

# Public Document Pack

## 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

*Rydym yn croesawu gohebiaeth yn Gymraeg.  
Rhowch wybod i ni os mai Cymraeg yw eich  
dewis iaith.*

*We welcome correspondence in Welsh. Please  
let us know if your language choice is Welsh.*



#### **Cyfarwyddiaeth y Prif Weithredwr / Chief Executive's Directorate**

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Gofynnwch am / Ask for: Democratic Services

Ein cyf / Our ref:

Eich cyf / Your ref:

**Dyddiad/Date:** Thursday, 16 June 2022

Dear Councillor,

#### **GOVERNANCE AND AUDIT COMMITTEE**

A meeting of the Governance and Audit Committee will be held remotely - via Microsoft Teams on **Wednesday, 22 June 2022 at 14:00.**

#### **AGENDA**

1. Election of Chairperson  
To elect a chairperson for the ensuing year
2. Election of Vice Chairperson  
To elect a vice chairperson for the ensuing year
3. Apologies for Absence  
To receive apologies for absence from Members.
4. 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.
5. Approval of Minutes 3 - 8  
To receive for approval the minutes of the Committee of 15/03/2022
6. Governance and Audit Committee Action Record 9 - 12
7. Audit Wales Governance and Audit Committee Report 13 - 96
8. Corporate Risk Assessment 2022-23 97 - 106
9. Annual Self-Assessment of the Council's Performance 107 - 110
10. Annual Internal Audit Report 2021-22 111 - 134
11. Regional Internal Audit Service Charter 2022-23 135 - 158

**By receiving this Agenda Pack electronically you will save the Authority approx. £3.64 in printing costs**

12. Annual Internal Audit Strategy & Risk Based Plan 2022-23 159 - 176
13. Updated Forward Work Programme 2022-23 177 - 182
14. 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.

Yours faithfully

**K Watson**

Chief Officer, Legal and Regulatory Services, HR and Corporate Policy

Councillors:

S J Griffiths  
D M Hughes  
M L Hughes

Councillors

A Wathan  
A Williams  
RM Granville

Councillors

S J Bletsoe  
C Davies

Lay Members:

Andrew Bagley  
Biodun Olorunnisola  
Gareth Chapman  
Sue Davies

Present

Councillor LM Walters – Chairperson

CA Green  
AJ Williams

JE Lewis  
P Davies

MJ Kearn  
TH Beedle

RM Granville  
A Hussain

Apologies for Absence

PA Davies

Officers:

Carys Lord	Chief Officer - Finance, Performance & Change
Deborah Exton	Deputy Head of Finance
Mark Thomas	Head of Regional Audit Service
Sarah-Jane Byrne	Local Government Manager, Wales Audit Office
Nigel Smith	Finance Manager
Joan Davies	Deputy Head of Regional Internal Audit Service
Rachel Keepins	Democratic Services Officer - Scrutiny
Derwyn Owen	WAO

Lay Member:

Mrs J Williams

303. DECLARATIONS OF INTEREST

None

304. APPROVAL OF MINUTES

RESOLVED: That the minutes of the 28/01/2022 be approved as a true and accurate record subject to the following change:

“The lay member questioned whether the list of projects in the Digital Transformation programme was a bit light in terms of a cultural change and embracing and improving the culture.” Be changed to the following:

“The lay member asked whether cultural change is included in the digital transformation programme as per the Audit Wales recommendations as “the Digital Transformation programme report received was light in detail.”

305. GOVERNANCE AND AUDIT COMMITTEE ACTION RECORD

The Democratic Services Manager presented a report which provided members with an update on the Audit Committee Action Record, which was appended to the report.

The Chairperson commented on the action from 9<sup>th</sup> September 2021 regarding complaints. The committee requested an update on the 10 cases that were listed as outstanding but it was not mentioned on the forthcoming report.

The Chief Officer – Finance, Performance and Change explained that this particular document had a typo in Appendix 3 and said that the table with the correct figures would be sent out to all Members following the meeting.

The Chair Person asked for an update on the lay member position.

The Chief Officer – Finance, Performance and Change stated that following the Local Government and Elections Act 2021, a third of the membership of the committee must be Lay Members. The advertisements had gone out for these positions and the recruitment process had recently been concluded, with four lay members being appointed. These Lay Members have a range of experiences including Local Government, other public sector, audit experience and banking which this was pleasing to see.

**RESOLVED:** The Committee noted the Action Record and provided comments upon this, as appropriate.

306. **UPDATE OF REVIEW OF THE CONCERNS AND COMPLAINTS PROCESS**

The Chief Officer – Finance, Performance and Change presented a report which updated the Committee on the work being undertaken to review the Authority's Concerns and Complaints process.

She advised that following the Committee receiving a report on the above, feedback from the Committee suggested they would like the Authority to take a more holistic view of complaints and explore whether there were digital options for complaints management.

The Committee established a working group, which consisted of Cllr Lyn Walters, Cllr Cheryl Green and Cllr Amanda Williams. The working group undertook research and spoke to other local authorities.

She advised that on 26 January 2022, the elected member working group met the Chief Officer - Legal, and Regulatory Services, HR and Corporate Policy to feed back their findings and views. These findings were then presented shortly after to the Corporate Management Board and it was agreed there to refer the matter to the Digital Transformation Board for further consideration.

She added that prior to presentation to the Digital Transformation Board, initial work has been undertaken to explore the opportunities of incorporating the current formal stage of concerns and complaints within the existing Customer Relationship Management (CRM) system which is used in Customer Services for recording all informal concerns and complaints. Work was now underway to look at developing the system so that all concerns and complaints are held and processed within the CRM system, rather than recorded in a standalone Excel spreadsheet with the aim of improving current reporting across the whole organisation. A copy of the complaints performance report that is provided each quarter to the Complaints Standards Authority Wales is also being reviewed to ensure the right data can be captured within the CRM system to simplify and improve the current reporting process.

A Member mentioned as part of the working group they wanted to look at compliments as well as these played a key part in the customer experience. Some areas that may have higher numbers of complaints than others may also have higher numbers of

compliments to the service and so logging these would give a fuller picture. The Chief Officer – Finance, Performance and Change agreed that it was an important aspect of the process and would be included in this piece of work.

A Member asked if the system included complaints that went to schools. It was highlighted that this was not the case as complaints to schools were monitored separately from those received by the Local Authority.

The Lay Member asked if we were compliant with the legislation on this and also what other Councils were doing with regards to recording complaints to schools. The Chairperson stated that she had spoken with the Corporate Director Education and Family Support this morning and he had confirmed that the guidance from Welsh Government was that Schools were to deal with the complaints themselves.

Members discussed the complaints procedure for schools and asked that an update be provided at the next committee meeting on how school complaints were recorded and ensuring they were recorded effectively.

**RESOLVED:** That the Committee noted the contents of the report.

307. **ARBED SCHEME CAERAU**

The Head of Regional Internal Audit presented a report which updated the Committee on the work undertaken by Internal Audit relating to the Arbed scheme, as requested by this Committee on 28 January 2022.

He explained that at the request of the former Chief Executive in 2018, the Council's Internal Audit team conducted an audit review to ascertain the extent to which the Council's policies and procedures had or had not been applied in respect of the Arbed funded scheme in Caerau for the period September 2012 to April 2013. Concerns were raised by the then Chief Executive specifically relating to an apparent absence of an audit trail and whether there would be any circumstances that would explain this.

He added that to provide assurance that there was no evidence that these issues were widespread, Internal Audit undertook a further review of the procurement and governance aspects of 10 externally funded schemes from 2018 onwards. This report was presented to the Governance and Audit Committee in January 2021. An audit opinion of reasonable assurance was given and only four minor recommendations were made. No significant issues were identified. It was found that, from the sample selected and reviewed, the concerns arising from a previous externally funded Arbed scheme had not been replicated. Further background was at section 3 of the report.

The Head of Regional Internal Audit stated that the document published on the Council's website on 26 January 2022 was attached at Appendix A and outlined the findings and conclusions from the work undertaken by Internal Audit in relation to the Arbed scheme. The report identified several significant concerns relating to the governance, decision making, procurement, monitoring and control aspects of the Arbed Scheme and the conduct and role of a Councillor as a Director of Green Renewable Wales Ltd. The report therefore made recommendations, all of which have been implemented by the Council. He added that the report was shared with the police in August 2019 but it was determined that no action was needed to be taken by themselves. Recently a senior investigating officer within the Economic Crime Unit has reviewed the internal audit report and documents again and has confirmed that they support the assessment made in 2019. There has been no change in circumstances and no fresh evidence which would impact on that decision.

The Head of Regional Internal Audit outlined the wider issues in respect of governance, decision making, and procurement and these were subject to further audit as part of the 2020/21 audit plan. This report identified the 10 schemes reviewed and the findings and recommendations made as a result of the work. It was found that, from the sample selected and reviewed, the concerns arising from a previous externally funded Arbed scheme had not been replicated.

Documentation was available to support compliance with the Council's Contract Procedure Rules and the involvement of Corporate Procurement when engaging contractors. There was also evidence of supplier monitoring, reporting and governance across all the projects. An audit opinion of reasonable assurance was given, that is that key controls exist but there may be some inconsistency in application. As a result, only 4 minor recommendations were made. The full audit report was presented to the Governance & Audit Committee in January 2021.

The Head of Regional Internal Audit added that Appendix B summarised the 11 audits undertaken within the same service area which administered the Arbed scheme, that related to either capital schemes, grant funded schemes, project management and/ or procurement as well as strengths and weaknesses identified. These audits had been undertaken during the period November 2011 to October 2021.

He also highlighted the comments from Audit Wales as per the report.

A Member asked in relation to 3.1 of the report that the former Chief Executive requested a review and why this was the case. She was aware of correspondences among Chris Elmore MP and the Leader concerning delays on this almost 12 months prior due to what appeared to be ongoing investigations by Officers. Could it be confirmed whether that was the reason. The Head of Regional Internal Audit stated that the email that was received by his counterpart before he was in post prompted the investigation into certain aspects of the scheme in relation to the audit trail and procurement for example. He confirmed that Internal Audit had no correspondence of complaints prior to this and therefore were unaware of such complaints.

A Member followed on from this and asked if reasonable assurance could be given that processes were in place to prevent this happening in the future, as the Council may be at risk of compensation claims. The Head of Regional Internal Audit explained that an Audit was undertaken on 10 recent schemes and assurance was given that the ARBED scheme was a one off and issues experienced were not replicated or observed in any of the other schemes.

A Member asked why the document from the police confirming that they were content that no further action needed to be taken, was not included in the report as this would have given additional assurances to the public. The Head of Regional Internal Audit explained that the document was only received after the report was published.

A Member asked in relation to correspondence sent to the Chief Executive and the Monitoring Officer, why this would not have been sent to the Leader. The Head of Regional Internal Audit explained that it was sent to key officers as this was normal practice, drafts were not normally sent to Members and as this was in the very early stages it was not necessary to do so.

A Member asked if confirmation could be given regarding Green Renewable Wales Ltd on whether or not an invalid VAT number was found. The Head of Regional Internal Audit explained that this was true, however the GRW Ltd were effectively overseeing

and sub-contracting work out and so a payment was never made by the Council using the invalid VAT number.

A Member stated that it seemed evident that the Contract Procedure Rules were not followed and that it was a conscious decision made. She asked if this could be confirmed. The Head of Regional Internal Audit agreed that it was clear that the CPRs were not followed but it was not clear whether it was intentional or not. Members of the Committee shared the same concerns in that due process was not followed, but reassurance was given in that these issues were in fact not seen before, nor had been replicated since.

The Lay Member asked if there was any indication on the motivation behind what happened, whether deliberate or not, and was there any information on this. The Head of Regional Internal Audit explained that Officers involved were consulted on this and asked various questions as to how and why. One of the key things that was evident was that the funding from Welsh Government that contributed towards these schemes had a very short time span in which it needed to be spent, and that may have led to some of the issues along the way in terms of process not being followed.

A Member commented on the delay of receiving the report before the Committee, and that it almost did not make it before the new term of office. He made the suggestion that reports be seen by the Governance and Audit Committee as soon as practicable to ensure due process.

A Member asked if it were possible to perform an Audit on this department on a yearly or bi yearly basis and if it were in the scope of the Regional Internal Audit service to do so. The Head of Regional Internal Audit explained that the Audit plan was to cover all areas of the Council and departments across the Council. It was not possible to focus on one area as that would take the focus and resources away from effective audit of the rest of the Council.

**RESOLVED:** That the Committee:

- noted this update report on the work undertaken by Internal Audit relating to the Arbed scheme.
- noted the assurance provided by Internal Audit that the issues identified within the Arbed scheme during 2012/2013 were not identified during any other work undertaken by Internal Audit at the Council from 2011 to date.
- noted the observations of Audit Wales in relation to the Arbed scheme.

308. **FORWARD WORK PROGRAMME 2022-23**

The Deputy Head of Finance presented a report which sought approval for the proposed Forward Work Programme for 2022-23.

She advised that in order to assist the Committee in ensuring that due consideration is given to all aspects of their core functions the proposed Forward Work Programme for 2022-23 is attached at Appendix A.

Committee Members were asked to endorse this schedule, confirm the list of people they would like to invite for each item (if appropriate), and indicate whether any additional information or research is required.

She highlighted the items that were currently scheduled at the next planned meeting which was due to take place on the 9 June 2022. The items were listed at 4.2 of the report.

The Deputy Head of Finance explained that there may be additional agenda items presented to the Committee as the Local Government and Elections (Wales) Act 2021 comes into effect, particularly in respect of the Committee's new responsibilities in relation to performance and self-assessment, and these will be added to the Forward Work Programme as necessary.

She advised that the FWP was not a rigid programme and that the schedule was subject to change should there be any other items that the committee wish to consider. The current meeting dates were also subject to approval of Council at the annual meeting which was due to be held on 18 May 2022.

The Lay Member mentioned that there were 4 agenda items due to be scheduled for the meeting this month that had not been considered. 2 of the items, the Internal Audit quarterly report and the Fraud Risk Assessment were especially important and were now scheduled for later months. She believed this to be late and should be seen earlier if possible.

The Deputy Head of Finance explained that due to the new responsibilities of the Governance and Audit Committee as a result of the new Act, the Corporate Management Board would now review the Fraud Risk Assessment on a quarterly basis and any significant issues arising would be fed through the Corporate Risk Assessment for the Committee to consider.

The Head of Regional Internal Audit commented on the Internal Audit Quarterly Report and stated that it was due to be considered by the committee at the end of the month, when the original meeting was due to take place. However, as this meeting was brought forward to today, there was not enough time to prepare the report in time to be considered by the Committee. The expected progress report would be included in the Annual report coming to the June meeting.

**RESOLVED:** That the Committee considered and approved the proposed Forward Work Programme for 2022-23.

309. **URGENT ITEMS**

None

A word from the Chairperson, Cllr Lyn Walters

As this was the last meeting of the Governance and Audit Committee before the Local Government Elections of 2022, Cllr Lyn Walters thanked the Committee for the support in her role as Chairperson over 4 of the 5 years of this Council term. She thanked all of the Members and Lay Member for their participation and commitment to the Committee. As Mrs J Williams was coming to the end of her 2<sup>nd</sup> term as Lay Member, she thanked her for her input and expertise and healthy challenge to the Committee. She thanked all the Officers and Audit Wales colleagues for their support, advice and guidance over the years and ensuring that BCBC was in the best position that it could be. She wished all the Members who were standing as Councillors in the elections the best of luck, and a safe and happy retirement for those who were not standing.

The meeting closed at 4:05pm

## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

22 JUNE 2022

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

#### GOVERNANCE AND AUDIT COMMITTEE ACTION RECORD

#### 1. Purpose of report

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

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

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

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

#### 3. Background

- 3.1 An Action Record has been devised to assist the Committee in tracking the decisions made by the Committee in the exercise of its functions.

#### 4. Current situation/proposal

- 4.1 In order to assist the Governance and Audit Committee in ensuring that decisions made by the Committee are actioned and implemented, the Action Record is attached at **Appendix A**. The Action Record will be presented to each meeting of the Committee for approval.

#### 5. Effect upon policy framework and procedure rules

- 5.1 There is no impact on the policy framework and procedure rules.

## **6. Equality Act 2010 Implications**

- 6.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. This is primarily an information report, therefore it is not necessary to carry out an Equality Impact assessment in the production of this report. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

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

- 7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

## **8. Financial implications**

- 8.1 There are no financial implications arising from this report.

## **9. Recommendation**

- 9.1 The Committee is recommended to note the Action Record and provide any comment upon this, as appropriate.

**Kelly Watson**

**Chief Officer – Legal and Regulatory Services, HR and Corporate Policy  
June 2022**

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CF31 4WB

## **Background Documents:**

None

## Governance and Audit Committee Action Record

Date of Committee	Agreed Action	Lead	Target Date	Progress	Date for action to be brought to Committee	Completed Date
9 September 2021	Corporate Complaints	Chief Officer Legal, HR & Regulatory Services	November 2021	<ol style="list-style-type: none"> <li>1. A Working Party to ensure all complaints are monitored and recorded accurately as the Committee considered there is an under recording of complaints.</li> <li>2. The Chief Officer Legal and Regulatory Services, HR &amp; Corporate Policy meet with Members to discuss the handling of complaints.</li> <li>3. An information report on Corporate Complaints be presented to Council.</li> <li>4. Information as to the shortfall of 10 cases be provided to the Committee.</li> </ol>	March 2022	March 2022
11 November 2021	Disabled Facilities Grants	Chief Officer – Finance, Performance and Change	June 2022	A further report be presented to the Committee on the progress of Disabled Facilities Grants to see how the service was being embedded	September 2022	
28 January 2022	Progress Against the Internal Audit Risk Based Plan 2021-22	Head of the Regional Audit Service	March 2022	A report be submitted to the next meeting of the Committee on the Arbed scheme.	March 2022	March 2022
28 January 2022	Corporate Risk Assessment 2022-23	Chief Officer – Finance, Performance and Change	July 2022	Risk SS-2019-01 in relation to safeguarding actions - Information to be provided to the Committee on the scores for this risk following discussion with the Corporate Director Social Services and Wellbeing.	June 2022	
28 January 2022	Updated Forward Work Programme 2021-22	Chief Officer, Legal and Regulatory Services, HR and Corporate Policy	March 2022	Update the Committee on progress made in recruiting lay members to serve on the Committee.	March 2022	March 2022
15 March 2022	Corporate Complaints	Chief Officer – Finance, Performance and Change	June 2022	Update to be provided to the Committee on how school complaints were recorded and ensuring they were recorded effectively.	September 2022	

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## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

22 JUNE 2022

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

##### AUDIT WALES GOVERNANCE AND AUDIT COMMITTEE REPORTS

### 1. Purpose of report

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

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

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

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

- 2.2 The Council's performance is an important element in determining the extent to which the well-being objectives can be delivered.

### 3. Background

- 3.1 Audit Wales undertakes a programme of work during the year to help the Auditor General discharge his duties under the Public Audit (Wales) Act 2004. The Auditor General's functions include auditing accounts and undertaking local performance audit work at a broad range of public bodies, alongside conducting a programme of national value for money examinations and studies. The Auditor General also assesses the extent to which public bodies are complying with the sustainable development principle when setting and taking steps to meet their well-being objectives.

- 3.2 Part 2 of the 2004 Act sets out the powers and duties of the Auditor General to undertake studies in relation to local government bodies in Wales. The most widely used of these provisions is section 41, which requires the Auditor General to undertake studies designed to enable him to make recommendations for, among other things, improving the value for money in the provision of services.

- 3.3 In accordance with Section 89 of the Local Government and Elections (Wales) Act 2021 the Authority is required to keep under review the extent to which it is exercising its functions effectively, using its resources economically, efficiently and effectively and ensuring its governance is effective for securing these performance requirements.

#### **4. Current situation/proposal**

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

- **The Audit Wales Work Programme and Timetable - (Appendix A)** - under the Local Government and Elections (Wales) Act 2021, the Auditor General is required to produce a work programme update for each financial year for each principal council covering both his functions and those of 'relevant regulators' (Care Inspectorate Wales and Estyn). At the meeting of Governance and Audit Committee in July 2021, Audit Wales reported that they will provide an updated version of this report to the Council on a quarterly basis. **Appendix A** is an updated position as at 31st March 2022.
- **2022 Audit Plan – Bridgend County Borough Council – (Appendix B)** – This document sets out the work that the Auditor General plans to undertake during 2022 to discharge his statutory responsibilities as the Council's external auditor and to fulfil his obligations under the Code of Audit Practice.
- **Direct Payments for Adult Social Care - (Appendix C)** – this report looks at how local authorities provide Direct Payment services to adults, examining their impact and value for money. Whilst this report is not specific to Bridgend, it did include data and practices relating to Bridgend and does include recommendations for all local authorities to consider.

#### **5. Effect upon policy framework and procedure rules**

5.1 There is no impact on the policy framework and procedure rules.

#### **6. Equality Act 2010 implications**

6.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. This is an information report, therefore it is not necessary to carry out an Equality Impact assessment in the production of this report. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

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

7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

## **8. Financial implications**

8.1 There are no financial implications arising from this report.

## **9. Recommendation**

9.1 That the Committee notes the Audit Wales Governance and Audit Committee Reports at **Appendix A, B** and **C**.

Carys Lord  
**Chief Officer – Finance, Performance and Change**  
June 2022

**Contact Officer:** Deborah Exton  
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**Background Documents:** None

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## Audit Wales Work Programme and Timetable – Bridgend County Borough Council

### Quarterly Update: 31 March 2022

#### Work Programme Consultation

In early March 2022, we launched a [consultation](#) on the Auditor General's work programme for 2022-23 and beyond. We requested responses by 8 April 2022, if possible, but considered responses received after this time to inform our ongoing work programme planning. We have circulated the consultation widely across our stakeholder base.

#### Annual Audit Summary

Description	Timetable	Status
A report summarising completed audit work since the last Annual Audit Summary, which was issued in January 2021.	January 2022	Final report issued January 2022.

#### Financial Audit work

Description	Scope	Timetable	Status
Audit of the Council's 2020-21 Grants and Returns	Audit of five claims as required by the terms and conditions of the grants.	In line with the individual deadlines for each grant claim.	Work on one coastal erosion scheme grant is ongoing but substantially complete.

Description	Scope	Timetable	Status
<b>Audit of the Council's 2021-22 statement of accounts</b>	To confirm whether the statement of accounts provide a true and fair view.	Audit Opinion by 30 September 2022	Our planning work of the audit has commenced. We have also commenced our interim testing of income and expenditure.
<b>Audit of the 2021-22 Returns for Porthcawl Harbour Authority and Coychurch Crematorium Joint Committee</b>	To confirm that the returns have been completed correctly.	Audit Opinion by 30 September 2022	Audit Work to be completed during July 2022.

## Performance Audit work

2021-22 Performance audit work	Scope	Timetable	Status
<b>Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations</b>	We will seek to integrate the delivery of our WFG examinations of steps to deliver wellbeing objectives with our other audit work. We will discuss this with the Council as we scope and deliver the audit projects listed in this plan.	N/A	N/A
<b>Improvement reporting audit</b>	Audit of discharge of duty to publish an assessment of performance.	Issued 2 November 2021	Complete
<b>Assurance and Risk Assessment (ARA)</b>	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.	Presentation to CMB 16 February 2022  Report to GAC	Complete  To be confirmed

2021-22 Performance audit work	Scope	Timetable	Status
<b>Springing Forward – Examining the building blocks for a sustainable future</b>	As the world moves forward, learning from the global pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.	Report to be issued May 2022	Reporting
<b>Follow-up review – Disabled Facilities Grants</b>	Follow up the Council's progress to address the findings from our disabled facilities grants (DFG) review.	Part of ARA report to GAC above	To be confirmed
<b>Review relating to the Cwm Taf Morgannwg health partnership following the Council's transition to the partnership in 2019.</b>	A review (covering RCT, Bridgend and Merthyr Tydfil councils and Cwm Taf Morgannwg University Health Board) to gain assurance that the health board and the three councils are working together effectively through the aegis of the Transformation Leadership Programme Board to support regional integrated working across the Cwm Taf Morgannwg region.	Feedback to audited bodies on 8 March 2022	Reporting

## Local government national studies planned/in progress

Study	Scope	Timetable	Status	Fieldwork planned at Bridgend County Borough Council
<b>Direct Payments</b>	Review of how local authorities manage and promote the use of Direct payments	Publication April 2022	Publication	No – work being delivered via Direct Payment Forum and a selection of follow-up interviews.
<b>Follow-up on People Sleeping Rough</b>	Review of how local authorities responded to the needs of people sleeping rough during the pandemic following up on the AGW's report of July 2020	N/A	N/A	This work is not progressing in 2021-22.
<b>Poverty</b>	Understanding how local authorities ensure they deliver their services to minimise or reduce poverty.	Autumn 2021 – Autumn 2022	Fieldwork	Yes –interview with nominated officer at the Council.

Study	Scope	Timetable	Status	Fieldwork planned at Bridgend County Borough Council
<b>Social Enterprises</b>	Review of how local authorities are supporting and utilising social enterprises to deliver services	Autumn 2021 – Autumn 2022	Fieldwork	Yes – interview with nominated officer at the Council.
<b>Community Resilience</b>	Review of how local authorities can build greater resilience in communities	Autumn 2021 – Autumn 2022	Fieldwork	Yes – interview with nominated officer at the Council.

## Estyn

Estyn planned work 2021-22	Scope	Timetable	Status
<b>Local Government Education Services Inspections</b>	Estyn has worked closely with Directors of Education to review their inspection guidance for local government education services (LGES) to reflect the experiences of the pandemic. Estyn has inspected three local authorities during the autumn and spring terms. The <a href="#">Cardiff and Merthyr Tydfil</a> reports have been published and the Torfaen report will be published on 18 May.	LGES inspections resumed from the late autumn term 2021	N/A
<b>Curriculum Reform thematic review</b>	<a href="#">Curriculum for Wales – how are regional consortia and local authorities supporting schools</a> published on 24 March.	Evidence collecting in September/October – published in March	N/A

## Care Inspectorate Wales (CIW)

CIW planned work 2021-22	Scope	Timetable	Status
<b>National Assurance Check 2020-21</b>	CIW has now published all assurance check letters. CIW has published its national assurance check report highlighting key findings and recommendations.	Published	Complete
<b>Programme 2022-23</b>	CIW will run a cyclic programme of assurance checks, improvement checks and performance evaluation inspections.	April 2022- March 2023	In progress
<b>National review</b>	Support for disabled children and their families.	Published	Complete
<b>Development</b>	CIW will continue to develop its approach to inspection and review of local authorities. CIW will consult further regarding its approach.	May-June 2022	In progress
<b>Deprivation of Liberty Safeguards Annual Monitoring Report for Health and Social Care 2020-21</b>	Completed	March 2021	Published
<b>Annual meeting with Statutory Directors of Social Services</b>	CIW will meet with all Directors of Social Services	December 2022 and January 2023	Planning

<b>CIW planned work 2021-22</b>	<b>Scope</b>	<b>Timetable</b>	<b>Status</b>
National review of Care Planning for children and young people subject to the Public Law Outline pre-proceedings	<p>Purpose of the review</p> <p>To provide external scrutiny, assurance and to promote improvement regarding the quality of practice in relation to the care planning for children and young people subject to the public law outline pre-proceedings</p> <p>To consider the extent to which practice has progressed since the publication of both the CIW 'National Review of care planning for children and young people subject to public law outline pre proceedings' and the publication of the PLO working group report 2021 including best practice guidance.</p>	September 2022	Planning
<b>Joint Inspection Child Protection Arrangements</b>	Cross-inspectorate approach. Area to be determined.	Autumn 2022	Planning
<b>Deprivation of Liberty Safeguards Annual Monitoring Report for Health and Social Care 2021-22</b>	Following the publication of the 2020-21 report planning is underway for the next report.	2022-23	Planning
<b>Cafcass Assurance Check</b>	CIW will continue to develop its approach to inspection and review of Cafcass Cymru.	2022	Planning

## Audit Wales national reports and other outputs published since 1 April 2021

Report title	Publication date and link to report
Direct Payments for Adult Social Care	<a href="#">April 2022</a>
Local Government Financial Sustainability Data Tool	<a href="#">February 2022</a>
Joint Working Between Emergency Services (including data tool)	<a href="#">January 2022</a>
Care Home Commissioning for Older People	<a href="#">December 2021</a>
The Welsh Government's Warm Homes Programme	<a href="#">November 2021</a>
Taking Care of the Carers? How NHS bodies supported staff wellbeing during the COVID-19 pandemic	<a href="#">October 2021</a>
Financial Sustainability of Local Government	<a href="#">September 2021</a>
NHS summarised accounts infographic	<a href="#">September 2021</a>
Picture of Public Services <sup>1</sup>	<a href="#">September 2021</a>

<sup>1</sup> Main report published 15 September. Over the following six weeks we published five short sector commentaries: [A picture of local government](#), [A picture of healthcare](#), [A picture of social care](#), [A picture of schools](#), [A picture of higher and further education](#).

Report title	Publication date and link to report
Town Centre Regeneration	<a href="#">September 2021</a>
Student finances	<a href="#">August 2021</a>
NHS finances data tool 2020-21	<a href="#">June 2021</a>
Rollout of the COVID-19 vaccination programme in Wales	<a href="#">June 2021</a>
Quality governance arrangements at Cwm Taf UHB – follow-up	<a href="#">May 2021</a>
Welsh Health Specialised Services Committee governance arrangements	<a href="#">May 2021</a>
At your Discretion – Local Government Discretionary Services	<a href="#">April 2021</a>
Procuring and Supplying PPE for the COVID-19 Pandemic	<a href="#">April 2021</a>

## Audit Wales national reports and other outputs (work in progress/planned)<sup>2</sup>

Title	Anticipated publication date
Welsh Government accounts commentary	To be confirmed – plans for this work are now under review
Unscheduled care – data tool and commentary	April 2022
Collaborative arrangements for managing local public health resources	April 2022
Welsh Government setting of well-being objectives	May 2022
COVID response and recovery/Welsh Government grants management – third sector support	May 2022
Curriculum reform	May 2022
NHS waiting times data-tool and planned care commentary	May 2022
Welsh Community Care Information System follow-up	May 2022

<sup>2</sup> We will continue to keep our plans under constant review, taking account of the evolving external environment, our audit priorities, the context of our own resourcing and the capacity of audited bodies to engage with us. This includes maintaining some flexibility so that we can respond to developments in Welsh Government policy and areas of possible interest for the new Public Accounts and Public Administration Committee.

Title	Anticipated publication date
Orthopaedic services	May/June 2022
NHS finances data tool update	June 2022
Welsh Government workforce	June 2022
Equality impact assessment	July 2022
Climate change – baseline review	July 2022
Broadband infrastructure/digital inclusion	Autumn 2022
Flood risk management	Autumn 2022
COVID response and recovery/Welsh Government grants management – other	To be confirmed
Affordable housing	To be confirmed

## Forthcoming Good Practice Exchange events and publications

Title	Anticipated publication/event date
Direct Payments Provision – A webinar discussing the upcoming report on Direct Payments Provision and how they can be a key part in implementing the principles of the Social Service and Well-Being (Wales) Act 2014	6 April 2022 – recording will be published following the event.
Climate Change Event - (Title to be confirmed) A webinar discussing emerging findings from our baseline review of public bodies' arrangements to respond to the Welsh Government's carbon reduction targets for 2030.	19 May 2022 (provisional)
Covid Perspectives: A series of recorded conversations learning how organisations have adapted to the extended period of uncertainty following the initial covid emergency	<a href="#">Good Practice   Audit Wales</a>

## Recent Audit Wales Blogs

Title	Publication date
<a href="#">Cyber resilience – one year on</a>	9 February 2022
<a href="#">Helping to tell the story through numbers (local government financial sustainability data tool)</a>	3 February 2022

Title	Publication date
<u>Call for clearer information on climate change spending</u>	2 February 2022
<u>Actions speak louder than words</u> (building social resilience and self-reliance in citizens and communities)	14 January 2022
<u>Wales' schools face the alarming challenge of the lowest birth-rate in 100 years</u>	21 December 2021

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## 2022 Audit Plan – Bridgend County Borough Council

Audit year: 2021-22

Date issued: May 2022

Document reference: 2974A2022

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

# Contents

2022 Audit Plan	
About this document	4
My duties	4
Impact of COVID-19	5
Audit of financial statements	5
Performance audit	8
Certification of grant claims and returns	10
Statutory audit functions	10
Fee, audit team and timetable	11

# 2022 Audit Plan

## About this document

- 1 This document sets out the work I plan to undertake during 2022 to discharge my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

## My duties

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

## Audit of financial statements

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

## Value for money

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

## Sustainable development principle

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

## Impact of COVID-19

- 6 The COVID-19 pandemic has had an unprecedented impact on the United Kingdom and the work of public sector organisations.
- 7 While Wales is currently at Coronavirus Alert Level 0, Audit Wales will continue to monitor the position and will discuss the implications of any changes in the position with your officers.

## Audit of financial statements

- 8 It is my responsibility to issue a certificate and report on the financial statements. This includes:
- an opinion on the on the 'truth and fairness' of the Council's financial statements for the financial year ended 31 March 2022; and
  - an assessment as to whether the Council's Narrative Report and Annual Governance Statement is prepared in line with the CIPFA Code and relevant guidance and is consistent with the financial statements and with my knowledge of the Council.
- 9 In addition to my responsibilities for auditing the Council's financial statements, I also have responsibility for:
- responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary);
  - the audit of annual returns for Coychurch Crematorium Joint Committee and Porthcawl Harbour Authority; and
  - the certification of a number of grant claims and returns as agreed with the funding bodies.
- 10 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Governance and Audit Committee prior to completion of the audit.
- 11 Any misstatements below a trivial level (set at 5% of materiality) I judge as not requiring consideration by those charged with governance and therefore will not report them.
- 12 There have been no limitations imposed on me in planning the scope of this audit.
- 13 I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#), along with further information about my work.

## Audit of financial statements risks

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

### Exhibit 1: financial statement audit risks

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

Audit risk	Proposed audit response
<b>Significant risks</b>	
<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>We will:</p> <ul style="list-style-type: none"> <li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li> <li>• review accounting estimates for biases; and</li> <li>• evaluate the rationale for any significant transactions outside the normal course of business.</li> </ul>
<b>Other audit risks</b>	
<p>The COVID-19 pandemic will have a significant impact on the risks of material misstatement and the shape and approach to my audit. The Welsh Government has made available various funding streams to the authority. In some cases, these monies provide financial support to the authority itself. In other cases, the funds have been administered by the authority, making payments to third parties on behalf of the Welsh Government. Payments have been made available through several different schemes over the course of 2021-22 and the amounts involved are material to the accounts.</p>	<p>We will review the funding streams received from the Welsh Government and confirm the appropriate accounting treatment with the authority.</p>

Audit risk	Proposed audit response
<p>Examples of audit risks include:</p> <ul style="list-style-type: none"> <li>• incorrect accounting treatment for COVID-19 funding ie principal or agency arrangements; and</li> <li>• fraud/error risks.</li> </ul>	
<p><b>Asset valuations</b> Accounting for Property, Plant and Equipment and Intangible Assets continued to be one of the most challenging areas of the accounts and gives rise to most of our audit findings. In light of the COVID restrictions that were in place throughout 2021-22 and uncertainties over market values for assets since the start of the pandemic, there is a risk that the carrying value of assets reported in the accounts may be materially different to the current value of assets as at 31 March 2022. In particular, this may be the case where assets have been valued on a rolling basis and not as at the financial year-end.</p>	<p>We will review the Council's asset valuation programme to establish when individual groups of assets were valued and seek to confirm that valuations carried out earlier than as at 31 March 2022 are not materially different to the current value of assets as at the year-end.</p>

## Performance audit

- 15 In addition to my Audit of Financial Statements I also carry out a programme of performance audit work to discharge my duties as Auditor General as set out in **Exhibit 2** in relation to value for money and sustainable development.
- 16 In response to the pandemic, I adopted a flexible approach to my performance audit work both in terms of topic coverage and methodology. This enabled me to respond to the fast-moving external environment and provide more real-time feedback in a range of formats.
- 17 For 2022-23, I intend to continue this approach to help enable my work to be responsive and timely, and where possible to share learning more quickly. As part of this approach, I anticipate that a significant proportion of my local performance audit programme will continue to be delivered through the Assurance and Risk Assessment Project, that will be ongoing throughout the year.
- 18 Given the high degree of commonality in the risks facing councils I also intend to deliver a number of thematic projects examining risks common to all councils.
- 19 During 2020-21, I consulted public bodies and other stakeholders on how I will approach my duties in respect of the Well-being of Future Generations (Wales) Act 2015 from 2020-2025.
- 20 In March 2021, I wrote to the public bodies designated under the Act setting out my intentions, which include a). carrying out specific examinations of how public bodies have set their well-being objectives and b). integrating my sustainable development principle examinations of steps to meet well-being objectives with my national and local audit programmes.
- 21 My auditors are liaising with the Council to agree the most appropriate time to examine the setting of well-being objectives as set out in this audit plan.
- 22 The examination of steps to meet well-being objectives will be conducted as part of work set out in this audit plan and successive audit plans, leading up to my statutory report under the Act in 2025.
- 23 For 2022-23, my performance audit work at the Council is set out below.

## Exhibit 2: performance audit programme 2022-23

This table summarises the performance audit programme for 2022-23.

Performance audit programme	Brief description
Assurance and Risk Assessment	<p>Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources and acting in accordance with the sustainable development principle.</p> <p>At the Council the project is likely to focus in particular on:</p> <ul style="list-style-type: none"> <li>• Financial position</li> <li>• Capital programme management</li> <li>• Use of performance information – with a focus on service user feedback and outcomes</li> <li>• Governance theme – Setting of well-being objectives</li> </ul>
Thematic review – unscheduled care	<p>We intend to undertake a cross-sector review focusing on the flow of patients out of hospital. This review will consider how the Council is working with its partners to address the risks associated with the provision of social care to support hospital discharge, as well as prevent hospital admission. The work will also consider what steps are being taken to provide medium to longer-term solutions.</p>
Thematic review (To be confirmed)	<p>To be confirmed following the consultation referred to in <b>paragraph 24</b> below.</p>
Local project	<p>Review of performance management arrangements</p>

- 24 In March 2022, I published a [consultation](#) inviting views to inform our future audit work programme for 2022-23 and beyond. In particular, it considers topics that may be taken forward through our national value for money examinations and studies and/or through local audit work across multiple NHS, central government and local government bodies. As we develop and deliver our future work programme, we will be putting into practice key themes in our new five-year strategy, namely:
- the delivery of a strategic, dynamic, and high-quality audit programme; supported by
  - a targeted and impactful approach to communicating and influencing.
- 25 The possible areas of focus for future audit work that we set out in the consultation were framed in the context of three key themes from our [Picture of Public Services](#) analysis in autumn 2021, namely: a changing world; the ongoing pandemic; and transforming service delivery. We also invited views on possible areas for follow-up work.
- 26 We will provide updates on the performance audit programme through our regular updates to the Council.

## Certification of grant claims and returns

- 27 I have also been requested to undertake certification work on the Council's grant claims, which I anticipate will include Housing Benefits, Teachers' Pensions, NDR and pooled budget returns.

## Statutory audit functions

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

## Fee, audit team and timetable

- 30 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with a timescale to be agreed taking into account the impact of COVID-19, to the quality expected and have been subject to a robust quality assurance review;
  - information provided to support the financial statements is in accordance with the agreed audit deliverables document;
  - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
  - all appropriate officials will be available during the audit;
  - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
  - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements; and
- 31 If I do receive questions or objections, I will discuss potential audit fees at the time.

## Fee

- 32 As set out in our Fee Scheme 2022-23, our fee rates for 2022-23 have increased by 3.7%, as a result of the need to continually invest in audit quality and in response to increasing cost pressures.
- 33 The estimated fee for 2022 is set out in **Exhibit 3**. This represents an overall 0.4% increase compared to your actual 2020 fee. The increase has been offset by an anticipated reduction in our Grant Certification fee. This is due to two one-off grant claim certifications being completed in 2020-21 relating to flood and coastal erosion management schemes.

### Exhibit 3: audit fee

This table sets out the proposed audit fee for 2022, by area of audit work, alongside the actual audit fee for last year.

Audit area	Proposed fee (£) <sup>1</sup>	Actual fee last year (£)
Audit of accounts <sup>2</sup>	188,552	188,000
Performance audit work <sup>3</sup>	100,660	97,405
Grant certification work <sup>4</sup>	32,400	35,000 <sup>5</sup>
Other financial audit work – Porthcawl Harbour Authority and Coychurch Crematorium Joint Committee	1,485	1,415
Total fee	323,097	321,820

- 34 Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Council.
- 35 Further information can be found in my [Fee Scheme 2022-23](#).

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

<sup>2</sup> Payable November 2021 to October 2022.

<sup>3</sup> Payable April 2022 to March 2023.

<sup>4</sup> Payable as work is undertaken.

<sup>5</sup> Proposed fee as per 2020-21 audit plan shown due to ongoing work

## Audit team

36 The main members of my team, together with their contact details, are summarised in **Exhibit 4**.

### Exhibit 4: my audit team

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

Name	Role	Contact number	E-mail address
Derwyn Owen	Engagement Director	02920 320500	<a href="mailto:derwyn.owen@audit.wales">derwyn.owen@audit.wales</a>
Rachel Freitag	Audit Manager (Financial Audit)	029 2082 9359	<a href="mailto:rachel.freitag@audit.wales">rachel.freitag@audit.wales</a>
John Llewellyn	Audit Lead (Financial Audit)	02920 320500	<a href="mailto:john.llewellyn@audit.wales">john.llewellyn@audit.wales</a>
Sara-Jane Byrne	Audit Manager (Performance Audit)	07786 111385	<a href="mailto:sara-jane.byrne@audit.wales">sara-jane.byrne@audit.wales</a>
Samantha Clements	Audit Lead (Performance Audit)	02920 320163	<a href="mailto:samantha.clements@audit.wales">samantha.clements@audit.wales</a>

37 We can confirm that team members are all independent of you and your officers.

## Timetable

38 The key milestones for the work set out in this plan are shown in **Exhibit 5**.

39 The Public Audit (Wales) Act 2004 provides electors with the right to ask questions and to make objections to the Authority's accounts to the Auditor General. The rights to ask questions and make objections at audit are linked to electors' rights to inspect the accounts that are also set out in the 2004 Act.

## Exhibit 5: audit timetable

Planned output	Work undertaken	Report finalised
2022 Audit Plan	January – April 2022	May 2022
<b>Audit of Financial statements work:</b> <ul style="list-style-type: none"> <li>• Audit of Financial Statements Report</li> <li>• Opinion on Financial Statements</li> </ul>	June – July 2022	July 2022  I expect to provide my audit opinion on the financial statements soon after the Audit Committee on 28 July 2022.
<b>Performance audit work:</b> <ul style="list-style-type: none"> <li>• Assurance and Risk Assessment project</li> <li>• Thematic Review – unscheduled care</li> <li>• Thematic Review [to be confirmed]</li> <li>• Local project (to be confirmed)</li> </ul>	Timescales for individual projects will be discussed with the Council and detailed within the specific project briefings produced for each piece of work.	
<b>Grants certification work</b> <ul style="list-style-type: none"> <li>• Housing Benefit</li> <li>• Non-Domestic rates</li> <li>• Teachers' Pensions</li> </ul>	October 2022 – January 2023	January 2023
<b>Annual Audit Summary</b>	N/A	January 2023





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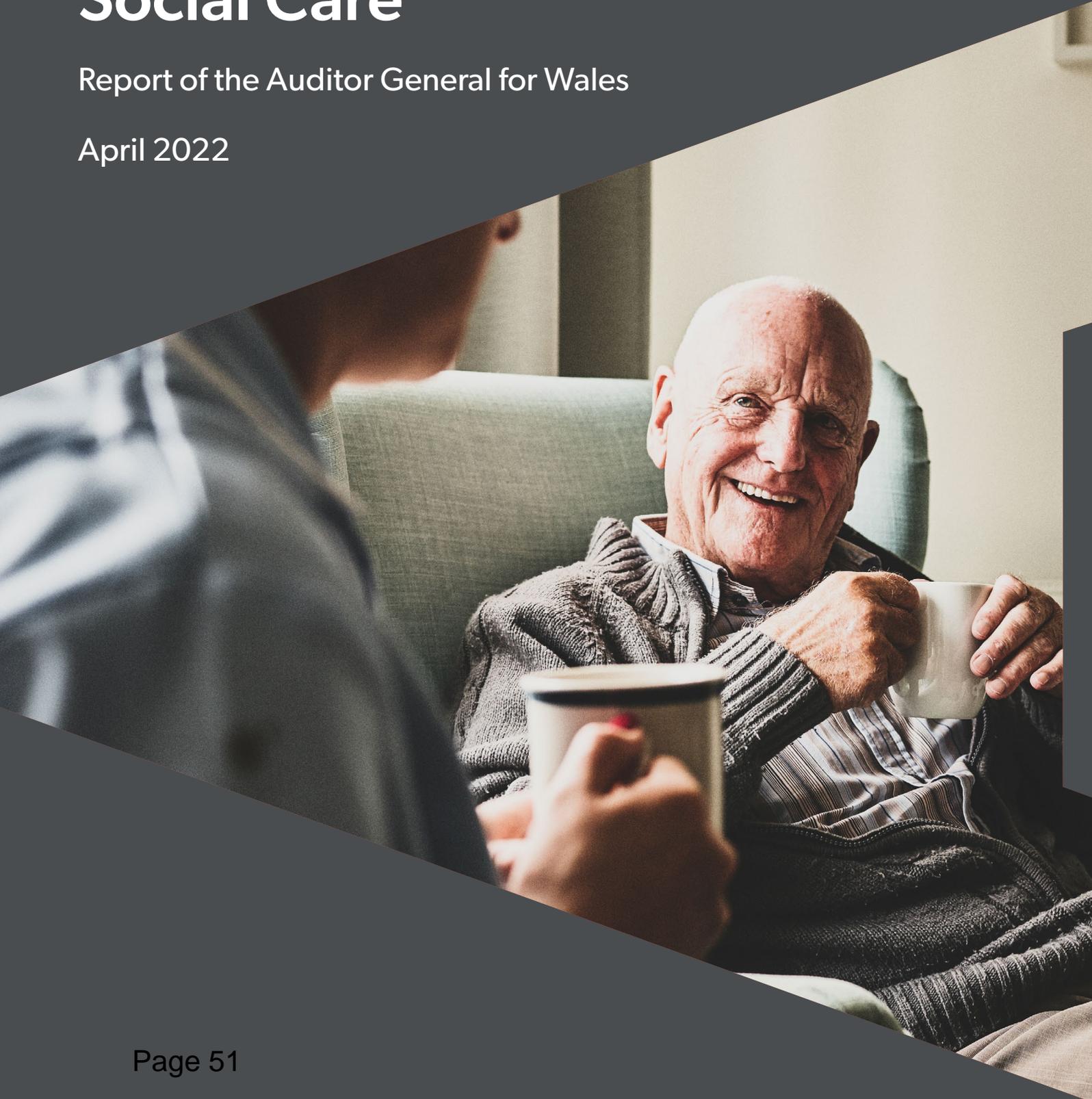
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# Direct Payments for Adult Social Care

Report of the Auditor General for Wales

April 2022



This report has been prepared for presentation to the Senedd under the Public Audit (Wales) Act 2004.

The Auditor General is independent of the National Assembly and government. He examines and certifies the accounts of the Welsh Government and its sponsored and related public bodies, including NHS bodies. He also has the power to report to the National Assembly on the economy, efficiency and effectiveness with which those organisations have used, and may improve the use of, their resources in discharging their functions.

The Auditor General also audits local government bodies in Wales, conducts local government value for money studies and inspects for compliance with the requirements of the Local Government (Wales) Measure 2009.

The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

# Contents

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## Summary report

Background	4
Key messages	7
Key facts	9
Recommendations	10

## Detailed report

1	People are not consistently supported to take up Direct Payments	13
2	Managing and supporting people to use Direct Payments varies widely with service users and carers receiving different standards of service	21
3	Direct Payments are helping people live independently and improving their wellbeing, but it is difficult to assess overall value for money because of limitations in data and evaluation	35

## Appendices

1	Audit methods and approach	42
2	Determining eligibility for social care and support	44
3	Adults receiving social care services organised by local authority in 2018-19	45
4	Personal Assistant hourly pay rates by local authority	46

# Summary report

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## Background

### The Social Services and Well-Being (Wales) Act 2014

- 1 The Senedd passed the Social Services and Well-being (Wales) Act in 2014 and it came into force in April 2016. The Act seeks to shift away from the traditional ways of providing social care, which were considered unsustainable, to approaches focused on:
  - a placing the wellbeing of people at the heart of services;
  - b giving people a strong voice and real control over the decisions that affect them;
  - c encouraging new models of service by mobilising community resources and promoting social enterprises and co-operatives;
  - d prioritising preventative services to avoid or delay the need for care;
  - e making systems easier and more accessible by reducing complexity and streamlining assessment and care planning arrangements;
  - f integrated working across professional and organisational boundaries to make the best use of resources and deliver the best outcomes; and
  - g strengthening safeguarding arrangements.

### Direct Payments can improve people's choice, control and independence

- 2 Direct Payments can help meet an individual's eligible need for care and support, or a carer's need for support. They are an alternative to local-authority-arranged care or support. The aim of Direct Payments is to give people more choice, greater flexibility and more control over the support they get. Direct Payments can be provided to people of all ages if they have been assessed as needing social care services to support them with daily living, consent to receiving a Direct Payment and they (or their representative) can manage the payment.

- 3 Many people use their Direct Payments to fund a Personal Assistant to help them with various tasks. In these instances, Direct Payment recipients become employers and must meet the associated legal obligations. Some choose to use a care agency instead. Local authorities are required to provide support and assistance to people to manage their Direct Payment and employment responsibilities. This is often done through a local-authority-commissioned support service.
- 4 Direct Payments can be used to purchase a wide variety of services or equipment if these contribute to meeting an individual's agreed wellbeing outcomes. Payments can be made for day-to-day things such as dressing, cooking, driving and support to facilitate discharge from hospital. They can also be used for social activities – visiting friends, evening classes and gardening – as well as for assistance to access training and employment. The main benefit of Direct Payments is their adaptability. Service users can use them to organise their care in a whole range of new and more effective ways and local authorities are encouraged to explore innovative and creative options for meeting people's needs.
- 5 This report looks at how local authorities provide Direct Payment services to adults, examining their impact and value for money. **Appendix 1** provides more detail about our audit approach and methods. **Exhibit 1** sets out our characteristics of a good approach to Direct Payments.

## Exhibit 1: the characteristics of a local authority that effectively encourages, manages and supports people to use Direct Payments



### Local authorities who are good at **promoting** Direct Payments

Have simple and concise public information that is made available in a wide range of mediums and has been tested to ensure it is effective and tells people what they need to know

Offers and encourages people to use independent advocacy to help people make informed choices

Uses the 'What Matters' conversation in the assessment process to explain Direct Payments

Direct Payments are promoted as an option at least equally with other choices



### Local authorities who are **managing** Direct Payments effectively

Help people to access and use Personal Assistants

'Demystify' what Direct Payments are and provide sufficient support to assure people on employment requirements, liabilities and fallback processes. Bureaucracy is kept to a minimum

Clearly set out what Direct Payments can be used for giving examples of the type of support that is available and, wherever possible, encourage innovation

Have regular and ongoing contact and provide support and information to adults using Direct Payments to clarify responsibilities and ensure people remain safe

Work to shape the 'market' and by improving access to Personal Assistants, encouraging more providers, managing costs and encouraging the pooling of budgets

Jointly agree with NHS bodies on how best to address the needs of clients who use Direct Payments and Continuing Healthcare so they are not disadvantaged



### Local authorities who are **delivering** positive outcomes for people using Direct Payments

Evidencing that people's wellbeing is maintained or improving as a result of Direct Payments

Have a comprehensive system for monitoring and evaluating all aspects of Direct Payments

Involve and value input from all stakeholders/partners in evaluating the impact of services

Compare and benchmark individual and collective performance with others and use the findings of evaluation to shape current plans and future approaches

Know what works and whether the approach of the authority is delivering the aspirations of the Act



# Key messages

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- 6 Our overall conclusion is that **Direct Payments support people's independence and are highly valued by service users and carers, but inconsistencies in the way they are promoted and managed by local authorities mean services are not always equitable and it is difficult to assess overall value for money.**
- 7 People are not consistently encouraged to take up Direct Payments. A responsive person-centred approach is essential in helping people take up Direct Payments, but current engagement and involvement by local authorities is inconsistent. While the value of Direct Payments is recognised by senior managers, social care staff do not always display confidence in promoting their use with service users and carers. Direct Payments are valued by service users and carers, but this is not always translating into broadening their use.
- 8 Managing and supporting people to use Direct Payments varies widely and service users and carers are receiving different standards of service. Personal Assistants are essential to people making the most of Direct Payments, but service users often struggle to recruit them. People have mixed views on the support they receive from their local authority after they have taken up Direct Payments. The interface between use of NHS continuing healthcare and social care on access to Direct Payments also remains a problem.
- 9 Despite some significant challenges, local authorities ensured service users and carers were mostly supported during the pandemic, but a significant number of service users and carers we surveyed experienced difficulties. While the numbers using Direct Payments slightly grew before the pandemic, local authorities continue to use them differently across Wales. There is a need to address this 'post-code lottery' to ensure people are being treated fairly and equally.

- 10 Direct Payments are seen by recipients and care providers alike as making an important contribution to people's wellbeing and independence. However, it is difficult to assess the overall value for money of Direct Payments in their own right, or in comparison with other forms of social care, because systems for managing and evaluating performance are inadequate.



Direct Payments can make an important contribution to meeting an individual's care and support needs and they are highly valued by service users and carers. The Welsh Government and local authorities need to work together to address weakness in the management and evaluation of performance, which currently means it is not possible to judge how well local authorities are performing and whether Direct Payments represent value for money compared with other forms of social care. There is also a need to address the 'post-code lottery' where local authorities are using them differently across Wales, to ensure people are treated fairly and equally.

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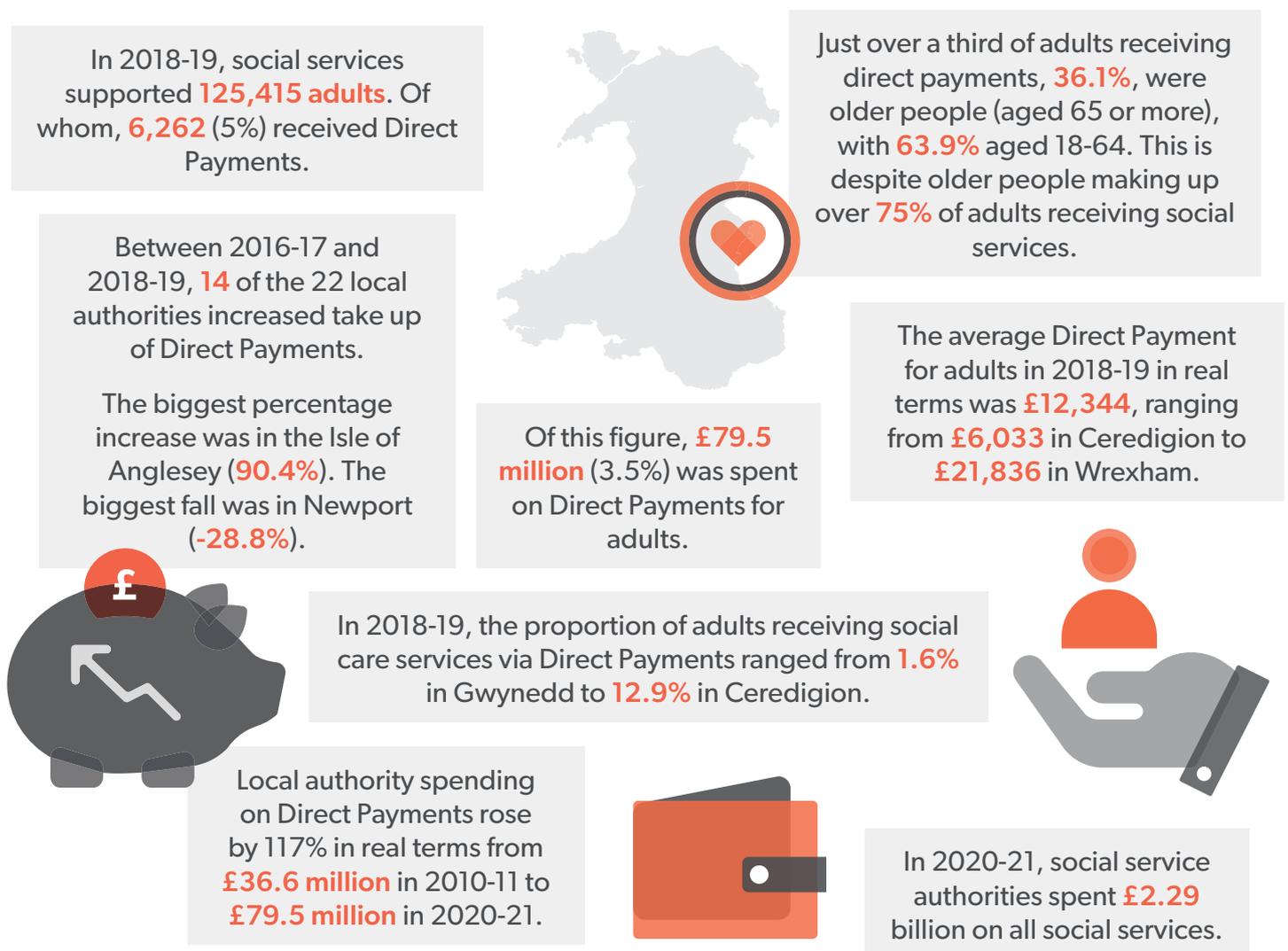
**Adrian Crompton**

Auditor General for Wales



## Key facts

- 11 The infographic below summarises key facts from our report about Direct Payments. Following the Welsh Government's decision to suspend data collection in response to the pandemic in 2020, no data on services other than expenditure has been reported nationally since 2018-19.



- 12 Figures relating to the numbers of people receiving social services support and Direct Payments for 2018-19, including the average value of Direct Payments, do not include Caerphilly due to technical issues with their ICT systems.

Source: Audit Wales analysis of StatsWales data

# Recommendations

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- 13 Our recommendations are set out below. We expect each local authority to consider the findings of this review and our recommendations, and that its governance and audit committee receives this report and monitors its response to our recommendations in a timely way.

## Exhibit 2: recommendations

### Recommendations

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In **Part 1** we set out the how local authorities promote and raise awareness of Direct Payments (**paragraphs 1.2 to 1.7**). To ensure people know about Direct Payments, how to access these services and are encouraged to take them up, we recommend that local authorities:

- R1** Review public information in discussion with service users and carers to ensure it is clear, concise and fully explains what they need to know about Direct Payments.
- R2** Undertake additional promotional work to encourage take up of Direct Payments.
- R3** Ensure advocacy services are considered at the first point of contact to provide independent advice on Direct Payments to service users and carers.

In **Part 1** we set out the importance of the ‘What Matters’ conversation and the importance of social workers in helping people make informed choices on Direct Payments (**paragraphs 1.8 to 1.13**). To ensure Direct Payments are consistently offered we recommend that local authorities:

- R4** Ensure information about Direct Payments is available at the front door to social care and are included in the initial discussion on the available care options for service users and carers.
- R5** Provide training to social workers on Direct Payments to ensure they fully understand their potential and feel confident promoting it to service users and carers.

## Recommendations

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In **Part 2** we highlight the central role of Personal Assistants in helping service users and carers to get the best positive outcomes from their use of Direct Payments (**paragraphs 2.2 to 2.7**). To ensure there is sufficient Personal Assistant capacity, we recommend that local authorities through the All-Wales local authority Direct Payments Forum and with Social Care Wales:

**R6** Work together to develop a joint Recruitment and Retention Plan for Personal Assistants.

In **Part 2** we highlight that while local authorities recognise the value of Direct Payments in supporting independence and improving wellbeing, the differences in approach, standards and the amount paid out means that people with similar needs receive different levels of service (**paragraphs 2.9 to 2.18 and 2.23 to 2.27**). To ensure services are provided equitably and fairly we recommend that local authorities and the Welsh Government:

**R7** Clarify policy expectations in plain accessible language and set out:

- what Direct Payments can pay for;
- how application and assessment processes, timescales and review processes work;
- how monitoring individual payments and the paperwork required to verify payments will work;
- how unused monies are to be treated and whether they can be banked; and
- how to administer and manage pooled budgets.

Public information should be reviewed regularly (at least every two years) to ensure they are working effectively and remain relevant.

## Recommendations

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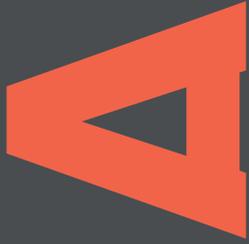
In **Part 2** we highlight difficulties in the interface between NHS continuing healthcare and Direct Payments and note that current practices do not support service users and carers to exercise voice, choice and control (**paragraphs 2.28 to 2.31**). We recommend that the Welsh Government:

**R8** Ensure that people who receive both NHS continuing healthcare and Direct Payments have greater voice, choice and control in decision making.

In **Part 3** we note that having the right performance indicators and regularly reporting performance against these are important for local authorities to manage operational performance, identify areas of improvement and evaluate the positive impact of services (**paragraphs 3.8 to 3.10**). To effectively manage performance and be able to judge the impact and value for money of Direct Payments, we recommend that local authorities and the Welsh Government:

**R9** Work together to establish a system to fully evaluate Direct Payments that captures all elements of the process – information, promotion, assessing, managing and evaluating impact on wellbeing and independence.

**R10** Annually publish performance information for all elements of Direct Payments to enable a whole system view of delivery and impact to support improvement.



**People are not  
consistently  
supported to take  
up Direct Payments**

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1.1 In this part of the report, we consider how local authorities encourage people to use Direct Payments. We review local authorities' public information, how they promote take up of Direct Payments and the importance of the 'What Matters' conversation.

### Local authorities who are good at promoting Direct Payments



Have simple and concise public information that is made available in wide range of mediums and has been tested to ensure it is effective and tells people what they need to know



Offers and encourages people to use independent advocacy to help people make informed choices



Uses the 'What Matters' conversation in the assessment process to explain Direct Payments



Direct Payments are promoted as an option at least equally with other choices

## **A responsive person-centred approach is essential in helping people choose Direct Payments, but current engagement and involvement by local authorities are inconsistent**

### **Good quality and accessible information, support people to take greater control of their care and support and make well-informed choices**

- 1.2 Information and advice help to promote people's wellbeing and are vital components of preventing or delaying people's need for care and support. Our focus group and survey work with the All-Wales Direct Payments Forum<sup>1</sup> found that all local authorities undertake some form of activity to promote public awareness and understanding of Direct Payments, but the options used vary. Local authorities focus on mediums such as their website, providing bilingual leaflets and promotional activity with established service user, carer groups and partnership forums. Less priority is given to using social media (for example, Facebook or Twitter) and proactive campaigns using press articles, adverts and local authority newsletters. Overall, only 3% of recipients responding to our survey<sup>2</sup> first found out about Direct Payments through published information (for example, online or a leaflet).
- 1.3 Overwhelmingly, service users report relying on a conversation with a local authority officer to find out about Direct Payments. Almost all (96%) of service users who responded to our survey said that they first found out about Direct Payments following a discussion with a local authority officer – most frequently a social work professional. Around half of carers we surveyed said that they first found out about Direct Payments following a discussion with a local authority officer. Carers are more likely than service users to find out about Direct Payments in discussion with other bodies (ie not their local authority), a care and support agency, NHS or third sector body for instance. These findings highlight that local authorities need to do more to ensure carers are better supported to fully access and use services, an issue flagged in recent research by [Carers Wales](#)<sup>3</sup>.

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1 The All-Wales Direct Payments Forum is made up of officers from all Welsh local authorities with responsibility for Direct Payments within their respective organisations.

2 Our survey covers both service users and carers who receive Direct Payments. We report information at three levels. Where we say Direct Payment recipients, we mean both carers and service users; and where we specifically reference either 'service users' or 'carers' the findings of the survey are specific to these distinct groups of people who receive Direct Payments. In **Appendix 1** we set out our survey methodology in more detail.

3 Carers Wales is part of Carers UK and campaigns on behalf of carers. They recently reported that 40% of carers in Wales say they are unaware of services and sources of support for carers in their local community – [State of Caring 2021: Wales Briefing, Carers Wales, December 2021](#).

- 1.4 Direct Payments Forum members acknowledge that local authorities need to do more promotional work with some partners, in particular health and independent providers, to ensure Direct Payments are adequately promoted in all routes into social care. Roughly a quarter of local authority officers with responsibility for Direct Payments believe they have sufficient capacity to effectively promote Direct Payments and are investing resources to encourage take up. Less than a quarter of local authority officers consider themselves good at promoting awareness and encouraging take up of Direct Payments among hard-to-reach groups such as minority ethnic groups, Gypsies, Roma and Travellers and LGBTQ people.
- 1.5 The best local authorities are innovatively and actively promoting Direct Payments. For example, Isle of Anglesey Council uses a wide range of promotional materials to improve awareness for service users but also local authority staff and care providers. This includes YouTube videos of recipients talking about the positive experience and benefits of Direct Payments and roadshows to promote the benefits of Direct Payments. By proactively encouraging people to choose Direct Payments, the local authority saw the numbers in receipt of Direct Payments rise by 90.4% between 2016-17 and 2018-19.
- 1.6 Regarding the quality of the information and advice provided, three quarters of Direct Payments service users told us this was good but only half of carers in receipt of Direct Payments agreed this was the case. Only half of local authorities have tested or sought feedback on the quality of Direct Payments public information to ensure it is easy to understand, and only around a third of those have involved service users and carers in testing the quality of the information. Several service users who responded to our survey noted that they did not always find the public information they had been provided helpful and too often it reads as if it is written for the 'professional' not the 'client'. Notwithstanding, the overwhelming majority of people (98%) were able to access information about Direct Payments in their preferred language, and 4% chose to use Welsh.
- 1.7 Paragraph 37 of the [Social Services and Well-being \(Wales\) Act 2014 Part 10 Code of Practice \(Advocacy\)](#) notes that 'Advocacy services are fundamental to supporting people to engage actively and participate in development of their own well-being outcomes.' Paragraph 41 of the Code of Practice also says that independent professional advocacy must be made available from 'the moment of first contact'. We found that just over half of All-Wales Direct Payments Forum members believe that their local authority has adequate advocacy services in place to provide independent advice to service users and carers at this time.

## The 'What Matters' conversation

- 1.8 Unlike many community-based, preventative services<sup>4</sup> that people are often signposted to when seeking social care help, service users must be assessed as having 'eligible'<sup>5</sup> needs to receive Direct Payments. When a local authority considers if someone has eligible needs, it looks at what causes that need for care and support; whether their needs affect their ability to do certain things; whether someone has a carer or access to community support that can meet their needs; and whether they are able to achieve a personal outcome without help from the local authority.
- 1.9 Local authorities are required to assess and determine whether someone is eligible for social care following an established process of which the 'What Matters' conversation is a critical element. **Appendix 2** sets this process out in more detail.

### The 'What Matters' conversation

A 'What Matters' conversation is a targeted discussion to establish a person's situation, their current wellbeing, what can be done to support them and what can be done to promote their wellbeing and resilience for the better. It is not an assessment in itself: it is a way of carrying out the assessment by having the right type of conversation to identify with the individual:

- how they want to live their life;
- what might be preventing that; and
- what support might be required to overcome those barriers.

Knowing what matters can play a huge part in helping to make someone's life enjoyable and worthwhile.



4 There is no agreed definition of what constitutes a preventative service. They can range from relatively formal intermediate care services provided by health and social-care professionals to interventions that could include befriending schemes, the fitting of a handrail or help with shopping, to non-health or social-care services.

5 The Welsh Government is working with ADSS Cymru to produce a [national assessment and eligibility tool](#).

- 1.10 Importantly, those seeking help and those assessing what is needed must work as equal partners in identifying issues and solutions in their 'What Matters' discussion. Ultimately, it requires social work professionals to let go of some control when assessing what is best for people. Direct Payments takes this ethos a step further – not only do individuals have an equal voice in shaping their care and support outcomes during the assessment, but they can also go on to take full control over their own care and support. The extent to which professionals feel able to let go shapes people's experience of their assessment, and in many cases the likelihood of them being offered and encouraged to use Direct Payments.
- 1.11 Overall, recipients of Direct Payments that we surveyed are positive about local authority assessment processes; the time spent by local authority staff clarifying employer responsibilities; and the 'What Matters' conversation. For instance:
- a 83% felt that what was agreed during the assessment was right for them;
  - b of the 83% that felt their assessment was right for them, the vast majority (88%) agreed that the subsequent care and support plan accurately set out what was agreed during their assessment;
  - c 76% felt encouraged to tell their local authority about the things that mattered to them, and felt listened to during their needs assessment;
  - d 75% discussed their ability to manage Direct Payments before taking them up; and
  - e 74% felt that they had a clear understanding of their legal obligation as an employer when taking up a Direct Payment.
- 1.12 Despite this, many local authority officers we spoke to acknowledge that they do not always have the capacity to work co-productively and identify creative solutions using Direct Payments. People are often in crisis when they contact social services and in practical terms, delivering early intervention, prevention and co-produced approaches requires time. Effective early intervention works to prevent problems occurring, or to tackle them head on when they do, and before problems get worse. It is important therefore for local authorities to consider the potential impact and value of Direct Payments as early as possible in the information, advice and assistance process to enable meaningful co-production and ensure all possible solutions that can help improve someone's wellbeing are considered.

1.13 We conclude that there is more for local authorities to do to promote awareness and understanding of Direct Payments amongst service users. Addressing this requires local authorities to promote opportunities for early intervention by raising awareness of the front door to adult social care, and ensuring adequate consideration of the potential for Direct Payments at the Information, Advice and Assistance (IAA services) stage. Local authorities are yet to strike this balance, something that echoes our recent review of IAA services<sup>6</sup>.

### **While the value of Direct Payments is recognised by senior managers, social care staff do not always display confidence in promoting their use with service users and carers**

1.14 Strong leadership on Direct Payments is key to making progress and it is important that senior managers set the tone from the top. Through our engagement with local authority staff and representative bodies we found this to be key to creating the right conditions and culture for social workers to feel empowered to promote and encourage take up of Direct Payments.

1.15 We found that roughly three-quarters of Direct Payment managers with responsibility for Direct Payments believe their authority has an open and encouraging culture that promotes making best use of Direct Payments. In addition, a similar number believe that their local authority Corporate Management Team members understand the benefits of Direct Payments, and two-thirds that senior leaders actively encourage increasing take up. However, only a quarter of Direct Payment managers believe that councillors understand the benefits of Direct Payments. Half did not know.

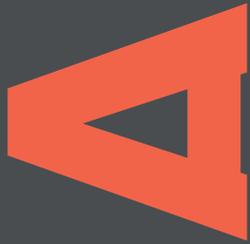
1.16 Most local authorities have information and workflow management systems in place (for example the Welsh Community Care Information System<sup>7</sup>) which include prompts for social workers to offer Direct Payments as part of what matters assessments, or to confirm that they have offered this. However, officers we interviewed highlight the limitations in the assurance that this data provides because the likelihood of service users opting to use Direct Payments is mostly dependent on the tone, sincerity and genuineness of the offer and discussion with their social worker. To do this, social workers need to feel both confident in being able to promote the benefits of Direct Payments and empowered to make this offer. To make this work requires effective leadership and a whole-system approach.

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6 Auditor General for Wales, [The front door to adult social care](#), September 2019.

7 We reported on the rollout of the [Welsh Community Care Information System](#) in October 2020, including commentary on the performance of the system.

- 1.17 The overwhelming majority of All-Wales Direct Payments Forum members told us that they continue to promote and provide training and information to social workers, care managers and frontline staff to support take up and roll out. Most also believed that social workers understand what Direct Payments can be used for, although officers we interviewed nevertheless identified some concerns.
- 1.18 Only half of Direct Payments Forum members think that their local authority encourages people to take up Direct Payments. Direct Payment managers expressed concerns that, from their experience, too often social workers lack confidence in discussing Direct Payments as an option, partly because of their inherent flexibility and potentially wider use compared to other forms of social care. They also noted that, increasingly, Direct Payments are seen as potentially placing other traditional care services at risk if their take up increases and demand for other services falls off. Just over half of Direct Payment managers believe that their local authority treats Direct Payments as favourably as other social care services and options when developing care plans.



**Managing and supporting people to use Direct Payments varies widely with service users and carers receiving different standards of service**

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2.1 In this section of the report, we look at opportunities to streamline the management and administration of Direct Payments. We look at the change in take up of Direct Payments in Wales and comparison with England. We consider how local authorities support people to make the best use of Direct Payments.

### Local authorities who are managing Direct Payments effectively

	Help people to access and use Personal Assistants
	'Demystify' what Direct Payments are and provide sufficient support to assure people on employment requirements, liabilities and fallback processes. Bureaucracy is kept to a minimum
	Clearly set out what Direct Payments can be used for giving examples of the type of support that is available and, wherever possible, encourage innovation
	Have regular and ongoing contact and provide support and information to adults using Direct Payments to clarify responsibilities and ensure people remain safe
	Work to shape the 'market' and by improving access to Personal Assistants, encouraging more providers, managing costs and encouraging the pooling of budgets
	Jointly agree with NHS bodies on how best to address the needs of clients who use Direct Payments and Continuing Healthcare so they are not disadvantaged

## Personal Assistants are essential to people making the most of Direct Payments, but service users struggle to recruit them

2.2 While some people will need additional support to manage Direct Payments, this should not be a barrier to encouraging people to use them. Local authorities must maintain a support service and make it available to those who need it – for example, help with employment responsibilities, payroll and reporting processes. Often this support is provided via a Personal Assistant.

### Personal Assistants

Personal Assistants work directly with one or more individuals to help them with various aspects of their daily life and to help them live as independently as possible.

They are employed directly by an individual who is managing and paying for their own care through a Direct Payment or personal budget.

Personal Assistants usually support individuals in their own home.

People can be employed directly by one employer or work for a number of different people.

The role can include:

- organising and supporting individuals with their social and physical activities;
- booking and going with individuals to appointments;
- helping individuals to get to work, college or university;
- helping with personal care such as showering and dressing (although not all Personal Assistant roles involve personal care);
- supporting with tasks around the house such as shopping, cleaning and cooking;
- monitoring their health, for example, measuring body temperatures or administering medication; and/or
- managing a team of Personal Assistants if you are in a senior Personal Assistant role.



- 2.3 Employing a Personal Assistant cannot be entered into lightly and people pursuing this option need to be fully aware of their responsibilities. For instance, an employer must provide staff they employ with written information, including start date, hours of work, remuneration (which must meet the National Minimum Wage), place of work and a job title, or brief description of the job. Employers also need to set out whether employment is fixed term or permanent, the employee's statutory entitlement to sick pay, annual leave, pension scheme provision and notice requirements. Although local authorities expect people to take out employer's liability insurance and often provide advice about this, it is down to the individual to ensure they have fully considered the contractual arrangements with the care staff they employ.
- 2.4 People we surveyed noted differences between local authorities regarding their eligibility criteria for Direct Payments, the number of hours of personal assistance that individuals are assessed as needing, and the hourly rates paid. Our research shows that there is variation between hourly rates of pay for Personal Assistants across local authorities, with rates ranging from £8.72 to £12.94 per hour being reported in early 2021 – see **Appendix 4** for more detail.
- 2.5 The importance of Personal Assistants in supporting people to make the best use of Direct Payments cannot be overestimated. One person responding to our survey stated that: 'Direct Payments have given me the opportunity to employ my personal assistant who has been with me for 10 years now. This continuity with my personal assistant has empowered me, improved my self-confidence and given me the freedom to make my own decisions and choice with my personal assistant's support.' While another noted that: 'I think the whole system works around Direct Payments, you get to pick the personal assistants yourself rather than getting strangers thrust upon you.' Comments such as these highlight the value placed on Personal Assistants and the important role they play.
- 2.6 Notwithstanding, several people responding to our survey noted difficulties in both attracting and retaining Personal Assistants. For instance, one respondent stated that: 'there have been periods when we have been unable to find a suitable personal assistant, so I have been unable to use the Direct Payments. At one point this lasted over a year.' Another noted a 'major problem is being able to recruit Personal Assistants' and another 'issues with a Personal Assistant meant I've had to readvertise the job so as a result I haven't yet used my Direct Payment'.

- 2.7 Direct Payment managers we spoke to also highlighted the ongoing challenge of attracting and retaining Personal Assistants. Ongoing workforce pressures have meant that adult social care employers and providers have needed to adopt a range of strategies to help retain and support their workforce and these approaches need to be extended to Personal Assistants. The Care Provider Alliance, Association of Directors of Adult Social Services and Local Government Association in England have brought together approaches taken by organisations to reduce staff turnover and help retain people in the care and health workforce, which are of use for local authorities to consider in encouraging more Personal Assistants<sup>8</sup>.

### **People have mixed views on the support they receive from their local authority after they have taken up Direct Payments**

- 2.8 Direct Payments must be embraced as a core component of delivering support – not as an exceptional option – so that the positive impact can be realised. There will be initial costs associated with setting up or commissioning an effective Direct Payment Support Service and training staff in Direct Payment processes. But once fully operational, Direct Payments should at least be cost neutral and should realise savings from, for instance, reduced administration, review and management of providers. It is important for local authorities to therefore focus on setting up the right support service to both encourage take up and to realise the potential for cost savings. Ultimately, the Direct Payment must be enough to cover the reasonable cost of buying services that the local authority has a duty to provide.

### **Some people find the administration of Direct Payments challenging**

- 2.9 It is important that local authorities provide adequate support and have regular contact with service users and carers. Local authorities should be proactive in organising these discussions to make sure the care and support plan remains right, is legal, affordable and effective in meeting wellbeing outcomes.

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<sup>8</sup> <https://www.local.gov.uk/top-tips-retention-briefing-adult-social-care-providers>

- 2.10 Overall, 78% of people we surveyed said they receive good quality support to help them manage their Direct Payment. However, while 55% say that they can cope with the administration side of Direct Payments, finding the level of paperwork reasonable and manageable, 13% feel it is overwhelming. The other third of respondents stated that they are not required to keep any paperwork (23%) or their local authority rarely asks for paperwork (10%). Carers are generally more dissatisfied than service users with the quality of the Direct Payments services their local authority provides to help meet their needs. Our focus group work with All-Wales Direct Payments Forum members found that just over half of local authorities have sought to streamline their systems for administering Direct Payments to reduce the burden on clients, Personal Assistants and care providers.
- 2.11 Just over a third of care and support providers we surveyed felt that from their experience local authorities did not provide good support to help people manage their Direct Payments. There is also some concern from providers that people who may struggle to manage a Direct Payment are being directed to select this option simply because of pressures on domiciliary care services and reductions in the availability of other care services. Only half of Direct Payment managers stated that their local authority has an up-to-date directory of approved service providers to help people purchase support.

**People in areas where support services to help manage Direct Payments are directly provided by local authorities have a more positive overall experience than those using a 'commissioned' service**

- 2.12 Many local authorities commission others to provide support services for Direct Payments, but according to feedback from members of the Direct Payments Forum, a growing number of councils are in the process of reviewing or considering bringing these services back in house, primarily to improve service quality, to be able to better respond to service user and carer needs, and reduce administration costs. As of January 2021, seven<sup>9</sup> of the 22 local authorities had in-house services.

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9 The seven councils with in-house provision at the time of our review were: Blaenau Gwent County Borough Council, Caerphilly County Borough Council, Flintshire County Council, Monmouthshire County Council, Neath Port Talbot Council, Powys County Council and Torfaen County Borough Council.

2.13 Our survey of people using Direct Payments sought their views regarding a number of factors which we consider to be indicators of service accessibility and quality. To establish how different service configurations impact on accessibility, quality and user satisfaction, we analysed our survey data by comparing the responses from Direct Payments recipients in areas where the local authority delivers its support function in-house, with those where the service is commissioned externally and provided by third parties. **Exhibit 3** shows that survey responses from those in local authority areas with in-house services have higher levels of positive responses against a number of key metrics.

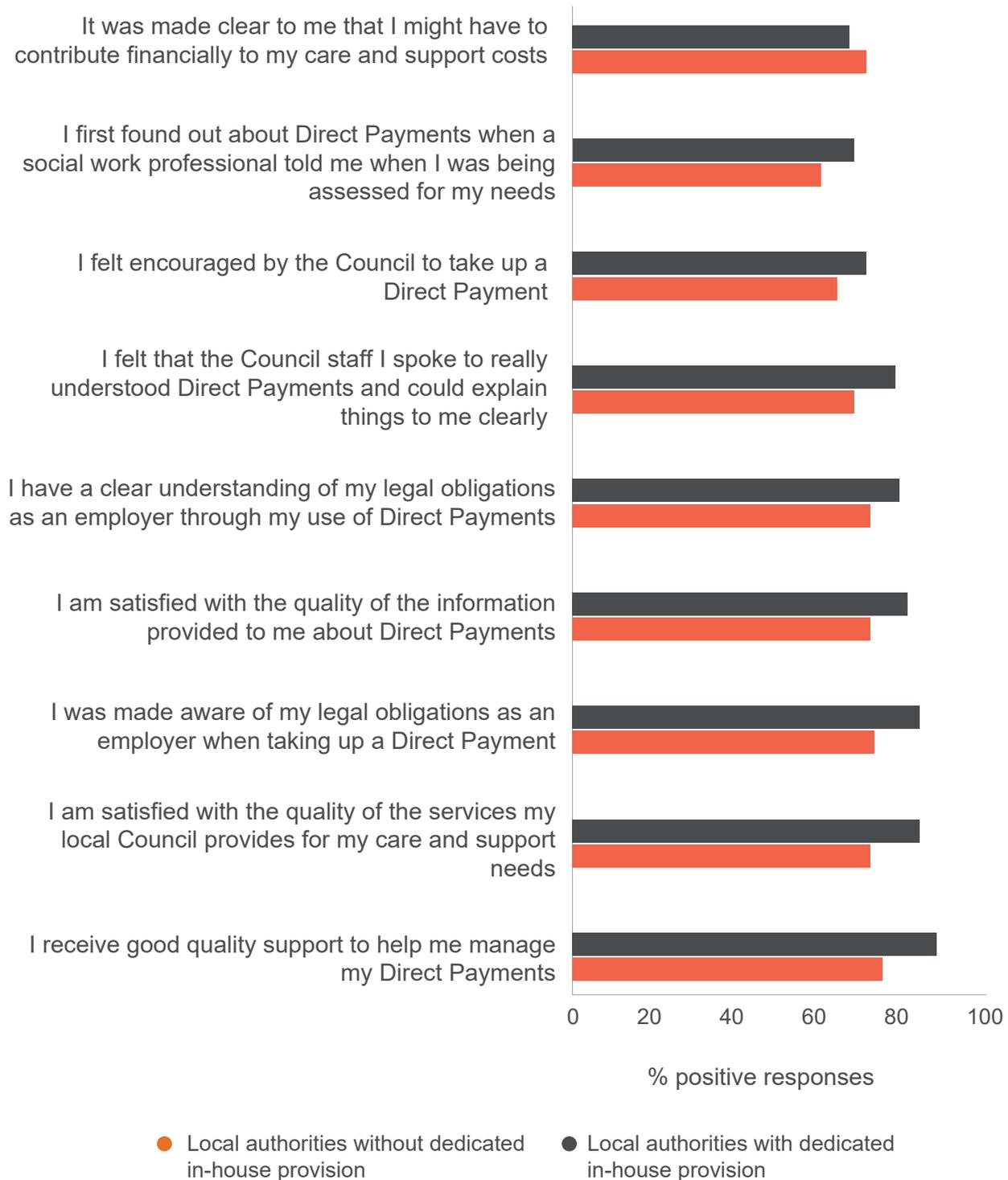
**“ I’m grateful for the support and payments. I don’t have to deal with the money. Going out with someone other than family gives me independence that I’ve longed for**

Source: Audit Wales, Survey of people receiving Direct Payments, September 2021.



**Exhibit 3: Direct Payment recipients’ views about services, by type of administrative support service (in-house or commissioned)**

Overall, people living in areas where support services are provided directly by local authorities are more positive about the service they receive than those provided by a third party.



Source: Audit Wales, Survey of people receiving Direct Payments, September 2021

2.14 Our focus group work with the All-Wales Direct Payments Forum highlighted that, in addition to supporting external clients, in-house Direct Payment teams have greater ability to work flexibly and focus on providing training and expert support to front line social workers who offer and administer Direct Payments. Given the key barriers we highlight in accessing Direct Payments (see **paragraph 1.16**) and coupled with our survey findings, this support is clearly important and is making an impact, leading to greater satisfaction with information about Direct Payments, a greater perception of social workers' understanding, and service users feeling encouraged to take up a Direct Payment.

**Local authorities mostly ensured people were supported during the pandemic, but a significant number of service users and carers we surveyed had no contact during the initial lockdown and restrictions**

2.15 The pandemic created many challenges for social care services and local authorities were forced to respond creatively to ensure vulnerable people were safe and supported. As with other frontline staff working in NHS or care settings, the pandemic has also had a huge impact on people providing care services organised under Direct Payments, especially Personal Assistants.

2.16 We found that where a service was interrupted or could not continue to be provided due to COVID-19, most local authorities arranged alternative provision. Local authorities also made contact to check on individuals' welfare and to ensure services continued to be provided. Direct Payment managers we spoke to however, also noted some difficulties in maintaining services. In particular, the lack of availability of Personal Assistants and/or care staff when people were self-isolating and unable to visit and support service users.

2.17 Officers we spoke to also highlighted their local authority's positive work to ensure social care staff were supported and equipped to work from home. They described how senior leaders acted proactively, keeping staff informed and up to date with changes in services and work priorities, and responded to challenges as they arose quickly and efficiently. For example, relocating staff to fill gaps in services and flexing information gathering systems to reduce the burden of administration on Personal Assistants and care providers.

2.18 57% of people receiving Direct Payments we surveyed said that their local authority did not help source Personal Protective Equipment (PPE) for their care or support provider. Service users and carers we spoke to noted that some local authorities provided PPE free of charge, some reimbursed individuals who purchased their own, but others expected service users and/or their personal assistant to purchase PPE themselves and meet the cost from their Direct Payment. In April 2021, we reported that some frontline health and social care staff experienced shortages of PPE during the pandemic<sup>10</sup>. Some people using Direct Payments experienced similar if not greater difficulties trying to source PPE on an individual level. Some service users and carers we spoke to noted that on occasion the lack of PPE and inability to source this directly resulted in services being suspended. In addition, 40% of the Direct Payments recipients we surveyed said they had received no contact from their local authority specifically to check if they had any problems resulting from the lockdown and restrictions.

### **While the number of people receiving Direct Payments has grown slightly in recent years, local authorities continue to use them differently across Wales**

#### **Just under two-thirds of local authorities increased take up of Direct Payments between 2016-17 and 2018-19, but only 5% of all adults in receipt of social care services were receiving them**

2.19 The most recent data on Direct Payments use published in 2018-19 shows that 125,415 adults were in receipt of social care services in Wales<sup>11</sup>. Of these, 6,262 (5%) received Direct Payments. The proportion of social care services provided via Direct Payments ranged from 1.6% of clients in Gwynedd to 12.9% in Ceredigion. **Appendix 3** provides more information. This data for 2018-19 does not include Caerphilly.

2.20 Just over a third of those receiving Direct Payments (36.1%) are older people (aged 65 or more). This is despite this particular age group making up over 75% of the overall number of adults receiving social services. The bulk of those receiving Direct Payments, 63.9%, are aged between 18 and 64.

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10 [Procuring and Supplying PPE for the COVID-19 Pandemic, Report of the Auditor General for Wales, April 2021](#)

11 In response to the pandemic, the Welsh Government suspended collection and reporting of social services performance data in 2019-20 and the most up-to-date data is 2018-19.

2.21 Between 2016-17 and 2018-19, there had been a 5.2% increase in the numbers receiving Direct Payments with 14 of the 22 local authorities seeing a growth in take up – **Exhibit 4**. The biggest percentage rise, of 90.4%, was in the Isle of Anglesey, although the proportion of adults receiving social care services via Direct Payments in 2018-19 was still below the Wales average. The biggest fall was in Newport, -28.8%.

**Exhibit 4: the number of adults receiving Direct Payments by local authority in 2016-17 and 2018-19 and change in take up over the period**

Local authority	2016-17	2018-19	% Change
Isle of Anglesey	73	139	90.4%
Gwynedd	158	137	-13.3%
Conwy	221	239	8.1%
Denbighshire	106	177	66.9%
Flintshire	403	437	8.4%
Wrexham	196	272	38.7%
Powys	551	504	-8.5%
Ceredigion	199	336	68.8%
Pembrokeshire	293	331	12.9%
Carmarthenshire	448	538	20.0%
Swansea	521	517	-0.8%
Neath Port Talbot	341	433	26.9%
Bridgend	177	232	31.1%
Vale of Glamorgan	378	271	-28.3%
Rhondda Cynon Taf	372	306	-17.7%
Merthyr Tydfil	95	102	7.4%
Caerphilly	114	-	-
Blaenau Gwent	145	149	2.3%
Torfaen	131	130	-0.8%
Monmouthshire	154	131	-14.9%
Newport	132	94	-28.8%
Cardiff	746	787	5.5%
<b>TOTAL</b>	<b>5,954</b>	<b>6,262</b>	<b>5.2%</b>

Note: Caerphilly was unable to provide data for 2018-19, due to technical issues with their ICT systems.

Source: StatsWales, [CARE0118: Adults receiving services by local authority](#)

2.22 The use of Direct Payments in Wales still lags behind England. Data published by NHS Digital Services<sup>12</sup> shows that in 2020-21, 26.6% of people who receive social care services including 75.3% of carers in England receive Direct Payments. Performance ranges from 19.8% of all service users in the north-east of England to 38.3% in the East Midlands.

**Direct Payments are used differently across Wales and local authorities have different approaches in how they deal with unused funds**

- 2.23 How Direct Payments are used and what they pay for varies. Through our discussion with Direct Payment Forum members we found that some authorities have few, if any, restrictions and encourage people to use the money flexibly; paying for holiday accommodation, leisure activities, trips abroad and mobile phones. In comparison, other local authorities only allow Direct Payments to pay for practical help directly associated with an individual's personal care and define what Direct Payments can and cannot pay for.
- 2.24 Direct Payment service users and carers we surveyed raised concerns with this situation. One user of Direct Payments noted that: 'It would be very helpful to have a written list of what Direct Payments can actually be used for.' Another survey respondent summed up their experience as follows: 'The council does not make it clear how to spend the money. You still have to continually ask questions and the people in the council don't know the answers. The system is very slow and 'drawn out'. They are not flexible.'
- 2.25 Those who have similar support needs can also pool their Direct Payments to organise joint activities or services by taking some or all of their Direct Payment and adding these funds together to jointly purchase services<sup>13</sup>. This enables people to share the cost of activities, have the opportunity to spend more time with other people and get better value through increasing their spending power. However, we found that pooling budgets is very limited. And past approaches in some local authorities ended relatively quickly, despite the best endeavours of staff we interviewed.
- 2.26 Welsh Government guidance<sup>14</sup> requires local authorities to work flexibly, allowing Direct Payments recipients to be able to 'bank' any unused payment to use as and when they need to. However, in reality the approach taken by local authorities varies and some local authorities seek to recover unspent money. The findings from our survey of recipients (**Exhibit 5**) are echoed in the feedback we received from local authority staff where we found wide differences in approach.

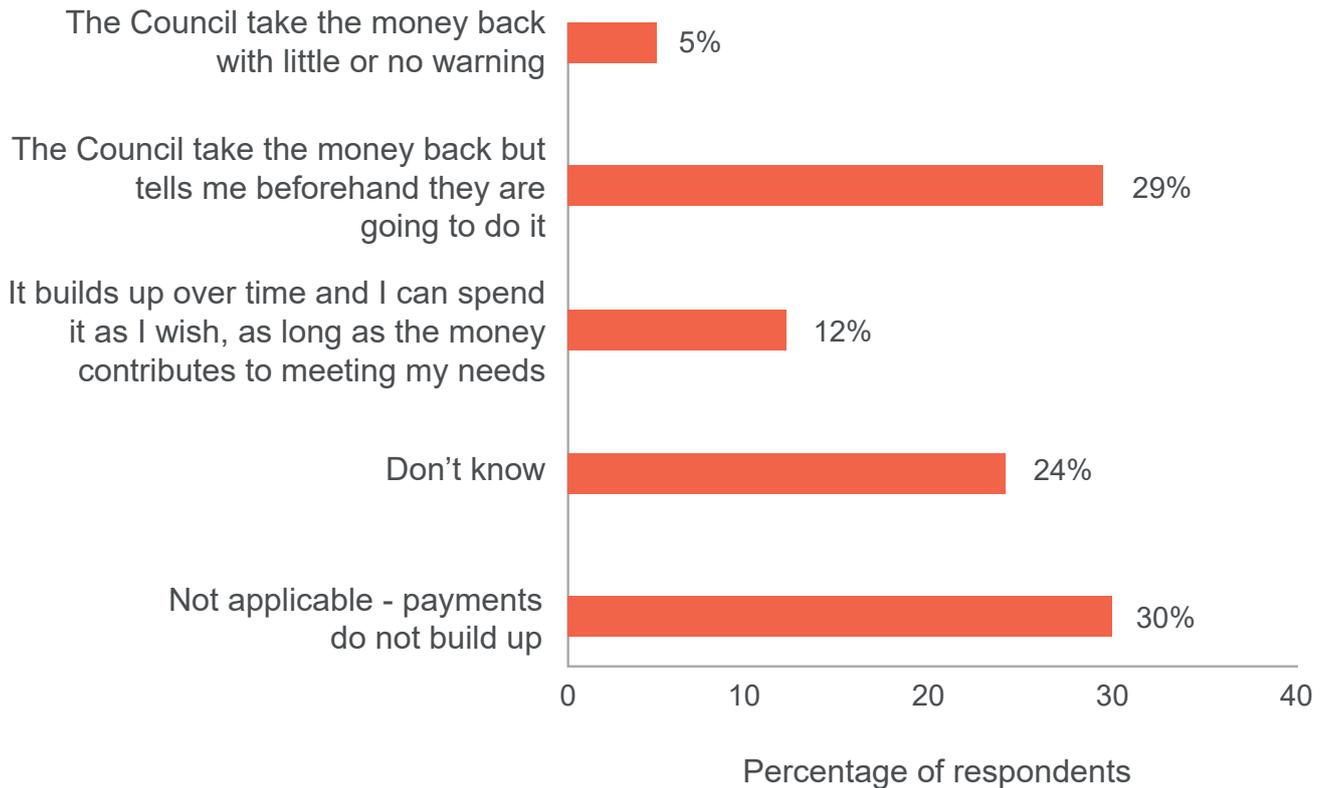
12 NHS Digital Services, [Adult Social Care Outcomes Framework](#), October 2021.

13 The Wales Co-operative Centre has published a guide setting out how people can pool budgets for Direct Payments, [Direct Payments: make them work for you](#)

14 [Social Services and Well-being \(Wales\) Act 2014: Part 4 Code of Practice \(Meeting Needs\)](#), 2015. Paragraph 159 notes that 'The flexibility inherent in direct payments means that recipients, or their representatives, must be able to adjust the amount of the direct payment they use from week to week. They must be able to 'bank' any unused payment to use as and when extra needs arise (this might particularly be relevant for those whose needs fluctuate).'

**Exhibit 5: Direct Payment recipients’ experiences of what happens to payments which build up**

Roughly one in eight recipients of Direct Payments build up ‘unused’ money to be used to meet future needs.

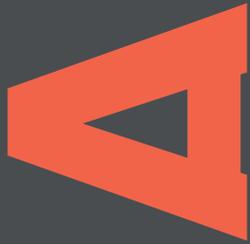


Source: Audit Wales, Survey of people receiving Direct Payments, September 2021

2.27 Taken together, our evidence highlights that further clarification, support and guidance are required to ensure that people are able to fully benefit from Direct Payments and receive a consistent standard of service.

## The interface between use of NHS continuing healthcare and social care on access to Direct Payments remains a problem

- 2.28 The Welsh Government's [Programme for Government 2021 to 2026](#) includes a commitment to 'Improve the interface between NHS continuing healthcare and Direct Payments'. In August 2021, the Welsh Government strengthened the wording in the [NHS Continuing Healthcare National Framework 2021](#) and [Decision Support Tool](#).
- 2.29 Importantly, the new guidance reinforces the central ethos of individuals' right to exercise voice and control to decide how, when and who supports them to meet their eligible care and support needs, especially when transitioning from Direct Payments to NHS continuing healthcare. This includes providing specific examples of actions Local Health Boards can take to support this but also recognising that assessments needed to avoid putting up barriers and pushing service users from one service to the other. Theoretically therefore it should be possible for someone to receive a needs-led assessment that supports someone's independence, voice and control.
- 2.30 Some people we surveyed in receipt of Direct Payments noted a reluctance to access NHS continuing healthcare because they fear losing their Personal Assistants and the ability to determine who provides their services. They also raised concerns that the flexibility of Direct Payments – that enables them to access a wide range of non-traditional health and/or social care services that help improve their wellbeing – will be lost.
- 2.31 Direct Payment managers also noted instances where individuals with deteriorating health needs are refusing to access NHS continuing healthcare because of fear of losing the flexibility of Direct Payments and the wellbeing improvements it brings. Direct Payment managers and some providers also raised concerns that NHS colleagues are still not fully on board with service users 'driving' decision making and maximising the opportunity to promote independence, voice and control.



**Direct Payments  
are helping people  
live independently  
and improving their  
wellbeing, but it is  
difficult to assess  
overall value for money  
because of limitations  
in data and evaluation**

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3.1 In this final part of the report, we consider the impact of Direct Payments. We summarise spending on Direct Payments in Wales and highlight the variations between local authorities. Finally, we consider whether the current approaches to monitor and evaluate Direct Payments to ensure they provide value for money are effective.

### Local authorities who are delivering positive outcomes for people using Direct Payments



Evidencing that people's wellbeing is maintained or improving as a result of Direct Payments



Have a comprehensive system for monitoring and evaluating all aspects of Direct Payments



Involve and value input from all stakeholders/partners in evaluating the impact of services



Compare and benchmark individual and collective performance with others and use the findings of evaluation to shape current plans and future approaches



Know what works and whether the approach of the authority is delivering the aspirations of the Act

## **Direct Payments are seen as making an important contribution to recipients' wellbeing and independence**

- 3.2 Overall, the people we surveyed who receive Direct Payments provided positive feedback on the impact of Direct Payments. 91% of respondents to our survey stated that Direct Payments have had a positive impact on their independence and wellbeing. In addition, 85% stated that Direct Payments were definitely the right option for them. The majority of care and support providers who responded to our survey (87%) also agreed that Direct Payments are helping to support people's independence and maintain their wellbeing.
- 3.3 Some people we surveyed identified the critical role of Direct Payments in helping them remain independent. One Direct Payment recipient noted that: 'I get support to do everything I want to do and achieve' whilst another stated that: 'It's allowed me to do lots of new things and go out and enjoy and meet new people.' Another noted that: 'It (Direct Payments) gives choices and independence which have been very positive' and another that: 'the Direct Payments have enabled me to remain living in my own home'. Finally, one recipient stated that: 'I really like Direct Payments and how it lets me live as independently as I can.' And another person we surveyed noted that: 'Direct Payments allows me to have control and more importantly to have the care I need to be able to get the most out of life.' These comments were echoed by many others who responded to our survey.

## **It is difficult to assess the overall value for money of Direct Payments because systems for managing and evaluating performance are inadequate**

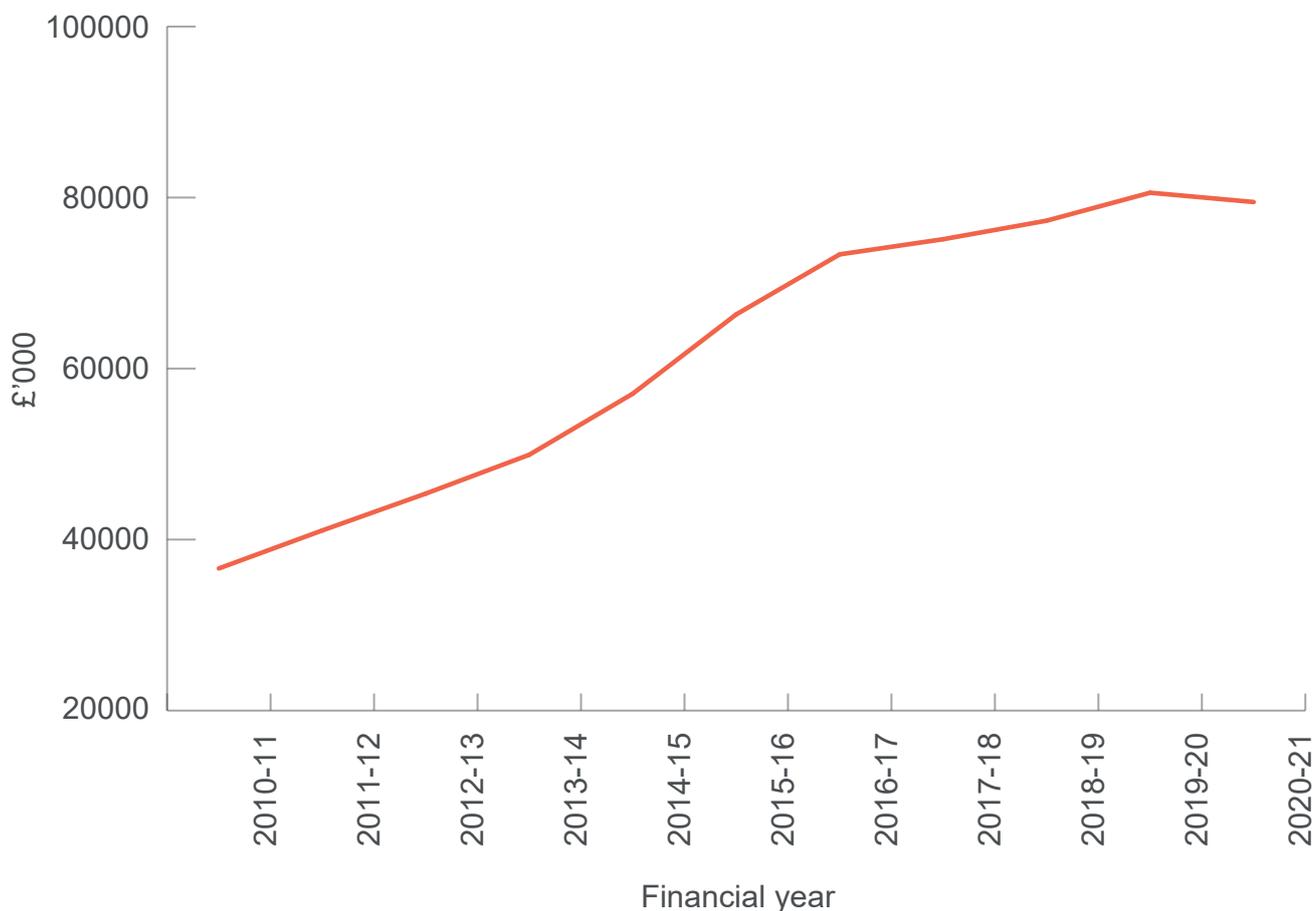
- 3.4 Despite the high value placed on Direct Payments by service users and carers, there is only a small range of national publicly reported indicators to judge performance. These simply cover the numbers receiving Direct Payments by need group (physical disabilities, learning disabilities, mental health and older people) and the amount spent on Direct Payments by local authority. The performance measures were revised following the implementation of the Social Services and Well-being (Wales) Act in 2014, and information has only been collated for three financial years: 2016-17, 2017-18 and 2018-19. Following the Welsh Government's decision to suspend data collection in response to the pandemic in 2020, no data on services other than expenditure has been collected and reported nationally.

**Spending on Direct Payments has more than doubled in the last decade, but marginally fell in 2020-21. The average amount paid out per recipient varies widely**

3.5 The amount of money spent on Direct Payments is growing and in real terms, considering inflation, has increased from £36.6 million in 2010-11 to £79.5 million in 2020-21 – **Exhibit 6**.

**Exhibit 6: total spending on Direct Payments for adults by local authorities in real terms between 2010-11 and 2020-21**

Local authorities’ spending on Direct Payments increased by 117% in the period but marginally fell in 2020-21.

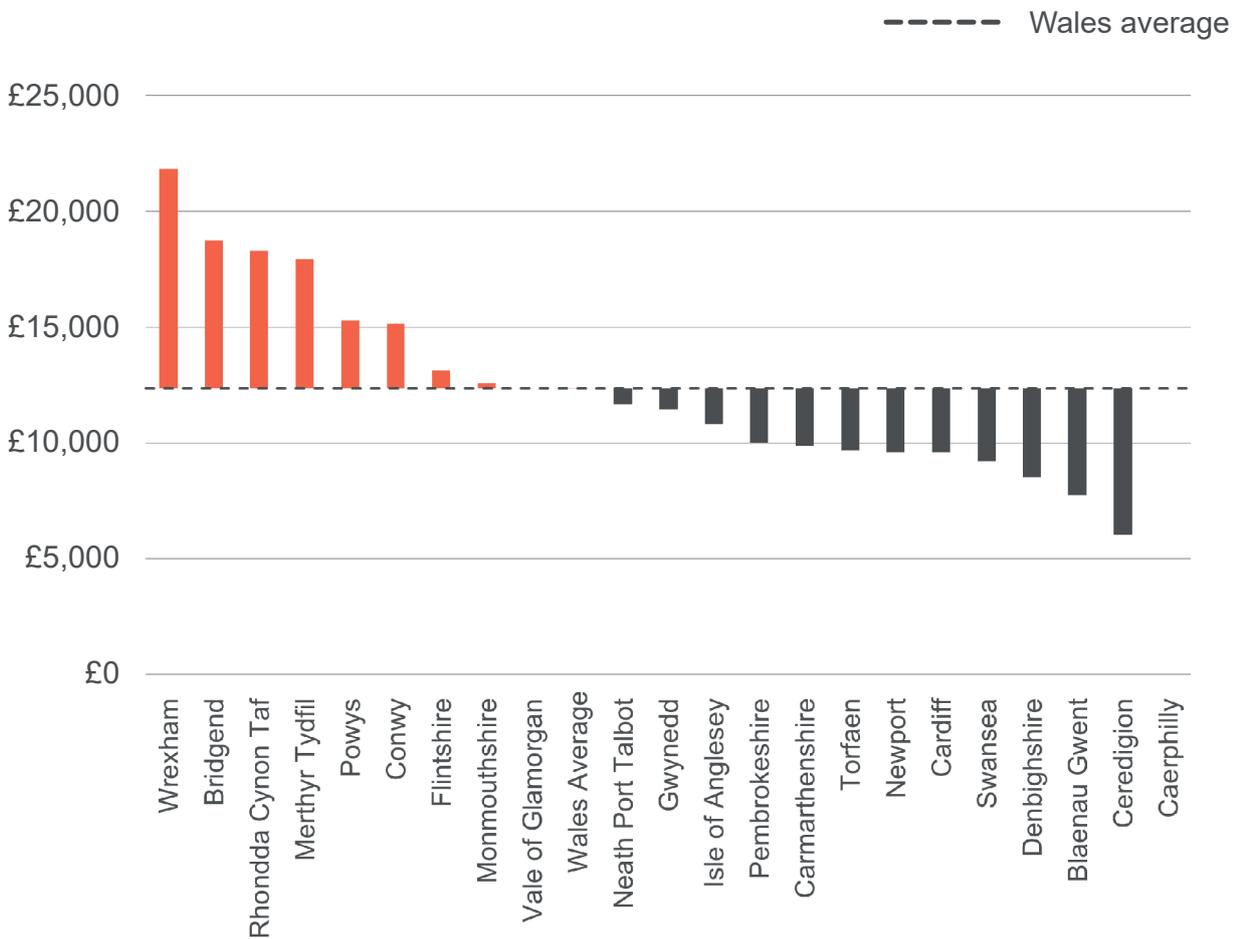


Source: StatsWales, [LGFS0015: Social services revenue outturn expenditure subjective analysis by authority](#). Analysis by Audit Wales

3.6 While each local authority is responsible for the format of care and support plans, they are required to be consistent across the country using the national eligibility criteria<sup>15</sup>. Our analysis in **Exhibit 7** shows that local authorities are paying out widely varying average amounts. Excluding Caerphilly, the average Direct Payment across Wales in 2018-19 in real terms was £12,344. This ranged from £6,033 per person in Ceredigion to £21,836, 3.6 times more, in Wrexham.

**Exhibit 7: average Direct Payment per recipient by local authority in 2018-19 in real terms**

The average amount people receive in Direct Payments varies widely across Wales.



Note: Caerphilly was unable to provide data on the number of recipients for 2018-19, due to technical issues with their ICT systems.

Source: StatsWales, [LGFS0015: Social services revenue outturn expenditure subjective analysis by authority](#) and [CARE0118: Adults receiving services by local authority and age group](#). Analysis by Audit Wales

15 The eligibility criteria are set out in the [Care and Support \(Eligibility\) \(Wales\) Regulations 2015](#) and the Welsh Government’s [Social Services and Well-being \(Wales\) Act 2014: Part 4 Code of Practice \(Meeting Needs\), 2015](#). Paragraph 39 of the Code of Practice notes that while people have a right to care and support from a local authority where that care and support are not otherwise available to them, the ‘pattern of service delivery will vary from authority to authority’.

3.7 Taking this information with the findings set out in **Part 2** of this report, we conclude that the policy choices and decisions of local authorities are resulting in people with similar needs receiving very different standards of service. Given the significant variation in approaches, the Welsh Government needs to set clear standards to ensure consistency for service users.

### **Systems for managing and evaluating performance are inadequate**

3.8 Local authorities are mostly focussing their performance management and evaluation on the numbers receiving services and the amount of money spent and not enough on impact, wellbeing and the wider benefits of investment. We found that only a fifth of Direct Payment managers believe that their local authority has robust measures in place and are able to judge quality, cost and outcomes of Direct Payments on individuals and for the local authority.

3.9 Through our engagement with Direct Payments lead officers across Wales, we found that most local authorities have some measures in place and evaluate some aspects of Direct Payments, but acknowledge it is not comprehensive and there are gaps. For instance, only:

- a a third capture information that helps to identify what is not working and what needs to change;
- b a quarter capture and use information in real time;
- c less than a fifth monitor how Direct Payments contribute to delivery of Corporate Priorities – for example, wellbeing goals, improvement objectives and service priorities; and
- d less than a fifth capture positive and negative experiences from people who receive Direct Payments and know what it is like to receive them.

3.10 These weaknesses mean that it is not possible to fully evaluate and understand the performance or effectiveness of individual local authorities, or the efficiency and impact of Direct Payments. This makes it difficult to judge how well local authorities are performing and whether Direct Payments represent value for money in their own right or in comparison with other forms of social care.



# Appendices

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- 1 Audit methods and approach**
- 2 Determining eligibility for social care and support**
- 3 Adults receiving social care services organised by local authority in 2018-19**
- 4 Personal Assistant hourly pay rates by local authority**

# 1 Audit methods and approach

## Approach

We focused on local authorities' management and delivery of Direct Payments. The work follows on from our September 2019 report on [The 'Front Door' to Adult Social Care](#), which focussed on the impact of the Social Services and Well-being (Wales) Act 2014 and the prioritisation of preventative services to help reduce demand for social care services.

Our review assessed how Direct Payments are helping people to live independently and enable them to have more voice, choice and control. We looked at how Direct Payments help sustain their wellbeing and whether they are improving people's quality of life. We looked at how local authorities manage and encourage take up of Direct Payments and judge whether these services present value for money.

We established a study reference group and held project meetings with Care Inspectorate Wales, Carers Wales, the Older People's Commissioner, Age Cymru, the Welsh Government, and a small number of service users. The reference group helped to shape the focus of this review and provided challenge at our evidence review stage.

We managed delivery of the review to take account of the challenges facing social services in Wales in dealing with the pandemic. We ensured the scope and coverage of our fieldwork did not detract from local authority responsibilities towards service users and flexed our approach in discussion with individual local authorities when agreeing and delivering fieldwork.

## Methods

We completed our work between September 2020 and February 2022 and used a range of methods to inform our overall findings, conclusions and recommendations:

- **document review** – we reviewed Welsh Government, Association of Directors of Social Services Cymru and Social Care Wales documentation, guidance and announcements; local authority policy documentation and cabinet and committee papers; a range of materials on approaches for management of Direct Payments in England; and reports and information published by research bodies including the Joseph Rowntree Foundation, the Kings Fund and Think Local Act Personal.

- **focus groups** – we held:
  - three on-line focus groups with members of the All-Wales Direct Payments Forum made up of officers from each of the 22 Welsh local authorities with management responsibility for Direct Payments. In each of the focus groups, attendees completed a survey and we held facilitated discussions.
  - Carers Wales focus groups with Direct Payments service users and their carers.
- **local authority interviews** – we interviewed staff from Bridgend, Caerphilly, Cardiff, Flintshire, Gwynedd, Newport, Powys, Torfaen and Wrexham councils with responsibility for direct payments.
- **interviews with national bodies** – ADSS Cymru, the Welsh Local Government Association, British Association of Social Workers Cymru, Social Care Wales, Disability Wales, UK Home Care Association, Care Forum Wales, Wales Co-op Centre, the Equalities and Human Rights Commission Cymru, Wales School of Social Care Research, the Welsh Government, British Deaf Association and Think Local Act Personal.
- **surveys** – we undertook two surveys:
  - a commissioned telephone survey of service users and carers receiving Direct Payments. A total of 1,028 people from a database of 4,650 valid contacts were surveyed, with 71% completed via telephone and the remainder submitting online survey forms. Of this figure 5% surveyed are carers. All contacts were provided by local authorities using secure data transfer. The survey was conducted between 4 August and 24 September 2021, with 5% of responses completed in Welsh. Given our survey covers both service users and carers who receive Direct Payments, we report information at three levels. Where we say Direct Payment recipients, we mean both service users and carers; and where we specifically reference either ‘service users’ or ‘carers’ means the findings of the survey are specific to these distinct groups of people; and
  - a survey of individuals and agencies paid via Direct Payments to provide care and support to adults in need. The online open survey was completed between 11 June 2021 and 18 August 2021. We received a total of 166 responses, and these came from all 22 local authority areas, with 3% of responses completed in Welsh.
- **data analysis** – we analysed data published by StatsWales on Direct Payments expenditure, the number of adults receiving services and their needs. We also analysed data published by NHS Digital Services in England.

## 2 Determining eligibility for social care and support



Widely known as **the Information, Advice and Assistance service**, this is the front door to adult social care and is the first point of contact for most individuals looking for help.



At the first point of contact, individuals will be offered information, advice and assistance to help them make informed decisions about their wellbeing.

From here, local authorities will often signpost individuals to preventative or community-based services. If a person's needs cannot be met in that way, they will be directed to a professional social worker to discuss their needs in more detail.



Often referred to as the 'What Matters conversation', the assessment of needs undertaken with a social worker is a targeted conversation to gather more information about a person's strengths and needs, to identify the best solutions for them.



If a person's needs cannot be met without local authority support, a care and support plan is co-produced to set out how those needs will be met through the provision of services. This is often referred to as having 'eligible needs'.

These services can be arranged directly by the local authority or, alternatively, funded through Direct Payments – a monetary amount that can be used to purchase and arrange a person's own care and support.

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Source: Audit Wales

### 3 Adults receiving social care services organised by local authority in 2018-19

**Exhibit 8: adults receiving social care services organised by local authority in 2018-19**

Local authority	Total number of adults receiving social services	Number of adults in receipt of Direct Payments	Direct Payments as % of adults receiving services
Blaenau Gwent	3,826	149	3.9%
Bridgend	7,059	232	3.3%
Caerphilly	No data submitted due to technical issues with ICT systems		
Cardiff	15,331	787	5.1%
Carmarthenshire	7,658	538	7.0%
Ceredigion	2,595	336	12.9%
Conwy	7,060	239	3.4%
Denbighshire	2,872	177	6.2%
Flintshire	8,041	437	5.4%
Gwynedd	8,774	137	1.6%
Isle of Anglesey	3,382	139	4.1%
Merthyr Tydfil	2,696	102	3.8%
Monmouthshire	4,449	131	2.9%
Neath Port Talbot	3,371	433	12.8%
Newport	4,462	94	2.1%
Pembrokeshire	4,398	331	7.5%
Powys	5,827	504	8.6%
Rhondda Cynon Taf	7,094	306	4.3%
Swansea	8,932	517	5.8%
Torfaen	3,241	130	4.0%
Vale of Glamorgan	5,533	271	4.9%
Wrexham	8,814	272	3.1%
<b>Wales</b>	<b>125,415</b>	<b>6,262</b>	<b>5.0%</b>

Source: StatsWales, [CARE0118: Adults receiving services by local authority and age group](#)

Following the Welsh Government's decision to suspend data collection in response to the pandemic in 2020, no data on services other than expenditure has been reported nationally since 2018-19.

## 4 Personal Assistant hourly pay rates by local authority

The rates in the Vale of Glamorgan, Torfaen and Blaenau Gwent local authorities vary to take account of weekend, evening and unsocial hours working.

### Exhibit 9: personal assistant hourly pay rates by local authority

Local authority	Personal Assistants rate (per hour)
Merthyr	£12.94
Wrexham	£12.67
Swansea	£12.66
Flintshire	£12.63
Gwynedd	£12.62
Pembrokeshire	£12.40
Denbighshire	£12.33
Carmarthenshire	£12.20
Vale of Glamorgan	£11.24 - £12.18
Rhondda Cynon Taf	£12.15
Bridgend	£12.00
Torfaen	£8.72 - £11.85
Conwy	£11.75
Ynys Môn	£11.65
Powys	£11.41
Cardiff	£11.36
Monmouthshire	£11.04
Ceredigion	£11.00
Neath Port Talbot	£10.50
Blaenau Gwent	£8.72 - £10.00
Newport	£9.50
Caerphilly	£9.47

Source: Swansea Council, Corporate Management Team report, January 2021





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**BRIDGEND COUNTY BOROUGH COUNCIL**  
**REPORT TO GOVERNANCE AND AUDIT COMMITTEE**

**22 JUNE 2022**

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

**CORPORATE RISK ASSESSMENT 2022-23**

**1. Purpose of report**

- 1.1 The purpose of the report is to provide the Governance and Audit Committee with an updated Corporate Risk Assessment 2022-23, and to provide an update on the Incident and Near Miss (non-health and safety) occurrences.

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

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

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

**3. Background**

- 3.1 Good governance requires the Council to develop effective risk management processes, including an assessment of corporate risks.
- 3.2 The Governance and Audit Committee's Terms of Reference require the committee to review, scrutinise and issue reports and recommendations on the appropriateness of the Council's risk management, internal control and corporate governance arrangements.
- 3.3 The Corporate Risk Assessment is considered and reviewed by the Corporate Management Board (CMB), Senior Management Team, and Governance and Audit Committee, as part of the Council's quarterly Corporate Performance Assessment framework and is used to inform the Overview and Scrutiny Committees' Forward Work Programme and the budget process.
- 3.4 The 2022-23 Corporate Risk Assessment is aligned with the Council's Medium Term Financial Strategy and Corporate Plan.

**4. Current situation/proposal.**

- 4.1 The Corporate Risk Assessment, attached at **Appendix A**, has been reviewed in consultation with the Corporate Management Board. It identifies the main risks facing the Council, their link to the corporate well-being objectives under the Well-being of

Future Generations (Wales) Act 2015, the likely impact of these risks on Council services and the wider County Borough, and identifies what is being done to manage the risks and who is responsible for the Council's response. The risk assessment is aligned with the Medium Term Financial Strategy.

Two new risks have been added to the Corporate Risk Register  
COR – 2022 – 01, and  
COR – 2022 – 02

There are currently 14 risks on the Corporate Risk Register

	Score	No. of Risks
Low	1-9	2
Medium	10-12	5
High	15-25	7

Risk SS-2019-01 has been updated to reflect the improvement plan implemented by Social Services and the appointment of a new Corporate Safeguarding Officer.

- 4.2 An audit by SWAP Internal Audit Services recommended that the Incident and Near Miss Reporting Procedure be discontinued as it presents an unnecessary and inappropriate layer of control and very few incidents have been reported over the years. Corporate Management Board supports this view and has agreed that the Incident and Near Miss Reporting Procedure be discontinued.

## **5. Effect upon policy framework and procedure rules**

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

## **6. Equality Act 2010 implications**

The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh language have been considered in the preparation of this report. As a public body in Wales, the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. This is an information report, therefore it is not necessary to carry out an EIA in the production of this report. It is considered that there will be no significant or unacceptable equality impacts as a result of this report

## **7. Wellbeing of Future Generations (Wales) Act 2015 implications**

- 7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

## **8. Financial implications**

- 8.1 There are no financial implications directly associated with the Corporate Risk Assessment. Implementation actions will be progressed within approved budgets.

## 9. Recommendations

9.1 It is recommended that the Committee:

- Consider the Corporate Risk Assessment 2022-23 (**Appendix A**)
- Note that Corporate Management Board has agreed to discontinue the Incident and Near Miss Reporting Procedure

**Carys Lord**  
**Chief Officer – Finance, Performance and Change**  
**22 June 2022**

**Contact Officer:** **Karen Davies**  
Risk Management & Insurance Officer

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### **Background documents**

None

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No.	IDENTIFIED RISK		Raw risk score			ACTION PLAN		Key actions to be established - NB business as usual activity not reflected here	who	Last Reviewed	Next Review	Action completed by	Residual risk score			Well-Being Objective	
	There is a risk that	Consequences of risk	L	Im	Total	Control method	Date Risk score assigned						How is the council addressing this risk	L	Im		Total
COR - 2019 - 01	The council is unable to make robust medium to long term decisions requiring service change	It is harder each year to make ongoing budget reductions as easier decisions have already been made. If more difficult decisions about cutting or reducing service levels against a background of declining budgets are not made, then the council will not deliver the changes necessary to achieve a balanced budget which will result in it being in breach of its legal responsibilities. The true impact of COVID remains unclear in terms of the Council's financial sustainability. Careful planning and difficult choices will be key to ensuring that a balanced financial position is able to be maintained.	4	5	20	Treat	Jan-19	The council manages this risk through existing budget and business planning processes which include early identification of savings targets and development of options for cabinet, challenge from BREP, scrutiny and formal and informal briefings of members and political groupings. The impact of COVID has been significant in terms of both timetable and the focus on achieving savings. Due to the more generous WG settlement for 20/21 the savings targets were lower than usual and so most of those will be met. Work on the 2021/22 and beyond is underway, but many aspects remain uncertain.	Continuously review the assumptions built into the MTFS and update as additional information becomes available. Keep elected members and BREP informed of updated position and re-align MTFS as appropriate. Earlier discussion with members on possible scenarios to get early buy in to the direction of travel. Review scope and direction of BREP to ensure they play a key part in shaping the MTFS. For MTFS 2022-25, more focus on potential areas of saving, even if not currently proposed, rather than just proposed savings. Focus to be more deep dives into targeted areas. MTFS to consider longer term pressures and ensure these are fully considered beyond the life of the 4 year MTFS.	CMB	May-2022	Aug-2022	Feb-2021 then ongoing quarterly review	3	5	15	Smarter use of resources
COR - 2019 - 02	The council is unable to deliver transformation including projects and agreed financial savings	If the council is unable to change the way that staff work, including new roles, collaborations and the acquisition of new skills, it will be unsuccessful in delivering service transformation and capital projects, which will lead to it not meeting its commitments within available budgets. Of particular importance here is the actions required to tackle the Climate Emergency, the consequences of which will have a detrimental impact on all areas of the Borough.	4	4	16	Treat	Jan-19	The council has a number of programmes and strategies in place that either directly support specific proposals for service improvement, deliver large scale capital regeneration projects, provide wider transformation opportunities and/or financial savings. Further transformation opportunities have been identified that are intended to support a 'One Council' culture and support staff and managers through transformation. It also has a well documented decarbonisation programme to tackle the Climate Emergency and has submitted its Bridgend 2030 Decarbonisation Strategy and Action Plan to Cabinet and Council for approval in March 2022.	Further development of a 'One Council' culture and transformational change has progressed in recent years and has been accelerated as a response to the Covid-19 pandemic. A much more corporate approach to service provision and transformation has been driven by CMB. Our response to the pandemic has challenged the way that we work across all services, and we will need to quickly adapt and learn any lessons from this that can be embedded into 'new normal' and recovery. The Council has agreed a Digital Strategy and under the Digital Programme Board will progress a number of projects using digital solutions that are designed around the people that use them, to deliver seamless connectivity, and support the vulnerable in our communities. This is complemented by a more digitally enabled staff, as a result of the pandemic and the need to work differently and in a more agile way. A review of Council processes over recent months has meant that some deemed unnecessary and bureaucratic have ceased but full compliance with those that remain is required. In addition a corporate review of resource requirements and the prioritisation of projects has meant that resources can be directed where required, to ensure successful delivery. The 2030 Programme Board, projects boards and working with The Carbon Trust, will ensure that a robust 2030 Decarbonisation Strategy is prepared and that projects within it are delivered effectively in order to reach an ambitious net zero carbon position in the Council by 2030. Examples of processes which have stopped without impacting on compliance include the cessation of wet ink signing and printing of documents as documentation is now electronically signed, physical attendance to open tenders replaced with opening on-line, a move to electronic authorisation of invoices on the Electronic Documents Record Management system and the replacement of in attendance training events with on-line remote training. The Organisational Development team are constantly reviewing the type of methods of training and development that staff have available to them to meet current challenges, whilst ensuring an appropriate balance is retained in also promoting and enhancing the wellbeing of those staff in work. Staff are able to access more on-line learning opportunities than previously, and there has been a move away from physical attendance at training courses, which used to be prohibitive. This has widened the range of opportunities, enabled more staff to participate and consequently increased skill sets. The Council is also pushing forward on its apprenticeship programme and has introduced a Graduate Programme to enable it to develop more in-house skills to enable us to take forward alternative, less traditional, delivery models, thus reducing the need to buy in expertise. Not only will this deliver future financial savings, but will also build a more resilient workforce.	CMB	May-2022	Aug-2022	Ongoing	2	4	8	All Well-Being Objectives
CEX- 2019-01	The council is unable to identify and deliver infrastructure required in the medium to longer term	If the council does not raise sufficient capital to maintain its infrastructure, including roads, street lights, buildings and technology then it may deteriorate bringing financial and safety risks which could lead to adverse incidents, reports, publicity, fines and ultimately prosecution.	4	5	20	Treat	Jan-19	The council has a ten year capital programme. The development of this programme and arrangements for its review and updating are well established. However the council has identified scope to improve upon this to ensure that these needs are balanced with other demands for capital (such as new schools).	The Council will consider all seek external and match funding for projects where possible, in order to maximise its capital programme spending capability. Where feasible the capital earmarked reserve will be replenished on an annual basis to mitigate the decline in available and potential new capital receipts. The Council will continue to operate a strategy where capital receipts are not ring-fenced, to ensure that maximum flexibility is available. All capital bids will be fully considered by CMB and CCMB in line with the Capital Strategy, before inclusion in the capital programme. Schemes must have been subject to a full feasibility assessment. This should inform more accurate costings and profiling of spend to avoid potential overspend or delays in schemes. The procurement process will also be considered and qualification criteria updated to try and avoid supplier issues.	CMB	May-2022	Apr-2022	Complete with ongoing review	3	5	15	Supporting a successful sustainable economy and smarter use of resources
SS-2019-01	The council fails to safeguard vulnerable individuals e.g. children, adults in need of social care, homeless etc.	Risks to the safety and wellbeing of children and adults at risk are significant and require an effective, highly skilled response from multi-agency safeguarding partnership with leadership from the local authorities. There is a risk that without adequate budgets and as the decline of a sufficient experienced workforce there is a risk that the Council's safeguarding arrangements will not be effective, and that children and adults at risk will not be kept safe and will experience harm.	5	5	20	Treat	Jan-19	The Council works with key partners in Bridgend and within the Cwm Taf Morgannwg Regional Safeguarding Board to safeguard children and adults at risk. The Board has established an executive steering group which is meeting monthly to oversee the effectiveness of child protection and safeguarding arrangements across the region. Following an escalation of issues and risks in the Council's IAA service in children's social care, an internal critical incident has been declared which is chaired by the Chief Executive which is overseeing deployment of additional resources, including the engagement of a managed team, and a focussed improvement plan. Additional risks regarding ability of adult services to meet statutory duties and pressures in early help which if not addressed can impact on statutory safeguarding provision are highlighted in a Corporate Safeguarding Dashboard which is considered by the Cabinet/Corporate Management Board on a monthly basis, supported by the Corporate Safeguarding Group which is chaired by the Statutory Director of Social Services and Wellbeing. In addition to other governance, a Bridgend Joint Operational Group has been established to review key service data on a weekly basis and enhance senior managerial oversight to enable operational and strategic actions to be taken in a timely way to enhance safeguarding arrangements.	A new Corporate Safeguarding Officer has been appointed and will start in post to enhance the support to corporate safeguarding arrangements. The RSB is developing common quality and performance reporting via the steering group to include clear trigger points of escalated action. A reflective lessons learned exercise is being undertaken into the issues which led to the critical incident in IAA services to ensure lessons have been learned and sustainable improvements made to reduce the risk of such an escalated position being required again.	CMB	May-2022	Sep-2022	Ongoing	3	5	15	Helping people and communities to be more healthy and resilient and smarter use of resources

IDENTIFIED RISK		Raw risk score			ACTION PLAN							Residual risk score			Well-Being Objective		
No.	There is a risk that	Consequences of risk			Control method	Date Risk score assigned	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	who	Last Reviewed	Next Review	Action completed by	Li	Im		Total	
		Li	Im	Total													
COR - 2019-03	The council is unable to plan for and recover from major threats to service continuity such as civil emergencies, school failure, cyber attack and discontinuation of funding streams and major contracts	If the council does not have the capacity and expertise to plan for and protect itself against major threats such as cyber-attack, civil emergencies and significant financial variations there is a risk that there may be a failure to deliver services and a balanced financial position which could harm citizens who rely on council services.	4	4	16	Treat		The council has anti virus installed which is regularly updated. All critical data is backed up and located offsite. Software update processes exist that includes the installation of patches. Security awareness training is provided to all employees.	Cyber resilience training continues to be rolled out. The situation is constantly being monitored on an ongoing basis, ICT are reviewing options to mitigate potential cyber attacks as the attack landscape is continually changing.	CMB	May-2022	Aug-2022		3	4	12	All Well-Being Objectives
							Jan-19	The council has established emergency planning arrangements including a Major Incident Plan and contributes to the South Wales Local Resilience Forum (SWLRF) and South Wales Resilience Team (SWRT). Contract conditions are included in relevant contracts. The terms of these conditions will vary depending on the nature of the contract, but will cover compliance with GDPR, security of personal information and general cyber security. Where contracts are awarded via a framework the necessary conditions will be imposed by the contracting agency for the framework. This has been an increased risk throughout the COVID period with significantly increased risk of attack and many more sophisticated attempts to disrupt the Council's network.	The council has responded swiftly and appropriately to the increased risk posed by increased reliance on ICT and the network. A number of changes - some significant - were made during this period that has helped to mitigate the increased risk. Throughout the period the Council has stayed connected and resilient with many services being delivered remotely. The situation is being monitored on an ongoing basis.				Ongoing				
COR-2019-04	The council is unable to attract, develop or retain a workforce with the necessary skills to meet the demands placed upon the authority and its services	If there is a continual decreasing number of suitably skilled and experienced staff then there may not be the expertise required to deliver services and protect the interests of the council. This could lead to the wellbeing of citizens suffering and a loss of morale amongst the remaining staff if they feel unsupported and are seeking to work elsewhere.	4	4	16	Treat	Jan-19	In areas where there are recruitment challenges, a variety of approaches are being taken. The marketing of vacancies to reach as wide an audience as possible, promoting specific careers and maximising the use of social media in recruitment advertising, are some examples. Opportunities are being taken to increase capacity and develop skills through trainee type roles, enabling the council to "grow our own", including Apprenticeships; a new Graduate programme and a new Secondment scheme to train staff to become Qualified Social Workers. A market supplement policy has been approved by Council(20 October 2021). The Market Supplement Policy will enable the council, in exceptional circumstances to respond to any established recruitment and retention issues by temporarily increasing the pay awarded to a post, without altering the determined job evaluation grade. Dedicated projects are being established in Social Services and Wellbeing to focus specifically on recruitment and retention in domiciliary care and children's social work.	There is a need to continue to seek alternative approaches to recruit to service areas, acknowledging that one size does not fit all. The benefits of working for the council will be promoted alongside different ways of attracting staff. Consideration will also be given to how the council's agency provider can support this agenda. Different recruitment, advertising and selection methods are being introduced for recruiting Apprentices, to improve the level and quality of applicants and with the aim of developing a pool of Apprentices. The Market Supplement policy will be considered where appropriate to address market issues affecting recruitment. Action plans are in place and being developed to address challenges in the Social Services and Wellbeing Directorate.	CMB	May-2022	Aug-2022	Ongoing	4	4	16	All Well-Being Objectives

IDENTIFIED RISK			ACTION PLAN										Well-Being Objective				
No.	There is a risk that	Consequences of risk	Raw risk score			Control method	Date Risk score assigned	How is the council addressing this risk	Key actions to be established - NB business as usual activity not reflected here	who	Last Reviewed	Next Review		Action completed by	Residual risk score		
			Li	Im	Total										Li	Im	Total
COR-2019-05	Important council services are compromised due to the failure of a key supplier	If the suppliers of council services are not resilient there is a risk that they may fail to deliver those services leading to disruption for citizens and the council, which will be impacted as it seeks to restore provision and suffers a loss of reputation.	4	4	16	Treat or Transfer	Jan-19	The council's strongest defence against this is through its procurement strategy and procurement processes. When tendering for services the council requires contingency arrangements to be in place to allow for the eventuality of supplier failure (for example in the case of refuse and recycling collection contracts). The council also seeks to shape the market where possible to avoid over reliance on single suppliers (for example in social care). Where appropriate contract conditions are included to ensure the contractor has the appropriate level of security required for the service they provide. This will differ depending on the nature of the service and the legal requirements applicable.	Social Services have quarterly forum meetings with providers where risks, issues and pressures are identified. There are regular contract monitoring visits to monitor performance and quality. This has continued throughout the pandemic.	CMB	Jan-2022	Aug-2022	Ongoing	4	3	12	Helping people and communities to be more healthy and resilient and smarter use of resources
			Ongoing														
COR - 2020 - 01	The Council is in breach of the GDPR because Directorates do not take ownership of, or properly resource, their responsibilities under the Regulation (GDPR).	If Directorates do not comply with the GDPR action may be taken by the regulator which could result in fines and in a loss of reputation for the council, including with citizens. Properly complied with, GDPR will increase public trust and citizens confidence in how their data is handled by the Council.	4	4	16	Treat	Jun-20	Prior to GDPR an implementation group was established with representation from each Directorate and each Directorate undertook an audit of the data it holds. The Information Governance Board meets quarterly. A Data Protection Officer has been appointed and the council has undertaken a review of its data protection and privacy policies and procedures, established an E-Learning model for staff and also provided training to Members. There is a data breach reporting procedure in place.	Directorates to ensure that staff have access to all the data protection policies and undertake the mandatory e-learning training. There is a risk of GDPR not being reflected by staff when performing certain activities leading to non compliance and penalties imposed by the ICO. The information Governance Board is continuing to meet. Following the move to remote working, staff have been reminded of compliance via Bridgenders messages and another message is due imminently.	CMB	May-2022	Aug-2022	Ongoing	3	2	6	Smarter use of resources

IDENTIFIED RISK			ACTION PLAN			Key actions to be established - NB business as usual activity not reflected here	who	Last Reviewed	Next Review	Action completed by	Residual risk score			Well-Being Objective				
No.	There is a risk that	Consequences of risk	Raw risk score								Control method	Date Risk score assigned	How is the council addressing this risk		Residual risk score	Li	Im	Total
			Li	Im	Total													
COR-2020-02	Recovery/restoration of services - the restoration of some Council services will require new ways of working to be established and implemented to ensure Covid safe environments for staff and the public .	Additional measures will need to be considered, with revised protocols with potentially additional costs, and increased operational burdens, to meet relevant guidance and provide safe service and working environments. Specific measures at a Directorate level will need to be assessed for the reopening of schools, including school transport and catering arrangements and assessing the needs of pupils with additional learning needs. Assessing the additional social care implications from having to work more remotely including the impact of remote assessments and less direct face to face contact for things like day services, the additional service requirement to meet the enhanced expectation that all homeless people will be provided with housing options and wrap around services, and the safe distancing, cleansing and hygiene and enhanced ICT provision required to allow effective reopening of the Council's core office portfolio on a gradual basis as well as better supporting agile working and working from home on an ongoing and more permanent basis, ensuring all health and safety requirements are understood and addressed. There is also a general risk that some members of the public, some staff and some elected members will not necessarily understand why new and different ways of working are necessary and may not be supportive, for example increased working away from the office and services offered on a predominantly 'digital' basis. These issues may result in decreased capacity and therefore an inability to meet service demands, potential for claims against the Council based on health and safety, an increased likelihood that some residents will be unable or unwilling to take up provision of services, an increased financial burden on the Council on a recurring basis.	5	4	20	Treat	Sep-20	Full risk assessments at a service level provide evidence of where interventions are required and new ways of working need to be implemented. A risk tool for individual members of staff and elected members has been distributed for self assessment to determine if special measures are required to be implemented to protect those individuals. Revised protocols have been developed to advise staff on good practice and business cases are prepared where additional investment is required to meet new operating procedures. Enhanced communication with staff, elected members and the public (including parents and pupils) will be necessary to mitigate some concerns and fears and ensure a better understanding of the Council's position. Coronavirus measures are continually updated as and when the advice from Welsh Government is received.	Comprehensive service risk assessment, implement key actions from the service recovery plans completed by Directorates, identify and action the lessons learnt from the experiences of service provision during the pandemic and lockdown, identify and consider service business cases for additional investment (as well as where there might be some savings from stopping areas of service or closing previous provision), ensuring ongoing and comprehensive communication and engagement as necessary. The Council continues to move to a 'recovery' position whereby as well as continuing to deliver some Covid related services and respond to some of the Covid legacy issues such as significantly increased demand for social care, early help and homelessness services, there is an expectation from the public that other Council services will have returned to 'normal'. Based on business cases some Council services have now partially returned to working in an office environment but the return is still being managed in a cautious and prudent way with employee safety at the forefront of considerations. A report was presented to Cabinet in September and to Overview and Scrutiny in October setting out the direction of travel with regard to a new operating model for the Council, embracing the best of the practices of the last 18 months but also recognising the need to ensure working methods moving forward properly reflect wellbeing concerns and the need for face to face interaction on occasion based most likely on a hybrid working model of some home/remote working and some office based working where appropriate. This was supported by the preferences in the recently completed staff survey.	CMB	May-2022	Aug-2022	Ongoing recovery as the impact of the pandemic eases, subject to future waves.	5	3	15	Smarter use of resources	

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			Li	Im	Total	Control method	Date Risk score assigned						Li	Im	Total	
COR-2020-03	Public Health/Protecting the Public - the Council will need to take an enhanced public health leadership role for a sustained period of time and that this will need to be prioritised and resourced at the expense of other services that are normally provided, and that without proper and comprehensive planning to carry out the additional functions of test, trace and protect, a potential mass vaccination programme and continued and ongoing protection of the vulnerable (including mental health services) and previously shielded individuals to ensure they have the services and support they require, as well as an advisory and enforcement role to ensure compliance with Covid regulations, Covid 19 virus infections will potentially rise locally with a significant overall impact on public health and consequential impact on the local economy.	A need to divert resource to ensure adequate planning, together with our partners in the Health Board and the third sector, of programmes of work to address these matters which if they are not dealt with properly or the measures are ineffective will lead to increased local infection and potentially increased fatalities, increased sickness levels including for the Council, significantly increased demand for services and in a worst case scenario further local lockdowns.	3	5	15	Treat	Sep-20	Planning effectively with our partners a joint Cwm Taf Morgannwg TTP team has been established across the Bridgend, RCT and Merthyr area. There will be ongoing recruitment to this team to deal with peaks and troughs in demand. BCBC officers have assisted in planning and staffing of mass vaccination centres and continue to support regional arrangements. There is enhanced wellbeing support available for staff.	CMB	Jan-2022	Aug-2022	Ongoing during the remainder of the financial year and into 2021-22, particularly in view of the enhanced risk of the prevalence of the virus increasing during winter months, although some of these activities are likely to stay with us long term and will in due course need to become business as usual	3	5	15	Smarter use of resources
COM - 2020 - 01	Invigorating the economy and economic recovery - there will be a prolonged and deep economic recession following the Covid pandemic and the uncertainties of the impact of the UKs withdrawal from the European Union, compounded by local issues such as the closure of the Ford engine plant.	There will be an increase in unemployment and the number of local benefit claimants. The ending of the furlough scheme may have further exacerbated this with the potential for further impacts to businesses. In addition there is likely to be a consequential impact on town centre footfall and increased empty retail properties, as potentially there will be less disposable spending locally. Increased financial hardship may also lead to an increase in demand for some Council services including those of the economic development, council tax, employability, mental health, domestic abuse and homelessness services.	5	3	15	Treat	Sep-20	By seeking to support local businesses and individuals by signposting them to appropriate financial support, skills training and support services, and progressing schemes to develop opportunities to set up and establish new business.	CMB / Economic Recovery Panel	May-2022	Aug-2022	Ongoing	5	2	10	Supporting a successful sustainable economy
SS-2021-01	The WCCIS (Welsh Community Care Information System) Social care system (national system) will fail to operate. This is an ICT system which holds all BCBC social care records and is supported by an external contractor.	As all of Bridgend social care records and services are held on this system, when it fails social work practitioners are unable to check records of individuals known to the service, this could cause safeguarding issues as understanding previous referrals and interactions and undertaking lateral checks are critical to safeguarding decision making. On one occasion when the system failed for 2 days, the Authority was not able to provide advice to other agencies on a Safeguarding issue in a time crucial way - causing a high risk to children and adults at risk. System down time potentially leaves the authority people vulnerable in its safeguarding role. Practitioners would also be unable to update care and service plans and there is therefore a risk to front line care services. Processing of documentation which commence services to vulnerable citizens could cause potential delays to care packages. In addition, services being unable to share social care records to service providers, and partners. The foster care payments system is operated from this system so internal foster carers will not be paid this could potentially result in us losing foster carers if the payments fail regularly. There is also a risk to the ability to in a timely way provide reports and management information for key social care services to WG. The system is currently failing on a daily basis and /or running so slow that makes it unable to function. On one occasion the system has failed for more than a day sometimes these drop outs are planned but often the system fails without warning and the support from the supplier in overcoming issues experienced has not been robust. The performance of the system is causing extreme frustration for practitioners and presents a risk to retention and recruitment as workers may chose to leave and work in LAs with other systems which perform better. This risk will affect the reputation of the Council as well as affecting partnership working as the NHS and other partners (police and probation working in the MASH) will not deploy a system which performs so poorly. This presents further safeguarding risks in respect of poor information sharing. There are also risks to non compliance and the overarching risk is failure to maintain effective and safe services to vulnerable residents of Bridgend. Undertaking contract enforcement action is itself a high risk strategy as a new system would need to be procured. Implementation of a new system would move away from a single integrated system for Wales, would present risks in terms of transfer of records and would incur significant additional costs	5	3	15	Treat	Jun-21	A WCCIS user group is being established in BCBC to address the issues being faced by practitioners. A review of how the system is supported in the Council will be progressed. BCBC is working with regional partners to consider the options for CTM for an integrated system and the Head of Partnerships is part of the national leadership group which has commissioned a review of the system.	CMB	Jun-2022	Aug-2022	Ongoing - Residual Risk to be reviewed	5	3	15	All Well-Being Objectives
COR-2022-01	The hangover effects of the pandemic, coupled with heightened geo-political tensions emerging from invasion of Ukraine, is impacting global economy, financial systems, supply chains and energy security	<ul style="list-style-type: none"> <li>Increased inflationary pressures impacting costs of pricing and materials in construction sector, delaying or disrupting capital projects</li> <li>Increased pricing of commodities – gas, oil and silicon chips could have a direct impact on certain projects, costs and performance of key sectors</li> <li>Increased risks around energy supply and capability, to potentially impact delivery of the Energy Strategy</li> </ul>	4	5	20	Treat	Apr-22	<ul style="list-style-type: none"> <li>Ongoing economic analysis</li> <li>Agreed energy strategy</li> <li>Heat network project</li> </ul>	CMB	Jun-2022	Sep-2022	Ongoing	4	3	12	All Wellbeing Objectives
COR-2022-02	Post-election changes could have an impact on future programme continuity	<ul style="list-style-type: none"> <li>Potential for changes to be brought via local government elections, which could impact new cabinet members and priorities</li> <li>Potential for discontinuity and de stabilisation, with 31 new members elected</li> <li>Potential for new priorities and changed political and organisational focus</li> <li>Risk that new initiatives do not have funding in the agreed budget for 22/23</li> <li>Potential for unrealistic expectations on pace and amount of change achievable based on affordability, deliverability and legislative guidance</li> </ul>	4	5	20	treat	Apr-22	The Corporate Plan is in place and approved. The budget for 2022/23 is agreed	CMB	May-2022	Sep-2022	Ongoing	4	3	12	All Wellbeing Objectives

Control Method Definition	
Definition	Meaning
Treat	To continue with the activity, but at the same time take action to bring the risk to an acceptable level.
Transfer	Transferring the responsibility of the risk to outside the Council.

IDENTIFIED RISK			ACTION PLAN														
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			Li	Im	Total									Li	Im	Total	

**Risk Scores**  
 1-9 - Green - Low  
 10-12 - Amber - Medium  
 15-25 - Red - High

**Risk ID number follows the sequence: Directorate - year identified - risk number**  
 Directorate codes mentioned above are:  
 SS - Social Service  
 COR - Corporate  
 COM - Communities  
 CEX - Chief Executives

## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO GOVERNANCE AND AUDIT COMMITTEE

22 JUNE 2022

#### REPORT OF THE MONITORING OFFICER

##### CORPORATE SELF-ASSESSMENT

#### 1. Purpose of report

- 1.1 The purpose of this report is to provide an update on the requirements of the Local Government and Elections (Wales) Act 2021, specifically self-assessment requirements.

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

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

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

- 2.2 The Authority's self-assessment and improvement planning process contributes to the achievement (and reporting) of the corporate well-being objectives.

#### 3. Background

- 3.1 The Local Government and Elections (Wales) Act 2021, which received royal assent in January 2021, sets out a new local government improvement regime, which puts more onus on the council to demonstrate improvement rather than on Audit Wales and other regulators. One of the requirements in the Act is for the council to produce and publish a self-assessment report for each financial year – with effect from 1 April 2021.
- 3.2 The self-assessment report has to set out conclusions on whether the council met the 'performance requirements' during that financial year, and actions needed to improve. The 'performance requirements' focus on :-

1. Are we exercising our functions effectively;
2. Are we using our resources economically, efficiently and effectively;
3. Is our governance strong.

3.3 To do this, the Welsh Government statutory guidance and (Welsh Local Government Association) WLGA guidance tell us that the council should use evidence; internal evidence (performance and financial data we collect around different parts of the council); external evidence (including audit and inspection reports, ombudsman / Health and Safety Executive reviews); and the views of stakeholders (through engagement with local people, businesses, council staff and trade unions).

3.4 The Welsh Government guidance requires the council to make a draft of its self-assessment report available to its governance and audit committee. The committee must review the draft report and may make recommendations for changes to the conclusions or action the council intends to take. We will bring the report to GAC's September meeting.

#### 4. Current situation/proposal

4.1 The guidance encourages us to use existing data, reporting and challenge processes as much as possible. So we propose to assess and test each question in the 'performance requirements' in the following ways –

<b>Question 1 – Performance and outcomes</b>	We have an existing process for monitoring, review and challenging performance. We will supplement this with a new template to summarise and add to quarter 4 performance data and support directorates to make a judgement on their performance in 2021/22. It will look at both corporate plan priorities and other directorate information. This will be collated to represent whole council performance and presented to the Corporate Performance Assessment (CPA) panel made up of corporate management board, Cabinet members and Scrutiny Chairs, on 20 June alongside annual performance data .
<b>Question 2 – Use of resources</b>	We do not have an existing process for doing this comprehensively across all resource types, so have established a number of officer workshops for July, baselining our work on – finances, procurement, corporate planning, performance management, risk management, workforce planning and asset management. The findings from these workshops will be presented to a further CPA in late July.
<b>Question 3 – Governance</b>	This assessment is already completed annually through the annual governance statement (AGS) which is scrutinised and approved by the Governance and Audit Committee (GAC). We propose that this document will also be scrutinised by the late July CPA meeting.

4.2 The approach and process for self assessment have been raised with Bridgend community cohesion and equality forum, and will engage with local people, businesses, council staff and trade unions in September.

4.3 The findings and judgements from each of the three questions will be collated into a single, simple, accessible report. In line with the WG and WLGA guidance, the self-assessment report and annual wellbeing assessment will be merged into a single document.

4.4 Proposed key dates are as follows –

<b>Process</b>		<b>Dates</b>
Test self-assessment process	Cabinet / Corporate Management Board (CCMB)	14 June
Test self-assessment process	Governance and Audit Committee (GAC)	22 June
Question 1 (performance) templates completed	Directorate business managers	By 14 June
Test findings of Q1	CPA	20 June
Q2 workshops completed	Workshops	Early July
Test findings of Q2	CPA	End July
Test findings of Q3	GAC (and CPA for completeness)	End July
Collate draft report	Corporate policy team & teams	August
Test draft report	CMB / CCMB	Early September
Engagement	Staff Trade Unions Citizens Businesses	September
Test draft report, discussion / approvals	CCMB / Cabinet	Late-September
Test draft report, discussion / approvals	GAC	22 September
Publication		October

## **5. Effect upon policy framework and procedure rules**

5.1 There will be no effect on the policy framework and procedure rules.

## **6. Equalities Act 2010 Implications**

6.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh language have been considered in the preparation of this report. As a public body in Wales, the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. A full EIA will be carried out as part of the development of the self assessment report. This will be considered as part of the approval of the report.

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

7.1 The 5 ways of working – long-term, integration, involvement, collaboration and prevention - form a key part of the key lines of enquiry for the workshops in July. The annual wellbeing assessment will be merged with the annual self-assessment for 2021/22.

## **8. Financial implications**

8.1 There are no financial implications associated with these arrangements. The cost of consultation / engagement and publication will be met from within existing budgets.

## **9. Recommendation**

9.1 Governance and Audit Committee is recommended to: -

Review and approve the proposed processes and arrangements for corporate self-assessment 2021/22.

**K Watson**  
**CHIEF OFFICER - LEGAL AND REGULATORY SERVICES, HR AND CORPORATE**  
**POLICY**  
**14 June 2022**

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Corporate policy and public affairs manager

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## **Background documents**

None.

## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

22 JUNE 2022

#### REPORT OF THE HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE

##### ANNUAL INTERNAL AUDIT REPORT 2021-22

### 1. Purpose of report

- 1.1 The purpose of this report is to provide the Head of Internal Audit's Annual Opinion on the Council's control environment in relation to governance, risk management and internal control and to inform the Governance and Audit Committee of the work and performance of Internal Audit for the Financial Year 2021-22.

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

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

### 3. Background

- 3.1 The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an Annual Report to support the Annual Governance Statement. The report should:
- Include an opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control;
  - Present a summary of the audit work undertaken;
  - Draw attention to any issues that may impact on the level of assurance provided;
  - Provide a summary of the performance for the service;
  - Comment on conformance with the Public Sector Internal Audit Standards.
- 3.2 In accordance with the Public Sector Internal Audit Standards, the Head of Internal Audit is responsible for developing a risk-based annual audit plan which takes into account the Council's risk management framework. Within the Standards there is also a requirement for the Head of Internal Audit to review and adjust the plan, as necessary, in response to changes in the Council's business, risks, operations, programmes, systems, controls and resources. The Head of Internal Audit must also ensure that Internal Audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan.

- 3.3 The draft audit plan for 2021-22 was approved by the Governance and Audit Committee in June 2021. The approved plan was flexible to be able to respond to changing circumstances and events that may occur during the year as a result of the pandemic and the remote ways of working. This assurance gained from the audit work undertaken during the year assists the Head of Internal Audit in providing an overall annual opinion.
- 3.4 Audit work has been carried out remotely during the year with staff predominantly working from home. Audits have been conducted using various digital solutions and whilst there was a steep learning curve both for audit staff and auditees all have adjusted well to this way of working.

#### 4. Current situation/proposal

- 4.1 The Annual Internal Audit Report is at **Appendix A** which summaries the reviews undertaken during 2021-22, the recommendations made and any control issues identified. A total of 27 reviews were completed with an audit opinion and a total of 119 recommendations made. A detailed breakdown is included at **Annex 1** of this appendix. The annual report also discusses the performance of the internal audit service during the year including benchmarking its performance against other local authorities and highlighting individual staff development and training that has taken place.
- 4.2 Progress against the 2021-22 Risk Based Plan is attached at **Annex 2**. This details the status of each planned review. It should be noted that some reviews listed have no audit opinion, for example advice and guidance, fraud and irregularity work and external audit liaison. This is because the audit work carried out in respect of these items was planned but the nature of the work does not lead to testing and the formation of an audit opinion.
- 4.3 **Annex 2** illustrates that many of the planned audit reviews have been undertaken during 2021-22 despite the continuing impact the pandemic has had on services as well as the adoption of remote working. Where planned work has not been undertaken, assurance has been gained where possible from other sources such as previous work and coverage in other audits. Some planned reviews were not undertaken during the year due to requests from services that were under intense pressure, these will be considered in the 2022-23 plan whilst two audits have started and will be completed during 2022-23.
- 4.4 Based on the testing of the effectiveness of the internal control environment an audit opinion of substantial assurance has been given to 4 reviews (15%) and an opinion of reasonable to 22 reviews (81%). The remaining one audit (4%) has been given an audit opinion of limited, that is only limited assurance can be placed on the current systems of internal control. Recommendations have been made for improvements and a follow up audit will be undertaken to ensure controls have been improved to mitigate the risks identified.
- 4.5 *Taking into account the results of the internal audit reviews completed during 2021-22, the recommendations made and considering other sources of assurance the Head of Internal Audit's annual opinion on the adequacy and effectiveness of the*

*Council's framework of governance, risk management and internal control for 2021-22 is of:*

**Reasonable Assurance.**

*No significant cross-cutting control issues have been identified that would impact on the Council's overall control environment and the weaknesses identified are service specific.*

4.6 In providing this annual audit opinion, it should be noted that assurance can never be absolute. The most that internal audit can provide is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The matters raised in this report are only those which came to our attention during our internal audit work in the financial year 2021-22 and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

**5. Effect upon policy framework and procedure rules**

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

**6. Equality Act 2010 implications**

6.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. This is an information report, therefore it is not necessary to carry out an Equality Impact assessment in the production of this report. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

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

7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

**8. Financial implications**

8.1 There are no direct financial implications arising from this report however effective audit planning and monitoring are key contributors in ensuring that the Council's assets and interests are properly accounted for and safeguarded.

**9. Recommendation**

9.1 That members of the Governance and Audit Committee give due consideration to the Annual Internal Audit Report for the Financial Year 2021-22 including the Head of Internal Audit's Annual Opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control.

**C. Mark Thomas**  
**Head of Internal Audit**  
**June 2022**

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**Background Documents**

None



# ANNUAL INTERNAL AUDIT REPORT

2021/2022

C. M. Thomas MAAT, CPFA  
Head of Regional Internal Audit Service  
June 2022



## Annual Internal Audit Report 2021/22

**Section 1 – Introduction**

- 1.1 The Public Sector Internal Audit Standards (PSIAS) requires the Head of Internal Audit to deliver an annual internal audit opinion and report which can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
- 1.2 The Covid-19 pandemic continued to have an impact on how the Council has operated and the governance arrangements and processes in place to ensure it could continue to support residents and businesses during the year.
- 1.3 Audit work has been carried out remotely with staff predominantly working from home. Audits have been conducted using various digital solutions and whilst there was a steep learning curve both for audit staff and auditees all have adjusted well to this way of working. It is likely that the audit service will largely continue to be delivered remotely with an element of office based/face to face working as required.
- 1.4 The 2021/22 Internal Audit Plan outlined the assignments to be carried out to enable the Head of Internal Audit to form an annual opinion of the Council's overall control environment including, governance, risk management and internal control. The plan had regard to the continuing impact caused by the pandemic and the changes that have been made to the way the Council is operating.
- 1.5 Other factors taken into account included potential availability of audit and service staff and challenges arising from the remote ways of working. The plan was also flexible to respond to changing circumstances and events that may have occurred such as a second wave/outbreaks, pressures on services, the ability to access staff and evidence or requests to respond to new issues that may emerge.
- 1.6 The Internal Audit Service is delivered through the expanded shared service that came into existence on 1st April 2019. The service is hosted by the Vale of Glamorgan Council and provides internal audit services to the Vale, Bridgend, Merthyr Tydfil & Rhondda Cynon Taf Councils. The arrangement is underpinned by a detailed legal agreement between the four Councils which sets out a range of obligations (the core service is the same for each Council but there are differences in what is provided outside of the core service).
- 1.7 The service reports to the four Governance & Audit Committees and is overseen at a strategic level by the Board which consists of the Chief Finance Officers of the four Councils.

## Annual Internal Audit Report 2021/22

## Section 2 – Summary of Reviews Undertaken 2021/22

- 2.1 On completion of the audit reviews an audit opinion is formed providing assurance for management and those charged with governance on how well the internal controls and governance arrangements of the system, establishment or area of review are operating.
- 2.2 Based upon the findings and recommendations made, an overall conclusion as to the level of assurance that can be provided is given as follows:

Table 1 - Audit Assurance Category Code	
<b>Substantial</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
<b>Reasonable</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Limited</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>No Assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

**Table 2 – Audit Opinion Given to Completed Audit Reviews 2021/22**

Opinion	Follow Ups	Financial Systems	Other Audit Reviews	Grant Verification	Total	%
Substantial			2	2	4	15%
Reasonable	1	2	16	3	22	81%
Limited		1			1	4%
No Assurance					0	0%
<b>Total</b>	<b>1</b>	<b>3</b>	<b>18</b>	<b>5</b>	<b>27</b>	<b>100%</b>

- 2.3 Table 2 illustrates that a total of 27 reviews have been given an audit opinion. A detailed list of these is at **Annex 1**.

## Annual Internal Audit Report 2021/22

- 2.4 Based on the testing of the effectiveness of the internal control environment an audit opinion of substantial assurance has been given to 4 reviews (15%) and an opinion of reasonable to 22 reviews (81%). The remaining 1 (4%), has been given an audit opinion of limited, that is only limited assurance can be placed on the current systems of internal control. This is detailed in Section 3 below.
- 2.5 The final position against the 2021/22 approved audit plan is attached at **Annex 2**. This details the status of each planned review, the audit opinion and the number of any high, medium or low recommendations made to improve the control environment. It should be noted that some reviews listed have no audit opinion, for example advice and guidance, external audit liaison, fraud and irregularity work, audit planning and recommendation monitoring. This is because the audit work carried out in respect of these items was planned but the nature of the work does not lead to testing and the formation of an audit opinion
- 2.6 **Annex 2** illustrates that many planned audit reviews have been undertaken during 2021/22 despite the continuing impact the pandemic has had on services as well as the adoption of remote working. Where planned work has not been undertaken, assurance has been gained where possible from other sources such as previous work and coverage in other audits. Some planned reviews were not undertaken during the year due to requests from services that were under intense pressure, these will be considered in the 2022/23 plan whilst two audits have started so have been carried forward to be completed during 2022/23.
- 2.7 Therefore the level of Internal Audit coverage was sufficient for the Head of Audit to be able to give an opinion.

**Section 3 – Limited Reports - Control Issues**

- 3.1 Table 2 illustrates that one audit review identified control issues which meant that only limited assurance could be provided. This is detailed below:
- Creditor – Supplier Data**
- 3.2 The purpose of the audit was to provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in respect of suppliers set up and changed within the creditors system. It was identified that some creditor details could be amended after authorisation. Despite data analysis and audit testing providing assurance that this is unlikely to have happened a significant risk was identified, and a high priority recommendation was made and accepted to improve controls. The audit also identified that improvements could be made in respect of verifying information and providing more guidance to staff. A follow up audit will be undertaken in due course.
- 3.3 Table 2 also identifies that a follow up audit has been concluded during the year. Follow up audits are undertaken on previous limited assurance reports to ensure that improvements have been made to mitigate the risks previously identified. It is pleasing to note that the Additional Learning Needs follow up audit demonstrated improvements and therefore a reasonable audit opinion was provided.

## Annual Internal Audit Report 2021/22

**Section 4 – Recommendations – 2021/22**

- 4.1 Recommendations are made at the conclusion of an audit review if it is felt that improvements should be made to mitigate risk. Recommendations are included in a management action plan and following each audit report recipients are asked to complete the action 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, these ratings being High, Medium and Low.

**Table 3 – Recommendation Categorisation**

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

<b>High Priority</b>	Action that is considered imperative to ensure that the organisation is not exposed to high risks.
<b>Medium Priority</b>	Action that is considered necessary to avoid exposure to significant risks.
<b>Low Priority</b>	Action that is considered desirable and should result in enhanced control.

- 4.2 Management are asked to provide feedback on the status of each recommendation once the target date for implementation has expired. The implementation of these recommendations is monitored using MK Insight internal audit software to ensure improvements are being made.

**Table 4 – Analysis of Recommendations Made During 2021/22**

Recommendations	Follow Ups	Financial Systems	Other Audit Reviews	Grant Verification	Total	%
High	0	1	0	0	1	1%
Medium	2	6	45	5	58	49%
Low	1	13	44	2	60	50%
<b>Total</b>	<b>3</b>	<b>20</b>	<b>89</b>	<b>7</b>	<b>119</b>	<b>100%</b>

## Annual Internal Audit Report 2021/22

- 4.3 Table 4 illustrates that a total of 119 recommendations have been made to improve the control environment of the areas reviewed during 2021/22. Management has given written assurance that these will be implemented or have accepted the identified risk if the recommendation has not been accepted. The implementation of these recommendations is being monitored to ensure that improvements are being made.

**Section 5 – Counter Fraud Work**

- 5.1 Three matters were referred to Internal Audit for review during 2021/22. One related to the validity of invoices received under the Learner Travel contract. A fact finding exercise was undertaken and although fraud was not proven, areas for improvement within the Council's processes were identified. As a result, an audit in this service area was also undertaken during the year to ensure improvements had been made. The audit of Learner Travel listed in annex 1 and annex 2 resulted in reasonable assurance as improvements to controls had been made.
- 5.2 The other 2 matters were in respect of a primary school. Concerns were raised in respect of payments of invoices and private funds. The work undertaken identified areas where improvements to processes and controls could be made and these recommendations will be monitored. In addition, the fact finding reports have been provided to an appointed Investigation Officer to form part of a wider piece of work being undertaken through the disciplinary process.
- 5.3 The National Fraud Initiative is also included in our audit plan. Internal Audit facilitates the upload of data and provides advice to officers reviewing the data matches. A new biennial exercise commenced during 2020 when data was extracted from the various Council systems and submitted for matching in October 2020. The matches were returned in January 2021 and work is ongoing to review the data matches to identify if there any fraud or error has occurred.
- 5.4 A separate Annual Corporate Fraud Report will be presented to the Governance and Audit Committee which will outline the counter fraud work undertaken during 2021-22 which is being compiled by Bridgend's Senior Fraud Investigator. Internal Audit has an excellent working relationship with the Senior Fraud Investigator and significant liaison takes place in relation to policies, corporate fraud matters and related investigations.

## Annual Internal Audit Report 2021/22

## Section 6 – Key Performance Measures – Client Satisfaction Questionnaires

- 6.1 The Internal Audit Service uses MK Insight (Internal Audit software) to enable clients to feedback with comments on the work undertaken by internal auditors. The client satisfaction questionnaires provide managers with the opportunity to feedback on the performance, professionalism and conduct of the auditor as well as the audit process in general.

The areas covered are below:

No	Question
<b>Audit Planning</b>	
1	Were you satisfied with the notice given prior to the commencement of the Audit?
2	Were you adequately consulted with in respect of the nature, scope and objectives of the Audit?
<b>Audit Fieldwork</b>	
3	Was the audit fieldwork undertaken in a timely manner, with minimum disruption to service delivery?
4	Was a summary of the audit findings adequately explained to you following completion of the audit fieldwork and prior to the issue of the draft report?
<b>Audit Report</b>	
5	Did you find the recommendations within the report fair and accurate?
6	Were you adequately consulted and given sufficient opportunity to comment on the Draft Report?
7	Do you feel the recommendations within your report will be of value to you as a Manager?
8	Were you happy that the format of the Report was clear, concise and easy to read?
9	How do you rate the timeliness of the issue of the Final Report?
<b>Conduct of the Auditor</b>	
10	Were the auditor(s) generally helpful throughout the audit and offer appropriate assistance and/or advice (if applicable)?
11	How do you assess the Auditor(s) in terms of professionalism, helpfulness and politeness?
<b>Overall</b>	
12	How would you rate the usefulness of the audit?

- 6.2 This was the first year that the internal audit software was used to issue client questionnaires. The return rate was lower than we would have liked, with 52% returned. This is an area where the Service will look to improve and will explore the MK Insight audit software to introduce a follow up process where surveys have not been returned, allowing potential development areas to be identified and service improvements made where necessary.
- 6.3 The returned surveys however have confirmed satisfaction with the audit approach, the service provided and the conduct of the Auditors. It is pleasing that the average rate of satisfaction is 95%. In addition to the above questions, the client also has an opportunity to make comments within the Client Satisfaction Questionnaire. Set out below are examples of comments received during the period.

## Annual Internal Audit Report 2021/22

The Auditor was very polite throughout the audit.

The auditors were extremely helpful and first class

The report will be useful to pull upon and use as a measure for upcoming years.

The Auditor was incredibly helpful and patient and explained everything every step of the way.

### Section 7 – Key Performance Measures – Staff Training

- 7.1 Investment in the development of staff continues as it is recognised that with the increasing challenges and complexity facing local government and other public sector services, the need for well trained, motivated, and versatile audit staff has never been higher.
- 7.2 In terms of professional training, one member of staff successfully completed the Chartered Institute of Internal Auditors, Certified Internal Auditor qualification during the year and another member of staff is working towards this qualification.
- 7.3 In addition, the member of staff who completed the full professional qualification of the Chartered Institute of Public Finance & Accountancy (CIPFA) last year has, during this year, successfully gained full membership.
- 7.3 Staff are also encouraged complete on-line courses to develop their skills and networking opportunities. Listed below illustrate the range of training courses that staff have completed during 2021/22: -
- Data Protection
  - Diversity & Inclusion
  - ISACA Webinars – various IT /digital subjects
  - Fire Safety
  - Agile Working and Working from Home
  - Conflict Resolution
  - Decision Making
  - Introduction to Internal Auditing

## Annual Internal Audit Report 2021/22

**Section 8 – Key Performance Measures – Benchmarking**

- 8.1 The Internal Audit Service participates annually in the Welsh Chief Auditors Group (WCAG) benchmarking exercise. The results for 2020/21 are illustrated in Table 5, the information for 2021/22 is awaited.

**Table 5 – Performance Data**

Performance Indicator	RIAS Performance BCBC 2021/22	WCAG Average Performance 2021/22	RIAS Performance BCBC 2020/21	WCAG Average Performance 2020/21
% of Planned Audits Completed	69%		74%	67%
% of Audits Completed in Planned Time	76%		71%	75%
% of clients responses at least satisfied	100%		N/A	100%
% of recommendations accepted versus made	100%		100%	100%

- 8.2 It should be noted that 16 of the 22 Councils returned their performance figures for 2020/21 representing a return rate of 73%.
- 8.3 Overall for 2021/22, 69% of the audit plan was completed, a total of 39 assignments were planned during the year of which 27 were completed. 76% of audits were completed within planned time during 2021/22.
- 8.4 Although not all work planned for was undertaken during the year, Internal Audit management ensured that coverage was given to appropriate areas including requests to undertake specific additional work. Where risk profiles changed during the year, Internal Audit responded accordingly.
- 8.5 The PI's illustrate that the performance by Internal Audit staff within Bridgend Council is still comparable to the average performance despite the challenges of Covid and remote working.

## Annual Internal Audit Report 2021/22

**Section 9 – Public Sector Internal Audit Standards**

- 9.1 The Public Sector Internal Audit Standards encompass the following mandatory elements:
- Definition of Internal Auditing;
  - Code of Ethics
  - International Standards for the Professional Practice of Internal Auditing.
- 9.2 The Standards aim to promote further improvement in the professionalism, quality and effectiveness of Internal Audit Services across the public sector. The Standards require that each public sector Internal Audit Service has in place robust arrangements for quality assurance and requires that Internal Audit be the subject of an external assessment at least once every 5 years.
- 9.3 The Internal Audit Service received an external assessment in accordance with the Standards in 2017 and another will be carried out in 2022. No areas of non-compliance that would affect the overall scope or operation of the Internal Audit activity were identified and the assessment noted that there were no significant deviations from the Standards.
- 9.4 Whilst improvements have been made to working practices and more sophisticated audit software is now in use and remote working is common place, no significant changes have occurred in respect of the working practices since the Regional Internal Audit Service was set up in April 2019. As a result, the Service continues to conform to the Standards during 2021/22.

**Section 10 – Regional Internal Audit Service Progress**

- 10.1 The expanded shared service came into existence on 1<sup>st</sup> April 2019, it is hosted by the Vale of Glamorgan Council and provides internal audit services to the Vale, Bridgend, Merthyr Tydfil & Rhondda Cynon Taf Councils.
- 10.2 The vision for the service is to be the provider of Internal Audit Services of choice to the public sector in South Wales and be a centre of excellence for public sector internal auditing and to be a service that is regarded as:
- ✓ Professional
  - ✓ Approachable
  - ✓ Flexible
  - ✓ Independent but internal to the organisation – a critical friend
- 10.3 The immediate priorities for the service were identified as follows:
- Ensure a seamless transition from previous arrangements

## Annual Internal Audit Report 2021/22

- Ensure Internal Audit plans for each Council have been developed, consulted on and are deliverable within the likely resources available
- Production of Annual Internal Audit Reports for each Council
- Continue to support all four Audit Committees
- Continue to deliver the planned Audits for each Council

These were all delivered.

10.4 The priorities identified for the first 12 months for the Service were:

- Develop a structure taking into account TUPE requirements and SWOT analysis
- Confirm ICT solution & arrangements
- Identify & evaluate different approaches/ methodologies of each Internal Audit team and identify most appropriate to adopt

10.5 During 2021/22 staff were matched to posts within the new agreed staffing structure. Recruitment to the remaining vacant posts then commenced and this resulted in several internal promotions as well as some external appointments. The recruitment process will continue during 2022/23 until all posts are filled including recruiting Graduate Auditors who will be supported to become professionally qualified.

10.6 A tender exercise was undertaken during 2021/22 to establish a framework agreement for the provision of an Internal Audit service to be used when required to supplement the existing in-house provision when required. This was a successful exercise and a framework agreement is now in place for the next 3 years.

10.7 Audit work has been carried out remotely with staff predominantly working from home. Audits have been conducted using various digital solutions and whilst there was a steep learning curve both for audit staff and auditees all have adjusted well to this way of working. It is likely that the audit service will largely continue to be delivered remotely with an element of office based/face to face working as required.

10.8 The new audit software solution was successfully implemented and used by all staff for the 2021/22 audit plan. This has ensured consistency in approach and style of reporting across the Regional Internal Audit Service. Ongoing development will continue to ensure maximum use of the improved functionality and reporting tools.

10.9 The longer-term success of the Regional Internal Audit Service includes plans to develop a commercial approach and analysing the potential public sector market. Limited progress has been made on this aspect as the foundations referred to above need to be embedded before progressing this. A draft roadmap has been produced during 2021/22 which will be firmed up once all the vacancies have been filled.

## Annual Internal Audit Report 2021/22

**Section 11 - Opinion Statement 2021/22**

This statement of opinion is underpinned by:

**Internal Control Framework**

The control environment comprises the Council's policies, procedures and operational systems and processes in place to:

- Establish and monitor the achievement of the Council's objectives;
- Facilitate policy and decision making;
- Ensure the economical, effective and efficient use of resources;
- Ensure compliance with established policies, procedures, laws and regulations;
- Safeguard the council's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption.

During the year, core financial and administrative systems were reviewed by Internal Audit either through specific reviews (e.g. Revenues and Benefits and Creditors) or generally in the reviews undertaken in respect of directorate systems.

In providing my annual audit opinion, it should be noted that assurance can never be absolute. The most that internal audit can provide is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The matters raised in this report are only those which came to our attention during our internal audit work in the financial year 2021/22 and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

In arriving at my opinion, the following matters have been taken into account:

- The results of all internal audits undertaken during the year ended 31<sup>st</sup> March 2022
- The results of follow-up reviews of action taken to address audit recommendations;
- Whether or not any significant recommendations have not been accepted by management and the consequent risks;
- The effects of any material changes in the Council's objectives and activities.
- Other sources of assurance

## Annual Internal Audit Report 2021/22

**Risk Management**

Effective Risk Management forms a key aspect of assurance and governance. The Corporate Risk Management Policy is aligned with Directorate Plans and the Council's performance management framework.

Key risks are distilled in the Corporate Risk Assessment which is regularly reviewed and challenged by senior management. Detailed reports are also provided quarterly to the Governance & Audit Committee. A Good Governance and Risk Management audit was undertaken during 2021/22 and a reasonable opinion provided. Risk management is also considered as part of every audit.

It is not possible to eliminate all risk of failure to meet the targets in the Council's policies, aims and objectives and cannot therefore provide absolute assurance of effectiveness, but one of **reasonable assurance** is given.

**Governance Arrangements**

Good Governance will facilitate effective management that can deliver long term success and performance of an organisation. To assist with this the Chief Officer Finance, Performance & Change post has been permanently filled during the year.

A Good Governance and Risk Management audit was undertaken during 2021/22 and a reasonable opinion provided and governance arrangements are considered as part of every audit where applicable.

No significant issues were identified from a governance perspective therefore an opinion of **reasonable assurance** is given.

**Internal Control**

I have based my opinion on internal control using the work undertaken by internal audit during the year.

A total of 27 reviews culminating in an overall opinion have been completed, 26 (96%) of which have been closed with either a substantial or reasonable assurance opinion level. One review (4%) has identified weaknesses in the overall control environment, and these have been summarised in Section 3 above.

Therefore, an opinion of **reasonable assurance** can be given on internal control.

## Annual Internal Audit Report 2021/22

**Head of Internal Audit Opinion Statement 2021/22**

From the work undertaken during the financial year 2021/22 and taking into account other sources of assurance, the Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2021-22 is:

**“Reasonable Assurance”**

The opinion states that, based on the work completed by the Regional Internal Audit Shared Service for the financial year, 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.

As described the way the Council has had to operate during 2021-22 was still affected by the COVID 19 pandemic. Many staff have worked remotely, and systems & processes have had to be adjusted to cater for the new ways of working. Similarly, Internal Audit has worked remotely, conducting audits and obtaining evidence digitally. Each audit has considered the potential impact of remote working to ensure adequate controls and governance arrangements remained in place.

The pandemic, remote working and vacant posts did have some impact on the delivery of the internal audit plan for 2021-22 however, the Internal Audit coverage was still sufficient for the Head of Audit to be able to give an opinion.

The recommendations made to improve governance, risk management and control have been accepted and are at various stages of implementation.

## Annual Internal Audit Report 2021/22

## Annex 1 – Audits Completed with an Opinion &amp; Recommendations 2021/22

Audit	Opinion			Recommendations		
	Substantial	Reasonable	Limited	High	Medium	Low
Project & Contract Management		√			1	4
Good Governance & Risk Management		√			1	
Bus Service Support Grant 2020/21		√			2	
Education Improvement Grant 2020/21		√			2	1
Housing Support Grant 2020/21		√			1	1
Revenues & Benefits - Complaints, Appeals & Performance		√			1	5
Creditors - Supplier Data			√	1	2	7
Payroll & Expenses		√			3	1
Disclosure & Barring Service		√			1	4
i-Trent system review		√			4	
Citizens Digital Access System		√				3
Cyber Security		√			7	1
Early Retirement / Redundancy		√			2	1
Deputyships & Appointeeships	√					1
Registrars		√			3	2
Coychurch Crematorium	√					
Porthcawl Harbour	√					
Pothole Repairs		√			4	3
Building Control		√			4	3
Planning Applications & Appeals		√			3	9
Additional Learning Needs Follow Up		√			2	1
School Purchasing Cards		√			3	2
School Inventories	√				2	1
School Private Funds		√			1	1

Annual Internal Audit Report 2021/22

Audit
School CRSA
Learner Travel
Direct Payments
<b>OVERALL TOTALS</b>

Opinion		
Substantial	Reasonable	Limited
	√	
	√	
	√	
<b>4</b>	<b>22</b>	<b>1</b>

Recommendations		
High	Medium	Low
		1
	6	2
	3	6
<b>1</b>	<b>58</b>	<b>60</b>

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## Bridgend County Borough Council - Activity Against Audit Plan 1st April 2021 to 31st March 2022

Page 133

Directorate	Area	Audit Scope / Risk	Status	Opinion			Recommendations		
				Substantial	Reasonable	Limited	High	Medium	Low
Communities	Carry Forward from 2020/21	Project & Contract Management	complete		v		0	1	4
Cross - Cutting	Follow up Limited Assurance Reports	To ensure that improvements have been made to the control environment since the previous limited assurance review.							
		Additional Learning Needs Follow Up	complete		v			2	1
Cross Cutting	Good 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. Assist in the AGS	complete		v		0	1	0
Cross Cutting	Safeguarding	This review will 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 particularly having regard to the impact of COVID19.	to be undertaken 2022/23						
Cross Cutting	Grant Certification Work	Under the conditions of the specific grant determination, the Head of Audit must certify that the conditions of the grant have been complied with.							
		Bus Service Support Grant 2020/21	complete		v		0	2	0
		Education Improvement Grant 2020/21	complete		v		0	2	1
		Housing Support Grant 2020/21	complete		v		0	1	1
Cross Cutting	Risk Management	Successful risk management relies on a corporate approach to ensure that all risks are identified and managed systematically and consistently across the Council	combined with governance work above						
Cross Cutting	Remote Working	Remote working impact on governance and internal control arrangements using the feedback from the questionnaire	aspects included in various individual audits						
Cross Cutting	General Data Protection Regulations	This audit will review whether the Council has an effective control framework in place for ensuring that personal information that is gathered is only used for the purpose for which it was originally intended.	aspects included in various individual audits						
Chief Executive	Procurement	Review current processes and practices to ensure that they are reasonable, effective and efficient in the current economic landscape identifying any best practice across the other Authorities within the Regional Service	to be undertaken 2022/23 and aspects covered in individual audits						
Chief Executive	Material Systems – Key Financial Systems	A rolling programme of audits is adopted for material systems whereby the work programme for each year may differ, with each audit having varying amounts of system review, testing or a combination of the two. This approach enables us to deliver a more cost-effective service, whilst providing sufficient assurance as to the adequacy of the Council's material system control environment.							
		Revenues & Benefits - Complaints, Appeals & Performance	complete		v		0	1	5
		Creditors - supplier data	complete			v	1	2	7
Chief Executive	Payroll & Expenses	Review process in respect of expense claims to ensure controls are effective. Review processes in place for claiming overtime, honorarium, enhancements etc	complete		v		0	3	1
Chief Executive	DBS	To provide assurance that DBS checks are in place for all posts that have been identified as requiring one	complete		v		0	1	4
Chief Executive	Code of Conduct	Review of compliance of Officers to the Council's Code of Conduct	to be undertaken in 2022-23						
Chief Executive	ICT Audit	In consultation with ICT, systems reviews will be undertaken across Directorates to ensure robust controls are evident and operating effectively in order to minimise the threat of cyber crime							
		i-Trent system review	complete		v		0	4	0

Directorate	Area	Audit Scope / Risk	Status	Opinion			Recommendations		
				Substantial	Reasonable	Limited	High	Medium	Low
		Citizens Digital Access System	complete		v		0	0	3
Chief Executive	Cyber Security	To provide assurance of the measures in place to mitigate the risk of cyber fraud	complete		v			7	1
Chief Executive	Early Retirement / Redundancy	Provide ensure transparency and assurance that Council's policies are adhered to	complete		v		0	2	1
Chief Executive	Deputyships & Appointeeships	To ensure that the systems and controls surrounding the management of Appointeeship and Deputyships accounts are robust and that they are operated in line with regulations/guidance/policy in order to protect the individual and Council.	complete	v			0	0	1
Chief Executive	Tender Evaluation & Award	To undertake a review to compliance to the Council's Rules and Regulations and Project Management Methodology associated with high risk contracts. Focus will be on tender and award.	to be undertaken 2022/23						
Chief Executive	Registrars	Review the new policies and procedures in place for registering a death since the pandemic to provide assurance that adequate controls are in place	complete		v		0	3	2
Chief Executive	Project management	To undertake a review of the governance and decision making around Major Projects. Particular emphasis will be placed on compliance to the Council's Rules and Regulations and Project Management Methodology associated with high risk contracts.	aspects included in various individual audits						
Chief Executive	Performance Management	To review the performance management arrangements paying particular attention to the accuracy of the PI information collected and reported	to be undertaken in 2022-23						
Chief Executive	Capital Programme	A review of this area will be undertaken to provide assurance that the Capital Programme remains on track and that slippage is accounted for, reported and regularly monitored.	carried forward						
Communities	Coychurch Crematorium	A compliance review to complete the Annual Accounting Statement	complete	v			0	0	0
Communities	Porthcawl Harbour	A compliance review to complete the Annual Accounting Statement	complete	v			0	0	0
Communities	Pothole Repairs	To ensure that the controls surrounding the pot holes repair processes are operating satisfactorily and are in compliance with the Council's Financial & Contract Procedure Rules. Review the effectiveness and efficiency of the contracts to ensure the Council is achieving value for money	complete		v		0	4	3
Communities	Fleet Management	To ensure that the service is efficient and effective and compliant to Council's policies and procedures	to be undertaken in 2022-23						
Communities	Highways Inspections	Compliance to Council's policies and procedures	not undertaken						
Communities	Building Control	To provide assurance on the control environment in respect of processes, decision making and fees and charges	complete		v		0	4	3
Communities	Planning	To provide assurance on the control environment in respect of processes, decision making and fees and charges	complete		v		0	3	9
Education & Family Support	Schools	To undertake a number of school based reviews as well as cross cutting thematic reviews in accordance with the Internal Audit risk based assessment.							
		School Purchasing Cards	complete		v		0	3	2
		Inventories	complete	v			0	2	1
		Private Funds	complete		v			1	1
Education & Family Support	School CRSA	To undertake the annual controlled risk self assessment. The aim is to enable Head Teachers to review their internal controls and ensure they undertake and comply with the requirements of current legislation and the Financial Procedure Rules.	complete		v		0	0	1
Education & Family Support	Learner Travel	To provide assurance that procurement and budgeting is in adherence to Council policies and procedures	complete		v		0	6	2

Directorate	Area	Audit Scope / Risk	Status	Opinion			Recommendations		
				Substantial	Reasonable	Limited	High	Medium	Low
Social Services & Wellbeing	Placements	Review the contracts and monitoring arrangements in place to provide assurance that the Council's interests are protected and agreed rates are paid. Include Adults Learning Disabilities and Mental Health as well as LAC	to be undertaken in 2022-23						
Social Services & Wellbeing	Prevention & Wellbeing	Review the arrangements in place for Halo and Arwen to provide assurance that the Council getting VFM	to be undertaken in 2022-23						
Social Services & Wellbeing	Direct Payments	Provide assurance that processes and procedures within the inhouse provision are effective.	complete		v		0	3	6
Social Services & Wellbeing	WCCIS	Ensure robust controls are in place and operating effectively	to be undertaken in 2022-23						
Social Services & Wellbeing	Occupational Therapists	Provide assurance in respect of the efficiency and effectiveness of the processes in place in respect of assessment of need	carried forward						
Social Services & Wellbeing	Support for Carers	Carers' Assessments & Payments	not undertaken						
Cross - Cutting	Annual Opinion Report 2020/21	Preparation for the production of the 2020/21 Annual Opinion Report.	complete						
Cross - Cutting	Annual Opinion Report 2021/22	Preparation for the production of the 2021/22 Annual Opinion Report.	complete						
Cross - Cutting	Audit Planning	To prepare and present the annual risk based plan 2021/22.	complete						
		Preparation for the production of the annual risk based plan 2022/23.	complete						
Cross Cutting	Data Analytics	To align with this objective, Internal Audit is developing a data analytics strategy as it is proving to be a useful internal audit tool as councils become more reliant on electronic data. Data analytics enables a vast amount of data to be analysed when selecting testing samples	techniques used to analyse data in various audits						
Cross - Cutting	Quality Assurance & Improvement Programme	To review / ensure compliance with the Accounts and Audit (Wales) Regulations 2014 / Public Sector Internal Audit Standards (PSIAS).	complete						
Cross - Cutting	Governance & Audit Committee /Members and CMB Reporting	This allocation covers Member reporting procedures, mainly to the Governance & Audit Committee. Regular reporting to, and meeting with, the Section 151 Officer, Corporate Management Board and the RIAS Board.	complete						
Cross - Cutting	Closure of Reports from 2020/21	To finalise all draft reports outstanding at the end of 2020/21.	complete						
Cross - Cutting	Recommendation Monitoring	Monitoring the implementation of Internal Audit recommendations in consultation with service areas which have received these recommendations.	complete						
Cross - Cutting	Advice & Guidance	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.	complete						
Cross - Cutting	External Audit Liaison	To ensure that a "managed audit" approach is followed in relation to the provision of internal and external audit services.	complete						
Cross - Cutting	Emerging Risks / unplanned	To enable Audit Services to respond to provide assurance activity as required.	complete						
Cross - Cutting	Fraud / Error / Irregularity	National Fraud Initiative - Collection of data and analysis of matches for the NFI exercise, acting as first point of contact and providing advice and guidance to key contact officers.	Reported within Annual Fraud Report						
Cross - Cutting	Fraud / Error / Irregularity	Irregularity Investigations - Reactive work where suspected irregularity has been detected.							
Cross - Cutting	Fraud / Error / Irregularity	Anti-Fraud & Corruption – Proactive - Proactive counter-fraud work that includes targeted testing of processes with inherent risk of fraud.	complete						
		<b>OVERALL TOTALS</b>		<b>4</b>	<b>22</b>	<b>1</b>	<b>1</b>	<b>58</b>	<b>60</b>

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## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

22 JUNE 2022

#### REPORT OF THE HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE

##### REGIONAL INTERNAL AUDIT SERVICE CHARTER 2022/23

### 1. Purpose of report

- 1.1. The purpose of this report is to present to members of the Governance and Audit Committee the Regional Internal Audit Service Charter for 2022-23 for approval.

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

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

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

### 3. Background

- 3.1 The Regional Internal Audit Service (RIAS) Charter establishes the position of internal audit activity within each Council along with reporting lines. It is a formal document that defines the purpose, authority and responsibility of Internal Audit activities, authorises access to records, personnel and physical properties relevant to the performance of audit work and defines the scope of Internal Audit activities.
- 3.2 The purpose of this RIAS Charter is to define the purpose, authority and responsibilities of the RIAS across Bridgend, Merthyr Tydfil, Rhondda Cynon Taf and the Vale of Glamorgan Councils.
- 3.3 The Head of Internal Audit is responsible for reviewing the Charter and presenting it to each Council's Governance and Audit Committee annually for review and approval in line with the Public Sector Internal Audit Standards (PSIAS).
- 3.4 The PSIAS are applicable to all areas of the United Kingdom public sector and are based on the Chartered Institute of Internal Auditor's (CIIA's) International Professional Practices Framework.
- 3.5 The RIAS is committed to meeting the standards laid down in the Public Sector Internal Audit Standards Framework and any significant deviations from the Standards will be reported to the Governance and Audit Committee.
- 3.6 The Charter is split into the following sections:
- Purpose, Authority and Responsibility;

- Independence and Objectivity;
- Proficiency and Due Professional Care;
- Quality Assurance and Improvement Programme.

3.8 The Charter also has two annexes containing a Glossary of Terms and the Code of Ethics.

3.9 The roles of the Governance and Audit Committee in relation to internal audit are to:

- Oversee its independence, objectivity, performance and professionalism;
- Support the effectiveness of the internal audit process and;
- Promote the effective use of internal audit within the assurance framework.

3.10 One of the key roles which demonstrate the Governance and Audit Committee's oversight is the approval of the Internal Audit Charter.

#### **4. Current situation / proposal**

4.1. The PSIAS requires the Head of Internal Audit to review the Charter periodically but final approval resides with the Governance and Audit Committee.

4.2. The Regional Internal Audit Service Charter for 2022-23 is attached at **Appendix A**. The Charter was fully reviewed and amended for 2020-21 to have a consistent Charter for the four Councils. This is consistent with the objectives of the RIAS, that is, to eliminate duplication and apply best practice.

4.3. The Charter has been reviewed again for 2022-23 to ensure it continues to reflect the requirements of the PSIAS and is applicable to all four Councils involved in the RIAS. There have been no changes made as a result of this recent review.

#### **5. Effect upon policy framework and Procedure Rules**

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

#### **6. Equality Act 2010 implications**

6.1. There are no equality implications arising from this report.

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

7.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. This is an information report, therefore it is not necessary to carry out an Equality Impact assessment in the production of this report. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

#### **8. Financial implications**

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

## **9. Recommendation**

9.1 That members of the Committee consider and approve the Regional Internal Audit Service Charter for 2022-23 as attached in **Appendix A** to this report.

**C. Mark Thomas**  
**Head of the Regional Internal Audit Service**  
**June 2022**

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**Background Documents**  
Public Sector Internal Audit Standards 2017

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# Internal Audit Charter 2022/23

## Bridgend County Borough Council



## Merthyr Tydfil County Borough Council



## Rhondda Cynon Taf County Borough Council



## Vale of Glamorgan Council



June 2022

## Review and Approval of the Internal Audit Charter

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

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

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

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

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

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

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

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

### Mission of Internal Audit

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

## Definition of Internal Auditing

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

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

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

D. The Charter is split into the following sections;

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

## 1. Purpose, Authority and Responsibility (Standard 1000)

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

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

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

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

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

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

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

### **Scope**

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

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

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

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

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

concludes with an opinion on the Council's overall risk, governance and control environment. The Head of Internal Audit should share information, coordinate activities and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimise duplication of efforts.

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

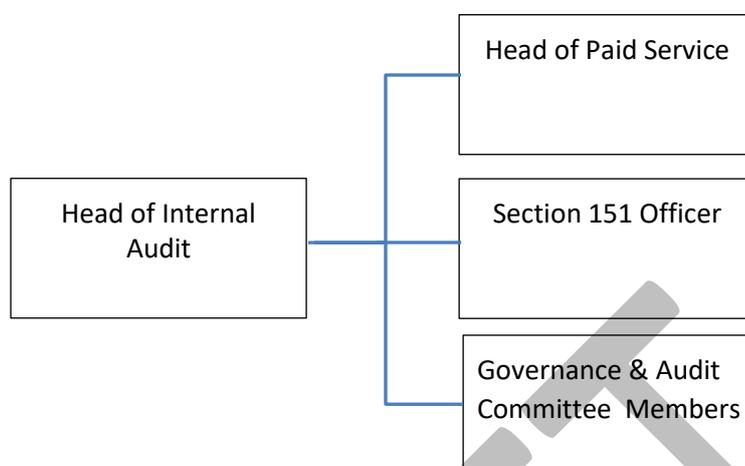
### **Rights of Access**

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

## **2. Independence and Objectivity (Standard 1100)**

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

Figure 1 – Internal Audit reporting arrangements



### **Section 151 Officer**

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

### **Governance & Audit Committee**

- 2.4 The Council operates a Governance & Audit Committee that meets on a cyclical basis. It monitors the performance of Internal Audit in relation to productivity, efficiency and quality. It receives regular reports from Internal Audit including progress in delivering the Annual Audit Plan and is attended by the Head of Internal Audit<sup>1</sup> as well as Officers from the Council.
- 2.5 In addition, the Governance & Audit Committee receives the Internal Audit Annual Report that provides a summary of all assurance and consultancy work undertaken and concludes by giving an opinion on the overall control environment within the Council. If a qualified or unfavourable annual internal audit opinion is issued, the reasons to support this will be stated within the Internal Audit Annual Report.
- 2.6 The Head of Internal Audit has unrestricted access to the Chair of Governance & Audit Committee.

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<sup>1</sup> Head of Internal Audit – denotes the Head of the Regional Internal Audit Service

### **Senior Management**

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

### **Relationships with key stakeholders and Service Managers**

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

### **External Auditors**

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

### **Elected Members**

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

### **Internal Audit Standards**

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

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

- 2.15 The RIAS has adopted the CIIA's Code of Ethics. Where members of the RIAS have attained membership with other professional bodies such as: CIPFA or the Institute of Chartered Accountants in England and Wales (ICAEW), those officers must also comply with their relevant bodies' ethical requirements.
- 2.16 Each member of the Team will receive a copy of the Code of Ethics (included at Annex 2) and sign up to an annual declaration to confirm that they will work in compliance with the Code of Ethics as well as Councils standards and policies such as the Codes of Conduct. Where potential areas of conflict may arise during the year, the auditor will also be required to disclose this. It is critical that all Auditors maintain high standards of integrity, independence, objectivity, confidentiality and competence.

### **Shared Service**

- 2.17 Internal Audit is delivered through a shared regional service between Bridgend, Merthyr Tydfil, Rhondda Cynon Taf and the Vale of Glamorgan Councils. The host authority for the delivery of the RIAS is the Vale of Glamorgan Council. The governance of the provision of the shared regional service is carried out by the Regional Board. This is made up of the Chief Financial Officers of each Authority or their nominated substitutes who shall be responsible for the strategic direction of the Service.
- 2.18 The activities of the Regional Board shall include but not be limited to:
- determining the strategic direction of the RIAS;
  - monitoring and reviewing standards;
  - determining the Authority Charging Rate on the basis of reasonable information provided by the Head of Internal Audit;
  - providing general supervision of the provision of the Service; and,
  - Resolving conflicts between competing interests amongst the authorities collectively and individually relating to RIAS, the Regional Board and / or the Service.
- 2.19 The Governance & Audit Committee for each Council reviews the performance and effectiveness of audit activity, including that of the RIAS.

### **3. Proficiency and Due Professional Care (standard 1200)**

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

#### **Resources and Proficiency**

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

## Due Professional Care

3.8 Internal Auditors must exercise due professional care by considering the:

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

## Relationships

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

Internal – Our main contacts are with:

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

External – Our main contacts are with:

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

## 4. Quality Assurance and Improvement Programme (Standard 1300)

4.1 To enable the Head of Internal Audit to assess the RIAS's activities with conformance to the PSIAS and to aid in the annual assessment of the RIAS's efficiency and effectiveness and identify opportunities for improvement, a Quality Improvement and Management Programme (QIMP) has been developed.

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

#### **Internal Assessment**

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

#### **External Assessment**

- 4.10 In compliance with the PSIAS, external assessment will be carried out once every five years by a qualified, independent assessor or assessment team from outside of the RIAS Councils. The External Assessment of the previous Shared Service between Bridgend CBC and the Vale of Glamorgan Council took place during in 2017 and in the other respective Councils in 2018/19. The next external assessment will take place in 2022.

## Annex 1 - Glossary of Terms

### **Charter**

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

### **Chief Audit Executive**

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

### **Code of Ethics**

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

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

### **Compliance**

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

### **Conflict of Interest**

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

### **Control**

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

### **Control Environment**

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

- Integrity and ethical values;

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

**Fraud**

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

**Governance**

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

**Public sector definition: Governance Statement**

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

**Independence**

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

**Internal Auditing**

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

**Overall Opinion**

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

**Risk**

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

**Risk Appetite**

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

**Risk Management**

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

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## **Annex 2 - Code of Ethics**

### **Public sector requirement**

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

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

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

### **Components**

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

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

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

### **Applicability and Enforcement**

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

### **Public sector interpretation**

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

## 1. Integrity

### Principle

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

### Rules of Conduct

Internal Auditors:

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

## 2. Objectivity

### Principle

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

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

### Rules of Conduct

Internal Auditors:

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

## 3. Confidentiality

### Principle

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

### Rules of Conduct

Internal Auditors:

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

#### **4. Competency**

##### Principle

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

##### Rules of Conduct

Internal Auditors:

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

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## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

22 JUNE 2022

#### REPORT OF THE HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE

##### ANNUAL INTERNAL AUDIT STRATEGY & RISK BASED PLAN 2022-23

### 1. Purpose of report

- 1.1 The purpose of this report is to provide members of the Governance and Audit Committee with the Annual Internal Audit Strategy and Risk Based Plan for 2022-23 for approval.

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

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

### 3. Background

- 3.1 The United Kingdom Public Sector Internal Audit Standards (Performance Standard - 2010 Planning) provides the framework within which an internal audit plan should be compiled.
- 3.2 In line with the Public Sector Internal Audit Standards (PSIAS) the Head of Internal Audit must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.
- 3.3 To develop the risk-based plan, the Head of Internal Audit consults with senior management to obtain an understanding of the organisation's strategies, key business objectives, associated risks and risk management processes. The Head of Internal Audit must review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations, programmes, systems and controls.
- 3.4 In order to produce the Internal Audit Plan the following information is taken into account:
- Corporate Risk Register;
  - Corporate Plan;
  - Key Financial Systems;
  - Grant Claims that require Internal Audit certification;
  - Follow-up reviews;
  - Audit reviews that are carried forward from the previous Audit Plan;

- Feedback from questionnaires issued to Heads of Service
- Results of discussions with the Corporate Management Board, including the Chief Executive, Section 151 Officer and other senior officers as necessary.

- 3.5 The PSIAS require a risk-based audit plan to be produced to cover the Council's overall control environment including risk, governance and internal controls as far as practicable.
- 3.6 Considering the sources of information noted above supports Internal Audit to achieve the following:
- Comply with the PSIAS in compiling the draft Annual Audit Plan;
  - Enable the Governance and Audit Committee to monitor the adequacy of the risk management framework and the associated control environment of the Council for 2022-23 based on the audit reviews set out in the draft Annual Audit Plan; and
  - Enables the Head of Internal Audit to form an opinion on the risk, governance and internal controls of the organisation.
- 3.7 Changes to the way the Council is operating since Covid-19, including any risks as a result of remote working and other changes have been considered and included within the draft Audit Plan for 2022/23.

#### **4. Current situation/proposal**

- 4.1 Attached at **Appendix A** is the draft Internal Audit Strategy document for 2022-23. It demonstrates how the Internal Audit Service will be delivered and developed in accordance with our Terms of Reference. The Strategy will be reviewed and updated annually in consultation with stakeholders namely the Governance and Audit Committee, Corporate Management Board, External Auditors and Senior Management.
- 4.2 The 2022-23 draft Annual Risk Based Plan of work has been formulated in compliance with the PSIAS and is attached at **Appendix B**.
- 4.3 The proposed Annual Plan continues to recognise particular risks arising from the remote ways of working. The Plan is also flexible to allow for changing circumstances and events that may occur, such as requests to respond to new issues that may emerge.
- 4.4 Internal Audit work will be undertaken remotely using video conferencing (e.g. Microsoft Teams) and digital solutions as a basis for meetings and sharing documents and data but will also include in person visits and meetings as required for each audit.
- 4.5 The proposed Annual Plan at **Appendix B** will offer sufficient coverage to be able to provide an opinion at the end of 2022-23.
- 4.6 The Governance and Audit Committee will receive updates on how the Plan is being delivered and any changes that may be required.

## **5. Effect upon policy framework and procedure rules**

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

## **6. Equality Act 2010 implications**

6.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. This is an information report, therefore it is not necessary to carry out an Equality Impact assessment in the production of this report. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

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

7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

## **8. Financial implications**

8.1 There are no financial implications as a result of the recommendations set out in the report.

## **9. Recommendations**

9.1 The Committee is recommended to consider and approve the draft Internal Audit Strategy (**Appendix A**) and draft Annual Risk Based Audit Plan for 2022-23 (**Appendix B**).

**C. Mark Thomas**  
**Head of Internal Audit**  
**June 2022**

**Contact officer:** Joan Davies  
Deputy Head Regional Internal Audit Service .

**Telephone:** 01656 754904

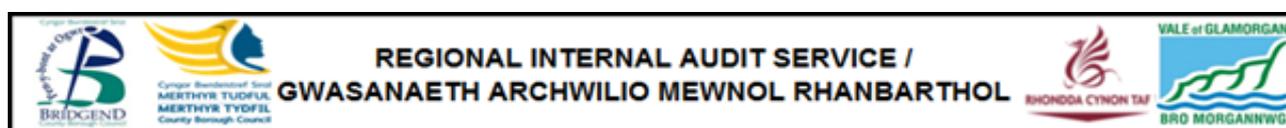
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**Background documents:** None



**DRAFT**  
**STRATEGY**  
**&**  
**ANNUAL RISK BASED**  
**INTERNAL AUDIT PLAN**  
**2022/2023**



## 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 Risk Based Plan for 2022/2023.
- 1.2 The audit plan ensures 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 The Internal Audit Service is delivered through the expanded shared service that came into existence on 1st April 2019. The service is hosted by the Vale of Glamorgan Council and provides internal audit services to the Vale, Bridgend, Merthyr Tydfil & Rhondda Cynon Taf Councils. The arrangement is underpinned by a detailed legal agreement between the four Councils which sets out a range of obligations (the core service is the same for each Council but there are differences in what is provided outside of the core service). The service reports to the four Governance & Audit Committees and is overseen at a strategic level by the Board which consists of the Chief Finance Officers of the four Councils.

## 2. Definition of Internal Audit

- 2.1 The Public Sector Internal Audit Standards (PSIAS) defines Internal Audit as follows:

*“Internal audit 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”.*

## 3. Requirement for Internal Audit

- 3.1 Internal Audit is a mandatory statutory service. Part 3 of The Accounts and Audit (Wales) Regulations 2018 concerns financial management and internal control. Regulation 5 (responsibility for internal control and financial management) of Part 3 directs that:

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

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

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

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

3.3 PSIAS state:

*“The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals. The risk based plan must take into account the requirement to produce an annual internal audit opinion”*

3.4 The overall opinion issued each year by the Head of Internal Audit on the adequacy and effectiveness of the control environment is used as a key source of assurance to support the Annual Governance Statement.

#### **4. Section 151 Officer Responsibility**

4.1 Internal Audit also has an important role to support the Council’s Section 151 Officer in discharging their statutory responsibilities, which include:-

- S151 Local Government Act 1972 – to ensure the proper administration of financial affairs.
- S114 Local Government Act 1988 – to ensure the Council’s expenditure is lawful.

#### **5. Development of the Internal Audit Plan**

5.1 The annual internal audit plan has been prepared after considering the risk registers and the views of Corporate Directors and Senior Management as to where audit resource is most needed. In line with the PSIAS, this plan should enable Internal Audit to maximise the value and assurance it provides to the Council, whilst ensuring it fulfils its statutory obligation to review and report on the Council’s internal control environment, governance and risk management arrangements. Changes to the way the Council is operating since Covid-19, including any risks as a result of remote working and other changes have been considered and included within the draft audit plan for 2022-23.

#### **6. Risk Based Approach**

6.1 The internal audit function will be delivered in accordance with the Internal Audit Charter 2022-23, as agreed by the Governance & Audit Committee. The Charter defines the role, scope, independence, authority and responsibility of the internal audit service and audits will be delivered in accordance with the Charter.

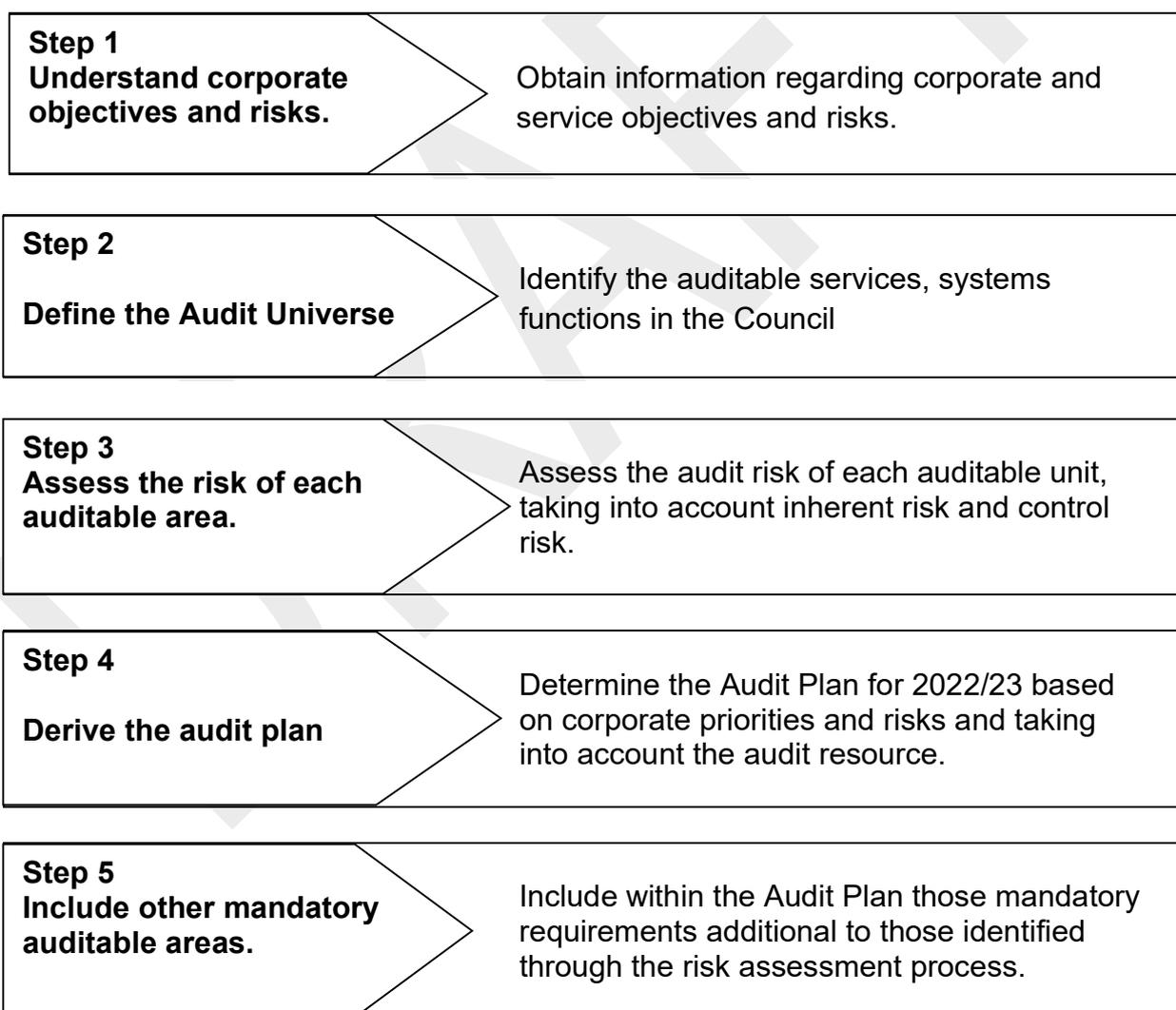
6.2 Risk based work is critical to the Council, as it seeks to improve the risk awareness of staff and improve overall control. The internal audit work programme is designed to provide assurance that identified significant risks are being managed effectively.

As part of this process Internal Audit will also examine the risk management and governance arrangements.

- 6.3 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.

**7. Methodology**

- 7.1 A summary of our approach to the development of the Audit Plan for 2022/23 is set out below. The Plan is driven by the Council’s organisational objectives and priorities as set out in the Corporate Plan and the risks that may prevent the Council from meeting these objectives.



## 8. The Risk Assessment Process

- 8.1 The information which has been used to prepare the risk assessment and proposed internal audit plan has been collected and collated from several 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 Service Plans, the Corporate Risk Register and meeting with Corporate Directors 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. The Annual Internal Audit Plan

- 9.1 In accordance with the PSIAS, the Head of Audit is responsible for developing a risk-based annual audit plan which considers the Council's risk management framework. Within the Standards there is also a requirement for the Head of Audit to review and adjust the plan, as necessary, in response to changes in the Council's business, risks, operations, programs, systems, controls and resources. The Head of Audit must also ensure that Internal Audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.
- 9.2 An annual plan is derived following the audit risk assessment, whereby audits will be selected based on the greatest perceived risk. The Internal Audit Service will ensure that most effort is focused on high risk areas while, at the same time, not ignoring the potential for problems that may materialise in other areas.
- 9.3 Whilst the Internal Audit Service will adopt a risk based approach to determine relative risk, there will remain areas where a purely cyclical approach may still be required e.g. programme of school audits, financial systems and grant verifications.
- 9.4 Consideration is also given to planned external audit work to minimise duplication and to maximise audit coverage.
- 9.5 Attached at **Appendix B** is the detailed schedule of audits planned to be completed during 2022-2023 for each of the Council's Directorates including Cross Cutting.

9.6 The Head of Internal Audit will monitor progress against the audit plan. Where there is a need for material changes to the plan; a revised plan will be re-submitted to the Governance & Audit Committee for endorsement. The Governance & Audit Committee will also be advised of performance against the audit plan and be kept informed of the results undertaken.

9.7 The COVID 19 pandemic has meant that many Council staff have worked remotely since March 2020 and this is likely to continue to a large extent with hybrid working increasing in frequency during 2022/23. Systems & processes have been adjusted to cater for the new ways of working. Similarly, the Internal Audit team will continue to work remotely to a large extent, conducting audits and obtaining evidence digitally but will also include in person visits and meetings as required for each audit. Each audit will continue to consider the potential impact of remote working to ensure adequate controls and governance arrangements remained in place.

### **10. Resource Requirement**

10.1 Resource requirements are reviewed each year as part of the audit planning process and are discussed and agreed with the Regional Internal Audit Service (RIAS) Board.

### **11. Contingencies**

11.1 The internal audit plan needs to be flexible enough to enable the internal audit service to be able respond, as required, to situations arising during the period covered by the plan. A contingency reserve element has been built in to assist in dealing with any such matters arising.

### **12. Audit Approach**

12.1 The primary purpose of an audit review 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.

12.2 The approach will be :

- Fieldwork will take place following agreement of the audit objectives.
- A draft report will be prepared and provided to Management for review and comment with an opportunity given for discussion or clarification.
- The final report will incorporate Management comments together with a Management Action Plan for the implementation of recommendations.
- The Governance and Audit Committee will be advised of the outcome of the audit and may receive a copy of the Final Report.

- Any serious issues arising during the course of the audit review will be promptly reported to the Head of Internal Audit to determine the impact on the scope of the review. Serious issues will also be promptly brought to management's attention to enable appropriate remedial action to be taken prior to being formally published in the audit report.
- The audit report will provide an overall assurance opinion, based on the auditor's professional judgement of the effectiveness of the framework of internal control, risk management and governance.

12.3 The audit assurance categories are :

AUDIT ASSURANCE CATEGORY CODE	
<b>Substantial</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
<b>Reasonable</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Limited</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>No Assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

12.4 A Management Action Plan 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.

12.5 Audit recommendations will be prioritised as follows :

RECOMMENDATION CATEGORISATION	
Risk may be viewed as the chance, or probability, of one or more of the organisation's objectives not being met. It refers both to unwanted outcomes which might arise, and to the potential failure to realise desired results. The criticality of each recommendation is as follows:	
<b>High Priority</b>	Action that is considered imperative to ensure that the organisation is not exposed to high risks.
<b>Medium Priority</b>	Action that is considered necessary to avoid exposure to significant risks.
<b>Low Priority</b>	Action that is considered desirable and should result in enhanced control.

12.6 The implementation of the agreed recommendations will be monitored. Management will be contacted and asked to provide feedback on the status of each agreed recommendation once the target date for implementation has been reached.

12.7 Any audits concluded with a no assurance or limited assurance opinion will be subject to a follow up audit.

### 13. Follow Up Reviews

13.1 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).

### 14. Reports to the Governance & Audit Committee

14.1 A status report on internal audit work will be present to the Governance & 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.

### 15. Annual Assurance Report.

15.1 A formal annual report to the Governance & Audit Committee presenting the Head of Internal 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 Internal 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.

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**BCBC - AUDIT PLAN 2022/23**

Ref.	Directorate	Area	Audit Scope	Priority
1	Cross - Cutting	Follow up Limited Assurance Reports	To ensure that improvements have been made to the control environment since the previous limited assurance review.	n/a
2	Cross Cutting	Good 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. Assist in the AGS	high
3	Cross Cutting	Safeguarding	This review will 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.	high
4	Cross Cutting	Grant Certification Work	Under the conditions of the specific grant determination, the Head of Audit must certify that the conditions of the grant have been complied with.	high
5	Cross Cutting	Risk Management	A review of a sample of corporate risks to identify if they are being appropriately managed and progress is being reported accurately.	high
6	Cross Cutting	Bridgend 20-30 Zero Carbon Strategy	To ensure the staff structure, methodology and governance arrangements are in place and operating effectively to deliver this programme and identify any improvements that could be made. Also identify what plans are in place to improve energy efficiency	medium
7	Chief Executives	Procurement	Review current processes and practices to ensure that they are reasonable, effective and efficient in the current economic landscape identifying any best practice across the other Authorities within the Regional Service	high
8	Chief Executives	Tender Evaluation & Award	To undertake a review to compliance to the Council's Rules and Regulations and Project Management Methodology associated with high risk contracts. Focus will be on tender and award.	high
9	Chief Executives	Members	To ensure that all elected Members meet the associated qualifying criteria and have fully declared any relevant declarations of interest as per the Council's Code of Conduct.	high
10	Chief Executives	Elections	To ensure that controls surrounding the elections is robust and the costs incurred are accurately supported with source documents and the overall governance is sound	high
11	Chief Executives	Scheme of Delegation	To ensure compliance to the scheme of delegation through sample testing of decisions and authorisations	high
12	Chief Executives	Code of Conduct	Review of compliance of Officers to the Council's Code of Conduct	high
13	Chief Executives	Attendance & Sickness Recording	Provide assurance that information relating to sickness absence is accurate and the recording and reporting is complete and timely. Ensure compliance to Council policies across Directorates.	high
14	Chief Executives	Financial Systems	A rolling programme of audits is adopted, work programme for each year may differ. This approach enables us to deliver a more cost-effective service, whilst providing sufficient assurance as to the adequacy of the Council's material system control environment.	high
15	Chief Executives	Grant Schemes	Review the arrangements for administering grant payments made on behalf of Welsh Government	high
16	Chief Executives	Project Management	To undertake a review of the governance and decision making around Major Projects. Particular emphasis will be placed on compliance to the Council's Rules and Regulations and Project Management Methodology associated with high risk contracts.	high
17	Chief Executives	Performance Management	To review the performance management arrangements paying particular attention to the accuracy of the PI information collected and reported	high

Ref.	Directorate	Area	Audit Scope	Priority
18	Chief Executives	ICT Audit	In consultation with ICT, systems reviews will be undertaken across Directorates to ensure robust controls are evident and operating effectively in order to minimise the threat of cyber crime	high
19	Chief Executives	Cyber Security	Undertake testing to ensure that staff are aware of requirements to protect devices, services and networks and the information on them from theft or damage via electronic means and staff are aware of what to do if there is a concern or breach. Ensure this information is monitored and reported consistently across the Council	high
20	Chief Executives	Temporary Housing Solutions	Examine compliance with this statutory duty, review process for availability, processing and prioritising cases to provide assistance that systems are efficient and effective.	high
21	Communities	Coychurch Crematorium	A compliance review to complete the Annual Accounting Statement 2021/22	high
22			An assurance review to ensure compliance to standard obligations such as recording and certification as well as undertaking testing to inform the Annual Accounting Statement 2022/23	high
23	Communities	Porthcawl Harbour	A compliance review to complete the Annual Accounting Statement	high
24	Communities	Fleet Management	To ensure that mileage incurred by Council vehicles is for work purposes only and journeys are as efficient as possible and within the agreed parameters.	high
25	Communities	Fuel	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in respect of Vehicles Fuel System.	high
26	Communities	Porthcawl Regeneration	To ensure the governance, structure and scope of the Project Board are in place and operating effectively to successfully deliver this programme.	high
27	Education & Family Support	Schools	To undertake a number of school based reviews as well as cross cutting thematic reviews in accordance with the Internal Audit risk based assessment.	medium
28	Education & Family Support	School CRSA	To undertake the annual controlled risk self – assessment for schools. The aim of the process is to enable Head Teachers to review their internal controls and to ensure that they undertake and comply with the requirements of current legislation and the Financial Procedure Rules.	medium
29	Education & Family Support	School Admissions	To ensure all processes and procedures are in place and operating effectively	medium
30	Social Services & Wellbeing	Placements	Review the contracts and monitoring arrangements in place to provide assurance that the Council's interests are protected and agreed rates are paid. Include Adults Learning Disabilities and Mental Health as well as LAC	high
31	Social Services & Wellbeing	Prevention & Wellbeing	Review the arrangements in place for Halo and Arwen to provide assurance that the Council getting VFM	medium
32	Social Services & Wellbeing	WCCIS	Ensure robust controls are in place and operating effectively in respect of access and security of the system	high
33	Social Services & Wellbeing	Support for Carers	Carers' Assessments & Payments	medium
34	Social Services & Wellbeing	Occupational Therapists	Provide assurance in respect of the efficiency and effectiveness of the processes in place in respect of assessment of need	high
35	Social Services & Wellbeing	Information, Advice & Assistance Team	Review processes and procedures and verify data to ensure the service is provided as effectively and efficiently as possible.	high
36	Internal Audit	Annual Opinion Report 2021/22	Preparation for the production of the 2021/22 Annual Opinion Report.	n/a
37	Internal Audit	Annual Opinion Report 2022/23	Preparation for the production of the 2022/23 Annual Opinion Report.	n/a

Ref.	Directorate	Area	Audit Scope	Priority
38	Internal Audit	Audit Planning	Preparation for the production of the annual risk based plan 2022/23.	n/a
39	Internal Audit	Audit Planning	Preparation for the production of the annual risk based plan 2023/24.	n/a
40	Internal Audit	Governance & Audit Committee /Members and CMB Reporting	This allocation covers Member reporting procedures, mainly to the Governance & Audit Committee. Regular reporting to, and meeting with, the Section 151 Officer, Corporate Management Board and the RIAS Board.	n/a
41	Internal Audit	Closure of Reports from 2021/22	To finalise all draft reports outstanding at the end of 2021/22.	n/a
42	Internal Audit	Recommendation Monitoring	Monitoring the implementation of Internal Audit recommendations in consultation with service areas which have received these recommendations.	n/a
43	Internal Audit	Advice & Guidance	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.	n/a
44	Internal Audit	Data Analytics	Data Analytics is proving to be a useful internal audit tool as councils become more reliant on electronic data, as data analytics enables a vast amount of data to be analysed when selecting testing samples	n/a
45	Internal Audit	Quality Assurance & Improvement Programme	To review / ensure compliance with the Accounts and Audit (Wales) Regulations 2014 / Public Sector Internal Audit Standards (PSIAS).	n/a
46	Internal Audit	External Audit Liaison	To ensure that a "managed audit" approach is followed in relation to the provision of internal and external audit services.	n/a
47	Internal Audit	Emerging Risks / unplanned	To enable Audit Services to respond to provide assurance activity as required.	n/a
48	Cross - Cutting	Fraud / Error / Irregularity	National Fraud Initiative - Collection of data and analysis of matches for the NFI exercise, acting as first point of contact and providing advice and guidance to key contact officers.	n/a
49	Cross - Cutting	Fraud / Error / Irregularity	Irregularity Investigations - Reactive work where suspected irregularity has been detected.	n/a
50	Cross - Cutting	Fraud / Error / Irregularity	Anti-Fraud & Corruption – Proactive - Proactive counter-fraud work that includes targeted testing of processes with inherent risk of fraud.	n/a

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## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

22 JUNE 2022

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

##### FORWARD WORK PROGRAMME 2022-23

### 1. Purpose of report

- 1.1 The purpose of this report is to seek approval for the updated Forward Work Programme for 2022-23.

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

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

### 3. Background

- 3.1 The core functions of an effective Governance and Audit Committee include the responsibility to:
- review, scrutinise and issues reports and recommendations in relation to the Authority's financial affairs.
  - consider the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting, governance processes, performance assessment and complaints arrangements.
  - seek assurances that action is being taken on risk-related issues identified by auditors and inspectors.
  - consider the effectiveness of the Council's anti-fraud and corruption arrangements.
  - be satisfied that the Council's assurance statements properly reflect the risk environment and any actions required to improve it.
  - oversee the work of internal audit (including the annual plan and strategy) and monitor performance.
  - review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.
  - receive the annual report of the Head of Audit.
  - consider the reports of external audit and inspection agencies, where applicable.
  - ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.

- review and approve the financial statements, external auditor’s opinion and reports to Members, and monitor management action in response to the issues raised by external audit.
- review and make any recommendations for change to the Council’s draft self-assessment report.
- consider panel performance assessment reports into how the Council is meeting its performance requirements.

3.2 Effective Governance and Audit Committees help to raise the profile of governance, 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. The current Forward Work Programme was approved by Committee at its meeting on 15 March 2022.

#### 4. Current situation/proposal

4.1 In order to assist the Committee in ensuring that due consideration is given to all aspects of their core functions the proposed updated Forward Work Programme for 2022-23 is attached at **Appendix A**. Committee Members are asked to endorse this schedule, confirm the list of people they would like to invite for each item (if appropriate), and indicate whether any additional information or research is required.

4.2 Shown below are the items scheduled to be presented at the next meeting on 28<sup>th</sup> July 2022.

<b>Proposed Agenda Items – 28 July 2022</b>	
1	Governance and Audit Committee Action Record
2	Audit Wales Governance and Audit Committee Reports
3	Corporate Fraud Report 2021-22
4	Statement of Accounts 2021-22 (unaudited)
5	Porthcawl Harbour Return 2021-22 (unaudited)
6	Annual Governance Statement 2021-22
7	Treasury Management Outturn Report 2021-22
8	Internal Audit Progress Reports
9	Annual Self Assessment of the Council’s Performance
10	Updated Forward Work Programme 2022-23

4.3 There will be additional agenda items presented to the Committee in line with the implementation of the Local Government and Elections (Wales) Act 2021, particularly in respect of the Committee’s new responsibilities in relation to performance and self-assessment, and this has currently been included in the Forward Work Programme for discussion at each of the upcoming meetings of the Committee, but will depend on where the Council is in relation to bringing together its annual self-assessment report. Consequently these items may be deferred, or may only be short updates.

4.4 The schedule of items for discussion at specific meetings may be subject to change, to take into account other items that need to be considered, and operational factors.

## **5. Effect upon policy framework and procedure rules**

5.1 There is no impact on the policy framework and procedure rules.

## **6. Equality Act 2010 implications**

6.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

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

7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

## **8. Financial implications**

8.1 There are no financial implications arising from this report.

## **9. Recommendation**

9.1 That the Committee considers and approves the updated Forward Work Programme for 2022-23.

Carys Lord  
**Chief Officer – Finance, Performance and Change**  
June 2022

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Deputy Head of Finance

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**Background Documents:** None

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GOVERNANCE AND AUDIT COMMITTEE FORWARD WORK PROGRAMME 2022-23	Frequency	22 June 2022	28 July 2022	22 September 2022	13 October 2022	10 November 2022	26 January 2023	27 April 2023
<b>Standing Items</b>								
Governance and Audit Committee Action Record	Each meeting	✓	✓	✓	✓	✓	✓	✓
Audit Wales Governance and Audit Committee Reports	Each meeting	✓	✓	✓	✓	✓	✓	✓
Updated Forward Work Programme	Each meeting	✓	✓	✓	✓	✓	✓	✓
<b>Annual Accounts</b>								
Statement of Accounts 2021-22 (unaudited)	Annually		✓					
Porthcawl Harbour Return 2021-22 (unaudited)	Annually		✓					
Audited Statement of Accounts and Annual Governance Statement	Annually			✓				
Audited Harbour Return (if amended)	Annually			✓				
<b>Governance</b>								
Annual Governance Statement 2021-22	Annually		✓					
Half Year Review of the Annual Governance Statement 2022-23	Annually					✓		
Governance and Audit Committee Self Assessment	Annually					✓		
Audit Wales Annual Audit Plan (included in Audit Wales Governance and Audit Committee Reports item)	Annually							✓
Annual Audit Summary (included in Audit Wales Governance and Audit Committee Reports item)	Annually						✓	
<b>Internal Audit Reports</b>								
Annual Internal Audit Report 2021-22	Annually	✓						
Internal Audit Shared Service Charter 2022-23	Annually	✓						✓
Internal Audit Annual Strategy and Audit Plan 2022-23	Annually	✓						
Internal Audit Progress Reports	Quarterly		✓			✓	✓	
<b>Treasury Management</b>								
Treasury Management Outturn Report 2021-22	Annually		✓					
Treasury Management Half Year Report 2022-23	Annually					✓		
Treasury Management Strategy 2023-24	Annually						✓	
<b>Risk Assurance</b>								
Corporate Risk Assessment 2022-23	At regular intervals	✓				✓		
Corporate Risk Assessment and Corporate Risk Management Policy	Annually						✓	
<b>Counter Fraud</b>								
Corporate Fraud Report 2021-22	Annually		✓					
Anti Tax Evasion Policy	Biennially							✓
<b>Others</b>								
Complaints Process	Ad hoc			✓				✓
Disabled Facilities Grants	Ad hoc			✓				
Annual Self Assessment of the Council's Performance	Annually	✓	✓	✓	✓			

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