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Date: 1st June 2016

Dear Sir/Madam,

A meeting of the **Audit Committee** will be held **Sirhowy Room, Penallta House, Tredomen, Ystrad Mynach** on **Wednesday, 8th June, 2016** at **10.00 am** to consider the matters contained in the following agenda.

Yours faithfully,

A handwritten signature in blue ink that reads 'Chris Burns'.

Chris Burns
INTERIM CHIEF EXECUTIVE

A G E N D A

Pages

- 1 To appoint a Chair and Vice-Chair for the Ensuing Year.
- 2 To receive apologies for absence.
- 3 Declarations of Interest.
Councillors and Officers are reminded of their personal responsibility to declare any personal and/or prejudicial interest(s) in respect of any item of business on this agenda in accordance with the Local Government Act 2000, the Council's Constitution and the Code of Conduct for both Councillors and Officers.

To approve and sign the following minutes: -

- 4 Audit Committee held on 9th March 2016.

A greener place Man gwyrddach



To receive and consider the following reports: -

5	2016 Audit Plan - Caerphilly County Borough Council.	5 - 22
6	Draft Annual Governance Statement For 2015/16.	23 - 44
7	Regulator Proposals for Improvement Progress Update.	45 - 50
8	Audit Committee Forward Work Programme.	51 - 54

To receive and note the following information items:-

9	Regulation of Investigatory Powers Act 2000.	55 - 58
10	Officers Declarations of Gifts and Hospitality.	59 - 62
11	Register of Employees' Interests Forms During 2015/16.	63 - 72

**If a member of the Audit Committee wishes for any of the above information reports to be brought forward for discussion at the meeting please contact Charlotte Evans, 01443 864210, by 10.00 a.m. on Tuesday 7th June 2016.*

Circulation:

Councillors L. Ackerman, Mrs E.M. Aldworth, Mrs K.R. Baker, D.G. Carter, N. Dix, Ms J. Gale, C. Hawker, Ms J.G. Jones, Mrs G.D. Oliver, J.A. Pritchard, D. Rees (Chair) and J. Simmonds

Lay Member – Mr N.D. Yates (Vice Chair)

Auditors - Ms S.J. Byrne (Wales Audit Office), Ms N. Jenkins (Wales Audit Office), Laura Hallez (Grant Thornton UK LLP) and Barrie Morris (Grant Thornton UK LLP)

And Appropriate Officers.



AUDIT COMMITTEE

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, TREDOMEN, YSTRAD MYNACH ON WEDNESDAY 9TH MARCH 2016 AT 10.00 AM

PRESENT:

Councillor D. Rees - Chair
Mr N. Yates - Vice Chair

Councillors:

Mrs. E. Aldworth, Ms. L. Ackerman, Mrs K. Baker, D. Carter, N. Dix, Ms J. Gale, C. Hawker, Ms. J. Jones, Mrs J.A. Pritchard and J. Simmonds.

Together with:

L. Hallez (Grant Thornton) and B. Morris (Grant Thornton).

N. Scammell (Acting Director of Corporate Services and Section 151 Officer), G. Williams (Interim Head of Legal Services and Monitoring Officer), R. Harris (Internal Audit Manager), R. artshorn (Head of Public Protection), I.J. Martin (Emergency Planning Officer) and C. Evans (Committee Services Officer).

1. APOLOGIES

No apologies of absence were received.

2. DECLARATIONS OF INTEREST

There were no declarations of interest made at the beginning or during the course of the meeting.

3. MINUTES – 9TH SEPTEMBER 2015

RESOLVED that the minutes of the meeting of the Audit Committee held on 9th September 2015 (minute nos. 1 - 12) be approved as a correct record and signed by the Chair.

REPORTS OF OFFICERS

Consideration was given to the following reports.

4. BUSINESS CONTINUITY MANAGEMENT

The report provided the Committee with an update on business continuity management arrangements within the Council.

Members noted that a three stage process has been implemented incorporating Business Impact Analysis of service, followed by a Risk Assessment and Action Plan where appropriate. A Corporate Business Continuity Management Plan has been developed to address the corporate priorities and arrangements in relation to accommodation and ICT in the event of a business disruption.

Members thanked the Officers for the report and sought further information on the arrangements in place to accommodate essential services if necessary. Officers highlighted each department and service was considered and following analysis, the IT Suite within Enterprise was identified as a suitable location for key staff based in Penallta House.

Members discussed the recent issues with IT systems and the impact on the public. It was noted that every effort was made to restore key systems immediately. Further discussion ensued and Members noted that a review corporate services and back office arrangements had been conducted and it was identified that Caerphilly CBC have an IT Service that exceeds the cost and staff numbers of the Welsh Average. An outline business case is being considered for a Shared Resource Service arrangement like others in Gwent (Including Gwent Police) which would provide more resilience, stability and economies of scale and savings.

A Member queried whether Community Centres and Leisure Centres had been considered for emergency accommodation. It was noted that, following analysis, there was adequate resources available within the corporate buildings. In addition, significant works would need to be conducted within community buildings in terms of IT, telephony, and workstations, for example, in order to properly equip them to accommodate staff.

A Member raised concerns that there was little reference to political consultation during the process and felt this was particularly pertinent if there were a risk to reputation. Officers agreed to update the Business Continuity Management Plan in order to strengthen communications.

Following detailed discussion, the Audit Committee noted the report.

5. UPDATE ON THE NUMBERS OF COMPLAINTS RECEIVED UNDER THE COUNCIL'S CORPORATE COMPLAINTS POLICY

The report provided Members with an overview of the corporate complaints (for the period 1st August 2015 to 31st January 2016), which is one of the ways in which the Council gains information on the level of satisfaction or dissatisfaction of the services provided corporately by the Council. The result of the monitoring enables each department to focus on areas of concern, to improve services and to monitor performance and ensure that any trends in issues raised are identified and dealt with so as to be avoided in the future. In addition, Members were asked to note the use of the Policy and Procedure to deal effectively with unacceptable, persistent or unreasonable actions by complainants.

Members thanked the Officer for the report and it was noted that no comparison data had been provided. Officers highlighted that comparative data would be provided in the annual report, however the comments made by members in this respect were noted and would be considered for the next 6-monthly update report.

Discussions ensued around the Corporate Complaints figures and Members sought clarification on the process for recording Service Requests. Following discussion, in which examples of service requests were highlighted to officers and clarification sought as to the circumstances in which service requests are escalated to formal complaints. It was agreed that Members forward examples of matters raised by their constituents to Officers to review the process and findings of the review presented on the next available Audit Committee agenda.

Members discussed the Members Portal and the facility to report complaints and make requests for Services, however it was noted that the facility is not available for all departments. The Officer explained that officers are working with the Democratic Services Committee and IT on potential further development of the Portal. Officers confirmed that they would report back to members on the specific point raised.

The Audit Committee noted the report.

6. INTERNAL AUDIT SERVICES ANNUAL AUDIT PLAN

The report sought the approval of the Internal Audit Services Annual Audit Plan 2016/17 and outlined the internal audit coverage for 2016/17.

Members were asked to note that the approach was broadly similar to previous years but reflected the ongoing development of the plan in terms of coverage and risk identification. In addition, Members noted that the resources on which the plan is based have remained as the previous year as no savings were required to be made in 2016/17.

Members thanked the Officer for the report and discussion ensued.

A Member, having consideration for the plan and Appendix, queried the procedure for the receipt of Anonymous letters to schools. Officers explained that, if letters are received by the team as part of the internal post system and refer to corporate services, they are sent to the relevant department, schools will also have their own system for dealing with letters.

A Member raised concerns around the WHQs contract which is held with Robert Price, it was queried whether effective procurement has been conducted to ensure Value for Money, as goods can be purchased over the counter at a cheaper rate. Officers highlighted that the contract held with Robert Price is complex, there are a number of conditions which have to be met by the Contractor, for example, to take on a specified number of local apprentices and deliver goods to site etc., which have been included within the cost of the contract. Members were assured that rigorous checks are conducted to ensure that Value for Money is being obtained. In addition, Members noted that Robert Price are often subject to regular scrutiny undertaken by the Caerphilly Homes Task Group.

A Member queried whether requests can be made for Audits to be conducted on establishments within the borough, in particular, those run by the Voluntary Sector. Officers highlighted that whilst Members can request Audits to be conducted, it was advised that these requests are managed through the Chair of the Audit Committee.

The Audit Committee noted the report.

7. AUDIT COMMITTEE FORWARD WORK PROGRAMME

The Forward Work Programme up to December 2016 was presented for Member consideration.

A Member raised concerns about the Forward Work Programme and felt that there was little scope for Members to steer the Programme. Officers highlighted that there are a number of reports scheduled, which are subject to deadlines for consideration by the Committee, however, if there are specific topics Members would like to consider, this could be considered within the programme.

Having fully considered its detail the Audit Committee noted its content.

8. INFORMATION ITEMS

The Committee received and noted the following information items:-

- (1) Regulation of Investigatory Powers Act 2000.
- (2) Officers Declaration of Gifts and Hospitality.

The meeting closed at 11.43am.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 9th March 2016, they were signed by the Chair.

CHAIR



2016 Audit Plan

Caerphilly County Borough Council

Audit year: 2015-16

Issued: May 2016

Document reference: 330A2016

Status of document

This document has been prepared for the internal use of Caerphilly County Borough Council as part of work performed/to be performed in accordance with statutory functions.

No responsibility is taken by the Auditor General or the staff of the Wales Audit Office in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

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2016 Audit Plan

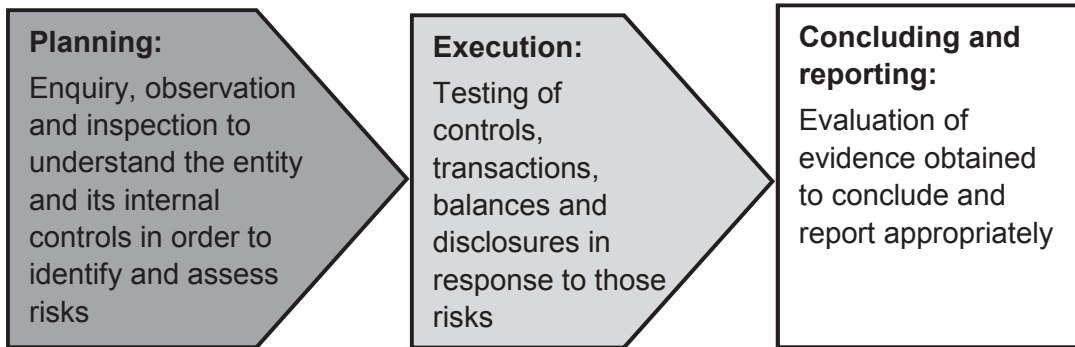
Summary

1. As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009 (the Measure), the Local Government Act 1999, and the Code of Audit Practice, namely to:
 - examine and certify whether your financial statements are ‘true and fair’;
 - assess whether you have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources;
 - audit and assess whether you have discharged duties and met requirements of the Measure; and
 - undertake studies to enable me to make recommendations for improving economy, efficiency and effectiveness or for improving financial or other management arrangements.
2. The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
3. There have been no limitations imposed on me in planning the scope of this audit.
4. My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

Financial audit

5. It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their ‘truth and fairness’.
6. I also consider whether or not Caerphilly County Borough Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception if the Annual Governance Statement does not comply with requirements.
7. [Appendix 1](#) sets out my responsibilities in full.
8. The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows me to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the financial statements as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

Exhibit 1: My audit approach



9. The risks of material misstatement which I consider to be significant and which therefore require special audit consideration, are set out in **Exhibit 2** along with the work I intend to undertake to address them.

Exhibit 2: Financial audit risks

Financial audit risk	Proposed audit response
<p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business.
<p>Operating Expenses – Creditors related to core activities understated or not recorded in the correct period.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • document our understanding of the controls operating in the creditors system; • perform a walkthrough to confirm that the controls identified are in operation; • test for completeness of operating expenses including agreeing to source documentation and reviewing invoices received after the year end; • obtain an understanding of the accruals process; and • testing for unrecorded liabilities, including review of payments made after the year end.

Financial audit risk	Proposed audit response
Employee Remuneration and benefit obligations and expenses understated	<p>My audit team will:</p> <ul style="list-style-type: none"> • document our understanding of the controls operating in the payroll system; • perform a walkthrough to confirm that the controls identified are in operation; • undertake analysis of trends and relationships to identify any anomalous areas for further investigation; • review and test the reconciliation of payroll system to the general ledger; and • perform substantive testing of staff and officer payroll payments, ensuring that payments are made in accordance with the individual's contract of employment. • review payments made to former employees to ensure all costs are accurately reflected in the notes to the accounts.
Valuation of property, plant and equipment	<p>My audit team:</p> <ul style="list-style-type: none"> • review of management's processes and assumptions for the calculation of the estimate; • review of the competence, expertise and objectivity of any management experts used; • review of the instructions issued to valuation experts and the scope of their work; • discussions with valuer about the basis on which the valuation is carried out and challenge of the key assumptions where appropriate; • review and challenge of the information used by the valuer to ensure it is robust and consistent with our understanding; and • testing of revaluations made during the year to ensure they are input correctly into the council's asset register and correctly reflected in the financial statements.

10. There is also a presumed risk of material misstatement due to fraud in revenue recognition and as such should be treated as a significant risk. I have rebutted this presumption in accordance with ISA 240.26-27.
11. I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes, but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Audit Committee prior to completion of the audit.

-
12. For reporting purposes, I will treat any misstatements below a 'trivial' level (the lower of five per cent of materiality or £100,000) as not requiring consideration by those charged with governance and therefore I will not report them.
13. My fees are based on the following assumptions:
- information provided to support the financial statements is timely, to the quality expected and has been subject to quality assurance review;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.
14. In addition to my responsibilities in respect of the audit of Caerphilly County Borough Council's statutory financial statements set out above, I am also required to certify a return to the Welsh Government which provides information about Caerphilly County Borough Council to support preparation of Whole of Government Accounts.

Certification of grant claims and returns

15. I plan to issue a separate report highlighting the key issues identified from my audits of the 2013-14 and 2014-15 claims.
16. My audit fee for this work is set out in [Exhibit 4](#).

Performance audit

17. The components of my performance audit work are shown in [Exhibit 3](#) and have been designed in order to help deliver the high-level objectives set out in our 2013-2016 corporate strategy (www.audit.wales/publication/wales-audit-office-corporate-strategy-2013-2016).

Exhibit 3: Components of my performance audit work



18. Local government in Wales is going through an unprecedented period of change. Austerity continues to bite, audited bodies will be required to adopt the principle of sustainable development from April 2016, and the draft Local Government (Wales) Bill proposes fewer councils and a renewed performance framework. The Minister for Public Services has publicly stated that he would like to see a refreshed audit regime in advance of the legislative timetable with a view to supporting change. In January this year the minister advised me of a substantial reduction in the grant that subsidises my local government performance audit work under the Measure.
19. However, for 2016-17 the Measure will still be in place, and I will still need to examine whether authorities will meet their duty to make arrangements for continuous improvement. The challenge for me in these uncertain times is to balance my existing, new and proposed statutory duties with the need to continue to undertake meaningful, risk-based and proportionate audits and assessments.
20. In spring 2016 I engaged in a consultation with public service bodies on how I can best discharge my various duties whilst striking the most appropriate balance and adding value by:
 - providing assurance on the governance and stewardship of public money and assets;
 - offering insight on the extent to which resources are used wisely in meeting people's needs; and
 - identifying and promoting ways by which the provision of public services may be improved.
21. Taking all these factors into consideration, I am presently unable to be specific about my programme of performance audit work in local government. I am working through the practicalities of designing an appropriate programme of work, and examining the

implications of the reduction in grant funding with a view to ensuring, as far as I am able, that there is little adverse impact on local authorities through fees.

22. As soon as practical, I will write to confirm my 2016-17 programme of work.
23. The performance audit projects included in last year's Audit Plan, which are either still underway or which have been substituted for alternative projects in agreement with you, are set out in [Appendix 2](#).

Fee, audit team and timetable

Fee

24. The Wales Audit Office does not generate profits on fees. Legislation requires that the fees charged may not exceed the full cost of exercising the function to which the fee relates. The fee rates are set at a level to recover that full cost. My fee rates have been held static for 2016 and my audit teams will continue to look for efficiencies in their audits and welcome working with you constructively on this.
25. Your estimated fee for 2016 is set out in [Exhibit 4](#). This figure represents a 0 per cent increase compared to the fee set out in the 2015 audit plan.

Exhibit 4: Audit fee

Audit area	Proposed fee (£) ¹	Actual fee last year (£)
Financial audit work ¹	£250,000	£250,000
Performance audit work ²	£111,700	£111,748
Total fee	£361,700	£361,748
Grant certification work ³	Scope of work to be confirmed	£86,321

Notes:

¹ Payable November 2015 to October 2016.

² Payable April 2016 to March 2017.

³ Payable as work is undertaken.

26. Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with Caerphilly County Borough Council.
27. Further information on my fee scales and fee setting can be found on the Wales Audit Office website at: www.audit.wales/about-us/fee-scales-and-fee-setting.

¹ The fees shown in this document are exclusive of VAT, which is no longer charged to you.

Audit team

28. The main members of my team, together with their contact details, are summarised in Exhibit 5.

Exhibit 5: My team

Name	Role	Contact number	E-mail address
Alan Morris	Engagement Lead – Performance Audit & Engagement Director	02920 320514	alan.morris@audit.wales
Barrie Morris	Engagement Lead – Financial Audit	01173 57708	barrie.morris@uk.gt.com
Laura Hallez	Financial Audit Manager	02920 347558	laura.a.hallez@uk.gt.com
Grace Hawkins	Financial Audit Team Leader	02920 347542	grace.e.hawkins@uk.gt.com
Non Jenkins	Performance Audit Manager	02920 320595	non.jenkins@audit.wales
Sara-Jane Byrne	Performance Audit Lead	07786 111385	sara-jane.byrne@audit.wales

29. I can confirm that my team members are all independent of Caerphilly County Borough Council and your officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.

Timetable

30. I will provide reports, or other outputs as agreed, to Caerphilly County Borough Council covering the areas of work identified in this document. My key milestones are set out in [Exhibit 6](#).

Exhibit 6: Timetable

Planned output	Work undertaken	Report finalised
2016 Audit Plan	February – March 2016	April 2016
Financial accounts work: <ul style="list-style-type: none">• Audit of Financial Statements Report• Opinion on Financial Statements• Financial Accounts Memorandum	January 2016 & July 2016	September 2016
Performance work: I am presently unable to be specific about my programme of performance audit work in local government	April 2016 – March 2017	As soon as practical, I will write to confirm my 2016-17 programme of work
2017 Audit Plan	January – February 2017	March 2017

* Subject to timely clearance of draft findings with Caerphilly County Borough Council.

Future developments to my audit work

31. The Well-being of Future Generations (Wales) Act 2015 (the Act) requires me to have undertaken an examination in each of the public bodies specified within the Act and to have provided a report to the National Assembly, by 2020.
32. As referred to in [paragraph 22](#), I will be consulting on my proposed response to the Act in spring 2016. This consultation will feature a commitment to engage and work collaboratively with public bodies in developing an audit approach which is rigorous, meaningful and proportionate. I propose using 2016-17 as a transition year during which my teams work with a limited number of public bodies to develop and test my approach.
33. As we confirm our audit approaches and respond to continuing consultation from the Welsh Government, we will be talking to audited bodies about the implications for their fees from 2017-18 onwards and will be exploring alternative funding models with the next National Assembly's Finance Committee.

Appendix 1

Respective responsibilities

Financial audit

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on:

- Their 'truth and fairness', providing assurance that they:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with the statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
- The consistency of information in the Annual Report with the financial statements.

I must also state by exception if the Annual Governance Statement does not comply with requirements, if proper accounting records have not been kept, if disclosures required for remuneration and other transactions have not been made or if I have not received all the information and explanations I require.

The Public Audit (Wales) Act 2004 requires me to assess whether Caerphilly County Borough Council has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. To achieve this, I consider:

- the results of the audit work undertaken on the financial statements;
- Caerphilly County Borough Council's system of internal control, as reported in the Annual Governance Statement and my report thereon;
- the results of other work carried out including work carried out under the Local Government (Wales) Measure 2009 (the Measure), certification of claims and returns, and data-matching exercises;
- the results of the work of other external review bodies where relevant to my responsibilities; and
- any other work that addresses matters not covered by the above, and which I consider necessary to discharge my responsibilities.

The Public Audit (Wales) Act 2004 sets out the rights of the public and electors to inspect Caerphilly County Borough Council's financial statements and related documents, to ask me, as the Appointed Auditor questions about the accounts and, where appropriate, to challenge items in the accounts. I must also consider whether in the public interest, I should make a report on any matter which comes to my notice in the course of the audit.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;
- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within Caerphilly County Borough Council from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

Performance audit

The Measure places a general duty on improvement authorities to 'make arrangements to secure continuous improvement in the exercise of [their] functions'. It also places specific requirements on authorities to set improvement objectives, and to publish annual improvement plans and assessments of performance. Improvement authorities are defined as county and county borough councils, national park authorities, and fire and rescue authorities.

The Measure also requires me to carry out an improvement assessment for each improvement authority every year, to determine whether the authority is likely to comply with its general duty and requirements of the Measure. The Auditor General must also carry out an audit of whether the authority has discharged its improvement planning and reporting duties.

The Auditor General may also in some circumstances carry out special inspections (under section 21), in respect of which he will provide a report to the relevant authorities and Ministers, and which he may publish (under section 22). The Auditor General will summarise audit and assessment reports in his published Annual Improvement Report (under section 24). This will also summarise any reports of special inspections.

Appendix 2

Performance work in last year's audit outline still in progress

Performance audit project	Status	Comment
Follow up of the Special Inspection and previous audit work relating to: <ul style="list-style-type: none">• Human Resources and workforce planning• Internal Audit• Self-evaluation• Scrutiny	Fieldwork complete	Report is being drafted
Service review of Waste Management	Fieldwork in May 2016	Report to be drafted in June 2016
Annual Improvement Report	Drafting	This will be issued to the Council June/July

Appendix 3

National value-for-money studies

Caerphilly County Borough Council may also be interested in the national value-for-money examinations which I undertake, some of which will be of particular relevance to, and may involve evidence gathering across, local government. These studies are funded by the National Assembly. Reports are presented to the National Assembly's Public Accounts Committee to support its scrutiny of public expenditure and potentially support scrutiny by other National Assembly committees.

The table below covers all of the value-for-money studies work currently programmed. The programme includes all-Wales summaries of audit work undertaken locally in the NHS and reactive examinations into specific issues of public concern that have been raised with me. In addition to the work outlined below, I may decide during the year to prepare other national reports summarising local audit work or based on the findings of reactive examinations.

Further updates on my programme of value-for-money studies will be provided to you within the regular progress reports prepared by my team.

Topic	Publication timeframe
Welsh Government acquisition and ownership of Cardiff Airport	Published January 2016
The development of Natural Resources Wales	Published February 2016
Operating theatres	Published March 2016
Impact of private practice on NHS provision	Published February 2016
Wales Life Sciences Investment Fund	Published February 2016
Welsh Government responses to audit recommendations (memorandum for the Public Accounts Committee)	Spring 2016
Coastal flood and erosion risk management	Spring 2016
Rail services	Spring 2016
Governance of the National Library of Wales	Spring 2016
Welsh Government oversight of further education institutions' finances and delivery	Autumn 2016

Topic	Publication timeframe
Public procurement (including development of the National Procurement Service)	Winter 2016
Early intervention and behaviour change	Spring/summer 2017 ²
Welsh Government interventions in local government	TBC ³

I have been considering over recent months the inclusion in my programme of a number of new studies on:

- The NHS Wales Informatics Service
- Capital investment in schools (21st Century schools programme) and school places
- Further education finances
- Waste management
- The Supporting People programme
- Access to public services for people whose first language may not be English or Welsh and those who may be disadvantaged without access to specialist interpretation services

With the exception of the further education study, referred to in the table above, firm plans for these new studies are yet to be confirmed, although initial scoping work is underway.

² My programme of good practice work includes a project that will aim to explore the range of behaviour change work across Welsh public services and opportunities to improve practice, deliver better outcomes for citizens, and achieve better value for money. The project will include a range of engagement events and the development of a community of practice to share learning and experience. I anticipate that the information and evidence gathered through this work will support the production of a report on this topic, although this is unlikely to be a traditional audit report and it would not be prepared until the first half of 2017.

³ Plans for this work have been under review in light of the Welsh Government commissioned review of the Anglesey intervention by the Public Policy Institute for Wales, and also to consider the implications for the work of plans for local government reform.

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AUDIT COMMITTEE – 8TH JUNE 2016

SUBJECT: DRAFT ANNUAL GOVERNANCE STATEMENT FOR 2015/16

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES & S151 OFFICER

1. PURPOSE OF REPORT

- 1.1 To allow Members the opportunity to review the draft Annual Governance Statement (AGS) for 2015/16 and make any changes that they feel are required and justifiable.

2. LINKS TO STRATEGY

- 2.1 This report deals with Corporate Governance, which is fundamental to the efficient and effective running of Council business.

3. THE REPORT

- 3.1 Attached as Appendix 1 is the draft Annual Governance Statement (AGS) for 2015/16 to allow Members to consider and make comments. The previous year's AGS is attached as Appendix 2 to allow Members to compare year on year.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no additional financial implications in respect of the preparation of the AGS.

5. EQUALITIES IMPLICATIONS

- 5.1 There are no direct equalities implications stemming from this report on any group identified in Section 6 of the Council's Strategic Equality Plan, therefore an impact assessment has not been carried out.

6. PERSONNEL IMPLICATIONS

- 6.1 There are no personnel implications in respect of the preparation of the AGS.

7. CONSULTATIONS

- 7.1. The draft AGS has been considered by the Corporate Governance Panel and discussed at a Corporate Management Team meeting. All comments have been reflected in the draft AGS attached.

8. RECOMMENDATIONS

- 8.1 Members are requested to consider the draft AGS and advise and agree any changes that they feel can be justified.

Author: Nicole Scammell, Acting Director of Corporate Services & S151 Officer
Consultees: Corporate Management Team
Cllr C. Forehead, Cabinet Member for HR & Governance / Business Manager
Gail Williams, Acting Head of Legal Services and Monitoring Officer
Richard Harris, Internal Audit Manager
Paul Lewis, Acting Head of ICT & Communications
Colin Jones, Head of Performance & Property
Steve Harris, Acting Head of Corporate Finance
Joanne Jones, Corporate Information Governance Manager

Appendix 1: Draft Annual Governance Statement for 2015/16

Appendix 2: Annual Governance Statement for 2014/15

CAERPHILLY COUNTY BOROUGH COUNCIL

DRAFT ANNUAL GOVERNANCE STATEMENT FOR 2015/ 2016

Background

During 2015/16 the work undertaken by the Improving Corporate Governance Board came to a successful conclusion. The Corporate Governance Panel will continue to meet to ensure that the governance agenda remains a key priority. This is now back to business as usual.

Scope of responsibility

The Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 and the Local Government Measure (Wales) 2009 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of strategic effectiveness, service equality, service availability, fairness, sustainability, efficiency and innovation.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Authority has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. A copy of the code is on our website at www.caerphilly.gov.uk or can be obtained from the Council's Communications Unit. This statement explains how the Authority has complied with the code and also meets the requirements of regulation 5(4) of the Accounts & Audit (Wales) Regulations 2014 in relation to the publication of a statement on internal control.

The Improving Governance Programme Board has been formally disbanded as all of the actions in connection with the recommendations and proposals for improvement identified in the Wales Audit Office Corporate Governance Inspection Report have been concluded. The outstanding HR Strategy is due to be formally presented to Members in July 2016. The strengthened governance arrangements are now firmly embedded within the Council's decision making procedures.

The purpose of the governance framework

The governance framework comprises the systems, processes, culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to

identify and prioritise the risks to the achievement of the authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Authority for the year ended 31 March 2016 and up to the date of approval of the Statement of Accounts.

The governance framework

The following paragraphs describe the key elements of the systems and processes that comprise the authority's governance arrangements:

Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users

- The Council's Corporate Plan sets out the Council's aspirations, priorities and Improvement Objectives. These are derived from the Caerphilly Single Integrated Plan (Caerphilly Delivers), which clearly articulates a shared vision for Caerphilly County Borough Council and its strategic partners.
- Long term outcomes and interim performance standards have been established for each Improvement Objective. Progress is reported via the Scrutiny Committee process.
- The Single Integrated Plan (forward looking plan) is published widely and is also available on the Council website and intranet. Similarly the Council's Corporate Plan is published on the website, and updated annually. Progress is reported via the Scrutiny Committee process.
- The Council's Annual Performance Report (published in October) tells citizens and service users how we have performed against the Improvement Objectives as required under the Local Government Measure 2009.

Reviewing the authority's vision and its implications for the authority's governance arrangements

- The Single Integrated Plan, Corporate Plan and annual Performance Report are regularly reviewed and the Council's vision and strategic objectives have been refined to reflect changing aspirations, both locally and nationally.
- A performance management framework has been developed.
- The Council is a lead partner of the Caerphilly Local Service Board (LSB). The Single Integrated Plan implemented from April 2013 onwards details the LSB vision, and following analysis of a Unified Needs Assessment, has identified five outcomes for delivery, namely:

Prosperous Caerphilly
Safer Caerphilly
Healthier Caerphilly
Learning Caerphilly
Greener Caerphilly

The Policy and Resources Scrutiny Committee on 14 April 2015 received an update in respect of the Delivery of the Plan. The Scrutiny Committee acknowledged the good work undertaken to date and determined a further review by Scrutiny during 2015.

"Caerphilly Delivers" (The LSB Single Integrated Plan) was considered and approved by Caerphilly LSB on 17th April 2013 and Caerphilly County Borough Council on 23rd April 2013.

The commencement of the Well-being of Future Generations (Wales) Act 2015 on 1st April 2016 brings a number of changes to the above processes. We have established a public Services Board (PSB) to replace the LSB. The PSB must produce a local assessment of well-being, the Well-being assessment, to be published by May 2017. Thereafter, the PSB must issue a Well-being plan (replacing the LSB Single integrated plan) that sets local Well-Being Objectives to achieve the well-being goals set out in the Act. The Council is leading on this work and has commenced development of the Well-being Assessment.

The Council has also begun to respond to its own duties under the Act which include a requirement to set Well-being Objectives by the 31st March 2017. The sustainable development principle, as defined in the Act, sets out five ways of working, which we are introducing into our organisational activities:

- Taking an integrated approach – to reach all the goals
- Collaborating with others – to find sustainable solutions
- Looking to the long-term – to not compromise future generations
- Involving people – the full diversity of the population
- Taking a preventative approach – by understanding root causes

[ICLIP – Integrated / Collaborative / Long-term / Involvement / Preventative]

The Council is required to consider the sustainable development principle in setting, taking steps towards and meeting its well-being objectives; and this should be reflected in our governance arrangements, our corporate planning, and the way in which we allocate resources.

Measuring the quality of services for users, ensuring they are delivered in accordance with the authority's objectives and ensuring that they represent the best use of resources

- Service Delivery Plans contain key service objectives that are geared, where appropriate, towards achieving the overall strategic objectives detailed in the Council's Corporate Plan. They also contain targets in respect of both national performance indicators and local performance targets.
- The Service Delivery Plans are produced after the conclusion of the services Self Evaluation. Self Evaluation has now been embedded within the Authority.
- This system is in turn supported by individual annual staff performance and development reviews to ensure that everyone understands their individual and service unit contribution to corporate goals.
- The Council uses a performance management software system, Ffynnon, which is used to monitor not only individual performance indicators, but also their combined effect on the achievement of strategic objectives.
- Performance against targets is monitored at officer and Member levels, by Corporate Management Team, Directorate Management Teams with Cabinet Members, and Scrutiny Committees.
- Albeit that there is an established process in place, as outlined above, the reporting of performance has been reviewed to ensure these procedures are best able to take the Authority forward in the medium term in light of reducing budgets. Additional dedicated performance management meetings have been added to the Scrutiny Committee meeting programme as a result of this review.

Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication

- The Council's Constitution sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people.
- Policy and decision-making is facilitated through the Executive Cabinet supported by a framework of Statutory and Scrutiny Committees.
- The Constitution also sets out the situations where senior officers of the Council can make decisions under delegated authority. Delegated power decisions and information items are published on the intranet.
- The Council publishes an annual Corporate Plan which sets out key priorities agreed by the Council, its committees and chief officers under their delegated powers and a performance report which details progress against these.
- The Council's Constitution is reviewed and refreshed on a regular basis to reflect current legislation and working practices. The most recent report was presented to the Annual General Meeting. Members approved that overseeing the Council's Constitution should be an added function of the Council's Democratic Services Committee. In addition to the ad hoc reports presented to Council the Democratic Services Committee will receive a 6 monthly update on Constitutional issues.
- Various guidance notes for officers have been prepared to sit alongside the Council's Constitution and training has been rolled out. The documentation is available on the Council's corporate governance page. These arrangements have now been formally embedded within the Council's governance arrangements.

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

- The Council's Constitution contains formal Codes of Conduct that articulate the standards of ethical behaviour that are expected from members and officers. These incorporate procedures for the disclosure of pecuniary interests and offers of gifts and hospitality.
- Both members and officers are made aware of the personal conduct and disclosure requirements and they are available for reference on the Council's intranet.
- All declarations of Member gifts and hospitality are reported to the Council's Standards Committee. For Officers a 6 monthly update is given to the Council's Audit Committee.

Reviewing and updating standing orders for contracts, financial regulations, a scheme of delegation and supporting procedure notes / manuals, which clearly define how decisions are taken and the processes and controls to manage risks

- The Monitoring Officer in conjunction with senior officers and members undertakes periodic reviews of the Council's Constitution including reviewing Standing Orders for Contracts, Financial Regulations and the Scheme of Delegation to ensure that current practices and legislation are reflected. The Standing Orders have recently been reviewed to reflect the new European Regulations.
- The standard member reporting procedure requires a consideration of risk for all significant decisions. This is also underpinned by a robust structure and system for identifying and evaluating all significant business risks at both corporate and operational levels, the key elements of which are a Corporate Risk Register; Directorate Risk Register and Service Level Risk Assessments built into the business planning process.
- The Council now has a formally agreed Risk Management Strategy and training is delivered to relevant Members as a matter of routine. The Corporate Risk Register is

reported to Audit Committee and Cabinet periodically after consideration by Corporate Management Team.

Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities

- The Council has appointed an Audit Committee whose terms of reference comply with the latest CIPFA guidelines. These extend to monitoring and reviewing the adequacy of the governance framework.
- The Terms of Reference are reviewed annually and are updated if required.

Ensuring compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful

- The Council aims to ensure compliance with established policies, procedures, laws and regulations through a variety of mechanisms, including:

Monitoring Officer;
Section 151 Officer;
Internal Audit;
External Audit;
Performance Management Framework;
Corporate Management Team.

- The roles of the statutory officers have been strengthened significantly. Both officers attend the formal Corporate Management Team meetings. The S151 role has been incorporated into a new temporary post of Director of Corporate Services and S151, and is no longer at Head of Service level. The interim management arrangements currently in place across the Council are reviewed and agreed by Council periodically.
- The standard committee reporting procedure and template requires the Monitoring Officer to examine reports to the Executive for compliance with legal and procedural issues. His/her comments are referred to the Council's Corporate Management Team for action.
- In addition to the above, the Authority has a Deputy S151 and Monitoring Officer to ensure adequate cover for these roles is in place.

Arrangements for whistle blowing and for receiving and investigating complaints from the public

- The Council has in operation a widely publicised Whistleblowing Policy, which forms part of the Council's Constitution. The regime is overseen by senior officers within the Authority and reported to the Council's Standards Committee on an annual basis.
- The Council also operates a formal Corporate Complaints Procedure, which has been widely publicised.
- The Audit Committee has continued to play a more proactive role to play in monitoring the level of complaints and the procedures that are in place. Reports are regularly presented. In addition, individual Scrutiny Committees may receive reports on complaints.

Identifying the development need of members and senior officers in relation to their strategic roles, supported by appropriate training

- Formal induction programmes and training and development plans are in place for members. Where identified by the PDR process senior officers participate in management development training.

- All senior officers participate in the corporate staff appraisal scheme.
- It had been recognised that the induction and training of members was sporadic in respect of some committees. In order to address this issue Council has approved the implementation of a new, more focused training regime for members this includes the identification of certain aspects of training as mandatory.
- A review of induction arrangements for officers is being undertaken as this area should be improved. Discussions have taken place initially at the HR Strategy Group.
- Appropriate training has and will continue to be delivered where identified in the Action Plan.

Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

- Up to date strategies are in place in respect of communications, marketing and consultation.
- A corporate database of formal consultations is maintained to reduce duplication of consultation.
- Extensive consultation processes have been followed in relation to the 2015/16 budget process following the changes last year.

Incorporating good governance arrangements in respect of partnerships and other group working as identified in the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements

- The Council has adopted a formal Framework for Partnership Working which specifies the minimum governance requirements in respect of all the Council's partnerships and the enhanced requirements in respect of its key partnerships.
- Since 1999 a "Compact Agreement" has been in place which is a local agreement for governing the relationship between public sector organisations within the County Borough and third sector organisations. In April 2013, a revised Compact Agreement was published for the period 2013 to 2017 bringing together the following partners: Gwent Association of Voluntary Organisations, Caerphilly County Borough Council, Gwent Police, the Police and Crime Commissioner for Gwent, Aneurin Bevan Health Board, South Wales Fire and Rescue Service, Community and Town Councils and the Caerphilly Business Forum. The Compact Agreement recognises the mutual benefits that can be gained from close co-operation and sets out guidelines for how all parties should work together.
- Key partnerships and partners are invited to attend the biannual Caerphilly Local Service Board Standing Conference, which focuses on communicating progress made on the delivery of LSB priorities, which include "Caerphilly Delivers" (the Single Integrated Plan), such as tackling the impact of poverty and more recently the Well-being of Future Generations Act, and associated programmes/projects/initiatives.
- During 2013/14, a detailed piece of work was undertaken identifying all partnerships and collaborations.
- The Council now maintains details of all the current collaborations and partnerships in existence.
- In addition, the approved Collaboration and Partnership Strategy sets out the requirements for creating new Partnerships and Collaborations and importantly includes the arrangements for disbanding and exiting arrangements.

Review of effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the corporate governance panel within the

authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit Manager's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. The review covers all significant corporate systems, processes and controls, spanning the whole range of the Council's activities, including in particular those designed to ensure:

- The Authority's policies are put into place.
- The Authority's values are met.
- Laws and regulations are complied with.
- Required processes are adhered to.
- Performance and Financial statements and other published information are accurate and reliable.
- Human, financial, data/information and other resources are managed efficiently and effectively.
- Services are delivered efficiently and effectively.

The following paragraphs describe the processes that have been applied in maintaining and reviewing the effectiveness of the Council's governance framework.

Corporate Level Review

A management group, the Corporate Governance Panel, consisting of the following officers and the Cabinet member for HR and Governance has been established to oversee the compilation of the Annual Governance Statement:

- Acting Director of Corporate Services and S151;
- Interim Head of Legal Services and Monitoring Officer;
- Head of Performance and Property;
- Internal Audit Manager;
- Acting Head of ICT/SIRO

The group has conducted a detailed corporate level review of the Council's system of governance in accordance with the guidance provided by CIPFA / SOLACE.

The arrangements have been strengthened significantly since March 2013 and are now firmly embedded within normal working practices.

Directorate Level Review

The Council has also introduced Directorate Assurance Statements requiring members of Corporate Management Team to review the operation of a range of governance systems and procedures within their service areas and indicate whether there are any significant non-compliance issues. These are analysed to ascertain whether there are any common areas of concern, and if so, whether these constitute significant governance issues and as such need to be included in the Annual Governance Statement.

Scrutiny Committees

The Council has Scrutiny Committees who meet in public and make recommendations on the improvement and development of policies and hold the Executive and officers exercising delegated powers to account for their decisions.

The Council is currently implementing the proposed changes to Scrutiny following the report to Council in October 2015 and which had previously been identified as an area of

weakness. The planned changes are significant and are intended to bring more focus to the Scrutiny of the Council's key decisions reducing the number of items on the agenda. It also includes the development of supporting protocols such as Task and Finish Groups, Cabinet Member statements and prioritisation matrix. This work is ongoing and anticipated to be concluded in the Autumn 2016 following which there will be a self evaluation of the new arrangements.

Audit Committee

The Council has appointed an Audit Committee whose terms of reference comply with the latest CIPFA guidelines. These extend to monitoring and reviewing the adequacy of the governance framework.

Standards Committee

The Council has appointed a Standards Committee in accordance with the provisions of S.53-55 & S.81(5) Local government Act 2000 and associated regulations. Their terms of reference are set out in the Council's Constitution.

Performance Management

The Performance Management Unit (PMU) is responsible for developing and maintaining the Council's performance management framework in accordance with the Wales Programme for Improvement. It supports and challenges the Council as a whole, and the individual services, to continuously improve its services and works with the external auditors to co-ordinate inspection programmes.

The PMU co-ordinate and support the Self Evaluation and Service Delivery Plan process.

In an internal restructure the performance Management Unit has been brought together with staff with corporate policy, partnership, equalities, and voluntary sector support roles. This is intended to strengthen further our approach to performance management by reinforcing the links to our policy and planning activities. It will also enhance our ability to respond to the requirements of the Well-being of Future Generations Act in terms of having a lead role within the Public Services Board, demonstrating our own contribution to the Well-being goals, and embedding the 5 ways of working set out in the sustainable development principle.

Information Governance

The Acting Head of ICT is the Council's Senior Information Risk Owner (SIRO), whose role is to assure the Council's information through implementation of the Council's Information Risk Management Policy. The SIRO assesses quarterly information risk returns from each Head of Service (as the information asset owner) to ensure risks are reported appropriately, measures to reduce risk are effective and information risk management is embedded into the culture of the organisation.

The SIRO is supported by Corporate Information Governance Unit and a network of information governance (IG) stewards within each directorate who assist Heads of Service in assuring the information that is managed and used by their service area. IG Stewards are responsible for communicating key messages to staff and management across the organisation on IG policies, ensuring staff are appropriately trained and developing and maintaining an Information Asset Register. Organisations need to comply with the new General Data Protection Regulation in 2018 and the SIRO is overseeing an action plan to

ensure the Council's personal information is managed appropriately in readiness for this deadline.

Internal Audit

Internal Audit is responsible for monitoring the quality and effectiveness of the system of governance and internal control. A risk-based Internal Audit Plan is produced each financial year. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Directorate. Each report includes recommendations for improvements and an agreed management action plan. The process includes follow-up reviews of agreed recommendations to ensure that they are acted upon. Following the governance reviews undertaken by the WAO over recent years the role undertaken by Internal Audit and the contribution made towards the overall governance framework is being reassessed. This process will evolve and develop over time in line with the needs of the organisation and will embrace the principles promoted within the Audit Code of Practice.

The Annual Internal Audit Outturn Report contains a statement/judgement on overall levels of internal control (a view based on the relative significance of the systems reviewed during the year, in the context of the totality of the control environment). The last such report to the Audit Committee on the 9th September 2015 raised no fundamental issues and confirmed that the Council continues to operate within a controlled environment that should minimise the risk of loss.

External Audit

In accordance with the Audit Commission's Code of Audit Practice, the Council receives regular reports on elements of its internal control environment, including performance management, risk management, financial management and governance.

Review Outcome

The previous year's AGS identified one new area for improvement:-

The effectiveness of the current Scrutiny arrangements has been identified as an area that could be improved and to ensure that they are effective and productive a review of the current processes is to be undertaken. The review will ensure that any weaknesses or shortcomings will be addressed and current best practice will be built into our procedures going forward. It is intended that the review be completed by October 2015.

The review of Scrutiny was concluded and reported to Council in October 2015. The Council are now implementing all of the changes. Based on the progress made to date it is recommended that this area for improvement be removed from the AGS.

There is one new area for improvement that has been identified during the 2015/16 review process:-

- The Authority works to ensure that the requirements of the Well-Being of Future Generations (Wales) Act 2015 are progressed to ensure compliance prior to regulator reviews.

Signed

Keith Reynolds
Leader of the Authority

Chris Burns
Interim Chief Executive

Annual Governance Statement

Background

Since the publication of the previous year's Annual Governance Statement the Wales Audit Office (WAO) has published a follow up to the Corporate Governance Inspection. This was presented and agreed at Council on 27 January 2015 and acknowledged the significant progress in addressing the recommendations and proposals for improvement identified in the Special Inspection (SI) undertaken in the Autumn of 2013 and the two Public Interest Reports. The Improving Corporate Governance Programme Board is still meeting to ensure that the remaining actions are satisfactorily concluded. Reports are presented periodically to Cabinet.

Scope of responsibility

The Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 and the Local Government Measure 2009 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of strategic effectiveness, service equality, service availability, fairness, sustainability, efficiency and innovation.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Authority has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. A copy of the code is on our website at www.caerphilly.gov.uk or can be obtained from the Authority's communication department. This statement explains how the Authority has complied with the code and also meets the requirements of regulation 4(2) of the Accounts & Audit (Wales) Regulations 2014 in relation to the publication of a statement on internal control.

The Authority has acknowledged and accepted that there had been serious shortcomings in respect of its duties identified in 2012 and 2013 by WAO. The Authority has undertaken significant work to improve those shortcomings, which were reflected in the SI published in January 2014 and the follow up CGI published in January 2015. These two reports were presented and approved at Council.

The purpose of the governance framework

The governance framework comprises the systems, processes, culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Authority for the year ended 31 March 2015 and up to the date of approval of the Statement of Accounts.

Annual Governance Statement (Continued)

The governance framework

The following paragraphs describe the key elements of the systems and processes that comprise the authority's governance arrangements:

Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users

- The Authority's Corporate Plan sets out the Authority's aspirations, priorities and Improvement Objectives. These are derived from the Caerphilly Single Integrated Plan (Caerphilly Delivers), which clearly articulates a shared vision for Caerphilly County Borough Council and its strategic partners.
- Long term outcomes and interim performance standards have been established for each Improvement Objective. Progress is reported via the Scrutiny Committee process.
- The Single Integrated Plan (forward looking plan) is published widely and is also available on the Authority website and intranet. Similarly the Authority's Corporate Plan is published on the website, and updated annually. Progress is reported via the Scrutiny Committee process.
- The Authority's Annual Performance Report (published in October) tells citizens and service users how we have performed against the Improvement Objectives as required under the Local Government Measure 2009.

Reviewing the authority's vision and its implications for the authority's governance arrangements

- The Single Integrated Plan, Corporate Plan and annual Performance Report are regularly reviewed and the Authority's vision and strategic objectives have been refined to reflect changing aspirations, both locally and nationally.
- A performance management framework has been developed.
- The Authority is a lead partner of the Caerphilly Local Service Board (LSB). The Single Integrated Plan implemented from April 2013 onwards details the LSB vision, and following analysis of a Unified Needs Assessment, has identified five outcomes for delivery, namely:

Prosperous Caerphilly
Safer Caerphilly
Healthier Caerphilly
Learning Caerphilly
Greener Caerphilly

The Policy and Resources Scrutiny Committee on 14 April 2015 received an update in respect of the Delivery of the Plan. The Scrutiny Committee acknowledged the good work undertaken to date and determined a further review by Scrutiny during 2015.

"Caerphilly Delivers" (The LSB Single Integrated Plan) was considered and approved by Caerphilly LSB on 17th April 2013 and Caerphilly County Borough Council on 23rd April 2013.

Measuring the quality of services for users, ensuring they are delivered in accordance with the authority's objectives and ensuring that they represent the best use of resources

- Service Delivery Plans contain key service objectives that are geared, where appropriate, towards achieving the overall strategic objectives detailed in the Authority's Corporate Plan. They also contain targets in respect of both national performance indicators and local performance targets.
- The Service Delivery Plans are produced after the conclusion of the services Self Evaluation. Self Evaluation is in its second year of implementation. Challenge sessions with the Interim Chief Executive; Cabinet Member for Performance and Head of Property and Performance will be undertaken during the Summer of 2015. A review will be undertaken in the autumn to determine whether this process is adding value.

Annual Governance Statement (Continued)

- This system is in turn supported by individual annual staff performance and development reviews to ensure that everyone understands their individual and service unit contribution to corporate goals.
- The Authority uses a performance management software system, Ffynnon, which is used to monitor not only individual performance indicators, but also their combined effect on the achievement of strategic objectives.
- Performance against targets is monitored at officer and Member levels, by Corporate Management Team, Directorate Management Teams with Cabinet Members, and Scrutiny Committees.
- Albeit that there is an established process in place, as outlined above, the reporting of performance is under review to ensure these procedures are best able to take the Authority forward in the medium term in light of reducing budgets

Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication

- The Authority's Constitution sets out how the Authority operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people.
- Policy and decision-making is facilitated through the Executive Cabinet supported by a framework of Statutory and Scrutiny Committees.
- The Constitution also sets out the situations where senior officers of the Authority can make decisions under delegated authority. Delegated power decisions and information items are published on the intranet.
- The Authority publishes an Annual Improvement Plan which sets out key priorities agreed by the Authority, its committees and chief officers under their delegated powers and a performance report which details progress against these.
- The Authority's Constitution is reviewed and refreshed on a regular basis to reflect current legislation and working practices with the most recent report having been presented to Council at the Annual General Meeting. In addition, further consideration is to be given to the adoption of the new All Wales Framework Constitution, which to date has only been adopted by a few authorities in Wales.
- Various guidance notes for officers have been prepared to sit alongside the Authority's Constitution and training has been rolled out. The documentation is available on the Authority's corporate governance page. In addition and as one of the formal recommendations of the CGI a decision making protocol for recording decisions at Corporate Management Team was established and successfully implemented. Currently officers are rolling out training for members on the Authority's Constitution and decision making processes, this is ongoing and forms part of the Member's Mandatory training requirements approved by Full Council.

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

- The Authority's Constitution contains formal Codes of Conduct that articulate the standards of ethical behaviour that are expected from members and officers. These incorporate procedures for the disclosure of pecuniary interests and offers of gifts and hospitality.
- Both members and officers are made aware of the personal conduct and disclosure requirements and they are available for reference on the Authority's intranet.
- The WAO Public Interest Reports issued in March and December 2013 both raised significant concerns in respect of conflicts of interest, particularly with regard to the role of officers. Much work has been undertaken to ensure formal notification and acceptance of the Code of Conduct by all staff, plus training events to raise awareness. This work has been reported to the IGPB and Cabinet.

Annual Governance Statement (Continued)

Reviewing and updating standing orders for contracts, financial regulations, a scheme of delegation and supporting procedure notes / manuals, which clearly define how decisions are taken and the processes and controls to manage risks

- The Monitoring Officer in conjunction with senior officers and members undertakes periodic reviews of the Authority's Constitution including reviewing Standing Orders for Contracts, Financial Regulations and the Scheme of Delegation to ensure that current practices and legislation are reflected. The Standing Orders have recently been reviewed to reflect the new European Regulations.
- The standard member reporting procedure requires a consideration of risk for all significant decisions. This is also underpinned by a robust structure and system for identifying and evaluating all significant business risks at both corporate and operational levels, the key elements of which are a Corporate Risk Register; Directorate Risk Register and Service Level Risk Assessments built into the business planning process.
- This area was strengthened during 2013/14. A Risk Management Strategy was formally agreed, training on risk was delivered to Audit Committee and Cabinet Members. This training is ongoing. The Corporate Risk Register is reported to Audit Committee and Cabinet periodically after consideration by Corporate Management Team.

Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities

- The Authority has appointed an Audit Committee whose terms of reference comply with the latest CIPFA guidelines. These extend to monitoring and reviewing the adequacy of the governance framework.
- The Terms of Reference are reviewed annually and are updated if required.

Ensuring compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful

- The Authority aims to ensure compliance with established policies, procedures, laws and regulations through a variety of mechanisms, including:

Monitoring Officer;
Section 151 Officer;
Internal Audit;
External Audit;
Performance Management Framework;
Corporate Management Team.

- The WAO Public Interest Reports issued in March and December 2013 identified serious failings in this area.
- In the light of these Public Interest Reports, the Interim Chief Executive has strengthened the roles of both the Monitoring Officer and Section 151 Officer. Both officers attend the formal Corporate Management Team meetings. The S151 role has been incorporated into a new temporary post of Director of Corporate Services and S151, and is no longer at Head of Service level. The interim management arrangements currently in place across the Authority are reviewed and agreed by Council periodically.
- The standard committee reporting procedure and template requires the Monitoring Officer to examine reports to the Executive for compliance with legal and procedural issues. His/her comments are referred to the Authority's Corporate Management Team for action. In addition to the above, the Authority has a Deputy S151 and Monitoring Officer to ensure adequate cover for these roles is in place

Annual Governance Statement (Continued)

Arrangements for whistle blowing and for receiving and investigating complaints from the public

- The Authority has reviewed its Whistleblowing Policy in line with legislative changes, and following the work of the Whistleblowing Commission by Public Concern at Work. Public Concern at Work is a leading Charity and has been identified as an organisation leading best practice in this area. The Authority has developed a new policy following their assistance and model of best practice. This revised Policy has been approved, implemented and staff have been made aware of its existence using a number of communication channels.
- The Authority also operates a formal Corporate Complaints Procedure, which has been widely publicised.
- The Audit Committee has a more proactive role to play in monitoring the level of complaints and the procedures that are in place. Reports are regularly presented. In addition, individual Scrutiny Committees receive reports on complaints.

Identifying the development need of members and senior officers in relation to their strategic roles, supported by appropriate training

- Formal induction programmes and training and development plans are in place for members. Where identified by the PDR process senior officers participate in management development training.
- All senior officers participate in the corporate staff appraisal scheme.
- It had been recognised that the induction and training of members was sporadic in respect of some committees. In order to address this issue Council has approved the implementation of a new, more focused training regime for members this includes the identification of certain aspects of training as mandatory.
- A review of induction arrangements for officers is being undertaken as this area should be improved. Discussions have taken place initially at the HR Strategy Group prior to formal consultation/approval.
- Appropriate training has and will continue to be delivered where identified in the Action Plan.

Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

- Up to date strategies are in place in respect of communications, marketing and consultation.
- A corporate database of formal consultations is maintained to reduce duplication of consultation.
- An extensive consultation process was introduced in respect of the 2014/15 Budget Strategy.

Incorporating good governance arrangements in respect of partnerships and other group working as identified in the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements

- The Authority has adopted a formal Framework for Partnership Working which specifies the minimum governance requirements in respect of all the Authority's partnerships and the enhanced requirements in respect of its key partnerships.
- Since 1999 a "Compact Agreement" has been in place which is a local agreement for governing the relationship between public sector organisations within the County Borough and third sector organisations. In April 2013, a revised Compact Agreement was published for the period 2013 to 2017 bringing together the following partners: Gwent Association of Voluntary Organisations, Caerphilly County Borough Council, Gwent Police, the Police and Crime Commissioner for Gwent, Aneurin Bevan Health Board, South Wales Fire and Rescue Service, Community and Town Councils and the Caerphilly Business Forum. The Compact Agreement recognises the mutual benefits that can be gained from close co-operation and sets out guidelines for how all parties should work together.

Annual Governance Statement (Continued)

- Key partnerships and partners are invited to attend the biannual Caerphilly Local Service Board Standing Conference, which focuses on communicating progress made on the delivery of LSB priorities, which include “Caerphilly Delivers” (the Single Integrated Plan), tackling the impact of poverty and reducing the harm caused by alcohol, and associated programmes/projects/initiatives.
- During 2014/15, the detailed piece of work involving the identification of all partnerships and collaborations continued. Governance arrangements for these have also been collated. Reports in respect of this piece of work have been reported to Audit Committee, IGPB and CMT. The Corporate Governance Panel randomly selected a small number of partnerships which have been audited in order to review the robustness of the governance arrangements, and the ability for the partnership to be held to account through scrutiny. The conclusions of these reviews by Internal Audit have been reported to the Audit Committee.
- In addition, a Collaboration and Partnership Strategy has been developed and approved which sets out the requirements for creating new Partnerships and Collaborations and importantly includes the arrangements for disbanding and exiting arrangements.

Review of effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the corporate governance panel within the authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit Manager’s annual report, and also by comments made by the external auditors and other review agencies and inspectorates. The review covers all significant corporate systems, processes and controls, spanning the whole range of the Authority’s activities, including in particular those designed to ensure:

- The Authority’s policies are put into place.
- The Authority’s values are met.
- Laws and regulations are complied with.
- Required processes are adhered to.
- Performance and Financial statements and other published information are accurate and reliable.
- Human, financial and other resources are managed efficiently and effectively.
- Services are delivered efficiently and effectively.

The following paragraphs describe the processes that have been applied in maintaining and reviewing the effectiveness of the Authority’s governance framework:

Corporate Level Review

A management group, the Corporate Governance Panel, consisting of the following officers and the Cabinet member for HR and Governance has been established to oversee the compilation of the Annual Governance Statement:

- Acting Director of Corporate Services and S151;
- Head of Legal Services and Monitoring Officer;
- Head of Performance and Property;
- Internal Audit Manager;
- Head of ICT and Customer Services/SIRO

The group has conducted a detailed corporate level review of the Authority’s system of governance in accordance with the guidance provided by CIPFA / SOLACE.

The arrangements have been strengthened since March 2013 taking on board the findings of a WAO report on the AGS Statement.

Annual Governance Statement (Continued)

Directorate Level Review

The Authority has also introduced Directorate Assurance Statements requiring members of Corporate Management Team to review the operation of a range of governance systems and procedures within their service areas and indicate whether there are any significant non-compliance issues. These are analysed to ascertain whether there are any common areas of concern, and if so, whether these constitute significant governance issues and as such need to be included in the Annual Governance Statement.

Scrutiny Committees

The Authority has Scrutiny Committees who meet in public and make recommendations on the improvement and development of policies and hold the Executive and officers exercising delegated powers to account for their decisions.

Following the CGI Follow Up Report by WAO published in January 2015, the Authority's Scrutiny arrangements are currently under review. This work is planned to conclude with recommendations for improvement to Council in October 2015.

Audit Committee

The Authority has appointed an Audit Committee whose terms of reference comply with the latest CIPFA guidelines. These extend to monitoring and reviewing the adequacy of the governance framework.

Standards Committee

The Authority has appointed a Standards Committee in accordance with the provisions of S.53-55 & S.81(5) Local government Act 2000 and associated regulations. Their terms of reference are set out in the Authority's Constitution.

Performance Management

The Performance Management Unit (PMU) is responsible for developing and maintaining the Authority's performance management framework in accordance with the Wales Programme for Improvement. It supports and challenges the Authority as a whole, and the individual services, to continuously improve its services and works with the external auditors to co-ordinate inspection programmes.

The PMU co-ordinate and support the Self Evaluation and Service Delivery Plan process.

Information Governance

The Head of ICT and Customer Services is the Authority's Senior Information Risk Owner (SIRO), whose role is to assure the Authority's information through implementation of the Authority's Information Risk Management Policy. The SIRO assesses quarterly information risk returns from each Head of Service (as the information asset owner) to ensure risks are reported appropriately, measures to reduce risk are effective and information risk management is embedded into the culture of the organisation.

The SIRO is supported by a network of information governance stewards within each Directorate who communicate key messages to staff and management across the organisation, and assist Heads of Service in assuring the information that is managed and used by their Service area.

Annual Governance Statement (Continued)

Information assurance is also supported by the work of the Corporate Information Governance Unit and the Information Governance Project Team. This includes training a wide cross-section of staff and achieving over 99.5% completion of Protecting Information e-learning for Authority computer users. The Authority's Data Protection Policy and staff leaflet was sent to all employees alongside the Code of Conduct. An Information Asset Register has also been developed and the security, access and storage of information assets are under evaluation.

Internal Audit

Internal Audit is responsible for monitoring the quality and effectiveness of the system of governance and internal control. A risk-based Internal Audit Plan is produced each financial year. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Directorate. Each report includes recommendations for improvements and an agreed management action plan. The process includes follow-up reviews of agreed recommendations to ensure that they are acted upon. Following the findings in the SI undertaken by WAO, the role of the Internal Audit team will be changing over a 2/3 year period as recently reported to Audit Committee. The focus will move from predominantly finance based with thematic reviews undertaken where there is identified risk. More non financial audits will be introduced. There will also be a role in respect of the review of the Risk Management process, focusing on the effectiveness of the mitigation of risks.

The Internal Audit Annual Report contains a statement / judgement on overall levels of internal control (a view based on the relative significance of the systems reviewed during the year, in the context of the totality of the control environment).

The Internal Audit Section is subject to regular inspection by the Authority's external auditors.

External Audit

In accordance with the Audit Commission's Code of Audit Practice, the Authority receives regular reports on elements of its internal control environment, including performance management, risk management, financial management and governance.

Review Outcome

It is acknowledged that a significant amount of work has been undertaken to improve and strengthen the Authority's governance arrangements. Reports on progress have been presented on a regular basis to Audit Committee, Council and Cabinet. Progress made by the Authority was recognised by WAO in the SI published in January 2014 and again in January 2015. The work in respect of Improving Governance will continue to be undertaken and monitored.

The previous year's AGS had highlighted 2 areas where improvements were required to strengthen the governance arrangements, these were:-

- **Interim Management Arrangements**

The SI recognised that the extent of interim arrangements in respect of senior staff could create instability in the Authority moving forward. The Authority had acknowledged that this was a concern.

Annual Governance Statement (Continued)

- **Improving timeliness of response to Freedom of Information (FOI) and Environmental Information Regulations (EIR) requests**

The Authority is subject to increasing numbers of requests for information and response within the statutory 20 working day period is challenging, as reported to Policy and Resources Scrutiny Committee. Failure to comply with a minimum of 85% of requests within 20 working days could result in monitoring by the Information Commissioner, which would lead to regulatory action if the Authority had not improved within a specified timescale. Failure to comply with recommendations made as part of regulatory action would be dealt with as contempt of Court. A number of measures have been taken to improve performance including a reminder from the Interim Chief Executive to all Managers of the importance of prompt responses, and the situation is continually monitored.

In addition to the above, there was one outstanding area for improvement from the previous year deemed incomplete:-

- The further development of the Authority's Business Continuity arrangements.

During the last year, the interim arrangements in respect of Senior Staff have been strengthened, particularly in respect of the appointment of a further Interim Chief Executive, Chris Burns. The current Interim Chief Executive is a full time appointment. There is an option to extend the Contract. A report to Council will be recommending a further 12 month extension. Other interim arrangements have now been in place in some instances for over 2 years. These officers are now very experienced which reduces the risk to the Authority moving forward. Hence, it is recommended that this area for improvement be removed from the AGS.

The second area for improvement relating to FOI response times saw significant progress since 2013. 72% of FOI responses occurred within 20 working days. In 2014, this increased to 76%. For the quarter, Jan 2015 to March 2015, this increased to 83%. Hence, it is recommended that this area for improvement be removed from the AGS but monitored by the Corporate Governance Panel to ensure continuous improvement is maintained.

The third area of improvement relates to Business Continuity. It has been identified via the Audit Committee process that Business Continuity exists in most front line service areas and IT but that there is no consistent approach. Recent reports to the Corporate Governance Panel and CMT have agreed a strategy that has been adopted by the Authority, which should ensure that there is both a strategic and consistent approach to Business Continuity. Progress to date has been reported to the Audit Committee since March 2014. A report presented in March 2015 acknowledged that significant progress has been achieved.

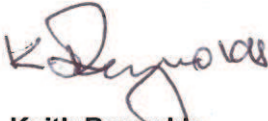
Based on the progress made, it is proposed that this area is also removed from the AGS, albeit that reports will continue to be made to Audit Committee.

Annual Governance Statement (Continued)

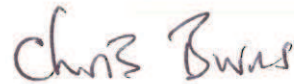
There is one new area for improvement that has been identified during the 2014/15 review process :-

The effectiveness of the current Scrutiny arrangements has been identified as an area that could be improved and to ensure that they are effective and productive a review of the current processes is to be undertaken. The review will ensure that any weaknesses or shortcomings will be addressed and current best practice will be built into our procedures going forward. It is intended that the review be completed by October 2015.

Signed



Keith Reynolds
Leader of the Authority



Chris Burns
Interim Chief Executive



AUDIT COMMITTEE – 8TH JUNE 2016

SUBJECT: REGULATOR PROPOSALS FOR IMPROVEMENT PROGRESS UPDATE

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES & S151 OFFICER

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update members on progress against the proposals made by all regulators since the last Audit Committee (Dec 2015).

2. SUMMARY

- 2.1 Since December 2015 there has been 1 proposal addressed and no new proposals onto the register.
- 2.2 There have been 2 new reviews received from the Wales Audit Office, Financial Resilience (local) Report (May 2016) and the Leisure Review that are coming on to the Cabinet Programme and will be included in future updates.
- 2.3 There have been no reviews, proposals or recommendations reported from Estyn and the Care and Social Services Inspectorate of Wales at this time.
- 2.4 Currently we have **14** proposals outstanding. Of the 14, 1 is recommended for closure and 2 are recommended to be merged. This will leave **11** outstanding in total.

3. LINKS TO STRATEGY

- 3.1 Both the Corporate Assessment and the Annual Improvement Report (WAO) are designed to assess and report on the Council's compliance with the Local Government Measure 2009.

4. THE REPORT

- 4.1 There are no new finalised reports to include on this occasion, however please see para 4.8 for new reports about to enter the system in the summer of 2016. These will be reported on at the next progress update.

4.2 As at May 2016 reporting against the individual categories is as follows:

Customer Services Review	Asset Management	Financial Position Assessment	Improving Governance	Total
7 (1 recommended to be closed)	5 (2 to be merged)	1	1	14

4.3 As of May 2016 the following figures are reported as outstanding:

Outstanding	New proposals added	Sub total outstanding	Recommend closure as of DEC 2015	Recommend Merging Asset Management	Total Outstanding	Total outstanding last time reported
14	0	14	1	2	11	14

4.4 The last time the proposals were reported on (Dec 2015) there were 24 proposals with 10 recommended to be closed and this left 14. This has now been reduced to 11. This time last year there were 28 proposals outstanding. Of the 14 proposals 12 have been on the register for more than 2 years and it is expected that they will be completed and closed down this year. There have been 95 proposals since the register began.

4.5 Some of the proposals have had many actions and have been more complex making them not easily resolved within a year however progress is being made and specific updates are given below.

4.6 The **Customer Service** strategy went to P&R as planned in January 2016 and Cabinet in April where it was approved. Although published with Cabinet papers it now needs to be publicised as part of an awareness raising process. As the proposals relate to 'develop and implement' we have kept the proposals on the register (except 1) until the implementation is fully underway this spring. Although the numbers of proposals have only reduced by 1 the percentage of those outstanding has improved considerably. When we next report to Audit Committee nearly all of the proposals will be completed.

4.7 **Asset Management** has 5 proposals outstanding. Although the numbers of proposals have not overly reduced, considerable progress has been made on the percentage completions. P&R Scrutiny Committee agreed (30 September 2014) that the current financial climate and lack of clarity over the levels of future WG funding has rendered it no longer possible to develop a comprehensive Asset strategy and it was recommended for closure. However Audit Committee wanted to see if an Asset Management Strategy could be pursued prior to any such closure. As such a meeting was held with the Regulators where CCBC shared a style of Asset management strategy and WAO agreed this as a good practice style.

A draft Asset Management Strategy has been developed and is in the process of being shared with others at the Corporate Asset Management Group. By the next time of reporting it is expected these will all be completed after final consultation and approved. We will merge recommendation 44 and 45 into 42. The reason is that 44 and 45 are components of a strategy, for example (45) 'the strategy should be approved by members'; this would automatically happen as part of approving a strategy so we believe there is no need to have these as a separate proposals. This will leave 3 proposals outstanding and they will be addressed if the strategy receives member approval at P&R Scrutiny 4th October 2016.

4.8 **HR strategy** (Improving Governance). The HR strategy is going to P&R in July 2016 and then onto Cabinet (date to be agreed). The Strategy needs to be updated to reflect the 3 year MTFP period as it was originally planned for implementation within a year, but this change of dates will not delay the strategy's journey through the process. Once approved, the Strategy will be made available via the intranet. This proposal will be completed and recommended for closure at the

next reporting period.

- 4.9 There are two new reports coming into the system and their proposals or recommendations will be reported on the next Audit Committee update. They are:

Name of Report	Where will the report be presented to?	Comment
Financial Resilience	CMT 2 nd June, Cabinet July. This was delayed in part due to purdah. This has 6 proposals for improvement.	Proposals to be reported on in September Audit Committee
Leisure Review	Final yet to be agreed, therefore number of recommendations / proposals yet to be determined	To be reported in September Audit Committee

- 4.10 The service advises there are no Social Services Reports to Include and the CSSIW Annual Performance Evaluation of Social Services was reported to HSC&WB Scrutiny Committee on 1st December 2015.
- 4.11 The service advises there are no ESTYN reports or recommendations to report on this occasion.
- 4.12 Wales Audit Office has stated that the decision on whether a proposal is completed is an internal matter and is for the organisation to decide, (although it is within their remit to make more proposals if they do not believe it has been addressed). We will forward the register onto the Wales Audit Office for their information and update once seen and agreed by Audit Committee.
- 4.13 We recommend 1 proposal be closed down as this has been completed and encourage members to view the specific proposals attached within Appendix A and judge if they concur that the proposal is now completed.
- 4.14 When monitoring progress against the proposals, members are advised to consider what value the proposals are making and what difference the activity in addressing them has made for our citizens in creating more efficient, customer focused services.

5. EQUALITIES IMPLICATIONS

- 5.1 No specific Equalities Impact Assessments have been undertaken on this report, however the Local Government Measure 2009 cites fairness and accessibility as part of the definition of what 'Improvement' means.

6. FINANCIAL IMPLICATIONS

- 6.1 There are no financial implications arising from this report although it is worth noting that external audit fees could be reduced, if regulators are assured and place reliance on the organisation's own ability to monitor and challenge itself to improve.

7. PERSONNEL IMPLICATIONS

- 7.1 There are no personnel implications arising from this report.

8. CONSULTATIONS

8.1 There have been no consultations that have not been included in this report.

9. RECOMMENDATIONS

9.1 It is recommended that Audit Committee note the contents of this report and give their agreement (where appropriate) to close the proposals that are noted as 'recommended to be closed' within the Appendix.

10. REASONS FOR THE RECOMMENDATIONS

10.1 To ensure members are aware of progress against the Council's action plan for progressing regulator recommendations and proposals and have an opportunity to monitor and challenge its content.

11. STATUTORY POWER

11.1 Local Government Measure (Wales) 2009.

Author: Ros Roberts Corporate Performance Manager roberr@caerphilly.gov.uk

Consultees: Nicole Scammell, Acting Director of Corporate Services
Colin Jones, Head of Performance and Property Services
Chris Burns, Interim Chief Executive
Dave Street, Corporate Director of Social Services
Christina Harray, Corporate Director, Communities
Stephen Harris, Interim Head of Finance
Dave Titley, Customer Services Manager
Liz Lucas, Head of Procurement
Lynn Donovan, Interim Head of Human Resources
David Hardacre, Cabinet Member, Performance, Property and Policy
Robert Hartshorn, Head of Public Protection

Background Papers:

Appendices:

Appendix: Update of proposal register May 2016

Action Plan 2016 Response to Regulator Proposals

Number and reference of action	Original Document	Regulator Proposal	Action	Previous Update November 2015	Service Officer Responsible	By When	Update May 2016	Status	Percentage completed	Result from June 16 Audit committee
32	Customer Services Review (August 2013)	P1: Governance and performance management. Develop a more co-ordinated strategic approach to customer services. This should include developing and implementing a customer service strategy that supports the Council's strategic vision and improvement priorities.	To develop and implement a Customer Services Strategy.	Customer Service Strategy still in draft form. Currently out to consultation with officers. Scheduled to be presented to P&R committee in January 2016	Dave Tittley Customer Services	Report to P&R Scrutiny Committee in March 2014 explaining delayed till June.	The new customer service strategy has been approved by Cabinet. The strategy is being implemented by a Project Team, managed by the Head of Procurement. This is one of the projects sponsored and monitored by the Business Improvement Board	In progress	65%	
33	Customer Services Review (August 2013)	P1: Governance and performance management. Develop a more co-ordinated strategic approach to customer services. This should include establishing clear links between the customer service strategy document, Improvement Objectives and departmental service improvement plans.	To develop and implement a strategy.	Customer Service Strategy still in draft form. Currently out to consultation with officers. Scheduled to be presented to P&R committee in January 2016	Dave Tittley Customer Services	Report to P&R Scrutiny Committee in March delayed till June 2014.	The new customer service strategy has been approved by Cabinet. The strategy is being implemented by a Project Team, managed by the Head of Procurement. This is one of the projects sponsored and monitored by the Business Improvement Board. It is not yet clear how the Strategy will link to Service Plans	In progress	90%	
34	Customer Services Review (August 2013)	P1: Governance and performance management. Develop a more co-ordinated strategic approach to customer services. This should include ensuring the customer service strategy clearly sets out appropriate performance measures that enable the Council to manage, monitor, report and evaluate its strategy and other related strategies including its customer charter.	To develop and implement a strategy that includes performance management information.	Customer Service Strategy still in draft form. Currently out to consultation with officers. Scheduled to be presented to P&R committee in January 2016	Dave Tittley Customer Services	Report to P&R Scrutiny Committee in March delayed till June 2014.	The new customer service strategy has been approved by Cabinet. The strategy is being implemented by a Project Team, managed by the Head of Procurement. This is one of the projects sponsored and monitored by the Business Improvement Board. The performance measures and the mechanism for reporting to the Council have not yet been agreed.	In progress	75%	
Page 49	Customer Services Review (August 2013)	P1: Governance and performance management. Develop a more co-ordinated strategic approach to customer services. Including customer services' performance measures in the Council's corporate performance reporting arrangements and ensuring they are subject to effective self-evaluation, challenge and scrutiny.	Review customer service standards then develop suite of performance managers based on the objectives of the strategy 10 links to 12	Customer Service Strategy still in draft form. Currently out to consultation with officers. Scheduled to be presented to P&R committee in January 2016	Dave Tittley Customer Services	Sept 14 (to go into performance report Oct 14	The new customer service strategy has been approved by Cabinet. The strategy is being implemented by a Project Team, managed by the Head of Procurement. This is one of the projects sponsored and monitored by the Business Improvement Board. Arrangements for monitoring performance still require clarification as responsibility for delivering the strategy has moved from CITSG to the Business Improvement Board.	In progress	80%	
36	Customer Services Review (August 2013)	P1: Governance and performance management. Develop a more co-ordinated strategic approach to customer services. This should include ensuring that the Council's equalities and Welsh language objectives are being delivered and reflected in the customer service strategy.	The customer service strategy will include joint work with the Equalities, Policy and Translation unit to ensure there is input at the beginning of the process and during the process.	Customer Service Strategy still in draft form. Currently out to consultation with officers. Scheduled to be presented to P&R committee in January 2016	Dave Tittley Customer Services	Nov-14	The new customer service strategy has been approved by Cabinet. The strategy is being implemented by a Project Team, managed by the Head of Procurement. This is one of the projects sponsored and monitored by the Business Improvement Board. The Equalities Unit have been involved in developing the strategy and will be consulted as part of ongoing projects arising from the strategy	Complete	100%	Recommend Closure
37	Customer Services Review (August 2013)	P1: Governance and performance management. Develop a more co-ordinated strategic approach to customer services. This should include ensuring that the lead Cabinet Member for customer services has clearly documented responsibilities and is provided with regular performance information.	Proposal to set up Customer Services Customer service programme board with cabinet member as lead.	Customer Service Strategy still in draft form. Currently out to consultation with officers. Scheduled to be presented to P&R committee in January 2016	Dave Tittley Customer Services	Nov-14	The new customer service strategy has been approved by Cabinet. The strategy is being implemented by a Project Team, managed by the Head of Procurement. This is one of the projects sponsored and monitored by the Business Improvement Board. The role of the Cabinet Member still needs to be clarified as do mechanisms to ensure that they are provided with regular performance information.	In progress	90%	
39	Customer Services Review (August 2013)	P2: Information and data. Strengthen the approach to evaluating and improving customer services in a proactive way. This should include collecting and analysing customer views and satisfaction data for e-mail and telephone correspondence.	1) Review the Customer Service standards and measures. 2) Implement survey forms for one-stop-shops and survey of contact centre 3) Broaden to other contact e.g Housing repairs to find out what they do 4) add performance data to Ffynnon CMT scorecard	A review of customer service standards will be implemented once the CS Strategy has been agreed.	Dave Tittley	Nov-14	Now that the strategy has been agreed work can commence on reviewing customer service standards and performance measures.	In progress	70%	

42	Asset Management (Land and Property) Strategy Review (September 2013)	P1: Develop a robust Asset Management Strategy for its property and associated infrastructure. The strategy should set out a vision for each type of asset that shows how it contributes to the delivery of the Council's priorities.	Further develop the existing draft strategy	There has been no further progress on this recommendation as previously agreed with P&R Scrutiny. Until the financial/political future for the authority becomes clearer it is difficult to foresee any immediate progress. Individual strategies are being formulated as part of the council's MTFP considerations and hence not having an over-arching Asset Strategy is not considered a risk to the authority at this time.	Colin Jones (RCJ)	Apr-14	Although clear explanations for not proceeding were given and accepted by P & R Scrutiny, Audit Committee were not comfortable to close this proposal as discussed in Dec 16 meeting, Following Committee, Corporate Director and Head of Property met with the Auditors and agreed to develop an Asset Management Strategy using a suggested good practise model as a reference document. The strategy is being developed and a "first draft" is almost complete. It is at the stage of consulting with the Corporate Asset Management Group before going into the member arena for their approval.	In progress	70%	Recommended for Closure in Dec but rejected, see update as at May 2016
44	Asset Management (Land and Property) Strategy Review (September 2013)	P1: Develop a robust Asset Management Strategy for its property and associated infrastructure. The strategy should describe an overall plan for implementing the Strategy.	To form part of development proposals as above (item 42)	Given the comments above it is suggested that this recommendation be integrated into number 42 above	Colin Jones (RCJ)	Apr-14	The current Asset Management Strategy (Land & Buildings) will be reviewed and amended as appropriate to ensure it aligns with the Corporate Asset. The current Land & Buildings Strategy compares well with the draft Corporate AMP and is likely to require further improvement. Management Strategy	In progress	50%	Recommend integrating into number 42 above
45	Asset Management (Land and Property) Strategy Review (September 2013)	P1: Develop a robust Asset Management Strategy for its property and associated infrastructure. The strategy should be approved by members.	Further develop the existing draft strategy	Given the comments above it is suggested that this recommendation be integrated into number 42 above	Colin Jones (RCJ)	Council Apr-14	The current Land & Buildings Strategy compares well with the draft Corporate AMP and is likely to require further improvement. We recommend integrating this proposal into the above proposal as all strategies would be agreed by members as a matter of course.	Not started	0%	Recommend Integrating into above
46	Asset Management (Land and Property) Strategy Review (September 2013)	P2: Ensure that the individual service asset management plans are developed as soon as possible and are used to inform the Council's financial planning process.	Develop Service Asset Management Plan (SAMP) and consider impact on the Medium Term Financial Plan (MTFP)	Current MTFP issues gives priority to service savings so services are unable to set definitive plan on their property requirements - this action is delayed until Oct / Nov. The completion date has been changed from Jan-March 14	Colin Jones	Jan-Mar '14	The draft corporate AMP has identified the importance of effective Service Asset Management Planning. There will be a renewed focus on such planning supported by the Asset Rationalisation project identified by the recently formed Business Improvement Board.	Partially Complete, further service discussions to be held.	30%	
Page 50	Asset Management (Land and Property) Strategy Review (September 2013)	P4: Develop and implement arrangements to monitor the delivery of the strategy.	Agenda updates on progress to Asset Management Group (AMG)	Current MTFP issues gives priority to service savings so services are unable to set definitive plan on their property requirements - this action is delayed until Oct / Nov. The completion date has been changed from Jan-March 14	AMG	Nov-14	The draft Strategy will include recommendations for future monitoring	In progress	70%	
FPA2015/1	Financial Position Assessment Issued May 2015	P1 The Council should ensure that its priorities and improvement objectives are explicitly taken into account when determining its savings plans	Continue to develop linkages between Council priorities and the Medium-Term Financial Plan (MTFP).	In developing the draft savings proposals for 2016/17 the Council has agreed a number of core principles, one of which is to focus on priorities. The Corporate Plan includes details of the resources available to support each Improvement Objective. CMT is currently working with Heads of Service to develop a "Future Vision & Direction" document. This will need to consider the financial resources available.	Stephen Harris	Ongoing	The Improvement Objectives (now called Well-being Objectives) have resources allocation explained in the 16/17 publication (due out end of June). The Council Priorities come to an end at the end of March 2017 and the financial implications of new Council Priorities will be considered as part of the ongoing Financial Planning process.	In progress	65%	
WAO follow up inspection to the Corporate Governance inspection	Improving Governance- transferred from the Improving Governance Action Plan Oct 2015	P8 The Council should prioritise the development of a HR Strategy and Workforce Plan. These should form key elements of the Council's strategic planning framework.	Develop a relevant HR strategy	Draft HR Strategy document discussed at CMT on 15/10/2015 and has been circulated to HR Strategy Group for comments. This will now be subject to wider consultation	Lynne Donovan	Jan-15	The HR strategy is going to P&R in July and then onto Cabinet (date to be agreed). Once signed off the Strategy will be made available via the intranet.	In progress	80%	



AUDIT COMMITTEE – 8TH JUNE 2016

SUBJECT: AUDIT COMMITTEE FORWARD WORK PROGRAMME

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES & SECTION 151
OFFICER**

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1. The attached report demonstrates the Audit Committee Forward Work Programme.
 2. Forward Work Programmes are essential to ensure that Audit Committee agendas reflect the strategic issues facing the Council and other priorities raised by Members, the public or stakeholders.
 3. The Audit Committee Forward Work Programme identifies reports that are due to be presented to the Committee until December 2016. The document is a working document and is regularly updated when additional reports are identified.
 4. The latest Audit Committee Forward Work Programme is attached at Appendix 1.

Author: C. Evans, Committee Services Officer, Ext. 4210

Appendices:

Appendix 1 Audit Committee Forward Work Programme

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FORWARD WORK PROGRAMME FOR AUDIT COMMITTEE

Deadline (12 Noon) Reports To Committee Services	Meeting Date	TOPIC	RESPONSIBILITY
23/05/16	08/06/16	Forward Work Programme Draft Annual Governance Statement <i>Register – Gifts and Hospitality (Information)</i> <i>Regulation of Investigatory Powers Act 2000 (Information)</i> Outstanding Regulatory Proposals External Audit Plan 2015 - 16	Nicole Scammell Nicole Scammell Lynne Donovan Gail Williams Ros Roberts Grant Thornton
22/08/16	07/09/16	Forward Work Programme Complaints Report (6 Monthly Basis) <i>Regulation of Investigatory Powers Act 2000 (Information)</i> <i>Register – Gifts and Hospitality (Information)</i> Review of Corporate Risk Register Report by External Audit on Financial Statements for 15/16 Financial Resilience	Nicola Scammell Gail Williams Gail Williams Lynne Donovan Colin Jones/Rob Hartshorn Nicole Scammell WAO
28/11/15	14/12/16	Forward Work Programme <i>Regulation of Investigatory Powers Act 2000 (Information)</i> <i>Register – Gifts and Hospitality (Information)</i>	Nicole Scammell Gail Williams Lynne Donovan

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AUDIT COMMITTEE – 8TH JUNE, 2016

SUBJECT: REGULATION OF INVESTIGATORY POWERS ACT 2000

REPORT BY: INTERIM MONITORING OFFICER

1. PURPOSE OF REPORT

- 1.1 To advise Members of the numbers of covert surveillance operations undertaken by the Council in accordance with the provisions of the Regulation of Investigatory Powers Act 2000.

2. LINKS TO STRATEGY

- 2.1 The Council is under an obligation to comply with legislative requirements - this report helps to achieve that.

3. THE REPORT

- 3.1 The Regulation of Investigatory Powers Act 2000 (RIPA) sets out strict controls for public authorities wishing to carry out covert surveillance of individual members of the public as part of their exercise of their statutory functions. In addition to the Act, advice and guidance is found within the Codes of Practice issued by the Home Office.
- 3.2 The Authority has a corporate policy, which provides guidance on how surveillance should be used by the relevant officers.
- 3.3 Public Authorities undertaking covert surveillance of individual members of the public are subject to inspection by an Assistant Surveillance Commissioner or by a Surveillance Inspector (or in some cases both).
- 3.4 Members are advised that for the period February to April inclusive, there has been one RIPA operation undertaken, details of which are set out in Appendix 1.
- 3.5

4. EQUALITIES IMPLICATIONS

- 4.1 None, the report is for information only.

5. FINANCIAL IMPLICATIONS

- 5.1 None, the report is for information only.

6. PERSONNEL IMPLICATIONS

- 6.1 None, the report is for information only.

7. CONSULTATIONS

7.1 None. The report is for information only.

8. RECOMMENDATIONS

8.1 None. Members note the information provided.

9. REASONS FOR THE RECOMMENDATIONS

9.1 To ensure compliance with statutory requirements.

10. STATUTORY POWERS

10.1 Regulation of Investigatory Powers Act 2000.

Author: Gail Williams, Interim Monitoring Officer (willige@caerphilly.gov.uk)

Consultees: Nicole Scammell, Acting Director of Corporate Finance

Appendix 1 Details of RIPA operations

Appendix 1

RIPA Investigations

Trading Standards

1 investigation into illegal taxi activity

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AUDIT COMMITTEE – 8 JUNE 2016

SUBJECT: OFFICERS DECLARATIONS OF GIFTS AND HOSPITALITY

REPORT BY: ACTING HEAD OF HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT

1. PURPOSE OF REPORT

- 1.1 Quarterly report to advise members of the Audit Committee of the Gifts and Hospitality declared by officers for the period January to March 2016.

2. SUMMARY

- 2.1 Attached as Appendix 1, is a list of Gifts and Hospitality received by officers of the Council for the 3 months 1 January to 31 March 2016.

3. LINKS TO STRATEGY

- 3.1 The Council acting through this Committee has an obligation to maintain high standards, probity and conduct throughout its workforce.

4 THE REPORT

- 4.1 Heads of Service provide data on a monthly basis to the Acting Head of Human Resources and Organisational Development for collation and monitoring purposes.
- 4.2 The Acting Head of Human Resources and Organisational Development will continue to monitor the returns and work with Heads of Service to improve their understanding, promote best practice and ensure compliance with the policy.

5. EQUALITIES IMPLICATIONS

- 5.1 None.

6. FINANCIAL IMPLICATIONS

- 6.1 None.

7. PERSONNEL IMPLICATIONS

- 7.1 None.

8. CONSULTATIONS

- 8.1 There are no consultations that have not been included in the report. The Improving Governance Project Board have been consulted on this report.

9. RECOMMENDATIONS

- 9.1 The Members of the Audit Committee are asked to note the information provided in Appendix 1.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To ensure the Audit Committee have an oversight of the position in relation to officers Gifts and Hospitality.

11. STATUTORY POWER

- 11.1 Local Government Act 2000.

Author: Lynne Donovan, Acting Head of Human Resources and Organisational Development.
donovl@caerphilly.gov.uk

Consultees: Nicole Scammell, Director of Corporate Services and Section 151 Officer (Acting)
Gail Williams, Interim Head of Legal Services and Monitoring Officer
Colin Jones, Head of Property and Performance Management
Cllr Christine Forehead, Cabinet Member for Human Resources and Governance
Alessandra Veronese, Programme Manager Improving Governance Programme Board

Appendices:
Appendix 1 Declarations of Gifts and Hospitality

Appendix 1
Declarations of Gifts and Hospitality – 1 January to 31 March 2016

Directorate	Service Area	Post Title of Employee Making the Declaration	Type of Declaration	Details Of Declaration	Post Title of Head of Service, Director or Chief Executive who authorised the Declaration	Outcome
Corporate Services	ICT	Analyst Programmer	Gift	Supplier. Kindle Fire HD7 approx value £140. Accepted following agreement with Head of IT and donated to Mayor's charity at Christmas	Acting Head of IT	Accepted
Corporate Services	Procurement Services	Assistant Procurement Officer (Trainee)	Gift	Supplier. Offer of free Gym entry value: unknown. Declined due to a potential conflict of interest as currently dealing with an extension to contract	Head of Procurement	Declined
Social Services	Public Protection	Senior Fair Trading Officer	Gift	Client. Bottle of red wine approx value £7.00. Accepted - repeatedly tried to decline gift as thanks for advice and assistance during inspection	Head of Public Protection	Accepted
Communities	Engineering and Transport	Acting Engineering Group Manager	Hospitality	Contractor - Gift: dinner at the Civil Engineering Contractors Association Annual Dinner event. Accepted on grounds of business and professional development opportunities	Head of Engineering Services	Accepted
Communities	Engineering and Transport	Principal Engineer	Hospitality	Contractor - Gift: dinner at the Civil Engineering Contractors Association Annual Dinner event. Accepted on grounds of business and professional development opportunities	Head of Engineering Services	Accepted

Directorate	Service Area	Post Title of Employee Making the Declaration	Type of Declaration	Details Of Declaration	Post Title of Head of Service, Director or Chief Executive who authorised the Declaration	Outcome
Communities	Engineering and Transport	Quantity Surveyor	Hospitality	Contractor - Gift: dinner at the Civil Engineering Contractors Association Annual Dinner event. Accepted on grounds of business and professional development opportunities	Head of Engineering Services	Accepted
Communities	Engineering and Transport	Senior Engineer	Hospitality	Contractor - Gift: dinner at the Civil Engineering Contractors Association Annual Dinner event. Accepted, networking opportunity and chance to celebrate successes within Civil Engineering fraternity	Head of Engineering Services	Accepted
Social Services	Public Protection	Programme Manager - Partnership and Collaboration	Hospitality	Armed forces invite to attend St David's Day Dinner at the Officer's Mess 203 (Welsh) Field Hospital	Head of Public Protection	Accepted



AUDIT COMMITTEE – 8TH JUNE 2016

SUBJECT: REGISTER OF EMPLOYEES' INTERESTS FORMS DURING 2015/16

REPORT BY: ACTING HEAD OF HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to advise Members of the Audit Committee of the Register of Employees' Interests Forms completed by officers and agency workers for the 12 month period 1 April 2015 to 31 March 2016 and to provide a comparison with the same information for the previous 2 financial years.

2. SUMMARY

- 2.1 Enclosed in the Appendices are summaries of the declarations received by Directorate, Service Area, Type and Relationship for the 12 month period 1 April 2015 to 31 March 2016.

3. LINKS TO STRATEGY

- 3.1 The Council's Code of Conduct confirms that in performing their duties, employees must act with integrity, honesty, impartiality and objectivity and that they must act in accordance with the principles set out in this Code, recognising the duty of all public sector employees to discharge public functions reasonably and according to the law. This is a Statutory Code requirement.

4 THE REPORT

- 4.1 The Council's Code of Conduct sets out guidance for employees on a range of issues, including declarations of interest, which will help them to maintain and improve the high standards of conduct within local government and to protect them from misunderstandings and confusion.
- 4.2 A Register of Employees' Interests must be kept by each Head of Service who will countersign the entries to show that they are aware of any declarations. The record will also show what steps are intended to protect the Council's interests in the circumstances.
- 4.3 A total of 129 declarations of interest were made in 2015/16 compared to 164 in 2014/2015 and 1,108 in 2013/2014. The Committee will recall that the Code of Conduct was reissued to all employees in 2013, hence the increased number.
- 4.4 In 2015/16 disclosures were made by 110 employees, 1 GAVO employee (seconded to Caerphilly CBC) and 1 agency worker compared to 120 employees and 1 agency worker in 2014/2015 and 651 employees and 4 agency workers in 2013/2014. Where multiple declarations have been made on one form they have been recorded individually.

- 4.5 Appendix 1 summarises the Declarations by Directorate and Service Area for the period 1 April 2015 to 31 March 2016 and a comparison with the previous 2 financial years.
- 4.6 Appendix 2 shows Declarations by Type divided into the 3 sections of the Register of Employees' Interest Form for the period 1 April 2015 to 31 March 2016 and a comparison with the previous 2 financial years:

- Relationship.
- Personal Interest.
- Gifts and Hospitality.

The Committee will be aware that Gifts and Hospitality is also the subject of a separate, quarterly report to the Audit Committee.

- 4.7 Appendix 3 shows Declarations by Relationship divided into the 4 sections of the form for the period 1 April 2015 to 31 March 2016 and a comparison with the previous 2 financial years:

- Councillor.
- Contractor.
- Employee.
- Other.

- 4.8 The Acting Head of Human Resources and Organisational Development will continue to monitor the returns and work with Heads of Service to improve their understanding, promote best practice and ensure compliance with the policy.

5. EQUALITIES IMPLICATIONS

- 5.1 There are no equalities implications, as the reasons for declaring an interest apply equally to all staff, regardless of their individual characteristics.

6. FINANCIAL IMPLICATIONS

- 6.1 None.

7. PERSONNEL IMPLICATIONS

- 7.1 None.

8. CONSULTATIONS

- 8.1 All consultation responses have been included in this report.

9. RECOMMENDATIONS

- 9.1 The Audit Committee are asked to note the contents of this report.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To ensure members of the Audit Committee are updated on the current position with regard to Register of Employees' Interests Forms completed by officers for the 12 month period 1 April 2015 to 31 March 2016.

11. STATUTORY POWER

11.1 Local Government Act 2000.

Author: Lynne Donovan, Acting Head of Human Resources and Organisational Development.

Consultees: Improving Governance Project Group.
Nicole Scammell, Director of Corporate Services and Section 151 Officer (Acting).
Gail Williams, Interim Head of Legal Services and Monitoring Officer.
Colin Jones, Head of Property and Performance Management.
Cllr Christine Forehead, Cabinet Member for Human Resources and Governance.
Alessandra Veronese, Programme Manager Improving Governance Programme Board.

Appendices:

Appendix 1 Declarations by Directorate and Service Area
Appendix 2 Declarations by Type
Appendix 3 Declarations by Relationship

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Appendix 1

Declarations by Directorate and Service Area 2013/2014, 2014/2015 and 2015/2016

<i>Directorate</i>	<i>2013/2014</i>	<i>2014/2015</i>	<i>2015/2016</i>
Corporate Services	560	75	56
Education	163	14	6
Environment	298	48	49
Social Services	87	27	18
Total	1108	164	129

<i>Directorate / Service Area</i>	<i>2013/2014</i>	<i>2014/2015</i>	<i>2015/2016</i>
Corporate Services	560	75	56
Director	0	1	0
Secretariat	5	0	0
Corporate Finance (including Procurement)	92	30	14
Housing	180	21	7
Human Resources	67	4	3
ICT	52	2	3
Legal and Democratic Services	36	7	8
Performance and Property	34	4	18
WHQS	94	6	3
Education	163	14	6
Director	0	1	0
Learning Education and Inclusion	48	6	3
Lifelong Learning / Planning and Strategy	115	7	3
Environment	298	48	49
Director	0	0	1
Community and Leisure Services	97	20	21
Engineering and Transport	72	13	6
Planning and Regeneration	105	13	13
Public Protection	24	2	8
Social Services	87	27	18
Adult Services	48	22	16
Childrens Services	31	5	2
Business Support	7	0	0
Social Services - Partnership	1	0	0
Overall Total	1108	164	129

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Appendix 2
Declarations by Type 2013/2014, 2014/2015 and 2015/2016

<i>Type of Declaration</i>	2013/2014	2014/2015	2015/2016
Relationship	904	82	53
Councillor	28	2	0
Contractor	42	9	5
Employee	758	56	33
Other	76	15	15
Personal Interest - Financial	72	30	23
Business Relationship	13	6	2
Outside Employment	59	21	18
Personal Interest	0	3	3
Personal Interest - Non Financial	81	21	17
Membership of a Political Organisation	0	1	1
Membership of an External Body	66	11	4
Outside Employment - Unpaid	0	0	2
Personal Interest	12	6	10
Volunteering	3	3	0
Gifts & Hospitality	51	31	36
Gift	16	16	27
Hospitality	34	15	9
Other	1	0	0

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Appendix 3
Declarations by Relationship 2013/2014, 2014/2015 and 2015/2016

<i>Type of Declaration</i>	2013/2014	2014/2015	2015/2016
Relationship - Councillor	28	2	0
Aunt / Uncle including in-Law / Step / Civil / Ex	6	1	0
Brother / Sister	1	0	0
Brother / Sister in-Law	1	0	0
Cousin including in-Law	7	1	0
Friend / Acquaintance	3	0	0
Husband / Wife including Partner / Civil Partner / Ex	3	0	0
Parent / Step	5	0	0
Parents-in-Law including Civil / Partner / Ex	2	0	0
Relationship - Contractor	42	9	5
Aunt / Uncle including in-Law / Step / Civil / Ex	1	0	0
Brother / Sister	5	0	1
Brother / Sister in-Law	3	0	0
Child / Step Child	6	0	0
Cousin including in-Law	3	0	0
Fiancé / Fiancée including Girl / Boy Friend / in-Law / Ex	1	1	1
Friend / Acquaintance	6	1	1
Husband / Wife including Partner / Civil Partner / Ex	10	4	1
Niece / Nephew including in-Law / Great / Step	1	0	0
Parent / Step	5	2	0
Parents-in-Law including Civil / Partner / Ex	0	1	1
Son / Daughter in-Law	1	0	0

<i>Type of Declaration</i>	2013/2014	2014/2015	2015/2016
Relationship - Employee	758	56	33
Aunt / Uncle including in-Law / Step / Civil / Ex	59	7	2
Brother / Sister	90	10	5
Brother / Sister in-Law	57	4	1
Child / Step Child	85	4	2
Cousin including in-Law	110	7	3
Fiancé / Fiancée including Girl / Boy Friend / in-Law / Ex	13	6	2
Friend / Acquaintance	7	1	1
Godparent	1	0	0
Grandparent including Great / in-Law / Step / Civil / Ex	1	1	0
Husband / Wife including Partner / Civil Partner / Ex	184	7	10
Niece / Nephew including in-Law / Great / Step	46	1	0
Parent / Step	89	6	6
Parents-in-Law including Civil / Partner / Ex	12	1	0
Son / Daughter in-Law	4	1	1
Relationship - Other	76	15	15
Aunt / Uncle including in-law / Step / Civil / Ex	10	0	1
Brother / Sister	6	3	0
Brother / Sister in-Law	9	2	1
Child / Step Child	3	0	2
Cousin including in-Law	12	1	0
Fiancé / Fiancée including Girl / Boy Friend / in-Law / Ex	0	1	0
Friend / Acquaintance	1	2	3
Grandchild Step /in Law/ Civil/Great Grandchild	1	0	0
Grandparent including Great / in-Law / Step / Civil / Ex	5	0	2
Husband / Wife including Partner / Civil Partner / Ex	3	0	2
Niece / Nephew including in-Law / Great / Step	14	1	0
Parent / Step	10	3	3
Parents-in-Law including Civil / Partner / Ex	0	1	0
Son / Daughter in-Law	2	1	1