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



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Date / Dyddiad: Friday, 1 April 2014

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, 10 April 2014 at 2.00 pm.**

AGENDA

1. Apologies for Absence
To receive apologies for absence (to include reasons, where appropriate) from Members/Officers.
2. Approval of Minutes 3 - 12
To receive for approval, the minutes of the Audit Committee held on 16 January 2014.
3. 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 2008.
4. Audit Committee - Certification of Grants and Returns 2012-13. 13 - 36
5. Audit Committee - External Audit Annual Financial Audit Outline 2013-14. 37 - 52
6. Anti-fraud and Bribery Policy. 53 - 66
7. Information and action requests by Committee. 67 - 68
8. Audit Committee Terms of Reference. 69 - 72
9. Completed Audits. 73 - 84
10. Internal Audit Shared Service Self-Assessment against the public sector Internal Audit Standards. 85 - 106

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|-----|--|-----------|
| 11. | <u>Internal Audit Shared Service Charter 2014/15.</u> | 107 - 116 |
| 12. | <u>Draft Internal Audit Strategy and Annual Risk Based Audit Plan April 2014 to March 2015.</u> | 117 - 140 |
| 13. | <u>Forward Work Programme - 2013/14.</u> | 141 - 144 |
| 14. | <u>Proposed Forward Work Programme - 2014/15.</u> | 145 - 148 |
| 15. | <u>Urgent Items</u>
To consider any item(s) of business in respect of which notice has been given in accordance with Part 4 (paragraph 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. | |

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

Mrs J Williams - Lay Member

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD IN COMMITTEE ROOM 2/3,
CIVIC OFFICES, ANGEL STREET, BRIDGEND ON THURSDAY, 16 JANUARY 2014 AT
2.00PM

Present:

Councillor E Dodd - Chairperson

Councillors

G Davies
G W Davies MBE

Councillors

R C Jones
J E Lewis

Councillors

J R McCarthy
M Reeves

Councillors

E Venables
H M Williams

Lay Member: Mrs J Williams

Officers:

J Smith - Head of Finance and Performance
H Smith - Chief Internal Auditor
R Martin - Insurance and Risk Management Officer
N Echanis - Group Manager - Integrated Working and Family Support
R Ronan - Democratic Services Officer - Committees

92 APOLOGIES FOR ABSENCE

Apologies for absence were received from the following Members for the reasons so stated:-

Councillor C A Green - Other Council Business
Councillor C Westwood - Other Council Business
Councillor R E Young - Holiday

93 MINUTES OF PREVIOUS MEETINGS

RESOLVED: That the minutes of the meeting of the Audit Committee held on the 7 November 2013 were approved as a true and accurate record.

94 DECLARATIONS OF INTEREST

None.

95 THE CORPORATE RISK ASSESSMENT 2014-15

The Insurance and Risk Management Officer presented a report to the Committee which explained the outcome of the annual risk assessment and changes to the Risk Management Policy which will impact how the risk assessment will be monitored.

He explained that the current Risk Management Policy and risk assessment monitoring arrangements have been reviewed and agreed by the Corporate Management Board. Therefore in future the Insurance and Risk Management Officer will liaise quarterly with Directorate Business Managers, in advance of the scheduled discussion at Corporate Management Board and agree any proposed changes to the risk assessment. These will then be discussed and approved by Corporate Management Board.

It has been agreed that due to the inextricable links between the Council's Risk Assessment and its approach to insurance to append the Council's Insurance Strategy to the Risk Management Policy, this is shown at Appendix 1.

A timeline has also now been included to illustrate how the 2014-15 risk assessment will be monitored and reviewed throughout the year, and how the 2015-16 process aligns and informs the Medium Term Financial Strategy.

The Insurance and Risk Management Officer explained that the Risk Assessment is an ever evolving document which he co-ordinates and draws together into a cohesive whole. It was presented to the Corporate Management Board on the 23 December 2013 and now to the Audit Committee. It will then be incorporated within the Medium Term Financial Strategy which would be considered by Cabinet in February.

The Insurance and Risk Management Officer then presented the Draft Risk Assessment to the Committee as attached at Appendix 1 and received questions from Members on the content.

A Member commented that they considered it good practice on behalf of the Authority that the Risk Assessment was being approached proactively and that business managers within the Directorates were now being included in its formulation.

The Committee noted that in respect of Welfare Reform the Risk Assessment indicates that 1,400 households within the County Borough are being adversely affected by the bedroom tax. Recent reports in the press however have asserted that any claimants who had been in continuous receipt of benefits since 1996 would be exempt from this tax and Members questioned whether this would affect the figures quoted.

The Head of Finance and Performance responded that the Authority would have to undertake a review into how many households would be affected and expected that any benefits awarded would be reclaimed from the DWP via housing benefit subsidy.

A Member of the Committee asked if the Authority was aware of any evictions through non-payment of rent as a result of bedroom tax increases.

The Head of Finance and Performance advised that she was not aware of any evictions or major issues that the Authority had not been able to resolve. She explained that officers have been working with tenants to address concerns and provide advice and support. However one of the main problems remains a lack of appropriate one bedroom accommodation.

A Member commented that in terms of Welfare Reform the risk score is at the highest level possible despite numerous risk reduction measures, they asked if it would be the case therefore that these measures were stopping the situation from becoming worse.

The Insurance and Risk Management Officer agreed that this was the case. The Head of Finance and Performance explained that there has been a lot of delay in terms of legislation and some proposals are still to be implemented, even the most subtle changes can have a big impact.

A Member asked how the Authority would know if its mitigation measures were having an impact on the risk.

The Head of Finance and Performance responded that some actions were visible in their effects, for example debt counselling has helped avoid evictions and there has been a constant dialogue with private landlords. These initiatives will be continuous, however, there

is only so much the Council can do to ultimately cushion the impact of changes to Welfare Benefits.

A Member asked if the Council's budget planning for AEF was based on a 3% reduction or a 1.5 % reduction for 2015-16. The Head of Finance and Performance responded that it was based on a 3% reduction as the experience from 2014-15 had shown that it was better to be prudent.

The Committee commented that the Council's pump priming budget of £200,000 has been used to establish the core staff capability to deliver the Bridgend Change Programme and in addition an earmarked reserve of £1m will be maintained over the life of the MTFs to support its delivery. They asked for details of the take up of these budgets.

The Head of Finance and Performance explained that the £200,000 sits in the base budget and is specifically to support staff resources in the delivery of the change programme, and will be for the life of the MTFs, three project managers have been employed by utilising this budget.

The £1m is for specific projects and to date £550,000 has been earmarked. As an example this has been used towards in initial studies for the residential care remodelling programme where extra capacity was needed in order to deliver savings in the long term. The Project Management Board oversees these projects and all applications require proper business cases, also outcomes are constantly monitored and assessed.

A Member questioned if due to budgetary pressures the Porthcawl Regeneration project did not make progress the situation would be analysed and reviewed.

The Head of Finance and Performance advised that further information was awaited but a review would be required. The Insurance and Risk Management Officer explained that in relation to supporting vulnerable people the key is to maintain emphasis on safeguarding and the service is driven by an increasing demand and changes in demographics.

A Member noted that the Risk Assessment on this issue indicates that the likelihood has reduced as a result of measures taken and the risk description describes how our partners actions as well as our actions have led to a reduction in these risks.

The Insurance and Risk Management Officer explained that plans and proposals are taken into consideration when agreeing the risk score and partnership organisations actions would also be factored in.

In relation to supporting vulnerable children Members noted that the principle issue is the ability to attract and retain confident and experienced qualified social workers but also that we needed to recruit more foster carers.

The Insurance and Risk Management Officer advised that in respect of waste disposal we currently recycle 52% of our waste, and this needs to be increased by 70% to avoid incurring fines and also as a benefit to the environment. A Member asked if this risk included bulky waste. The Insurance and Risk Management Officer confirmed that it did.

In respect of maintaining infrastructure the Committee asked if there was a dialogue between the Insurance and Risk Management Officer and the highways department especially in relation to potholes.

The Insurance and Risk Management Officer advised that he was in continuous contact with the highways department and did feed-back on areas where road repairs were causing particular problems.

The Committee commented that it would be best from a reputational point of view if the Authority was proactive rather than reactive to these types of issues. The Insurance and Risk Management Officer agreed but advised that the main issue was striking a balance between this and the resources available.

A Committee member asked if insurance action is included in risk measures marked red.

The Insurance and Risk Management Officer advised that it was not but that it was considered in the impact.

The Committee asked if in relation to a potential reduction in staff numbers pension contributions could be regarded as a risk.

The Head of Finance and Performance explained that these were reviewed tri annually and in the previous actuarial valuation the employer's rate has reduced, the expectation however is that this will increase but not greatly. A bigger risk comes with the outsourcing of services as there are potential past service costs, and the age of the workforce will also have an impact.

A Member asked if there were any plans to look at the amalgamation of pension schemes and reduce the cost of administration.

The Head of Finance and Performance responded that work is ongoing with the Society of Welsh Treasurers Group and a central administration team for funds is being actively considered.

RESOLVED: That the Audit Committee considered the annual risk assessment and changes to the Risk Management Policy and receive a further report in November 2014 when progress can be reviewed.

96 INFORMATION AND ACTION REQUESTS BY COMMITTEE

The Chief Internal Auditor presented a report to the Committee the purpose of which is to summarise for Members the actions and information requests it made at its last meeting.

She explained that the Committee had requested an update and assurance that all recommendations were being implemented in relation to the volunteer drivers follow-up Audit. The Committee questioned if in the event that a volunteer driver is undertaking the business of the Council they must purchase insurance that is sufficiently wide to include this activity.

The Insurance and Risk Management Officer advised that if a volunteer driver uses their vehicle on behalf of BCBC they would be relying on their own insurance of that vehicle. To insure a vehicle there must be an 'insurable interest' and the Council does not have this as they have no ownership or possession of the vehicle. He explained that this is usual practice and the Charities Commission have confirmed that this applies to their volunteer drivers.

A Member asked if this would increase insurance costs for volunteer drivers.

The Insurance and Risk Management Officer responded that it would not but added a caveat that as part of the "Big Society" agenda, the current government had met with a number of insurers who had agreed not to increase costs if vehicles were being used for volunteering, drivers are always recommended to communicate with their insurers on this matter.

The Chief Internal Auditor informed Members that Internal Audit have now completed their follow-up review of the service and progress is clearly being made therefore a reasonable assurance has now been issued. She then invited the Group Manager - Integrated Working and Family Support to address the Committee on their concerns.

The Group Manager - Integrated Working and Family Support advised the Committee that she assumed responsibility for the volunteer driver team in November 2012 by which point the scheme had been in place for 7 - 8 years. The service had significant issues and in 2012 was overspent by £32,000, with good management over the past three years this has been reduced.

She explained that capacity within the team has also been lost and the service is now down to one part-time co-ordinator.

The Group Manager - Integrated Working and Family Support apologised to the Committee that the Audit improvements had taken longer than expected to achieve. However she was pleased to report that all current drivers are DBS checked and have the correct insurance and MOT's.

Systems are also now in place to advise when DBS checks are due for renewal, however she explained that the service were reliant on the volunteer drivers bringing in the necessary paperwork for them to check and copy. Due to the service being a volunteer one it was not politic to harass or badger drivers as they were valued highly and not easily replaceable.

The Group Manager – Integrated Working and Family Support advised that one outstanding issue was out of County subsistence claims where the claim limit was £10.00. She explained that they had considered removing these claims. When they investigated the numbers of drivers claiming against the level of claim however it was found to only involve two volunteers and small amounts of money. The Group Manager Integrated Working and Family Support explained the circumstances of these claims to Members and how relatively speaking the monetary value of these claims to the service given was very small.

A Member questioned if mileage was paid at the HMRC rate which was currently 45p per mile.

The Group Manager Integrated Working and Family Support responded that volunteer drivers were currently paid at the rate of 49p per mile and this rate has been paid since 2005. She explained that this issue has also been looked at but as most drivers have been with the scheme for a long time and they expected a certain level of compensation. Drivers were established and finding replacements would not be simple, they were often drawn ex-BCBC staff and retirees. The Service were however looking at ways of recruiting new drivers to the pool and to this end had recently had leaflets printed, they were also looking at promotion via events for other forms of volunteering e.g. foster carers.

A Member asked if reducing the mileage rate would incur extra paperwork or administrative costs.

The Group Manager Integrated Working and Family support advised that the consideration was more that they would lose current volunteers and a lot of their other allowances have already been reduced. If they lost volunteers then the service would be reliant on taxis and this would be at a greater cost to the Authority.

The Chief Internal Auditor explained that at its last meeting the Committee requested information on the value of overpayments from the sanctioning of Housing Benefit and

Council Tax Benefit Fraud. She advised that this is as follows £236,569 for 2012/13 and £112,268 for the first six months of 2013/14.

Members also requested further information on the reduction of productive days in relation to Cross Cutting. The Chief Internal Auditor advised that the outturn report for April to December shows that 123 productive days have been achieved against an expected 154 for Cross Cutting. It is envisaged that all the reviews as outlined in the Audit Plan, submitted to the Committee in May 2013 will be completed.

RESOLVED: That the Committee noted the report.

97 TREASURY MANAGEMENT STRATEGY 2014-15

The Head of Finance and Performance presented a report to the Committee the purpose of which is to present the proposed Treasury Management Strategy for 2014-15. This includes the Borrowing Strategy 2014 - 15, Investment Strategy 2014-15, Treasury Management and Prudential Indicators for the period 2014-15 to 2017-18 and the Annual Minimum Revenue Provision Statement 2014-15.

She explained that the Council manages its Treasury Management activities in accordance with the Local Government Act 2003 and associated guidance which is listed at 3.1 of the report.

To ensure affective scrutiny of treasury management in accordance with the Treasury Management Strategy the Audit Committee has been nominated to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and Policies. In addition to the regular reports to Cabinet and Council the strategy was presented to the Audit Committee in September 2013, this included the Annual Treasury Management report for 2012-13. The Head of Finance and Performance advised that this is the first time that the Treasury Management Strategy has been presented to the Audit Committee before Council.

The Head of Finance and Performance explained that the Strategy confirms our compliance with the Code, which requires that formal and comprehensive objectives, policies and practices, strategies and reporting arrangements are in place for the effective management and control of Treasury Management activities and that the effective management and control of risk are the prime objectives of these activities.

The Head of Finance and Performance then advised the Committee of the key points, of the Treasury Management Strategy, which is included at Appendix A and accepted questions from the Committee.

A Member asked if the £18m investments indicated was a constant figure.

The Head of Finance and Performance explained that this figure dipped and increased over time and has been as little as £7m at certain points and as much as £40m at others; at year end it usually sits at between £12-15m.

A Member commented that at paragraph 4.4 of the covering report it indicated that revenue savings have been made on the Capital Financing budget, he asked if this had been ring fenced.

The Head of Finance and Performance advised that the savings are included in the MTFs under corporate savings.

RESOLVED: That Members gave due consideration to the Treasury Management Strategy 2014-15 before it is presented to Council for approval.

98 INTERNAL AUDIT'S ANNUAL REPORT ON SCHOOLS

The Chief Internal Auditor presented a report to Members which was issued to the Corporate Director Children, summarising the findings made by Internal Audit in relation to the school based audits conducted in the 2012/13 audit year.

She explained that Internal Audit aims to audit every school at least once every three years, with increased visits if necessary, on the basis of a risk assessment.

In 2012/13 24 visits were undertaken, 3 secondary schools, 17 primary schools and 2 special schools. In addition, two follow up reviews were undertaken at schools where the audit opinions in the previous financial year resulted in limited or no assurance being provided.

The Chief Internal Auditor advised that of the secondary schools visited 1 was issued with substantial assurance and 2 graded as reasonable. The two special schools were graded substantial.

She explained that in September 2010 the School Funding (Wales) Regulations 2010 came into force and provided Local Authorities with powers to direct spending or claw back monies where surplus budgets held by schools exceed £50k or 5% (whichever is the greater) for primary and £100k or 5% (whichever is the greater) for comprehensive and special schools. A new BCBC policy was then approved for the claw back of funds and Table 2 of the report sets out the cumulative surplus and deficit balances identified and carried forward into 2013/14.

A control risk self-assessment (CRSA) is issued to schools in the interim years between audit visits and in 2012/13 CRSA's were sent out to 38 schools. Of these, 30 were primary schools, 1 nursery school, 6 comprehensive schools and 1 special school. Responses were received for 81% of Primary and Nursery Schools and 86% for comprehensive and special schools. Of the self-evaluated responses received 100% of schools achieved greater than 80% score and were therefore deemed to have 'very good' internal controls in operation.

Listed at paragraph 4.3 of the report are possible areas that could be covered during an audit visit. Prior to the visit each school completes a Pre-Audit Questionnaire (PAQ) and based on the responses received, the outcomes/findings of previous audit work and the result of the previous CRSA forms the basis of a risk assessment process to determine the areas that will be included and covered at the visit.

A Member of the Committee commented that where a school showed a budget deficit Internal Audit expressed no concerns, they asked for clarification as to why this would be the determination.

The Chief Internal Auditor explained that in these instances Internal Audit would expect the school to have a clear action plan in place and provide assurance that the issues leading to the deficit were being addressed. The Head of Finance and Performance responded that all deficits have to be explained to the Directorate at the end of the financial year and there are other checks and balances within the system.

Members asked for further information on the £74,085.47 year end deficit for Pencoed Primary School.

The Chief Internal Auditor advised that she would investigate and report the information back to the Committee.

The Committee asked if in relation to Table 3 and proposed claw back, there have been any appeals to retain this money.

The Chief Internal Auditor advised that to her knowledge there had not been.

The Head of Finance and Performance explained that schools would have to give reasons for retaining the money and assurances that it would not be stagnant.

A Member asked if the money clawed back had any effect on future budgets for the school.

The Head of Finance and Performance responded that it would not as school budgets are based on the funding formula and claw back goes into the central LEA budget.

The Committee commented that Internal Audit completed 100% of their scheduled visits and asked how this compared with this year.

The Chief Internal Auditor responded that she would find out and report back but advised that we are on track for planned schools. Internal Audit were also currently looking at ways to streamline procedures and align programmes with Estyn inspections.

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.

99 COMPLETED AUDITS

The Chief Internal Auditor presented a report to the Committee the purpose of which is to summarise for Members the findings of the audits recently completed by the Internal Audit Division. Recently completed Audits are summarised in Appendix A.

A Member of the Committee asked if there were links between the work undertaken by Internal Audit and Risk Management.

The Chief Internal Auditor responded that as part of the planning process Internal Audit do have regard to the content of the risk register as this informs the risk-based audit plan, in addition, there is also an audit of the risk management process; this is ongoing at the moment.

A Member asked if staff expenses are subject to Internal Audit and if so are the validity of claims part of that audit.

The Chief Internal Auditor responded that staff expense claims were audited on a regular basis and the validity of claims were checked by taking quite a high sample of 30%. Members' expense claims were also audited with an audit was due to begin soon.

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

100 INTERNAL AUDIT - OUTTURN REPORT - APRIL TO DECEMBER 2013

The Chief Internal Auditor presented a report to the Committee the purpose of which is to inform them of actual Internal Audit performance against the nine months of the audit plan year April 2013 to December 2013.

She advised Members that Table 1 shows an analysis of work done in relation to the plan. The figures show that 936 actual days have been achieved, which is below that expected by 94.5 days.

The Chief Internal Auditor anticipates that this shortfall will continue until the end of the financial year with an overall anticipated outturn of 1,284 productive days being delivered.

RESOLVED: That Members gave due consideration to the Internal Audit Outturn Report covering the period April 2013 to December 2013 to ensure that all aspects of their core functions are being adequately reported.

101 AUDIT COMMITTEE - RECOMMENDATIONS MADE

The Chief Internal Auditor presented a report to the Committee the purpose of which is to update the Committee on the recommendations made since 1 April 2013, in accordance with the Audit Committee's Forward Work Programme.

She was pleased to inform Members that 196 recommendations have been made to management and 196 recommendations have been accepted.

RESOLVED: That Members gave due consideration to the Implementation and Recommendations report to ensure that this aspect of their core functions in being adequately reported.

102 FORWARD WORK PROGRAMME

The Chief Internal Auditor presented a report to the Committee the purpose of which is to update Members on the 2013 - 2014 Forward Work Programme for the Audit Committee.

RESOLVED: That Members gave due consideration to the updated 2013-14 Forward Work Programme to ensure that all aspects of their core functions are being adequately reported.

The meeting closed at 4.20pm.

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE AUDIT COMMITTEE

10th APRIL 2014

REPORT OF THE CORPORATE DIRECTOR - RESOURCES

AUDIT COMMITTEE – CERTIFICATION OF GRANTS AND RETURNS 2012-13

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 2012-13.

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 2012/13 they audited 31 grant claims and returns and certified:-

- 31 grants claims and returns with a total value of £151m

4 Current situation / proposal

- 4.1 A summary of all claims and returns subject to certification is provided within the report attached at Appendix 1, together with the certification fee and outcome of the External Auditor's review.

- 4.2 The certification results are summarised as follows: _

- 20 certificates were unqualified with no adjustments;
- 5 were unqualified but required a minor adjustment;
- 2 required a qualification to audit certificate and no adjustment;
- 3 reports to the Welsh European Funding Office drew no matters to the attention of that body;
- 1 report to the Welsh European Funding Office drew matters to the attention of that body.

- 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 2012-13 grant claims, were generally good but there is still some scope for improvement as set out in the "Recommendations" section of the attached report and the External Auditors will follow up on these recommendations during the 2013/14 audit.

4.4 In addition and for noting is a list of Senior Officers within the Council who are authorised signatories for grants which is attached at Appendix 2.

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 2012-13 and note the authorised signatories list as set out in Appendix 2.

Ness Young
Corporate Director - Resources
10th April 2014

Contact Officer: Helen Smith – Chief Internal Auditor

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Background Documents

None



WALES **AUDIT** OFFICE

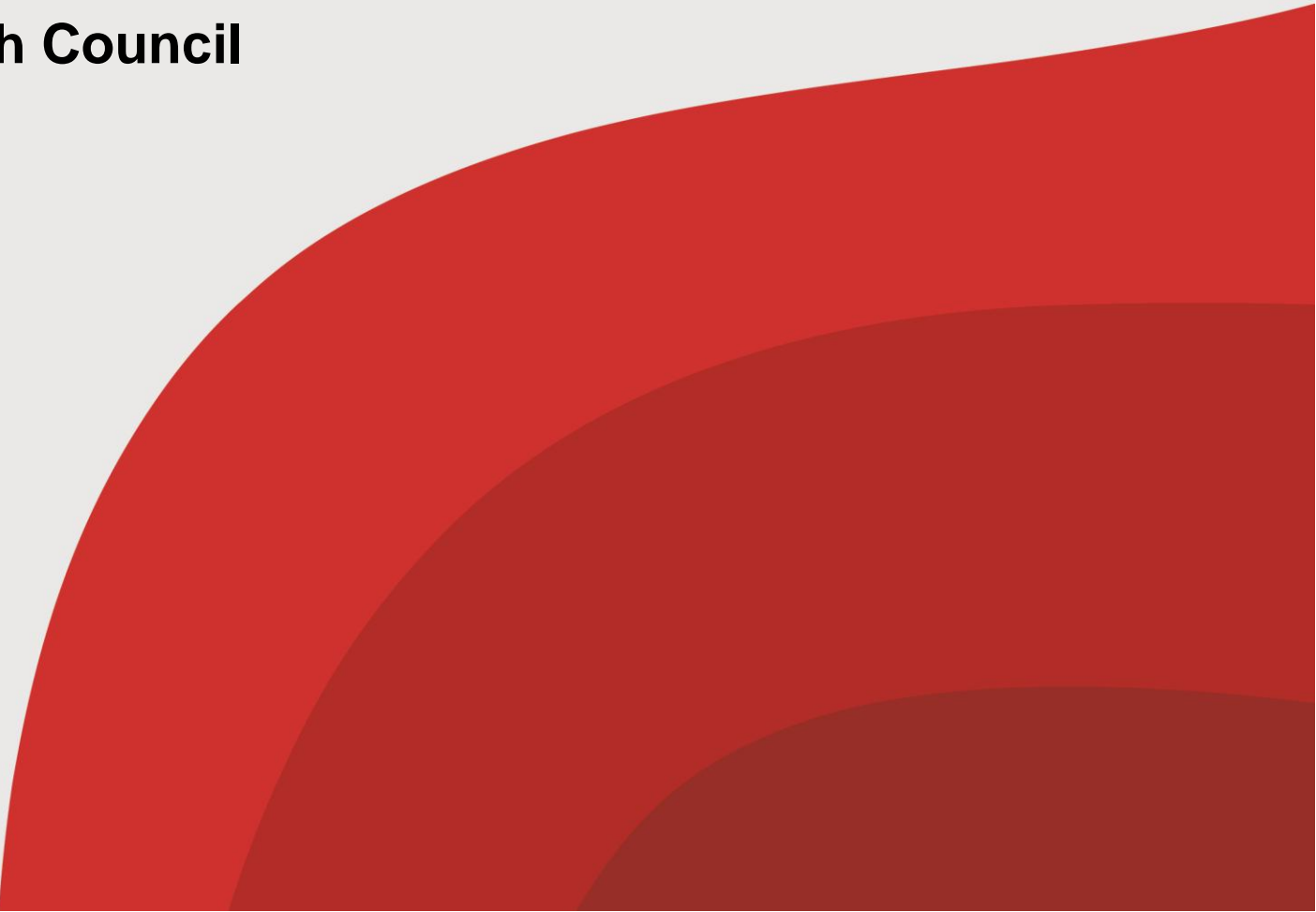
SWYDDFA **ARCHWILIO** CYMRU

Certification of Grants and Returns 2012-13

Bridgend County Borough Council

Issued: March 2014

Document reference: BCBCCGR2013



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 Wales Audit Office (the Auditor General and his staff) and, where applicable, KPMG LLP (the firm appointed by the Auditor General to carry out this work) 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-awarding body, make arrangements for certifying claims and returns (hereafter referred to as grant claims).
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 2012-13 grant claims. Improvement has been made since 2011-12 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. Our conclusion for 2012-13 is based on the following overall findings.
4. For 2012-13 the total value of the 31¹ grants and returns on which we undertook work was £151m¹; this compares to 37 claims with a value of £137m in 2011-12. The increase in the total amount of funding on which we worked was mainly due to a £5m increase in specific WEFO project funding, the certification of the new regional lead Learning Pathways return representing £4.5m funding across five authorities and increases to the Transitional School Buildings Improvement Grant (£3.6m). There was also some variation in the value of other claims.
5. The Authority submitted all of its 2012-13 grant claims to us on time. This was better than the 59 per cent of claims and returns submitted on time in 2011-12, when there were some of delays in the submission of the Communities First grant claims. The certification work this year was undertaken at a total audit cost to the Authority of £81,988¹. Overall, the certificated audits resulted in a reduction of £1,184 in the amount the Authority could claim.
6. In addition, we brought points to the attention of WEFO in respect of one of the four returns for which we issued certificates. No all-Wales statistic has been provided in respect of these returns.
7. A number of points arose from our audit work that did not directly impact on the claim or return under review but which could impact in financial terms on the Authority in the long run. These have been discussed below under the heading “Additional matters arising from audit testing”.

¹ These figures exclude three historic derelict land reclamation grants representing £20.9m funding, the certification work of which is still ongoing and will be finalised and reported as part of the 2013-14 grants cycle.

Headlines

Introduction and background

This report summarises the results of work on the certification of the Authority's 2012-13 grant claims and returns

- As auditors of the Authority, we are asked on behalf of the Auditor General for Wales to certify grant claims and returns made by the Authority.
- For 2012-13, we audited and certified 31 grant claims and returns with a total value of £151m, compared to 37 grant claims with a value of £137m in 2011-12.
- We have produced this report so that we can provide feedback collectively to those officers having the responsibility for grant management in order that we can work together to identify further improvements which can be made to the processes.

Timely receipt of claims

- Our analysis shows that the Council submitted 100 per cent of the year's grant claims and returns by the awarding body's deadline.
- This is an improvement on the 2011-12 year when the ten Communities First claims were received after the deadline due to a delay on one of the projects, resulting in only 59 per cent of claims and returns being submitted on time.

Certification results: Audit Qualifications

Audit Qualifications

All grant claims and returns are audited in accordance with Certification Instructions provided to the Auditor by the Wales Audit Office. Each Certification Instruction ("CI") is drafted to reflect the particular circumstances of the grant scheme or programme in question and sets out circumstances when errors or other specified matters must be reported by the Auditor. The letters reporting these issues are referred to as Qualification Letters.

We issued unqualified certificates for 25 non-WEFO grants and returns but qualifications were necessary in two cases. We also issued one report for WEFO returns where points were raised for the attention of the Grant Paying Body. The two qualifications represent 7 per cent of the reports issued to grant paying bodies other than WEFO. This compares with 10 per cent in 2011-12.

We have analysed the qualification types below:

Nature of qualification	Number Qualified
No evidence of authorisation for the granting of NNDR discretionary relief to four properties	1
No SLA with grant partner and lack of monitoring of expenditure by grant partner	1

Further detail on these is provided on pages 13-14.

Certification results: Audit adjustments

Adjustments to claim forms / returns

Where we identify individual errors that are not believed to have been replicated elsewhere in the calculation of the amounts included in the claim or return, then the Council is allowed to amend or correct the claim or return. This is referred to as an adjustment.

Adjustments were necessary to 5 (19 per cent) of the Authority's non-WEFO grants and returns as a result of our certification work this year. This compares with 11 (33 per cent) in 2011-12.

This position for 2012-13 is:

- Three claims had non-significant adjustments, and five were amended for clerical errors or changes within headings on the grant claim that had no impact on the amount claimable by the Authority.
- The net result of the adjustments on these nine returns is a reduction of £1,184 in funds payable to the Authority.
- We have analysed the adjustments over amendment types.

Nature of adjustment	Number Adjusted
Expenditure eligible but analysed under incorrect heading on return	1
Incorrect restriction of costs which were actually eligible	2
Inclusion of costs that had been claimed previously	1
Figure given wrong sign (i.e. negative instead of positive)	1

Certification results: Comments on WEFO Schemes

Comments included in Accountant's Reports to the Welsh European Funding Office ("WEFO")

Reports to WEFO are produced in a specified format which requires the Reporting Accountant (the auditor) to include and describe any findings, qualifications or comments arising from the testing undertaken. As there is no provision for adjusting or amending WEFO claim forms once the details have been input into the electronic system, any errors or misstatements have to be included in the report rather than adjusted. Accordingly, we summarise our findings in respect of WEFO claims separately here.

We included findings in one out of the four Accountant's Reports for WEFO projects for 2012-13. In comparison, we included findings in two out of the four Accountant's Reports for WEFO projects for 2011-12. The detail relating to this finding is on p13.

The Authority's arrangements

The Authority's arrangement for the production and submission of grant claims and returns are generally good but there is still scope for improvement. There are a number of recurring issues that need to be addressed by the Authority to ensure the accuracy of the grants claims submitted:

- Two claim forms contained errors that could have been readily discovered by a numerical or general logic check of the form before it was submitted for certification.
- Where qualifications and significant adjustments arise in one year, the Authority should consider putting in place a system to ensure that the staff member(s) responsible for the claim checks that the matter has been dealt with correctly in subsequent years, or that information is properly handed over from outgoing to incoming staff members.
- Issues relating to arrangements for external partners on the Families First grant resulted in additional costs of certification and for officers in checking the partner's submissions. Arrangements could be improved in this area by establishing a service level agreement detailing requirements for the partner (we understand that this has been put in place since our work).

Fees

Our overall fee for certification of grants and returns for 2012-13 is £81,988 (excluding the ongoing Derelict Land claims) which was higher than the fee for the work for 2011-12 (£79,954).

- This is the result of some changes in the scope of grants (primarily Families First which has replaced Cymorth) and costs for additional testing required on certain claims this year (principally Teachers Pensions and Families First for the reasons described on page 13), offset by some efficiencies in time spent certifying specific grants. There has been a general improvement in the quality of the grant claims.

Summary of certification work outcomes

1. Detailed on the following pages is a summary of the key outcomes from our certification work on the Authority's 2012-13 grants and returns, showing where either audit amendments were made as a result of our work, where we had to qualify our audit certificate or where we had to draw matters to the attention of the WEFO in respect of Structural Programme Funding claims. Adjusted amounts are shown as + or – in relation to amounts due to or from the Authority.
2. 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 2012-13

Overall, we undertook work on 31 grant claims and returns and we certified these as follows:

- 20 certificates were unqualified with no adjustment
- 5 were unqualified but required a minor adjustment
- 2 required a qualification to our audit certificate and no adjustment
- 3 reports to the Welsh European Funding Office drew no matters to the attention of that body
- 1 report to the Welsh European Funding Office drew 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
N/A	BEN01	Housing and Council Tax Benefits	31/05/13	28/05/13						1
N/A	EDU15	Schools Effectiveness Grant	30/09/13	28/08/13						1
N/A	EDU18	Transitional School buildings improvement grant	30/09/13	21/09/13						1
N/A	EDU43	Learning Pathways	31/10/13	31/10/13						1
N/A	EDU44	Welsh in Education	30/09/13	28/08/13						1
1	EUR01	WEFO Structural Funds (x4)	various	various				1	3	
N/A	EYC01	Flying Start	30/09/13	30/09/13						1
2	EYC14	Families First	30/09/13	25/09/13	1					
3	HC02	Substance Misuse Action Plan Fund	30/09/13	12/07/13			-£1,306			
N/A	HC03	Welsh Mental Handicap Strategy	31/08/13	29/08/13						1
N/A	HLG01	Pooled Budget Memoranda	10/05/13	26/04/13						1
4	LA01	NNDR Final Contributions	31/05/13	16/05/13	1					
N/A	LA12	Sustainable Waste Management	31/10/13	26/09/13						1
5	PEN05	Teachers Pensions	30/06/13	28/05/13			£82			
6	RG01	Communities First (Outcomes Funding) (x1)	31/07/13	31/07/13			-£90			

7	RG02	Communities First (x10)	31/07/13	31/07/13			£130 & nil			8
N/A	SOC07	Social Care Workforce Dev Programme	28/09/13	12/07/13						1
N/A	TRA16	Regional Transport Consortia Grant	30/09/13	05/09/13						1
N/A	TRA 23	Free Concessionary Fares	30/09/13	28/08/13						1
TOTAL (number)					2	0	5	1	3	20

This table summarises the key issues behind the adjustments, qualifications or matters for the attention of WEFO that were identified on pages 11 to 12.

Ref	Summary observations	Amendment
1	<p>WEFO Structural Funds – Accountant’s Reports (EUR01)</p> <p>The following matters were brought to the attention of WEFO in the Accountants’ reports issued by KPMG. As the reporting accountants are required only to bring matters to the attention of WEFO, there has been no impact on the overall amount included in each of the claims.</p> <ul style="list-style-type: none"> • <i>Project 80616 – Prevent 14-19.</i> At the time of our work, the regional team was in discussion with WEFO over the costs to be included as eligible for the apportionment of indirect overheads. We were informed that the costs included within the claim at 31 March 2013 were subject to change upon completion of these discussions. We therefore did not test any costs from this sub-category and recommended an adjustment for the full period value of £11,196 until WEFO agreed the costs to be included in the apportionment model. We will revisit this during our audit of the 31 March 2014 claim. As the claim form was not adjusted, we have not included this amount in the amendment column. 	£Nil
2	<p>Families First Grant (EYC 14)</p> <ul style="list-style-type: none"> • We issued a qualification for two reasons: <ul style="list-style-type: none"> • The authority’s procedures provide for contracts or service-level agreements to be in place with all third parties; however, during the period it was unable to obtain a signed agreement from one of the sub-contractors providing services under the Grant. As a result the authority made no payments to the subcontractor until it had signed an agreement letter allowing the Authority the ability to claw back funding if any ineligible costs were identified later. We understand that the sub-contractor has now signed a service-level agreement. • In addition, the subcontractor’s submitted expenditure for claim under the grant contained a number of ineligible items that were excluded from the claim by officers when preparing for certification, indicating a lack of monitoring of spend by the sub-contractor. 	£Nil
3	<p>Substance Misuse Action Fund (HC 02)</p> <ul style="list-style-type: none"> • The original form used incorrect sign on the balance of cash to/from Welsh Government 	-£1,306
4	<p>NNDR (LA01)</p> <ul style="list-style-type: none"> • We issued a qualification letter for the NNDR return: the Authority was unable to provide any evidence of authorisation for the granting of discretionary relief to four properties due to them being granted in 1990. The form was not amended for this. 	£Nil

Ref	Summary observations	Amendment
5	Teachers Pensions (PEN 05) <ul style="list-style-type: none"> An amendment was required due to allocation of salaries to incorrect tiers on the form which resulted in incorrect percentages being applied in the calculation of the amounts paid/due. 	£82
6	Communities First (RG01) – Cornelly & Wildmill Demo Project <ul style="list-style-type: none"> The original claim form included an element of expenditure relating to the previous financial year amounting to £90. 	-£90
7	Communities first grants (RG02) <ul style="list-style-type: none"> Recharges were excluded from one line of the Communities First Children and Young People’s Partnership (CYPP) original claim. These were added in an amended form, resulting in an increase in the claimable amount of £130. The Sarn claim was amended due to some invoices relating to the previous year; however the Council obtained special permission from WG to claim them in the 2012/13 programme as 2011/12 had been closed. Therefore this had no impact on the claim amount. 	£130
Total effect of amendments to the Authority		-£1,184

Other matters arising from audit testing

Ref	Matter arising
1	<p>NNDR (LA01)</p> <ul style="list-style-type: none"> • Our certification work followed up the points arising in previous years. No new matters were identified in this year's audit. • Mandatory charitable relief is given at 80% of the total rate charge on certain properties but discretionary relief may be applied to the additional 20%. Once these reliefs are issued, there does not appear to be a system in place to review or check whether the circumstances which gave rise to the relief, particularly the discretionary element, remain appropriate. Our testing in previous years identified properties where no review had been undertaken since the initial issue of the relief. As a result, relief may be being provided in circumstances for which that relief is no longer appropriate. No system for review had been introduced by the time of our work for 2012/13 and our testing identified further examples of this – see recommendation on p18.
2	<p>Housing Benefit and council tax benefits scheme (BEN01)</p> <ul style="list-style-type: none"> • We noted in our testing that during 2012/13 the level of local authority error and administrative delay overpayments as a percentage of total overpayments were high (31%) compared to national benchmark percentiles (5% at 5th percentile, 18% at 95th percentile). There are reductions in the subsidy eligibility of LA error and administrative delay overpayments if they total over 0.48% of total rent allowance expenditure, and in 2012/13 totalled £163,361 (0.34%). • There is a risk that if these increase, the Council will lose subsidy on the amounts over the 0.48% threshold. Management has informed us that the majority of this was made up of administrative delay due to a backlog of changes work in 2012/13. Management has informed us that they have recognised the issue and are addressing it; in the approximately 11 months of 2013-14 up to 24 February 2014, there have been LA error and administrative delay overpayments of £62,998 out of a total of £394,373 i.e. 16%.

Recommendations

We have given each recommendation a risk rating. We will follow up these recommendations during next year's audit.

Priority 1	Priority 2	Priority 3
Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. <i>We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.</i>	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. <i>You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</i>	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. <i>These are generally issues of best practice that we feel would benefit you if you introduced them.</i>

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
<p>There were a few examples of claims not prepared correctly. Reasons included:</p> <ul style="list-style-type: none"> • Expenditure incurred but allocated to wrong salary tier (Teachers Pensions); • Expenditure included which relates to prior year; and • One example of a numerical error. 	<ul style="list-style-type: none"> • By inaccurate preparation of the return, the Authority has not complied with the Terms and Conditions of grant • Time and cost will be incurred by the Authority in discussing and providing an amended claim • Expenditure over claimed may be reclaimed by the funding body 	R1 Claim forms should be correctly completed for each grant. A <i>Grant Checklist</i> should be completed, reviewed and signed off for each claim to demonstrate that basic tests have been performed prior to submission.	2	<p>Reports have now been amended to accommodate this. A reconciliation will now take place per position which will avoid any further allocation to incorrect tier.</p>	<p>Transactional Team Manager Already actioned November 2013</p>

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
<ul style="list-style-type: none"> There was no partnership agreement in place between the Council and one of the sub-contractors providing services under the Families First Grant, which resulted in no payments being made to the subcontractor organisation until an agreement letter was put in place. In addition, the sub-contractor's submitted expenditure for claim under the grant contained a number of ineligible items that were excluded from the claim by officers when preparing for certification but indicating a lack of monitoring of spend by the subcontractor. 	<ul style="list-style-type: none"> If there is no agreement in place with each grant partner, the Council risks ineligible expenditure being incurred by its partners or partners not providing services budgeted to be funded by grant expenditure. Lack of monitoring arrangements by grant subcontractors may result in ineligible expenditure being claimed and increased officer time in internally checking the amounts claimed. 	<p>R2 A partnership agreement should be put in place with each grant partner/subcontractor. This should specify the monitoring arrangements that the Council expects the sub-contractor to have in place.</p>	<p>1</p>	<p>A recent re-commissioning of the 6 strategic programmes commencing 1 April'14 has been completed. Lead providers will be expected to sign agreements specifying compliance with monitoring arrangements for the both lead and partner providers.</p>	<p>Partnership Manager Already actioned April 2014</p>

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
<p>In relation to the NNDR grant claim:</p> <ul style="list-style-type: none"> The Council was unable to provide any evidence of authorisation for the granting of discretionary relief to four properties due to them being granted in 1990. There does not appear to have been any evidence of review since that date. Our corresponding Certification of grants and returns report for 2011/12 raised the fact that there were no regular reviews of discretionary reliefs once granted and recommended that regular reviews of the relief decision be undertaken on these properties. There was no evidence of review of the four properties identified above. 	<ul style="list-style-type: none"> 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>R3 As recommended in previous years, regular checks should be undertaken on the properties to which discretionary reliefs have been awarded in order to ascertain whether the original basis for the provision of that relief is still relevant. All properties where no evidence of the decision can be found should be prioritised in this review. Evidence of the review should be maintained as an audit trail for the decision.</p>	<p>2</p>	<p>The Awards (approximately 10) that pre-date 1997 and have not been reviewed will be issued with a new form and invited to submit a fresh application.</p>	<p>Taxation Manager - April 2014</p>

Fees

Our overall fee for the certification of grants and returns has increased in 2011-12 in comparison with the previous year. This can, in the main, be attributed to the some changes in the scope of grants and costs for additional testing required on certain claims this year, offset by some efficiencies in time spent certifying specific grants.

Breakdown of fee by grant/return	2012-13 - £	2011-12 - £
Housing and Council Tax Benefits (BEN01)	12,833	12,793
Schools Effectiveness Grant (EDU15)	2,636	3,196
Transitional School Buildings Improvement Grant (EDU18)	1,596	4,419
Learning Pathways local and regional return (EDU43)	1,585	1,765
Welsh in Education (EDU44)	2,333	-
WEFO – 80256 - Bridgend Convergence Fund (EURO1)	2,715	3,402
WEFO – 80583 – S Wales Interchange (EURO1)	3,132	4,004
WEFO – 80616 – Prevent 14 - 19 (EURO1)	3,415	2,921
WEFO – 80255 - Maesteg (EURO1)	2,954	2,924
Flying Start (EYC01)	1,659	1,789
Families First (formerly Cymorth) (EYC14)	5,375	1,740
Substance Misuse Action Plan Fund (HC02)	2,638	1,470
Mental Handicap and Illness Strategy - Resettlement (HC03)	2,440	1,630
Pooled Budgets x 1 (HLG01)	1,296	2,328
National non-domestic rates return (LA01)	7,777	7,814

Sustainable Waste Management (LA12)	1,900	2,023
Teachers Pensions (PEN05)	3,858	1,941
Communities First (RG01)	2,918	3,067
Communities First (RG02)	8,769	8,574
Derelict land grant (RG15) ¹	-	-
Strategic Regeneration Areas (RG19)	-	2,932
Social Care Workforce Development Programme (SOC07)	2,300	2,868
Transport Grant (TRA15)	-	1,728
Regional Transport Consortia Grant (TRA16)	2,416	1,728
Concessionary Fares (TRA23)	2,452	2,721
Annual report ²	2,991	-
Total fee	81,988	£79,954

¹ The work relating to the certification of three historic land reclamation grants is still ongoing and will be finalised during the 2013-14 grants cycle.

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

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GRANT APPLICATIONS, ACCEPTANCES & CLAIMS
AUTHORISED SIGNATORY LIST

..... *Janet Smith* Janet Smith
Deputy Section 151 Officer
Head of Finance & Performance

..... *M Williams* Mary Williams
Group Manager - Chief Accountant

..... *Deborah Exton* Deborah Exton
Group Manager -Financial Planning and
Budget Management

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

10th APRIL 2014

REPORT OF THE CORPORATE DIRECTOR - RESOURCES

Audit Committee – External Audit; Annual Financial Audit Outline 2013-14

1. Purpose of Report .

- 1.1 The purpose of this report is to submit the External Auditor's Annual Financial Audit outline for 2013-14 for noting.

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

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

3. Background.

- 3.1 The Annual Financial Audit 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.

4. Current situation / proposal.

- 4.1 The key elements of the audit engagement of the Appointed Auditor are outlined in Appendix 1 of the attached report. The Appointed Auditor is required to examine and certify the accounts of the Council, satisfy himself that the accounts give a true and fair view of the council's financial position, comply with all the relevant legal requirements and have been prepared in accordance with proper practice.
- 4.2 In addition, the Appointed Auditor is required to satisfy himself that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources; certify that the audit has been completed in accordance with the Public Audit (Wales) Act 2004 and certify claims and returns.
- 4.3 The report highlights the key elements of the audit engagement at Bridgend CBC, and confirms that there are no known threats to the independence of the Appointed Auditor or other audit staff.
- 4.4 The planned work addresses identified risks and is based on the information currently available. Changes to the Outline may be required if significant new risks emerge. However, no changes will be made without first discussing them with officers and, where relevant, those charged with governance.

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 There are no financial implications regarding this report.

8. Recommendation.

8.1 That the Committee reviews and notes the content of this report.

**Ness Young
Corporate Director - Resources**

10th April 2014

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Chief Internal Auditor**

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Internal Audit
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CF31 3NA

Background documents:

None.



WALES **AUDIT** OFFICE
SWYDDFA **ARCHWILIO** CYMRU

Annual Financial Audit Outline

Bridgend County Borough Council

Audit year: 2013-14

Issued: March 2014

Document reference: BCBCA2014

Status of document

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

To the maximum extent permitted by law, the Wales Audit Office (the Auditor General and his staff) and, where applicable, the appointed auditor do not accept any liability for losses incurred by any member, officer or other employee in their individual capacity, or any third party arising from use of this document.

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.

This document was produced by KPMG LLP on behalf of the Appointed Auditor, Anthony Barrett.

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Annual Financial Audit Outline

Introduction

1. This Annual Financial Audit Outline has been prepared by KPMG LLP on behalf of Anthony Barrett, the Appointed Auditor.
2. As your external auditor my objective is to carry out an audit which discharges my statutory duties as Appointed Auditor and fulfils my obligations under the Code of Audit Practice, namely to:
 - examine and certify whether your financial statements are 'true and fair'; and
 - assess whether you have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources.
3. The purpose of this outline is to explain to you:
 - My audit team's approach to:
 - the audit of your financial statements for the year ending 31 March 2014 including the significant risks of material misstatement in your financial statements and how we plan to address them; and
 - the assessment of your arrangements for securing economy, efficiency and effectiveness in the use of resources.
 - The planned timetable, fees and audit team.
 - The scope of the audit, our respective responsibilities and how we ensure independence and objectivity in our work.
4. There have been no limitations imposed on me in planning the scope of this audit.

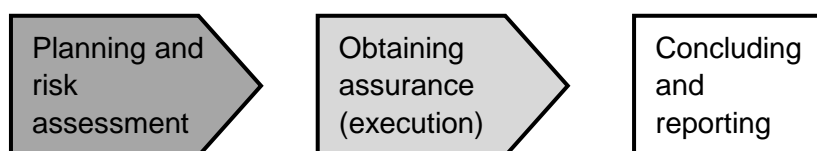
Financial statements audit

5. It is my responsibility to issue a report on the financial statements which includes an opinion on:
 - Whether or not the accounts give a 'true and fair view' of Bridgend County Borough's (the Council) financial outturn and position. This provides assurance that the accounts:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
 - The consistency of information in the Explanatory Foreword with the financial statements.
6. My report must also state by exception if the Annual Governance Statement for 2013-14 does not comply with requirements.

Audit approach

7. My team's audit work uses a range of techniques to assess risk and obtain audit evidence and assurance and is based on a thorough understanding of your business. This understanding allows my team to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the financial statements as a whole. Our audit approach consists of three phases as set out in [Exhibit 1](#).

Exhibit 1: Our audit approach

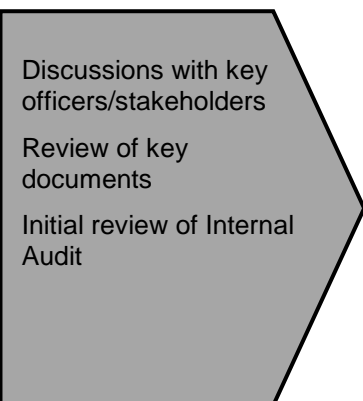


8. The work undertaken in each of these three areas is set out in more detail in [Exhibit 2](#).
9. I do not seek to obtain absolute assurance that the financial statements and related notes are true and fair, but adopt a concept of materiality. In planning and executing the audit, we aim to identify material misstatements in the financial statements and related notes, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Audit Committee prior to completion of the audit.
10. For reporting purposes, I will treat any misstatements below a 'trivial' level (the lower of five per cent of materiality or £100,000) as not requiring consideration by those charged with governance and therefore will not report them.

Exhibit 2: Our audit approach

Planning and risk assessment

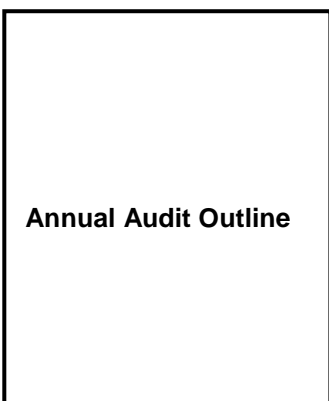
Key tasks



Objectives

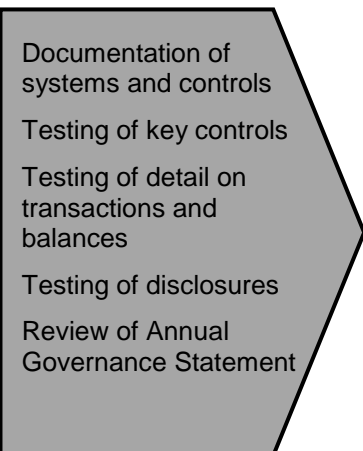


Output

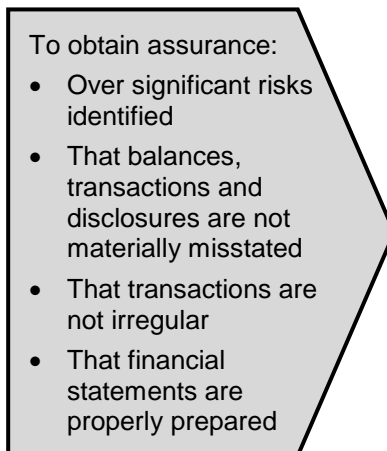


Obtaining assurance (execution)

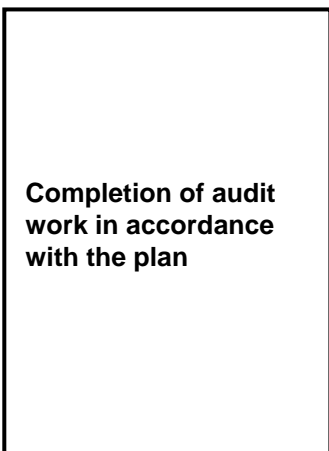
Key tasks



Objectives

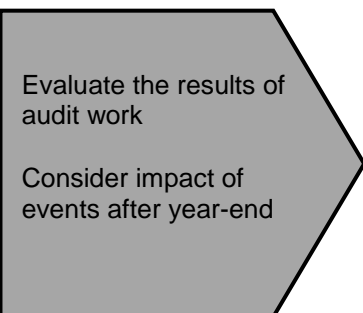


Output

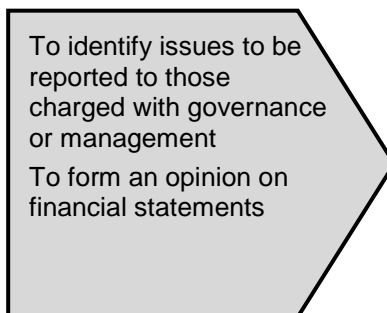


Concluding and reporting

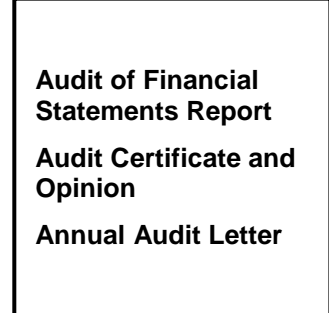
Key tasks



Objectives



Output



-
11. In planning my work and obtaining an understanding of the Council I consider the control environment including the activities of Internal Audit to determine the potential impact of its work on my planned procedures and to evaluate the extent to which I can rely on that work. Our work relating to this evaluation is yet to be performed but our provisional plan is to rely on Internal Audit as an overarching monitoring control which reduces our overall audit risk, and to review internal audit reports relevant to our audit and consider any impact of the findings on our audit.
12. As part of the planning process, I have considered the information which would be required to support the accounts submitted for audit. The fees, once agreed, will assume that this information will be provided by the timescales agreed and to the quality standards that we expect. My other main assumptions in setting the estimated fees will be that:
- the financial statements and supporting working papers have been subject to review and validation by management, to provide the Responsible Financial Officer with assurance that they are ‘true and fair’;
 - 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;
 - Internal Audit has completed its planned programme of work and that management has taken all necessary remedial action on issues that could have affected the financial statements; and
 - we are able to place reliance on the work of experts who provide input to the balances recognised within the financial statements, predominantly the valuers who provide valuations for the Council’s properties which have been revalued during the year and the actuaries who provide valuation for the Council’s pension fund (See [Exhibit 3](#)).

Audit risks and issues

Risks of material misstatement in the accounting statements

13. [Exhibit 3](#) provides information regarding the main operational and financial risks faced by the Council that could affect my audit. These are the main risks that I have identified during the initial audit planning process, based upon information currently available, and the actions proposed to address them. I may need to change the audit plan if any new risks emerge. I will not make any changes to the audit plan without first discussing them with officers and, where relevant, those charged with governance.

Exhibit 3: Summary of main audit risks and proposed responses

Risks	Action proposed
Control environment risks	
<p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business.
Financial statements risks	
<ul style="list-style-type: none"> • During the year, the Local Government Pension Scheme for Rhondda Cynon Taf CBC (the Pension Fund), of which Bridgend CBC is a member, has undergone a triennial valuation with an effective date of 31 March 2013 in line with the Local Government Pension Scheme (Administration) Regulations 2008. The Authority's share of pensions assets and liabilities is determined in detail, and a large volume of data is provided to the actuary in order to carry out this triennial valuation. • The transactions and balances in relation to the Council's pension asset and liabilities to be included in the financial statements for 2013-14 will be based on the output of the triennial valuation rolled forward to 31 March 2014. For 2014-15 and 2015-16, the actuary will then roll forward the valuation for accounting purposes based on more limited data. • There is a risk that the data provided to the actuary for the valuation exercise is inaccurate and that these inaccuracies affect the actuarial figures in the accounts. Most of the data is provided to the actuary by Rhondda Cynon Taf CBC which administers the Pension Fund. 	<p>My audit team will:</p> <ul style="list-style-type: none"> • agree the data provided to the actuary back to the systems and reports from which it was derived, and test the accuracy of this data. • liaise with the Appointed Auditor for the Pension Fund, where this data was provided by the Pension Fund on the Authority's behalf. The Pension Fund may seek to recharge any additional costs arising from this work.

Accounting and reporting issues

14. In addition to the significant audit risks set out above, I also need to consider any new financial accounting and reporting requirements which impact on my responsibilities. I summarise the more significant accounting and reporting changes that apply to 2013-14 in [Exhibit 4](#).

Exhibit 4: Significant accounting and reporting changes for 2013-14

Accounting and reporting change

IAS 1 *Presentation of Financial Statements*

The Comprehensive Income and Expenditure Statement has been amended as a result of the June 2011 amendments to IAS 1 *Presentation of Financial Statements* (where relevant to an authority) and the June 2011 amendments to IAS 19. The requirement for Financing and Investment Income and Expenditure to include 'pensions interest cost and expected return on pensions assets' has been replaced by 'net interest on the net defined benefit liability (asset)'. Financing and Investment Income and Expenditure also now includes 're-measurements of the net defined benefit liability (asset) for long-term employee benefits recognised in accordance with section 6.2'.

IAS 19 *Employee Benefits*

Chapter 6 of the code includes revisions as a result of the June 2011 amendments to IAS 19 *Employee Benefits*:

- amendments to the definitions in section 6.1;
- updated terminology, amendments to the recognition requirements and clarifications of the disclosure requirements in section 6.2;
- amendments to the recognition requirements of section 6.3 Termination Benefits and clarification of the disclosure requirements; and
- amendments to the classification, recognition, measurement and disclosure requirements in section 6.4 Post-employment Benefits.

Use of resources audit

15. To discharge my responsibilities regarding the arrangements that the Council has established to secure economy, efficiency and effectiveness in its use of resources, I shall place reliance upon:
- the results of the audit work undertaken on the financial statements;
 - the Council's system of internal control, as reported in the Annual Governance Statement and my report thereon;
 - the results of work carried out by the Auditor General, 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.

Certification of grant claims and returns

16. The Appointed Auditor, acting as an agent of the Auditor General, undertakes certification work on the Council's grant claims and returns in accordance with instructions issued by the Auditor General.

Overall issues identified

17. **Exhibit 5** summarises the more significant and/or recurring issues I identified when undertaking grant certification work in 2012-13.

Exhibit 5: 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 but there is still scope for improvement in some areas.

Qualified grant claims and returns qualified in 2012-13

My team issued unqualified certificates for 26 non-WEFO grants and returns but qualifications were necessary in two cases. We also issued one WEFO project accountants' report (of a total four reports issued) where points were raised for the attention of the Grant Paying Body.

18. Further detail on the above is provided in our "Certification of grants and returns 2012-13" report also presented at this Audit Committee.

Other work undertaken

19. I am also responsible for the audit of Catalogue Supplies Service Joint Committee (*County Borough Supplies*) and Coychurch Crematorium Joint Committee.
20. I wish to draw your attention to the following risk areas I have identified in relation to Catalogue Supplies Service Joint Committee:
- 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.
21. Because Coychurch Crematorium has previously had gross income and expenditure of under £1m, it has previously prepared an Annual Return of income and expenditure and statement of balances as a "minor Joint Committee" under the Accounts and Audit (Wales) Regulations 2011. This fell under our limited assurance regime.
22. However, we anticipate that the Crematorium's income will rise above the £1m threshold this year and therefore will need to prepare a full code compliant statement of accounts which will require a full audit. We have not identified any significant risks of material misstatement at this stage relating to the Crematorium.
23. In addition to my responsibilities in respect of the audit of the body'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.

Auditor General's Regulatory Programme

24. A separate document, the Auditor General's Regulatory Programme for Performance Audit, will be issued setting out the work to be delivered by the Auditor General under the Measure.

Fee, audit team and timetable

Fee

25. I am currently unable to provide you with an estimate of our fee for our 2013-14 audit work.
26. Owing to the requirements of the Public Audit (Wales) Act 2013, we have needed to revise our approach to fee setting. This Act introduces a slightly revised fee-setting requirement on the new Wales Audit Office for all our audit work once its provisions come into effect from 1 April 2014. In anticipation of this new requirement, we have needed to take legal advice to clarify a number of its provisions. In the light of that advice, we have reviewed our cost allocation and apportionment processes to ensure that going forward our fee setting will fully comply with these new statutory requirements. This unfortunately has been a time-consuming process. The exercise has now been completed and the Auditor General is currently consulting on his fee scales, which take account of revisions made in anticipation of the new legislation. That consultation provides further information about the new legislative requirements.
27. Following the end of the consultation process (28 February 2014), and after considering the consultation responses, I will be able to provide you with an estimate of your fee for 2013-14.
28. Planning will be ongoing, and changes to my programme of audit work and therefore my fee may be required if any key new risks emerge. I shall make no changes without first discussing them with the Corporate Director (Resources). Further information on the new Wales Audit Office fee scales and fee setting will be provided once finalised.
29. In previous years, there have been few formal objections to the Council's financial statements. However, I do receive a number of queries and items of correspondence from members of the public and other interested parties, in addition to requests from the Council for views on their actions related to previous objections.
30. Any detailed investigations or other work required to respond to queries and objections will result in an additional fee. Any such additional fee will be charged at daily rates based on the specific grade or skill mix required for the work, but will be discussed with the Council, prior to undertaking the work.
31. The Auditor General is required to recover, in respect of each grant or return, an amount that covers the full cost of the relevant work undertaken. Grant and return certification work is charged on a daily basis in line with the skill-related fee scales set out in the Auditor General's local government fees letter. The fees will reflect the size, complexity and particular issues relating to the specific grants.

32. Further information on the Auditor General's fee scales and fee setting can be found on our website at: www.wao.gov.uk/aboutus/4240.asp.

Audit team

Exhibit 6: My team

Name	Role	Contact number	E-mail address
Anthony Barrett (WAO)	Appointed Auditor	01244 525970	Anthony.Barrett@wao.gov.uk
Darren Gilbert (KPMG LLP)	Engagement Lead – Financial Audit	029 2046 8205	darren.gilbert@kpmg.co.uk
Matthew Arthur (KPMG LLP)	Financial Audit Manager	02920 468 006	matthew.arthur@kpmg.co.uk

33. I can confirm that my team members are all independent of the Council, its officers and any joint committees. 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 the Audit Committee covering the areas of work identified in this document. My key milestones are set out in [Exhibit 7](#).

Exhibit 7: Timetable

Planned output	Work undertaken	Report finalised
Annual Financial Audit Outline for 2014	January 2014 – February 2014	March 2014
Financial accounts work: <ul style="list-style-type: none"> Audit of Financial Statements Report Opinion on Financial Statements Whole of Government Accounts Use of Resources Work 	April 2014 July 2014 - August 2014	September 2014
Annual Audit Letter 2014	October 2014	November 2014
Outline of Audit Work for 2015	January 2015 – February 2015	March 2015

Appendix 1

Roles and responsibilities

This Annual Financial Audit Outline has been prepared to meet the requirements of auditing standards and proper audit practices. It provides Bridgend County Borough Council (the Council) with an outline of the financial audit work required for the 2013-14 financial statements.

The Public Audit (Wales) Act 2013 (the 2013 Act) sets out that the Auditor General is to be the auditor of local government bodies in Wales. The 2013 Act does, however, provide transitional arrangements where the appointment of a person as an auditor under section 13 of the Public Audit (Wales) Act 2004 continues to have effect until the end of the period for which the appointment was made (subject to any earlier termination). The Auditor General has appointed me as the auditor of the Council's accounts for the year ending 31 March 2014.

As Appointed Auditor, I am required by the Public Audit (Wales) Act 2004 to examine and certify the accounts of the Council. In accordance with professional standards that apply by virtue of the Code of Audit Practice set under the act, this involves giving an opinion on whether the accounts give a true and fair view of the Council's financial position and of its income and expenditure for the year. The act also requires me to satisfy myself of these things:

- that the accounts are prepared in accordance with regulations under section 39 of the act (the Accounts and Audit (Wales) Regulations 2005);
- that the accounts comply with the requirements of all other statutory provisions applicable to them;
- that proper practices have been observed in the compilation of the accounts; and
- that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

I am also required to certify that the audit has been completed in accordance with the Public Audit (Wales) Act 2004.

The audit does not relieve the Council of its responsibility to:

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

The Public Audit (Wales) Act 2004 sets out the rights of the public and electors to inspect the 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.

The Auditor General is required to certify certain grant claims and returns. The Appointed Auditor, acting as an agent of the Auditor General, undertakes the audit work relating to those claims and returns.



WALES AUDIT OFFICE

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

10 APRIL 2014

REPORT OF THE CORPORATE DIRECTOR - RESOURCES

ANTI-FRAUD AND BRIBERY POLICY

1. Purpose of the Report

- 1.1 The purpose of this report is to present the Committee with the draft Anti-Fraud and Bribery Policy.

2. Connection to Corporate Improvement Objectives and Other Corporate Priorities

- 2.1 Achievement of the aims and objectives in the Corporate Plan is underpinned by ensuring that effective governance arrangements are in place. The Anti-Fraud and Bribery Policy is an integral part of the Council's overall governance framework.

3. Background

- 3.1 The Audit Committee has to monitor Council policies on anti-fraud and anti-corruption arrangements as part of its Terms of Reference.
- 3.2 The Council's existing Anti-Fraud and Corruption Policy was out of date and needed revision to include the effects of the Bribery Act 2010.

4. Current Situation / Proposal

- 4.1 The Council encourages a culture of openness and fairness and expects Elected Members and employees at all levels to adopt the highest standards of propriety and accountability.
- 4.2 The draft Anti-Fraud and Bribery Policy, attached as Appendix A, recognises that the Council as a large organisation is at risk of loss due to fraud and corruption both from within the Council and outside it. In adopting this Policy, the Council seeks to demonstrate clearly that it is firmly committed to dealing with fraud, corruption and bribery and will deal equally with perpetrators from inside (members and employees) and outside the Council.

5. Effect upon Policy Framework & Procedural Rules

5.1 There are no implications upon policy framework and procedural rules.

6. Equality Impact Assessment

6.1 There are no equality implications.

7. Financial Implications

7.1 There is no direct financial impact of the report but effective fraud prevention and detection form a key element of the Council's internal control framework and maximises the resources available for frontline services.

8. Recommendations

8.1 It is recommended that the Committee:-

- Note the draft Anti-Fraud and Bribery Policy (Appendix A)
- Note that the Policy will be presented to Cabinet for approval.

Ness Young CPFA Corporate Director - Resources

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Background Documents:

None

APPENDIX A



ANTI-FRAUD AND BRIBERY POLICY

January 2014

ANTI-FRAUD AND BRIBERY POLICY

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1 INTRODUCTION

- 1.1 In carrying out its functions and responsibilities, the Council encourages a culture of openness and fairness and expects elected members and employees at all levels to adopt the highest standards of propriety and accountability.
- 1.2 The Anti-Fraud and Bribery Policy recognises that the Council as a large organisation is at risk of loss due to fraud and corruption both from within the Council and outside it. In adopting this Policy, the Council seeks to demonstrate clearly that it is firmly committed to dealing with fraud, corruption and bribery and will deal equally with perpetrators from inside (members and employees) and outside the Council. In addition, there will be no distinction made in investigation and action between cases that generate financial benefit and those that do not.
- 1.3 In meeting the Council's responsibilities relating to fraud and corruption, whether attempted internally or externally, the Council's Anti-fraud and Bribery Policy is designed to:-
- encourage prevention;
 - promote detection;
 - ensure effective investigation where suspected fraud or corruption has occurred; and
 - prosecute offenders where appropriate.
- 1.4 There is an expectation and requirement that all members, employees, consultants, contractors, and service users be fair and honest, and if able to do so, provide help, information and support to assist investigations of fraud and corruption.
- 1.5 The Council is aware of the high degree of external scrutiny of its affairs by a variety of bodies including those as listed below. These bodies are important in highlighting any areas where improvements can be made:-
- Local Government Ombudsman;
 - External Auditors - as part of their statutory duties, External Audit is required to ensure that the Council has in place adequate arrangements for the prevention and detection of fraud and corruption;
 - Council Tax Payers – Annual Inspection of the Accounts;
 - HM Revenues & Customs
 - Department for Works & Pensions; and
 - The Criminal Justice System.

2 DEFINITIONS

Fraud

- 2.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines fraud as “*the intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation of assets or otherwise for gain*”.

Similarly, in ‘The Investigation of Fraud in the Public Sector’ (CIPFA 1994) CIPFA defined corruption as “the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person”.

The Fraud Act 2006 is legislation that has been introduced in order to provide absolute clarity on the subject of fraud.

- 2.2 Section 1 of the Fraud Act 2006 introduces a general offence of fraud and three ways of committing it:

- Fraud by false representation;
- Fraud by failing to disclose information; and
- Fraud by abuse of position.

- 2.3 Fraud by false representation requires:

- Dishonesty;
- An intent to make gain or cause loss; and
- The person makes the representation knowing that it is or might be false or misleading.

- 2.4 Fraud by failing to disclose information requires:

- Dishonesty;
- An intent to make gain or cause loss; and
- Failure to disclose information where there is a legal duty to disclose.

- 2.5 Fraud by abuse of position requires:

- Dishonesty;
- An intent to make gain or cause loss; and
- Abuse of a position where one is expected to safeguard another person’s financial interests.

Corruption/Bribery

- 2.6 Corruption/Bribery is defined as “*the offering, promising, giving, soliciting agreement to accept or acceptance of a financial or other advantage which may induce or reward a person to perform improperly a relevant function under the Bribery Act 2010*”. Corruption is an offence under the Prevention of Corruption Acts 1906 and 1916 and section 117(3) of the Local Government Act 1972.

[4]

2.7 The Bribery Act 2010 came into force on 1 July 2011. It reforms the criminal law to provide a new scheme of bribery offences and it will provide a more effective legal framework to combat bribery. The Act creates the following offences relevant to the Council:-

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

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

Money Laundering

2.8 Money laundering is a term applied to any method used to convert or exchange money or assets obtained from criminal activity into money or assets that are “clean”, in such a way that the “clean” money can no longer be linked back to the criminal activity. Whilst the risk of money laundering to the Council is relatively low and the provisions of the Money Laundering Regulations 2007 do not strictly apply, the Council has adopted an Anti-Money Laundering Policy as good practice. This Policy supports all staff in complying with the money laundering provisions included within the Proceeds of Crime Act 2002 and the Terrorism Act 2000. The Anti-Money Laundering Policy is in the process of being updated.

3 RULES AND PROCEDURES

3.1 The Council has rules and procedures to ensure that its day to day operations and activities are properly controlled and these are an important part of the internal control framework.

3.2 These include:-

- The Council's Constitution (hyperlink below);
<http://www1.bridgend.gov.uk/democracy/constitution.aspx>
- Financial Procedure Rules (Part 4 of the Constitution 'Rules of Procedure');
- Contract Procedure Rules (Part 4 of the Constitution 'Rules of Procedure');
- Code of Conduct for Members including declarations of interest (Part 5 of the Constitution 'Codes and Protocols');
- Code of Conduct for Council Employees (Part 5 of the Constitution 'Codes and Protocols');
- Disciplinary Policy and Procedures;
- ICT Code of Conduct;
- Scheme of Delegation
- The Regulation of Investigatory Powers Act Policy
- The Fraud Act 2006
- The Bribery Act 2010
- Proceeds of Crime Act 2002
- Data Protection Act 1998
- Human Rights Act 1998
- Whistleblowing Policy

[5]

- Anti-Money Laundering Policy
- Equal Opportunities Policy
- Effective recruitment and selection procedures
- Training

3.3 Failure to comply with the rules and procedures may result in formal action being taken. In the case of employees this would be through the Council's disciplinary procedures and for Members would involve the Council's Standards Committee which hears allegations of misconduct by Members.

4 CULTURE

4.1 The Council's culture is one of honesty and opposition to fraud and corruption. The prevention or detection of fraud and corruption and the protection of public money are everyone's responsibility.

4.2 There is an expectation and requirement that all individuals, businesses and organisations dealing in any way with the Council will act with high standards of probity, openness and integrity and that Council employees or its agent(s) at all levels will lead by example in these matters.

4.3 The Council's elected Members and employees play an important role in creating and maintaining this culture. They are positively encouraged to raise concerns regarding fraud and corruption, irrespective of seniority, rank or status, in the knowledge that such concerns will, be treated in confidence.

4.4 Concerns must be raised when Members or employees reasonably believe that one or more of the following has occurred, is in the process of occurring or is likely to occur:-

- a criminal offence;
- a failure to comply with a statutory or legal obligation;
- improper unauthorised use of public or other funds;
- a miscarriage of justice;
- maladministration, misconduct or malpractice;
- endangering of an individual's health and safety;
- damage to the environment; or
- deliberate concealment of any of the above.

4.5 The Nolan Committee recommended that every Council should institute a procedure for whistleblowing, which would enable concerns to be raised confidentially inside and, if necessary, outside the organisation. The Council's Whistleblowing Policy can be located on the intranet. It was reviewed by the Standards Committee in May 2013 and also by Internal Audit. The Whistleblowing Policy seeks to reassure individuals that they will be protected from possible reprisals if they made disclosures in good faith. The Council is committed to honouring this policy and to formally investigating any breaches.

4.6 The Council will ensure that any allegations received in any way, including by anonymous letters or phone calls, will be taken seriously and investigated in an appropriate manner, subject to the requirements of the Human Rights Act 1998.

- 4.7 The Council will deal firmly with those who defraud the Council, or who are corrupt, or where there has been financial malpractice. There is a need to ensure that any investigation process is not misused and, therefore, any abuse (such as employees raising malicious allegations) may be dealt with as a disciplinary matter.
- 4.8 When fraud or corruption has occurred because of a breakdown or weakness in the Council's systems or procedures, Directors will ensure that appropriate improvements in systems of control are implemented to prevent a reoccurrence.
- 4.9 Both elected Members and employees must ensure that they avoid situations where there is a potential for a conflict of interest. Effective role separation will ensure decisions made are seen to be based upon impartial advice and avoid questions about improper disclosure of confidential information.

5 RESPONSIBILITIES AND PREVENTION OF FRAUD

The Role of Elected Members

- 5.1 As elected representatives, all Members have a duty to citizens to protect the Council from all forms of abuse and protect public monies. This is done through compliance with the Member code of conduct, the Council's Financial and Contract Procedure Rules, the Anti-fraud and Bribery Policy and other relevant legislation.

The Council's Code of Conduct for Members sets out an approach to work that is honest, fair, accountable and, as far as possible, transparent.

- 5.2 Members sign that they have read and understood the Member code of conduct when they take office. These conduct and ethical matters are specifically brought to the attention of Members during induction and include the declaration and registration of interests. The Monitoring Officer advises Members of new legislative or procedural requirements.

The Role of the Monitoring Officer

- 5.3 The Monitoring Officer has responsibility for:-

- ensuring that this policy is current
- initiating action if fraud, bribery or corruption may have been identified
- the lawfulness and fairness of decision making
- ensuring that councillors are aware of the protocols, policies and procedures, as set out at the end of this policy that apply when carrying out their duties.

The Role of the Section 151 Officer

- 5.4 The Section 151 Officer has responsibility for:-

- the proper administration of the council's financial affairs under s.151 of the Local Government Act 1972 and s.114 of the Local Government Finance Act 1988. This includes the employee nominated by his/her to act in his/her absence and any employee of his/her staff acting on his/her behalf.
- reporting to councillors and the Audit Commission if either council, or one of its representatives makes, or is about to make a decision which is unlawful, or involves

illegal expenditure or potential financial loss (Local Government Finance Act 1988 s.114).

The Role of Managers

- 5.5 Managers at all levels are responsible for the communication and implementation of the Anti-Fraud and Bribery Policy in their work area. They are also responsible for ensuring that their employees are aware of all of the Council's policies, procedure rules (as detailed in 3.2 above), and that the requirements of each are being met in their everyday business activities. They are required to ensure that their staff are aware of their responsibilities in relation to safeguarding the resources for which they are responsible and for reporting suspected irregularities.
- 5.6 Managers are expected to create an environment in which their staff feel able to approach them with any concerns they may have about suspected irregularities.
- 5.7 The Council recognises that a key preventative measure in dealing with fraud and corruption is for managers to take effective steps at the recruitment stage to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary or casual posts. The Council's Equal Opportunities Policy will be adhered to during this process.
- 5.8 The Council has a formal recruitment procedure, which contains appropriate safeguards on matters such as written references and verifying qualifications held. Applicants complete an application form and must declare any criminal convictions that are not spent. Where appropriate, applicants may also be subject to a Disclosure and Barring Service (DBS) check.
- 5.9 The Council's disciplinary procedures apply to all employees.

The Role of Individual Employees

- 5.10 Each employee is governed in their work by the Council's procedure rules, as detailed in Part 4 of the Constitution, and other codes of conduct and policies (e.g. health and safety, disciplinary policy, ICT Code of Conduct). They are also governed by the Code of Conduct for Council employees (Part 5 of the Constitution). Included in these are guidelines on gifts and hospitality and codes of conduct associated with professional and personal conduct and conflicts of interest. These are issued to all employees when they join the authority or will be provided by their manager. Also employees are expected to follow any Code of Conduct related to their membership of a professional institute.
- 5.11 Employees are responsible for ensuring that they follow the instructions given to them by management, particularly in relation to the safekeeping of Council assets. These will be included in induction training and procedure manuals.
- 5.12 The Council has a protocol on secondary employment for employees. The purpose of this is to safeguard both the Council and employees' interests in recognising that some employees may wish to undertake secondary employment whilst being required to provide the highest standards of service to our customers. These could be affected if an employee were to have secondary employment which conflicted with their Council work.

- 5.13 Employees must operate within Section 117 of the Local Government Act 1972 regarding the disclosure of financial interests in contracts relating to the Council, or the non-acceptance of any fees, gifts, hospitality or any other rewards, other than their proper remuneration. . Further information is available from the Monitoring Officer.
- 5.14 Employees are expected always to be aware of the possibility that fraud, corruption or theft may exist in the workplace and be able to share their concerns with management. If for any reason, they feel unable to speak to their manager they must refer the matter to one of those named below.
- 5.15 Concerns must be raised, in the first instance, directly with their line manager, or, if necessary, anonymously (by letter or phone), and via other routes, in accordance with the Council's Whistleblowing Policy.

The Role of Committees

- 5.16 The Standards Committee includes amongst its roles and functions the promotion and maintenance of high standards of conduct by Members, assisting Members to observe the Member's code of conduct and the monitoring and operation of it. It also considers reports submitted by the Public Services Ombudsman for Wales, the Monitoring Officer or any other representations relating to alleged breaches of the Code. The Committee also monitors the operation of the Council's Whistleblowing policy.
- 5.17 The Audit Committee has to consider, as one of its functions, the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and corruption arrangements. It will also monitor this policy. Every year, the Committee receives the Head of Internal Audit's annual opinion report which provides detailed information on the work of the Internal Audit Section and the effectiveness of the overall internal control environment for the Council as a whole.

The Role of Internal Audit

- 5.18 Internal Audit is within the Resources Directorate and it plays a vital preventative role in trying to ensure that systems and procedures are in place to prevent and detect fraud and corruption. Internal Audit investigates cases of suspected irregularity, except benefit fraud investigations, in accordance with the requirements of the Human Rights Act 1998. They liaise with management to recommend changes in procedures to prevent or mitigate losses to the Council.
- 5.19 Internal Audit has arranged and will keep under review procedures and arrangements to develop and encourage the exchange of information on national and local fraud and corruption activity in relation to Councils with external agencies such as:-
- Police
 - Society of Welsh Treasurers
 - Welsh Chief Internal Auditor's Group
 - External Audit
 - Wales Audit Office
 - National Anti-Fraud Network
 - HM Revenues and Customs
 - Welsh Benefits Investigation Group

- Benefits Agency
- Benefit Fraud Inspectorate
- Other outside agencies.

The Role of the Housing Benefits Fraud Team

- 5.20 The Fraud Investigation Team (Benefits) is responsible for all benefit fraud investigations, in accordance with the requirements of the Human Rights Act 1998 and other relevant legislation. In cases where employees are involved, the team will work with Internal Audit, Human Resources and appropriate senior management to ensure that correct procedures are followed and that this Policy is adhered to. At some point in the future, the Housing Benefits Fraud Team will transfer (in part or totally) to the DWP's Single Fraud Investigation Service (SFIS).

The Role of External Audit

- 5.21 Independent external audit is an essential safeguard in the stewardship of public money. This role is delivered through the carrying out of specific reviews that are designed to test (amongst other things) the adequacy of the authority's financial systems, and arrangements for preventing and detecting fraud and corruption. It is not the external auditor's function to prevent fraud and irregularity, but the integrity of public funds is at all times a matter of general concern. External auditors are always alert to the possibility of fraud and irregularity, and will act without undue delay if grounds for suspicion come to their notice. The external auditor has a responsibility to review the Council's arrangements to prevent and detect fraud and irregularity, and arrangements designed to limit the opportunity for corrupt practices.

6 DETECTION AND INVESTIGATION OF FRAUD

- 6.1 The preventative measures described in the previous section significantly reduce the risk of fraud and corruption but cannot eliminate it entirely. Financial Procedure Rules require Corporate Directors to be responsible for the accountability of employees, and the security, custody and control of all other resources including plant, buildings, materials, cash and stores appertaining to their individual Directorates in accordance with the procedures agreed with the Council's Section 151 Officer. If a Corporate Director suspects any irregularities concerning cash, stores or other property of the Council or held on trust by the Council, the Corporate Director concerned will notify the Section 151 Officer, who will take such steps as considered necessary by way of investigation and report.
- 6.2 Internal Audit plays an important role in the detection of fraud and corruption. Included in the Audit Plan are reviews of system financial controls and specific fraud and corruption tests, spot checks and unannounced visits. Any decision to refer a matter to the police will be taken by the Chief Internal Auditor. Internal Audit may also seek informal advice from the Police in the early stages of an investigation. Care will be taken to ensure that internal disciplinary procedures are followed but do not prejudice any criminal case.
- 6.3 In addition to Internal Audit, there are numerous systems controls in place to deter fraud and corruption, but it is often the vigilance of employees and members of the public that aids detection. The Council's Whistleblowing Policy is intended to encourage and enable staff to raise serious concerns. Employees reporting concerns in this way are afforded

certain rights under the Public Interest Disclosure Act 1998. All employees can raise their concerns under this policy, as well as contractors working for the Council (e.g. agency staff, builders etc.) and the voluntary sector. This would normally be with the immediate line manager. However, if the concerns are so serious or sensitive then they should be raised with a Chief Officer, for example a Director, the Chief Executive Officer, the Section 151 Officer, the Monitoring Officer, or the Chief Internal Auditor. This Policy also applies to suppliers of goods and services under a contract. However, this policy is not available for use by members of the public who should instead use the Corporate Complaint's Policy.

- 6.4 Within the Council's Constitution, Members and employees shall comply with the requirements of Section 117 of the Local Government Act 1972, the Bribery Act 2012, and the Members and Employees Codes of Conduct in respect of the declaration of interests in contracts. Such interests must be declared to the Monitoring Officer for inclusion in the appropriate registers. All are required to give notice in writing of pecuniary (financial) interests in contracts relating to the Council or the offer of any fees or rewards other than their proper remuneration. All employees must declare any offers of gifts or hospitality, which are in any way related to the performance of their duties.
- 6.5 Theft, fraud and corruption are serious offences against the Council and employees will face disciplinary action if the outcome of an investigation indicates improper behaviour by an employee. Depending on the circumstances of each individual case, criminal proceedings may also be instigated.
- 6.6 Members will face appropriate action under this Policy if they are found to have been involved in theft, fraud or corruption against the Council. Appropriate action will be taken including referring the matter to the Monitoring Officer and/or the Public Ombudsman for Wales. Depending on the circumstances of each individual case, criminal proceedings may also be instigated.

7 TRAINING AND AWARENESS

- 7.1 The Council recognises that an important aspect of its Anti-Fraud and Bribery Policy is the general awareness and responsiveness of employees throughout the Council. To facilitate this, the Council supports induction and training, particularly for employees involved in internal control systems. All employees are made aware of the Anti-Fraud and Bribery Policy via various channels of communication e.g. team meetings and the Intranet.
- 7.2 In addition the Council will seek via appropriate publicity to increase and maintain the general public awareness of the facilities available to report concerns about fraud and corruption.
- 7.3 The investigation of fraud and corruption is carried out in consultation with Services by the Council's Internal Audit Team whose skillbase in investigative techniques is maintained by appropriate training. Staff within the Housing Benefits Team and Regulatory Service receives specific training on fraud and corruption and the Fraud Act to help support their work on financial investigations.

8 CONCLUSION

- 8.1 The Council sets high standards, with core values of accountability and openness.

- 8.2 The Council will maintain a continuous review of all systems and procedures through its Internal Audit Plan and responding to recommendations from external regulators. The Anti-Fraud and Bribery Policy and its effectiveness will be periodically reviewed by the Audit Committee.

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

10th APRIL 2014

REPORT OF THE CORPORATE DIRECTOR – RESOURCES

INFORMATION AND ACTION REQUESTS BY COMMITTEE

1. Purpose of Report .

1.1 To summarise for Members the actions and information requests made by the Audit Committee at its last meeting on 16th January 2014.

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

2.1 Internal Audit's work impacts on all of the Corporate Improvement Objectives and 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 A summary of actions and information provided is contained in the following table:

Audit Committee Date	Action /Request	Officer Responsible	Comment	Current Status
16 th January 2014	<p>The Committee commented that Internal Audit completed 100% of their scheduled visits and asked how this compared with this year. The Chief Internal Auditor responded that she would find out and report back but advised that IA are on track for planned schools.</p> <p>Members asked for further information on the deficit for Pencoed Primary School.</p>	CIA	<p>For the 13/14 Financial Year and in line with the four year rolling programme for schools; a total of 23 schools were scheduled for an audit visit, this comprised: Comprehensive Schools x 5; Primary Schools x 18.</p> <p>At the time this report is submitted to the Audit Committee the programme of school visits will have been complete.</p> <p>Pencoed Primary ended 2012/13 with a budget deficit and submitted a recovery plan to finance on how this</p>	Complete

			was going to be reduced. At the time of the audit (15 th January 2014) the school had significantly reduced this deficit	
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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 There are no financial implications regarding this report.

8. Recommendation.

8.1 That the Committee notes this report.

Ness Young
Corporate Director - Resources
10th April 2014

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

10 APRIL 2014

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. The Chartered Institute of Public Finance and Accountancy (CIPFA) have published "Audit Committees" – Practical Guidance for Local Authorities and Police 2013 Edition. This publication sets out CIPFA's guidance on the function and operation of audit committees in local authorities. The guidance represents CIPFA's view of best practice for audit committees and recognises that audit committees are a key component of governance, within the publication it states:-
"The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes".

4. Current situation / proposal

4.1 Taking into consideration the suggested terms of reference as outlined in the CIPFA publication, together with the necessary regulations including the Accounts and Audit (Wales) Regulations 2005; the Accounts and Audit (Wales) (Amendment) Regulations 2010; the Local Government (Wales) Measure 2011 and CIPFA's Delivering Good Governance in Local Government Framework; the current Terms of Reference for the Audit Committee have been amended (using tracked changes) as set out in Appendix 1.

4.2 The proposed amendments have been necessary to ensure that the Audit Committee's Terms of Reference are aligned to those outlined in the CIPFA publication and to ensure compliance with the Public Sector Internal Audit Standards. 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 1;

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

Ness Young
Corporate Director – Resources
10th April 2014

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Background Documents

None

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 Improvement Report by the Wales Audit Office. • 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 	None.

		<p>accordance with the Treasury Policy Statement and Treasury Management Prudential Indicators.</p> <ul style="list-style-type: none"> • 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 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. 	
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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

10th APRIL 2014

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
10th April 2014

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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	Action Plan Dates
School Governance	Review of the provision of information and training provided to School Governors to enable them to fulfil their responsibilities.	January 2014	4	<p>Response to questionnaires provided to a sample of 30 Chairs of Governors indicates that there is a training requirement for Governors involved in the recruitment and selection of school staff in relation to the Safer Recruitment Policy to ensure compliance to the Disclosure and Barring Service requirements.</p> <p>It was disappointing that the response rate to the questionnaires was 57% (17 no.)</p>	Reasonable Assurance	January 2014
Cash Control	<p>The key functions of the Cash Control section include;</p> <p>Monitoring income and E-returns from all collection points throughout the authority.</p> <p>Investigating and resolving banking discrepancies.</p> <p>Processing telephone payments and postal remittances.</p>	February 2014	12	<p>Overall the review identified a number of strengths and areas of good practice which included:</p> <ul style="list-style-type: none"> • Successful transition to the new Capita Access Income Management System; • Prompt follow up of discrepancies between amounts costed and amounts banked; • Thorough investigations of 	Substantial Assurance	May 2014

COMPLETED AUDITS

Report	System Overview	Work Finalised	Audit Days	Key Messages	Audit Opinion	Action Plan Dates
				<p>items in suspense;</p> <ul style="list-style-type: none"> • Prompt action on unpaid cheques returned by the Bank. <p>One area which merits attention is in relation to business continuity; whilst at present should the system become unavailable, members of the public can be advised to make payments to the post office; there is no formal contingency measures in place to address the risk of any lengthy issues with the system being unavailable.</p>		
Sundry Debtors	<p>The sundry debtor system is a devolved function which is monitored centrally by the central Sundry Debtor team in the Resources Directorate. The responsibilities of the central sundry debtors team includes actioning adjustments, write offs and the income recovery process.</p> <p>For the period January 2013 to July</p>	January 2014	21	<p>A number of strengths and areas of good practice were identified, but the following issues were identified:</p> <ul style="list-style-type: none"> • Significant value invoices that are in dispute are not always monitored. • The Highways department is often slow in responding to requests for supporting documentation from the Sundry Debtor section as 	Reasonable Assurance	April 2014

COMPLETED AUDITS

Report	System Overview	Work Finalised	Audit Days	Key Messages	Audit Opinion	Action Plan Dates
	2013, a total of 17,798 invoices were raised with a total value of £16,403,388.			<p>files are archived each year and become difficult to access. This can lead to delays in pursuing debts.</p> <ul style="list-style-type: none"> Invoices do not always contain sufficient information and are not always raised in a timely manner. 		
Foundation Phase Grant	<p>The Foundation Phase Grant is awarded to Local Authorities to provide young children with more opportunities to gain first-hand experience through play and active involvement rather than by completing book exercises. The objective is to increase the delivery of educational support within Nursery and Primary School settings.</p> <p>BCBC was granted £4,351,618 for the financial year 2012/13.</p>	July 2013	4	<p>The audit identified a number of strengths and areas of good practice including;</p> <ul style="list-style-type: none"> Full documentation of the approval of the expenditure and delivery plan. Reconciliation of expenditure and compliance with the terms and conditions of the grant. Timely submission of claims to the Welsh Government. <p>No weaknesses were identified and therefore no recommendations have been made.</p>	Substantial Assurance	Not Applicable
Parking Enforcement	Parking enforcement across Bridgend and the Vale of	January 2014	13	A number of strengths and areas of good practice were identified, such	Reasonable Assurance	31/03/2014

COMPLETED AUDITS

Report	System Overview	Work Finalised	Audit Days	Key Messages	Audit Opinion	Action Plan Dates
	<p>Glamorgan is operated on a shared service basis between the authorities with Bridgend County Borough Council acting as lead authority for the purpose of managing the service. The service aims to operate on a cost neutral basis and is not target driven.</p> <p>The collection of any income as a result of the issue of penalty charge notices is managed by the Welsh Penalty Processing Partnership which is part of Denbighshire County Council.</p>			<p>as the service is operating in accordance with current legislation including the penalty charge rates; the provision of service is being actively monitored to ensure that it is moving towards operating on a cost neutral basis and controls over income collection were operating effectively. The following issues were however identified:-</p> <ul style="list-style-type: none"> • The service agreement between the two authorities has not been agreed or signed as at the date of the audit. • The service is operating without an Operational Parking Enforcement Policy. 		
Central Health & Safety Unit	The Central Health & Safety Unit provides support on health, safety and welfare matters arising from the Authority's activities. This includes assisting with risk assessments and accident investigation as well as providing general advice and guidance.	January 2014	16	Only minor issues were identified and four merits attention recommendations were made to enhance the control environment. Management have responded positively to these recommendations; two of which have already been implemented.	Substantial Assurance	January 2014

COMPLETED AUDITS

Report	System Overview	Work Finalised	Audit Days	Key Messages	Audit Opinion	Action Plan Dates
VAT	Approximately 70% of the Authority's income is generated from grants and non-vatable income. In addition, certain functions have been outsourced e.g., Leisure, Waste etc. As a result, the Authority could be considered low-risk in terms of underpayment of VAT to HMRC. The reviews undertaken by HMRC over the last few years resulted in no anomalies being identified.	February 2014	12	<p>The only issues identified were as follows;</p> <p>The completion of a VAT manual was in progress at the time of the audit.</p> <p>The VAT section of the Financial Scheme for Schools information for schools requires review and update.</p>	Substantial Assurance	10/02/2014
Treasury Management	The approved activities of the Treasury Management function are stated in the Treasury Management Strategy 2013/14 and include; Cash flow forecasting, investing surplus funds, borrowing to finance cash deficits, management of debt and interest rate exposure management.	February 2014	10	The response to the CRSA and follow up in selected areas demonstrated strengths and areas of good practice in all of the areas examined. The procedures and processes surrounding Treasury Management are supported by experienced staff who; adhere to the policies and procedures and there is clear evidence of a "cautious" approach to treasury management. No areas of concern	Substantial Assurance	Not Applicable

COMPLETED AUDITS

Report	System Overview	Work Finalised	Audit Days	Key Messages	Audit Opinion	Action Plan Dates
				were identified during the current audit.		
Main Accounting	The key areas of responsibility of the Finance Department include all aspects of financial planning, monitoring and reporting for revenue and capital expenditure. Also production of the final accounts and submission of the Whole of Government Accounts.	February 2014	11	The objective and scope of the review was achieved by the completion of a CRSA by the Finance Manager, to provide a means of identifying any areas of weakness which may benefit from further audit review; revisiting the area of budget monitoring following the introduction of the "Collaborative Planning module" which replaced the former XL Reporter system as the main tool for budget monitoring and reviewing the controls in place relating to budget re-modelling. No areas of concern were identified during the current audit.	Substantial Assurance	Not Applicable
Housing Benefits	Recent changes to the Housing Benefit scheme have been implemented following the Welfare Reform Act 2012, such as; <ul style="list-style-type: none"> The removal of the spare room subsidy, 	November 2013	10	The main strengths identified were that; the DHP scheme is well promoted in order to maximise take-up and the time taken to assess DHPs has improved throughout the financial year.	Reasonable Assurance	January 2014

COMPLETED AUDITS

Report	System Overview	Work Finalised	Audit Days	Key Messages	Audit Opinion	Action Plan Dates
	<ul style="list-style-type: none"> The introduction of a benefit cap, and The deduction in Local Housing Allowance. <p>These changes have impacted on the finances of many people claiming state benefits. Consequently the scope and profile of Discretionary Housing Payments has increased with a substantial increase in the amount of money the Government now contributes to Local Authorities.</p>			<p>The key issues identified were:-</p> <ul style="list-style-type: none"> The notifications issued to DHP recipients should be amended to provide further clarification in certain areas; and The process of “one-off” DHP awards should be properly documented and recorded, with relevant application forms received and notifications issued. 		
Volunteer Drivers 2 nd Follow Up	<p>The volunteer drivers system is in place primarily to provide transport to Children’s Services for journeys including contact visits. This service is also utilised to a lesser extent for other areas including: Day Care Management for Older People, Shared Lives, Community Support LDD and the Adult Community Health Team.</p> <p>The staff of the Volunteer Drivers section are responsible for receiving Transport requests from Social Workers, coordination of journeys,</p>	December 2013	5	<p>The results of this review have already been reported to Audit Committee and were supported by the presence at Committee of the Manager. Improvements have been made and continue to be made. Internal Audit will undertake a follow-up review during 2014/15.</p>	Reasonable Assurance	

COMPLETED AUDITS

Report	System Overview	Work Finalised	Audit Days	Key Messages	Audit Opinion	Action Plan Dates
	receipt and verification of mileage and expenses claims, annual driver review meetings, monitoring Disclosure and Barring Service disclosure certificates, vehicle insurance, MOTs and drivers licenses.					
Libraries Systems Control	<p>The Library & Information Service is not primarily a revenue raising service; however it does collect income from a variety of sources on behalf of a number of departments.</p> <p>Following completion of the Control Risk Self-Assessment questionnaires (CRSA) by each of the Principal members of Library staff across the Authority, four Libraries were selected for further examination; Aberkenfig, Bettws, Maesteg and Porthcawl.</p>	January 2014	16	Overall it is clear that there has been significant improvement relating to the policies and procedures associated with access to public-use computers throughout the Libraries. However, the review did identify that there was a lack of Senior Management oversight of the income generated within the Library Service and the viability of the Petty Cash accounts currently utilised in four libraries should be considered.	Reasonable Assurance	February 2014
Creditor Payments	The creditor payments process is a de-centralised function which is centrally administered by the Central Payments Team in the	March 2014	12	In view of the assurance obtained following the last investigation of NFI data and the impact of the AP Forensics relating to Creditor	Substantial Assurance	April 2014

COMPLETED AUDITS

Report	System Overview	Work Finalised	Audit Days	Key Messages	Audit Opinion	Action Plan Dates
	Resources Directorate. The day to day administration includes monitoring of supplier creation, identification of potential duplicate payments, projects related to improvements in the payment system.			Payments, Management should consider whether future investigation of NFI Creditor Payment data is a good use of resources. Guidance should be obtained from an appropriate level.		
Leisure Contract Compliance	On 1 st April 2012, BCBC commenced a 10 plus, 5 year contract with Greenwich Leisure Limited (GLL) and Halo who operate the contract for the provision of leisure services within the borough. This partnership is known as the Healthy Living Partnership Project.	March 2014	9	The procedures and practices in place for the monitoring and control of the contract from both a financial and performance perspective were found to be comprehensive. However, there should be regular review and update of the risk register.	Substantial Assurance	March 2014

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SELF ASSESSMENT TO THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS

ATTRIBUTE STANDARDS

Standard	Requirement	Current arrangements	Compliance	Action required
1000 – Purpose, Authority and Responsibility.	The Standards require the purpose, authority and responsibility of the Internal Audit activity to be formally defined in an Internal Audit Charter, consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards. The Head of Internal Audit must periodically review the Internal Audit Charter and present it to the Audit Committee for approval	The existing Internal Audit Shared Service Charter sets out the purpose, authority and responsibility of the Council’s Internal Audit Shared Service. It was presented to the Audit Committee for endorsement and adoption in March 2013. It has currently been reviewed by the Head of Audit and the 2014/15 Charter is being presented to the Audit Committee on 10 th April 2014.	Yes	No
1100 – Independence and Objectivity.	The Standards require Internal Audit activity to be independent and Internal Auditors to be objective in performing their work.	<p>The current functional arrangements for Internal Audit Shared Service enable the Head of Audit to report to the Council’s Corporate Management Board, Chief Executive and the Audit Committee.</p> <p>There are arrangements currently in place to ensure the integrity of Internal Auditors and their work built into existing audit</p>	Yes	No

		planning and the Quality Assurance and Improvement Programme. The team's workload is managed to ensure that individual auditors do not assess operations for which they have previously held any responsibility, been instrumental in process development, or in which they have any interest.		
1200 – Proficiency and Due Professional Care.	The Standards require that engagements must be performed with proficiency and due professional care.	<p>The Head of Audit is suitably qualified and experienced and has arrangements in place to ensure the team has the appropriate competencies, skills, experience and personal attributes. However, in order to strengthen the existing arrangements, the Head of Audit will revisit the current arrangements and align them to "CIPFA's publication – The Excellent Auditor".</p> <p>The team has existing arrangements in place to ensure all audit work is carried out with due professional care including regular one to one and appraisal meetings.</p>	Partial	Yes

<p>1300 – Quality Assurance & Improvement Programme.</p>	<p>The Standards require the Head of Audit to develop and maintain a quality assurance and improvement programme that covers all aspects of the Internal Audit activity.</p>	<p>The Quality Assurance and Improvement Programme (QAIP) was submitted to the Audit Committee for endorsement and implementation at its meeting held on 7th November 2013.</p> <p>In addition to the newly implemented QAIP, the team has robust quality control arrangements in place currently that ensure a Principal Auditor / Group Auditor reviews all audit work before it is issued to clients. The Head of Audit undertakes regular quality checks and reviews all reports where assurance is limited.</p> <p>Client satisfaction with the service is monitored through surveys issued following each audit review and the results are reported to the Audit Committee regularly.</p> <p>Work is needed to further develop performance management within the team which will complement the QAIP</p>	<p>Partial</p>	<p>Yes</p>
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		This Section of the Standards also details specific requirements for an external assessment against the Standards to be carried out at least once every five years; consideration is currently being given to how this assessment can be delivered and this will be reported to the Audit Committee for decision at the appropriate time.		
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Performance Standards

Standard	Requirement	Current arrangements	Compliance	Action required
2000 – Managing the Audit Activity.	The Standards require the Head of Audit to effectively manage the Internal Audit activity to ensure it adds value to the organisation.	Arrangements are currently in place for the Internal Audit Shared Service activity to be managed in line with the requirements of this Standard. The function is considered to be achieving its purposes and responsibility as set out in the Internal Audit Shared Service Charter and arrangements are in place for preparing a risk based audit plan that is subject to approval by the Audit Committee. There are policies	Partial	Yes

		<p>and procedures in place to manage the audit resource available to deliver the plan and to ensure co-ordination of the work of the Internal Audit Shared Service with that of other assurance providers. There are existing arrangements in place for the Internal Audit shared Service to report to CMB and the Audit Committee.</p> <p>To ensure full compliance the Internal Audit Manual will be updated to reflect the Standards and Internal Auditors are required to sign up to the Standards and Code of Ethics on an annual basis; the team have always signed up to the CIPFA Code of Practice as was required under that regime.</p>		
<p>2100 – Nature of Work.</p>	<p>The Standards require the Internal Audit activity to evaluate and contribute to the improvement of governance, risk management and control processes using a systematic and disciplined approach.</p>	<p>Existing arrangements are in line with the Standards; the Internal Audit Shared Service make recommendations to improve the Council’s control environment and action taken by management to implement recommendations is monitored and reported to the Audit Committee and on occasion</p>	<p>Yes</p>	<p>No</p>

		CMB. The Internal Audit Shared Service fulfils a key role in promoting risk management, governance and internal control arrangements within the Council through both its planned and responsive workloads and through participation in the Annual Governance Review process. On an annual basis the team will review compliance with the Council's Code of Corporate Governance, the results of which assist with the preparation of the Council's Annual Governance Statement.		
2200 – Engagement Planning.	The Standards require Internal Auditors to develop and document a plan for each engagement, including the engagement's objectives, scope, timing and resource allocation.	The Internal Audit Shared Service engagement planning arrangements are in line with the Standards for all work carried out by the team, including the preparation and agreement of the Internal Audit Shared Service Briefs with clients in advance of the audit reviews. These set out the objectives scope and resource allocated to the specific review. The brief sets out the nature of work to be undertaken including the testing to be undertaken.	Yes	No

2300 – Performing the Engagement.	The Standards require Internal Auditors to identify, analyse, evaluate and document sufficient information to achieve the engagement’s objectives.	Existing arrangements are in place to perform Internal Audit reviews and these are in line with the Standards. Individual auditors identify, analyse, evaluate and document sufficient information to support their conclusions and recommendations made.	Yes	No
2400 – Communicating Results.	The Standards require Internal Auditors to communicate the results of engagements.	<p>The existing arrangements in place are considered to be of high quality; which is supported by our Clients feedback and meet the requirements of the Standards.</p> <p>The client is provided with details of the work undertaken and the findings and conclusions we have drawn from the work undertaken. Reports are finalised with agreement of the client to the recommendations made. The final reports record the recommendation (prioritised according to risk) the responsible officer and the timescales for implementation.</p> <p>Arrangements are also in place for the Head of Audit to deliver</p>	Yes	No

		<p>an annual opinion on the Council's internal control environment in line with the Standards.</p> <p>This section of the Standards also details in what circumstances the Internal Audit Shared Service may declare that their work has been conducted in conformance with the Standards and the requirements to disclose any non-compliance. This will be incorporated within the regular monitoring reports submitted to the Audit Committee once the actions identified in this report to obtain full compliance with the PSIAS have been actioned.</p>		
2500 – Monitoring Progress.	The Standards require the Head of Audit to establish and maintain a system to monitor the disposition of results communicated to management.	Arrangements are already in place to monitor and follow up on recommendations made to management to enhance the control environment. The results of this process are regularly reported to the Audit Committee and on occasion to the Council's CMB	Yes	No
2600 – Communicating the Acceptance of Risk.	The Standards require that, when the Head of Audit concludes that management has accepted a level of risk	Client management within Bridgend County Borough Council and the Vale of	Yes	No

	<p>that may be unacceptable to the organisation, the Head of Audit must discuss the matter with senior management. If the Head of Audit determines that the matter has not been resolved, the Head of Audit must communicate the matter to the board.</p>	<p>Glamorgan Council respond positively to the work of the Internal Audit Shared Service and this situation has not arisen to date. However, there are processes and procedures in place for such a situation should it arise. The matter would be reported to the Corporate Management Board / Team and the Audit Committee.</p>		
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SELF ASSESSMENT TO THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS

ATTRIBUTE STANDARDS

Standard	Requirement	Current arrangements	Compliance	Action required
1000 – Purpose, Authority and Responsibility.	The Standards require the purpose, authority and responsibility of the Internal Audit activity to be formally defined in an Internal Audit Charter, consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards. The Head of Internal Audit must periodically review the Internal Audit Charter and present it to the Audit Committee for approval	The existing Internal Audit Shared Service Charter sets out the purpose, authority and responsibility of the Council’s Internal Audit Shared Service. It was presented to the Audit Committee for endorsement and adoption in March 2013. It has currently been reviewed by the Head of Audit and the 2014/15 Charter is being presented to the Audit Committee on 10 th April 2014.	Yes	No
1100 – Independence and Objectivity.	The Standards require Internal Audit activity to be independent and Internal Auditors to be objective in performing their work.	The current functional arrangements for Internal Audit Shared Service enable the Head of Audit to report to the Council’s Corporate Management Board, Chief Executive and the Audit Committee. There are arrangements currently in place to ensure the integrity of Internal Auditors and their work built into existing audit	Yes	No

		planning and the Quality Assurance and Improvement Programme. The team's workload is managed to ensure that individual auditors do not assess operations for which they have previously held any responsibility, been instrumental in process development, or in which they have any interest.		
1200 – Proficiency and Due Professional Care.	The Standards require that engagements must be performed with proficiency and due professional care.	<p>The Head of Audit is suitably qualified and experienced and has arrangements in place to ensure the team has the appropriate competencies, skills, experience and personal attributes. However, in order to strengthen the existing arrangements, the Head of Audit will revisit the current arrangements and align them to "CIPFA's publication – The Excellent Auditor".</p> <p>The team has existing arrangements in place to ensure all audit work is carried out with due professional care including regular one to one and appraisal meetings.</p>	Partial	Yes

<p>1300 – Quality Assurance & Improvement Programme.</p>	<p>The Standards require the Head of Audit to develop and maintain a quality assurance and improvement programme that covers all aspects of the Internal Audit activity.</p>	<p>The Quality Assurance and Improvement Programme (QAIP) was submitted to the Audit Committee for endorsement and implementation at its meeting held on 7th November 2013.</p> <p>In addition to the newly implemented QAIP, the team has robust quality control arrangements in place currently that ensure a Principal Auditor / Group Auditor reviews all audit work before it is issued to clients. The Head of Audit undertakes regular quality checks and reviews all reports where assurance is limited.</p> <p>Client satisfaction with the service is monitored through surveys issued following each audit review and the results are reported to the Audit Committee regularly.</p> <p>Work is needed to further develop performance management within the team which will complement the QAIP</p>	<p>Partial</p>	<p>Yes</p>
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		This Section of the Standards also details specific requirements for an external assessment against the Standards to be carried out at least once every five years; consideration is currently being given to how this assessment can be delivered and this will be reported to the Audit Committee for decision at the appropriate time.		
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Performance Standards

Standard	Requirement	Current arrangements	Compliance	Action required
2000 – Managing the Audit Activity.	The Standards require the Head of Audit to effectively manage the Internal Audit activity to ensure it adds value to the organisation.	Arrangements are currently in place for the Internal Audit Shared Service activity to be managed in line with the requirements of this Standard. The function is considered to be achieving its purposes and responsibility as set out in the Internal Audit Shared Service Charter and arrangements are in place for preparing a risk based audit plan that is subject to approval by the Audit Committee. There are policies	Partial	Yes

		<p>and procedures in place to manage the audit resource available to deliver the plan and to ensure co-ordination of the work of the Internal Audit Shared Service with that of other assurance providers. There are existing arrangements in place for the Internal Audit shared Service to report to CMB and the Audit Committee.</p> <p>To ensure full compliance the Internal Audit Manual will be updated to reflect the Standards and Internal Auditors are required to sign up to the Standards and Code of Ethics on an annual basis; the team have always signed up to the CIPFA Code of Practice as was required under that regime.</p>		
2100 – Nature of Work.	The Standards require the Internal Audit activity to evaluate and contribute to the improvement of governance, risk management and control processes using a systematic and disciplined approach.	Existing arrangements are in line with the Standards; the Internal Audit Shared Service make recommendations to improve the Council’s control environment and action taken by management to implement recommendations is monitored and reported to the Audit Committee and on occasion	Yes	No

		CMB. The Internal Audit Shared Service fulfils a key role in promoting risk management, governance and internal control arrangements within the Council through both its planned and responsive workloads and through participation in the Annual Governance Review process. On an annual basis the team will review compliance with the Council's Code of Corporate Governance, the results of which assist with the preparation of the Council's Annual Governance Statement.		
2200 – Engagement Planning.	The Standards require Internal Auditors to develop and document a plan for each engagement, including the engagement's objectives, scope, timing and resource allocation.	The Internal Audit Shared Service engagement planning arrangements are in line with the Standards for all work carried out by the team, including the preparation and agreement of the Internal Audit Shared Service Briefs with clients in advance of the audit reviews. These set out the objectives scope and resource allocated to the specific review. The brief sets out the nature of work to be undertaken including the testing to be undertaken.	Yes	No

2300 – Performing the Engagement.	The Standards require Internal Auditors to identify, analyse, evaluate and document sufficient information to achieve the engagement’s objectives.	Existing arrangements are in place to perform Internal Audit reviews and these are in line with the Standards. Individual auditors identify, analyse, evaluate and document sufficient information to support their conclusions and recommendations made.	Yes	No
2400 – Communicating Results.	The Standards require Internal Auditors to communicate the results of engagements.	<p>The existing arrangements in place are considered to be of high quality; which is supported by our Clients feedback and meet the requirements of the Standards.</p> <p>The client is provided with details of the work undertaken and the findings and conclusions we have drawn from the work undertaken. Reports are finalised with agreement of the client to the recommendations made. The final reports record the recommendation (prioritised according to risk) the responsible officer and the timescales for implementation.</p> <p>Arrangements are also in place for the Head of Audit to deliver</p>	Yes	No

		<p>an annual opinion on the Council's internal control environment in line with the Standards.</p> <p>This section of the Standards also details in what circumstances the Internal Audit Shared Service may declare that their work has been conducted in conformance with the Standards and the requirements to disclose any non-compliance. This will be incorporated within the regular monitoring reports submitted to the Audit Committee once the actions identified in this report to obtain full compliance with the PSIAS have been actioned.</p>		
2500 – Monitoring Progress.	The Standards require the Head of Audit to establish and maintain a system to monitor the disposition of results communicated to management.	Arrangements are already in place to monitor and follow up on recommendations made to management to enhance the control environment. The results of this process are regularly reported to the Audit Committee and on occasion to the Council's CMB	Yes	No
2600 – Communicating the Acceptance of Risk.	The Standards require that, when the Head of Audit concludes that management has accepted a level of risk	Client management within Bridgend County Borough Council and the Vale of	Yes	No

	<p>that may be unacceptable to the organisation, the Head of Audit must discuss the matter with senior management. If the Head of Audit determines that the matter has not been resolved, the Head of Audit must communicate the matter to the board.</p>	<p>Glamorgan Council respond positively to the work of the Internal Audit Shared Service and this situation has not arisen to date. However, there are processes and procedures in place for such a situation should it arise. The matter would be reported to the Corporate Management Board / Team and the Audit Committee.</p>		
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PUBLIC SECTOR INTERNAL AUDIT STANDARDS – COMPLIANCE ACTION PLAN

ACTION PLAN

Standard	Requirement	Action Required	Responsible Officer	Action Date
1200 – Proficiency and Due Professional Care.	The Standards require that engagements must be performed with proficiency and due professional care.	The Head of Audit to review the current procedures and processes for identifying Auditors competencies, skills, experience and personal attributes and align them to “CIPFA’s publication – The Excellent Auditor – A good practice guide to skills and competencies”.	Head of Audit	Sept 2014
1300 – Quality Assurance & Improvement Programme.	The Standards require the Head of Audit to develop and maintain a quality assurance and improvement programme that covers all aspects of the Internal Audit activity.	To further develop the Internal Audit Shared Service performance management framework which will complement the newly implemented QAIP	Head of Audit	June 2014
		This Section of the Standards also details specific requirements for an external assessment against the Standards to be carried out at least once every five years; consideration is currently being given to how this assessment can be delivered and this will be	Head of Audit	Sept 2014

		reported to the Audit Committee for decision at the appropriate time.		
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Performance Standards

Standard	Requirement	Action Required	Responsible Officer	Action Date
2000 – Managing the Audit Activity.	The Standards require the Head of Audit to effectively manage the Internal Audit activity to ensure it adds value to the organisation.	To ensure full compliance the Internal Audit Manual will be updated to reflect the Standards and Internal Auditors are required to sign up to the Standards and Code of Ethics on an annual basis.	Head of Audit	Dec 2014

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

10th APRIL 2014

REPORT OF THE CORPORATE DIRECTOR - RESOURCES

INTERNAL AUDIT SHARED SERVICE CHARTER 2014/15

1. Purpose of Report.

1.1 To present to Members the Council's Internal Audit Shared Service Charter for 2014/15.

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 2014/15 is attached at Appendix A. It has been reviewed to ensure it continues to reflect the requirements of the PSIAS and only minor amendments / updates have been made these include:-

- The change of designation for the Section 151 Officer from the Assistant Chief Executive – Performance to the Corporate Director – Resources.
- Changes to highlight the implementation of the Quality Assurance and Improvement Programme.

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 2014/15 as attached to this report.

Ness Young
Corporate Director - Resources
10th April 2014

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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
2014 - 2015**

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 Regulations (Wales) 2005 (as amended), 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 Regulations (Wales) 2005 (as amended), 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 new unified set of internal audit standards is based on the mandatory elements of the IIA’s International Professional Practices Framework. The new 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. 89% 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

10th APRIL 2014

REPORT OF THE CORPORATE DIRECTOR - RESOURCES

DRAFT INTERNAL AUDIT STRATEGY AND ANNUAL RISK BASED AUDIT PLAN April 2014 to March 2015

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 2014 to March 2015.

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 2014/15 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 1,310 productive days being delivered during 2014/15 which equates to approximately 7.5 full time equivalent employees.

4.2. Attached at Appendix A is the draft Internal Audit Strategy document for 2014-15. 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 2014/15 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 a draft detailed plan is included within Appendix A.

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 2014/15.

Ness Young
Corporate Director - Resources
10th April 2014

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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**

2014 – 2015

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 2014-2015.
- 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 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 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 (IASSB). 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 staff for 2014/15.

6.2 The resource availability summarised in Table 1 sets out the requirement of 1,310 chargeable / productive days, and is based on a productivity rate for each full time equivalent of 175 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 90 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 (60 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 2	Issues that have an important / significant effect on 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.	Appropriately 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.

8.6A 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.

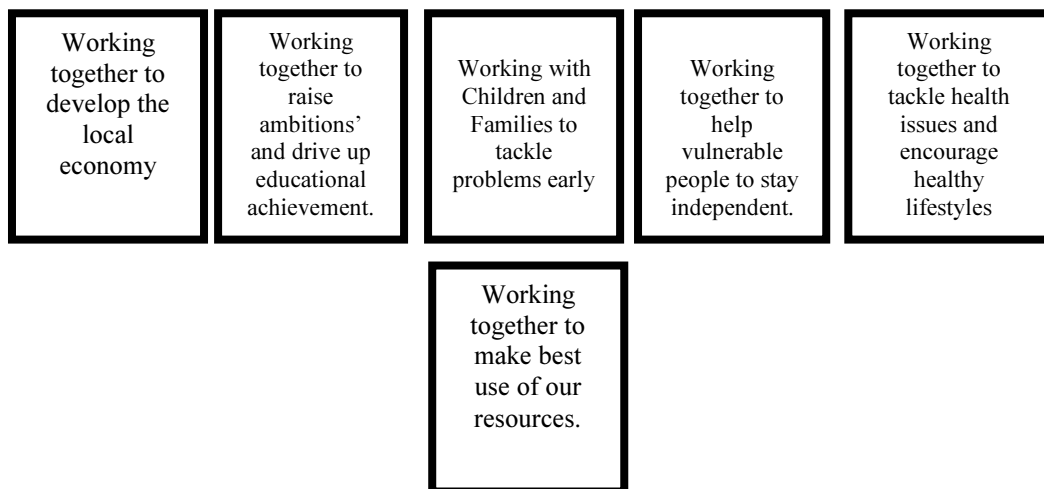
11.1 A formal annual report to the Audit Committee presenting the Head of Audit's opinion on the overall adequacy and effectiveness of the framework of governance, risk management and internal control, will be published to enable it to be taken into account when preparing the Council's Annual Corporate 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 16th January 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 2014/15

Risk No.	Risk Description	Risk Owner	Risk Score
RA1	Welfare Reform	Corporate Director Resources	24
RA2	Using resources effectively	Corporate Director Resources	20
RA3	The impact of persistent economic downturn	Corporate Director Communities	20
RA4	Supporting Vulnerable People	Corporate Director Wellbeing	20
RA5	School Modernisation	Corporate Director Children	20
RA6	Supporting Vulnerable Children, young people and their families	Corporate Director Children	16
RA7	Educational Attainment	Corporate Director Children	16
RA8	Disposing of waste	Corporate Director Communities	16
RA9	Healthy Lifestyles	Corporate Director Wellbeing	16
RA10	Maintaining Infrastructure	Corporate Director Communities	16
RA11	Equal Pay Claims	Corporate Director Resources	16
RA12	The impact of Homelessness	Corporate Director Communities	15
RA13	Collaboration with Partners	Corporate Director Resources	12
RA14	Implementing a new pay and grading system	Corporate Director Resources	12

13.3 The above Corporate risk register is used by Internal Audit to inform its 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.

Table 1 – Productive Resource Availability & Utilisation April 2014 to March 2015 – Draft Proposals.

Resources Available	Total Days
Total Productive days Available	1,310
Time Allocated to Audit Work	1,310
Resources	365
<ul style="list-style-type: none"> • Finance • Human Resources • Governance • ICT • Property 	
Legal and Regulatory Services	85
<ul style="list-style-type: none"> • Legal Services • Regulatory 	
Children (Including Schools)	215
<ul style="list-style-type: none"> • Learning • Strategy, Partnerships & Commissioning • Safeguarding & Family Support • Schools 	
Communities	125
<ul style="list-style-type: none"> • Regeneration and Development • Streetscene 	
Wellbeing	125
<ul style="list-style-type: none"> • Adult Social Care • Healthy Living 	
Cross Cutting	255
External	20
Contingency – unplanned	70
Contingency – Fraud and Error	50
OVERALL TOTAL	1,310

INTERNAL AUDIT SHARED SERVICE DRAFT ANNUAL PLAN 2014 -2015

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

Performance / Resources

Area	Corporate Risk	Audit Scope	Total Days
<i>Core Financial Systems</i>	RA1; RA2; RA3.	<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 including:</p> <ul style="list-style-type: none"> • Council Tax – Council Tax Reduction Scheme • Benefit Administration, • Income Management, • Creditor Payments/Accounts Payable, • Debtors/Accounts Receivable, • Business Rates, • Cash, • Budget Monitoring & Reporting, • Budget Setting, • Treasury Management, • General Ledger. <p>(this list is not exhaustive)</p>	<i>120</i>
<i>ICT</i>	RA2.	<p>To review the operation, efficiency and effectiveness of the Council's Information and Security governance arrangements.</p> <p>To review the operation, efficiency and effectiveness of the Council's ICT Asset Management;</p> <p>To provide assurance that adequate controls are in place in relation to Business Continuity;</p> <p>To provide assurance that adequate controls are in place in relation to the "Halarose" system. In addition, to ensure that adequate arrangements are in place</p>	<i>110</i>

		<p>for the introduction of Individual Electoral Requirements (IER).</p> <p>To review the operation, efficiency and effectiveness of Mobile Device Management to ensure that adequate safeguards are in place and operating.</p> <p>To review the efficiency and effectiveness of the MS Enterprise Agreement (is the Council using its IT innovatively; is IT fully utilising its assets and working smarter).</p> <p>To provide assurances on the controls surrounding the efficient and effective use of Secure Email and file Transfer.</p> <p>To follow up on the Government Connect (PSN) submission to ensure any tasks / actions identified are being implemented in or to provide assurance on compliance.</p>	
<i>Property</i>	RA2	<p>To review the Non-Operatives Estates Strategy to provide assurance on its effective management.</p> <p>To review Building Maintenance to ensure that internal controls continue to operate effectively</p> <p>Review of the CRC Energy Efficiency Scheme footprint and annual reports and evidence pack.</p>	<p>15</p> <p>10</p> <p>15</p>
<i>Human Resources</i>	RA1; RA2; RA3; RA11; RA14.	<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.</p> <p>An audit of staff expenses will be undertaken to ensure the new system</p>	70

		<p>processes and controls are operating effectively focussing on risk areas across the Council.</p> <p>The Agency Contract will be reviewed to provide an assessment of compliance to the processes and procedures surrounding the contract.</p> <p>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.</p>	
CCSU /CCTV	RA13	To review the effectiveness of the CCTV operation throughout the Borough, the review will include the operation, efficiency and effectiveness of the Lone Worker Monitoring system.	10
Financial Assessments Reviews	RA2; RA4.	To review the effectiveness of the assessment process to support effective management of risks through appropriate controls.	15
		<i>Overall Total – Resources</i>	365

Legal and Regulatory Services

Area	Corporate Risk	Audit Scope	Total Days
<i>Procurement</i>	RA2; RA3	Review of the Council's corporate framework for procurement cards. To include compliance with the Council's policies and procedures including Contract Procedure Rules and relevant legislation.	15
		Examine procurement and commissioning activities, concentrating on the commissioning of services including spot purchase. In addition a sample of contractors will be selected to assess whether goods, services and works are procured at competitive prices in line with the Council's Financial and Contract Procedure Rules and to assess the effectiveness of arrangements for ensuring goods and services are appropriately delivered and charged.	40
Licencing	RA2; RA3.	To review the effectiveness of controls in relation to taxi licencing, this will include providing assurance on the compliance with safeguarding.	10
Money Laundering	RA3.	To review the statutory obligations under the Proceeds of Crime Act and Money Laundering Regulations and assess whether those arrangements are sufficiently imbedded in the Council's policies and procedures to mitigate the risk of failure to comply with this legislation.	10
Legal Expenditure	RA3	To review the effectiveness of controls and a clear division of duties is evident in the procurement of supplies and services within Legal Services.	10
		Overall Total – Legal & Regulatory Services	85

Children's Directorate

Area	Corporate Risk	Audit Scope	Total Days
Education Grants (WAG)	RA2; RA7.	To certify that education grants are fairly stated and in accordance with their grant conditions.	15
Programme of School visits.	RA2.	<p>Compliance with approved policies and procedures. The schools selected for review will be identified through a risk assessment so that resources are targeted towards the higher risk schools and aligned to the IASS four year rolling programme of visits. In addition, the programme will be aligned to any Estyn inspections due.</p> <p>To provide the Corporate Director Children with an overall School summary report on the findings, conclusions and general themes at the conclusion of the IASS programme of school visits.</p>	80 5
Looked After Children	RA6	To review the effectiveness of controls in particular the overall strategy and the arrangements in place for making placements and VFM arrangements for looked after children. The review will also include a review of how the recommendations from the workwise programme have been implemented.	15
Early Years Intervention and Prevention	RA6; RA7.	To verify the effective targeting and delivery of preventative and early intervention services. Are measures being taken effective? Are identified risks being managed? Is there a joined up approach?	10
School Places	RA6.	A review to assess the adequacy of arrangements to plan for increased / decreased pupil numbers. To include a review of: the robustness of pupil number projections. Plans to decrease / create places. The review will be linked to the School Modernisation and planning programme.	15
Learner Transport		To review the overall governance arrangements surrounding this	15

Project		programme.	
Inter Authority Placements	RA6	To review the controls in place for pupils placed into and out of county schools. Follow up on previous audit reports where concerns have been raised.	10
Basic Skills	RA7	The review the policies, procedures and processes developed to support the Basic Skills initiative to ensure outcomes are achieved.	20
Deficit and Balances	RA2	To review the Schools deficit and surplus balances to ensure compliance with the Council's policies and procedures.	10
Directorate Savings Plan	RA2	A review of financial models and budget monitoring to ensure that plans to achieve the savings targets are robust and achievable and that progress towards achievement of these targets is monitored. The review will also include the impact in the reduction of services on the Council's overall control environment.	20
		Overall Total - Children's	215

Communities Directorate

Area	Corporate Risk	Audit Scope	Total Days
Homelessness	RA1.	Arrangements support reduction in the use of temporary accommodation. In addition, to evaluate the procedures and processes in place to address any impact as a result of Welfare Reform.	15
Section 106 Agreements	RA2	The review will assess and verify that all requirements are met in relation to Section 106 Agreements. Review process for arriving at commuted sums and the control environment surrounding S106 negotiations.	15
Home to School Transport	RA2	To follow up on the 2013/14 audit, to review the effectiveness of the controls for the provision of Home to school transport and ensure that previous recommendations have been fully implemented.	5
Waste Contract		To review the contract arrangements for Waste Management; this review will	15

Management		include and examination of the robustness of Contract Management	
Special Regeneration Projects		To review the effectiveness of the control environment relating to budget management.	10
Sign Shop	RA2	To review the effectiveness of the control environment and to ensure that the provision of the Council's Sign Shop is providing Value for Money.	10
Highways Maintenance / Winter Maintenance	RA10	A contract management review of the highways contract(s) to ensure targets are being met, there is adequate control over programme / schedule of inspections and that payments are made in accordance with the contract and only for approved and completed works.	15
Supporting People	RA4 RA6; RA12	To review the overall policies and responsibilities for the "Supporting People" programme and monitoring of providers. Examine and test arrangements for evaluating applications for support, authorisation of service provision, processing of payments / income and review budget management processes.	20
		To provide the necessary assurance under the certification process for Welsh Government.	10
Parks and Grounds Maintenance	RA2	To review the effectiveness of the control environment on the handling of cash within Parks and Grounds Maintenance.	5
Houses to Homes Grant	RA2; RA12	To review the procedures and processes in place and to ensure the effectiveness of the control environment.	5
		Overall Total - Communities	125

Wellbeing Directorate

Area	Corporate Risk	Audit Scope	Total Days
Section 117 Process	RA4; RA6	To review the impact to the Council in relation to Section 117. The audit will examine the procedures and processes in place for the after care of those people who fall under Section 117. To identify any weaknesses in the current procedures and ensure that the costs of provision are equally apportioned in accordance with any agreements with ABMU.	20
Mental Capacity Act	RA4; RA6	To review the procedures and processes in place to ensure the Council is compliant with the requirements of the Act and to ensure the Deprivation of Liberty Safeguards have been incorporated.	25
Occupational Therapist	RA2; RA4; RA6	To review the procedures and processes for referrals to Occupational Therapists. To review the overall waiting times, examine processes to ensure an efficient and effective service delivery.	15
Access to records	RA2;	To review the procedures and processes in place for the sharing of data with health and 3rd party organisations. This will be combined with an overall cross cutting review of the Council's protocols for sharing data and ensuring compliance with DP.	15
Continuing Health Care		To review the arrangements in place for the provision of Continuing Health Care to ensure that robust processes and procedures are in place and sound governance is evident.	15
Home Care / Domiciliary Care	RA2; RA4; RA6.	Review the processes and procedures for paying Home / Domiciliary Care to external providers and verify that providers are only paid for the hours delivered, non-delivery is reported. How do we know care plans are realistic? That the rate is correct? And that the supplier is completing the work which is billed for. Verify what spot checks on service delivery are undertaken.	20

Assessment Framework	RA2; RA4; RA6.	Changes to working practices which is linked to the overall savings proposals will result in budgets being devolved to team managers to make them more accountable. Internal Audit will provide a critical friend role / Health check during the development of these changes.	10
Regional Transport Grant	RA2	To validate the return relating to the Regional Transport Grant.	5
		Overall Total – Wellbeing	125

Cross Cutting, External & Contingencies

Area	Corporate Risk	Audit Scope	Total Days
Follow Up	RA2	To undertake follow up work on the recommendations made during 2013/14 audit year to ensure that management have implemented those of high risk.	15
Assurance from External Inspections	RA2	Undertake a review of the External Inspection reports issued during the year to ensure recommended actions are being addressed and to inform the overall annual opinion on assurance, risk management and governance arrangements throughout the Council.	10
Capital Projects	RA2, RA3; RA5; RA8; RA10	To select a sample of ongoing Capital Projects to ensure expenditure is spent in line with the Capital Programme that clearly identifiable governance arrangements are in place and compliance with Contract Procedure Rules. This review will be ongoing throughout the year.	40
Audit Committee	RA2; RA3.	To ensure that the Audit Committee is serviced in accordance with it's Terms of Reference including the production and presentation of relevant reports on the work	50

		undertaken by Internal Audit Shared Service.	
Corporate Governance Framework	All Risks	Annual review of overall governance to assess the adequacy across the Council including an assessment of the Council's Code of Corporate Governance.	20
Business Continuity Management	All Risks	To review the effectiveness of arrangements in place for how the Council prepares for recovery from a major incidence to ensure continuity of service.	10
Breaches of Standards.	All Risks	Given the Information Commissioner's increased powers to fine organisations up to £500K, the Council needs to ensure that data is being treated in accordance with the standards. The review will examine the efficiency and effectiveness of the arrangements in place for data quality / security. This review will also be linked to Access to Records, Secure Email and transfer of files.	15
Bridgend Change Programme, MTFS and Risk Management	All Risks	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. We will review the overall governance and risk management arrangements for the Council's transformation programme and undertake an assessment of whether there is effective central co-ordination of key projects across the Council and whether the objectives of these individual projects are aligned with each other. A review of financial models and budget monitoring to ensure that plans to achieve the savings targets are robust and achievable and that progress towards achievement of these targets is monitored.	25
CRSA	RA2; RA3.	To continue to utilise the use of Control Risk Self-Assessments	20

		across the Council and review and evaluate responses received (including Schools).	
NFI	RA2; RA3.	To oversee the National Fraud Initiative and to ensure that all relevant matches are dealt with accordingly.	15
13/14 Audit close down		<i>Finalising 13/14 audits which remain outstanding as at the financial Year end.</i>	15
Advice & Guidance		<i>To provide ongoing advice and guidance during the year on any specific, relevant matter across all Directorates.</i>	20
		Overall Total – Cross Cutting	255
External	RA2	County Borough Supplies and Crematorium	20
Contingency for Unplanned Work	All Risks	The pace of change across the Council continues to be rapid due to the need to react quickly and positively to the changes in government funding and how the Council applies that funding to its services. This continued pace of change requires Internal Audit to ensure that changes continue to be prioritised and necessary controls in respect of the changes in service delivery are implemented on a timely basis. Therefore, the provision of this contingency allows for time to be allocated as necessary to react in a timely manner to these rapid changes and requests from management for assistance.	70
Contingency for Fraud and Error	All Risks	The provision of this contingency allows Internal Audit to be reactive to allegations of suspected fraud and corruption.	50

<u>GRAND TOTAL</u>	<u>1,310</u>
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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

10th April 2014

REPORT OF THE CORPORATE DIRECTOR - RESOURCES

FORWARD WORK PROGRAMME – 2013-14

1. Purpose of Report.

1.1 To present to Members an update on the 2013 – 2014 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 2013 -14 forward work programme to ensure that all aspects of their core functions are being adequately reported.

Ness Young
Corporate Director - Resources
10th April 2014

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Background Documents

None

**AUDIT COMMITTEE
PROGRAMME OF MEETINGS AND FORWARD WORK PROGRAMME
2013 – 2014**

DATE OF MEETING	FORWARD WORK PROGRAMME	OFFICER RESPONSIBLE	UPDATE
2013			
23 rd May	Information and Action Requests	Chief Internal Auditor (CIA)	Complete
	Forward Work Programme	CIA	Complete
	Final Outturn Report – 2012-13 and Head of Audits Annual Opinion Report.	CIA	Complete
	Approval of the draft Annual Governance Statement 2012-13	Head of Finance & Performance	Complete
	Risk Register 2013-14	Head of Finance & Performance	Complete
	Final Internal Audit Annual Plan 2013-14 (if applicable).	CIA	Complete
	Complete Audits (if applicable)	CIA	Complete
	External Auditors / Inspection Reports (where applicable)	Head of Finance & Performance / WAO / KPMG	
20 th June	Information and Action Requests	CIA	Complete
	Updated Forward Work Programme	CIA	Complete
	Unaudited Statement of Accounts 2012-13	Head of Finance & Performance	Complete
	Completed Audits (where applicable)	CIA	Complete
	Implementation of Recommendations	CIA	N/A
	Presentation – Plan to Report	CIA	Complete
	Presentation – Decision Making	KPMG	Complete
26 th September	Information and Action Requests	CIA	Complete
	Updated Forward Work Programme	CIA	Complete
	Annual Treasury Management Report 2012/13	Head of Finance and Performance	Complete
	Final Statement of Audited Accounts 2012/13.	Head of Finance and Performance / KPMG	Complete
	Internal Audit 5 months Outturn Report April to August 2013.	CIA	Complete
	Completed Audits Report (where applicable)	CIA	Complete
	Implementation of Recommendations Report (where applicable)	CIA	Complete
	External Auditors / Inspection Reports (where applicable)	Head of Finance & Performance / WAO / KPMG	
7 th November	Up dated Forward Work Programme – 2013-14	CIA	Complete
	Information and Action Requests (where applicable)	CIA	N/A
	Update on Performance including Client Satisfaction Survey Results and QAIP	CIA	Complete
	Fraud update and SFIS update	Benefits Manager	Complete
	Risk Management update	Risk Management & Insurance Officer	Deferred to January 2014
	Completed Audits Report (if applicable)	CIA	Complete
	Internal Audit half year Outturn Report – April 2013 to September 2013	CIA	Complete
	External Auditors / Inspection Reports (where applicable)	Head of Finance & Performance / WAO / KPMG	N/A
	NFI update	CIA	Complete
2014			
16 th January	Up dated Forward Work Programme 2013-14	CIA	Complete
	Information and Action Requests (if applicable)	CIA	Complete
	Treasury Management Strategy	Head of Finance & Performance	Complete
	Internal Audit 9 months Outturn Report	CIA	Complete

APPENDIX A

	April 2013 – December 2013		
	Completed Audits (where applicable)	CIA	Complete
	Implementation of Recommendations Report (if Applicable)	CIA	Complete
	Report on the work undertaken on School Audits.	CIA	Complete
	External Auditors / Inspection Reports (where applicable)	Head of Finance & Performance / WAO/ KPMG	N/A
	Risk Management update	Risk Management and Insurance Officer.	Complete
10th April	Information and Action Requests (where applicable)	CIA	Submitted
	Updated Forward Work Programme 2013-14	CIA	Submitted
	Proposed Forward Work Programme 2014 -15	CIA	Submitted
	Internal Audit proposed Strategy and Annual Audit Plan 2014 – 15.	CIA	Submitted
	Audit Committee – Terms of Reference	CIA	Submitted
	Internal Audit Shared Service Charter	CIA	Submitted
	Completed Audits (where applicable)	CIA	Submitted
	Self-assessment against the PSIAS	CIA	Submitted
	External Auditors / Inspection Reports (if applicable):	Head of finance & Performance / WAO/ KPMG	
	Anti – Fraud and Bribery Policy	Head of Finance & Performance	Submitted

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

10th APRIL 2014

REPORT OF THE CORPORATE DIRECTOR - RESOURCES

PROPOSED FORWARD WORK PROGRAMME – 2014-15

1. Purpose of Report.

1.1 To present to Members a proposed Forward Work Programme for 2014 – 2015.

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 2014-15 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 2014-15 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
10th April 2014

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Background Documents

None

**AUDIT COMMITTEE
DRAFT PROGRAMME 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)	
	Updated Forward Work Programme	CIA	
	Approval of the draft Annual Governance Statement 2013-14	Head of Finance & Performance	
	Pre-audited Statement of Accounts 2013/14	Head of Finance & Performance	
	Complete Audits (if applicable)	CIA	
	Head of Audit's Annual Opinion Report 2013/14	CIA	
	External Auditors / Inspection Reports (where applicable). - Financial Audit Outline Report 2013/14; Certification of Grants & Returns 2012/13,.	Head of Finance & Performance / WAO / KPMG	
	IASS Outturn Report April and May 2014.	CIA	
	Implementation of Recommendations (if applicable)	CIA	
25th September	Information and Action Requests	CIA	
	Updated Forward Work Programme	CIA	
	Final Annual Governance Statement and summary of assurance 2013/14	Head of Finance and Performance	
	Statement of Audited Accounts	Head of Finance and Performance / KPMG	
	Treasury Management Outturn 2013/14	Head of Finance and Performance	
	Internal Audit 5 months Outturn Report April to August 2014.	CIA	
	Completed Audits Report (where applicable)	CIA	
	Implementation of Recommendations Report (where applicable)	CIA	
	External Auditors / Inspection Reports (where applicable). - Audit of Financial Statement Report 2013/14 (ISA 260)	Head of Finance & Performance / WAO / KPMG	
20th November	Up dated Forward Work Programme	CIA	
	Information and Action Requests (where applicable)	CIA	
	Update on IASS Performance including Client Satisfaction Survey Results.	CIA	
	Fraud update	Benefits Manager	
	Corporate Risk Assessment Review 2014/15.	Head of Finance and Performance	
	Completed Audits Report (if applicable)	CIA	
	Internal Audit Outturn Report – April 2014 to October 2014	CIA	
	External Auditors / Inspection Reports (where applicable). – Annual Audit Letter	Head of Finance & Performance / WAO / KPMG	
2015			
15th January	Up dated Forward Work Programme	CIA	
	Information and Action Requests (if	CIA	

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	applicable)		
	Internal Audit 9 months Outturn Report April 2014 – December 2014	CIA	
	Completed Audits (where applicable)	CIA	
	Implementation of Recommendations Report (if Applicable)	CIA	
	Report on the work undertaken on School Audits.	CIA	
	External Auditors / Inspection Reports (where applicable)	Head of Finance & Performance / WAO/ KPMG	
16 th April	Information and Action Requests (where applicable)	CIA	
	Updated Forward Work Programme	CIA	
	Proposed Forward Work Programme 2015-16.	CIA	
	Internal Audit proposed Annual Strategy and Audit Plan 2015-2016.	CIA	
	Governance – Compliance with Public Sector Internal Audit Standards for 2014-15	CIA	
	Audit Committee – Terms of Reference	CIA	
	Internal Audit Shared Service Charter and Terms of Reference	CIA	
	Completed Audits (where applicable)	CIA	
	Head of Audit's Annual Opinion Report and outturn for the Year 2014/15	CIA	
	External Auditors / Inspection Reports (if applicable): - Financial audit Outline Report 2014-15; Certification of grants and return 2013/14	Head of finance & Performance / WAO/ KPMG	