

Summary of Relevant Work Undertaken by Internal Audit

Outlined below is information relating to internal audits that were undertaken prior to or after the issues identified within Arbed Scheme (September 2012 to February 2013).

These audits were carried out within the same service area and relate to capital schemes, grant funded schemes, project management and procurement.

List of Audits Undertaken

	Date Issued	Audit
1.	November 2011	Engineering Services, capital projects
2.	May 2012	Communities Physical Regeneration Projects - project management, risk
3.	June 2012	Economic Development Unit – grant monitoring and controls
4.	July 2012	Corporate Procurement Unit – procurement strategy & approved lists
5.	February 2014	Communities First - grant monitoring and controls
6.	February 2016	Street Scene Capital Programme
7.	October 2016	Townscape Heritage Initiative
8.	April 2017	Vibrant & Viable Places – Rhiw Gateway Project
9.	February 2019	Strategic Procurement Arrangements
10.	November 2020	External Funding Review
11.	October 2021	Project & Contract Management (Communities)

A desktop review of these internal audit reports confirm that no major issues of concern were identified, and procurement and project management processes were being followed across the Service Area. A number of strengths were identified along with some weaknesses as shown below.

These reports would have been included as part of the regular Internal Audit Outturn Reports and Progress against the Plan Reports taken by Internal Audit to the Committee at the time and would have been included within the Annual Internal Audit Reports for the periods concerned. However, due to audit opinions of reasonable assurance or substantial assurance being given these audits would not have been specifically highlighted in those reports.

The table below outlines each report, its audit opinion and summarises the strengths and weaknesses identified at the time the audit took place. In addition, an update on the progress of the implementation of the recommendations made in the External Funding Review completed in November 2020 and reported to Governance and Audit Committee in January 2021, is included.

	Audit	Objectives & Scope	Opinion	Strengths	Weaknesses
1.	Engineering Services – Usage of the Project Toolkit Issued November 2011	With reference to the Council's capital programme, identify a sample of projects (6) the Engineering Section have for 2011/12 and complete a walkthrough test ensuring compliance to the Council's Project Management toolkit	reasonable	Engineering Services were found to comply with the BCBC project toolkit in the majority of areas tested	Project Toolkit documentation should be signed off The risk register should be fully completed
2.	Physical Regeneration Projects Issued May 2012	To perform an overview risk assessment of the project management arrangements to ensure they are being managed in accordance with project management best practice including project initiation, project management, risk management and financial monitoring	substantial	The review demonstrated that the physical regeneration areas <ul style="list-style-type: none"> • Town Centre Regeneration • Porthcawl Harbour Regen • Maesteg Regen • Energy Efficiency scheme Are complying with the BCBC project toolkit in most areas tested.	Only three minor issues identified: Identification of measurable outcomes for schemes. Identification of inherent risks linked to funding & spend in project risk registers. Clear identification of project sponsor and project manager in project documentation.
3.	Economic Development Unit Issued June 2012	To provide assurance that the EDU has suitable controls in place to ensure that it meets its objectives and the Authority is safeguarded against risk. Adequate policies and procedures are in place Budgets for revenue and grant funds are adequately controlled. Grant funding schemes are monitored and controlled within the expected guidelines	substantial	There is a clear dissemination of information throughout the team and a good understanding of policies and procedures. Communication throughout the team is excellent, all team members work closely with each other, and information is freely passed around ensuring a good understanding of what stage each individual grant claim is at. Files are well organised and information is clear.	There is no provision for follow up visits with grant recipients (after the formal monitoring visit) to confirm assets purchased with the funding are still in existence / in use

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		<p>All files are up to date and necessary receipts are shown on the files where funds have been awarded.</p>			
4.	<p>Corporate Procurement Unit Issued July 2012</p>	<p>To ensure that the Procurement Unit has a suitable framework in place to deliver the procurement strategy and mitigate the associated risks. The following areas were examined.</p> <p>Vetting of contractors for acceptance onto, and continuing membership of, the BCBC approved suppliers list</p> <p>Ensuring that the approved list is maintained up to date</p> <p>Ensuring that in practice the approved list is used.</p> <p>Review and comment on the Authority's Directory of Contracts including assurance that BCBC are being charged contractual rates.</p> <p>Identify that processes identify and monitor efficiencies and savings in line with the procurement strategy.</p>	reasonable	<p>The completion and approval of the Procurement Strategy 2012 -2014.</p> <p>The recording of efficiencies and alignment with the Procurement Strategy and action plan has developed significantly since the previous audit although the process needs further embedding.</p> <p>Sample testing indicated full compliance with Contract Procedure Rules.</p> <p>Processes for vetting and subsequent monitoring of contractors on the approved list.</p>	<p>Contractors are presently allowed 4 weeks from date of insurance expiry to provide up to date insurance certificates. This leaves BCBC at risk in the interim.</p> <p>Sample testing indicated that when contractors are suspended from the approved list the Purchase Ledger Section has not been notified and no stop is placed on the COA account.</p> <p>Evidence also indicates that some sections have continued to use suspended/removed contractors implying that they are not checking the approved list at the time of placing orders.</p> <p>One instance has been identified whereby a contractor not on the approved list has been awarded a large job but not then added to the approved list in line with procedure.</p>

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		Ensuring tendering is done in line with BCBC Procedure Rules.			
5.	Communities First Issued February 2014	To ensure that the systems and controls surrounding the Communities First programme within the Clusters complies with WG Guidance and the Council's Financial Regulations and that expected outcomes are achievable	reasonable	Dedicated and enthusiastic staff members are responsible for budgetary control and have developed sound mechanisms for financial governance.	Effective monitoring of the third party relationships is essential to ensure delivery in the delegated areas.
6.	Street Scene – Capital Programme Issued February 2016	The objective of the audit was to provide assurance that the Street Scene projects within the Council's Capital Programme 2015/16 are adhering to the Council's project management principles with effective governance; finance; risk management; controls in place.	reasonable	All 21 schemes have been assigned budget holders and the majority fully adhere to the project management principles The Coychurch Crematorium project is anticipated to complete two weeks ahead of schedule and within its agreed budget.	Some minor recommendations were made in relation to the three transportation projects in respect of : Monitoring of project progress. Use of Project Initiation Documents to define the governance, tolerance controls and risk management processes; Responsibility for Risk Registers being given to the Project Manager.
7.	Townscape Heritage Initiative Issued October 2016	To provide assurance that the current practices for administering THI funding are robust and protect the Council from risk. The scope of audit included the following areas:	substantial	Both Bridgend and Porthcawl Townscape Heritage Projects were evidentially supported to demonstrate compliance with the Council's Grant Policy and financial procedures.	A minor issue was identified with the timeliness of grant monies of £40k from the Lottery Fund for Bridgend THI which had taken up to 2 and half years to be received.

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		<p>Bidding and approval process including links to Heritage Lottery Fund bid;</p> <p>Ongoing budget monitoring of spend of the fund; and</p> <p>Compliance with T&C imposed on us by HLF and passed onto 3rd parties.</p>		<p>Individual applications for grant funding were supported by evidence to demonstrate compliance with the Heritage Lottery Funding terms and conditions.</p> <p>There is evidence to support the review and approval of Applicant's Quantity Surveyor reports and invoices prior to payment.</p> <p>Grant claims to the Heritage Lottery Fund are evidentially supported and approved in accordance with the Council's Grant Policy.</p>	
8.	<p>Vibrant & Viable Places Programme - Rhiw Gateway Project</p> <p>Issued April 2017</p>	<p>To provide assurance that the governance and funding arrangements are effective, transparent, robust and protect the Council from risk. The scope included:</p> <p>Funding arrangements and ongoing budget monitoring of spend, reporting and approval process</p> <p>Payments made to any 3rd Parties – valuations, verification, progress reports, variations</p>	substantial	<p>The nature of the Development Agreement and the allocation of responsibilities have proved successful in minimising potential risks to the Council.</p> <p>Review of the controls in place revealed that the project has been well controlled, and no significant concerns were identified</p>	One minor recommendation was made in relation to the accuracy of staffing being provided to Finance to inform the overall claim

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		Compliance with terms and conditions imposed on the Council by Welsh Government.			
9.	Strategic Procurement Issued March 2019	The objective of the audit was to undertake a review of the strategic arrangements in place regarding procurement	reasonable	From the testing it was verified that the Contract Procedure Rules for the tendering process have been followed in that the relevant number of tenders / quotes had been obtained prior to award.	The Procurement Strategy and other procurement documentation available on the staffnet needed to be updated.
10.	External Funding Review Issued November 2020	The objective of the review was to provide assurance that the Council's policies and procedures as well as the funding terms & conditions are being adhered to when managing external funding received by the Council	reasonable	The report selected 10 schemes and it was found that the concerns arising from a previous externally funded scheme (Arbed) have not been replicated. Documentation was available to support compliance with the Council's Contract Procedure Rules and the involvement of Corporate Procurement when engaging contractors. There was also evidence of supplier monitoring, reporting and governance across all the projects	4 minor recommendations were made which were discussed with the relevant Officers who agreed to take mitigating action Governance and reporting of the Active Travel and Local Transport Fund schemes are improved. Since making this recommendation regular meetings take place between Officers to discuss the progress of each scheme Capita Glamorgan Consultancy/ Redstart Joint Venture agreement draws to a close in 2023 and that appropriate steps must be taken to prepare for this. Legal Services have been reviewing the contract. Where an independent third party delivers grants on the Council's behalf, control improvements could be made to check that the third party and their staff

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					<p>have no conflict of interests before undertaking the grant delivery. Since this recommendation was accepted there have not been similar schemes where third party engagement was required however third-party engagement will be included on any future relevant audit programmes</p> <p>Awareness of the need to declare personal interests in delivering grants is raised amongst officers. This recommendation is being taken forward corporately with the revision of the Officers Code of Conduct</p>
11.	<p>Project & Contract Management (Communities)</p> <p>Issued October 2021</p>	<p>The review focused upon two projects within the Council's Communities Directorate. The project management arrangements in place were reviewed for suitability, along with checks for compliance against the Council's Contract Procedure Rules.</p> <p>The projects reviewed were:</p> <ul style="list-style-type: none"> • Maesteg Town Hall. • 2. Waterton Roundabout & Pencoed (Active Travel Schemes). 	reasonable	<p>The following areas were found to be well controlled:</p> <ul style="list-style-type: none"> • Feasibility studies have been completed to inform the project. • A Project Plan is in place, including clear timescales and key accountabilities. • Risk and issues logs are in place and actively used to support the project. • Costs are clearly defined. • Regular scrutiny, monitoring and reporting of project progress is undertaken. • Contract and tendering awards are made in line with council contract procedure rules. 	<p>The corporate project management guidance is brought up to date and communicated to all staff responsible for overseeing and/or delivering projects.</p> <p>Some minor recommendations were also made which covered:</p> <ul style="list-style-type: none"> • Putting a Terms of Reference (ToR) in place for the Maesteg Town Hall Programme Management Board (PMB). • agreeing key performance indicators (KPIs) and penalty clauses with the principal consultant for the Maesteg Town Hall project. • Business continuity plans should be being considered as part of

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				<ul style="list-style-type: none"> • There is clarity regarding roles and responsibilities for council oversight of contracts. • Supplier management meetings are held to support performance 	<p>the tendering processes for key suppliers, particularly for contracts spanning more than 12 months in length.</p>