



WALES **AUDIT** OFFICE
SWYDDFA **ARCHWILIO** CYMRU

Regulatory Programme for Performance Audit 2012-13

Caerphilly County Borough Council

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Regulatory Programme

Performance audit work at Caerphilly County Borough Council

1. This 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.
2. The work will be delivered by staff of the Wales Audit Office and PricewaterhouseCoopers LLP (PwC).
3. [Appendix 1](#) summarises the planned activity for the year. The range of performance audit work that the Auditor General and relevant regulators will carry out will be set out in more detail in a Work Plan and Timetable (WP&T) which will be reviewed every quarter.
4. [Appendices 2](#) and [3](#) set out the roles and responsibilities of relevant Wales Audit Office staff together with contact details.
5. Fees for the Auditor General's performance audit work are set out in [Appendix 4](#).
6. Where the Auditor General identifies an issue of such importance that he considers a special inspection to be an appropriate response, he will charge an additional fee to conduct such an inspection.

The Improvement Assessment

7. The Auditor General must carry out an annual Improvement Assessment to determine whether the Council is likely to comply with the requirements of Part 1 of the Measure. This involves:
 - a review of the Council's arrangements to secure continuous improvement;
 - improvement studies of areas which may hinder improvement or transformation or give rise to inefficiencies;
 - bespoke pieces of work related to the Council's improvement objectives and arrangements; and
 - audits of the Council's published improvement plans and its self-assessment of performance.
- a) [The Council's arrangements to secure continuous improvement](#)
8. 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 we will not be carrying out a full assessment at the Council, but instead will be following up proposals for improvement set out in our 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.

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- Improve self-assessment arrangements and performance 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.
9. We will also take stock of progress made by the Council on addressing proposals for improvement reported in other studies completed as part of the 2011-12 improvement assessment.

b) Improvement studies

10. In his letter of March 2012, the Auditor General set out his proposals for this year's improvement studies. These are:
- key themes from assessments of performance;
 - effectiveness of scrutiny; and
 - authorities' reviews of governance and preparation of Annual Governance Statements.

c) Bespoke work

11. Our proposals for this year's local work are set out in **Exhibit 1**.

Exhibit 1

(Name of study)	Rationale
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. It emphasised the importance of good joint working for effective assessment and care planning. The report included several recommendations for both the Council and Aneurin Bevan Health Board to address. This review will assess how the Council has progressed delivery of these recommendations in the Council's social care and housing services.

(Name of study)	Rationale
Collaboration governance risk review.	Developing partnerships and collaborating with others can be challenging, but the rewards to the organisation and its beneficiaries can be substantial. It can also bring with it a series of risks that need to be adequately managed, namely outcomes not justifying the time and resources invested, a loss of flexibility in working practices, complexity in decision-making and loss of autonomy, a cultural mismatch between organisations and diverting energy and resources away from core aims. 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 we 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.	Since coming into power in May 2010, the Conservative-Lib Dem Coalition government has announced a series of cuts in public sector expenditure. 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.

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

12. 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, and has acted in accordance with Welsh Ministers' guidance.
13. Improvement authorities are under a duty to publish an Improvement Plan as soon as practicable after the start of the financial year. The Measure requires the Auditor General to carry out an audit of this plan and to state whether he believes that the Council has discharged its duties and acted in accordance with statutory guidance.
14. Improvement authorities must also undertake an 'Assessment of Performance' and publish improvement information by the end of October each year. The Auditor General is required to carry out an audit of the assessment and publication, and state whether he believes that the Council has discharged its duties and acted in accordance with statutory guidance.

Reporting

15. We will write to the Council to formally report our follow-up review of the Council's arrangements to secure continuous improvement. In that letter we will also report the findings of the audit of the Council's Improvement Plan, and comment on the robustness of the plans that the Council has put in place.
16. We will issue the Council with a report on each Improvement Study. A national summary of each Improvement Study will also be published.
17. We will write to the Council following our audit of the Council's self-assessment to formally report the findings of the audit, including a commentary on the robustness and validity of the Council's own assessment.
18. We will publish an Annual Improvement Report that summarises and reports all the work carried out by the Wales Audit Office as well as that carried out by relevant regulators. We will aim to publish the Council's Annual Improvement Report by March 2013.

Local government studies

19. The Auditor General also has a duty to undertake studies of local authorities under sections 41 and 42 of the Public Audit (Wales) Act 2004. During 2012-13, the Auditor General will conduct a study of services provided to young people not in employment, education or training (NEETS).

Other work the Auditor General uses to inform his performance audit work at the Council

20. The Auditor General may draw upon other work in reaching his conclusions in relation to the Council .This work includes:
 - the financial audit work of the Appointed Auditor;
 - the work of relevant regulators, particularly the Care and Social Services Inspectorate Wales (CSSIW), Estyn, and the Welsh Language Commissioner;
 - the Auditor General's programme of local performance audit work at individual NHS bodies;
 - the Auditor General's programme of value for money studies examining the economy, efficiency and effectiveness with which the Welsh Government and its sponsored and related bodies use their resources to discharge their functions; and
 - work that may have been commissioned by the Council.

The financial audit work of the Appointed Auditor

21. The Auditor General appoints auditors under the Public Audit (Wales) Act 2004 to audit and report on the accounts of local authorities. Audit reports include an opinion on:
 - whether the financial statements give a true and fair view of, or present fairly, the state of affairs of the body;
 - whether the financial statements have been prepared properly in accordance with relevant legislation, directions and applicable accounting standards; and
 - the regularity of the transactions, at bodies where this is required.
22. Auditors will also examine the Council's governance statement or statement on internal control and report if it is not in accordance with relevant requirements or where it may be misleading or inconsistent with other information of which they are aware.
23. The Public Audit (Wales) Act 2004 also requires Appointed Auditors to satisfy themselves that an audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Auditors will apply criteria specified by the Auditor General and will place reliance on the Improvement Assessment and other work carried out by the Auditor General or relevant regulators.

The work of relevant regulators

24. Estyn and the CSSIW also undertake work in relation to councils in Wales. The nature of that work and the legislative functions supporting it are described in [Appendix 2](#). [Exhibit 2](#) sets out the planned regulatory activity of Estyn and the CSSIW. This and other work that may arise will be included in updates of the WP&T.

Exhibit 2: Other planned regulatory activity

Estyn	
Estyn work is based on short notice inspections and this programme will be updated as and when work is agreed.	TBC
CSSIW	
CSSIW is changing its structure and will undertake a very modest level of inspection, mostly through site visits until the new structure is in place.	April – September 2012
Annual Performance Management Report.	October 2012

25. The Welsh Language Commissioner (the Commissioner) monitors council's progress in delivering services to the public in Welsh. The Commissioner works with councils to help them develop their statutory Welsh Language Schemes that outline the way in which they provide services to the public in Welsh.

The Auditor General's programme of local performance audit work at individual NHS bodies

26. As the external auditor of the NHS in Wales, the Auditor General also has a programme of financial audit and performance audit work in relation to individual local health bodies. As collaboration in health and social care becomes more prevalent, this work will have increasing relevance to his Improvement Assessment work.

The Auditor General's programme of value-for-money studies

27. Reports arising from the Auditor General's programme of value-for-money studies are usually laid before the National Assembly for consideration by its Public Accounts Committee. As many of these studies cut across the boundaries between different parts of the Welsh public sector, they will often be relevant to his work in local government. Although subject to change throughout the year, [Appendix 5](#) lists the value-for-money studies that the Auditor General is currently committed to. As indicated in [paragraph 19](#), the Auditor General's studies in local government can form part of a wider value-for-money study.

Work that may have been commissioned by the Council

28. Under the Public Audit (Wales) Act 2004 and the Government of Wales Act 2006, the Council may commission work from the Auditor General. The Council should discuss this in the first instance with the Wales Audit Office.

Appendix 1

Wales Audit Office performance work planned for 2012-13

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

** 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 our annual work programme may therefore overlap financial years.*

Appendix 2

Roles and responsibilities

The Wales Audit Office comprises the Auditor General and his staff. The Auditor General's main functions are set out in the Government of Wales Acts 1998 and 2006, the Local Government Act 1999, the Public Audit (Wales) Act 2004 and the Local Government (Wales) Measure 2009.

Performance Group Director

The Performance Group Director is directly accountable to the Auditor General for overseeing the delivery of all performance audit work at the Council.

Manager Local Government Region

The Manager reports to the Group Director and is the primary point of contact for the Improvement Assessment work at a senior officer and political level in local government bodies. The Manager will present reports of the Improvement Assessment to the Council.

Performance Audit Lead

The Performance Audit Lead plans and co-ordinates inputs to the Improvement Assessment at each Council and co-ordinates activity with PwC to deliver the programme of work set out in this plan.

Appointed Auditors

The Auditor appointed by the Auditor General must carry out audits that discharge the statutory duties placed upon them by the 1999 and 2004 Acts. The Auditor General publishes a Code that prescribes the way in which auditors are to carry out their functions.

Relevant regulators

The principal functions of the CSSIW are contained in Chapter 6 of the Health and Social Care (Community Health and Standards) Act 2003.

Estyn conducts inspections of Local Authority Education Services for Children and Young People under Section 38 of the Education Act 1997. These inspections form part of a three-year cycle that began in 2010-11. Estyn will also conduct follow-up inspections as necessary.

Estyn also has powers under the Education Act 2005 and Section 86 of the Learning and Skills Act 2000. Other Estyn inspections that may involve council provision are carried out under the Teaching and Higher Education Act 1998 and an agreement between Estyn and Jobcentre Plus. The period of notice for all Estyn inspections has been established by agreement between Estyn and the service providers in each sector. As this period is often quite short (normally three months), it is not possible to publish at the beginning of the financial year details of any inspections for which the provider has not received notification. In these cases, as soon as the provider is notified of the inspection, the details will be made available to the Wales Audit Office, to update the WP&T.

The Welsh Language Commissioner is an independent statutory body established by the Welsh Language (Wales) Measure 2011. Its main function is to promote and facilitate the use of the Welsh language.

Appendix 3

Wales Audit Office performance audit team

Name	Role	Phone	E-mail
Alan Morris	Group Director	07818 427 472	Alan.Morris@wao.gov.uk
Non Jenkins	Manager	07879 848 671	Non.Jenkins@wao.gov.uk
Jackie Joyce	Performance Audit Lead	07769 742681	Jackie.Joyce@wao.gov.uk

Appendix 4

Fees

The proposed fee for April 2012 to March 2013 is £145,116 (plus VAT) and will be charged in equal instalments between April 2012 and March 2013. Our fee is set out below.

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. This year the subsidy has been allocated on an equal basis across the 22 unitary authorities.

The fee

	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

**The fee is for performance audit only and does not cover the financial audit work of the Appointed Auditor.*

Appendix 5

The Auditor General's programme of value-for-money studies

Work in progress

2007-13 EU structural funding

Informing healthcare

NHS consultant contract benefits realisation

Sale of the (former) River Lodge Hotel, Llangollen

Healthcare across the UK (in collaboration with the National Audit Office, Audit Scotland and the Northern Ireland Audit Office)

National Fraud Initiative 2010-11

The Welsh Government's relationship with the All Wales Ethnic Minority Association

Continuing healthcare

Emergency planning – civil contingencies

Education of looked after children

Picture of public services – health finances

Welsh Government location strategy

Public procurement of consultancy services

Child and adolescent mental health services – follow-up work

Forestry Commission Wales – follow-up work

Planned studies that are yet to start

Welsh Government arrangements for working with the third sector

Young people not in education, employment or training (NEETS)

Medicines management

Financial planning and management in higher education

Supply teachers (possibly in collaboration with Estyn)

Public sector workforce planning/managing workforce reduction

Grants to farmers (possibly focusing on the Glastir agri-environment scheme)

Note: In addition to this list, it is likely that the Auditor General will decide to publish a national summary report(s) following recent local NHS performance audit work on unscheduled care and the management of chronic conditions.



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