55.74	60.00	01/04/2014	15/01/2015	Limited
		485 BCBC - VVP Capital Project	8.51	20.00	01/12/2014	31/03/2015	Reasonable
Total	Directorate	BCBC CROSS CUTTING	64.26	80.00			
Total	Function	RISK & PERFORMANCE MAN	65.44	90.00			
	CONTINGENCY						
B	Directorate	LEGAL & REGULATORY SERVICES					
		419 BCBC - Data Protection C/Fwd	7.84	8.00	01/04/2014	11/09/2014	Limited
Total	Directorate	LEGAL & REGULATORY SERVICES	7.84	8.00			

Directorate		BCBC CROSS CUTTING				
	428 BCBC - Internal Audit PI's	2.15	3.00	29/05/2014	04/07/2014	N/A
	435 BCBC - School Buildings	1.28	2.00	09/06/2014	12/02/2015	N/A
	457 BCBC - School Meal Money	19.38	20.00	01/09/2014	31/03/2015	Substantial
	466 BCBC - ETCI	0.07	7.00	25/09/2014	31/03/2015	N/A
	470 BCBC - Civil Parking (Joint see AU616)	17.80	20.00	30/09/2014	19/11/2014	Reasonable
	475 BCBC - ICT Advancements	0.61	5.00	01/10/2014	31/03/2015	N/A
	480 BCBC - WAO Performance Evaluation	0.07	7.00	04/11/2014	12/02/2015	N/A
	486 BCBC - DBS F/Up	11.39	10.00	01/12/2014	31/03/2015	Reasonable
	487 BCBC -Performance Focus Groups	2.23	3.00	09/12/2014	12/02/2015	N/A
	488 BCBC- Gateway to Valley Final A/C	2.87	3.00	08/12/2014	13/02/2015	Reasonable
	489 BCBC - S117 Follow Up	5.84	6.00	15/12/2014	24/03/2015	Reasonable
	492 BCBC - Communities2.0 Grant Verification	2.40	3.00	12/01/2015	16/02/2015	Substantial
	497 BCBC - Brynteg Comprehensive	10.41	12.00	04/02/2015	31/03/2015	Limited
	500 BCBC - Internal Audit PI's	0.41	3.00	09/02/2015	31/03/2015	N/A
	501 BCBC - Final Accounts	1.18	3.00	09/03/2015	31/03/2015	Reasonable
	502 PSIAS Compliance	2.91	3.00	02/03/2015	31/03/2015	Substantial
	503 BCBC - LSB Development Officer Grant	3.75	4.00	16/03/2015	31/03/2015	Reasonable
Total	Directorate	BCBC CROSS CUTTING	84.73	114.00		
Total	Function	CONTINGENCY	92.57	122.00		
		Grand Total	1,225.34			

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

16 APRIL 2015

REPORT OF THE CORPORATE DIRECTOR – RESOURCES

AUDIT COMMITTEE TERMS OF REFERENCE

1. Purpose of Report.

1.1 To present to Members amendments to the Audit Committee's Terms of Reference, for information.

2. Connection to Corporate Improvement Objectives / Other Corporate Priorities.

2.1. Internal Audit's work impacts on all of the Corporate Improvement Objectives / other Corporate Priorities.

3. Background

3.1. Effective audit committees bring many benefits to an organisation and to ensure that the Council continues to provide an effective Audit Committee, the Audit Committee's Terms of Reference are considered and approved as appropriate by members on an annual basis. The current Terms of Reference reflect guidance from the Charter Institute of Public finance and Accountancy (CIPFA) entitled: "Audit Committees, Practical Guidance for Local Authorities and Police 2013 edition.

3.2. Part of the responsibilities of this Committee is to review annually its Terms of Reference to ensure they are current and up to date and make recommendations for any significant changes to Full Council for consideration.

3.3. CIPFA defines the purpose of an audit committee is to provide those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting and annual governance processes. In this way they are an important source of assurance about the Council's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and other performance.

3.4. The Audit Committee satisfies the wider requirement for sound financial management set out in the Accounts and Audit (Wales) regulations 2014, "for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which include the arrangements for the management of risk". In addition, section 151 of the Local Government Act 1972 requires the authority to, "make arrangements for the proper administration of its financial affairs". To be truly effective, the Section 151 Officer in discharging sound financial management requires an effective audit committee as well as an adequate and effective internal audit. Both elements are enshrined in the Public

Sector Internal Audit Standards and the supporting Local government Application Note.

3.5. Effective audit committees bring many benefits to the Council. They can:

- Increase public confidence in the objectivity and fairness of financial and other reporting.
- Reduce the risk of illegal or improper acts;
- Reinforce the importance and independence of internal audit and external audit and any other review processes that report to the Committee.
- Provide a sharper focus on financial reporting both during the year and at year end, leading to increased confidence in the objectivity and fairness of financial reporting.
- Assist the co-ordination of sources of assurance and, in so doing make management more accountable.
- Provide additional assurance through a process of independent and objective review,
- Raise awareness of the need for internal control and the implementation of audit recommendations.

4. Current situation / proposal

4.1 Part of the responsibility of this Committee is to review annually the Terms of Reference to ensure they are current and up to date and makes recommendations for any significant changes to full Council for consideration.

4.2 Attached at Appendix A is the proposed amended Terms of Reference for consideration and subsequent referral to full Council for approval. There is only one suggested amendment and this is highlighted via tracked changes. The amended Terms of Reference will be presented to Council at a future meeting, for approval, following which the Constitution will be amended accordingly.

5. Effect upon Policy Framework& Procedure Rules.

5.1. The Council's Constitution will require amendment to reflect the updated Terms of Reference.

6. Equality Impact Assessment.

6.1. There are no equality implications.

7. Financial Implications.

7.1. None

8. Recommendation.

It is recommended that the Committee:

8.1 Note the amended Terms of Reference attached as Appendix A;

8.2 Note that the amended Terms of Reference will be presented to Council for approval.

Ness Young
Corporate Director – Resources
16th April 2015

Contact Officer: Helen Smith – Chief Internal Auditor

Telephone: (01656) 754901

E-mail: internalaudit@bridgend.gov.uk

Postal Address

Bridgend County Borough Council
Internal Audit
Innovation Centre
Bridgend Science Park
Bridgend CF31 3NA

Background Documents

None

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CONSTITUTION – AUDIT COMMITTEE CURRENT TERMS OF REFERENCE

Committee, Sub-Committee, Panel or other Body	Membership	Functions	Delegation of Functions
Audit Committee	12 County Borough Councillors and Lay Members (as set out in Article 8)	<ul style="list-style-type: none"> • Review, scrutinise and issues reports and recommendations in relation the Authority's financial affairs, • Review, scrutinise and issues reports and recommendations on the appropriateness of the Authority's risk management, internal control and corporate governance arrangements. • Oversee the Authority's internal and external audit arrangements (including the performance of external providers of Internal Audit) and review its financial statements. • To approve the Internal Audit Charter. • To approve the risk-based internal audit plan and to approve significant interim changes to the risk-based internal audit plan. • To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years. • To consider the Head of Internal Audit's annual report and opinion, a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements. • To consider reports from Internal Audit on the adequacy of internal control. • To consider reports dealing with the management and performance of the providers of internal audit services. • To consider reports from Internal Audit on agreed recommendations not implemented within a reasonable timescale. • To identify issues from the annual 	None.

Committee, Sub-Committee, Panel or other Body	Membership	Functions	Delegation of Functions
		<p>Improvement Report by the Wales Audit Office.</p> <ul style="list-style-type: none"> • To receive the Regulatory Programme. • To identify areas for examination by Internal and External Audit. • To be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies, in accordance with the Treasury Policy Statement and Treasury Management Prudential Indicators. • To maintain an overview of the Council's Constitution in respect of Contract and Finance Procedure Rules. • To review any issue referred to it by the Chief Executive Officer, the Monitoring Officer and the Section 151 Officer. • To monitor Council policies on anti-fraud and anti-corruption arrangements. • To consider the Council's Annual Governance Statement. • To assess the Council's compliance with its own and other published standards and controls. • To review and approve the Annual Statement of Accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council. • To consider the External Auditor's report in relation to those charged with governance on issues arising from the audit of the accounts. • To receive reports from the External Regulators as appropriate. 	

(updated as at 26th January 2015)

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

16 APRIL 2015

REPORT OF THE CORPORATE DIRECTOR - RESOURCES

INTERNAL AUDIT SHARED SERVICE CHARTER 2015/16

1. Purpose of Report.

1.1. To present to Members the Council's Internal Audit Shared Service Charter for 2015/16.

2. Connection to Corporate Improvement Objectives / Other Corporate Priorities.

2.1. Internal Audit's work impacts on all of the Corporate Improvement Objectives / other corporate priorities.

3. Background

3.1. As at the 1st April 2013, the Public Sector Internal Audit Standards (PSIAS) came into force and superseded the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Auditors.

3.2. The PSIAS is applicable to all areas of the United Kingdom public sector and is based on the Chartered Institute of Internal Auditor's (CIIA's) International Professional Practices Framework.

3.3. The roles of the 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

3.4. One of the key roles which demonstrate the Audit Committee's oversight is the approval of the Internal Audit Charter. The Audit Committee approved the first Internal Audit Shared Service Charter 2013/14 at their meeting held on 21st March 2013.

4. Current situation / proposal

4.1. The PSIAS requires the Head of Audit to review the charter periodically but final approval resides with the Audit Committee.

4.2. The Internal Audit Shared Service Charter for 2015/16 is attached at Appendix A. It has been reviewed to ensure it continues to reflect the requirements of the PSIAS.

5. Effect upon Policy Framework& 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.

7. Financial Implications.

7.1. There are no financial implications as a result of this report.

8. Recommendation.

8.1. The Committee is recommended to consider and approve the Internal Audit Shared Service Charter for 2015/16 as attached to this report.

Ness Young
Corporate Director - Resources
16th April 2015

Contact Officer: Helen Smith – Chief Internal Auditor

Telephone: (01656) 754901

E-mail: internalaudit@bridgend.gov.uk

Postal Address

Bridgend County Borough Council
Internal Audit
Innovation Centre,
Bridgend Science Park
Bridgend
CF31 3NA

Background Documents

None

Partneriaeth Pen-y-Bont a'r Fro
Bridgend & Vale Partnership
working together - gweithio ar y cyd



**INTERNAL AUDIT CHARTER FOR BRIDGEND & VALE INTERNAL AUDIT
SHARED SERVICE
2015 - 2016**

The Internal Audit Shared Service Charter describes the purpose, authority and principal responsibilities of the Bridgend and Vale Internal Audit Shared Service. The Head of Audit is responsible for reviewing the charter and presenting it to the Audit Committee at least annually for review and approval.

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 – (Standards 1000 & 1010)

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 organisation's objectives.

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.

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.

In addition, the other objectives of the function are to:

- Support the Corporate Director - Resources (BCBC) / Head of Finance (VOG) to discharge their s151 duties;

- Contribute to and support the Corporate Service Directorates with the objective of ensuring the provision of, and promoting the need for, sound financial systems; and;
 - Investigate allegations of fraud or irregularity to help safeguard public funds.
 - Support the work of the Audit Committee
- 1.2 These objectives will be delivered through maintaining a high quality Internal Audit Shared Service function that meets the needs of the Council, supporting the Section 151 Officer and the Audit Committee in discharging their responsibilities and meeting the requirements of the Public Sector Internal Audit Standards.
- 1.3 Internal Audit is a statutory service in the context of the Accounts and Audit (Wales) Regulations 2014, which states in respect of internal audit that:
- “A relevant body (i.e. Council) must maintain an adequate and effective system of internal audit of its accounting records and accounting control systems in accordance with the proper internal audit practices”.
- 1.4 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.
- 1.5 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 the Vale of Glamorgan Council, that officer is the Head of Finance and within Bridgend CBC it is the Corporate Director - Resources.

1.6 Scope and Authority

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

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;
- Ensure the integrity and reliability of information, accounts and data, including internal and external reporting.

- 1.8 In accordance with the Accounts and Audit (Wales) Regulations 2014, all 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.
- 1.9 All Chief Officers of the Council are required to give complete co-operation to Internal Audit staff for the expedient fulfilment of the audit process. In addition, 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. This requirement should be explicit within contract documents.

2. Independence and Objectivity (Standards 1100, 1110, 1111, 1120 and 1130)

- 2.1 Internal Audit is independent of the activities which it audits thereby providing an unbiased judgement to management. This is essential to its proper conduct and impartial advice to management.

To ensure this, Internal Audit operates within a framework that allows unrestricted access to senior management and Members, particularly the Leader of the Council, the Chair of the Audit Committee, the Managing Director (VOG) / Chief Executive (BCBC), Directors and Heads of Service, and maintains segregation from operations.

In addition the Head of Internal Audit reports in his/her own name.

- 2.2 Internal Audit is a shared service between the Vale of Glamorgan Council and Bridgend County Borough Council. The host authority for the delivery of the Internal Audit Shared Service (IASS) is the Vale of Glamorgan Council. The governance of the provision of the shared service shall be carried out by the IASS Board. This is a group made up of the Chief Financial Officer of each Authority or their nominated substitutes who shall be responsible for the strategic direction of the Service.
- 2.3 The activities of the IASS Board shall include but not be limited to:
- a. determining the strategic direction of IASS;
 - b. setting, monitoring and reviewing service standards;
 - c. determining the Authority Rate on the basis of reasonable information provided by the Head of Audit;

- d. providing general supervision of the provision of the Service;
 - e. Resolving conflicts between competing interests amongst the authorities collectively and individually relating to IASS, the IASS Board and / or the Service;
 - f. Endeavour to resolve any dispute between the respective Authorities;
- 2.4 Scrutiny remains the responsibility of each individual Authority and therefore the Audit Committee for each Authority will review the performance and effectiveness of audit activity, including that of the Internal Audit Shared Service.

2.5 Internal Audit Standards

- 2.6 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) has developed in collaboration with the Chartered Institute of Internal Auditors (CIIA) and which came into force on the 1st April 2013.
- 2.7 The unified set of internal audit standards is based on the mandatory elements of the IIA’s International Professional Practices Framework. The standards have been adopted by both the Vale of Glamorgan Council and Bridgend CBC Audit Committees.
- 2.8 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;
 - 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. This is done 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 organisation or its Audit Partner).
- 2.9 The Internal Audit Shared Service (IASS) has adopted (as a minimum) the Chartered Institute of Internal Auditors (CIIA’s) Code of Ethics. Where members of the IASS 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.

- 2.10 Each member of the Team will receive a copy of the Code of Ethics 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.

3. Proficiency and Due Professional Care (Standards 1200, 1210, 1220, 1230 and 2030)

- 3.1 Directors 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 complete Internal Audit Shared Service to the Council which will include reviewing the systems of internal control operating throughout the 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 formal agreement by the IASS Board and formal ratification by the relevant Audit Committee;
 - 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 the Corporate Risk Register.

3.4 Resources and Proficiency

- 3.5 For the Internal Audit Shared Service to fulfil their responsibilities, the service must be appropriately staffed in terms of numbers, professional qualifications, skills and experience. Resources must be effectively developed to achieve the approved risk based plan.
- 3.6 The Head of Internal Audit must hold a professional qualification (CIPFA, Association of Chartered Certified Accountants (ACCA) or equivalent) and be suitably experienced.
- 3.7 Each job role within the Internal Audit Shared Service structure will detail 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.

- 3.8 All Auditors are also required to maintain a record of their continual professional development in line with their professional body.

3.9 Due Professional Care

- 3.10 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; and
- Cost of assurance in relation to potential benefits.
- Considering various data analysis techniques and being alert to significant risks that may affect the objectives.

3.11 Relationships

3.12 General

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:

- Members;
- The Managing Director (VOG) The Chief Executive (BCBC);
- Corporate Directors,
- Heads of Service
- Group Managers / Operational Managers and line supervisors;
- Front line employees delivering services to the public;
- Back office support staff, in particular Financial Services, Legal Services, IT 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 place reliance on the work performed by Internal Audit when undertaking their final accounts audit.
- Various Government Agencies and Inspectorates.

4. Quality Assurance and Improvement Programme (Standards 1300, 1310, 1311, 1312, 1320, 1321 and 1322)

- 4.1 To enable the Head of Internal Audit to assess the Internal Audit Shared Service's activities with conformance to the PSIAS and to aid in the annual assessment of the Internal Audit Shared Service'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 Audit Committee and to the IASS Board.
- 4.4 Where there are instances of non-conformance to the PSIAS this will be reported to the Audit Committee and the IASS Board with any significant deviations being detailed within the Annual Governance Statement.
- 4.5 Internal Assessment**
- 4.6 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. Where staff are members of bodies such as CIPFA and/or CIIA further guidance is available.
- 4.7 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.
- 4.8 Targets are set for individual auditors (such as completion of an audit within a set number of days) as well as for the team (i.e. 90.5% of all audits completed within planned time). Audit targets and performance indicators will be agreed with the IASS Board and reported to the relevant Audit Committee.
- 4.9 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 Audit Committee.
- 4.10 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.

4.11 External Assessment

- 4.12 In compliance with the PSIAS, external assessment will be carried out at least once every five years by a qualified, independent assessor or assessment team from outside of the Internal Audit Shared Services organisations. The preferred option would be through self-assessment, with an independent validation from a peer review (organised through the Welsh Chief Internal Auditors Group) providing there is no conflict of interest and impairment to objectivity in this arrangement. This arrangement together with the scope will be agreed by the IASS Board and the relevant Audit Committees.

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

16 APRIL 2015

REPORT OF THE CORPORATE DIRECTOR - RESOURCES

DRAFT INTERNAL AUDIT STRATEGY AND ANNUAL RISK BASED AUDIT PLAN APRIL 2015 TO MARCH 2016

1. Purpose of Report.

1.1 To present to the Committee the Council's draft Internal Audit Strategy and draft Annual Risk Based Audit Plan for the year April 2015 to March 2016.

2. Connection to Corporate Improvement Objectives / Other Corporate Priorities.

2.1. Internal Audit's work impacts on all of the Corporate Improvement Objectives / other Corporate Priorities.

3. Background

3.1. It is important for Internal Audit to plan effectively to ensure that they contribute to the Council's objectives at both strategic and operational levels. Planning enables Internal Audit to demonstrate both internally and externally that they are making best use of scarce resources.

3.2. Effective planning is one of the Standards contained within the Public Sector Internal Audit Standards (PSIAS) and against which our external auditors assess us. It is from this overall assessment of internal audit's annual programme of work and the contribution that this makes to the overall control environment of the Authority that our external auditors will draw the necessary assurances they need.

4. Current situation / proposal

4.1. Internal Audit Planning is not an exact science but it is felt that the proposed draft risk based plan for 2015/16 strikes a good balance between the risks identified, the internal audit resources available and the assurance work being carried out by other agencies. Therefore the plan provides for 1,296 productive days being delivered during 2015/16 which equates to approximately 7 full time equivalent employees.

4.2. Attached at Appendix 1 is the draft Internal Audit Strategy document for 2015-16. It demonstrates how the Internal Audit Section will be delivered and developed in accordance with our Terms of Reference and how it links to the Council's objectives and priorities. The Strategy will be reviewed and updated annually in consultation with stakeholders namely the Audit Committee, Corporate Management Board, External Auditors and senior management.

4.3. The 2015/16 draft Annual Risk Based Audit Plan of work has been formulated to ensure compliance with the Standards as contained within the PSIAS. In order to keep Members of the Audit Committee fully informed, and to ensure compliance

with Standards for Internal Audit the draft detailed plans for each Directorate is included within Appendix A to F.

5. Effect upon Policy Framework& 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.

7. Financial Implications.

7.1. There are no financial implications as a result of this report.

8. Recommendation.

8.1. The Committee is recommended to consider and approve the draft Internal Audit Strategy and draft Annual Risk Based Audit Plan for 2015/16.

Ness Young
Corporate Director - Resources
16th April 2015

Contact Officer: Helen Smith – Chief Internal Auditor

Telephone: (01656) 754901

E-mail: internalaudit@bridgend.gov.uk

Postal Address
Bridgend County Borough Council
Internal Audit
Innovation Centre,
Bridgend Science Park
Bridgend
CF31 3NA

Background Documents

None

Partneriaeth Pen-y-Bont a'r Fro
Bridgend & Vale Partnership
working together - gweithio ar y cyd



**INTERNAL AUDIT SHARED SERVICE
STRATEGY AND DRAFT ANNUAL AUDIT PLAN**

2015 – 2016

Bridgend CBC

1. Introduction

- 1.1 Internal Audit 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. This opinion forms part of the framework of assurances that the Council receives and should be used to help inform the Annual Governance Statement. The purpose of this document is to provide a detailed Internal Audit Shared Service Risk Based Plan for 2015-2016.
- 1.2 The audit plan is in order to ensure that the risks facing the Council are adequately addressed and internal audit resources are effectively utilised. The standards for “proper practice” in relation to internal audit are laid down in the Public Sector Internal Audit Standards (PSIAS).
- 1.3 Internal Audit has drawn their risk assessment from a wide range of sources including the Council’s Corporate Risk Register, Internal Audit risk assessment models and Directorate’s Business Plans and management meetings. The risk assessment is a key factor in deciding how to allocate internal audit resources available. It ensures that resources are focused on those areas where they can be of most benefit to the Council by providing assurance to the Council’s Audit Committee on controls over key risks. This document sets out the responses as internal auditors to those risks and to other factors that have been considered as part of the assessment of audit need.
- 1.4 The Plan will be subject to ongoing review and adjustments, to ensure it remains aligned with significant delivery objectives and risks and is responsive to the priorities and concerns of the Corporate Management Board (CMB). Any significant changes to the Plan will be reported to the Audit Committee.

2. Providing Assurance

- 2.1 Internal Audit recognises the necessity to provide management with an on-going level of fundamental “core financial systems” assurance, particularly in light of the need to satisfy the Council’s External Auditors. Internal Audit will continue to work closely with the External Auditor to maximise audit efficiency.

3. Risk Based Approach

- 3.1 Risk based work is also critical to the Council, as it seeks to improve the risk awareness of staff, and improve overall control. The internal audit work programme is designed to provide assurance that the significant risks identified within the Council’s Corporate Risk Register are being managed effectively. As part of this process Internal Audit will also examine the risk management and governance arrangements.
- 3.2 By adopting a risk based audit approach there is a clear linkage between the significant risks identified in the Council’s Corporate Risk Register and the work undertaken by Internal Audit in providing assurance against these. As a result, the starting point for the audit plan approach is an understanding of the Council’s objectives and risks.

4. The Risk Assessment Process

4.1 The information which has been used to prepare the risk assessment and proposed internal audit plan has been collected and collated from a number of different sources. The starting point for a risk based audit approach is an understanding of the Council's priorities and risks. This has been achieved by reviewing the Corporate Plan, the Directorate's Business Plans, the Corporate Risk Register and meeting / interviewing Corporate Directors and their Senior Management Teams asking where they perceive to be the main risks within their individual areas and where they would require internal audit to provide assurance that such risks are being effectively mitigated and managed. This information is used to inform and design the audit plan.

4.2 The plan is based on an underlying risk assessment. The inherent risks existing within each area are then identified for audit as part of the audit planning process. The audits which make up the plan have been assessed on priority. Internal Audit will ensure that all reviews classified as "high" risk, will be completed by the end of the year, "medium risk reviews are the next level down, but still require a scheduled review. Although "low" risk reviews still carry a degree of risk, these have not been included on the plan but continue to be risk assessed annually to take account of any changes in their status.

5. The Internal Audit Plan

5.1 An annual plan is derived following the audit risk assessment, whereby audits will be selected based on the greatest perceived inherent risk. Internal Audit will ensure that most effort is focused on inherently high risk areas while, at the same time, not totally ignoring the potential for problems that may materialise in other areas.

5.2 Whilst Internal Audit will adopt a risk based approach to determine relative risk, there will remain areas where a purely cyclical approach will still be required i.e. programme of School audits.

5.3 The Head of Audit will keep progress against the audit plan, and the content of the plan itself, under review. Where there is a need for material changes to the plan; a revised plan will be re-submitted to the Audit Committee for endorsement. The Audit Committee will also be advised of performance against the audit plan and be kept informed of the results undertaken.

6. Resource Requirement

6.1 Resource requirements are reviewed each year as part of the audit planning process and are discussed with the Internal Audit Shared Service Board (IASB). The impacts of the financial pressures with the requirements to generate efficiencies and hard savings have seen internal audit resources reduce over the last few years. Resources have decreased from 22 staff in 2012/13 to 20 in 2013/14 to a current full establishment of 18.5 staff for 2014/15 and this level of resource continues for 2015/16.

6.2 The resource availability summarised in Table 1 sets out the requirement of 1,296 chargeable / productive days, and is based on a productivity rate for each full time equivalent of 180 days per year.

6.3 Availability is based on the assumption that the current internal audit structure will remain essentially unaltered and intact throughout the year.

7. Contingencies

7.1 The internal audit plan needs to be fluid and flexible enough to enable the internal audit service to be reactive, as required to situations arising during the course of the period covered by the plan. A contingency reserve element has been built in, to assist in dealing with any such matters arising, to hopefully at least minimise any major impact on the work plan itself. The contingency is set at 40 days.

7.2 Time allocated for fraud and irregularity investigations can only be based on previous experience and so actual time expended can and will vary, and would depend very much on the number and types of such work arising during any particular year. It is for this rationale that a reasonable level of contingency reserve has been set aside to assist in the elimination or at least the minimisation of possible disruption to the basic plan. The time allocated (40 days) is reserved to cover any such eventuality. If the reserve is not required, then this will be re-allocated to any other specific audit tasks.

8. Delivering the Audit

8.1 All formal internal audit assignments will result in a published report. The primary purpose of the audit report is to provide an independent and objective opinion to the Council on the framework of internal control, risk management and governance in operation and to stimulate improvement. Any key (serious) issues arising during the course of the audit review will be promptly reported to the Head of Audit to determine the impact on the scope of the review. Key issues will also be promptly brought to management's attention during the course of the review to enable appropriate remedial action to be taken prior to being formally published in the audit report.

8.2 Action plans will form an integral part of the report and will be used to record:

- Those risks considered to be inadequately controlled;
- A prioritisation of audit recommendations and the actions management propose to bring the risks within acceptable parameters, the officer(s) responsible for those actions and the dates for completion.

8.3 Audit recommendations will be prioritised as follows;

Priority Rating	Current risk	Action Required
Priority 1.	Issues that are fundamental and material to your system of internal control. Internal Audit believe that these issues might mean that you do not meet an objective or reduce (mitigate) a risk.	Immediate Action required
Priority	Issues that have an important / significant effect on	Appropriately

2	internal controls but do not need immediate action. You may still meet an objective in full or in part to reduce (mitigate) a risk adequately, but the weakness remains.	timed action required.
Priority 3	Issues arising that merit attention and that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.	Action recommended to enhance standards of control.

8.4 The auditor will draft a report and arrange to meet with management, to ensure factual accuracy of the audit observations and findings and to ensure a proper understanding of the risks to which any action plan relates. These meetings should take place in accordance with dates agreed in the Audit Brief or within two weeks of completion of the audit fieldwork, whichever is the sooner.

8.5 Management will be required to provide a response to the action plans. Any areas of disagreement between the auditor and management, regarding audit’s observations and/or the auditor’s assessment of current risk exposure, which cannot be resolved by discussion, will be recorded in the action plans.

8.6 A clear, concise and constructive final report will be issued to the relevant manager / chief officer which will follow a standard format, outlining:

- The overall level of assurance opinion, based on the auditor’s professional judgement of the effectiveness of the framework of internal control, risk management and governance;
- Audit recommendations, along with management response and implementation date;
- Details of findings, to include an explanation of the risk and the identified control weakness;
- The final report will be issued in the names of the auditor conducting the review and the Head of Audit. All final reports will be issued as PDF documents only and be sent by the Principal Auditor(s).

9. Follow Up Reviews

9.1 Whether or not an audit review is scheduled for a follow up is reliant on the assurance opinion given at the time of the audit. Where significant gaps in the control environment have been identified and where either limited or no assurance has been given; then these audits will be subject to a follow up. The timing of the follow up is very much dependent on available resources, but Internal Audit’s aim will always be to complete the follow up within three to six months of completion of the audit (depending on the assurance level).

10. Reports to the Audit Committee and Corporate Management Board (CMB)

10.1 A status report on internal audit work will be present to the Audit Committee on a quarterly basis (approximately). The purpose of these reports is to provide an update on the progress made against the delivery of the Internal Audit Plan. The report will provide details of audits completed to date, the

assurance opinions given and the number and type of recommendations made. The report will also provide a summary of internal audit performance, planning and resourcing issues. Reports will only be presented to CMB if the issues / risks identified are of a significant nature; are cross cutting and require action to be taken by the Corporate Management Board collectively.

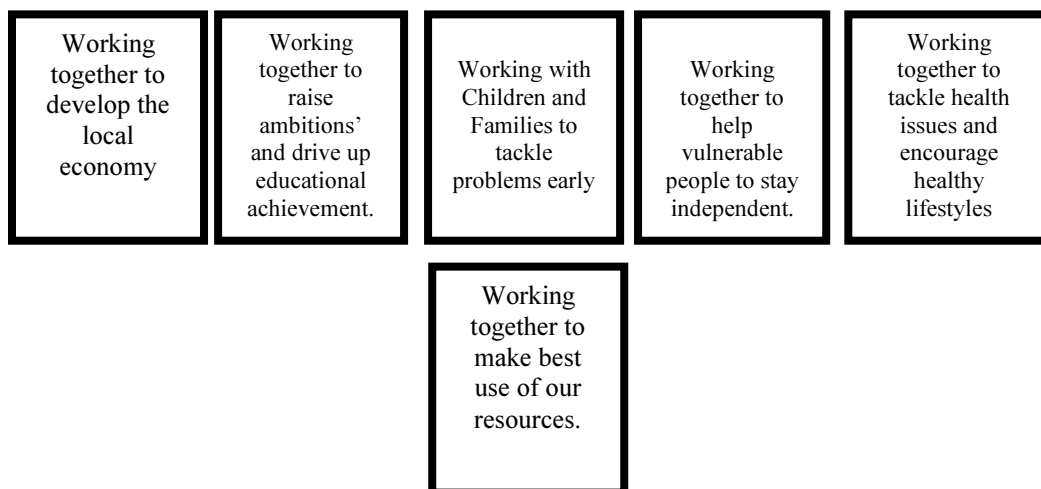
11. Annual Assurance Report.

11.1 A formal annual report to the Audit Committee presenting the Head of Audit’s opinion on the overall adequacy and effectiveness of the framework of governance, risk management and internal control, will be published to enable it to be taken into account when preparing the Council’s Annual Corporate Governance Statement. The format of the Head of Audit’s report will follow that set out in the Public Sector Internal Audit Standards (PSIAS) and will include:

- An opinion on the overall adequacy and effectiveness of the Council’s framework of internal control, risk management and governance,
- Disclose any qualifications to that opinion, together with the reasons for qualification;
- Present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies;
- Any issues considered by the Head of Audit to be particularly relevant to the Corporate Governance Statement;
- A comparison of work undertaken with that planned, with a summary of internal audit performance for the year; and comment on compliance with the Public Sector Internal Audit Standards and Internal Audit’s Quality Assurance and Improvement Programme.

12. Improvement Priorities for 2013-17

12.1 Bridgend County Borough Council has identified six improvement priorities; improvements the Council believe matter most to people in the borough. These priorities are as follows:



13. Corporate Risk Register

- 13.1 Good governance requires the Council to develop effective risk management processes, including an assessment of corporate risks. The corporate risk assessment is considered and reviewed by Cabinet, Audit Committee, as part of the Council’s quarterly Corporate Performance Assessment framework and is used to inform Scrutiny forward work programme and budget process.
- 13.2 An up to date Risk Assessment was presented to the Council’s Audit Committee on 15th January 2015 which identified 14 corporate risks together with the risk reduction measures, the risk owner and the risk score. The 14 corporate risks are listed below and have been integrated into the Annual Audit Plan for 2015/16.

Risk No.	Risk Description	Risk Owner	Risk Score
RA1	Welfare Reform	Corporate Director Resources	24
RA2	Using resources effectively	Corporate Director Resources	24
RA3	Local Government Reorganisation	Chief Executive	24
RA4	Supporting Vulnerable People	Corporate Director Wellbeing	24
RA5	Supporting Vulnerable Children, young people and their families	Corporate Director Children’s	24
RA6	School Modernisation	Corporate Director Children’s	24
RA7	The Economic Climate and austerity.	Corporate Director Communities	20
RA8	Disposing of waste	Corporate Director Communities	20
RA9	Healthy Lifestyles	Corporate Director Wellbeing	20
RA10	Maintaining Infrastructure	Corporate Director Communities	20
RA11	Equal Pay Claims	Corporate Director Resources	20
RA12	The impact of Homelessness	Corporate Director Communities	15
RA13	Collaboration with Partners	Assistant Chief Executive – Legal	24
RA14	Educational Attainment.	Corporate Director Children’s	16

- 13.3 The above Corporate risk register is used by Internal Audit to inform it’s planning process. By adopting a risk based audit approach there is a clear linkage between the significant risks identified in the register and the work undertaken by Internal Audit in providing assurance against these risks.

14. INTERNAL AUDIT SHARED SERVICE DRAFT ANNUAL PLAN 2015 -2016

14.1 Internal Audit is an assurance function that provides an independent and objective opinion to the organisation on the control environment which encompasses the systems of governance, risk management and internal control, by evaluating its effectiveness in achieving the organisation’s objectives. It examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. The Annual Plan has been formulated to ensure compliance with the Public Sector Internal Audit Standards (PSIAS) which have been effective since 1st April 2013.

Attached at Appendix A to F are the detailed schedules of audits planned for each of the Council’s Directorates including Cross Cutting. Table 1 below provides an overall summary of the number of productive days allocated per Directorate.

Table 1–Productive Resource Availability & Utilisation April 2015 to March2016 – Draft Proposals.

Resources Available	Total Days
Total Productive days Available	1,296
Time Allocated to Audit Work	1,296
Resources	355
Legal and Regulatory Services	80
Children (Including Schools)	155
Communities	155
Wellbeing	130
Cross Cutting (including):-	421
• External	
• Contingency – Unplanned	
• Contingency – Fraud and Error	
OVERALL TOTAL	1,296

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**INTERNAL AUDIT SHARED SERVICE
DRAFT ANNUAL AUDIT PLAN FOR THE DIRECTORATE OF CHILDREN'S
2015 – 2016
Bridgend CBC**

1. Introduction

- 1.1 This Children’s Directorate Business plan brings together the priorities for developing their ‘core business’ together with the step changes they need to continue to progress in order to transform other areas of work.
- 1.2 They will continue to focus on the transformation of children’s services, with a strong emphasis on early intervention and prevention and the development of a whole system approach to ensure that the needs of all children and young people will be met at the earliest opportunity.
- 1.3 The theme of Early Help continues to be a key priority as the Council recognise the value of identifying issues early to enable children, young people and families to get back on track before problems become entrenched (and more costly to put right, in both financial and human terms).

2. Improvement Priorities for 2015-17

2.1 Bridgend County Borough Council has identified six improvement priorities; improvements the Council believe matter most to people in the borough. These priorities are as follows:

Working together to develop the local economy	Working together to raise ambitions’ and drive up educational achievement.	Working with Children and Families to tackle problems early	Working together to help vulnerable people to stay independent.	Working together to tackle health issues and encourage healthy lifestyles	Working together to make best use of our resources.
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3. Corporate Children’s

Improvement Priority (IP)	Commitment Objective	Children’s - Commitments (Actions)
IP2 – WORKING TOGETHER TO RAISE AMBITIONS AND DRIVE UP EDUCATIONAL ACHIEVEMENT.	Work with schools and other partners to help children and young people improve their reading, writing and number skills, so that they are properly equipped for further learning and the world of work.	<p>Use data to ensure we better understand the performance of individuals and groups of learners and offer extra help at an earlier stage in their education.</p> <p>Monitor and seek to improve the effectiveness of schools through the Central South Consortium.</p> <p>Provide schools that support the needs of all learners and their communities.</p>
	Work with schools to improve school attendance in both primary and secondary schools.	<p>Support schools in the implementation and use of Fixed Penalty Notices for non-attendance in schools.</p> <p>Implement the BCBC attendance strategy.</p>
	Narrow the gap between those groups of children and young people at risk of underachieving and other learners.	Support schools to meet pupils’ additional learning needs and the needs of more able pupils who need extra support to reach their full potential.
	Continue to reduce the number of young people NEET and at risk of becoming NEET.	<p>Continue to implement the Youth Engagement and Progression Framework.</p> <p>Provide 14-19 year olds with the advice they need to ensure they engage in the right type of qualification for them.</p> <p>Under the auspices of the Schools Task Group, we will work with schools to develop a sustainable strategy for the provision of education in Bridgend.</p>
IP3 – WORKING WITH CHILDREN AND FAMILIES TO TACKLE PROBLEMS EARLY	Bring services together via community hubs to help children, young people and families to tackle their problems at the earliest opportunity.	Put systems in place to support our new Integrated Working arrangements.
	Work with families and partner agencies to ensure that families receive the help they	Put systems in place to support our new Multi-Agency Support Hub (MASH) arrangements.

	<p>need at the earliest opportunity to meet their needs.</p>	<p>Re-launch the Joint Assessment Family Framework to ensure that partnership arrangements are more effective.</p> <p>Improve the way we work with other agencies to help identify more families that are in need of support and to address the root causes of their problems.</p> <p>Implement the Early Help Strategy to reduce the number of looked after children and to prevent children becoming looked after.</p> <p>Implement the Permanency and Placement Strategy to reduce the number of looked after children and to prevent children becoming looked after.</p>
<p>IP5 – WORKING TOGETHER TO TACKLE HEALTH ISSUES AND ENCOURAGE HEALTHY LIFESTYLES</p>	<p>Embed healthy eating messages in early years settings, such as schools, youth organisations, leisure services and community groups.</p>	<p>Ensure our schools meet the standards of the Healthy Eating in Schools Regulations 2013.</p> <p>Continue to roll-out and implement the cashless catering system across our schools.</p>
<p>IP6 – WORKING TOGETHER TO MAKE THE BEST USE OF OUR RESOURCES</p>	<p>Implement the Council’s Medium term Financial Strategy and the Bridgend Change Programme to deliver the savings required.</p>	<p>Implement the planned savings identified in the 2015-16 budget (Children’s Directorate).</p> <p>Develop proposals to provide citizens with more self-service options for accessing Council services.</p> <p>Explore new ways of engaging and consulting with children and young people to continue to hear the child’s voice.</p>

4. Corporate Risks

The Council assesses on an annual basis the major risks that will affect the ability to achieve the Corporate Improvement Priorities, provide services as planned and fulfil its statutory duties. The following high risks are owned by the Directorate – Children’s and are shown under each improvement priority.

Risk Ref.	Risk	Inherent Risk Score	Residual Risk Score
IP6 – WORKING TOGETHER TO MAKE BEST USE OF OUR RESOURCES			
	Using resources effectively	24	24
IP2 – WORKING TOGETHER TO RAISE AMBITIONS AND DRIVE UP EDUCATIONAL ATTAINMENT			
	School Modernisation	24	16
IP1 – WORKING TOGETHER TO DEVELOP THE LOCAL ECONOMY			
	The impact of persistent economic downturn	20	16
IP5 – WORKING WITH CHILDREN AND FAMILIES TO TACKLE PROBLEMS EARLY.			
	Supporting vulnerable children, young people and their families.	20	16
	Educational attainment	16	12

5. The Risk Assessment Process

5.1 The information which has been used to prepare the risk assessment and proposed internal audit plan for the Directorate of Children's has been collected and collated from a number of different sources including the information as identified above. The starting point for a risk based audit approach is an understanding of the Council's priorities and risks. This has been achieved by reviewing the Corporate Plan, Directorate's Business Plan, Corporate Risk Register and meeting / interviewing Corporate Directors and their Senior Management Teams asking where they perceive to be the main risks within their individual areas and where they would require internal audit to provide assurance that such risks are being effectively mitigated and managed. This information is used to inform and design the audit plan.

5.2 The plan is based on an underlying risk assessment. The inherent risks existing within each area are then identified for audit as part of the audit planning process. The audits which make up the plan have been assessed on priority. Internal Audit will ensure that all reviews classified as "high" risk, will be completed by the end of the year, "medium risk reviews are the next level down, but still require a scheduled review. Although "low" risk reviews still carry a degree of risk, these have not been included on the plan but continue to be risk assessed annually to take account of any changes in their status.

6. Proposed Internal Audit Plan for the Directorate of Children's 2015-16

DIRECTORATE – CHILDREN'S

Area	Identified Risk(s)	Audit Scope	Total Days
Early Years Intervention and Prevention	Potential for increase in numbers of looked after children and families in crisis.	To evaluate the processes and controls supporting the approaches adopted by the Council for Early Years intervention and prevention following the new senior management structure to ensure that objectives are achieved, procedures and processes are robust, efficient and effective.	15
Inclusion Service	Last audited 2013. Changes in key personnel.	The service aims to support schools, in partnership with families and other agencies, in giving all children and young people in the County Borough access to a broad and balanced curriculum, the right learning Environment and all relevant information. The audit will evaluate the procedures and processes in place and provide assurance that the Inclusion Service is meeting its overall objectives and that robust governance, risk management and internal controls are evident.	15

Business Knowledge Database	Potential for Breach of Data Protection and possible penalties.	Business Knowledge database - To assess the overall control environment of the Business Knowledge database to ensure compliance with the Data Protection Act.	15
Learners Transport Project	Inability to achieve desired outcomes.	To review the current status of the Learner Transport Project.	15
Youth Services	Inability to provide the appropriate support for Young People and Families.	To review the provision of Youth Services to ensure that: A clear strategy is in place. Services are being delivered against objectives and outcomes. Sound governance arrangements are in place to ensure performance against objectives is reported. Objectives have been met following the integration with Family Support Services	15
School Budgetary Control	External Audit unable to place reliance on our work. Budget overspent. Inability to meet the needs of the school.	To provide assurance that effective processes are in place for the allocation of funds and robust monitoring arrangement are in place. To provide assurance that where shortfalls are identified; robust action plans are put in place	10
Education Grants	Failure to meet the Terms and Conditions of grant funding could result in claw-back.	To provide validation and certification on specific grants as required.	5
IT	ICT systems are not fit for form or fit for purpose.	To review the overall IT strategy for the Children's Directorate to ensure that emerging technology are aligned to the overall objectives of the services being delivered; are compatible and are fit for purpose. We will therefore select an area for an in-depth review where we will consider the security around the application, including access controls, how sensitive access is controlled, segregation of duties, how program changes are controlled. In addition, this review will assess how new projects are assessed and approved and the appropriateness of admin user access.	20
Schools		Provide assurance over the finance and governance arrangements in schools via a number of	45

Programme		<p>risk assessed audits at individual schools focused on specific issues of concern. This allocation will also include (resource permitting) thematic audits across all schools.</p> <p>This allocation will also include providing assurance over the finance and governance arrangements in schools via the Controlled Risk Self-Assessment process.</p>	
		Overall Total – Children’s	155

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**INTERNAL AUDIT SHARED SERVICE
DRAFT ANNUAL AUDIT PLAN FOR THE DIRECTORATE OF COMMUNITIES**

2015 – 2016

Bridgend CBC

1. Introduction

1.1 The Communities Directorate is actively seeking to take a balanced approach to improving the wellbeing of communities through social, physical, cultural and economic improvements, in order to achieve a safe, pleasant and sustainable environment for residents of and visitors to Bridgend County Borough. The Directorate brings together a wide range of services that are committed to renewing the physical, social and environmental fabric of the County Borough and enhancing its overall economic wellbeing.

1.2 They need to continue to change the way in which they develop the local economy and regenerate Bridgend, Maesteg and Porthcawl town centres along with the most deprived areas. This will include encouraging inward investment, stimulating town centre vibrancy and developing infrastructures to help boost the local economy, provide extra employment opportunities and attract more visitors to the borough. Bridgend County Borough need skilled workers to attract businesses that bring in skilled jobs to the area, so the Council will work with the adult community learning partnership and local businesses to address the current skills shortage across the County Borough.

1.3 The Council wants town centres, business premises and transport and communication networks that cater for the needs of residents, businesses and visitors, ensuring access to employment opportunities that are varied and secure in the long term. Underpinning the improvements to the economic opportunities for the people of Bridgend County Borough, will be the Council’s drive to be a Cleaner Safer Greener Bridgend. They will continue to promote recycling and sustainable development, tackle environmental crime, as well as work with partners to reduce crime and anti-social behaviour.

2. Improvement Priorities for 2015-17

2.1 Bridgend County Borough Council has identified six improvement priorities; improvements the Council believe matter most to people in the borough. These priorities are as follows:

Working together to develop the local economy	Working together to raise ambitions’ and drive up educational achievement.	Working with Children and Families to tackle problems early	Working together to help vulnerable people to stay independent.	Working together to tackle health issues and encourage healthy lifestyles	Working together to make best use of our resources.
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3. Corporate Commitments

Improvement Priority (IP)	Commitment Objective	Communities - Commitments (Actions)
<p>IP1 – WORKING TOGETHER TO DEVELOP THE LOCAL ECONOMY</p>	<p>Continue to implement key regeneration projects and programmes to enhance and develop our economy.</p>	<p>Develop bids and secure funding for the next phase of economic development and urban regeneration projects through the EU convergence programme, up to 2020, to deliver this corporate priority.</p> <p>Continue implementation of a composite regeneration programme in Bridgend town centre.</p> <p>Re-appraise development options and deliver regenerations projects in Porthcawl.</p> <p>Continue to implement the first phase of a number of key land reclamation and development projects in Maesteg and the Llynfi Valley.</p> <p>Implement the Rural Development Programme 2014-2020 working with rural communities and partners towards achieving self-sustaining rural communities, diversified rural enterprises and vibrant rural economies.</p>
	<p>Improve opportunities and provision for life-long learning and ensure that the borough can compete on a regional level for jobs, attracting further investment from new and existing businesses and supporting entrepreneurs.</p>	<p>Provide focused support for businesses and support social enterprises to help them invest and create jobs.</p> <p>Engage with people and communities to understand their learning needs so that adult community learning provision is commissioned to meet outcomes and employment prospects are improved.</p>
	<p>Work with public transport providers and communities to improve transport links especially public transport.</p>	<p>Continue improvements in transport, pedestrian and cycle links between the bus and rail network and employment and education steps to include schemes in Bridgend, Maesteg and Porthcawl.</p> <p>Identify and implement physical improvements to the</p>

		public rights of way and cycle track network using Welsh Government RoWIP and other grant funding.
IP2 – WORKING TOGETHER TO RAISE AMBITIONS AND DRIVE UP EDUCATIONAL ACHIEVEMENT	Work with Schools and other partners to help children and young people improve their reading, writing and number skills, so they are properly equipped for further learning and the world of work.	Promote libraries and implement a series of programmes designed to get more children and young people to enjoy reading.
IP4 – WORKING TOGETHER TO HELP VULNERABLE PEOPLE TO STAY INDEPENDENT.	Work with all our existing and potential partners to develop a range of accommodation options and support for vulnerable and older people who need help to achieve or sustain independence..	Take reasonable steps to help prevent homelessness in line with strengthened duties under the new Housing (Wales) Act 2014. Help vulnerable people retain their dignity and stay as independent as possible in accommodation that best meets their needs.
IP5 – WORKING TOGETHER TO TACKLE HEALTH ISSUES AND ENCOURAGE HEALTHY LIFESTYLES.	Working with a range of partners to develop services and opportunities that encourage and promote life-long physical activity, including making the best use of our Rights of Way, Cycleways and community routes.	Develop active travel maps and support walking and cycling initiatives that will contribute to the implementation of the Active Travel (Wales) Act.
IP6 – WORKING TOGETHER TO MAKE THE BEST USE OF OUR RESOURCES.	Achieve the savings identified in the Medium Term Financial Strategy.	Implement the planned savings identified in the 2015-16 budget. Procure a new service contract for the disposal and treatment of BCBC residual waste in partnership with NPT, and deliver savings identified in the MTFs. Develop options for the future delivery of domestic, trade waste and recycling collection service. Deliver a Strategic HWRC to replace Tythegston at Village Farm. Work with partners to promote safety, health and wellbeing in our communities. Continue to promote access to rights of way such as working with partners to arrange the Annual Walking Festival to support tourism.

		<p>Continue to improve road safety and sustainable transport options.</p> <p>Work with Bridgend Employee Liaison Partnership to establish a county borough wide provision that will help people gain skills and training which leads to employment.</p> <p>Support the Bridgend Tourism Partnership and work with partners to develop and promote tourist accommodation, activities, attractions and events.</p>
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4. Corporate Risks

The Council assesses on an annual basis the major risks that will affect the ability to achieve the Corporate Improvement Priorities, provide services as planned and fulfil its statutory duties. The following high risks are owned by the Directorate – Communities and are shown under each improvement priority.

Risk Ref.	Risk	Inherent Risk Score	Residual Risk Score
IP1 – WORKING TOGETHER TO DEVELOP THE LOCAL ECONOMY			
CR10	Maintaining Infrastructure	20	16
CR3	The impact of persistent economic downturn	24	20
CR7	Educational Attainment	16	16
IP4 – WORKING TOGETHER TO HELP VULNERABLE PEOPLE TO STAY INDEPENDENT			
CR12	The impact of homelessness	15	15
IP6 – WORKING TOGETHER TO MAKE THE BEST USE OF OUR RESOURCE			
CR8	Disposing of waste	20	16

5. The Risk Assessment Process

5.1 The information which has been used to prepare the risk assessment and proposed internal audit plan for the Directorate of Communities has been collected and collated from a number of different sources including the information contained above. The starting point for a risk based audit approach is an understanding of the Council's priorities and risks. This has been achieved by reviewing the Corporate Plan, Directorate's Business Plan, Corporate Risk Register and meeting / interviewing Corporate Directors and their Senior Management Teams asking where they perceive to be the main risks within their individual areas and where they would require internal audit to provide assurance that such risks are being effectively mitigated and managed. This information is used to inform and design the audit plan.

5.2 The plan is based on an underlying risk assessment. The inherent risks existing within each area are then identified for audit as part of the audit planning process. The audits which make up the plan have been assessed on priority. Internal Audit will ensure that all reviews classified as "high" risk, will be completed by the end of the year, "medium risk reviews are the next level down, but still require a scheduled review. Although "low" risk reviews still carry a degree of risk, these have not been included on the plan but continue to be risk assessed annually to take account of any changes in their status.

6. Proposed Internal Audit Plan for the Directorate of Communities 2015-16

DIRECTORATE – COMMUNITIES

Area	Identified Risk(s)	Proposed Audit Scope	Total Days
Subsidised Bus Service	Failure to deliver the service to meet the needs of users.	To evaluate the procedures and processes in place for the provision of the Subsidised Bus Service.	10
Waste Management	Failure to meet the Welsh Government Targets and thereby attract costly fines.	To establish the robustness and relevance of data used to support decision making and predicted cost savings. To ensure that the Council is meeting the targets as set by Welsh Government "Towards Zero Waste".	20
Communities	Failure to meet the	This work will seek to provide assurance on the overall arrangements in place for delivering	10

First	desired outcomes of the programme.	the new Communities First programme. It will concentrate on the adequacy and effectiveness of the overall service delivery to meet the three main objectives of the programme.	
Highways Maintenance	Reputational Risk to the Council, Badly maintained highways, Failure to deliver the programme of improvements expected from the Local Government Borrowing Initiative. Inability to improve transport links.	To provide assurance on the adherence to maintenance protocols (Highways Act etc.) and to determine how the Council is considering value for money in their maintenance works. This work will seek to provide assurance over arrangements for delivering the programme of highways improvements works during 2015/16 and over the adequacy and effectiveness of associated budget management.	15
Homelessness	Arrangements for homelessness may not be adequate.	To provide assurance on the procedures and processes in operation to manage increased demand. To review the impact of changes on the level of requests being made to the homelessness section following the introduction of Welfare reform and processes for homelessness allocations and payments.	15
Supporting People Grant	Failure to comply with the terms and conditions of the grant could lead to claw back of funding.	To validate the Supporting People Grant in accordance with Welsh Government requirements.	5
Economic and Urban Regeneration	Failure to comply with the terms and conditions could lead to claw back.	To review progress on planned capital schemes aimed at regenerating the Council's towns including those funded through the Convergence Programme (these include Bridgend and Maesteg). The review will focus on the overall arrangements in place for managing and monitoring these schemes and will include governance of the overall programme and individual projects.	15
Project Management	Reputational Risk to the Council. Failure to deliver projects on time and to budget. Failure to meet the	To review the Council's Major Project Management arrangements to ensure sound governance, internal control and risk management arrangements are adequate and effective.	35

	Directorates Improvement commitments.		
ICT	Failure to meet the needs of the service users.	To review the Directorate's arrangements for the maximisation of the ICT provision to meet the needs of the service.	15
Planning	Potential breaches and increase in appeals.	To provide the necessary assurance that planning applications are in accordance with the Council's procedures and processes and that the overall decisions made by the Planning Committee are clearly evidenced.	10
		Overall Total – Communities	150

NOT INCLUDED WITHIN THE 2015-16 ANNUAL AUDIT PLAN

Area not included	Identified Risk(s)	Audit Areas to be considered if capacity available	Total Days
Rights of Way	Not Audited	To review the arrangements in place to maximise grant funding to physically improve public rights of way.	
Disabled Facilities Grants	Medium Risk	To ensure that the procedures and processes in place for the delivery of DFG's are efficient and effective to meet the needs of the service users.	

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**INTERNAL AUDIT SHARED SERVICE
DRAFT ANNUAL AUDIT PLAN FOR THE
DIRECTORATE OF ASSISTANT CHIEF EXECUTIVE
LEGAL & REGULATORY SERVICES**

2015 – 2016

Bridgend CBC

1. Introduction

- 1.1 The Legal & Regulatory Services Directorate is acutely aware that the effect of the Medium Term Financial strategy will be a challenge to the priorities of the Authority and the way in which this will be a challenge internally in limiting the services that the Directorate can deliver. The impact is therefore that the plan will require continuous review to ensure the Directorate is able to meet the changing needs of the Authority, albeit to those priorities and not necessarily to those services which are not prioritised. The Directorate will focus on the stated corporate priorities in the corporate plan and corporate projects that feed into it. The Directorate's assets are its staff and the skills that they hold and in preparation for those cuts there has already been a significant loss of staff and a move away from the traditional stability of staffing within the Directorate with staff looking for and succeeding in finding alternative employment. There is also a concern, due to the additional pressures on staff that sickness levels particularly due to stress, will rise.
- 1.2 In addition there is uncertainty as to the future makeup of the Directorate. Regulatory Services has formed a joint service with the Vale and Cardiff and is managed by the Vale. The Directorate has an ongoing monitoring exercise of the service. Other services within the Directorate are fluid addressing the needs of the Authority for the time being.
- 1.3 The Directorate is however staffed with people who have a genuine desire to support the Authority and a performance culture that is recognised by the Authority as delivering. The last year's achievements are significant particularly given the extraordinary pressure placed upon staff
- 1.4. The Directorate provides a genuine mix of internal, collaborative, joint and external service provision. The Directorate is well placed for the future, has the culture to continuing delivering services but will be impacted considerably by the cuts. It is important that the position be constantly reviewed to ensure that the loss of staff does not increase the cost of the service overall due to outsourcing but also the reduction of quality to the service due to skills loss.

2. Improvement Priorities for 2015-17

2.1 Bridgend County Borough Council has identified six improvement priorities; improvements the Council believe matter most to people in the borough. These priorities are as follows:

Working together to develop the local economy	Working together to raise ambitions' and drive up educational achievement.	Working with Children and Families to tackle problems early	Working together to help vulnerable people to stay independent.	Working together to tackle health issues and encourage healthy lifestyles	Working together to make best use of our resources.
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3. Corporate Commitments

Improvement Priority (IP)	Commitment Objective	Assistant Chief Executive – Legal & Regulatory Services - Commitments (Actions)
IP5 – WORKING TOGETHER TO TACKLE HEALTH ISSUES AND ENCOURAGE HEALTHY LIFESTYLES.	Work with Partners to address issues such as mental wellbeing, childhood obesity, alcohol, smoking and substance misuse, especially among young people.	<p>Promote Healthy Options Scheme with businesses across BCBC. The aim of this Healthy Options award is to increase accessibility to healthy food.</p> <p>Continue to work with partners towards joint inspections of premises selling age restricted products such as tobacco and alcohol.</p> <p>Develop and provide advice and education to businesses in relation to their responsibilities in relation to regulated matters such as the sale of age restricted products, food hygiene and food labelling.</p> <p>To work with Families First Service providers to ensure they deliver the expected outcomes for the programme of supporting families.</p>

	Work with a range of partners to develop services and opportunities that encourage and promote life-long physical activity including making the best use of our Rights of way cycle ways and community routes.	Support partners in LSB to further develop targeted projects to encourage better health with a focus on the Llynfi Valley.
IP6 – WORKING TOGETHER TO MAKE THE BEST USE OF OUR RESOURCES	Implement the Council's Medium Term Financial Strategy and the Bridgend Change Programme to deliver the savings required.	Achieve the savings identified in the Medium Term Financial Strategy.
	Explore innovative and flexible ways of delivering services, moving from ad hoc procurement to controlled commissioning.	Deliver the projects contained within the Bridgend Change Programme. Implement the contract management and a procurement strategy to improve the efficiency.

4. Corporate Risks

The Council assesses on an annual basis the major risks that will affect the ability to achieve the Corporate Improvement Priorities, provide services as planned and fulfil its statutory duties. In relation to the Directorate of the Assistant Chief Executive – Legal & Regulatory Services the following is included within their Business Plan:

Risks to the department and Authority. Risks to the department and Authority are assessed monthly within the department management team. Risks are identified at the opening and each file bring forward and review. Risks identified are signed off by management and kept under review by the fee earner. Risks are identified as being strategic, operational and regulatory.

Risk over the period of each year is then review at the Annual General Meeting to review the management of risk and to seek to develop better risk management.

For the forthcoming year, the Business Plan has identified the risks that the MTFs brings to both the department and wider Authority. The management and mitigation of risk is an integrated part of the culture of the department and will continue to be managed within the adopted process of the department.

Collaboration moving forward will have an impact on the delivery of regulatory services. Any further delays in the process will impact on the ability to deliver the proposed savings and resilience; performance against key performance indicators may also dip through the transition period in particular

5. The Risk Assessment Process

5.1 The information which has been used to prepare the risk assessment and proposed internal audit plan for the Directorate of the Assistance Chief Executive – Legal & Regulatory Services has been collected and collated from a number of different sources including the information contained above. The starting point for a risk based audit approach is an understanding of the Council’s priorities and risks. This has been achieved by reviewing the Corporate Plan, Directorate’s Business Plan, Corporate Risk Register and meeting / interviewing Corporate Directors and their Senior Management Teams asking where they perceive to be the main risks within their individual areas and where they would require internal audit to provide assurance that such risks are being effectively mitigated and managed. This information is used to inform and design the audit plan.

5.2 The plan is based on an underlying risk assessment. The inherent risks existing within each area are then identified for audit as part of the audit planning process. The audits which make up the plan have been assessed on priority. Internal Audit will ensure that all reviews classified as “high” risk, will be completed by the end of the year, “medium risk reviews are the next level down, but still require a scheduled review. Although “low” risk reviews still carry a degree of risk, these have not been included on the plan but continue to be risk assessed annually to take account of any changes in their status.

6. Proposed Internal Audit Plan for the Directorate of the Chief Executive (Legal & Regulatory Services) 2015-16

DIRECTORATE – ASSISTANT CHIEF EXECUTIVE – LEGAL & REGULATORY SERVICES

Area	Identified Risk(s)	Audit Scope	Total Days
Decision Tracking / Approval Process	Decision Making is not transparent; Failure to comply with the Council’s Constitution.	To provide assurance that the decision tracking and approval process for the Council in relation to Cabinet and Scrutiny Committees is robust, transparent and in accordance with the Council’s Constitution. This will include the framework of strategic control in relation to matters reserved for the collective decision making of the Council and arrangements for delegated decision making.	15
Money Laundering	Failure to comply with Legislation.	Review to assess the adequacy of the Council’s Money Laundering Policy to ensure compliance with legislative requirements.	10

Contracts Register	Failure to comply with relevant policies and procedures.	To review the Council's Contracts Register to ensure that the procedures and processes for maintaining the Register are robust, accurate and up to date.	10
Impact of Savings	Negative impact on the overall control environment.	To review the overall impact on the Directorate's control environment as a result of continued budget reductions. This review will incorporate, staff reductions, service delivery, client expectations and levels of demands.	15
Procurement / Project Compliance Framework	Non compliance with CPR and FPR's Expenditure Ultra Vires.	Review of the operation of key controls including tendering, ordering, commitments, compliance with Contract and Financial Procedure Rules.	30
		<i>Overall Total – Assistant Chief Executive – Legal & Regulatory Services</i>	80

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**INTERNAL AUDIT SHARED SERVICE
DRAFT ANNUAL AUDIT PLAN FOR THE DIRECTORATE OF RESOURCES**

2015 – 2016

Bridgend CBC

1. Introduction

1.1 The Resources Directorate’s primary function is to support the rest of the organisation in the delivery of its priorities. The Directorate is responsible for the effective planning and management of all the Council’s resources including finance, people, information technology and assets. In addition they are responsible for the administration of council tax and housing benefit payments, customer services and communications and marketing.

1.2 The Directorate will continue to support other directorates in the delivery of the Bridgend Change Programme and the Medium Term Financial Strategy, whilst also continuing to deliver its own improvement objectives and budget reduction requirements. The Directorate’s overall aim is to continue to provide the best support it can over the coming year, focusing on their efforts on making best use of limited resources at all times.

1.3 Between 2015-16 and 2018-19, the Council is expecting to have to make budget reductions of up to £49 million. Budget cuts of this scale present a significant challenge that will require the Council to make many difficult decisions about what services can be maintained and what cannot. The Resources Directorate will have a key role to play in fulfilling this aim, both in terms of its own activity but also in supporting others to ensure that the Council are continually striving to reduce its cost base by increasing efficiency and productivity, eliminating waste and duplication and developing new, more cost effective models of service delivery.

2. Improvement Priorities for 2015-17

2.1 Bridgend County Borough Council has identified six improvement priorities; improvements the Council believe matter most to people in the borough. These priorities are as follows:

Working together to develop the local economy	Working together to raise ambitions’ and drive up educational achievement.	Working with Children and Families to tackle problems early	Working together to help vulnerable people to stay independent.	Working together to tackle health issues and encourage healthy lifestyles	Working together to make best use of our resources.
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3. Corporate Commitments

Improvement Priority (IP)	Commitment Objective	Resources - Commitments (Actions)
IP2 – WORKING TOGETHER TO RAISE AMBITIONS AND DRIVE UP EDUCATIONAL ACHIEVEMENT	Continue to improve the learning environment by modernising the school estate.	Progress delivery of the School Modernisation Programme, including implementation of projects within the capital programme
IP4 – WORKING TOGETHER TO HELP VULNERABLE PEOPLE TO STAY INDEPENDENT.	Work with service users, carers and partners, including the third sector, to develop services in a way which support people to remain independent for longer and only access statutory services when absolutely necessary.	Mitigate the impacts of UK Government Welfare Reforms.
IP5 – WORKING TOGETHER TO TACKLE HEALTH ISSUES AND ENCOURAGE HEALTHY LIFESTYLES.	Support Health & Wellbeing of Employees.	Identify and promote new initiatives that support the health and wellbeing of employees. Protect and promote the health, safety and wellbeing of our employees.
IP6 – WORKING TOGETHER TO MAKE THE BEST USE OF OUR RESOURCES.	Achieve the savings identified in the Medium term Financial Strategy.	Implement the planned Directorate budget reductions identified in the 2015-16 budget. Implement staff restructures to deliver required budget reductions.
	Maximise the use of our assets and technology.	Further rationalise the Council's operational estate to reduce accommodation costs. Pursue asset disposal strategy with the aim of securing capital receipts of at least £6 million. Introduce a compliance tracking system to support effective facilities management. Progress the delivery of the Parc Afon Ewenny Scheme.

		<p>Implement the Asset Management Plan (AMP) 2014-15 actions, including energy and carbon reduction measures.</p> <p>Improve efficiency by rationalising and maximising the use of ICT systems and software applications.</p>
IP6 - Continued	Develop a stronger organisational development function to increase the skills of employees and allow greater flexibility.	<p>Extend E-Learning opportunities for staff to develop the skills and flexibility of the Council's workforce.</p> <p>Improve managers' confidence and skills in having difficult and/or challenging conversations and managing employees.</p> <p>Provide advice and support to the Council in reducing the levels of sickness absence.</p>
	Improve our communication with Citizens to understand their needs and improve their access to services	<p>Develop proposals to provide citizens with more self-service options for accessing Council services.</p> <p>Further develop mechanisms to enhance customer feedback.</p>

4. Corporate Risks

The Council assesses on an annual basis the major risks that will affect the ability to achieve the Corporate Improvement Priorities, provide services as planned and fulfil its statutory duties. The following high risks are owned by the Directorate – Resources and are shown under each improvement priority.

Risk Ref.	Risk	Risk Description	Inherent Risk Score	Residual Risk Score
CR1	Welfare Reform	The UK Government is introducing a number of significant welfare reforms over the next four years. There is still great uncertainty about the implications of the changes on citizens and staff as well as concern that the changes will put extra demands on council services and budgets that support vulnerable people	24	24
CR2	Using Resources Effectively	The Provisional Local Government Settlement was announced on 8 th October, and the proposed funding for Bridgend was a reduction of -3.4%. However, this did not recognise		

		<p>the transfer in of funding for social care, which was previously funded through grant, giving a real reduction of -3.6%. Again, no indicative figures were provided for 2016-17 to 2018-19.</p> <p>The revised savings targets are: 2015-16 : £11.225m 2016-17 : £13.566m 2017-18 : £12.263m 2018-19 : £11.763m</p> <p>Not all the planned savings for 2014-15 will be achieved and this has increased the savings requirement for future years. The final Local Government Settlement for 2015-16 may impact on the level of savings required in future years.</p> <p>Directorates are currently developing alternative achievable savings proposals based on a number of scenarios for 2016-17 onwards.</p>	24	24
CR11	Equal Pay Claims	The result of the Abdulla Group case involving former employees of Birmingham City Council means that there is a risk of further equal pay claims against the Council.	20	16
	Increase employee costs potentially leading to increased levels of redundancy	Recent changes in legislation have determined that all hours worked will attract holiday pay, and other related benefits with a monetary value.		
	Increased employee costs potentially leading to increased levels of redundancy.	The Welsh Government is promoting the introduction of the Living Wage which would lead to an increase in the pay bill.		

5. The Risk Assessment Process

5.1 The information which has been used to prepare the risk assessment and proposed internal audit plan for the Directorate of Resources has been collected and collated from a number of different sources including the information contained above. The starting point for a risk based audit approach is an understanding of the Council's priorities and risks. This has been achieved by reviewing the Corporate Plan, Directorate's Business Plan, Corporate Risk Register and meeting / interviewing Corporate Directors and their Senior Management Teams asking where they perceive to be the main risks within their individual areas and where they would require internal audit to provide assurance that such risks are being effectively mitigated and managed. This information is used to inform and design the audit plan.

5.2 The plan is based on an underlying risk assessment. The inherent risks existing within each area are then identified for audit as part of the audit planning process. The audits which make up the plan have been assessed on priority. Internal Audit will ensure that all reviews classified as “high” risk, will be completed by the end of the year, “medium risk reviews are the next level down, but still require a scheduled review. Although “low” risk reviews still carry a degree of risk, these have not been included on the plan but continue to be risk assessed annually to take account of any changes in their status.

6. Proposed Internal Audit Plan for the Directorate of Resources 2015-16

DIRECTORATE – RESOURCES

Area	Identified Risk(s)	Audit Scope	Total Days
Core Financial Systems	<p>Loss of key members of staff.</p> <p>New banking provider.</p> <p>Failure by External Audit to be able to place reliance on work.</p>	<p>Full system and compliance audits to provide assurance over the effectiveness of the Council’s Core Financial Systems that are material to the production of the Council’s accounts and are assessed as high priority and External Audit will place reliance on our work to inform their audit. The Core systems include:</p> <ul style="list-style-type: none"> • Taxation – Council Tax & Business Rates • Benefit Administration, • Creditor Payments/Accounts Payable, • Debtors/Accounts Receivable, • Cash Control, • Budget Setting, Monitoring & Reporting, • Treasury Management, • Main Accounting. <p>(this list is not exhaustive)</p>	90
Banking Contract	<p>Enforced change in working practices brought about by new contract causing potential change in current controls.</p>	<p>The Council entered into a new banking contract from 5th January 2015. This has meant new processes have been put in place regarding BACS, Financial Director system, Civica, reconciliations etc. This review is intended to provide an overall assurance that all processes and procedures are working effectively.</p>	25

<p>ICT</p>		<p>Virtualisation – To ensure that business critical systems are included within Business continuity and that all local virtualisation in scope includes key systems. Business Continuity and Disaster Recover – to examine and test the procedures and processes in place in relation to the link to RCT are efficient and effective. COA application – To examine and test the robustness of the controls within this business critical system. Revenues and Benefits Application – To examine and test the robustness of the controls within this business critical system. Back-ups – To evaluate the back-up infrastructure to provide the necessary assurances on the control environment. Firewalls / End-Point Security – To examine and test the security arrangements surrounding the end-point devices, this will include USB drive controls, anti-virus software (including Firewalls)</p>	<p>85</p>
<p>Human Resources</p>	<p>Loss of a number of key staff. Failure by External Audit to be able to place reliance on work. Reliance being placed on a recently introduced system (E Bulk).</p>	<p>Payroll – To review the operation, efficiency and effectiveness of the Council’s payroll system. A systems based approach will be utilised considering key risk exposure and controls. The review will examine HR records to ensure the completeness and accuracy of the establishment, HR records and contractual evidence surrounding Starters and Leavers. The approach will include continuous auditing of key controls throughout the year using techniques such as data mining. To undertake a review of absence management to ensure that policies, procedures and processes are being followed, consistency of application is across all Directors and key triggers are being dealt with in accordance with set procedures. An audit of overtime payments, standby payments and premium rates across the Council. This review will focus on providing assurance that controls are operating effectively, that all payments are necessary and are made in accordance with the Council’s policies and procedures. The review will also focus on establishing any correlation between the overtime payments being made and the impact of JE. To assess the operational controls in place relating to DBS to ensure they are efficient and effective and in accordance with the policies and procedures set out, including whether arrangements provide documentary evidence that DBS disclosures have been obtained where appropriate and results appropriately evaluated. This will review will provide an overall health check to ensure compliance.</p>	<p>70</p>

Property	Failure to provide necessary external assurance.	<p>To examine and evaluate the robustness of the valuations and disposals strategy which is now an enhanced programme ensuring that the procedures and processes in place are efficient and effective.</p> <p>The Council's School Modernisation programme is a fundamental improvement objective; this review will focus on examining the procedures and processes in place to manage such an extensive programme in order to ensure that sound governance arrangements are in place.</p> <p>To provide audit assurance on the Carbon Reduction Certification process.</p>	25
Built Environment	Changes in key personnel and responsibilities resulting in weakened controls.	<p>To review the impact on the control environment as a result of Business support being centralised. The review will examine whether processes and procedures remain robust and that there are clear division of duties evident.</p> <p>To undertake a follow up review of Building Maintenance to ensure that controls continue to operate effectively.</p>	60
		Overall Total – Resources	355

NOT INCLUDED WITHIN THE 2015-16 ANNUAL AUDIT PLAN

Area not included	Identified Risk(s)	Audit Areas to be considered if capacity available	Total Days
Welfare Reform	Not Audited	To review the systems and processes for the delivery of Universal Credits.	
Re-structures	Not Audited	To evaluate the impact on the Directorate's control environment as a result of re-structures within specific back office functions.	
Health & Safety	Severe implications of breach of health and safety policies and procedures for clients, public and staff.	To determine adherence to requirements on compliance testing on key areas, e.g. Fire and DSE. We will also consider the development of appropriate policies on Health and Safety and training delivered in accordance with policy. (This could be considered as a cross-cutting review)	

Counselling Service	Not Audited	Review the procurement arrangements for the provision of a Counselling Service to ensure compliance with the Council's Financial and Contract Procedure Rules.	
Impact of employment legislative changes	Not Audited	To review the overall impact on the Council's budget and the measures taken to mitigate the impact.	

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**INTERNAL AUDIT SHARED SERVICE
DRAFT ANNUAL AUDIT PLAN FOR
DIRECTORATE OF SOCIAL SERVICES AND WELLBEING**

2015 – 2016

Bridgend CBC

1. Introduction

1.1 The Social Services and Wellbeing Directorate’s vision is to actively promote independence, wellbeing and choice that will support individuals in achieving their full potential. The Social Services & Wellbeing Directorate is responsible for the planning, commissioning, assessment and, where appropriate, the direct provision of adult social care. They have now integrated sport and play into the directorate to ensure that children and adults are given every opportunity to improve their wellbeing and keep active regardless of their skills and abilities. The Social Services & Wellbeing Directorate will particularly aim to promote sport play and active wellbeing into the new early intervention and preventative models of commissioning service delivery.

1.2 The case for new ways of working has been laid down by the Social Services and Wellbeing (Wales) Act (2014). The business plan 2015-16 focuses on new ways of working and the future priority will be developing the best sustainable solutions that meet service users’ needs flexibly and efficiently.

2. Improvement Priorities for 2015-17

2.1 Bridgend County Borough Council has identified six improvement priorities; improvements the Council believe matter most to people in the borough. These priorities are as follows:

Working together to develop the local economy	Working together to raise ambitions’ and drive up educational achievement.	Working with Children and Families to tackle problems early	Working together to help vulnerable people to stay independent.	Working together to tackle health issues and encourage healthy lifestyles	Working together to make best use of our resources.
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3. Corporate Commitments

Improvement Priority (IP)	Commitment Objective	Social Services & Wellbeing – Commitments (Actions)
IP4 – WORKING TOGETHR TO HELP VULNERABLE PEOPLE TO STAY INDEPENDENT	Work with service users, carers and partners, including the third sector, to develop services in a way which supports people to remain independent for longer and only access statutory services when absolutely necessary.	Produce and consult on the prevention and wellbeing strategy that includes the coordination of support, information and advice available in local communities. Increase the range and accessibility of advice and information for carers. Establish and integrated operational model for the Learning Disability Community Support Team. Develop a regional quality framework to monitor and improve the quality of care.
	Work with all of our existing and potential partners to develop a range of accommodation options and support for vulnerable and older people who need help to achieve or sustain independence.	Help vulnerable people retain their dignity and stay as independent as possible in accommodation that best meets their needs. Further develop crisis prevention, support and accommodation options for people with mental health needs, that promotes independence and prevents hospital admission. Continue the development of two new extra-care schemes across the borough. Continue the transformation of homecare services.
IP5 – WORKING TOGETHER TO TACKLE HEALTH ISSUES AND ENCOURAGE HEALTHY LIFESTYLES.	Embed healthy eating messages in early years settings, such as schools, youth organisations, leisure services and community groups.	Through the Family Active Zone initiative, promote nutrition, physical activity and family relationships for positive lifestyle change.
	Work with partners to address priority issues such as mental wellbeing, childhood obesity,	Implement the primary and secondary school national sport programme to increase physical activity levels.

	alcohol, smoking and substance misuse, especially among young people.	Continue to deliver the national Exercise Referral Programme in partnership with HALO Leisure to help reduce obesity levels and encourage better weight management across the county borough.
	Work with a range of partners to develop services and opportunities that encourage and promote life-long physical activity, including making the best use of out right of way, cycle ways, community routes and green space.	Develop services and opportunities that encourage and promote life-long physical activity particularly amongst under represented group, by working in partnership with HALO Leisure and a range of community partners. Co-ordinate the Love to Walk Programme to support community walking networks. Identify and promote new initiatives that support the health and wellbeing of employees
IP6 – WORKING TOGETHER TO MAKE THE BEST USE OF OUR RESOURCES	Implement the Council's Medium Term Financial Strategy and deliver the savings required.	Deliver the savings proposals identified in the 2015-16 budget.

4. Corporate Risks

The Council assesses on an annual basis the major risks that will affect the ability to achieve the Corporate Improvement Priorities, provide services as planned and fulfil its statutory duties. The following high risks are owned by the Directorate – Social Services & Wellbeing and are shown under each improvement priority.

Risk Ref.	Risk	Inherent Risk Score	Residual Risk Score
IP4 – WORKING TOGETHER TO HELP VULNERABLE PEOPLE STAY INDEPENDENT			
	Supporting Vulnerable People	24	20
IP5 – WORKING TOGETHER TO TACKLE HEALTH ISSUES AND ENCOURAGE HEALTHY LIFESTYLES			
	Healthy Life Styles	20	16

5. The Risk Assessment Process

5.1 The information which has been used to prepare the risk assessment and proposed internal audit plan for the Directorate of Social Services & Wellbeing has been collected and collated from a number of different sources including the information contained above. The starting point for a risk based audit approach is an understanding of the Council's priorities and risks. This has been achieved by reviewing the Corporate Plan, Directorate's Business Plan, Corporate Risk Register and meeting / interviewing Corporate Directors and their Senior Management Teams asking where they perceive to be the main risks within their individual areas and where they would require internal audit to provide assurance that such risks are being effectively mitigated and managed. This information is used to inform and design the audit plan.

5.2 The plan is based on an underlying risk assessment. The inherent risks existing within each area are then identified for audit as part of the audit planning process. The audits which make up the plan have been assessed on priority. Internal Audit will ensure that all reviews classified as "high" risk, will be completed by the end of the year, "medium risk reviews are the next level down, but still require a scheduled review. Although "low" risk reviews still carry a degree of risk, these have not been included on the plan but continue to be risk assessed annually to take account of any changes in their status.

6. Proposed Internal Audit Plan for the Directorate of Social Services & Wellbeing 2015-16

DIRECTORATE – SOCIAL SERVICES & WELLBEING

Area	Identified Risk(s)	Audit Scope	Total Days
Section 117	Internal Control weaknesses highlight in 2014/15	To follow up on the recommendations made in the 2014/15 Internal Audit Report to ensure adequate progress has been made to address the internal control weaknesses.	15
Occupational Therapy	More demands on service.	To review the adequacy and effectiveness of the procedures and processes surrounding the services delivered via Occupational Therapy (including Bridgestart and Community Occupational Therapist).	20
Home Care /	Quality of Care does	Examination of a sample of contracts and commissioning arrangements. A review to ensure	20

Domiciliary Care	not meet the required standards.	contract risks are being identified and quantified; value for money is being obtained; contracts are monitored; performance is assessed; invoices are accurate; compliance with corporate policies and domiciliary care standards are up to date. The programme of transformation of homecare services is being achieved.	
Assessment Framework	Payments to providers etc. are inappropriate, not accounted for or set up properly.	To review the process for setting up service providers on the system and the accuracy of payments made. Ensure financial controls are appropriate in relation to payments to providers. This review will incorporate the impact of the Social Services and Wellbeing Act and the new assessment framework for older people.	20
Safeguarding	Adults and Children are not safeguarded.	Case Management of safeguarding incidents are dealt with in accordance with the Council's Safeguarding policies and procedures. This review will also incorporate an assessment of the Council's overall operating model for safeguarding.	20
Leisure / Sport, Play and Active Wellbeing	Reputational Risk for the Council.	Compliance audit to ensure contractual arrangements are being effectively monitored within the provision of leisure services. Ensure appropriate governance arrangements in relation to the partnership arrangements for Sport, Play and Active Wellbeing.	15
IT	Local communities unable to access the necessary advice, information and support needed.	To review the implementation of appropriate integrated ICT Systems to ensure adequate arrangements are in place to achieve the Directorate's Improvement Priority.	15
Transport Grant	Inappropriate claims which may lead to funding claw back.	Carry out appropriate investigations and checks, to ensure that in all significant respects, the conditions attached to the Transport Grant have been complied with.	5
		Overall Total – Social Services & Wellbeing	130

NOT INCLUDED WITHIN THE 2015-16 ANNUAL AUDIT PLAN

Area not included	Identified Risk(s)	Audit Areas to be considered if capacity available	Total Days
ARC	Never Audited	Assisted Recovery in the Community (ARC) – provides day time opportunities for individuals with mental health issues.	
Care and Repair	Last audited five years ago.	Provides home improvements to allow people with disabilities to remain in their home. Includes safety checks, small repairs and adaptations to major repairs or a specially adapted bathroom.	
Carers' Measure	Never Audited	Compliance audit to ensure a Joint Carers Information Strategy has been implemented to comply with Legislation.	
Direct Support	Never Audited	Direct Payments has been audited before but has not included the extension of Direct Payments known as "Citizen Direct Support" which gives service users individual or notional budgets to enable them to choose how their needs are met by purchasing services themselves. (Direct Payments has been audited before).	

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**INTERNAL AUDIT SHARED SERVICE
DRAFT ANNUAL AUDIT PLAN FOR CROSS CUTTING**

2015 – 2016

Bridgend CBC

1. Introduction

1.1 Across the whole of the United Kingdom, local councils are facing unprecedented challenges following reduced Government funding and increased demands on essential services. In respect of Bridgend County Borough Council they are preparing for a funding shortfall of approximately £49 million between now and 2018-19. This means that the Council will have to find savings of £11.2 million in 2015-16.

1.2 The Council remains unwavering in its commitment towards improving and finding ways of delivering local services, providing better outcomes for residents and achieving savings that will ensure they can deliver a succession of balanced budgets.

1.3 The Council has confirmed its six improvement priorities for the next two years and has redefined the key actions under each improvement priority, taking account of resources available. The key outcomes they want to achieve are as follows:

- **People in Bridgend County Borough are healthier:** This would mean that people and their families are empowered and informed to live healthily and lead independent lives, and our communities are stronger, cohesive and sustainable, with appropriate access to services for all.
- **People in Bridgend County Borough benefit from a stronger and more prosperous economy:** This would mean that people are increasingly active in the local economy and support local businesses, and our communities are sustainable with the appropriate infrastructure to support business growth and thriving town centres.
- **People in Bridgend County Borough are engaged and empowered to achieve their own potential:** This would mean that people are active citizens in our society, equipped with the skills, qualifications and confidence needed to live and work, and that there are equal opportunities so people are supported and equally valued.
- **Bridgend County Borough is a great place to live, work and visit:** This would mean that people take pride in the county borough; their communities, the heritage and natural environment, and our communities are clean and safe and have a good range of leisure, tourism and cultural activities.

2. Improvement Priorities for 2015-17

2.1 Bridgend County Borough Council has identified six improvement priorities; improvements the Council believe matter most to people in the borough. These priorities are as follows:

Working together to develop the local economy	Working together to raise ambitions' and drive up educational achievement.	Working with Children and Families to tackle problems early	Working together to help vulnerable people to stay independent.	Working together to tackle health issues and encourage healthy lifestyles	Working together to make best use of our resources.
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3. Corporate Commitments

Improvement Priority	Commitment Objective	Commitments (Actions)
IP1 – WORKING TOGETHER TO DEVELOP THE LOCAL ECONOMY	We will continue to regenerate our town centres, actively look for new funding opportunities and encourage new investments to help boost our local economy, provide extra employment opportunities and attract more visitors to the county borough.	Develop bids and secure funding for the next phase of urban regeneration projects through the EU Convergence programme, up to 2020; Continue to implement the first phase of a number of key land reclamation and development projects in Maesteg and the Llynfi Valley; Continue implementation of a composite regeneration programme in Bridgend Town Centre; Re-appraise development options for the delivery of regeneration in Porthcawl; Commence implementation of the Rural Development Programme 2014-2020 working with rural communities and partners towards achieving self-sustaining rural communities, diversified rural enterprises and vibrant rural economies; Provide focused support for businesses and support social enterprises to help them invest and create jobs; Engage with people and communities to understand their learning needs so that adult community learning provision is commissioned to meet their needs and employment prospects are improved;

		<p>Continue improvements in transport, pedestrian and cycle links between the bus and rail network and employment and education sites to include schemes in Bridgend, Maesteg and Porthcawl; and;</p> <p>Identify and implement physical improvements to the public rights of way and cycle track network using Welsh Government RoWIP and other grant funding</p>
IP2 – WORKING TOGETHER TO RAISE AMBITIONS AND DRIVE UP EDUCATIONAL ACHIEVEMENT.	<p>We want to secure a big change in the rate of improvement so that, by September 2015, children are functionally literate and numerate at the end of their primary education, and at least 60% of young people achieve the level of qualification expected for them at GCSE.</p>	<p>Use data to ensure we better understand the performance of individuals and groups of learners and offer extra help at an earlier stage in their education;</p> <p>Support schools to meet pupils' additional learning needs and the needs of more-able pupils who need extra support to reach their full potential;</p> <p>Monitor and seek to improve the effectiveness of schools through the Central South Consortium;</p> <p>Continue to implement the Youth Engagement and Progression Framework;</p> <p>Support schools in the implementation and use of Fixed Penalty Notices for non-attendance in schools;</p> <p>Implement the BCBC attendance strategy;</p> <p>Provide 14-19 year olds with the advice they need to ensure they engage in the right type of qualification for them;</p> <p>Provide schools that support the needs of all learners and their communities;</p> <p>Promote libraries and implement a series of programmes designed to get more children and young people to enjoy reading;</p> <p>Deliver the agreed actions under the School Modernisation Programme, including implementation of projects within the capital programme; and;</p> <p>Under the auspices of the Schools Task Group, work with schools to develop a sustainable strategy for the provision of education in Bridgend.</p>
IP3 – WORKING WITH CHILDREN AND FAMILIES TO TACKLE PROBLEMS EARLY.	<p>We want to achieve more positive changes for more children and families.</p>	<p>Put systems in place to support our new Multi-Agency Safeguarding Hub (MASH) arrangements;</p> <p>Re-launch the Joint Assessment Family Framework to ensure that partnership arrangements are more effective;</p> <p>Implement the Permanency and Placement Strategy and the Early Help Strategy to reduce the number of looked after children and to prevent children becoming looked after; and</p> <p>Improve the way we work with other agencies to help identify more families that are in need of support and to address the root cause of their problems.</p>
IP4 – WORKING	<p>We want to ensure effective care and support is given to</p>	<p>Produce and consult on the prevention and wellbeing strategy that includes the coordination</p>

<p>TOGETHER TO HELP VULNERABLE PEOPLE TO STAY INDEPENDENT.</p>	<p>people when it is needed.</p>	<p>of support, information and advice available in local communities; Increase the range and accessibility of advice and information for carers; Develop a regional quality framework to monitor and improve the quality of care; Take reasonable steps to prevent homelessness in line with strengthened duties under the new Housing (Wales) Act 2014; Help vulnerable people retain their dignity and stay as independent as possible in accommodation that best meets their needs; Further develop crisis prevention, support and accommodation options for people with mental health needs that promotes independence and prevents hospital admission; Continue the development of two new extracare schemes across the borough; Continue the transformation of homecare services; and Establish an integrated operational model for the Learning Disability Community Support Team.</p>
<p>IP5 – WORKING TOGETHER TO TACKLE HEALTH ISSUES AND ENCOURAGE HEALTHY LIFESTYLES.</p>	<p>We want to encourage more people across the county borough to live healthily and to see increased participation in physical activity across all population groups.</p>	<p>Ensure our schools meet the standards of the Healthy Eating in Schools Regulations 2013; Continue to roll-out and implement cashless catering system across our schools; Through the Family Active Zone initiative, promote nutrition, physical activity and family relationships for positive lifestyle change; Promote the Healthy Options Scheme with businesses across the county borough to offer customers healthy options on a food business’ menu; Continue to work with partners towards joint inspections of premises selling age restricted products such as tobacco and alcohol which will help tackle nuisance behaviour related to alcohol consumption; Develop and provide advice and education to businesses on matters such as the sale of age restricted products and food hygiene standards; Implement the primary and secondary school national sport programme to increase physical activity levels; Support partners in the LSB to further develop target projects to encourage better health with a focus on the Llynfi Valley; Develop services and opportunities that encourage and promote life-long physical activity particularly amongst underrepresented groups, by working in partnership with HALO Leisure and a range of community partners; Continue to deliver the National Exercise Referral Programme in partnership with HALO Leisure to help reduce obesity levels and encourage better weight management across the county borough;</p>

		<p>Co-ordinate the Love to Walk programme to support community walking networks; Develop active travel maps and support walking and cycling initiatives that will contribute to the implementation of the Active Travel (Wales) Act; and Identify and promote new initiatives that support the health and wellbeing of employees.</p>
<p>IP6 – WORKING TOGETHER TO MAKE THE BEST USE OF OUR RESOURCES.</p>	<p>We want to make £11.2m of savings in future years while driving improvements in priority areas.</p>	<p>Implement the planned savings identified in the 2015-16 budget; Deliver the projects contained within the Bridgend Change Programme (BCP); Improve efficiency by rationalising and maximising the use of ICT systems and software applications; Develop proposals to provide citizens with more self- service options for accessing Council services; Develop effective mechanisms to improve our understanding of citizens’ views; Explore new ways of engaging and consulting with children and young people to continue to hear their voice; Implement the contract management and e-procurement strategy to improve efficiency; Deliver the agreed actions of the Parc Afon Ewenni scheme; Extend electronic learning opportunities for staff to develop the skills and flexibility of the Council’s work force; Further rationalise the Council’s operational estate to reduce accommodation costs; Pursue our asset disposal strategy with the aim of securing capital receipts of at least £6 million; and; Introduce a compliance tracking system to support more effective facilities management of our buildings.</p>

4. Corporate Risks

The Council assesses on an annual basis the major risks that will affect the ability to achieve the Corporate Improvement Priorities, provide services as planned and fulfil its statutory duties. The main risks facing the Council, the likely impact of these on Council services and the wider County Borough are listed below.

Risk Ref.	Risk	Inherent Risk Score	Residual Risk Score
	Welfare Reform	24	24
	Using resource effectively	24	24
	Local Government Reorganisation	24	24
	Supporting vulnerable people	24	20
	Supporting vulnerable children, young people and their families	24	20
	School modernisation	24	16
	The economic climate and austerity	20	16
	Disposing of waste	20	16
	Healthy lifestyles	20	16
	Maintaining infrastructure	20	16
	Equal pay claims	20	16
	Impact of homelessness	15	15
	Collaboration with partners	24	12
	Educational attainment	16	12

5. The Risk Assessment Process

5.1 The information which has been used to prepare the risk assessment and proposed internal audit plan for review that are considered to be Cross - Cutting has been collected and collated from a number of different sources including the information contained above. The starting point for a risk based audit approach is an understanding of the Council's priorities and risks. This has been achieved by reviewing the Corporate Plan, Directorate's Business Plans, Corporate Risk Register and meeting / interviewing Corporate Directors and their Senior Management Teams asking where they perceive to

be the main risks within their individual areas and where they would require internal audit to provide assurance that such risks are being effectively mitigated and managed. This information is used to inform and design the audit plan.

5.2 The plan is based on an underlying risk assessment. The inherent risks existing within each area are then identified for audit as part of the audit planning process. The audits which make up the plan have been assessed on priority. Internal Audit will ensure that all reviews classified as “high” risk, will be completed by the end of the year, “medium risk reviews are the next level down, but still require a scheduled review. Although “low” risk reviews still carry a degree of risk, these have not been included on the plan but continue to be risk assessed annually to take account of any changes in their status.

6. Proposed Internal Audit Plan for BCBC CROSS CUTTING 2015-16

BCBC - CROSS CUTTING

Area	Identified Risk(s)	Audit Scope	Total Days
Corporate Assessment	Reputational damage to Council; adverse report from WAO.	To assist the Council in preparation for the WAO in-depth Corporate Assessment.	35
Good Governance	Reputational damage to Council if processes are not fair and transparent.	To provide assurance that key Corporate Governance processes are in place within the Council and that these are operating effectively to enable the Council to be provided with sufficient information to enable them to discharge their responsibilities. To assist the Council in the production of the Annual Governance Statement.	15
Project Management	Potential for project failure.	To review the Council’s procedures and processes in relation to the management of key projects (including Vibrant & Viable Places) to ensure compliance with the Council’s project management methodology.	25
Data Quality	Weak performance management leads to lack of informed decision making, poor analysis and weak	The audit will perform an in-depth review into a chosen area of performance within the Council and consider the following: The robustness of the data quality framework;	20

	planning and improvement, both for core business management and achievement of transformational change.	Have robust processes for data quality been established throughout the Council; The accuracy of performance management data; Validation process undertaken.	
Transformational Change	Inability to deliver the Corporate Plan Objectives and Outcomes within the resources available.	Whilst recognising the need to generate savings, there is also a need to ensure that gaps in controls in key risk areas do not emerge as a result of transformation.	25
School Modernisation Programme	Failure to meet improvement priority two – working together to raise ambitions and drive up educational achievements. One of the improvement outcomes is to “continue to improve the learning environment by modernising the school estate”.	To undertake a review of the School Modernisation Programme to ensure that projects are being managed in accordance with the Council’s Project Management Methodology; Financial and Contract Procedure Rules are being complied with and that sound governance and risk management arrangements are clearly evident.	25
Access to Records	Breach of Data Protection resulting in significant penalties. Reputational damage for the Council.	To provide assurance that the Council is complying with the key requirements of the Data Protection Act. That access to records is strictly controlled, securely stored and safely disposed of.	15
Quality Assurance & Improvement Programme / Review of the Effectiveness of Internal Audit	Failure to comply with the Public Sector Internal Audit Standards (PSIAS) and External Auditor unable to place reliance on our work.	To undertake a series of internal audits to ensure compliance with PSIAS. To review / ensure compliance with the Accounts and Audit (Wales) Regulations 2014 / Public Sector Internal Audit Standards (PSIAS).	5
Emerging Risks / unplanned	Failure to provide for a contingency with the planning process does not comply with the Public Sector Internal Audit Standards.	To enable Audit Services to respond to provide assurance activity as required.	40
Provision of Internal Control /	Inability to support an effective control environment.	To allow auditors to facilitate the provision of risk and control advice which is regularly requested by officers within the authority, including maintained school based staff.	31

Planning / General Advice			
Audit Committee / Member and CMB Reporting	Inability of the Audit Committee to fully perform their functions in accordance with their Terms of Reference.	This allocation covers Member reporting procedures, mainly to the Audit Committee, plan formulation and monitoring, and regular reporting to, and meeting with, the Corporate Director of Resources, Corporate Management Board and the Internal Audit Shared Service Board.	50
External Audit Liaison	Duplication of effort, reputational risk, inability to support the audit opinion.	To ensure that a “managed audit” approach is followed in relation to the provision of internal and external audit services.	5
Follow - Up	Risk of fraud and/or error.	Where more serious concerns over the effectiveness of internal controls within the systems being reviewed are identified (and consequently an ‘ineffective’ or ‘poor’ opinion is provided at the time), a follow-up audit is undertaken at an appropriate time, allowing adequate time for the implementation of the recommendations but also taking into account the risk presented to the Council whilst the actions required remain open.	25
External Client		To provide assurance on the overall control environment in respect of County Borough Supplies and the Crematorium.	20
Fraud / Error / Irregularity	Possible fraudulent activity and non-compliance with the County Borough Council’s fraud-related policies and procedures.	Irregularity Investigations - Reactive work where suspected irregularity has been detected. Anti-Fraud & Corruption – Proactive - Proactive counter-fraud work that includes targeted testing of processes with inherent risk of fraud. Also to develop awareness sessions; e-learning; policies and procedures.	40
	Failure to comply with a Statutory requirement.	National Fraud Initiative - Collection of data and analysis of matches for the NFI exercise, acting as first point of contact and providing advice and guidance to key contact officers.	25
Carried Forward Work from 2014-15		Provision for the assignments still ongoing at the end of 2014/15	20
		Overall Total – BCBC - Cross Cutting	421

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

16 APRIL 2015

REPORT OF THE CORPORATE DIRECTOR - RESOURCES

FORWARD WORK PROGRAMME – 2014-15

1. Purpose of Report.

1.1 To present to Members an update on the 2014 – 2015 Forward Work Programme for the Audit Committee.

2. Connection to Corporate Improvement Objectives / Other Corporate Priorities.

2.1. Internal Audit's work impacts on all of the Corporate Improvement Objectives /other Corporate Priorities.

3. Background

3.1. The core functions of an effective Audit Committee are:-

- To consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and corruption arrangements.
- Seek assurance that action is being taken on risk-related issues identified by auditors and inspectors.
- Be satisfied that the Council's assurance statements properly reflect the risk environment and any actions required to improve it.
- Oversee the work of internal audit (including the annual plan and strategy) and monitor performance.
- Review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.
- Receive the annual report of the Chief Internal Auditor.
- 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 the financial statements, external auditor's opinion and reports to Members, and monitor management action in response to the issues raised by external audit.

3.2 Effective audit committees help raise the profile of internal control, risk management and financial reporting issues within an organisation, as well as providing a forum for the discussion of issues raised by internal and external auditors. They enhance public trust and confidence in the financial governance of an Authority.

4. Current situation / proposal

4.1. In order to assist the Audit Committee in ensuring that due consideration has been given by the Committee to all aspects of their core functions an updated forward work programme is attached at Appendix A.

5. Effect upon Policy Framework& Procedure Rules.

5.1. None

6. Equality Impact Assessment.

6.1. There are no equality issues.

7. Financial Implications.

7.1. None

8. Recommendation.

8.1. That Members give due consideration to the updated 2014 -15 forward work programme to ensure that all aspects of their core functions are being adequately reported.

Ness Young
Corporate Director - Resources
16th April 2015

Contact Officer: Helen Smith – Chief Internal Auditor

Telephone: (01656) 754901

E-mail: internalaudit@bridgend.gov.uk

Postal Address

Bridgend County Borough Council
Internal Audit
Innovation Centre
Bridgend Science Park
Bridgend CF31 3NA

Background Documents

None

**AUDIT COMMITTEE
SCHEDULE OF MEETINGS AND FORWARD WORK PROGRAMME
2014 – 2015**

DATE OF MEETING	FORWARD WORK PROGRAMME	OFFICER RESPONSIBLE	UPDATE
2014			
18th June	Information and Action Requests (if applicable).	Chief Internal Auditor (CIA)	Complete
	Updated Forward Work Programme.	CIA	Complete
	Approval of the draft Annual Governance Statement 2013-14.	Head of Finance & Performance	Complete
	Pre-audited Statement of Accounts 2013/14.	Head of Finance & Performance	Complete
	Complete Audits (if applicable).	CIA	Complete
	Head of Audit's Annual Opinion Report 2013/14.	CIA	Complete
	External Auditors / Inspection Reports (where applicable). WAO Annual Improvement Report	Head of Finance & Performance / WAO / KPMG	Complete
	IASS Outturn Report April and May 2014.	CIA	Deferred
	Implementation of Recommendations (if applicable).	CIA	Deferred
Additional Items	Anti -Money Laundering Policy.	Head of Finance & Performance	Complete
25th September	Information and Action Requests	CIA	Complete
	Updated Forward Work Programme	CIA	Complete
	Final Annual Governance Statement and summary of assurance 2013/14	Head of Finance and Performance	Complete
	Statement of Audited Accounts	Head of Finance and Performance / KPMG	Complete
	Treasury Management Outturn 2013/14	Head of Finance and Performance	Complete
	Internal Audit 5 months Outturn Report April to August 2014.	CIA	Complete
	Completed Audits Report (where applicable)	CIA	Complete
	Implementation of Recommendations Report (where applicable)	CIA	Complete
	External Auditors / Inspection Reports (where applicable). - Audit of Financial Statement Report 2013/14 (ISA 260). Improvement Programme update	Head of Finance & Performance / WAO / KPMG	Complete
20th November	Up dated Forward Work Programme	CIA	Complete
	Information and Action Requests (where applicable)	CIA	Complete
	Review of the Annual Governance Statement 2013/14	Head of Finance & ICT	Complete
	Fraud update	Benefits Manager	Complete
	Corporate Risk Assessment Review 2014/15.	Head of Finance and ICT	Complete
	Completed Audits Report (if applicable)	CIA	Complete
	Internal Audit Outturn Report – April 2014 to October 2014; including update on IASS Performance and Client Satisfaction Survey Results.	CIA	Complete

APPENDIX A

	External Auditors / Inspection Reports (where applicable). – Annual Audit Letter 2013/14	Head of Finance & ICT / WAO / KPMG	Complete
2015			
15th January	Up dated Forward Work Programme	CIA	Complete
	Information and Action Requests (if applicable)	CIA	Complete
	Internal Audit 9 months Outturn Report April 2014 – December 2014	CIA	Complete
	Completed Audits (where applicable)	CIA	Complete
	Report on the work undertaken on School Audits.	CIA	Complete
	External Auditors / Inspection Reports (where applicable)	Head of Finance & ICT / WAO/ KPMG	N/A
	Corporate Risk Assessment 2015-16	Head of Finance & ICT	Complete
	Treasury Management Half Year Report 2014-15 and Treasury management strategy 2015-16	Head of Finance & ICT	Complete
16th April	Information and Action Requests (where applicable)	CIA	N/A
	Updated Forward Work Programme	CIA	Submitted
	Proposed Forward Work Programme 2015-16.	CIA	Submitted
	Internal Audit proposed Annual Strategy and Audit Plan 2015-2016.	CIA	Submitted
	Governance – Compliance with Public Sector Internal Audit Standards for 2014-15	CIA	Submitted
	Audit Committee – Terms of Reference	CIA	Submitted
	Internal Audit Shared Service Charter	CIA	Submitted
	Completed Audits (where applicable)	CIA	Submitted
	Head of Audit’s Annual Opinion Report and outturn for the Year 2014/15	CIA	Submitted
	External Auditors / Inspection Reports (if applicable): - External Audit Plan Certification of grants and claims	Head of Finance & ICT / WAO/ KPMG	Submitted

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

16 APRIL 2015

REPORT OF THE CORPORATE DIRECTOR - RESOURCES

PROPOSED FORWARD WORK PROGRAMME – 2015-16

1. Purpose of Report.

1.1. To present to Members a proposed Forward Work Programme for 2015 – 2016.

2. Connection to Corporate Improvement Objectives / Other Corporate Priorities.

2.1. Internal Audit's work impacts on all of the Corporate Improvement Objectives /other corporate priorities.

3. Background

3.1. The core functions of an effective Audit Committee are:-

- To consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and corruption arrangements.
- Seek assurance that action is being taken on risk-related issues identified by auditors and inspectors.
- Be satisfied that the Council's assurance statements properly reflect the risk environment and any actions required to improve it.
- Oversee the work of internal audit (including the annual plan and strategy) and monitor performance.
- Review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.
- Receive the annual report of the Chief Internal Auditor.
- 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 the financial statements, external auditor's opinion and reports to Members, and monitor management action in response to the issues raised by external audit.

3.2 Effective audit committees help raise the profile of internal control, risk management and financial reporting issues within an organisation, as well as providing a forum for the discussion of issues raised by internal and external auditors. They enhance public trust and confidence in the financial governance of an Authority.

4. Current situation / proposal

4.1. In order to assist the Audit Committee in ensuring that due consideration has been given by the Committee to all aspects of their core functions a proposed forward work programme for 2015-16 is attached at Appendix A for Members consideration.

5. Effect upon Policy Framework & Procedure Rules.

5.1. None

6. Equality Impact Assessment.

6.1. There are no equality issues.

7. Financial Implications.

7.1. None

8. Recommendation.

8.1. That Members give due consideration to the proposed 2015-16 forward work programme and schedule of agenda items to ensure that all aspects of their core functions are being adequately reported.

Ness Young
Corporate Director - Resources
16th April 2015

Contact Officer: Helen Smith – Chief Internal Auditor

Telephone: (01656) 754901

E-mail: internalaudit@bridgend.gov.uk

Postal Address
Bridgend County Borough Council
Internal Audit
Innovation Centre
Bridgend Science Park
Bridgend CF31 3NA

Background Documents

None

**AUDIT COMMITTEE
SCHEDULE OF MEETINGS AND FORWARD WORK PROGRAMME
2015 – 2016**

DATE OF MEETING	FORWARD WORK PROGRAMME	OFFICER RESPONSIBLE	UPDATE
2015			
25th June	Information and Action Requests (if applicable).	Chief Internal Auditor (CIA)	
	Updated Forward Work Programme.	CIA	
	Pre-audited Statement of Accounts 2014/15.	Head of Finance & ICT	
	Annual Governance Statement 2014-15	Head of Finance & ICT	
	Complete Audits (if applicable).	CIA	
	External Auditors / Inspection Reports (where applicable).	Head of Finance & ICT / WAO / KPMG	
	IASS Outturn Report April and May 2015.	CIA	
24th September	Information and Action Requests	CIA	
	Updated Forward Work Programme	CIA	
	Statement of Audited Accounts and Final Annual Governance Statement 2014/15	Head of Finance and ICT / KPMG	
	Treasury Management Outturn 2014/15	Head of Finance and ICT	
	Internal Audit 5 months Outturn Report April to August 2015.	CIA	
	Completed Audits Report (where applicable)	CIA	
	External Auditors / Inspection Reports (where applicable).	Head of Finance & Performance / WAO / KPMG	
19th November	Up dated Forward Work Programme	CIA	
	Information and Action Requests (where applicable)	CIA	
	Fraud update	Head of Finance & ICT / Benefits Manager	
	Corporate Risk Assessment Review 2015/16.	Head of Finance and ICT / Risk & Insurance Manager	
	Completed Audits Report (if applicable)	CIA	
	Internal Audit Outturn Report – April 2015 to October 2015.	CIA	
	External Auditors / Inspection Reports (where applicable).	Head of Finance & ICT / WAO / KPMG	
2016			
28th January	Up dated Forward Work Programme	CIA	
	Information and Action Requests (if applicable)	CIA	
	Internal Audit 9 months Outturn Report April 2015 – December 2015	CIA	
	Completed Audits (where applicable)	CIA	
	Report on the work undertaken on School Audits.	CIA	
	External Auditors / Inspection Reports (where applicable)	Head of Finance & ICT / WAO/ KPMG	
	Corporate Risk Assessment 2015-16	Head of Finance & ICT	
	Treasury Management Half Year Report 2015-16 and Treasury management strategy 2016-17	Head of Finance & ICT	

APPENDIX A

16 th April	Information and Action Requests (where applicable)	CIA	
	Updated Forward Work Programme	CIA	
	Proposed Forward Work Programme 2016-17.	CIA	
	Internal Audit proposed Annual Strategy and Audit Plan 2016-2017.	CIA	
	Governance – Compliance with Public Sector Internal Audit Standards for 2015-16	CIA	
	Audit Committee – Terms of Reference	CIA	
	Internal Audit Shared Service Charter	CIA	
	Completed Audits (where applicable)	CIA	
	Head of Audit’s Annual Opinion Report and outturn for the Year 2015/16	CIA	
	External Auditors / Inspection Reports (if applicable): -	Head of Finance & ICT / WAO/ KPMG	

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

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