

T: Ext./Est:

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Contact:/Cysylltwch â: committee.services@blaenau-gwent.gov.uk



MAE HWN YN GYFARFOD Y MAE GAN Y CYHOEDD HAWL EI FYNYCHU

Dydd Iau, 20 Ionawr 2022

Annwyl Syr/Madam

PWYLLGOR LLYWODRAETHIANT AC ARCHWILIO

Cynhelir cyfarfod o'r Pwyllgor Llywodraethiant ac Archwilio yn Virtually via Microsoft Teams - if you would like to attend this meeting live via Microsoft Teams please contact committee.services@blaenau-gwent.gov.uk on Dydd Mawrth, 25ain Ionawr, 2022 am 9.30 am.

Yn gywir

Michelle Morris
Rheolwr Gyfarwyddwr

AGENDA

1. CYFIEITHU AR Y PRYD

Mae croeso i chi ddefnyddio'r Gymraeg yn y cyfarfod, mae angen o leiaf 3 diwrnod gwaith o hysbysiad ymlaen llaw os dymunwch wneud hynny. Darperir gwasanaeth cyfieithu ar y pryd os gwneir cais.

2. YMDDIHEURIADAU

Derbyn ymddiheuriadau.

We welcome correspondence in the medium of Welsh or English. / Croesawn ohebiaith trwy gyfrwng y Gymraeg neu'r Saesneg.

3. DATGANIADAU BUDDIANT A GODDEFEBAU

Derbyn datganiadau buddiant a goddefebau.

4. PWYLLGOR LLYWODRAETHIANT AC ARCHWILIO 5 - 12

Derbyn cofnodion y cyfarfod o'r Pwyllgor Llywodraethiant ac Archwilio a gynhaliwyd ar 7 Rhagfyr 2021.

(Dylid nodi y cyflwynir y cofnodion er pwyntiau cywirdeb yn unig).

5. DALEN WEITHREDU – 7 RHAGFYR 2021

Nid oedd unrhyw gamau gweithredu yn deillio o gyfarfod y Pwyllgor Llywodraethiant ac Archwilio a gynhaliwyd ar 7 Rhagfyr 2021.

6. ADRODDIAD CYNNYDD ARCHWILIO MEWNOL 13 - 24

Ystyried adroddiad yr Arweinydd Proffesiynol – Archwilydd Mewnol..

7. ARCHWILIO CYMRU – CRYNODEB ARCHWILIAD BLYNYDDOL 2021 CYNGOR BWRDEISTREF SIROL BLAENAU GWENT 25 - 34

Ystyried adroddiad Archwilio Cymru.

At: Cyngorwyr T. Edwards (Cadeirydd)
S. Healy (Is-gadeirydd)
P. Baldwin
D. Davies
D. Hancock
J. Hill
W. Hodgins
J. Holt
J. Millard
M. Moore
J. C. Morgan
K. Rowson
B. Summers
S. Thomas
H. Trollope
L. Winnett
M. Veale

Pob Aelod arall (er gwybodaeth)

Rheolwr Gyfarwyddwr
Prif Swyddogion

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COUNTY BOROUGH OF BLAENAU GWENT

REPORT TO: THE CHAIR AND MEMBERS OF THE AUDIT COMMITTEE

SUBJECT: GOVERNANCE & AUDIT COMMITTEE -7th DECEMBER, 2021

REPORT OF: DEMOCRATIC SUPPORT OFFICER

PRESENT: Mr. Terry Edwards (Chair)

Councillors S. Healy
P. Baldwin
D. Davies
D. Hancock
J. Hill
W. Hodgins
M. Moore
J. Millard
J.C. Morgan
K. Rowson
B. Summers
H. Trollope
L. Winnett
Mr. Martin Veale

WITH: Audit & Risk Manager
Head of Legal & Corporate Compliance
Registration, Elections and Corporate Complaints Officer

AND: **Audit Wales**
Alice Rushby

DECISIONS UNDER DELEGATED POWERS

| <u>ITEM</u> | <u>SUBJECT</u> | <u>ACTION</u> |
|-------------|--|---------------|
| No. 1 | <p><u>SIMULTANEOUS TRANSLATION</u></p> <p>It was noted that no requests had been received for the simultaneous translation service.</p> | |
| No. 2 | <p><u>APOLOGIES</u></p> <p>Apologies for absence were received for Councillors S. Thomas and J. Holt.</p> | |
| No. 3 | <p><u>DECLARATIONS OF INTEREST AND DISPENSATIONS</u></p> <p>Councillor B. Summers declared an interest in the following item:</p> <p>Item No. 6 - Response to Audit Wales Enquiry to those charged with Governance and Management (<i>Silent Valley Waste Services</i>)</p> | |
| No. 4 | <p><u>AUDIT COMMITTEE</u></p> <p>The minutes of the Audit Committee held on 2nd November, 2021 were submitted, whereupon:</p> <p>It was reported that B. Baldwin should be amended to read P. Baldwin on the list of attendees.</p> <p>RESOLVED, subject to the foregoing, that the minutes be accepted as a true record of proceedings.</p> | |
| No. 5 | <p><u>ACTION SHEET</u></p> <p>There were no actions arising from the meeting held on 2nd November, 2021.</p> | |
| No. 6 | <p><u>RESPONSE TO AUDIT WALES ENQUIRY TO THOSE CHARGED WITH GOVERNANCE AND MANAGEMENT</u></p> | |

| | | |
|---------------------|---|--|
| | <p>Consideration was given to report of the Audit & Risk Manager.</p> <p>The Audit & Risk Manager presented the report which outlined the management response to the Audit Wales enquiries, attached at Appendix A, and the response provided on behalf of the Committee as those charged with governance.</p> <p>The Officer reported an error to Option 1 of the report which should read:</p> <p>‘The Committee note the attached Management response to the Audit Wales query and endorse the response of the Governance & Audit Committee as provided by the Chair of the Committee.’</p> <p>A brief discussion ensued when Officers clarified points raised by a Member.</p> <p>RESOLVED, subject to the foregoing, that the report be accepted and the Committee note the attached Management response to the Audit Wales query and endorse the response of the Governance & Audit Committee as provided by the Chair of the Committee (Option 1).</p> | |
| <p>No. 7</p> | <p><u>COMPLAINTS INFORMATION FOR QUARTER 1 AND QUARTER 2 – 2021/2022</u></p> <p>Consideration was given to the report of the Head of Legal & Corporate Compliance.</p> <p>The Head of Legal & Corporate Compliance presented the Council’s performance information in relation to investigations into Stage 1 and Stage 2 Corporate Complaints received for the period 1st April 2021 – 30th September 2021.</p> <p>The Officer explained that Stage 1 and Stage 2 referred to the Council’s internal processes for reviewing complaints. The Officer pointed out that in the event of failure to achieve a resolution through the Council’s internal processes, a complaint could be escalated to Stage 3 and referred to the</p> | |

Public Services Ombudsman for consideration.

As previously reported the Governance and Audit Committee now had additional functions to include a role in oversight for complaints, and new statutory powers to:

- Review and assess the Authority's ability to handle complaints effectively; and
- Make reports and recommendations in relation to the Authority's ability to handle complaints effectively.

The Council was required to provide the Complaints Standards Authority (CSA) with complaints data on a quarterly basis and report to the Governance and Audit Committee the number and types of complaints received and their outcomes. The Committee agreed in June 2021 that this report would be presented to Committee twice a year.

The Officer then went through the performance information detailed in Appendix 1 of the report.

A Member pointed out that there was a higher number of complaints in relation to waste and refuse, and roads and transport and asked whether they should be reported to the relevant Scrutiny Committee for consideration.

The Officer said the higher number of complaints within those areas was to be expected due to the nature of the service. She confirmed that the data was analysed to inform service improvements, but also to identify any trends or issues that may need further consideration by the relevant Scrutiny Committee and the Governance & Audit Committee.

Another Member also asked whether there was comparative data available in relation to complaints received in other LA's, and also sought clarification on whether the figures included code of conduct complaints.

In response the Officer confirmed that the figures related to service complaints only. Data in relation to code of conduct complaints was submitted to the Standards Committee and Council on an annual basis. In relation to comparative data, the Ombudsman Annual Report presented to the last meeting

of the Committee included comparative data across all Councils in Wales, but not in relation to specific service areas. Blaenau Gwent had a relatively low number of complaints compared to other LA's and this was reflected within the Ombudsman report. The Officer said data from other LA's could be obtained but pointed out that this would have to be adjusted to reflect the size and needs of each LA.

In response to a further question the Officer confirmed that the process for making complaints was on the Council's website. Each Department had its own Complaints Officer and they were in the process of receiving training in terms of identifying complaints and ensuring they are logged appropriately.

A Member referred to section 5.1 of the report which stated that in certain circumstances the Council may award compensation and asked where this information would be recorded.

The Officer said compensation was very rarely paid but could be awarded by the Public Services Ombudsman in relation to Stage 3 complaints. The Officer undertook to investigate where this information was recorded.

Another Member referred to the two children's services complaints that were upheld and asked whether these should be reviewed particularly in light of the recent events reported in the press.

In response the Officer said she was unable to go into the details of the complaints. She confirmed that Social Services had their own complaints policy and procedures in place aligned to the corporate procedures, and were extremely efficient in ensuring that complaints were thoroughly reviewed and investigated. As an added assurance for Members the Officer undertook to liaise with the Head of Children's Services regarding an overview of procedures to deal with social services complaints.

A discussion ensued regarding Members' involvement in the process when they are contacted by a member of the public regarding an ongoing complaint, and whether there were

procedures in place to ensure no duplication of complaints.

The Officer said Members were often the intermediary when members of the public were not satisfied with a particular response. However, the process for making a complaint was on the Council's website and also how to escalate a complaint if they felt that the response received was unsatisfactory. In terms of Members involvement, she confirmed that Members were able to assist constituents in the complaints process. Communication with the public was important to ensure they had the information they needed to make a complaint, and there were various channels available to access that information.

A Member said the provision of a centralised complaints database would be beneficial for Members to access in order to provide an update to members of the public on progress of a complaint. The Officer said this could be explored.

Another Member referred to previous discussions relating to compensation and suggested that awards over £500 be reported to Committee moving forward.

In response the Officer explained that complaints against the Council was different to the litigation process and insurance claims and they did not form part of the data within this report.

The Audit & Risk Manager confirmed that systems for reporting figures in relation to insurance claims was being considered.

A further brief discussion ensued when the Officer explained that some types of issues raised by Members fell outside of this framework and one of the challenges was to ensure that those issues were being captured and escalated appropriately.

RESOLVED that the report be accepted and the Committee sought further clarification on areas within the report and highlighted areas of interest or concern that needed to be considered in future monitoring and reporting of complaints.
(Option 2)

| | | |
|---------------------|---|--|
| | | |
| <p>No. 8</p> | <p><u>AUDIT WALES CERTIFICATE OF COMPLIANCE FOR THE AUDIT OF BLAENAU GWENT COUNTY BOROUGH COUNCIL'S ASSESSMENT OF 2020-21 PERFORMANCE</u></p> <p>Consideration was given to the report of the Service Manager Performance & Democratic.</p> <p>The Audit & Risk Manger presented the Audit Wales Certificate of Compliance following the audit of the Council's Assessment of 2020-21 Performance (attached at Appendix 1).</p> <p>A Member expressed concern regarding the delay of the Audit Wales report on Silent Valley.</p> <p>The Audit & Risk Manager said this was a separate issue to this report, but confirmed that the report on Silent Valley would be reported to Committee in due course.</p> <p>RESOLVED that the report be accepted and the Committee note the compliance certificate dated November 2021.</p> | |

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Agenda Item 6

Executive Committee and Council only

Date signed off by the Monitoring Officer:

Date signed off by the Section 151 Officer:

Committee: **Governance & Audit Committee**
Date of meeting: **25th January 2022**
Report Subject: **Internal Audit Progress Report**
Portfolio Holder: **Cllr Nigel Daniels, Leader / Executive Member
Corporate Services**
Report Submitted by: **Andrea Owen Professional Lead - Internal Audit**

| Reporting Pathway | | | | | | | | |
|-----------------------------|---------------------------|--------------------------|------------------------------|-------------------------------|--------------------|---------------------|---------|----------------------|
| Directorate Management Team | Corporate Leadership Team | Portfolio Holder / Chair | Governance & Audit Committee | Democratic Services Committee | Scrutiny Committee | Executive Committee | Council | Other (please state) |
| Virtual | Virtual 14.01.22 | | 25/01/2022 | | | | | |

1. **Purpose of the Report**
The purpose of this report is to update the Governance & Audit Committee on the progress against the Internal Audit Plan for the period 1st October 2021 to 31st December 2021.
2. **Scope and Background**
 - 2.1 The report highlights the work undertaken by the Internal Audit Service and complies with the Public Sector Internal Audit Standards (PSIAS).
 - 2.2 The Internal Audit Plan for the year has been based upon Risk Assessments whereby each potential audit area is scored using a risk matrix against a set of criteria relating to the audit risks, the Authority's objectives and the views of the Head of Service. The scoring matrix has been revised to reflect the current objectives/priorities of the Authority and also to allow more flexibility.
 - 2.3 The audit work allocated to staff for the period October to December 2021 is based on the risk assessment prioritisation of high, medium and low with high risk audit areas allocated first and taking into account an individual auditor's experience and skill set.
3. **Options for Recommendation**
 - 3.1 The Governance & Audit Committee considers the report and findings within the attached Appendices, notes the progress on activities for the period 1st October 2021 to 31st December 2021, providing appropriate challenge where relevant.
4. **Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**
 - 4.1 In line with the Corporate Plan Priority of an ambitious and innovative council delivering the quality services we know matter to our communities,

presentation of the Internal Audit progress report demonstrates the breadth and depth of the audit coverage of the Council's systems and internal controls. In doing this it also enables the Chief Officer – Resources to satisfy her statutory duties under Section 151 of the Local Government Act (1972) in providing an effective Internal Audit Service.

- 4.2 The Governance & Audit Committee, in their role as those responsible for governance, and in compliance with the PSIAS, have a responsibility to oversee the performance of the Internal Audit function including receiving a summary of the work upon which the Audit and Risk Manager will base her annual audit opinion.

5. **Implications Against Each Option**

5.1 Impact on Budget (short and long term impact)

There are no direct financial implications resulting from this report.

5.2 Risk including Mitigating Actions

The report demonstrates the breadth and depth of audit coverage to provide assurance that key areas of concern and areas deemed to have the highest risk priority are being examined during the financial year. Failure to cover sufficient audit areas exposes the Authority to the risk that weaknesses within specific systems in the Authority's internal control environment are not being identified, resulting in increased financial or reputational damage. This is mitigated by regular review of progress and reprioritisation as appropriate.

5.3 Legal

Provision of an adequate internal audit service, demonstrated in part through the production of a suitable audit plan, contributes to the Section 151 officer being able to fulfil her statutory duties under the Local Government Act (1972).

5.4 Human Resources

The section currently has a complement of six full time posts. This includes an Apprentice post via the Aspire Scheme administered by the Authority enabling a young person to develop a professional skill set, gain experience and attain the AAT qualification.

The section's sickness for the period 1st April 2021 to 31st December 2021 is an average of 0 days per person against a Corporate target of 8 days per person. (excluding any Covid 19 related sickness)

6. **Supporting Evidence**

6.1 Performance Information and Data

Activities during the period 1st October to 31st December 2021 are set out in Appendix A attached. The format shows a summary of findings from audit reports produced in the period, including a formal audit opinion where appropriate.

- 6.1.1 Performance data for the Section for the period to 31st December 2021 is presented at Appendix B. The grading's issued during the period and percentage coverage for each department is shown in the bar charts at Appendix C and D.
- 6.2 Expected outcome for the public
An effective Internal Audit Service and Governance & Audit Committee will assist with the stewardship of public money providing assurance to the communities of Blaenau Gwent on the robustness of the Authority's internal controls.
- 6.3 Involvement (consultation, engagement, participation)
Prior engagement has been undertaken with Heads of Services when determining the risk assessments for the audit plan.
- 6.4 Thinking for the Long term (forward planning)
The work of Internal Audit is intended to provide advice and guidance on system improvements resulting in an improved control environment for the future of the Authority.
- 6.5 Preventative focus
Internal Audit provides a cost effective and professional Audit review of the Authority's internal control environment with the aim of minimising the risk of loss from error, fraud, or irregularities.
- 6.6 Collaboration / partnership working
There are no collaboration / partnership working arrangements arising from this report.
- 6.7 Integration (across service areas)
The audit plan is developed with a view to providing assurance on the whole of the Authority's control environment. Audit assignments are conducted for a range of activities across all directorates in order for the Audit and Risk Manager to provide an annual audit opinion that an adequate internal audit service has been provided.
- 6.8 Decarbonisation and Reducing Carbon Emissions.
No impact for this report.
- 6.9a Socio Economic Duty Impact Assessment
No impact assessment is required for this report.
- 6.9b EQIA
No impact assessment is required for this report.
7. **Monitoring Arrangements**
- 7.1 Internal Audit Summary reports are presented to the Governance & Audit Committee as part of the progress report. Where audit assignments have

been graded as Limited Assurance or No Assurance, the Internal Audit Summary reports will be provided as appendices for Members' consideration.

- 7.2 Performance data for the Section is periodically presented to members as part of the ongoing progress reports.
- 7.3 The levels of audit coverage and the grading's of individual audits will inform the annual opinion of the Audit and Risk Manager and supports the Governance & Audit Committee in fulfilling its assurance role to the citizens of Blaenau Gwent.

Background Documents /Electronic Links

- Appendix A - Audit activities for the period October 2021 to December 2021.
- Appendix B - Performance Indicators 2021/22.
- Appendix C - Grading's issued for the period October to December 2021.
- Appendix D - Percentage coverage for each department.

| Directorate | Service Area | Audit Area | Audit Scope | Grading | Progress / Comments |
|-------------------------------------|---|--|--|----------------------|---|
| Commercial | Procurement | Purchasing | To determine the effectiveness of the internal controls operating with regards to the Purchasing system to include the creditor payments system in each directorate. A Control Risk Self Assessment (CRSA) methodology has been used for this audit. | Reasonable Assurance | Final report issued in December 2021. 6 weaknesses were identified of which 3 were classified as high risk and 3 were medium risk. The Manager has agreed appropriate actions to mitigate the weaknesses identified. |
| | Workforce Management | Payroll (Overtime System) | To determine the effectiveness of the internal controls operating in respect of the overtime process in the Payroll Section. | Not Applicable | A review commenced in October 2021. Audit testing ongoing. |
| | | Recruitment and Retention - Terminations | To determine the effectiveness of the internal controls operating in respect of the Staff Terminations process. | Not Applicable | A review commenced in October 2021. Audit planning ongoing. |
| | | Health & Safety Follow Up | Follow up review to determine the action taken on the weaknesses made as a result of the audit. | Not Applicable | A review commenced in November 2021 to ensure the 4 weaknesses agreed as a result of the audit had been implemented. All 4 weaknesses had been fully implemented. |
| Education | Education Transformation | River Centre Follow Up | Follow up review to determine the action taken on the weaknesses made as a result of the audit. | Not Applicable | A review commenced in November 2021 to ensure the 6 weaknesses agreed as a result of the audit had been implemented. All 6 weaknesses had been fully implemented during the review. |
| | | School System - Sims | Internal Audit review of the SIMS system within all schools to determine the use and consistency applied by all schools. | Not Applicable | Draft report issued in September 2021. A meeting is to be arranged to agree an action plan. |
| | | CRSA Schools | Internal Audit review of the Control Risk Self Assessment (CRSA) programme issued to all schools. | Not Applicable | Draft report issued in December 2021. A meeting is to be arranged to agree an action plan. |
| | | School System - School Fund | To determine the effectiveness of the internal controls operating in respect of the School Fund process in schools, as identified as part of the Control Risk Self Assessment process. | Not Applicable | A review commenced in August 2021. Audit report being reviewed. |
| General | General Audit Areas | Quality Audit - Register of Interest | Internal Review to ensure compliance with the Code of Conduct in respect of the Register of Business Interest | Not Applicable | A review commenced in May 2021. Audit report being reviewed. |
| | | Thematic review Recruitment-retention | To undertake a thematic review of the internal controls within the systems and processes involved in the recruitment and retention of employees, from the pre-recruitment stages through to end of an employee's probationary period. | Not Applicable | Internal review commenced in April 2020. Audit reports being reviewed. |
| Legal and Corporate Compliance | Commercial, Property & Information Governance | Resilience | To determine the effectiveness of the internal controls in respect of Resilience in response to the Covid 19 Pandemic. | Full Assurance | Final report issued in December 2021. 1 weakness was identified classified as medium risk. The Manager has agreed an appropriate action to mitigate the weakness identified. |
| Regeneration and Community Services | Community Services - Infrastructure | Home to School / College Transport | To determine the effectiveness of the internal controls operating in respect of the Home to School Transport process. | Not Applicable | A review commenced in July 2021. Audit testing is ongoing. |
| | Community Services - Public Protection | Enable Grant | Internal Audit review to ensure compliance with the grant terms and conditions including signing the Grant Certificate for Welsh Government. | Full Assurance | Audit certificate and audit report issued in September 2021. No weaknesses identified. |
| | Regeneration - Development Control | Building Control | To determine the effectiveness of the internal controls operating in respect of the Building Control Process. | Not Applicable | A review commenced in July 2021. Audit testing ongoing. |
| | | Dangerous Structures | To determine the effectiveness of the internal controls operating in respect of the Building Control Process. | Not Applicable | A review commenced in July 2021. Audit testing ongoing. |
| Resources | Financial Services | Budgetary Control - Monitoring CRSA | To determine the effectiveness of the internal controls operating in respect of the Budget Monitoring process. | Not Applicable | A review commenced in August 2021. Audit report being reviewed. |
| | | Creditors - Central CRSA | To determine the effectiveness of the internal controls operating in with regards to the Creditors System. A Control Risk Self Assessment (CRSA) methodology has been used for this audit. | Full Assurance | Final report issued in December 2021. 1 weakness was identified classified as low risk. The Manager has agreed an appropriate action to mitigate the weakness identified. |
| | | Petty Cash | To determine the effectiveness of the internal controls operating in respect of Petty Cash | Reasonable Assurance | Final report issued in October 2021. 4 weaknesses were identified of which 1 was classified as high risk, 2 were medium risk and 1 was low risk The Manager has agreed an appropriate action to mitigate the weakness identified. |

| | | | | | |
|-----------------|--|------------------------------|--|----------------|---|
| | Revenue Services | NDR CRSA | To determine the effectiveness of the internal controls operating in with regards to the NDR System. A Control Risk Self Assessment (CRSA) methodology has been used for this audit. | Full Assurance | Final report issued in October 2021. No weakness were identified. |
| Social Services | Adult Services - Provider Services | Augusta House | To determine the effectiveness of the internal controls operating in Augusta House. | Not Applicable | A review commenced in November 2021. Audit testing ongoing. |
| | Children Services - Safeguarding & 14+ | Social Services Safeguarding | To determine the effectiveness of the internal controls operating in respect of Safeguarding. | Not Applicable | A review commenced in October 2021. Audit testing ongoing. |

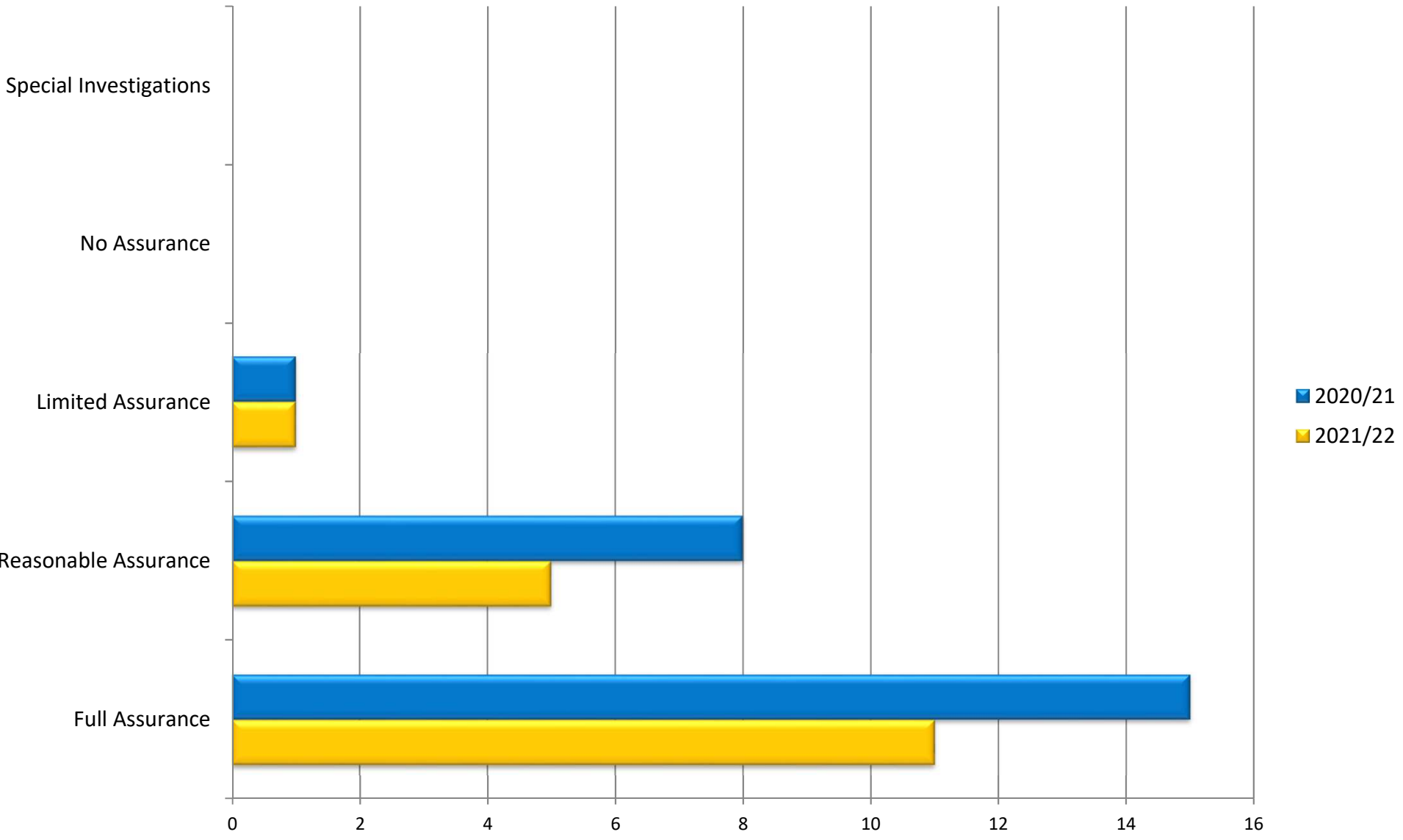
INTERNAL AUDIT SECTION

PERFORMANCE INDICATORS 2021/22

| | Performance Indicator | 2020/21 Target | 2020/21 Actual | 2020/21 Actual to Month 9 | 2021/22 Target | 2021/22 Actual to Month 9 | RAG Rating |
|----------|---|----------------|----------------|---------------------------|----------------|---------------------------|------------|
| Local PI | Audit Plan Completion % | N/A | N/A | N/A | 70% 52.50% | 50.10% | Amber |
| Local PI | % of Agreed Actions for Weaknesses Identified | 90% | 99% | 96% | 90% | 100% | Green |
| Local PI | % of Agreed Actions completed after 6 months | 80% | 91% | 67% | 80% | 90% | Green |
| Local PI | % of Audit Clients at least "satisfied" with the service | 95% | 100% | 100% | 95% | 100% | Green |
| Local PI | Average number of days taken to issue Final Reports | 5 days | 2.42 days | 4.46 days | 5 days | 5.33 days | Amber |
| Local PI | % of Audits completed within time allocated | 75% | 87% | 92% | 75% | 81% | Green |
| Local PI | % of Performance Reviews undertaken within previous 12 months | 100% | 100% | 100% | 100% | 100% | Green |
| Local PI | Average number of sick days per person (cumulative average) | 6 days | 6.67 days | 0 days | 8 days | 0 days | Green |

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Gradings 2020/21 vs 2021/22



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| Department | Total Department % | Output % | Completed Audit Areas |
|-------------------------------------|--------------------|---------------|-----------------------|
| Commercial | 12.05% | 4.95% | 6 |
| Education | 10.75% | 6.44% | 2 |
| General | 28.89% | 13.24% | 0 |
| Governance and Partnerships | 3.37% | 0.26% | 0 |
| Legal and Corporate Compliance | 3.37% | 2.01% | 3 |
| Regeneration and Community Services | 14.64% | 6.64% | 6 |
| Resources | 15.16% | 7.71% | 7 |
| Social Services | 11.79% | 8.84% | 3 |
| Total | 100.00% | 50.10% | 27 |

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Agenda Item 7

Executive Committee and Council only

Date signed off by the Monitoring Officer:

Date signed off by the Section 151 Officer:

Committee: **Governance and Audit Committee**
Date of meeting: **25th January 2022**
Report Subject: **Audit Wales – Blaenau Gwent County Borough Council Annual Audit Summary 2021**
Portfolio Holder: **Leader of the Council / Corporate Services**
Report Submitted by: **Sarah King, Head of Governance and Partnerships**

| Reporting Pathway | | | | | | | | |
|-----------------------------|---------------------------|--------------------------|------------------------------|-------------------------------|--------------------|---------------------|---------|----------------------|
| Directorate Management Team | Corporate Leadership Team | Portfolio Holder / Chair | Governance & Audit Committee | Democratic Services Committee | Scrutiny Committee | Executive Committee | Council | Other (please state) |
| | | | 25.01.22 | | | | | |

- Purpose of the Report**
The purpose of the report is to present the Audit Wales Office Annual Audit Summary for Blaenau Gwent 2021 (attached at Appendix 1).
- Scope and Background**
The Audit Summary shows the work completed since the last Annual Audit Summary issued in April 2021. The Audit summary forms part of the Auditor General for Wales' duties.

Audit Wales completed work during 2020-21 to meet the following duties:

- Continuous Improvement
- Audit of Accounts
- Value for money
- Sustainable development principle

- Options for Recommendation**
 - 3.1 It is recommended that the Governance and Audit Committee note the content of the report and receive future reports from the Wales Audit Office.

Background Documents /Electronic Links

- *Appendix 1 – Audit Wales – Blaenau Gwent County Borough Council Annual Audit Summary 2021*

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Blaenau Gwent County Borough Council

Annual Audit Summary 2021

This is our audit summary for Blaenau Gwent County Borough Council. It shows the work completed since the last Annual Audit Summary, which was issued in April 2021. Our audit summary forms part of the Auditor General for Wales' duties.



More information about these duties can be found on our [website](#).

About the Council

Some of the services the Council provides



Key facts

The Council is made up of 42 councillors who represent the following political parties:

- Independent 25
- Labour 12
- Minority Independent 4
- Save Us Now 1

The Council spent £146.1 million on providing services¹ during 2020-21, the 2nd lowest spending of the 22 unitary councils in Wales.

¹ We define spending on services as the cost of services charged to the general fund from the Expenditure Funding Analysis, less any Housing Revenue Account cost of services, plus precepts, levies and debt interest.

Key facts

As at 31 March 2021, the Council had £28.3 million of useable financial reserves². This is equivalent to 19.4% of the Council's annual spending on services, the 8th lowest percentage of the 22 unitary councils in Wales³.

Blaenau Gwent County Borough has 6 (13%) of its 47 areas deemed the most deprived 10% of areas in Wales, this is the 6th highest of the 22 unitary councils in Wales⁴.

Blaenau Gwent's population is projected to decrease by 0.7% between 2020 and 2040 from 69,615 to 69,157, including a 9.9% decrease in the number of children, a 6.1% decrease in the number of working age population and a 24.2% increase in the number of people aged 65 and over⁵.

The Auditor General's duties

We completed work during 2020-21 to meet the following duties

- **Continuous improvement**

The Council also had to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General had to assess whether the Council met these requirements during 2020-21.

- **Audit of Accounts**

Each year the Auditor General audits the Council's financial statements to make sure that public money is being properly accounted for.

- **Value for money**

The Auditor General examines whether the Council has put in place arrangements to get value for money for the resources it uses, and he has to be satisfied that it has done this.

- **Sustainable development principle**

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

² We define useable financial reserves as reserves usable for revenue costs, where the purpose is not protected by law. This is the total of the general fund, earmarked reserves and schools' balances. It excludes Housing Revenue Account reserves, capital receipts and capital grants unapplied.

³ Source: 2020-21 Statement of Accounts

⁴ An area in this context is defined as a 'Lower Super Output Area'. Source: Stats Wales

⁵ Source: Stats Wales



We continue to recognise the huge strain on public services and to work in a way that seeks to reduce the impact on public bodies' response to COVID-19, while still meeting our statutory duties.



To meet the Auditor General's duties we complete specific projects, but we also rely on other audit work, and the work of regulators such as Care Inspectorate Wales and Estyn (the education inspectorate). We take the findings of our audit work into account when assessing whether the Council has put in place arrangements to secure value for money. Our findings and conclusions are summarised below.

What we found

Audit of Blaenau Gwent County Borough Council's 2020-21 Accounts

Each year we audit the Council's financial statements.

For 2020-21:

- the Auditor General gave an unqualified true and fair opinion on the Council's financial statements on 8 November 2021, 22 days ahead of the statutory deadline.
- the Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements prepared by the Council and with our knowledge of the Council.
- the quality of the draft statements presented for audit was good. In previous years we have reported some concerns in this area, and we are pleased to report we have seen significant improvements for 2020-21.
- a number of changes were made to the Council's financial statements arising from our audit work, which were reported to the Audit Committee in our Audit of Financial Statements Report in November 2020.
- in addition to the Auditor General's responsibilities for auditing the Council's financial statements, he also has responsibility for the certification of a number of grant claims and returns. Our work has not identified any significant issues to date.
- the Auditor General did not issue the certificate confirming that the audit of accounts for 2020-21 has been completed, as there is ongoing work in relation to concerns raised in correspondence in respect of Silent Valley Waste Services Ltd.

Our work in response to the COVID-19 pandemic

In response to the COVID-19 pandemic, we changed the approach and focus of our performance audit work in local government and other bodies. Below is a summary of some of the work we have undertaken in response to the pandemic across a number of sectors, much of which is of relevance to local government.

We undertook a project to support public sector efforts by sharing learning through the pandemic. The project aims to help prompt some thinking, and practise exchange. [Further information is available on our website.](#)

In March 2021, we published a [national report](#) setting out an overview of progress to date on Test, Trace, Protect in Wales. In December 2020, we also published some [observations](#) of the Auditor General on procurement and supply of PPE during the COVID-19 pandemic, followed by a [report](#) in April 2021. In June 2021, we also published our [report](#) on the rollout of the COVID-19 vaccination programme in Wales.

Continuous improvement

The Auditor General certified that the Council had met its remaining Local Government (Wales) Measure 2009 duties for the financial year 2020-21, as saved by an order made under the Local Government and Elections (Wales) Act 2021.

As part of our examination of councils' performance assessments covering the 2020-21 financial year we noted a reduced reference to comparative performance information although we recognise that the pandemic led to the suspension of some national data collection. The ability to compare data and performance with other organisations will continue to be an important element of arrangements to secure value for money and will be a challenge for councils to consider particularly as they continue to implement the requirements relating to self-assessment set out in the Local Government and Elections Act (Wales) 2021.

Financial sustainability

During 2020-21, we examined the financial sustainability of each council in Wales. In Blaenau Gwent County Borough Council, we concluded that the Council has improved financial planning and better-than-expected Welsh Government settlements mean the Council is better placed to maintain its financial sustainability over the short term, but challenges remain to fully close budget gaps over the medium term. The full report can be viewed [here](#).

We also published two national summary reports: the [first report](#) in October 2020 and the [second report](#) in September 2021.

Data-driven decision making

This review considers the way the Council is using data to inform its COVID-19 response and recovery, as well as looking at its wider vision and arrangements for using data to inform its decision making. We identified several strengths, including the way the Council used data to inform its response to the pandemic and to support its recovery planning. We also highlighted some areas for consideration, such as developing a delivery plan to help implement the Council's vision for using data effectively and better understand the resources needed.

Review of people, performance and financial resilience in Community Services

This review examines the resilience of the Council's Community Services directorate, focusing on financial, people and performance management. It also considers how the Council has responded to our 2017 review of waste services. The review found that there are opportunities for the Community Services Directorate to build resilience by sharing the learning and good practice demonstrable in specific service areas to further develop its arrangements to manage performance and strengthen strategic financial and workforce planning. The full report is available [here](#).

Other inspectorates

We also took into account the reports of Care Inspectorate Wales (CIW) and Estyn as well as any subsequent actions taken by the Council in response. CIW and Healthcare Inspectorate Wales published their joint National review of the use of Deprivation of Liberty Safeguards (DoLS) in Wales. They identified a number of key findings and recommendations. The full report can be found [here](#).

Estyn did not undertake an inspection of Local Government Education Services in Blaenau Gwent during 2020-21.

Local government studies

As well as local work at each council, each year we also carry out studies across the local government sector to make recommendations for improving value for money. Since the last annual improvement report, we have published the following reports:

Discretionary services (April 2021)

Financial pressures have led to councils reducing spending and cutting services, but the pandemic has shown local government services are essential to keeping people safe and healthy. We focussed on how councils define services, the systems and processes they have used to review services and how robust these are. Demand for some essential services is continuing to increase and councils are not confident that they can continue to deliver these services in the face of this rising and complex demand. Councils need to take the opportunity to refresh, reevaluate and reset what they do and to learn from the pandemic to build a better future. Our [report](#) was published in April 2021.

Regenerating town centres in Wales (September 2021)

Between 1950 and 1980, local authorities prioritised regeneration of town centres creating new and greater retail space. However, past policy choices, changing consumer expectations and technological advances are now adversely affecting many Welsh town centres. And the pandemic has created challenges for local government and central government, with one in seven shops on Welsh high streets now empty, despite the Welsh Government investing and leveraging in £892.6 million in the last seven years. Local authorities do not have the capacity to respond to this situation and are not always using the powers they have to help regenerate towns. To deliver the best local outcomes, policies and joint working need to be aligned and

integrated, and resources prioritised on town centres. Our [report](#) was published in September 2021.

Planned work for 2021-22

We also looked at the key challenges and opportunities facing the Council. These could have an effect on the Council's ability to meet its legal obligations in relation to the sustainable development principle and the use of its resources.

The most significant risk and issue facing councils and the wider public sector during 2021-22 continues to be the COVID-19 pandemic. We have shaped our work to provide assurance and challenge in a way which helps to support the Council through this period. Our planned work for 2021-22 includes:

- Assurance and risk assessment including a focus on:
 - The Local Government and Elections Act (Wales) 2021
 - Recovery planning
 - Carbon reduction plans
 - Self-assessment arrangements
 - Financial position
- Springing Forward – as the world moves forward, learning from the pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.
- Improvement reporting audit - audit of discharge of duty to publish an assessment of performance.
- Local risk-based project – Follow-up review of corporate safeguarding arrangements. This review will follow up on our 2019 report and assess the Council's progress in addressing the outstanding recommendations and proposals for improvement in relation to corporate safeguarding.

The Auditor General is independent of government, and is appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the Senedd.

The Auditor General audits local government bodies in Wales, including unitary authorities, police, fire and rescue authorities, national parks, and community councils. He also conducts local government value for money studies, assesses compliance with the remaining requirements of the Local Government (Wales) Measure 2009 and may undertake special inspections under the Local Government and Elections (Wales) Act 2021.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Senedd Commission, and National Health Service bodies in Wales.

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities with their own legal functions, as described above. Audit Wales is not a legal entity.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document is also available in Welsh.

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