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For all enquiries relating to this agenda please contact Julie Lloyd  
(Tel: 01443 864246 Email: [lloydj4@caerphilly.gov.uk](mailto:lloydj4@caerphilly.gov.uk))

**Date: 8th June 2022**

To Whom it May Concern,

A multi-locational meeting of the **Governance and Audit Committee** will be held in Penallta House, and via Microsoft Teams on **Tuesday, 14th June, 2022 at 2.00 pm** to consider the matters contained in the following agenda. You are welcome to use Welsh at the meeting, a minimum notice period of 3 working days is required should you wish to do so. A simultaneous translation will be provided on request.

Members of the Public or Press may attend in person at Penallta House or may view the meeting live via the following link: <http://civico.net/caerphilly>

This meeting will be live-streamed and a recording made available to view via the Council's website, except for discussions involving confidential or exempt items. Therefore the images/audio of those individuals speaking will be publicly available to all via the Council's website at [www.caerphilly.gov.uk](http://www.caerphilly.gov.uk)

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Christina Harray'.

**Christina Harray**  
CHIEF EXECUTIVE

## A G E N D A

- 1 To appoint a Chair for the ensuing year.
- 2 To appoint a Vice Chair for the ensuing year.

Pages

A greener place Man gwyrdach



Correspondence may be in any language or format | Gallwch ohebu mewn unrhyw iaith neu fformat

3 To receive apologies for absence.

4 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: -

5 Governance and Audit Committee held on 16th March 2022. 1 - 8

To receive and consider the following reports: -

6 Governance and Audit Committee Forward Work Programme. 9 - 12

7 Audit Wales Work Programme and Timetable - Caerphilly County Borough Council. 13 - 26

8 Audit Wales 2022 Audit Plan - Caerphilly County Borough Council. 27 - 46

9 Annual Internal Audit Report 2021/22. 47 - 62

10 Draft Annual Governance Statement 2021/22. 63 - 82

11 Internal Audit Services Annual Audit Plan 2022/23. 83 - 88

12 Internal Audit Services: Anti-Fraud Strategy. 89 - 106

13 Public Interest Test.  
To receive and consider the following report which in the opinion of the Proper Officer may be discussed when the meeting is not open to the public and first to consider whether the public interest requires that the meeting should be closed to the public for consideration of this item:-

14 Draft Cyber Security Strategy (Exempt Item). 109 - 126

To receive and note the following information items: -

15 Regulation of Investigatory Powers Act 2000. 127 - 128

16 Officers Declarations of Gifts and Hospitality October to December 2021. 129 - 134

17 Corporate Governance Panel Minutes 12th January 2022. 135 - 138

18	Corporate Governance Panel Minutes 16th February 2022.	139 - 142
19	Corporate Governance Panel Minutes 21st March 2022.	143 - 146

*\*If a member of the Governance and Audit Committee wishes for any of the above information reports to be brought forward for discussion at the meeting please contact Julie Lloyd, 01443 864246, by 10.00 a.m. on Tuesday 14<sup>th</sup> June 2022.*

**Circulation:**

Councillors M.A. Adams, Mrs E.M. Aldworth, A. Broughton-Pettit, M. Chacon-Dawson, Mrs P. Cook, Mrs T. Parry, J. Taylor and C. Wright

Lay Members: V. Pearson, L. Rees, J. Williams and N.D. Yates

And Appropriate Officers

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## GOVERNANCE AND AUDIT COMMITTEE

### MINUTES OF THE MEETING HELD VIA MICROSOFT TEAMS ON WEDNESDAY 16TH MARCH 2022 AT 2.00 P.M.

PRESENT:

Mr N. Yates (Lay Member) – Chair

Councillors:

M.A. Adams, Mrs E.M. Aldworth, C.P. Mann, B. Miles, Mrs T. Parry, J. Ridgewell, and J. Simmonds.

Together with:

S. Harris (Head of Financial Services and S151 Officer), D. Gronow (Acting Internal Audit Manager), L. Lane (Head of Democratic Services and Deputy Monitoring Officer), R. Roberts (Business Improvement Manager), J. Pearce (Business Improvement Officer), J. Lloyd (Committee Services Officer), J. Thomas (Committee Services Officer).

M. Jones (Audit Wales), B. Roberts (Audit Wales)

### RECORDING AND VOTING ARRANGEMENTS

The Chair reminded those present that the meeting was being recorded and would be made available to view following the meeting via the Council's website, except for discussions involving confidential or exempt items - [Click Here to View](#). Members were advised that voting on decisions would take place via Microsoft Forms.

#### 1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors J. Bevan, D.T. Hardacre, Mrs M.E. Sargent (Chair), G. Simmonds, Mrs J. Stone and Mrs E. Stenner Cabinet Member (Performance, Economy and Enterprise), together with R. Edmunds (Corporate Director of Education and Corporate Services), L. Donovan (Head of People Services) and S. Richards (Head of Education Planning and Strategy).

#### 2. DECLARATIONS OF INTEREST

There were no declarations of interest received at the commencement or during the course of the meeting.

#### 3. MINUTES – 25<sup>TH</sup> JANUARY 2022

Subject to two corrections at page 3 of the minutes (to reflect Miss Roberts rather than Miss Jones) it was moved and seconded that the minutes of the Governance and Audit Committee held on 25<sup>th</sup> January 2022 be approved as a correct record, and by way of

Microsoft Forms and verbal confirmation (and in noting there were 7 for, 0 against and 1 abstention) this was agreed by majority present.

RESOLVED that the minutes of the meeting held on 25<sup>th</sup> January 2022 (minute nos. 1-14) be approved as a correct record.

#### **4. GOVERNANCE AND AUDIT COMMITTEE FORWARD WORK PROGRAMME**

The Head of Financial Services and S151 Officer presented the Governance and Audit Forward Work Programme for the period March 2022 to April 2022.

Members noted the details of reports scheduled for the forthcoming meetings and were advised that an Outline plan for the next 12 months to be added to the Forward Work Programme for the meeting scheduled for 14<sup>th</sup> June 2022.

It was moved and seconded that subject to the inclusion of the aforementioned report, the Forward Work Programme be approved. By way of Microsoft Forms and verbal confirmation (and in noting there were 8 for, 0 against and 0 abstentions) this was unanimously agreed.

RESOLVED that subject to the inclusion of the Outline plan for the next 12 months report for the meeting on 14<sup>th</sup> June 2022, the Forward Work Programme as appended to the meeting papers be approved.

#### **REPORTS OF OFFICERS**

Consideration was given to the following reports.

#### **5. AUDIT WALES WORK PROGRAMME AND TIMETABLE – CAERPHILLY COUNTY BOROUGH COUNCIL**

Mr Mark Jones (Audit Wales) presented the report, which informed Members that all outstanding grants from 2020-21 have now been certified and Blackwood Arts Centre's 2020-21 accounts have been certified since the last Governance and Audit Committee meeting. Members were also advised that audit planning has commenced for the 2021-22 statement of accounts.

Miss B. Roberts (Audit Wales) outlined the report in relation to the Performance Audit Work and advised Members that the update was brief as the full information required would not be received until 31<sup>st</sup> March 2022. The Annual Audit report summarised the financial and performance audit work undertaken in the last year which also includes a summary of the key findings from reports issued by relevant regulators.

A Member clarified that the reference to Blackwood Arts Centre was in relation to the same premises as Blackwood Miners Institute and queried the nature of the certification by Audit Wales. Members were advised that Audit Wales had established that there were some issues with how the cash flow was being shown through the accounts and Officers were working to correct this for the 2021/22 accounts, which would be audited later this year. The Head of Financial Services and S151 Officer confirmed that this matter was in the process of being addressed.

Following consideration of the report, the Governance and Audit Committee noted its contents.

**6. SIX MONTH UPDATE ON CORPORATE COMPLAINTS RECEIVED FOR THE PERIOD 1<sup>ST</sup> APRIL TO 30<sup>TH</sup> SEPTEMBER 2021.**

The Head of Democratic Services and Deputy Monitoring Officer advised Members that the purpose of the report was to provide the Governance and Audit Committee with an overview of the complaints dealt with under the Corporate Complaints policy for the period 1st April to 30th September 2021 together with the outcomes and lessons learned. Members were advised that the report will also be presented to Cabinet. Members were also advised that the Local Government and Elections Wales Act 2021 sets out provisions for the Governance and Audit Committee to “review and assess the authority's ability to handle complaints effectively and to make reports and recommendations in relation to the authority's ability to handle complaints effectively”.

Members were reminded that on 19<sup>th</sup> March 2021 the Audit committee considered a report regarding the implementation of a new Corporate Complaints Policy based on guidance from the Public Services Ombudsman for Wales. The Committee provided comments on the draft policy which were considered by Cabinet at its meeting on 24<sup>th</sup> March 2021 who adopted the new policy along with an updated policy dealing with unacceptable and unreasonable actions by complainants under the complaints policy. The new Policy became effective on 1<sup>st</sup> April 2021. In addition, Members were advised, in October last year, over 80 staff were trained in complaints handling by the Public Services Ombudsman for Wales and further training will be sought in the coming months. This training raised staff awareness in recognising a complaint and the process of recording and dealing with the contact within the policy guidelines.

Members were informed that Digital and Customer Services alongside the Complaints Officers are working with an external partner to design and implement a new Complaints system. This will help to both streamline controls and improve data records within the complaints process. It is anticipated that the system will be ready for trial in the Spring of 2022. Complaints Officers will participate in all elements of testing and provide feedback to ensure the process is fit-for-purpose before going live. The new system in the longer-term will improve data mining options and facilities to enable and secure appropriate management information reporting improvements, utilising the built in Complaints Dashboard for reporting key statistics. This will mitigate the need for multiple data systems held across each directorate, that require much administration and manual interrogation to produce meaningful intelligence and learning.

Members were also advised that officers have a long-established Learning from Complaints Group comprising Complaints Officers from each directorate, the Corporate Complaints Officer, the Council's Senior Policy Officer (Equalities Welsh Language and Consultation), representatives from the Council's Corporate Policy Unit and a representative from the Council's Internal Audit Section. These meetings are chaired by the Deputy Monitoring Officer. Following recent meetings, the Group have discussed new ways of reporting the data and with the assistance of the Policy Unit a template has been created which has been utilised by the Complaints Officers for each directorate to report on their specific data. The intention of this new way of reporting is for members to be provided with a more in-depth view of the complaints dealt with and the service areas affected. However, members views and feedback were welcomed on this new reporting structure which will be fed back to the Group in subsequent meetings. It was also explained that it was timely to provide members with a fresh overview of the service areas within each Directorate given that several changes have occurred over recent years.

A Member sought clarification on information in relation to Housing Directorate complaints and a complaint in relation to mediation. Members were advised that this may not have been dealt with under this complaint process but enquiries would be made with Housing and information forwarded on to Members. Members requested that where incidents required mediation, these could be included in the complaints report going forward.

A Member sought further information regarding the complaint about a mutual exchange which was set out in the report.. The Head of Democratic Services and Deputy Monitoring Officer advised Members that clarification on this matter would be sought from Housing and information would be forwarded on to Members.

The Chair thanked the Officer for the presentation and a member wished to note the good, detailed content of the report.

Having reviewed and assessed the effectiveness of complaints handling for this six-month period, the Governance and Audit Committee noted the contents of the report.

## **7. CORPORATE RISK REGISTER (Q2 21/22 6 MONTH UPDATE).**

The Business Improvement Manager introduced the report which provided Members with an update of the Corporate Risk Register in accordance with the Councils' Risk Management Strategy. Members were advised that the risks were last updated to the Governance and Audit Committee on 20<sup>th</sup> July 2021 and there are currently 15 risks on the register, of which 11 are medium and 4 are rated as high. Members were advised that 2 new risks have been added since the register was last reported in July 2021. The first one relates to changes to the supply and demand chain which has been given a rating of medium and the second one relates to the Recruitment and Retention of Staff which has been given a risk rating of high. Members were also advised that 2 risks that were high are now classed as medium and 1 medium risk has now been increased to a high risk. The remaining risk ratings have stayed the same and no risks have been removed from the register since July 2021. Members were referred to the recommendation on the report that the Brexit risk is removed going forward as the ongoing impacts are now being reflected elsewhere.

The Head of Financial Services and S151 Officer advised Members that the current cost of living crisis, inflation, and the impact on households, including the impact of the situation in Ukraine would also affect the risk register and these aspects would be added to the risk register in the future.

A Member sought clarification on school attainment in relation to children who do and don't receive school meals. Members were advised that this information would be sought outside of the meeting and Members would be subsequently advised.

A Member queried the recent events in the Ukraine and the impact on the risk register. Members were advised that the DPA would be updated in this fast-moving environment, in relation to the Ukraine and noted that Officers were working extremely hard to determine the potential for housing requirements. Updates would be provided to Members as soon as possible.

A Member referred to the number of trees that had been identified in the Ash die back programme, and whether any funding was available towards the removal of the trees. Members were advised that Council had agreed to set aside one-off funding of £750,000 to address Ash die back priority areas over a three-year period. Members were also advised



that there was a possibility that more money could be earmarked at the end of this financial year.

A Member sought clarification on the fragility of the social care market and commented on the high-risk level in the report. Members were referred to the budget report in February which set aside £5.7m to address the issues in social care. A report is due to be prepared for Cabinet on proposed independent sector provider fee increases and it is hoped that additional funding will become available later in the year in the form of grants.

A Member queried the location of the 350,000 trees included in the Ash die back. Members were advised that priority areas would be targeted, and further information would be sought and referred to Members outside of the meeting.

A Member sought clarification on the risk level changing from medium to high in relation to the Councils' fleet of vehicles. Members were advised that the service is currently under pressure with staff recruitment and retention, with similar jobs in the private sector being better paid. Some work is put out to the private sector as the service is not fully staffed to maintain the whole fleet. A market supplement has been agreed to assist the recruitment process and an experienced senior staff member has retired, which has affected the risk from medium to high. Members were advised that the private sector for vehicle mechanics was better paid and although there are some pension benefits working for the authority, the pay gap has widened recently. Members were also advised that a report on wider 'recruitment and retention' is being prepared for the Policy and Resources Scrutiny Committee and Members were referred to the Councils' new apprenticeship programme, which has been launched online this week. A Member queried the possibility of any of the Councils' fleet vehicles being on the road and not roadworthy. Members were assured that this was unlikely to occur and advised that new workshop equipment had recently been purchased. A further update of the current situation with the Councils' fleet would be provided to Members outside of the meeting.

A Member sought clarification on the retention of the new apprentices when fully trained. Members were advised that a number of previous apprentices had secured permanent posts in the authority, and it is hoped that current apprentices will be able to do the same, going forward.

A Member sought clarification on the issues with Microsoft support. Members were advised that there was no imminent risk and that some of the finance systems may be moved on to the cloud, to improve stability and security.

A Member queried the appointment of new staff into key positions within the authority and noted that there were currently 59 vacant posts in the Housing directorate. Reference was also made to the failure to appoint for a recent senior role. A Member sought clarification on whether the service provision would suffer with this level of vacancies. Members were advised that the authority did not wish to have any vacancies in any areas. Members were reminded that a report on 'Recruitment and Retention' would be going before the next Policy and Resources Scrutiny Committee and referred Members to the current recruitment programme on the Councils' website.

A Member queried whether the 'staff exit surveys' were providing any further information on the reasons for staff leaving the authority. Members were advised that the information would be included in the 'Recruitment and Retention' report.

It was moved and seconded that having considered the report and associated mitigating actions, the Brexit risk should be removed going forward. By way of Microsoft votes and verbal confirmation (and in noting there were 8 for, 0 against and 0 abstentions) this was

unanimously agreed.

RESOLVED that having considered the report and associated mitigating actions, the Brexit risk should be removed going forward.

## **8. REGULATOR PROPOSALS FOR IMPROVEMENT PROGRESS UPDATE.**

The Business Improvement Manager introduced the report which provided an update to Members on the progress made against proposals or recommendations made by all regulators since the last Governance and Audit Committee update and to advise on any new proposals that have been added since that time.

Members were advised that the register was last updated and presented to the Governance and Audit Committee on 20 July 2021. Since that time no new proposals have been added onto the register and no areas for consideration as part of the Well-being of Future Generations examination.

Members were advised that there are currently **11** statutory recommendations, proposals, and areas for improvement on the register. There are **4** proposals and recommendations that are now considered to be actioned and completed and if agreed by the Governance and Audit Committee, that would leave **7** outstanding. Members were also advised that no further Performance Reports had been received from Audit Wales since the last time an update was provided on 20<sup>th</sup> July 2021. Members were referred to the future work planned by Audit Wales, which was included in the report.

Members' attention was drawn to information in the report which provided a summary of proposals or recommendations and the work currently outstanding. Members were also advised of the ongoing work with other regulators, including school inspections by Estyn and social services checks by Care Inspectorate Wales (CIW).

Members were referred to the different strategies for different areas and the proposal by Audit Wales to align and include in one document. This had been deemed too complex as it would incorporate different strategies, published for different audiences, different purposes and running from different time periods. Members were referred to the Corporate Plan on the Councils' intranet which explains and a diagrammatic visual as to how all the different strategies fit together. Members were advised that satisfactory progress was being made with items outstanding, although it was noted that there were some long standing items on the action plan, which may have been affected by the pandemic.

A Member sought clarification on the decision making under 'delivering good governance'. Members were advised that the WLGA provided funding for a piece of work to look at comparisons with other authorities, in relation to decision making.

A Member sought clarification on the financial sustainability assessment in the report. Members were referred to the new recommendations that will be dealt with in the medium to long-term financial plan. Budgets have been set for 2022/23 and it has been recognised that there is a potential financial gap of circa £9.7m which would need to be addressed in 2023/24 and 2024/25.

A Member thanked Officers for the production of enlarged paper copies of appendices of the report, and it was noted by the Chair that this would need to be looked at, going forward. Discussion followed by Members and Officers in relation to the production and layout of the appendices as the version within the report was deemed unreadable by some Members due to its font size. Members also noted some IT difficulties when enlarging the

document on screen. Training can be provided to show members how to enlarge the document.

Having considered and noted the 4 proposals and recommendations in the report noted as 'completed' within Appendix A, it was moved and seconded that they be 'closed down' as they are now complete. By way of Microsoft Forms and verbal confirmation (and in noting there were 8 for, 0 against and 0 abstentions) this was unanimously agreed.

RESOLVED that the 4 proposals and recommendations be 'closed down' as they are now complete.

## **9. UPDATE ON TRACKING OF AGREED AUDIT REPORT RECOMMENDATIONS.**

The Acting Internal Audit Manager presented the report, which provided Members with an update on progress on the implementation of the audit report recommendation tracker, and to provide data on findings identified by audit work and implementation of agreed recommendations.

Members were advised that it was previously agreed that the Governance and Audit Committee would receive updates on audit findings and recommendations arising out of Internal Audit reports in terms of numbers and risk ratings. This information not only informs the committee on the number of findings and the proportion of the various risk rated findings it also supports and informs the detail of the year end Internal Audit opinion. It was further agreed that the progress on implementing agreed recommendations would also be reported as this informs the committee on how risks are being addressed by the individual service managers and the actions taken to mitigate them and the timeframes. The report provides Members with an update on the position to date.

Members were referred to a report to the Audit Committee on the 16th of October 2018 which recommended that all audit findings included in an Internal Audit report be assessed as High (H) Medium (M) or Merits Attention (MA) within a set of guidance parameters. The number and risk rating of the findings would also be used to inform the overall opinion of the audit report and provide guidance to Managers of the expected timescales for the implementation of the agreed actions or recommendations with high-risk issues being subject to a shorter timescale.

Members were advised that the Pentana MK system allows all findings and recommendations generated by audits to be held within its database. The system also allows these to be assigned to officers or managers within the service or establishment audited, with a forecast implementation date and these details are trackable within the system. Work has been continuing and as of 25th February there were a total of 746 findings (April 2021 - 255 findings) that had been raised within the tracker module of the MK system, since the date of implementation. Findings once created, are held as "draft" until the report is issued. Once the report is issued, they change to "in progress". During the clearance process, they are discussed with management and become "accepted by management". In a few cases the findings may not be accepted or become not applicable if there is a change in processes. Each finding is discussed with the service manager and where actions are necessary to mitigate the risk identified, these are agreed, and a due date recorded. The system has a facility to interrogate the data held and identify where the due dates for the implementation of agreed actions is approaching or if the deadline has passed. The intention being that Internal Audit will be able to monitor these and request updates where necessary and service managers will be able to either advise Internal Audit that the agreed actions have been implemented, that they are in hand, that they may need to change the due date or that they are overdue. It will also be possible in future to develop

this reporting and inform the Governance and Audit Committee on details of specific overdue actions if requested.

A Member sought clarification on pending items within the report marked as 'Draft' and 'In Progress'. Members were advised that those in 'Draft' could mean that report is being prepared and those 'In Progress' would be where a report has been sent out.

Following consideration of the report, the Committee noted its contents.

The Chair thanked Members and Officers for their attendance and contributions and the meeting closed at 3.17 p.m.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 14<sup>th</sup> June 2022.

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CHAIR

**GOVERNANCE AND AUDIT COMMITTEE FWP – 14<sup>TH</sup> JUNE 2022**

**GOVERNANCE AND AUDIT COMMITTEE – 14<sup>th</sup> JUNE 2022**

<b>TITLE</b>	<b>PURPOSE</b>	<b>KEY ISSUES</b>	<b>PRESENTING OFFICER</b>
Update from Audit Wales (Standing Item)			Audit Wales
Audit Wales 2022 Audit Plan			Audit Wales
Annual Internal Audit Report 2021/22			D. Gronow
Draft Annual Governance Statement 2021/22			S. Harris
Internal Audit Services Annual Audit Plan 2022/23			D. Gronow
Anti-Fraud Strategy			D. Gronow
Cyber Security Strategy ( <b>Exempt Item</b> )			L. Lucas
<b>INFORMATION ITEMS</b>			
Regulation of Investigatory Powers Act 2000			L. Lane
Officers Declarations of Gifts and Hospitality	To provide the Governance and Audit Committee with the information regarding the Register of Employees' Interests Forms completed by officers of the Council (excluding Schools) regarding		L. Donovan

	Gifts and Hospitality for the last quarter and a comparison with the previous three quarters.		
Corporate Governance Panel Minutes			D. Gronow

**GOVERNANCE AND AUDIT COMMITTEE – 11<sup>TH</sup> OCTOBER 2022**

<b>TITLE</b>	<b>PURPOSE</b>	<b>KEY ISSUES</b>	<b>PRESENTING OFFICER</b>
Update from Audit Wales (Standing Item)			Audit Wales
Financial Statements for 2021/22			Audit Wales / S. Harris
Corporate Risk Register Update			R. Roberts
Regulator Proposals for Improvement Progress Update			R. Roberts
Update on Tracking of Agreed Audit Report Recommendations			D. Gronow
Anti-Fraud Strategy Action Plan.			D. Gronow
<b>INFORMATION ITEMS</b>			
Regulation of Investigatory Powers Act 2000			L. Lane

Officers Declarations of Gifts and Hospitality	To provide the Governance and Audit Committee with the information regarding the Register of Employees' Interests Forms completed by officers of the Council (excluding Schools) regarding Gifts and Hospitality for the last quarter and a comparison with the previous three quarters.		L. Donovan
Corporate Governance Panel Minutes			D. Gronow

**GOVERNANCE AND AUDIT COMMITTEE – 24<sup>th</sup> JANUARY 2023**

<b>TITLE</b>	<b>PURPOSE</b>	<b>KEY ISSUES</b>	<b>PRESENTING OFFICER</b>
Update from Audit Wales (Standing Item)			Audit Wales
Internal Audit Services Annual Plan 22/23 – Update on Progress			D. Gronow
Audit of Accounts Addendum Report			Audit Wales / S. Harris
<b>INFORMATION ITEMS</b>			
Regulation of Investigatory Powers Act 2000			L. Lane

Officers Declarations of Gifts and Hospitality	To provide the Governance and Audit Committee with the information regarding the Register of Employees' Interests Forms completed by officers of the Council (excluding Schools) regarding Gifts and Hospitality for the last quarter and a comparison with the previous three quarters.		L. Donovan
Corporate Governance Panel Minutes			D. Gronow



## Audit Wales Work Programme and Timetable – Caerphilly County Borough Council

### Quarterly Update: 31 March 2022

#### Work Programme Consultation

In early March 2022, we launched a [consultation](#) on the Auditor General's work programme for 2022-23 and beyond. We have requested responses by 8 April 2022, if possible, but will be considering responses received after this time to inform our ongoing work programme planning. We have circulated the consultation widely across our stakeholder base.

#### Financial Audit work

Description	Scope	Status
<b>Audit of the Council's 2021-22 statement of accounts</b>	The statutory audit of the Council's annual statement of accounts.	We have commenced our audit planning and interim testing. We are due to receive the draft statement of accounts on 30 June 2022.
<b>Audit of the Council's 2021-22 grant returns</b>	We expect there to be six grant returns that require audit. Five of them are audited in accordance with Welsh Government requirements; and one of them is audited in accordance with the UK's Department for Work and Pensions' guidance.	We expect to commence these audits in the autumn.
<b>Audit of the Blackwood Arts Centre Charity</b>	In accordance with the Charity Commission's requirements.	We expect to commence these audits in the autumn.

## Performance Audit work

### 2020-21 Programme Overview

Project	Scope	Timetable	Status
<b>Annual Audit Summary</b>	Annual report summarising the financial and performance audit work undertaken in the last year which also includes a summary of the key findings from reports issued by 'relevant regulators'. Also now combined with the Annual Audit Letter.	December 2021	<p><b>Completed</b></p> <p>Presented to Governance and Audit Committee in January 2022.</p>
<b>Recovery Planning</b>	We intend to support and challenge recovery planning in real time. Collectively, we need assurance that recovery takes due account of the multitude of risks, but also that it grasps the opportunities for a different and sustainable future. We have taken the decision to replace the 'prevention' themed work that we set out in audit plans with this work on recovery planning.	July 2020-September 2021	<p><b>Complete</b></p> <p>Letters included in Governance and Audit Committee papers in October 2021.</p> <hr/> <p>Ongoing engagement through the Assurance and Risk Assessment project.</p>

Project	Scope	Timetable	Status
<b>Local risk-based work</b>	<p>A number of options for local risk-based work were presented to the Council's CMT and Cabinet in early March 2020.</p> <p>It has been agreed with the Council that our local risk-based project will focus on <b>homelessness</b></p>	Scheduled to be delivered May 2022 – July 2022	<p>Delivery of work deferred. The 2020-21 Audit Plan had this work as to be confirmed, but due to the pandemic we were unable to agree the scope of or schedule any local risk-based work during this timeframe.</p> <p>Further updates to be provided to the Governance and Audit Committee</p>

### 2021-22 Programme as set out in the Audit Plan presented at the April 2021 Audit Committee

Project	Scope	Timetable	Status
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	<p>1. We will seek to integrate the delivery of our WFG examinations of steps to deliver well-being objectives with our other audit work. We will discuss this with the Council as we scope and deliver the audit projects listed in this plan.</p> <p>And</p> <p>2. We will examine the extent to which the Council has acted in accordance with the sustainable development principle in setting its Well-being Objectives.</p>	<p><b>1- Ongoing</b></p> <p><b>2 2022-23</b></p>	<p><b>1 Not yet commenced</b></p> <p><b>2 Agreed to undertake this project in 2022, following the Gwent-wide well-being assessment in 2021.</b></p>
Improvement reporting audit	Audit of discharge of duty to publish an assessment of performance.	November 2021	<p><b>Complete</b></p> <p>Certificate issued.</p>

Project	Scope	Timetable	Status
Annual Audit Summary	Annual report summarising the performance and financial audit work undertaken in 2021-22, which also includes a summary of the key findings from reports issued by 'relevant regulators'. Also now combined with the Annual Audit Letter.	Autumn 2022	Not yet started.
Assurance and Risk Assessment	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.	June 2021-April 2022	<p><b>In progress.</b></p> <p>Project brief issued. Core elements in all Councils:</p> <ul style="list-style-type: none"> <li>• Financial position</li> <li>• Self-assessment arrangements</li> <li>• Recovery planning</li> <li>• Implications of the Local Government and Elections (Wales) Act 2021</li> <li>• Carbon reduction plans</li> </ul> <p>Initial areas of local focus include:</p> <ul style="list-style-type: none"> <li>• Digital strategy</li> <li>• Waste management</li> <li>• Counter fraud</li> <li>• Cyber Security</li> </ul>

Project	Scope	Timetable	Status
Thematic work – Springing Forward – Examining the building blocks for a sustainable future	As the world moves forward, learning from the global pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.	Planned for Autumn 2021 – April 2022	<p><b>Project now focussed on:</b></p> <ul style="list-style-type: none"> <li>• Assets</li> <li>• Workforce</li> </ul> <p>Assets fieldwork completed, output being drafted.</p> <p>Workforce fieldwork completed; output being drafted.</p>
Local risk-based project	N/A	N/A	N/A

### Local government national studies planned/in progress

Study	Scope	Timetable	Status	Fieldwork planned at the Council
<b>Direct Payments</b>	Review of how local authorities manage and promote the use of Direct payments	Publication April 2022	Publication	No – work being delivered via Direct Payment Forum and a selection of follow-up interviews.

Study	Scope	Timetable	Status	Fieldwork planned at the Council
<b>Follow-up on People Sleeping Rough</b>	Review of how local authorities responded to the needs of people sleeping rough during the pandemic following up on the AGW's report of July 2020	N/A	N/A	This work is not progressing in 2021-22.
<b>Poverty</b>	Understanding how local authorities ensure they deliver their services to minimise or reduce poverty.	Autumn 2021 – Autumn 2022	Fieldwork	Yes – interview with nominated officer at the Council.
<b>Social Enterprises</b>	Review of how local authorities are supporting and utilising social enterprises to deliver services	Autumn 2021 – Autumn 2022	Fieldwork	Yes – interview with nominated officer at the Council.
<b>Community Resilience</b>	Review of how local authorities can build greater resilience in communities	Autumn 2021 – Autumn 2022	Fieldwork	Yes – interview with nominated officer at the Council.

## Estyn

Estyn planned work 2021-22	Scope	Timetable	Status
<b>Local Government Education Services Inspections</b>	<p>Estyn has worked closely with Directors of Education to review their inspection guidance for local government education services (LGES) to reflect the experiences of the pandemic. Estyn has inspected three local authorities during the autumn and spring terms. The <a href="#">Cardiff</a> and <a href="#">Merthyr Tydfil</a> reports have been published and the Torfaen report will be published on 18 May.</p>	<p>LGES inspections to resume from the late autumn term</p>	<p>N/A</p>
<b>Curriculum Reform thematic review</b>	<p><a href="#">Curriculum for Wales – how are regional consortia and local authorities supporting schools</a> published on 24 March.</p>	<p>Evidence collecting in September/October – published in March</p>	<p>N/A</p>

## Care Inspectorate Wales (CIW)

CIW planned work 2021-22	Scope	Timetable	Status
<b>National Assurance Check 2020-21</b>	CIW has now published all assurance check letters. CIW has published its national assurance check report highlighting key findings and recommendations.	Published	Complete
<b>Programme 2022-23</b>	CIW will run a cyclic programme of assurance checks, improvement checks and performance evaluation inspections.	April 2022- March 2023	In progress
<b>National review</b>	Support for disabled children and their families.	Published	Complete
<b>Development</b>	CIW will continue to develop its approach to inspection and review of local authorities.  CIW will consult further regarding its approach.	May-June 2022	In progress
<b>Deprivation of Liberty Safeguards Annual Monitoring Report for Health and Social Care 2020-21</b>	Completed	March 2021	Published
<b>Annual meeting with Statutory Directors of Social Services</b>	CIW will meet with all Directors of Social Services	December 2022 and January 2023	Planning



<b>CIW planned work 2021-22</b>	<b>Scope</b>	<b>Timetable</b>	<b>Status</b>
National review of Care Planning for children and young people subject to the Public Law Outline pre-proceedings	<p>Purpose of the review: To provide external scrutiny, assurance and to promote improvement regarding the quality of practice in relation to the care planning for children and young people subject to the public law outline pre-proceedings</p> <p>To consider the extent to which practice has progressed since the publication of both the CIW 'National Review of care planning for children and young people subject to public law outline pre proceedings' and the publication of the PLO working group report 2021 including best practice guidance.</p>	September 2022	Planning
<b>Joint Inspection Child Protection Arrangements</b>	Cross-inspectorate approach. Area to be determined.	Autumn 2022	Planning
<b>Deprivation of Liberty Safeguards Annual Monitoring Report for Health and Social Care 2021-22</b>	Following the publication of the 2020-21 report planning is underway for the next report.	2022-23	Planning
<b>Cafcass Assurance Check</b>	CIW will continue to develop its approach to inspection and review of Cafcass Cymru.	2022	Planning

## Audit Wales national reports and other outputs published since 1 April 2021

Report title	Publication date and link to report
Local Government Financial Sustainability Data Tool	<a href="#">February 2022</a>
Joint Working Between Emergency Services (including data tool)	<a href="#">January 2022</a>
Care Home Commissioning for Older People	<a href="#">December 2021</a>
The Welsh Government's Warm Homes Programme	<a href="#">November 2021</a>
Taking Care of the Carers? How NHS bodies supported staff wellbeing during the COVID-19 pandemic	<a href="#">October 2021</a>
Financial Sustainability of Local Government	<a href="#">September 2021</a>
NHS summarised accounts infographic	<a href="#">September 2021</a>
Picture of Public Services <sup>1</sup>	<a href="#">September 2021</a>
Town Centre Regeneration	<a href="#">September 2021</a>
Student finances	<a href="#">August 2021</a>

<sup>1</sup> Main report published 15 September. Over the following six weeks we published five short sector commentaries: [A picture of local government](#), [A picture of healthcare](#), [A picture of social care](#), [A picture of schools](#), [A picture of higher and further education](#).

Report title	Publication date and link to report
NHS finances data tool 2020-21	<a href="#">June 2021</a>
Rollout of the COVID-19 vaccination programme in Wales	<a href="#">June 2021</a>
Quality governance arrangements at Cwm Taf UHB – follow-up	<a href="#">May 2021</a>
Welsh Health Specialised Services Committee governance arrangements	<a href="#">May 2021</a>
At your Discretion – Local Government Discretionary Services	<a href="#">April 2021</a>
Procuring and Supplying PPE for the COVID-19 Pandemic	<a href="#">April 2021</a>

## Audit Wales national reports and other outputs (work in progress/planned)<sup>2</sup>

Title	Anticipated publication date
Welsh Government accounts commentary	To be confirmed – plans for this work are now under review
Unscheduled care – data tool and commentary	April 2022

<sup>2</sup> We will continue to keep our plans under constant review, taking account of the evolving external environment, our audit priorities, the context of our own resourcing and the capacity of audited bodies to engage with us. This includes maintaining some flexibility so that we can respond to developments in Welsh Government policy and areas of possible interest for the new Public Accounts and Public Administration Committee.

Title	Anticipated publication date
Collaborative arrangements for managing local public health resources	April 2022
Welsh Government setting of well-being objectives	May 2022
COVID response and recovery/Welsh Government grants management – third sector support	May 2022
Curriculum reform	May 2022
NHS waiting times data-tool and planned care commentary	May 2022
Welsh Community Care Information System follow-up	May 2022
Orthopaedic services	May/June 2022
NHS finances data tool update	June 2022
Welsh Government workforce	June 2022
Equality impact assessment	July 2022
Climate change – baseline review	July 2022
Broadband infrastructure/digital inclusion	Autumn 2022
Flood risk management	Autumn 2022

Title	Anticipated publication date
COVID response and recovery/Welsh Government grants management – other	To be confirmed
Affordable housing	To be confirmed

### Forthcoming Good Practice Exchange events and publications

Title	Anticipated publication/event date
Direct Payments Provision – A webinar discussing the upcoming report on Direct Payments Provision and how they can be a key part in implementing the principles of the Social Service and Well-Being (Wales) Act 2014	6 April 2022 – recording will be published following the event.
Climate Change Event - (Title to be confirmed) A webinar discussing emerging findings from our baseline review of public bodies' arrangements to respond to the Welsh Government's carbon reduction targets for 2030.	19 May 2022 (provisional)
Covid Perspectives: A series of recorded conversations learning how organisations have adapted to the extended period of uncertainty following the initial covid emergency	<a href="#">Good Practice   Audit Wales</a>

### Recent Audit Wales Blogs

Title	Publication date
<a href="#">Cyber resilience – one year on</a>	9 February 2022

Title	Publication date
<u>Helping to tell the story through numbers</u> (local government financial sustainability data tool)	3 February 2022
<u>Call for clearer information on climate change spending</u>	2 February 2022
<u>Actions speak louder than words</u> (building social resilience and self-reliance in citizens and communities)	14 January 2022
<u>Wales' schools face the alarming challenge of the lowest birth-rate in 100 years</u>	21 December 2021

## 2022 Audit Plan – Caerphilly County Borough Council

Audit year: 2021-22

Date issued: May 2022

Document reference: 2884A2022

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# 2022 Audit Plan

## About this document

- 1 This document sets out the work I plan to undertake during 2022 to discharge my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

## My duties

- 2 I complete work each year to meet the following duties.

## Audit of financial statements

- 3 Each year I audit Caerphilly County Borough Council's (the Council's) financial statements to make sure that public money is being properly accounted for.

## Value for money

- 4 The Council has to put in place arrangements to get value for money for the resources it uses, and I have to be satisfied that it has done this.

## Sustainable development principle

- 5 The Council needs to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

## Impact of COVID-19

- 6 The COVID-19 pandemic has had an unprecedented impact on the United Kingdom and the work of public sector organisations.
- 7 While Wales is currently at Coronavirus Alert Level 0, Audit Wales will continue to monitor the position and I will discuss the implications of any changes in the position with your officers.

## Audit of financial statements

- 8 It is my responsibility to issue a certificate and report on the financial statements. This responsibility includes:
  - an opinion on the 'truth and fairness' of the Council's financial statements for the financial year ended 31 March 2022; and
  - an assessment as to whether the Council's Narrative Report and Annual Governance Statement is prepared in line with the CIPFA Code and relevant guidance and is consistent with the financial statements and with my knowledge of the Council.
- 9 In addition to my responsibility for auditing the Council's financial statements, I also have responsibility for:
  - responding to questions and objections about the financial statements from local electors (if necessary, additional fees would be charged for this work);
  - if relevant once the threshold<sup>1</sup> for audit are known for 2021-22, certifying a return to the Welsh Government that provides accounting information about the Council to support preparation of the UK's Whole of Government Account;
  - the independent examination of the Blackwood Arts Centre charity; and
  - the certification of six grant claims and returns, as set out in **Exhibit 5**.
- 10 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 financial statements being misled. The levels at which I judge such misstatements to be material will be reported to the Governance and Audit Committee, and full Council, prior to completion of the audit.
- 11 Any misstatements below a trivial level (set at 5% of materiality I judge as not requiring consideration by those charged with governance and therefore will not report them.
- 12 I can confirm that there have been no limitations imposed on me in planning the scope of this audit.

<sup>1</sup> Set annually by HM Treasury and the National Audit Office.

13 I will also report by exception on a number of matters which are set out in more detail in our Statement of Responsibilities, along with further information about my work.

## Audit of financial statements risks

14 The following table sets out the significant risks that I have identified, to date, for the audit of your financial statements. You should note that my assessment of risk continues throughout the audit.

### Exhibit 1: financial statement audit risks

The following table sets out the main risks that my audit planning and testing have identified, to date, for the audit of your financial statements.

Audit risk	Proposed audit response
<b>Significant risks</b>	
<p><b>Management override</b> 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>I will:</p> <ul style="list-style-type: none"> <li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li> <li>• review accounting estimates for biases;</li> <li>• evaluate the rationale for any significant transactions outside the normal course of business; and</li> <li>• undertake any additional procedures to address any specific risks of management override which are not addressed by the mandatory work above.</li> </ul>
<p>There is the risk of material misstatement due to fraud in expenditure, which I am treating as a significant risk. This risk has increased due the high level of support provided by the Council to support people and businesses during the COVID-19</p>	<p>My work will include:</p> <ul style="list-style-type: none"> <li>• the results of my substantive expenditure testing and whether they highlight any fraud concerns that require my evaluation and possibly extended testing;</li> </ul>

Audit risk	Proposed audit response
<p>pandemic. An example of the increased fraud risk is that recipients of the Council's financial support, intentionally do not use it for the purposes intended.</p>	<ul style="list-style-type: none"> <li>the evaluation of the strength of the Council's formal considerations and representations to me, about its fraud risks and the actions taken or planned; and</li> <li>the consideration of any fraud risks that arise from my wider work programme, which could be relevant to the Council and need further audit work.</li> </ul>
<p>I audit the disclosure of related party transactions and balances to a far lower level of materiality. Last year I identified the non-declaration of numerous related party interests, and in turn the omission of material disclosures within the financial statements. They were corrected within the financial statements because of my audit examinations. While officers are implementing last year's audit recommendation, there remains the risk that material omissions arise again.</p>	<p>I will verify that signed declarations have been received from all members and senior officers. I will check that finance officers have assessed all the declarations and that the financial statements disclose the relevant transactions and balances.</p> <p>My examinations also include other means of testing, such as my review of Companies House records using data analytics.</p>
<p>Although COVID-19 restrictions have now been removed, there have been ongoing pressures on staff resource and of remote working that may impact on the preparation, audit, and publication of the financial statements. There is a risk that the quality of the financial statements and supporting working papers, for example around estimates and valuations, may be compromised, leading to an increased incidence of errors. These factors could also affect the Council's quality monitoring arrangements.</p>	<p>I will discuss your closedown process and quality monitoring arrangements with the officers, and I will help to identify areas where there may be gaps in arrangements.</p>

Audit risk	Proposed audit response
<p>COVID-19 continues to have a significant impact on the risks of material misstatement and the approach to my audit. For 2021-22 the Welsh Government continued to provide various funding streams to the Council. These monies provide financial support to the Council itself, or they have been administered by the Council to make payments to third parties on behalf of the Welsh Government.</p> <p>Payments have been made via numerous schemes over the course of 2021-22 and the amounts involved are material to the financial statements.</p> <p>Examples of the audit risks include:</p> <ul style="list-style-type: none"> <li>• the incorrect accounting treatment for COVID-19 funding, as principal or agency arrangements;</li> <li>• the potential for material uncertainty within valuations;</li> <li>• an increased risk of fraud (see earlier risk); and</li> <li>• the estimation of the year-end annual leave liability.</li> </ul>	<p>I will examine all material areas of the financial statements that relate to, or are affected by, COVID-19.</p>
<p>Accounting for property, plant and equipment and intangible assets continued to be one of the most challenging areas of the financial statements and can give rise to many of my audit findings.</p> <p>In light of the COVID-19 restrictions that were in place throughout 2021-22, and uncertainties over market values for assets since the start of the pandemic, there is a risk that the carrying value of assets reported in the financial statements may be materially different to the current value of assets as at 31 March 2022.</p>	<p>I will examine the Council's asset valuation programme to establish when individual groups of assets were valued and seek to confirm that valuations carried out earlier than as at 31 March 2022 are not materially different to the current value of assets as at the year-end.</p>

Audit risk	Proposed audit response
<b>Other risks</b>	
<p>'City Deals' are arrangements negotiated with government that give greater accountability for actions in return for new powers to help encourage growth and jobs. The Cardiff Capital Region City Deal (the City Deal) involves ten councils.</p> <p>The councils have established a joint committee (the Regional Cabinet) to oversee delivery of a range of programmes designed to increase connectivity and to improve physical and digital infrastructure over the course of 20 years. This significant programme will have financial, governance and delivery risks that need to be managed. There will be a number of accounting issues to consider, including the potential consolidation of the joint committee's financial statements, which is far more likely for 2021-22.</p>	<p>Liaising closely with the external auditors of the other councils, I will monitor progress with the City Deal Project and carry out early work as necessary to assess the existing and proposed financial accounting and governance arrangements.</p>
<p>I audit the disclosure of senior office emoluments to a far lower level of materiality. They are therefore inherently more prone to material misstatement.</p>	<p>I will examine all the senior officer disclosures to verify that they are materially accurate, and that the disclosures are complete. .</p>
<p>Last year I reported eleven recommendations in respect of the financial statements. The Council's management accepted all of them and agreed actions and dates for improvement.</p>	<p>I will review the Council's progress in addressing my recommendations, and report to you the progress made as part of this year's audit.</p> <p>This review will inform my ongoing assessment of the key risks.</p>

## Performance audit

- 15 In addition to my Audit of Financial Statements I also carry out a programme of performance audit work to discharge my duties as Auditor General as set out in paragraphs 4 and 5 in relation to value for money and sustainable development.
- 16 In response to the pandemic, I adopted a flexible approach to my performance audit work both in terms of topic coverage and methodology. This enabled me to respond to the fast-moving external environment and provide more real-time feedback in a range of formats.
- 17 For 2022-23, I intend to continue this approach to help enable my work to be responsive and timely, and where possible to share learning more quickly. As part of this approach, I anticipate that a significant proportion of my local performance audit programme will continue to be delivered through the Assurance and Risk Assessment Project that will be ongoing throughout the year.
- 18 Given the high degree of commonality in the risks facing councils I also intend to deliver a number of thematic projects examining risks common to all councils.
- 19 During 2020-21, I consulted public bodies and other stakeholders on how I will approach my duties in respect of the Well-being of Future Generations (Wales) Act 2015 from 2020-2025.
- 20 In March 2021, I wrote to the public bodies designated under the Act setting out my intentions, which include a). carrying out specific examinations of how public bodies have set their well-being objectives and b). integrating my sustainable development principle examinations of steps to meet well-being objectives with my national and local audit programmes.
- 21 My auditors are liaising with the Council to agree the most appropriate time to examine the setting of well-being objectives.
- 22 The examination of steps to meet well-being objectives will be conducted as part of work set out in this audit plan and successive audit plans, leading up to my statutory report under the Act in 2025.
- 23 For 2022-23 my performance audit work at the Council is set out below.



## Exhibit 2: Performance Audit Programme 2022-23

This table summarises the performance audit programme for 2022-23

Performance audit programme	Brief description
Assurance and Risk Assessment	<p>Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources and acting in accordance with the sustainable development principle</p> <p>At the Council the project is likely to focus in particular on:</p> <ul style="list-style-type: none"> <li>• financial position</li> <li>• capital programme management</li> <li>• use of performance information – with a focus on service user feedback and outcomes</li> <li>• Setting of well-being objectives – TBC</li> </ul>
Thematic review - unscheduled care	<p>I intend to undertake a cross-sector review focusing on the flow of patients out of hospital. This review will consider how the Council is working with its partners to address the risks associated with the provision of social care to support hospital discharge, as well as prevent hospital admission. The work will also consider what steps are being taken to provide medium to longer-term solutions.</p>
Thematic review (tbc)	<p>To be confirmed following the consultation referred to in paragraph 24 below.</p>
Local risk-based project – Waste Management	<p>Further updates to be provided to the Governance and Audit Committee</p>

Performance audit programme	Brief description
	following further discussion with the Council

- 24 In March 2022, I published a [consultation](#) inviting views to inform my future audit work programme for 2022-23 and beyond. In particular, it considers topics that may be taken forward through my national value for money examinations and studies and/or through local audit work across multiple NHS, central government and local government bodies. As I develop and deliver my future work programme, I will be putting into practice key themes in my new five-year strategy, namely:
- the delivery of a strategic, dynamic, and high-quality audit programme; supported by
  - a targeted and impactful approach to communicating and influencing.
- 25 The possible areas of focus for future audit work that I set out in the consultation were framed in the context of three key themes from my [Picture of Public Services](#) analysis in autumn 2021, namely: a changing world; the ongoing pandemic; and transforming service delivery. I also invited views on possible areas for follow-up work.
- 26 I will provide updates on the performance audit programme through my regular updates to the Governance and Audit Committee.

## Certification of grant claims and returns

- 27 I have also been requested to undertake certification work on Council's grant claims, which I anticipate will include Housing Benefits, Teachers Pension, NDR and pooled budget returns.

## Statutory audit functions

- 28 In addition to the audit of the financial statements, I have statutory responsibilities to receive questions and objections to the financial statements from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
  - Section 31 Right to make objections at audit.
- 29 As this work is reactive, I have made no allowance in the fee table below. If I do receive questions or objections, I will discuss potential audit fees at the time.

## Fee, audit team and timetable

- 30 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the signed financial statements submitted for audit are provided by the agreed date, and to the quality standard expected (having been subject to a robust quality-assurance review);
  - information provided to support the financial statements is in accordance with the agreed audit deliverables document;
  - appropriate access is 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.
- 31 I will be liaising with the Head of Internal Audit to establish the extent of the work undertaken for 2021-22 and its impact on my audit approach.
- 32 If I do receive questions or objections that require substantive audit work, I will discuss potential audit fees at the time.

## Fee

- 33 As set out in my Fee Scheme 2022-23, my fee rates for 2022-23 have increased by 3.7% as a result of the need to continually invest in audit quality and in response to increasing cost pressures. The previous increase to our fee rates was in 2016. The estimated fee for 2022 is set out in **Exhibit 3**, alongside the previous year's actual fees. The estimated cost of this year's audits represents a 0.5% increase.

### Exhibit 3: audit fee

Audit area	Proposed fee (£) <sup>2</sup>	Actual fee last year (£)
Main financial audit work <sup>3</sup>	243,060	249,500 <sup>4</sup>
Performance audit work <sup>5</sup>	108,136	104,700
Grant certification work <sup>6</sup>	42,700	41,257
Other financial audit work <sup>7</sup>	3,400	-
<b>Total fee</b>	<b>397,296</b>	<b>395,457</b>

- 34 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 the Council.
- 35 Further information can be found in my [Fee Scheme 2022-23](#).

<sup>2</sup> Notes: The fees shown in this document are exclusive of VAT, which is not charged to you.

<sup>3</sup> Payable November 2021 to October 2022.

<sup>4</sup> The audit of the 2021-22 Whole of Government Accounts has been delayed by HM Treasury and the National Audit Office. I expect to undertake the audit in late 2022. This figure includes an estimated audit cost of £3,000.

<sup>5</sup> Payable April 2022 to March 2023.

<sup>6</sup> Payable once the audits have concluded.

<sup>7</sup> This cost relates to the Blackwood Arts Centre. The previous year's fee is shown as nil because it is included in the £249,500. For 2022 it is shown separately and will be payable separately.

## Audit team

36 The main members of my team, together with their contact details, are summarised in **Exhibit 4**.

### Exhibit 4: my audit team

This table lists the members of the local audit team and their contact details.

Name	Role	Contact number	E-mail address
Anthony Veale	Engagement Lead – Financial Audit	029 2032 0585	<a href="mailto:anthony.veale@audit.wales">anthony.veale@audit.wales</a>
Mark Jones	Audit Manager (Financial Audit)	029 2032 0631	<a href="mailto:mark.jones@audit.wales">mark.jones@audit.wales</a>
Timothy Buckle	Audit Manager (Performance Audit)	029 2032 0653	<a href="mailto:timothy.buckle@audit.wales">timothy.buckle@audit.wales</a>
Rhodri Davies	Audit Lead (Financial Audit)	029 2032 0637	<a href="mailto:rhodri.davies@audit.wales">rhodri.davies@audit.wales</a>
Bethan Roberts	Audit Lead (Performance Audit)	02920 829366	<a href="mailto:bethan.roberts@audit.wales">bethan.roberts@audit.wales</a>
Harrie Clemens	Senior Auditor (Financial Audit)	02920 320500	<a href="mailto:angharad.clemens@audit.wales">angharad.clemens@audit.wales</a>

37 There are two potential conflicts of interest that I need to bring to your attention, both of which relate to Harrie Clemens. Harrie's mother is one of the Council's headteachers. Also, since October 2021 Harrie has been a school governor at Coed-Brain Primary School. I have adjusted the team's working arrangements where necessary, to address the risk of a conflict arising.

38 I am not aware of any other potential conflicts of interest that I need to bring to your attention.

## Timetable

- 39 The key milestones for the work set out in this plan are shown in **Exhibit 5**.
- 40 The Public Audit (Wales) Act 2004 provides electors with the right to ask questions and to make objections to the Council's financial statements to the Auditor General. The rights to ask questions and make objections at audit are linked to electors' rights to inspect the financial statements, which are also set out in the 2004 Act.

### Exhibit 5: Audit timetable

Planned output	Work undertaken	Report finalised
2022 Audit Plan	February to April 2022	April 2022
<b>Audit of Financial statements work:</b> <ul style="list-style-type: none"> <li>• Audit of Financial Statements Report</li> <li>• Opinion on Financial Statements</li> <li>• Audit of Financial Statements Addendum Report</li> </ul>	July to October <sup>8</sup> 2022	October 2022  October 2022  December 2022
<b>Performance audit work:</b> <ul style="list-style-type: none"> <li>• Assurance and Risk Assessment project</li> <li>• Thematic Review – unscheduled care</li> <li>• Thematic Review [tbc]</li> <li>• Local risk-based projects – Waste Management</li> </ul>	Timescales for individual projects will be discussed with the Council and detailed within the specific project briefings produced for each piece of work.	

<sup>8</sup> The Section 151 Officer has confirmed that he will provide us with the signed draft statement of accounts (with the narrative report and annual governance statement) on 30 June 2022.

Planned output	Work undertaken	Report finalised
<b>Grants certification work</b> <ul style="list-style-type: none"> <li>• Housing Benefit</li> <li>• Non-Domestic Rates</li> <li>• Teachers' Pensions Return</li> <li>• Section 33 NHS (Wales) Act 2006 Pooled Budgets</li> <li>• Two Section 34/194 NHS (Wales) Act 2006 Money Transfers Returns</li> </ul>	November 2022 to January 2023	Separate reports for each grant, with various deadlines.
<b>Other financial audit work</b> <ul style="list-style-type: none"> <li>• Blackwood Arts Centre (charity account)</li> <li>• Whole of Government Accounts returns (2020-21 and 2021-22)</li> </ul>	November 2022  To be determined <sup>9</sup>	Audit opinion by January 2023  To be determined
<b>Annual Audit Summary</b>	N/A	December 2022 (subject to the completion and closure of the audit of the financial statements)

<sup>9</sup> Pending instructions from HM Treasury and the National Audit Office.









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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.



## GOVERNANCE AND AUDIT COMMITTEE - 14<sup>TH</sup> JUNE 2022

**SUBJECT: ANNUAL INTERNAL AUDIT REPORT 2021/22**

**REPORT BY: ACTING INTERNAL AUDIT SERVICES MANAGER**

### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to inform the Governance and Audit Committee of the Internal Audit Manager's overall opinion on the Authority's Internal Control Systems derived from the work undertaken by Internal Audit Services during the 2021/22 financial year.

### 2. SUMMARY

- 2.1 It is a requirement the Council's Financial Regulations, the Internal Audit Charter and the Public Sector Internal Audit Standards (PSIAS) that the Head of Internal Audit provides an annual report to support the Annual Governance Statement. The report should: -
- Include an opinion on the overall systems of internal controls.
  - Present a summary of the audit work that has been undertaken on which this opinion is based.
  - Draw attention to any issues which may impact on the level of assurance provided.
- 2.2 The annual audit opinion should include an evaluation of 3 elements; governance arrangements, risk management and internal control. The audit opinion informs the annual governance review process and is incorporated into the Draft 2021/22 Annual Governance Statement which is included separately on the agenda.
- 2.3 All audits performed with the exception of most grant certifications and contract final accounts generate an overall opinion. A report was presented to the Audit Committee in 2018 which provided details of the methodology supporting how the audit opinions are generated. Grants and Contracts are usually approved by the issuing of a certification which indicates no issues of non-compliance were noted. This can be considered a positive opinion.
- 2.4 All opinions are rated as "Effective", "Effective with Opportunity to Improve", "In need of improvement" or "Inadequate and in need of Immediate Improvement".

- 2.5 These opinions then support the assurance that can be gained overall as those audits noted as “Effective” support full assurance, “Effective with Opportunity to Improve” supports substantial assurance, “In need of improvement” supports partial or limited assurance and “Inadequate and in need of Immediate Improvement” supports no assurance.
- 2.6 Therefore overall assurance in relation to the Council’s system of internal controls can be gained by considering the range and number of audits and the report opinions generated.

### **3. RECOMMENDATIONS**

- 3.1 The Governance and Audit Committee is asked to note the content of this report and the Internal Audit Manager’s annual opinion for the 2021/22 financial year.

### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1 To ensure that: -
- the Governance and Audit Committee is aware of the level of Internal Audit coverage and the overall opinion derived from undertaking this work;
  - adequate supporting information and evidence has been supplied to the Governance and Audit Committee to enable the Committee to meet its requirements under the Committee’s terms of reference; and
  - adequate assurance is provided to support the Annual Governance Statement process.

### **5. THE REPORT**

- 5.1 Both the Council’s Financial Regulations and the Internal Audit Charter set out the reporting requirements for Internal Audit Services and the Public Sector Internal Audit Standards (PSIAS) introduced in 2013 have also reinforced the links with corporate governance and the assurance framework.
- 5.2 The purpose of this report is to provide Members of the Governance and Audit Committee with an opinion or view of the robustness and effectiveness of the internal control systems and procedures in place within the organisation during the 2021/22 financial year.
- 5.3 The opinion is a key element of the annual governance review process and forms part of the published Annual Governance Statement, which is included separately on the agenda.
- 5.4 The approach adopted for reviewing and evaluating the internal controls and processes would usually revolve around a flexible well-constructed plan that considers several factors such as risk, impact, nature and history etc.
- 5.5 As in the previous year, during the 2021/22 financial year challenges continued to be encountered in relation to staffing the Internal Audit Team. As a result, following some further staff retirements and resignations, at one point the team was operating at 50% of normal capacity.

- 5.6 Good progress has now been made in filling vacancies and at the time of drafting this report there is just one vacancy remaining. Some of the senior posts were filled from within the team however whilst the majority of the staff appointed have a finance/risk management background some have had no Internal Audit experience. It should be noted that overall resources will have increased due to the creation of full-time posts where part-time staff have left. As some of those appointments were made part way through the year this has off-set to some extent the reduction in resources and will of course benefit the service going forward.
- 5.7 As Members may be aware, PSIAS requires that all Internal Audit staff undertake CPD, so allocation of resources to training and developing staff is essential and will pay dividends in the future as a well-trained, skilled team will be more resilient to undertake future challenges.
- 5.8 Notwithstanding the staffing challenges audit work did carry on throughout the year. A number of audits remained uncompleted at the end of the 2020/21 financial year and work was performed to complete these in 2021/22, together with new assignments started in-year. Some 2021/22 audits which remain incomplete will be concluded in early 2022/23. A full list of audits is attached at Appendix 1 and this includes audits brought to completion in the year and those started but which were incomplete and are carried forward into 2022/23. Some delays in progressing audits has been experienced as a result of conflicting demands on time and availability of service managers and the lingering effects of the pandemic
- 5.9 In addition, other work undertaken such as grant certification work, internal control advice, system advice, and special investigations etc. can both inform the overall assurance provided by the audit opinion.
- 5.10 The Audit Management Software system, MK Insights was introduced in 2019 and is now in use for all audit assignments and reporting but some aspects are still in development which requires input from senior staff.
- 5.11 The total number of opinions generated between 1/4/21 and 31/3/22 are shown in the table below. .

<b>Opinion</b>	<b>Number</b>	<b>Percentage</b>
Effective	38	22%
Effective with opportunity to Improve	55	32%
In need of Improvement	24	14%
Inadequate	12	7%
No adverse opinion ( e.g. grants contracts, draft )	43	25%
<b>TOTAL</b>	<b>172</b>	<b>100%</b>

It can be seen that nearly 80% of the audits completed in the year generated a positive opinion.

- 5.12 Further information can also be gleaned in relation to the audits performed by a more detailed analysis of the findings generated from the audits performed. The MK system allows findings to be analysed on a granular level and this analysis can also further inform the Committee as to the assurance levels and framework of internal controls. The table below shows an analysis of the findings generated between 1/4/21 and 31/3/22 and the risk ratings associated with them.

<b>Risk rating</b>	<b>Number</b>	<b>Percentage</b>
High	75	13%
Medium	247	43%
Merits attention	245	42%
For information only	14	2%
<b>Total</b>	<b>581</b>	<b>100%</b>

It can be seen that only 13% of findings noted were rated as high risk. It should also be noted that in many cases where a system or process is found to be effective no findings are generated at all as we report on an exception basis.

- 5.13 A brief overview of other audit work can be given as follows. During 2021/22 two investigations have continued from previous years, albeit audit input has reduced. One of these concluded in 2021 with a successful prosecution and recovery of the funds defrauded. A lessons learnt exercise has been conducted with the establishment and control improvements agreed.
- 5.14 The other case is still with external agencies to conclude and progress so consequently this is not under the Council's control. Some staff time has been required to support the case.
- 5.15 Systems audits have been carried out over some of the Council's systems by means of internal control reviews and interviews with service managers.
- 5.16 Work on NFI data matches has continued, some new matches arose from the release of HMRC data relating to income, property and capital.
- 5.17 As previously reported schools have not had face-to-face visits since February 2020, however a new process of self-assessment control risk evaluations was launched in January 2021 and outcomes of those that have been completed are reported.
- 5.18 Grant certification - A number of Welsh Government grants are received by the Authority that are subjected to a review of accuracy and compliance with terms and conditions requiring a year-end certification. Significant revenue streams arise from these grants.
- 5.19 Internal Audit continues to support internal groups such as the Information Governance Stewards' Group and the Complaints Group.
- 5.20 The Internal Audit Manager is a member of the Corporate Governance Panel and minutes of these meetings are reported to the Governance and Audit Committee for information. The Panel has significant input into the Annual Governance Statement process.
- 5.21 Internal Audit Services has continued to undertake final account reviews and other contract audit work.
- 5.22 Anonymous letters, reports and complaints are received and assessed within Internal Audit to ensure that they are properly considered and if necessary, they are then passed to appropriate Departments for further investigation or review. Resource demand for this process is difficult to forecast. These communications cover a range of possible issues and include highways, planning, anti-social behaviour, tipping, animal control, neighbour issues, child protection and safeguarding and possible

other illegal activities. Each report is assessed individually and referred appropriately. Where allegations relate to criminal activities, benefit fraud, staff irregularities or safeguarding, immediate referrals are made to relevant parties.

- 5.23 Internal Audit also log and record cheques returned to the Authority. Resources for this process are difficult to forecast, however these numbers are showing a continued downward trend which is to be expected as the number of cheque payments issued by the Council reduces.
- 5.24 Other audit work undertaken during the period under review included regularity work, advisory work, supporting working parties and advising on best practise in relation to new systems and processes.
- 5.25 The Internal Audit Manager has also developed the Anti-Fraud Strategy which is included separately on today's agenda. Work is also being undertaken on a review of the Council's Financial Regulations, the outcome of which will be presented to the Committee later this year. The Internal Audit Manager has also supported the Committee in the appointment of the new lay members required by the Local Government and Elections (Wales) Act 2021.
- 5.26 The Public Sector Internal Audit Standards (PSIAS) came into force on the 1<sup>st</sup> April 2013 and consist of the following: -
- Definition of internal audit.
  - Code of Ethics.
  - Standards for the Professional Practice of Internal Auditing.
- 5.27 The Standards aim to promote further improvement in the professionalism, quality and effectiveness of Internal Audit across the public sector. The Standards require that each public sector Internal Audit Service has in place robust arrangements for quality assurance and requires that Internal Audit is subject to an external assessment at least once every 5 years. The next internal self-assessment is due in 2022 and external review in 2023. The Internal Audit Service continued to conform to the Standards during 2021/22 and no significant deviations have been noted.
- 5.28 An in previous years, the Senior Leadership Team under the direction of the Chief Executive and advice of the Head of Financial Services & S151 Officer and the Head of Legal Services & Monitoring Officer has adopted a robust and clear demonstration of governance and internal controls. The Governance Panel has met regularly and it is considered that governance continues to be effective.
- 5.29 As in previous years the Council's risk management processes and risk register has been reported to this Committee and it is considered that this continues to be effective and has been further strengthened by a Covid-19 specific risk register.

## **Conclusion**

- 5.30 **Internal Audit manager's opinion** - The Internal Audit Manager's opinion is based on the output of the work undertaken in the year including assessments and judgements on Governance arrangements and the findings and opinions from individual audits as detailed in paragraphs 5.11 and 5.12.
- 5.31 The data in relation to work undertaken, audit findings and opinions supports the opinion that the Council's systems and control procedures are effective.

## **6. ASSUMPTIONS**

6.1 There are no assumptions in this report.

## **7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

7.1 The Council will be unable to deliver its Well-being Objectives in the absence of effective corporate governance arrangements.

7.2 Strong corporate governance arrangements are a key element in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met, in that a prosperous Wales and a resilient Wales requires an effective Internal Audit Service to protect public funds.

7.3 There are no other equalities implications arising from this report in relation to other equalities issues.

## **8. FINANCIAL IMPLICATIONS**

8.1 There are no direct financial implications arising from this report.

## **9. PERSONNEL IMPLICATIONS**

9.1 There are no personnel implications.

## **10. CONSULTATIONS**

10.1 Any comments received from consultees have been included within the report.

## **11. STATUTORY POWER**

11.1 Local Government and Elections Act (Wales) 2021

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Author: D Gronow, Acting Internal Audit Manager

Consultees: R Edmunds, Corporate Director for Education and Corporate Services  
S Harris, Head of Financial Services and S151 Officer  
C Harry, Chief Executive

Appendices:

Appendix 1 Audit work undertaken in the period to 30/3/2022



## APPENDIX 1

### Audit work undertaken in the period to 30/3/2022

Audit Name	Audit Type	Audit Opinion	Audit Started	Audit Completed
Blackwood Primary School	Establishment Audit	Effective with opportunity to improve	15/11/2019	01/04/2021
NFI data match - Duplicate payments	Regularity	Effective with opportunity to improve	15/01/2020	08/04/2021
NFI match Duplicated creditor records	Regularity	Effective with opportunity to improve	15/01/2020	08/04/2021
Trinant Primary School	IT Audit	Effective with opportunity to improve	11/02/2020	30/09/2021
Aberbargoed Primary School	IT Audit	In need of improvement	19/02/2020	30/09/2021
Ysgol Ifor Bach	IT Audit	Effective with opportunity to improve	21/02/2020	30/09/2021
Gilfach Fargoed Primary School	IT Audit	Effective with opportunity to improve	27/02/2020	30/09/2021
Ysgol Gymraeg Cwm Derwen	IT Audit	Inadequate	27/02/2020	30/09/2021
Coed Y Brain Primary School	IT Audit	In need of improvement	02/03/2020	30/09/2021
Crumlin High Level Primary School	IT Audit	Inadequate	03/03/2020	30/09/2021
Blackwood Primary School	IT Audit	Effective	05/03/2020	30/09/2021
Machen Primary School	IT Audit	Effective with opportunity to improve	09/03/2020	30/09/2021
Deri Primary School	IT Audit	In need of improvement	09/03/2020	30/09/2021
Fleur De Lys Primary School	IT Audit	Inadequate	09/03/2020	30/09/2021
Glyngaer Primary School	IT Audit	Effective with opportunity to improve	09/03/2020	30/09/2021
Libanus Primary School	IT Audit	Inadequate	10/03/2020	30/09/2021
Pengam Primary School	IT Audit	Inadequate	11/03/2020	30/09/2021
Pontllanfraith Primary School	IT Audit	Effective with opportunity to improve	11/03/2020	30/09/2021
Penllwyn Primary School	IT Audit	Effective with opportunity to improve	11/03/2020	30/09/2021

<b>Audit Name</b>	<b>Audit Type</b>	<b>Audit Opinion</b>	<b>Audit Started</b>	<b>Audit Completed</b>
Llanfabon Infants	IT Audit	In need of improvement	11/03/2020	30/09/2021
Cwmfelinfach Primary School	IT Audit	Inadequate	16/03/2020	30/09/2021
Rhydri Primary School	IT Audit	In need of improvement	16/03/2020	30/09/2021
Risca Primary School	IT Audit	Effective with opportunity to improve	16/03/2020	30/09/2021
Corporate Safeguarding self evaluation - Education and Corporate Services	Crosscutting Review	Issued in draft to HoS	02/02/2021	O/S
School Private Fund Review	Themed Review	In need of improvement	19/02/2021	06/09/2021
Review of AP forensics processes	System Audit	Effective	15/03/2021	15/04/2021
Bryn Primary	Control Risk Self Assessment (CRSA)	Effective	16/03/2021	17/05/2021
Cefn Fforest Primary	CRSA	Effective	19/03/2021	14/06/2021
Central Creditors and PL Internal Controls	System Audit	Issued in draft	19/03/2021	16/2/22
Central Income management	System Audit	Effective	22/03/2021	17/05/2021
Penllwyn Primary Control risk self assessment	CRSA	Effective	22/03/2021	27/05/2021
Lewis School Pengam	CRSA	Effective	24/03/2021	27/05/2021
Trinity Fields	CRSA	Effective	24/03/2021	18/06/2021
Ysgol Ifor Bach	CRSA	Effective	24/03/2021	06/07/2021
St Helens Primary	CRSA	Effective with opportunity to improve	29/03/2021	17/05/2021
Tir Y Berth Primary	CRSA	Effective with opportunity to improve	29/03/2021	17/05/2021
Deri Primary	CRSA	Effective with opportunity to improve	29/03/2021	27/05/2021
Central Debtors income	System Audit	Effective	31/03/2021	29/04/2021
School 1 Special Investigation	Special Investigation	Inadequate	08/04/2021	21/2/22
Newbridge Comprehensive	CRSA	Effective	12/04/2021	06/07/2021
Plas Y Felin Primary	CRSA	Effective with opportunity to improve	19/04/2021	27/05/2021
Blackwood Comprehensive	CRSA	Effective	20/04/2021	17/05/2021

<b>Audit Name</b>	<b>Audit Type</b>	<b>Audit Opinion</b>	<b>Audit Started</b>	<b>Audit Completed</b>
Community Hydro	Grant certification	N/A Grant certification	20/04/2021	17/06/2021
Ysgol Gymraeg Penalltau	CRSA	In need of improvement	20/04/2021	15/10/21
Bedwas Juniors	CRSA	Effective with opportunity to improve	28/04/2021	27/05/2021
Ysgol Gymraeg Cwm Derwen	CRSA	Effective	28/04/2021	06/07/2021
Ynysddu Primary	CRSA	Effective with opportunity to improve	29/04/2021	27/05/2021
Crumlin High Level	CRSA	Effective with opportunity to improve	30/04/2021	19/05/2021
Derwendeg Primary	CRSA	Effective	05/05/2021	27/05/2021
PCI	Regularity	In need of improvement	05/05/2021	18/5/21
Go Connect Virtual Inclusion Programme no 1	Grant certification	N/A Grant certification	11/05/2021	19/05/2021
Cwmfelinfach Primary	CRSA	In need of improvement	12/05/2021	23/06/2021
NFI 707 Duplicate record by reference, amount and creditor reference	Crosscutting Review	Effective	19/05/2021	17/05/2021
NFI 708 Duplicate record by creditor reference and amount	Regularity	Effective	19/05/2021	19/05/2021
NFI 711 Duplicate record by differing creditor reference same amount invoice number	Regularity	Effective	19/05/2021	19/05/2021
NFI 712 Duplicate supplier records by invoice amount and different creditor reference	Regularity	Effective	19/05/2021	19/05/2021
NFI 2020/21 713 Duplicate supplier records by postcode	Regularity	Effective	19/05/2021	19/05/2021
NFI 709 - VAT Overpayment	Regularity	Effective with opportunity to improve	19/05/2021	28/4/2022
SR218 Rose Cottage Retaining Wall	Contract Audit	N/A Contract Certificated	21/05/2021	25/05/2021
CH Brickwork Porset Park	Contract Audit	N/A Contract Certificated	10/06/2021	17/06/2021
Rents - Collection, Recovery and Administration	CRSA	Effective	15/06/2021	22/06/2021

<b>Audit Name</b>	<b>Audit Type</b>	<b>Audit Opinion</b>	<b>Audit Started</b>	<b>Audit Completed</b>
Bryn Awel Primary	CRSA	Effective with opportunity to improve	15/06/2021	08/07/2021
Regener8 Cymru	Grant certification	N/A Grant certification	18/06/2021	11/06/2021
Ty Isaf Infants	CRSA	In need of improvement	18/06/2021	06/07/2021
Cwm Ifor Primary	CRSA	Effective with opportunity to improve	18/06/2021	08/07/2021
Phillipstown Primary	CRSA	Effective with opportunity to improve	22/06/2021	23/06/2021
Markham Primary	CRSA	In need of improvement	22/06/2021	25/06/2021
Tyn Y Wern Primary	CRSA	In need of improvement	22/06/2021	05/07/2021
Cwmglas Infants	CRSA	Inadequate	22/06/2021	08/07/2021
Greenhill Primary	CRSA	Effective with opportunity to improve	22/06/2021	23/07/2021
Nant Y Park Primary	CRSA	Effective with opportunity to improve	24/06/2021	17/08/2021
Regener8ing Cymru May 21	Grant certification	N/A Grant certification	02/07/2021	07/07/2021
IT user access Audit	Regularity		06/07/2021	
Abercarn Primary	CRSA	Effective	07/07/2021	03/08/2021
Porset Park GKR	Contract Audit	N/A Contract Certificated	08/07/2021	06/08/2021
Bevan Rise-Close Davies Bros	Contract Audit	N/A Contract Certificated	13/07/2021	06/08/2021
Cwmaber Infants	CRSA	Effective with opportunity to improve	15/07/2021	14/10/21
Cwmaber Juniors	CRSA	Effective with opportunity to improve	16/07/2021	15/10/21
EXT17C-EC27 Pengam RGPO1062 1263 / GEN1001 108 GKR Maintenance	Contract Audit	N/A Contract Certificated	26/07/2021	11/08/2021
EXT17C-EC23 Fairview RGPO1062 8867 / GEN1001 143 GKR Maintenance	Contract Audit	N/A Contract Certificated	27/07/2021	11/08/2021
Cwmcarn Primary School	CRSA	Effective	29/07/2021	20/10/21
Bedwas Infants	CRSA	Effective with opportunity to improve	29/07/2021	10/11/21

<b>Audit Name</b>	<b>Audit Type</b>	<b>Audit Opinion</b>	<b>Audit Started</b>	<b>Audit Completed</b>
EXT17C-E03A Blackwood B RGPO1062 1209 / GEN 1001 112 LCB Construction Ltd	Contract Audit	N/A Contract Certificated	02/08/2021	11/08/2021
EXT16-U14 & U15 combined contracts Gilfach & Bargoed RGPO1062 8864 / GEN1001 144 MSH Building	Contract Audit	N/A Contract Certificated	03/08/2021	23/08/2021
Fleur De Lys Primary	CRSA	Inadequate	11/08/2021	23/08/2021
Hengoed Primary	CRSA	Effective	11/08/2021	21/2/2022
Pengam Primary	CRSA	Inadequate	12/08/2021	23/08/2021
Flood mitigation	Contract Audit	N/A Contract Certificated	13/08/2021	23/08/2021
SL119 A467 Newbridge to Crumlin – Rock Slope Remediation Scheme	Contract Audit	N/A Contract Certificated	13/08/2021	23/08/2021
Pantside Primary	CRSA	Effective	16/08/2021	7/2/2022
Pentwynmawr Primary	CRSA	Effective with opportunity to improve	16/08/2021	21/2/2022
Ysgol Cwm Gwyddon	CRSA	Effective	17/08/2021	O/S
Tynewydd Primary	CRSA	Effective	17/08/2021	7/2/2022
SO571 – Capital Valley Ind. Est. Culvert .	Contract Audit	N/A Contract Certificated	23/08/2021	25/08/2021
Ysgol Y Castell	CRSA	Effective with opportunity to improve	01/09/2021	18/4/2022
Ty Sign Primary	CRSA	Effective	01/09/2021	17/3/2022
4667 - Bedwas Infants, Boiler Replacement	Contract Audit	N/A Contract Certificated	02/09/2021	13/09/2021
Waunfawr Primary	CRSA	Effective with opportunity to improve	03/09/2021	18/5/2022
EXT17C-LC20 Lansbury Park Phase 1	Contract Audit	N/A Contract Certificated	08/09/2021	13/09/2021
4747 - Ysgol Bro Sannan, Boiler Replacement	Contract Audit	N/A Contract Certificated	08/09/2021	13/09/2021
4745 - St Cenydd 6th Form Block, Boiler Replacement	Contract Audit	N/A Contract Certificated	08/09/2021	13/09/2021
EXT17C-LC20B Lansbury Park Phase 2	Contract Audit	N/A Contract Certificated	08/09/2021	23/11/2021
Supporting people grant	Grant certification	N/A Grant certification	13/09/2021	30/09/2021
Education Improvement Grant (EIG)	Grant certification	N/A Grant certification	16/09/2021	20/09/2021

<b>Audit Name</b>	<b>Audit Type</b>	<b>Audit Opinion</b>	<b>Audit Started</b>	<b>Audit Completed</b>
Pupil Deprivation Grant (PDG)	Grant certification	N/A Grant certification	16/09/2021	20/09/2021
Baseline Personnel Security Standards (BPSS)	Regularity	In need of improvement	21/09/2021	15/10/2021
Ysgol Gymraeg Bro Allta	CRSA	In need of improvement	24/09/2021	10/5/2022
Maescymmer Primary	CRSA	Effective with opportunity to improve	19/10/2021	27/01/2022
Upper Rhymney Primary school	CRSA	Effective with opportunity to improve	17/01/2022	06/05/2022
St Gwladys Primary School	CRSA	Effective	3/12/2022	01/04/2022
Graig y Rhacca Primary School	CRSA	In need of improvement	23/11/2021	11/05/2022
Data protection e-learning and training records	System review	In need of improvement	19/5/2021	28/4/2022
Regener8ing Cymru June 21	Grant certification	N/A Grant certification	01/11/2021	8/11/2021
Rec Rock May 21 no 1	Grant certification	N/A Grant certification	12/10/2021	12/10/2021
Go Connect Virtual Inclusion Programme April – June no 2	Grant certification	N/A Grant certification	12/10/2021	13/10/2021
The Twyn Primary	CRSA	Effective with opportunity to improve	5/11/2021	4/4/2022
Rhiw Syr Dafydd Primary	CRSA	Effective with opportunity to improve	19/11/2021	3/3/2022
YGG Caerfilli	CRSA	Effective with opportunity to improve	31/1/2022	3/3/2022
Hendre Infants	CRSA	In need of improvement	19/10/2021	4/4/2022
Hendre Juniors	CRSA	Effective with opportunity to improve	23/11/2021	17/2/2022
Coed Y Brain Primary School	CRSA	Effective with opportunity to improve	15/10/2021	01/04/2022
St James primary School	CRSA	Inadequate	27/10/2021	04/03/2022
Regener8ing Cymru August 21	Grant certification	N/A Grant certification	14/10/2021	16/10/2021
Llanceach Junior School	CRSA	Inadequate	27/10/2021	17/02/2022

<b>Audit Name</b>	<b>Audit Type</b>	<b>Audit Opinion</b>	<b>Audit Started</b>	<b>Audit Completed</b>
Machen Primary School	CRSA	Effective with opportunity to improve	4/11/2021	23/3/2022
Rhydri Primary School	CRSA	In need of improvement	5/11/2021	21/30/2022
Glyngaer Primary School	CRSA	Effective with opportunity to improve	4/11/2021	3/12/2021
YG Trelyn	CRSA	Effective with opportunity to improve	23/12/2021	17/05/2022
Llanfabon Infants	CRSA	Effective with opportunity to improve	15/11/2021	21/3/2022
Aberbargoed Primary School	CRSA	Effective with opportunity to improve	22/22/2021	12/4/2022
Fochriw Primary School	CRSA	Effective with opportunity to improve	1/12/2021	4/3/2022
Ystrad Mynach Primary	CRSA	Effective with opportunity to improve	6/12/2021	14/2/2022
Hendredenny Park Primary	CRSA	Effective with opportunity to improve	13/10/2021	22/4/2022
Libanus Primary School	CRSA	Effective with opportunity to improve	15/11/2021	4/4/2022
White Rose Primary	CRSA	In need of improvement	15/11/2021	28/02/2022
Ysgol y Lawnt	CRSA	Effective with opportunity to improve	20/20/2021	31/3/2022
Blackwood Primary School	CRSA	Effective	19/10/21	25/1/2022
Gilfach Fargoed Primary School	CRSA	Effective with opportunity to improve	15/11/2021	4/3/2022
Park Primary	CRSA	Effective with opportunity to improve	15/11/2021	4/3/2022
Pontllanfraith Primary School	CRSA	Effective with opportunity to improve	1/12/2021	31/3/2022
Trinant Primary School	CRSA	Effective with opportunity to improve	23/22/2021	9/3/2022
Crosskeys Boiler replacement	Contract Audit	N/A Contract Certificated	4/10/2021	18/10/2021
Heolddu Comprehensive	CRSA	Effective	3/3/2022	8/3/2022



<b>Audit Name</b>	<b>Audit Type</b>	<b>Audit Opinion</b>	<b>Audit Started</b>	<b>Audit Completed</b>
Rec Rock June/July /August 21 No 2	Grant certification	N/A Grant certification	18/10/2021	11/02/2022
Regener8ing Cymru September 21	Grant certification	N/A Grant certification	2/11/2021	10/11/2021
Penmaen River bank erosion	Contract Audit	N/A Contract Certificated	17/12/2021	14/02/2022
WHQS 11b Pontlottyn	Contract Audit	N/A Contract Certificated	9/11/2021	17/01/2022
NFI student loans/HB	Regularity	Effective	9/11/2021	7/3/2022
NFI HB various HB matches 28.1, 32.1, 49.1	Regularity	Effective	24/2/2022	7/3/2022
NFI Payroll matches 66, 67	Regularity	Effective	20/9/2021	24/5/2022
NFI Blue badge matches	Regularity	Effective	8/11/2021	24/5/2022
NFI Council Tenants to HMRC income / capital	Regularity	In need of Improvement	18/2/2022	5/4/2022
NFI CTRS to HMRC	Regularity	In need of Improvement	28/10/2021	25/5/2022
NFI Duplicate purchase ledger records	Regularity	Effective with opportunity to improve	1/4/2021	25/5/2022
NFI Payroll / Companies House	Regularity	Effective	16/2/2022	28/3/2022
Idris Davies School	CRSA	Effective with opportunity to improve	5/1/2022	17/02/2022
YGCwm Rymni	CRSA	Effective with opportunity to improve	5/1/2022	28/2/2022
Lewis Girls school	CRSA	Effective with opportunity to improve	6/1/2022	28/1/2022
Cwrt Rawlin Primary School	CRSA	In need of improvement	14/3/2022	20/5/2022
George St Steps	Contract Audit	N/A Contract Certificated	1/2/2022	16/2/2022
WHQS 18c	Contract Audit	N/A Contract Certificated	8/2/2022	16/2/2022
WHQS External Works Mount St Pontlottyn	Contract Audit	N/A Contract Certificated	11/2/2022	22/2/2022
Rec Rock No 3	Grant certification	N/A Grant certification	16/2/2022	3/3/2022
Rec Rock No 4	Grant certification	N/A Grant certification	21/2/2022	3/3/2022
Go Connect Virtual Inclusion Programme no 3	Grant certification	N/A Grant certification	21/2/2022	3/3/2022
WHQS Rudry Trapwell	Contract Audit	In need of improvement	22/3/2022	22/4/2022



<b>Audit Name</b>	<b>Audit Type</b>	<b>Audit Opinion</b>	<b>Audit Started</b>	<b>Audit Completed</b>
T1095 Nantgarw Cemetery	Contract Audit	N/A Contract Certificated	24/3/2022	22/4/2022
NFI NNDR Covid grant matches	Regularity	Effective	10/3/2022	16/3/2022
Covid 19 business grants	System compliance	Effective	10/3/2022	20/4/2022
Go Connect Virtual Inclusion Programme no 4 Final	Grant certification	N/A Grant certification	8/3/2022	16/3/2022
NFI match 120	Regularity	Effective	12/1/2022	12/5/2022
TH1321 Traffic signs	Contract Audit	N/A Contract Certificated	28/3/2022	12/5/2022

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## GOVERNANCE AND AUDIT COMMITTEE - 14<sup>TH</sup> JUNE 2022

**SUBJECT: DRAFT ANNUAL GOVERNANCE STATEMENT 2021/22**

**REPORT BY: HEAD OF FINANCIAL SERVICES AND S151 OFFICER**

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### **1. PURPOSE OF REPORT**

- 1.1 To present Members of the Governance and Audit Committee with the Draft Annual Governance Statement (AGS) for the 2021/22 financial year.

### **2. SUMMARY**

- 2.1 The report provides details of the Draft Annual Governance Statement (AGS) for 2021/22.
- 2.2 Good corporate governance requires the active participation of members and officers across the council drawing on their skills and knowledge and the document reflects this input. The AGS also includes updates on the areas for improvement noted in the AGS for 2020/21 and identifies any new issues arising in 2021/22.

### **3. RECOMMENDATIONS**

- 3.1 The Governance and Audit Committee is asked to consider the Draft Annual Governance Statement for 2021/22 and endorse the content subject to any changes agreed.

### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1 To ensure that the Annual Governance Statement is considered by the Governance and Audit Committee prior to its inclusion in the 2021/22 Draft Financial Statements.

### **5. THE REPORT**

- 5.1 The Draft AGS 2021/22 is attached as Appendix 1 to allow the members of the Governance and Audit Committee to consider its contents.
- 5.2 The document has been prepared by the Corporate Governance Review Panel and

the Panel has considered responses from Heads of Service, Directors and key officers in this process, and has included these as appropriate.

- 5.3 As part of this process, the previous year's AGS (2020/21) has been reviewed by the Panel to assess progress on addressing issues raised and these have been updated within the document.
- 5.4 The Panel has also identified any issues for improvement that need to be reported in the 2021/22 AGS.
- 5.5 The Draft AGS will be incorporated into the 2021/22 Draft Financial Statements which will be handed over to Audit Wales on the 30<sup>th</sup> June 2022 for the external audit to be completed.
- 5.6 The audited 2021/22 Financial Statements and External Auditor's report will be presented to the Governance and Audit Committee and Council in October 2022.

### **Conclusion**

- 5.7 The Draft Annual Governance Statement (AGS) for 2021/22 has been prepared by the Corporate Governance Review Panel. Work undertaken to address issues raised in the previous AGS has been assessed by the Panel and it has been determined that good progress has been made in addressing those issues.
- 5.8 One specific action has been identified moving forward in the 2021/22 Statement

## **6. ASSUMPTIONS**

- 6.1 It is assumed that during the annual governance review process only those issues of corporate significance will be highlighted for consideration within the Annual Governance Statement (AGS).

## **7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

- 7.1 The Council will be unable to deliver its Well-being Objectives in the absence of effective corporate governance arrangements.
- 7.2 Strong corporate governance arrangements are a key element in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met.
- 7.3 There are no other implications arising from this report in relation to other equalities issues.

## **8. FINANCIAL IMPLICATIONS**

- 8.1 There are no direct financial implications arising from this report.

## **9. PERSONNEL IMPLICATIONS**

- 9.1 There are no direct personnel implications arising from this report

## **10. CONSULTATIONS**

- 10.1 The Draft AGS has been considered by the Corporate Governance Review Panel and all Directors and Heads of Service have been consulted. All comments have been reflected in the draft AGS attached as Appendix 1.

## **11. STATUTORY POWER**

- 11.1 Local Government and Elections Act 2021

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Appendices:

Appendix 1 Draft Annual Governance Statement 2021/22

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## Draft Annual Governance Statement 2021/22

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### 1. Background

- 1.1 The Governance Framework comprises the systems, processes, culture and values by which the Council is directed and controlled and the activities through which it accounts to, engages with, and leads the community.
- 1.2 The system of internal control is a significant part of that framework. The system of internal control is based on an ongoing process designed: -
- To Identify and prioritise the risks to the achievement of the Council's policies, aims and objectives.
  - To evaluate the likelihood and impact of those risks being realised.
  - To manage the identified risks effectively.

### 2. Scope of responsibility

- 2.1 The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also had a duty under the Local Government Act 1999 and the now revoked Local Government Measure (Wales) 2009 to make arrangements to secure continuous improvement in the way in which its functions are exercised. The Local Government and Elections (Wales) Act 2021 (Part 6 chapter one) provides for a new and reformed legislative framework for local government elections, democracy, governance and performance. A principal council has a duty (Section 89) to keep under review the extent to which it is fulfilling the 'performance requirements' that is, the extent to which: -
- it is exercising its functions effectively;
  - it is using its resources economically, efficiently and effectively; and
  - its governance is effective for securing the above.

We also have a duty to consult a range of people and to report on performance (Sections 90 and 91).

- 2.2 The Well-being of Future Generations (Wales) Act 2015 places a duty on public bodies to carry out sustainable development in setting its objectives. To do this we have set and published Well-being Objectives including the steps we will take, and the resources we will need to deliver them.
- 2.3 Audit Wales and the Future Generations Commissioner accept that public bodies will publish one set of objectives covering improvement and well-being and there is an expectation that the Corporate Plan, which encompasses the Well-being Objectives is reviewed annually.
- 2.4 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 2.5 The Council 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'. The Code can be accessed through the link below: -

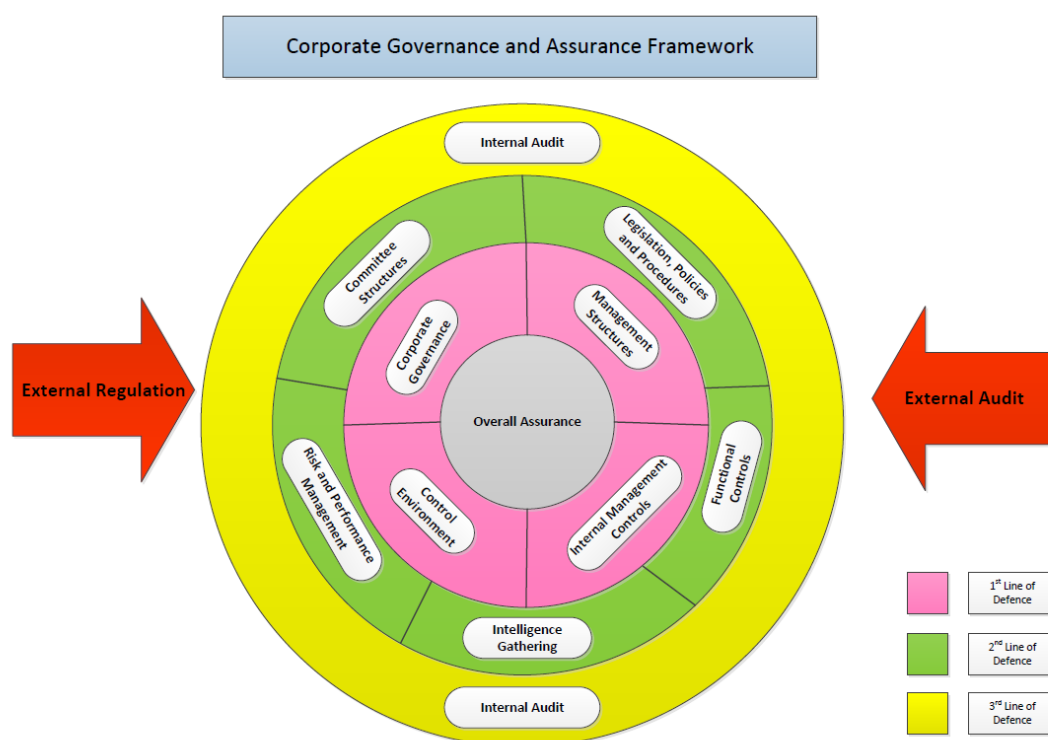
[Link to Code of Corporate Governance](#)

## Draft Annual Governance Statement 2021/22

- 2.6 The Annual Governance Statement (AGS) explains how the Council has complied with the Code and 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.

### 3. The purpose of the governance framework

- 3.1 The governance framework comprises the systems, processes, culture and values, by which the Council is directed and controlled and the activities through which it accounts to, engages with, and leads the community.
- 3.2 During the 2016/17 financial year an Assurance Framework was produced as a diagrammatic representation of the governance and assurance processes that are in place. The Framework was endorsed by the Audit Committee in December 2016 and continues to be relevant. Its purpose is to provide clarity and understanding of the connections between functions and activities that enable the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.



- 3.3 The system of internal control is an integral part of the 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 Council'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.



## Draft Annual Governance Statement 2021/22

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### 4. The governance framework

4.1 The following paragraphs describe the key elements of the systems and processes that comprise the Council's current governance arrangements: -

#### 4.1.1 ***Identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users.***

- The Council's Corporate Plan (2018-2023), approved by Council on 17 April 2018, sets out the Cabinet's commitments, priorities, and Well-being Objectives. A copy of the revised Plan is available through the link below: -

[Link to Corporate Plan](#)

- The Well-being Objectives were informed by the information from the local assessment of well-being carried out by the Caerphilly Public Services Board (PSB). The Corporate Plan includes our well-being statement detailing why we chose our objectives and how they will be monitored and resourced. The Plan is reviewed on an annual basis to ensure its continued relevance and at its meeting on 27 October 2021 the Council's Cabinet endorsed the relevance and continuation of the Well-being Objectives contained within the Plan.
- Long-term outcomes and interim performance standards have been established for each Well-being Objective and progress is reported via the relevant Scrutiny Committees on a six-monthly basis.
- Through our chosen objectives we contribute to the high level strategic PSB Well-being Plan for the county borough area ('The Caerphilly We Want 2018-2023'). Our Corporate Plan follows the same planning cycle to ensure alignment and because it is based on the same data and community.
- The Council's Annual Report tells citizens and service users how we have performed against the Well-being Objectives, as required under the Well-being of Future Generations (Wales) Act 2015 and for the last time in 2021 under the now revoked Local Government Measure 2009.
- The Corporate Plan, PSB Well-being Plan and Annual Report are endorsed by Council and communicated via media release.
- The Council structures its communications programme around the Council's Well-being themes with planned activity aligned to the chosen objectives as demonstrated in the Caerphilly newsletter and Place Shaping communications.

#### 4.1.2 ***Reviewing the Council's vision and its implications for the Council's governance arrangements.***

- The five PSBs in the region merged to form the Gwent PSB in September 2021 with Caerphilly CBC providing the secretariat. During 2021 and early 2022 the PSB partners produced a regional well-being assessment identifying over one hundred issues affecting well-being in Gwent, supplemented by twenty-two local community assessments. Residents, communities and others were consulted on the findings to check that they resonated with the lived experience to produce a new regional vision of well-being. The well-being assessment is being used to develop the next iteration of the well-being plan, which will be set on a Gwent regional footprint.
- The Corporate Plan is regularly reviewed and refined to ensure we have employed the sustainable development principle to reflect our changing aspirations, at a local and national level. A yearly review is conducted and reported to Cabinet with the most recent report being considered and approved on 27 October 2021
- A performance management framework is established and is routinely reviewed to ensure it is fit for purpose.
- The Council has used the information in the local assessment of well-being which identified the well-being needs and strengths of the area. The Council is a facilitating partner in the PSB and leads on the data assessment work. This data assessment

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is a regularly updated online form. We use this data to ensure we are supporting the economic, environmental, social and cultural well-being of the area.

- Due to the ongoing Covid-19 restrictions this mainly took the form of an online survey accessed through a QR code asking similar questions about people's perceptions of well-being across the region. In Caerphilly county borough online engagement sessions were held in each of the five local community areas using the same question set as a basis for a conversation about well-being. The evidence published in the regional and local well-being assessments is now being used to develop the well-being plan for Gwent in May 2023.
- In May 2017, the Cabinet determined its five-year plan. This approach was taken as part of the sustainable development principle to take a longer-term view, consider how we may improve well-being, how we integrate our activity with others, particularly through collaborating with partners and our communities.
- Delivering the Well-being Objectives of the Council has taken account of the statutory guidance for public bodies under the Well-being of Future Generations (Wales) Act 2015. The Council has updated its risk registers, planning tools, self-evaluation and reporting templates.
- The Council has continued to work on its transformation programme through the Team Caerphilly - Better Together Strategy and has developed a programme of ten corporate reviews to drive the change forward. These have been developed in the light of engagement with staff and the learning from the changed working practices brought about by the Covid-19 pandemic. The reviews were agreed by Cabinet on 22 July 2020 and continue to be reviewed for relevance and progress. The Council has reviewed the wider implications of Covid-19 on communities and has implemented a Strategic Recovery Framework to help communities overcome the worst effects of the pandemic, adopted by Cabinet on 30 September 2020. A new Well-being and Place-shaping Framework was also adopted by Cabinet on 24 February 2021.
- The governance arrangements for the transformation programme include a Programme Co-ordination Group and the Programme Board.

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

- A new performance framework has been established and was approved by Cabinet on 26 February 2020. This performance framework has a number of component parts: -
  - Corporate Performance Assessment (CPA).
  - Directorate Performance Assessments (DPAs).
  - Service Planning.
  - Risk Management.
  - MyTime Extra.
- **Corporate Performance Assessment (CPA)** - The CPA dashboard is used by the Corporate Management Team (CMT) and Cabinet to monitor the Council's progress in delivering its strategic priorities, identifying and challenging areas of underperformance and discussing and agreeing any remedial actions that may be required. The dashboard provides a graphical and easily accessible overview of: -
  - Progress against CMT priorities, Directorate Management Team (DMT) priorities, Wellbeing Objectives, and the Team Caerphilly transformation programme.
  - Budget position (over / underspend) by Directorate.
  - Corporate risk position.
  - Sickness absence position by Directorate and Service.
  - Workforce position (starters and leavers).
  - Complaints and compliments received by Directorates.
  - Public Accountability Measures.

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- Freedom of Information requests received and compliance.
- The CPA dashboard is reviewed by CMT on a routine basis as well as being presented twice-yearly to Cabinet. The dashboard provides a position of the organisation at a point in time and enables constructive challenge and ultimately improvement activity to be agreed.
- **Directorate Performance Assessments (DPA's)** - The CPA dashboard is underpinned by a more detailed set of Directorate Performance Assessment (DPA) dashboards. DPAs provide Directorate Management Teams with a range of data to keep progress under review, drive performance improvement and manage resources, intelligence and risks. Information in the DPA dashboards is grouped as follows: -
  - Overall summary of the quarter.
  - Progress on Directorate priorities.
  - Performance data.
  - Customer intelligence.
  - Resources – financial, workforce and assets.
  - Risk Register.
  - Well-being Objectives.
  - Lessons learned.
  - Conclusion.
- The DPAs are received by Directorate Management Teams on a routine basis providing opportunities to account for progress, challenge performance and agree improvement activity. The DPA's are shared with relevant Scrutiny Committees twice-yearly.
- The framework is different from the previous process by joining a wide range of different information in the one place to form an overall self-assessment of the Directorate. This provides a “single source of the truth” and makes it easier to identify reasons for self-assessment learning and judgements.
- **Service Planning** – The approach to service planning centres on a Directorate service planning workshop which takes place in February each year, if required by the relevant Director.
- In advance of the workshop, Heads of Service are tasked with working through a set of questions with their staff to identify key priorities and targets for the year ahead; recognise service contributions to the wellbeing objectives; propose measures of success; and define potential risks.
- In 2021 Cabinet Members were invited to workshops to provide a political leadership perspective on Directorates emerging priorities
- The final priorities are transposed into the DPA and CPA dashboards for quarterly review. The outputs are also incorporated into the MyTime Extra review process as well as being published and distributed as a booklet to staff from across the service.
- Where services have existing mechanisms in place for setting priorities (for example Education have robust processes that meet ESTYN requirements), they will populate the DPA dashboards with the relevant information before the beginning of the financial year.
- **Risk Management** - The monitoring of risk is now embedded within the CPA and DPA dashboards rather than existing as a standalone document. As such, risks are monitored quarterly by Corporate Management Team and Directorate Management Teams with risk levels and mitigating actions being discussed and agreed.
- The CPA contains the organisation's ‘high level risks’ and is owned and updated by CMT. DPAs contain Directorate as well as CMT risks. The Council's risk position continues to be reported twice-yearly to the Governance & Audit Committee.
- **MyTime Extra** – The Council has implemented a replacement for the Personal Development Review (PDR) process for all staff. The new approach is still undertaken formally on an annual basis (MyTime Extra) and has been rolled out across the Council, albeit that there have been some delays due to the ongoing impact of Covid-19. The new approach is based on a set of principles to support

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annual meetings with staff to explore what has gone well and not so well and to set goals and priorities for the following year. The concept has been introduced as part of the Team Caerphilly transformation programme. The annual discussion enables staff to reflect on their prior year achievements, discuss any learning that has emerged, define their contribution to the service objectives defined at service planning workshops, and to explore their training and development needs. MyTime Extra enables a specific link to be made between the work of the individual and the priorities of the organisation.

- The Council's performance framework as set out above provides Cabinet, Scrutiny Committees, CMT and DMTs with a regular and embedded mechanism for monitoring progress, managing performance, and driving improvement. The dashboards provide a 'single source of the truth', enable key aspects of performance to be discussed, actions to be agreed and learning to be generated. The ability to specifically link individual contributions to organisational goals provides a platform for every employee to understand how they fit and to be recognised for the part they play in delivering the Council's objectives.

### 4.1.4 ***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 Cabinet supported by a framework of Statutory and Scrutiny Committees. Delegated decisions made by authorised senior officers, under the scheme of delegation, are posted on the intranet, when appropriate. The CMT has no collective decision-making powers.
- The Council's Constitution is a living document and is reviewed and refreshed on a regular basis to reflect current legislation and working practices. In addition to the Annual Report presented to the Annual Meeting of Council each May, ad hoc reports are presented to Council in relation to any proposed changes to the Constitution. In addition, Members approved that overseeing the Constitution should be added to the terms of reference of the Council's Democratic Services Committee.
- 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 corporate governance pages on the Council's intranet. These arrangements have now been formally embedded within the Council's governance arrangements.
- Moving forward, one of the ten corporate reviews being undertaken as part of the Team Caerphilly transformation programme will focus on decision-making. The review will consider whether: -
  - Governance arrangements are in place that keep us safe while supporting modern ways of working.
  - Cabinet decision-making arrangements focus appropriately on Council-wide strategic issues.
  - Scrutiny Committees focus Committee time on Council wide strategic issues aligned to the Cabinet Forward Work Programme.
  - Delegated Decision-Making capability is introduced for individual Executive Members with appropriate thresholds and safeguards in place.

### 4.1.5 ***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 both elected members and officers. These incorporate procedures for the disclosure of personal 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.

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- All declarations of member gifts and hospitality are reported to the Council's Standards Committee. For officers a quarterly update is given to the Council's Governance & Audit Committee.
- The Council has developed a Workforce Development Strategy and one of the actions arising from it will be to review management and leadership learning and development requirements and opportunities to ensure current and future managers and leaders have the necessary skills to deliver the vision of the Team Caerphilly transformation strategy.
- Customer Services standards have been introduced as standards of behaviour adopted by the Council that all staff should be adhering to.

### **4.1.6 *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. One of the ten corporate reviews currently underway is focusing on decision making to ensure that the Council's governance arrangements keep us safe while supporting modern ways of working.
- 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 Registers and Service Level Risk Assessments. These are all key elements of the performance framework that was approved by Cabinet on 26 February 2020.
- The Council has formally agreed a Risk Management Strategy which was originally endorsed in 2013 and updated in 2017. More recently, an updated Risk Management Strategy was approved by the Governance and Audit Committee on 25 January 2022.
- The Corporate Risk Register is reported to the Governance and Audit Committee twice-yearly, with CMT providing quarterly updates through the CPA. Cabinet also receives mid-year and year-end updates as part of the Corporate Performance Assessments.

### **4.1.7 *Undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities.***

- The Council has appointed a Governance & Audit Committee, with terms of reference that comply with CIPFA guidelines. These extend to monitoring and reviewing the adequacy of the governance framework.
- Training for new members of the Committee and refresher training is carried out periodically and at least twice in a Council term. Ad-hoc training is provided as required or where specific needs have been identified.
- The Terms of Reference are reviewed annually and are updated. The latest review was completed in February 2021 and reported to the Committee on 19 March 2021.
- Lay members have been appointed in accordance with the Local Government and Elections Act (Wales) 2021 in readiness for the new municipal cycle starting in May 2022.

### **4.1.8 *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 the following: -
  - Corporate Management Team.
  - Directorate Management Teams.

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- Heads of Service.
- Head of Legal Services & Monitoring Officer.
- Head of Financial Services & S151 Officer.
- Senior Information Risk Owner (SIRO).
- Data Protection Officer.
- Internal Audit.
- External Audit.
- Performance Management Framework.

- The Head of Legal Services & Monitoring Officer and the Head of Financial Services & S151 Officer routinely attend each formal meeting of the Corporate Management Team and they also attend all Cabinet meetings. Furthermore, the standard committee reporting procedure and report template requires these Officers to examine reports to the Executive for compliance with legal and procedural issues. The report template also includes a section on financial implications which is reviewed by the Head of Financial Services & S151 Officer.
- In addition to the above, the Council has a Deputy Monitoring Officer and a nominated Finance Manager will represent the Head of Financial Services & S151 Officer when required. This ensures that adequate cover for these roles is in place during periods of sickness absence or annual leave.

### **4.1.9 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. This is overseen by senior officers within the Council 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 Governance & Audit Committee has continued to play a more proactive role in monitoring the level of complaints and the procedures that are in place, with reports being presented periodically. In addition, individual Scrutiny Committees may receive reports on complaints when requested.
- There are a number of avenues for members of the public to report concerns, complaints and other matters.
- One of the corporate reviews currently underway includes a review of complaints handling, with the aim being to ensure consistency across the Council together with the consideration of the introduction of a centralised complaints logging system.

### **4.1.10 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 through the staff appraisal process, senior officers participate in management development training.
- It had previously been recognised that the induction and training of members was sporadic in respect of some committees. In order to address this issue Council approved the implementation of a new, more focused training regime for members which includes the identification of certain aspects of training as mandatory.
- A training needs analysis is carried out every 18 months by Democratic Services to help members identify their own development needs and a training programme is then put together as a result of the analysis.
- The Council has previously undertaken a successful senior member development programme, which was a training framework for members who hold or aspire to hold senior office.
- A review of induction arrangements for officers is being undertaken as this area can be improved. Although some progress has been made with developing an I.T. solution, this is still in progress and needs review in line with the impact of the GDPR.
- As mentioned in Section 4.1.5 leadership and development competencies are being reviewed to identify effective behaviours that are needed to deliver the vision of the

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Team Caerphilly transformation strategy, and the skills and values required from all staff. A new fixed-term Principal Human Resources Officer has been appointed to assist with this work.

### **4.1.11 *Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation/engagement.***

- The Council has a strategically embedded corporate communication strategy which defines the way the Council will communicate with its staff residents, partners and other stakeholders. In February 2020, the Council also adopted its Consultation and Engagement Framework, setting out a series of high-level principles which build upon the way the Council engages with its citizens and supports enhanced consultation and engagement activity across communities. The framework complements the principles within the Corporate Communication and Engagement Strategy and also has clear links to the Council's Team Caerphilly transformation strategy. The framework's intentions are: -
  - To highlight the continued importance of effective consultation and engagement and the clear strategic link to the decision-making process.
  - To demonstrate the key role that engaged, empowered communities have in supporting the future proofing of Council services.
  - To provide a clear definition of engagement and explain the 'Spectrum of Engagement'.
  - To outline the principles and standards that underpin meaningful engagement and consultation.
- Since its adoption, the Council has made good progress in building upon these intentions. Internally, the Council's engagement team have organised a series of awareness raising/information sessions for staff on effective consultation and engagement.
- The Council has also undertaken a number of significant consultation exercises since the framework's inception. The "Caerphilly Conversation 2021" was a far-reaching resident survey which sought resident views on a wide range of subject areas, including satisfaction with Council services, the response to Covid, service transformation going forward and the role of communities. This was followed up by a similar but shorter survey in 2022.
- The feedback from these surveys has been shared with CMT, Cabinet and the wider staff group, with the expectation of Leader being that key feedback is incorporated into future service planning.
- A key element of the 2021 survey was a section on the role of communities. Communities highlighted they felt it would be beneficial to have a fund which would allow them to undertake projects of their own to meet community need. Directly from this, in the 2021/2022 council budget, the Community Empowerment Fund was established. The £328,000 annual fund is available on a ward-basis and facilitates projects that meet a number of key criteria established by the communities themselves

### **4.1.12 *Incorporating good governance arrangements in respect of partnerships and other group working as identified in the CIPFA Framework "Delivering Good Governance in Local Government" and reflecting these in the Council's overall governance arrangements.***

- The Council has adopted a partnerships and collaborations framework which specifies the minimum governance requirements in respect of all the Council's partnerships and the enhanced requirements in respect of its key partnerships.
- In addition, the framework sets out the requirements for creating new partnerships and collaborations and importantly includes the arrangements for disbanding and exiting arrangements.

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- The Council maintains details of all current partnerships and collaborations; this is reviewed and updated bi-annually and reported to the Corporate Governance Review Panel and Governance & Audit Committee periodically.
- The Council has long-standing partnership arrangements with the third sector and has enshrined these in its joint agreements. In 2013 this agreement brought in the PSB partners, third sector organisations, Community and Town Councils and the Caerphilly Business Forum. The Third Sector Partnership Agreement has been updated to align with the PSB's Well-being Plan, "The Caerphilly We Want 2018-2023" and was signed by all PSB organisations in July 2019. From 2021 partnership governance started to be developed to provide a framework for the up-and-coming Gwent Regional Well-being Plan.

### **5. Review of effectiveness**

5.1 The Council 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 Review Panel (which has responsibility for the development and maintenance of the governance environment), the Internal Audit Manager's annual report, and 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 Council's policies are put into place.
- 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.

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

#### **5.2.1 Corporate Level Review**

- A Corporate Governance Review Panel has been established to oversee the compilation of the Annual Governance Statement. Membership of the Panel is as follows: -
  - Corporate Director for Education & Corporate Services (Chair).
  - Head of Financial Services and S151 Officer.
  - Head of Legal Services & Monitoring Officer.
  - Head of Transformation.
  - SIRO/Head of Customer & Digital Services.
  - Internal Audit Manager.
  - Cabinet Member for Performance, Economy & Enterprise.
  - Chair of Governance & Audit Committee.

#### **5.2.2 Directorate Level Review**

- The Council adopts Directorate Assurance Statements requiring members of the Corporate Management Team to review the operation of a range of governance systems and procedures within their service areas, and to indicate whether there are any significant non-compliance issues. These are analysed by the Corporate Governance Review Panel 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.



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- The new performance management framework has resulted in the introduction of Directorate Performance Assessments (DPA's) as detailed in Section 4.1.3.

### **5.2.3 Scrutiny Committees**

- The Council has Scrutiny Committees which 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.

### **5.2.4 Governance & Audit Committee**

- The Council has appointed a Governance & Audit Committee whose terms of reference comply with the latest CIPFA guidelines. These extend to monitoring and reviewing the adequacy of the governance framework.
- Periodic ad-hoc training and development sessions are held for members of the Committee to ensure that they are equipped with the knowledge required to effectively undertake their roles.
- Lay members have been appointed to the Committee in line with the requirements of the Local Government and Elections (Wales) Act 2021.

### **5.2.5 Standards Committee**

- The Council has appointed a Standards Committee in accordance with the provisions of the Local government Act 2000 and associated regulations. Its terms of reference are set out in the Council's Constitution.

### **5.2.6 Business Improvement Team (BIT)**

- The Business Improvement Team (BIT) is responsible for implementing and maintaining the Council's performance management framework. The Team supports and challenges the Council as a whole, and individual services, to continuously improve using relevant data and the team also supports the programme of service reviews that are being undertaken as part of the Team Caerphilly – Better Together transformation programme.
- The BIT is part of the Council's Service Improvement and Partnership Unit which includes Policy, Equalities, Welsh Language and voluntary sector support. This has strengthened our approach to performance management by reinforcing the links to our policy and planning activities. It has enhanced our ability to respond to the requirements of the Well-being of Future Generations (Wales) Act 2015 in terms of having a lead role within the Public Services Board (PSB), demonstrating our own contribution to the well-being goals for Wales, delivering our Well-being Objectives, and embedding the sustainable development principle.
- The BIT also works with the Council's external auditors to co-ordinate audit and inspection.

### **5.2.7 Information Governance**

- The Council's Information Governance structure continues to provide assurance that information is used appropriately and kept securely.
- The Head of Customer & Digital Services is the Council's Senior Information Risk Owner (SIRO), and the Procurement and Information Manager is the Deputy SIRO.
- The SIRO's role is to assure the Council's information through implementation of the Information Risk Management Policy.
- The process for Heads of Service, as Information Asset Owners, to submit half-yearly information risk returns to the SIRO continued throughout 2021/22. The process provides the SIRO with enhanced visibility to ensure risks are reported appropriately, measures to reduce risk are effective across all services, and information risk management is embedded into the culture of the organisation.
- Information Security reports directly to the Procurement and Information Manager. The recruitment of a dedicated IT Security Manager is planned for 2022/23 to

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- increase capacity in response to increasing cyber security risks together with an 'apprentice'.
- Dedicated IT (cyber) security sessions have been undertaken with Elected Members, the Leadership Team and Management Network via Silverthorn Associates. Officers have also participated in the Welsh Government funded Bob's Business 'Phishing' campaign, which included raising awareness and training. Regular updates on IT security are provided to CMT for their consideration, which has resulted in the Chief Executive raising awareness of this key risk amongst all staff and elected members.
  - The Data Protection Officer (DPO) required by Article 37 of GDPR is the Information Governance Manager. This post provides DPO reports to CMT via the SIRO and the relevant Cabinet Member quarterly. The post also fulfils the DPO function for all of the Council's Schools via a Service Level Agreement and works closely with Legal Services via the Exemption Panel.
  - A network of Information Governance (IG) Stewards within each Service Area assist Heads of Service in assuring their information by communicating key messages on IG policies and training and developing and maintaining a GDPR compliant Record of Processing Activities via Information Asset Registers and Privacy Notices.
  - Investment in Information Governance continued throughout 2021/22 with the contract for the existing Information Compliance Officer extended for an additional year and two additional Information Compliance Officers recruited in March 2022 on two-year fixed term contracts to improve the Council's data protection and access rights (Freedom of Information Act 2000 and Environmental Information Regulations 2004) compliance.
  - Encouraging effective records management practices across the Council including during the set-up of new technologies, will continue, to ensure records repositories are well managed and to encourage services to make the best use of Council data.
  - Effective records management, especially of electronic formats, will also help to address growing demands of information rights requests whilst staff Council-wide work in an agile way. The potential to automate aspects of information requests is being explored, alongside other measures to manage the volumes of requests received.
  - Information Governance and IT Security continue to work closely together, and this will continue moving forward.
  - Priorities during 2022/2023 will include continuing to improve the content, governance and security of records, continue to improve compliance with data protection and access rights and develop and implement a cyber-security strategy and associated action plan to build on staff, management and elected member awareness. Separate Corporate and Education Cyber Security Forums will be set up on a recurring basis.

### 5.2.8 **Internal Audit**

- Internal Audit Services 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.
- During 2017/18 the Internal Audit Services' conformance with the Public Sector Internal Audit Standards (PSIAS) was subject to external peer review which determined that with the exception of a few minor issues the Section was compliant. A new review cycle has now been entered into and plans are in place for a further external review to take place in 2022/23.
- During the last 2 years a number of the Internal Audit Team staff have left the Council's employment due to retirement or resignation. However, good progress has been in recruiting to these posts with just one vacant post now remaining. Furthermore, the capacity of the team has been increased and three members of staff are now studying for formal qualifications.

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- During the 2021/22 financial year an Anti-Fraud Strategy has been drafted and this was presented to the Governance and Audit Committee on 14 June 2022 for endorsement. The Strategy will be underpinned by an action plan that will be presented to the Committee on 11 October 2022.
- Based on the audit work undertaken during the 2021/22 financial year the Acting Internal Audit Manager has concluded that overall the Council's systems and control procedures are effective.

### 5.2.9 **External Audit (Audit Wales)**

- The Council receives Audit Wales' reports on the annual statement of accounts, and other areas such as financial management and the financial position, performance management, risk management and governance.
- In January 2022, Audit Wales issued its Annual Audit Summary for Caerphilly County Borough Council, which is available through the link below: -

[Caerphilly County Borough Council – Annual Audit Summary 2021 | Audit Wales](#)

- In May 2021, Audit Wales issued its report 'Delivering Good Governance – Caerphilly County Borough Council'. Initially it was planned that this report would be based on a review that would answer the question '**Is the Council improving its governance arrangements so that they support its transformation agenda**'? However, for reasons set out in the report, Audit Wales instead focused more narrowly on the robustness of the Council's arrangements for the delivery of its Transformation Strategy.
- Overall, the report found that aspects of the Council's arrangements are not yet sufficiently well developed to support the increasing scale of the Council's wide-ranging transformation programme. The report included five matters for consideration and an action plan was developed setting out how the Council will respond to these matters.
- The Audit Wales report and the Council's Action Plan are available through the following links: -

[Caerphilly County Borough Council – Delivering Good Governance | Audit Wales](#)

[Link to Action Plan](#)

- In July 2021, Audit Wales published a report on its financial sustainability assessment of Caerphilly County Borough Council. Overall, the report concluded that the Council continues to have a strong financial position, although its current medium-term financial plan is underdeveloped. The report is available through the link below: -

[Caerphilly County Borough Council – Financial Sustainability Assessment | Audit Wales](#)

- The report contains three proposals for improvement linked to strengthening medium-term financial planning, setting the annual revenue and capital budgets, and defining the financial benefits arising from the Council's Transformation Programme.
- The proposals for improvement have been accepted by the Council and align with the outcomes already agreed for the Sustainable Financial Planning Review, which is one of ten corporate reviews established as part of the Council's Transformation Programme.

### 5.2.10 **Extraordinary events – Coronavirus (Covid-19)**

- The emergence of the Coronavirus across the world posed a significant and unprecedented challenge to our way of life and the way in which the Council has provided services during the year.
- In response to the pandemic the Council refocussed, repurposed and reshaped its priorities and how it works within a very short timescale. This has ensured that we

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were best placed and equipped to respond to the immediate needs of our communities.

- The lockdown restrictions initially made it impractical to convene any political decision-making meetings so decision-making was temporarily transferred to the Chief Executive in accordance with Part 3 of the Council's Constitution for the period 24 March 2020 to 17 June 2020. Urgent decisions made by the Chief Executive were posted on the Council's intranet following consultation with the Leader and/or Cabinet and were subsequently reported to full Council for information on 6 October 2020.
- The Local Authorities (Coronavirus) (Meetings) (Wales) Regulations 2020 introduced several changes to the mechanisms and regulations attached to Council decision-making functions. The Welsh Local Government Association (WLGA) issued a guidance note on the regulations for Councillors on 23 April 2020, which was distributed to all members
- The Council has worked towards bringing decision-making back online in a sensible, practical and manageable timeframe. Two of the key considerations in delivering this timetable were the availability of the technology to support remote decision-making and the extensive training and development programme that was required to ensure that every elected member can participate fully.
- The Council has incurred significant additional costs due to the pandemic and has lost income in several key areas. The key areas where additional expenditure has been incurred include Social Care, the provision of Personal Protective Equipment (PPE), Information Technology, the establishment of Community Hubs for childcare provision and Free School Meals.
- The main areas where income loss has been experienced include Leisure Centres, Tourism Venues and School Catering. Council Tax collection rates have also been adversely affected by the economic impact of the pandemic.
- During the 2020/21 and 2021/22 financial years the Welsh Government provided a significant financial support package through the Covid-19 Hardship Fund and a range of other specific grants to help Local Authorities manage the impact of additional costs and income losses. The Covid-19 Hardship Fund ceased on 31 March 2022 and the Council will now be required to meet any additional costs and income losses attributable to Covid-19 from its own resources. To help manage the short to medium-term ongoing financial impact of Covid-19 an earmarked reserve of £5m has been established by the Council.
- At its meeting on 30 September 2020 the Cabinet approved a Strategic Framework for Recovery setting out our strategic aim for recovery from the pandemic together with a set of underlying principles and values through which our recovery work will be guided.

### 5.3 **Review Outcome**

- The Council's governance arrangements are regarded as generally fit-for-purpose and are in accordance with the governance framework. The Council is committed to maintaining and improving the governance framework and resources are prioritised for this.
- The 2020/21 Annual Governance Statement identified five areas, listed below, where improvements could be made to strengthen existing processes and procedures during 2021/22. Progress has been monitored and reviewed during the year and an update is provided below: -

#### **1. The Council's Risk Management Strategy will be reviewed and updated as appropriate.**

**Update** – The revised Risk Management Strategy was endorsed by the Governance and Audit Committee on 25 January 2022.

#### **2. We will ensure that the Council's ability to mitigate cyber risk is effective given the escalating global threats. This will include the development of a Cyber Security Strategy.**

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**Update** - Dedicated IT (cyber) security sessions have been undertaken with Elected Members, the Leadership Team and Management Network via Silverthorn Associates. Officers have also participated in the Welsh Government funded Bob's Business 'Phishing' campaign, which included raising awareness and training.

The Draft Cyber Security Strategy was presented to the Governance and Audit Committee on 14 June 2022.

**3. We will implement the action plan to address the five key matters for consideration included in the Audit Wales report 'Delivering Good Governance – Caerphilly County Borough Council'.**

Update – The Delivering Good Governance action plan contained 5 matters for consideration and 18 actions to address them. Good progress has been made right across the action plan with many actions completed with the focus now moving to assess the effectiveness of the actions and to refine wherever necessary.

**4. We will address the proposals for improvement in the Audit Wales report 'Financial Sustainability Assessment – Caerphilly County Borough Council' through our ongoing Sustainable Financial Planning corporate review.**

**Update** - The process to develop the 2022/23 Draft Budget Proposals included Finance Managers having a series of meetings with Heads of Service to identify service pressures and potential savings, which were subsequently discussed with Directors. A number of meetings were also held with CMT and Cabinet to agree priorities in terms of growth bids and investments. A longer-term view was also included as part of the budget setting progress with a focus on a three-year timeline. This resulted in the early identification of a range of cost pressures that will require consideration moving forward and revealed a potential savings requirement of circa £9.7m for the two-year period 2023/24 to 2024/25.

The cost of living crises that has emerged in recent months will put further significant pressure on budgets and a report is scheduled for Cabinet in the autumn which will provide an updated Medium-Term Financial Plan (MTFP) alongside proposals to address the anticipated financial gap. The updated MTFP will be aligned to the emerging corporate priorities of the new administration and the Council's transformation programme. An updated Capital Programme will also be prepared covering the three-year period 2023/24 to 2025/26.

- The review of the Council's governance arrangements operating throughout 2021/22 has highlighted 1 area where further steps will need to be taken to ensure that sound governance arrangements are in place and are fit-for-purpose to deal with emerging issues: -
  1. An updated MTFP to be presented to the Cabinet in the autumn aligned to the emerging corporate priorities of the new administration and the Council's transformation programme.
- We propose over the coming months to take steps to address the above matter to further enhance our governance arrangements. We are satisfied that these steps will address the issue identified during the review process and we will monitor implementation.

**Signed: -**

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**Cllr Sean Morgan**  
**Leader of the Council**

**Christina HARRY**  
**Chief Executive**



## GOVERNANCE AND AUDIT COMMITTEE – 14TH JUNE 2022

**SUBJECT: INTERNAL AUDIT SERVICES: ANNUAL AUDIT PLAN 2022/23**

**REPORT BY: ACTING INTERNAL AUDIT SERVICES MANAGER**

### 1. PURPOSE OF REPORT

- 1.1 To seek Governance and Audit Committee approval of the Internal Audit Services Annual Audit Plan for the 2022/23 financial year.

### 2. SUMMARY

- 2.1 The Governance and Audit Committee is responsible for ensuring that risk and internal controls are adequately managed and monitored, and the work planned by Internal Audit will achieve the required levels of assurance.
- 2.2 The report provides details of the resources available and planned work programme for Internal Audit Services for 2022/23.

### 3. RECOMMENDATIONS

- 3.1 The Governance and Audit Committee is asked to approve the Internal Audit Services Annual Audit Plan for the 2022/23 financial year.

### 4. REASON FOR THE RECOMMENDATIONS

- 4.1 The work of Internal Audit Services provides assurance on the robustness of internal controls and the corporate governance arrangements operating within the Authority and identifies areas for improvement.
- 4.2 The Public Sector Internal Audit Standards (PSIAS) and the Council's Financial Regulations require that an annual plan is prepared to ensure that there is an effective and efficient use of audit resources, and those resources are directed to address areas of risk and to provide assurance for management as part of the Annual Governance Statement (AGS).

### 5. THE REPORT

- 5.1 The Internal Audit available staffing resources for the 2022/23 financial year is shown in the table overleaf. A minor staffing restructure has taken place and the resultant backfilling of

vacancies that arose during 2020/21 and 2021/21 has been substantially completed. There are currently 7 staff in post with one vacancy that has arisen as a result of the Assistant Manager undertaking the role of Acting Internal Audit Services Manager and one vacancy awaiting the new starter joining the team later in the month. In addition, an Audit Apprentice which was supernumerary was successfully appointed to a permanent position within the team during 2021/22.

- 5.2 The table below shows a forecast for the available man days for the year taking into account known staffing vacancies and an estimate for overheads or non productive time.

	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Total for year</b>
<b>Overheads</b>	89	119	118	119	445
<b>Vacant posts</b>	135	65	65	66	331
<b>Available man days</b>	347	388	388	387	1,510
<b>Total</b>	<b>571</b>	<b>572</b>	<b>571</b>	<b>572</b>	<b>2,286</b>

- 5.3 An allowance has been made for known overheads and unproductive time such as annual leave and bank holidays, study day release time and estimations made for other overheads such as sickness, leave of absence etc. In addition, time has also been allocated to mentoring and supervising newly appointed staff and developing their performance within the team.
- 5.4 There is an amount of the Internal Audit Manager's time that will need to be allocated to tasks such as supporting the Governance Panel, developing the Annual Governance Statement (AGS) and attending and reporting to Governance & Audit Committee. In 2022/23 additional time will be required for the Governance & Audit Committee as there will be a new committee in place together with an additional number of new Lay Members who will need support, training, and induction. That time has also been allocated to overheads.
- 5.5 There are a number of recurring regular audits relating to annual self-assessments of schools and other locations, together with grant certifications, and in 2022 the Council will be required to submit data to the National Fraud Initiative (NFI), with this being overseen by Internal Audit. Internal Audit Services also supports the role of Information Governance Steward for Corporate Finance. The days allocated to these specific areas are as follows: -

<b>Audit work</b>	<b>Estimated Days</b>
School SAQs	210
EIG grant	5
PDG grant	5
SP grant	5
NFI support	3
Information Governance	5
<b>Total</b>	<b>233</b>

- 5.6 The Acting Internal Audit Services Manager has requested that Directors, Heads of Service and CMT consult and identify any high-risk areas along with operational or strategic areas where they would like audits performed. A number of areas have been suggested for inclusion in the Audit Plan as shown in the table below: -

<b>Audit work</b>	<b>Estimated Days</b>
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Bed and Breakfast accommodation (Homelessness)	25
School Private Funds	15
Use of Purchase Cards in schools	30
Special Guardianship Orders	20
Social Services petty cash	15
Corporate Safeguarding	30
Blackwood Miners Institute	15
Supply chain issues	15
Cyber security	15
Cashless Strategy	30
NNDR Covid grant (c/f from 21/22)	10
NFI match investigations	30
<b>Total</b>	<b>250</b>

- 5.7 Other regularity work such as establishment visits are expected to recommence in 2022/23 after being suspended due to COVID-19. However, during the pandemic a new way of working was rolled out to all schools, where self-assessments were undertaken by the Headteachers. Feedback has been received from Education and this will be continued on an annual basis as this will also support the AGS process. The results of these audits will now be used to direct and inform targeted work where risks have been identified or further support may be needed, rather than rigidly sticking to a regular audit cycle.
- 5.8 The Internal Audit Team is exploring developing a similar self-assessment with other establishments such as Leisure Centres and Social Services. This would enable low risk routine operational processes to be assessed more regularly and would also allow audit resources to be concentrated on higher risk areas. There are a large number of these establishments that are overdue for routine audit due to COVID-19, so some catch up is required.
- 5.9 Unplanned and unscheduled work is also performed each year such as review of final accounts and contract compliance and the resource demand will vary depending not only on the number of these but the also the level of compliance with best practice and the council's Financial Regulations and Standing Orders within the contract process.
- 5.10 Other unplanned work may also arise for example participation in working groups, one-off audits, and investigations. There is one Police Investigation that is still ongoing, and some audit time will almost certainly be needed to support that process to completion of the prosecution.
- 5.11 Finance systems and processes are by their nature high risk, so an element of audit time is required to be allocated to the core financial systems e.g. Council Tax, NNDR, Purchase Ledger, and Payroll. Some areas such as Council Tax, NNDR and Housing Benefits have experienced significant resource demands arising from COVID-19 and there has been some backlog in audit coverage in these areas as a result of this. Specific audits will be agreed with the S151 Officer and Managers as demand and resources in those services stabilises.
- 5.12 A new anti-fraud strategy and a cyber-security strategy have been drafted and these are included separately on today's agenda. Financial and cyber fraud are considered to be significant risk issues and in order to embed these strategies effectively within the organisation resources will need to be allocated to the task.
- 5.13 Although no specific fraud staff are employed within the council, Internal Audit have traditionally undertaken this role. The Acting Internal Audit Manager has joined the Welsh Fraud Group and networking is being developed. Specific anti-fraud work was undertaken in 2021/22 such as COVID-19 grant data analytics, and this will be continued into 2022/23. NFI data matches should be released in February 2023 and audit staff have traditionally

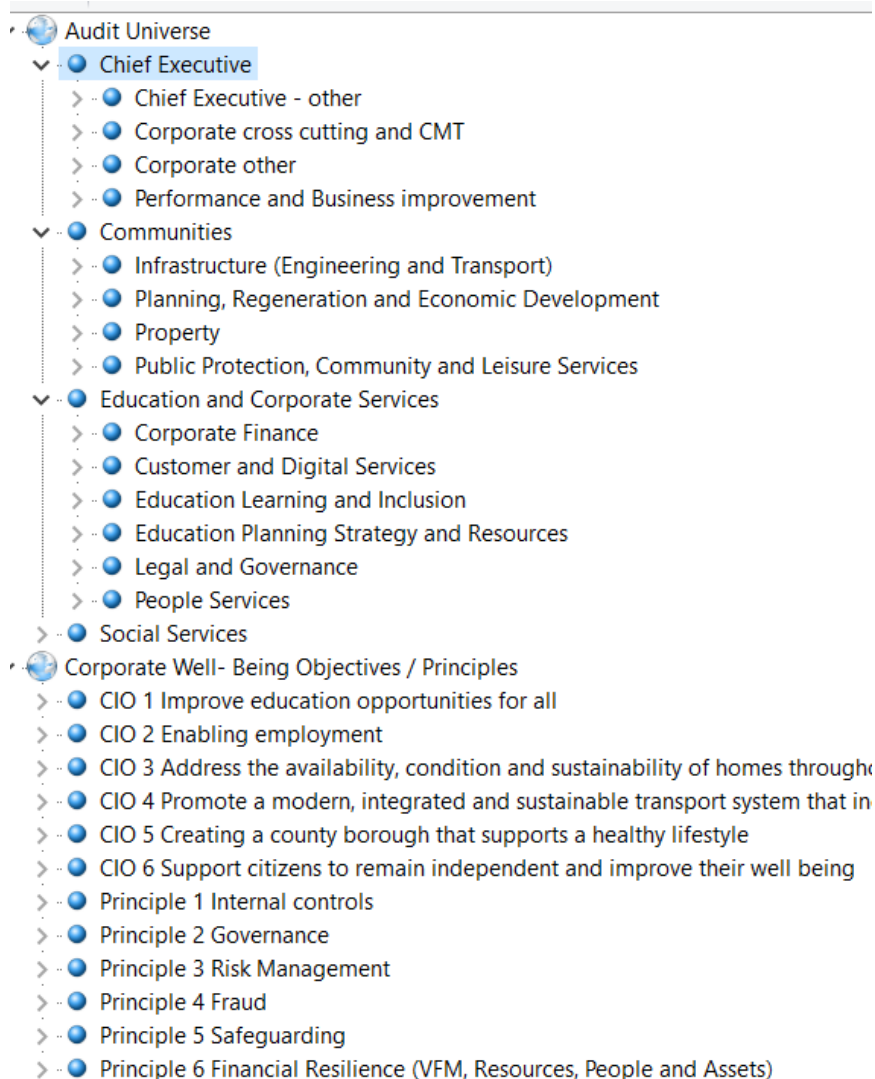
undertaken a significant proportion of the match investigations. Resources required for this will depend on the volume and nature of the matches reported.

5.14 The Acting Internal Audit Manager has been working on the update of the Financial Regulations and this work is nearing completion but will extend into 2022/23. The finalised document will then be presented to Governance Panel and Governance and Audit Committee.

5.15 The Pentana MK Audit system allows all audit staff resources to be recorded plus an Audit Universe (list of all auditable areas). Work has been done on developing the reporting to Governance & Audit Committee in relation to tracking the outcomes of audits and associated recommendations and some further development of that reporting functionality is planned.

5.16 The Audit Universe also allows audits to be mapped to the Corporate Objectives and fundamental principles as can be shown in the image below. The Pentana MK system also holds a time recording system and this is now in use and will assist in future planning of audit resources.

### 5.17 Audit Universe



5.18 The Pentana MK system is also able to hold an Audit Risk Assessment using a number of risk factor values such as volume of transactions, complexity, materiality, prior audit results. and Reputational risk. This function is not currently in use, but plans are in place to populate this for the Audit Universe, and this will further inform the Audit Plan in future years. Some resource will be needed to develop this.

5.19 As in previous years it is impossible to finish all audit work by the 31<sup>st</sup> of March, so some audit

time will be needed to complete audit work incomplete at the year end and an allowance has been made for this in the plan.

### Forecast audit plan

- 5.20 Based on the forecast staffing resources, the responses received to date and other estimates of resource demands the Audit plan can be forecast as detailed in the table below. It should be noted that any changes in available staffing such as sickness absences, unplanned training etc. will affect the forecast. However the plan can be flexed as needed.
- 5.21 It can be seen that there remains an unallocated balance of resource time. As explained above there is a full Audit Universe and it will be possible to identify audits from this so that resources are fully deployed. Furthermore, as new or emerging issues are identified audit resources can be diverted to these in a flexible manner to address such issues.

### Current forecast plan

Description	Man days
Scheduled work as above (5.5)	233
HoS requests (5.6)	250
Schools' follow-up	70
Leisure	50
Social Services Establishments	50
Contracts	50
Pentana Mk Development	50
Audit Admin (recommendation tracking)	50
Anti-Fraud work	30
NFI	50
Core financial Audits	350
Completion of 21/22 audits	40
Financial Regulations	10
Investigation/prosecution support	40
<b>Subtotal</b>	<b>1323</b>
Contingency	187
<b>Available man days 22/23 (5.2)</b>	<b>1510</b>

### Conclusion

- 5.22 The report provides details of the proposed Internal Audit Services Annual Audit Plan for the 2022/23 financial year for the Committee's consideration.
- 5.23 A mid-year progress report will be presented to the Governance & Audit Committee.

## 6. ASSUMPTIONS

- 6.1 Assumptions have been made regarding forecast staffing resources for the rest of the year.

## 7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 The Council will be unable to deliver its Well-being Objectives in the absence of effective corporate governance arrangements, which includes an effective resourced and directed Internal Audit Plan.
- 7.2 Strong corporate governance arrangements are a key element in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met, in that a

prosperous Wales and a resilient Wales requires an effective Internal Audit Service to protect public funds.

7.3 There are no other equalities implications arising from this report in relation to other equalities issues.

## **8. FINANCIAL IMPLICATIONS**

8.1 There are no direct financial implications arising from this report.

## **9. PERSONNEL IMPLICATIONS**

9.1 There are no personnel implications arising from this report

## **10. CONSULTATIONS**

10.1 Any comments received from consultees have been included within the report.

## **11. STATUTORY POWER**

11.1 Local Government and Elections Act 2021

Author: D Gronow, Acting Internal Audit Manager

Consultees: C Harrhy Chief Executive  
Corporate Management Team  
Directorate Management Teams  
S Harris, Head of Financial Services & S151 Officer



## GOVERNANCE AND AUDIT COMMITTEE – 14TH JUNE 2022

**SUBJECT: INTERNAL AUDIT SERVICES: ANTI-FRAUD STRATEGY**

**REPORT BY: ACTING INTERNAL AUDIT MANAGER**

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### **1. PURPOSE OF REPORT -**

- 1.1 To inform the Governance and Audit Committee of the corporate commitment to high standards in the prevention and detection of fraud and the actions that will be taken to underpin it through the adoption of an anti-fraud strategy.

### **2. SUMMARY**

- 2.1 The Governance and Audit Committee is responsible for ensuring that strategies and policies relating to risk and control are adequately managed and monitored in order to gain assurance regarding the adequacy of risk management and internal control frameworks within the Council. The anti-fraud strategy is one such document and is attached as an appendix to this report **Appendix 1 Caerphilly CBC Anti Fraud Strategy**
- 2.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Managing the Risk of Fraud and Corruption tasks leaders of public sector organisations with the responsibility to embed effective standards for countering the risk of fraud and corruption in their organisations.
- 2.3 This report lays out the principles of the code and the associated actions that will be required to achieve the required standards within the Council.

### **3. RECOMMENDATIONS**

- 3.1 The Governance and Audit Committee is asked to consider and endorse the Corporate Anti-Fraud Strategy, and to note that an action plan will be presented to the next meeting of the Committee.

#### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1 To ensure there is a clear commitment from the Governance and Audit Committee that those tasked with governance establish a solid foundation of anti-fraud culture within the Council to embed a culture of effective financial stewardship.
- 4.2 To ensure that the Council has an up-to-date and relevant fit-for-purpose strategy

#### **5. THE REPORT**

- 5.1 Organisations face increasing risks from fraud including financial losses and reputational damage. Furthermore, there is potentially the risk that managers may face liability in relation to corrupt or fraudulent activity of their staff.
- 5.2 The CIPFA Code of Practice on Managing the Risk of Fraud and Corruption lists key principles that underpin effective standards for countering fraud in public sector organisations, and also recommends a number of policies and procedures that organisations should put in place.
- 5.3 Members will be aware of the Audit Wales Report “Raising our Game” and the response to this report which was presented to the Governance and Audit Committee in 2020. This report made some recommendations to strengthen the Council’s Anti-Fraud culture.
- 5.4 Internal Audit has an important role to play in supporting the Leadership Team and management in ensuring that the organisation has effective systems and culture in place to detect and prevent fraud and corruption. This is part of its normal role in supporting the Governance and Audit Committee’s oversight of risk management by promoting best practice, testing and monitoring systems and advising on change where needed.
- 5.5 Although it is not the primary role of Internal Audit, it can also provide key investigatory support in relation to specific incidents where appropriate, but where this takes place, it is essential that the Team has the required mandate, expertise and resource to carry out such work.
- 5.6 Public Sector Internal Audit Standards (PSIAS) also refer to the role that Internal Audit can play in relation to the evaluation of the risk of fraud and the management of fraud risk.
- 5.7 The CIPFA Code recommends that a policy and procedure framework is put in place that includes the following suite of documents:
- Counter Fraud Strategy – which is the subject of this report.
  - Whistleblowing Policy - in place, last reviewed in 2014.
  - Anti-Money Laundering Policy - in place, last reviewed in 2011.
  - Anti-fraud and Bribery and Corruption Policy - in place, last reviewed in

2014.

- Gifts and Hospitality Policy and Register - in place, last reviewed in 2014.
- Members Code of Conduct and Register of interests in place and reviewed in 2005 .
- Officers Code of conduct and Ethics - in place, last reviewed in 2014.
- Information Security Policy - in place, last reviewed in 2018.
- Cyber Security Strategy (the subject of another report to this Committee).

5.8 In addition to the above the Council has a Fraud, Corruption and Irregularity Investigation Protocol which forms part of the Internal Audit Manual. This has not been updated since 2019, but is currently undergoing a review/update by the Acting Internal Audit Manager.

5.9 Underpinning these various documents there should be a range of other procedures and working practices in place such as intelligence sharing, data matching, clear lines of responsibility for staff and management, a clear tone from the top regarding cultural and ethical expectations and a clearly communicated zero-tolerance corporate approach to fraud or irregularities.

5.10 From the list of documents above there are a number that may benefit from a refresh and a small number of new ones that are required. This report specifically concentrates on the Anti-Fraud Strategy which is a new document. The results of the refresh / review of the other documents will be reported as appropriate. The Cyber Security Strategy is the subject of a separate report to this Committee on today's agenda.

5.11 The Anti-Fraud Strategy has been drafted with reference to the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption, published guidance from the Institute of Internal Auditors, and published strategies from other Councils have also been considered for examples of good practice.

5.12 The Corporate Anti-Fraud & Corruption Strategy states the Council has a zero-tolerance for fraud and corruption, defines fraud and corruption, and outlines the culture within the Council to address this. It outlines prevention, deterrence, detection, and investigation measures in place and lists the roles and responsibilities of individuals and groups both within and external to the Council.

5.13 It is recognised that to enable effective implementation of the anti-fraud strategy an action plan will be required to identify key action points, processes required, responsible parties and success criteria. This action plan will be prepared during the coming months and presented separately to the Governance & Audit Committee.

#### 5.14 **Conclusion**

It is recommended that the Governance and Audit Committee endorses the Anti-Fraud Strategy appended to this report.

## **6. ASSUMPTIONS**

6.1 There are no assumptions in this report.

## **7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

7.1 The Council will be unable to deliver its Well-being Objectives in the absence of effective corporate governance arrangements.

7.2 Strong corporate governance arrangements are a key element in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met, in that a prosperous Wales and a resilient Wales requires an effective and robust anti-fraud strategy to protect public funds.

7.3 There are no other equalities implications arising from this report in relation to other equalities issues.

## **8. FINANCIAL IMPLICATIONS**

8.1 There are no direct financial implications.

## **9. PERSONNEL IMPLICATIONS**

9.1 There are no direct personnel implications.

## **10. CONSULTATIONS**

10.1 Any comments received from consultees have been included within the report.

## **11. STATUTORY POWER**

11.1 Local Government and Elections Act (Wales) 2021

Author D Gronow, Acting Internal Audit Manager

Consultees: C Harrhy, Chief Executive  
R Edmunds, Corporate Director for Education and Corporate Services  
S Harris, Head of Financial Services & S151 Officer



## **Appendix 1 Caerphilly CBC Anti Fraud Strategy**

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# Anti-Fraud Strategy

Draft  
October 2021

## Contents

<b>1.</b>	<b>Policy Statement</b>	
<b>2</b>	<b>Introduction and scope</b>	
<b>3.</b>	<b>Definitions</b>	
<b>4</b>	<b>The strategy</b>	
<b>5</b>	<b>Culture and structure</b>	
<b>6</b>	<b>Tackling the problem “Deter, Prevent, Detect, Investigate”</b>	
<b>7</b>	<b>Conclusion</b>	
	<b>Appendices</b>	

This policy is designed to apply to all staff except School based employees unless the school governing body has adopted it.

## 1. Policy Statement

Welcome to the Caerphilly County Borough Council Corporate Anti-Fraud Strategy. This policy has been endorsed by CMT (?) and approved by the Corporate Governance Panel (?) and the Governance and Audit Committee (?).

- Caerphilly County Borough Council (The Council) has a zero tolerance approach to fraud, bribery and corruption. It is clear that fraud, corruption and bribery is unacceptable, and everyone plays a part in eradicating them. The Policy and associated strategy outlines how the Council delivers an effective approach to managing the risk of fraud.
- The Council is committed to maximising the use of IT systems and controls to prevent fraud, corruption and bribery and to prevent the abuse of systems of systems and services.
- The Council is committed to this policy and to acting professionally, fairly and with integrity and to maintaining high ethical standards.
- The Council is committed to a culture that centres the prevention, deterrence, detection and investigation of all forms of fraud within all activities and services.
- The Council will support prosecutions where appropriate and will consider all appropriate and relevant sanctions such as disciplinary action against those who may commit acts of fraud or corruption.
- The Council will actively seek recovery and redress against such individuals.
- The Council actively encourages anyone who suspects fraud or corruption to report it and will support them in the process.

## 2. Introduction

- 2.1 The Council owns significant assets, provides a wide range of services to citizens, and works together with a wide range of private, public and voluntary sector organisations. The nature and diversity of these services together with the number of employees and budgets both revenue and capital, means that there is an ongoing risk of fraud and corruption from both internal and external sources.
- 2.1 Fraud is not a victimless crime, as well as financial loss against the public purse, fraud detrimentally impacts service provision and morale and undermines confidence in the Council. It should be stressed that there is little evidence that the Council is experiencing high levels of fraud, however there is strong evidence that across the public sector landscape fraud risk is increasing due to changes in ways of working and the sophisticated methods such as cyber-attacks, phishing etc being exploited by fraudsters.
- 2.3 Good Corporate Governance requires that the Council must demonstrate a clear commitment dealing with fraud and the Council's

commitment to the prevention and detection of fraud is set out in this document and specifically the following :

- The prevention, detection, deterring, investigation and correcting all forms of fraud and corruption, whether these are attempted from within or external to the organisation.
- Minimising losses caused by fraud, corruption and breaches of regulations.
- Embedding management of fraud risk throughout the organisation.
- Increasing awareness of counter-fraud responsibilities at all levels within and outside the Council.

2.4 The Well being of Future Generations ( Wales) Act requires Public bodies to carry out sustainable development which means the process of improving the economic, social and cultural well being of Wales . This strategy reflects the CIPFA code of practice on Managing the Risk of fraud and it applies to

- All employees of the Council and is recommended to School Governing Bodies and other associated employers as best practice.
- All Members of the Council
- Partner Organisations,
- Third parties such as consultants, suppliers, contractors, volunteers, employees of suppliers and contractors
- Citizens and the general Public

2.5 The Council requires all individuals and organisations, with whom it deals in any capacity to behave toward the Council with integrity and without intent or actions involving fraud or corruption. Members of the public are encouraged to report any concerns which they may have.

2.6 The Strategy has the full support of elected members and leadership team and it is approved by the Governance and Audit Committee.

2.7 This strategy needs to be read in conjunction with the following documents: Whistleblowing policy, Anti Money Laundering Policy, Gifts and hospitality policy, Code of Conduct and Information Security Policy and the Cyber Security Policy when it is issued.

### **3. Definitions**

3.1 All references to fraud in this strategy include fraud related offences including theft, corruption and bribery and refers to actions taken or intended to be taken by an individual to obtain gain for themselves or cause actual loss or increase the risk of loss to another.

3.2 The legislation that the strategy refers to are in the main; The Fraud Act; The Theft Act; and The Bribery Act.

- 3.3 Fraud is a criminal act of omission or deception intended for personal gain or to cause loss and can be committed in a number of ways i.e., false representation, failing to disclose information where there is a legal duty to do so and abuse of position. Fraud can be committed by individuals internal or external to the Council, groups or businesses.
- 3.4 Theft is where a person dishonestly appropriates property belonging to another with the intention of permanently depriving them of it.
- 3.5 Corruption is where a person has gained an advantage through illegal or immoral means which are inconsistent with their duty to the Council and the rights of others. This will include giving or accepting bribes or incentives or seeking to influence others through the offering of, giving, soliciting or accepting reward or inducement.
- 3.5 Irregularity is an administrative or financial mistrust that arises by act or omission. Actual or suspected irregularities may initially be investigated internally and may lead to referral to the police.
- 3.6 Money laundering is the process by which criminals “recycle” the proceeds of criminal activities through legitimate processes in order to conceal the origin of the funds.

#### **4. The Strategy**

- 4.1 The “fraud triangle” is often used to as a framework to explain how successful frauds occur. In general, all three parts of the triangle need to be in place for successful fraud to take place. These are:-
- Pressure or motivation – this is the financial or emotional force that pushes the individual towards committing a fraudulent act. These are factors such as financial difficulties, debts, gambling or substance abuse. This is very personal to the individual and is accordingly difficult for the organisation to affect in any meaningful way.
  - Rationalisation – this is the personal justification of the dishonest actions that the person has taken. This may be spite/ payback against the organisation, a weak anti-fraud organisational culture with little or no sanction against fraud or irregularity or pure desperation. Again, these factors tend to be very personal to the individual concerned although an overall culture of openness and a strong anti-fraud culture may mitigate these.
  - Opportunity – this is the ability or circumstance/s that has allowed the individual to execute the fraud without being detected or caught. This will include a culture that does not have a clear anti-fraud ethos, a weak internal control framework or inadequate processes and practices in relation to financial management. This is the one factor that is clear that the organisation can control.

Breaking at least one of these pieces of the fraud triangle should cause it to collapse and is therefore key to fraud deterrence. However, in order to

be effective action should be taken by the organisation to eliminate more than one if possible, and this is achievable by embedding a clear anti-fraud strategy into the organisation, together with a strong internal control framework and clear signposting /awareness of best practices in relation to financial management.

## **5. Culture and structure**

- 5.1 The Council is committed to the Nolan Principles of Standards in Public Life and the Councils commitment to the highest standards of governance is supported by a strong framework including The Constitution, Code of Corporate Governance, Member and Officer Codes of Conduct and specific policies such as The Whistleblowing Policy, and the Anti Money Laundering Policy.
- 5.2 There is also an expectation that all officers and elected members demonstrate support for all anti-fraud measures by adhering to rules and regulations and that they support all investigations into allegations made from whatever source. Where any significant frauds are identified, support will be given to evaluating lessons learnt and what if any actions are needed to correct deficiencies.
- 5.3 Service Managers, Head of Service and Directors have the responsibility to establish sound systems of internal controls and an opinion on the effectiveness of this is given every year by the Internal Audit Manager in the Annual Governance Statement.
- 5.4 The Accounts and Audit (Wales) Regulations require every local authority to maintain adequate and effective Internal Audit Service. One of the roles of Internal Audit is to promote anti-fraud and corruption best practice and to ensure management has effective systems in place to detect and prevent corrupt practices. Financial regulations section 10 relates to the role of Internal Audit within CCBC
- 5.5 Financial Regulations 10.04 and 10.05 (Check this numbering in any updated version) refer to the reporting and investigation of financial irregularities and state that Internal Audit have a mandate to investigate any such reported on behalf of the Head of Financial Services & S151 officer. The powers and authority to investigate fraud are also specified in the Internal Audit Charter (updated 2019)
- 5.6 Where appropriate the Council will cooperate with other local authorities and public sector bodies in the prevention and detection of fraud and the investigation of same by the participation in the NFI and by liaison with the Police, DWP, HMRC or any other bodies as appropriate.



5.7 Individual roles and responsibilities of Directors, SMT, officers, individual service areas, and other stakeholders are shown in the table below.

<b>Individual or Group</b>	<b>Role and Responsibilities</b>
<b>Chief Executive</b>	<ul style="list-style-type: none"> <li>• Ultimately accountable for the effectiveness of the Council's arrangements for countering fraud and corruption.</li> </ul>
<b>Head of Legal Services and Monitoring Officer</b>	<ul style="list-style-type: none"> <li>• Advise members and employees on ethical issues, standards and powers to ensure that the Council operates within the law and statutory Codes.</li> <li>• Reports to Council where the authority has or is about to do anything which would be in contravention of the law or which would constitute maladministration.</li> </ul>
<b>Head of Financial Services &amp; S151 officer</b>	<ul style="list-style-type: none"> <li>• Ensure proper arrangements are made for the Council's financial affairs.</li> <li>• Maintain an adequately resourced internal audit team.</li> </ul>
<b>Senior Information Risk Officer (SIRO)</b>	<ul style="list-style-type: none"> <li>• Maintains a system of data and system security particularly in relation to the risk of cyber-attacks and IT related fraud.</li> </ul>
<b>Corporate Management Team</b>	<ul style="list-style-type: none"> <li>• Oversees the corporate approach to counter-fraud, sets the tone to embed a culture of high standards and integrity.</li> </ul>
<b>Heads of Service and Service Managers</b>	<ul style="list-style-type: none"> <li>• Notify Internal Audit of all suspected fraud or corruption incidents in their area (Financial Regs)</li> <li>• Ensuring that adequate systems of internal control exist within their areas of responsibility, and that such controls, checks and supervision operate in such a way as to prevent or detect fraudulent activity.</li> <li>• Respond to risks and recommendations made in Internal Audit reports.</li> <li>• Regularly need to assess the types of risks and scope for potential fraud associated with the operations in their area.</li> <li>• Ensure that employees receive fraud awareness training. The extent of this will depend on the work that individual carry out.</li> <li>• Remind employees who are an integral part of the control framework of fraud and risk issues.</li> <li>• Ensure this Strategy and the Fraud Response Plan are available to all employees.</li> </ul>
<b>Officers and staff</b>	<ul style="list-style-type: none"> <li>• A duty to act if they believe there is a possibility of fraud or corruption taking place.</li> <li>• Acknowledge their own conduct and contributing towards the safeguarding of corporate standards (including</li> </ul>

	<p>declaration of interest, private working, whistleblowing, etc.).</p> <ul style="list-style-type: none"> <li>• Acting with propriety in the use of official resources and in the handling and use of corporate funds.</li> <li>• Be alert to any financial transactions that may suggest money laundering.</li> </ul>
<b>Internal Audit</b>	<ul style="list-style-type: none"> <li>• Providing a pro-active corporate anti-fraud function to facilitate the identification and subsequent investigation of alleged acts of fraud or corruption.</li> <li>• Completion of any and all investigations that do not fall within the remit of other investigative bodies, such as Housing Benefit.</li> <li>• Receiving and reviewing notifications of all frauds reported within the Council.</li> <li>• Making appropriate arrangements to co-ordinate the Council's work on the National Fraud Initiative.</li> <li>• Undertake internal data matching across Council systems.</li> <li>• Reporting to and liaising with the local police on individual cases.</li> <li>• Issuing guidance to members and management in relation to fraud and corruption related legislation and procedures.</li> <li>• Provide advice and guidance on internal controls to prevent or detect fraud or corruption.</li> <li>• Promoting fraud awareness and training.</li> <li>• Acting as the Council's consultant on issues of fraud and corruption.</li> </ul>
<b>External Audit</b>	<ul style="list-style-type: none"> <li>• Considering if the Council has adequate arrangements in place to prevent and detect fraud and corruption.</li> </ul>
<b>Trade Unions</b>	<ul style="list-style-type: none"> <li>• Notifying the appropriate individuals if they believe there is a possibility of fraud or corruption taking place or the rules are being breached.</li> <li>• Support their members throughout the process of an investigation</li> </ul>
<b>Elected Members</b>	<ul style="list-style-type: none"> <li>• Notifying the appropriate individuals if they believe there is a possibility of fraud or corruption taking place or the rules are being breached.</li> <li>• Responsible for their own conduct.</li> <li>• Contributing towards the safeguarding of corporate standards, as detailed in the Members Code of Conduct.</li> </ul>
<b>Governance and Audit Committee</b>	<ul style="list-style-type: none"> <li>• Reviewing and monitoring policies for preventing and detecting fraud.</li> <li>• Reviewing reports relating to fraud from internal and external auditors.</li> </ul>
<b>Corporate Governance Panel</b>	<ul style="list-style-type: none"> <li>• Reviewing Corporate Governance arrangements, policies and procedures</li> </ul>

<b>Other stakeholders – suppliers, contractors and citizens (local or national)</b>	<ul style="list-style-type: none"> <li>To be aware of the possibility of fraud and corruption within their organisation or against the Council and report any genuine concerns / suspicions.</li> </ul>
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## 6 Tackling the problem

6.1 Tackling the problem of fraud involves a number of core elements which will work together in synergy and run through the strategy. These are “**Deter, Prevent, Detect, Investigate**”

### 6.2 Deter

Deterrence covers the following actions, policies and processes and will include

- Open promotion of a counter fraud culture and anti-fraud measures on a variety of media such as press, newsletters, the intranet, council website and social media.
- When new employees join the Council, induction pack material will contain copies of or links to relevant policies.
- Opportunities offered by the Transformation programme and service reviews will be used to develop and enhance the counter fraud culture.
- Training and awareness raising will make all members of the workforce aware that fraud is treated as a serious matter and they may face disciplinary action if there is evidence that they are involved in such activities.
- All cases of suspected fraud or financial irregularity will actively be considered for referral to the police for criminal investigation and officers and managers will support the police during such investigations.
- There are a suite of policies and procedures in place to manage the risk of fraud and corruption and these are easily accessible to staff and members. (Do we need a list here?)
- Where there are proven cases of fraud resulting in financial losses to the Council, action will be taken to recover the value of any losses. In some cases this will involve civil proceedings through the courts and the Council will see to publicise the outcomes appropriately.

### 6.3 Prevent

Prevention covers the following actions, policies and processes and will include

- A robust set of Financial Regulations, Procurement Code and Standing orders for Contracts which are clear accessible and relevant and include instructions or links to these for the correct application of compliant processes within Service areas.
- All Service Managers, Heads of Service and Directors are aware of their responsibility for the prevention of fraud and corruption within their areas of responsibility, and for implementing controls and processes to minimise risk effectively. These will include, ensuring compliance with policies, procedures, guidance internal audit recommendations and advice, promoting fraud awareness, assuring compliance with Financial regulations and ensuring that sufficient levels of internal controls are maintained.
- Internal Audit reports identify internal control weaknesses and will specifically refer to the risk of potential or actual fraud or loss and related recommendations will be made. Recommendations will be risk rated and reports will be discussed with managers and recommended actions and timescales agreed. Managers will then be responsible for implementing agreed recommendations and progress will be reported periodically to the Governance and Audit Committee. Failure to implement agreed recommendations may result in management being required to attend Governance and Audit Committee.
- Identifying a Fraud Risk champion that sits on the top table i.e. senior management identify a representative having responsibility for managing fraud risk and response, goals and performance, ethics and compliance on an organisational basis and communicating with directors and managers.
- Fraud risk and risk exposure to be considered in the preparation and evaluation of all Service area and Directorate risk registers.
- Internal audit work to a risk based plan which reviews the internal control framework of the authority including reviewing high risk areas of operations where the potential for fraud is included in those reviews.
- Where new systems, processes and procedures are introduced financial regulations state that S151 officer must be consulted and approve these.

#### 6.4 Detect

Detection covers the following actions, policies and processes and will include

- Service Managers, Heads of Service and Directors play a key role in ensuring that systems and processes are in place and are complied with in order to detect fraudulent activity.

- Diligence of individuals, alertness and good citizenship can often play a part in the detection of acts of fraud.
- Ensuring that the range of counter fraud measures deployed are effective and appropriate to the range of fraud risks that are identified. This may involve networking and collaboration, keeping aware of emerging risks and horizon scanning. Using tool kits and self assessments. Fraud may be discovered during routine audits, proactive work or through the use of data matching. Fraud may also be detected as a result of participation in national exercises such as the NFI. Fraud may also be detected by participation in membership of bodies such as CIFAS or NAFN and local networks sharing intelligence.
- Employees, elected members and stakeholders are expected to report suspected fraud in accordance with Financial Regulations and the Whistle blowing policy.
- Providing a method by which anonymous allegations are recorded, evaluated and dealt with appropriately.
- Resourcing and equipping the Internal Audit team to ensure that there is adequate capacity to perform effectively.

## 6.5 Investigate

Investigation covers the following actions, policies and processes and will include

- A clear process for the reporting of suspected fraud, irregularity and corruption laid out in Financial Regulations together with an assessment process of whether further investigation is merited and if so by whom.
- Having a fraud investigation process or protocol in place.
- Not all reports will be fraud related and the evaluation will determine if the investigation is to be undertaken by departmental managers, internal audit or immediate referral to external partners such as Police, DWP, banks or specialist agencies.
- Where necessary the Council's disciplinary police may be used to facilitate allegations of improper behaviour by employees. Decisions to invoke this pathway will be taken in consultation with and following the advice of the Head of People services.
- It is also understood that in some cases investigations may be commenced internally and then be referred to the police as the investigation progresses.
- Consider developing a Memorandum of Understanding between the Council and Gwent Police to provide mutual

support and advice on the Counter fraud approach and to formalise arrangements for referring, coordinating and handling investigations. It is understood that ultimately any decisions to proceed to prosecution will be determined by the Crown Prosecution Service.

- Where fraud and financial loss has been proven the Council will always seek to pursue recovery via appropriate sanctions and in conjunction with appropriate partners.

## **7 Conclusion**

- 7.1 In conclusion it should be clear that Caerphilly County Borough Council has in place a clear framework of systems and processes which are appropriately resourced and reviewed in order to deter, prevent, detect and investigate fraud, irregularities and corruption.
- 7.2 The Council will monitor performance of the Anti-Fraud and Corruption Strategy through regular reports submitted to the Governance and Audit Committee.
- 7.3 The Audit Manager will, in addition, keep this policy under review in order to take account of any changes in Council policy and government legislation.



## GOVERNANCE AND AUDIT COMMITTEE – 14<sup>TH</sup> JUNE 2022

### PUBLIC INTEREST TEST – EXEMPTION FROM DISCLOSURE OF DOCUMENTS SCHEDULE 12A LOCAL GOVERNMENT ACT 1972

**SUBJECT: DRAFT CYBER SECURITY STRATEGY**

**REPORT BY: HEAD OF LEGAL SERVICES AND MONITORING OFFICER**

I have considered grounds for exemption of information to be presented to the Committee and make the following recommendations to the Proper Officer:-

#### EXEMPTIONS APPLYING TO THE REPORT:

Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime (para 18).

#### FACTORS IN FAVOUR OF DISCLOSURE:

There is a public interest in the way in which the Council deals with information and data.

#### PREJUDICE WHICH WOULD RESULT IF THE INFORMATION WERE DISCLOSED:

The Cyber Security Strategy contains details of the Council's cyber resilience and how it would respond to cyber events and digital security. Therefore, any discussions or updates provided verbally at the meeting may risk the disclosure of critical information and could risk provoking cyber-attacks.

#### MY VIEW ON THE PUBLIC INTEREST TEST IS AS FOLLOWS:

That paragraph 18 should apply. My view on the Public Interest Test is that whilst there is a need to ensure transparency and accountability of a Public Authority, this must be balanced against the fact that cyber resilience is of critical importance and the disclosure could risk provoking cyber-attacks. It is considered that this outweighs the need for the information to be made public.

The information is not affected by any other statutory provision, which requires the information to be publicly registered.

On that basis I feel that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider this factor when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.

#### RECOMMENDED DECISION ON EXEMPTION FROM DISCLOSURE:

On that basis I feel that the public interest in maintaining the exemption outweighs the public interest in disclosing the information, and that the report should be exempt.

**Signed:** \_\_\_\_\_ **Date:** 7<sup>th</sup> June, 2022  
**Post:** Head of Legal Services and Monitoring Officer

I accept/~~do not accept~~ recommendation made above.

**Signed:** \_\_\_\_\_  
**Proper Officer**

**Date:** 7<sup>th</sup> June 2022

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# Agenda Item 14

By virtue of paragraph(s) 18 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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By virtue of paragraph(s) 18 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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## **GOVERNANCE AND AUDIT COMMITTEE – 14<sup>TH</sup> JUNE 2022**

**SUBJECT: REGULATION OF INVESTIGATORY POWERS ACT 2000**

**REPORT BY: HEAD OF DEMOCRATIC SERVICES AND DEPUTY MONITORING OFFICER**

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### **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 (RIPA) for the period 1<sup>st</sup> January 2022 to 30<sup>th</sup> April 2022.

### **2. SUMMARY**

- 2.1 To provide an update on the number of operations undertaken in accordance with RIPA for the period 1<sup>st</sup> January 2022 to 30<sup>th</sup> April 2022.

### **3. RECOMMENDATIONS**

- 3.1 None. This report is for information only.

### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1 To ensure compliance with statutory requirements.

### **5. THE REPORT**

- 5.1 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 this Act, advice and guidance is found within the Codes of Practice issued by the Investigatory Powers Commissioner's Office.
- 5.2 The Authority has a corporate policy, which provides guidance on how surveillance should be used by the relevant officers.
- 5.3 Public Authorities undertaking covert surveillance of individual members of the public are subject to inspection by the Investigatory Powers Commissioner's Office.

5.4 Members are advised that for the period 1<sup>st</sup> January 2022 to 30<sup>th</sup> April 2022 there have been no RIPA operations undertaken.

## 5.5 **Conclusion**

The report advises members that there have been no applications made in relation to RIPA operations for the period 1<sup>st</sup> January 2022 to 30<sup>th</sup> April 2022.

## 6. **ASSUMPTIONS**

6.1 There are no assumptions contained in this report.

## 7. **SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

7.1 As this report is for information there is no requirement for an Integrated Impact Assessment to be completed.

## 8. **FINANCIAL IMPLICATIONS**

8.1 There are no financial implications arising from this report.

## 9. **PERSONNEL IMPLICATIONS**

9.1 There are no personnel implications arising from this report.

## 10. **CONSULTATIONS**

10.1 There has been no consultation undertaken on this report as it is for information only.

## 11. **STATUTORY POWER**

11.1 Regulation of Investigatory Powers Act 2000.

Author: Lisa Lane Head of Democratic Services and Deputy Monitoring Officer

Consultees: Robert Tranter Head of Legal Services and Monitoring Officer



## **GOVERNANCE AND AUDIT COMMITTEE – 14TH JUNE 2022**

**SUBJECT: OFFICERS DECLARATIONS OF GIFTS AND HOSPITALITY  
OCTOBER TO DECEMBER 2021**

**REPORT BY: HEAD OF PEOPLE SERVICES**

### **1. PURPOSE OF REPORT**

1.1 The purpose of the report is to provide the Governance and Audit Committee with information regarding the Register of Employees' Interests Forms completed by officers of the Council (excluding Schools) regarding Gifts and Hospitality for the period 1 October to 31 December 2021 ie the third quarter of the financial year 2021/2022 and a comparison with the previous three quarters.

### **2. SUMMARY**

2.1 Enclosed as Appendix 1 is a list of Register of Employees' Interests Forms in respect of Gifts and Hospitality completed by officers of the Council (excluding Schools) for the period 1 October to 31 December 2021.

### **3. RECOMMENDATIONS**

3.1 The Governance and Audit Committee are asked to note the contents of this report.

### **4. REASONS FOR THE RECOMMENDATIONS**

4.1 The recommendation is designed to ensure members of the Governance and Audit Committee have an oversight of the position in relation to officers' Gifts and Hospitality.

### **5. THE REPORT**

5.1 The Council's Code of Conduct for Employees sets out guidance for employees on a range of issues, including the completion of a Register of Employee Interests form, which help maintain and improve the high standards of conduct within Local Government and protect employees from misunderstandings and confusion.

- 5.2 Completed Register of Employees' Interests forms are submitted to Heads of Service, Directors or the Chief Executive who countersign the forms to show they are aware of the declaration. The form also records details of any controls / action taken to protect the Council's interests in the circumstances outlined on the form. A copy of the countersigned form is given to the employee and a copy sent to Human Resources for filing on the employee's personal file.
- 5.3 The Head of Service, Director or Chief Executive retains the original form and maintains a summary spreadsheet to record the forms. On a monthly basis the summary spreadsheet or a nil return is submitted to Human Resources for collation and monitoring for consistency and compliance.
- 5.4 In accordance with the Council's Code of Conduct for Employees, Gifts / Hospitality of less than £25 may be accepted by the employee but any Gift / Hospitality which could be seen by a third party as placing the employee under an improper obligation such as more than one Gift / Hospitality from the same party must be refused, irrespective of its value.
- 5.5 Employees may accept small offers of Hospitality only where the activity is of a nature where there is a genuine need to impart information or to represent the Council in the community. Offers to attend purely social or sporting functions should be accepted only when these are part of the life of the community or where the Council should be seen to be represented.
- 5.6 The table below details the number of declarations regarding Gifts submitted by Directorate for the period 1 October to 31 December 2021 and the previous three quarters for comparison.

<b>Directorate</b>	<b>Oct – Dec 2021</b>	<b>July - Sept 2021</b>	<b>April – June 2021</b>	<b>Jan – March 2021</b>
<b>Economy and Environment</b>	2	1	0	1
<b>Education and Corporate Services</b>	0	0	0	0
<b>Social Services and Housing</b>	0	1	0	0
<b>Total</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>1</b>



5.7 The table below details the number of declarations regarding Hospitality submitted by Directorate for the period 1 October to 31 December 2021 and the previous three quarters for comparison.

Directorate	Oct – Dec 2021	July – Sept 2021	April – June 2021	Jan – March 2021
Economy and Environment	1	0	0	0
Education and Corporate Services	0	0	0	0
Social Services and Housing	0	0	0	0
<b>Total</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 5.8 Conclusion

The Head of People Services will continue to monitor the declarations submitted and work with Heads of Service to improve their understanding, promote best practice and corporate compliance of the Code of Conduct where appropriate.

## 6. ASSUMPTIONS

6.1 There are no assumptions made within this report.

## 7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

7.1 As this report is for information only an Integrated Impact Assessment is not required.

## 8. FINANCIAL IMPLICATIONS

8.1 None.

## 9. PERSONNEL IMPLICATIONS

9.1 The personnel implications are included in this report.

## 10. CONSULTATIONS

10.1 There are no consultation responses that have not been included in the report.

## 11. STATUTORY POWER

11.1 Local Government Act 2000.

Author: Lynne Donovan, Head of People Services  
(donovl@caerphilly.gov.uk)

Consultees: Christina HARRY, Chief Executive (harrhc@caerphilly.gov.uk)  
Richard Edmunds, Corporate Director of Education and Corporate Services (edmunre@caerphilly.gov.uk)  
Robert Tranter, Head of Legal Services and Monitoring Officer (trantrj@caerphilly.gov.uk)  
Stephen Harris, Head of Financial Services and Section 151 Officer (harrisr@caerphilly.gov.uk)  
Cllr Nigel George, Cabinet Member for Corporate Services and Property (nigelgeorge@caerphilly.gov.uk)

Appendices:  
Appendix 1 Declarations of Gifts and Hospitality 1 October to 31 December 2021

**Appendix 1**  
**Declarations of Gifts and Hospitality 1 October to 31 December 2021**

<b>Directorate</b>	<b>Service Area</b>	<b>Post Title of Employee Making the Declaration</b>	<b>Type of Declaration</b>	<b>Details of Declaration</b>	<b>Post Title of Head of Service, Director or Chief Executive who authorised the declaration</b>	<b>Outcome</b>
Economy and Environment	Infrastructure	Group Manager	Gift	Christmas Gift of a small hamper of wine from an external contractor. No involvement in award of contract or approval of payments. Approximate cost £25.	Head of Infrastructure	Accepted
Economy and Environment	Infrastructure	Highways Service Manager	Gift	Christmas Gift of 3 bottles of wine from an external contractor. No involvement in award of contract. Approximate cost £21	Head of Infrastructure	Accepted
Economy and Environment	Infrastructure	Head of Infrastructure	Hospitality	Attendance at Civil Engineering Contractors Association annual awards ceremony dinner on behalf of County Surveyors' Society (CSS) in capacity as current Chair of CSS. Approximate cost £50.	Corporate Director – Economy and Environment	Accepted

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# Agenda Item 17

## Corporate Governance Panel Minutes 12<sup>th</sup> January 2022

**Attendees:** Cllr Eluned Stenner\Deb Gronow\Rob Tranter\Liz Lucas\Stephen Harris

**Chair:** Stephen Harris

### 1. Apologies

Richard Edmunds (Ed)  
Sue Richards  
Cllr Margaret Sargent

### 2. Minutes of Last Meeting

Update on Accounts – Approved by Council on 14<sup>th</sup> October 2021. Addendum reported received which sets out the recommendations arising from the audit process and officers have responded. Report and responses to be considered by the Governance & Audit Committee on 25<sup>th</sup> January 2022.

The minutes of the last meeting held on 23<sup>rd</sup> September 2021 were therefore approved.

### 3. 2020/21 Annual Governance Statement and progress on areas for improvement

An update was provided on the four areas for action in the current financial year:-

- Risk Management Strategy –updated and draft document on agenda for Governance & Audit Committee on 25<sup>th</sup> January 2022
- Cyber Security Strategy – strategy to be approved in this financial year to enable it to sit alongside the Counter Fraud Strategy. Cyber Security Strategy going to Digital Leadership Group on 31<sup>st</sup> January 2022 and scheduled for Governance & Audit Committee in April 2022. Strategy for Critical Systems also going to Digital Leadership Group on 31<sup>st</sup> January 2022.
- Audit Wales report ‘Delivering Good Governance – Caerphilly County Borough Council’ – **Action: Ed/Sue to provide an update via email.**
- Audit Wales report ‘Financial Sustainability Assessment – Caerphilly County Borough Council’ – recommendations received relating to how we do our budgeting and looking at how we align our MTFP with the Transformation Programme. Cabinet report due to be issued for draft Budget Proposals for next year. MTFP been looked at over a 3-year period and work undertaken to identify when the pressures may arise.

#### 4. 2021/22 Annual Governance Statement and forward planning

Three issues:-

- Process – Details not yet received from WG in respect of accounts closure deadlines for the 2021/22 financial year. Previous two years WG have given special dispensation due to other commitments arising from Covid. WG may extend timescale again this year due to pressure on Auditors. DG to start process of HoS questionnaires and gathering information. Report also required for Year End Opinion.
- Format of document – No fixed format however example provided. Some LA's include lots of pictures and diagrams. Consideration needs to be given to the accessibility criteria as we have to comply with the Regulations.
- Horizon scanning – identifying matters that could be in next years year end areas for improvement.

**Action: DG to follow the normal process to start gathering data to inform the AGS. SH/DG to consider whether there is a need to change the current format. Update to be provided at next Corporate Governance Review Panel.**

#### 5. Governance & Audit Committee FWP

Additional Governance & Audit Committee to take place on 16<sup>th</sup> March 2022 due to the significant number of agenda items which could not be included on the agenda for 25<sup>th</sup> January 2022.

Note that the Anti-Fraud and Cyber Security reports may need to be dealt with confidentially so an exempt session may be necessary for the Governance & Audit Committee scheduled for 19<sup>th</sup> April 2022.

**Action: RT will ascertain if criteria for an exempt meeting is met and advise.**

**Action: SH/DG will map out future meeting dates and agenda items post-election.**

#### 6. Review of Risk Management Strategy

Any comments on the document to be provided to Sue Richards/Ros Roberts as soon as possible.

#### 7. Update on Governance & Audit Committee Lay Member recruitment process

Full Council agreed to change the Terms of Reference for the Governance & Audit Committee to fixed number of 12 Members. Requirement for 4 new Lay Members. Advertised for 3 new Lay Members and received 2 application

forms which are very positive. One vacancy left to fill which will be readvertised. Interview Panel to take place on 21<sup>st</sup> January 2022. Noted that we are in a much better place to some other Local Authorities.

DG working with other Local Authorities to discuss possibility of shared/cross border arrangements. Lay Members need to be in place from May 2022.

## **8. AOB**

Meeting cycle for Corporate Governance Review Panel – Meetings to be scheduled 3 weeks in advance of Governance & Audit Committee.

**Action: DG to liaise with Emma Sullivan re: meeting dates post May and advise LF of dates in order that Corporate Governance Review Panel meetings can be scheduled.**

**Action: DG/LF to liaise to arrange additional Corporate Governance Review Panel meeting in mid-February prior to Governance & Audit Committee on 16<sup>th</sup> March 2022 and mid-March prior to Governance & Audit Committee on 19<sup>th</sup> April 2022.**

## **9. Date of Next Meeting**

16<sup>th</sup> February 2022 at 10am

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# Agenda Item 18

## Corporate Governance Panel Minutes

16<sup>th</sup> February 2022

**Attendees:** Cllr Margaret Sargent\Cllr Eluned Stenner\Deb Gronow\Rob Tranter\Liz Lucas

**Chair:** Stephen Harris

### 1. Apologies

Richard Edmunds (Ed)  
Sue Richards  
Ros Roberts

### 2. Minutes of Last Meeting

The minutes of the previous meeting held on the 12<sup>th</sup> January 2022 were approved.

### 3. Progress update on the actions agreed from the Delivering Good Governance Review

As both Sue Richards and Ros Roberts were unable to attend the meeting SH requested that any queries or comments be sent directly to RR and copy in the other Panel members.

SH also stated that good progress was being made and that a number of actions had been completed.

### 4. Timeline for 2021/22 Annual Governance Statement

SH advised that over the last 2 years due to the pandemic an extension of time had been granted by Welsh Government for the closure of accounts to November each year. Draft accounts therefore had to be prepared by the end of August. However, timelines are now reverting to the statutory timescales and the draft accounts will need to be produced by 31<sup>st</sup> May 2022. The AGS will therefore need to be prepared earlier and a draft AGS presented to the Corporate Governance Panel by the end of April 2022. This will enable it to be endorsed and be fed into the accounts for the end of May.

DG to send Checklist document out by 18<sup>th</sup> February 2022 with a request that this is passed onto the relevant teams as soon as possible for completion as the timescale is tight. Will need to collate Directorate summaries in order that the relevant Director can sign off their directorate statement. The extra section on Covid is being retained at present as there could possibly be longer term issues.

Panel members to also identify any other issues that may need to be considered and brought forward into next years plan. SH advised DG to look at the recent Risk Registers (both the Corporate Risk Register and Covid Risk Register) as there may be some emerging items that need to be picked up from there.

Terms of Reference to be looked at in the first meeting of the Committee following the election period as the membership of the Panel may need to be tweaked slightly. Currently the Chair of Governance & Audit Committee attends this Panel. SH stated it would be helpful to have a Lay Member on this Panel as they would be able to bring a different perspective to the meeting.

**Action: DG to look at TOR prior to next meeting in order to make sure the political membership is correct. DG to speak to RT to seek his view. New TOR to be signed off at next meeting of the Panel.**

#### **5. Update on Cyber Security Strategy**

The Strategy is currently in draft format and a high-level presentation was made to the Digital Leadership Group recently. Agreed that a confidential group of people would be identified in order that the document could be circulated to obtain comments/observations.

A discussion took place in relation to keeping the Strategy at high level. RT confirmed that an exempt Committee session would be required and the reason for this would be the prevention of crime. RT confirmed that sharing the draft document with the Corporate Governance Panel would not cause any problems as all Members were aware of the confidentiality issues.

**Action: Ed to provide a list of names for the confidential document to be circulated to.**

**Action: LL to share a copy of the document once completed to all Panel members.**

#### **6. Update on Anti-Fraud Strategy and Action Plan**

DG confirmed that these were two separate documents and that she was meeting with SH shortly to discuss. The documents will then need to come back to the Corporate Governance Panel for discussion.

DG outlined that she was currently undertaking some research and was looking outside of CCBC for processes that others are using in order to gain further information.

The Strategy and Action Plan will need to go to Audit & Governance Committee in April 2022.

DG is undertaking some work with schools on governance matters as some schools have been identified as having a lack of best practice knowledge. SH confirmed that once the documents are agreed sessions will be arranged with schools which will also include Cyber Security.

**Action: DG to look at diaries in order to identify a date prior to the end of the academic year. Keri Cole and Paul Warren would also need to be included in order for schools to embrace and adopt the policies.**

**7. Update on Governance & Audit Committee Lay Member Recruitment**

Two robust candidates had been interviewed and were successful. One further Lay Member required. DG has been contacted by a further candidate who lives out of county but has previously had a Caerphilly base. An application form has been provided to him. Hopefully will have a full compliment of Lay Members by the end of March 2022.

**8. AOB**

No matters raised.

**9. Date of Next Meeting**

21<sup>st</sup> March 2022 11am

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# Agenda Item 19

## Corporate Governance Panel Minutes 21<sup>st</sup> March 2022

**Attendees:** Cllr Margaret Sargent\Steve Harris\Deb Gronow\Rob Tranter\Sue Richards

**Chair:** Richard (Ed) Edmunds

### 1. Apologies

Cllr Eluned Stenner  
Liz Lucas

### 2. Minutes of Last Meeting

The minutes of the previous meeting held on the 16<sup>th</sup> February 2022 were approved.

Noted that the AGS states draft accounts need to be finalised by the end of May 2022 however this may change to the middle of June. This is due to the City Deal accounts need to be completed before CCBC accounts can be finalised.

Anti-Fraud Strategy – noted that DG is meeting with SH shortly and it is hopeful that SH will be able to sign the document off and circulate.

### 3. Updated Code of Corporate Governance & Terms of Reference for the Corporate Governance Review Panel

The Code was last updated in 2019 and would only require updating if advised by CIPFA. As no updates have been received from CIPFA the document stands as is. However, it is noted that membership needs to be considered.

Terms of Reference – confirmed that titles are correct however “interim” needs to be removed.

A discussion took place in relation to membership of the Panel and it was confirmed that the Chair would be a Lay Member and Cllr Stenner as a Cabinet Member. Cllr Sargent queried whether the Vice Chair would also need to be a Lay Member or whether it could be a Councillor as it would make sense for both a Lay Member and Councillor to attend this Panel. RT advised that the Regulations would need to be checked. RT also queried whether Welsh Government had issued any statutory guidance as if so we would be required to follow that. RT confirmed that we need a lead from WG as to how these Committees need to be set up.

Ed queried whether the Chair and Vice Chair should become a part of this Panel and Cllr Sargent advised that not if they are both Lay Members due to the requirement that it needs to be politically balanced.

**Action: SH to check if membership of the Corporate Governance Review Panel is correct.**

**Action: RT to explore the Regulations and make any necessary adjustments**

**Action: Terms of Reference to be brought back to the next Corporate Governance Review Panel with amendments made.**

#### **4. AGS 2022/23 Progress Update**

Questionnaires were sent to Heads of Service approximately 4 weeks ago. DG advised that no questionnaires had been received back from Education & Corporate Services to date. SR advised that DG would receive the Education and Transformation questionnaires by the end of the week.

DG queried whether the Expert Panel/Expert Checklist needed to be circulated. SH advised that this was not required as the Panel already has the required expertise.

**Action: Ed requested that this item for added to the agenda for his SMT on 23<sup>rd</sup> March 2022.**

#### **5. Update on New/Emerging Risks**

SH advised that the two key issues were the cost-of-living crisis and Ukraine. The next iteration of the Risk Register will highlight these. The potential impact on the supply chain also needs to be flagged up in the Corporate Risk Register. Risk Register being discussed at Formal CMT on 7<sup>th</sup> April 2022.

#### **6. Update on Anti-Fraud Strategy**

SH and DG meeting later today and will hopefully have a document to present at the next Panel meeting.

#### **7. Update on Lay Member Recruitment**

Progressing well and we should have full complement of Members shortly.

#### **8. AOB**

No matters raised.

**9. Date of Next Meeting**

13<sup>th</sup> April 2022 4pm

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