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Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr

Bridgend County Borough Council



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

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Rhowch wybod i ni os mai Cymraeg yw eich
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Gwasanaethau Gweithredol a Phartneriaethol / Operational and Partnership Services

Deialu uniongyrchol / Direct line /: (01656) 643148
Gofynnwch am / Ask for: Mr Mark Anthony Galvin

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

Dyddiad/Date: Thursday 20 April 2017

Dear Councillor,

AUDIT COMMITTEE

A meeting of the Audit Committee will be held in the Council Chamber, Civic Offices Angel Street Bridgend CF31 4WB on **Thursday, 27 April 2017 at 10.00 am.**

AGENDA

1. Apologies for Absence
To receive apologies for absence from Members.
2. Declarations of Interest
To receive declarations of personal and prejudicial interest (if any) from Members/Officers in accordance with the provisions of the Members' Code of Conduct adopted by Council from 1 September 2014
3. Approval of Minutes 3 - 12
To receive for approval the minutes of a meeting of the Audit Committee dated 26 January 2017.
4. External Audit Annual Audit Plan 2016-17 13 - 40
5. Certification of Grants and Returns 2015-16 41 - 66
6. Council Tax Reduction Fraud Investigations: November 2015 to March 2017 67 - 72
7. External Assessment 73 - 88
8. Completed Audits 89 - 98
9. Internal Audit - Final Outturn Report - April 16 to March 17 99 - 122
10. Draft Internal Audits Strategy and Annual Risk Based Audit Plan April 2017 to March 2018 123 - 200
11. Updated Forward Work Programme 2016 - 17 201 - 204

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12. Urgent Items
To consider any other items(s) of business in respect of which notice has been given in accordance with Rule 4 of the Council Procedure Rules and which the person presiding at the meeting is of the opinion should by reason of special circumstances be transacted at the meeting as a matter of urgency.

13. Exclusion of the Public
The minutes relating to the following item are not for publication as they contain exempt information as defined in Paragraph 14 and 18 of Part 4 and Paragraph 21 of Part 5, Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007.

If following the application of the public interest test the Committee resolves pursuant to the Act to consider this item in private, the public will be excluded from the meeting during such consideration.

14. Approval of Exempt Minutes 205 - 206
To receive for approval the Exempt minutes of a meeting of the Audit Committee dated 26 January 2017.

Yours faithfully

P A Jolley

Corporate Director Operational and Partnership Services

Councillors:

JR McCarthy

JE Lewis

CL Jones

DK Edwards

Councillors

G Davies

CA Green

E Dodd

M Gregory

Councillors

R Williams

AD Owen

RC Jones

AUDIT COMMITTEE - THURSDAY, 26 JANUARY 2017

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD IN COMMITTEE ROOMS 2/3, CIVIC OFFICES ANGEL STREET BRIDGEND CF31 4WB ON THURSDAY, 26 JANUARY 2017 AT 10.00 AM

Present

Councillor E Dodd – Chairperson

JR McCarthy
CA Green

C Westwood
R Williams

CL Jones

DK Edwards

Apologies for Absence

JE Lewis, D Sage, G Davies, M Gregory and RE Young

Officers:

Randal Hemingway	Head of Finance & Section 151 Officer
Roger Martin	Insurance and Risk Officer
Helen Smith	Chief Internal Auditor
Mary Williams	Chief Accountant
Julie Ellams	Democratic Services Officer - Committees

287. DECLARATIONS OF INTEREST

None.

288. APPROVAL OF MINUTES

RESOLVED: That the minutes of the meeting of the Audit Committee of 24 November 2016 be approved as a true and accurate record subject to the addition of apologies for absence from Cllr CA Green.

289. THE CORPORATE RISK ASSESSMENT 2017-18

The Risk Management and Insurance Officer presented a report explaining the outcome of the annual Corporate Risk Assessment and informing the Committee of the proposed risk management timeline contained in Appendix 2 of the Risk Management Policy.

The risk assessment had been reviewed in consultation with Corporate Directors, Business Managers and Heads of Service and was considered by the Senior Management Team on 9 January 2017. It identified the main risks facing the Council, their links to the Council's priorities and the likely impact on services and the wider County Borough, what was being done to manage the risks and which individual was responsible for the Council's response.

The risk assessment was subject to review on a quarterly basis by Senior Management Team, as part of the Corporate Performance Assessment and twice yearly by the Audit Committee.

The Risk Management and Insurance Officer reported the main changes such as Making the Cultural Change necessary to deliver the Medium Term Financial Strategy. The risk description had been changed to reflect the 2017-18 Local Government revenue settlement. Whilst the overall headline increase of 0.1% in Aggregate External Finance was a better settlement than was anticipated, funding on a like for like basis

was a reduction of - 0.3%. This compared favorably with the -3.2% “most likely” assumption that was in the Council’s Medium Term Financial Strategy 2017-18, but it still provided significant challenges. The risk description also noted that there was no indication of allocations for future years. However, in the UK Government Autumn statement, a forecast was made that UK Government finances would be worse off by £122bn in the period to March 2021 than was predicted in March 2016.

The risk description confirmed that the increase in the Council Tax rate of 2.9% was less than was originally planned. The risk impact noted that the Council’s budget for 2017-18 to 2020-21 forecasted a £33.610 million budget reduction requirement.

The risk mitigation measures noted that the delivery of the MTFs would be supported by the disposal of assets. An estimated £21 million could be generated by the enhanced disposals programme with £13 million of this figure already delivered. It was anticipated that this would increase to £14.3 million by the end of 2016-17 with a further £6.6 million over the next three years. The risk score remained unchanged.

There were further changes in Supporting Adults at Risk. The risk description had changed to note that there was a plan in place to manage the significant number of cases that were coming through because of the Deprivation of Liberty legislation.

The risk mitigation measures had been changed to show that the Social Care Workforce Development Programme was providing an extensive programme of training including the Continuing Professional Education and Learning of Social Workers in the 1st and 2nd year of professional practice workforce development. This included the establishment of a team to work with persons in the secure estate and this was supported by a WG grant.

The risk mitigation measures also showed that the Population Assessment would be completed by 31 March 2017 and it would support the commissioning plan. Also the timescale for the completion of the two new Extra care homes had slipped. If there was a further delay then there would be a risk to both the development plans and the MTFs. The programme was being closely monitored and managed. The risk impact and risk score remains unchanged.

The Risk Management and Insurance Officer explained that there were changes to Supporting Vulnerable Children, Young People and their Families. The risk mitigation measures showed that a multi-agency safeguarding hub (MASH) was being developed to improve outcomes for children, young people and their families, by making sure that systems and processes enabled needs to be identified as early as possible and responded to proportionately and by the right person/service. Work was progressing well and the majority of agencies within scope for the MASH had already co-located to within the Assessment Team. An options appraisal for future accommodation had been scoped, and a final decision was awaited. All other preparatory work was underway.

The Council was ensuring that robust mechanisms were in place to identify and provide appropriate services to children at risk from child sexual exploitation (CSE). This included the early identification of CSE as practitioners had either received CSE training or were part of an ongoing programme to enhance their knowledge and the completion of Care and Support Assessments and Section 47 investigations. All Social Workers were familiar with the Sexual Exploitation Risk Assessment Framework. The risk description, impact and score remain unchanged.

There was little change in Welfare Reform. The taper rate for Universal Credit had been changed and this meant that benefits were withdrawn at 63p rather than 65p for every pound of earnings.

The risk description for Economic Climate and Austerity had been changed to include the drainage and flood risk mitigation requirements of Natural Resources Wales which had become more onerous for capital schemes. This could cause delay and extra cost and some cases became unviable and were not progressed. This could have an impact on the corporate priority to regenerate town centres. The risk mitigation measures noted that the Council was contributing to the development of the business plan for the Cardiff Capital Region City Deal, with the aim of bringing increased investment and economic control into the local area. A joint project was being developed to establish a network of enterprise hubs across the City Region, building on the Sony model in Bridgend. An options appraisal had been completed in draft to consider the future land use planning framework for South East Wales. The risk impact and risk score remains unchanged.

The risk mitigation measures for Disposing of Waste had been updated to reflect the further consultation on dispensations that would be allowed. The result of the consultation was that one further bag would be allowed for properties with 6 or 7 residents and two if there were 8 or more residents. Also one extra bag would be allowed for properties where the main source of heat was coal. The introduction of the Council's new waste collection policy would only be successful if the changes, and the reasons for them, were conveyed to the public in advance of the commencement of the scheme and during contract mobilisation. Consequently an education and engagement partner and additional call centre staff would be appointed. The risk description, impact and score remain unchanged.

There were no changes with Equal Pay.

The risk mitigation measures for Healthy Lifestyles had been brought up to date and now included the Getting Bridgend Moving and OlympAge Games programmes and the risk description, impact and score remain unchanged.

Under Maintaining Infrastructure, the risk mitigation measures noted that in 2017-18 there would be budget reductions in the areas of winter maintenance, weed spraying, technical surveys and road marking. The risk description, impact and score remain unchanged.

For Educational Provision, the risk description noted that the 2017-18 budget included a proposed 1% annual schools efficiency target. The risk mitigation measures also noted that the Council published its Welsh Education Strategic Plan (WESP) each year and was currently consulting on its new draft WESP with statutory consultees. The public consultation on the demand for Welsh medium education within Bridgend was currently ongoing and would be reported in the new year. This would support the delivery of the WESP. The risk impact and score remain unchanged.

There were no changes to the Impact of Homelessness risk.

The risk mitigation measures for Ineffective Collaboration with Partners noted that the Public Service Board was holding thematic workshops in order to: trial the concept of using a targeted theme; to gain increased knowledge of the different organisations; and lastly identify clear outcomes for collaborative working and for the local well-being plan. A Public Service Board Well-being Planning Working Group had been established to support the Public Service Board in developing the local well-being plan and it was expected that this would be published by 2018. The risk description, impact and score remain unchanged.

For Educational Attainment the risk mitigation measures noted that the Central South Consortium had recently undergone an Estyn inspection, the outcome of which had recognised the rapid improvement across the five authorities in the region, the fastest

improvement nationally and that the Consortium was now at or above the national average in all indicators. The risk description, impact and score remained unchanged.

For Health and Safety, the risk description had been changed to reflect that as further budget reductions were required; there was a risk that there would be a decrease in investment in assets and infrastructure. This had been reflected in the risk impact which said that there would be deterioration in the condition of the Council's assets and infrastructure. The risk mitigation measures had been updated stating that this risk would be managed by undertaking health and safety audits and condition surveys which would enable the Council to prioritise works and respond to emerging issues. Reference to completed capital projects had been taken out and the risk score remained unchanged.

Under School Modernisation, the risk mitigation measures had been changed to note that Band B of the school modernisation programme, if agreed, would provide the mechanism to deliver the developed strategy. Whilst not giving a firm commitment, there had been an indication from WG of a significant match element to funding. There had been no commitment as yet to funding by the Council. The risk description, impact and score remain unchanged.

The risk description for Welsh Language Standards had been changed to note that the council appealed eight of the September 2016 standards and was awaiting the outcome of these appeals as well as those made in March 2016. The risk mitigation measures, impact and score remain unchanged.

The risk description for Local Government Reorganisation had been changed to reflect the Local Government Secretary's statement that new proposals based upon an enhanced level of systematic and regional working would be set out and consulted upon prior to Local Government elections in May 2017. There was uncertainty about the outcome of this consultation however the risk impact, mitigation measures and score remain unchanged.

A Member asked if there had been an increase in the number of homeless people in Bridgend. The Risk Management and Insurance Officer explained that he did not know the latest position and that he would contact the Member with the figures.

The Committee asked if the risk had been previously underestimated following the better settlement figure than was anticipated and the MTFs. The Head of Finance explained that when the provisional settlement was announced the Finance Secretary reported that this would provide a welcome breathing space before a really difficult journey in future years. External pressures were particularly significant with the living wage and apprenticeship levels creating significant pressure and significant changes were still required.

The Committee asked how vulnerable adults could be accommodated in extra care with the proposal to close three homes and questioned if the risk score was too low. The Head of Finance explained that there was an intention to provide a secure dementia wing so no specialist care would be lost and the council would be looking for appropriate care for others.

A member suggested that the risk indicator for educational attainment should be higher due to the proposed 1% efficiency savings. BCBC had the highest teacher pupil ratio in Wales and this could result in a loss of 40 teachers over the next four years. BCBC was also the lowest funder per pupil in Wales. The Head of Finance explained that the register was based on draft proposals and he could not comment on the teacher pupil ratio. The figure of 40 was calculated over 4 years and not 1 and based on the

assumption that savings could only be made by losing teachers. The Risk Management and Insurance Officer agreed to raise the matter with education.

The Committee referred to the recent announcement of £36 million for closing the gap in education by reducing class sizes. Concerns were raised that this could result in BCBC being further out of sync with the rest of Wales with less teachers and larger class sizes. The Head of Finance explained that he was aware of other authorities that had made cuts to school budgets. The announcement related to the younger age group and careful consideration would be given to the way the funds were used.

A member asked if experienced staff in Health and Safety had been replaced. He was advised that additional resources had been made available with one new member of staff and that the comments would be referred back.

The committee commented that if council tax had been increased by 2% as originally considered, this would result in £4 million to offset future reductions and questioned if it was prudent not to do this. The Head of Finance explained that in principle a 2.9% increase in council tax equated to £2 million of additional income. Cabinet sought to balance the finances with incomes across the borough and this was a trade off agreed by Members not officers.

A Member referred to difficulties linking the risk and the potential impact and measures taken to mitigate the risk eg Transformational Change. The Risk Management and Insurance Officer agreed to look at the document in future to present the information in a better format.

A Member believed that the risk impact and score for LAC should be higher because the Directorate had not yet managed to address the numbers of children taken into care.

RESOLVED That Members considered the annual risk assessment and updated risk management timeline contained within Appendix 2 of the Risk Management policy.

290. TREASURY MANAGEMENT STRATEGY 2017-18

The Head of Finance presented the proposed Treasury Management Strategy for 2017-18 which include the Borrowing Strategy 2017-18, the Investment Strategy 2017-18, the Treasury Management and Prudential Indicators for the period 2017-18 to 2020-21 and the Annual Minimum Revenue Provision Statement 2017-18.

The Audit Committee had delegated responsibility for ensuring effective scrutiny of the Treasury Management Strategy and policies. The Treasury Management Strategy for 2017-18 confirmed the Council's compliance with the CIPFA Code, which required that formal and comprehensive objectives, policies and practices, strategies and reporting arrangements were in place for the effective management and control of Treasury Management activities, and that the effective management and control of risk were the prime objectives of these activities.

The Treasury Management Strategy was to be presented to Council for approval in March 2017 and whilst the main body would remain unchanged there might be variations to some of the figures if there were any changes (such as the capital programme) to reflect the most up to date information.

The Committee referred to the potential for the Bank of England to set its Bank Rate at or below zero and the possible impact on the authority. The Head of Finance explained that advice from external advisors was that this was possible but relatively unlikely and

other options could be considered although care would have to be taken to avoid exposing the authority to liquidity issues.

RESOLVED That Members gave due consideration to the Treasury Management Strategy 2017-18 before it was presented to Council for approval in March 2017 as part of the Medium Term Financial Strategy.

291. INFORMATION AND ACTION REQUESTS BY COMMITTEE

The Chief Internal Auditor presented a report which summarised actions and information requests made by the Audit committee at its last meeting on 24th November 2016. The report also included a response to a request made on 21 April 2016 regarding the high percentage of savings achieved in Legal and Regulatory Services. The Chief Internal Auditor apologised for the delay in providing the response and confirmed that there had been no increase in external fee costs.

The Chief Internal Auditor reported that there had been a misunderstanding with the number of employees attending absence management training courses reported to the 24th November meeting and that the figure related to one Directorate not the whole Council. The Committee asked for the percentage figure that had attended and were advised that this figure would be reported to the next meeting.

RESOLVED: That the report be noted.

292. COMPLETED AUDITS

The Chief Internal Auditor presented a report summarising the findings of the audits recently completed by Internal Audit Shared Service. Recently completed audits relating to 2016/17 were summarised in Appendix A attached to the report.

The Committee was advised that the audit opinion for the Townscape Heritage Initiative was "Substantial" and for the Corporate Change Fund the audit opinion was "Reasonable" although a recommendation was made regarding the lack of supporting evidence. There was a "Reasonable" opinion on the Built Environment Process Review although this area would be revisited because of slippage due to a lack of resources. The Supporting People Grant Verification received a "Reasonable" audit opinion.

The Committee asked for clarification regarding the Corporate Change Fund and the actual savings required to demonstrate the effectiveness of the fund. The Chief Internal Auditor agreed to look into the matter and report back. The Committee asked if the full amount had been committed and the Chief Accountant confirmed that there was an amount uncommitted and the bidding process was still underway. A report on this would be submitted to the next meeting.

RESOLVED: That Members considered the summary of completed audits to ensure all aspects of their core functions were being adequately reported.

293. OUTTURN REPORT - APRIL TO DECEMBER 2016

The Chief Internal Auditor presented a report informing the Audit Committee of the actual Internal Audit performance against the nine months of the audit plan year covering April and December 2016.

The figures showed that 821 actual days had been achieved, 31 days more than the expected target of 790 days. This figure was likely to fall over the next few months due to resource issues. 22 reviews/jobs had been completed and closed, 20 of which had an overall substantial/reasonable audit opinion. Of the remaining 2, 1 identified significant weakness in the overall control environment and the other was closed with no opinion provided due to the nature of the work undertaken.

The Chief Internal Auditor gave reasonable assurances but added that there was still a lot of work to be done. Performance had slipped when it came to the percentage of audits completed in planned time, a consequence of resource issues and audits taking longer with expanding scopes. There were no significant cross cutting internal control weaknesses identified so far this year however specific weaknesses had been identified with the Bus Services Support Grant.

Members raised concerns about the number of significant recommendations that were three or more months overdue. Members requested more information on this to a future meeting.

The Chief Internal Auditor reported that an external assessment of the Internal Audit Shared Service was about to start.

- RESOLVED:**
- 1) That Members gave due consideration to the Internal Audit Outturn Report covering the period April to December 2016 to ensure all aspects of the core functions were being adequately reported.
 - 2) That more information be submitted to a future meeting regarding the significant recommendations that were three or more months overdue.

294. **AUDITS NOT UNDERTAKEN 2016-17**

The Chief Internal Auditor presented a report summarising the audit work that was included within the 2016/17 Internal Audit Annual Risk Based Plan that would not now be undertaken, together with an explanation.

The report detailed the audit area and an account of why the work would not be undertaken. Members were assured that even though these reviews would not now be completed, they would be included within the 2017/18 Risk Based Audit Plan and this would not affect the ability of the Head of Audit to provide her annual opinion.

Members raised concerns about Transformational Change and were advised that a detailed report on progress had been received and this would be an item on the 2017/18 plan.

The Committee referred to the Medium Term Financial Strategy and the financial resilience review undertaken by WAO during August and November 2016, the results of which were due to be published soon. Members requested that if the review indicated that more work was required then this work would be undertaken.

- RESOLVED:**
1. That the report be noted.
 2. That work be undertaken on the MTFs if the financial resilience review undertaken by WAO indicated that further work was required.

295. UPDATE ON STAFF VACANCIES WITHIN THE INTERNAL AUDIT SHARED SERVICE

The Chief Internal Auditor presented a report providing a position statement on the current staff vacancies within the Internal Audit Shared Service as requested by Members at a previous Audit Committee meeting.

At the 24th November meeting, it was reported that the overall structure of the section was based on 18 Full Time Equivalent employees and the Section was carrying 4 FTE vacant posts which had now increased to 6 FTE vacant posts. A recent recruitment campaign was unsuccessful and a review of the current structure was being considered to determine its suitability in an ever changing dynamic audit environment.

The Chief Internal Auditor reported that there was no career progression for staff and morale was low. The Authority was not attracting the number of applicants required and those that had applied were not suitable. It was important to keep staff when they qualified and a structure was required to support this. In the short term, CIPFA, agency staff and neighbouring authorities had been approached but were unable to provide any cover.

The Committee asked how salary levels compared with neighbouring authorities. They were advised that salaries compared favourably and that this was a problem across Wales, although Bridgend had been significantly affected. Prior to job evaluation the structure included grades that allowed staff to progress as they qualified but this no longer existed. A new structure could help to address this problem.

The Committee commended the pilot in which specialist ICT skills of the Internal Audit Shared Service Section had been utilised to undertake an audit for Newport City Council.

RESOLVED: That the Committee noted the report and awaited a further report following the review of the current structure.

296. UPDATED FORWARD WORK PROGRAMME 2016-17

The Chief Internal Auditor presented an update on the 2016/17 Forward Work Programme for the Committee's information.

The Committee referred to the significance of asset transfers as a means of meeting budget requirements and requested that it be included in the work programme for 2017/18.

RESOLVED: That the Committee agreed the request and noted the updated Forward Work Programme to ensure that all aspects of the core functions were being adequately reported.

297. URGENT ITEMS

There were no urgent items.

298. EXCLUSION OF THE PUBLIC

RESOLVED : That under Section 100A(4) of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007, the public were excluded from the meeting during consideration of the

following item of business as it contained exempt information as defined in Paragraph 14 of Part 4 and Paragraph 21 of Part 5 of Schedule 12A of the said Act.

The Legal Officer explained the public interest test, and following this, Members resolved that pursuant to the provisions of the Act referred to above, to consider the undermentioned item in private with the public being excluded from the meeting as it would involve the disclosure of exempt information as stated above.

299. RISK BASED VERIFICATION REPORT

The meeting closed at 11.35 am

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE AUDIT COMMITTEE

27 APRIL 2017

REPORT OF THE CHIEF EXECUTIVE

EXTERNAL AUDIT ANNUAL AUDIT PLAN 2016-17

1 Purpose of Report.

- 1.1 The purpose of this report is to submit the External Auditor's Annual Audit Plan 2016-17, together with a schedule of authorised grant signatories for the Council, both for noting.

2 Connection to Corporate Improvement Plan / Other Corporate Priorities.

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

3 Background

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

4 Current situation / proposal

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

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

- 4.2 The Financial Audit 2016-17 element of this plan has been prepared by Wales Audit Office. The purpose of this plan is to set out the proposed work, when it will be undertaken, how much it will cost and who will undertake it.

- 4.3 The Plan also outlines the Performance Audit, the Certification of Grant Claims and Returns and other Audit Work to be undertaken. Attached at **Appendix B** is the schedule of authorised grant signatories for noting.

5 Effect upon Policy Framework& Procedure Rules.

5.1 None

6 Equality Impact Assessment.

6.1 There are no equality issues.

7 Financial Implications.

7.1 None.

8 Recommendation.

8.1 That Members note the content of the External Auditor's Annual Audit Plan 2016-17 attached as Appendix A and the schedule of authorised grant signatories attached as Appendix B.

**Darren Mepham
Chief Executive
27 March 2017**

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Background Documents

Annual Audit Plan 2016-17



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

2017 Audit Plan – **Bridgend County Borough Council**

Audit year: 2017-18

Date issued: March 2017

Document reference: 237A2017

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

This document is also available in Welsh.

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2017 Audit Plan

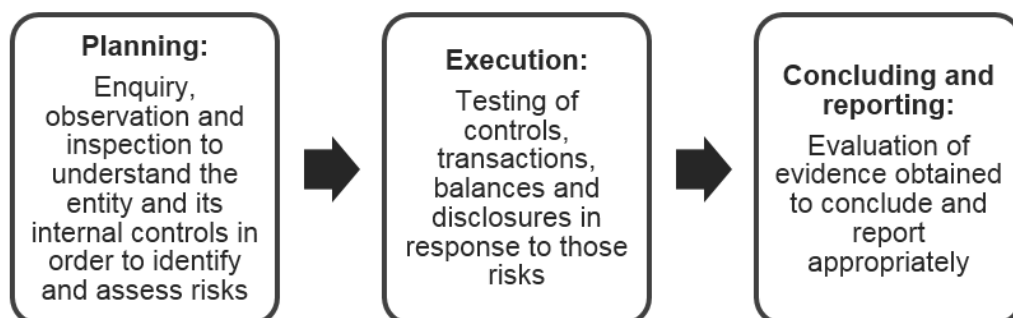
Summary

- 1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009 (the Measure), the Local Government Act 1999, and the Code of Audit Practice, namely to:
 - examine and certify whether your financial statements are ‘true and fair’;
 - assess whether you have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources;
 - audit and assess whether you have discharged duties and met requirements of the Measure; and
 - undertake studies to enable me to make recommendations for improving economy, efficiency and effectiveness or for improving financial or other management arrangements.
- 2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it. I can confirm that there have been no limitations imposed on me in planning the scope of this audit. My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

Audit of accounts

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

Exhibit 1: my audit approach



6 The risks of material misstatement which I consider to be significant and which therefore require special audit consideration, are set out in [Exhibit 2](#) along with the work I intend to undertake to address them. Within [Exhibit 2](#) I have not replicated my formal observations, recommendations, and management responses, from last year’s audit. I can confirm however that my audit team will review the Council’s progress with the implementation of my recommendations.

Exhibit 2: financial audit risks

Financial audit risk	Proposed audit response
<p>Financial Challenges</p> <p>The Council continues to face significant financial challenges in common with the rest of the public sector. These financial pressures increase the risk of the manipulation of transactions and balances within the financial statements in order to achieve the projected year-end position.</p>	<p>My audit team will reflect the Council’s financial position in planning the audit and will direct audit testing to the areas of greatest risk.</p>
<p>Cardiff Capital Region City Deal</p> <p>City deals are arrangements negotiated with government that give greater accountability for actions in return for new powers to help encourage growth and jobs. The Cardiff Capital Region City Deal (the City Deal) involves ten South Wales local authorities. The City Deal was ratified by all participating authorities on 1 March 2017. The authorities have established a joint committee (the Regional Cabinet) to oversee delivery of a range of programmes designed to increase connectivity and to improve physical and digital infrastructure over the course of 20 years. The City Deal includes funding of £734 million for the South Wales Metro, of which over</p>	<p>Liaising closely with the external auditors of the other nine Local Authorities, my audit team will monitor progress with the City Deal project and carry out early work as necessary to assess the existing and proposed financial and governance arrangements. We will also take into account the work undertaken by HM Treasury to scrutinise the effectiveness of the region’s governance arrangements.</p>

Financial audit risk	Proposed audit response
<p>£500 million is provided by the Welsh Government and £125 million from the UK Government. In addition, the UK Government has provided a £375 million contribution, and the ten local authorities have agreed a commitment to borrow a combined total of £120 million as part of the Wider Investment Fund. This significant programme will have financial, governance and delivery risks that need to be managed. There will be a number of accounting issues to address.</p>	
<p>Changes to the Comprehensive Income and Expenditure Statement (CIES) and new disclosures</p> <p>The 2016-17 Code of Practice on Local Authority Accounting (The Code) introduced changes to disclosures within the Comprehensive Income and Expenditure Statement (CIES) for 2016-17 to align the analysis of income and expenditure with the Council's directorate structure. It also introduced the requirement to produce an expenditure and funding analysis. There is a risk that disclosures do not comply with the requirements of the Code.</p>	<p>My audit team will undertake testing to ensure that the analysis of income and expenditure within the CIES and all new notes and disclosures have been prepared in accordance with the requirements of the Code.</p>
<p>We have identified certain disclosures within the financial statements as being 'material by nature' given the sensitivities around their disclosure.</p> <p>Specific risk areas include the accuracy and completeness of:</p> <ul style="list-style-type: none"> • significant transactions with related parties; and • Officers' remuneration disclosures, including any exit packages, and Members' allowances and expenses. 	<p>My audit team will undertake focused testing in these areas.</p>
<p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • examine the rationale for any significant transactions that our audit identifies that could potentially be outside the normal course of business.

Financial audit risk	Proposed audit response
<p>Significant capital projects</p> <p>Our planning work has identified a number of significant capital projects in the early stages of development. These include:</p> <ul style="list-style-type: none"> • the relocation of Pencoed Primary school; • Garw Valley South new schools; and • Brynmenyn Primary new school. <p>While these are all in the early stages of development there is a risk that accounting entries and disclosures are not complete and accurate.</p>	<p>My audit team will undertake testing to ensure that appropriate accounting entries and disclosures are made.</p>

- 7 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes, but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Audit Committee prior to completion of the audit.
- 8 For reporting purposes, I will treat any misstatements below a 'trivial' level (set at 5% of materiality) as not requiring consideration by those charged with governance and therefore I will not report them.
- 9 My fees are based on the following assumptions:
- information provided to support the financial statements is timely, to the quality expected and has been subject to quality assurance review;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
 - all appropriate officials will be available within reasonable notice during the audit;
 - management has implemented their agreed actions in respect of the 2015-16 audit recommendations, by the agreed dates;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.
- In addition to my responsibilities in respect of the audit of the Council's statutory financial statements set out above, I am also required to certify a return to the Welsh Government which provides information about the Council to support preparation of Whole of Government Accounts.

Certification of grant claims and returns

- 10 I have been requested to undertake certification work on the Council's grant claims and returns for 2016-17. We are not aware of any significant changes to the grants programme for 2016-17.
- 11 With regard to my audit of the Council's 2015-16 grant claims, I have reported the findings within my report entitled 'Certification of Grants and Returns 2015-16 – Bridgend County Borough Council', which I issued in March 2017 and is due to be considered in April by the Council's Audit Committee.
- 12 My audit fee for this work is set out in [Exhibit 7](#).

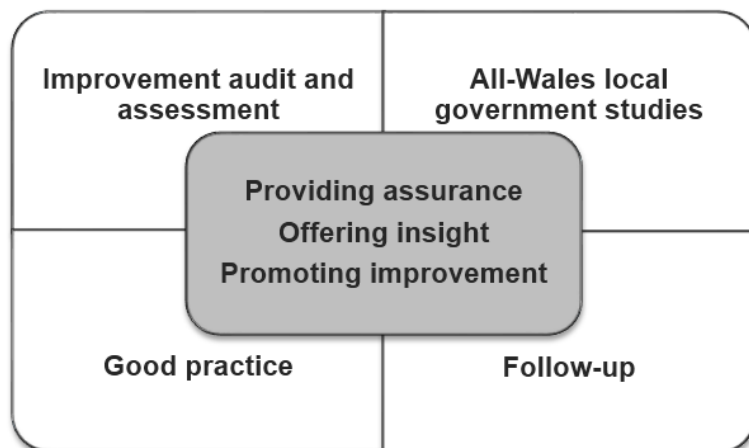
Other certification work undertaken

- 13 I am also responsible for the audit of the Catalogue Supplies Service Joint Committee, which will be the final audit following its closure, Coychurch Crematorium Joint Committee and Porthcawl Harbour. My audit fees for this work are set out in [Exhibit 7](#).

Performance audit

- 14 The components of my performance audit work are shown in [Exhibit 4](#).

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



- 15 Local government in Wales is going through an unprecedented period of change. Austerity continues to bite, audited bodies are required to adopt the principle of sustainable development from April 2016, and local government reform remains under consideration.

- 16 For 2017-18 the Measure will still be in place, and I will still need to examine whether authorities will meet their duty to make arrangements for continuous improvement. The challenge for me in these uncertain times is to balance my existing, new and proposed statutory duties with the need to continue to undertake meaningful, risk-based and proportionate audits and assessments.
- 17 During 2016 I consulted with public service bodies on how I can best discharge my various duties whilst striking the most appropriate balance and adding value by:
- providing assurance on the governance and stewardship of public money and assets;
 - offering insight on the extent to which resources are used wisely in meeting people's needs; and
 - identifying and promoting ways by which the provision of public services may be improved.
- 18 In addition to the annual programme of audit and assessment work, the Wales Audit Office also undertakes a programme of local government studies. This work is included within the Wales Audit Office estimates for funding from the Welsh Consolidated Fund and not local fees. **Exhibit 5** summarises the present position on the current programme of studies. These studies primarily lead to a national report augmented by good practice and shared learning outputs rather than by local reports. Local findings, where relevant, will be captured in improvement assessment work and reported in annual improvement reports depending on the timing and the focus of conclusions.

Exhibit 5: local government studies

Study	Status
2015-16 studies	
Community safety	Published October 2016
Income generation and charging	Published November 2016
Council funding of third sector services	Published January 2017
2016-17 studies	
How local government manages demand	Fieldwork
Strategic commissioning	Fieldwork
Improving well-being through housing adaptations	Fieldwork

19 Taking all these factors into consideration, my 2017-18 programme of work will comprise:

Exhibit 6: performance audit programme

Performance audit programme	Brief description
Improvement audit and assessment work including: <ul style="list-style-type: none"> Improvement planning and reporting audit. 	Audit of discharge of duty to publish an improvement plan, and to set improvement objectives.
Local risk-based work for 2017-18 has yet to be agreed with the Council.	To be confirmed. We will provide an update to the Audit Committee once this work has been agreed
Service User Perspective review	A user-focused review. Specific area to be agreed with the Council
Well-being of Future Generations baseline assessment	The Year One Commentary: We will gather evidence on how the 44 bodies are beginning to respond to the requirements of the WFG Act and identify examples of notable emerging practice. The work will be designed to support improvement and inform future audit work under the Act.
WFG Scrutiny review	This review will examine the impact of the WFG Act on the work of scrutiny committees, including PSB scrutiny, facilitating improvement and the sharing of good practice
2017-18 Local Government Studies	Funded by Welsh Government
Services to rural communities	To be confirmed
Use of data	To be confirmed
Intermediate care fund	To be confirmed

20 The performance audit projects included in last year’s Audit Plan, which are either still underway or which have been substituted for alternative projects in agreement with you, are set out in [Appendix 3](#).

Fee, audit team and timetable

Fee

- 21 The Wales Audit Office does not generate profits on fees. Legislation requires that the fees charged may not exceed the full cost of exercising the function to which the fee relates. The fee rates are set at a level to recover that full cost. My fee rates have been held static for a further year and my audit teams will continue to look for efficiencies in their audits and welcome working with you constructively on this.
- 22 Your estimated fee for 2017 is set out in **Exhibit 7**. The total fee represents a 3% decrease compared to the fees charged for 2016.

Exhibit 7: audit fee

Audit area	Proposed fee (£) ¹	Actual fee last year (£)
Audit of accounts ²	195,700	199,869
Performance audit work ³	97,400	97,400
Grant certification work ⁴	58,220	58,220
Other financial audit work:		
Catalogue Supplies Service Joint Committee ⁵	875	8,000
Coychurch Crematorium Joint Committee	2,100	2,100
Porthcawl Harbour	679	650
Total fee	354,930	366,237

Notes:

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

² Payable November 2016 to October 2017. This fee includes the audit of the Whole of Government Accounts

³ Payable April 2017 to March 2018.

⁴ Payable as work is undertaken. Last year's proposed fee, in the 2016 Audit Plan, was £38,724. Further information is available in our report 'Certification of Grants and Returns 2015-16'.

⁵ This audit fee has reduced significantly as I will be auditing the residual figure in an annual return rather than a full set of accounts, as the last full year was 2015-16.

- 23 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Council.
- 24 Further information on my can be found on the Wales Audit Office website at <http://www.audit.wales/publication/fee-scheme-2017-18>.

Audit team

- 25 The main members of my team, together with their contact details, are summarised in **Exhibit 8**.

Exhibit 8: my team

Name	Role	Contact number	E-mail address
Derwyn Owen	Engagement Director	02920 320500	Derwyn.Owen@audit.wales
Huw Rees	Engagement Lead – Performance Audit	02920 320500	Huw.Rees@audit.wales
Mark Jones	Financial Audit Manager	02920 320500	Mark.Jones@audit.wales
John Llewellyn	Financial Audit Team Leader	07973 699076	John.Llewellyn@audit.wales
Steve Barry	Performance Audit Manager	029 2082 9323 / 07786 190210	Steve.Barry@audit.wales
Samantha Clements	Performance Audit Lead	029 2032 0163 / 07837 825175	Samantha.Clements@audit.wales

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

Timetable

- 27 I will provide reports, or other outputs as agreed, to the Council covering the areas of work identified in this document. My key milestones are set out in **Exhibit 9**.

Exhibit 9: timetable

Planned output	Work undertaken	Report finalised
2017 Audit Plan	January –February 2017	March 2017
Financial accounts work: <ul style="list-style-type: none"> • Audit of Financial Statements Report • Opinion on Financial Statements • Financial Accounts Memorandum 	February to September 2017	September 2017 September 2017 October 2017
Performance work: <ul style="list-style-type: none"> • Improvement Plan Audit • Assessment of Performance Audit • Service user perspective review • Local risk based work 	March-April 2017 November 2017 To be confirmed To be confirmed	April 2017 December 2017 To be confirmed To be confirmed
Annual Improvement Report	April 2017 – May 2018	June 2018
2018 Audit Plan	January –February 2018	March 2018
Well-being of Future Generations: baseline assessment	To be confirmed	Not applicable
Well-being of Future Generations: scrutiny review	To be confirmed	To be confirmed

* Subject to timely clearance of draft findings with the Council.

Future developments to my audit work

Well-being of Future Generations (Wales) Act 2015

28 The Well-being of Future Generations (Wales) Act 2015 (the Act) became law in April 2015. The Act requires me to report before the next National Assembly election on how public bodies are acting in accordance with the sustainable development principle when setting their well-being objectives and taking steps to meet them. In 2017 I will conduct my first work under the Act – the Year One Commentary – to understand how bodies are beginning to respond to the requirements. I will also work collaboratively with a small number of public bodies on a pilot basis to develop an audit approach that is meaningful and proportionate and can be adopted in subsequent years. My pilot work does not involve the Council.

Other

- 29 Details of other future developments including changes to key IFRS and of the Wales Audit Office's Good Practice Exchange (GPX) seminars are set out in [Appendix 5](#).
- 30 The Wales Audit Office's GPX programme seeks to support the improvement of public services across Wales by identifying and sharing good practice. The GPX seminars bring a range of public sector bodies together to share their practical experiences and learning in areas we consider would benefit from sharing good practice. The seminars are provided free of charge to delegates. Forthcoming events include:
- the challenges posed by indirectly provided, publicly funded services in Wales;
 - how you manage risk around organisation change, service transformation and innovation; and
 - measuring outcomes: who's doing it and how (linked to Well-Being of Future Generations Act).

Appendix 1

Respective responsibilities

Audit of accounts

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

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

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

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

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

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

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

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;

- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

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

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

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

Performance audit

The Public Audit (Wales) Act 2004 requires auditors, by examination of the accounts or otherwise, to satisfy themselves that the body has made proper arrangements for:

- securing economy, efficiency and effectiveness in its use of resources; and
- that the body, if required to publish information in pursuance of a direction under section 47 (performance information) has made such arrangements for collecting and recording the information and for publishing it as are required for the performance of its duties under that section.

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

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

The Auditor General may also in some circumstances carry out special inspections (under section 21), in respect of which he will provide a report to the relevant authorities and Ministers, and which he may publish (under section 22). The Auditor General will summarise audit and assessment reports in his published Annual Improvement Report (under section 24). This will also summarise any reports of special inspections.

Appendix 2

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

Exhibit 10: performance work in last year's audit outline still in progress

Performance audit project	Status	Comment
Governance	Draft report due to be issued March 2017.	This review will provide councils with a baseline from which to plan improvements to governance following the introduction of CIPFA's revised framework and the requirement for councils to adopt the sustainable development principle from April 2016.
Aligning the levers for change	Researching the Council's response to challenges facing local government.	Scoping.
Corporate Assessment follow up	In progress	Draft report May 2017
Annual Improvement Report (AIR)	Scheduled for June 2017	Annual report summarising the audit work undertaken in the last year which also includes a summary of the key findings from reports issued by 'relevant regulators'.

Appendix 3

National value-for-money studies

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

Exhibit 11 covers all of the value-for-money studies work currently programmed.

The programme includes all-Wales summaries of audit work undertaken locally in the NHS and reactive examinations into specific issues of public concern that have been raised with me. In addition to the work outlined below, I may decide during the year to prepare other national reports summarising local audit work or based on the findings of reactive examinations.

I am also currently consulting with the Public Accounts Committee and other stakeholders about the inclusion in my programme of a number of new value-for-money studies to be rolled out during 2017-18. For example, I have already indicated to the committee that, following my July 2016 report on the Welsh Government's funding of Kancoat Ltd, I am considering a broader examination of the Welsh Government's support for business.

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

Exhibit 11: national value-for-money studies

Topic	Anticipated publication (as at 3 January 2017)
Outpatient follow-up appointments	February 2017
Governance and oversight of arms-length bodies (discussion paper)	February 2017
Welsh Government oversight of further education institutions' finances and delivery	March 2017
Circuit of Wales	February 2017
Emergency ambulance services commissioning	February 2017
21st century schools and education programme	March 2017
Public procurement landscape review	April to July 2017
Waste management (waste prevention)	April to July 2017
Waste management (municipal recycling) ²	April to July 2017

² In addition to the work on waste prevention and municipal recycling, I will be taking forward a review of waste treatment infrastructure in early 2017.

Topic	Anticipated publication (as at 3 January 2017)
Implementation of the NHS Finances (Wales) Act 2014 (integrated medium-term planning)	April to July 2017
Supporting People programme	April to July 2017
NHS Wales informatics services	April to July 2017
Access to public services with the support of specialist interpretation and translation	August to October 2017
Preparations for the implementation of fiscal devolution in Wales (follow-on report)	August to October 2017
Early intervention and behaviour change	TBC ³

³ My programme of good practice work has included a project exploring behaviour change work across Welsh public services and opportunities to improve practice, deliver better outcomes for citizens, and achieve better value for money. I still anticipate that the information and evidence gathered through this work will support the production of a report on this topic, although this is unlikely to be a traditional audit report and plans for its production are still to be confirmed.

Appendix 4

Other future developments

Forthcoming key IFRS changes

Exhibit 12: forthcoming key IFRS changes

Standard	Effective date	Further details
IFRS 9 Financial instruments	2018-19	IFRS 9 financial instruments will replace IAS 39 and includes a new principles-based approach for the classification and measurement of financial assets. It also introduces a new impairment methodology for financial assets based on an expected losses rather than incurred losses. This will result in earlier and more timely recognition of expected credit losses. The accounting requirements for financial liabilities are almost all carried forward unchanged from IAS 39.
IFRS 15 Revenue from contracts with customers	2018-19	IFRS 15 revenue from contracts with customers introduces a principles-based five-step model for recognising revenue arising from contracts with customers. It is based on a core principle requiring revenue recognition to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration the body expects to be entitled to, in exchange for those goods or services. It will also require more extensive disclosures than are currently required.
IFRS 16 Leases	2019-20	IFRS 16 will replace the current leases standard IAS 17. The key change is that it largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. It will lead to all leases being recognised on balance sheet as an asset based on a 'right of use' principle with a corresponding liability for future rentals. This is a significant change in lessee accounting.

Good Practice Exchange

The Wales Audit Office's GPX helps public services improve by sharing knowledge and practices that work. Events are held where knowledge can be exchanged face-to-face and resources shared online.

The focus of GPX events include financial management, public sector staff and governance.

Further information, including details of forthcoming GPX events and outputs from past seminars, can be found on the [GPX section of the Wales Audit Office website](#).

Registration for all events will open two months prior to the event.

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Authorised Finance Signatory List

The following Finance Officers have the approval to sign on the behalf of Bridgend County Borough Council.

Randal Hemingway
Section 151 Officer
Head of Finance

A handwritten signature in blue ink, appearing to read 'Randal Hemingway', is written over a horizontal dotted line.

Mary Williams
Group Manager
Chief Accountant

A handwritten signature in blue ink, appearing to read 'Mary Williams', is written over a horizontal dotted line.

Deborah Exton
Group Manager
Financial Planning &
Budget Management

A handwritten signature in blue ink, appearing to read 'Deborah Exton', is written over a horizontal dotted line.

Randal Hemingway
Head of Finance

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE AUDIT COMMITTEE

27 APRIL 2017

REPORT OF THE CHIEF EXECUTIVE

CERTIFICATION OF GRANTS AND RETURNS 2015-16

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 2015-16.

2 Connection to Corporate Improvement Plan / Other Corporate Priorities.

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

3 Background

- 3.1 Wales Audit Office (WAO), as appointed auditors of the Council, is asked on behalf of the Auditor General for Wales to certify larger grant claims made by the Council. For 2015-16 they audited 15 grant claims and returns with a total value of £121.2 million (23 grant claims with a total value of £142.3 million in 2014-15)

4 Current situation / proposal

- 4.1 A summary of all claims and returns subject to certification is provided with the report attached at **Appendix A**, together with the certification fee and outcome of the External Auditor's review.
- 4.2 The certification results are summarised as follows:-
- 100% of the grant claims were submitted in accordance with the awarding body's deadline (this is consistent with 2014-15);
 - 10 certificates were unqualified, but qualifications were necessary for 5 grants, relating to the eligibility of expenditure in relation to the scheme terms and conditions and issues around the apportionment of costs;
 - There were adjustments made to 14 grants and returns as a result of auditor certification work.
- 4.3 There was only one significant adjustment which was a reduction in the Bad Debt Provision of £152,997 for the Non-Domestic Rates Return. This affects the income to Welsh Government and not any funding due to the Council. The net effect of the other grant adjustments resulted in an increase of £8,789 to the Council.

4.4 Overall the Council's External Auditors have concluded that Grant Officers should be reminded of the importance of providing adequate working papers and ensuring claim accuracy.

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 As outlined within the report.

8 Recommendation.

8.1 That Members note the content of the External Auditor's report on the grant work undertaken for 2015-16 attached as **Appendix A**.

Darren Mepham
Chief Executive
27 March 2017

Contact Officer: Randal Hemingway

Telephone: (01656) 643302

E-mail: randal.hemingway@bridgend.gov.uk

Postal Address

Bridgend County Borough Council
Finance
Wing 4 Raven's Court
Brewery Field
Bridgend
CF31 4AP

Background Documents

Certification of Grants and Returns 2015-16



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Certification of Grants and Returns 2015-16 – Bridgend County Borough Council

Audit year: 2015-16

Issued: March 2017

Document reference: 172A2017



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

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 the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at info.officer@audit.wales.

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- 1 Under Paragraph 20 of Schedule 8 to the Government of Wales Act 2006 the Auditor General shall, if required by a local government or other grant-receiving body, make arrangements for certifying claims and returns (referred to as grant claims, hereafter).
- 2 We undertook our work with the aim of certifying individual claims and to answer the question:
'Does Bridgend County Borough Council (the Council) have adequate arrangements in place to ensure the production of co-ordinated, accurate, timely and properly documented grant claims?'
- 3 We have completed the audit and conclude that the Council had adequate arrangements in place for the submission of its 2015-16 grant claims with all of them being submitted on time, but that there is scope for improvement in the arrangements for the production of grant claims. We will work with the Council to support these improvements for 2016-17. Our conclusion for 2015-16 is based on the following overall findings:
 - the Council set up an electronic working paper file to support the audit of claims and returns but there is scope for improvements in the overall quality and completeness of primary working papers, and
 - there is scope for improvements in the Council's arrangements to ensure the accuracy and completeness of claims and returns
- 4 For 2015-16 we certified 15 grant claims and returns (23 in 2014-15). The reduction is due to the fact that there were no WEFO claims to audit this year and two claims were removed from the grant audit regime (School Effectiveness Grant and Sustainable Waste Management Grant).
- 5 The Council submitted all of its 2015-16 grant claims to us on time. We can confirm that we have certified all of the claims, at a total audit cost of some £58,145 (£40,724 2014-15). Overall, our work resulted in a net reduction of £144,208 in grant claimable in respect of 2015-16 on a total grant value of £121.2m (0.12% of total grant value). The actual breakdown is shown in **Exhibit 1**:

Exhibit 1: Breakdown of claims

	£	Additional comments
Additional Grant to BCBC	10,272	
Grant to be Clawed Back BCBC	(1,483)	
NNDR Adjustment – Welsh Government	(152,997)	Nil impact on BCBC's Council Fund
Total	(144,208)	

6 1:3 of the claims were qualified; this is slightly above the Welsh average of 1:4 for 2015-16.

Exhibit 2: report headlines

<p>Introduction and background</p>	<p>This report summarises the results of work on the certification of the Council's 2015-16 grant claims and returns</p> <ul style="list-style-type: none"> • As appointed auditors of the Council we are asked, on behalf of the Auditor General, to certify grant claims made by the Council. • For 2015-16, we certified 15 grants and returns with a total value of £121.2 million. • At the start of our grant audit work for 2015-16, we met with the grant co-ordinator and explained our proposed plan for completing grant work in the coming months. • We have produced this report so that we can provide feedback collectively to those officers having the responsibility for grant management, so that we can work together to identify areas where improvements can be made to the processes in place.
<p>Timely receipt of claims</p>	<ul style="list-style-type: none"> • Our analysis shows that 100% of grants received during the year were received by the Council's deadline. This is consistent with the 2014-15 audit year.
<p>Certification results</p>	<p>We issued unqualified certificates for ten grants and returns but qualifications were necessary in five cases (33%)</p> <p>The main reasons for grant qualifications can be summarised as follows:</p> <ul style="list-style-type: none"> • eligibility of expenditure in relation to the scheme terms and conditions and grant certification instructions; and • issues around the apportionment of costs claimed.

Audit adjustments	<p>Adjustments were necessary to 14 of the Council's grants and returns as a result of our auditor certification work this year</p> <ul style="list-style-type: none"> • There was only one significant adjustment (ie over £10,000). An adjustment of £-152,997 was made to the Non-Domestic Rates Return due to an incorrect calculation of the bad debt provision. • The net adjustment of the 14 grants is a reduction of £144,208 in funds payable to the Council. Excluding the significant adjustment to the Non-Domestic Rates Return, the net adjustment of the other 13 grants is an increase of £8,789 to the Council.
The Councils arrangements	<p>The Council's arrangements for preparing its grants and returns and supporting our certification work need improvement</p> <ul style="list-style-type: none"> • Grant Officers should be reminded of the importance of providing adequate working papers and ensuring claim accuracy. • The Council should improve systems in place to ensure that sufficient evidence is retained to support the eligibility and apportionment of expenditure claimed
Fees	<p>Our overall fee for certification of grants and returns for 2015-16 is £58,220 which was above our original estimate of £38,724 (which was based on the previous year's fee charged by KPMG)</p> <p>The main reason for the increase was the number of the issues identified during our certification of grants and returns as detailed in paragraph 9 below.</p>

Summary of certification work outcomes

- 7 Detailed on the following page is a summary of the key outcomes from our certification work on the Council's 2015-16 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate.
- 8 A qualification means that issues were identified concerning the Council'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 Council to satisfy itself that the full amounts of grant claimed are appropriate.

Exhibit 3: key information for 2015-16

Key information for 2015-16

Overall, we certified 15 grants and returns:

- One was unqualified with no amendment
- Nine were unqualified but required some amendment to the final figures
- Five were qualified and required some amendment to the final figures

Exhibit 4: summary of key outcomes

Ref – Para 9	Grants and returns	Claim due	Claim received	Late	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)	Unqualified certificate with no adjustments
1	Housing Benefit (BEN01)	30/4/16	28/4/16	no	1		£+43	
	Transitional SBIG and 21 st Century Schools (EDU18)	30/9/16	30/9/16	no				1
2	Flying Start (EYC01)	30/9/16	30/9/16	no	1		£nil	
3	Flying Start Capital (EYC02)	30/9/16	30/9/16	no			£+2,466	
4	Families First (EYC14)	30/9/16	30/9/16	no			£nil	
5	Assisted Recovery in Communities (ARC) (HLG01)	29/4/16	29/4/16	no			£-495	
6	Integrated Community Services (HLG01)	29/4/16	29/4/16	no			£-53	
7	NDR Non-Domestic Rates Return (LA01)	27/5/16	27/5/16	no		£-152,997		
8	Teachers' Pension Return (PEN05)	31/5/16	31/5/16	no			£nil	
9	Communities First Upper Bridgend (RG03)	31/7/16	31/7/16	no	1		£+843	

Ref – Para 9	Grants and returns	Claim due	Claim received	Late	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)	Unqualified certificate with no adjustments
10	Communities First Mid Bridgend (RG03)	31/7/16	31/7/16	no	1		£+1,655	
11	Communities First Lower Bridgend (RG03)	31/7/16	31/7/16	no	1		£+5,265	
12	Social Care Workforce Development Grant (SOC07)	30/9/16	30/9/16	no			£nil	
13	Local Transport Grant (TRA15)	30/9/16	30/9/16	no			£nil	
14	Free Concessionary Travel (TRA23)	30/9/16	30/9/16	no			£-935	
	Total				5	1	14	1

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

Exhibit 5: summary of key issues

Ref	Summary observations	Amendment
1	<p>Housing Benefit Subsidy return (BEN01) – claim qualified and amended</p> <ul style="list-style-type: none"> The return was qualified because of an underpayment made to one claimant as a result of an incorrect value entered in the HB system for the claimants earned income. Further testing did not highlight any additional underpayments due to the same error. In addition, an amendment was made to the claim due to an overpayment made to a claimant as a result of the claimant's earned income being incorrectly calculated (total earned income evidence provided covered a period of six weeks but had been assessed for HB purposes as only relating to four weeks). Again, further testing did not highlight any additional overpayments due to the same error. 	£+43
2	<p>Flying Start Revenue (EYC01)</p> <p>The claim was qualified because:</p> <ul style="list-style-type: none"> Salary costs for two employees were fully charged to the claim but supporting documentation indicated that only part of their duties related to the Flying Start scheme and therefore only part of their salary costs should be charged. As it was not possible to determine a reasonable apportionment of the salary costs as no records were maintained, this issue was included in the qualification letter (recommendation 3). Training costs' expenditure was claimed which related to 2016-17. The scheme terms and conditions state that payments in advance are to be excluded from the claim (recommendation 3). The CFO certificate was also re-signed by the officer who had signed the original offer letter as required by the certification instructions. The original claim provided for audit had not been signed by the correct officer (recommendation 1). 	£nil

Ref	Summary observations	Amendment
3	<p>Flying Start Capital (EYC02)</p> <ul style="list-style-type: none"> The claim was amended to include management costs associated with an invoice which had been accrued at year-end. As the invoice was still awaiting processing through the 'open contractor' system at the year-end, the on-costs had not been automatically included. 	£+2,466
4	<p>Families First (EYC14)</p> <ul style="list-style-type: none"> The detailed schedule of projects supporting the claim had been completed with some expenditure figures rounded to the nearest £ and others included to the penny. The schedule was amended so that all expenditure figures were included to the penny and therefore agreed to actual expenditure per the ledger (recommendation 1). The CFO certificate on the claim was also re-signed by the officer who had signed the original offer letter as required by the certification instructions. The original claim provided for audit had not been signed by the correct officer (recommendation 1). 	£nil
5	<p>Assisted Recovery in Communities (HLG01)</p> <ul style="list-style-type: none"> The return was amended to remove an internal recharge which was ineligible (recommendation 3). 	£-495
6	<p>Integrated Community Services (HLG01)</p> <ul style="list-style-type: none"> The return was amended to correct an internal recharge which had been incorrectly calculated. 	£-53
7	<p>NDR Non-Domestic Rates Return (LA01)</p> <ul style="list-style-type: none"> The claim was amended to correct the entry for the year-end bad debt provision which had been incorrectly calculated. (Note that the result of any change to the bad debt provision affects the income to Welsh Government [WG] but does not affect the amount of funding due to BCBC from WG.) In addition, a further amendment was required to remove an amount of income which was not in respect of the claim. 	£-152,997

Ref	Summary observations	Amendment
8	<p>Teachers' Pension Return (PEN05)</p> <ul style="list-style-type: none"> • The claim was amended for a number of transposition and addition errors. These had no overall impact on the claim value (recommendation 1). 	£nil
9	<p>Communities First Upper Bridgend (RG03)</p> <ul style="list-style-type: none"> • The claim was qualified for the following: <ul style="list-style-type: none"> – The inclusion of third party expenditure for which it was not possible to confirm that the expenditure fully related to 2015-16 (recommendation 4). – The inclusion of IT recharges which were deemed to be ineligible based on the guidance set out in the certification instructions. Council officials have told us that WG have subsequently notified the Council that they have deemed these costs eligible (recommendation 3). • The claim was amended for the following: <ul style="list-style-type: none"> – the incorrect apportionment of salary costs across the three Communities First claims (recommendation 2); and – correction of the expenditure value on one category of claim expenditure to limit actual spend to the approved allocation as required by the claim completion guidance (recommendation 3). 	£+843

Ref	Summary observations	Amendment
10	<p>Communities First Mid Bridgend (RG03)</p> <ul style="list-style-type: none"> • The claim was qualified for the following: <ul style="list-style-type: none"> – The inclusion of third party expenditure for which it was not possible to confirm that the expenditure fully related to 2015-16 (recommendation 4). – The inclusion of IT recharges which were deemed to be ineligible based on the guidance set out in our certification instructions. Council officials have told us that WG have subsequently notified the Council that they have deemed these costs eligible (recommendation 3). – Travel and subsistence expenditure for one staff member had not been restricted to the cap of £1,000 per staff member per cluster as set out in the Communities First scheme guidance (recommendation 3). • The claim was amended for the following: <ul style="list-style-type: none"> – the incorrect apportionment of salary costs across the three Communities First claims (recommendation 2). 	£+1,655
11	<p>Communities First Lower Bridgend (RG03)</p> <ul style="list-style-type: none"> • The claim was qualified for the following: <ul style="list-style-type: none"> – The inclusion of third party expenditure for which it was not possible to confirm that the expenditure fully related to 2015-16 (recommendation 4). – The inclusion of IT recharges which were deemed to be ineligible based on the guidance set out in our certification instructions. Council officials have told us that WG have subsequently notified the Council that they have deemed these costs eligible (recommendation 3). • The claim was amended for the following: <ul style="list-style-type: none"> – the incorrect apportionment of salary costs across the three Communities First claims (recommendation 2). 	£+5,265

Ref	Summary observations	Amendment
12	<p>Social Care Workforce Development Grant (SOC07)</p> <ul style="list-style-type: none"> The claim was amended as some sections of the claim form had not been completed. These changes had no impact on the overall expenditure claimed (recommendation 1). 	£nil
13	<p>Local Transport Grant (TRA15)</p> <ul style="list-style-type: none"> The claim was amended as the figure included for grant received from the Welsh Government did not agree with the ledger or remittance advices (recommendation 1). 	£nil
14	<p>Free Concessionary Travel (TRA23).</p> <ul style="list-style-type: none"> The claim was amended as the administration costs calculation was incorrect. The claim completion guidance required the calculation to be based on the number of bus passes in existence at 31 March 2016 but the calculation had been completed on using the average of the passes in circulation at the end of each quarter 	£-935
	Total effect of amendments	£-144,208

Recommendations

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

Exhibit 6: recommendations' risk rating

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. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.	Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.	Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.

Exhibit 7: issues

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
<p>Annual claim not prepared correctly, eg:</p> <ul style="list-style-type: none"> • arithmetic incorrect • claim form not completed in accordance with completion instructions; • claim form not fully completed; • payments on account/grant income received incorrect; and • incorrect CFO signature included on claim form. 	<p>Annual claims may be qualified or amended. The Council may be claiming grant for instalments already received.</p>	<p>R1 Annual claim forms completed correctly and independently reviewed by a senior officer. The Grant Checklist should be completed and reviewed for each claim submitted for audit.</p>	2	<p>Noted. Claims will be checked to ensure that they cast and are completed in accordance with instructions. The Council has a number of delegated Financial signatories for claims but reference will be made to grant conditions to ensure that signatories correspond to the grant requirements.</p>	<p>Finance Managers for 2016/17 final grant claims</p>

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
Lack of supporting evidence to support the claim for funding, eg: <ul style="list-style-type: none"> Expenditure not apportioned correctly. 	Grant may be clawed back by the Welsh Government. The Council may not have claimed its full entitlement.	R2 The Council should put in place systems and controls to ensure that the claim is fully supported by source documentation such as calculation of apportionments.	1	Noted. All actual expenditure is fully supported but in the small number of cases where apportionment is needed working papers will be put in place to substantiate the methodology.	Finance Managers for 2016/17 final claims

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
<p>Unapproved/ ineligible expenditure included, eg:</p> <ul style="list-style-type: none"> • value of activity exceeds that in agreed plan • expenditure included which is not in approval letter/plan • activity outside the claim period • expenditure items fully included when only part relates to the project • expenditure not restricted to limits set out in terms and conditions 	<p>Grant may be reclaimed by the Welsh Government. If qualified, any over claim could be recovered by the Welsh Government.</p>	<p>R3 Only eligible expenditure, that's incurred within the claim period, should be included within the claim. Welsh Government advice should be sought prior to claim completion if in any doubt of the eligibility of expenditure.</p>	<p>1</p>	<p>Noted. A number of items deemed ineligible by audit have been approved as eligible by Welsh Government, written confirmation was received subsequent to the audit. Where specific approval has been received we would expect this to over-ride the Certification Instructions and would not anticipate this to be an audit qualification. In other respects ineligible expenditure should be excluded</p>	<p>Finance Managers for 2016/17 final grant claims</p>

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
<p>Lack of monitoring of third parties, eg:</p> <ul style="list-style-type: none"> No evidence available to confirm that the third party had spent its allocation in accordance with the terms and conditions of the grant. Grant paid to third parties on expenditure where it was not clear that the expenditure related to the scheme or the claim period. 	<p>Grant may be clawed back by Welsh Government.</p>	<p>R4 The Council must have adequate procedures in place to satisfy itself, its auditor and the grant-paying body that only eligible expenditure incurred by third parties is included in the claim. Such procedures could include obtaining independently certified statements from third parties, a payments monitoring system or a system of spot checks performed by the Council on the third party.</p>	<p>1</p>	<p>Noted. Grant procedures will set out clearly the audit requirements upon Third party recipients of grant funding.</p>	<p>Finance Manager, Financial Control & Closing – Jun 2017</p>

- 11 Our overall fee for the certification of grants and returns was £58,145. This was higher than the original estimate of £38,724 within the regulatory plan which was based on the previous year's audit fee charged by KPMG. The increase was due to issues identified during our certification work.

Exhibit 8: fees

Breakdown of fee by grant/return	2015-16	2014-15
Housing Benefits (BEN01)	£11,291	£11,009
Transitional School Buildings Improvement Grant & 21 st Century Schools (EDU18)	£1,131	£1,032
WEFO Convergence Claims x 3 (EUR01)	-	£7,636
Flying Start Revenue Grant (EYC01)	£3,381	£2,577*
Flying Start Capital Grant (EYC02)	£2,979	
Families First (EYC14)	£3,596	£2,121
Pooled Budgets x 2 (HLG01)	£4,013	£1,133
National Non-domestic Rates Return (LA01)	£3,493	£3,275
Sustainable Waste Management (LA12)	-	£776
Teachers' Pension (PEN05)	£2,923	£1,643
Communities First x 3 (RG03)	£12,051	£1,924
Derelict Land Grant (RG15)	-	£470
Social Care Workforce Development Programme (SOC07)	£2,391	£1,536

Breakdown of fee by grant/return	2015-16	2014-15
Local Transport Grant (TRA15)	£2,466	-
Free Concessionary Travel (TRA23)	£3,567	£1,889
Planning, admin & reporting	£4,938	£3,703
Total fee	£58,220	£40,724

* The figure for 2014-15, combined the revenue and capital flying start claims.

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

27 APRIL 2017

REPORT OF THE HEAD OF FINANCE AND SECTION 151 OFFICER

COUNCIL TAX REDUCTION FRAUD INVESTIGATIONS: NOVEMBER 2015 to MARCH 2017

1. Purpose of Report.

- 1.1 The purpose of the report is to inform the Committee of the activities that have been undertaken since 01 November 2015 to 31 March 2017 with regard to Council Tax Reduction (CTR) fraud investigations. In addition, the report also summarises the activities undertaken and the results achieved during 2016/17.

2. Connection to Corporate Plan / Other Corporate Priorities.

- 2.1 The work of the Fraud Investigator impacts the resources available to the Council which support all of the Corporate Improvement Objectives/other corporate priorities.

3. Background.

3.1 Single Fraud Investigation Service

- 3.2 The Government's paper 'Tackling fraud and error in the benefits and tax credit systems' published in October 2010 announced that over the period 2013-15 the Government intended to create a single fraud investigation service (SFIS) with statutory powers to investigate and sanction all benefit and tax credit offences combining the resources across DWP, Her Majesty's Revenue & Customs (HMRC) and local authorities. This change is to improve efficiency, ensure all offences are taken into account and increase the number of investigations and sanctions.

- 3.3 Investigation staff from all local authorities have now become civil servants within SFIS as part of the phased programme running from June 2014 to March 2016. On the 01 November 2015, Bridgend's Fraud Manager and 2 investigation staff joined SFIS and the investigation work for Housing and Council Tax Benefit transferred. The prosecutions for these benefits are now dealt with by the Crown Prosecution Service.

- 3.4 In the Spending Review 2010, the UK Government announced that it would localise support for council tax from 2013/14 and reduce expenditure by 10%. The Welfare Reform Act 2012 contained provisions to abolish council tax benefit from 31 March 2013. From this date the responsibility to provide support for council tax and the funding associated with it, was devolved to local authorities in England, to the Scottish Government and to the Welsh Government. Cases of fraud in CTR do not form part of the SFIS remit.

- 3.5 To maintain effective and functioning counter-fraud activities for CTR, the Benefits Service retained a Fraud Investigator primarily to undertake the following:
- Investigate allegations of CTR fraud and single person discount discrepancies
 - Risk based intervention activities
 - Assist SFIS in the provision of information and/or documentation
 - Provide awareness and training for staff in relation to fraud, abuse and financial loss

4. Current situation

- 4.1 During the initial few months following the transfer to SFIS, the remaining Fraud Investigator concentrated upon establishing new protocols and processes for the administration of CTR investigations, and developed a contact network with other CTR fraud officers within neighbouring authorities. This network has widened across Wales and officers now meet quarterly to discuss CTR fraud matters and share best practice.
- 4.2 Fraud awareness training sessions remain to be undertaken for Benefit, Homelessness, Council Tax and Customer Service staff and with outside agencies. Fraud awareness also forms part of the induction process for all new benefit staff.
- 4.3 The sources of fraud referrals since November 2015 to 31 March 2017 are summarised in Table 1 below.

Source of Referrals	Nov 2015 – Mar 2017
N.F.I.	7
Benefit staff	12
HBMS* data match	11
Department of Work and Pensions (DWP)	2
Claim review	48
Anonymous (letter/telephone)	2
Real Time Information (RTI)	36
Total:	118

* DWP Housing Benefit Matching Service

- 4.4 CTR investigations were undertaken based upon information received as a data match or in the form of a specific allegation regarding the claimant's circumstances.
- 4.5 41% of the fraud referrals were initiated through claim reviews. These are cases where it appears that the claimant may have not declared a change in their circumstances, for example, where earnings have remained unchanged over a significant period of time. 31% of referrals were received as a result of the DWP's Real Time Information (RTI) initiative. RTI is an earned income and occupational pension data match with HMRC and indicates undeclared earnings or pensions, as well as highlighting significant variations in the amounts declared.
- 4.6 Fewer than 2% of CTR referrals were received via the public; the majority of referrals from the public relate to DWP benefits or Housing Benefits, and

consequently these are forwarded to DWP's SFIS to investigate. Fraud referrals are normally forwarded to SFIS in the following circumstances:

- The referral relates to the entitlement to a DWP benefit such as Income Support, Jobseeker's Allowance or Employment and Support Allowance; or
- The Housing Benefit overpayment is expected to exceed £4,000 (the DWP's threshold for prosecution); or
- It is in the public's interest that a prosecution should result.

4.7 Table 2 illustrates a breakdown of the types of allegations that have been referred during the period:

Types of allegation	Nov 2015 – Mar 2017
Undeclared income	38
Undeclared increase in income	56
Undeclared capital/savings	13
Living together	2
Non-residency	6
Discrepancy – non-dependant	2
Discrepancy – household occupants (e.g. SPD*)	1
Total:	118

*Single person discount

4.8 The majority of investigations undertaken relate to earnings and savings; this is purely the result of being unable to investigate cases where a DWP benefit may be affected.

4.9 During the period November 2015 to March 2017, 91 cases were closed and the closure categories are detailed here in Table 3.

Reason for closure	Nov 2015 – Mar 2017
No fraud	10
Not investigated	6
Fraud proven*	75
Total:	91

* i.e. sufficient evidence to instigate legal proceedings

4.10 The number of fraud proven cases represents 82% of the closed cases; this is attributed to the quality of the initial referral.

4.11 Table 4 below provides the CTR, and incidental Housing Benefit, savings that have been achieved as a result of the fraud investigations concluded during 2016/17.

Savings	2016/17
CTR excess reduction	£79,069
Future CTR saving	£35,949

Council Tax Benefit	£7,274
Housing Benefit	£14,458
Total:	£136,750

4.12 Once a case has been closed as fraud proven and the CTR adjustment (known as an excess reduction) is calculated, the case is referred to the Head of Finance or Benefits and Financial Assessments Manager to determine whether a sanction is appropriate. The sanctions available to the council are prosecutions, issuing a financial penalty or a fine.

4.13 The level of a financial penalty, which is offered as an alternative to prosecution, is prescribed in The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (Wales) Regulations 2013. The amount of the penalty is 50% of the amount of the excess reduction subject to a minimum amount of £100, and a maximum amount of £1,000. Alternative to this type of penalty, fines may be issued as follows:

- £100 – may be offered as an alternative to prosecution for acts or omissions that could have led to an incorrect award of CTR;
- £70 – may be imposed for:
 - an incorrect statement, information or evidence that leads to CTR award that is greater than entitlement; or
 - a failure to notify a change in circumstances meaning that a CTR award is greater than entitlement.

Table 5 illustrates the penalties and fines issued in 2016/17:

Successful sanctions	2016/17	Amount
Prosecutions	0	N/A
Penalties	48	£19,986
Fines	8	£560
Total:	56	£20,546

4.14 In addition to the penalties and fines, the Fraud Investigator has also raised administration-penalties and a compensation fine, totaling £6,523, following DWP investigations into Housing and Council Tax Benefit claims.

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 in this report.

8. Recommendation.

8.1 The Committee is recommended to note the report.

Randal Hemingway
Head of Finance and Section 151 Officer

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Benefits and Financial Assessments Manager

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Background documents

The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (Wales) Regulations 2013

<http://www.legislation.gov.uk/wsi/2013/588/regulation/13/made>

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

27 APRIL 2017

REPORT OF THE CHIEF INTERNAL AUDITOR

EXTERNAL ASSESSMENT

1. Purpose of Report

- 1.1 To present to Members the final report of the External Assessment of the Internal Audit Shared Service.

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 External Assessments are required to be undertaken to appraise and express an opinion about internal audit's conformance with the PSIAS' Definition of Internal Auditing and Code of Ethics and to include recommendations for improvement, as appropriate. An external assessment must be conducted at least every five years, in accordance with the PSIAS.
- 3.2 At the Committee meeting held on 28th January 2016, Members expressed their preference for the External Assessment against the PSIAS to be carried out by an independent organisation rather than by Peer Review.

4. Current situation / proposal

- 4.1 In accordance with the requirements of both Councils Audit Committees a procurement exercise was undertaken to procure the most economically advantageous organisation to undertake an external assessment of the Bridgend and Vale Internal Audit Shared Service; ensuring compliance with the Vale of Glamorgan Council's Contract and Financial Procedure Rules. As a consequence, the Chartered Institute of Public Finance and Accountancy (CIPFA) were commissioned to undertake the assessment.
- 4.2 The review commenced on the 30th January 2017 and the on site assessment concluded on the 3rd February 2017. The report is attached at **Appendix A**.
- 4.3 The Assessor met with Statutory Officers, Chief Officers, Auditees, and Auditors from both Councils, in addition to the Chairs of Audit Committees.

4.4 The Assessor has made 18 recommendations and a further 10 suggestions for improvement. The Action Plan (including responses and action dates) is attached at Appendix 1 of the report.

4.5 Whilst it is clear that the assessment has identified some recommendations and suggestions for improvement; overall the assessment identified no areas of non-compliance with the standards that would affect the overall scope or operation of the internal audit activity. Indeed, the Assessor has further stated that all auditees and Statutory Officers were positive in their responses and understanding of the audit process and the value it added.

4.6 Regular progress reports against the implementation of the recommendations and suggestions for improvement will be presented to the Audit Committee during the year.

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 The total cost of the External Assessment excluding VAT is £6,738.04, and this will be met from within the budget for the shared service.

8. Recommendation.

8.1 That the Committee considers the report of the External Assessor and approve the actions for improvement as outlined in Appendix 1 attached to the report.

Helen Smith
Chief Internal Auditor
27th April 2017

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Background Documents

None

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Final Report for the external assessment of the internal audit function

Bridgend County Borough & Vale of Glamorgan Councils' Internal Audit Shared Service

Lead Associate: Elizabeth Humphrey, CPFA

Internal QA: Ray Gard, CIPFA

16th March 2017

Review of Bridgend County Borough and Vale of Glamorgan Councils' Internal Audit Shared Service (January/February 2017)

Internal audit within the public sector in the United Kingdom is governed by the Public Sector Internal Audit Standards (PSIAS) which have been in place since 1 April 2013 and were revised on 1 April 2016. The standards require periodic self-assessments and an assessment by an external person every five years. Now that the standards have been in place for almost four years, Bridgend and Vale Internal Audit Shared Service has decided to undertake the required external review. The review also included checking compliance with the Local Government Advisory Note (LGAN) where this has requirements in addition to those in the PSIAS.

The review was carried out through a process of interview and document review. A list of interviewees is included as appendix 2. I should like to thank all those who took the time to talk to me for their help. I reviewed seven audits carried out during the 2015/16 and 2016/17 financial years and I examined key documents including the Charter and reports to the Audit Committees.

I identified no areas of non-compliance with the standards that would affect the overall scope or operation of the internal audit activity. All auditees and statutory officers were positive in their responses and understanding of the audit process and the value it added. However, the brevity of the audit brief did not reflect the breadth of planning undertaken for each audit, and did not fully evidence the auditee's contribution to this planning. In addition, some of the planning discussions were not documented and so there is no evidence that they happened.

I have made some practical and pragmatic medium priority recommendations (R) and lower priority suggestions (S) to improve compliance with the standards, in particular revising the audit terms of reference to reflect the planning undertaken before each audit. The Chief Internal Auditor (CIA) will need to take action to implement them and an action plan is included as appendix 1.

Summary findings and recommendations

Standard	Compliance	Findings	Recommendations and suggestions	Rec no
Code of Ethics	Full	All interviewees stressed the emphasis placed on ethics by the audit team and their independence and objectivity. However, auditors placed more emphasis on policies and procedures than on actions	Look at ways to emphasise compliance with Code of Ethics focussing on actions not processes	S1
Mission	Non-compliant	The Charter does not include the newly developed internal audit mission	Include the Mission in the Charter	R1

Standard	Compliance	Findings	Recommendations and suggestions	Rec no
Core principles of internal audit	Full	No significant problems were identified with following the new core principles, although improving the current audit planning documents will aid compliance. Further work will be needed to demonstrate compliance in the annual report for 2016/17	Expand the audit brief as indicated below	R2
			Work to integrate the core principles into audit's work and consider how best to demonstrate this in the annual report in future	S2
Attribute standards				
1000 Purpose, authority and responsibility	Partial	Standards 1000.A1 and C1 The nature of assurance work is not clearly defined in the Charter. There is no definition of senior management and the definition of the Board lacks clarity	Define assurance work in the Charter, making the link to giving the opinion	R3
			Include a definition of senior management in the Charter	R4
			Make the definition of the Board more explicit	S3
1100 Independence and objectivity	Full	The independence and objectivity of the audit section was emphasised by all interviewees LGAN 1.4.2 Neither council's anti-fraud policy contains a requirement to inform audit about any suspected or detected frauds, corruption or similar	Include the requirement to inform internal audit of all suspected and detected frauds, financial or otherwise, corruption or impropriety in the each council's anti-fraud policy	R5
1200 Proficiency and due professional care	Partial	Standard 1210.A2 None of the audits that I reviewed included any evidence of consideration of fraud risks, although I was assured by auditors that these were looked at Standard 1220.A1 and A3 The audit brief states only a high-level objective and the controls to be checked. As a result there is	Expand the audit brief as indicated	R2

Standard	Compliance	Findings	Recommendations and suggestions	Rec no
		insufficient clarity about the risks to be audited Standard 1230 Auditors had mixed views on access to CPD with some taking advantage of the offer of professional training	Staff need to be encouraged to take advantage of the training offered to them	S4
1300 Quality assurance and improvement programme	Partial	Standard 1311 Internal audit is reviewed by itself and by external audit but there are no plans for internal peer reviews	Include peer officer or member reviews of audit within the five year cycle	S5
		LGAN 11.3.2 Satisfaction questionnaires are sent out after each audit and performance has been reported in the past but was not included in the 15/16 annual report	Report satisfaction questionnaire results in annual report	R6
		Reviews are undertaken against the PSIAS but not against the LGAN and Manual	Include a review against the LGAN, where it goes beyond the PSIAS, and against the Manual	R7
		LGAN 11.3.3 The key PI of achievement of the plan was not reported over time in the 15/16 annual report	Report performance indicators over time in the annual report	R8
Performance standards				
2000 Managing the internal audit activity	Partial	Standard 2010 The annual audit plan makes no reference to the delivery and development of the service, the Charter and audit's contribution to the objectives and priorities of each Council	Include reference to the delivery and development of the service, the Charter and audit's contribution to the objectives and priorities of each Council in the annual audit plan	R9
		Standard 2050 The audit plan refers to using other sources of assurance but includes no details	Include details of other sources of assurance and the nature of those assurances in the annual plan	S6
		LGAN 7.1.2 There is no reference in either the annual plan or Charter as to	Refer to the audit service being provided internally in the Charter	R10

Standard	Compliance	Findings	Recommendations and suggestions	Rec no
		how the service will be provided LGAN 7.2.3 The plan does not clearly differentiate between assurance and other work	and annual plan Differentiate between assurance and other work in the plan	R11
2100 Nature of work	Partial	Standard 2110.A1 Audit has undertaken no specific reviews of ethics although other work does touch on this area Standard 2120 Audit has not reviewed risk management arrangements recently Standard 2120.A1 & A2 and 2130.A1 There was no reference to organisational objectives in any of the audits reviewed. In addition, fraud risks are not identified in audits	Undertake ethics work, either separately or clearly identified as part of broader governance work and be more overt about ethical matters considered in individual audits Undertake periodic audits of risk management arrangements Expand the brief as indicated	R12 R13 R2
2200 Engagement planning	Non-compliant	Standard 2201, 2210 and 2220 The brevity of the audit brief means that many key areas are not documented to demonstrate that they have been considered Note that this has had an impact on a number of other standards Standard 2240 Work programmes (control evaluation sheets) are developed for each audit, but these are compliance and control rather than risk based. They are rarely approved before being implemented	Expand the brief as indicated Move the emphasis in work programmes to risk, using the revised audit brief Approve all work programmes before implementation	R2 R14 R15
2300 Performing the engagement	Partial	Standard 2330 Working paper documentation meets the standards but there appears to be a lot of cutting and	Look at ways to streamline and summarise in audit working papers	S7

Standard	Compliance	Findings	Recommendations and suggestions	Rec no
		<p>pasting between working papers, summary documents and the report making it difficult to identify key messages</p> <p>Standard 2340 Although there is a high level of informal supervision, audits are only routinely formally reviewed at draft report stage</p> <p>LGAN 11.1.1 The Manual includes no reference to complying with the LGAN</p>	<p>Introduce formal review at: Audit brief Work programme Draft report as a minimum</p> <p>Include the requirement to comply with the LGAN in the Audit Manual</p>	<p>R16</p> <p>R17</p>
2400 Communicating the results	Partial	<p>Standard 2410.A1 Auditees understood the audit opinion but might obtain greater value if it were broken down into different aspects</p> <p>Standard 2420 Audit reports are generally satisfactory, but are very long and repetitive. Splitting findings from recommendations makes it harder to follow the reports</p> <p>Standard 2440.A1 The CIA is responsible for communicating the results of audits but her name is not included on reports, nor does she issue the reports herself</p> <p>LGAN 10.2.7 The CIA currently raises risk matters arising from audits for consideration in risk registers informally</p>	<p>Consider the value of splitting the opinion into different aspects and/or giving an opinion per risk and/or adding in an element of context</p> <p>Look at ways to reduce the length of the detailed report and combine findings and recommendations to ease reading</p> <p>Include the CIA's name on audit reports as the person responsible for issuing it</p> <p>Formalise the current informal arrangements regarding raising matters for inclusion in the risk register</p>	<p>S8</p> <p>S9</p> <p>R18</p> <p>S10</p>
2500 Monitoring progress	Full	The follow-up process is robust and works well and auditees are occasionally asked to attend audit committees to discuss outstanding actions		

Standard	Compliance	Findings	Recommendations and suggestions	Rec no
2600 Communicating the acceptance of risks	Full	There was no evidence that risks have been left unmitigated following an audit, highlighting the importance placed by the officers at each council on audit findings		

The Chief Internal Auditor has details of the findings, standard by standard.
 Elizabeth Humphrey CPFA

Appendix 1: action plan

Recommendations

No	Recommendation	Response	Responsible officer	Action date
R1	Include the Mission in the Charter	Agree	CAE	March 17
R2	Expand the audit brief to cover: <ul style="list-style-type: none"> • Service contribution to strategic objectives • Objectives of the service • Objectives of the audit • Links to any council risk registers • The criteria used to judge the service, eg performance measures, best practice guidance, legal framework, etc • Risks to be examined, including fraud and errors • Compliance with laws, regulations, policies, procedures and contracts • Achievement of strategic objectives • Reliability and integrity of financial and operational information • Safeguarding assets • Consideration of relevant systems, records, personnel and physical properties • Adding value and value for money, including effectiveness and efficiency of operations and programmes 	Agree	CAE	June 17
R3	Define assurance work in the Charter, making the link to giving the opinion	Agree	CAE	March 17
R4	Include a definition of senior management in the Charter	Agree	CAE	March 17
R5	Include the requirement to inform internal audit of all suspected and detected frauds, financial or otherwise, corruption or impropriety in each council's anti-fraud policy	Agree	CAE / Monitoring Officers	Sept 17
R6	Report satisfaction questionnaire results in annual report	Agree	CAE	March 17
R7	Include a review against the LGAN, where it goes beyond the PSIAS, and against the Manual	Agree	CAE	June 17
R8	Report performance indicators over time in the annual report	Agree	CAE	March 17
R9	Include reference to the delivery and development of the service, the Charter and audit's contribution to the objectives and priorities of each Council in the annual audit plan	Agree	CAE	April 17

No	Recommendation	Response	Responsible officer	Action date
R10	Refer to the audit service being provided internally in the Charter and annual plan	Agree	CAE	April 17
R11	Differentiate between assurance and other work in the plan	Agree	CAE	April 17
R12	Undertake ethics work, either separately or clearly identified as part of broader governance work and be more overt about ethical matters considered in individual audits	Agree	CAE	During 2017/18
R13	Undertake periodic audits of risk management arrangements	Agree	CAE	During 2017/18
R14	Move the emphasis in work programmes to risk, using the revised audit brief	Agree	CAE	Plan year 2017/18
R15	Approve all work programmes before implementation	Agree	Principal Auditors	Plan year 2017/18
R16	Introduce formal review at: <ul style="list-style-type: none"> • Audit brief • Work programme • Draft report as a minimum 	Resource permitting	CAE / Principal Auditors	Plan year 2017/18
R17	Include the requirement to comply with the LGAN in the audit manual	Agree	CAE	Immediate
R18	Include the CIA's name on audit reports as the person responsible for issuing it	Agree	CAE	Immediate

Suggestions

No	Suggestion	Response	Responsible officer	Action date
S1	Look at ways to emphasise compliance with Code of Ethics focussing on actions not processes	Agree include as part of the Section Meeting	CAE	Immediate
S2	Make the definition of the Board more explicit	Agree	CAE	Immediate
S3	Work to integrate the core principles into audit's work and consider how best to demonstrate this in the annual report in future	Agree	CAE	March 17
S4	Staff need to be encouraged to take advantage of the training offered to them	Agree and will continue to encourage.	CAE	Immediate
S5	Include peer officer or member reviews of audit within the five year cycle	Will endeavour to do so during the five year cycle, wholly dependent on resource	CAE	2020/21
S6	Include details of other sources of assurance and the nature of those assurances in the annual plan	Agree	CAE	April 17
S7	Look at ways to streamline and summarise in audit working papers	Agree, this will be ongoing during 17/18	CAE	2017/18
S8	Consider the value of splitting the opinion into different aspects and/or giving an opinion per risk and/or adding in an element of context	Will consider this during 2017/18 once resource issues are resolved.	CAE	2017/18
S9	Look at ways to reduce the length of the detailed report and combine findings and recommendations to ease reading	Will consider this during 2017/18 once resource issues are resolved.	CAE	2017/18
S10	Formalise the current informal arrangements regarding raising matters for inclusion in the risk register	Disagree. Sufficiently formal systems are already in place		

Appendix 2: interviewees

Person	Position	Organisation
Lyn Archer	Auditor	Internal Audit Shared Service
Martin Bell	Unified Services Manager	Bridgend County
Filippa Daniels	Auditor	Internal Audit Shared Service
Joan Davies	Principal Auditor	Internal Audit Shared Service
Cllr Ella Dodds	Audit Committee Chair	Bridgend County
Cllr Keith Hatton	Audit Committee Chair	Vale of Glamorgan
Randal Hemingway	Head of Finance and S151 Officer	Bridgend County
Nicola Hinton	Corporate Equalities Officer	Vale of Glamorgan
Huw Isaac	Head of Performance and Development	Vale of Glamorgan
Andrew Jolley	Monitoring Officer	Bridgend County
Carys Lord	Section 151 Officer and Head of Finance	Vale of Glamorgan
Janet McNicholas	External Auditor – Bridgend Council	Wales Audit Office
Vicki Macey	Auditor	Internal Audit Shared Service
Deborah Marles	Head of Legal Services, Monitoring Officer	Vale of Glamorgan
Darren Mephram	Chief Executive	Bridgend County
Martin Morgans	Head of Performance and Partnership Services	Bridgend County
Satwant Pryce	Head of Regeneration, Development and Property Services	Bridgend County
Emma Reed	Head of Visible Services and Transport	Vale of Glamorgan
Emma Samways	Principal Auditor	Internal Audit Shared Service
Anne Sloman	Group Auditor	Internal Audit Shared Service
Helen Smith	Chief Internal Auditor	Internal Audit Shared Service
Nathan Smith	Auditor	Internal Audit Shared Service
Rob Thomas	Managing Director	Vale of Glamorgan
Sara Thomas	Auditor	Internal Audit Shared Service
David Vining	Head of Strategic ICT	Vale of Glamorgan
Richard Watkins	IT Specialist (Group Auditor)	Internal Audit Shared Service
Steve Wyndham	External Auditor – Vale of Glamorgan Council	Wales Audit Office

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

27 APRIL 2017

REPORT OF THE CHIEF INTERNAL AUDITOR

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 a summary of the findings to Audit Committee.

4. Current situation / proposal.

- 4.1. Recently completed audits relating to 2016/17 are summarised in **Appendix A** and is 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 consider the summary of completed audits to ensure that all aspects of their core functions are being adequately reported.

Helen Smith
Chief Internal Auditor
27th April 2017

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Background documents

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

2016/17 Completed Audits**Reported at the 27th April 2017 Audit Committee Meeting**

Report Title	System Overview	Department & Directorate	Work Finalised	Audit Days	Key Messages	Audit Opinion
School Modernisation	Under the School Modernisation Programme, the first phase of construction for Band A projects covers a 5 year period from 2014/15 – 2018/19, with approved local authority programmes and projects attracting 50% Welsh Government funding. The aims of the programme are to ensure that Wales provides a learning environment that contributes to better educational outcomes and an educational infrastructure that is economic, efficient and sustainable.	Education & Family Support	January 2017	22	Project management methodology, governance arrangements, and adherence to Contract Procedure Rules were found to be satisfactory. Attention was drawn to ensuring that the Project Board membership details were updated.	Substantial
County Borough Supplies Closedown	An external review of the service was undertaken in September 2015 by Supply Chain Network Ltd., to provide a report on the viability of the service. The decision to close was officially taken at the Joint Supplies Committee meeting on 18 th December 2015 with a planned	Chief Executive and Finance	January 2017	4	Satisfactory assurance provided in the following areas: <ul style="list-style-type: none"> • Valuation and disposal of closing stock and assets • Outstanding debtors and accounts in credit • Redundancy payments • Future access to financial 	Substantial

Report Title	System Overview	Department & Directorate	Work Finalised	Audit Days	Key Messages	Audit Opinion
	closure date of 31 st March 2016.				and contract documentation.	
Data Breaches	<p>The Data Protection Act 1998 sets out rules for processing personal information and applies to manual records as well as those held electronically.</p> <p>A Data Breach occurs when private/confidential information is intentionally or unintentionally released to an unauthorised individual or organisation.</p>	Cross Cutting	February 2017	11	Staff who work in a shared service and are employed by an Authority other than Bridgend County Borough Council should be made aware of Data Protection Act E-learning. Also, regular reminders should be sent to staff regarding Data Protection and the treatment of data breaches.	Substantial
Information @ Work	Information@Work, alternatively referred to as EDRM (Electronic Document and Records Management), is an application from Northgate Information Solutions UK Ltd. Information@Work can be used to capture, manage, store, deliver and share business-process information, content, documents and records.	Operational Services & Partnerships	February 2017	10	A data matching process or script is required to be run periodically between Active Directory and Information@Work to remove any user names set up incorrectly.	Reasonable

Report Title	System Overview	Department & Directorate	Work Finalised	Audit Days	Key Messages	Audit Opinion
Open Contractor	Open Contractor is an application used by Highways and Building Maintenance to manage jobs, stores and payments to suppliers.	Communities	February 2017	15	<p>A brief review is required to confirm the number of users with permission to authorise Highways orders.</p> <p>The process for raising continuation orders requires review, with an adequate compromise between financial control and highways service provision being established.</p>	Reasonable
Establishments Assurance	The BCBC Financial Safeguarding Team within the Social Services & Wellbeing Directorate undertake financial checks on all establishments within its remit. There are 29 establishments currently within the County Borough that require this Safeguarding Financial Check. The types of establishments involved are: Homes for the Elderly, Learning Disability Day Centres, Mental Health Hostels, Young Person's Care Home and Supported Living.	Social Services & Wellbeing	February 2017	17	Report and action plan layouts require update to include grading of controls and weaknesses. The monitoring process should also record trends.	Reasonable
Treasury Management	The Treasury Management function exists to ensure that the Authority maintains a stable	CEX & Finance	February 2017	5	No issues raised.	Substantial

Report Title	System Overview	Department & Directorate	Work Finalised	Audit Days	Key Messages	Audit Opinion
	financial management system. This is achieved by forecasting and monitoring cash flow and optimising market rates. The annual Treasury Management Strategy provides the framework for Treasury Management activities.					
Youth Services	There has been significant change in the way Youth Services are provided in Bridgend in recent years. The Council has moved towards a more targeted approach commencing in April 2015 through Lead Workers working with young people at risk of disengagement from school, college and training with the open access provision largely provided by the Voluntary Sector.	Education and Family Support	March 2017	15	No set template exists to collect data when monitoring 3 rd sector open access provision via the Youth Strategy Grant. The Youth Work Strategy is currently in draft format. No current Terms of Reference exist for the Youth Services Network.	Reasonable
Creditors	The creditor payments system is a decentralised function. Service areas were selected for testing on the basis of the number and value of invoices paid. The following Service areas were tested during this audit: <ul style="list-style-type: none"> • Cemeteries 	Cross Cutting	March 2017	35	Appropriate authorisation levels should be put in place across the Council in relation to the processing of creditor related documentation. Work instructions to be developed to inform employees	Reasonable

Report Title	System Overview	Department & Directorate	Work Finalised	Audit Days	Key Messages	Audit Opinion
	<ul style="list-style-type: none"> Flying Start Housing Solutions Carriage Reconstruction Childcare Legal Costs Families First Programme Countryside and Tourism Wellbeing and Creative Living 				<p>how to manage the order, delivery note and invoice process.</p> <p>Invoices should be processed promptly to ensure adherence to payment terms stipulated by the Supplier and retained in a central location for ease of future reference.</p>	
Taxation	The Taxation Section is currently responsible for the billing and collection for Council Tax and National Non Domestic Rates	CEX & Finance	March 2017	2	In view of current resource issues and implementation of the Agilisys platform, reliance has been placed on the response to the control risk self-assessment on this occasion.	Reasonable
ICT in Primary Schools	As part of the 3 Year Service Level 2016-2019 Agreement, the ICT Service Unit offers ICT Services to support schools. Schools have the option to maintain an in-house service or use the SLA.	Education & Family Support	March 2017	24	The ICT Strategy for Bridgend Schools requires updating taking into account the Welsh Government's Digital Competence Framework (DCF).	Reasonable
Carbon Reduction Scheme	The CRC Energy Efficiency Scheme (also referred to as the 'CRC scheme' or 'CRC') is a	Education & Family Support	March 2017	13	As a result of recent staff departures, the energy management section is currently	Limited

Report Title	System Overview	Department & Directorate	Work Finalised	Audit Days	Key Messages	Audit Opinion
	mandatory carbon emissions reporting and pricing scheme to cover large public and private sector organisations in the UK				non-existent. There are no longer any employees with sufficient expertise in energy management to implement energy and carbon management programmes in order for the Authority to realise the potential benefits of carbon savings.	
Debtors	The Miscellaneous Income Team is responsible for collecting income due to the Council for services that have been provided. The Team are responsible for pursuing outstanding debt and resolving any invoice disputes that arise.	CEX & Finance	March 2017	15	Minor issues raised relating to the review of instalment payers and evidence of land charges against properties.	Substantial
Schools Absence Management	Under the Staffing of Maintained Schools (Wales) regulations 2006, schools across Wales are responsible for making decisions about how they organise, deploy and manage their workforce (National Assembly for Wales, 2006). It was noted that BCBC schools have the right to adopt the Schools Model Sickness Absence Policy and associated procedures but the Council has no authority to impose this on them. Escalation processes within Human	Education & Family Support	March 2017	25	Welfare meetings had not been arranged or taken place as per the guidance in the absence policy. Absence Review Meetings had not taken place in a timely manner and where the school had failed to set a meeting this had not been escalated. (Although it should be noted that the absences sampled ended between October 2015 and July 2016 which was prior to HR processes being enhanced).	Reasonable

Report Title	System Overview	Department & Directorate	Work Finalised	Audit Days	Key Messages	Audit Opinion
	Resources (HR), in relation to schools have been enhanced since September 2016 for chasing outstanding absence management documentation.				Headteacher guidance is a work in progress. Though it is noted corporate managers' guidance is available.	

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

27 APRIL 2017

REPORT OF THE CHIEF INTERNAL AUDITOR

INTERNAL AUDIT – FINAL OUTTURN REPORT – APRIL 16 TO MARCH 17

1. Purpose of Report.

- 1.1 The purpose of this report is to inform the Audit Committee of actual Internal Audit performance against the audit plan year covering the year April 16 to March 17.

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

- 2.1. The work of audit is intended to assist in the achievement of all corporate and service objectives.

3. Background

- 3.1. The 2016/17 Internal Audit Plan was submitted to the Audit Committee for consideration and approval on the 21st April 2016. The Plan outlined the assignments to be carried out and their respective priorities.
- 3.2. The Plan provided for a total of 1,053 productive days to cover the period April 2016 to March 2017.

4. Current situation / proposal

- 4.1. The following table shows an analysis of productive days achieved against the plan for this financial year.

Directorates	2016/17 Full Year Plan Days	2016-17 Actual Days delivered
CEX - Finance	130	147
Operational & Partnership Services	105	132
Education & Family Support	155	196
Communities	128	118
Social Services & Wellbeing	105	46
Cross Cutting Including: External Client, – Unplanned and Fraud & Error)	430	391
TOTAL PRODUCTIVE DAYS	1,053	1,030

- 4.2. The figures show that 1,030 actual days have been achieved, which is 23 days less than the expected target of 1,053 days.
- 4.3. At present the overall structure of the Section is based on 18 Full Time Equivalent (FTE) employees. However, at the end of the Financial Year 2015/16, the Section was carrying 4 FTE vacant posts; this has now increased to 9 FTE vacant posts. A recruitment campaign was unsuccessful in addressing the shortfall in staff resources; therefore discussions are underway as to the best way forward to address the number of vacancies.
- 4.4. The opinion contained within the report at **Appendix A** relates to the system of internal control at the Council and the overall control environment in place. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate the risk of failure to achieve corporate / service policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. Included within **Appendix B** is the supporting evidence which lists all those assignments which have been commenced / completed for the year and where an assignment has been completed; an audit opinion has been applied.
- 4.5. On the basis of internal audit work undertaken, and taking into account all available evidence, it is the opinion of the Chief Internal Auditor that satisfactory assurance can be applied to standards of internal control at Bridgend County Borough Council.

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 arising from this report.

7. Financial Implications.

- 7.1. Effective audit planning and monitoring are key contributors in ensuring that the Council's assets and interests are properly accounted for and safeguarded.

8. Recommendation.

- 8.1. That Members give due consideration to the Internal Audit Final Outturn Report covering the year, including the Head of Audit's annual opinion to ensure that all aspects of their core functions are being adequately reported.

Helen Smith
Chief Internal Auditor
27th April 2017

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Background Documents

None

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**Bridgend and Vale Internal Audit Service: Head of Internal Audit's Outturn Report April 2016 to March 2017
Bridgend County Borough Council.**

Executive Summary

This report provides a summary of the work completed by the Bridgend and Vale Internal Audit Shared Service for the year covering the period April 2016 to March 2017 and provides the Head of Audit's initial opinion on the Council's framework of governance, risk management and internal control. Therefore, based on our work carried out this year, my overall opinion is that the Council's framework of governance, risk management and control is considered to be satisfactory.

Introduction

The aim of the Shared Service is to help both Councils meet high standards of service delivery. Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, internal control and governance by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic and effective use of resources. The Shared Service supports the Audit Committees in discharging their responsibilities for:

- Advising on the adequacy and effectiveness of the Council's risk management, internal control and governance processes in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2015.
- Supporting both the Chief Executive and the Head of Finance with their delegated responsibilities for ensuring arrangements for the provision of an adequate and effective internal audit.

- Monitoring the adequacy and effectiveness of the Internal Audit Shared Service and Director's / Heads of Service responsibilities for ensuring an adequate control environment.
- Supporting the Head of Finance in discharging his statutory responsibilities under Section 151 of the Local Government Act 1972.
- Ensuring that the Council's External Auditor in relation to our work on the main financial systems audits can place reliance on this.

Definition of Internal Audit

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

Statutory Framework

Internal Audit is a statutory requirement for local authorities. There are two principal pieces of legislation that impact upon internal audit in local authorities; these are:-

- Section 151 of the Local Government Act 1972 requires every authority to make arrangements for the proper administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs.
- Section 5 of the Accounts and Audit (Wales) Regulations 2015 states that "a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

All principal local authorities subject to the Accounts and Audit (Wales) Regulations 2015 must make provision for internal audit in accordance with the Public Sector Internal Audit Standards (PSIAS).

Audit Committee

It is important to ensure that the Council has a sufficiently independent and effective Audit Committee that follows best practice. Audit Committees are a key component of corporate governance. They are a key source of assurance about the Council's arrangements for

managing risk, maintaining an effective control environment, and reporting on financial and non-financial performance. In addition, Internal Audit provides a key source of assurance to the Committee as to whether controls are operating effectively.

External Audit

The Council's External Auditor examines the work of Internal Audit on an annual basis in order to place reliance on this work when undertaking their audit work on the Council's Financial Statement of Accounts. The Council's External Auditors are the Wales Audit Office.

Public Sector Internal Audit Standards (PSIAS)

The Standards the Internal Audit Shared Service works to are the Public Sector Internal Audit Standards. These standards set out:

- The definition of internal auditing;
- Code of ethics.

- International standards for the professional practice of internal auditing. These standards cover the following areas:
 - Purpose, authority and responsibility.
 - Independence and objectivity;
 - Proficiency and due professional care;
 - Quality assurance and improvement programme;
 - Managing the internal audit activity;
 - Nature of work;
 - Engagement planning;
 - Performing the engagement;
 - Communicating results;
 - Monitoring progress;
 - Communicating the acceptance of risks.

The PSIAS apply to all internal audit service providers, whether in-house or outsourced. It is important to note that there is a requirement within the PSIAS for an external assessment to be undertaken once every five years. The PSIAS came into effect from 1st April 2013 and therefore the Internal Audit Shared Service must be externally assessed before the 31st March 2018. Both Councils Audit

Committees have resolved that an External Assessment be undertaken by a relevant professional body such as the Institute of Internal Auditors during the Financial Year 2016/17. As a consequence and following a procurement exercise, the Chartered Institute for Public Finance and Accountancy were commissioned to undertake the assessment. The external assessment commenced on 30th January 2017 and concluded on the 3rd February 2017. The outcome of the assessment concluded that there were no areas of non-compliance with the standards that would affect the overall scope or operation of the internal audit activity. All auditees and statutory officers were positive in their responses and understanding of the audit process and the value it added. The outcome of the assessment will be reported under separate cover to the Audit Committee. There have been some recommendations and lower priority suggestions made to improve the service and these have been set out in an action plan which will be monitored by the Council's Audit Committee to ensure these actions are addressed.

Internal Audit Coverage – April 2016 to March 2017

The level of internal audit resources required to examine all the Council's activities far exceed those available each year. It is, therefore, essential that the work of Internal Audit be properly planned to ensure that maximum benefit is gained from the independent appraisal function that internal audit provides.

Resources must be appropriately targeted by assessing the Council's total audit needs and preparing a plan that ensures systems are reviewed on a risk basis according to the impact they have on service delivery.

The Internal Audit Plan for 2016/17 is based, to a large extent, on the Council's Corporate Risk Register. This was complemented by:

- Priorities identified by Corporate Directors;
- Heads of Service key risks,
- The requirements of the Council's Section 151 Officer;
- External Audit and
- Those concerns / issues raised by Internal Audit in previous audits and our knowledge of potentially high-risk areas.

The Plan was submitted and approved by the Council's Audit Committee on 21st April 2016. The plan provided for a total commitment of 1,053 productive days for the year. Table 1 below provides the outturn for the service for the year and further detail is provided in Appendix B. The current structure for the Shared Service comprises of 18 Full Time Equivalent employees (FTE's), which provides for a comprehensive Internal Audit Service to both the Vale of Glamorgan and Bridgend County Borough Councils. The Head of Audit aims to achieve best practice, but continues to take account of the issues of affordability at a time when both Councils are looking to make substantial reductions in costs. The service has already been vastly streamlined and continues to apply lean auditing risk based

methodologies to its plan of work. At the commencement of this financial year, the service was carrying 4 vacant FTE posts, this has subsequently increased to 9 FTE which represents 50% of the establishment. Discussions are underway as to how the gap in resources can best be resolved.

Table 1 – Final outturn for the year April 2016 to March 2017

Table 1

Directorate	2016/17 Full Year Plan Days	2016/17 Actual Days Achieved
Chief Executive / Resources	130	147
Operational Services and Partnerships	105	132
Education and Family Support	155	196
Communities	128	118
Social Services and Wellbeing	105	46
Cross Cutting – (Including External Client, Unplanned and Fraud and Error)	430	391
Total	1,053	1,030

As can be seen from the table above, the actual outturn for the year shows that the number of productive days delivered are less than those planned by 23 days. The Table further shows that the proportion of productive days achieved vary from that expected by Directorate activity.

A total of 82 reviews have been completed, 7 have been carried forward into 2017/18, 17, although necessary did not culminate in an overall audit opinion and of the balance (58); 54 have been closed with either a substantial or reasonable assurance opinion level and 4 have identified weaknesses in the overall control environmental. Of the four where weaknesses in the control environment were identified, follow up reviews will and/or are being undertaken to ensure that recommendations are being addressed.

Internal Control Weaknesses

There are no significant cross cutting internal control weaknesses identified so far this year which would impact on the Council's Annual Governance Statement.

Our overall opinion on a system is based on both the materiality and impact of the system and our opinion on the internal control arrangements within the system. The combination of these factors then results in a category of risk to the Council as shown in Table 2 below:

Table 2

SYSTEM CONTROL		MATERIALITY AND IMPACT		
		HIGH	MEDIUM	LOW
1	Satisfactory	Moderate	Minimal	Minimal
2	Reasonable	Moderate	Moderate	Minimal
3	Limited – Significant Improvements required	Of Concern	Moderate	Moderate
4	No Assurance – Fundamental weaknesses identified.	Significant	Of Concern	Moderate

Therefore, having regards to the reviews completed and the overall opinions given, my overall opinion is the Council's overall internal control arrangements are considered to be **satisfactory**, resulting in a "**minimal**" level of risk.

Audit Recommendations – 2016/2017

Following each audit, report recipients are asked to complete an action / implementation plan showing whether they agree with the recommendations made and how they plan to implement them. The classification of each recommendation made assists management in focusing their attention on priority actions. For the period April to December 2016, Internal Audit has made a total of 33 recommendations, of which management has given written assurance that all of these will be implemented.

From time to time and where it is deemed appropriate to do so; Merits Attention recommendations will be made; by their very nature they relate specifically to an action that is considered desirable but does not necessarily have an impact on the control environment. To this end, these recommendations are not included on the Management Implementation Plan or logged on the Internal Audit Management Information system. Therefore a formal written response is not required from the client or included in table 3 below.

Table 3

2016 -17 Recommendation Priority	No. Made	No. Agreed	No. Implemented	No. not Yet due to be actioned	One month overdue Target date	Two months overdue target date	Three or more months overdue target date
			Complete	Pending	Outstanding		
Fundamental (Priority One) Rating - D and E (+ to -) Action – Immediate Implementation	1	1	1	0	0	0	0
Significant (Priority Two) Rating – C (+ to -) Action – Implementation within 6 – 12 months	110	110	37	49	24	0	0
Total	111	111	38	49	24	0	0

Internal Audit - Successes

Some of our successes so far this year include:

- Internal Audit Plans for 2015/16 were delivered in accordance with expectations
- Internal Audit Plans for 2016/17 have been approved by both Audit Committees and Corporate Management in a timely manner.
- We continue to provide an excellent internal audit provision to both Bridgend County Borough Council and the Vale of Glamorgan Council, so much so that both Audit Committees have supported the proposal to extend the Shared Service Partnership Agreement until 31st January 2018, which has been approved by both Cabinets. Both Cabinets have approved an extension of the Shared Service until 31st January 2020.
- We continue to support staff in obtaining professional qualification including CIPFA - Corporate Governance, Institute of Internal Auditors (IIA) and the Association of Accounting Technicians (AAT) as well as continuing professional development (CPD).
- We continue to build on our excellent working relationship with Members, Chief Officers and staff within both Councils.
- The outcome of the External Assessment was positive.

Resources, Qualifications and Experience

The Head of Internal Audit requires appropriate resources at their disposal to undertake sufficient work to offer an independent opinion on the Council's internal control environment. This is a fundamental part of the Bridgend County Borough Council's governance arrangements. The Internal Audit Annual Plan was presented to the Audit Committee in 21st April 2016, which is based on a provision of 1,053 productive days.

The Bridgend County Borough Council is in a partnership agreement with the Vale of Glamorgan Council who host the Internal Audit Shared Service. As at the 1st April 2017 the staffing structure is listed in table 4 below.

Table 4

2016-17 Staffing Structure	FTE
Operational Manager Audit - Head of Audit	1

Principal Auditor (one vacant post)	2
Group Auditor	2
Group Auditor (Information Systems) (vacant)	1
Auditor (5 posts are vacant)	9.5
Trainee Auditor (vacant at present)	1
Trainee Auditor (Information Systems) (vacant)	1
Administrative Assistant	0.5
Total	18

The total resource of 18 Full Time Equivalents (FTE's) provides for a comprehensive Internal Audit Service. The Head of Audit aims to achieve best practice but continues to take account of the issues of affordability at a time when both Councils are looking to make substantial reductions in costs. The service has already been vastly streamlined and continues to apply lean auditing risk based methodologies to its plan of work. At the commencement of this financial year the Section was carrying 4 vacant posts, and this has recently increased to 9 vacant full time equivalent posts. During the year recent recruitment campaign was undertaken which proved to be unsuccessful and therefore the Section continues to carry these vacancies. Discussions are underway as to the best way to address the vacancy issues within the Section and how it can best be resolved. The lack of resources is considered to be a key risk for the service moving forward into 2017/18.

In accordance with the Public Sector Internal Audit Standards, the Head of Audit must ensure that Internal Auditors possess the knowledge, skills and competencies needed to perform their individual responsibilities. Internal Auditors are therefore encouraged to study for and obtain professional qualifications. In addition, it is a requirement of the standard that the Head of Audit must hold a professional qualification and be suitably experienced. The following information outlined in table 5 below demonstrates the experience and qualification mix for the Internal Audit Shared Service.

Experience and Qualifications

Table 5

No of Years Experience	No of years in Auditing	No of Years In Local Government	Professional Qualifications	No of Staff.
Up to 1 year	0	0	Accountants (CIPFA; FCCA; ICAEW)	2

1 to 2 years	0	0		Certified Information Systems Auditor (CISA)	1
2 to 5 years	0	0		Institute of Internal Auditors – full membership and	0
5 to 10 years	4	4		Institute of Internal Auditors – practitioner level; part qualified or audit certificate	3
Over 10 years	5	5		Association of Accounting Technicians (AAT)	0
				Part Qualified AAT	0
				Prince2 Practitioner Level	0
				Bachelor Degree - Honors	1
Total Staff	9	9		Total	7

All staff are encouraged to attend relevant courses and seminars to support their continual professional development. All staff have the opportunity to attend courses run by the Welsh Chief Auditors Group on a diverse range of topics. Individuals keep records of their continuing professional development based on their professional body requirements. Staff are encouraged to study for relevant professional qualifications such as MIIA and CIPFA, at present we are supporting two members of staff to study CIPFA.

Internal Audit – Other Activities

- **Anti-Fraud** – the Internal Audit Shared Service continues to assist in promoting an anti-fraud and corruption culture. We have ensured that staff are made aware; via StaffNet; of any recent scams and frauds that have occurred in both the public and private sectors.
- **National Fraud Initiative** – The Council, via Internal Audit, has again participated in the National Fraud Initiative (NFI) as part of the statutory external audit requirements. This brings together data from across the public sector including local authorities, NHS, other government departments and other agencies to detect “matches” i.e. anomalies in the data which may or may not be indicative of fraud, for further investigation.
- **Advice and Guidance** – Internal Audit continues to provide advice and guidance both during the course of audits and responding to a wide range of ad-hoc queries.
- **Attendance at and contribution to, working groups etc.** - The Section continues to contribute to the development of the Council and ensuring that we are up to date with best practice by attending the following:-
 - Audit Committee;

- Scrutiny Committees (as required);
 - Cabinet (as required);
 - Corporate Management Team (as required);
 - Corporate Improvement Group.
 - The Welsh Chief Auditors Group and all its sub-groups (including South Wales Computer Audit Group; South East Wales Education Audit Group; Social Services Audit Group).
- **Investigation Work** – We continue to support Senior Management in providing resources and expertise in investigating allegations of fraud and misappropriation.

Internal Audit – Review of Performance Management and Quality Assurance Framework

The Public Sector Internal Audit Standards requires that the Head of Internal Audit develops and maintains a quality assurance and improvement programme that covers all aspects of the internal audit activity. The section has a “Quality Assurance and Improvement Programme (QAIP) that has been presented to, and approved by, the Audit Committee.

1. **Performance Management** – the section’s key performance indicators are set out in the section below.
2. **Quality Assurance** – each individual audit report and supporting working papers / documents are reviewed by either a Principal Auditor or the Head of Audit. Appropriate standards have been set by the Head of Internal Audit in accordance with the Standards. The file reviews ensure the audits comply with the Section’s internal processes and procedures and the overall Public Sector Internal Audit Standards. Where necessary corrective action is taken.

Internal Audit – Performance Indicators

The Section has one key indicator as follows: **The Percentage of Audits Completed in Planned Time**

Table 6

Justification of this performance indicator: to ensure that Internal Audit provides sufficient coverage to ensure that the requirements of the Council’s Section 151 Officer and External Audit are met and that Internal Audit can give sufficient assurance to the Audit Committee regarding the Council’s system of internal control, risk management and governance arrangements.

Target: 89.7%	Full year performance - April 2016 to March 2017 Achievement: 80.6% Vale – 62.5% BCBC Overall Achievement: Number of Audit Completed = 162 Number completed within planned time = 119 Overall percentage achieved = 73.46%
Therefore from the number of audits completed for this financial year combined for both Councils; the target has not been achieved. ☹️	
The Section started the year with 4 vacant posts and this has increased to 9 at present.	

From the table above we can see that our performance has slipped and we have fallen quite short of our target of 89.7% of audits completed within planned time. Having reflected on the results, it can be determined that this is a combination of the changing expectations of the role of audit, together with the diminishing skills and competencies within the section.

The Section also participates annually in the Welsh Chief Auditors Group benchmarking exercise. The results for 2015/16 have recently been received and are as follows:

Table 7

Performance Indicator 2015/2016	IASS Performance For the Vale 2015/16	Overall Average Performance 2015/16	Overall Average Performance 2014/15	Overall Average Performance 2013/14
Percentage of Planned Audits Completed	99%	85%	84%	80
Number of Audits Completed	135	96	111	126
Percentage of Audits Completed in Planned Time	93%	68%	71%	71%
Percentage of directly chargeable time, actual versus planned	103%	90%	88%	94%
Average number of days from audit closing meeting to issue of draft report.	9.5 days	7.3 days	8.2 days	9.5 days
% of staff leaving during the Financial Year	3%	10%	11%	22%

As can be seen from the table above, the Section is performing well. This, together with our overall performance indicators for the service provided to Bridgend places us once again in the top quartile. It should be noted that the overall average performance for

2015/16 is only based on 64% of the Welsh Chief Auditors Group returning their performance figures (8 councils have failed to return their data sets). We will once again participate in the benchmarking exercise for 2016/17.

Audit Client Satisfaction Questionnaires

At the completion of each audit, all recipients of reports are asked to comment on their satisfaction with the audit process, by way of a survey questionnaire ranging from a score of 1 for very satisfied to a score of 5 very unsatisfied. The results are summarised in Table 8 below and compared with last year's overall results:

Table 8.

No.	Question	Average Score of Responses March 2016	Average Score of Responses March 2015	Average Score of Responses March 2014
1	Where appropriate, briefing of client and usefulness of initial discussion.	1.290	1.360	1.420
2	Appropriateness of scope and objectives of the audit.	1.560	1.450	1.450
3	Timelines of audit.	1.560	1.690	1.490
4	Response of Officer to any requests for advice and assistance.	1.330	1.240	1.300
5	General helpfulness and conduct of Auditor (s)	1.190	1.170	1.150
6	Discussion of findings / recommendations during or at the conclusion of the audit.	1.000	1.000	1.000
7	Fairness and accuracy of report.	1.420	1.360	1.600
8	Practicality and usefulness of recommendations	1.580	1.460	1.570
9	Standard of report.	1.420	1.290	1.380
10	Client agreement with overall audit opinion.	1.350	1.310	1.560

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

Governance Arrangements

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

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

Good Governance is about doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable way.

Bridgend County Borough Council is committed to the principles of good governance and as a result has adopted a formal Code of Corporate Governance (COCG) for the last six years. The Code of Governance is based upon the six principles as defined by the Chartered Institute of Public Finance and Accountancy (CIPFA), the Society of Local Authority Chief Executives (SOLACE) and incorporates the “Making the Connections” governance principles and values as set out by the Welsh Government.

The COCG also makes provision for a joint commitment by Members and Officers to the principles it contains, as well as a statement of assurance jointly signed by the Leader of the Council and the Chief Executive. This helps to ensure that the principles of good governance are not only fully embedded but also cascade through the Council and have the full backing of the Leader of the Council and elected Members, as well as the Chief Executive and the Corporate Management Board. The work of the Internal Audit Shared Service represents a fundamental function in delivering the Council’s Corporate Governance responsibilities.

Across the whole of the United Kingdom, local councils are facing unprecedented challenges following reduced Government funding and increased demands on essential services. Between 2016-17 and 2019-20, the Council is expecting to have to make budget reductions of

up to £35.5 million. Budget cuts of this scale present a significant challenge that will require the Council to make many difficult decisions about what services can be maintained and what cannot.

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

As stated earlier in the report, based on the work completed for the year by the Internal Audit Shared Service for the period April 2016 to March 2017; no significant cross cutting control issues have been identified that would impact on the Council's overall control environment. The weaknesses that have been identified are service specific and the recommendations made to improve the overall control environment have been accepted and are being / will be implemented.

It is clear that the scale of the challenges to come will mean that "business as usual", however well managed, will not be enough. The challenge will be to consider alternative delivery models for services across the Council and this will be essential to mitigate the impact of cuts and assist in continuing to provide priority services. Therefore, as the Council continues to experience reduced resources, increased demands on services and new and innovative forms of delivery; there is a need to ensure that the control environment; including governance and risk management; remains robust, proportionate and is as efficient and effective as possible.

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<u>Code</u>	<u>Job</u>	<u>Job Name</u>	<u>Days</u>	<u>Budget</u>	<u>Date Commenced</u>	<u>Date Closed</u>	<u>Opinion</u>
ASSURANCE							
	Directorate	CHIEF EXECUTIVE - RESOURCES					
	613	BCBC- Advice & Guidance CEX / Resources	7.13	10.00	01/04/2016	31/03/2017	N/A
	622	BCBC - NNDR c/fwd 15/16	5.84	5.00	01/04/2016	29/06/2016	Substantial
	625	BCBC - C/F Creditors	18.75	15.00	01/04/2016	27/07/2016	Substantial
	631	BCBC - BACS Security	1.79	3.00	01/04/2016	26/05/2016	Reasonable
	643	BCBC- Corporate Change Fund	15.91	10.00	20/06/2016	28/10/2016	Reasonable
	650	BCBC - Creditors Departmental Testing	36.31	35.00	11/07/2016	15/03/2017	Reasonable
	655	BCBC - Creditor Authorisation Levels	13.78	15.00	25/07/2016	05/01/2017	Reasonable
	673	BCBC - Housing Benefits	12.97	10.00	10/11/2016	31/03/2017	Reasonable
	681	BCBC- Debtors	14.93	15.00	05/12/2016	31/03/2017	Substantial
	687	BCBC - Treasury Management	6.01	5.00	18/01/2017	27/02/2017	Substantial
	689	BCBC - Taxation	2.84	5.00	09/01/2017	15/03/2017	Reasonable
	692	BCBC - Main Acct & Budgetary Control	10.78	10.00	06/02/2017	31/03/2017	Carried Forward
Total for	Directorate	CHIEF EXECUTIVE - RESOURCES	147.05	138.00			
	Directorate	OPERATIONAL SERVICES & PARTNERSHIPS					
B	616	BCBC- Advice & Guidance Op Serv & P/ship	4.76	5.00	01/04/2016	31/03/2017	N/A
	621	BCBC - Homelessness c/fwd 15/16	19.32	9.00	01/04/2016	17/10/2016	Reasonable
	624	BCBC - C/F Firewalls	11.45	9.00	01/04/2016	13/01/2017	Reasonable
	628	BCBC - Absence Management	23.58	24.00	01/04/2016	13/10/2016	Substantial
	640	BCBC - ICT Asset Management Follow Up	8.04	5.00	21/06/2016	31/03/2017	Reasonable
	644	BCBC - Sharepoint	9.97	10.00	01/07/2016	15/09/2016	Substantial
	648	BCBC - HR Self Service Review	7.57	8.00	11/07/2016	06/10/2016	Substantial
	661	BCBC - Info @ Work	15.47	10.00	05/09/2016	13/02/2017	Reasonable
	671	BCBC - Open Contractor System	15.24	15.00	20/10/2016	14/02/2017	Reasonable
	677	BCBC - Trent System Review	1.39	2.00	07/11/2016	06/12/2016	N/A
	690	BCBC- Payroll	14.76	15.00	09/01/2017	31/03/2017	Carried Forward
Total for	Directorate	OPERATIONAL SERVICES & PARTNERSHIPS	131.55	112.00			
	Directorate	EDUCATION AND FAMILY SUPPORT					
B	614	BCBC - Advice & Guidance Ed & Family Sup	1.01	5.00	01/04/2016	31/03/2017	N/A
	626	BCBC - School Summary 15-16	5.37	6.00	01/04/2016	17/08/2016	Reasonable
	636	BCBC - EIG Verification	4.32	5.00	02/06/2016	28/07/2016	Reasonable
	649	BCBC - Built Env Further Process Review	16.42	20.00	11/07/2016	07/12/2016	Reasonable

<u>Code</u>	<u>Job</u>	<u>Job Name</u>	<u>Days</u>	<u>Budget</u>	<u>Date Commenced</u>	<u>Date Closed</u>	<u>Opinion</u>
B	656	BCBC - Youth Services	15.30	15.00	21/07/2016	13/03/2017	Reasonable
	658	BCBC - Youth Work Strategy Support Grant	1.22	2.00	29/07/2016	03/08/2016	Reasonable
	666	BCBC - CRC	13.61	10.00	29/09/2016	16/03/2017	Limited
	667	BCBC - School Absence Management	25.27	20.00	30/09/2016	31/03/2017	Reasonable
	668	BCBC - Cornelli Primary School	6.49	5.00	04/10/2016	22/02/2017	Substantial
	669	BCBC - CRSA & Assurance Statements	4.36	10.00	04/10/2016	31/03/2017	Substantial
	670	BCBC - ICT in Primary Schools	23.82	24.00	06/10/2016	20/03/2017	Reasonable
	676	BCBC - Consultant Usage- Primary Schools	7.97	8.00	23/11/2016	13/03/2017	Reasonable
	679	BCBC - Teacher Enhancements	3.01	5.00	30/11/2016	28/12/2016	Reasonable
	682	BCBC - CCYD Private Funds	10.57	12.00	03/01/2017	16/02/2017	Limited
	683	BCBC - Agency Staff in Schools F/Up	8.72	5.00	05/01/2017	31/03/2017	Limited
	688	BCBC - Cwm Garw School	4.22	5.00	17/01/2017	02/02/2017	Reasonable
	691	BCBC - Sixth Form & Cont. Ed	1.69	2.00	10/01/2017	24/01/2017	N/A
Total for	Directorate	EDUCATION AND FAMILY SUPPORT	153.38	159.00			
	Directorate	COMMUNITIES					
B	612	BCBC - Advice & Guidance Communities	0.34	5.00	01/04/2016	31/03/2017	N/A
	638	BCBC - Achieving Zero Waste	16.22	20.00	08/06/2016	15/09/2016	Substantial
	641	BCBC - Townscape Heritage Initiative	12.94	15.00	13/06/2016	28/10/2016	Substantial
	651	BCBC - Council Buildings Compliance	0.07	7.00	12/07/2016	01/03/2017	N/A
	663	BCBC - Supporting People Grant Verify	8.07	8.00	01/09/2016	15/11/2016	Reasonable
	678	BCBC - Fleet Shared Services	0.51	20.00	14/11/2016	31/03/2017	Carried Forward
Total for	Directorate	COMMUNITIES	38.14	75.00			
	Directorate	SOCIAL SERVICES AND WELLBEING					
B	615	BCBC - Advice & Guidance SS & Wellbeing	1.15	5.00	01/04/2016	31/03/2017	N/A
	620	BCBC - Occupational Therapy c/fwd 15/16	12.06	10.00	01/04/2016	23/08/2016	Reasonable
	627	BCBC - Bus Svs Support Grant	6.96	7.00	08/04/2016	11/07/2016	Limited
	685	BCBC - Section 117	0.91	15.00	13/01/2017	31/03/2017	N/A
	686	BCBC - Data Sharing Soc Svs/ Early Help	5.81	15.00	16/01/2017	31/03/2017	Carried Forward
Total for	Directorate	SOCIAL SERVICES AND WELLBEING	26.89	52.00			
	Directorate	BCBC CROSS CUTTING					
B	617	BCBC - Audit Planning	29.66	35.00	01/04/2016	31/03/2017	N/A
	618	BCBC - Audit Committee / CMB	38.48	40.00	01/04/2016	31/03/2017	Substantial
	619	BCBC - Finalising 2015-16 Jobs	70.91	10.00	01/04/2016	31/08/2016	N/A
B	623	BCBC - PSIAS Compliance c/fwd 15/16	7.64	5.00	06/05/2016	01/07/2016	Substantial
	632	BCBC - Performance Indicators	15.37	20.00	16/05/2016	15/08/2016	Reasonable
	635	BCBC - General Follow up Admin	1.96	2.00	04/04/2016	31/03/2017	N/A

<u>Code</u>	<u>Job</u>	<u>Job Name</u>	<u>Days</u>	<u>Budget</u>	<u>Date Commenced</u>	<u>Date Closed</u>	<u>Opinion</u>
	637	BCBC - CAATs & Data Extraction	16.05	20.00	16/05/2016	06/03/2017	N/A
	639	BCBC- Cash Handling	15.47	16.00	06/06/2016	25/08/2016	Reasonable
	645	BCBC - Legal & Reg Savings	19.86	20.00	01/07/2016	09/01/2017	N/A
	654	BCBC - External Assurance Compliance	25.98	30.00	05/07/2016	02/03/2017	Substantial
	657	BCBC - Overtime & Out of Hours	20.30	15.00	15/07/2016	31/03/2017	Reasonable
	665	BCBC - Data Breaches	11.18	10.00	19/09/2016	08/02/2017	Substantial
	680	BCBC - CBS Closure	8.41	5.00	01/12/2016	20/03/2017	Substantial
	696	BCBC - IT Consultancy Procurement	3.34	5.00	23/03/2017	31/03/2017	N/A
Total for	Directorate	BCBC CROSS CUTTING	284.63	233.00			
Total for	Function	ASSURANCE	781.64	769.00			
		ANTI-FRAUD & CORRUPTION					
	Directorate	BCBC CROSS CUTTING					
B	630	BCBC - NFI	22.60	25.00	01/04/2016	31/03/2017	Reasonable
	693	BCBC - WB Allegations Education	1.62	5.00	08/03/2017	31/03/2017	Carried Forward
Total for	Directorate	BCBC CROSS CUTTING	24.22	30.00			
Total for	Function	ANTI-FRAUD & CORRUPTION	24.22	30.00			
		GOVERNANCE					
	Directorate	EDUCATION AND FAMILY SUPPORT					
B	660	BCBC - School Modernisation Programme	23.04	25.00	15/08/2016	10/01/2017	Substantial
	662	BCBC - Minor Works (Ed & Family Support)	19.70	15.00	09/09/2016	31/03/2017	Reasonable
Total for	Directorate	EDUCATION AND FAMILY SUPPORT	42.74	40.00			
	Directorate	COMMUNITIES					
B	652	BCBC - Elections	34.97	15.00	12/07/2016	31/03/2017	Substantial
Total for	Directorate	COMMUNITIES	34.97	15.00			
	Directorate	BCBC CROSS CUTTING					
B	629	BCBC - Final Accounts	4.09	5.00	01/04/2016	31/03/2017	Reasonable
	633	BCBC - Effectiveness of Audit Committee	3.21	2.00	01/04/2016	15/06/2016	Substantial
	634	BCBC - IASS Monitoring	13.41	15.00	01/04/2016	31/03/2017	Substantial
	647	Porthcawl Harbour	6.93	5.00	04/07/2016	01/03/2017	N/A
	659	BCBC - Contract Monitoring	8.14	20.00	15/08/2016	31/03/2017	Carried Forward
	684	BCBC - Good Governance	13.55	15.00	09/01/2017	31/03/2017	Reasonable
	694	BCBC - Safeguarding	4.90	15.00	27/02/2017	31/03/2017	Carried Forward
Total for	Directorate	BCBC CROSS CUTTING	54.22	77.00			

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<u>Code</u>	<u>Job</u>	<u>Job Name</u>	<u>Days</u>	<u>Budget</u>	<u>Date Commenced</u>	<u>Date Closed</u>	<u>Opinion</u>
Total for Function GOVERNANCE			131.93	132.00			
RISK & PERFORMANCE MANAGEMENT							
	Directorate	COMMUNITIES					
B	672 BCBC - VVP Financial Review		27.50	10.00	04/11/2016	31/03/2017	Substantial
	675 BCBC - Management of Trees		17.74	20.00	18/11/2016	31/03/2017	Reasonable
Total for	Directorate	COMMUNITIES	45.24	30.00			
	Directorate	SOCIAL SERVICES AND WELLBEING					
B	653 BCBC - Establishments Financial Controls		18.04	15.00	14/07/2016	27/02/2017	Reasonable
	664 BCBC - Mental Health Act		1.28	2.00	19/09/2016	13/01/2017	N/A
Total for	Directorate	SOCIAL SERVICES AND WELLBEING	19.32	17.00			
	Directorate	BCBC CROSS CUTTING					
B	646 BCBC - Fleet Overview		27.84	20.00	01/07/2016	31/03/2017	Reasonable
Total for	Directorate	BCBC CROSS CUTTING	27.84	20.00			
Total for	Function	RISK & PERFORMANCE MAN	92.40	67.00			
		Grand	1,030.19				

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

27 APRIL 2017

REPORT OF THE CHIEF INTERNAL AUDITOR

DRAFT INTERNAL AUDIT STRATEGY AND ANNUAL RISK BASED AUDIT PLAN APRIL 2017 TO MARCH 2018

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 2017 to March 2018.

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 2017/18 strikes a good balance between the risks identified, the internal audit resources available and the assurance work being carried out by other agencies.
- 4.2. The structure of the Internal Audit Shared Service is based on 18 full time equivalent employees (FTE's). The Service commenced the Financial Year 2016/17 with four vacant posts and this has now increased to nine, which represents 50% of the structure. Arrangements are in place to address this shortfall; however, a prudent approach to the number of deliverable productive days for the coming year is required. Therefore the proposed plan provides for a maximum of 1,070 productive days being delivered during 2017/18. This is based on the following:

Quarter 1. April to June 2017 status remains the same at 50% of the establishment;

Quarter 2. July to September 2017 increases to 75% of the establishment in post;

Quarters 3 and 4. October 17 to March 18 a full establishment in post.

- 4.3. Obviously, the delivery of the 1,070 productive days will be wholly dependent on the above materialising. Should this not be the case, there is also the potential to buy in any service shortfall during the year in order to meet the maximum commitment
- 4.4. Attached at **Appendix 1** is the draft Internal Audit Strategy document for 2017-18. 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.
- 4.5. The 2017/18 draft Annual Risk Based Audit Plan of work has been formulated to ensure compliance with the Standards as contained within the PSIAS. In order to keep Members of the Audit Committee fully informed, and to ensure compliance with Standards for Internal Audit the draft detailed plans for each Directorate is included within **Appendix A to F**.

5. Effect upon Policy Framework & Procedure Rules.

- 5.1. There is no effect upon the policy framework and procedure rules

6. Equality Impact Assessment.

- 6.1. There are no equality implications.

7. Financial Implications.

- 7.1. The level of service outlined above has been based on the base budget set by Bridgend County Borough Council for 2017/18, which includes a saving of £60K.

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 2017/18.

Helen Smith
Chief Internal Auditor
24th April 2017

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CF31 3NA

Background Documents
None

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

2017 – 2018

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 2017-2018.
- 1.2 The audit plan is in order to ensure that the risks facing the Council are adequately addressed and internal audit resources are effectively utilised. The standards for “proper practice” in relation to internal audit are laid down in the Public Sector Internal Audit Standards (PSIAS).
- 1.3 Internal Audit has drawn their risk assessment from a wide range of sources including the Council’s Corporate Risk Register, Internal Audit risk assessment models and Directorate’s Business Plans and management meetings. The risk assessment is a key factor in deciding how to allocate internal audit resources available. It ensures that resources are focused on those areas where they can be of most benefit to the Council by providing assurance to the Council’s Audit Committee on controls over key risks. This document sets out the responses as internal auditors to those risks and to other factors that have been considered as part of the assessment of audit need.
- 1.4 The Plan will be subject to ongoing review and adjustments, to ensure it remains aligned with significant delivery objectives and risks and is responsive to the priorities and concerns of the Corporate Management Board (CMB). Any significant changes to the Plan will be reported to the Audit Committee.

2. Providing Assurance

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

3. Risk Based Approach

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

4. The Risk Assessment Process

- 4.1 The information which has been used to prepare the risk assessment and proposed internal audit plan has been collected and collated from a number of different sources. The starting point for a risk based audit approach is an understanding of the Council's priorities and risks. This has been achieved by reviewing the Corporate Plan, the Directorate's Business Plans, the Corporate Risk Register and meeting / interviewing Corporate Directors and their Senior Management Teams asking where they perceive to be the main risks within their individual areas and where they would require internal audit to provide assurance that such risks are being effectively mitigated and managed. This information is used to inform and design the audit plan.
- 4.2 The plan is based on an underlying risk assessment. The inherent risks existing within each area are then identified for audit as part of the audit planning process. The audits which make up the plan have been assessed on priority. Internal Audit will ensure that all reviews classified as "high" risk, will be completed by the end of the year, "medium risk reviews are the next level down, but still require a scheduled review. Although "low" risk reviews still carry a degree of risk, these have not been included on the plan but continue to be risk assessed annually to take account of any changes in their status.

5. The Internal Audit Plan

- 5.1 An annual plan is derived following the audit risk assessment, whereby audits will be selected based on the greatest perceived inherent risk. Internal Audit will ensure that most effort is focused on inherently high risk areas while, at the same time, not totally ignoring the potential for problems that may materialise in other areas.
- 5.2 Whilst Internal Audit will adopt a risk based approach to determine relative risk, there will remain areas where a purely cyclical approach will still be required i.e. programme of School audits.
- 5.3 The Head of Audit will keep progress against the audit plan, and the content of the plan itself, under review. Where there is a need for material changes to the plan; a revised plan will be re-submitted to the Audit Committee for endorsement. The Audit Committee will also be advised of performance against the audit plan and be kept informed of the results undertaken.

6. Resource Requirement

- 6.1 Resource requirements are reviewed each year as part of the audit planning process and are discussed with the Internal Audit Shared Service Board (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 2016/17. However, it should be noted that at the commencement of 2017/2018, the Section is carrying 50% in vacant posts. Therefore, arrangements are in place to address the shortfall, however, with such a

high level of vacancies, it is important to be prudent when determining the number of productive days that can be realistically achieved. The following are the assumptions that have been made for 2017/18.

Quarter 1. Status remains the same at 50% of the establishment.

Quarter 2. This will increase to 75% of the establishment in post and

Quarters 3 and 4. The Section will be operating with a full establishment.

6.2 The resource availability summarised in Table 1 sets out the proposal to deliver a maximum of 1,070 productive days. It is envisaged that a proportion of these days will be bought in in order to meet the commitment and this will be particularly relevant should there be any delays in filling the vacant posts.

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.

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. 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.

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

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

9. Follow Up Reviews

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

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

10.1 A status report on internal audit work will be present to the Audit Committee on a quarterly basis (approximately). The purpose of these reports is to provide an update on the progress made against the delivery of the Internal Audit Plan. The report will provide details of audits completed to date, the assurance opinions given and the number and type of recommendations made. The report will also provide a summary of internal audit performance, planning and resourcing issues. Reports will only be presented to CMB if the issues / risks identified are of a significant nature; are cross cutting and require action to be taken by the Corporate Management Board collectively.

11. Annual Assurance Report.

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

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

12. Corporate Priority Outcomes

12.1 The following table outlines the three priority outcomes set by the Council and what will help to achieve these aims.

Priority	Description	Key Projects and Programmes
One supporting successful economy	– a This means the Council will take steps to make the county a good place to do business and to ensure that schools are focused on	City Deal – Working with neighbouring South East Wales Councils, we are seeking a ‘City Deal’ from the UK and Welsh Government which could result in around £1 billion investment in major capital projects in the Cardiff City Region over the next 10-15 years.

	<p>raising the skills, qualifications and ambitions of all people in the county.</p>	<p>Strategic Review of Post 16 Education and Training – A strategic review to evaluate education provision and curriculum delivery with Bridgend College to ensure that there are clear options available to provide the best possible opportunities for learners in Bridgend.</p> <p>A Good to Great School Strategy – ensuring the many good schools become excellent schools.</p> <p>Successful Economy Programme – key regeneration and local development schemes including: - Vibrant and Viable scheme with external funding of £9.6 million, which is redeveloping the Rhiw Car Park in Bridgend and creating a community living in the heart of the town centre by converting vacant space over shops into accommodation. – Regeneration of Porthcawl including funding of £0.28 million for the Porthcawl Rest Bay Waterside Cycle Path and £0.89 million for Porthcawl Townscape Heritage Initiative (2015-16 to 2018-19) to regenerate heritage buildings. – Llynfi Sites Reclamation funding of £2.5 million.</p>
<p>Two – Helping people to be more self-reliant</p>	<p>This means the Council will take early steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services.</p>	<p>Remodelling Social Care:- This is a large programme which includes recommissioning adult home care, developing extra care and information and advice services for people and their carers. Working with partners creating a Multi-Agency Safeguarding Hub as a single point of contact for all safeguarding concerns. Looking at existing models of residential care for children and young people and respite care for children with disabilities in order to make them more targeted and more effective.</p> <p>Community Asset Transfer – transferring assets to communities to manage while making the most of the assets retained.</p>
<p>Three – Smarter use of resources</p>	<p>This means the Council will ensure that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the</p>	<p>Digital Transformation Programme – changing the way the Council operates to enable customers to access information, advice and services on line.</p> <p>Rationalising the Council’s estate – disposing of assets, transferring assets to communities to manage while making the most of the assets retained.</p> <p>Schools’ Modernisation Programme – investing in a sustainable education system in</p>

	Council's priorities.	<p>school buildings that reduces cost and their carbon footprint.</p> <p>Procurement Programme – pursuing new opportunities and practices to maximise the benefit the Council gets when they buy goods and services.</p> <p>Commercialisation Programme – identifying the opportunities for generating additional income to support and protect core services.</p>
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13. Corporate Risk

13.1 Good governance requires the Council to develop effective risk management processes, including an assessment of corporate risk. 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 programmes and budget processes.

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

Risk	2016-17 Score
Cultural change to deliver the MTFS	24
Local Government Reorganisation	24
Supporting vulnerable people	20
Welfare reform	18
Supporting vulnerable children	16
The economic climate and austerity	16
Disposing of waste	16
Equal pay claims	16
Healthy Lifestyles	16
Maintaining infrastructure	16
Impact of homelessness	15
Collaboration with partners	12
Educational provision	12
Educational attainment	12
Health and Safety	12
School modernisation	12
New pay and grading system	N/A

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.

14. INTERNAL AUDIT SHARED SERVICE DRAFT ANNUAL PLAN 2017 -2018

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

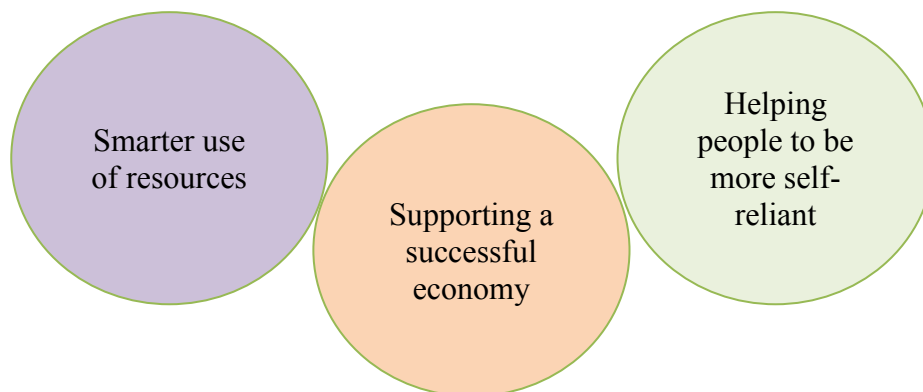
Attached at **Appendix A to F** are the detailed schedules of audits planned for each of the Council’s Directorates including Cross Cutting. Table 1 below provides an overall summary of the number of productive days allocated per Directorate.

Table 1–Productive Resource Availability & Utilisation April 2017 to March2018 – Draft Proposals.

Resources Available	Based on Assumptions Days to be delivered	Additional If Resources Available	Total Days
Productive days	945	125	1,070
Chief Executive - Finance	130	0	130
Operational and Partnerships Services	130	0	130
Education & Family Support	125	35	160
Communities	130	0	130
Social Services and Wellbeing	100	55	155
Cross Cutting (including):- <ul style="list-style-type: none"> • External • Contingency – Unplanned • Contingency – Fraud and Error 	330	35	365
OVERALL TOTAL	945	125	1,070

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BRIDGEND COUNTY BOROUGH COUNCIL WORKING TOGETHER TO IMPROVE LIVES

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

2017 – 2018

Bridgend CBC

1. Introduction

- 1.1 The Communities Directorate is actively seeking to take a balanced approach to improving the wellbeing of communities through social, physical, cultural and economic improvements, in order to achieve a safe, pleasant and sustainable environment for residents of and visitors to Bridgend County Borough. The Directorate brings together a wide range of services that are committed to renewing the physical, social and environmental fabric of the County Borough and enhancing its overall economic wellbeing.
- 1.2 Improving educational attainment remains very important to the council and ongoing improvement in this area forms part of a wider objective in raising skills and attainment more generally. The Council's Corporate Plan highlights the Council's commitments whilst recognising that core and statutory services will continue to receive attention including the Council's work as a planning authority, maintain highways and public transport; refuse collection, street cleaning, revenues and benefits, public protection and sports, arts and libraries.
- 1.3 The Council continues with its commitment to the Transformation Programme, strong financial management and performance management and robust business planning and service planning.

2. Improvement Priorities for 2016-20

- 2.1 Bridgend County Borough Council recognises that it will have to make significant changes to the way it thinks and operates in order to meet the significant challenges ahead – not least the increasing demands made on many of the Council's services, against the background of a shrinking budget. The Council has a clear and simple vision and that is, always to act as:-

“One Council working together to improve lives”.

- 2.2 The Council's values have not changed and continue to represent what the Council stands for and influences how they work. The Council's values are:-

- **Fair** – taking into account everyone's needs and situation;

- **Ambitious** – always trying to improve what we do and aiming for excellence;
- **Citizen-focused** – remembering that we are here to serve our local communities;
- **Efficient** – delivering services that are value for money.

2.3 The Council has also identified three well-being outcomes that will be their focus over the coming four years. These outcomes are intended to improve the quality of life of people in the County while significantly changing the nature of the Council. The three outcomes are as follows:

Supporting a successful economy	Helping people to become more self-reliant	Smarter use of resources
A successful, sustainable and inclusive economy that will be supported by a skilful, ambitious workforce.	Individuals and families that will be more independent and less reliant on traditional Council services.	A Council that has lean, robust processes and a skilful workforce. A supported third/community sector with the opportunity to take on services that meet citizens' needs.

3. Well-being Objectives

3.1 In April 2016, the Well-being of Future Generations (Wales) Act 2015 came into effect. The Act is about improving the economic, social, environmental and cultural well-being of Wales. It places a duty upon all public bodies to apply the principles of sustainable development to ensure that present needs are met without compromising the ability of future generations to meet their own needs. The Act sets out seven long-term goals:

- A prosperous Wales
- A resilient Wales
- A healthier Wales
- A more equal Wales
- A Wales of cohesive communities
- A Wales of vibrant culture and thriving Welsh language

- A globally responsible Wales.

3.2 As a public body, Councils have a duty to work towards achieving these seven goals. The Act requires that the Council set its well-being objectives and take steps to realise them. The Act requires the Council to do things differently, applying sustainable development to everything it does. The Council is committed to the sustainable development principles, always acting in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their needs. The five ways of working, defined by the Act – long term, prevention, integration, collaboration and involvement – will underpin everything the Council does and help to improve the well-being of the area and make the County Borough a good place for people to live, work, study and visit.

4. Corporate Priority Outcomes

4.1 The following table outlines the three priority outcomes set by the Council and what will help to achieve these aims.

Priority	Description	Key Projects and Programmes
<p>One – supporting a successful economy</p>	<p>This means the Council will take steps to make the county a good place to do business and to ensure that schools are focused on raising the skills, qualifications and ambitions of all people in the county.</p>	<p>City Deal – Working with neighbouring South East Wales Councils, we are seeking a ‘City Deal’ from the UK and Welsh Government which could result in around £1 billion investment in major capital projects in the Cardiff City Region over the next 10-15 years.</p> <p>Strategic Review of Post 16 Education and Training – A strategic review to evaluate education provision and curriculum delivery with Bridgend College to ensure that there are clear options available to provide the best possible opportunities for learners in Bridgend.</p> <p>Successful Economy Programme – key regeneration and local development schemes including: - Vibrant and Viable scheme with external funding of £9.6 million, which is redeveloping the Rhiw Car Park in Bridgend and creating an affordable housing in the heart of the town centre by</p>

		<p>converting vacant space over shops into accommodation.</p> <p>Alignment of the Welsh Government Grants – The Council will streamline and make flexible use of major grants to support families through early help and to address poverty.</p>
Two – Helping people to be more self-reliant	<p>This means the Council will take early steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services.</p>	<p>Remodelling Social Care:- This is a large programme which includes recommissioning adult home care, developing extra care and information and advice services for people and their carers.</p> <p>Working with partners creating a Multi-Agency Safeguarding Hub as a single point of contact for all safeguarding concerns. Looking at existing models of residential care for children and young people and respite care for children with disabilities in order to make them more targeted and more effective.</p> <p>Community Asset Transfer – transferring assets to communities to manage while making the most of the assets retained.</p>
Three – Smarter use of resources	<p>This means the Council will ensure that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.</p>	<p>Digital Transformation Programme – changing the way the Council operates to enable customers to access information, advice and services on line.</p> <p>Rationalising the Council's estate – disposing of assets, transferring assets to communities to manage while making the most of the assets retained.</p> <p>Schools' Modernisation Programme – investing in a sustainable education system in school buildings that reduces cost and their carbon footprint.</p>

5. Corporate Priorities – Communities Directorate

Council Priority	Objective	Communities Directorate - (Actions)
One – Supporting a successful economy	To help local people develop skills and take advantage of opportunities to succeed.	<p>Continue to work with the Cardiff Capital Regional Skills and Employment Board and Bridgend County Borough Council led local projects to help shape employment opportunities, and develop a skilled workforce to meet those needs.</p> <p>Work with individuals and families who are unemployed, or economically inactive, face barriers to work, or at risk of poverty by providing employment mentoring, training or other support to improve their job opportunities.</p>
	To create conditions for growth and enterprise.	<p>Develop and deliver the Porthcawl Resort Investment Focus Programme to grow the value of tourism in the economy and increase employment and business opportunities.</p> <p>Contribute to the development of the business plan for the Cardiff Capital Region City Deal, with the aim of bringing increased investment and economic control into the local area.</p> <p>To support the Bridgend Business Forum with the delivery of its development plan and its programme of events for 2017/18.</p> <p>Continue to progress the development of low carbon heat schemes in Llynfi Valley and Bridgend Town and develop a feasibility study for the innovative Caerau Heat Scheme to draw on a natural heat source underground to heat homes.</p>
	To create a successful town centre.	<p>Invest in our town centres to enhance existing facilities and provide new facilities including schemes in Porthcawl Harbourside, Maesteg and Bridgend.</p> <p>Support the development of a Business Improvement District (BID) in Bridgend Town Centre to help local traders pursue initiatives and projects important to them.</p>
Two – Helping people to be more self-reliant	To support the third sector, town and community councils and community groups to meet local needs.	Enable community groups and the third sector to have more voice and control over community assets.
Three – Smarter use of	To achieve the budget reductions	Implement the planned budget reductions identified in the 2017-18 budgets.

resources	identified in the MTFS.	
	To make the most of our physical assets, including schools.	<p>Rationalise further the Council's administrative estate to ensure the Council operates from one core office by March 2018.</p> <p>Develop an approach to the commercialisation of Council assets.</p> <p>Market the part of the Waterton site that is due to be vacated for housing development under the Parc Afon Ewenni scheme.</p>
	To develop the culture and skills required to meet the needs of a changing organisation.	Support managers to lead staff through organisational change.

6. Key Service Data.

6.1 Staff

Service	2016/17 (01.05.16)		2017-18 (31.12.2016)	
	FTE	Headcount	FTE	Headcount
Business Support Unit - Communities	13.32	14	10.78	11
Community Learning and Engagement	4.51	23	5.32	24
Neighbourhood Services	273.91	306	236.82	259
Regeneration, Development and Property Services	130.48	228	138.12	237
DIRECTORATE	423.23	572	392.05	532

6.2 Finance

Budget	2016-17	2017-18	2018-19	2019-20	2020-21
	(Actual) £'000	(Actual) £'000	(Indicative) £'000	(Indicative) £'000	(Indicative) £'000
REGENERATION & DEVELOPMENT					
Regeneration	301	2,379	2,339	2,319	2,319
Development	1,753	311	311	311	311
Regeneration & Development - Management	127	129	129	129	129
STREETSCENE					
Streetworks	8,018	9,036	8,933	8,733	8,663
Highways & Fleet	6,069	6,619	6,319	5,776	5,776
Transportation & Engineering	841	830	502	466	466
Parks & Open Spaces	2,010	2,086	2,086	2,086	2,086
Street Scene Admin & Management	326	303	303	303	303
BUSINESS UNIT	536	527	527	527	527
CULTURE					
Adult Learning	177	110	110	110	110
Community Centres	86	47	47	47	47
Central Services	3,138	0	0	0	0
ELECTIONS	132	133	133	133	133
PROPERTY					
Facilities Management	1,258	1,276	1,251	1,226	1,226
Misc Property	-49	-48	-48	-48	-48
Property Admin	831	834	834	834	834
Commercial Income	-768	-729	-729	-729	-729
NET BUDGET TOTAL	24,786	23,843	23,047	22,223	22,153

7. Corporate Risks

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

Risk Description	Score
The economic climate and austerity	16
Disposing of waste	16
Maintaining infrastructure	16

8. The Risk Assessment Process

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

8.2 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.

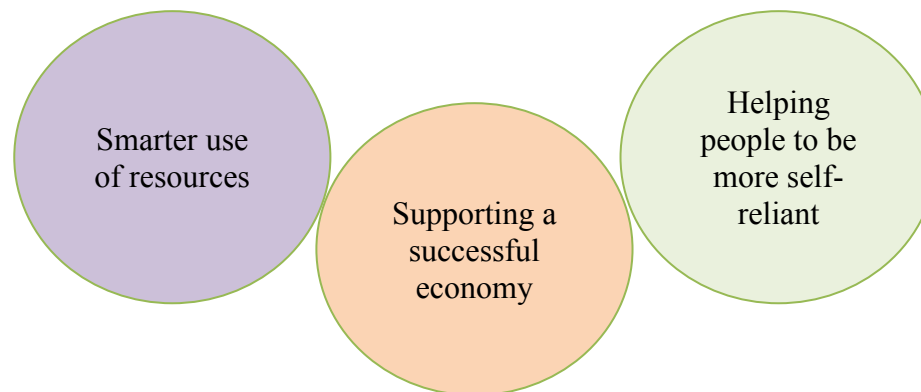
9. Proposed Internal Audit Plan for the Communities Directorate 2017-18

COMMUNITIES DIRECTORATE

Area	Identified Risk(s)	Type	Proposed Audit Scope	Total Days
Waste	H	Assurance	Review of waste management contract arrangements with emphasis placed on effective management of contracts and arrangements in place to respond to any changes in government legislation.	20
Project / Contract Management	H	Assurance / Governance / Risk	Assess the most important contracts under the direction of the Directorate and how these are managed in terms of: whether the contract in place is robust and effective, variations to contracts are approved and embedded promptly, performance management is clear and if the culture between the parties is effective. Review the methodology and practice within the Directorate to manage projects.	35
Property Compliance	H	Assurance / Risk	This review has been rolled forward from 2016/17. This may be considered as a cross-cutting review due to the diversity of responsibility i.e. schools.	20
Capital Region City Deal	H	Governance	The “City Deal” aims to create 25,000 new jobs by 2036 and bring in £4 billion of private sector investment. The City Deal will bring £1.229 billion of investment in South East Wales infrastructure. There will also be programmes designed to tackle unemployment, support local businesses, improve the region’s digital network and coordinate house building and regeneration across the region. Initially this review will focus on the effectiveness of the overall governance arrangements	20
Highways	H	Assurance / Risk / Governance	One of the Corporate Risks for the Council as outlined in the Corporate Risk Register 2017-18 is Maintaining infrastructure. One of the mitigating risks is the reliance that will be placed upon the inspection regime and responding to complaints. An assurance review will be undertaken in this area.	20
Health & Safety	M		To review procedures in operation by the Council to ensure compliance with policies and procedures, Health & Safety training, Risk Assessments, records maintenance and incident reporting.	15
Overall Total – Communities				130

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Partneriaeth Pen-y-Bont a'r Fro
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BRIDGEND COUNTY BOROUGH COUNCIL WORKING TOGETHER TO IMPROVE LIVES

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

2017 – 2018

Bridgend CBC

1. Introduction

- 1.1 Bridgend County Borough Council is uniquely placed to bring its own services together with the work of other agencies, communities, families and individuals for the benefit of the people of the county. This is nothing new. However, the world is changing fast, hence the Council's Corporate Plan 2016-20 sets out how the Council is to change and what its focus will be over the next four years. The Council recognises that it will have to make significant changes to the way it thinks and operates in order to meet the significant challenges ahead of its communities – not least the increasing demands made on many of its services, against the background of a shrinking budget and economic uncertainty.
- 1.2 In 2017-18 the Council will have a gross budget of nearly £400 million and a capital programme of currently £42.029 million to support its core business and the corporate priorities set out in the Corporate Plan. Whilst the 2017-18 budget settlement is favourable compared to recent years, there is considerable uncertainty around “Brexit” negotiations and the Council is going to be expected to achieve budget reductions of nearly £34 million from 2017-18 to 2020-21. The Council's Medium Term Financial Strategy sets out how the Council will achieve its corporate priorities and statutory duties whilst meeting budget reductions and managing financial pressures and risks over the next four years.
- 1.3 The Council remains unwavering in its commitment towards improving and finding ways of delivering local services, providing better outcomes for residents and achieving savings that will ensure they can deliver a succession of balanced budgets.
- 1.4 Improving educational attainment remains very important to the council and ongoing improvement in this area forms part of a wider objective in raising skills and attainment more generally. The Council's Corporate Plan highlights the Council's commitments whilst recognising that core and statutory services will continue to receive attention including the Council's work as a planning authority, maintain highways and public transport; refuse collection, street cleaning, revenues and benefits, public protection and sports, arts and libraries.
- 1.5 The Council continues with its commitment to the Transformation Programme, strong financial management and performance management and robust business planning and service planning.

2. Improvement Priorities for 2016-20

2.1 Bridgend County Borough Council recognises that it will have to make significant changes to the way they think and operate in order to meet the significant challenges ahead – not least the increasing demands made on many of the Council’s services, against the background of a shrinking budget. The Council has a clear and simple vision and that is, always to act as:-

“One Council working together to improve lives”.

2.2 The Council’s values have not changed and continue to represent what the Council stands for and influences how they work. The Council’s values are:-

- **Fair** – taking into account everyone’s needs and situation;
- **Ambitious** – always trying to improve what we do and aiming for excellence;
- **Citizen-focused** – remembering that we are here to serve our local communities;
- **Efficient** – delivering services that are value for money.

2.3 The Council has also identified three well-being outcomes that will be their focus over the coming four years. These outcomes are intended to improve the quality of life of people in the County while significantly changing the nature of the Council. The three outcomes are as follows:

Supporting a successful economy	Helping people to become more self-reliant	Smarter use of resources
A successful, sustainable and inclusive economy that will be supported by a skilful, ambitious workforce.	Individuals and families that will be more independent and less reliant on traditional Council services.	A Council that has lean, robust processes and a skilful workforce. A supported third/community sector with the opportunity to take on services that meet citizens’ needs.

3. Well-being Objectives

3.1 In April 2016, the Well-being of Future Generations (Wales) Act 2015 came into effect. The Act is about improving the economic, social, environmental and cultural well-being of Wales. It places a duty upon all public bodies to apply the principles of sustainable development to ensure that present needs are met without compromising the ability of future generations to meet their own needs. The Act sets out seven long-term goals:

- A prosperous Wales
- A resilient Wales
- A healthier Wales
- A more equal Wales
- A Wales of cohesive communities
- A Wales of vibrant culture and thriving Welsh language
- A globally responsible Wales.

3.2 As a public body, Councils have a duty to work towards achieving these seven goals. The Act requires that the Council set its well-being objectives and take steps to realise them. The Act requires the Council to do things differently, applying sustainable development to everything it does. The Council is committed to the sustainable development principles, always acting in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their needs. The five ways of working, defined by the Act – long term, prevention, integration, collaboration and involvement – will underpin everything the Council does and help to improve the well-being of the area and make the County Borough a good place for people to live, work, study and visit.

4. Corporate Priority Outcomes

4.1 The following table outlines the three priority outcomes set by the Council and what will help to achieve these aims.

Priority	Description	Key Projects and Programmes
<p>One – supporting a successful economy</p>	<p>This means the Council will take steps to make the county a good place to do business and to ensure that schools are focused on raising the skills, qualifications and ambitions of all people in the county.</p>	<p>City Deal – Working with neighbouring South East Wales Councils, we are seeking a ‘City Deal’ from the UK and Welsh Government which could result in around £1 billion investment in major capital projects in the Cardiff City Region over the next 10-15 years.</p> <p>Strategic Review of Post 16 Education and Training – A strategic review to evaluate education provision and curriculum delivery with Bridgend College to ensure that there are clear options available to provide the best possible opportunities for learners in Bridgend.</p> <p>Successful Economy Programme – key regeneration and local development schemes including: - Vibrant and Viable scheme with external funding of £9.6 million, which is redeveloping the Rhiw Car Park in Bridgend and creating a community living in the heart of the town centre by converting vacant space over shops into accommodation.</p> <p>Alignment of the Welsh Government Grants – The Council will streamline and make flexible use of major grants to support families through early help and to address poverty.</p>
<p>Two – Helping people to be more self-reliant</p>	<p>This means the Council will take early steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services.</p>	<p>Remodelling Social Care:- This is a large programme which includes recommissioning adult home care, developing extra care and information and advice services for people and their carers.</p> <p>Working with partners creating a Multi-Agency Safeguarding Hub as a single point of contact for all safeguarding concerns. Looking at existing models of residential care for children and young people and respite care for children with disabilities in order to make them more targeted and more effective.</p> <p>Community Asset Transfer – transferring assets to communities to manage</p>

<p>Three – Smarter use of resources</p>	<p>This means the Council will ensure that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.</p>	<p>while making the most of the assets retained.</p> <p>Digital Transformation Programme – changing the way the Council operates to enable customers to access information, advice and services on line.</p> <p>Rationalising the Council's estate – disposing of assets, transferring assets to communities to manage while making the most of the assets retained.</p> <p>Schools' Modernisation Programme – investing in a sustainable education system in school buildings that reduces cost and their carbon footprint.</p>
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5. Corporate Risks

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

Risk	Score
Making the Cultural change necessary to deliver the MTFs	24
Supporting Adults at risk	20
Supporting vulnerable children, young people and their families	20
Welfare Reform	18
The economic climate and austerity	16
Disposing of waste	16
Equal pay claims	16
Healthy Lifestyles	16
Maintaining infrastructure	16
Educational Provision	16
Impact of homelessness	15
Collaboration with partners	12

Educational attainment	12
Compliance with the Welsh Language Standards	12
Health and Safety	12
School modernisation	12
Local Government Reorganisation	12

6. The Risk Assessment Process

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

6.2 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.

7. Proposed Internal Audit Plan for CROSS CUTTING - BCBC 2017-18

CROSS CUTTING - BCBC

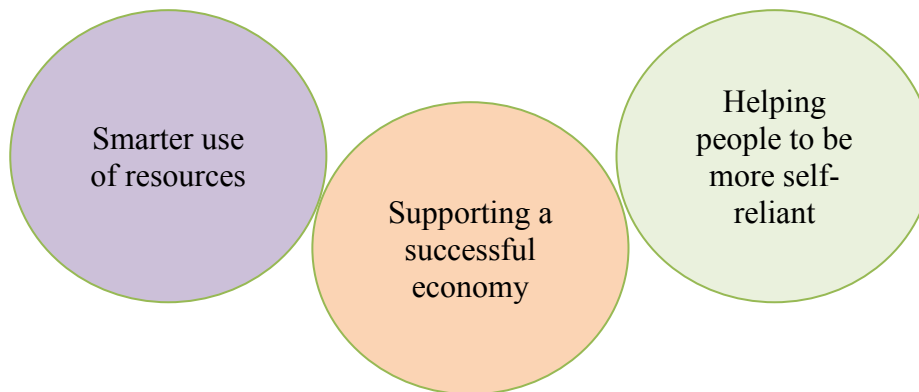
Area	Identified Risk(s)	Type	Audit Scope	Total Days
Good Governance	H	Governance	To provide assurance that key Corporate Governance processes are in place within the Council and that these are operating effectively to enable the Council to be provided with sufficient information to enable them to discharge their responsibilities. To assist the Council in the production of the Annual Governance Statement.	20

Safeguarding	H	Governance / Assurance / Risk	Case management of safeguarding incidents are dealt with in accordance with the Council's safeguarding policies and procedures. This review will also include an annual assessment of the Council's overall operating model for safeguarding; including reviewing the adequacy of assurances obtained by the Council in respect of safeguarding arrangements in place for vulnerable adults and children.	25
Transformational Change	H	Assurance	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 and that the necessary savings have been and are being achieved.	20
Ethical Review	H	Governance	In accordance with the Public Sector Internal Audit Standards; review of procedures and standards in operation.	15
Risk Management	H	Risk	Robust risk management system is required to underpin delivery of Council objectives, compliance with legislation. Internal Audit review is also required to provide a balanced Annual Head of Audit Opinion that contributes to the Annual Governance Statement. Internal Audit will undertake a review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and considers risks to key strategic and operational objectives.	15
BSSG			To verify and validate grant claims as required.	10
Quality Assurance & Improvement Programme / Review of the Effectiveness of Internal Audit	H	Assurance	To undertake a series of internal audits to ensure compliance with PSIAS. To review / ensure compliance with the Accounts and Audit (Wales) Regulations 2014 / Public Sector Internal Audit Standards (PSIAS).	10
Emerging Risks / unplanned			To enable Audit Services to respond to provide assurance activity as required.	40

Provision of Internal Control / Planning / General Advice			To allow auditors to facilitate the provision of risk and control advice which is regularly requested by officers within the authority, including maintained school based staff.	35
Audit Committee / Member and CMB Reporting			This allocation covers Member reporting procedures, mainly to the Audit Committee, plan formulation and monitoring, and regular reporting to, and meeting with, Corporate Directors, Corporate Management Board, the Internal Audit Shared Service Board and the Chair of the Audit Committee	30
External Audit Liaison			To ensure that a “managed audit” approach is followed in relation to the provision of internal and external audit services.	5
Follow - Up			Where more serious concerns over the effectiveness of internal controls within the systems being reviewed are identified (and consequently an ‘ineffective’ or ‘poor’ opinion is provided at the time), a follow-up audit is undertaken at an appropriate time, allowing adequate time for the implementation of the recommendations but also taking into account the risk presented to the Council whilst the actions required remain open.	20
Recommendation Monitoring			Whilst it is management’s responsibility to manage the risks associated with their outcomes / objectives, this allocation enables Internal Audit to monitor management’s progress with the implementation of high priority recommendations.	15
Fraud / Error / Irregularity			Irregularity Investigations - Reactive work where suspected irregularity has been detected.	20
			Anti-Fraud & Corruption – Proactive - Proactive counter-fraud work that includes targeted testing of processes with inherent risk of fraud.	10
			Developing fraud risk assessment in inform further areas for detailed focus (Fraud Risk Tools).	
			National Fraud Initiative - Collection of data and analysis of matches for the NFI exercise, acting as first point of contact and providing advice and guidance to key	20

			contact officers.	
Carried Forward Work from 2016-17			Provision for the assignments still ongoing at the end of 2016/17	20
			Total – Cross Cutting - BCBC	330
Additional Reviews to be considered if resources available.				
Data Protection	M	Governance / Assurance	To review the Council’s arrangements for complying with the Data Protection Act principles; including Subject Access Requests.	20
Review of IT Strategy	M	Assurance	Internal Audit will undertake a review to provide assurances over the adequacy and effectiveness of the Strategy to deliver the Council’s priorities.	15
			Overall Total – Cross Cutting - BCBC	365

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BRIDGEND COUNTY BOROUGH COUNCIL WORKING TOGETHER TO IMPROVE LIVES

**INTERNAL AUDIT SHARED SERVICE
DRAFT ANNUAL AUDIT PLAN FOR THE EDUCATION & FAMILY SUPPORT DIRECTORATE
2017 – 2018
Bridgend CBC**

1. Introduction

1.1 The Education & Family Support Directorate Business plan brings together the priorities for developing their ‘core business’ together with the step changes they need to continue to progress in order to transform other areas of work. Improving educational attainment remains very important to the council and ongoing improvement in this area forms part of a wider objective in raising skills and attainment more generally. The Council’s Corporate Plan highlights the Council’s commitment to close the gap in educational attainment between pupils eligible for free school meals and those who are not.

1.2 The Council continues with its commitment to the Transformation Programme, strong financial management and performance management and robust business planning and service planning.

2. Improvement Priorities for 2016-20

2.1 Bridgend County Borough Council recognises that it will have to make significant changes to the way they think and operate in order to meet the significant challenges ahead – not least the increasing demands made on many of the Council’s services, against the background of a shrinking budget. The Council has a clear and simple vision and that is, always to act as “**One Council working together to improve lives**”.

2.2 The Council’s values have not changed and continue to represent what the Council stands for and influences how they work. The Council’s values are:-

- **Fair** – taking into account everyone’s needs and situation;
- **Ambitious** – always trying to improve what we do and aiming for excellence;
- **Citizen-focused** – remembering that we are here to serve our local communities;
- **Efficient** – delivering services that are value for money.

2.3 The Council has also identified three well-being outcomes that will be their focus over the coming four years. These outcomes are intended to improve the quality of life of people in the County while significantly changing the nature of the Council. The three outcomes are as follows:

Supporting a successful economy	Helping people to become more self-reliant	Smarter use of resources
A successful, sustainable and inclusive economy that will be supported by a skilful, ambitious workforce.	Individuals and families that will be more independent and less reliant on traditional Council services.	A Council that has lean, robust processes and a skilful workforce. A supported third/community sector with the opportunity to take on services that meet citizens' needs.

3. Well-being Objectives

3.1 In April 2016, the Well-being of Future Generations (Wales) Act 2015 came into effect. The Act is about improving the economic, social, environmental and cultural well-being of Wales. It places a duty upon all public bodies to apply the principles of sustainable development to ensure that present needs are met without compromising the ability of future generations to meet their own needs. The Act sets out seven long-term goals:

- A prosperous Wales
- A resilient Wales
- A healthier Wales
- A more equal Wales
- A Wales of cohesive communities
- A Wales of vibrant culture and thriving Welsh language
- A globally responsible Wales.

3.2 As a public body, Councils have a duty to work towards achieving these seven goals. The Act requires that the Council set its well-being objectives and take steps to realise them. The Act requires the Council to do things differently, applying sustainable development to everything it does. The Council is committed to the sustainable development principles, always acting in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their needs. The five ways of working, defined by the Act – long term, prevention, integration, collaboration and involvement – will underpin everything the Council does and help to improve the well-being of the area and make the County Borough a good place for people to live, work, study and visit.

4. Corporate Priority Outcomes

4.1 The following table outlines the three priority outcomes set by the Council and what will help to achieve these aims.

Priority	Description	Key Projects and Programmes
<p>One – supporting a successful economy</p>	<p>This means the Council will take steps to make the county a good place to do business and to ensure that schools are focused on raising the skills, qualifications and ambitions of all people in the county.</p>	<p>City Deal – Working with neighbouring South East Wales Councils, we are seeking a ‘City Deal’ from the UK and Welsh Government which could result in around £1 billion investment in major capital projects in the Cardiff City Region over the next 10-15 years.</p> <p>Strategic Review of Post 16 Education and Training – A strategic review to evaluate education provision and curriculum delivery with Bridgend College to ensure that there are clear options available to provide the best possible opportunities for learners in Bridgend.</p> <p>Successful Economy Programme – key regeneration and local development schemes including: - Vibrant and Viable scheme with external funding of £9.6 million, which is redeveloping the Rhiw Car Park in Bridgend and creating a community living in the heart of the town centre by converting vacant space over shops into accommodation.</p> <p>Alignment of the Welsh Government Grants – The Council will streamline and make flexible use of major grants to support families through early help and to address poverty.</p>
<p>Two – Helping people to be more self-reliant</p>	<p>This means the Council will take early steps to reduce or prevent people from becoming</p>	<p>Remodelling Social Care:- This is a large programme which includes recommissioning adult home care, developing extra care and information and advice services for people and</p>

	vulnerable or dependent on the Council and its services.	<p>their carers. Working with partners creating a Multi-Agency Safeguarding Hub as a single point of contact for all safeguarding concerns. Looking at existing models of residential care for children and young people and respite care for children with disabilities in order to make them more targeted and more effective.</p> <p>Community Asset Transfer – transferring assets to communities to manage while making the most of the assets retained.</p>
Three – Smarter use of resources	This means the Council will ensure that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.	<p>Digital Transformation Programme – changing the way the Council operates to enable customers to access information, advice and services on line.</p> <p>Rationalising the Council's estate – disposing of assets, transferring assets to communities to manage while making the most of the assets retained.</p> <p>Schools' Modernisation Programme – investing in a sustainable education system in school buildings that reduces cost and their carbon footprint.</p>

5. Corporate Education & Family Support

Council Priority	Objective	Education & Family Support - (Actions)
One – Supporting a successful economy	To help local people develop skills and take advantage of opportunities to succeed.	<p>Continue to work with the Cardiff Capital Regional Skills and Employment Board and BCBC led local projects to help shape employment opportunities, including continuing to capture apprenticeship opportunities, and develop a skilled workforce to meet those needs.</p> <p>Work with schools to close the gap in educational attainments for pupils eligible for free school meals and those who are not and improve learner outcomes for other vulnerable groups including looked after children and young carers.</p>

		<p>Progress the implementation of the Good to Great Strategy for young people who are more able and talented than their peers to help them reach their full potential.</p> <p>Complete the review into the curriculum and schools estates for primary, secondary and Post-16 education and begin consultation on the proposals, where required, with all stakeholders.</p>
Two – Helping people to be more self-reliant	To reduce demand by investing in targeted early help and intervention programmes.	<p>Increase engagement of partners, including schools, in the use of the Joint Assessment Family Framework (JAFF) and Team Around the Family (TAF) processes, which aim to ensure early identification of needs and delivery of support for children and families.</p> <p>Ensure that all services available work together to provide vulnerable children with seamless support when needed and prevent them from becoming looked after.</p>
	To support carers in maintaining their role.	Work with partners and schools to support carers by providing the right information, advice and assistance where relevant.
Three – Smarter use of resources	To improve the efficiency of and access to services by redesigning our systems and processes	<p>Implement the planned budget reductions identified in the 2017-18 budgets.</p> <p>Deliver the schools commercialisation project to optimise the use of resources available to support schools.</p>
	To make the most of our physical assets, including school buildings.	<p>Provide new and improved schools by delivering the schools’ modernisation programme.</p> <p>Implement energy and carbon reduction measures and promote good practice in all our public buildings to help them reduce their carbon.</p>
	To develop the culture and skills required to meet the needs of a changing organisation.	<p>Support managers to lead staff through organisational change.</p> <p>Provide the learning and development opportunities for staff to meet future service needs.</p>
	Other Directorate Priorities	<p>Implement the milestones in the Youth Justice Plan to reduce first time entrants in the youth justice system, prevent reoffending and meet the threshold for Employment Training and Engagement (ETE) for young offenders.</p> <p>Take forward mitigating actions identified in the Directorate’s Health and Safety Risk Register.</p>

		Complete all schemes ranked as 1 or 2 in the approved traffic management action plan for schools.
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6. Key Service Data

6.1 Staff

Service	2016–17 (01.05.16)		2017–18 (31.12.2016)	
	FTE	Headcount	FTE	Headcount
Built Environment (BE)	59.00	59	57.00	57
Integrated Working (IWO)	133.95	162	152.09	177
Inclusion Service (INC)	143.67	249	151.81	254
Business Strategy and Performance (BSP)	139.72	461	135.60	453
Western Bay Youth Justice & Early Intervention Services	22.59	27	21.54	27
School Improvement (SCI)	20.23	25	20.23	25
School Modernisation	4.00	4	4.00	4
TOTAL	525.16	989	545.27	1000

6.2 Finance

DIRECTORATE – EDUCATION & FAMILY SUPPORT PROPOSED PLAN 2017-18

Budget	2016-17	2017-18	2018-19	2019-20	2020-21
	(Actual) £'000	(Actual) £'000	(Indicative) £'000	(Indicative) £'000	(Indicative) £'000
Built Environment	1,000	1,078	1,078	1,078	1,078
Learning					
Inclusion	3,360	3,176	3,126	3,126	3,126
Foundation	1,086	993	993	993	993
Youth Service	517	502	502	502	502
Statutory Advice & Psychology	469	386	366	366	366
Emotional Health & Behaviour	1,443	1,397	1,347	1,347	1,347
School Improvement	966	734	734	734	734
Strategy, Partnerships & Commissioning					
Strategic Planning & Resources	4,105	4,120	4,120	4,120	4,120
Business Strategy and Performance	344	270	174	174	174
Support for Children and Learners	5,166	6,007	5,919	5,852	5,777
Commissioning and Partnerships	1,057	1,053	1,003	1,003	1,003
Individual Schools Budget	86,901	86,936	86,067	85,198	84,329
Strategic Management	1,438	1,430	1,380	1,380	1,380
Youth Offending Service	356	366	286	286	286
NET BUDGET TOTAL	108,208	108,448	107,095	106,159	105,215

7. Corporate Risks

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

Risk Description	Score
Supporting Vulnerable Children, young people and their families	20
Educational provision	16
Educational attainment	12
School modernisation	12

8. The Risk Assessment Process

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

8.2 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.

9. Proposed Internal Audit Plan for the Education & Family Support Directorate 2017-18

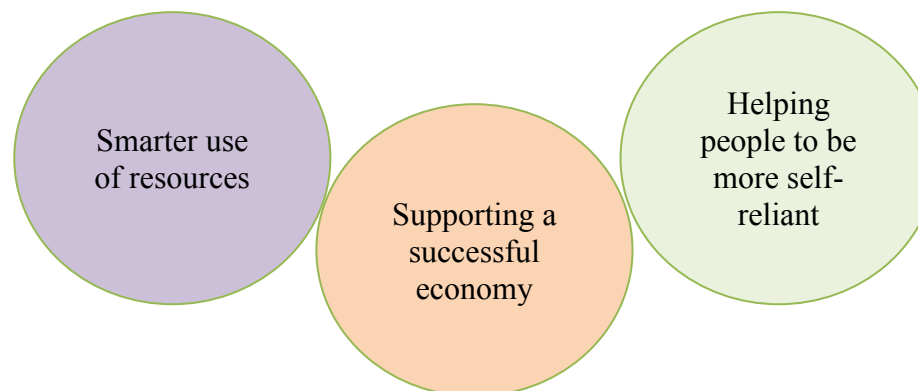
EDUCATION & FAMILY SUPPORT DIRECTORATE

Area	Identified Risk(s)	Type	Audit Scope	Total Days
Grant Certification	H	Assurance	There are a number of grant funded schemes that require an Internal Audit review prior to the final claim submission. Internal Audit will undertake the necessary assurance checks as these grant submissions become due.	15
CRC	H	Assurance	Provide the necessary assurance associated with the Carbon Reduction Certification.	10
Built Environment	H	Assurance	To undertake a programme of system review audits. A risk-based approach is taken to prioritise the systems and processes in operation within Built Environment to be reviewed. The objectives will be to determine whether the systems and procedures in operation are functioning satisfactorily and are in accordance with legislation if appropriate and Council Policy.	20
Schools	H	Assurance	To undertake a programme of system review audits on a thematic basis across the Schools within the Borough Council. To undertake a number of individual school audits based on a risk assessment.	60
Early Help Locality Hubs (Compliance)	H	Assurance	To independently review and appraise systems of internal control in relation to Early Help Locality Hubs to ensure compliance.	20
			Total – Education & Family Support	125
Additional Reviews to be considered if resources available.				
Transport for Schools	M	Assurance	The audit will review transport arrangements for children. The audit will include a review of the following: The assessment process undertaken, how services are procured, how transport is allocated and whether the allocations are equitable.	20
School Based Ethical policies	M	Assurance	The review will provide assurance over the adequacy and effectiveness of school based ethical policies and procedures.	15

			Overall Total – Education & Family Support	160
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Partneriaeth Pen-y-Bont a'r Fro
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BRIDGEND COUNTY BOROUGH COUNCIL WORKING TOGETHER TO IMPROVE LIVES

**INTERNAL AUDIT SHARED SERVICE - DRAFT ANNUAL AUDIT PLAN
FOR THE OPERATIONAL AND PARTNERSHIPS SERVICES DIRECTORATE**

2017 – 2018

Bridgend CBC

1. Introduction

- 1.1 The Operational & Partnerships Services Directorate is acutely aware that its role is to support the Authority in the achievement of its Corporate Priorities but also to support those functions the Authority is required to undertake whether a priority or not. The impact of the Medium Term Financial strategy not only provides the service priorities of the department but also impact on the ability of the department to provide those services. The departments first priority will be to focus on the stated corporate priorities in the corporate plan and corporate projects that feed into it. The department's assets are its staff and the skills that they hold. Significant reductions in staffing have already been made and it is recognised that chargeable hours and workloads more generally are extremely high. Workforce support and planning will play a significant role in the management of service for the future and it is recognised that uncertainty over the future of local government in Wales is a factor in staff retention.
- 1.2. The Directorate provides a genuine mix of internal, collaborative, joint and external service provision. The Directorate is well placed for the future, has the culture to continuing delivering services.
- 1.3 Improving educational attainment remains very important to the council and ongoing improvement in this area forms part of a wider objective in raising skills and attainment more generally. The Council's Corporate Plan highlights the Council's commitments whilst recognising that core and statutory services will continue to receive attention including the Council's work as a planning authority, maintain highways and public transport; refuse collection, street cleaning, revenues and benefits, public protection and sports, arts and libraries.
- 1.4 The Council continues with its commitment to the Transformation Programme, strong financial management and performance management and robust business planning and service planning.

2. Improvement Priorities for 2016-20

- 2.1 Bridgend County Borough Council recognises that it will have to make significant changes to the way they think and operate in order to meet the significant challenges ahead – not least the increasing demands made on many of the Council's services, against the background of a shrinking budget. The Council has a clear and simple vision and that is, always to act as:-

“One Council working together to improve lives”.

2.2 The Council’s values have not changed and continue to represent what the Council stands for and influences how they work. The Council’s values are:-

- **Fair** – taking into account everyone’s needs and situation;
- **Ambitious** – always trying to improve what we do and aiming for excellence;
- **Citizen-focused** – remembering that we are here to serve our local communities;
- **Efficient** – delivering services that are value for money.

2.3 The Council has also identified three well-being outcomes that will be their focus over the coming four years. These outcomes are intended to improve the quality of life of people in the County while significantly changing the nature of the Council. The three outcomes are as follows:

Supporting a successful economy	Helping people to become more self-reliant	Smarter use of resources
A successful, sustainable and inclusive economy that will be supported by a skilful, ambitious workforce.	Individuals and families that will be more independent and less reliant on traditional Council services.	A Council that has lean, robust processes and a skilful workforce. A supported third/community sector with the opportunity to take on services that meet citizens’ needs.

3. Well-being Objectives

3.1 In April 2016, the Well-being of Future Generations (Wales) Act 2015 came into effect. The Act is about improving the economic, social, environmental and cultural well-being of Wales. It places a duty upon all public bodies to apply the principles of sustainable development to ensure that present needs are met without compromising the ability of future generations to meet their own needs. The Act sets out seven long-term goals:

- A prosperous Wales
- A resilient Wales
- A healthier Wales
- A more equal Wales
- A Wales of cohesive communities
- A Wales of vibrant culture and thriving Welsh language
- A globally responsible Wales.

3.2 As a public body, Councils have a duty to work towards achieving these seven goals. The Act requires that the Council set its well-being objectives and take steps to realise them. The Act requires the Council to do things differently, applying sustainable development to everything it does. The Council is committed to the sustainable development principles, always acting in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their needs. The five ways of working, defined by the Act – long term, prevention, integration, collaboration and involvement – will underpin everything the Council does and help to improve the well-being of the area and make the County Borough a good place for people to live, work, study and visit.

4. Corporate Priority Outcomes

4.1 The following table outlines the three priority outcomes set by the Council and what will help to achieve these aims.

Priority	Description	Key Projects and Programmes
<p>One – supporting a successful economy</p>	<p>This means the Council will take steps to make the county a good place to do business and to ensure that schools are focused on raising the skills, qualifications and ambitions of all people in the county.</p>	<p>City Deal – Working with neighbouring South East Wales Councils, we are seeking a ‘City Deal’ from the UK and Welsh Government which could result in around £1 billion investment in major capital projects in the Cardiff City Region over the next 10-15 years.</p> <p>Strategic Review of Post 16 Education and Training – A strategic review to evaluate education provision and curriculum delivery with Bridgend College to ensure that there are clear options available to provide the best possible opportunities for learners in Bridgend.</p>

		<p>Successful Economy Programme – key regeneration and local development schemes including: - Vibrant and Viable scheme with external funding of £9.6 million, which is redeveloping the Rhiw Car Park in Bridgend and creating a community living in the heart of the town centre by converting vacant space over shops into accommodation.</p> <p>Alignment of the Welsh Government Grants – The Council will streamline and make flexible use of major grants to support families through early help and to address poverty.</p>
<p>Two – Helping people to be more self-reliant</p>	<p>This means the Council will take early steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services.</p>	<p>Remodelling Social Care:- This is a large programme which includes recommissioning adult home care, developing extra care and information and advice services for people and their carers.</p> <p>Working with partners creating a Multi-Agency Safeguarding Hub as a single point of contact for all safeguarding concerns. Looking at existing models of residential care for children and young people and respite care for children with disabilities in order to make them more targeted and more effective.</p> <p>Community Asset Transfer – transferring assets to communities to manage while making the most of the assets retained.</p>
<p>Three – Smarter use of resources</p>	<p>This means the Council will ensure that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.</p>	<p>Digital Transformation Programme – changing the way the Council operates to enable customers to access information, advice and services on line.</p> <p>Rationalising the Council's estate – disposing of assets, transferring assets to communities to manage while making the most of the assets retained.</p> <p>Schools' Modernisation Programme – investing in a sustainable education system in school buildings that reduces cost and their carbon footprint.</p>

5. Corporate Priorities – Operational & Partnerships Services Directorate

Council Priority	Objective	Operational & Partnerships Services Directorate - (Actions)
One – Supporting a successful economy	To help local people develop skills and take advantage of opportunities to succeed and to extend that success to every community in the County Borough.	<p>Continue to work with the Cardiff Capital Regional Skills and Employment Board and other BCBC led projects to help shape employment opportunities, including continuing to capture apprenticeship opportunities, and develop a skilled workforce to meet those needs.</p> <p>Work with individuals and families who are unemployed, economically inactive, experiencing in-work poverty, face barriers to work or are in or at risk of poverty, to improve their job opportunities.</p> <p>Work with partners and communities to develop a tackling poverty strategy and better align our anti-poverty efforts to target areas where there is an increasing proportion of workless households with children.</p>
Two – Helping people to be more self-reliant	To reduce demand by investing in targeted early help and intervention programmes.	Work with households and partners to help prevent homelessness, including supporting care leavers to secure appropriate accommodation.
	To support the third sector, town and community councils and community groups to meet local needs.	Work with partners and schools to support carers by providing the right information, advice and assistance where relevant.
Three – Smarter use of resources	To achieve the budget reductions identified in the MTFS.	Implement the planned budget reductions identified in the 2017-18 budgets.
	To improve the efficiency of and access to services by redesigning our systems and processes.	Automate most common internal processes to reduce transaction costs and streamline processes.
	To develop the culture and skills required to meet the needs of a changing organisation.	<p>Support managers to lead through organisational change.</p> <p>Provide the learning and development opportunities for staff to meet future service needs.</p> <p>Improve our understanding of citizens views by developing and promoting mechanisms that increase responses to consultation.</p>
	To make the most of our spend on	Review procurement processes and procedures to ensure best value is achieved

OPERATIONAL SERVICES & PARTNERSHIPS DIRECTORATE PROPOSED PLAN 2017-18

	goods and services.	through eProcurement and utilising national and regional arrangements. Monitor the corporate contracts register to ensure compliance and opportunities to aggregate spend.
		Workplace Health, Safety & Welfare and effective absence management.

6. Key Service Data

6.1 Staff

Service	2016/17 (01.05.16)		2017-18 (31.12.2016)	
	FTE	Headcount	FTE	Headcount
Business Support - Legal (in CMB Support)	9.86	10	22.86	24
Human Resources and Organisational Development	115.26	127	98.97	111
ICT	50.37	53	54.24	56
Legal Section	60.22	67	42.36	49
Regulatory and Partnerships	69.79	82	76.39	88
DIRECTORATE	306.50	340	295.84	329

6.2 Finance

Operational and Partnership Services Business Plan 2017-18

	16/17	17/18	18/19	19/20	20/21
	Approved £,000	Approved £,000	Indicative £,000	Indicative £,000	Indicative £,000
Housing & Homelessness					
Community First	3	3	3	3	3
Community For Works	0	0	0	0	0
Community Safety	112	112	112	112	112

OPERATIONAL SERVICES & PARTNERSHIPS DIRECTORATE PROPOSED PLAN 2017-18

Housing Options & Homelessness	692	883	883	883	883
Housing Strategy & Solutions	209	234	234	234	234
Supporting People	180	178	178	178	178
Sustainable Renewal	145	146	146	146	146
Human Resources					
Communication & Marketing	476	481	481	481	481
Customer Services	1,369	1,322	1,322	1,322	1,322
Hr & Organisational Dev	1,682	1,630	1,630	1,630	1,630
ICT					
ICT	3,728	3,793	3,743	3,743	3,743
Legal & Democratic Services					
Registration Service	-32	-30	-30	-30	-30
Legal	1,976	1,922	1,922	1,922	1,922
Legal Administration	574	540	540	540	540
Member & Mayoral Services	1,542	1,850	1,850	1,850	1,850
Procurement	276	278	278	278	278
Performance & Partnerships					
Performance & Partnerships	316	277	277	277	277

7. Corporate Risks

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

Risk Description	Score
Healthy Life Styles	16
The impact of homelessness	15

Collaboration with partners	12
Compliance with the Welsh Language Standards	12

8. The Risk Assessment Process

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

8.2 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.

9. Proposed Internal Audit Plan for the Operational & Partnerships Services Directorate 2017-18

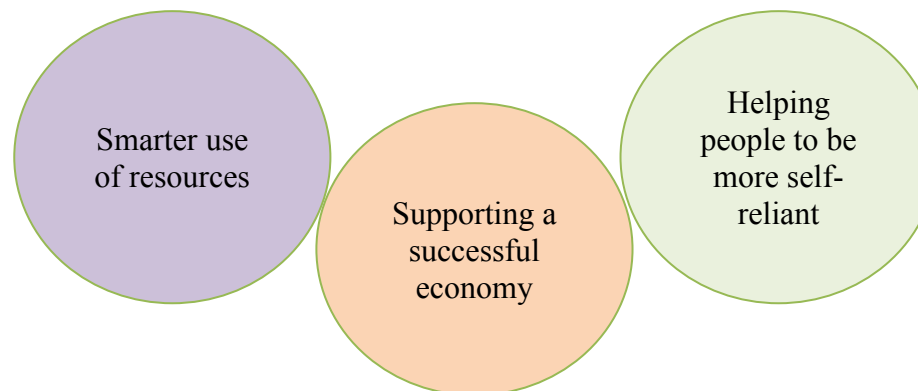
OPERATIONAL PARTNERSHIPS SERVICES DIRECTORATE

Area	Identified Risk(s)	Type	Audit Scope	Total Days
Partnerships / Collaboration	H	Governance / Risk	To review the Council’s approach to governance over collaborative working / partnership arrangements. The areas to be covered will be developed during the year and will concentrate on: Evaluation of controls, Consistency of approach (taking into account factors such as proportionality and appropriateness)	20

OPERATIONAL SERVICES & PARTNERSHIPS DIRECTORATE PROPOSED PLAN 2017-18

			Relevance / meeting strategic (operational) objectives / outcomes.	
Compliance	H	Assurance	A number of reviews will be undertaken to provide assurance over compliance with Council policies, procedures and where appropriate legislation.	20
HR	H	Assurance	Evaluating controls within HR systems designed to prevent and / or detect fraud, irregularity or error, and to ensure that transactions are processed in accordance with Council policy, Finance and Contract Procedure Rules and appropriate legislation.	30
Supporting People Grant	H	Assurance	Internal Audit will undertake the necessary assurance checks and certifications required by the grant conditions.	10
ICT	H	Assurance / Governance	To continue a programme of system review audits, the objectives will be to determine whether the systems and procedures in operation are functioning satisfactorily and are in accordance with legislation and Council Policy. <ul style="list-style-type: none"> • Access to information and facilities is controlled and restricted to authorised users according to their needs. • The potential for fraud and error are minimised; • The system is effectively administered and supported; • All staff using the system have been correctly trained to the level that will allow them to properly fulfil their duties; • The system under review is continually available during working hours 	30
Members	H	Governance	Following the May elections, reviews will be undertaken to ensure that Members comply with the Council's Gifts and Hospitality Policy, Declaration of Interests and Code of Conduct.	20
			Overall Total – Operational & Partnerships Services Directorate	130

Partneriaeth Pen-y-Bont a'r Fro
Bridgend & Vale Partnership
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BRIDGEND COUNTY BOROUGH COUNCIL WORKING TOGETHER TO IMPROVE LIVES

**INTERNAL AUDIT SHARED SERVICE
DRAFT ANNUAL AUDIT PLAN FOR FINANCE WITHIN THE CHIEF EXECUTIVE'S
DIRECTORATE**

2017 – 2018

Bridgend CBC

1. Introduction

- 1.1 The Chief Executive (CEX) - Finance Directorate's primary function is to support the rest of the organisation in the delivery of its priorities. The Directorate is responsible for the effective planning and management of all the Council's Finances. In addition they are responsible for the administration of council tax and housing benefit payments.
- 1.2 The Directorate will continue to support other directorates in the delivery of the Bridgend Change Programme and the Medium Term Financial Strategy, whilst also continuing to deliver its own improvement objectives and budget reduction requirements. The Service's overall aim is to continue to provide the best support it can over the coming year, focusing on their efforts on making best use of limited resources at all times.
- 1.3 In 2017-18 Bridgend County Borough Council will have a gross budget of nearly £400 million and a capital programme of currently £42.029 million to support its core business and the corporate priorities. Whilst the 2017-18 budget settlement is favourable compared to recent years, there is considerable uncertainty around "Brexit" negotiations and the Council is going to be expected to achieve budget reductions of nearly £34 million from 2017-18 to 2020-21. The Council's Medium Term Financial Strategy sets out how it will achieve its corporate priorities and statutory duties whilst meeting budget reductions and managing financial pressures and risks over the next four years.
- 1.4 Improving educational attainment remains very important to the council and ongoing improvement in this area forms part of a wider objective in raising skills and attainment more generally. The Council's Corporate Plan highlights the Council's commitments whilst recognising that core and statutory services will continue to receive attention including the Council's work as a planning authority, maintain highways and public transport; refuse collection, street cleaning, revenues and benefits, public protection and sports, arts and libraries.
- 1.5 The Council continues with its commitment to the Transformation Programme, strong financial management and performance management and robust business planning and service planning.

2. Improvement Priorities for 2015-17

2.1 Bridgend County Borough Council recognises that it will have to make significant changes to the way they think and operate in order to meet the significant challenges ahead – not least the increasing demands made on many of the Council’s services, against the background of a shrinking budget. The Council has a clear and simple vision and that is, always to act as:-

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2.2 The Council’s values have not changed and continue to represent what the Council stands for and influences how they work. The Council’s values are:-

- **Fair** – taking into account everyone’s needs and situation;
- **Ambitious** – always trying to improve what we do and aiming for excellence;
- **Citizen-focused** – remembering that we are here to serve our local communities;
- **Efficient** – delivering services that are value for money.

2.3 The Council has also identified three well-being outcomes that will be their focus over the coming four years. These outcomes are intended to improve the quality of life of people in the County while significantly changing the nature of the Council. The three outcomes are as follows:

Supporting a successful economy	Helping people to become more self-reliant	Smarter use of resources
A successful, sustainable and inclusive economy that will be supported by a skilful, ambitious workforce.	Individuals and families that will be more independent and less reliant on traditional Council services.	A Council that has lean, robust processes and a skilful workforce. A supported third/community sector with the opportunity to take on services that meet citizens’ needs.

3. Wellbeing Objectives

3.1 In April 2016, the Well-being of Future Generations (Wales) Act 2015 came into effect. The Act is about improving the economic, social, environmental and cultural well-being of Wales. It places a duty upon all public bodies to apply the principles of sustainable development to ensure that present needs are met without compromising the ability of future generations to meet their own needs. The Act sets out seven long-term national goals:-

- A prosperous Wales
- A resilient Wales
- A healthier Wales
- A more equal Wales
- A Wales of cohesive communities
- A Wales of vibrant culture and thriving Welsh language
- A globally responsible Wales.

3.2 The Act requires Councils to do things differently, applying sustainable development to everything they do. BCBC are committed to the sustainable development principles, always acting in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their needs. The five ways of working defined by the Act – long term, prevention, integration, collaboration and involvement – will underpin everything the Council does and will help to improve the well-being of the area and make the county borough a good place for people to live, work, study and visit.

4. Corporate Priority Outcomes

4.1 The following table outlines the three priority outcomes set by the Council and what will help to achieve these aims.

Priority	Description	Key Projects and Programmes
<p>One – supporting a successful economy</p>	<p>This means the Council will take steps to make the county a good place to do business and to ensure that schools are focused on raising the skills, qualifications and ambitions of all people in the county.</p>	<p>City Deal – Working with neighbouring South East Wales Councils, we are seeking a ‘City Deal’ from the UK and Welsh Government which could result in around £1 billion investment in major capital projects in the Cardiff City Region over the next 10-15 years.</p> <p>Strategic Review of Post 16 Education and Training – A strategic review to evaluate education provision and curriculum delivery with Bridgend College to ensure that there are clear options available to provide the best possible opportunities for learners in Bridgend.</p> <p>Successful Economy Programme – key regeneration and local development schemes including: - Vibrant and Viable scheme with external funding of £9.6 million, which is redeveloping the Rhiw Car Park in Bridgend and creating an affordable housing in the heart of the town centre by converting vacant space over shops into accommodation.</p> <p>Alignment of the Welsh Government Grants – The Council will streamline and make flexible use of major grants to support families through early help and to address poverty.</p>
<p>Two – Helping people to be more self-reliant</p>	<p>This means the Council will take early steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services.</p>	<p>Remodelling Social Care:- This is a large programme which includes recommissioning adult home care, developing extra care and information and advice services for people and their carers. Working with partners creating a Multi-Agency Safeguarding Hub as a single point of contact for all safeguarding concerns. Looking at existing models of residential care for children and young people and respite care for children with disabilities in order to make them more targeted and more effective. Community Asset Transfer – transferring assets to communities to manage while making the most of the assets retained.</p>

<p>Three – Smarter use of resources</p>	<p>This means the Council will ensure that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.</p>	<p>Digital Transformation Programme – changing the way the Council operates to enable customers to access information, advice and services on line.</p> <p>Rationalising the Council's estate – disposing of assets, transferring assets to communities to manage while making the most of the assets retained.</p> <p>Schools' Modernisation Programme – investing in a sustainable education system in school buildings that reduces cost and their carbon footprint.</p>
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5. Corporate Priorities – CEX - FINANCE

Council Priority	Objective	Finance - (Actions)
<p>One – Supporting a successful economy</p>	<p>To help local people develop skills and take advantage of opportunities to succeed and to extend that success to every community in the County Borough.</p>	<p>Continue to work with the Cardiff Capital Regional skills and employment Board and other BCBC led projects to help shape employment opportunities, including continuing to capture apprentice opportunities, and develop a skilled workforce to meet those needs.</p>
<p>Two – Helping people to be more self-reliant</p>	<p>To support the third sector, town and community councils and community groups to meet local needs.</p>	<p>Work with partners and the third sector to identify the best way of providing services within local communities.</p>
<p>Three – Smarter use of resources</p>	<p>To achieve the budget reductions identified in the MTF5.</p>	<p>Implement the planned budget reductions identified in the 2016-17 budgets.</p>
	<p>To improve the efficiency of and access to services by redesigning our systems and processes</p>	<p>Increase the number of citizens using our online system to manage their council tax and housing benefit accounts and deliver financial savings.</p> <p>Automate most common internal processes to reduce transactions costs and streamline processes.</p>
	<p>Other Directorate Priorities.</p>	<p>Carry out commercialisation projects. Supporting the Corporate Landlord model. Health and Safety / Wellbeing.</p>

6. Key Service Data

6.1 Staff

Service	2016/17 (01.05.16)		2017-18 (31.12.2016)	
	FTE	Headcount	FTE	Headcount
Benefits and Financial Assessments	37.94	43	40.86	48
Finance	52.07	55	53.17	57
Revenues	25.81	31	25.37	30
service	117.82	129	120.40	136

6.2 Finance

Budget	16/17	17/18	18/19	19/20	20/21
	Actual £'000	Actual £'000	Indicative £'000	Indicative £'000	Indicative £'000
FINANCE					
SENIOR MANAGEMENT	236	238	238	238	238
ACCOUNTANCY	1,452	1,451	1,401	1,401	1,401
RISK MGT & INSURANCES	93	94	94	94	94
EXCHEQUER	149	153	153	153	153
HOUSING BENEFITS ADMIN	697	661	661	661	661
TAXATION & SUNDRY DEBTORS	136	37	-38	-38	-38
PAYMENTS TO HB CLAIMANTS	52	22	-53	-53	-53
BANK CHARGES AND AUDIT FEES	404	404	356	308	308
GENERAL FUND	1	1	1	1	1
Net Budget Total	4,237	3,886	3,638	3,570	3,570
<i>NB: Further budget reductions still to be identified for 2018-19 to 2020-21</i>					

7. Corporate Risks

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

Risk Description	Score
Making the cultural change necessary to deliver the Medium Term Financial Strategy.	24
Welfare Reform	18
Equal Pay Claims	16
Health and Safety	12

8. The Risk Assessment Process

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

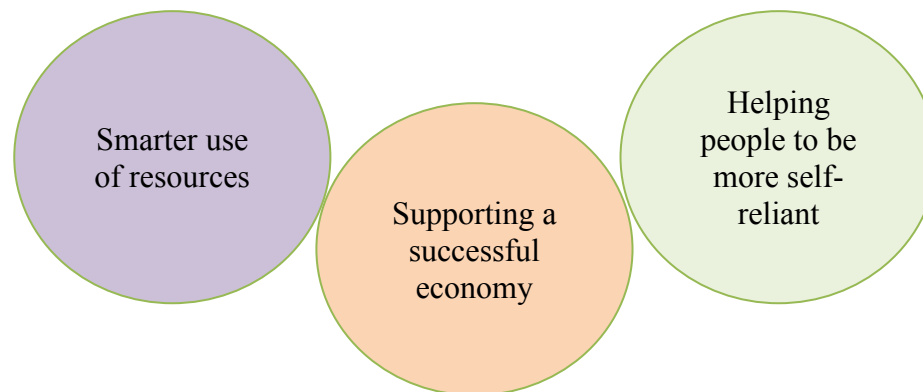
8.2 The plan is based on an underlying risk assessment. The inherent risks existing within each area are then identified for audit as part of the audit planning process. The audits which make up the plan have been assessed on priority. Internal Audit will ensure that all reviews classified as "high" 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.

9. Proposed Internal Audit Plan for the CEX - Finance Directorate 2017-18

CHIEF EXECUTIVE - FINANCE

Area	Identified Risk(s)	Type	Audit Scope	Total Days
Core Financial Systems	H	Assurance	<p>The audit priorities and objectives are determined taking a risk-based approach. The audits to be undertaken will be a blend of assignments with objectives primarily relating to issues of system compliance and those with objectives primarily aimed at driving improvement in economy, efficiency and effectiveness.</p> <ul style="list-style-type: none"> Evaluating the controls within a system designed to prevent and / or detect fraud, irregularity or error, and to ensure that transactions are processed in accordance with Council policy, Finance and Contract Procedure Rules, legislation and the requirements of external bodies such as HM Revenues and Customs. Review a range of systems' intelligence to assess how well a system is achieving its objectives and overall desired outcomes, safeguarding the interests of the Council and achieving value for money. 	60
Automated Processes	H	Assurance	Review of automated processes to ensure a robust internal control environment.	15
Capital Assets (Capital Receipts)	H	Assurance	Review of arrangements to identify, monitor, control and report on Capital Assets including Capital Receipts.	20
Income Generation	M	Assurance	Maximisation of existing and identification of new income streams.	20
Performance Indicators	H	Risk	The validation of the Council's overall performance	15
			Overall Total – CEX – Finance	130

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BRIDGEND COUNTY BOROUGH COUNCIL WORKING TOGETHER TO IMPROVE LIVES

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

2017 – 2018

Bridgend CBC

1. Introduction

- 1.1 The Social Services and Wellbeing Directorate's vision is to actively promote independence, wellbeing and choice that will support individuals in achieving their full potential. The Social Services & Wellbeing Directorate is responsible for the planning, commissioning, assessment and, where appropriate, the direct provision of Social Services. The sport, play and active wellbeing team is also part of the directorate and this service has been able to focus on developing the wellbeing and preventive agenda to ensure that children, young people and adults are given every opportunity to improve their wellbeing and keep active regardless of their skills and abilities. The Directorate will particularly aim to promote sport plan and active wellbeing into new early intervention and preventative models of commissioning service delivery.
- 1.2 The case for new ways of working has been laid down by the Social Services and Wellbeing (Wales) Act (2014) and the directorate has been working towards the implementation of the Act for some time. Whilst the formal implementation date is April 2016, it will take a significant period of time to bed in due to the introduction of new ways of working and the inevitable impact this will have on the present culture, custom and practice. The business plan focuses on new ways of working and the future priority will be developing the best sustainable solutions that meet service users' needs flexibly and efficiently.
- 1.3 Improving educational attainment remains very important to the council and ongoing improvement in this area forms part of a wider objective in raising skills and attainment more generally. The Council's Corporate Plan highlights the Council's commitments whilst recognising that core and statutory services will continue to receive attention including the Council's work as a planning authority, maintain highways and public transport; refuse collection, street cleaning, revenues and benefits, public protection and sports, arts and libraries.
- 1.4 The Council continues with its commitment to the Transformation Programme, strong financial management and performance management and robust business planning and service planning.

2. Improvement Priorities for 2016-20

2.1 Bridgend County Borough Council recognises that it will have to make significant changes to the way they think and operate in order to meet the significant challenges ahead – not least the increasing demands made on many of the Council’s services, against the background of a shrinking budget. The Council has a clear and simple vision and that is, always to act as:-

“One Council working together to improve lives”.

2.2 The Council’s values have not changed and continue to represent what the Council stands for and influences how they work. The Council’s values are:-

- **Fair** – taking into account everyone’s needs and situation;
- **Ambitious** – always trying to improve what we do and aiming for excellence;
- **Citizen-focused** – remembering that we are here to serve our local communities;
- **Efficient** – delivering services that are value for money.

2.3 The Council has also identified three well-being outcomes that will be their focus over the coming four years. These outcomes are intended to improve the quality of life of people in the County while significantly changing the nature of the Council. The three outcomes are as follows:

Supporting a successful economy	Helping people to become more self-reliant	Smarter use of resources
A successful, sustainable and inclusive economy that will be supported by a skilful, ambitious workforce.	Individuals and families that will be more independent and less reliant on traditional Council services.	A Council that has lean, robust processes and a skilful workforce. A supported third/community sector with the opportunity to take on services that meet citizens’ needs.

3. Well-being Objectives

3.1 In April 2016, the Well-being of Future Generations (Wales) Act 2015 came into effect. The Act is about improving the economic, social, environmental and cultural well-being of Wales. It places a duty upon all public bodies to apply the

principles of sustainable development to ensure that present needs are met without compromising the ability of future generations to meet their own needs. The Act sets out seven long-term goals:

- A prosperous Wales
- A resilient Wales
- A healthier Wales
- A more equal Wales
- A Wales of cohesive communities
- A Wales of vibrant culture and thriving Welsh language
- A globally responsible Wales.

3.2 As a public body, Councils have a duty to work towards achieving these seven goals. The Act requires that the Council set its well-being objectives and take steps to realise them. The Act requires the Council to do things differently, applying sustainable development to everything it does. The Council is committed to the sustainable development principles, always acting in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their needs. The five ways of working, defined by the Act – long term, prevention, integration, collaboration and involvement – will underpin everything the Council does and help to improve the well-being of the area and make the County Borough a good place for people to live, work, study and visit.

4. Corporate Priority Outcomes

4.1 The following table outlines the three priority outcomes set by the Council and what will help to achieve these aims.

Priority	Description	Key Projects and Programmes
<p>One – supporting a successful economy</p>	<p>This means the Council will take steps to make the county a good place to do business and to ensure that schools are focused on raising the skills, qualifications and ambitions of</p>	<p>City Deal – Working with neighbouring South East Wales Councils, we are seeking a ‘City Deal’ from the UK and Welsh Government which could result in around £1 billion investment in major capital projects in the Cardiff City Region over the next 10-15 years.</p> <p>Strategic Review of Post 16 Education and Training – A strategic review to</p>

	all people in the county.	<p>evaluate education provision and curriculum delivery with Bridgend College to ensure that there are clear options available to provide the best possible opportunities for learners in Bridgend.</p> <p>Successful Economy Programme – key regeneration and local development schemes including: - Vibrant and Viable scheme with external funding of £9.6 million, which is redeveloping the Rhiw Car Park in Bridgend and creating a community living in the heart of the town centre by converting vacant space over shops into accommodation.</p> <p>Alignment of the Welsh Government Grants – The Council will streamline and make flexible use of major grants to support families through early help and to address poverty.</p>
Two – Helping people to be more self-reliant	This means the Council will take early steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services.	<p>Remodelling Social Care:- This is a large programme which includes recommissioning adult home care, developing extra care and information and advice services for people and their carers.</p> <p>Working with partners creating a Multi-Agency Safeguarding Hub as a single point of contact for all safeguarding concerns. Looking at existing models of residential care for children and young people and respite care for children with disabilities in order to make them more targeted and more effective.</p> <p>Community Asset Transfer – transferring assets to communities to manage while making the most of the assets retained.</p>
Three – Smarter use of resources	This means the Council will ensure that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that	<p>Digital Transformation Programme – changing the way the Council operates to enable customers to access information, advice and services on line.</p> <p>Rationalising the Council’s estate – disposing of assets, transferring assets to communities to manage while making the most of the assets retained.</p> <p>Schools’ Modernisation Programme – investing in a sustainable education</p>

	can help deliver the Council's priorities.	system in school buildings that reduces cost and their carbon footprint.
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5. Corporate Priorities – Social Services and Wellbeing Directorate

Council Priority	Objective	Social Services and Wellbeing Directorate - (Actions)
One – Supporting a successful economy	To help local people develop skills and take advantage of opportunities to succeed.	Continue to work with the Cardiff Capital Regional Skills and Employment Board and Bridgend County Borough Council led local projects to help shape employment opportunities, and develop a skilled workforce to meet those needs.
Two – Helping people to be more self-reliant	To give people more choice and control over what support they receive by providing early access to advice and information.	Continue to improve the ways in which the Council provides good information, advice and assistance to the public, including increasing the support available through local community co-ordinators. Continue to involve service users, carers and communities in developing and commissioning services.
	To reduce demand by investing in targeted early help and intervention programmes.	Implement a new 52-week residential service model for disabled children and young people. Establish a new model of residential provision for looked after children and young people. Finalise a transition service model to help disabled children move smoothly into adulthood.
	To support carers in maintaining their role.	Work with partners and schools to support carers by providing the right information, advice and assistance where relevant. Recruit and retain carers across the range of fostering services.
	To support the third sector, town and community councils and community groups to meet local needs.	Work with partners and the third sector to identify the best way of providing services within local communities. Enable community groups and the third sector to have more choice and control over community assets.

Three – Smarter use of resources	To achieve the budget reductions identified in the MTFS.	Implement the planned budget reductions identified in the 2017-18 budgets.
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6. Key Service Data

6.1 Staff

Service	2016/17 (01.05.16)		2017/18 (31.12.2016)	
	FTE	Headcount	FTE	Headcount
Adult Social Care	645.81	929	630.53	902
Business Support - SS&W	59.80	66	62.09	69
Children's Social Care	158.11	200	155.05	200
Prevention & Wellbeing	15.51	20	16.51	21
DIRECTORATE	880.23	1215	865.18	1192

6.2 Finance

Budget	2016-17	2017-18	2018-19	2019-20	2020-21
	(Actual) £'000	(Actual) £'000	(Indicative) £'000	(Indicative) £'000	(Indicative) £'000
Safeguarding Family Support					
Children's Services	17,573	18,223	17,963	17,963	17,963
Sports Play And Active Wellbeing					
Recreation And Sport	2,336	5,101	5,081	5,081	5,081
Adult Social Care And Wellbeing					

Older People	19,633	19,666	18,671	18,671	18,671
Adult Phys Dis/Sens Impairment	3,919	3,872	3,872	3,872	3,872
Adults Learning Disabilities	12,753	12,548	12,548	12,548	12,548
Adults Mental Health Needs	2,728	2,616	2,616	2,616	2,616
Other Adult Services	216	209	209	209	209
Adult Services Management & Admin	2,186	2,448	2,448	2,448	2,448
MTFS Savings Yet To Be Allocated				(363)	(363)
NET BUDGET TOTAL	61,344	64,683	63,408	63,045	63,045

7. Corporate Risks

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

Risk Description	Score
Supporting Adults at risk	20
Supporting vulnerable children, young people and their families.	20
Healthy lifestyles	16

8. The Risk Assessment Process

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

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

8.2 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.

9. Proposed Internal Audit Plan for the Social Services and Wellbeing Directorate 2017-18

SOCIAL SERVICES & WELLBEING DIRECTORATE

Area	Identified Risk(s)	Type	Audit Scope	Total Days
Section 117	H	Assurance	This review has been carried forward from 2016/17. To follow up on the recommendations made in the 2014/15 Internal Audit Report to ensure adequate progress has been made to address the internal control weaknesses.	20
Social Services & Wellbeing Act	H	Assurance / Governance / Risk	The formal implementation date of the Act was April 2016, it will take a significant period of time to bed in due to the introduction of new ways of working and the inevitable impact this will have on the present culture, custom and practice. Therefore, Internal Audit will continue a programme of reviews, provide advice and support where needed to provide overall assurances on the robustness of the systems and processes put in place as they develop.	35
Leisure	M	Assurance / Governance	To review the overall strategic direction and funding requirements in relation to the National Exercise Referral Programme and other associated programmes and initiatives.	20
Adult Social Care & Wellbeing	H	Assurance / Governance / Risk	Reviews will be undertaken relating to the effectiveness of quality assurance processes within Adult Social Care & Wellbeing which will provide assurance on the internal control, governance and risk management environment.	25
Total – Social Services & Wellbeing				100
Additional Reviews to be considered if resources available.				
Children	H	Governance	An independent review of the corporate governance arrangements over children social care	20

			to provide assurance that these remain effective and achieve appropriate outcomes for children and young people.	
Funding	M	Assurance	To assess whether there is robust challenge over the placement identification process and pricing, and whether all information is required and received by the appropriate Panels.	20
Payments to providers	M	Assurance	To review how quickly after contract award, service providers are set up on the system and accurately paid.	15
			<i>Overall Total – Social Services & Wellbeing</i>	155

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

27 APRIL 2017

REPORT OF THE CHIEF INTERNAL AUDITOR

UPDATED FORWARD WORK PROGRAMME 2016-17

1. Purpose of Report.

- 1.1 To present to Members an update on the 2016/17 Forward Work Programme for the Audit Committee's 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 Core functions of an effective Audit Committee are:-

- To consider the effectiveness of the Council's Risk Management arrangements, the control environment and associated anti-fraud and corruption arrangements.
- Seek assurances that action is being taken on risk-related issues identified by auditors and inspectors.
- Be satisfied that the Council's assurance statements properly reflect the risk environment and any actions required to improve it.
- Oversee the work of internal audit (including the annual plan and strategy) and monitor performance.
- Review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.
- Receive the annual report of the Chief Internal Auditor as Head of Audit.
- Consider the reports of external audit and inspection agencies, where applicable.
- Ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
- Review and approve the financial statements, external auditor's opinion and reports to Members, and monitor management action in response to the issues raised by external audit.

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

4. Current situation / proposal.

4.1 In order to assist the Audit Committee in ensuring that due consideration has been given by the Committee to all aspects of their core functions an updated forward work programme is attached at **Appendix A** covering 2016/17.

5. Effect upon Policy Framework& Procedure Rules.

5.1 None

6. Equality Impact Assessment

6.1 There are no equality implications arising from this report.

7. Financial Implications.

7.1 None

8. Recommendation.

8.1 That Members note the updated Forward Work Programme to ensure that all aspects of their core functions are being adequately reported.

Helen Smith
Chief Internal Auditor
27th April 2017

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Chief Internal Auditor

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CF31 3NA

Background documents

None

**AUDIT COMMITTEE
SCHEDULE OF MEETINGS AND FORWARD WORK PROGRAMME
2016 – 2017**

PROVISIONAL DATE OF MEETING	FORWARD WORK PROGRAMME	OFFICER RESPONSIBLE	UPDATE
2016			
30 th June	Information and Action Requests (if applicable).	Chief Internal Auditor (CIA)	Completed
	Updated Forward Work Programme.	CIA	Completed
	Pre-audited Statement of Accounts 2015/16.	Head of Finance	Completed
	Annual Governance Statement 2015-16	Corporate Director Operational Services and Partnerships	Completed
	Treasury Management Outturn 2015/16	Head of Finance	Completed
	Complete Audits (if applicable).	CIA	Completed
	Proposed Scope for the External Assessment of the IASS.	CIA	Completed
	External Auditors / Inspection Reports (where applicable).	Head of Finance/ WAO	
	IASS Outturn Report April and May 2016.	CIA	Completed
29 th September	Information and Action Requests	CIA	Completed
	Updated Forward Work Programme	CIA	Completed
	Statement of Audited Accounts and Final Annual Governance Statement 2015/16	Head of Finance / WAO	Completed
	Internal Audit 5 months Outturn Report April to August 2016.	CIA	Completed
	Completed Audits Report (where applicable)	CIA	Completed
	External Auditors / Inspection Reports (where applicable).	Head of Finance / WAO	N/A
	Corporate Risk Assessment Review 2016-17	Risk & Insurance Manager	Completed
24 th November	Up dated Forward Work Programme	CIA	Completed
	Information and Action Requests (where applicable)	CIA	Completed
	National Fraud Initiative Update	CIA	Completed
	Treasury Management Half Year Report 2016-17	Head of Finance	Completed
	Report on the work undertaken on School Audits	CIA	Brought forward from January 17 Completed
	Fraud update	Head of Finance / Benefits Manager	Deferred to January
	Completed Audits Report (if applicable)	CIA	Completed
	Internal Audit Outturn Report – April 2016 to October 2016.	CIA	Completed
	External Auditors / Inspection Reports (where applicable).	Head of Finance / WAO	
2017			
26 th January	Up dated Forward Work Programme	CIA	Completed
	Information and Action Requests (if applicable)	CIA	Completed
	Internal Audit 9 months Outturn Report	CIA	Completed

APPENDIX A

	April 2016 – December 2016		
	Completed Audits (where applicable)	CIA	Completed
	Report on the work undertaken on School Audits.	CIA	Brought Forward to November
	External Auditors / Inspection Reports (where applicable)	Head of Finance / WAO	Completed
	Corporate Risk Assessment 2017-18	Head of Finance	Completed
	Treasury management strategy 2017-18	Head of Finance	Completed
	Risk Based Verification Report	Head of Finance / Benefits Manager	Completed
27th April	Information and Action Requests (where applicable)	CIA	N/A
	Updated Forward Work Programme	CIA	Submitted
	Proposed Forward Work Programme 2017-18.	CIA	Deferred to June 17
	Internal Audit proposed Annual Strategy and Audit Plan 2017-2018.	CIA	Submitted
	Governance – Compliance with Public Sector Internal Audit Standards for 2016-17	CIA	Deferred to June 17
	Audit Committee – Terms of Reference	CIA	Deferred to June 17
	Internal Audit Shared Service Charter	CIA	Deferred to June 17
	Head of Audit’s Annual Opinion Report and outturn for the Year 2016/17	CIA	Submitted
	Fraud Update	Head of Finance	Deferred to June 17
	External Auditors / Inspection Reports (if applicable): -	Head of Finance / WAO	

By virtue of paragraph(s) 14, 18 of Part 4 of Schedule 12A of the Local Government Act 1972.

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