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Mr Nigel Barnett
Acting Chief Executive
Caerphilly County Borough Council
Penallta House
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Date 8 May 2013
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Dear Nigel

2013-14 Performance Audit Work and Fees

I am writing to confirm the programme of performance audit work at Caerphilly County Borough Council (the Council) for 2013-14 and the associated fee for that work. This work is delivered 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.

In addition to the annual programme of audit and assessment of improvement planning and reporting arrangements, we will undertake a programme of Improvement Studies and Local Government National Studies as set out in the Auditor General's letter of 3 April 2013. These and the specific elements of our audit and assessment work are set out in the table below. Please note that each year's work programme and performance audit fee covers one cycle of Improvement Assessment work. However, as this work does not fit neatly within a period starting on 1 April and ending on 31 March, the delivery of the annual work programme may overlap financial years.

WAO performance audit work 2013-14	
Corporate Assessment Update	Update of the Council's capacity and capability to deliver continuous improvement
'Improvement Plan' Audit	Review of the Council's published plans for delivering on improvement objectives
'Assessment of Performance' Audit	Review of the Council's published performance assessment, including testing and validation of performance information
Data quality review	Review of systems to ensure accuracy of performance information (incl. performance indicator audit)
Improvement study – Safeguarding	Review of whole authority governance and management arrangements for safeguarding children and vulnerable adults
Local Government National Study – Welfare reform	Review of arrangements to manage the impact of welfare reform
Local Government National Study - Delivering with less – the impact on services and citizens	First of a series of national studies into specific service areas to examine how best use is being made of diminishing resources
Local Review	Gwent wide review, undertaken with CSSIW, of the sustainability of Social Services considering performance, management, and budget usage.
	Follow - up review of the Human Resources function.
	The scope of other local work will be informed by; <ul style="list-style-type: none"> the outcome of current

	investigations; <ul style="list-style-type: none"> • the Council's response to those investigations and the recent report in the public interest; and • the Council's own review of governance.
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The table below sets out our fees for performance audit work and includes the fee for financial audit work for completeness. The indicative fee for April 2013 to March 2014 will be charged in equal instalments between April 2013 and March 2014. If during the course of the audit and assessment any additional work is identified as being necessary, this may incur additional fees. Similarly should an issue arise of such importance that we consider a special inspection to be an appropriate response, we will charge an additional fee to conduct such an inspection. VAT will be applied as applicable as set out in the Auditor General's communication dated 26 April 2013.

Fee	£	Previous year's fee
Fee for WAO performance audit work from April 2013 to March 2014	145,103	145,116
Fee for Appointed Auditor's work on 2012-13 financial statements	220,000	220,000
WPS 2025 contribution*	659	
Total Fee	365,762	365,116

*A small element of this fee relates to the WAO agreement to second a member of staff to work as a public finance lead with Wales Public Services 2025 (WPS 2025) for a period of six months. WPS 2025 is an independent programme established to raise awareness of the scale of the long term demographic, fiscal and sustainability challenges faced in Wales, and to create and support ideas that will help our public services respond effectively. Steve Thomas, Chief Executive of the WLGA, has recognised the relevance of this project and the WLGA has supported the funding of the secondment via a recharge alongside external audit fees, which will be apportioned equally across all unitary authorities. The recharge is estimated to be between £600 and £800 per unitary authority and will be invoiced alongside external audit fees during the course of 2013-14.

In addition to the programme of work set out above the Wales Audit Office may be undertaking work at local government bodies in the course of our programme of value for money studies 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 our work in local government. This work is funded separately by the Welsh Consolidated Fund and therefore does not incur a fee.

The Auditor General also has a duty under the Measure in relation to the coordination of the regulatory functions of the Wales Audit Office and relevant regulators, those being the Appointed Auditor; the Care and Social Services Inspectorate Wales (CSSIW); Estyn; and the Welsh Language Commissioner. The range of performance audit work that the Wales Audit Office 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.

We will publish an Annual Improvement Report for Caerphilly County Borough Council summarising our work and that of relevant regulators, and will issue reports (and/or letters) setting out the findings of audit and assessment work. As required by the Measure, these will be copied to Welsh Ministers. We will also provide local feedback on our Improvement Studies. As our national studies are only carried at a selection of authorities, you may not receive a local report: instead we will publish a national report, the recommendations of which will apply to all local authorities. Where appropriate, both our improvement studies and national work may result in shared learning seminars.

Should you wish to discuss any element of this work please do not hesitate to contact me or Non Jenkins (Non.jenkins@wao.gov.uk) or Jackie Joyce (Jackie.joyce@wao.gov.uk).

Yours sincerely



Alan Morris
WAO Group Director