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
Deialu uniongyrchol / Direct line /: 01656 643148 / 643694 / 643513
Gofynnwch am / Ask for: Gwasanaethau Democrataidd

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

Dyddiad/Date: Dydd Iau, 12 Mehefin 2025

Annwyl Cynghorydd,

PWYLLGOR LLYWODRAETHU AC ARCHWILIO

Cynhelir Cyfarfod Pwyllgor Llywodraethu ac Archwilio Hybrid yn Siambr y Cyngor - Swyddfeydd Dinesig, Stryd yr Angel, Pen-y-bont ar Ogwr, CF31 4WB / O Bell Trwy Timau Microsoft ar **Dydd Iau, 19 Mehefin 2025** am **10:00**.

AGENDA

1 Ethol Cadeirydd

Ethol Cadeirydd i'r Pwyllgor Llywodraethu ac Archwilio. Rhaid i'r sawl a benodir yn Gadeirydd y Pwyllgor fod yn aelod lleyg.

2 Ethol Is-Gadeirydd

Ethol Is-Gadeirydd i'r Pwyllgor Llywodraethu ac Archwilio. Gall y sawl a benodir yn Is-Gadeirydd fod yn unrhyw aelod o'r Pwyllgor.

3 Ymddiheuriadau am absenoldeb

Derbyn ymddiheuriadau am absenoldeb gan Aelodau.

4 Datganiadau o fuddiant

Derbyn datganiadau o ddiddordeb personol a rhagfarnol (os o gwbl) gan Aelodau / Swyddogion yn unol â darpariaethau'r Cod Ymddygiad Aelodau a fabwysiadwyd gan y Cyngor o 1 Medi 2008.

5	Cymeradwyaeth Cofnodion	5 - 14
	I dderbyn am gymeradwyaeth y Cofnodion cyfarfod y 24/04/25.	
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16	Materion Brys	

I ystyried unrhyw eitemau o fusnes y, oherwydd amgylchiadau arbennig y cadeirydd o'r farn y dylid eu hystyried yn y cyfarfod fel mater o frys yn unol â Rhan 4 (pharagraff 4) o'r Rheolau Trefn y Cyngor yn y Cyfansoddiad.

Nodyn: Bydd hwn yn gyfarfod Hybrid a bydd Aelodau a Swyddogion mynychu trwy Siambr y Cyngor, Swyddfeydd Dinesig, Stryd yr Angel, Pen-y-bont ar Ogwr / o bell Trwy Timau Microsoft. Bydd y cyfarfod cael ei recordio i'w drosglwyddo drwy wefan y Cyngor. Os oes gennych unrhyw gwestiwn am hyn, cysylltwch â cabinet_committee@bridgend.gov.uk neu ffoniwch 01656 643148 / 643694 / 643513 / 643159.

Yn ddiffuant
K Watson
Prif Swyddog, Gwasanaethau Cyfreithiol a Rheoleiddio, AD a Pholisi Corfforaethol

Dosbarthiad:

Cynghorwr:

O Clatworthy
C Davies
S Easterbrook
RM Granville
S J Griffiths
M L Hughes
RL Penhale-Thomas
MJ Williams

Aelodau Lleyg:

D Austin
A Bagley
G Chapman
B Olorunnisola

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COFNODION CYFARFOD Y PWYLLGOR LLYWODRAETHU AC ARCHWILIO A GYNHALIWYD YN HYBRID YN SIAMBR Y CYNGOR – Y SWYDDFEYDD DINESIG, STRYD YR ANGEL, PEN-Y-BONT AR OGWR, CF31 4WB DDYDD IAU, 24 EBRILL 2025 AM 10:00

Yn Bresennol

G Chapman – Cadeirydd

RM Granville	S Easterbrook	C Davies

Yn Bresennol yn Rhithwir

N Clarke	S J Griffiths	MJ Williams

Aelodau Lleyg – yn Bresennol yn Rhithwir

B Olorunnisola	A Bagley	Deb Austin

Hefyd yn Bresennol:

J Spanswick

Ymddiheuriadau am Absenoldeb

M L Hughes ac R J Smith

Datganiadau o Fuddiant

Dim

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Swyddogion:

Carys Lord	Prif Swyddog – Cyllid, Tai a Newid
Deborah Exton	Dirprwy Bennaeth Cyllid
Sara-Jane Byrne	Archwilio Cymru
Lucy Herman	Archwilio Cymru
Rachel Keepins	Rheolwr Gwasanaethau Democrataidd
Simon Roberts	Uwch-ymchwilydd Twyll
Joan Davies	Dirprwy Bennaeth y Gwasanaeth Archwilio Mewnol Rhanbarthol
Alex Rawlin	Rheolwr Polisi Corfforaethol a Pherfformiad
Nimi Chandrasena	Swyddog Gwasanaethau Democrataidd – Cymorth
Kate Pask	Rheolwr Perfformiad Corfforaethol
Kelly Watson	Prif Swyddog – Gwasanaethau Cyfreithiol a Rheoliadol, Adnoddau Dynol a Pholisi Corfforaethol
Stephen Griffiths	Swyddog Gwasanaethau Democrataidd – Pwyllgorau
Christopher Morris	Rheolwr Cyllid – Rheoli Ariannol, Cau a Systemau

207. Cymeradwyo Cofnodion

Y Penderfyniad a Wnaed	Cafodd cofnodion y cyfarfod ar 30 Ionawr 2025 eu cymeradwyo fel cofnod gwir a chywir.
Dyddiad Gwneud y Penderfyniad	24 Ebrill 2025

208. Cofnod Camau Gweithredu'r Pwyllgor Llywodraethu ac Archwilio

Y Penderfyniad a Wnaed	Diben yr adroddiad hwn oedd rhoi Cofnod Camau Gweithredu'r Pwyllgor Llywodraethu ac Archwilio i'r Aelodau.

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	PENDERFYNWYD: Nododd y Pwyllgor y Cofnod Camau Gweithredu, gan wneud sylwadau fel y bo'n briodol.
Dyddiad Gwneud y Penderfyniad	24 Ebrill 2025

209. Adroddiadau Archwilio Cymru i'r Pwyllgor Llywodraethu ac Archwilio

Y Penderfyniad a Wnaed	Diben yr adroddiad hwn oedd cyflwyno tri adroddiad gan Archwilio Cymru i'r Pwyllgor: manylion y diweddariad chwarterol ar y Rhaglen Waith a'r Amserlen fel yr oeddent ar ddiwedd mis Mawrth 2025, ynghyd â Chrynodeb Archwilio Blynyddol 2024 a Chynllun Archwilio Manwl 2025. Mewn ymateb i'r adroddiad, croesawodd un o'r Aelodau yr ad-daliad bach yn y ffi am wasanaethau Archwilio Cymru. PENDERFYNWYD: Nododd y Pwyllgor adroddiadau Archwilio Cymru i'r Pwyllgor Llywodraethu ac Archwilio sydd yn **Atodiad A**, **Atodiad B** ac **Atodiad C**.
Dyddiad Gwneud y Penderfyniad	24 Ebrill 2025

210. Traciwr Rheoleiddio

Y Penderfyniad a Wnaed	Diben yr adroddiad hwn oedd rhoi'r wybodaeth ddiweddaraf i'r Pwyllgor Llywodraethu ac Archwilio am y Traciwr Rheoleiddio a oedd wedi'i ddiweddaru hyd at ddiwedd Chwarter 3 (Ch3) 2024-25 a'r materion a godwyd ar y Traciwr Rheoleiddio y rhoddwyd gwybod i'r Pwyllgor amdanynt ym mis Ionawr 2025. Mewn ymateb i'r adroddiad, gwnaeth Aelodau godi a thrafod nifer o faterion, gan gynnwys y canlynol:

	• Y byddai'n ddefnyddiol cael colofn sy'n cynnwys y dyddiadau y cytunwyd arnynt yn wreiddiol ar gyfer cwblhau camau gweithredu a cholofn ar wahân ar gyfer dyddiadau diwygiedig. • P'un a ellid creu dogfen fyw er mwyn tracio cynnydd yn fwy rheolaidd ai peidio. • Nad oedd bob amser yn glir pam roedd gan gam gweithredu statws coch neu oren. • Bod angen trafodaeth bellach y tu allan i'r cyfarfod er mwyn ystyried yr hyn sy'n ofynnol er mwyn rhoi sail resymegol dros atgyfeirio o'r Pwyllgor Llywodraethu ac Archwilio at y Pwyllgor Craffu a chytuno ar hynny. Yn ddelfrydol, dylai'r sail resymegol gynnwys ystyriaeth i werth am arian ac ansawdd gwasanaethau a ddarperir. <u>PENDERFYNWYD:</u> Gwnaeth y Pwyllgor Llywodraethu ac Archwilio ystyried y broses wedi'i diweddaru er mwyn i'r Bwrdd Rheoli Corfforaethol ystyried y traciwr rheoleiddio, cytuno i newid y diweddariadau ynghylch y traciwr rheoleiddio yn y Pwyllgor Llywodraethu ac Archwilio i fis Ebrill a mis Hydref bob blwyddyn (ac adrodd ar y rhai â statws coch mewn cyfarfodydd yn y cyfamser), ac ystyried y trefniadau craffu ym mharagraffau 3.10–3.15. Yn ogystal â hynny, cynigiodd Aelodau, lle y rhoddir gwybod i'r Pwyllgor am statws coch i unrhyw gam gweithredu ddwywaith yn olynol, y caiff yr Aelod Cabinet a'r Cyfarwyddwr priodol eu gwahodd i gyfarfod nesaf y Pwyllgor i drafod y rhesymau dros yr oedi.
Dyddiad Gwneud y Penderfyniad	24 Ebrill 2025

211. Dull Hunanasesu ar gyfer 2024/25

Y Penderfyniad a Wnaed	Diben yr adroddiad hwn oedd myfyrio ar hunanasesiad 2023/24 a chyflwyno dull arfaethedig i'r Pwyllgor Llywodraethu ac Archwilio ar gyfer datblygu hunanasesiad 2024/25. Mewn ymateb i'r adroddiad, gwnaeth Aelodau godi a thrafod nifer o faterion, gan gynnwys y canlynol:

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	• O ran dadansoddi a chofnodi tueddiadau perfformiad yn y tymor hir, roedd yn bwysig ychwanegu ffyrdd gweledol o ddangos yr hyn sydd wedi gwella, yr hyn a allai fod yn gwaethygu, a ph'un a fydd angen symud ffocws o un maes gweithgaredd i un arall ai peidio. • P'un a oedd cyfle i ddiwygio'r broses ymhellach ar ôl Cyfarfod Blynyddol y Cyngor ym mis Mai ac ar ôl i'r Prif Weithredwr newydd gyrraedd ym mis Gorffennaf ai peidio. • Gwahanol rolau'r Pwyllgor Trosolwg a Chraffu Corfforaethol a'r Pwyllgor Llywodraethu ac Archwilio yn y broses. Rôl y Pwyllgor Trosolwg a Chraffu Corfforaethol yw dadansoddi'r data perfformiad yn fanwl ac ystyried a yw'r naratif yn cyfateb i'r hyn y mae wedi'i weld a'i werthuso o ran perfformiad ym mhob rhan o'r Cyngor. Mae rôl y Pwyllgor Llywodraethu ac Archwilio yn ymwneud llawer mwy â rhoi sicrwydd bod gan y Cyngor fecanweithiau perfformiad a fframwaith perfformiad sy'n gallu rhoi asesiad cywir a gonest i'r Cyngor o'i berfformiad. O ystyried y rolau gwahanol hyn, byddai'n well pe bai'r hunanasesiad yn mynd at y Pwyllgor Trosolwg a Chraffu Corfforaethol yn gyntaf ac yna at y Pwyllgor Llywodraethu ac Archwilio. Roedd y broses bresennol yn ei gwneud yn ofynnol i'r Pwyllgor Llywodraethu ac Archwilio ystyried yr hunanasesiad drafft cyn iddo gael ei gyflwyno i'r Pwyllgor Trosolwg a Chraffu Corfforaethol. O ystyried hyn, a chyn unrhyw drafodaethau ynglŷn â newid y broses, byddai'n ddefnyddiol i Aelodau'r Pwyllgor gael diweddariad ym mis Medi ynghylch unrhyw newidiadau a wnaed gan y Pwyllgor Trosolwg a Chraffu Corfforaethol. <u>PENDERFYNWYD:</u> Gwnaeth y Pwyllgor Llywodraethu ac Archwilio ystyried y ffordd arfaethedig ymlaen ar gyfer hunanasesiad 2024/25 a chytuno arni.
Dyddiad Gwneud y Penderfyniad	24 Ebrill 2025

212. Cod Llywodraethu Corfforaethol

Y Penderfyniad a Wnaed	Diben yr adroddiad oedd cyflwyno'r Cod Llywodraethu Corfforaethol wedi'i ddiweddaru i'r Pwyllgor Llywodraethu ac Archwilio i'w ystyried a'i gymeradwyo. Mewn ymateb i'r adroddiad, gwnaeth Aelodau godi a thrafod nifer o faterion, gan gynnwys y canlynol:

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	• Bod angen i'r Cod adlewyrchu'r penderfyniad a wnaed yng nghyfarfod diwethaf y Cyngor ar 9 Ebrill i gydnabod pwysigrwydd yr argyfwng natur a gafodd ei ddatgan gan y Senedd yn 2021, ac i weithio'n rhagweithiol gyda Llywodraeth Cymru i gyrraedd targedau newydd ar gyfer diogelu ac adfer bioamrywiaeth ledled y fwrdeistref sirol. • Diolchodd y Cadeirydd i'r swyddogion am gyflwyno drafft â newidiadau wedi'u tracio ynddo, a gofynnodd iddynt ychwanegu 'aelodau annibynnol' at y rhestr termau. <u>PENDERFYNWYD:</u> • Gwnaeth y Pwyllgor Llywodraethu ac Archwilio ystyried a chymeradwyo'r fersiwn wedi'i diweddaru o God Llywodraethu Corfforaethol y Cyngor sydd yn Atodiad B, yn amodol ar wneud newidiadau priodol i ystyried y cynnig ynghylch yr argyfwng natur y cytunwyd arno yng nghyfarfod y Cyngor ar 9 Ebrill.
Dyddiad Gwneud y Penderfyniad	24 Ebrill 2025

213. Adolygiad o'r Polisi Atal Osgoi Treth

Y Penderfyniad a Wnaed	Diben yr adroddiad hwn oedd cyflwyno'r Polisi Atal Osgoi Treth wedi'i ddiweddaru i'r Pwyllgor Llywodraethu ac Archwilio i'w ystyried cyn iddo gael ei gyflwyno i'r Cabinet i gael ei gymeradwyo. Mewn ymateb i'r adroddiad, gwnaeth Aelodau godi a thrafod nifer o faterion, gan gynnwys y canlynol: • P'un a oedd cyngor cymuned yn 'gorff perthnasol' yng nghyd-destun Deddf Cyllid Troseddol 2017 ai peidio. Ymrwymodd y Prif Swyddog – Cyllid, Tai a Newid i egluro hyn a hysbysu'r Aelodau maes o law. • P'un a allai fod angen i'r Aelodau gael hyfforddiant ychwanegol ar y polisi hwn ai peidio. Nododd y Dirprwy Bennaeth Cyllid nad oedd hyfforddiant penodol ar y polisi ei hun ond bod nifer o fodiwlau hyfforddiant ar gael ar dwyll ac atal twyll. • Y ffyrdd posibl o osgoi treth a'r gwendidau mewn systemau sy'n golygu bod angen i swyddogion fod yn wyliadwrus drwy'r amser.

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	PENDERFYNWYD: Gwnaeth y Pwyllgor ystyried y Polisi Atal Osgoi Treth diwygiedig sydd wedi'i atodi yn **Atodiad A**. Ymrwymodd y swyddogion i archwilio pa hyfforddiant pellach y gellid ei roi i Aelodau pan gaiff polisïau eu diwygio a'u diweddaru.
Dyddiad Gwneud y Penderfyniad	24 Ebrill 2025

214. Strategaeth a Fframwaith Twyll 2025/26 i 2027/28

Y Penderfyniad a Wnaed	Diben yr adroddiad hwn oedd cyflwyno'r fersiwn wedi'i diweddaru o Strategaeth a Fframwaith Twyll 2025/26 i 2027/28 y Cyngor i'r Pwyllgor yn unol â swyddogaethau'r Pwyllgor Llywodraethu ac Archwilio, cyn iddi gael ei chyflwyno i'r Cabinet i gael ei chymeradwyo. Mae'r Strategaeth yn amlinellu'r strwythur a'r dull cyffredinol ar gyfer rheoli'r risg o dwyll. Mewn ymateb i'r adroddiad, gwnaeth Aelodau godi a thrafod nifer o faterion, gan gynnwys y canlynol: • Y risg o dwyll yng nghadwyn gyflenwi'r Cyngor a ph'un a oedd unrhyw dwyll wedi cael ei ddarganfod dros y flwyddyn ddiwethaf ai peidio. Mewn ymateb i hynny, nododd Dirprwy Bennaeth y Gwasanaeth Archwilio Mewnol Rhanbarthol y bydd y gwasanaeth, pan fydd yn datblygu ei gynllun gwaith blynyddol, bob amser yn edrych ar feysydd risg fel credydwyr, caffael, anfonebu, gan gynnwys mewn ysgolion a chartrefi gofal, ac agweddau eraill ar y gadwyn gyflenwi. • Yn dilyn y drafodaeth am Adroddiad Twyll Corfforaethol 2023-24 yng nghyfarfod y Pwyllgor ym mis Gorffennaf 2024, holodd un o'r Aelodau am ganlyniad y posibilrwydd o gyflogi mwy o bobl yn yr Adran Dwyll, a ph'un a fyddai hyn yn ffordd o gynyddu refeniw i'r Cyngor ai peidio. Nododd y Prif Swyddog – Cyllid, Tai a Newid fod hyn wedi cael ei ystyried ond bod penderfyniad wedi cael ei wneud mai cynyddu adnoddau yn y Tîm Budd-daliadau fyddai'r defnydd gorau o adnoddau. Mae adnoddau ychwanegol wedi cael eu dyrannu i adolygiadau i sicrhau y caiff gwybodaeth am gleientiaid ei diweddaru'n rheolaidd er mwyn sicrhau bod hawl pobl i gael budd-daliadau yn gywir, a lleihau gordaliadau. • Ei bod yn bwysig pennu mesuriadau llwyddiant. Ymrwymodd yr Uwch-ymchwilydd Twyll i ailedrych

	ar hyn. • Mai ysgolion yw'r ffynhonnell fwyaf o atgyfeiriadau mewnol yn genedlaethol ond, fel y nododd Dirprwy Bennaeth y Gwasanaeth Archwilio Mewnol Rhanbarthol, mai atgyfeiriadau isel eu gwerth yw'r rhain, ac mai at ddibenion sicrwydd y gwneir hyn fel arfer yn hytrach nag am fod amheuaeth o dwyll. • P'un a oedd y strategaeth yn cynnwys bathodynnau glas ai peidio. Cadarnhaodd yr Uwch-ymchwilydd Twyll ei bod yn eu cynnwys. • Ei bod yn bwysig canfod arferion da, yn enwedig o ran defnyddio technolegau digidol ac, felly, y dylem fanteisio ar arbenigedd Data Cymru. • Tynnodd un o gynrychiolwyr Archwilio Cymru sylw at y Fenter Twyll Genedlaethol, y mae ei gwaith i'w weld yn y cyfeiriad canlynol: https://www.audit.wales/cy/ein-gwaith/menter-twyll-genedlaethol. Gwnaeth y cynrychiolydd hefyd nodi bod y tîm yn ystyried cynnal adolygiad o drefniadau atal twyll ar hyn o bryd. PENDERFYNWYD: Gwnaeth y Pwyllgor adolygu'r fersiwn wedi'i diweddaru o Strategaeth a Fframwaith Twyll 2025/26 i 2027/28 y Cyngor cyn iddi gael ei chyflwyno i'r Cabinet i gael ei chymeradwyo.
Dyddiad Gwneud y Penderfyniad	24 Ebrill 2025

215. Monitro Argymhellion Archwilio Mewnol

Y Penderfyniad a Wnaed	Diben yr adroddiad hwn oedd cyflwyno datganiad sefyllfa i Aelodau'r Pwyllgor ynghylch yr argymhellion archwilio a oedd wedi'u gwneud, wedi'u rhoi ar waith a heb eu rhoi ar waith hyd at 31 Mawrth 2025, ac ystyried y wybodaeth a roddwyd am statws yr argymhellion blaenoriaeth uchel a chanolig a wnaed gan y Gwasanaeth Archwilio Mewnol Rhanbarthol. Mewn ymateb i'r adroddiad, gwnaeth Aelodau godi a thrafod nifer o faterion, gan gynnwys y canlynol: • Yr achosion difrifol o oedi cyn cwblhau camau gweithredu y cytunwyd arnynt mewn tri maes: Milltiroedd o'r Cartref i'r Gwaith yng Ngherbydau'r Cyngor, Gorfodi Rheolau Parcio, a Datganiad

	Blynyddol Harbwr Porthcawl. • P'un a yw'r materion y tynnwyd sylw atynt yn awgrymu y gallai fod patrwm yn dod i'r amlwg ynglŷn â'r diwylliant mewn Cyfarwyddiaeth benodol, ac felly hefyd a oes un pwynt methiant yn y Gyfarwyddiaeth honno. • Y byddai'r gwaith a nodwyd ar Hawliau Tramwy wedi'i gwblhau erbyn diwedd mis Mehefin. PENDERFYNWYD: Gwnaeth Aelodau'r Pwyllgor Llywodraethu ac Archwilio nodi cynnwys yr adroddiad ac ystyried y wybodaeth a roddwyd am statws yr argymhellion blaenoriaeth uchel a chanolig a wnaed gan y Gwasanaeth Archwilio Mewnol Rhanbarthol. Argymhellodd Aelodau y dylai'r Aelod Cabinet, y Cyfarwyddwr Corfforaethol a'r swyddogion cyfrifol priodol gael eu gwahodd i gyfarfod arbennig o'r Pwyllgor Llywodraethu ac Archwilio a gaiff ei drefnu cyn y cyfarfod rheolaidd nesaf i ystyried a thrafod tri mater y tynnwyd sylw atynt yn yr adroddiadau canlynol: Milltiroedd o'r Cartref i'r Gwaith yng Ngherbydau'r Cyngor, Gorfodi Rheolau Parcio, a Datganiad Blynyddol Harbwr Porthcawl. Gofynnodd Aelodau am i ddiweddariad ysgrifenedig gael ei gyflwyno sy'n mynd i'r afael â'r materion a amlygwyd mewn perthynas â Diogelu Corfforaethol – Contractau.
Dyddiad Gwneud y Penderfyniad	24 Ebrill 2025

216. Blaenraglen Waith 2025-26

Y Penderfyniad a Wnaed	Diben yr adroddiad hwn oedd ceisio cymeradwyaeth i'r Flaenraglen Waith wedi'i diweddaru ar gyfer 2025-26. PENDERFYNWYD: Gwnaeth y Pwyllgor ystyried a chymeradwyo'r Flaenraglen Waith wedi'i diweddaru ar gyfer 2025-26, yn amodol ar ddau newid: diwygio'r dyddiadau ar gyfer cyflwyno'r Traciwr Rheoleiddio i adlewyrchu'r

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	argymhelliad yn Eitem Agenda 6, a threfnu cyfarfod arbennig ar ddiwedd mis Mai neu ddechrau mis Mehefin i ystyried y materion y tynnwyd sylw atynt yn Eitem Agenda 11.
Dyddiad Gwneud y Penderfyniad	24 Ebrill 2025

217. Eitemau Brys

Y Penderfyniad a Wnaed	Dim
Dyddiad Gwneud y Penderfyniad	24 Ebrill 2025

I weld trafodaethau pellach a gafwyd ynghylch yr eitemau uchod, cliciwch ar y ddolen hon.

Daeth y cyfarfod i ben am 12:31.

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Meeting of:	**GOVERNANCE AND AUDIT COMMITTEE**
Date of Meeting:	**19 JUNE 2025**
Report Title:	**GOVERNANCE AND AUDIT COMMITTEE ACTION RECORD**
Report Owner / Corporate Director:	**CHIEF OFFICER – LEGAL AND REGULATORY SERVICES, HR AND CORPORATE POLICY**
Responsible Officer:	**STEPHEN GRIFFITHS** **INTERIM SCRUTINY OFFICER**
Policy Framework and Procedure Rules:	**There is no impact on the policy framework and procedure rules.**
Executive Summary:	**This report seeks to update Members of the Governance and Audit Committee on follow-up actions or further information requested on reports considered by Members and/or requested by Committee, including any other related information in relation to previous agenda items.**

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. Background

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

3. Current situation / proposal

3.1 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.

4. Equality Impact Assessment (including Socio-economic Duty and Welsh Language)

4.1 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.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 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.

6. Climate Change and Nature Implications

6.1 There are no climate change or nature implications arising from this report.

7. Safeguarding and Corporate Parent Implications

7.1 There are no safeguarding or corporate parent implications arising from 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 comments, as appropriate.

Background documents

None.

Number	Date of Committee	Item	Lead	Target Date	Action	Date for action to be brought to GAC.	Response
1.	24 Apr 25	**Code of Corporate Governance**	Chief Officer - Finance, Housing & Change/ Group Manager - Chief Accountant	Jun 25	The Governance and Audit Committee considered and approved the Council's updated Code of Corporate Governance at Appendix B, subject to the inclusion of appropriate amendments to take account of the agreed motion on the Nature Emergency at Council on 9 April.	Jun 25	**ACTIONED** – An updated Code of Corporate Governance, with the following amendments, was shared with Members of the Committee on 7 May 2025: Page 10 – removal of 'Anti-Bribery Policy' from final box Page 16 – added the declaration of a nature emergency Page 32 – added Independent Members into the Glossary.
2.	24 Apr 25	**Anti-Tax Evasion Policy Review**	Chief Officer - Finance, Housing & Change/ Deputy Head of Finance/ Senior Fraud Investigator	Jun 25	Officers undertook to explore what further training could be provided for Members, when policies are amended and updated.	Jun 25	**ACTIONED** – Training materials on Corporate Fraud have been updated to take account of amended and updated policies.
3.	24 Apr 25	**Internal Audit Recommendation Monitoring**	Chief Officer - Finance, Housing & Change	Jun 25	Members recommended that the appropriate Cabinet Member, Corporate Director, and responsible officers be invited to a special meeting of the Governance and Audit Committee to be organised before the next scheduled meeting to review and discuss three issues highlighted in the following reports: • Home to Work Mileage in Council Vehicles. • Parking Enforcement. • Porthcawl Harbour Annual Return.	Jun 25	**ACTIONED** – The following update was sent to Members of the Committee on 2 June: Due to the absence of the Director of Communities and the secondment of the Head of Service to another role, there are capacity issues in the Directorate. As a result, the Chair has agreed that the issues planned for the special meeting will now be dealt with at the scheduled meeting on 19 June. The Chair has asked that the relevant Cabinet member, Director, and Service Manager attend to answer questions about the following in respect of the three issues identified for review and discussion: • What has been done to date? • Why have the actions been delayed? • What is being done to meet the recommendations? • What is the new timeline?
4.	24 Apr 25	**Internal Audit Recommendation Monitoring**	Chief Officer - Finance, Housing & Change	Jun 25	Members requested that a written update be submitted that addresses the issues highlighted in respect of Corporate Safeguarding – Contracts.	Jun 25	**ACTIONED** – A written update was sent to Members of the Committee on 5 June 2025.

5.	30 Jan 25	**Statement of Accounts 2023-24: Lessons Learned**	Chief Officer – Legal & Regulatory Services, HR & Corporate Policy/ Chief Officer - Finance, Housing & Change	Jun 25	That a Member briefing on the Corporate Joint Committee (CJC) be considered to outline exactly what changes have taken place, including the governance structures, and how the County Borough fits into it. Consideration could be given to inviting a representative of the CJC to be questioned by Members of GAC. There was a need to consider how the Minutes from the governance structures of the CJC could be brought into the Council for Members to consider significant issues and developments.	Jun 25	**ACTIONED** – The Democratic Services Manager has been in touch with the CJC monitoring officer to try and arrange member training on the CJC for all our Members. Discussions on the best way forward are ongoing. An update will be provided at the meeting of the Committee on 19 June 2025.
6.	30 Jan 25	**Corporate Complaints**	Chief Officer – Legal & Regulatory Services, HR & Corporate Policy	Jun 25	Members requested that a progress report on the implementation the new complaints system be submitted to meeting of the committee in June 2025	Jun 25	**ACTIONED** – A progress report on the implementation of the new complaints system will be submitted to the meeting of the Committee on 19 June 2025.
7.	28 Nov 24	**Monitoring Report - Corporate Complaints**	Chief Officer – Legal & Regulatory Services, HR & Corporate Policy/ Democratic Services Manager	Jan 25	Members requested that the Wales Penalty Processing Partnership (WPPP) be referred to the relevant scrutiny committee, and that the findings are reported back to the Governance and Audit Committee.	Apr 25	**ACTIONED** – As requested by the Corporate Overview and Scrutiny Committee (COSC), the item was scoped out further by Scrutiny Officers and considered by the Scrutiny Chairs, who were satisfied that the information provided regarding WPPP did not require further scrutiny and requested that the information be circulated to Members of the Governance and Audit Committee (GAC) and COSC for assurance. The information was circulated to Members of GAC and COSC on 12 June 2025. It was recommended by the Scrutiny Chairs that GAC request further information from the Communities Directorate regarding the responsibility for quality assurance and monitoring as part of their update on Parking Enforcement.
8.	19 Jul 24	**Porthcawl Harbour Return**	Chief Officer – Legal & Regulatory Services, HR & Corporate Policy/ Democratic Services Manager	Sept 24	Members requested that the Subject Overview and Scrutiny Committee 3 look at the operation and performance, especially in respect to the Council's commitments and liabilities, of Porthcawl Harbour.	Apr 25	**ACTIONED** – Following a request for an update, Scrutiny Chairs considered the information that had been provided from various Officers and were satisfied that the topic did not require further scrutiny and requested that the information be circulated to Members of the Governance and Audit Committee (GAC). The information was circulated to Members of GAC on 12 June 2025.

9.	6 Jun 24	**Regional Internal Audit Service Charter 2024-25**	Chief Officer - Finance, Housing & Change/ Democratic Services Manager/ Head of RIAS	Jul 24	Members requested a training event to include, if possible, representatives from Audit Wales.	Apr 25	**ACTIONED** – The Democratic Services Manager has sent out recordings of previous Audit training such as Treasury Management training, as a refresher and for those who may have been unable to attend the training. The Democratic Services Manager and the Chief Officer – Finance, Housing & Change are in the process of arranging a training event for the Committee that will involve internal and external Audit and focus on the following: • TOR for GAC. • Role of Internal Audit. • Role of Audit Wales • Role of the Lay Member. • Discussion re future training requirements.

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Meeting of:	**GOVERNANCE AND AUDIT COMMITTEE**
Date of Meeting:	**19 JUNE 2025**
Report Title:	**GOING CONCERN ASSESSMENT**
Report Owner / Corporate Director:	**CHIEF OFFICER – FINANCE, HOUSING & CHANGE**
Responsible Officer:	**NIGEL SMITH GROUP MANAGER – CHIEF ACCOUNTANT**
Policy Framework and Procedure Rules:	**There is no impact on the policy framework or procedure rules**
Executive Summary:	• **The Council's auditors are required to have assurance that the Council is able to evidence that it has completed a 'going concern' assessment, which underpins the preparation of the annual Statement of Accounts.** • **This report confirms the assessment of the Council as a going concern as required by the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice on Local Authority Accounting.**

1. Purpose of Report

1.1 This report informs the Committee of the Section 151 (s151) Officer's (Chief Officer – Finance, Housing and Change) assessment of the Council as a 'Going Concern' for the purposes of producing the 2024-25 Statement of Accounts.

2. Background

2.1 The concept of a 'going concern' assumes that local authorities, their functions and services, will continue in operation for the foreseeable future. This assumption underpins the Statement of Accounts drawn up under the Chartered Institute of Public Finance and Accountancy's Code of Practice on Local Authority Accounting (the Code). The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. The assumption is made because local authorities provide services essential to the local community and are themselves revenue-raising bodies through council tax, fees and charges. Should the Council find itself in financial difficulty it would be anticipated that Welsh Government would need to provide assistance and/or continuance of the Council's services.

2.2 Should the Council be deemed to not be a 'going concern' particular care would be needed in the valuation of assets, as inventories and property, plant and equipment may not be realisable at the book values, and provisions might be needed for closure costs and redundancies. An inability to apply the going concern concept would potentially have a fundamental impact on the financial statements. The audit of Local Authorities is carried out under the auditing standard *ISA 315 (UK) Identifying and Assessing the Risks of Material Misstatement (Revised July 2020)*. This standard is effective for audits of accounts for periods beginning on or after 15 December 2021 and applies to the audit of all private and public sector entities across the UK. As part of the audit planning for the 2024-25 Statement of Accounts, the auditors will seek the Council's assessment of whether the Council is preparing its Statement of Accounts on a 'going concern' basis.

2.3 This report sets out the position for Bridgend County Borough Council. The Council's accounts are prepared in accordance with CIPFA's Code, which assumes the Council will continue to operate in the foreseeable future and that it is able to do so within the current and anticipated resources available. The main factors which underpin this are:

- The Council's current financial position
- The Council's Balance Sheet
- The Council's Cash Flow
- The Council's projected financial position
- The Council's Governance arrangements
- The External Regulatory and Control Framework.

Each of the above is considered below.

3. Current situation / proposal

3.1 The Council's current financial position

3.1.1 It is expected that the Council will show an under spend for the current financial year ending 31 March 2025 of £0.3 million. This takes account of draw down from revenue and capital earmarked reserves of £7.638 million during the year and a net increase to reserves of £3.874 million. Going forward the budget will continue to be monitored closely and on a regular basis.

3.1.2 As at 31 March 2025 the Council Fund was £10.030 million, an increase from the previous year balance which was £9.730 million. The Council also held other usable reserves, including earmarked reserves, capital receipts and capital grants unapplied of £105.614 million, an increase of £13.477 million from the previous year.

3.2 The Council's Balance Sheet

3.2.1 Based on the draft, unaudited 2024-25 Statement of Accounts, the Council's net assets amounted to £665.285 million as at 31 March 2025 and usable reserves totaled £115.644 million. Officers are not aware of any material liabilities or underlying issues regarding the strength of the Council's balance sheet which present any material uncertainties regarding the Council's ability to continue as a going concern.

3.3 The Council's Cash Flow

3.3.1 The Council manages its cash, investments and borrowing in line with the approved Treasury Management Strategy. As at 31 March 2025 the Council had long term borrowing commitments of £95 million and held Cash and Cash Equivalent balances of £36.88 million. These include Money Market Fund investments which are classified as Cash and Cash Equivalents rather than short term investments within the Statement of Accounts. The Council has continued to manage its borrowing and investments during 2024-25 in line with the approved Treasury Management Strategy and has adequate financial resources to meet its immediate financial obligations. Officers are satisfied that there are no significant issues regarding the strength of the Council's underlying cash flow which present any material uncertainties regarding the Council's ability to continue as a going concern.

3.4 The Council's projected financial position

3.4.1 The anticipated revenue outturn position for 2024-25 is a forecast underspend of £0.3 million. This comprises a net over spend on Directorates of £2.376 million, a net underspend on Council wide budgets of £15.128 million, higher than anticipated council tax income of £611,000 and net transfers to Earmarked Reserves of £13.063 million.

3.4.2 Going forward the situation remains challenging with the budget for 2025-26 balanced on the basis of achieving £8.379 million of budget reductions and a council tax increase of 4.5%. Projections of funding for future years are still unknown but the situation looks extremely challenging and early and strong financial planning will be essential to setting a balanced budget. The Council currently has in place robust processes to support the budget planning process.

3.5 The Council's Governance Arrangements

3.5.1 The Council has a well-established and robust corporate governance framework. The Council's Code of Corporate Governance was updated during the financial year and approved by the Governance and Audit Committee on 24 April 2025. The governance arrangements include the statutory requirements for a Head of Paid Service, the Monitoring Officer and the Section 151 Officer. An overview and review of the governance framework is provided within the Annual Governance Statement.

3.5.2 The overall conclusion of the review process outlined in the Annual Governance Statement is that the Council continues to have in place appropriate internal control and governance arrangements. The Head of Internal Audit's annual opinion due to be reported to the Governance and Audit Committee on the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2024-25 is of 'Reasonable Assurance". Officers are satisfied that there are no significant issues regarding the Council's governance framework which present any material uncertainties regarding the Council's ability to continue as a going concern.

3.6 The External Regulatory and Control Framework

3.6.1 As a local authority the Council has to operate within a highly legislated and controlled environment. An example of this is the requirement to set a balanced budget each

year combined with the legal requirement for the Council to have regard to consideration of such matters as the robustness of budget estimates and the adequacy of reserves. In addition to these there are other factors, such as the role of external audit, as well as the statutory requirements in some cases for compliance with best practice and guidance published by CIPFA and other relevant bodies.

3.6.2 The provision in the Code on the going concern requirements reflects the economic and statutory environment in which local authorities operate. The economic climate for local authorities is challenging, and the Council will have to consider how it shapes its services to meet the financial constraints moving forward. Whilst this will be challenging officers are satisfied that there are not any material uncertainties regarding the Council's ability to continue as a going concern.

3.7 Material Uncertainties

3.7.1 The Council is required to consider any material uncertainties related to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern, and there are currently no concerns in this respect.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1 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.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 The Act provides the basis for driving a different kind of public service in Wales, with 5 ways of working to guide how public services should work to deliver for people. The following is a summary to show how the 5 ways of working to achieve the well-being goals have been used to formulate the recommendations within this report.

- **Long-term** - the confirmation of the Council as a going-concern underpins the continued provision of services in both the short-term and long-term.
- **Prevention** – assessing the Council as a going concern supports the continued provision of services to residents and visitors to the County Borough.
- **Integration** – the Council has a number of integrated services e.g. health and social care and as a going concern will continue to do so for the future.
- **Collaboration** – the Council will continue to provide services to its community in a collaborative way with other organisations.
- **Involvement** – the Council has effective partnership working, involving external organisations and individuals and communicates and collaborates with them where necessary.

6. Climate Change and Nature Implications

6.1 The assessment of the Council as a going concern will enable it to continue its progress towards decarbonisation. There are no specific impacts arising from this report.

7. Safeguarding and Corporate Parent Implications

7.1 The assessment supports the Council's requirement of effective partnership working between all those involved in providing services for children, young people and adults at risk.

8. Financial Implications

8.1 There are no specific financial implications arising from this report. The report confirms the assessment of the Council as a going concern.

9. Recommendation

9.1 It is recommended that the Governance and Audit Committee accepts the outcome of the assessment of the Council's going concern status for the purpose of preparing the 2024-25 Statement of Accounts.

Background documents

None

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Meeting of:	**GOVERNANCE AND AUDIT COMMITTEE**
Date of Meeting:	**19 JUNE 2025**
Report Title:	**AUDIT WALES' 'AUDIT ENQUIRIES TO THOSE CHARGED WITH GOVERNANCE AND MANAGEMENT' FOR THE 2024-25 AUDIT**
Report Owner / Corporate Director:	**CHIEF OFFICER – FINANCE, HOUSING & CHANGE**
Responsible Officer:	**NIGEL SMITH GROUP MANAGER – CHIEF ACCOUNTANT**
Policy Framework and Procedure Rules:	**There is no impact on the policy framework or procedure rules.**
Executive Summary:	• **Audit Wales have submitted their 'Audit enquiries to those charged with governance and management' letter to the Council for completion by 30 June 2025.** • **The letter is for the purposes of informing Audit Wales' understanding of the governance arrangements of the Council and its business processes, and to support their audit work in providing an audit opinion on the 2024-25 financial statements.** • **Responses have been provided to the questions raised, and the Governance and Audit Committee are asked to consider and confirm the responses.**

1. Purpose of Report

1.1 This report provides the Committee with Audit Wales' 'Audit enquiries to those charged with governance and management' letter, which asks a number of questions in respect of the Council's governance arrangements for completion by 30 June 2025. The letter is attached at **Appendix A** and the Governance and Audit Committee are asked to consider and confirm the responses and approve its return to Audit Wales.

2. Background

2.1 Audit Wales undertake the annual audit of the Council's Statement of Accounts. As part of the planning of the audit, the Auditor General is required to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. Those who are responsible for the conduct of public business and for spending public money are accountable for

ensuring that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. In discharging these responsibilities, public bodies and their management (both members and officers) are responsible for putting in place proper arrangements for the governance of their affairs and the stewardship of the resources at their disposal. Audit Wales' 'Audit enquiries to those charged with governance and management' letter formally seeks documented consideration and understanding on a number of governance areas that impact on their audit of the Council's financial statements.

3. Current situation / proposal

3.1 Appendices 1 to 3 of the letter set out a number of questions to management and those charged with governance. Responses have been provided to each of the questions, as set out in **Appendix A**. Audit Wales have requested that the completed responses be returned to them by 30 June 2025. The Governance and Audit Committee is asked to consider and approve the responses.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1 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.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 The Act provides the basis for driving a different kind of public service in Wales, with 5 ways of working to guide how public services should work to deliver for people. The well-being objectives are designed to complement each other and are part of an integrated way of working to improve well-being for the people of Bridgend. It is considered that there will be no significant or unacceptable impacts upon the achievement of the well-being goals or objectives as a result of this report.

6. Climate Change and Nature Implications

6.1 There are no climate change or nature implications as a result of this report.

7. Safeguarding and Corporate Parent Implications

7.1 There are no Safeguarding or Corporate Parent implications as a result of this report.

8. Financial Implications

8.1 There are no financial implications arising from this report.

9. Recommendation

9.1 It is recommended that the Governance and Audit Committee:

- agrees the responses to Audit Wales' 'Audit enquiries to those charged with governance and management' letter as attached at **Appendix A;**
- notes that the responses to Audit Wales' enquiries letter will be subject to the final review and approval of the Section 151 Officer and Monitoring Officer and may be subject to revision prior to submission.

Background documents

None

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Carys Lord
Chief Officer – Finance, Housing and Change
Bridgend County Borough Council
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Date issued: 18 March 2025

Dear Carys

Audit enquiries to management and those charged with governance

The Auditor General's Statement of Responsibilities sets out that he is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. It also sets out the respective responsibilities of auditors, management and those charged with governance.

This letter formally seeks documented consideration and understanding on a number of governance areas that impact on our audit of your financial statements. These considerations are relevant to both the management of the Council and 'those charged with governance'.

I have set out below the areas of governance on which I am seeking your views:

1. Matters in relation to fraud
2. Matters in relation to laws and regulations
3. Matters in relation to related parties

The information you provide will inform our understanding of the Council and its business processes and support our work in providing an audit opinion on your 2024-25 financial statements.

I would be grateful if you could update the attached table in Appendix 1 to Appendix 3 for 2024-25.

The completed Appendix 1 to Appendix 3 should be formally considered and communicated to us on behalf of both management and those charged with governance by 30 June 2025. In the meantime, if you have queries, please contact me on 02920 829326 or David.Williams@audit.wales.

Yours sincerely

David Williams - Audit Manager

Appendix 1

Matters in relation to fraud

International Standard for Auditing (UK) 240 covers auditors' responsibilities relating to fraud in an audit of financial statements. This standard has been revised for 2024-25 audits.

The primary responsibility to prevent and detect fraud rests with both management and 'those charged with governance', which for the Council is the Audit Committee. Management, with the oversight of those charged with governance, should ensure there is a strong emphasis on fraud prevention and deterrence and create a culture of honest and ethical behaviour, reinforced by active oversight by those charged with governance.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

What are we required to do?

As part of our risk assessment procedures we are required to consider the risks of material misstatement due to fraud. This includes understanding the arrangements management has put in place in respect of fraud risks. The ISA views fraud as either:

- The intentional misappropriation of assets (cash, property, etc); or
- The intentional manipulation or misstatement of the financial statements.

We also need to understand how those charged with governance exercises oversight of management's processes. We are also required to make enquiries of both management and those charged with governance as to their knowledge of any actual, suspected or alleged fraud, management's process for identifying and responding to the risks and the internal controls established to mitigate them.

Enquiries of management – general

Question	2023-24 Response	2024-25 Response
1. Has the management team carried out an assessment of the going concern basis for preparing the financial statements? What was the outcome of that assessment?	An assessment of the Council's position will be reported to the Governance and Audit Committee on 6 June 2024 which confirms that the accounts will be prepared on the basis of a going concern in line with para 3.4.2.23 of the CIPFA Code of Practice on Local Authority Accounting.	An assessment of the Council's position will be reported to the Governance and Audit Committee on 19 June 2025 which confirms that the accounts will be prepared on the basis of a going concern in line with para 3.4.2.23 of the CIPFA Code of Practice on Local Authority Accounting.
2. Do you have knowledge of events or conditions beyond the period of the going concern assessment that may cast significant doubt on the entity's ability to continue as a going concern?	No events or conditions that would affect the going concern.	No events or conditions that would affect the going concern.
3. What are your views on the entity's control environment? How would you assess the process for reviewing the effectiveness of internal control?	The Council has in place robust internal control processes. The Head of Internal Audit's opinion of the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2022-23 was of Reasonable Assurance.	The Council has in place robust internal control processes. The Head of Internal Audit's opinion of the adequacy and effectiveness of the Council's framework of governance, risk management and control for

Enquiries of management – general

Question	2023-24 Response	2024-25 Response
		2024-25 is one of Reasonable Assurance and will be reported to Governance and Audit Committee on 19 June 2025.
4. If internal control deficiencies were reported in the prior year, please comment on the status of these.	Responses to Audit Wales' audit of accounts 2022-23 memo has been completed. These were not significant and no other internal control deficiencies have been reported.	Audit Wales' audit letter identified one recommendation following the completion of the 2023-24 Statement of Accounts audit. This was to consider fully utilising the Council's Asset Management System (CIPFA Fixed Asset Register) rather than the current spreadsheets for valuations. It has not been possible to implement this for 2024-25 but the Council is considering a specific asset management system for the future.
5. What procedures are in place to ensure the compliance and completeness of Governance reports?	The Annual Governance Statement (AGS) is reviewed by senior officers and agreed by the Corporate Management Board (CMB). The Leader and Chief Executive evidence their agreement via signing of the	The Annual Governance Statement (AGS) is reviewed by senior officers and agreed by the Cabinet and Corporate Management Board (CMB). The Leader and Chief Executive evidence their agreement via signing of the AGS. It is reviewed at the half year

Enquiries of management – general

Question	2023-24 Response	2024-25 Response
	AGS. It is reviewed at the half year point and both the AGS and the review are presented to the Governance and Audit Committee. The Council has introduced a regulatory tracker to the Governance and Audit Committee to ensure all governance issues raised by external assessors are reported to the Committee and actions are therefore followed up. The Council's Code of Corporate Governance was last updated in November 2023 and approved by Cabinet on 21 November 2023.	point and both the AGS and the review are presented to the Governance and Audit Committee. The Council has introduced a regulatory tracker to the Governance and Audit Committee to ensure all governance issues raised by external assessors are reported to the Committee and actions are therefore followed up. The regulatory tracker is reported to Corporate Overview and Scrutiny Committee (COSC) twice yearly following its consideration at Governance and Audit Committee. Any new inspection reports received by Governance and Audit Committee are sent for information to the appropriate Scrutiny Committee as a link in their Forward Work Programme. Members of that Committee can then determine if they want to consider the report in detail, which could be accompanied by any comments and referrals from the Governance and Audit Committee. The Council's Code of Corporate Governance was last

Enquiries of management – general

Question	2023-24 Response	2024-25 Response
		updated in spring 2025 and approved by the Governance and Audit Committee in April 2025.

Enquiries of management – in relation to fraud

Question	2023-24 Response	2024-25 Response
1. What is management's assessment of the risk that the financial statements may be materially misstated due to fraud? What is the nature, extent and frequency of management's assessment?	Low risk/probability. Both internal and external audit work has provided assurance that there is unlikely to be any material misstatements of the accounts as a result of fraud. Budget monitoring reports are produced regularly throughout the year involving service accountants, finance managers and	Low risk/probability. Both internal and external audit work has provided assurance that there is unlikely to be any material misstatements of the accounts as a result of fraud. Budget monitoring reports are produced regularly throughout the year involving service accountants, finance

Enquiries of management – in relation to fraud

Question	2023-24 Response	2024-25 Response
	service staff, and reported regularly to Council, Cabinet and CMB. These are then subject to intense scrutiny by the Council's Corporate Overview and Scrutiny Committee. Processes are in place for the preparation of the Statement of Accounts which are reviewed at both Chief Accountant and s151 officer level, prior to scrutiny at the Governance and Audit Committee. Internal audit provides a review of, and assurance on, the Council's systems and processes, including the main accounting and budgetary control systems as part of their annual internal audit plan.	managers and service staff, and reported regularly to Council, Cabinet and CMB. These are then subject to intense scrutiny by the Council's Corporate Overview and Scrutiny Committee. Processes are in place for the preparation of the Statement of Accounts which are reviewed at both Chief Accountant and s151 officer level, prior to scrutiny at the Governance and Audit Committee. Internal audit provides a review of, and assurance on, the Council's systems and processes, including the main accounting and budgetary control systems as part of their annual internal audit plan.
2. Do you have knowledge of any actual, suspected or alleged fraud affecting the audited body?	None.	The Council ordered a shipping container which did not arrive and paid 50% upfront (£3,658). This has been identified as a fraud and a request for the final 50% payment was rejected. Financial regulations require that

Enquiries of management – in relation to fraud

Question	2023-24 Response	2024-25 Response
		payments in advance should not be made without s151 Officer approval.
3. What is management's process for identifying and responding to the risks of fraud in the audited body, including any specific risks of fraud that management has identified or that have been brought to its attention?	The Council has in place an Anti-Fraud and Bribery Policy, Fraud Strategy and Framework, and an Anti-Tax Evasion Policy, which was reviewed and updated during April 2023. The Governance and Audit Committee have reviewed the updated Policy, which was presented to and approved by Cabinet on 20 June 2023. The Council has clear codes of conduct for both members and officers as set out in the Council's Constitution. Processes employed are: a. Specific controls in place relevant to applicable processes b. Focussed use of Internal Audit, with management follow-up actions also scrutinised by the Governance and Audit Committee. c. Contingency provision within Internal Audit Plan set aside for work as it arises.	The Council has in place an Anti-Fraud and Bribery Policy, Fraud Strategy and Framework, and an Anti-Tax Evasion Policy. The Anti-Tax Evasion Policy has been updated and reviewed during Spring 2025 by the Governance and Audit Committee and will be presented to Cabinet for approval in June 2025. The Anti-Fraud and Bribery Strategy and Anti Money-Laundering Policy will be updated and presented to Cabinet in June 2025. The Council has clear codes of conduct for both members and officers as set out in the Council's Constitution. Processes employed are: a. Specific controls in place relevant to applicable processes b. Focussed use of Internal Audit, with management follow-up actions also scrutinised by the Governance and Audit Committee.

Enquiries of management – in relation to fraud

Question	2023-24 Response	2024-25 Response
	The Governance and Audit Committee receive reports on days used. d. Generally, it is not possible for an individual officer to act alone. Where any fraud is suspected or reported it is investigated by Internal Audit and the Council's Senior Fraud Investigator in conjunction with senior management and HR, where deemed appropriate/necessary. All staff have access to the Fraud Prevention E-Learning Module.	c. Contingency provision within Internal Audit Plan set aside for work as it arises. The Governance and Audit Committee receive reports on days used. d. Generally, it is not possible for an individual officer to act alone. Where any fraud is suspected or reported it is investigated by Internal Audit and the Council's Senior Fraud Investigator in conjunction with senior management and HR, where deemed appropriate/necessary. All staff have access to the Fraud Prevention E-Learning Module.
4. What classes of transactions, account balances and disclosures have you identified as most at risk of fraud?	Areas at most risk would be purchasing cards, council tax support and Home to School Transport.	Areas at most risk would be purchasing cards, council tax support and Blue badges
5. Are you aware of any whistleblowing or complaints by potential whistle blowers? If so, what has been the audited body's response?	Whistleblowing referrals have been received by the Monitoring Officer and have been dealt with in accordance with the	Whistleblowing referrals have been dealt with in accordance with the Whistleblowing Policy. Referrals have

Enquiries of management – in relation to fraud

Question	2023-24 Response	2024-25 Response
	Whistleblowing Policy. None of these were fraud related.	alleged fraudulent activity, and these have been investigated by the relevant service area. Internal audit will be undertaking an audit of these services during the 2025-26 audit programme.
6. What is management's communication, if any, to those charged with governance regarding their processes for identifying and responding to risks of fraud?	Council Policies and procedures such as Anti-Fraud and Bribery Policy, Money Laundering Policy, Anti-Tax Evasion Policy, Fraud Strategy and Framework and more generally a culture of openness and probity. In addition, reports to the Governance and Audit Committee on Internal Audit work undertaken including, if appropriate, discussion around areas of weakness and where fraud has been perpetrated and planned action/responses. Internal Audit Plan in place and updates taken to each Governance and Audit Committee. Regular updates and discussion on Corporate Risk Register at the Governance and Audit Committee and a Governance and Audit Committee Forward Work Programme in place.	Council Policies and procedures such as Anti-Fraud and Bribery Policy, Money Laundering Policy, Anti-Tax Evasion Policy, Fraud Strategy and Framework and more generally a culture of openness and probity. In addition, reports to the Governance and Audit Committee on Internal Audit work undertaken including, if appropriate, discussion around areas of weakness and where fraud has been perpetrated and planned action/responses. Internal Audit Plan in place and updates taken to each Governance and Audit Committee. Regular updates and discussion on Corporate Risk Register at the Governance and Audit Committee

Enquiries of management – in relation to fraud

Question	2023-24 Response	2024-25 Response
	A Fraud Risk Register is maintained so that any risks can be monitored by CMB on a quarterly basis and any significant risks that may be identified would be fed into the corporate risk assessment and scored accordingly. A Corporate Fraud Report is presented to the Governance and Audit Committee on an annual basis to update them on any fraud risks identified throughout the year and the activities conducted by the fraud team.	and a Governance and Audit Committee Forward Work Programme in place. A Fraud Risk Register is maintained so that any risks can be monitored by CMB on a quarterly basis and any significant risks that may be identified would be fed into the corporate risk assessment and scored accordingly. A Corporate Fraud Report is presented to the Governance and Audit Committee on an annual basis to update them on any fraud risks identified throughout the year and the activities conducted by the fraud team.
7. What is management's communication, if any, to employees regarding their views on business practices and ethical behaviour?	The Officer's Code of Conduct for employees can be found in the Constitution and outlines the highest	The Officer's Code of Conduct for employees can be found in the Constitution and outlines the highest standards of conduct expected. This will be communicated to staff as part of

Enquiries of management – in relation to fraud

Question	2023-24 Response	2024-25 Response
	standards of conduct expected. This will be communicated to staff as part of the mandatory corporate induction process.	the mandatory corporate induction process.
8. For service organisations, have you reported any fraud to the user entity?	N/A	N/A

Enquiries of those charged with governance – in relation to fraud

Question	2023-24 Response	2024-25 Response
1. Do you have any knowledge of actual, suspected or alleged fraud affecting the audited body?	See response below	

Enquiries of those charged with governance – in relation to fraud

Question	2023-24 Response	2024-25 Response
2. What is your assessment of the risk of fraud within the audited body, including those risks that are specific to the audited body's business sector?	The council has in place processes and policies to minimise the risk of fraud. It is considered that the Council is a potential target for fraud, but that the controls in place reduce the likelihood of fraud taking place and considers the risk to be low.	The council has in place processes and policies to minimise the risk of fraud. It is considered that the Council is a potential target for fraud, but that the controls in place reduce the likelihood of fraud taking place and considers the risk to be low.
3. How do you exercise oversight of: • management's processes for identifying and responding to the risk of fraud in the audited body, and • the controls that management has established to mitigate these risks?	Through the National Fraud Initiative process. Internal Audit reports to the Governance and Audit Committee on any matters in relation to fraud. Governance is much wider than the Governance and Audit Committee, as encapsulated in the Annual Governance Statement, which also sets out responsibilities and its review of the effectiveness of its governance arrangements and the system of internal control	Through the National Fraud Initiative process. Internal Audit reports to the Governance and Audit Committee on any matters in relation to fraud. Governance is much wider than the Governance and Audit Committee, as encapsulated in the Annual Governance Statement, which also sets out responsibilities and its review of the effectiveness of its governance arrangements and the system of internal control

Appendix 2

Matters in relation to laws and regulations

International Standard for Auditing (UK and Ireland) 250 covers auditors' responsibilities to consider the impact of laws and regulations in an audit of financial statements.

Management, with the oversight of those charged with governance, is responsible for ensuring that the Council's operations are conducted in accordance with laws and regulations, including compliance with those that determine the reported amounts and disclosures in the financial statements.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. The ISA distinguishes two different categories of laws and regulations:

- laws and regulations that have a direct effect on determining material amounts and disclosures in the financial statements;
- other laws and regulations where compliance may be fundamental to the continuance of operations, or to avoid material penalties.

What are we required to do?

As part of our risk assessment procedures we are required to make enquiries of management and those charged with governance as to whether the Council is in compliance with relevant laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Enquiries of management – in relation to laws and regulations

Question	2023-24 Response	2024-25 Response
1. Is the audited body in compliance with relevant laws and regulations? How have you gained assurance that all relevant laws and regulations have been complied with? Are there any policies or procedures in place?	The Council is not aware of any noncompliance. The Council follows all CIPFA guidance and stays up to date with technical bulletins, Codes of Practice and through informal officer networks including Society of Welsh Treasurers, Chief Accountants' forum and CIPFA training courses and seminars. The Council also responds as appropriate to proposed changes to the Codes of Practice so having early sight of potential changes. The Monitoring Officer's role includes reporting on any matters that she/he believes are, or likely to be, illegal or amount to maladministration. To this end the monitoring officer will provide reports to Cabinet / Council / Governance and Audit Committee, but also make referrals to the police or ombudsman where appropriate.	The Council is not aware of any non-compliance. The Council follows all CIPFA guidance and stays up to date with technical bulletins, Codes of Practice and through informal officer networks including Society of Welsh Treasurers, Chief Accountants' forum and CIPFA training courses and seminars. The Council also responds as appropriate to proposed changes to the Codes of Practice so having early sight of potential changes. The Monitoring Officer's role includes reporting on any matters that she/he believes are, or likely to be, illegal or amount to maladministration. To this end the monitoring officer will provide reports to Cabinet / Council / Governance and Audit Committee, but also make referrals to the police or ombudsman where appropriate.

Enquiries of management – in relation to laws and regulations

Question	2023-24 Response	2024-25 Response
2. Have there been any instances of non-compliance or suspected non-compliance with relevant laws and regulations in the financial year, or earlier with an ongoing impact on this year's audited financial statements?	The Council is not aware of any non-compliance	The Council is not aware of any non-compliance
3. Are there any potential litigations or claims that would affect the financial statements?	There are no material claims that would affect the statement of accounts. There remains some term time settlement payments during 2024-25 but not of a material value (estimated circa £200k).	There are no material claims that would affect the statement of accounts
4. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	None	None
5. Are you aware of any non-compliance with laws and regulations within service organisation since 1 April of the financial year?	N/A	N/A

Enquiries of those charged with governance – in relation to laws and regulations

Question	2023-24 Response	2024-25 Response
1. Are you aware of any non-compliance with laws and regulations that may be expected to have a fundamental effect on the operations of the entity?	No	No
2. How does the audit committee, in your role as those charged with governance, obtain assurance that all relevant laws and regulations have been complied with?	Through the internal audit process and reliance on Audit Wales' reports to the Governance and Audit Committee. In discharging its responsibilities, the Committee expects that all communication with management and officers of the Authority, as well as any external assurance providers, will be direct, open and complete. The Council has in place Overview and Scrutiny Committees to act as a 'critical friend' to check and challenge decisions in a robust, constructive and purposeful way. The Governance and Audit Committee also constructively challenges decisions taken and ensures that appropriate policies and systems are in place.	Through the internal audit process and reliance on Audit Wales' reports to the Governance and Audit Committee. In discharging its responsibilities, the Committee expects that all communication with management and officers of the Authority, as well as any external assurance providers, will be direct, open and complete. The Council has in place Overview and Scrutiny Committees to act as a 'critical friend' to check and challenge decisions in a robust, constructive and purposeful way. The Governance and Audit Committee also constructively challenges decisions taken and ensures that appropriate policies and systems are in place.

Enquiries of those charged with governance – in relation to laws and regulations

Question	2023-24 Response	2024-25 Response
	The Annual Governance Statement provides assurance to the Council in respect of the effectiveness of its governance arrangements and reviews by Audit Wales provide further assurance in areas reviewed. The External Auditor also provides important information and direction to the Committee when it is fulfilling its obligations.	The Annual Governance Statement provides assurance to the Council in respect of the effectiveness of its governance arrangements and reviews by Audit Wales provide further assurance in areas reviewed. The External Auditor also provides important information and direction to the Committee when it is fulfilling its obligations.

Appendix 3

Matters in relation to related parties

International Standard for Auditing (UK) 550 covers auditors' responsibilities relating to related party relationships and transactions.

The nature of related party relationships and transactions may, in some circumstances, give rise to higher risks of material misstatement of the financial statements than transactions with unrelated parties.

Because related parties are not independent of each other, many financial reporting frameworks establish specific accounting and disclosure requirements for related party relationships, transactions and balances to enable users of the financial statements to understand their nature and actual or potential effects on the financial statements. An understanding of the entity's related party relationships and transactions is relevant to the auditor's evaluation of whether one or more fraud risk factors are present as required by ISA (UK and Ireland) 240, because fraud may be more easily committed through related parties.

What are we required to do?

As part of our risk assessment procedures, we are required to perform audit procedures to identify, assess and respond to the risks of material misstatement arising from the entity's failure to appropriately account for or disclose related party relationships, transactions or balances in accordance with the requirements of the framework.

Enquiries of management – in relation to related parties

Question	2023-24 Response	2024-25 Response
1. Have there been any changes to related parties from the prior year? If so, what is the identity of the related parties and the nature of those relationships? Confirm these have been disclosed to the auditor.	Related Party Disclosure process in place in relation to Members and Senior Officers where letters and forms for completion are sent out as part of year end process. This was also reported to Council in March 2024, and follow-up processes are in place for any delayed returns. These are collated and assessed and any material transactions are disclosed in the Statement of Accounts. Members are required to declare interests in a register which is accessible via the Council's website. Auditors are given access to all returns and working papers in relation to Related Party Transactions, and Audit Wales will review and challenge officers as appropriate.	Related Party Disclosure process in place in relation to Members and Senior Officers where letters and forms for completion are sent out as part of year end process. This was also reported to Council in March 2025, and follow-up processes are in place for any delayed returns. These are collated and assessed and any material transactions are disclosed in the Statement of Accounts. Members are required to declare interests in a register which is accessible via the Council's website. Auditors are given access to all returns and working papers in relation to Related Party Transactions, and Audit Wales will review and challenge officers as appropriate.
2. What transactions have been entered into with related parties during the period? What is the	These will be identified and disclosed to the auditor as part of the Statement of Accounts audit.	These will be identified and disclosed to the auditor as part of the Statement of Accounts audit.

Enquiries of management – in relation to related parties

Question	2023-24 Response	2024-25 Response
purpose of these transactions? Confirm these have been disclosed to the auditor.		
3. What controls are in place to identify, account for and disclose related party transactions and relationships?	See above	See above
4. What controls are in place to authorise and approve significant transactions and arrangements: • with related parties, and • outside the normal course of business?	The Council has in place authorisation processes for any payments made to 3rd parties. Members and senior officers are required to sign declarations of any related party transactions.	The Council has in place authorisation processes for any payments made to 3rd parties. Members and senior officers are required to sign declarations of any related party transactions.

Enquiries of those charged with governance – in relation to related parties

Question	2023-24 Response	2024-25 Response
1. How does the Audit Committee in its role as those charged with governance, exercise oversight of management's processes to identify, authorise, approve, account for and disclose related party transactions and relationships?	See process above. All Members and lay members have to comply with the Code of Conduct and any declarations included therein. Members and Senior Officers are required to complete and return declarations regarding any related party transactions. As part of the Statement of Accounts approval process members of the Governance and Audit Committee have a scrutiny function over the Statements and are able to question officers at the Governance and Audit Committee as to any element of the Accounts, including Related Party Disclosures. All transactions incurred must follow appropriate Council processes such as procurement processes.	See process above. All Members and lay members have to comply with the Code of Conduct and any declarations included therein. Members and Senior Officers are required to complete and return declarations regarding any related party transactions. As part of the Statement of Accounts approval process members of the Governance and Audit Committee have a scrutiny function over the Statements and are able to question officers at the Governance and Audit Committee as to any element of the Accounts, including Related Party Disclosures. All transactions incurred must follow appropriate Council processes such as procurement processes.

Meeting of:	**GOVERNANCE AND AUDIT COMMITTEE**
Date of Meeting:	**19 JUNE 2025**
Report Title:	**ANNUAL INTERNAL AUDIT REPORT 2024-25**
Report Owner / Corporate Director:	**HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE**
Responsible Officer:	**ANDREW WATHAN** **HEAD OF REGIONAL INTERNAL AUDIT SERVICE**
Policy Framework and Procedure Rules:	**The proposals in this report are in accordance with the policy framework and budget.**
Executive Summary:	• **This report provides the Head of Internal Audit's Annual Opinion on the Council's control environment in relation to governance, risk management and internal control. It also informs the Governance and Audit Committee of the work and performance of Internal Audit for the 2024-25 financial year. This information is provided to comply with the Public Sector Internal Audit Standards.** • **Appendix A contains the Annual Internal Audit Report 2024-25 which details Internal Audit's performance, opinions and recommendations made during the year which assist in forming the Head of Internal Audit's Annual Opinion on the Council's overall control environment.** • **From the work undertaken during the 2024-25 financial year 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 control for 2024-25 is of *Reasonable Assurance.*** • **Those audits that provided an audit opinion during the year are listed in Annex 1, the detailed position against the audit plan is at Annex 2 and Annex 3 is the recommendation monitoring position statement.** • **89% of the plan was achieved against a target of 80%** • **91% of assurance opinions issued were *Substantial* or *Reasonable*.**

	• **The service was fully compliant with the Public Sector Internal Audit Standards.**

1. Purpose of Report

1.1 The purpose of this report is to provide the Governance and Audit Committee with 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 Committee of the work and performance of Internal Audit for the 2024-25 financial year.

2. Background

2.1 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 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.

2.2 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.

2.3 The Internal Audit Plan for 2024-25 was submitted to the Governance and Audit Committee for consideration and approval on 6th June 2024. The approved plan was flexible to be able to respond to changing circumstances and events that may occur during the year. The assurance gained from the audit work undertaken during the year assists the Head of Internal Audit in providing an overall annual opinion.

3. Current situation / proposal

3.1 The Annual Internal Audit Report is presented at **Appendix A** which summarises the reviews undertaken during 2024-25, the recommendations made and any control issues identified. A total of 43 reviews were completed with an audit opinion and a total of 225 recommendations made (11 High, 137 Medium, 77 Low). A breakdown is included at **Annex 1** of this Appendix. The annual report also discusses the performance of the internal audit service during the year and highlights individual staff development and training that has taken place.

3.2 Progress against the 2024-25 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 and Governance and Audit Committee / Corporate Management Board (CMB) reporting. 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.

3.3 **Annex 2** illustrates the status of the 63 audit assignments included in the audit plan, 50 of which were opinion related, and of these 43 were concluded during 2024-25 with an audit opinion. Four audits were not started during the year after considering requests from services that were under pressure, and these have been included in the 2025-26 audit plan. Three audits were ongoing and have been carried forward into the 2025-26 plan. It should be noted that 13 audit reviews listed have no audit opinion, these are routine internal audit work, for example advice and guidance, external audit liaison, fraud and irregularity work, audit planning and recommendation monitoring.

3.4 Based on the testing of the effectiveness of the internal control environment an audit opinion of *Substantial Assurance* has been given to 10 audit reviews (23%) and an opinion of *Reasonable* to 29 audit reviews (68%). The remaining 4 audit reviews (9%) have 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. Table 1 below illustrates the number of opinion / assurance audits completed in 2022/23, 2023/24 and 2024/25.

Table 1 – Number of Audit Opinion Reviews Completed

Opinion / Assurance	2022-23	2023-24	2024-25
Substantial	13	10	10
Reasonable	20	25	29
Limited	1	6	4
No Assurance	0	0	0
Total	**34**	**41**	**43**

3.5 To ensure that appropriate action is taken on agreed management action plans, High and Medium recommendations are routinely followed up to assess the implementation progress. **Annex 3** provides a summary of the status of all High and Medium audit recommendations made.

3.6 Taking into account the results of the internal audit reviews completed during 2024-25, the recommendations made and considering other sources of assurance, such as Head Teacher and Chair of Governor Assurance Statements, 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 2024-25 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.

3.7 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 2024-25 financial year and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

3.8 As the Regional Internal Audit Service is currently fully compliant with the Public Sector Internal Audit Standards the Head of Audit is confident that the service will be compliant with the new Global internal Audit Standards which came into effect from 1st April 2025.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1 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.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 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.

6. Climate Change Implications

6.1 There are no climate change implications arising from this report.

7. Safeguarding and Corporate Parent Implications

7.1 There are no safeguarding or corporate parent implications arising from 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 The Governance and Audit Committee is requested to consider and note the Annual Internal Audit Report for the 2024-25 financial year 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.

Background documents

None

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ANNUAL INTERNAL AUDIT REPORT

2024-25

Andrew Wathan, CPFA

Head of Regional Internal Audit Service
May 2025

REGIONAL INTERNAL AUDIT SERVICE /
GWASANAETH ARCHWILIO MEWNOL RHANBARTHOL

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 2024/25 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.

1.3 The plan was flexible to respond to changing circumstances and events that may have occurred during the year such as pressures on services, the ability to access staff and evidence or requests to respond to new issues that may have emerged.

1.4 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 currently provides internal audit services to Bridgend, Merthyr Tydfil & the Vale Unitary Councils.

1.5 The service reported to the three Governance & Audit Committees and is overseen at a strategic level by the Board which consists of the Chief Finance Officers of the three Councils.

1.6 During the year auditors have had the flexibility to work from home or the office and have undertaken site visits as appropriate for each audit.

1.7 The initial partnership agreement was signed for three years and extended for two years. The arrangement is underpinned by a detailed legal agreement between the 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). At the five-year anniversary, April 2024, three of the original partners renewed the partnership agreement. Positive feedback was received in relation to audit service delivery from all partner S151 Officers and senior management teams however, RCT decided to leave the partnership; a 3 Partner Model has therefore been in operation from April 2024 and has worked well.

Section 2 – Summary of Reviews Undertaken 2024/25

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.

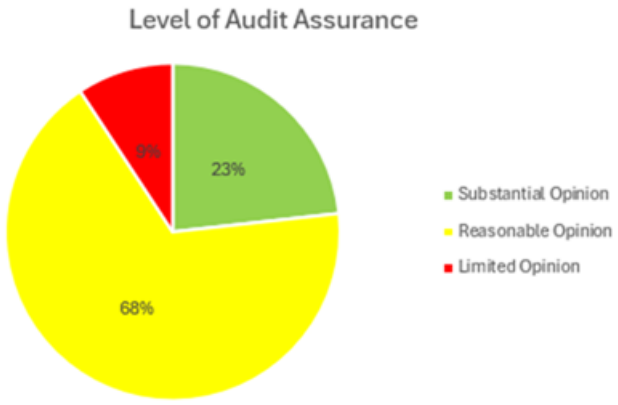
2.2 Based upon the findings and recommendations made, an overall conclusion as to the level of assurance that can be provided is given as follows:

Table 1 - Audit Assurance Category Code	
Substantial	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.
Reasonable	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.
Limited	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.
No Assurance	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 2024/25

Opinion	Follow Ups	Financial Systems	Other Audit Reviews	Schools	Grant Verification	Total	%
Substantial		2	5		3	**10**	**23**
Reasonable	3	3	17	5	1	**29**	**68**
Limited			2	2		**4**	**9**
No Assurance						**0**	**0**
Total	**3**	**5**	**24**	**7**	**4**	**43**	**100**

Figure 1 – Level of Audit Assurance



2.3 Table 2 illustrates that a total of 43 reviews have been given an audit opinion and 91% of these audit opinions are Substantial or Reasonable Assurance, a positive outcome. A list of these audits is at **Annex 1**. A comparison of opinions issued in the previous year is shown at Table 3 below:

Table 3: Comparison of Audit Opinions

Opinion	2022/23		2023/24		2024/25	
	Total	%	Total	%	Total	%
Substantial	13	38%	10	24%	10	23%
Reasonable	20	59%	25	61%	29	68%
Limited	1	3%	6	15%	4	9%
No Assurance	0	0	0	0	0	0
Total	34	100%	41	100%	43	100%

2.4 A summary of the key control issues identified within the 4 **Limited Assurance** opinion audits are in Section 3 of the report.

2.5 The final position against the 2024/25 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 13 audit reviews listed have no audit opinion. The majority of these are routine internal audit work, for example advice and guidance, external audit liaison, fraud and irregularity work, audit planning and recommendation monitoring. This work is planned but the nature of the audit work carried out in respect of these items does not lead to testing and the formation of an audit opinion. Fact finding pieces of work were also undertaken.

2.6 **Annex 2** illustrates the status of the 63 audit assignments included in the audit plan, 50 of which were opinion related. A summary of the status of the planned audits is illustrated in Table 4 below.

Table 4 – Status of Planned Audits 2024/25

Status of Audits Assignments	Number	Percentage Completed (%)
Complete with audit opinion	42	84%
Draft with audit opinion	1	2%
Audit in progress and carried forward	3	-
Audit not started; considered for 2025/26 Plan	4	-
Not undertaken or carried forward	0	-
Sub Total	**50**	**86%**
Complete with no audit opinion	13	
Total	**63**	**89%**

2.7 The 4 planned audits which had not started during 2024/25 have been considered for inclusion in the 2025/26 audit plan.

2.8 It is therefore considered that the level of Internal Audit coverage was sufficient for the Head of Audit to be able to give an annual overall opinion.

Section 3 – Limited Reports - Control Issues

3.1 **Table 2** illustrates that 4 audit reviews identified control issues which meant that only *Limited Assurance* could be provided**.** These are detailed below:

3.2 **Business Continuity Planning**

The following key issues were identified during the audit :

- Despite the process commencing in September 2022 a high number of service area Business Impact Assessments were outstanding leading to delays in subsequent stages of the process.
- There was no current record of prioritised critical systems, services and processes.
- The Corporate Business Continuity Plan was outdated.

3.3 **Payment Card Industry Data Security Standard (PCI-DSS) Compliance**

As a PCI-DSS level 3 merchant, the Council needs to complete an annual Self-Assessment Questionnaire for compliance purposes. This had not been completed at the time of the audit; however, the Council was in the process of engaging a Qualified Security Advisor to assess the Council's compliance. During the year the recommendations made have been implemented and a follow up audit is planned for 2025-26 to confirm that the identified control issues have been mitigated.

3.4 **Penybont Primary School**

It was identified that the level of expenditure, using a Council Purchasing Card, at this school was extremely high when compared to other schools. The audit identified that records were not fully maintained including the retention of receipts and invoices. This meant that independent checks of the purchases were not being undertaken as expected. The audit also highlighted that purchased items were not being securely stored or recorded on an inventory.

3.5 **Maesteg School**

The following key issues were identified during the audit:

- Only the Head Teacher has a delegated expenditure limit at the school.
- A purchase of a minibus did not have the required 3 quotes or authorisation by the Full Governing Body available.
- The private fund had not undergone an independent audit for at least two years and records of cash received were not available for the two years up to September 2024.
- There was no breakdown of expected miscellaneous income in the school budget.
- Letting fees charged to hirers had not been agreed by the Governing Body and inadequate records maintained.
- Some new starters had commenced their roles without DBS clearance or risk assessments in place.

3.6 Follow up audits are undertaken to provide assurance that improvements have been made following a previous *Limited Assurance* audit opinion report. Of the 6 *Limited Assurance* opinion reports issued during 2023-24, Table 2 identifies that 3 of these have been followed up during 2024-25, improvements were identified and the audit opinions on all 3 were *Reasonable Assurance*. These are:

- School Vehicles
- Adult Placements/ Shared Lives
- Recycling & Waste Management

The remaining 3 *Limited Assurance* opinion audits will be undertaken during 2025-26:

- Security & Access to Council Buildings
- St Mary's Catholic School
- Procurement Tender Evaluation & Award

Section 4 – Recommendations 2024/25

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.

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:	
High Priority	Action that is considered imperative to ensure that the organisation is not exposed to high risks.
Medium Priority	Action that is considered necessary to avoid exposure to significant risks.
Low Priority	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 and the monitoring is regularly reported to Senior Officers via Corporate Management Board and to Governance and Audit Committee.

Table 5 – Analysis of Recommendations Made During 2024/25

Rec. Category	Follow Ups	Financial Systems	Other Audit Reviews	Schools	Grant Verification	Total	%
High	1	0	5	5	0	**11**	**5%**
Medium	7	7	65	57	1	**137**	**61%**
Low	7	14	33	21	2	**77**	**34%**
Total	**15**	**21**	**103**	**83**	**3**	**225**	**100%**

4.3 Table 5 illustrates that a total of 225 recommendations have been made to improve the control environment of the areas reviewed during 2024/25. Management has given written assurance that these will be implemented or have accepted the identified risk if the recommendation has not been accepted.

4.4 **Annex 3** provides a summary of the status of the high and medium internal audit recommendations made. This includes recommendations made in relation to audits completed in 2022/23 and 2023/24 which are yet to be implemented. The monitoring of high and medium recommendations is undertaken regularly by Auditors and any undue delays or issues are highlighted to Senior Management and ultimately to the Governance and Audit Committee.

Section 5 – Counter Fraud Work

5.1 The National Fraud Initiative is also included in the audit plan. Internal Audit facilitates the upload of data and works with the Council's Senior Fraud Investigator to provide advice to officers reviewing the data matches. A biennial exercise commenced when data was extracted from the various Council systems and submitted for matching in October 2024. The matches were returned in January 2025 and work is ongoing to review the data matches to identify if any fraud or error has occurred.

5.2 A separate Annual Corporate Fraud Report will be presented to the Governance and Audit Committee which will outline the counter fraud work undertaken during 2024/25 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.

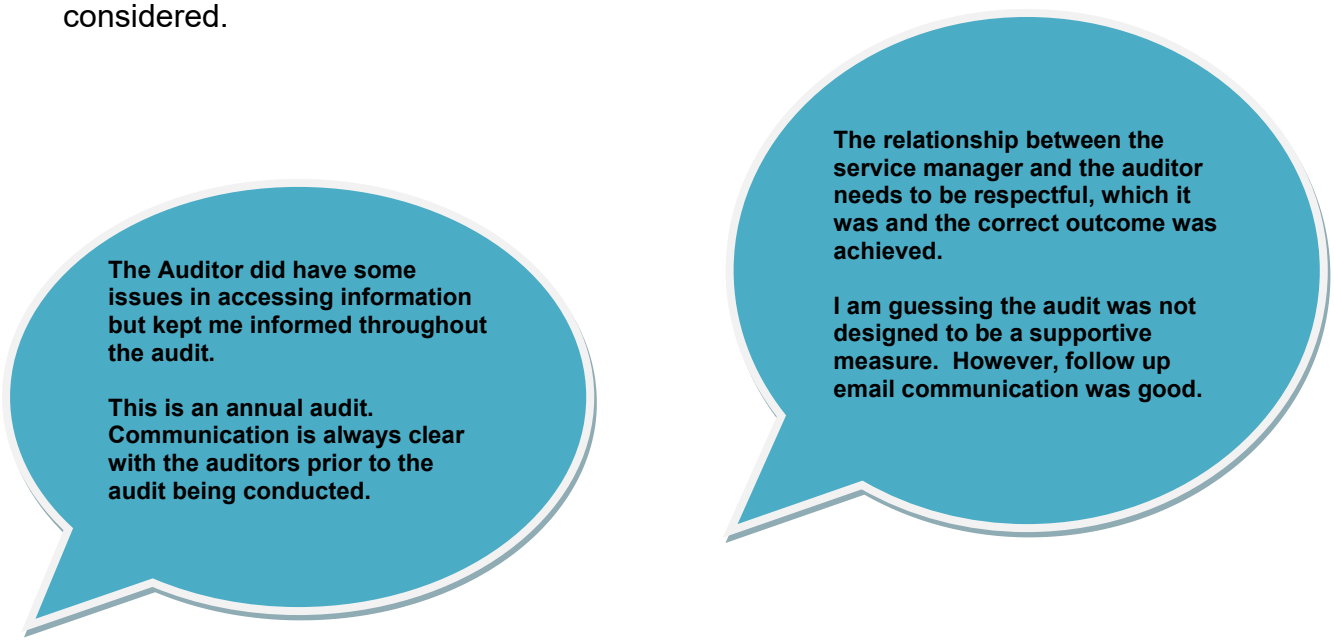
Section 6 – Key Performance Measures – Client Satisfaction Questionnaires

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 questions are contained in **Annex 4**

6.2 For Bridgend the return rate was 67% (46% in 2023/24), which is encouraging. A review of the process undertaken where surveys have not been returned will take

place as well as a review of the questionnaires themselves to make sure they are easy to complete and submit.

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% (95% in 2023/24). 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. Most of the feedback received was positive and all comments received are considered.



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, our two Graduate Auditors have each successfully completed 4 Chartered Institute of Public Finance & Accountancy (CIPFA) exams attaining the CIPFA Certificate in Management and Financial Accounting. Their study will continue over the next year and will result in them becoming fully qualified CIPFA Accountants. Another four members of staff are working towards the Chartered Institute of Internal Auditors, Certified Internal Auditor qualification.

7.3 Staff are encouraged to complete on-line courses to develop their skills and networking opportunities. Listed below illustrate the range of training courses that staff have completed during 2024/25:

- Data Protection
- Safeguarding – Children and Adults

- Fraud Awareness
- AI and Cyber skills
- Ethics
- Challenging Conversations
- Delivering Effective Feedback
- Project Management
- Welsh Language
- Oracle Fusion
- Writing Smarter

7.4 In addition, those staff who hold professional qualification continue to meet their continuing professional development (CPD) requirements.

Section 8 – Key Performance Measures – Benchmarking

8.1 The Regional Internal Audit Service (RIAS) is a member of the Welsh Chief Auditors Group (WCAG) and its benchmarking exercise. When the figures become available they will be shared with the Governance and Audit Committee.

8.2 The RIAS set quarterly targets to monitor the delivery of the approved audit plan to assist in ensuring sufficient audit coverage has been given to the Council to provide an overall opinion at the end of 2024/25. The year-end target set was 80% and Table 4 illustrates that this was exceeded as 89% of the audit plan was completed. A total of 63 assignments were planned during the year of which 56 were completed. Of these, 43 audits were completed with an audit opinion. The nature of the remaining 13 audits did not lead to testing and the formation of an audit opinion, although in some instances recommendations are made.

Section 9 – Public Sector Internal Audit Standards

9.1 The Public Sector Internal Audit Standards (PSIAS) 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 by a qualified, independent reviewer from outside of the organisation.

9.3 The two possible approaches to external assessments outlined in the standard include either a full external assessment or an internal self-assessment which is validated by an external reviewer.

9.4. Members of the Welsh Chief Auditor Group (WCAG) elected to adopt the self-assessment approach, with another member of the WCAG undertaking the validation, a peer review assessment. At the time this was agreed with the Section 151 Officers and the former Audit Committees of the regional service.

9.5 The Internal Audit Service undertook as self-assessment against the standards during 2022/23 and a few areas of improvement were identified. This self-assessment and the supporting documentation were provided to the external assessor, the Acting Chief Internal Auditor at Newport City Council, to inform an external assessment undertaken in accordance with the Standards.

9.6 The outcome of the external assessment was that the Regional Internal Audit Service is fully conforming to the Standards with no partial conformance or non-conformance areas. There were two areas for consideration which would further enhance conformance with the PSIAS, although these were not a significant concern. The result of the external assessment was presented to Governance & Audit Committee in September 2023.

9.7 The 2024/25 self-assessment against the Standards resulted in a Substantial Assurance opinion. The report was shared with the Chief Officer Finance, Housing and Change.

Section 10 – Global Internal Audit Standards

10.1 A presentation on the new Standards was provided to Members of the Governance & Audit Committee.

10.2 From 1 April 2025 internal audit teams in the public sector in the UK will be working to new internal audit standards. These will be a combination of the Global Internal Audit Standards (GIAS) and CIPFA's Application Note, Global Internal Audit Standards in the UK Public Sector. The consultation on the Application Note closed at the end of October; the final version has recently been published.

10.3 The Global Internal Audit Standards will replace the Public Sector Internal Audit Standards, all reference to which within Internal Audit documentation will need to be updated, in particular, the Internal Audit Charter. Much of the day-to-day practice of

undertaking audit engagements will not change, the team will need to make sure those engagements fulfil the new standards. Reports, plans and charters will need to be updated to reflect the standards.

10.4 As the Internal Audit team currently fully conforms with the Public Sector Internal Audit Standards (PSIAS) it should have most of the practices it needs. There are some additional requirements, and CIPFA's Application Note should help with those. But time will still be needed to make the transition and build familiarity during 2025/26.

10.5 There are a number of changes, the key ones are:

- a 'mandate' for internal audit; in local government, internal audit's primary mandate comes from statutory regulations
- an internal audit strategy
- professional courage and professional scepticism
- Internal Audit plans support the achievement of organisation's objectives

10.6 The Standards have 5 Domains, 15 Principles and 52 Standards:

The five domains are:

- Purpose
- Ethics & professionalism
- Governing
- Managing
- Reporting

10.7 The Principles and Standards sit within each Domain

Section 11 – Regional Internal Audit Service Progress

11.1 The expanded shared service came into existence on 1st April 2019, it is hosted by the Vale of Glamorgan Council and provides internal audit services to Bridgend, Merthyr Tydfil & the Vale Councils. The service has successfully operated as a 3 Partner Model from 1st April 2024.

11.2 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

11.3 During 2024/25, the service was supported by an agency auditor for a few months at the start of the year. The Graduate Auditors are being supported to become professionally qualified which will assist in succession planning.

11.4 Audit work has been conducted using various digital solutions and 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 and face to face working as required.

11.5 The audit software solution continues to be used. Ongoing development will continue to ensure maximum use of the improved functionality and reporting tools.

11.6 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.

Section 11 - Opinion Statement 2024/25

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) or generally in the reviews undertaken in respect of directorate systems and processes.

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 2024/25 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 31st March 2025
- 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

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 Corporate Risk Management audit was undertaken during 2023/24 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.

Governance arrangements are considered as part of every audit where applicable.

Whilst some governance issues were identified within the school audits, no other 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 43 reviews culminating in an overall opinion have been completed, 39 (91%) of which have been closed with either a *Substantial* or *Reasonable Assurance* opinion level. 4 reviews (9%) were given a *Limited* opinion which identified significant 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.

Head of Internal Audit Opinion Statement 2024/25

From the work undertaken during the financial year 2024/25 and taking into account other sources of assurance, such as Head Teacher and Chair of Governor Assurance Statements, 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 2024/25 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.

Many Council staff are continuing to work 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 recommendations made to improve governance, risk management and control have been accepted and are at various stages of implementation.

Andrew Wathan CPFA
Head of Regional Internal Audit Service
May 2025

Audits Completed with an Audit Opinion 2024/25

Audit	Opinion			Recommendations		
	Substantial	Reasonable	Limited	High	Medium	Low
School Vehicles Follow Up		√		1	2	3
Recycling & Waste Management Follow Up		√		0	2	1
Adult Placements/ Shared Lives Follow Up		√		0	3	3
Good Governance		√		0	1	1
Corporate Safeguarding		√		0	4	2
Bus Services Support Grant 2023-24	√			0	0	0
Regional Consortia School Improvement Grant 2023-24	√			0	0	0
Consultants		√		0	6	0
Agency Staff		√		1	2	0
Fees & Charges		√		0	3	3
Business Continuity Planning			√	2	3	1
Project Management		√		0	2	1
Business Rates		√		0	1	4
Bottomline PTX BACS Payments		√		0	2	0
Debtors		√		0	4	4
Financial Management Code	√			0	0	1
Value Added Tax (VAT)	√			0	0	5
Payment Card Industry Data Security Standard (PCI-DSS) Compliance			√	0	3	1
Corporate Complaints and Compliments		√		0	5	2
Mobile Devices		√		0	3	1
Identity & Access Management	√			0	0	0
Electoral Services IT system	√			0	0	0
Residential & Non Residential Financial Assessments	√			0	1	0
Coychurch Crematorium Return 2024/25	√			0	0	0
Porthcawl Harbour Return 2024/25		√		0	1	2
Major Project Team		√		0	1	3
Contract Tender and Award		√		1	3	1
Community Asset transfers	√			0	2	1
Highways Inspections		√		0	2	2
Corneli Primary School		√		0	10	2
Penybont Primary		√		1	10	6
Penybont Primary Purchasing Card			√	0	4	2
Tondu Primary School		√		1	15	3
Croesty Primary		√		1	6	1
Maesteg School			√	2	12	6
School CRSA & Annual Report		√		0	0	1
Health & Safety Arrangements		√		0	3	2
Bridge Alternative Provision		√		0	5	5
Flying Start		√		0	2	0
Social Services - Quality Assurance		√		0	4	5
Childrens' Respite & Residential Care		√		0	5	0
Foster Carer Payments		√		1	5	1
Compliance with PSIAS - Self Assessment	√			0	0	1
OVERALL TOTALS	**10**	**29**	**4**	**11**	**137**	**77**

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Bridgend County Borough Council - Audit Plan 2024/25

No.	Directorate	Area	Audit Objective	Status	Opinion			Recommendations		
					Substantial	Reasonable	Limited	High	Medium	Low
	Cross - Cutting	Limited Assurance Reports - Follow up	To ensure that improvements have been made to the control environment since the previous limited							
1			School Vehicles Follow Up	final issued		√		1	2	3
2			Recycling & Waste Management Follow Up	final issued		√		0	2	1
3			Adult Placements/ Shared Lives Follow Up	final issued		√		0	3	3
4	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	final issued		√		0	1	1
5	Cross Cutting	Corporate Safeguarding	The objectives of the audit are to undertake an assessment of the Council's overall operating model for safeguarding to evaluate safeguarding performance. The review will include the safeguarding arrangements in place for vulnerable adults as well as children.	final issued		√		0	4	2
	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.							
6			Bus Services Support Grant 2023-24	final issued	√			0	0	0
7			Regional Consortia School Improvement Grant 2023-24	final issued	√			0	0	0
8	Cross Cutting	Corporate Risk Management	Review a sample of corporate risks to identify if they are being appropriately managed and progress is being reported accurately.	ongoing - C/F						
9	Cross Cutting	Consultants	To review the use of consultants across the Council including procurement, payments and ongoing arrangements including authority to extend contracts	final issued		√		0	6	0
10	Cross Cutting	Agency Staff	To review the use of agency staff across the Council including procurement, payments and ongoing arrangements including authority to extend contracts	final issued		√		1	2	0
11	Cross Cutting	Fees & Charges	To review the process Council wide to include bookings, payments in advance, use of online payment facilities and the ability to take payments electronically whether online or in person.	final issued		√		0	3	3
12	Cross Cutting	Business Continuity Planning	To ensure the Council has a robust business continuity strategy for all business critical processes, that is regularly tested and reviewed and compliant to best practice and professional standards.	final issued			√	2	3	1
13	Cross Cutting	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	final issued		√		0	2	1
14	Chief Executives	Corporate Contracts	To undertake a review of the corporate contracts in place across the Council including the central recording and monitoring processes. This review will also aim to identify how awareness of corporate contracts is promoted, identify the number of non corprate contracts in place and establish whether these are appropriate	to be considered 2025/26						
	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.							
15			Business Rates	final issued		√		0	1	4
16			Bottomline PTX BACS Payments	final issued		√		0	2	0
17			Debtors	final issued		√		0	4	4
18			Creditors	ongoing - C/F						
19	Chief Executives	Budget Savings	To identify and review the systems in place to monitor the high level of savings identified	to be considered 2025/26						
20	Chief Executives	Financial Management Code	To provide assurance that the information presented is accurate	final issued	√			0	0	1
21	Chief Executives	Value Added Tax (VAT)	To provide assurance that VAT processes and procedures are in place to ensure that is correctly accounted for as per legislative requirements	final issued	√			0	0	5
22	Chief Executives	Payment Card Industry Data Security Standard (PCI-DSS) Compliance	To review the procedures and processes in operation relating to PCI - DSS to determine if the control environment is compliant.	final issued			√	0	3	1

No.	Directorate	Area	Audit Objective	Status	Opinion			Recommendations		
					Substantial	Reasonable	Limited	High	Medium	Low
23	Chief Executives	Corporate Complaints and Compliments	To provide assurance that the policy and procedures are being adhered to, performance is monitored and reported data is accurate	final issued		√		0	5	2
	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							
24			Mobile Devices	final issued		√		0	3	1
25			Identity & Access Management	final issued	√			0	0	0
26			Electoral Services IT system	final issued	√					
27	Chief Executives	Residential & Non Residential Financial Assessments	To provide assurance that adequate controls are in place to manage the financial assessment process and reviews to ensure assessments are consistently applied in a timely manner, are accurate and comply to statute	final issued	√			0	1	0
28	Communities	Coychurch Crematorium	A compliance review to complete the Annual Accounting Statement 2023/24	final issued	√			0	0	0
29	Communities	Porthcawl Harbour	A compliance review to complete the Annual Accounting Statement 2023/24	final issued		√		0	1	2
30	Communities	Planning Appeals	Process of receiving and determining appeals	to be considered 2025/26						
31	Communities	Major Project Team	To review the process and procedures in place in respect of commercial and consultancy services	final issued		√		0	1	3
32	Communities	Contract Tender and Award	To provide assurance that the processes used to tender and award contracts comply with the Council's Contract Procedure Rules and any internal governance procedures	final issued		√		1	3	1
33	Communities	Shared Prosperity Funding	Review the process in place for receiving funding, funding and expenditure approval and the governance of decision making to provide assurance that the systems are robust and efficient.	ongoing - C/F						
34	Communities	Community Asset transfers	To provide assurance that controls in place in respect of the governance, risk and financial management of these transfers are effective	final issued	√			0	2	1
35	Communities	Highways Inspections	To provide assurance that the inspection regime and responses to service requests are robust and statutory objectives are fulfilled	final issued		√		0	2	2
	Early Years & Young People	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.							
36			Corneli Primary School	final issued		√		0	10	2
37			Penybont Primary	final issued		√		1	10	6
38			Penybont Primary Purchasing Card	final issued			√	0	4	2
39			Tondu Primary School	final issued		√		1	15	3
40			Croesty Primary	final issued		√		1	6	1
41			Maesteg School	final issued			√	2	12	6
42	Early Years & Young People	School CRSA & Annual Report	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.	final issued		√		0	0	1
43	Early Years & Young People	Health & Safety Arrangements	To review the arrangements in place (corporate and schools) for undertaking health and safety visits and provide assurance that visits are undertaken on a timely basis, a central record is maintained and key risks are identified / information appropriately communicated	final issued		√		0	3	2
44	Early Years & Young People	Bridge Alternative Provision	To undertake an establishment audit to provide assurance that the internal controls are effective.	final issued		√		0	5	5
45	Early Years & Young People	Flying Start	To provide assurance that the financial systems and controls are effective, efficient and comply to the Council's policies and procedures	draft issued		√		0	2	0
46	Social Services & Wellbeing	Quality Assurance	To provide assurance that the quality assurance process is embedded and effective throughout the Directorate	final issued		√		0	4	5

No.	Directorate	Area	Audit Objective	Status	Opinion			Recommendations		
					Substantial	Reasonable	Limited	High	Medium	Low
47	Social Services & Wellbeing	Childrens' Respite & Residential Care	To review the controls in place in respect of financial management including payments and cash control	final issued		√		0	5	0
48	Social Services & Wellbeing	New Children's Home – Golygfa'r Dolydd	To undertake an establishment audit to provide assurance that the internal controls are effective.	to be considered 2025/26						
49	Social Services & Wellbeing	Foster Carer Payments	To provide assurance that payments are accurate, supported by adequate assessments, authorised appropriately, and comply with formal agreements and these are are subject to regular review and re-assessment.	final issued		√		1	5	1
50	Internal Audit	Compliance with PSIAS - Self Assessment	Review compliance with the Public Sector Internal Audit Standards.	final issued	√			0	0	1
51	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.							
52	Internal Audit	Meetings, Advice & Guidance	To allow auditors to facilitate the provision of risk and control advice which is regularly requested by officers within the authority.							
53	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							
54	Internal Audit	Audit Wales Liaison	To maintain professional relationship in line with good practice and the PSIAS							
55	Internal Audit	Recommendation Monitoring	Monitoring the implementation of Internal Audit recommendations in consultation with service areas which have received these recommendations.							
56	Internal Audit	Annual Opinion Report	To prepare and issue the Head of Audit's Annual Opinion Report 2023/24 and start preparation for 2024/25 report.							
57	Internal Audit	Audit Planning	To prepare and monitor the annual risk based audit plan for 2024/25 and commence preparation for 2025/26 plan							
58	Internal Audit	Quality Assurance & Improvement Programme	To review / ensure compliance with the Accounts and Audit (Wales) Regulations 2014 / Public Sector Internal Audit Standards (PSIAS).							
59	Internal Audit	Closure of reports - 2023/24	To finalise all draft reports outstanding at the end of 2023-24.							
60	Internal Audit	Emerging Risks / Unplanned	To enable Audit Services to respond to provide assurance activity as required.							
61	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.							
62	Cross - Cutting	Fraud / Error / Irregularity	Irregularity Investigations - Reactive work where suspected irregularity has been detected.							
63	Cross - Cutting	Fraud / Error / Irregularity	Anti-Fraud & Corruption – Proactive - Proactive counter-fraud work that includes targeted testing of processes with inherent risk of fraud.							
		OVERALL TOTALS			**10**	**29**	**4**	**11**	**137**	**77**

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Bridgend County Borough Council - Recommendation Monitoring Position Statement

Audit Name	Directorate	Audit Opinion	Final Report Date	Number Made			Not Agreed	Implemented			Overdue			Future Target Date
				High	Medium	Total		High	Medium	Total	High	Medium	Total	Total
2022-23														
Home To Work Mileage in Council Vehicles	Communities	REASONABLE	27-01-23	0	4	4	0	0	2	2	0	0	0	2
Total				**0**	**4**	**4**	**0**	**0**	**2**	**2**	**0**	**0**	**0**	**2**
2023-24														
Rights of Way	Communities	REASONABLE	18-09-23	0	3	3	0	0	2	2	0	0	0	1
Corporate Safeguarding - Contracts	Cross Cutting	REASONABLE	01-12-23	0	2	2	0	0	1	1	0	0	0	1
Parking Enforcement	Communities	REASONABLE	10-01-24	1	1	2	0	0	1	1	0	0	0	1
Welsh Language Standards	Cross Cutting	REASONABLE	23-02-24	0	4	4	0	0	3	3	0	0	0	1
Procurement	Chief Executives	LIMITED	11-06-24	5	3	8	0	5	2	7	0	0	0	1
Total				**6**	**13**	**19**	**0**	**5**	**9**	**14**	**0**	**0**	**0**	**5**
2024-25														
Project Management	Chief Executives	REASONABLE	18-06-24	0	2	2	0	0	2	2	0	0	0	0
Corneli Primary School	Education & Family Support	REASONABLE	24-06-24	0	10	10	0	0	9	9	0	0	0	1
Porthcawl Harbour Annual Return	Cross Cutting	REASONABLE	15-07-24	0	1	1	0	0	0	0	0	0	0	1
Corporate Complaints & Compliments	Cross Cutting	REASONABLE	30-07-24	0	5	5	0	0	5	5	0	0	0	0
Quality Assurance (Social Services)	Social Services & Wellbeing	REASONABLE	08-08-24	0	4	4	0	0	4	4	0	0	0	0
Good Governance	Cross Cutting	REASONABLE	12-08-24	0	1	1	0	0	1	1	0	0	0	0
Payment Card Industry Data Security Standard (PCI-DSS) Compliance	Chief Executives	LIMITED	12-09-24	0	3	3	0	0	3	3	0	0	0	0
Childrens' Respite & Residential Care - Financial Management & Cash Control	Social Services & Wellbeing	REASONABLE	03-10-24	0	5	5	0	0	5	5	0	0	0	0
Mobile Devices	Chief Executives	REASONABLE	03-10-24	0	3	3	0	0	3	3	0	0	0	0
Highways Inspections	Communities	REASONABLE	25-11-24	0	2	2	0	0	2	2	0	0	0	0
Residential & Non-Residential Financial Assessments	Chief Executives	SUBSTANTIAL	25-11-24	0	1	1	0	0	1	1	0	0	0	0
Contract Tender & Award	Communities	REASONABLE	29-11-24	1	3	4	0	1	3	4	0	0	0	0
Business Continuity Planning	Cross Cutting	LIMITED	28-01-25	2	3	5	0	0	0	0	0	0	0	5
Bottomline PTX BACS Payments	Chief Executives	REASONABLE	30-01-25	0	2	2	0	0	1	1	0	0	0	1
Health & Safety Arrangements	Education & Family Support	REASONABLE	10-02-25	0	3	3	0	0	0	0	0	0	0	3
Penybont Primary School	Education & Family Support	REASONABLE	10-02-25	1	10	11	0	0	6	6	0	0	0	5
Adult Placements/ Shared Lives Follow Up	Social Services & Wellbeing	REASONABLE	26-02-25	0	3	3	0	0	1	1	0	0	0	2
Business Rates	Chief Executives	REASONABLE	26-02-25	0	1	1	0	0	0	0	0	0	0	1
Bridge Alternative Provision	Education & Family Support	REASONABLE	03-03-25	0	5	5	0	0	0	0	0	0	0	5
Agency Staff	Chief Executives	REASONABLE	10-03-25	1	2	3	0	0	0	0	0	0	0	3
Penybont Purchasing Card	Education & Family Support	LIMITED	10-03-25	0	4	4	0	0	4	4	0	0	0	0
Recycling & Waste Management Follow Up	Cross Cutting	REASONABLE	25-03-25	0	2	2	0	0	2	2	0	0	0	0
Consultants	Cross Cutting	REASONABLE	31-03-25	0	6	6	0	0	3	3	0	0	0	3
Corporate Safeguarding	Cross Cutting	REASONABLE	04-04-25	0	4	4	0	0	1	1	0	0	0	3
Foster Carer Payments	Social Services & Wellbeing	REASONABLE	04-04-25	1	5	6	0	0	4	4	0	0	0	2
School Vehicles Follow Up	Education & Family Support	REASONABLE	04-04-25	1	2	3	0	1	2	3	0	0	0	0
Major Project Team	Communities	REASONABLE	08-04-25	0	1	1	0	0	0	0	0	0	0	1
Tondu Primary School	Education & Family Support	REASONABLE	08-04-25	1	15	16	0	0	7	7	0	0	0	9
Fees and Charges	Chief Executives	REASONABLE	11-04-25	0	3	3	0	0	0	0	0	0	0	3
Debtors	Chief Executives	REASONABLE	16-04-25	0	4	4	0	0	0	0	0	0	0	4
Community Asset Transfers	Communities	SUBSTANTIAL	30-04-25	0	2	2	0	0	0	0	0	0	0	2
Croesty Primary	Education & Family Support	REASONABLE	15-05-25	1	6	7	0	0	1	1	0	0	0	6
Maesteg Comprehensive School	Education & Family Support	LIMITED	15-05-25	2	12	14	0	1	3	4	0	0	0	10
Flying Start	Chief Executives	REASONABLE	N/A	0	2	2	0	0	0	0	0	0	0	2
Total				**11**	**137**	**148**	**0**	**3**	**73**	**76**	**0**	**0**	**0**	**72**

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REGIONAL INTERNAL AUDIT SERVICE – CLIENT SATISFACTION QUESTIONNAIRE

No	Question
Audit Planning	
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?
Audit Fieldwork	
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?
Audit Report	
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?
Conduct of the Auditor	
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?
Overall	
12	How would you rate the usefulness of the audit?

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Meeting of:	**GOVERNANCE AND AUDIT COMMITTEE**
Date of Meeting:	**19 JUNE 2025**
Report Title:	**INTERNAL AUDIT STRATEGY & RISK BASED PLAN 2025-26**
Report Owner / Corporate Director:	**HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE**
Responsible Officer:	**ANDREW WATHAN** **HEAD OF REGIONAL INTERNAL AUDIT SERVICE**
Policy Framework and Procedure Rules:	**The proposals in this report are in accordance with the policy framework and budget.**
Executive Summary:	• **In line with the Global Internal Audit Standards 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. The risk-based audit plan should cover the Council's overall control environment including risk, governance and internal controls as far as practicable.** • **Consideration of the Regional Internal Audit Service's Audit Strategy and Annual Risk Based Plan is one of the Governance and Audit Committee's key responsibilities.** • **The proposed Internal Audit Strategy for 2025-26 is attached at Appendix A and the Annual Risk Based Plan for 2025-26 is attached at Appendix B to this report.** • **The Strategy demonstrates how the Internal Audit Service will be delivered and developed in accordance with its Terms of Reference. The Strategy will be reviewed and updated annually.** • **The plan provides this Committee with an overview of the work to be undertaken which will offer sufficient coverage to be able to provide an overall assurance opinion at the end of 2025-26.**

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 2025-26 for approval.

2. Background

2.1 The Global Internal Audit Standards (GIAS) provides the framework within which an internal audit plan should be compiled.

2.2 In line with the GIAS 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.

2.3 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.

2.4 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 post audit;
- Results of discussions with the Corporate Management Board, including the Chief Executive, Section 151 Officer and other senior officers as necessary.

2.5 The GIAS 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.

2.6 Consideration of the sources of information noted above supports Internal Audit to achieve the following:

- Compliance with the GIAS in compiling the draft Annual Audit Plan;
- Enabling the Governance and Audit Committee to monitor the adequacy of the risk management framework and the associated control environment of the Council for 2025-26 based on the audit reviews set out in the draft Annual Audit Plan; and
- Enabling the Head of Internal Audit to form an opinion on the risk, governance and internal controls of the organisation.

2.7 Changes to the way the Council is operating since Covid-19, including any other changes have been considered and included within the draft Audit Plan for 2025-26.

3. Current situation / proposal

3.1 Attached at **Appendix A** is the draft Internal Audit Strategy document for 2025-26. It demonstrates how the Internal Audit Service will be delivered and developed in accordance with its 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.

3.2 The 2025-26 draft Annual Risk Based Plan of work has been formulated in compliance with the GIAS and is attached at **Appendix B**.

3.3 The proposed Annual Plan is flexible to allow for changing circumstances and events that may occur, such as requests to respond to new issues that may emerge.

3.4 Internal Audit work will be undertaken using a hybrid approach of on-site visits and meetings as required for each audit, and also remotely using video conferencing (e.g. Microsoft Teams) and digital solutions as a basis for meetings and sharing documents and data, as required by each audit.

3.5 The proposed Annual Plan at **Appendix B** will offer sufficient coverage to be able to provide an assurance opinion at the end of 2025-26.

3.6 The Governance and Audit Committee will receive updates on how the Plan is being delivered and any changes that may be required.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1 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.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 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.

6. Climate Change Implications

6.1 There are no climate change implications arising from this report.

7. Safeguarding and Corporate Parent Implications

7.1 There are no safeguarding or corporate parent implications arising from this report.

8. Financial Implications

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

9. Recommendation

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 2025-26 **(Appendix B).**

Background documents

None

STRATEGY
&
ANNUAL RISK BASED INTERNAL AUDIT PLAN

2025-26

REGIONAL INTERNAL AUDIT SERVICE /
GWASANAETH ARCHWILIO MEWNOL RHANBARTHOL

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 2025-26.

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 Global Internal Audit Standards (GIAS).

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 currently provides internal audit services to the Vale, Bridgend & Merthyr Tydfil Councils. A 3 Partner Model became operational from 1st April 2024.

1.4 The initial partnership agreement was signed for three years and extended for two years. The arrangement is underpinned by a detailed legal agreement between the 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). At the five-year anniversary, April 2024, the partnership agreement was renewed by the Vale, Bridgend and Merthyr councils. Positive feedback has bene received in relation to audit service delivery from all partner S151 Officers and senior management.

1.5 The service reports to the three Governance & Audit Committees and is overseen at a strategic level by the Board which consists of the Chief Finance Officers of the three Councils.

2. Definition of Internal Audit

2.1 Internal Audit can be defined 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 2014 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 GIAS 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 and assurance is most needed. In line with the GIAS, 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.

6. Risk Based Approach

6.1 The internal audit function will be delivered in accordance with the Internal Audit Charter 2025-26, as agreed by the Governance & Audit Committee. The Charter defines the role, scope, independence, authority and responsibility of the internal

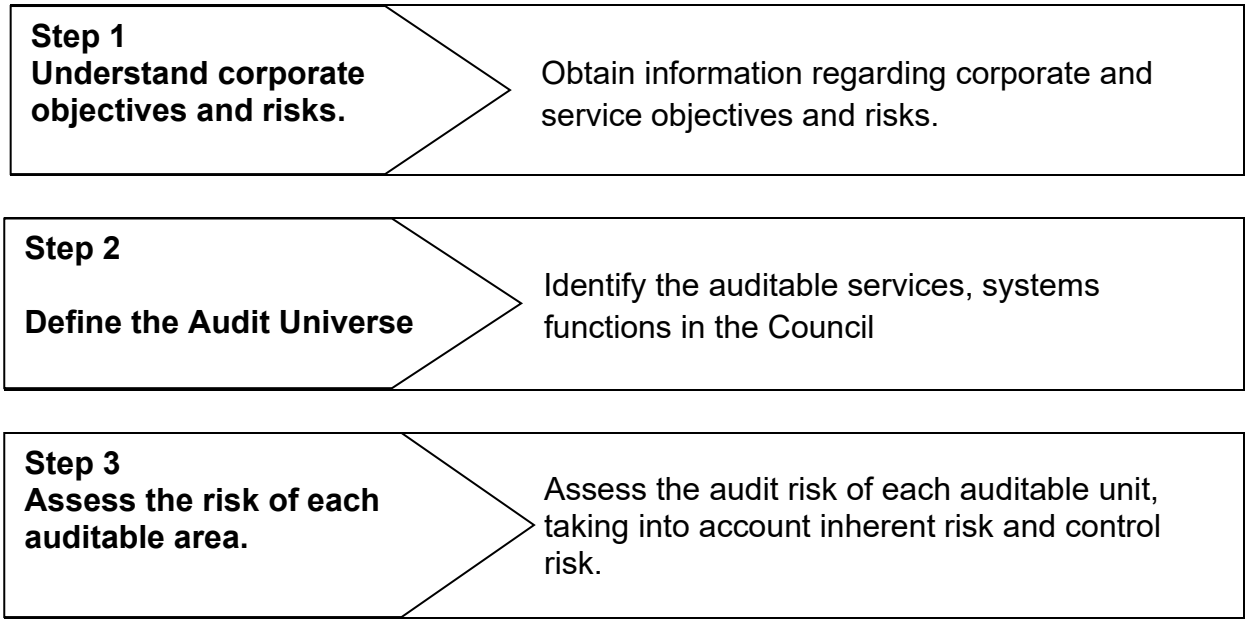
audit service. The Internal Audit Charter is reviewed and updated annually and taken to Governance and Audit Committee for endorsement.

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 2025-26 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.



Step 4 **Derive the audit plan**	Determine the Audit Plan for 2025-26 based on corporate priorities and risks and taking into account the audit resource.

Step 5 **Include other mandatory auditable areas.**	Include within the Audit Plan those mandatory requirements additional to those identified through the risk assessment process.

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 a priority basis. The priority and timing of audits may change during the year subject to discussions with senior management and resource availability.

9. The Annual Internal Audit Plan

9.1 In accordance with the GIAS, 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. Within a Council context it is also important to ensure audit coverage across the service portfolio to provide assurances to senior management on the proper use of the public pound, minimising fraud and error.

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 2025-26 for each of the Council's Directorates including Cross Cutting audits.

9.6 The Head of Internal Audit will monitor progress against the audit plan. Where there is a need for significant 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 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. RIAS has the appropriate level of resources to deliver the agreed number of audit days to the Council during 2025-26. If the situation arises where in-house resources are not able to deliver the agreed number of audit days, the Head of Internal Audit will look to alternative sources to enable completion of the plan.

11. Contingencies

11.1 The internal audit plan needs to be flexible enough to enable the RIAS 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 with relevant evidence obtained.
- 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 summary of the findings within the report.
- The Governance and Audit Committee will be advised of the outcome of all Limited Assurance audit opinions and will receive a summary of the findings within the 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	
Substantial	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.
Reasonable	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.
Limited	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.

No Assurance	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:	
High Priority	Action that is considered imperative to ensure that the organisation is not exposed to high risks.
Medium Priority	Action that is considered necessary to avoid exposure to significant risks.
Low Priority	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 six months of completion of the finalised audit.

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. 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 considered when preparing the Council's Annual Governance Statement. The format of the Head of Internal Audit's report will follow that set out in the Global Internal Audit Standards (GIAS) 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 Annual 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 Global Internal Audit Standards and Internal Audit's Quality Assurance and Improvement Programme.

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Bridgend County Borough Council - Draft Internal Audit Plan 2025-26

	Directorate	Area	Audit Scope / Risk
1	Cross - Cutting	Limited Assurance Reports - Follow up	To ensure that improvements have been made to the control environment since the previous limited assurance review.
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
3	Cross Cutting	Safeguarding	The objectives of the audit are to undertake an assessment of the Council's overall operating model for safeguarding to evaluate safeguarding performance. The review will include the safeguarding arrangements in place for vulnerable adults as well as children.
4	Cross Cutting	Risk Management	Review a sample of corporate risks to identify if they are being appropriately managed and progress is being reported accurately.
5	Cross Cutting	Corporate Performance	To select a sample of Performance Indicators and provide assurance on the accuracy and integrity of supporting information for each definition
6	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.
7	Chief Executives	Framework Agreements / Corporate Contracts	To undertake a review of the corporate contracts in place across the Council including the central recording and monitoring processes. This review will also aim to identify how awareness of corporate contracts is promoted, identify the number of non corporate contracts in place and establish whether these are appropriate (based on a selected sample)
8	Chief Executives	Key Financial Systems	A rolling programme of audits is adopted for material systems whereby the work programme for each year will differ.
9	Chief Executives	Budget Savings	To identify and review the systems in place to monitor the high level of savings identified
10	Chief Executives	Financial Management Code	To provide assurance that the information presented is accurate
11	Chief Executives	Petty Cash	To provide assurance that establishments still require petty cash and if so they are complying with procedures and usage is appropriate.
12	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
13	Chief Executives	Datacentre	To provide assurance that due diligence has taken place in respect of moving this off site and that suitable contracts are in place.
14	Chief Executives	Payroll	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in respect of Payroll including overtime, standby and call out payments
15	Chief Executives	Housing Support Grant Procurement	To provide assurance that appropriate systems and processes are in place and are compliant to the terms of the funding
16	Chief Executives	Communication & Consultation	To provide assurance on the adequacy and effectiveness of the Council's Communications, Engagement and Consultation and they comply to legislation
17	Communities	Coychurch Crematorium	A compliance review to complete the Annual Accounting Statement 2024/25
18	Communities	Porthcawl Harbour	A compliance review to complete the Annual Accounting Statement 2024/25

	Directorate	Area	Audit Scope / Risk
19	Communities	Planning Applications and Appeals	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in respect of Planning Applications & Appeals.
20	Communities	Shared Prosperity Funding	Review the process in place for receiving funding, funding and expenditure approval and the governance of decision making to provide assurance that the systems are robust and efficient.
21	Communities	Depot Stock Control	To provide assurance that the control of stock for trades working out of Council depots are effective and efficient
22	Communities	Vehicle Fuel Management	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in respect of Vehicles Fuel System.
23	Communities	Security of Assets & Stock	To review the security arrangements in place and to provide assurance they are effective.
24	Communities	Grass Cutting	To examine the systems in place to provide assurance that the service is working effectively and efficiently
25	Education, Early Years and Education	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.
26	Education, Early Years and Education	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.
27	Education, Early Years and Education	School Balances	To provide assurance that the processes in place provide sufficient oversight and intervention where appropriate in respect of school balances.
28	Education, Early Years and Education	Cyber Security in Schools	To provide assurance to the Council that its schools have the appropriate safeguards to protect against cyber-attacks
29	Social Services & Wellbeing	Awen-Cultural Trust	To provide assurance in respect of contract management, performance management and scrutiny of the partnership arrangement in place between the Trust and the Council
30	Social Services & Wellbeing	Assisted Travel	Provide assurance that transport contracts and 'in house' transport for Older Persons is compliant, economic and efficient
31	Social Services & Wellbeing	Section 117	To seek assurance that processes are adhered to in respect of policies and procedures, case management and agreed funding arrangements between LA and Health.
32	Social Services & Wellbeing	Special Guardian Orders	To review the arrangements in place for the payment of Special Guardianship Orders and means testing methodology
33	Social Services & Wellbeing	Children's Home – Golygfa'r Dolydd	To undertake an establishment audit to provide assurance that the internal controls are effective.
34	Social Services & Wellbeing	Commissioning of Services	To provide assurance that the correct procurement processes are undertaken to ensure contracts and agreements are compliant and efficient and economical

	Directorate	Area	Audit Scope / Risk
35	Social Services & Wellbeing	WCCIS Replacement Project	To provide assurance on governance and decision making around the project whilst implementation is underway
36	Internal Audit	Compliance with GIAS - Self Assessment	Review compliance with the Global Internal Audit Standards.
37	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.
38	Internal Audit	Meetings, Advice & Guidance	To allow auditors to facilitate the provision of risk and control advice which is regularly requested by officers within the authority.
39	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
40	Internal Audit	Audit Wales Liaison	To maintain professional relationship in line with good practice and the PSIAS
41	Internal Audit	Recommendation Monitoring	Monitoring the implementation of Internal Audit recommendations in consultation with service areas which have received these recommendations.
42	Internal Audit	Annual Opinion Report	To prepare and issue the Head of Audit's Annual Opinion Report 2024/25 and start preparation for 2025/26 report.
43	Internal Audit	Audit Planning	To prepare and monitor the annual risk based audit plan for 2024/25 and commence preparation for 2025/26 plan
44	Internal Audit	Audit Charter / Manual	To review and update the documents as required
45	Internal Audit	Closure of reports - 2024-25	To finalise all draft reports outstanding at the end of 2024-25
46	Internal Audit	Emerging Risks / Unplanned	To enable Audit Services to respond to provide assurance activity as required.
47	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.
48	Cross - Cutting	Fraud / Error / Irregularity	Irregularity Investigations - Reactive work where suspected irregularity has been detected.

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Meeting of:	**GOVERNANCE AND AUDIT COMMITTEE**
Date of Meeting:	**19 JUNE 2025**
Report Title:	**REGIONAL INTERNAL AUDIT SERVICE CHARTER 2025-26**
Report Owner / Corporate Director:	**HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE**
Responsible Officer:	**ANDREW WATHAN HEAD OF REGIONAL INTERNAL AUDIT SERVICE**
Policy Framework and Procedure Rules:	**The proposals in this report are in accordance with the policy framework and budget.**
Executive Summary:	• **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.** • **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 Global Internal Audit Standards.** • **One of the key roles which demonstrate the Governance and Audit Committee's oversight is the approval of the Internal Audit Charter.** • **The Regional Internal Audit Service (RIAS) Charter has been reviewed for 2025-26 to ensure it reflects the requirements of the Global Internal Audit Standards (GIAS) and that it remains applicable to all partners involved in the RIAS.** • **The GIAS came into effect from 1st April 2025.**

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 2025-26 attached at **Appendix A** for approval.

2. Background

2.1 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 across Bridgend, Merthyr Tydfil and the Vale of Glamorgan Councils.

2.2 The Charter was fully reviewed and amended for 2020-21 to be consistent with the objectives of the Shared Service, that is, to eliminate duplication and apply best practice.

2.3 The Charter also sets out the authorisation of access to records, personnel, and physical property relevant to the performance of audit work and defines the scope of internal audit activities.

2.4 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 Global Internal Audit Standards (GIAS).

2.5 The GIAS 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.

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

2.7 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.

2.8 The Charter also has three annexes containing a Glossary of Terms, a summary of Domain 2 of GIAS – Ethics and Professionalism and the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Application Note; CIPFA's Application Note also includes links to the GIAS and the CIPFA documentation referred to and outlines that staff must also comply with the Seven Principles of Public Life as well as Bridgend Council's Code of Corporate Governance.

2.9 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;
- Promote the effective use of internal audit within the assurance framework.

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

3. Current situation / proposal

3.1 The GIAS requires the Head of Internal Audit to review the Charter periodically, but final approval is the responsibility of the Governance and Audit Committee.

3.2 The Regional Internal Audit Service Charter for 2025-26 is attached at **Appendix A** and has been reviewed to ensure it reflects the requirements of the GIAS and that it remains applicable to all partners involved in the RIAS. For reference and information, the changes made to the 2024-25 IA Charter are shown at **Appendix B**.

3.3 The Charter has been updated to reflect that the RIAS is now a 3 partner operating model. Reference to the Global Internal Audit Standards is included in paragraph 2.14, and a reference to the Anti-Fraud, Bribery and Corruption Policy is made following a recommendation made during the External Assessment of RIAS.

3.4 Paragraph 4.11 of the Charter relating to External Assessment has also been updated to reflect that this was successfully completed and reported to all partners' Governance and Audit Committees during 2023.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1 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.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 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

6. Climate Change Implications

6.1 There are no climate change implications arising from this report.

7. Safeguarding and Corporate Parent Implications

7.1 There are no safeguarding or corporate parent implications arising from this report.

8. Financial Implications

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

9. Recommendation

9.1 Members of the Governance and Audit Committee are requested to consider and approve the Regional Internal Audit Service Charter for 2025-26 as attached at **Appendix A** to this report.

Background documents

None

APPENDIX A

Internal Audit Charter 2025-26

Bridgend County Borough Council

Merthyr Tydfil County Borough Council

Vale of Glamorgan Council

REGIONAL INTERNAL AUDIT SERVICE /
GWASANAETH ARCHWILIO MEWNOL RHANBARTHOL

March 2023
Updated June 2023
Updated May 2024

May 2025

Review and Approval of the Internal Audit Charter

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

This Internal Audit Charter is in conformance with the Global Internal Audit Standards (GIAS) including the Public Sector requirements, CIPFA's Code of Practice and CIPFA's Application Note. It has been updated to reflect the fact that the GIAS have replaced the Public Sector Internal Audit Standards with effect from 1st April 2025.

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 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.

Mandate of Internal Audit

The mandate for internal audit within Local Government within Wales comes from the Accounts and Audit (Wales) Regulations 2014

Internal auditing strengthens the organisation's ability to create, protect and sustain value by providing the board and management with independent, risk based and objective assurance, advice, insight and foresight.

Internal auditing enhances the organisation's:

- Successful achievement of its objectives
- Governance, risk management and control processes
- Decision making and oversight

- Reputation and credibility with its stakeholders
- Ability to serve the public interest

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 partner Councils, the role of the Board, as defined within the Global 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 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
  - Highest level body charged with governance; the Governance and Audit Committee; authorised to provide the internal audit function

- Chief Audit Executive
  - The leadership role responsible for effectively managing all aspects of the internal audit function and ensuring the quality performance of internal audit services is in accordance with Global Internal Audit Standards
  - The role of the Chief Audit Executive is undertaken by the Head of the Regional Internal Audit Service.

- Senior Management
    - The highest level of executive management of an organisation that is ultimately accountable to the board for executing the organisation's strategic decisions, typically a group that included the Chief Executive officer – Senior Management is defined as those officers designated as Chief Officers as set out in each Council's Constitution.

These definitions are set out within the glossary of the GIAS.

C. The Global Internal Audit Standards became effective for the public sector in the UK from the 1st of April 2025; they replace the Public Sector Internal Audit Standards. The GIAS is made up of 5 Domains, 15 guiding principles and 55 Standards. The 5 Domains are:

- Purpose
- Ethics & Professionalism
- Governing
- Managing
- Performing

Conformance with the Standards is mandatory.

The RIAS is committed to meeting, and conforming with, the standards laid down in the Global Internal Audit Standards; 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

1.1 Internal Audit is an assurance function that primarily provides an independent and objective opinion to management and Members (including lay 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 Global Internal Audit Standards.

1.6 Internal Audit is a statutory service. Part 3 of The Accounts and Audit (Wales) Regulations 2014 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
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 access and 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 following are definitions for assurance and advisory / consultancy work:

- Assurance

  Statement intended to increase the level of stakeholders' confidence about an organisation's governance, risk management and control processes.

- Assurance Services

  An objective, independent assessment on **governance, risk management and internal control** for the organisation to provide assurance. 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).

- Advisory / Consulting Services

  Provision of advice without providing assurance (an opinion) or taking on management responsibilities; 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**. Examples include counsel, advice on design of new systems, acting as a 'critical friend' on Project Boards, facilitation and training.

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.

Rights of Access

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.

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.

Anti-Fraud

1.21 Internal Audit are responsible for evaluating the potential for the occurrence of fraud and how the organisation manages fraud risk. Each Council's Corporate Fraud Officer (or equivalent) works closely with the Internal Audit team. The team will work in line with, and positively promote, each of the partner's Counter Fraud Strategy & Framework, AntiFraud, Bribery and Corruption Policy, Enforcement Policy, Anti-Money Laundering Policy along with the Whistleblowing Policy.

1.22 Each partner has a zero-tolerance culture to fraud, bribery and corruption.

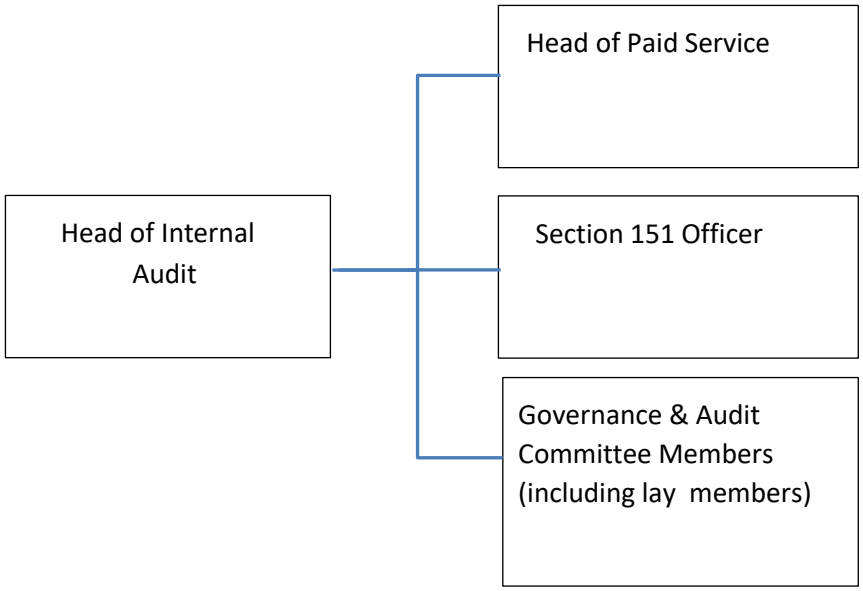
2. Independence and Objectivity

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 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 (including lay members));
- 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 Section 151 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 Each partner 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[1] 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

[1] Head of Internal Audit – denotes the Head of the Regional Internal Audit Service

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.

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 and Lay Members

2.12 The Head of Internal Audit will aim to have sound working relationships and channels of communication with Elected Members and Lay 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 Global Internal Audit Standards.

2.14 The Global Internal Audit Standards (GIAS) became effective from April 2025. They replaced the UK Public Sector Internal Auditing Standards (PSIAS). The

Relevant Internal Audit Standard Setters within the public sector within the UK (CIPFA for local government) have set out interpretations and requirements which need to be applied to the GIAS requirements, in order that these form a suitable basis for internal audit practice in the UK public sector. CIPFA have published an Application Note – Global Internal Audit Standards in the UK Public Sector, and a Code of Practice for the Governance of Internal Audit in UK Local Government. These are also applicable to all internal audit service providers providing internal audit services to the UK public sector.

2.15 Internal Audit Staff will;

- Comply with relevant auditing standards (GIAS & CIPFA);
- 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 which 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).

2.16 The RIAS conforms with the GIAS Ethics and Professionalism Domain 2 (Annex 2). This domain replaced the Chartered Institute of Internal Auditors (IIA)'s former 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 also comply with their relevant bodies' ethical requirements.

2.17 Each member of the Team will receive a copy of the Internal Audit Charter and sign up to an annual declaration to confirm that they will work in compliance with this, the GIAS as well as the Council's standards and policies such as the Code 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.

2.18 In addition to the Ethics and Professionalism Domain, staff must comply with the Seven Principles of Public Life as set out in CIPFA's Application Note – 'Global Internal Audit Standards in the UK Public Sector – 9A Ethics and standards in public life' (Annex 3) and the Council's Code of Corporate Governance which are referred to in Annex 3 – Additional Requirements.

Explanations of potential non-compliance with the GIAS

2.19 For clarification, RIAS is involved in the collation of the Annual Governance Statement (AGS) for each partner authority.

a. In Bridgend RIAS provides data and information to the Chief Accountant who compiles the AGS.
b. In Merthyr Tydfil and the Vale RIAS facilitates the co-ordination and collation of the AGS, compiles the final document and takes relevant reports to Governance and Audit Committee, albeit, with a strong emphasis that this document has shared ownership amongst key operational staff.

Shared Service

2.20 Internal Audit is delivered through a shared regional service between Bridgend, Merthyr Tydfil 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 Finance Officers of each Authority or their nominated substitutes who shall be responsible for the strategic direction of the Service.

2.21 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.

2.22 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

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 an internal audit service 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.

- Significant changes to the plan will be brought to the attention of the Governance and Audit Committee.

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 GIAS.

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 Doman II of GIAS, Ethics and Professionalism. 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 The current Head of RIAS is CIPFA qualified and has significant public sector experience within internal audit. Before starting with RIAS in April 2023, he had been a Chief Internal Auditor since May 2001, providing the service successfully across two unitary authorities on a collaboration basis since October 2005.

3.7 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 GIAS. Any development and training plans will be regularly reviewed, monitored and agreed with officers.

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

Due Professional Care

3.9 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

3.10 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 and Lay 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
- 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

4.1 To enable the Head of Internal Audit to assess the RIAS's activities with conformance to the GIAS and to aid in the annual assessment of the RIAS's

efficiency and effectiveness and identify opportunities for improvement, a Quality Assurance and Improvement Programme (QAIP) has been developed.

4.2 The QAIP includes both internal and external assessments in accordance with the Standards.

4.3 Assessment against QAIP 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 GIAS this will be reported to the Governance & Audit Committee and the Regional Board with any significant deviations being detailed within the Annual Governance Statement (AGS). RIAS will also confirm its conformance with the GIAS within the AGS.

Internal Assessment

4.5 All Auditors have access to up to date business processes, working instructions, the Internal Audit Charter, Council policies, the GIAS, journals, publications and other relevant articles and electronic training material and websites. Where staff are members of bodies such as CIPFA and/or CIIA 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 QAIP, 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 Post Audit Questionnaires and formally in the annual personal development review process.

External Assessment

4.10 In compliance with the GIAS, external assessment will be carried out once every five years by a qualified, independent assessor or assessment team from outside of the RIAS Councils.

4.11 A comprehensive and detailed self-assessment against the PSIAS was carried out in 2022 and shared with the external assessors in November 2022. The external assessment of the RIAS was reported to the partners' Governance and Audit Committees during 2023, stating that RIAS currently fully conformed with the PSIAS.

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) is now incorporated at Domain 2 of the GIAS which are Principles relevant to the profession and practice of internal auditing and Rules of Conduct that describe behaviour expected of internal auditors. This applies to both parties and entities that provide internal audit services.

The purpose of this Domain 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.

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.

Annex 2

Domain 2 - Ethics and Professionalism

This Domain outlines the behavioural expectations for professional internal auditors; including the chief audit executive and others that provide internal audit services. Conformance instils trust in the profession of internal auditing, creates an ethical culture within the internal audit function and provides the basis for reliance on internal auditors' work and judgement.

Principle 1 – Demonstrate Integrity

Integrity is behaviour characterised by adherence to moral and ethical principles including demonstrating honesty and the courage to act based on relevant facts. Internal auditors are expected to tell the truth and do the right thing even when it is uncomfortable or difficult.

Integrity is the foundation of the other principles of ethics & professionalism; the integrity of internal auditors is essential to establishing trust and earning respect.

Standard 1.1 – Honesty & Professional Courage

Standard 1.2 – Organisation's Ethical Expectations

Standard 1.3 – Legal & Ethical Behaviour

Principle 2 – Maintain Objectivity

Objectivity is an unbiased mental attitude that allows internal auditors to make professional judgements, fulfil their responsibilities and achieve the Purpose of Internal Auditing without compromise. An independently positioned internal audit function supports internal auditors' ability to main objectivity.

Standard 2.1 – Individual Objectivity

Standard 2.2 – Safeguarding Objectivity

Standard 2.3 – Disclosing Impairments to Objectivity

Principle 3 – Demonstrate Competency

Demonstrating competency requires developing and applying the knowledge, skills and abilities to provide internal audit services. Competencies needed by individual auditors will vary due to the diverse array of services provided. In addition, internal

auditors improve the effectiveness and quality of services by pursuing professional development.

Standard 3.1 – Competency

Standard 3.2 – Continuing Professional Development

Principle 4 – Exercise Due Professional Care

Internal auditors apply due professional care in planning and performing internal audit services. This is achieved with due diligence, judgement and scepticism possessed by prudent and competent internal auditors.

Standard 4.1 – Conformance with the GIAS

Standard 4.2 – Due Professional Care

Standard 4.3 – Professional Scepticism

Principle 5 – Maintain Confidentiality

Internal auditors use and protect information appropriately.

Internal auditors have unrestricted access to data, records and other information necessary to do their work which is often confidential or personally identifiable. Internal auditors must respect the value and ownership of this only use it for professional purposes, protecting it from unauthorised access or disclosure, internally and externally.

Standard 5.1 – Use of Information

Standard 5.2 – Protection of Information

Annex 3 – Additional Requirements

CIPFA Application Note on the Global Internal Audit Standards in the UK Public Sector

Ethics and Standards in Public Life

The GIAS generally and GIAS 1.2 (Organisation's Ethical Expectation) specifically describe the importance of internal auditors encouraging and promoting an ethics based culture alongside personal adherence to the ethical expectations of their organisation. This need for ethical behaviour is especially relevant in the UK Public Sector where those delivering public services are both servants of the public and stewards of public resources. The government has set out Seven Principles of Public Life (Nolan Principles) that apply to all public servants including contractors working in the public service).

Staff must comply with the Seven Principles of Public Life and the Council's Code of Corporate Governance.

The Seven Principles of Public Life (also known as the Nolan Principles) apply to anyone who works as a public office-holder. This includes all those who are elected or appointed to public office, nationally and locally, and all people appointed to work in the Civil Service, local government, the police, courts and probation services, non-departmental public bodies (NDPBs), and in the health, education, social and care services. All public office-holders are both servants of the public and stewards of public resources. The principles also apply to all those in other sectors delivering public services.

1.1 Selflessness

Holders of public office should act solely in terms of the public interest.

1.2 Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

1.3 Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

1.4 Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

1.5 Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

1.6 Honesty

Holders of public office should be truthful.

1.7 Leadership

Holders of public office should exhibit these principles in their own behaviour and treat others with respect. They should actively promote and robustly support the principles and challenge poor behaviour wherever it occurs.

More information is available via this link:
www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life--2;

Code of Corporate Governance

Staff also need to be aware of and comply with the Council's Code of Corporate Governance which is part of the Constitution.

For example:
Vale of Glamorgan Council

https://www.valeofglamorgan.gov.uk/Documents/_Committee%20Reports/Committee%20Information/Constitution/November-2022/22-11-10-Section-23.pdf;

Link:

Global Internal Audit Standards

Global Internal Audit Standards in the UK Public Sector | CIPFA

Governance of Internal Audit in Local Government | CIPFA

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APPENDIX B

Internal Audit Charter 2024-25

(Amendments shown as part of review)

Bridgend County Borough Council

Merthyr Tydfil County Borough Council

Vale of Glamorgan Council

REGIONAL INTERNAL AUDIT SERVICE /
GWASANAETH ARCHWILIO MEWNOL RHANBARTHOL

March 2023
Updated June 2023
Updated May 2024

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:

Deleted yellow highlight: addition in blue highlight

This Internal Audit Charter is in conformance with the Global Internal Audit Standards (GIAS) including the Public Sector requirements, CIPFA's Code of Practice and CIPFA's Application Note. It has been updated to reflect the fact that the GIAS have replaced the Public Sector Internal Audit Standards with effect from 1st April 2025.

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 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.

Mandate of Internal Audit

The mandate for internal audit within Local Government within Wales comes from the Accounts and Audit (Wales) Regulations 2014

Internal auditing strengthens the organisation's ability to create, protect and sustain value by providing the board and management with independent, risk based and objective assurance, advice, insight and foresight.

Internal auditing enhances the organisation's:

- Successful achievement of its objectives
- Governance, risk management and control processes
- Decision making and oversight

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 partner 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.

Definition changed to:

- Highest level body charged with governance; the Governance and Audit Committee; authorised to provide the internal audit function

- Chief Audit Executive

  - – The leadership role responsible for effectively managing all aspects of the internal audit function and ensuring the quality performance of internal audit services is in accordance with Global Internal Audit Standards

  -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.

Definition changed to:

- The highest level of executive management of an organisation that is ultimately accountable to the board for executing the organisation's strategic decisions, typically a group that included the Chief Executive officer – Senior Management is defined as those officers designated as Chief Officers as set out in each Council's Constitution.

These definitions are set out within the glossary of the GIAS.

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 Global Internal Audit Standards became effective for the public sector in the UK from the 1st of April 2025; they replace the Public Sector Internal Audit Standards. The GIAS is made up of 5 Domains, 15 guiding principles and 55 Standards. The 5 Domains are:

- Purpose
- Ethics & Professionalism
- Governing

- Managing
- Performing

Conformance with the Standards 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 (QAIP).

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 (including lay 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 2014 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
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

  Statement intended to increase the level of stakeholders' confidence about an organisation's governance, risk management and control processes.

- 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).

- Advisory / 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).

  Provision of advice without providing assurance (an opinion) or taking on management responsibilities; 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**. Examples include counsel, advice on design of new systems, acting as a 'critical friend' on Project Boards, facilitation and training.

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.

Rights of Access

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.

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.

Anti-Fraud

1.21 Internal Audit are responsible for evaluating the potential for the occurrence of fraud and how the organisation manages fraud risk. Each Council's Corporate Fraud Officer (or equivalent) works closely with the Internal Audit team. The team will work in line with, and positively promote the Council's Anti-Fraud, Bribery and Corruption Policy.
The team will work in line with, and positively promote, each of the partner's Counter-Fraud Strategy & Framework, Anti-Fraud, Bribery and Corruption Policy, Enforcement Policy, Anti-Money Laundering Policy along with the Whistleblowing Policy.

1.22 Each partner has a zero-tolerance culture to fraud, bribery and corruption.

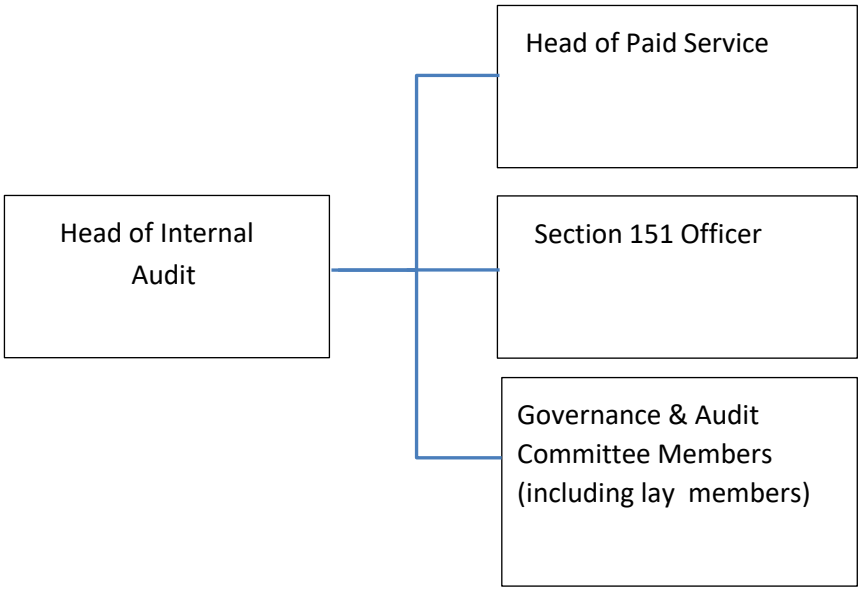
2. Independence and Objectivity (Standard 1100)

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 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 (including lay members));
- 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[1] 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.

[1] 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 and Lay Members

2.12 The Head of Internal Audit will aim to have sound working relationships and channels of communication with Elected Members and Lay 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 Revised and updated Global Internal Audit Standards were issued in January 2024 which will become effective from January 2025. They will then replace the International Professional Practice Framework, the mandatory elements of which are the basis for the current UK public sector internal auditing standards (the PSIAS). The UK Public Sector Internal Auditing Standards Advisory Board

(IASAB) have been asked to carry out a review of the new standards with a view to identifying and producing any sector specific interpretations or other material needed to make them suitable for UK public sector use. The effective date for any new material developed by the IASAB will be 1 April 2025.

The Global Internal Audit Standards (GIAS) became effective from April 2025. They replaced the UK Public Sector Internal Auditing Standards (PSIAS). The Relevant Internal Audit Standard Setters within the public sector within the UK (CIPFA for local government) have set out interpretations and requirements which need to be applied to the GIAS requirements, in order that these form a suitable basis for internal audit practice in the UK public sector. CIPFA have published an Application Note – Global Internal Audit Standards in the UK Public Sector, and a Code of Practice for the Governance of Internal Audit in UK Local Government. These are also applicable to all internal audit service providers providing internal audit services to the UK public sector.

2.15 Internal Audit Staff will;

- Comply with relevant auditing standards (GIAS & CIPFA);
- 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).

2.16 The RIAS has adopted the CIIA's Code of Ethics conforms with the GIAS Ethics and Professionalism Domain 2 (Annex 2). This domain replaced the Chartered Institute of Internal Auditors (IIA)'s former 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.

2.17 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 this, the GIAS 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.

2.18 In addition to the Code of Ethics Ethics and Professionalism Domain, staff must comply with the Seven Principles of Public Life as set out in CIPFA's Application Note – 'Global Internal Audit Standards in the UK Public Sector – 9A Ethics and standards in public life' (Annex 3) and the Council's Code of Corporate Governance which are referred to in Annex 3 – Additional Requirements.

Explanations of potential non-compliance with the GIAS

2.19 For clarification, RIAS is involved in the collation of the Annual Governance Statement (AGS) for each partner authority.

a. In Bridgend RIAS provides data and information to the Chief Accountant who compiles the AGS.
b. In Merthyr Tydfil and the Vale RIAS facilitates the co-ordination and collation of the AGS, compiles the final document and takes relevant reports to Governance and Audit Committee, albeit, with a strong emphasis that this document has shared ownership amongst key operational staff.

Shared Service

2.20 Internal Audit is delivered through a shared regional service between Bridgend, Merthyr Tydfil 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 Finance Officers of each Authority or their nominated substitutes who shall be responsible for the strategic direction of the Service.

2.21 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.

2.22 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 an internal audit service 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.

- Significant changes to the plan will be brought to the attention of the Governance and Audit Committee.

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 Doman II of GIAS, Ethics and Professionalism. 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 The current Head of RIAS is CIPFA qualified and has significant public sector experience within internal audit. Before starting with RIAS in April 2023, he had been a Chief Internal Auditor since May 2001, providing the service successfully across two unitary authorities on a collaboration basis since October 2005.

3.7 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.

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

Due Professional Care

3.9 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

3.10 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 and Lay 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
- 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 Assurance and Improvement Programme (QAIP) has been developed.

4.2 The QAIP includes both internal and external assessments in accordance with the Standards.

4.3 Assessment against QAIP 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. RIAS will also confirm its conformance with the GIAS within the AGS.

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 CIIA 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 QAIP, 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 Post Audit Questionnaires 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.

4.11 A comprehensive and detailed self-assessment was carried out in 2022 and shared with the external assessors in November 2022. The external assessment of the RIAS was reported to the partners' Governance and Audit Committees during 2023, stating that RIAS currently fully conforms.

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) is now incorporated at Domain 2 of the GIAS which 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 this Domain 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.

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.

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.

Annex 2

Domain 2 - Ethics and Professionalism

This Domain outlines the behavioural expectations for professional internal auditors; including the chief audit executive and others that provide internal audit services. Conformance instils trust in the profession of internal auditing, creates an ethical culture within the internal audit function and provides the basis for reliance on internal auditors' work and judgement.

Principle 1 – Demonstrate Integrity

Integrity is behaviour characterised by adherence to moral and ethical principles including demonstrating honesty and the courage to act based on relevant facts. Internal auditors are expected to tell the truth and do the right thing even when it is uncomfortable or difficult.

Integrity is the foundation of the other principles of ethics & professionalism; the integrity of internal auditors is essential to establishing trust and earning respect.

Standard 1.1 – Honesty & Professional Courage

Standard 1.2 – Organisation's Ethical Expectations

Standard 1.3 – Legal & Ethical Behaviour

Principle 2 – Maintain Objectivity

Objectivity is an unbiased mental attitude that allows internal auditors to make professional judgements, fulfil their responsibilities and achieve the Purpose of internal Auditing without compromise. An independently positioned internal audit function supports internal auditors' ability to main objectivity.

Standard 2.1 – Individual Objectivity

Standard 2.2 – Safeguarding Objectivity

Standard 2.3 – Disclosing Impairments to Objectivity

Principle 3 – Demonstrate Competency

Demonstrating competency requires developing and applying the knowledge, skills and abilities to provide internal audit services. Competencies needed by individual auditors will vary due to the diverse array of services provided. In addition, internal

auditors improve the effectiveness and quality of services by pursuing professional development.

Standard 3.1 – Competency

Standard 3.2 – Continuing Professional Development

Principle 4 – Exercise Due Professional Care

Internal auditors apply due professional care in planning and performing internal audit services. This is achieved with due diligence, judgement and scepticism possessed by prudent and competent internal auditors.

Standard 4.1 – Conformance with the GIAS

Standard 4.2 – Due Professional Care

Standard 4.3 – Professional Scepticism

Principle 5 – Maintain Confidentiality

Internal auditors use and protect information appropriately.

Internal auditors have unrestricted access to data, records and other information necessary to do their work which is often confidential or personally identifiable. Internal auditors must respect the value and ownership of this only use it for professional purposes, protecting it from unauthorised access or disclosure, internally and externally.

Standard 5.1 – Use of Information

Standard 5.2 – Protection of Information

Annex 3 – Additional Requirements

CIPFA Application Note on the Global Internal Audit Standards in the UK Public Sector

Ethics and Standards in Public Life

The GIAS generally and GIAS 1.2 (Organisation's Ethical Expectation) specifically describe the importance of internal auditors encouraging and promoting an ethics based culture alongside personal adherence to the ethical expectations of their organisation. This need for ethical behaviour is especially relevant in the UK Public Sector where those delivering public services are both servants of the public and stewards of public resources. The government has set out Seven Principles of Public Life (Nolan Principles) that apply to all public servants including contractors working in the public service).

In addition to the Code of Ethics, staff must comply with the Seven Principles of Public Life and the Council's Code of Corporate Governance.

The Seven Principles of Public Life (also known as the Nolan Principles) apply to anyone who works as a public office-holder. This includes all those who are elected or appointed to public office, nationally and locally, and all people appointed to work in the Civil Service, local government, the police, courts and probation services, non-departmental public bodies (NDPBs), and in the health, education, social and care services. All public office-holders are both servants of the public and stewards of public resources. The principles also apply to all those in other sectors delivering public services.

1.1 Selflessness

Holders of public office should act solely in terms of the public interest.

1.2 Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

1.3 Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

1.4 Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

1.5 Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

1.6 Honesty

Holders of public office should be truthful.

1.7 Leadership

Holders of public office should exhibit these principles in their own behaviour and treat others with respect. They should actively promote and robustly support the principles and challenge poor behaviour wherever it occurs.

More information is available via this link:
www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life--2;

Code of Corporate Governance

Staff also need to be aware of and comply with the Council's Code of Corporate Governance which is part of the Constitution.

For example:
Vale of Glamorgan Council

https://www.valeofglamorgan.gov.uk/Documents/_Committee%20Reports/Committee%20Information/Constitution/November-2022/22-11-10-Section-23.pdf;

Link:

Global Internal Audit Standards

Global Internal Audit Standards in the UK Public Sector | CIPFA

Governance of Internal Audit in Local Government | CIPFA

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Meeting of:	**GOVERNANCE & AUDIT COMMITTEE**
Date of Meeting:	**19 JUNE 2025**
Report Title:	**ANTI-FRAUD, BRIBERY AND CORRUPTION POLICY**
Report Owner / Corporate Director:	**CHIEF OFFICER – FINANCE, HOUSING & CHANGE**
Responsible Officer:	**NIGEL SMITH GROUP MANAGER – CHIEF ACCOUNTANT**
Policy Framework and Procedure Rules:	**The Anti-Fraud, Bribery and Corruption Policy forms part of the policy framework.**
Executive Summary:	• **The Anti-Fraud, Bribery and Corruption Policy should be reviewed and updated on a regular basis. This review provides minor amendments to the policy for the Governance and Audit Committee to consider, prior to the updated Policy being presented to Cabinet for approval.**

1. Purpose of Report

1.1 The purpose of the report is to present to the Governance and Audit Committee the updated Anti-Fraud, Bribery and Corruption Policy for review and comment, prior to submission to Cabinet for approval.

2. Background

2.1 The Anti-Fraud, Bribery and Corruption Policy should be reviewed regularly to ensure it is kept up to date. The last update was in February 2019. The Policy with the proposed changes is attached at **Appendix A** with the amended Policy at **Appendix B**. Any recommendations of the Committee will be considered and the Policy amended as necessary prior to submitting to Cabinet for approval.

3. Current situation / proposal

3.1 The key changes to the Policy are:

- Title – renamed from ‘Anti-Fraud and Bribery Policy’ to ‘Anti-Fraud, Bribery & Corruption Policy’ to reflect that corruption is recognised as a pervasive form of fraud and a significant threat to public trust, financial stability and economic development. Corruption encompasses a wider range of fraudulent activities including embezzlement, abuse of power and extortion. References throughout the document have been updated.

- Para 2.1 & 2.2 – addition of the Economic Crime and Corporate Transparency Act (ECCTA) 2023.
- Para 2.6 and 2.7 – updating the definition of money laundering and adding in the definition of corruption.
- Para 5.19 – adding the Council's fraud investigation section.
- Para 6.4 – amending the declaration limit for gifts for employees to £25.

A number of other minor grammatical/presentational amendments have been made.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1 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.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 The Act provides the basis for driving a different kind of public service in Wales, with 5 ways of working to guide how public services should work to deliver for people. The well-being objectives are designed to complement each other and are part of an integrated way of working to improve well-being for the people of Bridgend. It is considered that there will be no significant or unacceptable impacts upon the achievement of the well-being goals or objectives as a result of this report.

6. Climate Change and Nature Implications

6.1 There are no climate change or nature implications as a result of this report.

7. Safeguarding and Corporate Parent Implications

7.1 There are no safeguarding or corporate parent implications as a result of this report.

8. Financial Implications

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

9. Recommendation

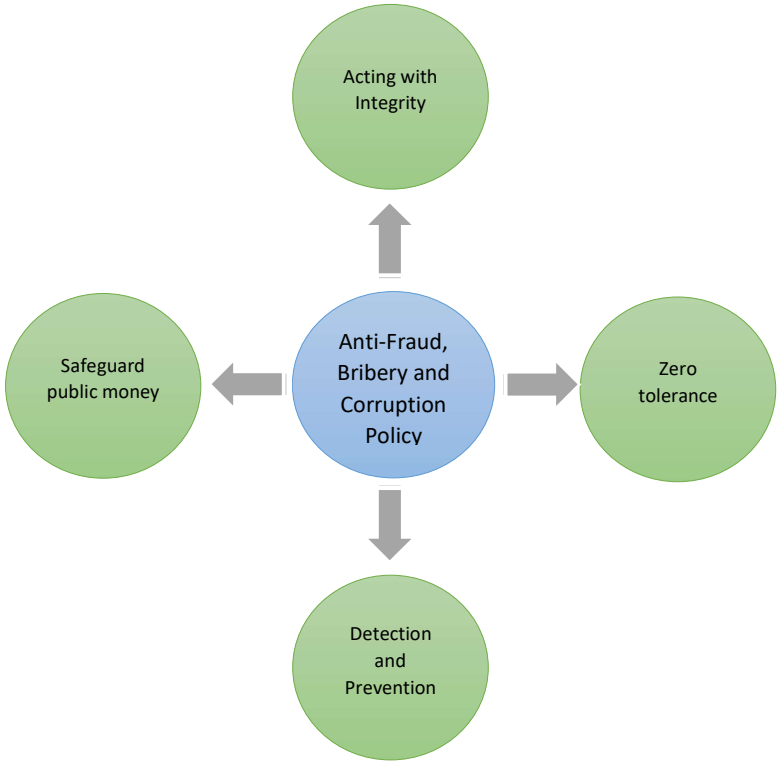
9.1 It is recommended that the Governance and Audit Committee considers the updated Anti-Fraud, Bribery and Corruption Policy at **Appendix A** and notes that, subject to any amendments requested by the Committee, the revised Policy at **Appendix B** will be presented to Cabinet for approval.

Background documents

None

Appendix A

ANTI-FRAUD, ~~AND~~ BRIBERY & CORRUPTION POLICY



~~January~~ July ~~2019~~2025

CONTENTS

1 INTRODUCTION

1.1 In carrying out its functions and responsibilities, the Council encourages a culture of openness and fairness and expects Elected Members and employees at all levels to adopt the highest standards of propriety and accountability.

1.2 The Anti-Fraud, and Bribery & Corruption Policy recognises that the Council as a large organisation is at risk of loss due to fraud and corruption both from within the Council and outside it. In adopting this Policy, the Council seeks to demonstrate clearly that it is firmly committed to dealing with fraud, corruption and bribery and will deal equally with perpetrators from inside (Members and employees) and outside the Council. In addition, there will be no distinction made in investigation and action between cases that generate financial benefit and those that do not.

1.3 This Policy is one element of a wider set of arrangements in place to prevent fraud and wrongdoing which includes its Code of Corporate Governance and the Council's wider polices as set out in Section 3.

1.4 In meeting the Council's responsibilities relating to fraud and corruption, whether attempted internally or externally, the outcomes sought from the Council's Anti-Fraud, and Bribery & Corruption Policy are to:

- maintain and promote a **zero-tolerance** culture to fraud and corruption
- **safeguard public money** by reducing losses from fraud and corruption to an absolute minimum by taking practical, risk-informed steps and maintaining a strong deterrent
- encourage **prevention** and promote **detection** and effective investigation of suspected fraud or corruption and take robust action against those found to be committing any such acts
- place confidence in Bridgend County BouroughBorough Council and its work by ensuring we act and are seen to **act with integrity**

1.5 There is an expectation and requirement that all Members, employees, consultants, contractors, and service users be fair and honest, and if able to do so, provide help, information and support to assist investigations of fraud and corruption.

1.6 The Council is aware of the high degree of external scrutiny of its affairs by a variety of bodies, including those listed below. These bodies are important in highlighting any areas where improvements can be made.

- Public Services Ombudsman.
- Wales Audit Office (WAO). As part of their statutory duties, WAO is required to ensure that the Council has in place adequate arrangements for the prevention and detection of fraud and corruption.
- Council Tax Payers – via the annual Inspection of the Statement of Accounts.
- HM Revenues & Customs.
- Department for Works & Pensions.
- The Criminal Justice System.

1.7 The areas where there is potential for fraud and corruption will be periodically reviewed, and Internal Audit plans will focus on areas of greatest risk. The relative assessed levels of risk are set out in the Fraud Risk Wheel (see Appendix A).

2 DEFINITIONS

Fraud

2.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines fraud as "Any intentional false representation, including failure to declare information or abuse of position that is carried out to make gain, cause loss or expose another to the risk of loss". In the UK, the term fraud is used to describe many acts such as deception, forgery, extortion, theft, conspiracy, embezzlement and false representation. The Fraud Act 2006 came into force on 15 January 2006, and remains the primary~~and is~~ legislation. ~~but t~~The Economic Crime and Corporate Transparency Act (ECCTA) 2023 also added a new corporate offence being "failure to prevent fraud" which will come into force on 1st September 2025. ~~that has been introduced in order to provide absolute clarity on the subject of fraud.~~

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

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- Fraud by false representation (Section 2 of the Act).
- Fraud by failing to disclose information (Section 3 of the Act).
- Fraud by abuse of position (Section 4 of the Act).

The (ECCTA) will be introduced over the next 2 years introducing more power to Companies House over UK entities. H~~h~~owever it will also impact the Council in what procedures are in place. It holds large organisations accountable for failing to prevent fraud committed by their employees, agents, contractors or other "associated persons" acting for the organisations benefit, whether directly or indirectly. Non-compliance can lead to unlimited fines, legal exposure and reputational damage.

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2.3 All the above require dishonesty and an intent to make gain or cause loss as well as by making the representation knowing that it is or might be false or misleading; failing to disclose information where there is a legal duty to do so; and abuse of a position where one is expected to safeguard another person's financial interests.

2.4 Fraud, for the purposes of this policy, goes beyond the Act and includes theft, forgery, concealment, conspiracy and bribery. Fraud may include, but is not limited to, stealing cash or equipment, submitting false expense claims, invoicing for goods not intended for Council business, unauthorised removal of Council property, manipulating accounts and records, dishonest contract arrangement and other financial irregularities.

Bribery

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

- offering, promising or giving a bribe (active bribery)
- requesting, receiving or agreeing to accept a bribe (passive bribery)

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

Corruption

2.6 Corruption is broadly defined as the abuse of entrusted power for personal gain. It can include:

- public servants demanding or taking money or favours in exchange for services
- misusing public money or granting public jobs or contracts to friends and families
- corporations bribing officials to get lucrative deals.

Money Laundering

2.~~7~~6 Money laundering is a term applied to "possessing or in any way dealing with or concealing the proceeds of any crime", in essence, any method used to convert or exchange money or assets obtained from criminal activity into money or assets that are "clean", in such a way that the "clean" money can no longer be linked back to the criminal activity. Whilst the risk of money laundering to the Council is relatively low the Council has in place an Anti-money Laundering Policy which sets out the responsibilities of Members and employees to prevent the Council being subject to any money laundering practices. This Policy supports all staff in complying with the money laundering provisions included within the Proceeds of Crime Act 2002 and the Terrorism Act 200~~6~~0.

3 RULES AND PROCEDURES

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

3.2 These include:

- The Council's Constitution, which includes: .
  - Financial Procedure Rules (Part 4).
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- Anti-Money Laundering Policy.
- Equal Opportunities Policy.
- Anti-Fraud, Bribery & ~~Bribery~~ Corruption Policy
- Regulation of Investigatory Powers Act Policy
- Effective recruitment and selection procedures.
- Training.

These are under-pinned by the following legislation:

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- Bribery Act 2010.
- The Regulation of Investigatory Powers Act 2000.

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- Proceeds of Crime Act 2002.
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- Human Rights Act 1998.

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4 CULTURE

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

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

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

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

4.5 As explained in the Council's Whistleblowing Policy, suspected instances of fraud can be reported to:

- Line managers
- Section 151 Officer
- Head of Regional Internal Audit Service
- Monitoring Officer
- Directors
- Chief Executive

4.6 The Council will ensure that any allegations received in any way, including by anonymous letters or phone calls, will be taken seriously and investigated in an appropriate manner.

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4.8 When fraud or corruption has occurred because of a breakdown or weakness in the Council's systems or procedures, Directors will ensure that appropriate improvements in systems of control are implemented to prevent a reoccurrence.

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5 RESPONSIBILITIES AND PREVENTION OF FRAUD

The Role of Elected Members

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

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The Role of the Monitoring Officer

5.3 The Monitoring Officer has responsibility for:

- the lawfulness and fairness of decision making
- ensuring that Elected Members are aware of the protocols, policies and procedures, as set out at the end of this policy that apply when carrying out their duties
- jointly initiating action if fraud, bribery or corruption may have been identified along with the Section 151 Officer

The Role of the Section 151 Officer

5.4 The Section 151 Officer has responsibility for:

- the proper administration of the council's financial affairs under s.151 of the Local Government Act 1972 as amended and s.114 of the Local Government Finance Act 1988 as amended. This includes the employee nominated by them to act in their absence and any employee of ~~thier~~their staff acting on their behalf
- reporting to Councillors and the Wales Audit Office if either the Council, or one of its representatives makes, or is about to make a decision which is unlawful, or involves illegal expenditure or potential financial loss (Local Government Finance Act 1988 s.114)
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The Role of Managers

5.5 Managers at all levels are responsible for the communication and implementation of the Anti-Fraud, ~~and~~ Bribery & Corruption Policy in their work area. They are also responsible for ensuring that their employees are aware of all of the Council's policies, procedure rules (as detailed in 3.2 above), and that the requirements of each are being met in their everyday business activities. They are required to ensure that their staff are aware of their responsibilities in relation to safeguarding the resources for which they are responsible and for reporting suspected irregularities.

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5.8 The Council has a formal recruitment procedure, which contains appropriate safeguards on matters such as written references and verifying qualifications held. Applicants complete an application form and must declare any criminal convictions that are not spent. Where appropriate, applicants may also be subject to a Disclosure and Barring Service (DBS) check.

5.9 The Council's disciplinary procedures apply to all employees.

The Role of Individual Employees

5.10 Each employee is governed in their work by the Council's procedure rules, as detailed in Part 4 of the Constitution, and other codes of conduct and policies (e.g. Health and Safety, Disciplinary Policy, ICT Code of Conduct). They are also governed by the Code of Conduct for Council employees ~~(Part 5 of the Constitution)~~. Included in these are guidelines on gifts and hospitality and codes of conduct associated with professional and personal conduct and conflicts of interest. These are issued to all employees when they join the authority or will be provided by their manager. Also employees are expected to follow any Code of Conduct related to their membership of a professional institute.

5.11 Employees are responsible for ensuring that they follow the instructions given to them by management, particularly in relation to the safekeeping of Council assets. These will be included in induction training and procedure manuals.

5.12 The Council has a protocol on secondary employment for employees. The purpose of this is to safeguard both the Council and employees' interests in recognising that some employees may wish to undertake secondary employment whilst being required to provide the highest standards of service to our customers. These could be affected if an employee were to have secondary employment which conflicted with their Council work.

5.13 Employees must operate within Section 117 of the Local Government Act 1972 regarding the disclosure of financial interests in contracts relating to the Council, or the non-acceptance of any fees, gifts, hospitality or any other rewards, other than their proper remuneration. Further information is available from the Monitoring Officer.

5.14 Employees are expected always to be aware of the possibility that fraud, corruption or theft may exist in the workplace and be able to share their concerns with management. If for any reason, they feel unable to speak to their manager they must refer the matter to one of those named in paragraph 4.5 above. Failing this, employees can, if necessary, raise concerns anonymously (by letter or phone), and via other routes, in accordance with the Council's Whistleblowing Policy.

The Role of Committees

5.15 The Standards Committee includes amongst its roles and functions the promotion and maintenance of high standards of conduct by Members, assisting Members to observe the Member's Code of Conduct and the monitoring and operation of it. It also considers reports submitted by the Public Services Ombudsman for Wales, the Monitoring Officer or any other representations relating to alleged breaches of the Code. The Committee also monitors the operation of the Council's Whistleblowing policy.

5.1~~7~~6 The Governance & Audit Committee has to consider, as one of its functions, the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud, bribery and corruption arrangements. It will also monitor this policy. Every year, the Committee receives the Head of Audit's annual opinion report which provides detailed information on the work of the Internal Audit Section and the effectiveness of the overall internal control environment for the Council as a whole.

The Role of Internal Audit

5.~~18~~ 17 Internal Audit plays a vital preventative role in trying to ensure that systems and procedures are in place to prevent and detect fraud and corruption. Internal Audit investigates cases of suspected irregularity, with the exception of Council Tax Reduction and Blue Badge fraud investigations - which are undertaken by the Housing Benefits' Fraud Investigator, and Housing Benefit fraud investigations - which are undertaken by the Department for Works and Pensions' (DWP) Single Fraud Investigation Service. Internal Audit liaise with management to recommend changes in procedures to prevent or mitigate losses to the Council.

5.~~19~~18 Internal Audit ~~has arranged~~ alongside the Council's fraud investigation section ~~and~~ will keep under review procedures and arrangements to develop and encourage the exchange of information on national and local fraud and corruption activity in relation to Councils with external agencies such as:

- Police.
- Society of Welsh Treasurers.

- Welsh Chief Internal Auditor's Group.
- ~~External Audit.~~
- Wales Audit Office ~~(~~Audit Wales~~)~~.
- National Anti-Fraud Network.
- HM Revenues and Customs.
- Welsh LA Investigation Group.
- Department for Work and Pensions.
- Single Fraud Investigation Service.
- Other outside agencies.

The Role of the ~~Housing Benefits Fraud Investigator~~Council's Fraud Investigation Section

5.~~20~~ 19 The Council's Fraud Investigation ~~s~~Section ~~Investigator (Benefits)~~ is responsible for all Council Tax Reduction and Blue Badge fraud investigations, in accordance with the requirements of the Human Rights Act 1998 and other relevant legislation. In cases where employees are involved, the team will work with Internal Audit, Human Resources and appropriate senior management to ensure that correct procedures are followed and that this Policy is adhered to.

The Role of ~~External~~ Audit Wales ~~Audit Office (Audit Wales)~~

5.~~21~~ 20 Independent external audit is an essential safeguard in the stewardship of public money. This role is delivered through the carrying out of specific reviews that are designed to test (amongst other things) the adequacy of the Council's financial systems, and arrangements for preventing and detecting fraud and corruption. It is not the external auditor's function to prevent fraud and irregularity, but the integrity of public funds is at all times a matter of general concern. External auditors are always alert to the possibility of fraud and irregularity, and will act without undue delay if grounds for suspicion come to their notice. The external auditor has a responsibility to review the Council's arrangements to prevent and detect fraud and irregularity, and arrangements designed to limit the opportunity for corrupt practices.

6 DETECTION AND INVESTIGATION OF FRAUD

6.1 The preventative measures described in the previous section significantly reduce the risk of fraud and corruption but cannot eliminate it entirely. Financial Procedure Rules require Corporate Directors to be responsible for the accountability of employees, and the security, custody and control of all other resources including plant, buildings, materials, cash and stores appertaining to their individual Directorates in accordance with the procedures agreed with the Council's Section 151 Officer. If a Corporate Director suspects any irregularities concerning cash, inventories or other property of the Council or held on trust by the Council, the Corporate Director concerned will notify the Section 151 Officer immediately, who will take such steps as considered necessary by way of investigation and report.

6.2 Internal Audit plays an important role in the detection of fraud and corruption. Included in the Audit Plan are reviews of system financial controls and specific fraud and corruption tests, spot checks and unannounced visits. Any decision to refer a matter to the Police will be taken by the Head of Audit. Internal Audit may also seek informal advice from the Police in the early stages of an investigation. Care will be taken to ensure that internal disciplinary procedures are followed but do not prejudice any criminal case.

6.3 In addition to Internal Audit, there are numerous systems controls in place to deter fraud, bribery and corruption, but it is often the vigilance of employees and members of the public that aids detection. The Council's Whistleblowing Policy is intended to encourage and enable staff to raise serious concerns. Employees reporting concerns in this way are afforded certain rights under the Public Interest Disclosure Act 1998. All employees can raise their concerns under this policy, as well as contractors working for the Council (e.g. agency staff, builders etc.) and the voluntary sector. This would normally be with the immediate line manager. However, if the concerns are so serious or sensitive then they should be raised with a Chief Officer, for example a Director, the Chief Executive Officer, Section 151 Officer, Monitoring Officer, or the Head of Audit. ~~-~~This Policy also applies to suppliers of goods and services under a contract. However, this policy is not available for use by members of the public who should instead use the Corporate Complaint's Policy.

6.4 Within the Council's Constitution, Members and employees shall comply with the requirements of Section 117 of the Local Government Act 1972, the Bribery Act 2012~~0~~, and the Members' and Employees' Codes of Conduct in respect of the declaration of interests in contracts. Such interests must be declared to the Monitoring Officer for inclusion in the appropriate registers. All are required to give notice in writing of pecuniary (financial) interests in contracts relating to the Council or the offer of any fees or rewards other than their proper remuneration. All employees must declare any offers of gifts or hospitality above a value of £2~~5~~0, which are in any way related to the performance of their duties.

6.5 Theft, fraud, bribery and corruption are serious offences against the Council and employees will face disciplinary action if the outcome of an investigation indicates improper behaviour by an employee. Depending on the circumstances of each individual case, criminal proceedings may also be instigated.

6.6 Members will face appropriate action if they are found to have been involved in theft, fraud or corruption against the Council. Appropriate action will be taken including referring the matter to the Monitoring Officer and/or the Public Ombudsman for Wales. Depending on the circumstances of each individual case, criminal proceedings may also be instigated.

7 TRAINING AND AWARENESS

7.1 The Council recognises that an important aspect of its Anti-Fraud, Bribery and ~~Bribery~~ Corruption Policy is the general awareness and responsiveness of employees throughout the Council. To facilitate this, the Council supports induction and training, particularly for employees involved in internal control systems. All employees are made aware of the Anti-Fraud, ~~and~~ Bribery & Corruption Policy via various channels of communication e.g. team meetings and the Intranet.

7.2 In addition the Council will seek via appropriate publicity to increase and maintain the general public awareness of the facilities available to report concerns about fraud, bribery and corruption.

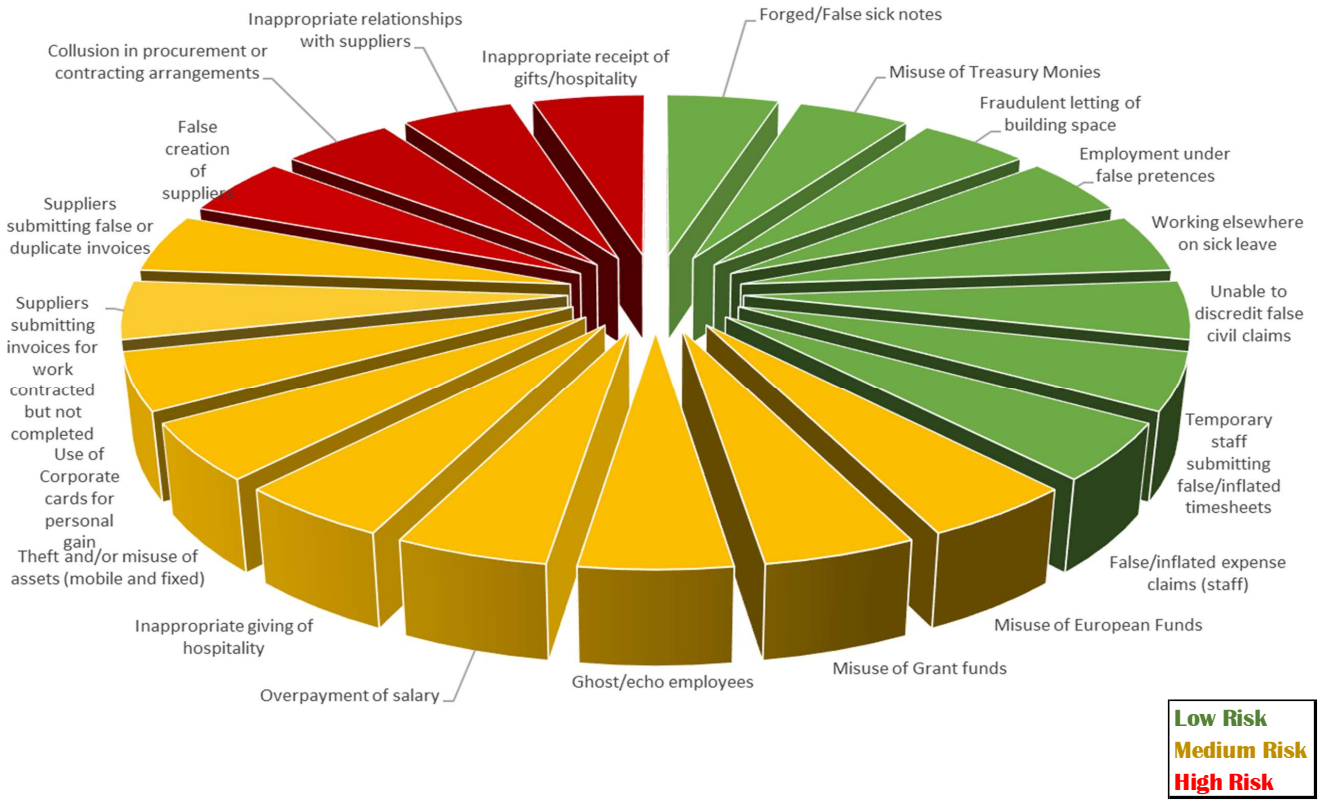
7.3 The investigation of fraud, bribery and corruption is carried out in consultation with the relevant Council ~~Services~~ service area by the Council's Internal Audit Team whose skill base in investigative techniques is maintained by appropriate training. Staff within the Council's Fraud Investigation Section ~~Housing Benefits Team~~ and Regulatory Service receives specific training on fraud, bribery and corruption and the Fraud Act to help support their work on financial investigations.

8 CONCLUSION

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

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

Appendix A : Fraud risk wheel



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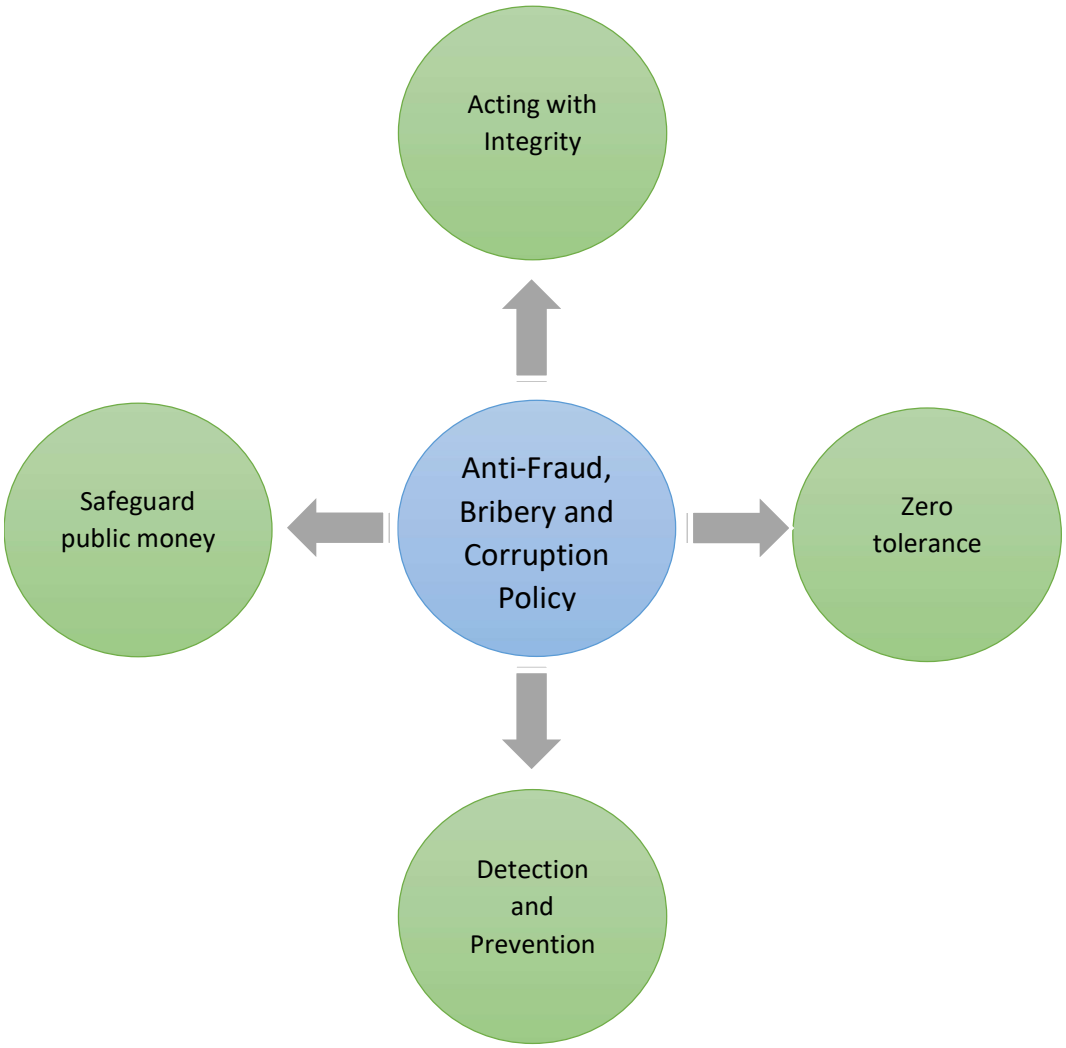
Appendix B

ANTI-FRAUD, BRIBERY & CORRUPTION POLICY



July 2025

CONTENTS

1 INTRODUCTION

1.1 In carrying out its functions and responsibilities, the Council encourages a culture of openness and fairness and expects Elected Members and employees at all levels to adopt the highest standards of propriety and accountability.

1.2 The Anti-Fraud, Bribery & Corruption Policy recognises that the Council as a large organisation is at risk of loss due to fraud and corruption both from within the Council and outside it. In adopting this Policy, the Council seeks to demonstrate clearly that it is firmly committed to dealing with fraud, corruption and bribery and will deal equally with perpetrators from inside (Members and employees) and outside the Council. In addition, there will be no distinction made in investigation and action between cases that generate financial benefit and those that do not.

1.3 This Policy is one element of a wider set of arrangements in place to prevent fraud and wrongdoing which includes its Code of Corporate Governance and the Council's wider polices as set out in Section 3.

1.4 In meeting the Council's responsibilities relating to fraud and corruption, whether attempted internally or externally, the outcomes sought from the Council's Anti-Fraud, Bribery & Corruption Policy are to:

- maintain and promote a **zero-tolerance** culture to fraud and corruption
- **safeguard public money** by reducing losses from fraud and corruption to an absolute minimum by taking practical, risk-informed steps and maintaining a strong deterrent
- encourage **prevention** and promote **detection** and effective investigation of suspected fraud or corruption and take robust action against those found to be committing any such acts
- place confidence in Bridgend County Borough Council and its work by ensuring we act and are seen to **act with integrity**

1.5 There is an expectation and requirement that all Members, employees, consultants, contractors, and service users be fair and honest, and if able to do so, provide help, information and support to assist investigations of fraud and corruption.

1.6 The Council is aware of the high degree of external scrutiny of its affairs by a variety of bodies, including those listed below. These bodies are important in highlighting any areas where improvements can be made.

- Public Services Ombudsman.
- Wales Audit Office (WAO). As part of their statutory duties, WAO is required to ensure that the Council has in place adequate arrangements for the prevention and detection of fraud and corruption.
- Council Tax Payers – via the annual Inspection of the Statement of Accounts.
- HM Revenues & Customs.
- Department for Works & Pensions.
- The Criminal Justice System.

1.7 The areas where there is potential for fraud and corruption will be periodically reviewed, and Internal Audit plans will focus on areas of greatest risk. The relative assessed levels of risk are set out in the Fraud Risk Wheel (see Appendix A).

2 DEFINITIONS

Fraud

2.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines fraud as "Any intentional false representation, including failure to declare information or abuse of position that is carried out to make gain, cause loss or expose another to the risk of loss". In the UK, the term fraud is used to describe many acts such as deception, forgery, extortion, theft, conspiracy, embezzlement and false representation. The Fraud Act 2006 came into force on 15 January 2006, and remains the primary legislation. The Economic Crime and Corporate Transparency Act (ECCTA) 2023 also added a new corporate offence being "failure to prevent fraud" which will come into force on 1st September 2025.

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

.

- Fraud by false representation (Section 2 of the Act).
- Fraud by failing to disclose information (Section 3 of the Act).
- Fraud by abuse of position (Section 4 of the Act).

The (ECCTA) will be introduced over the next 2 years introducing more power to Companies House over UK entities. However it will also impact the Council in what procedures are in place. It holds large organisations accountable for failing to prevent fraud committed by their employees, agents, contractors or other "associated persons" acting for the organisations benefit, whether directly or indirectly. Non-compliance can lead to unlimited fines, legal exposure and reputational damage.

2.3 All the above require dishonesty and an intent to make gain or cause loss as well as by making the representation knowing that it is or might be false or misleading; failing to disclose information where there is a legal duty to do so; and abuse of a position where one is expected to safeguard another person's financial interests.

2.4 Fraud, for the purposes of this policy, goes beyond the Act and includes theft, forgery, concealment, conspiracy and bribery. Fraud may include, but is not limited to, stealing cash or equipment, submitting false expense claims, invoicing for goods not intended for Council business, unauthorised removal of Council property, manipulating accounts and records, dishonest contract arrangement and other financial irregularities.

Bribery

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

- offering, promising or giving a bribe (active bribery)
- requesting, receiving or agreeing to accept a bribe (passive bribery)

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

Corruption

2.6 Corruption is broadly defined as the abuse of entrusted power for personal gain. It can include:

- public servants demanding or taking money or favours in exchange for services
- misusing public money or granting public jobs or contracts to friends and families
- corporations bribing officials to get lucrative deals.

Money Laundering

2.7 Money laundering is a term applied to "possessing or in any way dealing with or concealing the proceeds of any crime", in essence, any method used to convert or exchange money or assets obtained from criminal activity into money or assets that are "clean", in such a way that the "clean" money can no longer be linked back to the criminal activity. Whilst the risk of money laundering to the Council is relatively low the Council has in place an Anti-money Laundering Policy which sets out the responsibilities of Members and employees to prevent the Council being subject to any money laundering practices. This Policy supports all staff in complying with the money laundering provisions included within the Proceeds of Crime Act 2002 and the Terrorism Act 2006.

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5.10 Each employee is governed in their work by the Council's procedure rules, as detailed in Part 4 of the Constitution, and other codes of conduct and policies (e.g. Health and Safety, Disciplinary Policy, ICT Code of Conduct). They are also governed by the Code of Conduct for Council employees. Included in these are guidelines on gifts and hospitality and codes of conduct associated with professional and personal conduct and conflicts of interest. These are issued to all employees when they join the authority or will be provided by their manager. Also employees are expected to follow any Code of Conduct related to their membership of a professional institute.

5.11 Employees are responsible for ensuring that they follow the instructions given to them by management, particularly in relation to the safekeeping of Council assets. These will be included in induction training and procedure manuals.

5.12 The Council has a protocol on secondary employment for employees. The purpose of this is to safeguard both the Council and employees' interests in recognising that some employees may wish to undertake secondary employment whilst being required to provide the highest standards of service to our customers. These could be affected if an employee were to have secondary employment which conflicted with their Council work.

5.13 Employees must operate within Section 117 of the Local Government Act 1972 regarding the disclosure of financial interests in contracts relating to the Council, or the non-acceptance of any fees, gifts, hospitality or any other rewards, other than their proper remuneration. Further information is available from the Monitoring Officer.

5.14 Employees are expected always to be aware of the possibility that fraud, corruption or theft may exist in the workplace and be able to share their concerns with management. If for any reason, they feel unable to speak to their manager they must refer the matter to one of those named in paragraph 4.5 above. Failing this, employees can, if necessary, raise concerns anonymously (by letter or phone), and via other routes, in accordance with the Council's Whistleblowing Policy.

The Role of Committees

5.15 The Standards Committee includes amongst its roles and functions the promotion and maintenance of high standards of conduct by Members, assisting Members to observe the Member's Code of Conduct and the monitoring and operation of it. It also considers reports submitted by the Public Services Ombudsman for Wales, the Monitoring Officer or any other representations relating to alleged breaches of the Code. The Committee also monitors the operation of the Council's Whistleblowing policy.

5.16 The Governance & Audit Committee has to consider, as one of its functions, the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud, bribery and corruption arrangements. It will also monitor this policy. Every year, the Committee receives the Head of Audit's annual opinion report which provides detailed information on the work of the Internal Audit Section and the effectiveness of the overall internal control environment for the Council as a whole.

The Role of Internal Audit

5.17 Internal Audit plays a vital preventative role in trying to ensure that systems and procedures are in place to prevent and detect fraud and corruption. Internal Audit investigates cases of suspected irregularity, with the exception of Council Tax Reduction and Blue Badge fraud investigations - which are undertaken by the Housing Benefits' Fraud Investigator, and Housing Benefit fraud investigations - which are undertaken by the Department for Works and Pensions' (DWP) Single Fraud Investigation Service. Internal Audit liaise with management to recommend changes in procedures to prevent or mitigate losses to the Council.

5.18 Internal Audit alongside the Council's fraud investigation section will keep under review procedures and arrangements to develop and encourage the exchange of information on national and local fraud and corruption activity in relation to Councils with external agencies such as:

- Police.
- Society of Welsh Treasurers.

- Welsh Chief Internal Auditor's Group.
- Wales Audit Office - Audit Wales.
- National Anti-Fraud Network.
- HM Revenues and Customs.
- Welsh LA Investigation Group.
- Department for Work and Pensions.
- Single Fraud Investigation Service.
- Other outside agencies.

The Role of the Council's Fraud Investigation Section

5.19 The Council's Fraud Investigation Section is responsible for all Council Tax Reduction and Blue Badge fraud investigations, in accordance with the requirements of the Human Rights Act 1998 and other relevant legislation. In cases where employees are involved, the team will work with Internal Audit, Human Resources and appropriate senior management to ensure that correct procedures are followed and that this Policy is adhered to.

The Role of Audit Wales

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

6 DETECTION AND INVESTIGATION OF FRAUD

6.1 The preventative measures described in the previous section significantly reduce the risk of fraud and corruption but cannot eliminate it entirely. Financial Procedure Rules require Corporate Directors to be responsible for the accountability of employees, and the security, custody and control of all other resources including plant, buildings, materials, cash and stores appertaining to their individual Directorates in accordance with the procedures agreed with the Council's Section 151 Officer. If a Corporate Director suspects any irregularities concerning cash, inventories or other property of the Council or held on trust by the Council, the Corporate Director concerned will notify the Section 151 Officer immediately, who will take such steps as considered necessary by way of investigation and report.

6.2 Internal Audit plays an important role in the detection of fraud and corruption. Included in the Audit Plan are reviews of system financial controls and specific fraud and corruption tests, spot checks and unannounced visits. Any decision to refer a matter to the Police will be taken by the Head of Audit. Internal Audit may also seek informal advice from the Police in the early stages of an investigation. Care will be taken to ensure that internal disciplinary procedures are followed but do not prejudice any criminal case.

6.3 In addition to Internal Audit, there are numerous systems controls in place to deter fraud, bribery and corruption, but it is often the vigilance of employees and members of the public

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

6.4 Within the Council's Constitution, Members and employees shall comply with the requirements of Section 117 of the Local Government Act 1972, the Bribery Act 2010, and the Members' and Employees' Codes of Conduct in respect of the declaration of interests in contracts. Such interests must be declared to the Monitoring Officer for inclusion in the appropriate registers. All are required to give notice in writing of pecuniary (financial) interests in contracts relating to the Council or the offer of any fees or rewards other than their proper remuneration. All employees must declare any offers of gifts or hospitality above a value of £25, which are in any way related to the performance of their duties.

6.5 Theft, fraud, bribery and corruption are serious offences against the Council and employees will face disciplinary action if the outcome of an investigation indicates improper behaviour by an employee. Depending on the circumstances of each individual case, criminal proceedings may also be instigated.

6.6 Members will face appropriate action if they are found to have been involved in theft, fraud or corruption against the Council. Appropriate action will be taken including referring the matter to the Monitoring Officer and/or the Public Ombudsman for Wales. Depending on the circumstances of each individual case, criminal proceedings may also be instigated.

7 TRAINING AND AWARENESS

7.1 The Council recognises that an important aspect of its Anti-Fraud, Bribery and Corruption Policy is the general awareness and responsiveness of employees throughout the Council. To facilitate this, the Council supports induction and training, particularly for employees involved in internal control systems. All employees are made aware of the Anti-Fraud, Bribery & Corruption Policy via various channels of communication e.g. team meetings and the Intranet.

7.2 In addition the Council will seek via appropriate publicity to increase and maintain the general public awareness of the facilities available to report concerns about fraud, bribery and corruption.

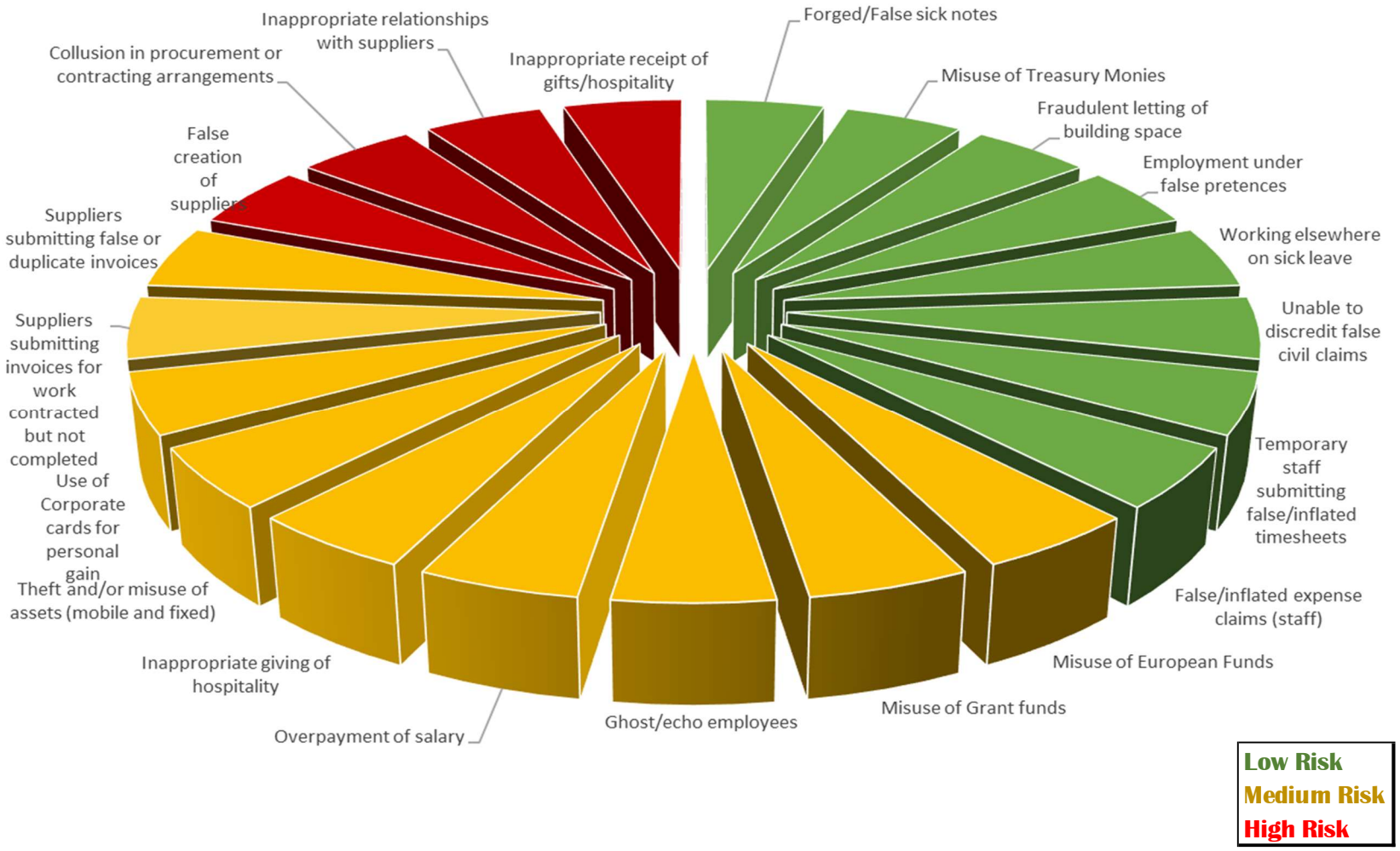
7.3 The investigation of fraud, bribery and corruption is carried out in consultation with the relevant Council service area by the Council's Internal Audit Team whose skill base in investigative techniques is maintained by appropriate training. Staff within the Council's Fraud Investigation Section and Regulatory Service receives specific training on fraud, bribery and corruption and the Fraud Act to help support their work on financial investigations.

8 CONCLUSION

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

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

Appendix A : Fraud risk wheel



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Meeting of:	**GOVERNANCE AND AUDIT COMMITTEE**
Date of Meeting:	**19 JUNE 2025**
Report Title:	**ANTI-MONEY LAUNDERING POLICY REVIEW**
Report Owner / Corporate Director:	**CHIEF OFFICER – FINANCE, HOUSING AND CHANGE**
Responsible Officer:	**NIGEL SMITH, GROUP MANAGER – CHIEF ACCOUNTANT**
Policy Framework and Procedure Rules:	**Regulation 26.3 of the Financial Procedure Rules requires the Chief Finance Officer to develop, maintain and implement the Anti-Money Laundering Policy. The Policy should be reviewed on a regular basis.**
Executive Summary:	**The Anti-Money Laundering Policy was last updated in January 2019. This review provides minor amendments to the policy for the Governance and Audit Committee to consider, prior to the updated Policy being presented to Cabinet for approval.**

1. Purpose of Report

1.1 The purpose of this report is to present the updated Anti-Money Laundering Policy to the Governance and Audit Committee for review and comment, prior to the Policy being presented to Cabinet for approval.

2. Background

2.1 The Council is required to ensure the proper use and protection of public funds and assets to ensure the maximum financial resources are available to deliver its services. In order to achieve this the Council must seek to reduce fraud and the misappropriation of resources to zero. Money Laundering is a term applied to "possessing or in any way dealing with or concealing the proceeds of any crime", in essence, any method used to convert or exchange money or assets obtained from criminal activity into money or assets that are "clean", in such a way that the "clean" money can no longer be linked back to the criminal activity. Examples of money laundering offences include tax evasion, theft, bribery, smuggling – including drug trafficking – and illegal arms sales. The Anti-Money Laundering Policy sets out the means to which the Council will achieve this.

2.2 In addition to the process of money laundering itself as an offence, the failure to report money laundering offences is also an offence. Money laundering can take many forms such as:

- Concealing, disguising, converting or transferring criminal property or removing it from the UK.
- Entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person.
- Acquiring, using or possessing criminal property.
- Investing the proceeds of crime into other financial products or the acquisition of property/assets.
- Generating money from a transaction if you have reasonable ground to believe the money will fund terrorism.

3. Current situation / proposal

3.1 The Council is committed to establishing and maintaining effective arrangements to prevent, detect and report money laundering in relation to Council services. The Council requires all Members and employees to demonstrate the highest standards of honesty and integrity and this includes compliance with the relevant legislation.

3.2 The Council has in place Anti-Money Laundering and Anti-Fraud, Bribery and Corruption policies to support effective arrangements to prevent and detect acts of money laundering which are monitored and reviewed by the Governance and Audit Committee.

3.3 The Anti-Money Laundering Policy specifically addresses identification of money laundering and the procedures to be followed should money laundering be suspected. Cabinet last approved the Anti-Money Laundering Policy on 19 February 2019. The current review makes a number of minor amendments and updates for the UK's exit from the European Union, to require enhanced due diligence for organisations outside of the UK. The revised Anti-Money Laundering Policy is attached as **Appendix A,** with the changes identified therein. A revised Policy is shown at **Appendix B** with all changes accepted. Subsequent to the Governance and Audit Committee reviewing the revised Policy and making any suggested amendments, it will be presented to Cabinet for approval.

3.4 This policy is supplementary to the Council's wider Fraud Strategy and Framework which sets out the key responsibilities with regard to fraud prevention and what to do if fraud or financial irregularity is suspected and the action that will be taken by management.

3.5 The Governance and Audit Committee are asked to consider the policy as part of their role to obtain assurance over the Council's corporate governance and risk management arrangements. The policy will be reviewed and updated as required on a regular basis.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1 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.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 The well-being goals identified in the Act were considered in the preparation of this report. The following is a summary to show how the 5 ways of working to achieve the well-being goals have been used to formulate the recommendations within this report:

- **Long Term** — The Anti-Money Laundering Policy, Procedure and Reporting Arrangements will assist in the long term to support officers and Members in the successful execution of their duties by meeting the legal obligations in the course of business activities.
- **Prevention** — The purpose of the procedure is to prevent Money Laundering and to report it where it is suspected a transaction may be Money Laundering.
- **Integration** — The outcomes that the procedure supports is that implementation of the policy will help in the prevention of Money Laundering.
- **Collaboration** — All members and staff are obliged to follow this policy.
- **Involvement** — The persons mainly involved in the procedure will be Bridgend County Borough Council staff.

6. Climate Change and Nature Implications

6.1 The climate change and nature implications were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the environment because of this report.

7. Safeguarding and Corporate Parent Implications

7.1 The Safeguarding and Corporate Parenting implications were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon Safeguarding and Corporate parenting because of this report.

8. Financial Implications

8.1 There are no financial implications arising from this report.

9. Recommendation

9.1 It is recommended that Governance and Audit Committee considers the amendments to the Anti-Money Laundering Policy at **Appendix A** and notes that, subject to any amendments requested by the Committee, the amended Policy attached at **Appendix B** will be presented to Cabinet for approval.

Background documents

None

ANTI-MONEY-LAUNDERING POLICY

~~January 2019~~July 2025

ANTI-MONEY LAUNDERING POLICY

CONTENTS **PAGE**

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1. Introduction

1.1 The purpose of this document is to provide Members and staff with an understanding of "Money Laundering", to provide them with guidance on identifying money laundering and to set out the procedures they must follow to ensure the Council complies with its legal obligations.

1.2 Historically, legislation to tackle the laundering of the proceeds of crime was aimed at the financial and investment sector. However, it was subsequently recognised that those involved in criminal conduct and terrorism ~~-~~were able to 'clean' criminal proceeds through a wider range of businesses and professional activities. Criminals are becoming increasingly sophisticated in the techniques they employ and local authorities could be seen as softer targets.

2. What is Money Laundering?

2.1 Money Laundering is a term applied to "possessing or in any way ~~deadling~~dealing with or concealing the proceeds of any crime"2, in essence, any method used to convert or exchange money or assets obtained from criminal activity into money or assets that are "clean", in such a way that the "clean" money can no longer be linked back to the criminal activity.~~is any process where funds derived from criminal activity including terrorist financing are given the appearance of being legitimate by being exchanged for 'clean' money or property.~~ Examples of money laundering offences include tax evasion, theft, bribery, smuggling – including drug trafficking – and illegal arms sales. There are two types of offences which may be committed:

· Money laundering offences (see section 5.1).

· Failure to report money laundering offences (see section 8).

2.2 The main legislation covering anti-money laundering is:

- Sanctions and Anti-Money Laundering Act 2018
  This provides the basis for the detection, investigation and prevention of money laundering and terrorist financing and enables sanctions to be imposed to support this.
- The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
  These regulations set out the detailed requirements for organisations and individuals engaged in regulated activities.
- Proceeds of Crime Act 2002
  This defines the money laundering offences and gives law enfor~~m~~cement agencies far reaching powers to deal with them.
- Terrorism Act 2000
  This defines the primary offences related to terrorism funding and requires regulated businesses to report knowledge or suspicion of offences.

Other legislation includes:

- Criminal Finances Act 2017
- Terrorist Asset-Freezing etc. Act 2010
- Counter- Terrorism Act 2008
- Anti- terrorism, Crime and Security Act 2001

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2.43 Money laundering can take many forms such as:

- Concealing, disguising, converting or transferring criminal property or removing it from the UK.
- Entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person.
- Acquiring, using or possessing criminal property.
- Investing the proceeds of crime into other financial products or the acquisition of property/assets.
- Generating money from a transaction if you have reasonable ground to believe the money will fund terrorism.

2.45 The channelling of the money often involves the following three stages:

- **Placement**
  This is the movement of cash from its source - following a crime the monies are paid into a bank account or used to purchase an asset.

- **Layering**
  Using a number of complex transactions to hide the proceeds of crime.

- **Integration**
  Return of the illicit funds back into the accounts to make them appear lawful.

3. The Obligations of the Council

3.1 The law requires those organisations in the regulated sector and conducting relevant business to:

- Appoint a Money Laundering Reporting Officer ('MLRO') to receive disclosures from employees of suspected money laundering activity.
- Implement risk sensitive policies and procedures relating to customer due diligence, reporting, record keeping, internal control, risk assessment and management, the monitoring and management of compliance and the internal communication of such policies and procedures.

3.2 Not all the Council's business is 'relevant' for these purposes. It is mainly those carried out by Customer Services, Procurement, Finance and certain company and property transactions carried out by Legal Services. However, the safest way to ensure compliance with the law is to apply it to all areas of work undertaken by the Council. Therefore, all Members and employees are required to comply with the Council's Anti-Money Laundering Policy in terms of reporting concerns about possible money laundering.

3.3 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and the Sanctions and Anti-Money Laundering Act 2018 require appropriate systems of internal control to prevent money laundering.

These ~~-~~controls are required to help identify possible attempts to launder money or fund terrorism, so that appropriate action to prevent or report it can be taken.

3.4 Systems of internal control should help identify unusual or suspicious transactions or customer activity. These include:

- Identification of relevant risks and responsibilities under this Policy;
- Provision of information to relevant persons on suspected money laundering risks;
- Training of relevant employees on the legal and regulatory responsibilities for money laundering and control measures;
- Measures to ensure that money laundering risks are taken into account in the day to day operations of the organisation.

3.5 Where money laundering is suspected the MLRO must report the matter to the National Crime Agency.

4. The Money Laundering Reporting Officer

4.1 The officer nominated to receive disclosures about money laundering activity within the Council is the Section 151 Officer who can be contacted as follows:

Section 151 Officer, Bridgend County Borough Council, Civic Offices, Angel Street, Bridgend, CF31 4WB

In the absence of the Section 151 Officer, the employee should contact ~~either~~ the Deputy Head of Finance, Group Manager – Chief Accountant or the Group Mana~~n~~ger –~~ Financial Planning and~~ Budget Management, Bridgend County Borough Council, ~~Raven's Court, Brewery Lane,~~Civic Offices, Angel Street, Bridgend, CF31 ~~4AP~~4WB.

5. Identification of potential money laundering situations

5.1 It is not possible to give a definitive list of ways in which to identify money laundering or how to decide whether to make a report to the MLRO. The following are types of risk factors which may, either alone or cumulatively, suggest possible money laundering activity:

- Payment of a substantial sum in cash – anything which is £5,000 or more
- Payment of lower cash sums where cash is not the normal means of payment
- A new customer or use of new/shell companies
- A secretive customer, e.g. refuses to provide proof of identity or other requested information without a reasonable explanation
- Concerns about the honesty, integrity, identity or location of a customer
- Illogical third party transaction such as unnecessary routing or receipt of funds from third parties or through third party accounts
- Involvement of an unconnected third party without logical reason or explanation
- Overpayments by a customer or payments of deposits subsequently requested back without a reasonable explanation
- Absence of an obvious legitimate source of funds
- Movement of funds overseas, particularly to a higher risk country or tax haven
- Receipt of monies from countries outside the EU who do not have effective systems to counter money laundering or terrorist financing

- Unusual transactions or ways of conducting business, without reasonable explanation
- ~~Unusual transactions or ways of conducting business, without reasonable explanation~~
- A transaction without obvious legitimate purpose or which appears uneconomic, inefficient or irrational
- Transactions with ~~PEP (~~Politically Exposed Persons (PEP)~~)~~ or their family. These include Members of Parliament, Senior Government officials, Diplomats and high ranking officers in the Armed Forces
- The cancellation or reversal of an earlier transaction
- Requests for release of customer account details other than in the normal course of business
- Transactions at substantially above or below fair market values
- Poor business records or internal accounting controls
- A previous transaction for the same customer which has been, or should have been, reported to the MLRO
- Lack of 'traceability' of persons involved
- Individuals and companies that are insolvent yet have funds

These are just examples where money laundering can take place. If you suspect money laundering in another area you should consult with the Money Laundering Officer for advice.

6. Staff Responsibilities

6.1 All Members and employees are required to adhere to ~~–~~this policy but ~~–~~certain financial and legal services staff ~~-~~are more likely to have to comply with the customer identification procedure, '**due diligence**' and the record keeping procedures.

6.2 There are two levels of '**due diligence**'. The 2017 Regulations require due diligence to be carried out on a risk sensitive basis, these are:

'**Simplified due diligence**' - required where there is a low risk of money laundering. For example:

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- If a company is listed on the stock exchange a company search and evidence of the listing would suffice. (Note, for example, a company search is often undertaken / may already have been undertaken for BCBC by the Procurement Section in conjunction with the Finance Department – so further enquiry may not need to be undertaken)
- Government bodies and organisations who are regulated by a professional body.
- ~~European Union (EU) (Currently this applies to organisations in the EU but this is subject to change following the withdrawal of the UK from the EU.)~~

'**Enhanced due diligence'** should be applied for those customers with a high-risk status. ~~-~~For example:

- Remote transactions where the customer is not physically present.
- Organisations or individuals identified as high risk of money laundering or terrorism finance.
- Organisations which ~~Her~~ His Majesty's Revenues and Customs (HMRC) or other law enforcement authorities have identified as high risk.
- Organisations from countries identified as high risk.

- Where false or stolen documents have been provided as evidence.
- Customer is a Politically Exposed Person (defined as persons entrusted with prominent public functions either in the UK or abroad)[1] or an immediate family or associate of that person.
- A transaction is complex, unusually large, or with an unusual pattern.
- Entities outside of the UK, particularly given the UK's departure from the EU on 31 January 2020.

6.3 Due diligence will not have to be considered for organisations regulated by the Financial Services Authority (FSA) or supervised by a listed professional regulator e.g. the Solicitors Regulation Authority.

6.4 Where due diligence investigations are undertaken, evidence of the customer identification (paragraph 6.7) and the record of the relationship / transaction should be retained for at least five years from the end of the business relationship of transaction(s). If there is a criminal prosecution they must be retained until the legal proceedings are concluded.

The records that must be kept are:

- Copies of the evidence obtained to satisfy the due diligence obligations and details of customer transactions for five years after the end of the business relationship
- The supporting evidence and records in respect of the business relationships and occasional transactions which are the subject of customer due diligence measures or ongoing monitoring
- A copy of the identification documents accepted and verification evidence obtained
- References to the evidence of identity, including those of the 'beneficial owner', the individual that ultimately owns or controls the organisation on whose behalf a transaction or activity is being conducted
- Transaction and business relationship records should be maintained in a form from which a satisfactory audit trail may be compiled, and which may establish a financial profile of any suspect account or customer
- A written account of the risk assessment

6.5 If satisfactory evidence of identity is not obtained at the outset of the matter then the business relationship or one off transaction(s) cannot proceed any further.

6.6 The customer identification procedure (paragraph 6.7) must be carried out when the Council is carrying out 'relevant business' and:

- Forms a business partnership with a customer,
- Undertakes a one-off transaction (including a property transaction or payment of a debt) involving payment by or to a customer of €15,000 (approximately £12,500) or more,
- Undertakes a series of linked one-off transactions involving total payment by or to the customer(s) of €15,000 (approximately £12,500) or more,
- It is known or suspected that a one-off transaction, or a series of them, involves money laundering. The **customer identification procedure** must be completed before any business is undertaken for that customer in relation to accountancy, procurement, audit and legal services with a financial or real estate transaction.

6.7 **Customer Identification Procedure**. Employees must:

[1] Examples include: Government Ministers, Members of Parliament, Members of political party Governing Bodies, high ranking officers in the armed forces. This in not exhaustive and if unsure please contact Finance for more information

- Identify the person seeking to form the business relationship or conduct the transaction (an individual or company / organisation),
- Verify their identity using reliable, independent sources of information,
- Identify who benefits from the transaction,
- Monitor transactions to make sure they are consistent with what you understand about that person or country,
- Understand the source of their funds,
- Ensure there is a logical reason why they would want to do business with the Council.

6.8 This applies to existing customers, as well as new ones but evidence for transactions more than 10 years old need not be retained unless any related investigation has not concluded. In these instances they must be retained until the National Crime Agency (NCA) has given permission to destroy the data.

6.9 The law does not prescribe the precise form in which ~~-~~the records are to be retained. However, they must be admissible as evidence in any trial. In practice, most courts will accept electronic scanned documents but there ~~maybe~~may be certain circumstances where this is not permissible.

6.10 Some of the information retained may constitute personal information in accordance with the Data Protection Act 2018 and the UK General Data Protection Regulation 2016 (GDPR). The legislation provides exemptions to permit the sharing of personal data in pursuance of ~~anti money~~anti-money laundering requirements.

7. Reporting Procedure

7.1 The MLRO is responsible for investigating the suspicion and reporting any suspected Money Laundering activity to the National Crime Agency.

7.2 If you know or suspect that money laundering activity is taking place, has taken place, or that your involvement in a matter may amount to a prohibited act under the legislation, this must be disclosed immediately to the MLRO. This disclosure should be done within hours of the information coming to your attention, not weeks or months later. **If you do not disclose information immediately, then you may be liable to criminal prosecution.**

7.3 Your disclosure should be made using the report form attached at Appendix 2. The disclosure report must contain as much detail as possible, for example:

- Full details of the people involved (including yourself if relevant), e.g. name, date of birth, address, company names, directorships, phone numbers, etc
- Full details of the nature of your and their involvement
- The types of money laundering activity suspected
- The dates of such activities, including whether the transactions have happened, are ongoing or are imminent
- Where they took place
- How they were undertaken
- The (likely) amount of money/assets involved
- Why, exactly, you are suspicious of.

7.4 You should also supply any other available information to help the MLRO to make a sound judgement as to the next steps to be taken and you should enclose copies of any relevant supporting documentation.

7.5 If you are a legal adviser and consider that legal professional privilege may apply to the information, you should explain fully in the report form the reasons why you contend the information is privileged. The MLRO, in consultation with the Monitoring Officer ~~(Head of Legal and Regulatory Services)~~, will then decide whether the information is exempt from the requirement to report suspected money laundering to the National Crime Agency (NCA).

7.6 Once you have reported the matter to the MLRO you must follow any directions given. You must NOT make any further enquiries into the matter yourself. Any necessary investigation will be undertaken by the NCA. All employees will be required to co-operate with the MLRO and the authorities during any subsequent money laundering investigation.

7.7 At no time and under no circumstances should you voice any suspicions to the person(s) whom you suspect of money laundering or to any other individual without the specific consent of the MLRO. If you do so, you may commit the offence of 'tipping off'.

7.8 Do not make any reference on records held to the fact that you have made a report to the MLRO. If a customer exercises their right to see their record, any such note would obviously tip them off to the report having been made and may render you liable to prosecution. The MLRO will keep the appropriate records in a confidential manner.

7.9 In all cases no further action must be taken in relation to the transaction(s) in question until either the MLRO or the NCA (if applicable) has specifically given their written consent to proceed.

8. Failure to report money laundering offences or suspicions

8.1 In addition to the money laundering offences, there are other offences of failure to report suspicions of money laundering. These are committed where, in the course of conducting relevant business, you know or suspect, or have reasonable grounds to do so (even if you did not know or suspect), that another person is engaged in money laundering and you do not disclose this as soon as is practicable to the MLRO.

8.2 Failure to report money laundering offences means that potentially any employee could be caught by the money laundering provisions if they suspect money laundering and either become involved with it in some way and/or do nothing about their suspicions.

8.3 Whilst the risk of contravening the legislation is low, it is extremely important that all employees understand their legal responsibilities, as serious criminal sanctions may be imposed for breaches of the legislation. However, an offence is not committed if the suspected money laundering activity is reported to the MLRO and appropriate consent obtained to continue with the transaction.

8.4 If you report suspected money laundering to the MLRO, you should not discuss it with anyone else: you may commit a further offence of 'tipping off' if, knowing a

disclosure to the MLRO has been made, you make a disclosure to someone else which is likely to prejudice any investigation which might be conducted.

8.5 Even if you have not reported the matter to the MLRO, if you know or suspect that such a disclosure has been made and you mention it to someone else, this could amount to a tipping off offence. Be very careful what you say and to whom, in these circumstances. Any person found guilty of tipping off or prejudicing an investigation is liable to imprisonment (maximum five years), an unlimited fine, or both.

9. Consideration of disclosure report by the Money Laundering Reporting Officer

9.1 On receipt of a disclosure report, the MLRO will record the date of receipt on the report, acknowledge receipt of it and indicate when they expect to respond.

9.2 The MLRO will consider the report and any other available internal information they may consider relevant. This may include:

- Reviewing other transactions, patterns and volumes,
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- Whether there is actual or suspected money laundering taking place,
- Whether there are reasonable grounds to know or suspect that money laundering is taking place,
- Whether he needs to seek consent from the NCA for a particular transaction to proceed.

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- Specific consent,
- Deemed consent if no notice of refusal is received from NCA during the notice period (i.e. 7 working days starting with the first working day after the MLRO makes the disclosure),

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10.1 The Council will take appropriate measures to ensure that employees are made aware of the law relating to money laundering and has in place e-learning as part of the wider Fraud Prevention e-learning module, and will ~~arrange targeted, ongoing, training to~~ arrange for key individuals most likely to be affected by the legislation to complete the e-learning module.

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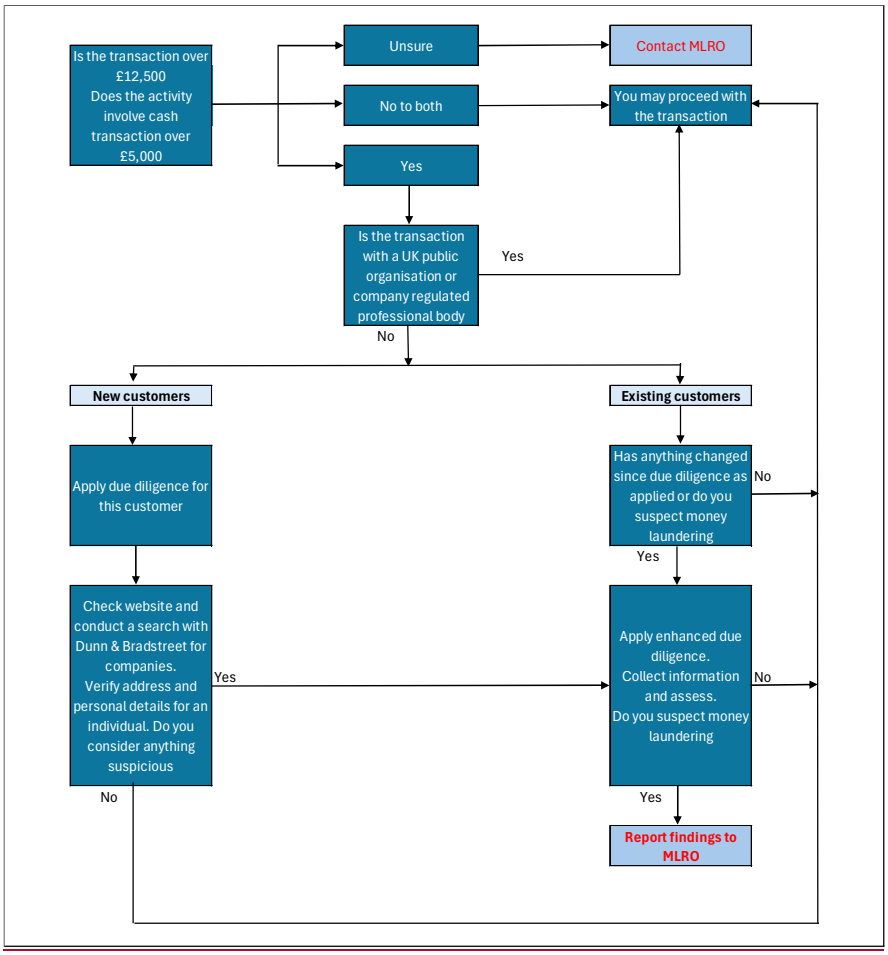
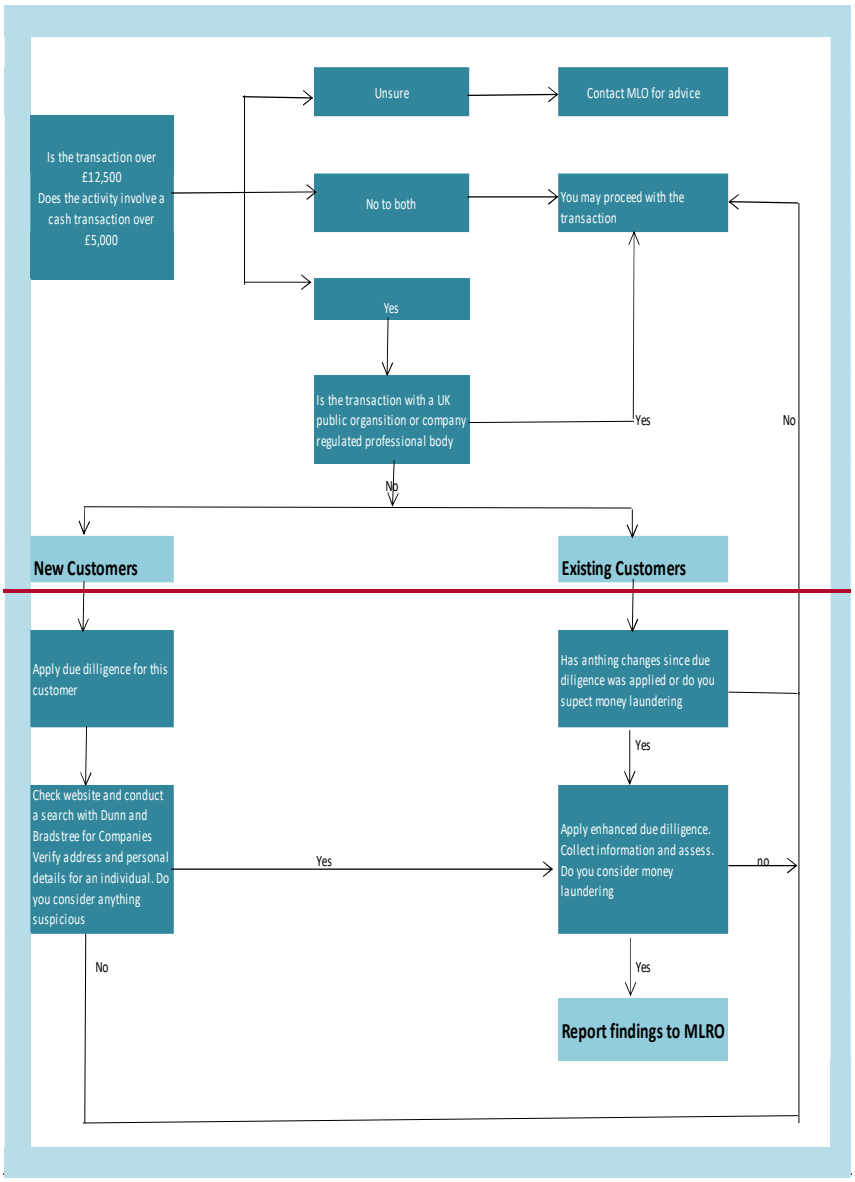
11.1 The legislative requirements concerning anti-money laundering procedures are lengthy and complex. This document has been written to enable the Council to meet the legal requirements in a way that is proportionate to the low risk to the Council of contravening the legislation. Should you have any concerns whatsoever regarding any transactions then you should contact the MLRO.

11.2 The policy will be reviewed as and when required e.g. following any legislative changes and reported to the Governance and Audit Committee, Cabinet and Council as appropriate.

APPENDIX 1

MONEY LAUNDERING CHECKLIST




Unsure
Contact MLO for advice
Is the transaction over £12,500
Does the activity involve a cash transaction over £5,000
No to both
You may proceed with the transaction
Yes
Is the transaction with a UK public organsition or company regulated professional body
Yes
No
No
New Customers
Existing Customers
Apply due dilligence for this customer
Has anthing changes since due diligence was applied or do you supect money laundering
Yes
Check website and conduct a search with Dunn and Bradstree for Companies Verify address and personal details for an individual. Do you consider anything suspicious
Yes
Apply enhanced due dilligence. Collect information and assess. Do you consider money laundering
no
No
Yes
Report findings to MLRO

APPENDIX 2

Disclosure Report to Money Laundering Reporting Officer - Re suspected money laundering activity

CONFIDENTIAL	
Report to Money Laundering Reporting Officer	
Name of Reporter	
Job Title/ Department	
Phone No	
e-mail	
Details of Suspected Offence	
Name of Person Suspected	
Reason for Suspicion	
Have investigations been undertaken (Please detail)	
Have you discussed your suspicions with someone else. If yes please detail	
Have you consulted your suspicions with any ~~Supervisory~~Supervisory body e.g. Law Society	
Do you have any reason why this matter should not be reported to NCA?	
Is the transaction prohibited under the Section 18 Terrorism Act 2000 or Sections 327-329 Proceeds of Crime Act but has received Consent from the NCA.	
Please provide any additional information you consider necessary to support your submission.	
Signed:	Dated:
TIPPING OFF: it is a criminal offence to inform the suspect or anybody other than your line manager that you are making this report. Please speak to the MLRO if you need any guidance on what to say to any third parties who are chasing you in respect of a transaction.	

APPENDIX 3

Money Laundering Reporting Officer Report

CONFIDENTIAL	
For Completion by MLRO	
Date report received	
Date acknowledged	
Are there any reasonable grounds for suspecting money laundering (please detail)	
Are there any ~~reasonsyou~~reasons you do not intend reporting the matter~~e~~ to NCR (please detail)	
Date of report to NCA	
Please provide any additional information you consider necessary to support your submission.	
Reply from NCA	
Notice Period	
Moratorium Period	
Date Consent received from NCA	
Date consent given to employee to proceed	
~~Plese~~Please provide any additional information you consider relevant	
Signed:	Dated:

THIS REPORT TO BE RETAINED FOR AT LEAST FIVE YEARS

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Reporting of incidents need to be made on- line to the National Crime Agency. These must ONLY be reported by the Money Laundering Reporting Officer as appropriate.

Guidance notes are available at :

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Guidance on the submission of a form to NCA

https://www.nationalcrimeagency.gov.uk/what-we-do/crime-threats/money-laundering-and-illicit-finance~~http://www.nationalcrimeagency.gov.uk/publications/suspicious-activity-reports-sars/916-sar-online-user-guidance/file~~

Submitting the form:

https://www.nationalcrimeagency.gov.uk/what-we-do/crime-threats/money-laundering-and-illicit-finance/suspicious-activity-reports
~~https://www.ukciu.gov.uk/(yiv1weyo05dqfpmn23r2rfrd)/saronline.aspx .~~

ANTI-MONEY LAUNDERING POLICY

July 2025

ANTI-MONEY LAUNDERING POLICY

CONTENTS **PAGE**

1. Introduction

1.1 The purpose of this document is to provide Members and staff with an understanding of "Money Laundering", to provide them with guidance on identifying money laundering and to set out the procedures they must follow to ensure the Council complies with its legal obligations.

1.2 Historically, legislation to tackle the laundering of the proceeds of crime was aimed at the financial and investment sector. However, it was subsequently recognised that those involved in criminal conduct and terrorism were able to 'clean' criminal proceeds through a wider range of businesses and professional activities. Criminals are becoming increasingly sophisticated in the techniques they employ and local authorities could be seen as softer targets.

2. What is Money Laundering?

2.1 Money Laundering is a term applied to "possessing or in any way dealing with or concealing the proceeds of any crime", in essence, any method used to convert or exchange money or assets obtained from criminal activity into money or assets that are "clean", in such a way that the "clean" money can no longer be linked back to the criminal activity. Examples of money laundering offences include tax evasion, theft, bribery, smuggling – including drug trafficking – and illegal arms sales. There are two types of offences which may be committed:

· Money laundering offences (see section 5.1).

· Failure to report money laundering offences (see section 8).

2.2 The main legislation covering anti-money laundering is:

- Sanctions and Anti-Money Laundering Act 2018
  This provides the basis for the detection, investigation and prevention of money laundering and terrorist financing and enables sanctions to be imposed to support this.
- The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
  These regulations set out the detailed requirements for organisations and individuals engaged in regulated activities.
- Proceeds of Crime Act 2002
  This defines the money laundering offences and gives law enforcement agencies far reaching powers to deal with them.
- Terrorism Act 2000
  This defines the primary offences related to terrorism funding and requires regulated businesses to report knowledge or suspicion of offences.

Other legislation includes:

- Criminal Finances Act 2017
- Terrorist Asset-Freezing etc. Act 2010
- Counter- Terrorism Act 2008
- Anti- terrorism, Crime and Security Act 2001

2.3 Money laundering can take many forms such as:

- Concealing, disguising, converting or transferring criminal property or removing it from the UK.
- Entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person.
- Acquiring, using or possessing criminal property.
- Investing the proceeds of crime into other financial products or the acquisition of property/assets.
- Generating money from a transaction if you have reasonable ground to believe the money will fund terrorism.

2.4 The channelling of the money often involves the following three stages:

- **Placement**
  This is the movement of cash from its source - following a crime the monies are paid into a bank account or used to purchase an asset.

- **Layering**
  Using a number of complex transactions to hide the proceeds of crime.

- **Integration**
  Return of the illicit funds back into the accounts to make them appear lawful.

3. The Obligations of the Council

3.1 The law requires those organisations in the regulated sector and conducting relevant business to:

- Appoint a Money Laundering Reporting Officer ('MLRO') to receive disclosures from employees of suspected money laundering activity.
- Implement risk sensitive policies and procedures relating to customer due diligence, reporting, record keeping, internal control, risk assessment and management, the monitoring and management of compliance and the internal communication of such policies and procedures.

3.2 Not all the Council's business is 'relevant' for these purposes. It is mainly those carried out by Customer Services, Procurement, Finance and certain company and property transactions carried out by Legal Services. However, the safest way to ensure compliance with the law is to apply it to all areas of work undertaken by the Council. Therefore, all Members and employees are required to comply with the Council's Anti-Money Laundering Policy in terms of reporting concerns about possible money laundering.

3.3 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and the Sanctions and Anti-Money Laundering Act 2018 require appropriate systems of internal control to prevent money laundering. These controls are required to help identify possible attempts to launder money or fund terrorism, so that appropriate action to prevent or report it can be taken.

3.4 Systems of internal control should help identify unusual or suspicious transactions or customer activity. These include:

- Identification of relevant risks and responsibilities under this Policy;
- Provision of information to relevant persons on suspected money laundering risks;
- Training of relevant employees on the legal and regulatory responsibilities for money laundering and control measures;
- Measures to ensure that money laundering risks are taken into account in the day to day operations of the organisation.

3.5 Where money laundering is suspected the MLRO must report the matter to the National Crime Agency.

4. The Money Laundering Reporting Officer

4.1 The officer nominated to receive disclosures about money laundering activity within the Council is the Section 151 Officer who can be contacted as follows:

Section 151 Officer, Bridgend County Borough Council, Civic Offices, Angel Street, Bridgend, CF31 4WB

In the absence of the Section 151 Officer, the employee should contact the Deputy Head of Finance, Group Manager – Chief Accountant or the Group Manager – Budget Management, Bridgend County Borough Council, Civic Offices, Angel Street, Bridgend, CF31 4WB.

5. Identification of potential money laundering situations

5.1 It is not possible to give a definitive list of ways in which to identify money laundering or how to decide whether to make a report to the MLRO. The following are types of risk factors which may, either alone or cumulatively, suggest possible money laundering activity:

- Payment of a substantial sum in cash – anything which is £5,000 or more
- Payment of lower cash sums where cash is not the normal means of payment
- A new customer or use of new/shell companies
- A secretive customer, e.g. refuses to provide proof of identity or other requested information without a reasonable explanation
- Concerns about the honesty, integrity, identity or location of a customer
- Illogical third party transaction such as unnecessary routing or receipt of funds from third parties or through third party accounts
- Involvement of an unconnected third party without logical reason or explanation
- Overpayments by a customer or payments of deposits subsequently requested back without a reasonable explanation
- Absence of an obvious legitimate source of funds
- Movement of funds overseas, particularly to a higher risk country or tax haven
- Receipt of monies from countries outside the EU who do not have effective systems to counter money laundering or terrorist financing
- Unusual transactions or ways of conducting business, without reasonable explanation
- A transaction without obvious legitimate purpose or which appears uneconomic, inefficient or irrational

- Transactions with Politically Exposed Persons (PEP) or their family. These include Members of Parliament, Senior Government officials, Diplomats and high ranking officers in the Armed Forces
- The cancellation or reversal of an earlier transaction
- Requests for release of customer account details other than in the normal course of business
- Transactions at substantially above or below fair market values
- Poor business records or internal accounting controls
- A previous transaction for the same customer which has been, or should have been, reported to the MLRO
- Lack of 'traceability' of persons involved
- Individuals and companies that are insolvent yet have funds

These are just examples where money laundering can take place. If you suspect money laundering in another area you should consult with the Money Laundering Officer for advice.

6. Staff Responsibilities

6.1 All Members and employees are required to adhere to this policy but certain financial and legal services staff are more likely to have to comply with the customer identification procedure, '**due diligence**' and the record keeping procedures.

6.2 There are two levels of '**due diligence**'. The 2017 Regulations require due diligence to be carried out on a risk sensitive basis, these are:

'S**implified due diligence**' - required where there is a low risk of money laundering. For example:

- If a company is listed on the stock exchange a company search and evidence of the listing would suffice. (Note, for example, a company search is often undertaken / may already have been undertaken for BCBC by the Procurement Section in conjunction with the Finance Department – so further enquiry may not need to be undertaken)
- Government bodies and organisations who are regulated by a professional body.

'**Enhanced due diligence'** should be applied for those customers with a high-risk status. For example:

- Remote transactions where the customer is not physically present.
- Organisations or individuals identified as high risk of money laundering or terrorism finance.
- Organisations which His Majesty's Revenues and Customs (HMRC) or other law enforcement authorities have identified as high risk.
- Organisations from countries identified as high risk.
- Where false or stolen documents have been provided as evidence.
- Customer is a Politically Exposed Person (defined as persons entrusted with prominent public functions either in the UK or abroad)[1] or an immediate family or associate of that person.

[1] Examples include: Government Ministers, Members of Parliament, Members of political party Governing Bodies, high ranking officers in the armed forces. This in not exhaustive and if unsure please contact Finance for more information

- A transaction is complex, unusually large, or with an unusual pattern.
- Entities outside of the UK, particularly given the UK's departure from the EU on 31 January 2020.

6.3 Due diligence will not have to be considered for organisations regulated by the Financial Services Authority (FSA) or supervised by a listed professional regulator e.g. the Solicitors Regulation Authority.

6.4 Where due diligence investigations are undertaken, evidence of the customer identification (paragraph 6.7) and the record of the relationship / transaction should be retained for at least five years from the end of the business relationship of transaction(s). If there is a criminal prosecution they must be retained until the legal proceedings are concluded.

The records that must be kept are:

- Copies of the evidence obtained to satisfy the due diligence obligations and details of customer transactions for five years after the end of the business relationship
- The supporting evidence and records in respect of the business relationships and occasional transactions which are the subject of customer due diligence measures or ongoing monitoring
- A copy of the identification documents accepted and verification evidence obtained
- References to the evidence of identity, including those of the 'beneficial owner', the individual that ultimately owns or controls the organisation on whose behalf a transaction or activity is being conducted
- Transaction and business relationship records should be maintained in a form from which a satisfactory audit trail may be compiled, and which may establish a financial profile of any suspect account or customer
- A written account of the risk assessment

6.5 If satisfactory evidence of identity is not obtained at the outset of the matter then the business relationship or one off transaction(s) cannot proceed any further.

6.6 The customer identification procedure (paragraph 6.7) must be carried out when the Council is carrying out 'relevant business' and:

- Forms a business partnership with a customer,
- Undertakes a one-off transaction (including a property transaction or payment of a debt) involving payment by or to a customer of €15,000 (approximately £12,500) or more,
- Undertakes a series of linked one-off transactions involving total payment by or to the customer(s) of €15,000 (approximately £12,500) or more,
- It is known or suspected that a one-off transaction, or a series of them, involves money laundering. The **customer identification procedure** must be completed before any business is undertaken for that customer in relation to accountancy, procurement, audit and legal services with a financial or real estate transaction.

6.7 **Customer Identification Procedure**. Employees must:

- Identify the person seeking to form the business relationship or conduct the transaction (an individual or company / organisation),
- Verify their identity using reliable, independent sources of information,
- Identify who benefits from the transaction,
- Monitor transactions to make sure they are consistent with what you understand about that person or country,
- Understand the source of their funds,

- Ensure there is a logical reason why they would want to do business with the Council.

6.8 This applies to existing customers, as well as new ones but evidence for transactions more than 10 years old need not be retained unless any related investigation has not concluded. In these instances they must be retained until the National Crime Agency (NCA) has given permission to destroy the data.

6.9 The law does not prescribe the precise form in which the records are to be retained. However, they must be admissible as evidence in any trial. In practice, most courts will accept electronic scanned documents but there may be certain circumstances where this is not permissible.

6.10 Some of the information retained may constitute personal information in accordance with the Data Protection Act 2018 and the UK General Data Protection Regulation 2016 (GDPR). The legislation provides exemptions to permit the sharing of personal data in pursuance of anti-money laundering requirements.

7. Reporting Procedure

7.1 The MLRO is responsible for investigating the suspicion and reporting any suspected Money Laundering activity to the National Crime Agency.

7.2 If you know or suspect that money laundering activity is taking place, has taken place, or that your involvement in a matter may amount to a prohibited act under the legislation, this must be disclosed immediately to the MLRO. This disclosure should be done within hours of the information coming to your attention, not weeks or months later. **If you do not disclose information immediately, then you may be liable to criminal prosecution.**

7.3 Your disclosure should be made using the report form attached at Appendix 2. The disclosure report must contain as much detail as possible, for example:

- Full details of the people involved (including yourself if relevant), e.g. name, date of birth, address, company names, directorships, phone numbers, etc
- Full details of the nature of your and their involvement
- The types of money laundering activity suspected
- The dates of such activities, including whether the transactions have happened, are ongoing or are imminent
- Where they took place
- How they were undertaken
- The (likely) amount of money/assets involved
- Why, exactly, you are suspicious of.

7.4 You should also supply any other available information to help the MLRO to make a sound judgement as to the next steps to be taken and you should enclose copies of any relevant supporting documentation.

7.5 If you are a legal adviser and consider that legal professional privilege may apply to the information, you should explain fully in the report form the reasons why you contend the information is privileged. The MLRO, in consultation with the Monitoring Officer, will then decide whether the information is exempt from the requirement to report suspected money laundering to the National Crime Agency (NCA).

7.6 Once you have reported the matter to the MLRO you must follow any directions given. You must NOT make any further enquiries into the matter yourself. Any necessary investigation will be undertaken by the NCA. All employees will be required to co-operate with the MLRO and the authorities during any subsequent money laundering investigation.

7.7 At no time and under no circumstances should you voice any suspicions to the person(s) whom you suspect of money laundering or to any other individual without the specific consent of the MLRO. If you do so, you may commit the offence of 'tipping off'.

7.8 Do not make any reference on records held to the fact that you have made a report to the MLRO. If a customer exercises their right to see their record, any such note would obviously tip them off to the report having been made and may render you liable to prosecution. The MLRO will keep the appropriate records in a confidential manner.

7.9 In all cases no further action must be taken in relation to the transaction(s) in question until either the MLRO or the NCA (if applicable) has specifically given their written consent to proceed.

8. Failure to report money laundering offences or suspicions

8.1 In addition to the money laundering offences, there are other offences of failure to report suspicions of money laundering. These are committed where, in the course of conducting relevant business, you know or suspect, or have reasonable grounds to do so (even if you did not know or suspect), that another person is engaged in money laundering and you do not disclose this as soon as is practicable to the MLRO.

8.2 Failure to report money laundering offences means that potentially any employee could be caught by the money laundering provisions if they suspect money laundering and either become involved with it in some way and/or do nothing about their suspicions.

8.3 Whilst the risk of contravening the legislation is low, it is extremely important that all employees understand their legal responsibilities, as serious criminal sanctions may be imposed for breaches of the legislation. However, an offence is not committed if the suspected money laundering activity is reported to the MLRO and appropriate consent obtained to continue with the transaction.

8.4 If you report suspected money laundering to the MLRO, you should not discuss it with anyone else: you may commit a further offence of 'tipping off' if, knowing a disclosure to the MLRO has been made, you make a disclosure to someone else which is likely to prejudice any investigation which might be conducted.

8.5 Even if you have not reported the matter to the MLRO, if you know or suspect that such a disclosure has been made and you mention it to someone else, this could amount to a tipping off offence. Be very careful what you say and to whom, in these circumstances. Any person found guilty of tipping off or prejudicing an investigation is liable to imprisonment (maximum five years), an unlimited fine, or both.

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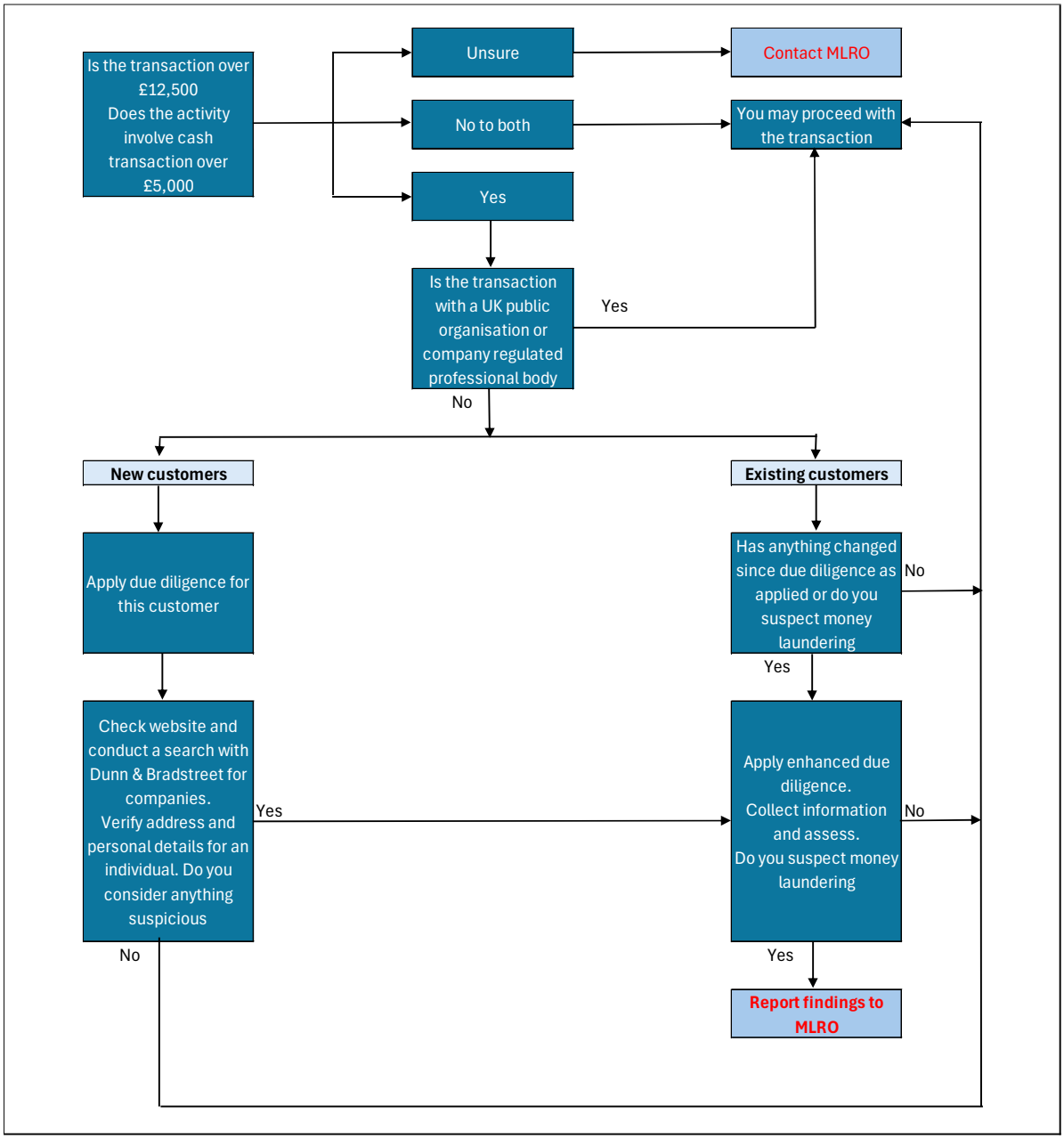

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Disclosure Report to Money Laundering Reporting Officer - Re suspected money laundering activity

CONFIDENTIAL	
Report to Money Laundering Reporting Officer	
Name of Reporter	
Job Title/ Department	
Phone No	
e-mail	
Details of Suspected Offence	
Name of Person Suspected	
Reason for Suspicion	
Have investigations been undertaken (Please detail)	
Have you discussed your suspicions with someone else. If yes please detail	
Have you consulted your suspicions with any Supervisory body e.g. Law Society	
Do you have any reason why this matter should not be reported to NCA?	
Is the transaction prohibited under the Section 18 Terrorism Act 2000 or Sections 327-329 Proceeds of Crime Act but has received Consent from the NCA.	
Please provide any additional information you consider necessary to support your submission.	
Signed:	Dated:
TIPPING OFF: it is a criminal offence to inform the suspect or anybody other than your line manager that you are making this report. Please speak to the MLRO if you need any guidance on what to say to any third parties who are chasing you in respect of a transaction.	

APPENDIX 3

Money Laundering Reporting Officer Report

CONFIDENTIAL	
For Completion by MLRO	
Date report received	
Date acknowledged	
Are there any reasonable grounds for suspecting money laundering (please detail)	
Are there any reasons you do not intend reporting the matter to NCR (please detail)	
Date of report to NCA	
Please provide any additional information you consider necessary to support your submission.	
Reply from NCA	
Notice Period	
Moratorium Period	
Date Consent received from NCA	
Date consent given to employee to proceed	
Please provide any additional information you consider relevant	
Signed:	Dated:

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Submitting the form:

https://www.nationalcrimeagency.gov.uk/what-we-do/crime-threats/money-laundering-and-illicit-finance/suspicious-activity-reports

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Meeting of:	**GOVERNANCE AND AUDIT COMMITTEE**
Date of Meeting:	**19 JUNE 2025**
Report Title:	**CORPORATE COMPLAINTS AND COMPLIMENTS**
Report Owner / Corporate Director:	**CHIEF OFFICER – FINANCE, HOUSING AND CHANGE**
Responsible Officers:	**LAURA GRIFFITHS, GROUP MANAGER – LEGAL AND DEMOCRATIC SERVICES** **PHILIP O'BRIEN** **GROUP MANAGER – TRANSFORMATION, CUSTOMER SERVICES AND PARTNERSHIPS**
Policy Framework and Procedure Rules:	**There is no impact on the policy framework or procedure rules.**
Executive Summary:	**This report provides a further update following a review of how corporate complaints and compliments are recorded and reported corporately (excluding complaints relating to Social Services).**

1. Purpose of Report

1.1 The purpose of this report is to provide a further update to the Governance and Audit Committee on the current complaints handling process and a proposal on the way all corporate complaints and compliments will be monitored, recorded and reported going forward.

2. Background

2.1 A report was presented to the Governance and Audit Committee on 30th January 2025 to note the Authority's corporate complaints process and to determine whether the Committee wished to make any recommendations in relation to the Authority's ability to handle complaints effectively.

2.2 The Committee raised and discussed a number of issues, including the following:

- The importance of capturing complaints made to Councillors.
- The need for a robust definition of a complaint. That it could be worth discussing the issue with the Public Services Ombudsman for Wales.
- The need to ensure that agreed timelines for the resolution of a complaint are met and that where this is not possible the reasons are captured and followed up.
- The need to address issues surrounding the costs of non-compliance in respect of services offered by the Council.

- The need to ensure as many identified officers that deal directly with complaints are brought into the new system and that they operate as a virtual team to ensure consistency and clarity in the operation of the system.
- Capturing compliments are also important to positively support the culture in the local authority, reducing variance and promoting innovation.
- The importance of maintaining the new system and ensuring continuity of service if officers leave the authority.

3. Current situation / proposal

3.1 Following the previous Committee meeting on 30th January 2025, the recommendations were discussed further with the Group Manager, Legal and Democratic Services who manages the corporate complaints function.

3.2 It has been clarified that any complaint made to an Elected Member would be appropriately logged as a Member Referral under the Members' Portal. Complaints from members of the public about Elected Members are within the remit of the Public Services Ombudsman for Wales (PSOW).

3.3 The definition of a 'complaint' under the Council's Concerns and Complaints Policy is *"An expression of dissatisfaction with a service we have provided or where an invidivual feels they haven't been provided with a service they were entitled to from us".* The Policy was reviewed and revised in line with the PSOW model complaints policy and subsequently approved by Cabinet on 17th November 2020. The Policy incorporates the PSOW Statement of Principles namely that the complaints process should be: (1) complainant focussed (2) fair and objective (3) simple (4) timely and effective (5) accountable (6) committed to continuous improvement. There is no change to the current approach (informal and formal stage) which will remain with the right to then escalate a complaint to the PSOW should the complainant be dissatisfied with the Authority's response. The current Policy was reviewed in July 2024 and is published on the Council's website and internally on the intranet.

3.4 The Information Team has developed a process to monitor timescales, the effectiveness of the complaints process and how complaints data is being used to improve services and delivery of care. It is proposed that services then consider any emerging themes and identify any service improvements required as a result of concerns raised. The information identified will then be used to contribute to service development which could include additional training, changes to internal procedures, increased monitoring etc.

3.5 Whilst there will be the ability to capture the costs of non-compliance within the form/process, this will require further internal discussions to understand how best to capture this to ensure consistency across all service areas who may need to provide this information. Therefore this element will go live within the form once the process to capture this information is discussed and agreed.

3.6 The form and process is still in the process of being developed. Once the form and process is complete, additional work is required to look at the data extraction integrations to provide a full specification for ICT to explore the reporting developments to enable the project to move into user testing and go-live. A copy of the high level project plan is attached as **Appendix 1**.

3.7 A list of all staff who will need to access the new complaint system is being collated and cross referenced against the list of staff who have completed the corporate mandatory corporate complaints e-learning module. Those staff who have not completed the e-learning module will be contacted to request them to complete the training ahead of them being set up to access the corporate complaints system.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1 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.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 The well-being goals identified in the Well-being of Future Generations (Wales) Act 2015 were considered in the preparation of this report. The monitoring of corporate complaints and the successful resolution of those complaints is consistent with the five ways of working within the Act as it supports the provision of high quality and more effective services to the public across all service areas. In addition, it enables each service to focus on areas of concern, to improve services and to monitor performance, ensure that any trends are identified and dealt with to be avoided in the future and to ensure that complaints are dealt with consistently and fairly across all service areas.

By managing complaints effectively through to successful resolution, this assists in the achievement of the following corporate well-being objectives:

- A County Borough where we protect our most vulnerable
- A County Borough where we help people meet their potential
- A County Borough where people feel valued, heard and part of their community
- A County Borough where we support people to live healthy and happy lives

6. Climate Change Implications

6.1 Reviewing, improving and streamlining business processes is important to help protect and sustain the environment over the long term and in line with our climate change ambitions.

7. Safeguarding and Corporate Parent Implications

7.1 All complaints received where there is safeguarding concern will be managed under Bridgend County Borough Council's Safeguarding Policy. This will safeguard and promote the wellbeing of children, young people and adults at risk of abuse or neglect and to ensure that effective practices are in place throughout the Council and its commissioned services.

8. Financial Implications

8.1 There are no financial implications arising out of this report as the system will be developed using current resources and will be reviewed as part of the corporate approach to transformation.

9. Recommendation

9.1 The Committee is recommended to note the update on the corporate complaints and compliment process and digital solution.

Background documents

None

Appendix 1

Title: Corporate Complaints											
					Overall project completion	38.14 %					
ID	Action	Owner	Baseline Start Date	Target Completion Date	No. tasks	Completed tasks	%age complete	No. tasks Green	No. tasks Amber	No. tasks Red	No. tasks NYS
1.0	Start Up	SD	12/07/2024	23/01/2025	3	3	100.0	0	0	0	0
2.0	Review	Proj Team	11/08/2024	21/11/2024	9	9	100.0	0	0	0	0
3.0	Form development	Proj Team	23/01/2025	TBC	17	9	58.2	2	0	0	6
4.0	Staff training - Audit requirement	E&I	23/04/2025	TBC	7	1	26.9	2	0	0	4
5.0	Report development	E&I / ICT	13/03/2025	TBC	5	1	20.0	0	0	0	4
6.0	User Acceptance Testing	Proj Team	TBC	TBC	6	0	0.0	0	0	0	6
7.0	Go-Live	LC	TBC	TBC	5	0	0.0	0	0	0	5
8.0	Project closure	LC	TBC	TBC	5	0	0.0	0	0	0	5

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Meeting of:	**GOVERNANCE AND AUDIT COMMITTEE**
Date of Meeting:	**19 JUNE 2025**
Report Title:	**FORWARD WORK PROGRAMME 2025-26**
Report Owner / Corporate Director:	**CHIEF OFFICER – FINANCE, HOUSING AND CHANGE**
Responsible Officer:	**DEBORAH EXTON DEPUTY HEAD OF FINANCE**
Policy Framework and Procedure Rules:	**There is no impact on the policy framework and procedure rules.**
Executive Summary:	• **The Governance and Audit Committee has a number of core functions and responsibilities within its remit.** • **It receives a number of reports and presentations throughout the year to enable it to carry out those core functions and responsibilities effectively and to provide it with confidence in the financial governance of the Authority.** • **To enable the Committee to provide this assurance and to ensure it is covering its range of responsibilities, a Forward Work Programme (FWP) is presented at each meeting, setting out the reports to be presented at future meetings, for approval or amendment, as necessary.** • **The updated Forward Work Programme (FWP) for 2025-26 is at Appendix A.** • **Committee is requested to approve the updated FWP or request changes for future meetings.**

1. Purpose of Report

1.1 The purpose of this report is to seek approval for the updated Forward Work Programme for 2025-26.

2. Background

2.1 The core functions of an effective Governance and Audit Committee include the responsibility to:

- review, scrutinise and issue 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 Internal 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.

2.2 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.

3. Current situation / proposal

3.1 In order to assist the Committee in ensuring that due consideration is given to all aspects of their core functions the updated Forward Work Programme for 2025-26 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.

3.2 Shown below are the items scheduled to be presented at the next scheduled meeting, to be held on 17 July 2025.

	Proposed Agenda Items – 17 July 2025
1	Governance and Audit Committee Action Record
2	Audit Wales Governance and Audit Committee Reports
3	Statement of Accounts 2024-25 (unaudited)

4	Porthcawl Harbour Return 2024-25 (unaudited)
5	Draft Annual Governance Statement
6	Treasury Management Outturn Report 2024-25
7	Corporate Fraud Report 2024-25
8	Regulatory Tracker
9	Annual Self-Assessment of the Council's Performance (Corporate Self-Assessment)
10	Panel Performance Assessment
11	Updated Forward Work Programme

3.3 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.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1 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.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 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.

6. Climate Change Implications

6.1 There are no climate change implications arising from this report.

7. Safeguarding and Corporate Parent Implications

7.1 There are no safeguarding or corporate parent implications arising from 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 2025-26.

Background documents

None

GOVERNANCE AND AUDIT COMMITTEE FORWARD WORK PROGRAMME 2025-26	Frequency	17 July 2025	30 October 2025	27 November 2025	29 January 2026	23 April 2026
Standing Items						
Governance and Audit Committee Action Record	Each meeting	✓	✓	✓	✓	✓
Audit Wales Governance and Audit Committee Reports	Each meeting	✓	✓	✓	✓	✓
Updated Forward Work Programme	Each meeting	✓	✓	✓	✓	✓
Annual Accounts						
Statement of Accounts 2024-25 (unaudited)	Annually	✓				
Porthcawl Harbour Return 2024-25 (unaudited)	Annually	✓				
Going Concern Assessment	Annually					
Audit Enquiries Letter	Annually					
Audit Wales Audit of Accounts Report *(included with Audited Statement of Accounts Report item)*	Annually			✓		
Audited Statement of Accounts (*including final Annual Governance Statement*)	Annually			✓		
Porthcawl Harbour Return (audit letter)	Annually			✓		
Governance						
Draft Annual Governance Statement	Annually	✓				
Half Year Review of the Annual Governance Statement	Annually			✓		
Code of Corporate Governance	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				✓	
Internal Audit Reports						
Annual Internal Audit Report 2024-25	Annually					
Internal Audit Shared Service Charter	Annually					✓
Internal Audit Annual Strategy and Audit Plan 2025-26	Annually					
Self Assessment of the Governance and Audit Committee	Annually		✓			
Internal Audit Progress Reports	Quarterly		✓	✓	✓	✓
Internal Audit Recommendation Monitoring Report	Quarterly		✓	✓	✓	✓
Governance and Audit Committee Annual Report	Annually (unless revised)		✓			
Treasury Management						
Treasury Management Outturn Report 2024-25	Annually	✓				
Treasury Management Half Year Report 2025-26	Annually			✓		
Treasury Management Strategy 2026-27	Annually				✓	
Risk Assurance						
Corporate Risk Assessment	6 monthly				✓	
Corporate Risk Policy	Annually				✓	
Counter Fraud						
Corporate Fraud Report 2024-25	Annually	✓				
Anti-Tax Evasion Policy (to be considered April 2025, then April 2027)	Biennially					
Anti-Fraud, Bribery and Corruption Policy (June 2025, then June 2027)	Biennially					
Anti-Money Laundering Policy (June 2025, then June 2027)	Biennially					
Performance Related						
Complaints Process	Annually			✓		
Regulatory Tracker (by exception only in January and July)	Quarterly	✓	✓		✓	✓
Annual Self-Assessment of the Council's Performance (Corporate Self-Assessment)	Annually with approach report in April	✓				✓

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