

T: 01495 357788 Ext./Est: 7788

E: committee.services@blaenau-gwent.gov.uk

Contact:/Cysylltwch â: Gwasanaethau Democraataidd



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

Date Not Specified Date Not Specified

Dear Sir/Madam

**PWYLLGOR ARCHWILIO**

A meeting of the Pwyllgor Archwilio will be held in Siambr y Cyngor, Canolfan Ddinesig on Dydd Mawrth, 27ain Ebrill, 2021 at 9.30 am.

Yours faithfully

Michelle Morris  
Managing Director

**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.

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

3. **DATGANIADAU BUDDIANT A GODDEFEBAU**
- Derbyn datganiadau buddiant a goddefebau.
4. **PWYLLGOR ARCHWILIO** 5 - 12
- Derbyn cofnodion y cyfarfod o'r Pwyllgor Archwilio a gynhaliwyd ar 2 Mawrth 2021.
- (Dylid nodi y cyflwynir y cofnodion er pwyntiau cywirdeb yn unig).
5. **DALEN WEITHREDU – 2 MAWRTH 2021**
- Nid oedd unrhyw gamau gweithredu yn deillio o gyfarfod y Pwyllgor Archwilio a gynhaliwyd ar 2 Mawrth 2021.
6. **ALL-DRO CYNLLUN ARCHWILIO 2020-21** 13 - 20
- Ystyried adroddiad y Prif Swyddog Adnoddau.
7. **ADRODDIAD BLYNYDDOL Y RHEOLWR ARCHWILIO A RISG 2020/21** 21 - 28
- Ystyried adroddiad y Rheolwr Archwilio a Risg.
8. **NEWIDIADAU DEDDF LLYWODRAETH LEOL 2021** 29 - 32
- Ystyried adroddiad y Pennaeth Cyfreithiol a Chydymffurfiaeth.

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

M. Veale

All other Members (for information)  
Manager Director  
Chief Officers

This page is intentionally left blank

**COUNTY BOROUGH OF BLAENAU GWENT**

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

**SUBJECT:** **AUDIT COMMITTEE – 2<sup>ND</sup> MARCH, 2021**

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

---

**PRESENT:** COUNCILLOR S. HEALY (VICE-CHAIR IN THE CHAIR)

Councillors P. Baldwin  
D. Davies  
D. Hancock  
J. Hill  
W. Hodgins  
J. Holt  
J. Millard  
M. Moore  
J.C. Morgan  
K. Rowson  
B. Summers  
S. Thomas  
L. Winnett

Mr. T. Edwards  
Mr. M. Veale

**WITH:** Chief Officer Resources  
Audit & Risk Manager  
Senior Business Partner – Capital and Corporate Accounting  
Professional Lead – Internal Audit  
Data Protection & Governance Officer

**AND:** **Audit Wales**  
Mike Jones

## DECISIONS UNDER DELEGATED POWERS

<u>ITEM</u>	<u>SUBJECT</u>	<u>ACTION</u>
No. 1	<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><u>CHAIR</u></b></p> <p>It was reported that the Chair, Mr. T. Edwards was experiencing technical difficulties, and it was agreed that the Vice-Chair, Councillor S. Healy would Chair the meeting.</p>	
No. 2	<p><b><u>APOLOGIES</u></b></p> <p>Apologies for absence were received from Councillors H. Trollope.</p>	
No. 3	<p><b><u>DECLARATIONS OF INTEREST AND DISPENSATIONS</u></b></p> <p>The following declarations of interest were reported:</p> <p>Councillor B. Summers - Item No. 7 Statement of Accounts 2019/20 (<i>Silent Valley Waste Services</i>)</p> <p>Councillor J. Hill - Item No. 7 Statement of Accounts 2019/20 (<i>Silent Valley Waste Services</i>)</p>	
No. 4	<p><b><u>AUDIT COMMITTEE</u></b></p> <p>The minutes of the special Audit Committee held on 2<sup>nd</sup> February, 2021 were submitted, whereupon:</p> <p>A Member reported that the figure listed on page 3 of the minutes under Item No. Action Sheet, should be amended to read £8,200.</p> <p>The Member also referred to discussions at the previous</p>	

	<p>meeting in relation to the Buildings Decommissioning report where he had questioned the significance of the asbestos register when decommissioning buildings, and whether it would be transferred in the event of a building being sold.</p> <p>RESOLVED, subject to the foregoing, that the minutes be accepted as a true record of proceedings.</p>	
<b>No. 5</b>	<p><b><u>ACTION SHEET</u></b></p> <p>There were no actions arising from the meeting held on 2<sup>nd</sup> February, 2021.</p>	
<b>No. 6</b>	<p><b><u>AUDIT PLAN PROGRESS REPORT – JANUARY TO FEBRUARY</u></b></p> <p>Consideration was given to report of the Professional Lead Internal Audit.</p> <p>The Professional Lead Internal Audit presented the report which provided an update on progress against the Internal Audit Plan for the period 1st January 2021 to 28th February, 2021. Activities during the period were set out in Appendix A to the report, and the format showed a summary of findings from audit reports produced in the period, including a formal audit opinion where appropriate. Where individual audits were graded as Limited Assurance or No Assurance, an Internal Audit Summary Report was presented at Appendix B.</p> <p>A Member asked whether the Audit Section were on target to complete the levels of audit coverage sufficient to form an opinion at the end of the year.</p> <p>The Officer explained that the progress report presented at the last meeting was based on work over a 9 month period, and the Section was currently on track to complete all financial audits for the end of March 2021.</p> <p>In response to a further question raised the Officer reported that the Flying Start and SIMS School audits had been delayed due to services being reprioritised, but it was intended to progress those now and hopefully they would be completed</p>	

	<p>towards the end of the year. In relation to the Thematic Review, the Officer said this was a pilot audit looking at numerous systems across a range of areas. As this was a new area of work there was no definitive timescale to complete the audit as it was about exploring whether it would add value and prevent duplication of work. The results of the pilot would be reported to a future meeting of the Audit Committee.</p> <p>The Member then referred to Appendix B Community Care Audit and sought clarification on the summary of findings.</p> <p>The Officer confirmed that Community Care Management and internal controls operated effectively. The majority of the findings highlighted weaknesses in relation to quality assurance processes, however, these had now been redesigned as a result of the audit.</p> <p>RESOLVED that the report be accepted and the findings within the attached Appendices, and progress on activities for the period 1st January, 2021 to 28th February, 2021 be noted.</p>	
<p><b>No. 7</b></p>	<p><b><u>STATEMENT OF ACCOUNTS 2019/20</u></b></p> <p>Consideration was given to the report of the Senior Business Partner Capital &amp; Corporate Accounting.</p> <p>It was agreed that Item Nos. 7 and 8 be considered simultaneously.</p> <p>The Senior Business Partner presented the Council's Statement of Accounts for 2019/20. He reported that during the initial stages of the Covid 19 pandemic critical services were prioritised with staff being redeployed into those critical services to support the Council's response. As a result, the completion of the Statement of Accounts was delayed with Welsh Government recommending that LA's prepare their draft accounts by 31<sup>st</sup> August, 2020 and publication of final audited accounts by 30<sup>th</sup> November, 2020.</p> <p>The Council's draft Statement of Accounts were reported to Audit Committee on 29<sup>th</sup> September and since that time, a</p>	



number of adjustments have been identified and are reported to Audit Committee.

As required under Section 11 of the 2014 Regulations and Section 29 of the 2004 Act, the Accounts and other documents were made available for public inspection for 20 working days, from Monday 5th October until Friday, 30th October, 2020 inclusive and no requests for information or inspection were received during that period.

The Officer confirmed that Audit Wales had now finalised the detailed financial audit of the Accounts and prepared its statutory Audit of Accounts Report (International Standards on Auditing or ISA 260 report), Item no. 8 on the agenda.

The Authority anticipated receiving an unqualified signed audit opinion from the Appointed Auditor. At this stage, Audit Wales are unable to issue a certificate of completion of audit for 2019/2020, pending the certification of audits in respect of prior financial years.

He concluded that if agreed by the Audit Committee, the Statement of Accounts would be signed-off by the Chief Officer Resources and the Chair of the Audit Committee.

The Audit Wales Officer then presented the Audit Wales Blaenau Gwent CBC 2019-20 Audit of Accounts report.

He said overall this was a positive report and confirmed that Audit Wales intended to issue an unqualified audit opinion on this year's Accounts. He then went briefly through the report and highlighted points contained therein.

He said Auditors could never provide complete assurance that accounts are correctly stated, and instead worked to a level of 'materiality', which was set to try to identify and correct misstatements that might otherwise cause a user of the accounts to be misled, and the level of materiality was £2.66m for this year's audit. However, there were some areas of the Accounts that may be of more importance to the reader, and in this regard a lower materiality level had been set for these, i.e. Senior Officer pay £1,000 and Related Parties £100,000.

The Audit Wales Officer said the Covid pandemic had had a significant impact on all aspects of society and continued to do so, and this resulted in the draft accounts being completed for audit by 23rd September, 2020, some three months after the original timetable. However, he pointed out that Audit Wales were grateful to the Council's Finance Team for their support during the audit.

He said the Covid pandemic had affected the audit and the main impacts were summarised in Exhibit 1 and this was provided for information purposes only to help understand the impact of the pandemic on this year's audit process.

In terms of the audit opinion he reported that there were initially misstatements in the draft accounts that had now been corrected by Management and these were set out in Appendix 3.

Also during the course of the audit a number of matters relating to the Accounts were considered and reported as significant issues arising to the Council. Whilst the impact of the Covid pandemic was recognised and the challenges this posed to the Council, the need for improvement in key areas remained, and the Recommendations relating to these issues were outlined in Appendix 4. He confirmed that Management had responded to the Recommendations and progress against them would be followed-up during next year's audit. Any actions outstanding would continue to be monitored and would be reported in next year's report.

The Audit Wales Officer concluded that an unqualified audit opinion was intended for this year's Accounts, however, the Certificate of Completion would remain open due to the ongoing work in relation to Silent Valley. However, he reported that this work had been completed and the draft report was out for consultation with individuals identified in the report.

A Member referred to section 3.3 of the Accounts where it stated that in December 2017 the Council had made an in-principle decision to transfer Silent Valley back to the Council, and asked what impact this would have on the Council's

Accounts.

The Audit Wales Officer explained that the ongoing work with Silent Valley would have no impact on the Accounts presented to the Audit Committee.

The Chief Officer Resources confirmed that the report referred to by Audit Wales was around the ongoing investigation into the relationship between Silent Valley Waste Services and the Council and was not related to any work being done internally around future operations at Silent Valley.

A Member asked whether the extra funding for reserves had been included in the budget papers presented to the Joint Scrutiny Committee, and Council for consideration on Thursday, 4<sup>th</sup> March.

In response the Chief Officer Resources explained that the adjustments had only recently been finalised. The budget papers submitted for consideration by Council related to the 2020/21 financial year, and did not reference specific information around reserves. However, the Quarter 2 outturn for 2020/21 and general and earmarked reserves levels had increased since the forecast

A Member referred to the ongoing investigation around Silent Valley and asked whether it was possible for an individual to attempt to delay progress.

In response the Audit Wales Officer said hopefully this would not happen, but individuals may have legitimate concerns that they would need to seek advice on. He said this was the purpose of the legal progress to provide assurance to individuals, and also offered a reasonableness test to ascertain whether any further delay was justified.

A Member referred to the impact of the Covid pandemic and asked how Blaenau Gwent compared to other LA's in terms of the quality of its Accounts and whether any lessons could be learned.

In response the Audit Wales Officer said Blaenau Gwent was

	<p>one of the last LA's to provide its Accounts, and Audit Wales' Recommendations suggested that improvement in the quality of working papers was needed. However, he said the direction of travel seemed positive, and he was aware that an appointment had recently be made and there was commitment from the Council to take that forward. He also pointed out that the Council had been dealing with queries over the past 3 years which had had an impact, and when completed Council would have the opportunity to move forward and improve.</p> <p>The Member then referred to page 54 of the Accounts and said the figure for termination packages of £245k seemed quite high, and asked whether there was a cap on termination packages and if approval was needed from Welsh Government for potentially large sums.</p> <p>The Chief Officer Resources reported that for the year of the Accounts there were no caps in operation, however, any termination packages in excess of £100k would be reported to Council for approval. For 2021, and until the £95k cap was withdrawn by Welsh Government, any termination packages over that amount would have been reported to Welsh Government for approval but there were none during that period.</p> <p>The Member then sought clarification on Officers' Remuneration listed in the table on page 51 of the Accounts, and the Senior Business Partner confirmed that the information was correct.</p> <p>RESOLVED that the report be accepted and the External Auditor's report, the Accounts be approved by the Audit Committee under the delegated authority of the Council.</p>	
<p><b>No. 8</b></p>	<p><b><u>AUDIT WALES - BLAENAU GWENT CBC 2019-20 AUDIT OF ACCOUNTS REPORT</u></b></p> <p>Consideration was given to the report submitted by Audit Wales.</p> <p>RESOLVED that the report be accepted.</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: **Audit Committee**  
Date of meeting: **27<sup>th</sup> April 2021**  
Report Subject: **Audit Plan Outturn 2020-21**  
Portfolio Holder: **Cllr. Nigel Daniels, Leader / Executive Member Corporate Services**  
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	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
virtual	15/04/2021		27/04/2021					

## 1. Purpose of the Report

- 1.1 The purpose of the report is to update the Audit Committee on the overall outturn position of the Audit Plan for the financial year 2020-21.

## 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 9-month Internal Audit Plan for the financial year is based upon Risk Assessments completed for 2019/20 with appropriate updates from senior management following the impact of the response to the Covid-19 pandemic. Risk Assessments were undertaken on all applicable audit areas which created a rank order for prioritising audit work within each directorate.
- 2.3 The planned audit work has been supplemented with additional assurance work undertaken in respect of emerging risks during the financial year, such as those caused by the Covid -19 pandemic.
- 2.4 The Audit Plan for the period 2020-21 was considered and agreed by the Audit Committee in February 2021.
- 2.5 Progress against the Audit Plan has been reported to the Audit Committee and this report provides a summary of the overall achievement for the year.

## 3. Option for Recommendation

- 3.1 The Audit Committee considers the report and the appendices, and notes the level 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 2020/21.

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

4.1 In line with the Corporate Plan Priority of being an efficient Council, presentation of the Internal Audit output for the financial year demonstrates the breadth and depth of the audit coverage of the Council's systems and internal controls. In doing this it also enables the Chief Officer – Resources to satisfy her statutory duties under Section 151 of the Local Government Act (1972) in providing an effective Internal Audit Service.

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

5. **Implications Against Each Option**

5.1 Impact on Budget

There are no direct financial implications resulting from this report.

5.2 Risk including Mitigating Actions

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

5.3 Legal

The Section 151 Officer has a statutory responsibility 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 provide sufficient coverage of the Authority's internal Control environment, as demonstrated in the audit plan outturn.

5.4 Human Resources

The section currently has a complement of six full time posts. This includes a new appointment to an Apprentice post since September 2020 via the Aspire Scheme.

The section's sickness during 2020/21 is an average of 6.67 days per person against a departmental target of 6 days per person. This was due to a long term sickness absence which ended in February 2021.

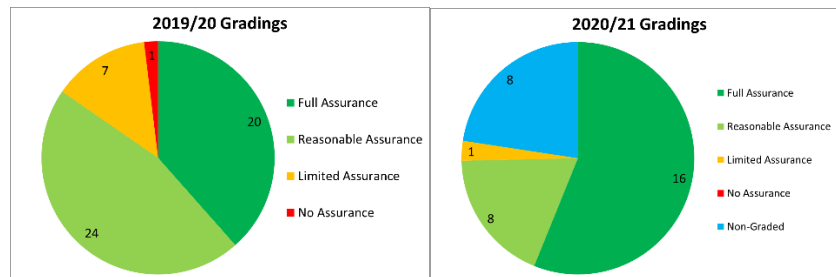
6. **Supporting Evidence**

6.1 Performance Information and Data

Appendix A shows all audits undertaken during the financial year and their status as at 31<sup>st</sup> March 2021 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 could be subject to change. Performance data for the section for the period to 31<sup>st</sup> March 2021 is presented at Appendix B.

- 6.1.1 Results of the audits undertaken during the year have shown improvement, with an increase in Full Assurance gradings and a reduction in Limited Assurance gradings, as illustrated in the pie charts below. There were 33 audits issued for 2020/21. In addition to the audits issued, there are 9 audits currently ongoing, or deferred during the year, as a result of the Covid -19 pandemic. This was due to only critical services operating for a period during the year and audit staff were redeployed to assist with the pandemic response efforts. The Covid-19 pandemic impacted the audit section's capacity to complete audit work, and therefore the Audit Plan for 2020/21 was based on 9 months of the year from July 2020 to March 2021.



6.2 ***Expected outcome for the public***

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

6.3 ***Involvement (consultation, engagement, participation)***

Prior engagement has been undertaken with Heads of Services when determining the risk assessments for the audit plan.

6.4 ***Thinking for the Long term (forward planning)***

The work of Internal Audit is intended to provide advice and guidance on system improvements resulting in an improved control environment for the future of the Authority.

6.5 ***Preventative focus***

Internal Audit provides a cost effective and professional Audit review of the Authority's internal control environment with the aim of minimising the risk of loss from error, fraud, or irregularities.

6.6 ***Collaboration / partnership working***

*There are no collaboration / partnership working arrangements arising from this report.*

6.7 ***Integration (across service areas)***

The audit plan is developed with a view to providing assurance on the whole of the Authority's control environment. Audit assignments are conducted for a range of activities across all directorates in order for the Audit and Risk Manager to provide an annual audit opinion that an adequate internal audit service has been provided.

6.8 ***EqIA***

No impact assessment is required for this report.

7. **Monitoring Arrangements**

7.1 The levels of audit coverage and the grading's of individual audits will inform the annual opinion of the Audit and Risk Manager and supports the Audit Committee in fulfilling its assurance role to the citizens of Blaenau Gwent.

7.2 Performance data for the Section is attached as appendices with this report.

**Background Documents /Electronic Links**

- Appendix A – Audit Plan Outturn 2020/21
- Appendix B – Performance Indicators 2020/21



AUDIT PLAN 2020/21 - RESOURCES		
AUDIT AREA	AUDIT OPINION	COMMENTS
<b>Financial Services</b>		
Regional Consortia School Improvement Grant (RCSIG)	Full Assurance	Completed
Pupil Development Grant	Full Assurance	Completed
Bank Reconciliation	Reasonable Assurance	Draft (Provisional)
Creditors Reconciliation	Full Assurance	Completed
Budgetary Control Monitoring (CRSA)	Full Assurance	Completed
Creditors Central (CRSA)	Full Assurance	Completed
Bedwellty House and Park Charity Accounts	Not Applicable	Completed
Ebbw Vale Recreation Ground Charity Accounts	Not Applicable	Completed
<b>Revenue Services</b>		
Council Tax (CRSA)	Full Assurance	Completed
Debtors (Social Services) (CRSA)	Full Assurance	Completed
NNDR (CRSA)	Full Assurance	Completed
Debtors System (CRSA)	Full Assurance	Completed
Debtors Reconciliation	Full Assurance	Completed
NNDR Data Matching Grants	Not Applicable	Completed
<b>Audit, Insurance and Risk Management</b>		
Insurance (2019/20)	Reasonable Assurance	Completed
AUDIT PLAN 2020/21 - COMMERCIAL		
AUDIT AREA	AUDIT OPINION	COMMENTS
<b>Customer Services</b>		
Housing Benefits (CRSA)	Full Assurance	Draft (Provisional)
Cashiers (CRSA)	Not Applicable	Ongoing
<b>Digital and ICT</b>		
User Access	Not Applicable	Ongoing
<b>Procurement</b>		
Purchasing	Reasonable Assurance	Draft (Provisional)
Bravo CMS Follow Up	Not Applicable	Completed
<b>Workforce Management</b>		
Stand By payments	Reasonable Assurance	Draft (Provisional)
Payroll System (CRSA)	Full Assurance	Completed
Health and Safety Follow Up	Not Applicable	Deferred
<b>Communications</b>		
Social Media Accounts Follow Up	Not Applicable	Completed
AUDIT PLAN 2020/21 - LEGAL AND CORPORATE SERVICES		
AUDIT AREA	AUDIT OPINION	COMMENTS
<b>Corporate Services and Registration</b>		
Local Land Charges	Reasonable Assurance	Draft (Provisional)
AUDIT PLAN 2020/21 - GOVERNANCE AND PARTNERSHIPS		
AUDIT AREA	AUDIT OPINION	COMMENTS
<b>Corporate Performance, IT, Scrutiny and Democratic Services</b>		
Business Planning Improvement and Data (2019/20)	Limited Assurance	Completed
<b>Partnership and Policy</b>		
Strategic Policy inc. Welsh Language & Equalities (2019/20)	Reasonable Assurance	Completed
AUDIT PLAN 2020/21 - REGENERATION AND COMMUNITY SERVICES		
AUDIT AREA	AUDIT OPINION	COMMENTS
<b>Frontline Integrated services</b>		
Street Lighting	Not Applicable	Deferred
Waste Disposal	Not Applicable	Deferred
Highways Maintenance Follow Up	Not Applicable	Completed
<b>Public Protection</b>		
Enable Grant	Reasonable Assurance	Completed
Homelessness Grant	Full Assurance	Completed
Rent Smart Wales	Full Assurance	Completed
<b>Regeneration and Thriving Communities</b>		
General Offices (2019/20)	Limited Assurance	Completed
AUDIT PLAN 2020/21 - EDUCATION		
AUDIT AREA	AUDIT OPINION	COMMENTS
<b>Education Transformation</b>		
Control Risk Self Assessment	Reasonable Assurance	Completed
School System (Sims )	Not Applicable	Ongoing
Pen y Cwm School /Parents School Fund	Not Applicable	Completed
<b>Youth Services</b>		
Youth Support Grant	Reasonable Assurance	Completed
AUDIT PLAN 2020/21 - SOCIAL SERVICES		
AUDIT AREA	AUDIT OPINION	COMMENTS
<b>Development and Commissioning</b>		
Supporting People Outcomes Grant	Full Assurance	Completed
Supporting People Grant	Full Assurance	Completed
Supporting People RDC Post	Reasonable Assurance	Completed
Commissioning (2019/20)	Reasonable Assurance	Completed
<b>Long Term Care</b>		
Community Care East & West	Limited Assurance	Completed
<b>Flying Start, Early Years &amp; Play</b>		
Flying Start	Not Applicable	Ongoing
AUDIT PLAN 2020/21 - CORPORATE		
AUDIT AREA	AUDIT OPINION	COMMENTS
Thematic Review	Not Applicable	Ongoing
Departmental Flexi System Use (2019/20)	Limited Assurance	Draft (Provisional)
Anti Money laundering Policy review	Not Applicable	Completed
Anti Bribery, Fraud and Corruption Policy review	Not Applicable	Ongoing

Grading
Full Assurance
Reasonable Assurance
Limited Assurance
No Assurance
Not Applicable

Follow ups
Highways Manitenance
Health & Safety (deferred)
Bravo CMS
Social Media Accounts

This page is intentionally left blank

INTERNAL AUDIT SECTIONPERFORMANCE INDICATORS 2020/21

	Performance Indicator	2019/20 Target	2019/20 Actual	2020/21 Target	2020/21 Actual	RAG Rating
Local PI	Audit Plan Completion %	75%	65.31%	N/A	N/A	N/A
Local PI	% of Agreed Actions for Weaknesses Identified	90%	100%	90%	99%	Green
Local PI	% of Agreed Actions completed after 6 months	80%	84%	80%	91%	Green
Local PI	% of Audit Clients at least "satisfied" with the service	95%	100%	95%	100%	Green
Local PI	Average number of days taken to issue Final Reports	5 days	2.4 days	5 days	2.42 days	Green
Local PI	% of Audits completed within time allocated	75%	87%	75%	87%	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)	6 days	7.33 days	6 days	6.67 days	Red

This page is intentionally left blank

# Agenda Item 7

*Executive Committee and Council only*

Date signed off by the Monitoring Officer:

Date signed off by the Section 151 Officer:

Committee: **Audit Committee**

Date of meeting: **27<sup>th</sup> April 2021**

Report Subject: **Annual Report of the Audit & Risk Manager 2020/21**

Portfolio Holder: **Cllr. Nigel Daniels, Leader / Executive Member  
Corporate Services**

Report Submitted by: **Louise Rosser Audit & Risk Manager**

Report Written by: **Louise Rosser Audit & Risk Manager**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
N/A	15.04.21		27.04.21					

## 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 2020/21 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 2020/21 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 based on the reduced level of coverage that has been achieved during the year.

## 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 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 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. Progress reports have been received by the Committee during the year and the outturn position for 2020/21 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.
- 2.1.5 Audit Wales will produce its own report on the effectiveness of Internal Audit and the adequacy of the Council's control environment.
- 2.2 Annual Opinion and Summary of Audit Activity for Financial Year 2020/21
- 2.2.1 The outbreak of the Covid-19 pandemic and the emergency status imposed throughout the country in March 2020 has had a significant impact on the work of the Authority as a whole, including the Internal Audit Service.
- 2.2.2 On a regional basis, the Strategic Co-ordinating group was convened, bringing together leaders from the Greater Gwent authorities to plan and instigate the response to the pandemic.
- 2.2.3 During the early stages of the pandemic, the Council enabled the Executive functions of the Authority to continue to be undertaken through the provision of temporarily delegating powers and responsibility to the Managing Director, or in her absence to other members of CLT acting as her Deputy.
- 2.2.4 At the commencement of the Council's response to the pandemic, services were prioritised to ensure that the highest priority services were able to continue to be delivered. Internal Audit did not fall into this category and for the first three months of the financial year, all members of the Internal Audit Service were redeployed to other service areas / undertook tasks to assist with the pandemic response.
- 2.2.5 This is similar to the experiences of other Internal Audit Services across Wales, but as a consequence has had a significant impact on both the volume of work the section has been able to undertake, and also, the ability of some service areas to accommodate an audit during the year.
- 2.2.6 Formal meetings of the Council, including Audit Committee, were cancelled in the initial stages of the pandemic, with the first Audit Committee of the financial year being held in September 2020. As a

consequence, the timing of reports being presented to the Committee has not been in line with the normal work programme.

- 2.2.7 The annual opinion is formed having consideration to three aspects of the Authority's arrangements, namely: Governance, Risk Management and Internal Control. Each of these areas has been impacted by the pandemic, however protocols put in place under the emergency arrangements have ensured these have continued to be robust albeit in a different format to business as usual.
- 2.2.8 Both the Governance arrangements and Risk Management arrangements have been evidenced during the year through the operation of Gold CLT, who have met frequently to manage the impact of and actions arising from the pandemic. Alongside this an Emergency Response Team was established to co-ordinate efforts across all departments in addressing issues as they arose.
- 2.2.9 Risk Management arrangements have continued and in some respects heightened due to the pandemic with frequent risk assessments having to be undertaken due to the ever changing circumstances. CLT have continued to receive and review the Corporate Risk Register throughout the year. The adopted Risk Management Strategy and Handbook were intended for review during 2020/21, but changing priorities have deferred this review until 2021/22.
- 2.2.10 The Authority has continued to receive a number of reports from regulators during 2020/21 and recommendations for improvement have been made, however regulators have found themselves in the same position as the Authority, and plans for the year were scaled back by all.
- 2.2.11 Prior years Statement of Accounts for 2016/17, 2017/18 and 2018/19 had not been signed off by Audit Wales whilst they concluded an investigation. The issue of reports has been delayed due to the pandemic, however Audit Wales were able to sign off these three sets of accounts in November 2020. The Statement of accounts for 2019/20 were also signed off following the March 2021 meeting.
- 2.2.12 There have been two changes to the CLT during the financial year. A permanent appointment was made to the position of Director of Education during November 2020 with the successful candidate having previously acted as Interim Director. The Chief Officer Commercial left the Authority in January 2021 and an interim appointment has been made to cover that post.
- 2.2.13 The Bridging the Gap projects were developed as part of the budget setting process with a target of £1.465m set for 2020/21. Progress against each project was reported to WCLT, Executive and Joint Scrutiny on a quarterly basis. £1.218m (83%) of the agreed savings proposals were forecast to be achieved at Quarter 3. The final outturn position is not yet available.

- 2.2.14 There were no uncontrolled emerging risks as a result of the pandemic and no proposed weakening of controls due to the new ways of working. The only exception to this was the decision to relax one IT control relating to the changing of passwords to expedite the large scale move to homeworking when lock down commenced. The benefits of this change were considered to outweigh the risks, and there are compensating controls to mitigate this further.
- 2.2.15 The Internal Audit Service issued 33 audit reports during the year including 1 Limited Assurance grading. No 'No' Assurance gradings were issued and there was also an increase in the proportion of Full Assurance gradings. Audit coverage was reduced due to capacity both within the Internal Audit Service and the service areas subject to audits. In addition to the reduced capacity due to the pandemic, there was a long term sickness absence of the A&RM due to a bereavement, and the appointment of a new Audit Apprentice following the resignation of the previous post holder.
- 2.2.16 In forming an audit opinion consideration is also being given to the control environment over the past few years. The level of coverage of the major financial systems and support services has been good, and assurance is taken from these results. Audit coverage in the three service directorates, Environment, Education and Social Services, has been reduced due to the pandemic and the opinion will reflect this. However, the A&RM is not aware of any specific issues in these directorates that would give rise to a qualified opinion.
- 2.2.17 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 taken in context. 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.
- 2.2.18 Follow-up audits are routinely undertaken on any audits receiving a Limited Assurance or No Assurance grading. Three follow up audits were conducted during the year, two of which showed satisfactory progress had been made to improve controls and one highlighted that further work was required by the department.
- 2.2.19 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 subject to the temporary changes in section 6.1 below.

### 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 and internal review processes 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 Audit Committee receive the annual audit opinion of the A&RM 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. As highlighted throughout the report the Covid-19 pandemic has impacted on the output of the Internal Audit service and the audit opinion is given in the context of the exceptional circumstances the Authority finds itself in.

3.3 Based on the findings of the audit work undertaken during 2020/21, in my opinion, Blaenau Gwent County Borough Council's system of internal control during the financial year 2020/21 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, based on the reduced level of coverage that has been achieved during the year.

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 an Efficient Council.

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 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 above the corporate and directorate tolerance levels for sickness absence losing 6.67 days per person against 6 days per person. This was due to the long term sickness absence of the A&RM. 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

A full set of performance information is not available for the financial year as a decision was made at the outset to not collect the necessary data whilst the service was impacted by the pandemic. An Audit Plan was not produced for the first quarter of 20/21 and therefore the percentage of plan completed has not been maintained, with the Audit Committee approving a 9-month operational plan in February 2021. Of the 7 indicators that were maintained, the section has achieved 6 of them, with the remaining sickness indicator not being achieved as described in 5.4 above.

6.1.1 Performance information for the service for the period 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021 is presented to this Audit Committee as part of the Audit Plan Outturn Report.

### 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

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 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*

# Agenda Item 8

Date signed off by the Monitoring Officer:  
Date signed off by the Section 151 Officer:

Committee: **Audit Committee**

Date of meeting: **27<sup>th</sup> April 2021**

Report Subject: **Local Government Act 2021 Changes**

Portfolio Holder: **Cllr. Nigel Daniels, Leader of the Council & Executive Member Corporate Services**

Report Submitted by: **Andrea Jones, Head of Legal and Compliance/Monitoring Officer**

Report Written by: **Steve Berry, Data Protection and Governance Officer**

Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
	For info – Date TBC		27 <sup>th</sup> April 2021				27 <sup>th</sup> May 2021	

1. **Purpose of the Report**
  - 1.1 To inform Members of the Committee of mandatory legislative changes being introduced as part of the Local Government and Elections (Wales) Act 2021 that came into force 1<sup>st</sup> April 2021, and of future required changes.
2. **Scope and Background**
  - 2.1 On 1<sup>st</sup> April 2021 the Local Government and Elections (Wales) Act 2021 came into force in Wales. This Bill includes provisions impacting a number of areas including reforming electoral arrangements, changes to local government finance and a new system for performance and governance.
  - 2.2 As part of this new legislation a number of changes must be made to the Audit Committee with immediate effect and noted by all members.
  - 2.3 CHANGE OF NAME – The Audit Committee will now be referred to as the Governance and Audit Committee.
  - 2.4 ADDITIONAL FUNCTIONS – The functions/terms of reference of the Committee will be widened to include complaints and a new performance and governance regime (s 115).
  - 2.5 This will result in the Governance and Audit Committee receiving new statutory powers to:
    - Review and assess the authority’s ability to handle complaints effectively
    - Make reports and recommendations in relation to the authority’s ability to handle complaints effectively.
  - 2.6 In addition to the above there are a number of other obligations placed upon the Council as part of Local Government and Elections (Wales) Act 2021

which come into force in May 2022. It is asked that the Governance and Audit Committee make note of these in readiness.

2.7 The changes to the Governance and Audit Committee in May 2022 will as follows:

- Obligated to advertise and undertake a recruitment and selection exercise for all lay members
- The Chair of the Governance and Audit Committee will now need to be a lay person
- One third of Members of the Committee must be lay persons
- Deputy Chair must not be a member of the Local Authority's executive or an assistant to its executive.

2.8 It is acknowledged that the Blaenau Gwent CBC's Governance and Audit Committee currently already complies with 3 of these intended changes. However, in order to comply with the membership requirement that a third of members must be lay persons a recruitment process will be initiated in Autumn 2021 in order to be prepared.

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

3.1 There are no options for recommendation since these are mandatory changes brought about from a change in the legislation. This report is intended for information purposes only.

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

#### 4.1 **Statutory Responsibility:**

The Council is obliged to make these changes under the Local Government and Elections (Wales) Act 2021.

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

#### 5.1 ***Impact on Budget***

There is no immediate impact on the budget but may lead to additional time being required to consider the issues within the additional scope of the committee.

In May 2022 there will be a slight impact on the budget due to the additional lay members that are required.

#### 5.2 ***Risk***

Failure to comply with these changes will result in the Council not being compliant with the Local Government and Elections (Wales) Act 2021

#### 5.3 ***Legal***

Failure to comply with these changes will result in the Council not being compliant with the Local Government and Elections (Wales) Act 2021.

5.4 **Human Resources**

There are no implications from a Human Resources perspective.

6. **Supporting Evidence**

6.1 **Performance Information and Data**

n/a

6.2 **Expected outcome for the public**

Compliance with the Local Government and Elections (Wales) Act 2021 will provide assurance to the public that the Council acts in accordance with the law and its obligations

6.3 **Involvement** (*consultation, engagement, participation*)

These changes are mandated in law and required no consultations to be conducted by the Council.

6.4 **Thinking for the Long term** (*forward planning*)

n/a

6.5 **Preventative focus**

n/a

6.6 **Collaboration / partnership working**

n/a

6.7 **Integration** (*across service areas*)

n/a

6.8 **EqIA**

n/a

7. **Monitoring Arrangements**

7.1 Compliance with the legislation will be monitored throughout 2021/22 to ensure that the Council is ready and implements the changes required both immediately and by May 2022.

This page is intentionally left blank