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Louise Rosser
Audit and Risk Manager, Blaenau Gwent County Borough Council
Anvil Court
Church Street
Abertillery
Gwent
NP13 1DB

Reference: BGCBC/IA 2022-23

Date issued: 3 January 2024

Dear Louise,

Audit enquiries to Internal Audit.

This letter formally seeks Internal audit's documented consideration and understanding on a number of governance areas that impact on our audit of the financial statements.

The information you provide will inform our understanding of the Council and its business processes and support our work in providing an audit opinion on your 2022-23 financial statements.

I would be grateful if the attached table for 2022-23 could be formally considered and communicated to us by 23 February 2024. In the meantime, if you have queries, please contact Mike Jones at mike.jones@audit.wales

Yours sincerely

Mike Jones

Audit Manager

Enquiries of internal audit – in relation to fraud

Question	2022-23 Response
1. Do you have knowledge of any actual, suspected or alleged fraud affecting the entity?	<p>There are three investigations being undertaken. Audit Wales have been briefed on this work and reports will be presented to the Governance and Audit Committee as appropriate when the work is concluded.</p>
2. What are your views on the risks of fraud in the entity?	<p>The Council has well established processes integral to the financial reporting and risk management frameworks of the Council. Controls are built into systems and processes to reduce the risk of fraud.</p> <p>Internal Audit produce a risk-based audit plan on an annual basis. Audit areas are scored and ranked using a risk matrix that includes the risk of fraud. The adequacy of the internal controls in place are tested annually through completion of this plan.</p> <p>An overview of any fraudulent activity is given in the Audit and Risk Managers Annual Report. For 2022/23 the Audit and Risk Manager was able to give a ‘reasonable assurance’ opinion on the adequacy of the control environment.</p>

Enquiries of internal audit – in relation to fraud

Question	2022-23 Response
3. What is your process for identifying and responding to the risks of fraud?	<p>All audits test the internal controls within a system and assess their adequacy. Any reports of known or suspected fraud are followed up by Internal Audit where possible. A fraud hotline is in place for reporting concerns direct to Internal Audit. (This line has been temporarily unavailable)</p> <p>A reporting protocol exists whereby the Audit and Risk Manager attends Departmental Management Teams meetings on a quarterly basis to discuss audits undertaken in the service area.</p>
4. What procedures have been performed, if any, by internal audit during the year to detect fraud?	<p>As above. Audit reports are issued to managers within the service area of the audit. Reports are also reported to CLT and the Governance and Audit Committee.</p>
5. Has management satisfactorily responded to any findings resulting from those procedures?	<p>An action plan is produced for each audit undertaken that requires a responsible officer to identify how a control weakness will be addressed. Follow up audits identify if actions are not taken in a timely manner, and concerns can be escalated to CLT and to the Governance and Audit Committee as necessary.</p>

Enquiries of internal audit – in relation to fraud

Question	2022-23 Response
6. For service organisations, have any frauds been reported to the user entity?	N/A