



## **CABINET – 10TH FEBRUARY 2021**

**SUBJECT: CAERPHILLY COUNTY BOROUGH COUNCIL – ANNUAL AUDIT SUMMARY 2020**

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES**

**1. PURPOSE OF REPORT**

1.1 To present Cabinet with the Audit Wales Caerphilly County Borough Council Annual Audit Summary 2020.

**2. SUMMARY**

2.1 Since 2009 the Wales Audit Office has issued an Annual Improvement Report (AIR). From 2020 the name of this report has changed to the Annual Audit Summary.

2.2 The Audit Wales report attached at Appendix 1 provides a summary of the audit work completed for Caerphilly County Borough Council since the last Annual Improvement Report, which was issued in July 2019.

2.3 The audit summary forms part of the Auditor General for Wales' duties.

**3. RECOMMENDATIONS**

3.1 Cabinet is asked to note the content of the Audit Wales report.

**4. REASONS FOR THE RECOMMENDATIONS**

4.1 To ensure that Cabinet is aware of the work undertaken by Audit Wales and the key findings.

**5. THE REPORT**

5.1 The Caerphilly County Borough Council Annual Audit Summary 2020 attached at Appendix 1 provides a summary of the audit work completed since the last Annual Improvement Report (AIR), which was issued in July 2019.

5.2 To meet the Auditor General's duties the following work is undertaken each year: -

## **Audit of Accounts**

- 5.3 Each year the Auditor General audits the Council's financial statements to make sure that public money is being properly accounted for.

## **Value for money**

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

## **Continuous improvement**

- 5.5 The Council also has to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General has to assess whether the Council is likely to (or has) met these requirements.

## **Sustainable development principle**

- 5.6 Public bodies need 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.
- 5.7 To meet the Auditor General's duties Audit Wales completes specific projects, but also relies on other audit work, and the work of regulators such as Care Inspectorate Wales and Estyn.
- 5.8 The findings and conclusions arising from the audit work undertaken are detailed in the attached report and a representative from Audit Wales will attend the Cabinet meeting to deal with any questions arising.
- 5.9 In planning its work for 2020/21 Audit Wales has considered the key challenges and opportunities facing the Council. The most significant risk and issue facing Councils and the wider public sector during 2020/21 is the COVID-19 pandemic and Audit Wales has shaped its work to provide assurance and challenge in a way which helps to support the Council through this period. The work for 2020/21 includes: -
- Recovery planning in response to the COVID-19 pandemic;
  - COVID-learning project – helping to identify and share learning from the way in which public bodies have responded to the pandemic;
  - Assurance and risk assessment; and
  - A review of the Council's financial sustainability

## **Conclusion**

- 5.10 The Audit Wales report attached at Appendix 1 provides a summary of the audit work completed for Caerphilly County Borough Council since the last Annual Improvement Report (AIR), which was issued in July 2019.
- 5.11 The findings and conclusions arising from the audit work undertaken are detailed in the report and a representative from Audit Wales will attend the Cabinet meeting to deal with any questions arising.

## **6. ASSUMPTIONS**

6.1 There are no assumptions in this report.

## **7. LINKS TO RELEVANT COUNCIL POLICIES**

7.1 The audit work undertaken by Audit Wales has direct links to the Corporate Plan 2018-2023 and the achievement of the Council's Well-being Objectives.

## **8. WELL-BEING OF FUTURE GENERATIONS**

8.1 Prudent financial management and the effective use of resources contributes to the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015: -

- A prosperous Wales.
- A resilient Wales.
- A healthier Wales.
- A more equal Wales.
- A Wales of cohesive communities.
- A Wales of vibrant culture and thriving Welsh Language.
- A globally responsible Wales.

## **9. EQUALITIES IMPLICATIONS**

9.1 There are no potential equalities implications of this report and its recommendations on groups or individuals who fall under the categories identified in the Council's Strategic Equality Plan. There is no requirement for an Equalities Impact Assessment Questionnaire to be completed for this report.

## **10. FINANCIAL IMPLICATIONS**

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

## **11. PERSONNEL IMPLICATIONS**

11.1 There are no personnel implications arising from this report.

## **12. CONSULTATIONS**

12.1 The Caerphilly County Borough Council – Annual Audit Summary 2020 (Appendix1) was presented to the Audit Committee on the 26<sup>th</sup> January 2021 for consideration prior to its presentation to Cabinet.

12.2 A Member noted that as at the 31<sup>st</sup> March 2020 the Council had £100.5 million of usable financial reserves, which is equivalent to 27% of the Council's annual spend on services and the joint-third-highest percentage of the 22 unitary Councils in Wales.

- 12.3 Officers explained that a report is presented to the Policy & Resources Scrutiny Committee on an annual basis providing details of the usable reserves held by the Council and that the majority are earmarked for specific purposes. Members were also reminded that proposals are being developed to set-aside circa £30m of the usable reserves to support the council's 'Place Shaping Plan'. Furthermore, to put the position into context Members were pointed to the fact that during 2019-20 Caerphilly CBC did have the fifth highest spend of the 22 unitary Council's in Wales.
- 12.4 Clarification was sought from Members as to how national reports are being shared and how they should be taken forward. Officers explained that if there are reports that are of particular interest to the Audit Committee, they can be added to the forward work programme for a more detailed discussion.
- 12.5 A Member asked for further details on the input of Audit Wales in developing a more commercial approach in the Council. Officers explained that Audit Wales did discuss Caerphilly CBC's emerging approach to commercialisation as part of their fieldwork and clarified that the national report is specifically targeted at helping elected members and senior officers to examine and judge the potential impact on their organisations when considering whether to undertake commercialisation.
- 12.6 Having considered the report the Audit Committee unanimously resolved that the Annual Audit Summary be noted.
- 12.7 There have been no responses from other consultees that need to be included in this report.

### **13. STATUTORY POWER**

- 13.1 Local Government Act 1972
- 13.2 Local Government (Wales) Measure 2009

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Appendices:

Appendix 1 Caerphilly County Borough Council – Annual Audit Summary 2020