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**Blaenau Gwent**

Our Ref./Ein Cyf.  
Your Ref./Eich Cyf.  
Contact:/Cysylltwch â: Gwasanaethau Democraidaidd

**THIS IS A MEETING WHICH THE PUBLIC ARE ENTITLED TO ATTEND**

Dydd Mercher, 6 Gorffennaf 2022 Dydd Mercher, 6 Gorffennaf 2022

Dear Sir/Madam

**PWYLLGOR LLYWODRAETHIANT AC ARCHWILIO**

A meeting of the Pwyllgor Llywodraethiant ac Archwilio will be held in Hybrid Meeting, via Microsoft Teams/Abraham Derby Meeting Room, General Offices, Ebbw Vale on Dydd Llun, 11eg Gorffennaf, 2022 at 9.30 am.

Yours faithfully

Damien McCann  
Interim Chief Executive

**AGENDA**

**Pages**

**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.

3. **DATGANIADAU BUDDIANT A GODDEFEBAU**
- Ystyried unrhyw ddatganiadau buddiant a goddefebau a wnaed.
4. **PENODI CADEIRYDD 2022/23**
- Penodi Cadeirydd y Pwyllgor Llywodraethiant ac Archwilio ar gyfer 2022/23.
5. **PWYLLGOR LLYWODRAETHIANT AC ARCHWILIO** 5 - 8
- Derbyn cofnodion cyfarfod y Pwyllgor Llywodraethiant ac Archwilio a gynhaliwyd ar 14 Ebrill 2022.
- (Dylid nodi y cyflwynir y cofnodione r pwyntiau cywirdeb yn unig).*
6. **COD LLYWODRAETHIANT** 9 - 32
- Ystyried adroddiad y Prif Swyddog Adnoddau.
7. **CYNLLUN ARCHWILIO MEWNOL 2022-2027** 33 - 50
- Ystyried adroddiad y Prif Swyddog Adnoddau.
8. **ALL-DRO CYNLLUN ARCHWILIO 2021-22** 51 - 64
- Ystyried adroddiad y Prif Swyddog Adnoddau.
9. **ADRODDIAD BLYNYDDOL 2021/22 Y RHEOLWR ARCHWILIO A RISG** 65 - 72
- Ystyried adroddiad y Rheolwr Archwilio a Risg.

To: Councillor S. Behr (Is-gadeirydd)  
Councillor J. Gardner  
W. Hodgins  
Councillor C. Smith  
T. Smith  
J. Wilkins  
T. Edwards  
M. Veale  
J. Absalom  
All other Members (for information)  
Interim Chief Executive  
Chief Officers



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**COUNTY BOROUGH OF BLAENAU GWENT**

**REPORT TO:** **THE CHAIR AND MEMBERS OF THE GOVERNANCE & AUDIT COMMITTEE**

**SUBJECT:** **GOVERNANCE & AUDIT COMMITTEE – 14<sup>TH</sup> APRIL, 2022**

**REPORT OF:** **DEMOCRATIC SUPPORT OFFICER**

**PRESENT:** Mr. Terry Edwards (Chair)

Councillors S. Healy  
 D. Davies  
 J. Hill  
 J. Holt  
 J. Millard  
 K. Rowson  
 B. Summers  
 S. Thomas

Mr. Martin Veale

**WITH:** Chief Officer Resources  
 Senior Business Partner Finance  
 Head of Legal & Corporate Compliance  
 Head of Internal Audit  
 Data Protection & Governance Officer

**AND:** Mike Jones – Audit Wales

**DECISIONS UNDER DELEGATED POWERS**

| <b><u>ITEM</u></b> | <b><u>SUBJECT</u></b>  | <b><u>ACTION</u></b> |
|--------------------|--|----------------------|
| <b>No. 1</b>       | <p><b><u>SIMULTANEOUS TRANSLATION</u></b></p> <p>It was noted that no requests had been received for the simultaneous translation service.</p> |                      |

|                     |   |  |
|---------------------|---|--|
| <p><b>No. 2</b></p> | <p><b><u>APOLOGIES</u></b></p> <p>Apologies for absence were reported for Councillor D. Hancock.</p>  |  |
| <p><b>No. 3</b></p> | <p><b><u>DECLARATIONS OF INTEREST AND DISPENSATIONS</u></b></p> <p>Councillor B. Summers &amp; J. Hill declared an interest in the following items:</p> <p>Item No. 5 Statement of Accounts 2016/17 to 2020/21 (Silent Valley Waste Services Limited)</p> <p>Item No. 6 Audit Wales – Audit of Accounts Reports 2016/17 to 2020/21</p>  |  |
| <p><b>No. 4</b></p> | <p><b><u>AUDIT COMMITTEE</u></b></p> <p>The minutes of the Audit Committee held on 25<sup>th</sup> January, 2022 were submitted.</p> <p>RESOLVED that the minutes be accepted as a true record of proceedings.</p>  |  |
| <p><b>No. 5</b></p> | <p><b><u>STATEMENT OF ACCOUNTS 2016/2017 TO 2020/2021</u></b></p> <p>Consideration was given to the report of the Chief Officer Resources.</p> <p>The Chief Officer Resources reported that Item Nos. 5 and 6 covered the same issue, i.e. Blaenau Gwent’s Statement of Accounts, and Audit Wales’ opinion on the Accounts, and suggested that the items be considered together.</p> <p>The Senior Business Partner Finance presented the report which re-presented the Statement of Accounts from 2016/2017 to 2020/2021.</p> <p>He confirmed that the Statements of Accounts had previously been submitted to Committee and the Auditor General issued an opinion on the Accounts for each financial year. However, in each case he was unable to certify that the audit of the</p> |  |

accounts was complete due to ongoing work in relation to concerns raised in correspondence in respect of Silent Valley Waste Services Ltd.

However, having issued his report in respect of the matters raised (*Deficiencies in Blaenau Gwent County Borough Council's governance and oversight arrangements in respect of a Council-owned company, Silent Valley Waste Services Limited - considered at the Special Meeting of the Council on 7th February, 2022*) the Auditor General had now indicated that he was able to issue new opinions on each Statement of Accounts from 2016/2017 and certify the audit for each year as complete.

The statutory framework for approval of Local Authority accounts required that, prior to the Auditor General issuing an updated opinion, the Accounts for each year have to be re-certified by the Chief Officer Resources and reapproved by the Governance & Audit Committee.

The Officer therefore conformed that the Statement of Accounts submitted for approval had been amended to include the revised opinion provided by the Auditor General. In addition, the relevant disclosure in the 'Narrative Report' section of each set of Accounts (2016/2017 to 2019/2020) had been updated to reflect the current position. No other amendments have been required.

The Audit Wales representative confirmed that the reports, apart from some narrative changes confirming that Audit Wales can now certify and explain the situation in terms of its findings and reporting to Members etc. were identical and have been considered by Members. However, a revised letter of representation would be required.

He also pointed out that the Accounts were in the 2021 format as the revised audit opinion was being issued at this date, nothing in the context and content had changed.

RESOLVED that the report be accepted and the Accounts for each financial year 2016/2017 to 2020/2021 be **re-approved** by the Governance & Audit Committee under the delegated

|              |   |  |
|--------------|---|--|
|              | authority of the Council. (Option 1)  |  |
| <b>No. 6</b> | <p><b><u>AUDIT WALES - AUDIT OF ACCOUNTS REPORTS 2016/2017 TO 2020/2021</u></b></p> <p>Consideration was given to the report of the Chief Officer Resources.</p> <p>RESOLVED that the report be accepted and the information contained therein be noted.</p>  |  |
| <b>No. 7</b> | <p><b><u>RESPONSE TO AUDIT WALES ENQUIRY TO THOSE CHARGED WITH GOVERNANCE AND MANAGEMENT</u></b></p> <p>Consideration was given to the report of the Chief Officer Resources.</p> <p>The Head of Internal Audit presented the report which informed Members of the management response to the Audit Wales enquiries (Appendix A) and for the Committee to consider its own response to the enquiries as those charged with governance.</p> <p>The Officer clarified points raised by a Member.</p> <p>RESOLVED that the report be accepted and the Committee endorse the Management Response to the Audit Wales query and considered that the draft response of the Committee accurately reflects their views. (Option 1)</p> <p>The Chair thanked Officers and Members for their support and work during the year, and wished Members well in the forthcoming Elections.</p> |  |



# 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: **11<sup>th</sup> July 2022**

Report Subject: **Code of Governance**

Portfolio Holder: **Cllr Steve Thomas – Executive Member Corporate & Performance**

Report Submitted by: **Rhian Hayden – Chief Officer - Resources**

Report Written by: **Louise Rosser – Audit & Risk Manager  
Gemma Wasley – Service Manager Performance & Democratic**

| 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) |
|                             | 30.06.22                  |                          | 11.07.22                     |                               |                    |                     |         |                      |

## 1. Purpose of the Report

- 1.1 To present to the Governance & Audit Committee the revised Code of Governance (attached at Appendix A) for approval.

## 2. Scope and Background

- 2.1 The report presents the revised Code of Governance to the Governance & Audit Committee for consideration and approval.
- 2.2 The Authority has had a Code of Governance in place since November 2010. The code sets out the governance framework for the Authority and is produced in line with the CIPFA /SOLACE document “Delivering Good Governance in Local Government (revised 2016)”.
- 2.3 The code is reviewed on at least an annual basis to ensure it reflects the current governance arrangements of the Authority. The Code forms the basis against which the Annual Governance Statement is produced. The Governance & Audit Committee will receive the draft Annual Governance Statement at a later Committee this year.
- 2.4 Responsibility for reviewing and approving the Code has been delegated to the Governance & Audit Committee. The revised code is also agreed by the Corporate Leadership Team (CLT).
- 2.5 In line with best practice, the code incorporates the seven core principles of good governance against which the Authority measures its governance arrangements.

### 3. **Options for Recommendation**

3.1 That the Governance & Audit Committee review the Code of Governance and consider whether it:

- (1) Accurately reflects the current governance framework of the Authority, and
- (2) It is fit for purpose as a basis against which to gather evidence for the production of the Annual Governance Statement

3.2 The Governance & Audit Committee may then choose to:

Option 1

Approve and adopt the revised Code of Governance.

Option 2

Propose amendments / alterations to the revised Code of Governance.

Option 3

Not endorse the revised Code of Governance and retain the previous version of the Code.

Option 4

Seek to develop an alternative Code of Governance.

### 4. **Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

4.1 The Code of Governance sets out the Authority's Governance Framework as prescribed by the CIPFA / Solace Delivering Good Governance in Local Government Framework (2016).

4.2 Production of the Code assists the Authority in achieving its Corporate Plan Priority of, '**An ambitious and innovative council delivering the quality services we know matter to our communities**'.

4.3 The Code of Governance will also be used as key evidence for the development of the Council's Self-Assessment, required as part of the Local Government and Elections (Wales) Act 2021.

### 5. **Implications Against Each Option**

5.1 There are no direct financial implications arising from the production of the Code of Governance under Options 1- 3. Option 4 could incur a cost if development of a code was procured from another source. Option 4 would also result in the delay of adopting a current Code of Governance for the Authority.

5.2 Failure to review / approve the Code of Governance would result in it being out of date and not reflecting the current governance framework of the Authority. This is mitigated by an annual review and update.

5.3 The review of the Code of Governance involves the investment of senior management time. The commitment is met from existing resources.

## 6. **Supporting Evidence**

- 6.1 The Code has been amended / updated to reflect the changes to the governance framework of the Authority over the last year. The changes to the Code this year are minimal, mainly concerning engagement and democratic structure.
- 6.2 The Code of Governance sets out how the council's governance framework is shaped to ensure engagement with stakeholders and to inform the citizens of Blaenau Gwent as to how the governance arrangements of the Authority operate.
- 6.3 The production of the Code of Governance has a neutral impact against people or groups from the nine protected characteristics.

## 7. **Monitoring Arrangements**

- 7.1 An assessment of the Council's performance against the code is undertaken and reported in the Annual Governance Statement which identifies gaps and areas for improvement. This will be considered by the Governance & Audit Committee later this year.

### **Background Documents /Electronic Links**

- Appendix A – Code of Governance

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# CODE OF GOVERNANCE

## BLAENAU GWENT COUNTY BOROUGH COUNCIL

**Last Revised: May 2022**  
**Version 12**

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## **LOCAL CODE OF GOVERNANCE**

### **1.0 INTRODUCTION**

Welcome to the 12th edition of the Council's Local Code of Governance.

The Local Code of Governance has been developed using the framework created by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE), but the content is very much the Council's own. The framework sets out seven core principles of good governance designed to guide local authorities in ensuring their governance arrangements ultimately facilitate the transparent, efficient and accountable use of resources for their citizens. The Council illustrates how it complies with these principles in its Code of Governance. The seven core principles of good governance laid down are as follows: -

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

These principles are not to be considered in isolation as they are all interconnected and overlap or merge with each other.

Blaenau Gwent County Borough Council operates through a Governance Framework which brings together an underlying set of legislative requirements, governance principles and management processes. This document aims to codify this framework and enable the Council to transparently demonstrate how it operates against the best standards of Governance and judge and measure any necessary improvements.

The Leader and Members of the Council along with the Chief Executive Officer and Corporate Leadership Team have endorsed and commended this Local Code as a framework to conduct business to deliver improvements for the people of Blaenau Gwent.

The Council has delegated the monitoring of compliance with the Code and monitoring its effectiveness to its Governance and Audit Committee. Following a review of the Code of Governance and how well or otherwise it is working, the resultant report – its Annual Governance Statement will be considered by the Governance and Audit Committee to test the level of assurance received.

Local Authorities continue to be monitored by inspectors and regulators. Progress has been made against the recommendations of Regulators' reports which are helping to shape the Governance Framework of the Authority. A process is in place to monitor all of the proposals for improvement identified by Audit Wales. These are monitored using a 'report tracker' and is maintained by the Corporate Performance Team. All 'open' proposals for improvement are included within the relevant business plan. A synopsis of the proposals for improvement are included within the Joint Finance and Performance Report.

## **2.0 ELEMENTS OF CORPORATE GOVERNANCE**

To achieve the principles of good Corporate Governance, the Council supports and will apply the seven Core Principles, and their related supporting principles, as follows: -

### **2.1 Core Principle A**

#### **Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.**

The Council recognises that openness, integrity and accountability of individuals within an organisation form the cornerstone of effective corporate governance. The Council's credibility and reputation depends upon high standards of behaviour from its staff, Members and representatives and aims to have shared values across all these groups. The Council's Corporate Plan 2018/22 contains a set of shared values, namely:

- Proud and Ambitious;
- Trust and Integrity;
- Working Together;
- Raising Aspirations; and
- Fair and Equal.

Therefore, the Council aims to operate within a culture of behaviour based on shared values, ethical principles and good conduct and expects its senior members and management to exercise leadership in promoting these principles.

The Council undertook a review of its Corporate Plan during 2020, as part of the response and learning to date from Covid-19, to analyse what the Council is aiming to achieve by the end of the Plan in 2022. This resulted in some amendments being made to the Outcome Statements in order to better demonstrate the contribution different areas across the Council will contribute to achieving the priorities, enhancing our one Council approach. The overall emphasis of each Outcome Statement (Well-being Objective) has not changed.



The Corporate Plan 2020/22 Outcome Statements are:

- **Protect and enhance our environment and infrastructure to benefit our communities**
- **Support a fairer sustainable economy and community**
- **To enable people to maximise their independence, develop solutions and take an active role in their communities**
- **An ambitious and innovative council delivering the quality services we know matter to our communities**

The Corporate Plan will come to an end in 2022. The Council will work on reviewing the current Plan and establishing a new one to cover the next 5 years. This Plan will be in place in 2022 and will include engagement with Elected Members.

The Council will achieve this by holding, communicating and keeping under review: -

- A Member Code of Conduct
- An Officer Code of Conduct
- Council Constitution
- Frameworks for Scrutiny and Executive
- Informal protocols re: Complaints – Members and Officers
- Registers of Interest for Members and Officers
- Procedural rules for Members and Officers to declare an interest in the business under consideration at all Committees and Council
- Each Committee has an advisory officer to promote the appropriate conduct of meetings
- Contract Procedure Rules
- An Anti-Fraud, Anti-Corruption and Anti-Bribery Policy including a fraud hotline
- Defined Competency Framework for staff
- A Whistleblowing Policy
- The operation of a Standards Committee including independent external membership with defined terms of reference
- A delegated responsibility for key officers regarding fraud, codes of conduct, standards and whistleblowing
- An Internal Audit Service and a Governance and Audit Committee as part of the Council's assurance framework
- The maintenance of an Annual Schedule of Member Remuneration, the holding of a register to record payments and annual publication in the local press
- Induction training for Officers and Members including standards of behaviour expected and ongoing Member Development Programme
- Member Competency Framework and Personal Development Reviews to inform individual Member development as well as the Member Development Strategy and Training Programme
- A formal opportunity for all Members at the beginning of a meeting to declare their interests

The Council has set out minimum standards of behaviour and has provided guidelines to help maintain and improve standards. These include a Dignity at Work Policy in addition to its Codes of Conduct and Whistleblowing Policy.

The Council has adopted a Constitution which:

- Clearly defines those functions which will be reserved to the full Council for decision, those decisions which will be taken by the Executive or its individual members, and those which are delegated to senior officers. The full Council sets the strategic direction through the adoption of major policies and the budget, the Executive takes major decisions within the overall policy and budget framework, helping to develop new policies. Officers take day to day decisions within the policy and budget framework.
- Sets out the responsibilities and procedures for decision making. Decisions which can be taken by the Executive, the regulatory Committees and full Council are shown in sections 4-7 of the Constitution. In addition, the Council's policies and protocols set out the processes that must be followed in decision making e.g. Organisation Development Policies, Licensing and Planning Applications, Appeals, tabling motions at Committees.
- Establishes through the Overview and Scrutiny Committees a robust overview and scrutiny role. These Committees between them have powers to review and scrutinise decisions relating to any of the Council's activities, including considering policy issues referred to them by the Council or the Executive.
- Sets out clearly the role of the Leader and Executive and in particular makes it clear that they are responsible for providing effective strategic leadership to ensure the Council successfully discharges its overall responsibilities for the activities of the organisation as a whole.
- Operates two Regulatory Committees – Planning Committee, General Licensing and Statutory Licensing Committees which have specific powers delegated to them by the Council.
- Makes clear the roles of all Councillors both in their formal decision making/policy development role and as local members.

The Constitution sets out how the Council operates, how decisions are made and the procedures followed to ensure that these are efficient, transparent and accountable to local people.

The Constitution contains comprehensive Financial Procedure Rules and Contract Procedure Rules (in sections 16 and 17), governing the process to be adopted in conducting the Council's business.

The Constitution and other formal documents set out clear protocols and codes of conduct to ensure that the requirements and boundaries of decision making are clear to Members:

- Members' Code of Conduct
- Standards Procedures
- Code of Conduct on Planning Matters
- Roles and responsibilities of Overview and Scrutiny Committees
- Local Member / Officer Protocol

In addition, there are a set of Employment Policies which clearly inform officers on expectations in the decision making process.

The Council actively recognises the limits of lawful activity placed upon them whilst also striving to utilise powers to the full benefit of their communities through: -

- Legal and Financial advice in the preparation of Council, Committee and Executive reports
- The availability of the legal advice at the meetings of the Council, the Executive and Statutory Committees
- Professional development and training (including multi-agency training for Adult and Children's Services' Social Care staff in particular)
- The Council's policies and protocols setting out the processes
- Impact Assessment processes

## **2.2 Core Principle B**

### **Ensuring openness and comprehensive stakeholder engagement.**

The Council recognises its primary purpose in delivering services for the people of Blaenau Gwent and the specific need to engage with them and other stakeholders in planning services to be delivered and to be accountable to them for those services.

The Council aims to achieve this by: -

- Clear lines of communication with people and organisations to which the Council is accountable.
- Clear statements of the role of its members in their various offices.
- Clear statements of the roles and accountabilities of staff in their job descriptions.
- Terms of reference for the Council's committees and holding them open to the public.

- A clear statement of strategic priorities, activity and performance indicators as included within the Corporate Plan 2020/22. The Plan's priorities act as both Well-being and Improvement Objectives thus fulfilling the corporate duty under the Well-being of Future Generations Act (2015) and Local Government (Wales) Measure.
- Operation of an effective complaints procedure.
- Staff consultation and engagement in decision making.
- Ensuring staff are clearly accessible to the public through meetings, telephone availability, email and where appropriate home visits.
- Ensuring partnership arrangements and procurement arrangements are similarly clear about accountabilities.

The Public Service Board's Well-being Plan outlines the objectives for improving well-being in Blaenau Gwent and meeting the collective duties under the Well-being of Future Generations (Wales) Act (2015). It is the result of an extensive process of ongoing conversations and analysis of the evidence to build up a picture of what well-being looks like here and what we can do to improve it.

The Plan sets out five objectives which are considered to have real power to bring about changes, that are the most urgent and that the evidence tells us need the combined forces of the Public Services Board partners to deliver and improve well-being. These are:

- Safe and friendly communities
- To look after and protect the environment
- To encourage and enable people to make healthy lifestyle choices in places that they live, learn, work and play
- To forge new pathways to prosperity
- The best start in life for everyone

The Public Service Board has recently undertaken a Well-being Assessment which covers Gwent (not just Blaenau Gwent) with contributions made by partners across the Gwent region. The current Well-being Plan will remain in place 2023, when a new Gwent wide plan will be developed using evidence from the Well-being Assessment.

In 2022 arrangements have been made to establish a Gwent Public Service Board with representation across Gwent. This Board replaces the individual Public Service Boards in each of the five Local Authority areas. As part of this, a Joint Public Service Board Scrutiny Committee is to be established for operation in 2022. Local Public Service Board

Scrutiny Committees will also remain and will run alongside the Joint Committee until the end of the local wellbeing plans in 2023.

A Corporate Communications Strategy 2020-25 linked to the Council's Commercial Strategy 2020-24 is in place. The strategy has six key drivers with the aim of delivering excellent, innovative and cost effective two way communications with key target audiences. Its overall aim is to build a positive reputation for the Council to create trust and confidence in Council services.

The Council's Commercial Strategy brings together themes that will contribute to Blaenau Gwent County Borough Council being commercially minded. The overall objective of the strategy is to deliver the following themes:

- A focus on the residents' experience of existing and new services;
- An understanding of our investments including return on investment (benefits), profits and losses;
- Developing our brand, trusted to deliver quality services,
- Spend control;
- Using data, technology and insights wisely;
- Having an agile workforce aligned to opportunities

The Council continues to develop the way in which it engages with the community. The Citizens Panel is in operation alongside various other groups such as the Youth Forum and Older People Network. In order to understand the engagement activity across the Council, an Engagement Calendar has been developed and is updated quarterly with all of the activity that is planned for the coming quarter.

The Council has been working on a number of digital and customer centred projects. To support this, a Digital Service Board has been established and Digital Champions identified in each service area. The board will establish a programme of service redesign reviews based around customer and user experience and to establish digital solutions.

Projects currently include:

- Waste and Recycling
- The Planning Service; and
- Insurance processes

By adopting a set of customer care standards supported by a complaints procedure the Council aims to: -

- Have a robust community planning process with its Public Service Board (PSB) partners.
- Understand the priorities of the local area through engagement mechanisms, consultation on specific projects and other public

engagement mechanisms (as detailed above).

- Publish an Annual Scrutiny Report incorporating progress against the year's work programme.
- Set out the priorities for the Council in the Corporate Plan, and provide a balanced view of performance against them on an annual basis.

The Council continues to develop its use of social media such as Twitter and Facebook and to support the development of digital channels for future service delivery.

The Council will continue to ensure its users have the opportunity to influence and receive high quality of service, making the best use of resources to deliver excellent value for money.

### **2.3 Core Principle C**

#### **Defining outcomes in terms of sustainable economic, social, and environmental benefits.**

The Well-being of Future Generations (Wales) Act 2015 established statutory Public Service Boards (PSBs). The purpose of the PSBs is to improve the economic, social, environmental and cultural well-being in its area by strengthening joint working across all public services in Wales.

Each PSB must prepare and publish a plan setting out its objectives and the steps it will take to meet them. This is called a Local Well-being Plan. It must say:

- Why the PSB feels their objectives will contribute within their local area to achieving the well-being goals
- How it has had regard to the assessment of Local Well-being in setting the objectives and steps to take.

Each PSB will carry out an annual review of their plan showing their progress. When producing their assessments of local well-being and Local Well-being Plan, PSBs must consult widely.

The Statutory Members of each PSB are:

- The Local Authority
- The Local Health Authority
- The Local Health Board
- The Fire and Rescue Authority
- Natural Resources Wales

In addition to the statutory members each PSB will invite the following

people to participate:

- Welsh Ministers
- Chief Constables
- The Police and Crime Commissioner
- Certain Probation Services
- At least one body representing relevant voluntary organisations

PSBs will also be able to invite other public service organisations to participate.

The Well-being of Future Generations (Wales) Act 2015 places a duty on each public body to carry out sustainable development. Sustainable Development is defined as a process of improving the economic, social, environmental and cultural wellbeing of Wales. This needs to be done by taking action in accordance with the sustainable development principles so that the well-being goals are achieved.

The application of the five ways of working identified in the act is how public bodies are able to maximise their contribution to the National Well-being Goals.

In addition to the Codes of Conduct and protocols referred to under Core Principle A, the Council seeks to maintain high standards in the conduct of its business and avoid prejudice, bias and conflicts of interest. This is to be achieved through the development of a Strategic Equality Plan, a Welsh Language Promotion strategy, in line with the requirements of the Welsh Language Standards, and various engagement forums such as; Youth Forum, 50+ Forum and Access for All Forum.

The Equality Act 2010 (the Act from here on in) came into operation on the 6<sup>th</sup> April 2011. The Act replaced the existing 116 different pieces of law relating to equality, and put them all together in one piece of legislation. The Act strengthens the law in important ways, and in some respects extends current law to help tackle discrimination and inequality.

The Council's Strategic Equality Plan (2020-2024) contains Our Equality Objectives which are:

- We will be an organisation who ensures fairness and equality is in everything that we do;
- We will be an equal opportunity employer with a workforce that values equality and diversity;
- We will support children and young people, particularly those with protected characteristics, to achieve their learning ambitions;
- We will promote and support safe, friendly and cohesive communities;
- We will ensure there is meaningful involvement with the people who have protected characteristics and key stakeholders that

- represent their interests; and
- We will strive to tackle inequality caused by poverty for people who have protected characteristics

## 2.4 Core Principle D

### **Determining the interventions necessary to optimise the achievement of the intended outcomes.**

Leadership is exercised by clearly communicating the Council's purpose and vision for Blaenau Gwent and its intended outcomes for its citizens and service users.

The Council exerts a wider influence within the community and also delivers services through a mixture of procurement, in-house provision and partnerships to help achieve these outcomes.

Following the introduction of the Local Government and Elections (Wales) Act 2021, the Council is required to undertake a corporate self-assessment at least once on an annual basis. The Council has used its current business planning process to gather evidence as well as identifying a number of key documents to reference. This will be the first iteration of the new self-assessment process and it is expected that amendments to the process will be made following the first year of completion. The business planning process has also become more streamlined with the incorporation of Performance Indicators, Risk, Business Continuity, EQIA, the Environment Act and proposals for improvement from auditors into one monitoring form on a central system. The self-evaluation process directly links to the business planning process. The business planning process will undertake a review alongside the development of the Corporate Plan so that it reflects the need of the Council from 2022 to 2027.

The Council prepares an Annual Budget to resource its service priorities. A Medium Term Financial Strategy is reviewed and updated at least annually with the most recent version, endorsed by Council in November 2021, and includes projections up to 2026/27 to aid improved service planning. The MTFS is next due for review in Summer 2022.

## 2.5 Core Principle E

### **Developing the entity's capacity, including the capability of its leadership and the individuals within it.**

The Council strives to ensure continuous improvement in the delivery of its services through its improvement planning process and its Performance Management Framework, and has strengthened these arrangements to align them with risk management as well as identifying



levels of accountability.

The remit of the Wider Corporate Leadership Team (WCLT) has been reviewed. Its broad purpose is to effectively support the Corporate Leadership Team in its role in providing strategic direction to the organisation. The WCLT is also a forum that takes a distributed leadership approach to disseminate information and communicate messages, network with colleagues and peers and provide personal development opportunities.

Ensuring that Members and Officers have the necessary skills to operate a multi-million-pound business that provides a range of different services is one of the most important aspects of Governance. The training needs of Members is undertaken as part of the development of the Committee Forward Work Programmes as well as through the Member Competency Framework and Personal Development Reviews. The Council holds the Wales Charter for Member Support and Development (Level 1). As part of the Local Elections in May 2022, the Council will also look to establish a Member Induction and Refresher Training Programme. Sessions will be established into the following categories:

- Mandatory;
- Recommended;
- Beneficial; and
- Useful

The Council will ensure those responsible for Governance of the Council will have the necessary skills, knowledge and experience they need to perform well.

The Council will achieve this by:

- Continuing with its Member Training Programme and mandatory training programme including the Member Development Strategy.
- Member briefings on issues of importance to the Council.
- Induction training and professional advice for Members.
- Introduction of skills and experience requirements for special responsibility posts.
- Continuing to develop Information Communication Technology (ICT) support for Members to give a better understanding of modern administration and to improve communication.
- Operating hybrid meetings and broadcasting / recording these as part of the requirements of the Local Government and Elections (Wales) Act 2021

- Operating a competence framework for Officers and Members.
- Mentoring programme for Elected Members.
- Arrangements for Members sitting on Outside Bodies to report their progress to Council.
- A Recruitment Charter ensuring the Council employ staff with necessary qualifications and experience to carry out the role expected of them.
- Performance coaching in place for all staff and departmental monitoring.
- The Head of Paid Service is responsible for ensuring that the Council's officer establishment is appropriately staffed to deliver the service priorities of the Council. In practice much of this responsibility is delegated to Directors, Chief Officers and Heads of Service.
- The Section 151 Officer and Monitoring Officer and Head of Democratic Services will determine the requirements to discharge their statutory roles.
- The MTFS looks forward over the next five years (2022/23 to 2026/27) to assess the spending pressures the Council is likely to face and the level of savings that will need to be made.
- The Council benefits from its membership of the Welsh Local Government Association which provides support and assistance over a range of Council functions and responsibilities. Similar support is available to members of different professional bodies across the Council.
- The Council remains committed to promoting health and well-being to its employees through periodic staff surveys and staff engagement.
- The Council will expect similar values of staff development and empowerment of its partners and agents in service delivery.

The Council recognises the need to have effective political and management structures and processes to govern decision making and the exercise of authority within the organisation. It believes it is important that all those involved in planning and delivering a service understand each other's roles and responsibilities and how together they can deliver the best possible outcomes.

To help achieve this, the Council's constitution clearly lays out its service portfolios and the role of and responsibility of all Members, along with those decisions retained by Council.

It specifically lays out, via job descriptions, the roles and responsibilities of the Executive Committee and its Executive Members, Scrutiny Committees and their Chairs, Scrutiny Members and Regulatory Committee Chairs and Members.

It identifies the Leader and Deputy Leader as having a specific role in providing leadership and also in undertaking an ambassadorial role. Alongside this, the Council, from 2022 onwards, will also include a Presiding Member Role which will include:

- Chair Council Meetings;
- Maintain order and to protect the rights of Members including ensuring that Council business is handled on the basis of equality and impartiality;
- Promote democratic engagement and leadership; and
- Acts as the ambassador for the Council, attending events in order to publicise and raise the profile of the Council.

Membership of all political posts is determined each year at the Council's Annual General Meeting (including representational roles). The Democratic Services Committee keeps the roles and responsibilities under review. Additionally, the Council provides induction training for all new Members along with professional advice and a training programme available for all Members' participation.

Minutes are kept for all formal Committee meetings. From the 2022 cycle onwards the minutes will include the following:

- Attendance;
- Apologies;
- Declarations of Interest; and
- Decisions / Recommendations

The minutes will sit alongside the recording of the meeting which will be available on the Council's website.

A Chairs and Vice Chairs meeting is held at least 3 times per year. There is also a series of planning meetings in place before a formal Committee meeting is held. Member Briefing and Training Sessions are organised for all Members on specific issues. Pre meetings are held with the whole committee before the formal committee takes place to discuss lines of enquiry.

Similarly, on the Officer side, the Constitution lays out the Scheme of Delegation to Directors, Chief Officers and Senior Officers.

In particular, four statutory appointments of Head of Paid Service (Chief Executive Officer), Monitoring Officer (Head of Legal and Corporate Compliance) Section 151 Officer (Chief Officer - Resources) and Head of Democratic Services (Head of Governance and Partnerships) are included along with their specific roles and responsibilities. This helps ensure Members receive appropriate professional financial, legal and other advice.

Similarly, the Council has the statutory roles of the Corporate Director of Education and Corporate Director of Social Services.

The Chief Executive Officer is responsible for all aspects of operational management and in practice operates this through a scheme of delegation.

The Chief Officer – Resources is responsible to the Council for ensuring that appropriate advice is given on all financial matters for keeping proper financial records and accounts, and for maintaining an effective system of internal control.

The Head of Legal and Corporate Compliance is responsible for ensuring that agreed procedures are followed and that all applicable statutes, regulations and other relevant statements of good practice are complied with.

To help clarify their respective roles the Council follows a Member/Officer protocol which is included in the Constitution.

The Council ensures effective management arrangements are in place and operates a Corporate Leadership Team of Chief Executive Officer, Corporate Directors and Chief Officers, supported by a Wider Leadership Team; together these ensure effective communication across all of the services of the Council.

## **2.6 Core Principle F**

### **Managing risks and performance through robust internal control and strong public financial management.**

The Council will consider regularly its performance in achieving its key objectives through: -

- Development of Business Plans at all levels.
- The setting of performance targets against all measures both national and local.
- The understanding and analysis of comparative and trend data to develop targets.
- Development, at all service and directorate levels, of both national and local data of priorities linked to the strategic outcomes.
- Keeping value for money under review.
- Reviews of service provision and priorities.
- Preparation of externally audited accounts.
- Annual approval of budgets and regular consideration of budget reports.
- An effective member scrutiny function for all services to include performance and finance as part of their terms of reference.
- Arrangements to deal with service failure.

- Monitoring of partnership arrangements.
- Testing customer satisfaction.
- Operating effective internal controls.
- Monitoring complaints.
- Ensuring competition in relevant service provision and proper contract management.
- Service and Directorate Risk Registers which will be effective and proactively used and reported.
- External audit scrutiny by Audit Wales and other regulators, through their regulatory plan.
- Maintaining an effective Internal Audit Service and Audit Committee.

The Council has a Governance and Audit Committee which is politically balanced. It meets on a regular basis and is advised by the Council's Audit and Risk Manager, and is normally attended by representatives of the Council's External Auditors. Members receive training on the special role of the Governance and Audit Committee.

Under the requirements of the Local Government Measure 2011 the role and purpose of Governance and Audit Committee and its membership have been revised ensure that it is set up to improve strategic planning and facilitate both scrutiny and challenge within the structures of the Council. The Governance and Audit Committee has the following functions:

- Review, scrutinise and issue reports and recommendations in relation to the Authority's financial affairs.
- Review, scrutinise and issue reports and recommendations on the appropriateness of the Authority's risk management, internal control and corporate governance arrangements.
- Oversee the Authority's risk management, internal control and corporate governance arrangements.
- Oversee the Authority's audit arrangements and review its financial statements.
- Oversee the Authority's complaints performance.

The Local Government & Elections (Wales) Act 2021 specified a number of changes that became effective from May 2022, namely

- Recruitment and selection exercise for all lay members.
- One third of the committee members must be lay persons
- Chairperson must be a lay member
- Deputy Chair must not be a member of the Executive

The Council has adopted a Risk Management Strategy with the ultimate aim of embedding a consistent and effective approach to Risk Management throughout the whole Council. The strategy is supported by a Risk Management Handbook (guidance)

The Risk Management Framework identifies the roles and responsibilities of Members and Officers, guidance on how to describe risk, and guidance on how to evaluate and assess risk. The framework requires that risk registers be maintained at Service / Department / Project levels and that these will support and feed the Corporate Risk Register which holds the most significant risks faced by the Council.

Regulatory Committees will take decisions based upon detailed reports with any late information being referred to in the minutes. Overview and Scrutiny Committees when undertaking work requested by Council, or the Executive, or when undertaking their own investigations, will agree reports containing the evidence which was considered to be material.

Education services are inspected in Wales by Estyn. The Estyn framework for inspecting local authority education services is known as the Local Government Education Services(LGES) framework. The inspection of local authority education services covers the statutory and corporate functions of the local authority, including the local authority youth service. In addition, it includes inspection of the partnership arrangements for Youth Support Services(YSS).

## **2.7 Core Principle G**

### **Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.**

The Council has an effective Internal Audit Service that works to an approved, risk assessed audit plan. The results of the audit work undertaken inform the annual opinion of the Audit and Risk Manager with regard to level of assurance provided by the Council's internal control environment.

The Executive and Council reports will contain all the information, evidence and comments needed to take decisions. The decisions of the Committees are formally recorded in minutes and within the decision sheet for Executive Committee decisions.

The Corporate Report Template has been designed so that it captures the required information in order to support discussion and decision making.

The Monitoring Officer is available to give advice to Members and staff on conflicts of interest and determine the public interest on Council agendas.

The performance management function works under the Head of Governance and Partnerships in the Corporate Services Directorate.

The Council's Corporate Performance Framework includes the reporting of the Joint Report to Corporate Overview Scrutiny Committee (Corporate and Performance Scrutiny Committee from May 2022) and Executive Committee. Reporting includes progress updates against strategic priorities, the Councils most significant risks, regulatory update, financial position and core performance indicators. Service area reporting is also reported to each Scrutiny Committee.

The Council recognises the importance of partnership working and takes a lead role in the development of governance arrangements of the key strategic partnerships. When working in partnership the Council aims to have clear governance arrangements in place providing clarity about legal status, roles and responsibilities of partners.

### **3.0 MONITORING AND REVIEW**

The Council has recognised that it needs to clearly evidence its governance arrangements.

This is the latest version of a formal Code of Governance for Blaenau Gwent and the Council is committed to keeping the Code under review and importantly to learn from its adoption to improve Governance arrangements "on the ground" for the benefit of the people of Blaenau Gwent.

The product of this review and other work will be included in the publication of the Annual Governance Statement.

It is intended that the review will provide an evidence base for the conclusions reached and importantly an action plan to be followed to ensure continuous improvement in the Council's Governance arrangements.

The Annual Governance Statement is to be considered by the Council's Governance and Audit Committee, to whom Council will delegate the role of seeking assurance of the effectiveness of the various arrangements described in this Code.

This will include a review of the evidence framework prepared to support the Governance Statement including the policy documents, standard operating procedures and guidance used along with consideration of their effectiveness.

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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 & Audit Committee**  
Date of meeting: **11th July 2022**  
Report Subject: **Internal Audit Plan 2022-2027**  
Portfolio Holder: **Cllr Steve Thomas – Leader / Executive Member for Corporate and Performance**  
Report Submitted by: **Rhian Hayden- Chief Officer Resources**  
Report Written 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) |
|                             | 30.06.22                  |                          | 11.07.22                     |                               |                    |                     |         |                      |

## 1. Purpose of the Report

The purpose of this report is to provide the Governance & Audit Committee with the five-year strategic Audit Plan for the period 2022-2027 (Appendix A).

## 2. Scope and Background

2.1 The report provides the strategic five-year Internal Audit Plan including the rationale for implementing a one-year operational plan.

2.2 Under the Public Sector Internal Audit Standards (PSIAS) the Audit & Risk Manager is required to:

- Produce a risk-based Internal Audit Plan that prioritises internal audit activity in line with the organisations goals and objectives.
- Produce a plan that takes into account, the requirements to produce an annual audit opinion, and the assurance framework that exists within the Authority.
- Confirm that the service will be delivered in accordance with the Internal Audit Charter.
- Produce a plan based on a documented risk assessment that considers input from Senior Management.
- Communicate any resource limitations to the Governance & Audit Committee.
- Report the Internal Audit Plan to the Governance & Audit Committee for approval.

## 2.3 Risk Matrix

The audit plan is produced following an assessment of risk whereby each potential audit area (the audit population) is scored using a matrix against a set of criteria relating to the audit risks, the Authority's objectives, and the views of the Heads of Services/Service Managers. The scoring matrix

reflects the current objectives / priorities of the Authority and also to allow flexibility.

- 2.4 The Risk matrix was changed in 2021/22 in the following areas:
- Reduction of the number of headings used to risk score an audit area
  - A sliding scale to score each area, giving a visual of where the risks lie
  - More flexibility in allocating a score to an area, through discussion with the Service Manager
  - Banding of audits into high, medium and low risk, making for a more flexible audit plan

An example of the scoring matrix is attached at Appendix B.

As with the previous matrix, a miscellaneous category will remain to enable the plan to be adjusted for audit timing and ad hoc circumstances.

2.5 Thematic Reviews

The section will continue to undertake Thematic Review audits which is an alternative approach to audits whereby instead of taking an individual system, a theme is identified and reviews are undertaken of the multiple systems and interactions that this theme encounters. This approach reviews multiple systems and processes as a collective, and also assesses the efficiency and effectiveness of the connections between them. In addition, a number of quick hit compliance audits can be conducted to complement the Thematic Reviews. This will involve testing one element of a process rather than a whole system, e.g. declarations of interest. This is a revised approach to audit in Blaenau Gwent and consists of taking a process and looking at it from start to finish from the users' perspective whilst considering the risks to the Authority.

2.6 Audit Plan

- 2.6 The plan produced from the risk assessments will no longer indicate risk scores but will instead show audits as high, medium or low risk based on the score they achieve. Banding the audits into risk categories instead of a rank order, will allow for more flexibility in the audit plan. In addition to the risk assessed audits the plan will continue to contain standard audits, such as grants, and CRSA for schools.

- 2.7 The plan is constructed by taking the number of available audit days, based on the audit establishment and matching them to the audits. Available audit days have been apportioned across directorates rather than allocated to specific audits. This approach ensures that sufficient breadth of audit coverage will be provided to enable the Audit and Risk Manager to provide the Governance & Audit Committee with an annual audit opinion.

3. **Options for Recommendation**

3.1 The Governance & Audit Committee consider the following options:

Option 1

The Committee note the basis for audit selection / prioritisation as described in section 2, and approve the audit plan attached at Appendix A, deeming it to provide sufficient coverage upon which the Audit and Risk Manager can provide an annual audit opinion, enabling the Governance & Audit Committee to fulfil its assurance role.

Option 2

The Committee note the basis for audit selection / prioritisation as described in section 2, and provide suggestions for amendment to the audit plan attached at Appendix A and subsequently approve it, deeming it to provide sufficient coverage upon which the Audit and Risk Manager can provide an annual audit opinion, enabling the Governance & Audit Committee to fulfil its assurance role.

Option 3

The Committee note the basis for audit selection / prioritisation as described in section 2, and reject the audit plan attached at Appendix A as a method of providing adequate assurance regarding the Authority's control environment. An alternative programme of work for the Internal Audit service would then need to be put forward.

4. **Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

4.1 The Local Government Act (1972) and the Accounts and Audit Regulations (Wales) 2014 require the Council to maintain an effective Internal Audit Service in accordance with proper internal audit practices. The Authority's Internal Audit Service has adopted the Public Sector Internal Audit Standards (PSIAS) for this purpose.

5. **Implications Against Each Option**

5.1 Impact on Budget (short and long term impact)

There are no direct financial implications arising from production of the internal audit plan.

5.2 Risk including Mitigating Actions

Options 1 and 2 will facilitate sufficient audit coverage for the Audit and Risk Manager to provide an annual audit opinion. Option 3 would result in non-compliance with legislation and the S151 Officer will be unable to discharge her statutory duty.

5.3 Legal

Provision of an adequate 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 has a complement of six full time posts and the audit plan has been developed based on a full complement of staff.

- 5.4.1 Based on current audit resources, the whole audit population would be covered in a five-year period. This is based on maintaining the status quo with both audit areas and staffing numbers. Audits will continue to be prioritised based on high risk areas.

6. **Supporting Evidence**

6.1 Performance Information and Data

The Internal Audit Plan currently operates on a five-year audit cycle with a one-year operational plan.

- 6.1.1 The number of audit days available is set at 1212 days for 2022/23 based on the audit establishment of 6FTE audit posts. Progress against the plan will continue to be monitored and reported through the year to both CLT and the Governance and Audit Committee.

- 6.1.2 Given that the plan percentage was achieved during 2021/22 with the introduction of the new methodology, the service will increase the target for 2022/23 setting it at 73%. This is considered to be a realistic and achievable target and is higher than the Wales average plan percentage achieved.

- 6.1.3 The service currently maintains a set of eight performance indicators as part of a benchmarking exercise with other welsh authorities.

6.2 Expected outcome for the public

An effective Governance & Audit Committee will assist with the stewardship of public money providing assurance to communities of Blaenau Gwent on the robustness of the Authority's internal controls.

6.3 Involvement (consultation, engagement, participation)

There are no direct implications under involvement.

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

The provision of a five-year strategic audit plan sets out the Authority's intent to consider the adequacy of its control environment and receive assurance on the robustness of its systems.

6.6 Collaboration / partnership working

A number of audit areas that are included within the audit population are led by other local authorities. In these instances, reports are shared between

authorities to confirm the level of assurance provided. For example, reports from Torfaen Council on the SRS audits.

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. Some audits are undertaken with a cross departmental approach.

6.8 EqlA (screening and identifying if full impact assessment is needed)

The production of the Internal Audit Plan has a neutral impact against people or groups from the nine protected characteristics.

7. **Monitoring Arrangements**

7.1 Progress reports are provided to the Governance & Audit Committee throughout the year.

**Background Documents /Electronic Links**

- *Appendix A – Audit Plan*
- *Appendix B – Example Risk Assessment Matrix*

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| <b>Audit Area</b>                          | <b>Audit Days 2022</b> | <b>Audit Days 2023</b> | <b>Audit Days 2024</b> | <b>Audit Days 2025</b> | <b>Audit Days 2026</b> |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
|  |                        |                        |                        |                        |                        |
| <b>Resources</b>                           | 162                    | 170                    | 170                    | 170                    | 170                    |
|  |                        |                        |                        |                        |                        |
| <b>Commercial</b>                          | 120                    | 126                    | 126                    | 126                    | 126                    |
|  |                        |                        |                        |                        |                        |
| <b>Legal and Corporate Compliance</b>      | 18                     | 19                     | 19                     | 19                     | 19                     |
|  |                        |                        |                        |                        |                        |
| <b>Governance and Partnerships</b>         | 37                     | 39                     | 39                     | 39                     | 39                     |
|  |                        |                        |                        |                        |                        |
| <b>Regeneration and Community Services</b> | 162                    | 170                    | 170                    | 170                    | 170                    |
|  |                        |                        |                        |                        |                        |
| <b>Education</b>                           | 74                     | 78                     | 78                     | 78                     | 78                     |
|  |                        |                        |                        |                        |                        |
| <b>Social Services</b>                     | 78                     | 82                     | 82                     | 82                     | 82                     |
|  |                        |                        |                        |                        |                        |
| <b>General</b>                             | 561                    | 561                    | 561                    | 561                    | 561                    |
|  |                        |                        |                        |                        |                        |
| <b>Total Audit Days</b>                    | 1212                   | 1245                   | 1245                   | 1245                   | 1245                   |

|   |
|---|
| <b>Audit Plan 2022/23</b>   |
| <b>RESOURCES</b>  |
| Charity Accounts - Bedwellty House and Park<br>Charity Accounts - Ebbw Vale Recreation Ground<br>Pupil Development Grant<br>Regional Consortia School Improvement Grant   |
| <b>ENVIRONMENT</b>  |
| Enable Grant<br>Homelessness Grant<br>Rent Smart Wales  |
| <b>EDUCATION</b>  |
| CRSA Schools (Annual Audit)<br>School Systems (x3)<br>Youth Support Grant (Annual Audit)  |
| <b>SOCIAL SERVICES</b>  |
| Supporting People Grant (RDC Post)<br>Supporting People Grant New Combined  |
| <b>GENERAL</b>  |
| Performance Management<br>Audit Plan<br>Performance Reviews<br>AGS<br>Ad Hoc/Contingency/Follow Ups<br>Office Duties(incl. Cont. Stat & Auth Sigs)<br>Meetings<br>Audit Committee<br>SWAG<br>Special Projects / Investigations<br>HR Policies<br>ICT Policies<br>Financial Procedure Rules<br>Contract Procedure Rules<br>FEPs<br>Thematic Audit<br>Contract Audit - > £75k<br>Contract Audit - <£75k<br>Stocktaking<br>Departmental Internet / Email Use<br>Anti Money Laundering Policy<br>Anti Bribery, Fraud & Corruption Policy<br>Departmental Use of Social Media<br>Departmental Flexi System Use |
| <b>ONGOING AUDITS FROM 2021/22</b>  |
| Self Isolation Payments<br>Registrars System<br>Home to School / College Transport<br>Building Control<br>Dangerous Structures  |



## Support to Businesses

### **RESOURCES**

Social Services Debtors  
Asset Register  
Council Tax  
Creditors - Central  
Debtors  
Leasing  
Appointeeship / Deputyship Accounts  
Property Charges  
Cost of Living Grant  
Medium Term Financial Plan  
Budgetary Control - Monitoring  
Creditors - Reconciliation  
Capital Programme  
Insurance  
Risk Management  
CIS Scheme  
VAT

### **COMMERCIAL**

Free School Meals  
Winter Support Fund  
Business Support  
Flexi  
Purchase Card Scheme  
Absence Management  
Performance Appraisal Reviews Staff  
Discretionary Housing Payments  
Education Recruitment Safeguarding (DBS)  
Corporate Communications Strategy  
ICT Collaboration  
Contact Centre

### **LEGAL**

Elections  
Information Management

### **GOVERNANCE**

Democratic Function of the Council  
Local Government and Elections Act  
Strategic Policy - Equalities  
Decarbonisation

### **ENVIRONMENT**

Industrial Portfolio  
Planning Policy (Incl. LDP)  
Property Rentals  
Asbestos Management Plans  
Corporate Landlord - Property Maintenance  
Green Infrastructure  
Refuse and Recycling - Commercial

Winter Maintenance  
Commercial Lettings  
Disabled Facility Grants  
Homelessness (Housing Options)  
Planning Applications  
Planning Enforcement  
School Catering  
Temporary Accommodation  
Trading Standards - Food Standards  
Trading Standards - Inspection, Enforcement and Advice

#### **EDUCATION**

Education Welfare  
Elected Home Education  
Pen Y Cwm / Additional Learning Needs  
River Centre 3-16 Learning Community

#### **SOCIAL SERVICES**

Social Services Safeguarding  
Domiciliary Care - Internal  
Locality Team (4)  
Childrens' External Placements/Fostering (Residential)  
Cwrt Mytton  
Fostering Internal  
Community Meals

#### **RESOURCES**

School Funding / LMS  
Direct Payments - Payments and Audit  
Treasury Management - Bank Reconciliation  
Debtors Reconciliation  
Reserves and Balances Protocol  
Payment Methods  
NDR  
Petty Cash  
Write Off System

#### **COMMERCIAL**

Workforce Development  
Recruitment and Retention  
iTrent Projects  
HR Policies  
Housing Benefits/CTR Incl. Overpayments  
track and trace  
Purchasing  
Bravo CMS  
Settlement Agreements  
Code of Conduct - Officers  
User Access  
Clothing Grants  
Universal Credit  
Ctax Fraud

Service Transformation  
Unpaid Carers Grant  
Performance Management  
Job Evaluation  
Redundancies  
Payroll  
Back Up and Retention

#### **LEGAL**

Monitoring Officer Role  
Childcare Care Fees  
GDPR  
Code of Conduct Members  
Corporate Complaints  
Prosecution Process  
Whistle Blowing Policy  
Electoral Registration  
RIPA

#### **GOVERNANCE**

Cardiff City Deal - Governance  
Future Generation Act - Collective Duties (PSB)  
Intelligence Hub  
Research and Intelligence  
CCTV  
Future Generations Act - Individual Duty  
National Performance Indicators  
Business Planning and Improvement  
Community Safety  
Corporate Engagement, Strategy and Approach  
EU Transition  
GIS  
Local Performance Indicators  
Partnership Working  
Strategic Policy - Welsh Language

#### **ENVIRONMENT**

Asset Management  
Corporate Landlord - Carbon Reduction  
Cwmcrachen  
European Funding  
Food Safety  
Health and Safety - Private Sector  
Highways Development and Control  
Licensing  
Refuse and Recycling - Domestic  
Road and Street Works Act  
Traffic Management & Road Safety  
CATs  
Corporate Landlord - Energy Centre  
Street Lighting

Town Centre Regeneration  
Waste Disposal  
Waste Enforcement / Front Line Service  
Breakfast Club  
Building Cleaning  
Corporate Landlord - Property DLO  
General Offices  
Housing Maintenance (incl. Empty Homes, Enforcement Action, Loans)  
Housing Strategy  
Professional Services - Income / Design Services

#### **EDUCATION**

21st Century Schools  
Managing the School Estate - Forward Planning  
Special Educational Needs  
Education School Estate - Properties (including Health and Safety)  
Emergency Planning  
Inspire (Work / Achieve)  
Out of County Placements for Education  
School Admissions

#### **SOCIAL SERVICES**

Direct Payments (Administration)  
Domiciliary Care - External  
External Residential / Nursing Placements  
14+ Team (incl. Leaving Care)  
Adult Mental Health  
Childcare Early Years & Play  
Commissioning  
0-25 Disability Team Children  
Family Time Team/Contact Team  
Information Advice and Assistance (Adults)  
Special Guardianship Team  
Substance Misuse

#### **RESOURCES**





Grants to Voluntary Organisations  
Third Party Contributions

#### **COMMERCIAL**

Appeals Process  
Stand By Payments  
Staff Expenses  
IR35  
Corporate Printing  
Car Loans  
Tusker Car Benefits Scheme  
Health and Safety  
Tenancy Hardship Grant  
Community Hubs  
Communications  
Corporate Website

|  |
|--|
| Social Media Accounts                                    |
| Internal Communications                                  |
| Corporate Marketing                                      |
| <b>LEGAL</b>   |
| Local Land Charges                                       |
| Resilience   |
| <b>GOVERNANCE</b>  |
| Committee Forward Work Programmes                        |
| External Regulation and Monitoring                       |
| ICT System and Data Systems                              |
| Interaction with Town and Community Councils             |
| Member Support and Guidance                              |
| Members Allowances and Expenses                          |
| Scrutiny Function  |
| Social Services and Well-being Act Performance Framework |
| Socio Economic Duty and Decision Making                  |
| <b>ENVIRONMENT</b>                                       |
| 20 Church Street   |
| Aspire   |
| Cemeteries   |
| Control of Pollution                                     |
| Destination Management                                   |
| Disposal of Surplus Land                                 |
| Estates Licensing  |
| Grounds Maintenance                                      |
| Heritage   |
| Housing Allocations (Housing Access)                     |
| Inspire to Work  |
| Markets  |
| Part One Claims  |
| Pest Control   |
| Street Cleansing   |
| Transport and Plant Hire (incl. Transport Stores)        |
| <b>EDUCATION</b>   |
| Duke of Edinburgh  |
| Facilities Management                                    |
| Gypsy Traveller Services                                 |
| Healthy Schools  |
| NEETs Reduction  |
| Psychology Service                                       |
| Youth Clubs  |
| <b>SOCIAL SERVICES</b>                                   |
| Augusta  |
| Bert Denning   |
| Community Care (East)                                    |
| Community Care (West)                                    |
| Community Options - Lake View                            |
| Families First Programme                                 |

Flying Start  
Information Advice and Assistance (Children)  
Occupational Therapy  
Outreach Service  
Supported Living (Ty Celyn, Ty Lelog, Ty Pabi, Ty Rhosyn)  
Supporting Change

|                   |   |
|-------------------|---|
| <b>Key</b>        |   |
| Standard Items    |  |
| High Risk Areas   |  |
| Medium Risk Areas |  |
| Low Risk Areas    |  |

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**Appendix B**  
**Example Risk Matrix**

|                         |   | 1 | 2 | 3 | 4 | 5 | <u>Assessed Score</u> |
|-------------------------|---|---|---|---|---|---|-----------------------|
| BUDGET                  | Consider budget amount; Is it over or under spent; what's being done about it; Is it income generated   |   |   |   |   |   | 21                    |
| CORPORATE OBJECTIVES    | Where does the service sit with corporate priorities; is it politically sensitive; is it socially sensitive; is it subject to a service review or bridging the gap project                |   |   |   |   |   | 7                     |
| AUDIT HISTORY           | What was the last audit grading; when was the area audited last; auditors opinion; are actions taken  |   |   |   |   |   | 14                    |
| REGULATORY REQUIREMENTS | Have the regulators made adverse recommendations; Are there statutory duties; are there changes to legislation  |   |   |   |   |   | 7                     |
| FRAUD                   | Have there been previous frauds, errors, thefts, etc.; are there fraud markers being hit e.g. no leave taken, change in patterns, behaviour; Is staff turnover high, inexperienced staff; |   |   |   |   |   | 7                     |
| RISK                    | At what level do the risks sit; can they be easily mitigated; what is the impact of the risk being realised; what are the emerging risks; service changes                                 |   |   |   |   |   | 7                     |
| MISCELLANEOUS           | Should the audit be deferred; Is the area a priority for audit; is there overlap with other regulators; manager concerns;   |   |   |   |   |   | 14                    |
|                         |   |   |   |   |   |   | <b>77</b>             |

| Risk Score Key |          |
|----------------|----------|
| Standard       | No Score |
| High           | >70      |
| Medium         | 50 -70   |
| Low            | 0-50     |

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# Agenda Item 8

*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: **11<sup>th</sup> July 2022**  
Report Subject: **Audit Plan Outturn 2021-22**  
Portfolio Holder: **Leader of the Council (Executive Member – Corporate Overview & Performance)**  
Report Submitted by: **Rhian Hayden – Chief Officer Resources  
Louise Rosser – Audit & Risk Manager**

| 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) |
|                             | 23/06/22                  |                          | 11/07/22                     |                               |                    |                     |         |                      |

## 1. Purpose of the Report

- 1.1 The purpose of the report is to inform the Governance & Audit Committee of the overall achievement against the Audit Plan for the financial year 2021-22.

## 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 is based on a risk assessment using a set of criteria relating to audit risks, Authority objectives and management views. The Audit Plan for the period 2021-2022 was considered and agreed by the Governance & Audit Committee in July 2021.
- 2.3 Progress against the Audit Plan has been reported to the Governance & Audit Committee throughout the financial year, with this report providing a summary of the overall achievement for the year.

## 3. Options for Recommendation

- 3.1 The Governance & Audit Committee consider this report and the Appendices, and note the levels of audit coverage in each service area, the plan outturn for the financial year and the performance of the Internal Audit Service for the financial year 2021/22.

## 4. Evidence of how does this topic support the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan

- 4.1 The report supports the Authority in achieving its Corporate Plan Priority of an ambitious and innovative council delivering the quality services we know

matter to our communities through demonstrating that adequate measures are in place for the prevention and detection of fraud, thereby protecting the Authority's assets.

- 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 & Risk Manager will base her annual audit opinion.

## 5. **Implications Against Each Option**

### 5.1 Impact on Budget

- 5.1.1 There are no direct financial implications resulting from this report.

### 5.2 Risk Including Mitigating actions

- 5.2.1 The audit plan outturn demonstrates the breadth of audit coverage achieved to provide assurance that key areas of concern and areas deemed to have the highest risk priority have been examined during the financial year.
- 5.2.2 Failure to cover sufficient audit areas exposes the Authority to the risk that weaknesses within specific systems within the Authority's control environment are not being identified, increasing the risk of fraud and error.

### 5.3 Legal

- 5.3.1 The Section 151 Officer has a statutory duty under the Local Government Act (1972) to ensure the provision of an adequate Internal Audit Service. This is achieved in part by ensuring the audit service provides sufficient coverage of the Authority's internal control environment, as demonstrated in the audit plan outturn.

### 5.4 Human Resources

- 5.4.1 The section has a complement of six full time posts. One of the Senior Auditors left the Authority in May 2021 with a successor to the post being appointed in June 2021.
- 5.4.2 The sickness absence for the service has been low for the period having lost 0.83 days per person against the departmental target level of 6 days per person.

## 6. **Supporting Evidence**

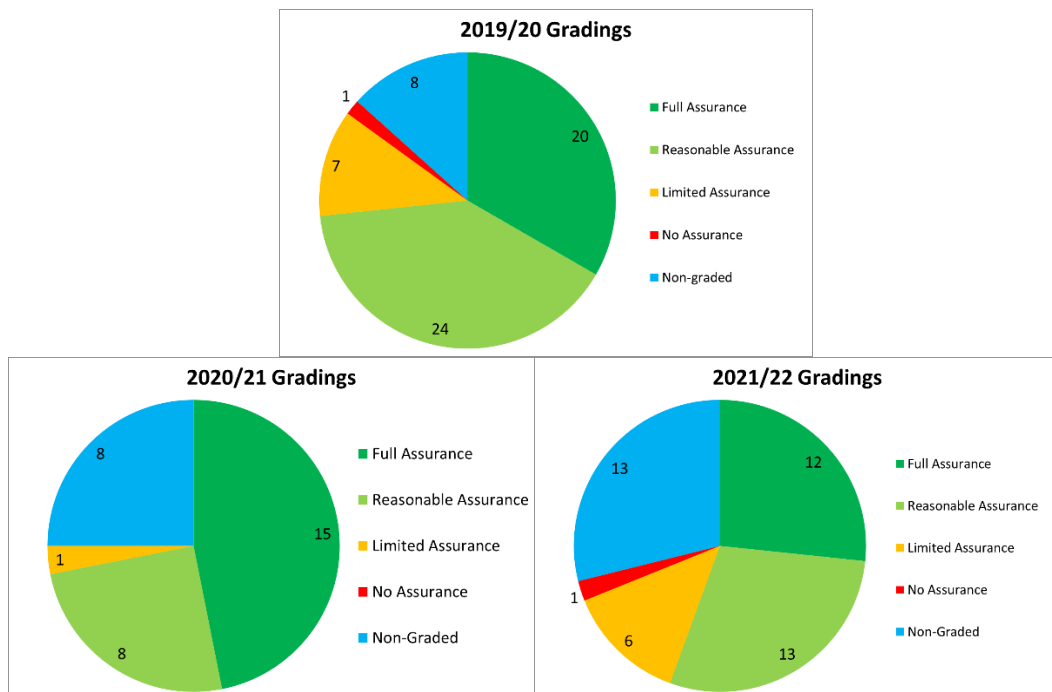
### 6.1 Performance Information and Data

- 6.1.1 Appendix A shows all audits undertaken during the financial year and their status as at 31<sup>st</sup> March 2022 including their actual or provisional grading (where applicable). Where a provisional grading has been issued the report has not been cleared by the service area and, therefore, could be subject to change.

6.1.2 Performance data for the Section for the period to 31<sup>st</sup> March 2022 is presented at Appendix B. Appendix C illustrates the spread of audit gradings issued during the year compared to the two previous years. Appendix D shows the actual audit coverage compared to planned audit coverage by department, based on completed jobs in the year.

6.1.3 Productivity / performance for the previous year (20/21) was impacted by the pandemic. Therefore, in order to give a more balanced perspective, both Appendices B and C, and the pie charts shown at 6.1.4 below, show a three-year comparison.

6.1.4 45 audit reports were issued during the year split between the following audit gradings: 12 Full Assurance; 13 Reasonable Assurance; 6 Limited Assurance; and 1 No Assurance. A further 13 non-graded reports were issued including 7 follow-up audits.



6.1.5 No grade is given for some of the audit reports produced, however, the audit output needs to be reflected in the outturn for the service. These audits are typically in respect of Follow Up Audits, Grant certification and ad hoc pieces of work such as investigations and advice. Whilst these reports do not lend themselves to the standard audit gradings, any points of note or concerns identified would be reflected in the annual report of the Audit and Risk Manager.

6.1.6 A number of follow up reviews were undertaken during the year for those audits that have previously graded as 'Limited Assurance' and 'No Assurance'. These involved the re-testing of only the weaknesses previously identified to ensure suitable progress has been made. As shown in Appendix B, 90% of the agreed actions were completed after 6 months. Those not completed were due to a range of factors such as low numbers

of transactions to test and the time available for departments to complete the actions. Any issues identified would be raised at the Governance and Audit Committee.

- 6.17 The Internal Audit Service completed 70.74% of the audit plan against a target of 70%.
- 6.1.8 Productivity for the service improved during the year with 90% of audits completed within the time allocated. In addition, 100% of Weaknesses identified were accepted by Service Managers, reflecting the accuracy and relevance of audit findings. The average number of days to issue final reports (5.17days) exceeded the target however this had no significant impact upon outcomes.
- 6.2 Expected outcome for the public
- 6.2.1 Provision of sufficient audit coverage supports the Governance & Audit Committee in fulfilling its assurance role to the citizens of Blaenau Gwent.
- 6.3 Involvement
- 6.3.1 There are no direct implications under involvement.
- 6.4 Thinking for the Long Term
- 6.4.1 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 Collaboration
- 6.5.1 Not applicable
- 6.6 Integration
- 6.6.1 Not applicable
- 6.7 Decarbonisation and Reducing Carbon Emissions
- 6.7.1 Not applicable
- 6.8 Socio Economic Duty Impact Assessment
- 6.8.1 Not applicable
- 6.9 Equality Impact Assessment
- 6.9.1 Not applicable

## 7. **Monitoring Arrangements**

- 7.1 The levels of audit coverage and the gradings of individual audits will inform the annual opinion of the Audit & Risk Manager to be presented to the Governance & Audit Committee.

### **Background Documents /Electronic Links**

- Appendix A – Audit Plan Outturn 2021-22
- Appendix B – Performance Indicators 2021-22

- Appendix C – Audit Gradings 2021-22
- Appendix D – Audit Coverage by Department 2021-22

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| AUDIT PLAN 2021/22 - RESOURCES                           |                      |                     |
|--|----------------------|---------------------|
| AUDIT AREA   | AUDIT OPINION        | COMMENTS            |
| <b>Financial Services</b>                                |                      |                     |
| Regional Consortia School Improvement Grant              | Full Assurance       | Completed           |
| Pupil Development Grant                                  | Full Assurance       | Completed           |
| Petty Cash   | Reasonable Assurance | Completed           |
| Creditors Reconciliation                                 | Full Assurance       | Completed           |
| Budgetary Control - Monitoring (CRSA)                    | Reasonable Assurance | Completed           |
| Creditors Central (CRSA)                                 | Full Assurance       | Completed           |
| Bedwellty House and Park Charity Accounts                | Non-Graded           | Completed           |
| Ebbw Vale Recreation Ground Charity Accounts             | Non-Graded           | Completed           |
| <b>Revenue Services</b>                                  |                      |                     |
| Council Tax (CRSA)                                       | Full Assurance       | Completed           |
| NNDR (CRSA)  | Full Assurance       | Completed           |
| Debtors System (CRSA)                                    | Reasonable Assurance | Draft (Provisional) |
| AUDIT PLAN 2021/22 - COMMERCIAL                          |                      |                     |
| AUDIT AREA   | AUDIT OPINION        | COMMENTS            |
| <b>Customer Services</b>                                 |                      |                     |
| Self Isolation Payments                                  | Reasonable Assurance | Draft (Provisional) |
| Cashiers - Closedown                                     | Non-Graded           | Completed           |
| <b>Procurement</b>                                       |                      |                     |
| Purchasing   | Reasonable Assurance | Completed           |
| <b>Workforce Management</b>                              |                      |                     |
| Recruitment and Retention - Notifications of Termination | Limited Assurance    | Draft (Provisional) |
| Payroll System (Overtime)                                | Reasonable Assurance | Draft (Provisional) |
| Flexi (19/20)  | Limited Assurance    | Completed           |
| Health and Safety Follow Up                              | Non-Graded           | Completed           |
| AUDIT PLAN 2021/22 - LEGAL AND CORPORATE COMPLIANCE      |                      |                     |
| AUDIT AREA   | AUDIT OPINION        | COMMENTS            |
| <b>Commercial, Property and Information Governance</b>   |                      |                     |
| GDPR Follow Up   | Non-Graded           | Completed           |
| Resilience   | Full Assurance       | Completed           |
| <b>Corporate Services and Registration</b>               |                      |                     |
| Local Land Charges                                       | Reasonable Assurance | Completed           |
| Registrars   | Not Applicable       | Ongoing             |
| AUDIT PLAN 2021/22 - GOVERNANCE AND PARTNERSHIPS         |                      |                     |
| AUDIT AREA   | AUDIT OPINION        | COMMENTS            |
| <b>Partnership and Policy</b>                            |                      |                     |
| CCTV   | Limited Assurance    | Draft (Provisional) |
| Strategic Policy - Welsh Language Follow Up              | Non-Graded           | Completed           |
| AUDIT PLAN 2021/22 - REGENERATION AND COMMUNITY SERVICES |                      |                     |
| AUDIT AREA   | AUDIT OPINION        | COMMENTS            |
| <b>Frontline Integrated services</b>                     |                      |                     |
| Street Lighting  | Reasonable Assurance | Completed           |
| Waste Disposal   | Full Assurance       | Completed           |
| <b>Infrastructure</b>                                    |                      |                     |
| Home to school / College Transport                       | Not Applicable       | Ongoing             |
| <b>Property</b>  |                      |                     |
| Corporate Landlord - Civic Decant                        | Not Applicable       | Deferred            |
| <b>Public Protection</b>                                 |                      |                     |
| Enable Grant   | Full Assurance       | Completed           |
| Homelessness Grant (incl.in HSG)                         | Not Applicable       | Completed           |
| Rent Smart Wales (incl.in HSG)                           | Not Applicable       | Completed           |
| Housing Allocations Follow Up                            | Non-Graded           | Completed           |
| Trading Standards - Inspection, Enforcement and Advice   | Not Applicable       | Ongoing             |
| <b>Development Control</b>                               |                      |                     |
| Planning Policy Follow Up                                | Non-Graded           | Completed           |
| Building Control   | Not Applicable       | Ongoing             |
| Dangerous Structures                                     | Not Applicable       | Ongoing             |
| <b>Estates and Asset Management</b>                      |                      |                     |
| Disposal of Surplus Land Follow Up                       | Non-Graded           | Completed           |
| <b>Regeneration and Thriving Communities</b>             |                      |                     |
| Support to Businesses                                    | Not Applicable       | Ongoing             |
| AUDIT PLAN 2021/22 - EDUCATION                           |                      |                     |
| AUDIT AREA   | AUDIT OPINION        | COMMENTS            |
| <b>Education Transformation</b>                          |                      |                     |
| Schools CRSA   | Reasonable Assurance | Completed           |
| School System (Sims )                                    | Non-Graded           | Completed           |
| School System (School Fund)                              | Reasonable Assurance | Completed           |
| School System (ICT)                                      | Not Applicable       | Ongoing             |
| River Centre Follow Up                                   | Non-Graded           | Completed           |
| School Savings Club Review                               | Limited Assurance    | Completed           |
| School Communications System Review                      | Non-Graded           | Completed           |
| <b>Youth Services</b>                                    |                      |                     |
| Youth Support Grant                                      | Full Assurance       | Completed           |
| AUDIT PLAN 2021/22 - SOCIAL SERVICES                     |                      |                     |
| AUDIT AREA   | AUDIT OPINION        | COMMENTS            |
| <b>Development and Commissioning</b>                     |                      |                     |
| Housing Support Grant                                    | Full Assurance       | Completed           |
| Commissioning Follow Up                                  | Not Applicable       | Deferred            |
| Supporting People RDC Post                               | Full Assurance       | Completed           |
| <b>Long Term Care</b>                                    |                      |                     |
| Community Care Follow Up                                 | Not Applicable       | Deferred            |
| <b>Provider Services</b>                                 |                      |                     |
| Social Services Overtime Review                          | No Assurance         | Draft (Provisional) |
| Augusta House  | Reasonable Assurance | Draft (Provisional) |
| <b>Flying Start, Early Years &amp; Play</b>              |                      |                     |

| Grading              |
|----------------------|
| Full Assurance       |
| Reasonable Assurance |
| Limited Assurance    |
| No Assurance         |
| Non-Graded           |

| Follow ups                        |
|-----------------------------------|
| Health and Safety                 |
| GDPR                              |
| Strategic Policy - Welsh Language |
| Housing Allocations               |
| Planning Policy                   |
| Disposal of Surplus Land          |
| River Centre                      |

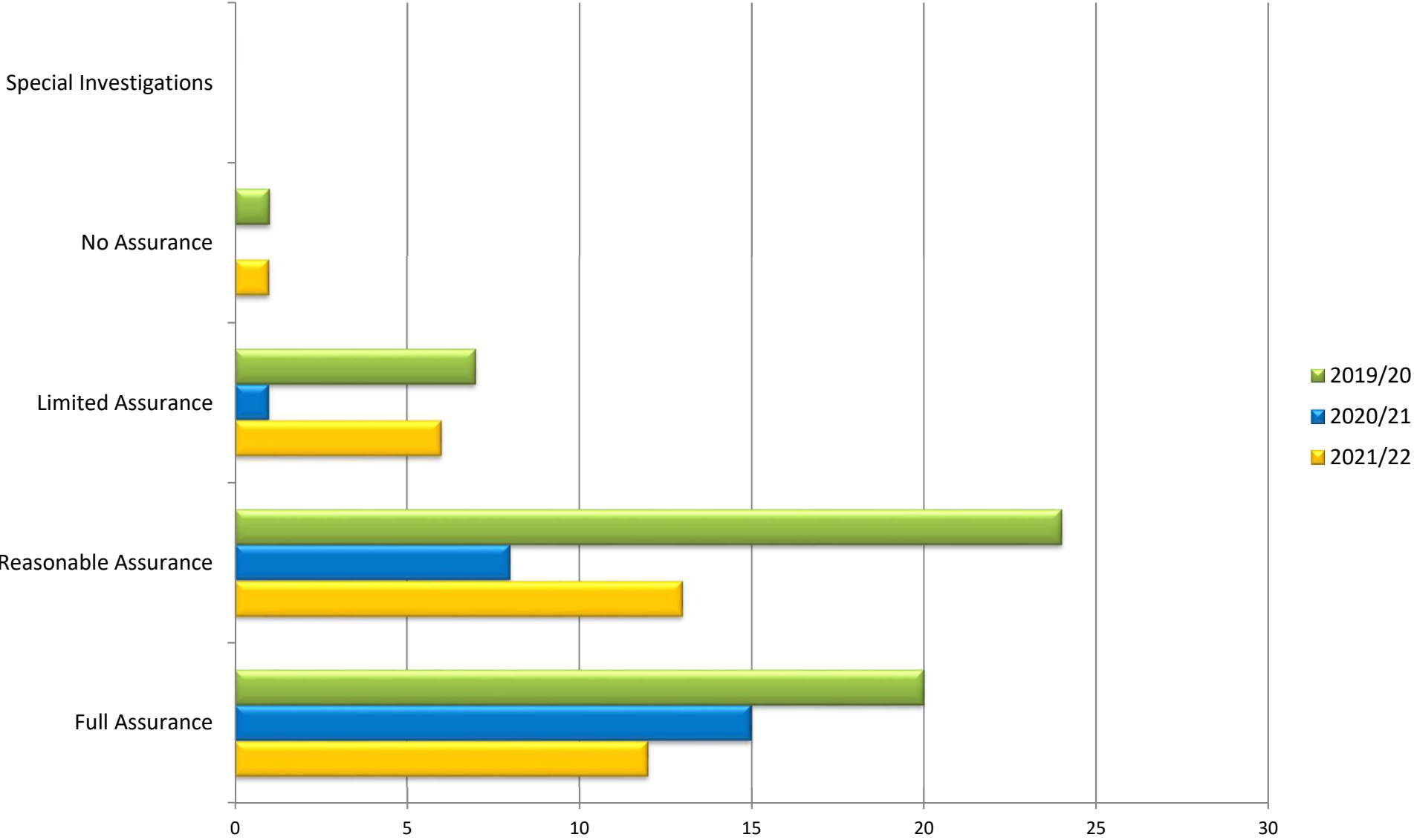
|   |                      |                     |
|---|----------------------|---------------------|
| Flying Start                              | Reasonable Assurance | Completed           |
| <b>Safeguarding and 14+</b>               |                      |                     |
| Social Services Safeguarding              | Reasonable Assurance | Draft (Provisional) |
| <b>AUDIT PLAN 2021/22 - CORPORATE</b>     |                      |                     |
| <b>AUDIT AREA</b>                         | <b>AUDIT OPINION</b> | <b>COMMENTS</b>     |
| Thematic Review Recruitment and Retention | Non-Graded           | Draft (Provisional) |
| Contract Audit < £75k                     | Not Applicable       | Ongoing             |
| Contract Audit > £75k                     | Not Applicable       | Ongoing             |
| Quality Audit - Register of Interest      | Limited Assurance    | Completed           |
| Corporate Safeguarding                    | Limited Assurance    | Draft (Provisional) |

INTERNAL AUDIT SECTIONPERFORMANCE INDICATORS 2021/22

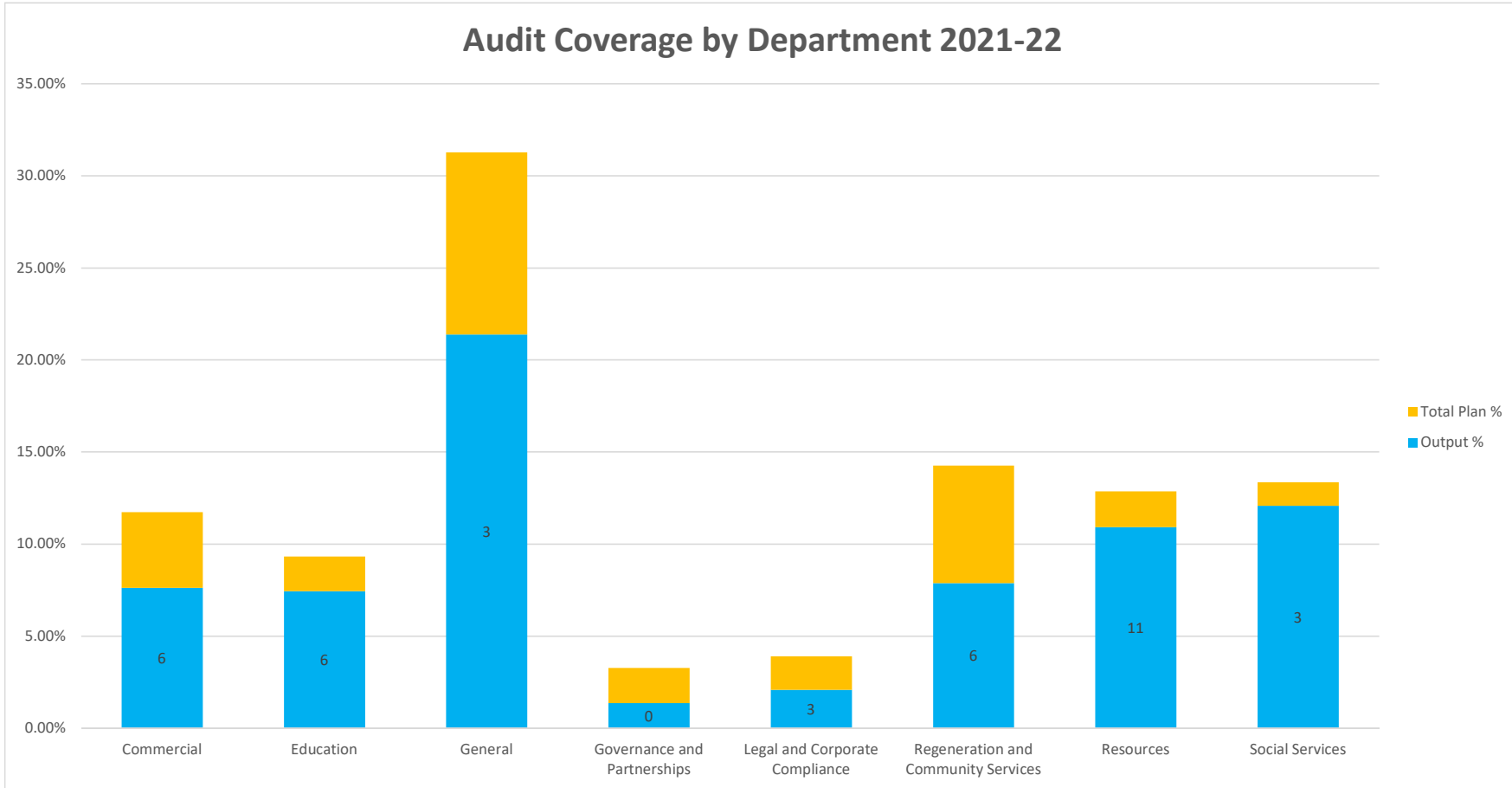
|          | Performance Indicator   | 2019/20 Actual | 2020/21 Actual | 2021/22 Target | 2021/22 Actual | RAG Rating |
|----------|---|----------------|----------------|----------------|----------------|------------|
| Local PI | Audit Plan Completion %                                       | 65.31%         | N/A            | 70%            | 70.74%         | Green      |
| Local PI | % of Agreed Actions for Weaknesses Identified                 | 100%           | 99%            | 90%            | 100%           | Green      |
| Local PI | % of Agreed Actions completed after 6 months                  | 84%            | 91%            | 80%            | 90%            | Green      |
| Local PI | % of Audit Clients at least "satisfied" with the service      | 100%           | 100%           | 95%            | 100%           | Green      |
| Local PI | Average number of days taken to issue Final Reports           | 2.4 days       | 2.42 days      | 5 days         | 5.17 days      | Amber      |
| Local PI | % of Audits completed within time allocated                   | 87%            | 87%            | 75%            | 90%            | Green      |
| Local PI | % of Performance Reviews undertaken within previous 12 months | 100%           | 100%           | 100%           | 100%           | Green      |
| Local PI | Average number of sick days per person (cumulative average)   | 7.33 days      | 6.67 days      | 8 days         | 0.83 days      | Green      |

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# Audit Gradings 2019/20, 2020/21 & 2021/22



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| Department                          | Total Department % | Output %      | Completed Audit Areas |
|-------------------------------------|--------------------|---------------|-----------------------|
| Commercial                          | 11.73%             | 7.63%         | 6                     |
| Education                           | 9.33%              | 7.44%         | 6                     |
| General                             | 31.27%             | 21.37%        | 3                     |
| Governance and Partnerships         | 3.28%              | 1.36%         | 0                     |
| Legal and Corporate Compliance      | 3.91%              | 2.08%         | 3                     |
| Regeneration and Community Services | 14.25%             | 7.88%         | 6                     |
| Resources                           | 12.86%             | 10.91%        | 11                    |
| Social Services                     | 13.37%             | 12.07%        | 3                     |
| <b>Total</b>                        | <b>100.00%</b>     | <b>70.74%</b> | <b>38</b>             |

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# Agenda Item 9

*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: **11<sup>th</sup> July 2022**  
Report Subject: **Annual Report of the Audit & Risk Manager 2021/22**  
Portfolio Holder: **Leader of the Council / Executive Member – Corporate Overview & Performance**  
Report Submitted by: **Louise Rosser - Audit & Risk Manager**

| 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) |
|                             | 23.06.22                  |                          | 11.07.22                     |                               |                    |                     |         |                      |

## 1. Purpose of the Report

- 1.1 This report provides the Audit Committee with the Audit & Risk Manager's (A&RM) objective review of the Authority's system of internal control operating during the financial year 2021/22 and the annual audit opinion of the A&RM.
- 1.2 As such in my opinion, Blaenau Gwent County Borough Council's system of internal control during the financial year 2021/22 operates to a level which gives Reasonable Assurance on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

## 2. Scope and Background

### 2.1 Background and Context

- 2.1.1 The report highlights the work undertaken by the Internal Audit Service and complies with the Public Sector Internal Audit Standards (PSIAS) and the Governance & Audit Committee Terms of Reference.
- 2.1.2 In line with the PSIAS, the A&RM is required to produce an annual report for the Governance & Audit Committee. The report must include:
- An annual audit opinion, including a summary of the work that supports that opinion;
  - A statement on conformance with the International Professional Practices Framework (IPPF), including the PSIAS; and
  - The results of the Quality Assurance and Improvement Programme.
- 2.1.3 The A&RM must demonstrate organisational independence and this is achieved through the Committee approving the Internal Audit Charter, agreeing the Audit Plan and receiving periodic progress reports on the work undertaken by the service. The A&RM is able to report directly to the Chief Executive and / or the Governance & Audit Committee if the need

arose. Progress reports have been received by the Committee during the year and the outturn position for 2021/22 is also included on this Committee's agenda.

2.1.4 The A&RM line manages the Insurance and Risk Management Service in addition to the Internal Audit Service. Independence is maintained through appropriate review and reporting processes being put in place for audit work relating to the Insurance and Risk Management Service. Audit output for this area will bypass the A&RM and be subject to sign off by the Chief Officer Resources to ensure independence is maintained.

2.2 Annual Opinion and Summary of Audit Activity for Financial Year 2021/22

2.2.1 The continuation of the Covid-19 pandemic throughout 2021/22 has had minimal impact on the work of Internal Audit with normal service resuming for the period. The service continued to be mindful of the impact on frontline services and endeavoured to work around any specific pressures faced by auditees.

2.2.2 The audit plan for the period incorporated a number of audit areas that tested and reported on the Authority's handling of Covid related funding, as well as any process changes as a result of the pandemic. Reports on these areas have been provided to the Committee during the year as part of the routine reporting cycle.

2.2.3 The full cycle of Governance & Audit Committee meetings resumed and were held throughout the year in hybrid format. The timings of some reports presented to the Governance & Audit Committee continued to be outside of the established reporting pattern, however there was no detriment from delayed reporting and the reporting programme is anticipated to fully return to its pre-pandemic timeframes for 2022/23. Emergency powers were not required during the year.

2.2.4 The annual opinion is formed having consideration to three aspects of the Authority's arrangements, namely: Governance, Risk Management and Internal Control.

2.2.5 Throughout the year the risk management and governance arrangements have continued to be evidenced by the operation of Gold CLT and the Emergency Response Team (ERT). The focus has been on both the response to and recovery from the pandemic with meetings varying in frequency and remit in line with the fluctuating Covid position.

2.2.6 CLT have received and reviewed the Corporate Risk Register throughout the year. The adopted Risk Management Strategy and Handbook were scheduled for review during 2021/22, however this has been delayed until 2022/23 as a result of staffing changes during the year and necessary workload reprioritisation.

- 2.2.7 Audit Wales issued a letter to management highlighting their concerns over adherence to the procurement processes operated by the Authority. A number of procurement related audits have been undertaken during the year to ensure the findings of the Audit Wales review are not endemic in the Authority. Those audits completed are included in the outturn report presented to this Committee and no findings of particular concern were noted. Two contract audits are ongoing at year end and any adverse findings will be reported to this committee.
- 2.2.8 The Authority has been subject to an investigation by Audit Wales in relation to the governance arrangements for Silent Valley Waste Services. This matter concluded during the year with a public interest report being presented at full council that found 'deficiencies in the Council's governance and oversight arrangements in respect of Silent Valley Waste Services'. The Council agreed the recommendation to undertake a review to gain assurance that these issues are not present in respect of any other companies in which it has an interest. This review is progressing with the findings expected to be reported to the Governance & Audit Committee once concluded.
- 2.2.9 Prior year statements of accounts, which were held in abeyance whilst the matter was ongoing, were re-presented to the Governance and Audit Committee and signed off by all parties.
- 2.2.10 There have been a number of changes to the Corporate Leadership Team during the year. The interim appointment of the Chief Officer – Commercial position was made a permanent appointment in June 2021. The Managing Director left the Authority in March 2022, with the Director of Social Services accepting the role of Interim Chief Executive Officer in her place. The Director of Social Services role has been taken by the Head of Children Services, again on an interim basis.
- 2.2.11 As part of the budget setting process for the year, the Authority set a target of £755K for Bridging the Gap projects. Progress against these projects was reported to Joint Scrutiny in March 2022, with the savings achieved expected to exceed the target for the year at £1,038K.
- 2.2.12 The Internal Audit Service issued 45 audit reports during the year including 12 Full Assurance, 13 Reasonable Assurance, 6 Limited Assurance, and 1 'No' Assurance grading. 10 of these reports were in draft format at year end and therefore could be subject to change. There were a further 13 pieces of work that were not graded, including 7 follow-up audits. The number of audits undertaken and the proportions of grades for the period are more aligned to pre-pandemic trends.
- 2.2.13 In forming an audit opinion consideration is also given to the control environment over the past few years. An analysis of prior year outcomes of the audits of the major financial systems highlighted a long term trend of full / reasonable audit grades. In light of these consistent results a decision was made to re-categorise the audits from an automatic annual

audit to a 'risk assessed' approach. As a consequence, the number of major financial systems audits were reduced and other higher risk audit areas were prioritised. This change of approach has enabled improved coverage in other service areas. This approach is going to continue for the 2022/23 financial year.

- 2.2.14 Audits reports are written on an exception basis and reflect the adequacy of the specific system examined, and the controls within that system, and therefore need to be considered in context. For 2021/22 there were no patterns / trends to the audit outcomes that indicated particular areas of concern and no individual findings are of such significance to cause concern regarding the integrity of the Statement of Accounts.
- 2.2.15 Follow-up audits are routinely undertaken on any audit that receives a Limited Assurance or No Assurance grading. As indicated in 2.2.12 above, 7 follow up audits were conducted during the year, all of which showed satisfactory progress had been made to improve controls.
- 2.2.16 There has been one change to the staffing structure of Internal Audit during 2021/22, with a Senior Auditor leaving the Authority. A new Senior Auditor was appointed in June 2021. Whilst the turnaround for this position was quick, the need to train a new employee would have had a small impact on plan progress.
- 2.2.17 The section continues to recognise the lack of an IT auditor and this remains as a risk on the service's risk register. The Authority is a partner in the SRS who are currently audited by Torfaen CBC. The results of the audit work undertaken by Torfaen CBC are fed back to all board members with reliance being placed on this work as appropriate.

### 2.3 International Standards of Professional Practice

- 2.3.1 The service works within the parameters of the International Professional Practices Framework (IPPF). This consists of three mandatory elements namely: a Definition of Internal Audit; a Code of Ethics; and the Professional Standards (PSIAS).
- 2.3.2 The A&RM is required to make a statement, as part of this report, on whether the service conforms to the PSIAS, and in addition must report any instances of non-compliance with the Definition of Internal Auditing, the Code of Ethics and the Standards. Any significant instances of non-compliance should be included in the Annual Governance Statement.
- 2.3.3 I am able to confirm that the Internal Audit Service for Blaenau Gwent CBC conforms to the requirements of the PSIAS and the IPPF.
- 2.3.4 The service is now due it's second external assessment and as with the previous assessment this will be conducted by way of peer review. The Welsh Chief Auditors Group co-ordinate a reciprocal arrangement

between authorities whereby the Chief Audit Executives conduct the review for a nominated authority. Blaenau Gwent is currently undergoing an assessment by Carmarthenshire and the findings of the review will be reported to a future Governance & Audit Committee. In turn, the Audit and Risk Manager will conduct the review for another local authority at a later date.

#### 2.4 Quality Assurance and Improvement Programme

2.4.1 The A&RM is required to implement a programme of quality assurance and improvement. This is done through a combination of the performance indicators referred to in 6.1 below, senior management review of outputs to assure consistency of approach, staff development and discussion with audit clients.

2.4.2 I am able to confirm that no areas of concern have been highlighted as part of the quality assurance and improvement programme.

### 3. **Options for Recommendation**

3.1 The Governance & Audit Committee receive the annual audit opinion of the Audit & Risk Manager as detailed in paragraphs 1.1 and 3.3.

3.2 The audit assignments conducted cover a range of activities and provide a reasonable indicator of the level of assurance for the Authority, however, they cannot provide complete coverage and it is acknowledged that assurance procedures alone do not guarantee that all significant risks are detected.

3.3 Based on the findings of the audit work undertaken during 2021/22, in my opinion, Blaenau Gwent County Borough Council's system of internal control during the financial year 2021/22 operates to a level which gives Reasonable Assurance on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

### 4. **Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

4.1 The provision of assurance on the internal control environment supports the Corporate Plan objective of being an ambitious and innovative council delivering the quality services we know matter to our communities.

4.2 The Local Government Act (1972) and the Accounts and Audit Regulations (Wales) 2014 require the Council to maintain an effective Internal Audit Service in accordance with proper internal audit practices. The Authority's Internal Audit Service has adopted the Public Sector Internal Audit Standards (PSIAS) for this purpose.

## 5. **Implications Against Each Option**

### 5.1 Impact on Budget

There are no direct financial implications resulting from this report. Poor financial controls could lead to fraud and misappropriation of council assets.

### 5.2 Risk including Mitigating Actions

Failure of the A&RM to provide an annual opinion would indicate that an adequate internal audit service has not been provided. In not complying with statutory legislation, the section 151 officer would not be able to discharge her statutory duties. This would be reflected in the opinion provided by the external auditor and could result in additional regulation and costs to the Authority.

5.2.1 The Governance & Audit Committee would not be informed as to the level of assurance provided by the systems of internal control preventing them from fulfilling their role as a Committee as required by the Local Government (Wales) Measure. This is mitigated through the Committee receiving the annual opinion of the A&RM and periodic reports of audit activity relating to the adequacy of the control environment.

### 5.3 Legal

Provision of an adequate audit service, demonstrated in part through the provision of an annual audit opinion, 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 was below the corporate and directorate tolerance levels for sickness absence losing 0.83 days per person against the directorate target of 6 days per person. The Committee are kept abreast of staffing issues throughout the year as part of the periodic progress reports.

## 6. **Supporting Evidence**

### 6.1 Performance Information and Data

Performance information for the service for the period 1st April 2021 to 31st March 2022 is presented to this Committee as part of the Audit Plan Outturn Report.

6.1.1 The section maintains a suite of eight performance indicators and has achieved seven of them for 2021/22. The indicator not achieved was the average number of days taken to issue a final report. This indicator was 5.17 days against a target of 5 days and is due to delayed reviews of the final report by the Audit and Risk Manager.

6.1.2 The plan percentage indicator was achieved with 70.74% of the plan completed against a target of 70%. A review of the performance indicators / measures used by the section is planned to be undertaken in

conjunction with the Welsh Chief Auditors Group with the aim of standardising to improve comparative data across all Welsh local authority Internal Audit Services.

- 6.2 Expected outcome for the public  
An effective audit service will assist with the stewardship of public money providing assurance to communities of Blaenau Gwent on the robustness of the Authority's internal controls.
- 6.3 Involvement (consultation, engagement, participation)  
There are no direct implications under involvement.
- 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  
A robust control environment reduces the risk of fraud and misappropriation and safeguards the assets of the Authority.
- 6.6 Collaboration / partnership working  
Reliance is placed on the work of other regulators, partners and local authorities when forming an audit opinion on the control environment of the Council.
- 6.7 Integration (across service areas)  
In providing an annual opinion, the A&RM has considered the Authority's whole control environment across all directorates.
- 6.8 EgIA (screening and identifying if full impact assessment is needed)  
The provision of the A&RM Annual Report and opinion has a neutral impact against people or groups from the nine protected characteristics.

7. **Monitoring Arrangements**

- 7.1 Both CLT and the Governance & Audit Committee receive periodic updates throughout the year on progress made against the audit plan, and any other issues arising through the work of Internal Audit Services.

**Background Documents /Electronic Links**

- *Audit Plan Outturn Report*
- *Annual Governance Statement*
- *Internal Audit Plan*

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