

Bridgend and Vale Internal Audit Service: Head of Internal Audit's Interim Opinion Report April 16 to August 16 Vale of Glamorgan Council

Executive Summary

This report provides a summary of the work completed by the Bridgend and Vale Internal Audit Shared Service for the first five months of the Financial Year April 2016 to August 2016 and provides the Head of Audit's interim opinion on the Council's framework of governance, risk management and internal control. Therefore, based on our work carried out so far this year, my overall opinion is that the Council's framework of governance, risk management and internal control is reasonable.

Introduction

The aim of the Shared Service is to help both Councils meet high standards of service delivery. Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, internal control and governance by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic and effective use of resources. The Shared Service supports the Audit Committees in discharging their responsibilities for:

- Advising on the adequacy and effectiveness of the Council's risk management, internal control and governance processes in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2015 as amended from time to time.
- Supporting the Head of Finance with her delegated responsibility for ensuring arrangements for the provision of an adequate and effective internal audit.
- Monitoring the adequacy and effectiveness of the Internal Audit Shared Service and Director's / Heads of Service responsibilities for ensuring an adequate control environment.
- Supporting the Council Leader and the Managing Director in their annual certification of the Annual Governance Statement.
- Supporting the Head of Finance in discharging her statutory responsibilities under Section 151 of the Local Government Act 1972.

- Ensuring that the Council's External Auditor in relation to our work on the main financial systems audits can place reliance on this.

Definition of Internal Audit

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. (Source:- Public Sector Internal Audit Standards).

Statutory Framework

Internal Audit is a statutory requirement for local authorities. There are two principal pieces of legislation that impact upon internal audit in local authorities; these are:-

- Section 151 of the Local Government Act 1972 requires every authority to make arrangements for the proper administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs.
- Section 5 of the Accounts and Audit (Wales) Regulations 2015 states that "a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

All principal local authorities subject to the Accounts and Audit (Wales) Regulations 2015 must make provision for internal audit in accordance with the Public Sector Internal Audit Standards (PSIAS).

Audit Committee

It is important to ensure that the Council has a sufficiently independent and effective Audit Committee that follows best practice. Audit Committees are a key component of corporate governance. They are a key source of assurance about the Council's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and non-financial performance. In addition, Internal Audit provides a key source of assurance to the Committee as to whether controls are operating effectively.

External Audit

The Council's External Auditor examines the work of Internal Audit on an annual basis in order to place reliance on this work when undertaking their audit work on the Council's Financial Statement of Accounts. The Council's External Auditors are the Wales Audit Office (WAO).

Public Sector Internal Audit Standards (PSIAS)

The Standards the Internal Audit Shared Service works to are the Public Sector Internal Audit Standards. These standards set out:

- The definition of internal auditing;
- Code of ethics.

- International standards for the professional practice of internal auditing. These standards cover the following areas:
 - Purpose, authority and responsibility.
 - Independence and objectivity;
 - Proficiency and due professional care;
 - Quality assurance and improvement programme;
 - Managing the internal audit activity;
 - Nature of work;
 - Engagement planning;
 - Performing the engagement;
 - Communicating results;
 - Monitoring progress;
 - Communicating the acceptance of risks.

The PSIAS apply to all internal audit service providers, whether in-house or outsourced. During 2015-16 a self-assessment was undertaken to review our compliance with the Public Sector Internal Audit Standards. In addition, the Council's External Auditors undertook a desk top assessment for 2015/16 and their verbal feedback was that they had no issues.

It is important to note that there is a requirement within the PSIAS for an external assessment to be undertaken once every five years. The PSIAS came into effect from 1st April 2013 and therefore the Internal Audit Shared Service must be externally assessed before the

31st March 2018. The Council's Audit Committee have resolved that an External Assessment be undertaken by a relevant professional body such as the Institute of Internal Auditors during this Financial Year 2016/17.

Internal Audit Coverage – April to August 2016

The level of internal audit resources required to examine all the Council's activities far exceed those available each year. It is, therefore, essential that the work of Internal Audit be properly planned to ensure that maximum benefit is gained from the independent appraisal function that internal audit provides.

Resources must be appropriately targeted by assessing the Council's total audit needs and preparing a plan that ensures systems are reviewed on a risk basis according to the impact they have on service delivery.

The Internal Audit Plan for 2016/17 is based, to a large extent, on the Council's Corporate Risk Register. This was complemented by:

- Priorities identified by Corporate Directors;
- Heads of Service key risks,
- The requirements of the Council's Section 151 Officer;
- External Audit and
- Those concerns / issues raised by Internal Audit in previous audits and our knowledge of potentially high-risk areas.

The Plan was submitted and approved by the Council's Audit Committee on 25th April 2016. The plan provided for a total commitment of 1,287 productive days for the year. Table 1 below provides the outturn for the service for the year and further detail is provided in Appendix B. The current structure for the Shared Service comprises of 18 Full Time Equivalent employees (FTE's), which provides for a comprehensive Internal Audit Service to both the Vale of Glamorgan and Bridgend County Borough Councils. The Head of Audit aims to achieve best practice, but continues to take account of the issues of affordability at a time when both Councils are looking to make substantial reductions in costs. The service has already been vastly streamlined and continues to apply lean auditing risk based methodologies to its plan of work. At the commencement of this financial year, the service was carrying 4 vacant FTE posts; unfortunately this has now increased to 5 full time equivalent vacant posts.

Table 1 – Productive outturn for the period April 2016 to August 2016

Directorate	2016/17 Full Year Plan Days	Proportion of Days Expected April to Aug 16	Actual Days Achieved April to Aug 16
Managing Director / Resources	305	127	162
Social Services	115	48	86
Environment & Housing	119	49	155
Learning and Skills	125	52	40
Cross Cutting – (including Fraud and Error)	623	260	190
Total	1,287	536	633

As can be seen from the table above, the actual outturn for the period shows that the overall productive days originally planned for have been exceeded by 97 days. The Table further shows that the proportion of productive days achieved vary from that expected by Directorate activity.

A total of 19 reviews have been completed so far to-date, 11 (58%) of which have been closed with either a substantial or reasonable assurance opinion level. 3 (16%) of the reviews completed have identified weaknesses in the internal control environment to such an extent that the overall audit opinion was limited. Of the remaining 5 reviews (26%), although necessary, they did not culminate in an overall audit opinion.

It should be noted that of the 3 reviews where weaknesses have been identified 2 were as a result of a specific investigation and subject to a separate report in due course.

Internal Control Weaknesses identified during the period (excluding those subject to a special investigation).

Social Media – The weaknesses in internal control have already been reported to Audit Committee in detail. A progress report was submitted to Corporate Management Team on the 20th January 2016 which clearly indicated that an interim action plan was in place to address the recommendations made and that work was underway on the development and implementation of a Corporate Social Media Strategy.

Based on this submission to Corporate Management Team the Auditor reclassified the control environment as Reasonable, but a follow up review was still required and would be undertaken during 2016/17. In accordance with the Internal Audit Shared Service's processes and procedures a follow up has only recently been completed. The further follow up has concluded that the effectiveness of the internal control environment remains unsatisfactory. However, following a period of personnel and role changes within the Council's communications setup and the report to Corporate Management Team (CMT) regarding social media suggests that plans are in place to begin addressing these weaknesses. A further follow up will be scheduled for the latter part of Quarter four.

Internal Control Weaknesses identified during 2015/16

Attached at Appendix A1 is the list of outstanding reviews where weaknesses were identified during 2015/16 and which culminated in only limited assurance being provided on the overall internal control environment. The list provides Members with an update on the current position and where applicable the current audit opinion. It should also be noted that Corporate Management Team have also been apprised of the current position relating to these reviews.

Significant Governance Issues identified in the 2015/16 Annual Governance Statement

Significant issues have already been identified and reported to Audit Committee which relate to the Internal Audit reviews undertaken within Waste Management. The overall findings of the reviews demonstrate that the Council has been exposed to unacceptable levels of risk as regards to the operation of the Waste contracts. As a result of the Internal Audit findings and conclusions, a number of recommendations have been made and a Management Action Plan produced to address the significant control weaknesses identified. The Council's Corporate Management Team is actively overseeing the implementation of a number of these recommendations to improve the overall control environment and the Council's Audit Committee will be kept apprised of future developments. In addition, the Council's Contract Management Guidance and Toolkit is being reviewed and updated and Corporate Management Team has agreed that this will form part of the training being rolled out on Project Management.

Due to the significance of the weaknesses identified within Waste Management Contracts and taking into consideration that work is continuing to be undertaken by Internal Audit, it is considered appropriate that this matter was reflected in the Council's Annual Governance Statement 2015-16.

Update - All waste contracts have now been reviewed covering all aspects of contract management including procurement, contract monitoring and performance.

In addition a number of cross-directorate reviews are still ongoing and the conclusions will be shared with Corporate Management Team and the Council’s Audit Committee in due course.

It is clear from these reviews that contract management remains a key issue throughout the Council and one that is being taken very seriously by the Managing Director and the Corporate Management Team.

The Contract Management Guidance and Toolkit are under review. Recommendations have been made. Due to this being a Council wide issue, Corporate Management will continue to have oversight to ensure that progress is made and improvement to Contract Management is evident.

Our overall opinion on a system is based on both the materiality and impact of the system and our opinion on the internal control arrangements within the system. The combination of these factors then results in a category of risk to the Council as shown in Table 2 below:

Table 2.

SYSTEM CONTROL		MATERIALITY AND IMPACT		
		HIGH	MEDIUM	LOW
1	Satisfactory	Moderate	Minimal	Minimal
2	Reasonable	Moderate	Moderate	Minimal
3	Limited – Significant Improvements required	Of Concern	<i>Moderate</i>	Moderate
4	No Assurance – Fundamental weaknesses identified.	Significant	Of Concern	Moderate

Therefore, having regards to the reviews completed so far to-date and the overall opinions given and the responses received from the Chief Officers, and the follow up work undertaken, my overall opinion is the Council's overall internal control arrangements are considered to be **reasonable**, resulting in a “**moderate**” level of risk.

Audit Recommendations – 2016/2017

Following each audit, report recipients are asked to complete an action / implementation plan showing whether they agree with the recommendations made and how they plan to implement them. The classification of each recommendation made assists management in focusing their attention on priority actions. For the five month period, Internal Audit has made a total of 37 recommendations, of which management has given written assurance that all of these will be implemented.

From time to time and where it is deemed appropriate to do so, Merits Attention recommendations will be made. By their very nature they relate specifically to an action that is considered desirable but does not necessarily have an impact on the control environment. To this end, these recommendations are not included on the Management Implementation Plan or logged on the Internal Audit Management Information system. Therefore a formal written response is not required from the client or included in the table below.

Table 3.

2016 -17 Recommendation Priority	No. Made	No. Agreed	No. Implemented	No. not Yet due to be actioned	No. Over due action date
			Complete	Pending	Outstanding
Fundamental (Priority One) Rating - D and E (+ to -) Action – Immediate Implementation	4	4	4	0	0
Significant (Priority Two) Rating – C (+ to -) Action – Implementation within 6 – 12 months	33	33	20	13	0
Total	37	37	20	13	0

Table 4.

Analysis of Overdue Implementation of Recommendations for 2016-17	No. Overdue	One / Two months overdue Target date	Three or more months overdue target date
		Amber	Red
Fundamental (Priority One) Rating - D and E (+ to -) Action – Immediate Implementation	0	0	0
Significant (Priority Two) Rating – C (+ to -) Action – Implementation within 6 – 12 months	0	0	0
Total	0	0	0

Audit Recommendations – 2015/2016

At the year-end 2015/16 a number of recommendations remain outstanding and these are being actively followed up in accordance with normal procedures and processes.

There are three status levels for recommendations made by the Internal Audit Shared Service:-

- Complete – the audit recommendations have been fully implemented;
- Pending – the agreed date for implementation has not yet been reached (Green Status);
- Outstanding – the agreed date for implementation has not been complied with, which are then given a RAG status (Red – 3 months or more passed the action date; Amber – one to two months passed the action date).

Failure to implement agreed recommendations may have a detrimental effect on the Council’s internal control environment and any shortcomings will adversely impact on the audit opinion and could warrant reporting in the next Annual Governance Statement. The table shows the status of recommendations outstanding from 2015/16 as at the end of the year.

Analysis of Overdue Implementation of Recommendations for 2015-16 as at the end of the Financial Year.	No Pending	No. Overdue	One / Two months overdue Target date	Three or more months overdue target date
			Amber	Red
Fundamental (Priority One) Rating - D and E (+ to -) Action – Immediate Implementation	0	0	0	0
Significant (Priority Two) Rating – C (+ to -) Action – Implementation within 6 – 12 months	110	61	45	16
Total	110	61	45	16

Analysis of Overdue Implementation of Recommendations for 2015-16 as at September 2016	No Pending	No. Overdue	One / Two months overdue Target date	Three or more months overdue target date
			Amber	Red
Fundamental (Priority One) Rating - D and E (+ to -) Action – Immediate Implementation	0	0	0	0
Significant (Priority Two) Rating – C (+ to -) Action – Implementation within 6 – 12 months	70	9	9	0
Total	70	9	9	0

Internal Audit - Successes

Some of our successes so far this year include:

- Internal Audit Plans for 2015/16 were delivered in accordance with expectations
- Internal Audit Plans for 2016/17 have been approved by both Audit Committees and Corporate Management in a timely manner.
- We continue to provide an excellent internal audit provision to both Bridgend County Borough Council and the Vale of Glamorgan Council, so much so that both Audit Committees have supported the proposal to extend the Shared Service Partnership Agreement until 31st January 2018, which has been approved by both Cabinets.
- We continue to support staff in obtaining professional qualification including CIPFA - Corporate Governance, Institute of Internal Auditors (IIA) and the Association of Accounting Technicians (AAT) as well as continuing professional development (CPD).
- We continue to build on our excellent working relationship with Members, Chief Officers and staff within both Councils.

Resources, Qualifications and Experience

The Head of Internal Audit requires appropriate resources at their disposal to undertake sufficient work to offer an independent opinion on the Council's internal control environment. This is a fundamental part of the Vale of Glamorgan Council's governance arrangements. The Internal Audit Annual Plan was presented to the Audit Committee in April 2016, based on a provision of 1,287 productive days.

The Vale of Glamorgan Council leads the Bridgend and Vale Internal Audit Shared Service and provides all internal audit services to its partner Bridgend County Borough Council. As at the 1st April 2016 the staffing structure is listed in table 6 below.

Table 6

2015-16 Staffing Structure	FTE
Operational Manager Audit - Head of Audit	1
Principal Auditor	2
Group Auditor	2
Group Auditor (Information Systems)	1
Auditor (3 posts are vacant at present)	9.5
Trainee Auditor	1

Trainee Auditor (Information Systems) (vacant at present)	1
Administrative Assistant	0.5
Total	18

The total resource of 18 Full Time Equivalents (FTE's) provides for a comprehensive Internal Audit Service. The Head of Audit aims to achieve best practice but continues to take account of the issues of affordability at a time when both Councils are looking to make substantial reductions in costs. The service has already been vastly streamlined and continues to apply lean auditing risk based methodologies to its plan of work. At the commencement of this financial year the Section was carrying 4 vacant posts, and this has recently increased to 5 vacant full time equivalent posts, however, a recruitment campaign is under way.

In accordance with the Public Sector Internal Audit Standards, the Head of Audit must ensure that Internal Auditors possess the knowledge, skills and competencies needed to perform their individual responsibilities. Internal Auditors are therefore encouraged to study for and obtain professional qualifications. In addition, it is a requirement of the standard that the Head of Audit must hold a professional qualification and be suitably experienced. The following information outlined in table 7 below demonstrates the experience and qualification mix for the Internal Audit Shared Service.

Experience and Qualifications

Table 7

No of Years Experience	No of years in Auditing	No of Years In Local Government	Professional Qualifications	No of Staff.
Up to 1 year	0	0	Accountants (CIPFA; FCCA; ICAEW)	3
1 to 2 years	0	0	Certified Information Systems Auditor (CISA)	2
2 to 5 years	4	2	Institute of Internal Auditors – full membership and Prince2 Practitioner Level	1
5 to 10 years	4	7	Institute of Internal Auditors – practitioner level; part qualified or audit certificate	2
Over 10 years	5	4	Association of Accounting Technicians (AAT)	1
			Part Qualified AAT	3
			Studying (CISA, AAT, IIA, CIPFA etc.)	1
Total Staff	13	13	Total	13

All staff are encouraged to attend relevant courses and seminars to support their continual professional development. All staff have the opportunity to attend courses run by the Welsh Chief Auditors Group on a diverse range of topics. Individuals keep records of their continuing professional development based on their professional body requirements.

Internal Audit – Other Activities

- **Anti-Fraud** – the Internal Audit Shared Service continues to assist in promoting an anti-fraud and corruption culture. We have ensured that staff are made aware; via StaffNet; of any recent scams and frauds that have occurred in both the public and private sectors.
- **National Fraud Initiative** – The Council, via Internal Audit, has again participated in the National Fraud Initiative (NFI) as part of the statutory external audit requirements. This brings together data from across the public sector including local authorities, NHS, other government departments and other agencies to detect “matches” i.e. anomalies in the data which may or may not be indicative of fraud, for further investigation.
- **Advice and Guidance** – Internal Audit continues to provide advice and guidance both during the course of audits and responding to a wide range of ad-hoc queries.
- **Attendance at and contribution to, working groups etc.** - The Section continues to contribute to the development of the Council and ensuring that we are up to date with best practice by attending the following:-
 - Audit Committee;
 - Scrutiny Committees (as required);
 - Cabinet (as required);
 - Corporate Management Team (as required);
 - Corporate Improvement Group.
 - The Welsh Chief Auditors Group and all its sub-groups (including South Wales Computer Audit Group; South East Wales Education Audit Group; Social Services Audit Group).
- **Investigation Work** – We continue to support Senior Management in providing resources and expertise in investigating allegations of fraud and misappropriation.

Internal Audit – Review of Performance Management and Quality Assurance Framework

The Public Sector Internal Audit Standards requires that the Head of Internal Audit develops and maintains a quality assurance and improvement programme that covers all aspects of the internal audit activity. The section has a “Quality Assurance and Improvement Programme (QAIP) that has been presented to, and approved by, the Audit Committee.

1. **Performance Management** – the section’s key performance indicators are set out in the section below.
2. **Quality Assurance** – each individual audit report and supporting working papers / documents are reviewed by either a Principal Auditor or the Head of Audit. Appropriate standards have been set by the Head of Internal Audit in accordance with the Standards. The file reviews ensure the audits comply with the Section’s internal processes and procedures and the overall Public Sector Internal Audit Standards. Where necessary corrective action is taken.

Internal Audit – Performance Indicators

The Section has one key indicator as follows: **The Percentage of Audits Completed in Planned Time**

Justification of this performance indicator: to ensure that Internal Audit provides sufficient coverage to ensure that the requirements of the Council’s Section 151 Officer and External Audit are met and that Internal Audit can give sufficient assurance to the Audit Committee regarding the Council’s system of internal control, risk management and governance arrangements.

<p>Target: 89.7%</p>	<p>Quarter 1 performance - April to June 2016 Achievement: 88.89% Vale - 50% BCBC Overall Achievement: Number of Audit Completed = 11 Number completed within planned time = 9</p> <p>Overall percentage achieved = 81.82%</p>
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Therefore from the number of audits completed for the first quarter of this financial year combined for both Councils; the target has not been achieved. ☹

The Section started the year with 4 vacant posts and this has increased to 5 at present.

The Section also participates annually in the Welsh Chief Auditors Group benchmarking exercise. The results for 2015/16 have recently been received and are as follows:

Performance Indicator 2015/2016	IASS Performance For the Vale 2015/16	Overall Average Performance 2015/16	Overall Average Performance 2014/15
Percentage of Planned Audits Completed	99%	85%	84%
Number of Audits Completed	135	96	111
Percentage of Audits Completed in Planned Time	93%	68%	71%
Percentage of directly chargeable time, actual versus planned	103%	90%	88%
Average number of days from audit closing meeting to issue of draft report.	9.5 days	7.3 days	8.2 days
% of staff leaving during the Financial Year	3%	10%	11%

As can be seen from the table above, the Section is performing well. This, together with our overall performance indicators for the service provided to Bridgend places us once again in the top quartile. It should be noted that the overall average performance for 2015/16 is only based on 54% of the Welsh Chief Auditors Group returning their performance figures (11 councils have failed to return their data sets).

Governance Arrangements

Corporate governance is essential to the provision of high quality public services and in raising public trust. It describes how organisations direct and control what they do in a way that demonstrates accountability, openness and honesty. Councils also have a role in governing and leading their communities. Effective local government relies on public confidence in elected members and officers.

The Vale of Glamorgan Council is committed to the principles of good governance and as a result has adopted a formal Code of Corporate Governance for the last six years. The Code of Governance is based upon the six principles as defined by the Chartered Institute of Public Finance and Accountancy (CIPFA), the Society of Local Authority Chief Executives (SOLACE) and incorporates the “Making the Connections” governance principles and values as set out by the Welsh Government.

One of the main issues raised and highlighted over the last few years has been the ability of the Council to carry on meeting its service objectives and delivering positive outcomes for its customers and clients in the light of continued reductions in Welsh Government Funding.

The Council recognises that it is facing unprecedented challenges with continuing year on year reductions in Council funding and the impact this has on the services delivered. At the same time the Council is dealing with increasing expectations and demands on services. The Council has already identified approaching £35 million in savings since 2010 yet, the challenges continue. With diminishing funding impacting on how the Council delivers its services, embarking on an ambitious programme of transformational change makes planning for the future difficult.

The Council addressed this by undertaking regular Budget reviews and putting in place a financial strategy for the Council which presently runs until 2018. The purpose of this is to ensure:

- A sustainable budget is achieved within predicted funding levels,
- The budget is aligned to the Council's priorities as set out in the Corporate Plan,
- Best value for money is being obtained, i.e. identifying efficiency savings, opportunities for income generation and better use of external grants and.
- Collaborative initiatives and options for alternative service delivery are considered.

Separate financial strategies have been established for funding education and schools, social services and other services having regard to the relative risks and priorities of each. In total over the next 3 years to 2018-19 savings of £17.072M minimum will need to be achieved. In accordance with the financial strategies agreed, savings targets together with areas for savings have been identified. In addition, the Council continues its Reshaping Services programme in order to fundamentally review the need for and methods of service delivery across all Council services. It is anticipated that 60% of the required savings will be found through the programme and a number of specific services have been identified in two tranches for delivery from this Financial Year onwards. Further work will be required to ensure that all necessary action has been taken to mitigate any potential impact upon service delivery and clients e.g. consultation and scoping/completion of equality impact assessments.

The Head of Audit's Annual Opinion report was presented to the Audit Committee at their meeting held on 25th April 2016. The overall opinion has provided reasonable assurance on the adequacy and effectiveness of the Council's systems of governance, risk management and internal control with a moderate risk level. Significant issues were identified and reported to Audit Committee which related to the Internal Audit reviews undertaken within Waste Management. The overall findings of the reviews demonstrate that the Council has been exposed to unacceptable levels of risk as regards to the operation of the Waste contracts. As a result of the Internal

Audit findings and conclusions, a number of recommendations have been made and a Management Action Plan produced to address the significant control weaknesses identified. The Council's Corporate Management Team is actively overseeing the implementation of a number of these recommendations to improve the overall control environment and the Council's Audit Committee will be kept apprised of future developments. In addition, the Council's Contract Management Guidance and Toolkit is being reviewed and updated and Corporate Management Team has agreed that this will form part of the mandatory training being rolled out on Project Management.

In addition to these areas the challenge from an audit perspective, as recognised by corporate and senior management, continues to be the financial context in which the Council is required to operate. The impact of delivering the further programme of savings will be substantial, will impact on all areas of the business and is predicated on a range of reasonable but ambitious assumptions. There has been extensive planning and ongoing consultation on the budget proposals and efficiency targets have been set out in directorate plans and encompassed within the Council's Reshaping Services programme. Whilst the Council is well placed to respond to this challenge, and the Section 151 Officer is of the opinion that the savings whilst extremely challenging are achievable, the scale and pace of required change continues to remain a fundamental risk.

In a Council of this size and complexity, with its significant savings requirements, there is an inherent risk of breakdown in the systems of control particularly where roles, responsibilities and systems are changing. As the Council continues to experience reduced resources, increased demands on services and new and innovative forms of service delivery there is a need to ensure that the Council's control environment remains robust, proportionate and is as efficient and effective as possible.

Since the production of the draft 2015/16 Annual Governance Statement, the Council has received its Corporate Assessment report. The corporate assessment is designed to answer on key question; whether as a local authority the Council is capable of delivering the priorities we have set ourselves and improved outcomes for Vale citizens. In this respect the report is glowing.

The WAO concluded that: *"The Council has a clear vision of what it wishes to achieve and is making positive changes which should ensure it is well place to continue securing improvements"*.

The report is further evidence that, despite increasing pressures on budgets and demands on services, the Council is performing better than ever.

The WAO also found that:

- The Council's vision reflects local needs and national priorities and that senior political and officer leadership is engaging effectively with staff to support change and planning for the future;
- The change agenda is supported by effective leadership, and there are clear lines of responsibility which are securing improvement.
- Effective governance arrangements have secured improvements and that scrutiny arrangements have been refined to evaluate outcomes, with information about the Council's performance being readily available; and
- The human resources service and extensive staff engagement is supporting Council priorities and the change agenda.