

# Public Document Pack

Penallta House,  
Tredomen Park,  
Ystrad Mynach,  
Hengoed CF82 7PG

Ty Penallta,  
Parc Tredomen,  
Ystrad Mynach,  
Hengoed CF82 7PG



[www.caerphilly.gov.uk](http://www.caerphilly.gov.uk)  
[www.caerffili.gov.uk](http://www.caerffili.gov.uk)

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: 6th September 2023**

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, 12th September, 2023 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 'Chrissy'.

**Christina Harrhy**  
CHIEF EXECUTIVE

## A G E N D A

	Pages
1 To appoint a Chair for the ensuing year.	

A greener place Man gwyrdach



2 To receive apologies for absence.

3 Declarations of Interest.

Councillors and Officers are reminded of their personal responsibility to declare any personal and/or prejudicial interest(s) in respect of any item of business on this agenda in accordance with the Local Government Act 2000, the Council's Constitution and the Code of Conduct for both Councillors and Officers.

To approve and sign the following minutes: -

4 Governance and Audit Committee held on 11th July 2023. 1 - 6

To receive and consider the following reports: -

5 Governance and Audit Committee Forward Work Programme. 7 - 20

6 Update from Audit Wales. 21 - 36

7 Audit Wales - Caerphilly County Borough Council - Detailed Audit Plan 2023. 37 - 66

8 Review and Update of Internal Audit Charter. 67 - 80

9 Update on Internal Audit Report Recommendations. 81 - 86

To receive and note the following information items: -

10 Regulation of Investigatory Powers Act 2000. 87 - 88

11 Officers Declarations of Gifts and Hospitality April to June 2023. 89 - 94

*\*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 12<sup>th</sup> September 2023.*

**Circulation:**

Councillors M.A. Adams, Mrs E.M. Aldworth, A. Broughton-Pettit, M. Chacon-Dawson, Mrs P. Cook, G. Enright, J. Taylor and C. Wright (Vice Chair)

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

And Appropriate Officers

## **HOW WE WILL USE YOUR INFORMATION**

Those individuals that attend committee meetings to speak/give evidence will be named in the minutes of that meeting, sometimes this will include their place of employment or business and opinions expressed. Minutes of Meetings including details of speakers will be publicly available to all via the Council website at [www.caerphilly.gov.uk](http://www.caerphilly.gov.uk). except for discussions involving confidential or exempt items.

You have a number of rights in relation to your information, including the rights of access to information we hold about you and the right of complaint if you are unhappy with the way your information is being processed.

For further information on how we process your information and your rights please view the Full Committee Meetings Privacy Notice on our [website](#) or contact Legal Services by email [griffd2@caerphilly.gov.uk](mailto:griffd2@caerphilly.gov.uk) or telephone 01443 863028.

This page is intentionally left blank



## GOVERNANCE AND AUDIT COMMITTEE

### MINUTES OF THE MEETING HELD IN PENALLTA HOUSE AND VIA MICROSOFT TEAMS ON TUESDAY 11<sup>TH</sup> JULY 2023 AT 2.00 P.M.

PRESENT:

Councillors:

M. A. Adams, Mrs. E.M. Aldworth, M. Chacon-Dawson, and C. Wright.

Lay Members:

N. Yates, and J. Williams.

Together with:

Officers: R. Edmunds (Corporate Director for Education and Corporate Services), S. Harris (Head of Financial Services and S151 Officer), D. Gronow (Acting Internal Audit Manager), S. Richards (Head of Education Planning and Strategy), R. Roberts (Business Improvement Manager), J. Pearce (Business Improvement Officer), K. Denman (Housing Solutions Manager), and J. Lloyd (Committee Services Officer).

M. Jones (Audit Wales).

Also in attendance: Councillors E. Stenner and J. Pritchard.

### RECORDING AND VOTING ARRANGEMENTS

The Chair reminded those present that the meeting would be live-streamed and a recording made available to view 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. TO APPOINT A CHAIR FOR THE ENSUING YEAR

Following consideration by the Governance and Audit Committee, this matter was deferred to the next meeting on 12<sup>th</sup> September 2023, as not all of the Lay Members were in attendance.

#### 2. TO APPOINT A VICE CHAIR FOR THE ENSUING YEAR

It was moved and seconded that Councillor C. Wright be appointed as Vice Chair and by way of Microsoft Forms and verbal confirmation, this was unanimously agreed.

RESOLVED that Councillor C. Wright be appointed as Vice Chair of the Governance and Audit Committee for the ensuing year.

### **3. TO RECEIVE APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors A. Broughton-Pettit, P. Cook, G. Enright, J. Taylor, and Lay Members M. Rees and V. Pearson.

### **4. DECLARATIONS OF INTEREST**

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

### **5. MINUTES – 18<sup>TH</sup> APRIL 2023**

It was moved and seconded that the minutes of the Governance and Audit Committee held on 18<sup>th</sup> April 2023 be approved as a correct record, subject to an amendment to item 6. Audit Wales Audit of Accounts Addendum, paragraph 8, recommendations from the previous year were 12, not 17. By way of Microsoft Forms and verbal confirmation, this was unanimously agreed.

RESOLVED that the minutes of the meeting held on 18<sup>th</sup> April 2023 (minute nos. 1-11) be approved as a correct record, subject to an amendment to item 6. Audit Wales Audit of Accounts Addendum, paragraph 8, recommendations from the previous year were 12, not 17.

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

The Head of Financial Services and S151 Officer presented the Governance and Audit Committee Forward Work Programme for the period July 2023 to November 2023. A Member queried the items on the FWP and proposed items that would be considered as standing items and should be included in the FWP for the current year. The Member also proposed that there should be 5 meetings of the Governance and Audit Committee during this period. Members were advised that the Forward Work Programme would be populated for the next 12 months, in readiness for the next meeting to be approved.

Members noted the details of reports scheduled for the forthcoming meetings.

It was moved and seconded that the Forward Work Programme be approved. By way of Microsoft Forms and verbal communication, this was unanimously agreed.

RESOLVED that the Forward Work Programme as appended to the meeting papers be approved.

### **REPORTS OF OFFICERS**

Consideration was given to the following reports.

### **7. UPDATE FROM AUDIT WALES**

M. Jones, Audit Wales, presented the report, and informed Members that the audit of the 2022-23 annual statement of accounts scheduled for completion in late 2023 was now more likely to be completed in January 2024.

Members were advised that Audit Wales produce a quarterly update which includes items for work undertaken across Wales and specifically Caerphilly.

A Member queried the timetabled date for the Assurance and Risk Assessment, and noted this was set for completion in August 2023, and sought confirmation of the timescale for the completed report. Members were advised that this item may not result in an actual report but that this matter would be checked and referred back to Members. The Member also queried the timetabled date for the Thematic Review – Unscheduled Care, noting that the completion date was set for February 2023, and sought clarification on the 'Fieldwork' status. Members were advised that this could have been meant to be February 2024, and would check this, together with the query on 'Fieldwork' and refer back to Members following the meeting.

The Governance and Audit Committee noted the report.

## **8. ANNUAL INTERNAL AUDIT REPORT 2022/23**

The Acting Internal Audit Services Manager introduced the report which informed the Governance and Audit Committee of the Internal Audit Managers' overall opinion on the Authority's Internal Control Systems derived from the work undertaken by Internal Audit Services during the 2022/23 financial year.

Members were informed that it is a requirement of 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.

Members were advised that the report provided an overview of the work performed and a detailed schedule of audits was attached as appendix 1. Members were also referred to the information contained in the report in relation to the number of opinions and the risk rating of audit findings.

A Member sought clarification on the term 'unable to progress audit after commencement.' Members were advised that due to the ongoing industrial action in schools and advice from unions, that participation in non-standard meetings which includes audit work, is limited.

A Member queried the 'non-compliant' contracts and the implications of these. Members were advised that some of these are minor, however where there is a significant non-compliance or overspends, there is a process in the Council's Standing Orders that requires reports by the contract manager to the Head of Service and the S151 Officer where required, depending on the specific issues involved.

The Governance and Audit Committee noted the content of the report.

## **9. DRAFT ANNUAL GOVERNANCE STATEMENT 2022/23**

The Head of Financial Services and S151 Officer introduced the report which presented the Governance and Audit Committee with the Draft Annual Governance Statement for the 2022/23 financial year. Members were informed that the Draft Annual Governance Statement for 2022/23 also included updates on the area for improvement noted in the Annual Governance Statement for 2021/22 and identifies any new issues arising in 2022/23.

Members were informed that the document had been prepared by the Corporate

Governance Review Panel, which had considered responses from the Chief Executive, Directors, Heads of Service, and other key Officers, and these had been included as appropriate.

Members were advised that the Draft Annual Governance Statement will be incorporated into the 2022/23 Draft Financial Statements which will be submitted to Audit Wales on the 31<sup>st</sup> of July 2023 for the external audit to be completed. The audited 2022/23 Financial Statements and External Auditor's report will subsequently be presented to the Governance and Audit Committee and Council for approval.

A Member queried the proposed changes to the format of the Annual Governance Statement by the Corporate Governance Review Panel and referred to the minutes included in the pack as an information item. The Member also referred to the review of the Annual Governance Statement 2021/22 by the Panel and sought clarification on the issues being raised, in relation to the Medium-Term Financial Plan. Members were advised that no substantial changes were being made to the format of the 2022/23 Annual Governance Statement, however it was agreed that going forward the format could be reviewed. . Members were also advised that the Medium-Term Financial Plan had been raised again due to the scale of the financial challenge that the Authority is now facing, whereby the level of savings to be made has increased to circa £48 million for the two-year period 2024/25 to 2025/26.

A Member queried the current post of 'Acting' Internal Audit Manager, and whether there was any timescale in which this post would be made permanent. Members were advised that a permanent appointment would be made within the next 2 months.

A Member raised a query on behalf of another Member who was absent from the meeting, in relation to the role of the Committee Members in reviewing the Draft Annual Governance Statement. Members were advised that this query would be looked at and dealt with outside of the meeting, together with a possible training programme that is currently being considered.

M. Jones from Audit Wales wished to note that the level of detail in the Draft Annual Governance Statement was satisfactory in comparison to others.

Having considered the report, it was moved and seconded that the recommendations be approved. By way of Microsoft Forms and verbal communication this was unanimously agreed.

RESOLVED to endorse the content subject to any changes agreed.

## **10. CORPORATE RISK REGISTER (MAY 2023) UPDATE**

The Business Improvement Manager introduced the report which provided an update of the Corporate Risk Register in accordance with the Council's Risk Management Strategy. Members were advised that there are currently 18 risks on the Corporate Risk Register.

The updated Corporate Risk Register was included as Appendix A to the report and presented to the Governance and Audit Committee for the Committee to have the opportunity to satisfy itself that appropriate arrangements are in place for the Council's risk management processes to be regularly and robustly monitored and scrutinised.



A Member suggested that the Corporate Risk Register also needs to align with Regulator Recommendations for Improvement and Officers agreed that this will be considered moving forward.

Clarification was also sought in relation to 2 specific risks and their potential impact on the well-being of communities. Officers advised that these risks relate to organisational capacity but agreed that a well-being risk level will be included moving forward.

The Governance and Audit Committee noted the contents of the report.

#### **11. REGULATOR RECOMMENDATION FOR IMPROVEMENT PROGRESS UPDATE.**

The Business Improvement Manager introduced the report which updated Members on the progress of recommendations that have been made by all regulators since the last Governance and Audit Committee update and advised 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 in January 2023. Since that time there have been no new proposals added onto the register and no areas for consideration as part of the Well-being of Future Generations examination. Members were informed that there are 11 recommendations on the register, and none have been added, with 1 to be considered as actioned and completed, and if agreed by the Governance and Audit Committee, would leave 10 outstanding.

A Member sought clarification on the completion dates and noted that some appeared to be overdue. Members were advised that new dates had not been included in time for publication, but this information could be circulated to Members following the meeting. A Member queried whether the completion percentages were correct in view of the completion dates not being updated. Members were advised that the percentage information included was currently correct.

Having viewed the specific proposals attached within Appendix A and judged whether these are now complete, the Governance and Audit Committee, agreed to close the proposals noted as 'completed' within Appendix A, and it was moved and seconded that the recommendations be approved. By way of Microsoft Forms and verbal communication this was unanimously agreed.

RESOLVED to close the proposals noted as 'completed' within Appendix A.

#### **12. AUDIT WALES – HOMELESSNESS – CAERPHILLY COUNTY BOROUGH COUNCIL.**

The Corporate Director for Education and Corporate Services introduced the agenda item and advised Members that at a previous meeting of the Governance and Audit Committee, the Audit Wales report had been omitted, and only the Officers report had been included in the agenda pack. Members had subsequently requested that the Audit Wales report be included at this meeting.

A Member noted the ongoing homelessness issues the Authority is facing and the various solutions that are currently available. The Housing Solutions Manager advised Members that a Specialist Complex Cases Officer had now been appointed within the Authority, and their role is to engage with the specific individuals that are experiencing accommodation issues, providing the relevant advice and support.

A Member queried the impact of the current economic circumstances. Members were advised that this could affect all elements of housing, including homelessness. Discussions have taken place with Welsh Government in relation to possible mortgage rescue schemes. Members were also advised of potential effects on landlords and tenants, although this had not yet become a major issue within Caerphilly, the situation was being monitored with regards to a possible rise in homelessness.

The Governance and Audit Committee noted the contents of the report.

### **13-16. INFORMATION ITEMS**

It was confirmed that none of the following items had been called forward for discussion at the meeting, and the Committee noted the contents of the reports: -

- (i) Regulation of Investigatory Powers Act 2000;
- (ii) Officer's Declarations of Gifts and Hospitality January to March 2023;
- (iii) Register of Employees' Interests Forms 2022/23;
- (iv) Corporate Governance Panel Minutes – 13<sup>th</sup> June 2023.

The Chair thanked Members and Officers for their attendance and contributions and the meeting closed at 3.19 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 12<sup>th</sup> September 2023.

---

CHAIR

**GOVERNANCE AND AUDIT COMMITTEE FORWARD WORK PROGRAMME**

**GOVERNANCE AND AUDIT COMMITTEE – 12<sup>th</sup> SEPTEMBER 2023**

<b>TITLE</b>	<b>PURPOSE</b>	<b>KEY ISSUES</b>	<b>PRESENTING OFFICER</b>
Update from Audit Wales (Standing Item)	To provide the Governance and Audit Committee with information on the work performed by Audit Wales.	To ensure the Governance and Audit Committee has oversight of these activities.	Audit Wales
Audit Wales 2023 Audit Plan	To provide the Governance and Audit Committee with details of the work planned by Audit Wales.	To ensure the Governance and Audit Committee is informed of planned work.	Audit Wales
Internal Audit Charter update	This report will aim to make Members of the Governance and Audit Committee aware of the Council's Internal Audit Charter in order to enable them to make an informed decision to approve the Charter in line with the expectations of the Public Sector Internal Audit Standards (PSIAS).	The report will provide details of the updated Internal Audit Charter for the Council's Internal Audit Team.	D. Gronow
Update and progress report on Internal Audit Recommendations.	To provide members of the Governance and Audit Committee with an update on the recommendations issued	The report provides updates on new recommendations issued since the previous report was presented to the Committee and	D. Gronow

	to Service Managers arising from Internal Audit work and the progress on completing agreed actions, in the period since the previous report.	progress on the implementation of agreed recommendations by Service Managers.	
<b>INFORMATION ITEMS</b>			
Regulation of Investigatory Powers Act 2000	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)	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.	L. Lane
Officers Declarations of Gifts and Hospitality	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 last quarter and a comparison with the previous three quarters.	To ensure members of the Governance and Audit Committee have an oversight of the position in relation to officers' Gifts and Hospitality.	L. Donovan
Corporate Governance Panel Minutes	To provide the Governance and Audit Committee with information in relation to the matters under review by the Panel, outcomes, and actions.	To ensure members of the Governance and Audit Committee have an oversight of the activities of the Panel.	D. Gronow

**GOVERNANCE AND AUDIT COMMITTEE – 7<sup>th</sup> NOVEMBER 2023**

<b>TITLE</b>	<b>PURPOSE</b>	<b>KEY ISSUES</b>	<b>PRESENTING OFFICER</b>
Update from Audit Wales (Standing Item)	To provide the Governance and Audit Committee with information on the work performed by Audit Wales.	To ensure the Governance and Audit Committee has oversight of these activities	Audit Wales
Annual review of Complaints 2022/23	The purpose of this report is to provide the Governance and Audit Committee with an overview of the complaints dealt with under the Corporate Complaints policy for year ended 31/3/2023 together with the outcomes and lessons learned.	To provide the Committee with complaints data to enable the Committee to review and assess the effectiveness of complaints handling for the year.	L. Lane
Internal Audit update on progress.	To provide Members of the Governance and Audit Committee with information on progress being made against the Audit Plan and other unplanned work between the period 1st April 2023 and 30th September 2023, and to inform the Committee of the opinions derived from the work undertaken.	To provide the Committee with oversight of the status of work undertaken and progress against the Audit Plan.	D. Gronow

Corporate Risk Register Update	To provide an update on the Corporate Risk Register in accordance with the Council's Risk Management Strategy.	The updated Corporate Risk Register is presented to the Governance and Audit Committee to ensure there is opportunity for the Committee to satisfy itself that appropriate arrangements are in place for the Council's risk management processes to be regularly and robustly monitored and scrutinised.	R. Roberts
Draft Annual Self – Assessment report 2022/23	To present the Governance and Audit Committee with the Draft Annual Self-assessment Report for 2022/23 prior to its onward submission to Joint Scrutiny and Council.	To provide the Governance and Audit Committee with assurance that the Council's self-assessment process is robust and effective.	R. Edmunds / R. Roberts
<b>INFORMATION ITEMS</b>			
Regulation of Investigatory Powers Act 2000	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)	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.	L. Lane

Officers Declarations of Gifts and Hospitality	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 last quarter and a comparison with the previous three quarters.	To ensure members of the Governance and Audit Committee have an oversight of the position in relation to officers' Gifts and Hospitality.	L. Donovan
Corporate Governance Panel Minutes	To provide the Governance and Audit Committee with information in relation to the matters under review by the Panel, outcomes, and actions.	To ensure members of the Governance and Audit Committee have an oversight of the activities of the Panel.	D. Gronow

**GOVERNANCE AND AUDIT COMMITTEE – 15<sup>th</sup> February 2024**

<b>TITLE</b>	<b>PURPOSE</b>	<b>KEY ISSUES</b>	<b>PRESENTING OFFICER</b>
Update from Audit Wales (Standing Item)	To provide the Governance and Audit Committee with information on the work performed by Audit Wales.	To ensure the Governance and Audit Committee has oversight of these activities	Audit Wales
Financial Statements for 2022/23	To present the Governance and Audit Committee with the Audit Wales 'Audit of Accounts Report' for the 2022/23	To ensure that the 2022/23 Financial Accounts are endorsed prior to approval by Council and submission to the Auditor General for Wales.	Audit Wales / S. Harris

	financial year, along with the audited Financial Statements.		
Public Sector Internal Audit Standards (PSIAS) Self-Evaluation update	To inform members of the Governance and Audit Committee of the results of the self-evaluation of compliance with PSIAS.	To ensure the Governance and Audit Committee is aware of the results of this process.	D. Gronow
Update and progress report on Internal Audit Recommendations.	To provide members of the Governance and Audit Committee with an update on the recommendations issued to Service Managers arising from Internal Audit work and the progress on completing agreed actions, in the period since the previous report.	The report provides updates on new recommendations issued since the previous report was presented to the Committee and progress on the implementation of agreed recommendations by Service Managers.	D. Gronow
Review and Refresh of Financial Regulations	To provide the Committee with the draft revised Financial Regulations for review and endorsement.	To ensure the Governance and Audit Committee has the opportunity to review and endorse the updated Financial Regulations prior to Council consideration.	S. Harris / D. Gronow
Regulator recommendations for improvement progress update	To update members on progress of recommendations that have been 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.	To ensure the Governance and Audit Committee has oversight of this matter.	R. Roberts



<b>INFORMATION ITEMS</b>			
Regulation of Investigatory Powers Act 2000	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)	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.	L. Lane
Officers Declarations of Gifts and Hospitality	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 last quarter and a comparison with the previous three quarters.	To ensure members of the Governance and Audit Committee have an oversight of the position in relation to officers' Gifts and Hospitality.	L. Donovan
Corporate Governance Panel Minutes	To provide the Governance and Audit Committee with information in relation to the matters under review by the Panel, outcomes, and actions.	To ensure members of the Governance and Audit Committee have an oversight of the activities of the Panel.	D. Gronow

**GOVERNANCE AND AUDIT COMMITTEE –16<sup>th</sup> April 2024**

<b>TITLE</b>	<b>PURPOSE</b>	<b>KEY ISSUES</b>	<b>PRESENTING OFFICER</b>
Update from Audit Wales (Standing Item)	To provide the Governance and Audit Committee with information on the work performed by Audit Wales.	To ensure the Governance and Audit Committee has oversight of these activities	Audit Wales
Audit Wales Caerphilly CBC outline 2024 Audit Plan	To provide the Governance and Audit Committee with the outline detail of the planned work, any performance work, and estimated fees.	To ensure that the Committee is informed of the work planned by Audit Wales.	Audit Wales
Audit Wales Caerphilly CBC Annual Audit Summary 2023	To provide the Governance and Audit Committee with information in relation to the work completed by Audit Wales since the previous Annual Audit Summary.	This report forms part of the Auditor General for Wales duties and aims to ensure that the Governance and Audit Committee is updated appropriately.	Audit Wales
Audit Wales Audit of Accounts Addendum report	To present the Governance and Audit Committee with the Audit Wales 'Audit of Accounts Addendum Report' for the 2022/23 financial year.	To ensure that the Committee is informed of the Audit Wales recommendations arising from the audit of the accounts and the associated management responses.	Audit Wales / S. Harris
Corporate Risk Register Update	To provide an update on the Corporate Risk Register in accordance with the Council's Risk Management Strategy.	The updated Corporate Risk Register is presented to the Governance and Audit Committee to ensure there is	R. Roberts

		opportunity for the Committee to satisfy itself that appropriate arrangements are in place for the Council's risk management processes to be regularly and robustly monitored and scrutinised.	
Six month update on corporate complaints received.	The purpose of this report is to provide the Governance and Audit Committee with an overview of the complaints dealt with under the Corporate Complaints policy for the six month period 1st April to 30th September together with the outcomes and lessons learned.	To provide the Committee with complaints data to enable the Committee to review and assess the effectiveness of complaints handling for the six-month period.	L. Lane
Internal Audit Annual Plan 2024/25	To seek Governance and Audit Committee approval of the Internal Audit Services Annual Audit Plan for the 2024/25 financial year.	The Governance and Audit Committee is responsible for ensuring that risk and internal controls are adequately managed and monitored, and that the work planned by Internal Audit will achieve the required levels of assurance.	D. Gronow
<b>INFORMATION ITEMS</b>			
Regulation of Investigatory Powers Act 2000	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)	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	L. Lane

		their exercise of their statutory functions.	
Officers Declarations of Gifts and Hospitality	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 last quarter and a comparison with the previous three quarters.	To ensure members of the Governance and Audit Committee have an oversight of the position in relation to officers' Gifts and Hospitality.	L. Donovan
Corporate Governance Panel Minutes	To provide the Governance and Audit Committee with information in relation to the matters under review by the Panel, outcomes, and actions.	To ensure members of the Governance and Audit Committee have an oversight of the activities of the Panel.	D. Gronow

**GOVERNANCE AND AUDIT COMMITTEE –18<sup>th</sup> June 2024**

<b>TITLE</b>	<b>PURPOSE</b>	<b>KEY ISSUES</b>	<b>PRESENTING OFFICER</b>
Update from Audit Wales (Standing Item)	To provide the Governance and Audit Committee with information on the work performed by Audit Wales.	To ensure the Governance and Audit Committee has oversight of these activities	Audit Wales
Update and progress report on Internal Audit Recommendations.	To provide members of the Governance and Audit	The report provides updates on new recommendations issued	D. Gronow

	Committee with an update on the recommendations issued to Service Managers arising from Internal Audit work and the progress on completing agreed actions, in the period since the previous report.	since the previous report was presented to the Committee and progress on the implementation of agreed recommendations by Service Managers.	
Regulator recommendations for improvement progress update	To update members on progress of recommendations that have been 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.	To ensure the Governance and Audit Committee has oversight of this matter.	R. Roberts
Internal Audit Annual Report 2023/24	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 2023/24 financial year.	To ensure the Governance and Audit Committee has oversight of this matter.	D. Gronow
Draft Annual Governance Statement 2023/24	To present Members of the Governance and Audit Committee with the Draft Annual Governance Statement for the 2023/24 financial year.	To ensure that the Draft Annual Governance Statement is considered by the Governance and Audit Committee prior to its inclusion in the Draft Financial Statements.	S. Harris

<b>INFORMATION ITEMS</b>			
Regulation of Investigatory Powers Act 2000	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)	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.	L. Lane
Officers Declarations of Gifts and Hospitality	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 last quarter and a comparison with the previous three quarters.	To ensure members of the Governance and Audit Committee have an oversight of the position in relation to officers' Gifts and Hospitality.	L. Donovan
Register of Employee's interest forms 2023/24	To provide the Governance and Audit Committee with information regarding the Register of Employees' Interests Forms completed by officers of the Council (excluding Schools) for the 12 month period 1 April 2023 to 31 March 2024 and provide a comparison with the same information for the previous 2 financial years.	To ensure members of the Governance and Audit Committee have an oversight of the position in relation to officers' Register of Employees' Interests Forms.	L. Donovan

Corporate Governance Panel Minutes	To provide the Governance and Audit Committee with information in relation to the matters under review by the Panel, outcomes, and actions.	To ensure members of the Governance and Audit Committee have an oversight of the activities of the Panel.	D. Gronow
------------------------------------	---	---	-----------

This page is intentionally left blank



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

**Quarterly Update: 30 June 2023**

### Annual Audit Summary

Description	Timetable	Status
A report summarising completed audit work since the last Annual Audit Summary, which was issued in December 2022	December 2023	To be completed

### Financial Audit work

Description	Scope	Timetable	Status
<b>2022-23 annual statement of accounts</b>	The statutory audit of the Council's annual accounts.	Autumn 2023 to early 2024.	Some early planning has been done.
<b>Audit of the Council's 2022-23 grant returns</b>	We anticipate that the same six grants will require audit for 2022-23.	Two of the audits should start soon. The other audits are likely to start at the end of 2023 and conclude in the first quarter of 2024.	Due to commence.
<b>Audit of the Blackwood Arts Centre's 2021-22 charity accounts</b>	The statutory audit of the annual charity account.	January 2024	Yet to commence.

## Performance Audit work

2022-23 Performance audit work	Scope	Timetable	Status
<b>Assurance and Risk Assessment</b>	<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> <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</li> </ul>	<p>Ongoing monitoring of financial position</p> <p>September – December 2023</p> <p>February – September 2023</p> <p>September 2023</p>	<p>Ongoing</p> <p>Scoped</p> <p>In progress - fieldwork is being scheduled at each council between March and August 2023</p> <p>In progress</p>

2022-23 Performance audit work	Scope	Timetable	Status
<b>Thematic Review – Unscheduled Care</b>	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.	August 2022 – July 2023	Fieldwork complete, draft reports scheduled for September
<b>Thematic review – Digital</b>	A review of councils’ strategic approach to digital, and the extent to which this has been developed in accordance with the sustainable development principle; and that it will help to secure value for money in the use of councils’ resources.	January – September.	In progress - fieldwork is being scheduled at each council between March and August 2023.
<b>Waste and Recycling Review</b>	This project will focus on the Council’s plans to meet current and future statutory recycling targets.	October – March 2023	Final Report issued

2023-24 Performance audit work	Scope	Timetable	Status
<b>Assurance and Risk Assessment</b>	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.	April 2023	August 2024
<b>Thematic review – Financial Sustainability</b>	A review of councils’ financial sustainability including a focus on the actions, plans and arrangements to bridge funding gaps and address financial pressures over the medium term.	[To be confirmed]	Scoping
<b>Thematic review – commissioning and contract management</b>	A review focusing on how councils’ arrangements for commissioning, and contract management apply value for money considerations and the sustainable development principle.	[To be confirmed]	Scoping
<b>Counter Fraud and Whistle Blowing</b>	To assess the progress that the Council has made in implementing the 15 Recommendations made in the Auditor General for Wales’ report <u>‘Raising Our Game’ Tackling Fraud in Wales</u> July, 2020	To be confirmed	Scoping

## Local government national studies planned/in progress

Study	Scope	Timetable	Status	Fieldwork planned at the Council
<b>Building safety</b>	Review of how well local authorities are delivering their responsibilities for building safety	September 2022 – August 2023	Reporting – end of July 2023	Yes – interview with nominated officer at the Council and survey.
<b>Planning for sustainable development – Brownfield regeneration</b>	Review of how local authorities are promoting and enabling better use of vacant non-domestic dwellings and brownfield sites	October 2022 – September 2023	Reporting – September 2023	Yes – interview with nominated officer at seven councils and survey.
<b>Governance of special purpose authorities – National Parks</b>	Review of systems and effectiveness of governance	November 2022 – September 2023	Evidence gathering – fieldwork due to be completed end of June 2023	No

Study	Scope	Timetable	Status	Fieldwork planned at the Council
<p><b>Corporate Joint Committees (CJCs)</b></p>	<p>Assessing CJCs' progress in developing their arrangements to meet their statutory obligations and the Welsh Government's aim of strengthening regional collaboration.</p>	<p>September 2022 – August 2023</p>	<p>Draft report has been issued to the four CJCs. Letters to the four individual CJCs will also be issued. Updated summary report due to be published August.</p>	<p>Yes – We explored the Council's perspective via our routine liaison meetings. Fieldwork included interviews with the chief executive, director of finance and chair of each of the four CJCs.</p>

## Estyn

Our link inspectors are continuing to work with Torfaen as part of our follow-up process for an authority causing significant concern. Wrexham local authority is still in a causing concern category, and we will convene a progress conference in July to evaluate progress against the recommendations from the core inspection. We also undertook a focused link work activity in Powys in May to consider aspects of their work on school improvement, the transformation agenda and financial management in schools. We will inspect Gwynedd in the week beginning 26 June and Carmarthenshire in the week beginning 10 July.

Field work being carried out across local authorities during the summer term includes a focus on how well local authorities are supporting the educational needs of asylum seekers and refugees. This work will be included in HMCI's annual report. Our aim is to describe, acknowledge, and evaluate the experiences of these groups as they engage with education and training in Wales.

## Care Inspectorate Wales (CIW)

CIW planned work 2022-23	Scope	Timetable	Status
<b>Programme 2022-23</b>	<p><a href="#">We have published our updated Code of Practice for our local authority inspection activity   Care Inspectorate Wales</a></p> <p><a href="#">How we inspect local authority services and CAFCASS Cymru</a></p>	May 2023	Published
<b>Joint work</b>	<p>We are finalising our thematic reviews programme of work for 2023-2026. Areas for consideration include, adult safeguarding, carers, CLDT and CAMHS.</p> <p>We continue to work with partners, sharing information and intelligence including completing joint reviews.</p>	Current	In progress
		Current	In progress

CIW planned work 2022-23	Scope	Timetable	Status
	<p>We are working in collaboration with HIW for a national review of the stroke pathway. A national report will be published early summer.</p> <p>We continue to work in collaboration with HIW in conducting CMHT inspections.</p> <p>CIW is working with partners to complete a rapid review. The overarching objective of the rapid review is to determine to what extent the current structures and processes in Wales ensure children who are in need of care, support and protection are appropriately placed on, and removed from, the Child Protection Register, when sufficient evidence indicates it is safe to do so. This is a collaborative review.</p>	<p>Current</p> <p>Current</p> <p>Interim findings – Publish 22 June 2023</p> <p>National report – September 2023</p>	<p>In progress</p> <p>In progress</p> <p>In progress</p>
<p><b>Deprivation of Liberty Safeguards Annual Monitoring Report for Health and Social Care 2022-23</b></p>	<p>The <u>2020-21 report</u> was published on 7 February 2021</p> <p>The 2021-2022 report is underway</p>	<p>Published</p> <p>To be confirmed</p>	<p>Published</p> <p>Preparing</p>



CIW planned work 2022-23	Scope	Timetable	Status
<p><b>National review of Care Planning for children and young people subject to the Public Law Outline pre-proceedings</b></p>	<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>	<p>National report publication October 2023</p>	<p>In progress</p>
<p><b>Joint Inspection Child Protection Arrangements (JICPA)</b></p>	<p>Cross-inspectorate approach. Areas to be determined. We will complete a further four multi-agency joint inspections in total. Each local authority will have a published letter post inspection.</p> <p>We will publish a national report in late spring 2023.</p>	<p>April 2023 – April 2024</p>	<p>Delivery</p>

## Audit Wales national reports and other outputs published since June 2022

Report title	Publication date and link to report
Maximising EU funding – the Structural Funds Programme and the Rural Development Programme	<a href="#">June 2023</a>
Digital inclusion in Wales (including key questions for public bodies)	<a href="#">March 2023</a>
Orthopaedic Services in Wales – Tackling the Waiting List Backlog	<a href="#">March 2023</a>
Betsi Cadwaladr University Health Board – Review of Board Effectiveness	<a href="#">February 2023</a>
Welsh Government purchase of Gilestone Farm	<a href="#">January 2023</a>
Together we can – Community resilience and self-reliance	<a href="#">January 2023</a>
A Picture of Flood Risk Management	<a href="#">December 2022</a>
'A missed opportunity' – Social Enterprises	<a href="#">December 2022</a>
Poverty Data Tool	<a href="#">November 2022</a>
'Time for change' – Poverty in Wales	<a href="#">November 2022</a>
Learning from cyber-attacks	October 2022 (distributed privately to audited bodies)

Report title	Publication date and link to report
National Fraud Initiative 2020-21	<a href="#">October 2022</a>
COVID-19 business support in 2020-21 – Memorandum for the Public Accounts and Public Administration Committee	<a href="#">October 2022</a>
Payment to the Welsh Government's Former Permanent Secretary on Termination of Employment	<a href="#">September 2022</a>
Equality Impact Assessments: More than a Tick Box Exercise?	<a href="#">September 2022</a>
Welsh Government – setting of well-being objectives	<a href="#">September 2022</a>
Welsh Government workforce planning and management	<a href="#">September 2022</a>
NHS Wales Finances Data Tool – up to March 2022	<a href="#">August 2022</a>
Public Sector Readiness for Net Zero Carbon by 2030: Evidence Report	<a href="#">August 2022</a>
Public Sector Readiness for Net Zero Carbon by 2030	<a href="#">July 2022</a>
Sustainable Tourism in Wales' National Parks	<a href="#">July 2022</a>
Third Sector COVID-19 Response Fund – Memorandum for the Public Accounts and Public Administration Committee	<a href="#">July 2022</a>
The Welsh Community Care Information System – update and data tool	<a href="#">July 2022</a>

## Audit Wales national reports and other outputs (work in progress/planned)<sup>1, 2</sup>

Title	Indicative publication date
Local Government Financial Sustainability Data tool update	July 2023
NHS finances data tool – to 31 March 2023	July/August 2023
Springing Forward: Managing assets and workforce in local government	July/August 2023
Covering teachers' absence – follow-up	August 2023
NHS quality governance	August/September 2023
NHS workforce planning (data briefing)	August/September 2023
Net zero (pan UK overview)	September 2023
Ukrainian refugee services	October/November 2023

<sup>1</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. Follow up work could also lead to other outputs, as may other local audit work where we consider there is merit in a national summary output of some kind. For example, we have been tracking developments with completion of the A465 section 2 road improvement project following our [interim findings report](#) in February 2020.

<sup>2</sup> We have also published to our website a paper – [Our work programme for 2023-2026](#) – that provides additional detail about our national work (including local thematic reviews). In addition to new work that we will be taking forward in 2023-24, the paper includes details about indicative topics for work to start in 2024-24 or 2025-26.

Title	Indicative publication date
Local government digital strategy review – national summary	October 2023
Local government use of performance information, outcomes and service user perspective – national summary	October 2023
Affordable housing	January/February 2024
Local government capital programme management – national summary	To be confirmed
Active travel	To be confirmed
Cancer services	To be confirmed
Capital planning and programme management	To be confirmed (starting in 2023-24)
Challenges for the cultural sector	To be confirmed (starting in 2023-24)
Homelessness	To be confirmed (starting in 2023-24)
Addressing biodiversity decline (pan-public sector and at Natural Resources Wales)	To be confirmed (starting in 2023-24)
Rebalancing care and support	To be confirmed (starting in 2023-24)
Tackling NHS waiting lists	To be confirmed (starting in 2023-24)

Title	Indicative publication date
Access to education for children with Additional Learning Needs	To be confirmed (starting in 2023-24)
Further and higher education funding and oversight – Commission for Tertiary Education and Research	To be confirmed (starting in 2023-24)
Governance of Fire and Rescue Authorities	To be confirmed (starting in 2023-24)
The senior public service	To be confirmed (starting in 2023-24)

## Good Practice Exchange events and resources

Title	Link to resource
<p><b>A Wales of vibrant culture and thriving Welsh language:</b> Inspired by the Football Association of Wales journey over the past decade, this event will examine and discuss how going beyond expectations creates an inclusive and positive attitude that becomes self-fulfilling. Working in partnership with the Future Generations Commissioner and the Welsh Language Commissioner, this event will assist and inspire public bodies, and the third sector to embrace the cultural diversity of modern Wales and work beyond compliance and into excellence.</p>	<p>All <a href="#">resources</a> are now available on our website. <a href="#">Blog</a></p>
<p><b>Together we can – creating the conditions to empower our communities to thrive:</b> This shared learning event will bring people together from across public services to share ideas, learning and knowledge. We will share the findings of our reports on social enterprises and community resilience, including our recommendations going forward.</p>	<p>20 June 2023 – 10:00 – 12:00 – Online. <b>The recording will be available on our website in one to two weeks.</b></p>
<p><b>Podcast: Poverty and Community Resilience</b> Our latest podcast follows our recent reports and events on poverty, social enterprises, and community resilience.</p>	<p><a href="#">Podcast</a></p>
<p><b>Digital Strategy:</b> The Covid pandemic has demonstrated the importance of digital in delivering modern services at pace. We have seen digital acting as a major catalyst in adapting to the challenges we have faced. Public services need to continue with this agile and responsive mind set as the norm and not the exception. This event will help equip public services with the practical tools and knowledge they need to successfully implement a Digital Strategy within their organisations.</p>	<p><b>21 September 09:00 – 13:00 – Cardiff – <a href="#">To register for Cardiff</a></b> <b>27 September 09:00 – 13:00 – North Wales – <a href="#">To register for North Wales</a></b></p>

## Recent Audit Wales blogs

Title	Publication date
<a href="#"><u>Helping people to help themselves</u></a>	15 February 2023
<a href="#"><u>A perfect storm – the cost of living crisis and domestic abuse</u></a>	21 November 2022
<a href="#"><u>Tackling poverty means tackling poverty data</u></a>	11 November 2022
<a href="#"><u>Cost of living and putting away the bayonet</u></a>	21 September 2022
<a href="#"><u>Heat is on to tackle Climate Change</u></a>	18 August 2022
<a href="#"><u>Direct Payments in Wales</u></a>	15 June 2022
<a href="#"><u>Unscheduled Care in Wales – a system under real pressure</u></a>	21 April 2022
<a href="#"><u>Skills Competition Wales</u></a>	18 February 2022
<a href="#"><u>Cyber resilience – one year on</u></a>	9 February 2022
<a href="#"><u>Helping to tell the story through numbers</u></a> (Local government financial sustainability data tool)	3 February 2022
<a href="#"><u>Call for clearer information on climate change spending</u></a>	2 February 2022
<a href="#"><u>Actions speak louder than words</u></a> (Building social resilience and self-reliance in citizens and communities)	14 January 2022



## Caerphilly County Borough Council – Detailed Audit Plan 2023

Audit year: 2023

Date issued: August 2023

Document reference: 3728A2023



This document has been prepared as part of work performed in accordance with statutory functions. Further information can be found in our [Statement of Responsibilities](#).

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities each with their own legal functions as described above. Audit Wales is not a legal entity and itself does not have any functions.

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

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales, the Wales Audit Office and, where applicable, the appointed auditor are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at [infoofficer@audit.wales](mailto:infoofficer@audit.wales).

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

# About Audit Wales

## Our aims and ambitions

### Assure



the people of Wales that public money is well managed

### Explain



how public money is being used to meet people's needs

### Inspire



and empower the Welsh public sector to improve



Fully exploit our unique perspective, expertise and depth of insight



Strengthen our position as an authoritative, trusted and independent voice



Increase our visibility, influence and relevance



Be a model organisation for the public sector in Wales and beyond

# Contents

Introduction	5
Your audit at a glance	8
Financial statements materiality	9
Significant financial statement risks	10
Financial statements audit timetable	12
Planned performance audit work	13
Statutory audit functions	14
Fee and audit team	15
Audit quality	18
Appendix 1 – key ISA315 changes and impact	19

# Introduction

Further to my Outline Audit Plan that my audit team presented to the Council's Governance and Audit Committee on 18 April, this Audit Plan:

- specifies my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice;
- sets out the work my team intends undertaking to address the audit risks identified and other key areas of focus during 2023; and
- sets out my estimated audit fee, details of my audit team and key dates for delivering my audit team's activities and planned outputs.



**Adrian Crompton**

Auditor General for  
Wales

## My audit responsibilities

I complete work each year to meet the following duties:

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

## Audit of financial statements

I am required to issue a certificate and report on your financial statements which includes an opinion on their 'truth and fairness' and an assessment as to whether the Narrative Report and Annual Governance Statement is prepared in line with the CIPFA Code and relevant guidance and is consistent with your financial statements and my knowledge of the Council. As part of the audit I have responsibility for responding to questions and objections about the Council's financial statements from local electors (an additional fee would be charged for this work, if necessary).

In addition to my responsibilities for auditing the Council's financial statements, I also audit the accounts of the Blackwood Arts Centre Charity; and six of the Council's grant returns that require certification.

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 is set out later in this plan.

I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#).

There have been no limitations imposed on me in planning the scope of this audit.

## Performance audit work

I carry out a programme of performance audit work to discharge my duties<sup>1</sup> as Auditor General in relation to value for money and sustainable development.

<sup>1</sup> When we undertake audit work under our statutory powers and duties we may collect information from public bodies that contains some personal data. Our general audit fair-processing-notice explains what we do with personal data, and how you can contact our Data Protection Officer.

My local performance audit programme will continue to be delivered through a combination of an assurance and risk assessment project, bespoke local projects and thematic projects examining risks common to all councils.

The majority of my performance audit work is conducted using INTOSAI auditing standards. The International Organisation of Supreme Audit Institutions is a global umbrella organisation for the performance audit community. It is a non-governmental organisation with special consultative status with the Economic and Social Council (ECOSOC) of the United Nations.

# Your audit at a glance



## My financial statements audit will concentrate on your risks and other areas of focus

My audit planning has identified the following risks:

Significant financial statement risks include:

- management override;
- outdated carrying values for property assets;
- the completeness and accuracy of related party disclosures; and
- any risks that arise from the failure to implement my past audit recommendations.



## My performance audit will include:

- Assurance and Risk Assessment
- Thematic reviews:
  - financial sustainability of local government
  - commissioning and contract management; and
- Local work: Counter fraud.



## Materiality

Materiality	£7.2 million
Reporting threshold	£360,000



# Financial statements materiality

My aim is to identify and correct material misstatements, which are those that might cause the user of the financial statements into being misled.

My planning materiality is calculated using:

- the 2021-22 gross expenditure of £722 million; and
- A materiality percentage of 1%.

I report to those charged with governance any misstatements above a trivial level (set at 5% of materiality, being £360,000).



## Areas of specific interest

There are some areas of the financial statements that may be of more importance to the user of the financial statements and we have set a lower materiality level for:

- the remuneration report (and associated expenditure such as exit payments), with materiality a level of £1,000 (and potentially lower if an error results in an incorrect remuneration financial-banding); and
- related party disclosures, with a materiality level of £5,000 (for related party disclosures associated with positions and interests held by members and senior officers).

# Significant financial statements risks

While I have commenced some planning work, I will be undertaking most of it in the autumn, which my audit team has discussed with officers. The risks set out in **Exhibit 1** are therefore drawn from my knowledge from my past audit work, and any requirements that are new to 2022-23. Later this year I will provide you with an update on any additional risks that I identify.

Significant risks are identified risks of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk or those which are to be treated as a significant risk in accordance with the requirements of other ISAs. The ISAs require us to focus more attention on these significant risks. This work will include my consideration of the risk of material misstatement due to fraud in expenditure and income.

## Exhibit 1: significant financial statement risks

Significant risk	Our planned response
<p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.32-33].</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 bias; and</li><li>• evaluate the rationale for any significant transactions outside the normal course of business.</li></ul>
<p>Accounting for property, plant and equipment and intangible assets continues to be one of the most challenging areas of the financial statements.</p> <p>The high inflation during 2022-23 has increased uncertainties over the value of fixed assets. This is particularly relevant for the disclosed carrying value of the property assets as at 31 March 2023, compared to their actual current value at that date. This risk is higher where assets have not been valued as at 31 March 2023.</p>	<p>I will review the Council's asset valuation programme to establish when individual groups of assets were valued; and I will seek to confirm that valuations carried out earlier than as at 31 March 2023 are not materially different to the current value of assets as at the year-end.</p>

<p>Last year, I reported nine recommendations in respect of my audit of the financial statements.</p> <p>The previous year I had raised 11 recommendations, and at the close of last year's audit the Council had implemented seven of them.</p> <p>Therefore, this year I will be reviewing the Council's progress with 13 of my recommendations.</p> <p>Any recommendations that management has not addressed could represent a significant risk to the 2022-23 financial statements.</p>	<p>I will review management's actions against each recommendation, which will inform my assessment of the key risks and what they mean for my audit.</p>
<p>I judge some of the disclosures in the financial statements, such as related parties and the remuneration of senior officers and councillors, to be material by nature, with a far lower level of materiality. These disclosures are therefore inherently prone to material misstatement.</p>	<p>As for past audits I will enhance my examination of all areas that I determine to be material by nature, to ensure that they are complete and accurate.</p>

# Financial statements audit timetable

I set out below key dates for delivery of my financial statements audit work and planned outputs.

## Exhibit 2: key dates for delivery of planned outputs

Planned output	Work undertaken	Report finalised
2023 Audit Plan	I am aiming to undertake my core audit work between October to January.	August 2023 (see my introductory comments to <b>Exhibit 1</b> ).
Audit of financial statements work: <ul style="list-style-type: none"> <li>• Audit of Financial Statements Report</li> <li>• Opinion on the Financial Statements</li> </ul>	October to January  February 2024  February 2024	February 2024  February 2024  February 2024

# Planned performance audit work

I set out below details of my performance audit work and key dates for delivery of planned outputs.

## Exhibit 3: key dates for delivery of planned outputs

<p><b>Assurance and risk assessment</b></p>	<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>April 2023-March 2024</p>
<p><b>Thematic review – financial sustainability of local government</b></p>	<p>A review of councils’ financial sustainability including a focus on the actions, plans and arrangements to bridge funding gaps and address financial pressures over the medium term.</p>	<p>To be confirmed.</p>
<p><b>Thematic review – commissioning and contract management</b></p>	<p>A review focusing on how councils’ arrangements for commissioning, and contract management apply value for money considerations and the sustainable development principle.</p>	<p>To be confirmed.</p>
<p><b>Local work - Counter fraud</b></p>	<p>To assess the Council’s progress to address the recommendations made in the Auditor General for Wales’ report <u>‘Raising Our Game’ Tackling Fraud in Wales</u> July, 2020.</p>	<p>To be confirmed.</p>

We will provide updates on the performance audit programme through our regular updates to Council Officers and the Council’s Governance and Audit Committee.

# Statutory audit functions

## Statutory audit functions

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.

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 and audit team

In January 2023 I published the [fee scheme](#) for the 2023-24 year as approved by the Senedd Finance Committee. My fee rates for 2023-24 have increased by 4.8% for inflationary pressures. In addition, my financial audit fee has a further increase of 10.2% for the impact of the revised auditing standard ISA 315 on my financial audit approach. More details of the revised auditing standard and what it means for the audit I undertake is set out in **Appendix 1**.

My fees and planned timescales for completion of the audit are based on the following assumptions:

- the signed financial statements are provided to me in accordance with a timescale to be agreed;
- the financial statements are prepared to the quality expected and have been subject to a robust quality assurance review;
- all supporting information is provided to me alongside the signed financial statements;
- all appropriate staff 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. If I do receive questions or objections, I will discuss potential audit fees at the time.

I estimate that your total audit fee will be £438,017 which is detailed in **Exhibit 4**. The estimate is an 11% increase on last year's fee estimate. I wrote to the Council in March 2023 to explain the reasons for the increase, and I have asked officers to include my correspondence within Governance and Audit Committee's papers.

#### Exhibit 4: audit fee

This table sets out the proposed audit fee for 2023, by area of audit work, alongside the estimated audit fee for last year.

Audit area	Proposed fee (£) <sup>2</sup>	Estimated fee last year (£)
Audit of financial statements <sup>3</sup>	276,153	240,060
Performance audit work <sup>4</sup>	113,554	108,136
Grant certification work	44,750	42,700
Other financial audit work <sup>5</sup>	3,560	3,400
<b>Total</b>	<b>438,017</b>	<b>394,296</b>

My 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.

<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 2022 to October 2023.

<sup>4</sup> Payable April 2023 to March 2024.

<sup>5</sup> This fee relates to the Blackwood Arts Centre Charity.



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

**Exhibit 5: my local audit team**

Name	Role	Contact number	E-mail address
Anthony Veale	Engagement Director	02920 320585	<a href="mailto:anthony.veales@audit.wales">anthony.veales@audit.wales</a>
Mark Jones	Audit Manager (Financial Audit)	02920 320631	<a href="mailto:mark.jones@audit.wales">mark.jones@audit.wales</a>
Rhodri Davies	Audit Lead (Financial Audit)	02920 320500	<a href="mailto:rhodri.davies@audit.wales">rhodri.davies@audit.wales</a>
Sara-Jane Byrne	Audit Manager (Performance Audit)	07786 111385	<a href="mailto:sara-jane.byrne@audit.wales">sara-jane.byrne@audit.wales</a>
Ian Phillips	Audit Lead (Performance Audit)	07811 757163	<a href="mailto:ian.phillips@audit.wales">ian.phillips@audit.wales</a>

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

# Audit quality

Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

We use a three lines of assurance model to demonstrate how we achieve this. We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by QAD\* and our Chair, acts as a link to our Board on audit quality. For more information see our [Audit Quality Report 2022](#).

## Our People



The first line of assurance is formed by our staff and management who are individually and collectively responsible for achieving the standards of audit quality to which we aspire.

- Selection of right team
- Use of specialists
- Supervisions and review

## Arrangements for achieving audit quality



The second line of assurance is formed by the policies, tools, learning & development, guidance, and leadership we provide to our staff to support them in achieving those standards of audit quality.

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support

## Independent assurance



The third line of assurance is formed by those activities that provide independent assurance over the effectiveness of the first two lines of assurance.

- EQCRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

\* QAD is the quality monitoring arm of ICAEW.

# Appendix 1

## The key changes to ISA315 and the potential impact on your organisation

Key change	Potential impact on your organisation
<b>More detailed and extensive risk identification and assessment procedures</b>	<p>Your finance team and others in your organisation may receive a greater number of enquiries from our audit teams at the planning stage of the audit. Requests for information may include:</p> <ul style="list-style-type: none"><li>• information on your organisation's business model and how it integrates the use of information technology (IT);</li><li>• information about your organisation's risk assessment process and how your organisation monitors the system of internal control;</li><li>• more detailed information on how transactions are initiated, recorded, processed, and reported. This may include access to supporting documentation such as policy and procedure manuals; and</li><li>• more detailed discussions with your organisation to support the audit team's assessment of inherent risk.</li></ul>
<b>Obtaining an enhanced understanding of your organisation's environment, particularly in relation to IT</b>	<p>Your organisation may receive more enquiries to assist the audit team in understanding the IT environment. This may include information on:</p> <ul style="list-style-type: none"><li>• IT applications relevant to financial reporting;</li><li>• the supporting IT infrastructure (e.g. the network, databases);</li><li>• IT processes (e.g. managing program changes, IT operations); and</li><li>• the IT personnel involved in the IT processes.</li></ul> <p>Audit teams may need to test the general IT controls and this may require obtaining more detailed audit evidence on the operation of IT controls within your organisation.</p> <p>On some audits, our audit teams may involve IT audit specialists to assist with their work. Our IT auditors may need to engage with members of your IT team who have not previously been involved in the audit process.</p>

Key change	Potential impact on your organisation
<b>Enhanced requirements relating to exercising professional scepticism</b>	Our audit teams may make additional inquiries if they identify information which appears to contradict what they have already learned in the audit.
<b>Risk assessments are scalable depending on the nature and complexity of the audited body</b>	The audit team's expectations regarding the formality of your organisation's policies, procedures, processes, and systems will depend on the complexity of your organisation.
<b>Audit teams may make greater use of technology in the performance of their audit</b>	Our audit teams may make use of automated tools and techniques such as data analytics when performing their audit. Our teams may request different information or information in a different format from previous audits so that they can perform their audit procedures.



Through our Good Practice work we share emerging practice and insights from our audit work in support of our objectives to assure, to explain and to inspire.

Our newsletter provides you with regular updates on our public service audit work, good practice and events, which can be tailored to your preferences.

For more information about our Good Practice work click [here](#).

Sign up to our newsletter [here](#).



Audit Wales

1 Capital Quarter

Tyndall Street

Cardiff CF10 4BZ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: [info@audit.wales](mailto:info@audit.wales)

Website: [www.audit.wales](http://www.audit.wales)

We welcome correspondence and telephone calls in Welsh and English.

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

1 Cwr y Ddinas / 1 Capital Quarter  
Caerdydd / Cardiff  
CF10 4BZ

To:  
Local Government Directors of Finance  
Local Government Finance Policy  
and Sustainability Division – Welsh  
Government  
WLGA

Tel / Ffôn: 029 2032 0500  
Fax / Ffacs: 029 2032 0600  
Textphone / Ffôn testun: 029 2032 0660  
[info@audit.wales](mailto:info@audit.wales) / [post@archwilio.cymru](mailto:post@archwilio.cymru)  
[www.audit.wales](http://www.audit.wales) / [www.archwilio.cymru](http://www.archwilio.cymru)

**Reference:** AC/353/caf

**Date issued:** 23 March 2023

Dear Colleague

## Local Government – Audit of Accounts 2022-23

We are about to commence our accounts audit work for all local government bodies in Wales and I am conscious that the closure of the 2022-23 financial statements will be challenging to both Audit Wales and the local government sector.

In the attached letter, my Executive Director of Audit Services provides some important information on the introduction of a new auditing standard. The new standard fundamentally impacts how we will undertake the 2022-23 audit and has implications for you and your teams. The letter gives more detail on the standard itself and its impact on fees and the 2022-23 audit certification deadline.

I am acutely conscious that the message is a difficult one, with our fee rates increasing and deadlines being later than desired, at a time when colleagues everywhere in the public service are under great pressure. It is for that reason that I wanted to write to you directly, to explain the drivers behind the changes and to give my assurance that Audit Wales will be doing all it can, in the coming years, to continue to provide high quality audit, delivered efficiently, and that we have a plan to bring audit deadlines forward. I would like to thank you for your continued communication and engagement, which are so vital if we are to deliver those things.

In respect of the certification deadlines, the introduction of the revised Standard, and a radically different audit approach, has implications for audit timetables and it is inevitable that the new approach will require additional time to implement.

You will also be aware that we have also been experiencing delays in completing our audit of the 21-22 accounts. These delays result from a variety of factors though mainly from a technical issue regarding the valuation of Local Government infrastructure assets. These delays mean that Audit Wales is later commencing audit planning than that seen in prior years.

Given the circumstances set out above, I feel I have no option but to continue to extend the audit certification deadline to 30 November 2023 to ensure I build in sufficient time to deliver an audit that meets my high standard in terms of audit quality.

That said, it is essential I recover this position in future years. In terms of my proposed certification deadlines in 2023-24 and 2024-25, I have signalled to my colleagues at Audit Wales the importance of recovering the position and a continual and collaborative dialogue with colleagues within the local government sector is crucial.

To help us achieve the proposed certification deadlines set out in the attached letter, my Engagement Directors and audit teams will continue to liaise closely with you and your colleagues. Notwithstanding the ongoing dialogue taking place at a local level, we will ensure we attend all the relevant local government fora to discuss the content of this letter with you. I hope that this is a helpful update and I wish you all the very best for the forthcoming audit of accounts.

Yours sincerely



**ADRIAN CROMPTON**  
**Auditor General for Wales**



1 Cwr y Ddinas / 1 Capital Quarter  
Caerdydd / Cardiff  
CF10 4BZ

To:  
Local Government Directors of Finance  
Local Government Finance Policy and  
Sustainability Division – Welsh  
Government  
WLGA

Tel / Ffôn: 029 2032 0500  
Fax / Ffacs: 029 2032 0600  
Textphone / Ffôn testun: 029 2032 0660  
[info@audit.wales](mailto:info@audit.wales) / [post@archwilio.cymru](mailto:post@archwilio.cymru)  
[www.audit.wales](http://www.audit.wales) / [www.archwilio.cymru](http://www.archwilio.cymru)

[by-email]

**Reference:** AMH/DO

**Date issued:** 23 March 2023

Dear colleague

## Local Government – Audit of Accounts 2022-23

- 1 We are about to commence our accounts audit work for all LG bodies. We are therefore taking the opportunity to write to you with some important information on the introduction of a revised auditing standard which fundamentally impacts on how we will undertake your 2022-23 audit.
- 2 Within this letter we consider:
  - the impact of the revised standard;
  - the resultant impact on audit fees; and
  - the timetable for the Audit of Accounts 2022-23 and for future years.

## The impact of ISA 315

- 3 Our audits of LG accounts for the year ended 31 March 2023 will be carried out under a revised auditing standard ([ISA 315 \(UK\) Identifying and Assessing the Risks of Material Misstatement \(Revised July 2020\)](#)).
- 4 This revised standard is effective for audits of accounts for periods beginning on or after 15 December 2021 and applies to the audit of all private and public sector entities across the UK, regardless of their nature, size or complexity.

- 5 The revised standard will have significant and far-reaching impacts on how auditors undertake audit risk assessments and our overall audit approach.
- 6 In planning our audit, we will be required to undertake more detailed and extensive risk assessment procedures to identify risks of material misstatement. The subsequent design and performance of our audit approaches will be responsive to each assessed risk.
- 7 **Appendix 1** outlines the key changes and the potential impact on your organisation in terms of information requests from our audit teams.
- 8 The standard has been amended to drive better quality, more effective risk assessments, as well as to promote greater exercise of professional scepticism. It also requires us to obtain a much more robust understanding of an organisation's IT systems.
- 9 Financial reporting frameworks and governance structures are becoming increasingly more complex while technology continues to play a more advanced role in the control environment of entities. These changes require risk identification and assessment to be enhanced and rigorous audit processes.
- 10 The previous standard did not address automated tools and techniques, which are increasingly being used by auditors to inform risk assessment. Our audits are increasingly incorporating elements of our Analytics Assisted Audit. The revised standard introduces specific considerations relating to the auditors' use of automated tools and techniques.

### Impact on audit fees

- 11 As a result of the changes outlined above, we expect 2022-23 audits to take longer to complete. We will also be required to use more experienced CCAB qualified staff on audits to deal with the higher level of judgement necessitated by the standard.
- 12 In our August 2022 Consultation on Fee Scales, we indicated that our initial assessment of the impact of this richer skill mix on fees was a potential average increase in fee scales for our financial audit work of between 12% and 18%. This is consistent with expectations in other UK public audit bodies and the private sector audit firms.
- 13 We have now started more detailed risk assessment under the new audit approach and will be able to provide you with an updated assessment of the audit fee once we have completed that initial risk planning. Our initial estimate is that audit fees will increase by 10.2% for ISA 315 in addition to the 4.8% inflationary increase set out in our Audit Wales [2023-24 Fee Scheme](#). Your

Engagement Director will discuss the proposed fee for your audit once that risk assessment has been completed.

## Timetable for the Audit of Accounts 2022-23

- 14 The introduction of the revised Standard and a radically different audit approach has implications for audit timetables. We have worked closely with the other UK Public Audit Bodies to develop an audit methodology which we believe will add value to Audited Bodies whilst continuing to maintain the high-quality audit which we know you expect from us. However, it is inevitable that the new approach will require additional time to implement.
- 15 From our discussions with various audited bodies, we are aware that a number of you are struggling to recruit experienced finance staff and that this may also impact audit timetables. We are facing similar challenges and know that this position is consistent with the National Audit Office (NAO), Audit Scotland and the Northern Ireland Audit Office. The NAO's recovery plan article is a useful reference in this context<sup>1</sup>. In addition, a more recent report by the National Audit Office (January 2023) highlights the delays to local government audit opinions in England, and describes plans to get back on track with the timetable for published audit opinions<sup>2</sup>.
- 16 As the auditors of Local Government Bodies in Wales, we have also been experiencing delays in completing our audit of the 21-22 accounts. These delays result from a variety of factors though mainly from a technical issue regarding the valuation of Local Government infrastructure assets. This issue affected all local government bodies across the UK that hold infrastructure assets. CIPFA issued its final accounting guidance in early January 2023. Consequently, the Welsh Government issued a letter setting out its expectation that Welsh authority accounts would be certified by 31 January 2023. These issues, together with the late submission of some 21-22 accounts, has impacted

---

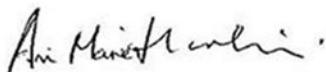
<sup>1</sup> [The NAO: getting government accounts back on track | ICAEW](#)

<sup>2</sup> [Timeliness of local auditor reporting on local government in England](#)

our ability to commence our 2022-23 audits in line with previous year timetables.

- 17 We support the ambition of the Society of Welsh Treasurers and the sector in general to return to an earlier timetable. We understand from our discussions to date that the sector has an ambition to return to the point where accounts are prepared and available for audit by 30 June each year. Assuming this date can be achieved by a majority of bodies in 2023, and taking into account the issues referred to above, we are therefore proposing an audit certification deadline of **30 November 2023** for LG Bodies in Wales. Should any issues arise that may delay the completion of the audit we will of course discuss an alternative timetable with you at the earliest opportunity.
- 18 We recognise that this is later than many bodies would like but we believe it is important to set realistic timescales we can all work to. Over the next three years our plan would be for a staged return to a 30 September deadline as follows:
  - Audit of Accounts 2022-23 – certification by 30 November;
  - Audit of Accounts 2023-24 – certification by 31 October 2024; and
  - Audit of Accounts 2024-25 – certification by 30 September 2025.
- 19 We value the constructive working relationship we have with your finance teams and will continue to work closely with you to bring forward the deadlines for future years.
- 20 We remain committed to working collaboratively with you to successfully navigate this challenge, building on our shared experiences. We will ensure we attend all the relevant local government fora to discuss the content of this letter with you.
- 21 Thank you to you and your teams for working so well with us.

Yours sincerely



Ann-Marie Harkin  
Executive Director Audit Services

Appendix 1 – the key changes to the standard and the potential impact on your organisation

Key change	Potential impact on your organisation
<p><b>More detailed and extensive risk identification and assessment procedures</b></p>	<p>Your finance team and others in your organisation may receive a greater number of enquiries from our audit teams at the planning stage of the audit. Requests for information may include:</p> <ul style="list-style-type: none"> <li>• information on your organisation’s business model and how it integrates the use of information technology (IT);</li> <li>• information about your organisation’s risk assessment process and how your organisation monitors the system of internal control;</li> <li>• more detailed information on how transactions are initiated, recorded, processed and reported. This may include access to supporting documentation such as policy and procedure manuals; and</li> <li>• more detailed discussions with your organisation to support the audit team’s assessment of inherent risk.</li> </ul>
<p><b>Obtaining an enhanced understanding of your organisation’s environment, particularly in relation to IT</b></p>	<p>Your organisation may receive more enquiries to assist the audit team in understanding the IT environment. This may include information on:</p> <ul style="list-style-type: none"> <li>• IT applications relevant to financial reporting;</li> <li>• the supporting IT infrastructure (e.g. the network, databases);</li> <li>• IT processes (e.g. managing program changes, IT operations); and</li> <li>• the IT personnel involved in the IT processes.</li> </ul> <p>Audit teams may need to test the general IT controls and this may require obtaining more detailed audit evidence on the operation of IT controls within your organisation.</p> <p>On some audits, our audit teams may involve IT audit specialists to assist with their work. Our IT auditors may</p>

Key change	Potential impact on your organisation
	need to engage with members of your IT team who have not previously been involved in the audit process.
<b>Enhanced requirements relating to exercising professional scepticism</b>	Our audit teams may make additional inquiries if they identify information which appears to contradict what they have already learned in the audit.
<b>Risk assessments are scalable depending on the nature and complexity of the audited body</b>	The audit team's expectations regarding the formality of your organisation's policies, procedures, processes, and systems will depend on the complexity of your organisation.
<b>Audit teams may make greater use of technology in the performance of their audit</b>	Our audit teams may make use of automated tools and techniques such as data analytics when performing their audit. Our teams may request different information or information in a different format from previous audits so that they can perform their audit procedures.



## **GOVERNANCE AND AUDIT COMMITTEE – 12<sup>TH</sup> SEPTEMBER 2023**

**SUBJECT:               REVIEW AND UPDATE OF INTERNAL AUDIT CHARTER**

**REPORT BY:            ACTING INTERNAL AUDIT MANAGER**

--

### **1.       PURPOSE OF REPORT**

- 1.1       To provide Members of the Governance and Audit Committee information in respect of the review and update of the Internal Audit Charter and to give the members the opportunity to review the document .

### **2.       SUMMARY**

- 2.1       The Public Sector Internal Audit Standards (PSIAS) require the Internal Audit Service to have a Charter. This report provides details of the draft revised and updated Charter which is attached as Appendix 1
- 2.2       The Governance and Audit Committee is responsible for ensuring that documents and policies relating to risk and control are maintained and subject to regular review and update as necessary. The Internal Audit Charter is one such document.

### **3.       RECOMMENDATIONS**

- 3.1       The Governance and Audit Committee is asked to review and approve the updated Internal Audit Charter in order for the Committee to gain the required assurance to fulfil its role.

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

- 4.1       To ensure that the Authority is in compliance with the Public Sector Internal Audit Standards and the Governance and Audit Committee fulfils its role in regard to review and approval of the charter.

## **5. THE REPORT**

- 5.1 The Public Sector Internal Audit Standards places expectations on the Councils Internal Audit Service for it to have a Charter to define what the Service is and to explain its purpose, authority and responsibility.
- 5.2 The existing Internal Audit Charter was last reviewed and updated by the Audit Committee (now renamed Governance and Audit Committee) in 2019 and it is best practice to ensure that the document is reviewed and updated periodically.
- 5.3 PSIAS states that the approval of the Charter resides with the Audit and Governance Committee.
- 5.4 The Charter has been reviewed and the draft updated version is attached as **APPENDIX 1**. Some formatting changes have been made since the previous version and a new section has been added – Section 14 in relation to the Welsh Language.
- 5.5 **Conclusion**
- 5.6 Governance and Audit Committee should review the attached draft Charter in order to comply with PSIAS.

## **6. ASSUMPTIONS**

- 6.1 There are no assumptions in this report.

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

- 7.1 This report is does not relate to the development of a policy, strategy, practice or project so no specific Integrated Impact Assessment has been undertaken.

## **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 All comments have been reflected in this report.

## **11. STATUTORY POWER**

- 11.1 Local Government and Elections (Wales) Act 2021



Author: D Gronow Acting Internal Audit manager

Consultees: R Edmunds Corporate Director for Education and Corporate Services  
S Harris Head of Financial Services and Section 151 Officer

Background Papers:

Appendices:  
Appendix 1

This page is intentionally left blank

# Internal Audit Charter

## APPENDIX 1

	<b>Contents</b>	
<b>1</b>	Introduction	
<b>2</b>	Mission, Definition, Scope and Authority of Internal Audit	
<b>3</b>	Objectives	
<b>4</b>	Roles and Responsibilities	
<b>5</b>	Provision of Internal Audit and Reporting Lines	
<b>6</b>	Independence and Objectivity	
<b>7</b>	Accountability	
<b>8</b>	Advisory Work	
<b>9</b>	Relationships	
<b>10</b>	Standards of Internal Audit Practice	
<b>11</b>	Quality Assurance	
<b>12</b>	Code of Ethics	
<b>13</b>	Fraud and Irregularity	
<b>14</b>	Welsh Language	
<b>15</b>	Review	

# Internal Audit Charter

## 1. Introduction

The Internal Audit Charter is a formal document, required by the Public Sector Internal Auditing Standards (PSIAS), that defines the Internal Audit Services activities, purpose, authority and responsibility.

The Internal Audit Charter establishes Internal Audit's position within the organisation, including the nature of the Internal Audit Manager's functional reporting relationship with the Governance & Audit Committee; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of Internal Audit activities.

This Charter has been written in accordance with Standard 100 of the Public Sector Internal Audit Standards (PSIAS).

Throughout the Public Sector Internal Audit Standards, which Internal Audit Services are mandated to comply with, reference is made to the "Board", "Chief Audit Executive" and "Senior Management" and in respect of Caerphilly County Borough Council and this Charter specifically, these terms are taken to mean as follows:

"The Board" - the Council's Governance and Audit Committee,

"Chief Audit Executive" – the Council's Head of Financial Services & Section 151 Officer,

"Senior Management Team" – the Council's Corporate Management Team.

## 2. Mission, Definition Scope and Authority of Internal Audit

### Mission

The Public Sector Internal Auditing Standards set out the mission of Internal Audit as being *"to enhance and protect organisational value by providing risk based and objective assurance, advice and insight."*

### Definition

Internal Audit is defined within the Standards as:

*"an independent, objective assurance and advisory service designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."*

### Scope of Work

The scope of work of Internal Audit allows for the unrestricted coverage of the Authority's activities in order to review, report and provide the appropriate assurance based on its review to the Governance & Audit Committee. This is in order for the Committee to determine whether the Council's network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

Risks are appropriately identified and managed.

Interaction with the various governance groups occurs as needed.

# Internal Audit Charter

Significant financial, managerial, and operating information is accurate, reliable, and timely.

Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations.

Resources are acquired economically, used efficiently, and adequately protected.

Programs, plans, and objectives are achieved.

Quality and continuous improvement are fostered in the Council's control process.

Significant legislative or regulatory issues impacting the Council are recognised and addressed appropriately; and

Opportunities for improving management control, profitability and the Council's image may be identified during audits. They will be communicated to the appropriate level of management.

The scope of Internal Audit work may include audit activity both within the Council and on functions that the Council has delegated or contracted out, where the Council remains accountable for the expenditure involved.

Where other internal or external assurance providers may have undertaken relevant assurance and audit work, Internal Audit Services will seek to rely on the work of these other assurance providers where professional standards would make it appropriate to do so.

## Authority of Internal Audit

Internal Audit Services derives its authority from legislation. The requirement for an Internal Audit function for Local Authorities is implied by Section 151 of the Local Government Act 1972 which requires that Authorities shall "*make arrangements for the proper administration of their financial affairs and shall ensure that one of their officers has responsibility for the administration of those affairs*". The Accounts and Audit (Wales) Regulations 2014 requires that "*a local government body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control*".

The scope of Internal Audit allows for a free and unfettered ability to plan and undertake audit assignments deemed necessary to fulfil its purpose, and to have a right of direct access to the Chair of the Governance & Audit Committee in doing so.

To enable the service to discharge its duties fully, the Internal Audit Manager and his Internal Audit staff are authorised to:

Have unrestricted access to all functions, records, property, and personnel, although this may be restricted to named Senior Audit staff where information is sensitive or confidential, with the prior agreement of the S151 officer.

Have full and free access to the Governance & Audit Committee, the Chief Executive, all officers including Directors, the Leader of the Council, and Council Members.

Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives; and

# Internal Audit Charter

Obtain the necessary assistance of personnel in service areas of the Council where they perform audits, as well as other specialised services from within or outside the Council.

## 3 Objectives

Internal Audit's main objectives are to:

- Provide a quality, independent and objective audit service that effectively meets the Council's needs, adds value, improves operations and helps protect public resources.
- Provide assurance to management that the Council's operations are being conducted in accordance with external regulations, legislation, internal policies and procedures.
- Assist in ensuring the objectives of the Council are being met.
- Provide a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.
- Provide advice and support to management to enable an effective control environment to be maintained.
- Promote an anti-fraud, anti-bribery and anti-corruption culture within the Council to aid the prevention and detection of fraud.
- Investigate allegations of fraud, bribery, corruption and other irregularities,
- Liaise with the police where criminal activities are suspected.

## 4 Roles and Responsibilities

### Role of Internal Audit

The role of Internal Audit is to;

- Review and assess the soundness, adequacy and reliability of financial and non-financial systems and operations.
- Review and assess the effectiveness of internal controls.
- Review and assess the appropriateness of actions proposed by management to rectify identified risks or to improve the internal control environment.
- Assess whether the Council's assets and interests are adequately protected, and risks are effectively managed.
- Assess the adequacy of compliance with legislation, Council policies and procedures.
- Review and assess the effectiveness of the Council's governance and risk management frameworks.
- Check for compliance with legislation, policies, and procedures.
- Promote and assist with the effective use of resources.
- Perform or support independent investigations into allegations of fraud or irregularities in accordance with the Council's policies and procedures.
- Perform any other specific reviews at the request of S151 officer.

# Internal Audit Charter

## Responsibilities of Internal Audit

The Internal Audit Manager and staff of the Internal Audit function have a responsibility to:

### **Plan**

Internal Audit is committed to providing a plan of cyclical audits over a period of time. Major (fundamental or inherent high risk) systems being subject to more frequent coverage.

Internal Audit will prepare a flexible annual audit plan detailing the specific audits to be undertaken by using a risk-based methodology, including any risks and concerns identified by management. That plan will be submitted to the Governance & Audit Committee for review and approval.

Internal Audit will agree significant changes to the plan with the Section 151 Officer and the Governance & Audit Committee.

Internal Audit will advise Departments and locations of the planned reviews to be undertaken and will attempt to schedule such reviews to the mutual convenience of all parties.

### **Act**

Internal Audit will also assess third party assurance sources and conduct audits in accordance with the approved plan, and relevant professional standards and policies.

Internal Audit will evaluate and assess areas of significant change.

Internal Audit will assist, as needed, in the investigation of significant suspected fraudulent activities within the organisation.

### **Report**

Internal Audit will report all audit assignments to the management of the service area or establishment under review. Draft reports will be sent to Service Managers for verification of factual accuracy and for the recording of any comments and agreed actions in relation to any recommendations made. Final reports once agreed will then be issued to Heads of Service, Head Teachers, Chairs of Governing Bodies and under specific circumstances to Directors.

Audit reports will include an opinion of the system or compliance with controls based on the evidence found during the audit.

Internal Audit will agree a reporting protocol with the Governance & Audit Committee and associated escalation procedures. The reporting protocol should also include agreements regarding timescales for following up audit reports and tracking recommendations made.

Internal Audit will issue periodic reports to the Governance & Audit Committee summarising results of Internal Audit activities.

Internal Audit will consider the scope of work of other assurance providers for the purpose of providing optimal assurance coverage.

# Internal Audit Charter

## **Communicate**

Internal Audit will communicate regularly with Internal Audit stakeholders and customers to ensure that changes in the business, its activities and the control environment are factored into the Internal Audit strategy and plan where appropriate.

During audits, Internal Audit will raise significant issues for the attention of line management as soon as identified and discuss all draft reports with the auditee before finalisation to confirm facts and incorporate management responses.

## **5 Provision of Internal Audit, Management Responsibilities and Reporting Lines**

The Internal Audit Function is provided in house and comprises 9 members of staff, Internal Audit manager (Chief Internal Auditor), 1 Principal Auditor, 2 Service Auditors, 4 Senior Audit Assistants and 1 Audit Assistant.

Day to day management of the Internal Audit team is undertaken by the Internal Audit Manager. The team consists of a number of professionally qualified and part qualified staff (ACA, ACCA, AAT) and it operates as a separate unit within the Corporate Finance Service area.

The Internal Audit Manager has a direct right of access to the Chief Executive Officer as and when required.

The Internal Audit Manager reports to the Council's Governance & Audit Committee for organisational purposes but will report significant audit findings and audit progress directly to the Section 151 Officer as appropriate. The Internal Audit Manager will keep the Section 151 Officer and the Governance & Audit Committee informed of progress and developments on a regular basis.

The Internal Audit Manager has a direct right of access to the Section 151 Officer as and when required. Should the Internal Audit Manager not be satisfied with management's response to a given audit report then this will be highlighted to the Governance & Audit Committee and significant weaknesses escalated to the Section 151 Officer if they remain unresolved.

## **Management Responsibilities**

Internal Audit Services can only be effective if it receives the full co-operation of management. By approving this Internal Audit Charter the Section 151 Officer and the Governance & Audit Committee are mandating management to co-operate with Internal Audit in the delivery of the service by:

Agreeing Terms of Reference, to include agreements on duration, scope, reporting and response.

Sponsoring each audit at Head of Service level.

Providing Internal Audit Services with full support and co-operation, including complete access to all records, data, property and personnel relevant to the performance of their responsibilities at all levels of operations, without unreasonable delay.



# Internal Audit Charter

Responding to the draft internal audit report, including provision of management responses to recommendations, within the timescale requested by the audit team.

Implementing agreed management actions in accordance with the agreed timescales.

Updating Internal Audit Services with progress made on management actions, informing Internal Audit Services of proposed changes and developments in process and systems, newly identified significant risks and cases of a criminal nature.

Instances of late responses to reports and agreed actions not being implemented will be escalated, when appropriate, to the Section 151 Officer and the Audit Committee.

Whilst the Annual Internal Audit Report is a key element of the assurance framework required to inform the Annual Governance Statement, there are also a number of other sources from which those charged with governance should gain assurance. Additionally the annual Internal Audit opinion does not discharge the responsibility of those charged with governance from forming their own overall opinion on internal controls, governance arrangements, and risk management activities.

## **6 Independence and Objectivity**

PSIAS Standards state that the Chief Audit Executive must report to a level within the organisation that allows the Internal Audit Activity to fulfil its responsibilities.

To provide for the independence of Internal Audit, its personnel report to the Internal Audit Manager, who reports functionally to the Governance & Audit Committee and administratively to the Section 151 Officer in a manner outlined in the section below on “accountability”.

Impairment to organisational independence and individual objectivity is managed in line with the auditing standards and is not considered an ongoing or common problem. Annual declarations are made by all audit staff confirming that they understand the independent role of Internal Audit and sets out any issues that may need to be considered by the Internal Audit Management as a potential conflict of interest.

Non-Audit activities are not routinely undertaken, and all potential additional duties or roles are considered by the Internal Audit Manager and the Section 151 Officer prior to their implementation. Additionally, upon allocation of audit tasks consideration is given to the suitability of audit staff to the task. Those who have previously worked in the specific area to be audited or have a live declaration of interest relating to the area to be audited will if appropriate, be removed from undertaking the task.

## **7 Accountability**

The Internal Audit Manager, in the discharge of their duties, shall be accountable to the Governance & Audit Committee and the Section 151 Officer for:

Providing, at least annually, an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the Authority’s framework of governance, risk management and control.

# Internal Audit Charter

Reporting significant issues related to the processes for controlling the activities of the Council and its affiliates, including recommendations and status of implementation of improvements.

Periodically providing information on the status and results of the annual audit plan and the sufficiency of the Internal Audit function's resources.

Co-ordination with other significant assurance functions.

## 8 Advisory Work

The Public Sector Internal Audit Standards allow that Internal Audit effort may sometimes be more usefully focused towards providing advice rather than assurance over core controls. Where appropriate, Internal Audit will act in a consultancy capacity by providing guidance and advice for strengthening the control environment within the Authority, providing:

The objectives of the Consulting engagement address governance, risk management and control processes to the extent agreed upon with the Authority.

The request has been approved by the Section 151 Officer.

Internal Audit Services is considered to have the right skills, experience, and available resource.

Internal Audit's involvement will not constitute a conflict of interest in respect of maintaining an independent stance, and Internal Audit will not assume a management role in providing this advice.

When performing consulting services, the auditor must maintain objectivity and not take on management responsibility.

The Internal Audit Manager is responsible for ensuring that all requests are reviewed in accordance with the above criteria and for making the final decision. The role which Internal Audit Services will assume on any particular advisory assignment will be agreed with the sponsor and documented within the assignment plan.

## 9 Relationships

The Internal Audit Manager and Internal Audit staff are involved in a wide range of relationships and the quality of those relationships impact on the quality of the audit function and the effective delivery of that function.

### **Relationships With Management**

The Internal Audit Manager and Internal Audit staff will maintain effective relationships with managers of the Council. Regular meetings will be held with key stakeholders and management will be consulted with in the audit planning process. Timing of audit work will be in conjunction with management.

### **Relationships With External Auditors**

Internal Audit Services and the Council's external auditors have an established working relationship where Internal and External Audit can rely on each other's work, subject to the limits determined by their responsibilities, enabling them to evaluate, review and

# Internal Audit Charter

only re-perform where necessary. Regular meetings will be held and plans and reports shared.

## **Relationships With Regulators And Inspectors**

The Internal Audit Manager and his staff will take account of the results and reports from any inspections when planning and undertaking Internal Audit work. Where appropriate the Internal Audit Manager will establish a dialogue with representatives of the appropriate inspection agencies.

## **Relationships With Elected Members**

The Internal Audit Manager will establish a working relationship with members, in particular with members of the Audit Committee. The Internal Audit Manager and the Chair of the Governance and Audit Committee will meet regularly with a view to discussing emerging issues or concerns as well as development opportunities with regard to the ongoing relationship between the Governance and Audit Committee and Internal Audit Services.

## **10 Standards of Internal Audit Practice**

This charter recognises the mandatory nature of the IIA definition of Internal Auditing and code of ethics, and the Public Sector Internal Audit Standards.

The Internal Audit team will comply with the standards that came into effect on 1 April 2013 along with any subsequent additions or revisions.

## **11 Quality Assurance**

The Public Sector Internal Audit Standards require that the Audit Function is subject to a quality assurance and improvement programme that must include both internal and external assessments.

## **Internal Assessments**

All of Internal Audit Services engagements are subjected to a thorough internal peer review of quality to ensure that its work meets the standards expected from its staff. For example, the internal file quality reviews undertaken cover the following:

All work undertaken is in accordance with PSIAS.

The work is planned and undertaken in accordance with risks associated with areas under review.

Sampling is undertaken in accordance with an agreed methodology.

The conclusions are fully supported by the detailed work undertaken.

## **External Assessments**

An external assessment must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The Internal Audit Manager will discuss options for the assessment with the Section 151 Officer and the Audit Committee.

# Internal Audit Charter

## **12 Code of Ethics**

The Standards also set out a mandatory code of ethics by which Internal Auditors must abide in order to promote an ethical culture in the internal auditing profession.

The function provides independent and objective evaluation of, and opinion on, the overall adequacy and effectiveness of the framework of governance, risk management and control in the Authority in an economical, efficient and timely manner.

This includes identification of risks and assessment of their management, and implementation of changes to strengthen the governance framework. The Internal Audit Manager's opinion is a key element of the framework of assurance that the Section 151 Officer needs to inform the completion of the Annual Governance Statement.

## **13 Fraud and Irregularity**

The Council's Financial Regulations requires the relevant Head of Service to report any suspected or actual irregularity to the Section 151 Officer to ensure that satisfactory enquiries are undertaken in all such instances and that appropriate steps are taken to resolve and deal with any resultant findings. Whilst the initial responsibility for such enquiries rests with the Director concerned, the Section 151 Officer may require that the Internal Audit Manager manages and reports on any matter for investigation.

All audit staff undertake their duties in the knowledge that they may come across or identify potential fraud or financial irregularity. Within the operational procedures for audit staff a formal notification / escalation process is set out which dovetails into the procedures required within the Authority's Financial Regulations. Internal Auditors may also under the Direction of the Internal Audit Manager assist with an investigation into a potential irregularity in order to support a formal investigation process.

Internal Audit staff also co-ordinate and support the work undertaken by the Authority in respect of the National Fraud Initiative including providing the Governance and Audit Committee with update reports following the conclusion of each exercise.

## **14 Welsh Language**

Internal Audit is fully committed to the Council's Welsh Language Policy. Where a Department or Establishment wishes to have a review conducted through the medium of Welsh, Internal Audit will endeavour to utilise Welsh speaking staff wherever possible. Internal Audit standard forms will be available bilingually.

## **15 Review**

The Internal Audit Charter will be reviewed periodically with any resulting updates or amendments approved by the Council's Governance & Audit Committee.



## **GOVERNANCE AND AUDIT COMMITTEE – 12<sup>TH</sup> SEPTEMBER 2023**

**SUBJECT: UPDATE ON INTERNAL AUDIT REPORT  
RECOMMENDATIONS**

**REPORT BY: ACTING INTERNAL AUDIT MANAGER**

--

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

- 1.1 To provide members of the Governance and Audit Committee with an update on progress on Audit Report recommendations.

### **2. SUMMARY**

- 2.1 The Governance and Audit Committee has requested that regular reports are provided in relation to the work of the Internal Audit Team.
- 2.2 This report provides an update on the number of recommendations arising from Internal Audit reviews and their current status.

### **3. RECOMMENDATIONS**

- 3.1 Members note the information contained in this report.

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

- 4.1 To ensure that the Governance and Audit Committee is aware of the number of Internal Audit recommendations and associated risk ratings.
- 4.2 To ensure that the Governance and Audit Committee is aware of progress made in implementing recommendations by service areas / locations in receipt of Internal Audit reports and to ensure that reported risks are being addressed appropriately and within adequate timeframes.

## 5. THE REPORT

- 5.1. The Institute of Internal Auditors (IIA) has published guidance that states that the follow-up and tracking of agreed recommendations by management is important as it ensures that management have implemented the agreed actions, and this has addressed the risks identified.
- 5.2 Management are responsible for addressing the risks highlighted in Internal Audit reports and implementing control processes to reduce or eliminate the risks identified. Recommendations that are not addressed may expose the authority to unnecessary risks. Therefore, it is key to ensure that high risk findings are adequately dealt with and mitigated or eliminated by appropriate management actions.
- 5.3 The Pentana MK computer system in use by the Internal Audit Team has the facility to risk rate all recommendations and to track these so that once a recommendation has been agreed and a planned implementation date set, the risk owner or service manager can be reminded to provide updates on progress that is being made to implement the agreed actions.
- 5.4 This process enables Directors and Heads of Service and ultimately the Governance and Audit Committee to assess if adequate progress is being made to manage risks and implement agreed actions, or to make further enquiries as necessary.
- 5.5 The system also allows recommendations to be attributed to “themes” such as GDPR, governance or internal control where appropriate and this can then also enable review of recommendations across different service areas and operations. Large numbers of high risk recommendations in relation to a common risk aspect across different audits would alert Internal Audit to potential areas of concern.
- 5.6 The system enables the individual auditor to risk rate recommendations in line with internal guidance procedures. As the auditor creates each finding they also detail the actions that are recommended that would mitigate or remove the risk identified.
- 5.7 Each audit goes through a process where the testing is undertaken, recommendations are created, they are then reviewed, a draft report is issued and then the final report. All findings and recommendations are agreed with the service manager together with appropriate timescales.
- 5.8 As of 31<sup>st</sup> August 2023 there were 1916 recommendations that had been raised within the Pentana MK system since the date of implementation in May 2019.
- 5.9 **Table showing the status and number of recommendations.**

<b>Recommendation Status</b>	<b>Number</b>
Created – not yet reviewed	32
In draft (report reviewed not issued)	220
Draft report awaiting response	86
In progress	164
No action proposed	142
Completed	1184
No response received assume not accepted	1

Archived	87
<b>Total</b>	<b>1916</b>

#### 5.10 Internal Audit recommendations by risk rating and Directorate

Directorate	High	Medium	Merits Attention	No longer applicable	For information only	Total
<b>Social Services and Housing</b>	10	57	72	10	0	<b>149</b>
<b>Economy and Environment</b>	17	87	71	1	0	<b>176</b>
<b>Education and Corporate Services</b>	319	628	577	64	3	<b>1591</b>
<b>Total</b>	<b>346</b>	<b>772</b>	<b>720</b>	<b>75</b>	<b>3</b>	<b>1916</b>

5.11 Recommendations are created, and once they are agreed with service managers, they are allocated to a responsible officer and a due date for completion of the agreed actions is agreed with the service manager and recorded in the system. The system records the status of each recommendation from the initial creation through to completion by the service manager or responsible officer.

5.12 It should be borne in mind that the due date is a future date although there is an expectation that the higher the risk identified the more urgent the mitigating actions are required to be implemented, so a shorter due date would be expected and therefore high risk findings should be seen to show good progress towards completion.

#### 5.13 Audit recommendation status and risk rating

The table below shows the status of the recommendations created and their risk ratings:-

Status	High	Medium	Merits attention	No longer applicable	For information	Total
Created – not yet reviewed	8	16	8	0	0	<b>32</b>
In draft (report reviewed not issued)	22	59	139	0	0	<b>220</b>
Draft report awaiting response	24	30	32	0	0	<b>86</b>
In progress	50	62	52	0	0	<b>164</b>
No action proposed	14	58	19	50	1	<b>142</b>
Completed	220	511	451	0	2	<b>1184</b>
No response received	0	0	1	0	0	<b>1</b>

assume not accepted						
Archived	8	36	18	25	0	<b>87</b>
<b>Total</b>	<b>346</b>	<b>772</b>	<b>720</b>	<b>75</b>	<b>3</b>	<b>1916</b>

- 5.14 Progress in completing agreed recommendations is regularly monitored by the Internal Audit Team and overdue recommendations are highlighted with manual reminders being issued. There are currently 37 overdue recommendations as shown in the table below: -

**Table showing overdue recommendations.**

Directorate	High	Medium	Merits Attention	Total
<b>Social Services and Housing</b>	0	0	0	<b>0</b>
<b>Economy &amp; Environment</b>	2	17	0	<b>19</b>
<b>Education and Corporate Services</b>	7	4	7	<b>17</b>
<b>Total</b>	<b>9</b>	<b>21</b>	<b>7</b>	<b>37</b>

**5.15 Conclusion**

- 5.16 The report informs the Governance and Audit Committee on the number of Internal Audit findings, their risk ratings, recommendations issued and progress towards completion.

**6. ASSUMPTIONS**

- 6.1 There are no assumptions in this report.

**7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

- 7.1 An Integrated Impact Assessment is not required as this report is for information purposes only.

**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 (Wales) Act 2021

Author: D Gronow, Acting Internal Audit Manager

Consultees: R Edmunds, Corporate Director for Education and Corporate Services  
S Harris, Head of Financial Services and Section 151 Officer

This page is intentionally left blank



## **GOVERNANCE AND AUDIT COMMITTEE – 12<sup>TH</sup> SEPTEMBER 2023**

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

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

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

- 1.1 To advise Members of the numbers of covert surveillance operations undertaken by the Council in accordance with the provisions of the Regulation of Investigatory Powers Act 2000 (RIPA) for the period 1<sup>st</sup> July to 31<sup>st</sup> August 2023.

### **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> July to 31<sup>st</sup> August 2023.

### **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> July to 31<sup>st</sup> August 2023 one RIPA operation has been undertaken in relation to the sale of alcohol and/or disposable vapes containing nicotine to children under the age of 18 years.

**5.5 Conclusion**

The report advises members that there has been one RIPA operation undertaken for the period 1<sup>st</sup> July to 31<sup>st</sup> August 2023 in relation to the sale of alcohol and/or disposable vapes containing nicotine to children under the age of 18 years.

**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

For information: Robert Tranter Head of Legal Services and Monitoring Officer



## **GOVERNANCE AND AUDIT COMMITTEE – 12<sup>TH</sup> SEPTEMBER 2023**

**SUBJECT: OFFICERS DECLARATIONS OF GIFTS AND HOSPITALITY  
APRIL TO JUNE 2023**

**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 April to 30 June 2023 ie the first quarter of the financial year 2023/2024 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 April to 30 June 2023.

### **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 April to 30 June 2023 and the previous three quarters for comparison.

<b>Directorate</b>	<b>April – June 2023</b>	<b>Jan – March 2023</b>	<b>Oct – Dec 2022</b>	<b>July – Sept 2022</b>
<b>Economy and Environment</b>	0	0	0	0
<b>Education and Corporate Services</b>	1	0	0	0
<b>Social Services and Housing</b>	0	0	0	1
<b>Total</b>	<b>1</b>	<b>0</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 April to 30 June 2023 and the previous three quarters for comparison.

<b>Directorate</b>	<b>April – June 2023</b>	<b>Jan – March 2023</b>	<b>Oct – Dec 2022</b>	<b>July – Sept 2022</b>
<b>Economy and Environment</b>	0	1	0	0
<b>Education and Corporate Services</b>	0	1	0	0
<b>Social Services and Housing</b>	0	0	0	0
<b>Total</b>	<b>0</b>	<b>2</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: Richard Edmunds, Corporate Director – 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, Property and Highways (nigelgeorge@caerphilly.gov.uk)

Appendices:  
Appendix 1 Declarations of Gifts and Hospitality 1 April to 30 June 2023



**Appendix 1**  
**Declarations of Gifts and Hospitality 1 April to 30 June 2023**

<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>
Education and Corporate Services	Legal and Governance	Senior Lawyer	Gift	Search provider/supplier sent a chocolate hamper. Approximate value £20.00.	Head of Legal Services & Monitoring Officer	Accepted

This page is intentionally left blank