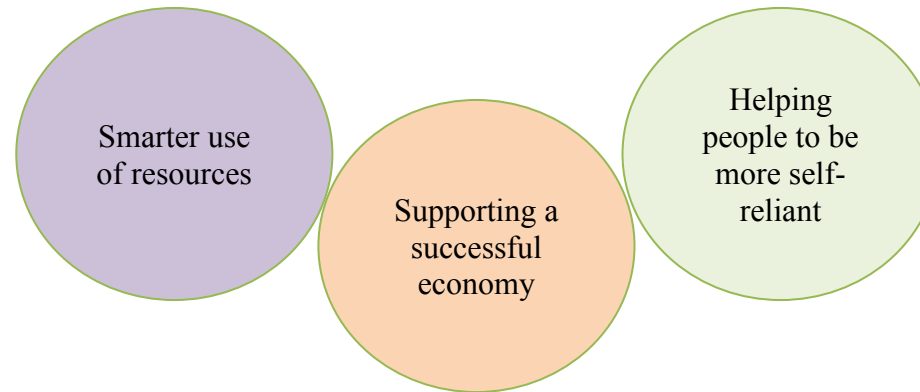


Partneriaeth Pen-y-Bont a'r Fro
Bridgend & Vale Partnership
working together - gweithio ar y cyd



BRIDGEND COUNTY BOROUGH COUNCIL WORKING TOGETHER TO IMPROVE LIVES

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

2017 – 2018

Bridgend CBC

1. Introduction

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

2. Improvement Priorities for 2016-20

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

“One Council working together to improve lives”.

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

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

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

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

3. Well-being Objectives

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

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

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

4. Corporate Priority Outcomes

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

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

		and respite care for children with disabilities in order to make them more targeted and more effective. Community Asset Transfer – transferring assets to communities to manage while making the most of the assets retained.
Three – Smarter use of resources	This means the Council will ensure that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.	Digital Transformation Programme – changing the way the Council operates to enable customers to access information, advice and services on line. Rationalising the Council's estate – disposing of assets, transferring assets to communities to manage while making the most of the assets retained. Schools' Modernisation Programme – investing in a sustainable education system in school buildings that reduces cost and their carbon footprint.

5. Corporate Risks

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

Risk	Score
Making the Cultural change necessary to deliver the MTFS	24
Supporting Adults at risk	20
Supporting vulnerable children, young people and their families	20
Welfare Reform	18
The economic climate and austerity	16
Disposing of waste	16
Equal pay claims	16
Healthy Lifestyles	16

Maintaining infrastructure	16
Educational Provision	16
Impact of homelessness	15
Collaboration with partners	12
Educational attainment	12
Compliance with the Welsh Language Standards	12
Health and Safety	12
School modernisation	12
Local Government Reorganisation	12

6. The Risk Assessment Process

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

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

7. Proposed Internal Audit Plan for BCBC 2017-18

Cross-cutting - BCBC

Area	Identified Risk(s)	Type	Audit Scope	Date of Review	Total Days
Good Governance	H	Governance	To provide assurance that key Corporate Governance processes are in place within the Council and that these are operating effectively to enable the Council to be provided with sufficient information to enable them to discharge their responsibilities. To assist the Council in the production of the Annual Governance Statement.	Qtr. 4	20
Safeguarding	H	Governance / Assurance / Risk	Case management of safeguarding incidents are dealt with in accordance with the Council's safeguarding policies and procedures. This review will also include an annual assessment of the Council's overall operating model for safeguarding; including reviewing the adequacy of assurances obtained by the Council in respect of safeguarding arrangements in place for vulnerable adults and children.	Qtr. 4	25
Transformational Change	H	Assurance	Whilst recognising the need to generate savings, there is also a need to ensure that gaps in controls in key risk areas do not emerge as a result of transformation and that the necessary savings have been and are being achieved. This will be included within other reviews where appropriate.	Qtr. 1-4	30
Ethical Review	H	Governance	In accordance with the Public Sector Internal Audit Standards; review of procedures and standards in operation.	Qtr. 1 - 4	15
Bus Services Support Grant			To verify and validate grant claims as required.	Qtr. 1	5
Quality Assurance & Improvement Programme / Review of the Effectiveness of	H	Assurance	To undertake a series of internal audits to ensure compliance with PSIAS. To review / ensure compliance with the Accounts and Audit (Wales) Regulations 2014 / Public Sector Internal Audit Standards (PSIAS).	Qtr. 1 - 4	10

Internal Audit					
Emerging Risks / unplanned			To enable Audit Services to respond to provide assurance activity as required.	Qtr. 1 - 4	40
Provision of Internal Control / Planning / General Advice			To allow auditors to facilitate the provision of risk and control advice which is regularly requested by officers within the authority, including maintained school based staff.	Qtr. 1 - 4	35
Audit Committee / Member and CMB Reporting			This allocation covers Member reporting procedures, mainly to the Audit Committee, plan formulation and monitoring, and regular reporting to, and meeting with, Corporate Directors, Corporate Management Board, the Internal Audit Shared Service Board and the Chair of the Audit Committee	Qtr. 1 - 4	30
External Audit Liaison			To ensure that a “managed audit” approach is followed in relation to the provision of internal and external audit services.	Qtr. 1 - 4	5
Follow - Up			Where more serious concerns over the effectiveness of internal controls within the systems being reviewed are identified (and consequently an ‘ineffective’ or ‘poor’ opinion is provided at the time), a follow-up audit is undertaken at an appropriate time, allowing adequate time for the implementation of the recommendations but also taking into account the risk presented to the Council whilst the actions required remain open.	Qtr. 1 - 4	20
Recommendation Monitoring			Whilst it is management’s responsibility to manage the risks associated with their outcomes / objectives, this allocation enables Internal Audit to monitor management’s progress with the implementation of high priority recommendations.	Qtr. 1 - 4	15

Fraud / Error / Irregularity			<p>Irregularity Investigations - Reactive work where suspected irregularity has been detected.</p> <p>Anti-Fraud & Corruption – Proactive - Proactive counter-fraud work that includes targeted testing of processes with inherent risk of fraud.</p> <p>Developing fraud risk assessment in inform further areas for detailed focus (Fraud Risk Tools).</p> <p>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.</p>	Qtr. 1 - 4	20
					20
					20
Carried Forward Work from 2016-17			Provision for the assignments still ongoing at the end of 2016/17	Qtr. 1	20
			Total – Cross Cutting		330
Additional Reviews to be considered if resources available.					
Review of IT Strategy	M	Assurance	Internal Audit will undertake a review to provide assurances over the adequacy and effectiveness of the Strategy to deliver the Council's priorities.		20
Partnerships / Collaboration	H	Governance / Risk	To review the Council's approach to governance over collaborative working / partnership arrangements. The areas to be covered will be developed during the year and will concentrate on: Evaluation of controls, Consistency of approach (taking into account factors such as proportionality and appropriateness) Relevance / meeting strategic (operational) objectives / outcomes.		20
Risk Management	H	Risk	Robust risk management system is required to underpin delivery of Council objectives, compliance with legislation. Internal Audit review is also required to provide a balanced Annual Head of Audit Opinion that contributes to the Annual Governance Statement. Internal Audit will undertake a review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and considers risks to key strategic and operational objectives.	Qtr. 3	15
			Overall Total – Cross Cutting		385

COMMUNITIES DIRECTORATE

Area	Identified Risk(s)	Type	Proposed Audit Scope	Date of Review	Total Days
Waste	H	Assurance	Review of waste management contract arrangements with emphasis placed on effective management of contracts and arrangements in place to respond to any changes in government legislation.	Qtr 3.	20
Project / Contract Management	H	Assurance / Governance / Risk	Assess the most important contracts under the direction of the Directorate and how these are managed in terms of: whether the contract in place is robust and effective, variations to contracts are approved and embedded promptly, performance management is clear and if the culture between the parties is effective. Review the methodology and practice within the Directorate to manage projects.	Qtr. 1 - 4	35
Property Compliance	H	Assurance / Risk	This review has been rolled forward from 2016/17. This may be considered as a cross-cutting review due to the diversity of responsibility i.e. schools.	Qtr. 3 - 4	20
Capital Region City Deal	H	Governance	The “City Deal” aims to create 25,000 new jobs by 2036 and bring in £4 billion of private sector investment. The City Deal will bring £1.229 billion of investment in South East Wales infrastructure. There will also be programmes designed to tackle unemployment, support local businesses, improve the region’s digital network and coordinate house building and regeneration across the region. Initially this review will focus on the effectiveness of the overall governance arrangements	Qtr. 3 - 4	20
Highways	H	Assurance / Risk / Governance	One of the Corporate Risks for the Council as outlined in the Corporate Risk Register 2017-18 is Maintaining infrastructure. One of the mitigating risks is the reliance that will be placed upon the inspection regime and responding to complaints. An assurance review will be undertaken in this area.	Qtr. 2	20
Health & Safety	M		To review procedures in operation by the Council to ensure compliance with policies and procedures, Health & Safety training, Risk Assessments, records maintenance and incident reporting.	Qtr. 2	15
			Overall Total – Communities		130

EDUCATION & FAMILY SUPPORT DIRECTORATE

Area	Identified Risk(s)	Type	Audit Scope	Date of Review	Total Days
Grant Certification	H	Assurance	There are a number of grant funded schemes that require an Internal Audit review prior to the final claim submission. Internal Audit will undertake the necessary assurance checks as these grant submissions become due.	Qtr. 1 - 2	15
CRC	H	Assurance	Provide the necessary assurance associated with the Carbon Reduction Certification.	Qtr. 1 - 2	10
Built Environment	H	Assurance	To undertake a programme of system review audits. A risk-based approach is taken to prioritise the systems and processes in operation within Built Environment to be reviewed. The objectives will be to determine whether the systems and procedures in operation are functioning satisfactorily and are in accordance with legislation if appropriate and Council Policy.	Qtr. 4	20
Schools	H	Assurance	To undertake a programme of system review audits on a thematic basis across the Schools within the Borough Council. To undertake a number of individual school audits based on a risk assessment.	Qtr. 1 - 4	60
Early Help Locality Hubs (Compliance)	H	Assurance	To independently review and appraise systems of internal control in relation to Early Help Locality Hubs to ensure compliance.	Qtr. 3	20
			Total – Education & Family Support		125
Additional Reviews to be considered if resources available.					
Transport for Schools	M	Assurance	The audit will review transport arrangements for children. The audit will include a review of the following: The assessment process undertaken, how services are procured, how transport is allocated and whether the allocations are equitable.	Qtr. 3 - 4	20
School Based Ethical policies	M	Assurance	The review will provide assurance over the adequacy and effectiveness of school based ethical policies and procedures.	Qtr. 3 - 4	15
			Overall Total – Education & Family Support		160

OPERATIONAL PARTNERSHIPS SERVICES DIRECTORATE

Area	Identified Risk(s)	Type	Audit Scope	Date of Review	Total Days
Compliance	H	Assurance	A number of reviews will be undertaken to provide assurance over compliance with Council policies, procedures and where appropriate legislation.	Qtr. 2 - 3	20
HR	H	Assurance	Evaluating controls within HR systems designed to prevent and / or detect fraud, irregularity or error, and to ensure that transactions are processed in accordance with Council policy, Finance and Contract Procedure Rules and appropriate legislation.	Qtr. 3 - 4	30
Supporting People Grant	H	Assurance	Internal Audit will undertake the necessary assurance checks and certifications as required by the grant conditions.	Qtr. 1 - 2	10
ICT	H	Assurance / Governance	To continue a programme of system review audits, the objectives will be to determine whether the systems and procedures in operation are functioning satisfactorily and are in accordance with legislation and Council Policy. <ul style="list-style-type: none"> • Access to information and facilities is controlled and restricted to authorised users according to their needs. • The potential for fraud and error are minimised; • The system is effectively administered and supported; • All staff using the system have been correctly trained to the level that will allow them to properly fulfil their duties; • The system under review is continually available during working hours 	Qtr. 1 - 4	30
Members	H	Governance	Following the May elections, reviews will be undertaken to ensure that Members comply with the Council's Gifts and Hospitality Policy, Declaration of Interests and Code of Conduct.	Qtr. 2 - 3	20
			Overall Total – Operational & Partnerships Services Directorate		110

CHIEF EXECUTIVE - FINANCE

Area	Identified Risk(s)	Type	Audit Scope	Date of Review	Total Days
Core Financial Systems	H	Assurance	<p>The audit priorities and objectives are determined taking a risk-based approach. The audits to be undertaken will be a blend of assignments with objectives primarily relating to issues of system compliance and those with objectives primarily aimed at driving improvement in economy, efficiency and effectiveness.</p> <ul style="list-style-type: none"> Evaluating the controls within a system designed to prevent and / or detect fraud, irregularity or error, and to ensure that transactions are processed in accordance with Council policy, Finance and Contract Procedure Rules, legislation and the requirements of external bodies such as HM Revenues and Customs. Review a range of systems' intelligence to assess how well a system is achieving its objectives and overall desired outcomes, safeguarding the interests of the Council and achieving value for money. 	Qtr. 3 - 4	60
Automated Processes	H	Assurance	Review of automated processes to ensure a robust internal control environment.	Qtr. 4	15
Capital Assets (Capital Receipts)	H	Assurance	Review of arrangements to identify, monitor, control and report on Capital Assets including Capital Receipts.	Qtr. 2 - 3	20
Income Generation	M	Assurance	Maximisation of existing and identification of new income streams.	Qtr. 2	20
Performance Indicators	H	Risk	The validation of the Council's overall performance	Qtr. 1 - 2	15
			Overall Total – CEX – Finance		130

SOCIAL SERVICES & WELLBEING DIRECTORATE

Area	Identified Risk(s)	Type	Audit Scope	Date of Review	Total Days
Section 117	H	Assurance	This review has been carried forward from 2016/17. To follow up on the recommendations made in the 2014/15 Internal Audit Report to ensure adequate progress has been made to address the internal control weaknesses.	Qtr. 1 - 2	20
Social Services & Wellbeing Act	H	Assurance / Governance / Risk	The formal implementation date of the Act was April 2016, it will take a significant period of time to bed in due to the introduction of new ways of working and the inevitable impact this will have on the present culture, custom and practice. Therefore, Internal Audit will continue a programme of reviews, provide advice and support where needed to provide overall assurances on the robustness of the systems and processes put in place as they develop.	Qtr. 1 - 2	35
Leisure	M	Assurance / Governance	To review the overall effectiveness of the delivery of the Leisure Contract with Halo.	Qtr. 1 - 2	20
Directorate	H	Assurance / Governance / Risk	Reviews will be undertaken relating to the effectiveness of quality assurance processes within Social Services & Well-being which will provide assurance on the internal control, governance and risk management environment.	Qtr. 3 - 4	40
Children	H	Governance	An independent review of the corporate governance arrangements over children social care to provide assurance that these remain effective and achieve appropriate outcomes for children and young people.	Qtr. 3 - 4	20
Funding	M	Assurance	To assess whether there is robust challenge over the placement identification process and pricing, and whether all information is required and received by the appropriate Panels.	Qtr. 2 - 4	20
Payments to providers	M	Assurance	To review how quickly after contract award, service providers are set up on the system and accurately paid.	Qtr. 3 - 4	15
			Overall Total – Social Services & Wellbeing		170

OVERALL TOTAL BUDGET DAYS FOR BRIDGEND COUNTY BOROUGH COUNCIL = 1,085