



AUDIT COMMITTEE – 12TH DECEMBER 2012

SUBJECT: REGULATORY PROGRAMME FOR PERFORMANCE AUDIT 2012-13

REPORT BY: DEPUTY CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 The Wales Audit Office (WAO) provides a regulatory programme to the Authority each year, which details the planned audit work for the year ahead (2012/2013). The plan also includes what fees will be charged as a result of this work. This report provides a summary of that work and subsequent fees for the 2012/2013 Regulatory Programme (attached as Appendix 2).

2. SUMMARY

- 2.1 The Auditor General for Wales (AGW) must carry out an annual improvement assessment every year to determine whether Caerphilly CBC is likely to comply with the requirements of the local government measure. This involves four main activities:
- a) A review of the councils arrangements to secure continuous improvement (see a in Regulatory programme)
 - b) All Wales improvement studies (see b in regulatory programme)
 - c) Bespoke works for the Council (see c in regulatory programme)
 - d) Audits of the Improvement Plan and the Assessment of Performance (see d in regulatory programme).
- 2.2 This does not include any specified or special work the Auditor General may deem necessary nor any potential work commissioned by the council. The cost of the audit activity is £145,116 (see breakdown page 3) not including VAT. This is for performance audit only and does not include fees for financial audit. The full version of the regulatory report is attached (Appendix 2).

3. LINKS TO STRATEGY

- 3.1 The Wales Audit Office programme outlines work to be delivered by and on behalf of the Auditor General under the Local Government (Wales) Measure 2009 (the Measure), the Local Government Act 1999 and Parts 2 and 3A of the Public Audit (Wales) Act 2004.

4. THE REPORT

- 4.1 Regulator activity is carried out at different levels. There is audit that is specific to the Council, those that are specific to this Council but also carried out amongst the South East Wales

region, national studies (of which we contribute to as case studies) and each authority is reviewed for a range of improvement assessment work (Performance indicator audits etc). Listed below is the breakdown for Caerphilly CBC for 12/13:

a) Review of the Council's arrangements to secure continuous improvement;

The Auditor General will carry out a full assessment of the Council's arrangements once every four years, unless he has significant concerns that suggest he should review those arrangements more frequently. This year WAO will not be carrying out a full assessment at the Council, but instead following up proposals for improvement set out in their previous assessments. These are:

- Improve Welsh language provision on the Council's website.
- Complete outcome-based success measures for all objectives and ensure regular, clear reporting.
- Improve systems to support delivery of corporate priorities.
- Train and support the Audit Committee to ensure the Council is discharging its statutory responsibility to have arrangements in place to secure continuous improvement in its functions.
- Set appropriate measures to judge delivery of the Improvement Objectives that focus on how the Council performs now, what its targets are, how it compares with others, the cost of delivery and how it will show whether the people of Caerphilly are better off as a result.
- Establish minimum service delivery standards for all service areas.

4.2 b) Improvement studies

The Auditor General proposals for this year's improvement studies are:

- Key themes from assessments of performance;
- Effectiveness of scrutiny; and
- Authorities' reviews of governance and preparation of Annual Governance Statements.

4.3 c) Bespoke work (specific to Caerphilly):

Name of study	Reason
Review of management arrangements following HIW/CSSIW Homicide review.	In June 2011 CSSIW and Health Inspectorate Wales published a report following a homicide review. The report found that support to a vulnerable and volatile individual was poorly focused and uncoordinated between social care and health services, emphasising the importance of good joint working for effective assessment and care planning. This review will assess how the Council has progressed towards delivery of the recommendations made for both the Council and Aneurin Bevan Health Board.
Collaboration governance risk review.	The aim of this review is to identify and map out the level of collaboration taking place within the Council and risk-assess the effectiveness of governance arrangements in setting up collaborative ventures. In particular WAO will focus on assessing whether anticipated benefits from collaboration are being realised and improvement in the range and quality of services maintained and enhanced
Service based impact assessments of reduction in budgets and resources.	All councils in Wales are now dealing with the reductions in funding which are impacting directly on local services and people. This review will identify and assess the impact of revenue, capital and human resource reductions on services

and evaluate whether the Council is continuing to manage to deliver its statutory obligations and improvement objectives effectively.

Carried over from 2011/2012 is a review of Customer Services

This has commenced

Asset Management Review

This is taking place in December

Scrutiny Review (Evaluation form)

The evaluation will be used as a baseline to build on a national scrutiny study planned for 2013

4.4 d) Audits of the 'Improvement Plan' and the 'Assessment of Performance'

The Measure requires the Auditor General to undertake audits of whether the Council has discharged its duties in relation to improvement planning and the publication of improvement information, in accordance with Welsh Ministers' guidance.

The Council has a duty to publish an Improvement Plan as soon as practicable after the start of the financial year and then undertake an 'Assessment of Performance' and publish improvement information by the end of October each year later. The regulators carry out an audit of this plan and assess our publication to state whether they believe the Council has discharged its duties and acted in accordance with statutory guidance. It should be noted that legislation is the duty – 'statutory guidance' is guidance on how an authority could carry out its legal obligations. In short the statutory part is to pay mind to the guidance. Having paid mind to it the organisation has flexibility as to how it sets improvement and publishes this to the public.

4.5 Estyn and CSSIW also undertake work and audit that may arise from this will be included in WAO programme updates.

4.6 A complete list of the Wales Audit Office performance work planned for 12/13 is listed below:

- Local Government all-Wales study 2012-13 – Young People not in Education, Employment or Training (NEETS)
- Audit of Improvement Plan
- Audit of assessment of performance publication, including testing and validation of authority's assessment of performance
- Performance Indicator audit
- Outcome agreement review
- Risk assessment of housing and council tax benefit
- Improvement Study – key themes from assessments of performance
- Improvement Study – effectiveness of scrutiny
- Improvement Study – authorities' reviews of governance and preparation of Annual Governance Statements
- Collaboration governance risk review
- Service based impact assessments of reduction in budgets and resources
- Review of management arrangements following HIW/CSSIW Homicide review
- Annual Improvement Report

4.7 National themed work is listed on Appendix 1.

5. EQUALITIES IMPLICATIONS

- 5.1 There are no specific equalities implications within this report however much audit activity now focus's on equalities and its consideration in a range of performance, for example in setting Council priorities prompts include whether the Authority undertakes meaningful engagement with *people who represent the interests of those who share one or more of the protected characteristics* (under the Equality Act).

6. FINANCIAL IMPLICATIONS

- 6.1 **Fees:** The report advises that the proposed fee (set out below) for April 2012 to March 2013 is **£145,116** (plus VAT) and will be charged in equal instalments between April 2012 and March 2013.

- 6.2 The Wales Audit Office receives a grant from the Welsh Government for delivering the Wales Programme for Improvement. Part of this grant is used to subsidise fees for Improvement Assessment work. The subsidy has been allocated on an equal basis across the 22 unitary authorities.

6.3 **Fee April 2012 to March 2013* (£)**

Total fee for Improvement Assessment and audits	£180,116
Less WPI subsidy	£35,000
Fee charged to the authority	£145,116 *

**Please note, the fee is for performance audit only and does not cover the financial audit work of the Appointed Auditor. Each year's work programme and fee cover one cycle of Improvement Assessment work. However, this work may not fit neatly within a period starting on 1 April and ending on 31 March. The delivery of WAO annual work programme may therefore overlap financial years.*

- 6.4 The fee of £145,116 represents a reduction from last year's fees by 6%.

7. PERSONNEL IMPLICATIONS

- 7.1 There are no personnel implications of this report.

8. CONSULTATIONS

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

9. RECOMMENDATIONS

- 9.1 It is recommended that Audit Committee note the contents of this report and monitors progress against the audit work schedule and receive periodic reports of their outcomes.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To ensure members are aware of ongoing audit activity and progress of the scheduled work. To have an opportunity to monitor the outcomes of Regulator work and, where appropriate, how the organisation plans to take forward any recommendations for improvement.

11. STATUTORY POWER

11.1 Local Government Measure (Wales) 2009

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Appendices:

Appendix 1 – National Studies

Appendix 2 – Full Regulatory Programme for Performance Audit 2012-13