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Dear Carys

Matters arising from our 2021-22 audit

We have now completed our 2021-22 audit of the financial statements for Bridgend County Borough Council.

I can confirm that the financial statements were given an unqualified opinion on 27 January 2023.

As detailed in our Audit of Financial Statements Report (presented to the Governance and Audit Committee on 26 January 2023), we have no concerns about the qualitative aspects of your accounting practices and financial reporting. Whilst we did not identify any material weaknesses in your internal controls, we did identify some potential areas for improvement which we have set out for your consideration in **Appendix 1**.

Yours sincerely

Rachel Freitag

Audit Manager

Appendix 1 – matters arising

| Detail | For management to consider | Management response |
|---|--|---|
| <p>Journal authorisation procedures</p> <p>Our review of manual journals identified that it was not always clear if relevant authorisation of the journal had been obtained prior to it being processed in the ledger.</p> | <p>Procedures for the authorisation of journals need to be strengthened to ensure that all journals are correctly authorised in line with policies and procedures.</p> | <p>Noted. Finance officers have been reminded to ensure that authorisation of journals is properly evidenced.</p> |
| <p>IT server-room risks</p> <p>Our visit to the server room noted two issues:</p> <ul style="list-style-type: none">• the security doors to the server racks were not installed and were left loose resting against the side of the server racks; and• cardboard boxes which had been left in the room causing a fire hazard. | <p>The doors to the server racks should be installed and locked to maintain the security of the server racks.</p> <p>The server room should be cleared of all debris (ie cardboard boxes) and staff reminded to keep the room clear.</p> | <p>Noted. These have been completed.</p> |

| Detail | For management to consider | Management response |
|--|---|--|
| <p>Annual Governance Statement (AGS) Our review of the AGS noted that disclosure of workforce issues could be expanded to clearly detail ongoing issues.</p> | <p>Disclosure around workforce issues and the potential impact on governance arrangements could be expanded on to clearly highlight the ongoing issue.</p> | <p>Noted. This will be included in the 2022-23 AGS.</p> |
| <p>Duplicate payments Our testing of 18 expenditure transactions identified one duplicate payment. Testing of an additional 13 potential duplicate payments identified a further two duplicates. The value of the three duplicate payments identified totalled £4,884.71.</p> | <p>The procedures that the Council has in place for identifying and correcting duplicate payments need to be strengthened to ensure that duplicates of the nature identified during the audit are captured.</p> | <p>The Council has in place processes to minimise the risk of processing duplicate payments; however, these were confirmed as duplicates. Processes have been put in place to recover overpayments. Two (£3,861.12) have been recovered with the third (£1,023.59) being progressed.</p> |

| Detail | For management to consider | Management response |
|---|---|--|
| <p>Surplus assets Financial reg (FR) 24.3 states that ‘Where land and/or buildings are found to be surplus to requirements, the responsible Chief Officer shall, as soon as possible, submit a report to the appropriate Cabinet Member for appropriate action in accordance with the Schemes of Delegation.’</p> <p>However, for three surplus assets sample tested (total value £7.9 million), the Council could not provide evidence that this FR has been followed for these assets.</p> | <p>The Council must ensure that financial regulations are followed when assets are declared as surplus to requirements.</p> | <p>Noted. The process will be applied moving forward for any assets declared surplus to the Council’s needs.</p> |
| <p>Asset valuations location factor The Valuer was unable to provide confirmation of the exact location factor for Mid Glamorgan used in DRC valuations as at December 2021 as these are updated online on the BCIS system in real time, and so she cannot interrogate historic rates.</p> | <p>The valuer should retain evidence of the location factor (BCIS Screenshot/report) as at the time of the valuation exercise to improve the audit trail.</p> | <p>Noted. This will be done for future valuations.</p> |