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For all enquiries relating to this agenda please contact Charlotte Evans  
(Tel: 01443 864210 Email: EVANSCA1@caerphilly.gov.uk)

**Date: 7th September 2016**

Dear Sir/Madam,

A meeting of the **Audit Committee** will be held **Sirhowy Room, Penallta House, Tredomen, Ystrad Mynach** on **Wednesday, 14th September, 2016** at **10.00 am** to consider the matters contained in the following agenda.

Yours faithfully,

A handwritten signature in blue ink that reads 'Chris Burns'.

**Chris Burns**  
INTERIM CHIEF EXECUTIVE

## A G E N D A

Pages

- 1 To receive apologies for absence.
- 2 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: -

- 3 Audit Committee held on 8th June 2016.

1 - 6

A greener place Man gwyrddach



To receive and consider the following reports: -

4	Report by External Audit on Financial Statements for 2015/16.	7 - 24
5	Annual Review of Complaints Received under the Council's Corporate Complaints Policy 1st April 2015 to 31st March 2016.	25 - 42
6	Corporate Risk Monitoring.	43 - 52
7	Internal Audit Services: Annual Outturn Report 2015/2016.	53 - 60
8	2014/15 National Fraud Initiative Update.	61 - 64

To receive and note the following information items:-

9	Update on the Numbers of Complaints Received Under The Council's Corporate Complaints Policy.	65 - 72
10	Regulation of Investigatory Powers Act 2000.	73 - 74
11	Officers Declarations of Gifts and Hospitality - April to June 2016.	75 - 80
12	Financial Resilience Report.	81 - 102
13	Certificate of Compliance - Audit of Caerphilly County Borough Council's 2016-17 Improvement Plan.	103 - 104
14	Corporate Governance Panel Minutes - 19th November 2015.	105 - 106
15	Corporate Governance Panel Minutes - 4th March 2016.	107 - 108

*\*If a member of the Audit Committee wishes for any of the above information reports to be brought forward for discussion at the meeting please contact Charlotte Evans, 01443 864210, by 10.00 a.m. on Tuesday 13th September 2016.*

**Circulation:**

Councillors L. Ackerman, Mrs E.M. Aldworth, Mrs K.R. Baker, D.G. Carter, N. Dix, Ms J. Gale, C. Hawker, Ms J.G. Jones, Mrs G.D. Oliver, J.A. Pritchard, D. Rees (Chair) and J. Simmonds

Lay Member – Mr N.D. Yates (Vice Chair)

Auditors - Ms S.J. Byrne (Wales Audit Office), Ms N. Jenkins (Wales Audit Office), Laura Hallez (Grant Thornton UK LLP) and Barrie Morris (Grant Thornton UK LLP)

And Appropriate Officers.

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# Agenda Item 3



## AUDIT COMMITTEE

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, TREDOMEN, YSTRAD  
MYNACH ON WEDNESDAY 8TH JUNE 2016 AT 10.00 AM

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PRESENT:

Councillor D. Rees - Chair  
Mr N. Yates - Vice Chair

Councillors:

Ms. L. Ackerman, Mrs K. Baker, D. Carter, N. Dix, C. Hawker, Ms. J. Jones, Mrs J.A. Pritchard and J. Simmonds.

Together with:

L. Hallez (Grant Thornton), G. Hawkins (Grant Thornton), B. Morris (Grant Thornton) and S.J. Byrne (Wales Audit Office).

N. Scammell (Acting Director of Corporate Services and Section 151 Officer), R. Harris (Internal Audit Manager), L. Donovan (Acting Head of Human Resources and Organisational Development), R. Roberts (Performance Manager), C. Jones (Head of Performance and Property Services) and C. Evans (Committee Services Officer).

### 1. TO APPOINT THE CHAIR AND VICE-CHAIR FOR THE ENSUING YEAR.

It was moved and seconded that Councillor D. Rees be appointed as Chair of the Audit Committee for the ensuing year and by a show of hands this was unanimously agreed.

RESOLVED that Councillor D. Rees be appointed Chair of the Audit Committee for the ensuing year.

It was moved and seconded that Mr N. Yates be appointed as Vice Chair of the Audit Committee for the ensuing year and by a show of hands this was unanimously agreed.

RESOLVED that Mr N. Yates be appointed as Vice Chair of the Audit Committee for the ensuing year.

### 2. APOLOGIES

No apologies of absence were received.

### **3. DECLARATIONS OF INTEREST**

There were no declarations of interest made at the beginning or during the course of the meeting.

### **4. MINUTES – 9TH MARCH 2016**

RESOLVED that the minutes of the meeting of the Audit Committee held on 9th March 2016 (minute nos. 1 - 4) be approved as a correct record and signed by the Chair.

### **REPORTS OF OFFICERS**

Consideration was given to the following reports.

### **5. 2016 AUDIT PLAN – CAERPHILLY COUNTY BOROUGH COUNCIL**

Mr B. Morris (Grant Thornton) presented the financial aspects of the 2016 Audit Plan and Ms S.J. Byrne (Wales Audit Office) presented the performance aspects of the Plan.

The Committee noted the objectives of the Audit Plan and the duties of the Auditor General in respect of his duties under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009 (the Measure), the Local Government Act 1999, and the Code of Audit Practice. The purpose of the Audit was to examine and certify whether your financial statements are “true and fair”; assess whether you have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources; Audit and assess whether you have discharged duties and met requirements of the Measure; and undertake studies in order to make recommendations for improving economy, efficiency and effectiveness or for improving financial or other management arrangements.

The Audit Committee noted the extensive work that would be undertaken during the Audit in order to determine any areas of material misstatements, the fees associated with the task, as well as the findings following the Audit and the certificate that would be issued following its satisfactory completion.

The Audit Committee invited Ms Byrne to present the report on the Performance Audit.

The Committee noted the report and the detailed components of the performance audit work, which were outlined in Exhibit 3 of the report and were designed to help deliver the high-level objectives set out in to 2013-2016 Corporate Strategy.

Having considered the document, members raised a query in relation to the identified Financial Audit Risks as outlined within the report. It was explained that the risks were identified as presumed risks, are common across similar organisations and the work of the Auditors is based on an assumption that Management manipulate revenue, therefore, the financial accounts are thoroughly examined, checking formulas and valuations in order to ensure that the financial accounts have been accurately recorded and correct assumptions made.

Members discussed the Performance Audit and in noting the recent cuts made to the Wales Audit Office Grants, sought further information on the impact these cuts would have on the service provided to the Local Authority. Members were asked to note that a review of the Audit approach was conducted and as a result, three thematic reviews would be conducted over the course of the year, considering Financial Resilience, Governance and Transformation, a local and national report would be provided to each local authority, outlining the findings following each review. It was agreed that the Audit Committee would be provided with a copy of the letter sent to the local authority, highlighting the key elements of the reviews.

The Committee noted that there is still a Programme of work underway from last year in relation to a review on Leisure Services and Financial Resilience, which would be presented back to Cabinet in July, which would be presented to Audit Committee in the autumn for information.

Finally, Members noted that there is a greater emphasis on partnership working and collaborations across all local authorities and key requirements for transformation to take place in order to work more collaboratively for effective service delivery.

The Audit Committee thanked the Officers for the report and noted its contents.

## **6. DRAFT ANNUAL GOVERNANCE STATEMENT FOR 2015/16**

The report provided Members with an opportunity to review the draft Annual Governance Statement (AGS) for 2015/16 and make any changes required and justifiable.

The Committee noted that during 2015/16 the work undertaken by the Improving Corporate Governance Board came to a successful conclusion. The Corporate Governance Panel will continue to meet to ensure that the governance agenda remains a key priority. This is now back to business as usual.

Members noted that the previous year's AGS identified one new area for improvement in respect of the effectiveness of the Scrutiny arrangements, as a result, a review was undertaken and reported to Council in October 2015. The Council are now implementing all of the changes. Based on the progress made to date it is recommended that this area for improvement be removed from the AGS.

During the 2015/16 review, it was noted that one area for improvement was identified in respect of the Authority working to ensure that the requirements of the Well-Being of Future Generations (Wales) Act 2015 are progressed to ensure compliance prior to regulator reviews.

The Audit Committee thanked the Officer for the report and suggested that, as the documents were similar, for any amendments to be highlighted more clearly.

Members discussed the Well-Being of Future Generations (Wales) Act 2015 and it was noted that the Corporate Plan has aimed to deal with a number of the requirements of the Act. In addition, as this is a transition year, implementation has already begun in terms of the Corporate Plan, which was presented and approved by Cabinet.

Member discussed Engagement in respect of key aspects of the Corporate Plan, with particular reference to the elements that had an impact on the public and it was agreed that the wording within the Governance Statement would be amended in order to clarify the Engagement process and consider wider engagement with partners in future reports.

The Audit Committee noted the report.

## **7. REGULATOR PROPOSALS FOR IMPROVEMENT PROGRESS UPDATE**

The report provided the Audit Committee with an update on the progress against the proposals made by all regulators since the last Audit Committee (Dec 2015).

It was noted that since December 2015 there has been 1 proposal addressed and no new proposals onto the register. Two new reviews have been received from the Wales Audit Office, Financial Resilience (local) Report (May 2016) and the Leisure Review that are coming on to the Cabinet Programme and will be included in future updates.

In addition, there have been no reviews, proposals or recommendations reported from Estyn and the Care and Social Services Inspectorate of Wales at this time. Currently there are 14 proposals outstanding. Of the 14, 1 is recommended for closure and 2 are recommended to be merged. This will leave 11 outstanding in total.

Members thanked the Officer for the report and it was noted that the font on the appendix was too small to be easily readable.

The Committee discussed the recommendations and confirmed that they were happy with the recommendation to close 1 proposal and merge 2, which would leave 11 proposals going forward.

Members discussed the Asset Management Strategy and further discussion ensued into estates, criteria for the closing of buildings and the Asset stock, value, state and rental income were applicable. Following detailed discussion, it was noted that there is a detailed record kept of the building assets and their general condition and a Member Seminar could be arranged in order to provide Members with details on the current list and criteria in place for closure.

Following consideration and discussion, it was moved and seconded that the recommendation in the report be approved. By a show of hands this was unanimously agreed.

RESOLVED that for the reasons contained in the Officers report and as outlined at the meeting: -

- (i) the proposals be closed and merged, as noted within the appendix;
- (ii) a Member Seminar be arranged in order to provide further information on the Council's current building Assets.

## **8. REGISTER OF EMPLOYEES' INTERESTS FORMS DURING 2015/16**

Councillor J.A. Pritchard called the information item forward for discussion at the meeting.

The report advised Members of the Audit Committee of the Register of Employees' Interests Forms completed by officers and agency workers for the 12 month period 1st April 2015 to 31st March 2016 and to provide a comparison with the same information for the previous 2 financial years.

Members noted that enclosed in the appendices were summaries of the declarations received by Directorate, Service Area, Type and Relationship for the 12 month period 1st April 2015 to 31st March 2016 and to provide a comparison with the same information for the previous 2 financial years.

The Audit Committee thanked the Officer for the report and discussion ensued.

A Member raised concerns about the significant number of declarations made in 2013/14 in comparison to later years. Officers highlighted that this was due to the re-issuing of the Code of Conduct to all employees in 2013, which provided for the increased number of declarations.

Further clarification was sought on the frequency of which Employees are required to complete their declarations of Interest. It was noted that Employees are required to provide an update on any interests as and when it would be appropriate, however it was noted that all Councillors are required to complete an annual update on any Declarations of Interest.



Members discussed the accuracy of the figures, with particular reference to the ability to compare data. The Officer assured Members that the data can be used for comparison purposes and the number of declarations often fluctuate, however the Employee declarations roll onto the next year, unless there is any change.

The Audit Committee thanked the Officer for the report and noted its contents.

#### **9. AUDIT COMMITTEE FORWARD WORK PROGRAMME**

The Forward Work Programme up to December 2016 was presented for Member consideration.

Having fully considered its detail the Audit Committee noted its content.

#### **10. INFORMATION ITEMS**

The Committee received and noted the following information items:-

- (1) Regulation of Investigatory Powers Act 2000.
- (2) Officers Declaration of Gifts and Hospitality.

The meeting closed at 11.38am.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 15th September 2016, they were signed by the Chair.

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CHAIR

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## Audit of Financial Statements Report **Caerphilly County Borough Council**

**Audit year:** 2015-16

**Issued:** 14 September 2016

**Document reference:** CCBCA2016

# Status of report

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This document has been prepared as part of work performed in accordance with statutory functions.

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 and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at [info.officer@audit.wales](mailto:info.officer@audit.wales).

The team who delivered the work comprised Barrie Morris, Engagement Lead, Laura Hallez, Audit Manager and Grace Hawkins, Audit Executive.

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The Auditor General intends to issue an unqualified audit report on your financial statements. There are some issues to report to you prior to their approval.

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# Summary report

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## Introduction

1. The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of Caerphilly County Borough Council at 31 March 2016 and its income and expenditure for the year then ended.
2. We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the financial statements being misled.
3. The quantitative levels at which we judge such misstatements to be material for Caerphilly County Borough Council are £3,957,000 generally. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity, for example, the audit fees disclosure and senior officer remuneration disclosures.
4. International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
5. This report sets out for consideration the matters arising from the audit of the financial statements of Caerphilly County Borough Council, for 2015-16, that require reporting under ISA 260.

## Status of the audit

6. We received the draft financial statements for the year ended 31 March 2016 on 30 June 2016, in line with our planned timetable.  
Our audit work is substantially complete with the only work outstanding relating to our finalisation procedures, that can only be completed after the Council has received or report and approved the accounts and provided us with the signed letter of representation. We will then review and consider any post balance sheet events up to the date of the approval of the financial statements.
7. We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with the Interim Head of Corporate Finance and Acting Director of Corporate Services.

## Proposed audit report

8. It is the Auditor General's intention to issue an unqualified audit report on the financial statements once you have provided us with a Letter of Representation based on that set out in [Appendix 1](#).
9. The proposed audit report is set out in [Appendix 2](#).

## Response to financial audit risks

10. Our Audit Plan which was presented to the Audit Committee in June 2016 set out the risks relating to the Council's financial statements. As part of our interim audit, we completed work in a number of areas to consider the risks and provided an update to the Council's finance team on our work on these risks.
11. As part of our final accounts audit, we have reviewed the remaining areas and have set out below our final conclusions on the work completed. Our review of the current issues facing the Council has not identified any additional audit risks that we need to bring to your attention.

Financial audit risk	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 240.31-33].</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>• tested the appropriateness of a sample of journal entries, based on our risk assessment, and other adjustments made in preparing the financial statements;</li> <li>• reviewed accounting estimates for bias; and</li> <li>• evaluated the rationale for any significant transactions outside the normal course of business.</li> </ul> <p>We have no matters to report as a result of our audit work.</p>
<p>Operating Expenses – Creditors related to core activities understated or not recorded in the correct period.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>• documented our understanding of the controls operating in the creditors system;</li> <li>• performed a walkthrough to confirm that the controls identified are in operation;</li> <li>• tested for completeness of operating expenses including agreeing to source documentation and reviewing invoices received after the year end, for a sample of payments;</li> <li>• obtained an understanding of the accruals process; and</li> <li>• tested for unrecorded liabilities, including review of payments made after the year end, on a sample basis.</li> </ul> <p>We have no matters to report as a result of our audit work.</p>

Financial audit risk	Response
<p>Employee Remuneration and benefit obligations and expenses understated</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>• documented our understanding of the controls operating in the payroll system;</li> <li>• performed a walkthrough to confirm that the controls identified are in operation;</li> <li>• undertaken analysis of trends and relationships to identify any anomalous areas for further investigation;</li> <li>• reviewed and tested the reconciliation of payroll system to the general ledger;</li> <li>• performed substantive testing, on a sample basis, of staff and officer payroll payments, ensuring that payments are made in accordance with the individual's contract of employment; and</li> <li>• reviewed a sample of payments made to former employees to ensure all costs are accurately reflected in the notes to the financial statements.</li> </ul> <p>As a result of our audit work, we recommended two amendments to the disclosures, detailed in Appendix 3, which have been processed by management.</p>
<p>Valuation of property, plant and equipment</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>• reviewed management's processes and assumptions for the calculation of the estimate;</li> <li>• reviewed the competence, expertise and objectivity of any management experts used;</li> <li>• reviewed the instructions issued to valuation experts and the scope of their work;</li> <li>• held discussions with the valuer about the basis on which valuations are carried out and challenged the key assumptions where appropriate;</li> <li>• reviewed and challenged the information used by the valuer to ensure it is robust and consistent with our understanding; and</li> <li>• tested revaluations made during the year, on a sample basis, to ensure they are input correctly into the Council's asset register and correctly reflected in the financial statements.</li> </ul> <p>Following our audit work, and in discussion with management of amendments that they had identified, a number of amendments have been made to the final version of the accounts, as detailed in Appendices 3 and 4.</p>



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## Significant issues arising from the audit

### Uncorrected misstatements

12. There are no misstatements identified in the financial statements, which remain uncorrected.

### Corrected misstatements

13. There are misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. They are set out with explanations in [Appendix 3](#).

### Other significant issues arising from the audit

14. In the course of the audit, we consider a number of matters both qualitative and quantitative relating to the financial statements and report any significant issues arising to you.
15. **We have no concerns about the qualitative aspects of your accounting practices and financial reporting.** We found the information provided to be relevant, reliable, comparable, material and easy to understand. We concluded that accounting policies and estimates are appropriate and financial statement disclosures unbiased, fair and clear.
16. **We did not encounter any significant difficulties during the audit.** We received information in a timely and helpful manner and were not restricted in our work.
17. **There were no significant matters discussed and corresponded upon with management which we need to report to you.**
18. **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**
19. **We did not identify any material weaknesses in your internal controls.**
20. **There are no other matters specifically required by auditing standards to be communicated to those charged with governance.**

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## Other matters arising from the audit

### Fair value disclosure of PWLB borrowings

20. The Council currently has PWLB loans that are held and measured at amortised cost in its balance sheet. Following the adoption of IFRS 13, local authorities are also required to disclose, in a note to the financial statements, the fair value of financial liabilities which are held at amortised cost in the balance sheet.
21. The Council has disclosed its fair value of PWLB loans using the premature repayment rate as its discount factor. It is our view that the use of premature repayment rates is not an appropriate discount factor and that new borrowing rates should be used.
22. CIPFA confirms in its LAAP Bulletin 104, issued on 17 March 2016, that 'a redemption rate is unlikely to provide an appropriate measure of fair value, as such a measurement would be specific to the local authority i.e. entity-specific. The PWLB redemption rate is not a price for transferring a liability between market participants under current market conditions.' It also states 'However, the redemption rate may provide useful information to the users of local authority financial statements'.
23. As the calculations of fair value under the new borrowing rates is materially different to that currently disclosed in the Council's financial statements, the Council has updated its disclosures in note 15 to reflect these revised amounts. This adjustment is a disclosure matter and does not affect the reported outturn position of the Council.

### Post balance sheet events – Impact of EU referendum outcome

24. With the vote to leave the EU confirmed on 24 June 2016, global stock markets have, as expected, responded with some significant fluctuations. Whilst these significant fluctuations are expected to ease in the coming weeks, the Council will need to consider the impact of these events on its financial statements at the time of their approval. As an authority and an admitted body to a pension fund, with balances held in investments and other liabilities held at fair value, it may be impacted by these events. In this case the values reported may be significantly lower, or possibly higher, than the position reported at 31 March 2016. Whilst this is a non-adjusting post balance sheet event, the Council should include appropriate disclosure in its financial statements about the volatility in markets following the referendum outcome, and its assessment of the impact, if any, on its future

## Recommendations arising from our 2015-16 financial audit work

25. The recommendations arising from our financial audit work are set out in [Appendix 4](#). Management has responded to them and we will follow up progress on them during next year's audit. Where any actions are outstanding, we will continue to monitor progress and report it to you in next year's report.

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## Independence and objectivity

26. As part of the finalisation process, we are required to provide you with representations concerning our independence.
27. We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between the Wales Audit Office, Grant Thornton UK LLP and Caerphilly County Borough Council that we consider to bear on our objectivity and independence.

# Appendix 1

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## Final Letter of Representation

Auditor General for Wales  
Wales Audit Office  
24 Cathedral Road  
Cardiff  
CF11 9LJ

14 September 2016

## Representations regarding the 2015-16 financial statements

This letter is provided in connection with your audit of the financial statements of Caerphilly County Borough Council for the year ended 31 March 2016 for the purpose of expressing an opinion on their truth and fairness. We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

## Management representations

### Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and Code of Practice; in particular, the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

### Information provided

We have provided you with full access to:

- all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
- additional information that you have requested from us for the purpose of the audit; and,
- unrestricted access to staff from whom you determined it necessary to obtain audit evidence.

- 
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
  - Our knowledge of fraud or suspected fraud that we are aware of and that affects Caerphilly County Borough Council and involves:
    - management;
    - employees who have significant roles in internal control; or
    - others where the fraud could have a material effect on the financial statements.
  - Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
  - Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements. • The identity of all related parties and all the related party relationships and transactions of which we are aware.

### Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. There were no uncorrected misstatements.

### Representations by the Audit Committee

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Council on 28 September 2016.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Signed by:

# Appendix 2

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## Proposed audit report of the Auditor General to the Members of Caerphilly County Borough Council

### Auditor General for Wales' report to the Members of Caerphilly County Borough Council

I have audited the accounting statements and related notes of:

- Caerphilly County Borough Council;

for the year ended 31 March 2016 under the Public Audit (Wales) Act 2004.

Caerphilly County Borough Council's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement. The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16 based on International Financial Reporting Standards (IFRSs).

### Respective responsibilities of the responsible financial officer and the Auditor General for Wales

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on Page 10, the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view. My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

### Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Caerphilly County Borough Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes. In addition, I read all the financial and non-financial information in the Narrative Report to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

---

### Opinion on the accounting statements of Caerphilly County Borough Council

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Caerphilly County Borough Council as at 31 March 2016 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16.

### Opinion on other matters

In my opinion, the information contained in the Narrative Report is consistent with the accounting statements and related notes.

### Matters on which I report by exception

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit; the Annual Governance Statement contains material misstatements of fact or is inconsistent with other information I am aware of from my audit.

### Certificate of completion of audit

I certify that I have completed the audit of the accounts of Caerphilly County Borough Council in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

**For and on behalf of the Auditor General for Wales**

**24 Cathedral Road**

**Cardiff**

**CF11 9LJ**

## Appendix 3

### Summary of corrections made to the draft financial statements which should be drawn to the attention of the Audit Committee

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. These adjustments have no impact on cash or general fund balances.

Value of correction (£'000)	Nature of correction	Reason for correction
67,098	<b>Financial Instruments</b> Correction of the fair value disclosure of loans and PFI liability in Note 10 - Financial Instruments note.	To ensure that the fair value of loans is calculated using the 'new borrowing rate as at 31 March' as opposed to 'premature borrowing rate' as the discount factor.
75,996	<b>Comprehensive Income and Expenditure Statement and various disclosure notes</b> The HRA Subsidy buy-out has been disclosed as an exceptional item throughout the financial statements and removed from Note 22 – Property, Plant and Equipment, as it should not be capitalised.	HRA Subsidy buy-out should not be capitalised as it does not result in the creation of an asset. It is disclosed as exceptional item for greater transparency.
545	<b>Cash and Cash Equivalents</b> Reclassification of cash in hand to cash at bank in Note 28 – Cash and cash equivalents.	To ensure that cash held at financial institutions has been correctly classified within the financial statements.
6,662	<b>Property, Plant and Equipment</b> Differences were noted in the classification of assets between the asset register and the ledger. Assets were reclassified in the financial statements to accurately reflect the class of asset. This only has effect on note 22 Property, Plant and Equipment.	To ensure the general ledger and financial statements were consistent with the asset classes held in the Logotech Asset Register.
6	<b>Officer Emoluments</b> Senior Officer pay narrative for full annualised salary updated to reflect the correct amount of days in the period.	To ensure the correct number of days were used to calculate the full annualised salary.



137,796	<p><b>Property, Plant and Equipment</b></p> <p>Council Dwellings were revalued after the draft financial statements, in agreement with ourselves, as a result of the need for the Council to change the valuation basis for these assets to the adjusted vacant possession (Beacon principle) basis. This adjustment was made using the valuation provided by an external valuer.</p>	To ensure Council Dwellings are included in the financial statements at the correct amount by following the right valuation basis.
701	<p><b>Comprehensive Income and Expenditure Statement, Provisions and Movement on Reserves</b></p> <p>The amounts for senior officer pay and the associated legal costs was transferred from provisions to an earmarked reserve.</p>	To ensure the obligation is treated in line with IAS requirements.
13,978	<p><b>Comprehensive Income and Expenditure Statement</b></p> <p>Transfer the cost of Council Tax Reduction Scheme Expenditure from 'Taxation and Non-Specific Grant Income' to 'Housing Services'.</p>	To ensure that expenditure was being accounted for against the service to which it relates as opposed to being netted off grant income.
n/a	<p><b>Financial Instruments</b></p> <p>Correction to Note 10 - Financial Instruments to ensure the fair value categorisations of debt and PFI liabilities complied with the new requirements of IFRS 13.</p>	To ensure that the notes to the financial statements comply with the disclosure requirements of IFRS 13.
n/a	<p><b>Post Balance Sheet Events</b></p> <p>A non-adjusting post balance sheet disclosure was added to reflect the Council's consideration of the EU referendum outcome and any impact on its financial statements.</p>	To ensure the notes to the financial statements reflect any significant post balance sheet events up to the date of approval of the financial statements.
n/a	A number of other minor disclosure issues were identified.	To enhance the overall quality and presentation of the financial statements.

## Appendix 4

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### Recommendations arising from our 2015-16 financial audit work

We set out all the recommendations arising from our audit with management's response to them. We will follow up these next year and include any outstanding issues in next year's audit report:

<b>Matter arising 1 – Depreciation Calculation</b>	
<b>Findings</b>	Calculation of Depreciation
<b>Priority</b>	High
<b>Recommendation</b>	As a result of our audit findings, we recommend that management review how the Logotech Asset System calculates depreciation for revalued assets. Our work identified that revalued assets are being depreciated one year too quickly due to the incorrect 'Useful Economic Life' being used post revaluation.
<b>Benefits of implementing the recommendation</b>	The maximum error was not material in year. However, assets are being depreciated one year too quickly and as a result the depreciation figure charged each year is higher than expected. This has no impact on the general fund balance.
<b>Accepted in full by management</b>	Yes
<b>Management response</b>	Management have agreed to review how the Logotech system calculates depreciation after revaluations.
<b>Implementation date</b>	31 March 2017

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**Matter arising 2 – Aged Debtors and Creditors**

<b>Findings</b>	Accumulated Debtors and Creditors Balances
<b>Priority</b>	High
<b>Recommendation</b>	<p>Our audit work identified that the Council is carrying forward historical aged debtor and creditor balances rather than writing them off. This produces a significant number of balances that have no realisable value.</p> <p>Aged debtor and creditor balances should be written off and removed from the brought forward balances.</p>
<b>Benefits of implementing the recommendation</b>	The level of balances to be reviewed by management will be reduced to a level that reflects those with a realisable value.
<b>Accepted in full by management</b>	Yes
<b>Management response</b>	Debtor and creditor balances will be reviewed within the 2016/17 financial year.
<b>Implementation date</b>	31 March 2017.

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## AUDIT COMMITTEE - 14TH SEPTEMBER 2016

**SUBJECT: ANNUAL REVIEW OF COMPLAINTS RECEIVED UNDER THE COUNCIL'S CORPORATE COMPLAINTS POLICY 1<sup>ST</sup> APRIL 2015 TO 31<sup>ST</sup> MARCH 2016**

**REPORT BY: INTERIM HEAD OF LEGAL SERVICES AND MONITORING OFFICER**

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### 1. PURPOSE OF REPORT

- 1.1 To provide Members with an overview of the corporate complaints received for the year 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016.
- 1.2 To advise Members whether any trends were identified during this period and if so the action to be taken.
- 1.3 To provide Members with an overview of the lessons learned in respect of the complaints which have been upheld or partially upheld.

### 2. SUMMARY

- 2.1 To provide members with a review of the corporate complaints received during the year 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016.
- 2.2 Complaints are one of the ways in which, the Council gains information on the level of satisfaction or dissatisfaction of the services provided corporately by the Council. The result of the monitoring enables each department to focus on areas of concern, to improve services and to monitor performance and ensure that any trends in issues raised are identified and dealt with so as to be avoided in the future.
- 2.3 The implementation of the Corporate Complaints Policy ensures that corporate complaints are dealt with consistently and fairly across all service areas.

### 3. LINKS TO STRATEGY

- 3.1 Monitoring of the Council's corporate complaints and successful resolution of those complaints supports the provision of higher quality and more effective services to the public across all service areas.

### 4. THE REPORT

- 4.1 Members will be aware that, on 1st April 2013, the Council implemented a Corporate Complaints Policy (referred to as the Policy in this report) in order to reflect the model policy introduced by the Welsh Government. The Policy was recently updated with a few minor changes and endorsed by Audit Committee on 9<sup>th</sup> December 2015 and Cabinet on 20<sup>th</sup> January 2016.

4.2 The Policy defines a complaint as “an expression of dissatisfaction or concern which requires a response” which may be:

- Either written or spoken,
- Made by one or more members of the public,
- About the Council’s action or lack of action or about the standard of service provided,
- About the Council itself, a person acting on its behalf or a public service provider partnership.

Members are aware that the Policy does not apply to Service Requests.

4.3 The Policy introduced a two-stage complaints process to be followed within the Council. Stage 1 complaints should be dealt with within 10 working days and Stage 2 within 20 working days. If a complainant remains dissatisfied with the outcome of a Stage 2 response, he/she will have the opportunity to refer the matter to the Public Services Ombudsman for Wales.

4.4 The individual service areas are responsible for ownership of the conduct of the complaint process and investigate complaints at both stage 1 and 2, with the Stage 2 response being dealt with by the Head of Service or nominated representative.

4.5 To coincide with the introduction of the policy a Learning from Complaints Group (referred to throughout this report as “the Group”) was established, which is chaired by the Interim Monitoring Officer (or nominated representative), and includes Complaints Officers from across the Council, the Council’s Senior Policy Officer (Equalities and Welsh Language) and a representative from the Council’s Performance Management Unit. The Group meets quarterly.

4.6 In addition, representatives from the Group attend the All Wales Complaints Group meetings which are held twice per year to share experience and learn from other Councils.

4.7 Complaints provide valuable feedback and are viewed as a positive opportunity to learn from experiences, which are in turn used to improve our services, strengthen relationships with customers and prevent similar problems which lead to the complaint from arising again. Some of the actions taken in response to complaints may seem to be of a minor nature however they can often make a big difference for example to the provision of a service. Members are asked to note the information contained in paragraph 4.13.5 and Appendix 2.

4.8 The information in relation to corporate complaints is reported on a six monthly basis to Audit Committee. In addition this Committee received the first Annual Report last year which reviewed the complaints received for the year 1st April 2014 to 31st March 2015. As this report is the second annual report, it includes comparative data against the data reported for the year 2014/15.

#### 4.9 **Review of Corporate Complaints**

4.9.1 The data included in the Report relates to the complaints formally logged as corporate complaints received from 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016. It includes comparative data for the year 2014/15 for each Directorate referred to, and an overview of the response timescales. The data also includes the outcome of each complaint; namely whether a complaint has been upheld, not upheld or partially upheld. An overview of the outcomes in respect of Stage 1 complaints are set out in paragraph 4.9.6 and an overview of the outcomes in respect of Stage 2 Complaints are set out in paragraph 4.9.10 of the Report.

4.9.2 Members are asked to note that this report includes details of formally logged corporate complaints only and does not include detail of interactions with customers which are deemed to be service requests. In addition Members will note that the number of complaints considered by Education and Social Services are considerably less than those relating to services delivered by the Environment and Housing. Both of these areas operate separate complaints processes established by specific legislation.

4.9.3 The total number of corporate complaints received across the Authority was 192, this is a slight decrease on last years' total of 212.

4.9.4 A breakdown of the Stage 1 corporate complaints by reference to service area, together with comparative data from last year is set out below, and in the graph at Appendix 1.

Stage 1 Corporate Complaints		15/16 Actual	14/15 Actual
Corporate Services		21	25
Education		2	7
Environment		49	72
Housing		81	60
Social Services		5	4
Other (cross directorate)		<u>0</u>	<u>10</u>
		<u>158</u>	<u>168</u>

4.9.5 It should be noted that the number of complaints per service does not necessarily provide a direct correlation with the standard of customer service provided and that these results should not be treated in isolation. Each of these services are heavily influenced by the type of business transacted by that service, for example the number of customer facing transactions carried out, the public profile of the actions carried out by that service and whether the customer has alternative formal routes for redress or appeal.

#### Outcomes of Stage 1 complaints

4.9.6 Of the 158 Stage 1 complaints responded to, 44 have been upheld, 84 were not upheld and 30 have been partially upheld. The breakdown by service area is listed below together with the comparative data for the year 2014/15.

	Yr 15/16 Upheld	Yr 14/15 Upheld	Y15/16 Not Upheld	Yr 14/15 Not Upheld	Yr 15/16 Partially Upheld	Yr 14/15 Partially Upheld
Corporate Services	5	8	10	9	6	8
Education	0	1	2	6	0	0
Environment	21	25	19	39	9	8
Housing	18	11	48	41	15	8
Social Services	0	0	5	4	0	0
Other (cross directorate)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>44</u>	<u>45</u>	<u>84</u>	<u>99</u>	<u>30</u>	<u>24</u>

4.9.7 There are no substantial changes to the stage 1 outcomes for this current year when compared to last year (74 compared to 69). However, the number of complaints not upheld have reduced - 84 compared to 99. This is caused largely by a reduction in the Environment area and can be linked to the decrease of stage 1 complaints dealt with in the Environment (49 compared with 72).

4.9.8 A breakdown of Stage 2 corporate complaints by reference to the service area, together with comparative data is set out below.

Stage 2 Corporate Complaints		15/16 Actual	14/15 Actual
Corporate Services		6	10
Education		2	1
Environment		28	15
Housing		36	36
Social Services		3	2
Other (cross directorate)		<u>2</u>	<u>6</u>
		<u>77</u>	<u>70</u>

4.9.9 Again overall there is not a significant change in the figures, save for the Environment where the number of Stage 2 complaints has almost doubled. An analysis of the data has revealed that there was an increase in the number of complaints in relation to planning. However, it is worth noting that the Planning Department dealt with 938 planning applications last year.

#### Outcomes of Stage 2 Complaints

4.9.10 Of the 77 Stage 2 complaints responded to 24 have been upheld, 48 were not upheld, 4 were partially upheld and 1 did not proceed. The breakdown by service area is listed below together with the comparative data for the year 2014/15.

	15/16 Upheld	14/15 Upheld	15/16 Not Upheld	14/15 Not Upheld	15/16 Partially Upheld	14/15 Partially Upheld	15/16 Did Not Proceed	14/15 Did Not Proceed
Corporate Services	2	2	4	4	0	4	0	0
Education	1	0	1	1	0	0	0	0
Environment	3	1	22	10	3	4	0	0
Housing	18	13	16	16	1	6	1	1
Social Services	0	0	3	2	0	0	0	0
Other (cross directorate)	<u>0</u>	<u>0</u>	<u>2</u>	<u>3</u>	<u>0</u>	<u>3</u>	<u>0</u>	<u>0</u>
	<u>24</u>	<u>16</u>	<u>48</u>	<u>36</u>	<u>4</u>	<u>17</u>	<u>1</u>	<u>1</u>

4.9.11 Overall there is not a significant change to the number of Stage 2 complaints upheld or partially upheld this year (28 in 15/16 and 33 in 14/15)

4.9.12 There is a notable increase in the number of complaints not upheld in the Environment. However the number of complaints considered at Stage 2 by the Environment has increased when compared to last year.

#### 4.10 Ombudsmans Referrals

4.10.1 Of the 77 Stage 2 complaints responded to 17 were referred to the Public Services Ombudsman for Wales. None were investigated.

4.10.2 However a report issued by the Ombudsman in April 2015 following an investigation undertaken the previous year, was upheld and related to a housing complaint. As part of the formal reporting process the Standards Committee considered this report on 18<sup>th</sup> June 2015 and 21<sup>st</sup> September 2015. The Standards Committee noted the progress made in respect of all of the recommendations contained in the Ombudsman's report and were satisfied that there was no requirement to refer the matter on to the appropriate Scrutiny Committee. This information will be reported to Council as part of the overview of the Ombudsman's Annual Letter.

4.10.3 The Authority has also agreed two quick fixes, one relating to Housing and one in respect of Services for Vulnerable adults.

#### 4.11 Target time for responses

4.11.1 The data in relation to this indicates that compliance with the response deadlines is now 90.6%, slightly down on last years' figure of 92.8%. This is a matter that will be considered formally at the next meeting of the Learning from Complaints Group.

#### 4.12 Review of Trends and Lessons Learned

4.12.1 The volume of complaints is not always as important as the nature and the content of the complaint. Each complaint can be an opportunity to make small changes or service improvement on a small or greater scale. Sometimes the smallest change can result in the greatest increase in customer satisfaction. Examples of some of the changes made are set out at paragraph 4.12.5 and at Appendix 2.



- 4.12.2 A complaint is not only valuable in terms of service improvements but also in terms of public relations and general public perception of and satisfaction with the Authority.
- 4.12.3 Over the last year officers have considered the data collected on a quarterly basis for each specific service area. The types of complaints received have been wide ranging for example, housing recharges, fly tipping, planning processes, housing benefit issues, council tax, refuse collection, permits at civic amenity sites, WHQS works, overhanging trees, recharges and noise nuisance. This is not an exhaustive list but no trends have been identified.
- 4.12.4 At the meeting of the Audit Committee in March 2016 Members agreed that the causes of complaints would be recorded in accordance with the agreed list. This work has commenced and the complaints log now includes this information. It is considered that the causes of a complaint will assist in further informing the analysis of data, however the monitoring is in its early stages. It is too early to tell if any trends will be identifiable for any of the 10 recorded categories. However the early indications are that the cause of a complaint can often include more than one of the recorded categories.
- 4.12.5 Examples of some of the lessons learnt and improvements made as a result of complaints during 2015/16 include:
- Further training on Corporate Complaints rolled out to senior staff in the Network Management Group to remind officers of the importance of complying with the approved complaints policy to avoid complaints around process;
  - Sharing the outcomes of complaints internally with the complaints officers to ensure that all service areas are updated (the particular case involved recommendations regarding record keeping);
  - Review of assessment process in relation to the Council Tax Reduction Scheme.
  - Review of the Call Recording Policy ( this is ongoing );
  - Review of leisure centre booking procedures;
  - Review of repair appointment arrangements;
  - Additional allocation of resources to deal with service requests for trees, and
  - Internal training to planning staff on the level of information included in consultation letters to better inform consultees on the process to be followed

Appendix 2 gives an anonymised summary of a sample of upheld/partially upheld complaints across the various service areas for information.

#### 4.13 **Vexatious Complainants Policy**

4.13.1 There have been no referrals under this Policy.

#### 4.14 **Conclusion**

- 4.14.1 Corporate complaints have remained largely static over the last two years. It is important that the figures are viewed in the context of contacts with the Authority, in an average month customer service centres deal with about 6,400 customer visits and the contact centre deals with approximately 32,300 telephone calls and emails.
- 4.14.2 The consistency of the current arrangements in relation to complaints reporting and the static nature of the overall figures suggest that the complaints process continues to work effectively; although there is never room for complacency.

### 5. **EQUALITIES IMPLICATIONS**

- 5.1 Monitoring of complaints via the Corporate Complaints policy addresses the Council's statutory duties under the Equalities Act 2010 (Statutory Duties) (Wales) Regulations 2011 and the Welsh Language Measure (Wales) 2011 in two ways. It addresses specific complaints

to the Council around alleged discrimination by service areas and also addresses the monitoring of complaints from people who fall under the categories protected by these statutory duties.

- 5.2 The full details of these issues (that cover wider matters than are recorded as Corporate Complaints in this report) are included in the annual reports provided to the Equalities and Human Rights Commission and the Welsh Language Commissioner's Office. These reports are considered by Policy and Resources Scrutiny and Cabinet prior to being published by the end of June each year.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 There are no direct financial implications associated with this report.

## **7. PERSONNEL IMPLICATIONS**

- 7.1 There are no personnel implications associated with this report.

## **8. CONSULTATIONS**

- 8.1 The views of the consultees have been incorporated into this report.

## **9. RECOMMENDATIONS**

- 9.1 None. The report is for information only.

## **10. REASONS FOR THE RECOMMENDATIONS**

- 10.1 To monitor the complaints process to ensure effective delivery of Council services.

## **11. STATUTORY POWER**

- 11.1 Local Government Act 1972 - 2003.

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Consultees: Corporate Management Team  
Lisa Lane, Solicitor  
Jan Carter, Senior Housing Officer  
Gemma Hoare, Housing Officer (Customer Services)  
David Titley, Customer Services Manager  
Rob Waggett, Customer Services Development Officer  
Kim Davies, Customer Services/Complaints Officer  
Joanne Winstone, Customer Services /Complaints Officer  
Karen Williams, Support Officer  
Judith Morgans, Customer Services Manager  
Ros Roberts, Performance Manager  
Andrea Jones, Corporate Complaints Officer  
Anwen Rees, Policy Officer  
Richard Harries, Internal Audit Manager  
Deborah Gronow, Service Auditor  
Leigh Brook, Corporate Finance  
Lianne Dallimore

Background Papers:

Report to Audit Committee 10<sup>th</sup> December 2014 – Social Services Representations and Complaints Procedure Activity

Report to Audit Committee 11<sup>th</sup> March 2015 - Procedure relating to School Based Complaints

Report to Standards Committee 18<sup>th</sup> June 2015 Complaint Made to the Public Services Ombudsman for Wales – Case Number 201400849

Report to Standards Committee - 21<sup>st</sup> September 2015 – Update of Progress on Compliance with Recommendations in a Report Issued by the Public Services Ombudsman For Wales – Case Number 201400849

Report to Audit Committee – Annual Review of Complaints received under the Council’s Corporate Complaints Policy 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015

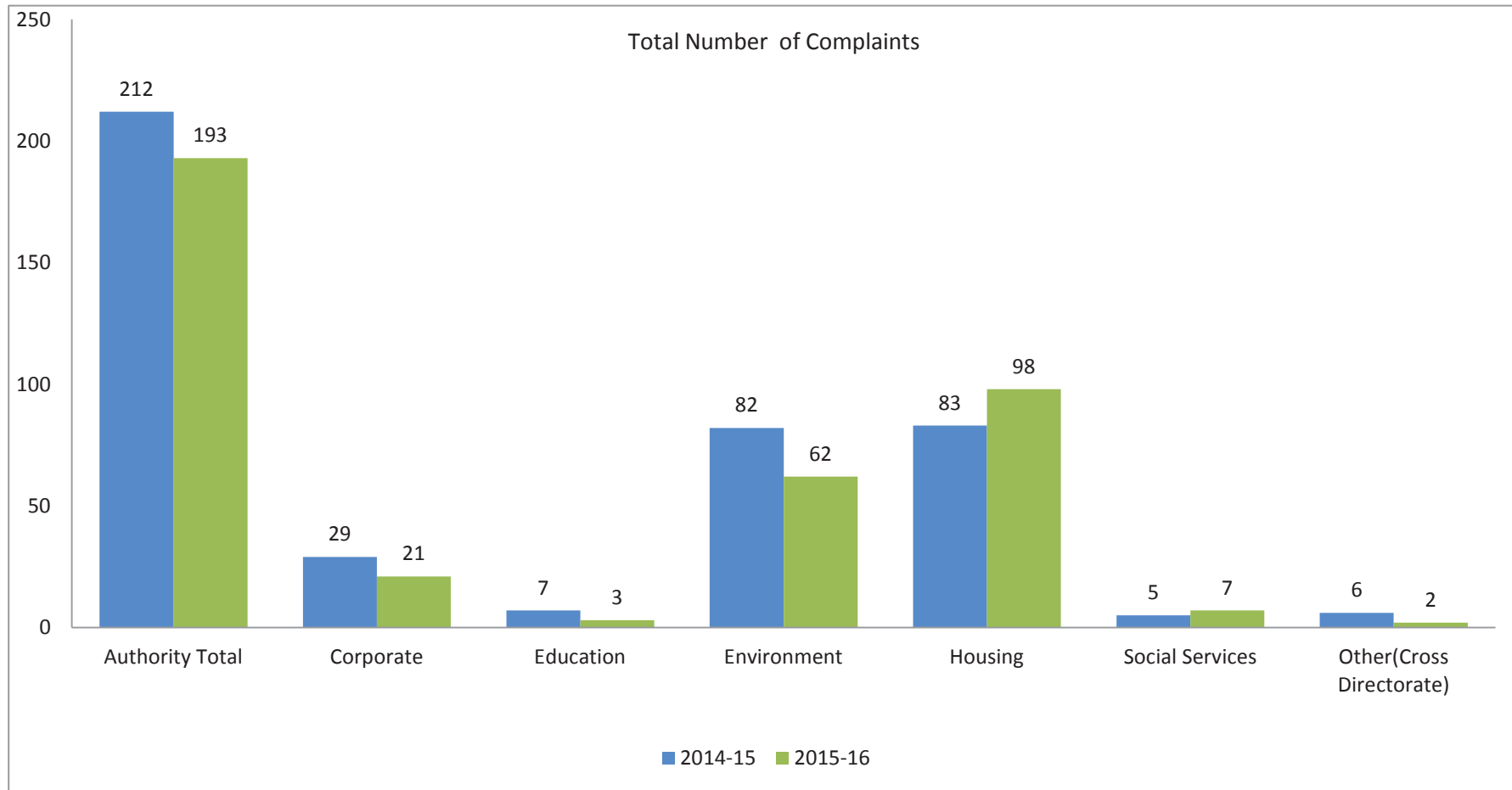
Appendices:

Appendix 1 – Graph with Comparison of Numbers of Complaints for 2014/15 and 2015/16

Appendix 2 – Anonymised summary of a sample of upheld and partially upheld complaints

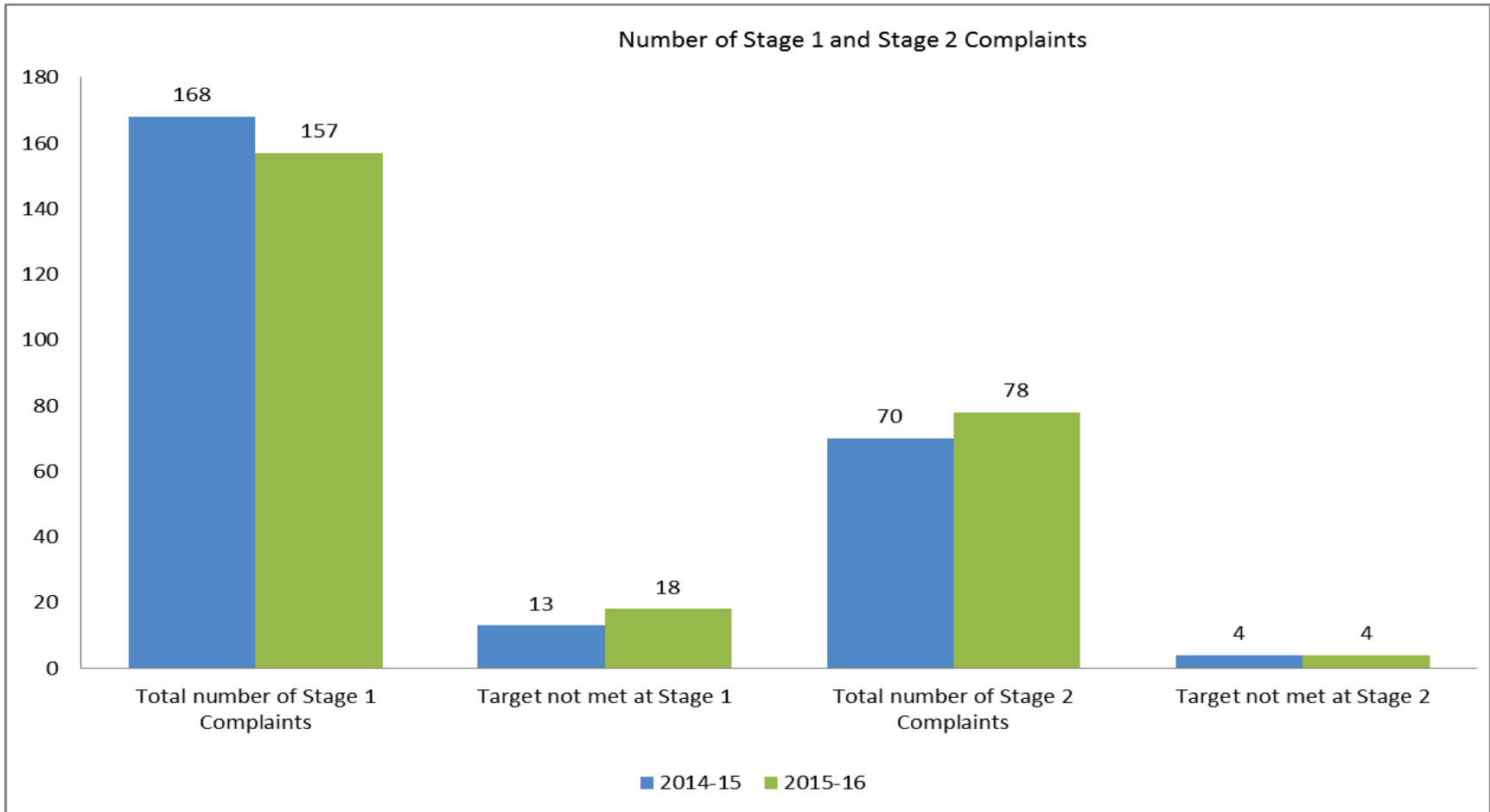
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Service Area	Authority Total	Corporate	Education	Environment	Housing	Social Services	Other(Cross Directorate)
2014-15	212	29	7	82	83	5	6
2015-16	193	21	3	62	98	7	2



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Service Area	Total number of Stage 1 Complaints	Target not met at Stage 1	Total number of Stage 2 Complaints	Target not met at Stage 2
2014-15	168	13	70	4
2015-16	157	18	78	4



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## Appendix 2 Anonymised Summary of a sample of Complaints and Lessons Learned by Directorate

### **Corporate Services**

Causes of complaints which have been upheld/partially upheld include decision making, delay in service provision, collaborative working, following policies/relevant legislation and clarity/accuracy/timeliness of information.

### **Corporate Finance**

(1) A complaint was received regarding the way in which a council tax reduction was handled and the time taken to consider the matter. The assessment took into account a carers allowance when considering income and did not recognise that such payment automatically ceases when a state pension is received.

As a result of the complaint a review is being undertaken regarding Carers Allowance and State Retirement Pension, to identify those claimants who may have similar circumstances to those of the complainant and checks are being carried out to confirm that the correct benefit is being paid.

In addition, staff have been reminded of the importance of being vigilant when checking the Customer Information System.

With regards to the time taken to undertake the assessment, the delay was due to a number of business pressures which resulted in the assessment taking longer to process than officers would have liked. However over the coming months managers will be working with staff to establish if there are further actions which can be taken to improve the timeliness of the assessment process.

(2) A Council Tax adjustment notice was issued cancelling a single persons discount on the basis that a child living at the property had reached the age of 18 without checking the child's status. In addition the resident suggested that as her child received a bus pass for school this would have provided the necessary information regarding the applicability of the discount.

It was accepted that on the face of it, contacting a council tax payer when their son or daughter is approaching their 18th birthday to check on their status appeared to be common sense. The benefit of doing this would enable the Council to continue awarding discounts where appropriate and this approach was taken when Council Tax was first introduced in 1993. However, in practice it was found that so few council tax payers were responding to these enquiry letters that the procedure led to delays in issuing revised adjustment notices, which in turn caused further problems as tax payers had less time available in which to pay an increased bill. For this reason, it was decided to remove this initial process and cancel the discount when a person attained the age of 18. However in light of the complaint the current procedures will be revisited.

Regarding the bus pass the complainant was advised that it is not always possible to routinely share data even within the same organisation without consent of the relevant person. However it was accepted that this was a valid point which would be taken forward with the Council's Education department.

## Customer Services

(1) By way of background, almost all interactions with customers in the Customer Service Centres take place at either the reception desk or service desk. However, interview rooms are available for customers who would like more privacy. In this case, the customer visited the Customer Services Centre in Blackwood Library but was not aware that an interview room was available. Signs are usually up in customer waiting areas informing customers that interview rooms are available, however, when the Centre was set up in the library the sign about interview rooms was not put up.

As a result Centres have been checked to ensure that signage is in place and the content of the sign has been reviewed. In addition alternative ways of informing customers about the availability of interview rooms have been considered, such as including information on the Queue screens. The availability of interview rooms has also been reviewed.

2) A customer made several calls relating to the same issue but the first call was not logged correctly and as a result the details could not be found during a later call.

It was possible that the advisor who took the original call may not have heard the customer clearly. Whilst the customer services centre has a call coaching scheme that uses call recordings to coach Advisors on things such as active listening, confirming addresses etc, the call recording system is not currently active and as such it was not possible to check the call. However a new Call Recording Policy is under consideration with a view to re-instating the call recording system.

## **Environment Directorate**

Causes of complaints upheld/partially upheld include delay in service provision, accessibility of services, quality of work, decision making, delay in service provision, collaborative working, following policies/relevant legislation and clarity/accuracy/timeliness of information.

### Waste collection

With regard to Waste Collections Services, there were 16 complaints upheld within the last year. However putting the number of complaints in context it should be borne in mind that the Service undertakes just under 40,000 collections per day (over 10,000,000 per annum) and deal with over 600 Service Requests per week (approximately 30,000 per annum). The service operates 30 collections vehicles. Service requests are dealt with outside of the complaints policy.

The majority of complaints upheld/partially upheld related to a delay in the service provision in the main for repeated missed collections including regular refuse and bulky collections. Other examples related to repeated requests for bin repairs to be undertaken, accessibility of the services and quality of work in respect of assisted collections.

The following are examples of complaints dealt with in the Waste collection service.

1) A resident who is registered blind had the benefit of an assisted collection but had complained on numerous occasions that his food waste bin had not been placed back on his property. He had received an apology on each occasion. However, he wanted an assurance that this occurrence would be prevented. The area supervisor spoke to the collection crew and issued a specific instruction to ensure the bin was collected from and returned to the property.

2) A resident made numerous phone calls to complain about repeated missed collections of refuse which he said occurred at least once or twice per month. The Area Supervisor spoke to the collection crews who assured him that this would not happen again and instructed the crew to contact him when the collections were made.

3) Recycling bins were not emptied on two separate occasions. The resident was assured that the collection would be made in the following 48 hours so the bins were placed out for collection. Unfortunately the refuse was not collected and resulted in a complaint. It was ascertained that the original missed collection was an oversight on the part of the crew. There was a miscommunication in passing the second agreed collection date onto the crew, however upon receipt of the complaint arrangements were made to empty the bins the following day.

4) A complaint was received regarding fly tipping which was occurring outside one of the Councils' Civic Amenity Sites. The materials were removed and checked by site attendants for evidence such as addresses which may result in a full investigation. In addition arrangements are being made to erect fly tipping signs on the gates at all of the Council's Civic Amenity Sites.

5) Repeated requests were made by a resident for a repair to her bin after the lid was taken off by the refuse lorry. The bin was left out empty as directed on a number of occasions but was not repaired. The bin was subsequently repaired and apology given.

6) A bulky waste collection was not undertaken on the date arranged. The resident made contact with officers over subsequent days and asked for the collection to be undertaken the following week. This collection was also missed and the resident made further contact and was told he would be called back. It was accepted that there was a communication breakdown between the office staff and the area supervisor and the collection was removed.

### Leisure

1) A leisure centre had no record of a request for a specific room when taking a booking for a function. The complainant was given an alternative room on the day but was not happy with the facilities provided. In upholding the complaint the leisure centre has changed its booking procedure whereby a tour of the room will be given in future prior to a booking being taken.

2) A refurbishment project was being undertaken in a leisure centre sports hall which was not completed by the date a booking for its use had been taken.

As a result to ensure this type of issue does not re-occur, each project will be allocated an amount of slippage time and any booking requests which fall within this time period will only be supplied on the basis that the project has been completed. Notification will be provided to the person making the booking in writing with progress updates.

### Park Services

1) Initially two letters of complaint were written to the authority to different service areas, one of which was park services. Information required to respond to part of the complaint was provided to park services in order to incorporate into one response.

The complainant referred the matter to the Ombudsman six weeks after the original correspondence was sent to the Council who subsequently referred the matter back to the Authority to respond under its corporate complaints procedure.

As a result an officer from park services visited the complainant and followed up the discussions with a letter within the policy timeframe, however the letter failed to incorporate the additional information provided.

Officers were reminded that correspondence should be logged and dealt with in accordance with corporate timescales. The comments to officers from other departments should be included in the response to ensure the complainant has a full picture of the actions taken by the council and why. Staff were also encouraged to seek advice from their Supervisor if they were unsure of what action to take.

2) An initial service request relating to an overgrown tree adjacent to street lighting was logged as an issue to be dealt with within street lighting. The correspondence escalated as the customer called for an update. It was ascertained that the tree was not situated on council owned land and the information relayed to relevant officers.

An internal request was subsequently sent to Park services to prune the tree as it was obscuring the lighting column. This request was referred to the Arboricultural Officer. The complainant called for a further update some three months after the original request. A decision had been made internally to undertake the pruning works but this was not conveyed to the customer. A formal complaint was then made which was responded to confirming the tree was not owned by the council but that it would be coppiced that week.

It was noted that internal communication should be improved and customers should be provided with regular updates. Additional resources have now been placed within the section to specifically assist with Service Requests relating to trees. Also awareness has been raised with staff to ensure corporate compliance targets are adhered to.

3) A resident contacted the Authority regarding a tree opposite his property. This was treated as an emergency as the complainant stated branches were snapped and overhanging the highway. The contact was acknowledged on the same day advising the request had been referred to the Tree Officer. Over two weeks later the resident emailed for an update, which was referred to Park Services for a response, but despite this no response was provided. Over six weeks after the original referral the resident was advised of his right to make a formal complaint which he did. The day following receipt of the complaint, the tree was inspected, an instruction issued to undertake remedial works and a formal written response to the complaint was sent.

Officers recognised the importance of improving communication links between the Authority and the customer. This tree was not deemed as an emergency and did not require an immediate response or inspection. However, this information was not communicated to the complainant. Additional resources have now been placed within the section to specifically assist with Service Requests relating to trees.

The service area will also work closer with the Contact Centre to ensure requests are not prioritised as emergencies when they are routine requests for service.

## Planning

1) Maintenance work was undertaken to a public right of way, over a specified width which involved the clearance of overgrowth either side of the actual footpath which led to a complaint being received from the adjoining landowner that excessive cutting had taken place on his land.

Whilst the work undertaken was not considered to be excessive it was acknowledged that out of courtesy the landowner should have been advised of the works being undertaken. As a result efforts will be made to notify the landowner prior to any future maintenance works being undertaken.

2) A resident wrote to the Council to advise that they would wish to address the Planning Committee to reiterate objections made to an application. This was accepted by officers as a clear indication of the request. However the resident was not subsequently advised when the application was due to be reported to the Planning Committee so that the resident could make the views known to its members.

Planning officers have been reminded to ensure it is made clear in the letters of consultation that neighbours are not kept apprised of the progress of planning applications and that where an application is reported to the Planning Committee they are responsible for contacting the Council's committee clerk to make arrangements to speak at the meeting.

## Engineering Services

1) A complaint was received regarding incorrect positioning of double yellow lines on the highway and consideration of the issues fell below that which should have been expected.

Officers were reminded to deal with issues raised in accordance with response times.

2) Following completion of work undertaken to install a drop kerb, the phoneline to the adjoining property failed which resulted in short term loss of internet and potential aesthetic issues. The owner was also dissatisfied with the workmanship.

A full width reinstatement was carried out to ensure the resident was satisfied with the works. As a result of this complaint staff have been formally reminded of the importance of compliance with the relevant method statements and risk assessments provided as part of the job.

## Housing

Causes of complaints upheld/partially upheld include decision making, delay in service provision, following policies/relevant legislation, clarity/accuracy/timeliness of information and quality of work.

The majority of Stage 2 complaints upheld related to recharges which, when reviewed as Stage 2 complaints, were subsequently withdrawn. In July, a recharge panel was formally established to consider recharge appeals and as such will no longer be dealt with under the Corporate Complaints policy. The appeal decision will however provide the complainant with a right to refer the decision to the Ombudsman if they are dissatisfied with the decision of the Panel.

1) During WHQS rewiring works at a designated older person's property a new electrical consumer unit was fitted. However, a concerned family member brought to officer's

attention that due to the location of the new consumer unit the tenant was unable to access it without assistance. As a result it was agreed that when being changed all consumer units must be located in easily accessible locations.

2) There have been a small number of complaints in relation to the re charge for failed appointments. In the past when repairs were reported to the Out of Hours team and the operatives attended the call but were unable to gain access to the property, the operative would have just moved on to their next call and the tenant would have received a recharge for this failed appointment. However these arrangements have been reviewed and arrangements put in place for the operative to ring back to the control room who will then attempt to contact the tenant to advise them the operative is outside their property. This small change has had the practical effect of reducing the number of recharges for failed appointments

3) An officer could not get any reply when they attempted to ring a tenant to arrange a repair appointment so an appointment letter was hand delivered arranging the appointment for 2 days time. The tenant was not available for the appointment and was subsequently recharged for a missed appointment. When the recharge was appealed it was agreed that practices should be amended so that if the tenant could not be reached by telephone to agree a mutually convenient appointment, a letter would be sent advising the tenant of the appointment date, giving at least 7 days notice.



## AUDIT COMMITTEE – 14TH SEPTEMBER 2016

**SUBJECT: CORPORATE RISK MONITORING**

**REPORT BY: CORPORATE DIRECTOR, SOCIAL SERVICES**

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### 1. PURPOSE OF REPORT

- 1.1 To provide an update of the Corporate Risk Register in accordance with the recommendations to Audit Committee at their meeting 17<sup>th</sup> September 2013.
- 1.2 To afford Audit Committee 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.
- 1.3 Members have a critical role to play in evaluating the council's risk management arrangements and in particular understanding how the council identifies, manages and, where possible, mitigates/removes risk. Risk Management is crucial to the effective delivery of council services.

### 2. SUMMARY

- 2.1 At its meeting on the 17<sup>th</sup> September 2013 Audit Committee accepted the council's new Risk Management Strategy and supporting Guidelines, which were subsequently approved by Cabinet on the 2<sup>nd</sup> October 2013.
- 2.2 The Strategy identified the role of Audit Committee in the risk monitoring process as being:
  - Review the effectiveness of the risk management and internal control framework
  - Review the Council's Risk Management Strategy and how it is being implemented
  - Review and challenge the risk register and resultant action plans for the council's key strategic and corporate risks
  - Satisfy itself that robust processes and procedures exist and are applied for the management of operational risks including health & Safety risks.
- 2.3 For some time Corporate Management Team (CMT) has identified and monitored the council's key corporate risks. Monitoring arrangements have been strengthened following the introduction of the Risk Management Strategy. CMT now monitor the Council's Corporate Risks on a quarterly basis and report progress to Cabinet on a regular basis. The Strategy identifies that the Corporate Risk Register should be owned and understood by Cabinet and CMT. It also recognises that Audit Committee would be the guardians of the risk management strategy and should satisfy itself that it is being adhered to.
- 2.4 Work has been undertaken since we last reported the Corporate Risk Register to Audit Committee to develop the current process of managing risk to ensure we adhere to the requirement of the Well-being of Future Generations (Wales) Act 2015 (FGA). We have incorporated the current risks to the Authority and the key FGA elements into one seamless process/register. Applying the five ways of working (the sustainable development principle) in viewing existing risks through the lens of the FGA changes the way we identify and analyse the impact of risk.

### 3. LINKS TO STRATEGY

- 3.1 Service improvement and delivery is key to delivering council priorities and risk management is a crucial element.
- 3.2 The Well-being of Future Generations (Wales) Act 2015 is a new approach to ensure Public Services Boards and public bodies think more about the long term, work better with people, communities, and each other, in meeting the seven national well-being goals ushered in by the legislation;

A prosperous Wales  
A resilient Wales  
A healthier Wales  
A more equal Wales  
A Wales of cohesive communities  
A Wales of vibrant culture & thriving Welsh language  
A globally responsible Wales.

### 4. THE REPORT

- 4.1 Attached as Appendix 1 is the updated version of the council's Corporate Risk Register. This document has been revised after the review by CMT on the 14<sup>th</sup> July 2016. These risks will continue to be reviewed on a quarterly basis by CMT.
- 4.2 The Corporate Risk Register is compiled generally in the following ways:
1. CMT collectively identify organisational risks that arise from such sources as national/regional agendas, changing legislation, budget settlements, partnership risks, project risks etc
  2. CMT collectively identify whole authority operational risks that could result from Regulatory inspections/reviews, political influences, work force planning, performance management etc
  3. Directors escalate operational risks that in their opinion require a corporate approach to their management
- 4.3 The Corporate Risk Register is a 'living document' and changes at every review as new risks are introduced, existing risks are closed, or existing risk's RAG assessment is updated.
- 4.4 The revised template for the Corporate Risk Register incorporates the FGA elements. Listed below is a core set of activities that are common to the corporate governance of public bodies:
- Corporate Planning
  - Financial Planning
  - Workforce Planning
  - Procurement
  - Assets
  - **Risk Management**
  - Performance Management
- 4.5 The sustainable development principle is made up of **five ways of working (ICLIP)** that public bodies are required to take into account. These are:
- **Involving** a diversity of the population in the decisions that affect them;
  - Working with others in a **Collaborative** way to find shared sustainable solutions;
  - Looking to the **Long term** so that we do not compromise the ability of future generations to meet their own needs;



- Taking an **Integrated** approach so that public bodies look at all the well-being goals in deciding on their well-being objectives;
- Understanding the root causes of issues to **Prevent** them from occurring.

- 4.6 There will be long term risks that will affect both the delivery of our services but also the communities we are enabling to improve. We have used the well-being goals and five ways of working to frame what risks we may be subject to in the short, medium and long term, and together with the steps we will take to ensure they are well managed.
- 4.7 We have not sought to add new risks for future generations (with the exception of climate change) rather to view the existing ones from the perspective of impact to the citizen or to view them over a longer term of 10-20 years. This does not mean short term risks or other types of risk such as financial go away, rather it means we need to review the risks in different ways as well as recognising day to day challenges.
- 4.8 The format of the current Risk Register has been amended to include the five ways of working (ICLIP) mentioned above in 4.5. Also three more columns have been added to the format to capture how the risk will affect the well-being of future generations in our communities, whether the risk is long-term, medium term or short-term through the lens of the Future Generations Act and the FGA risk level.
- 4.9 Other processes in our risk structure will need to be reviewed such as a re-write of our Risk Management Strategy (approved by Cabinet in 2013) and a review of the risk at a directorate and service level to ensure there is alignment to any changes.
- 4.10 A summary of the main changes in the Register since last review is provided in the table below:

<b>Risks Removed</b>	<b>Risks Added</b>	<b>Risks Amended</b>
None	CMT 41- risk of climate change  CMT 42- risk of exit from the EU	CMT 17- risk to grant funding raised to HIGH  CMT 29- WHQS risk level reduced to MEDIUM  CMT40- Wellbeing of Future Generations Act risk level reduced to LOW

## **5. EQUALITIES IMPLICATIONS**

- 5.1 The Local Government Measure defines fairness and access as one of the criteria that constitutes 'improvement' within the Wales programme for Improvement 2009.
- 5.2 Promoting equalities is a fundamental requirement of the Future Generations legislation, with specific resonance for meeting the well-being goals of - *A More Equal Wales*, and *A Wales of Cohesive Communities*.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 There are no financial implications associated with this report

## **7. PERSONNEL IMPLICATIONS**

- 7.1 There are no personnel implications associated with this report

## **8. CONSULTATIONS**

8.1 There are no consultees that have not been included in the overall report.

## **9. RECOMMENDATIONS**

9.1 It is recommended that Audit Committee accepts the Corporate Risk Register update as part of their ongoing commitment to regularly reviewing the Register.

## **10. REASONS FOR THE RECOMMENDATIONS**

10.1 To ensure compliance with the Council's Risk Management Strategy.

## **11. STATUTORY POWER**

11.1 Local Government Measure 2009, Wales Programme for Improvement 2010, Well-being and Future Generations Act 2015.

Author: Rob Hartshorn: Head of Public Protection  
Consultees: Nicole Scammell: Acting Director of Corporate Services  
Kath Peters: Corporate Policy Manager  
Ros Roberts: Performance Manager  
Cath Forbes-Thompson: Interim Head of Democratic Services  
Cllr Robin Woodyatt: Cabinet Member for Social Services  
Cllr David Hardacre: Cabinet Member for Performance, Property and Asset Management

Background Papers:  
Risk Management Policy & Guidelines

Appendices:  
Appendix 1 Corporate Risk - FGA Register (July 2016)  
Appendix 2 Corporate Risk- Register (April 2016)

Ref	Area	Actual Risk	Mitigation actions - what we are doing to reduce the risk and by when. Have we considered the five ways of working to help with a solution? (see ICLIP key)	Current Risk Level 2016-17 (Apr 2016)	Current Risk Level 2016-17 (July 2016)	Comments from latest risk review	Does this effect the Well-being of Future Generations in our Communities?	Long term (20-25 years) / medium / or short-term risk	FGA Risk Level	Risk Owner
CMT01	Medium Term financial budget planning 2016-17	1. Workforce Planning: less staff to deliver services. 2. Failure to maintain and/or improve service delivery 3. Failure to take early decisions on which services should be cut could limit planning for changes. 4. Managing staff morale in light of cuts 5. Apprenticeship levy 6. RSG formula change 7. National living wage	1. HR have a suite of policies agreed by Cabinet/Council to help downsize the workforce, although these will need to be kept under review 2. Decisions taken for 16/17 have aimed to reduce rather than remove services 3. Draft 2016/17 savings proposals totalling £12.432m were endorsed by Cabinet on the 14th October 2015. 4. Early communication with staff	Low	Low	The MTFP has been extended to 5 years with potential savings of £7.681m identified for 17/18. However current planning indicates a shortfall of £7.391m against projected savings up until 2020/21.	Yes, the financial resources available will impact on the services we deliver and the way we deliver them. This will affect the community.	Medium-term	Medium	Corporate Management Team
CMT16	School Attainment	1. There is a gap between the attainment of Free School Meals pupils and Non Free School Meals pupils which must be addressed.	1. Standards of attainment are monitored and reported to SMT / CMT / Scrutiny through an annual programme of reporting described in the Directorate Plan Handbook.	Medium	Medium	Improvement has been continuous in the majority of key indicators for several years but remains a priority, especially at L2+ KS4.	Yes, this limits contribution to 'Prosperous and More Equal Wales'. Standards of attainment and gaps in inequality can result in a low skilled, low paid workforce, and higher levels of unemployment leading to poverty. Over the long-term (25 years) in the life of a young child to adult the potential outcome of the attainment gap makes this a high risk.	Long-term	High	Interim Chief Executive
CMT17	Sustainability of service provision via domestic grant funding	1. There is lack of security or sustainability in maintaining grant funded programmes 2. Critical workforce levels cannot be maintained as staff are lost	1. The risk will be closely monitored in light of the expected worsening settlement from Central Government to WG. 2. Staff are placed on temporary contracts.	Medium	High	<b>This risk is predicted to be HIGH going forward to 2017-20</b>	Yes, grants are usually allocated to support vulnerable communities and improve the prospects of individuals. Cuts affect the ability to contribute to a 'Prosperous and More Equal Wales'.	Medium-term	High	Corporate Management Team
CMT18	Secondary school surplus places in top quartile across Wales.	1. Falling pupil roles will affect the funding available to schools and put budgetary pressure on the LEA	Council (23 July 2013) approved proposals to proceed with Phase 1 of a secondary rationalisation programme.	Medium	Medium	Letter from Minister questioning our Education Plan for surplus places. The Minister responded to the Cabinet Member's letter accepting we would re-evaluate our strategy later this year on Secondary surplus places in light of the LDP process. <b>This is regularly referred to a School Board for further discussion.</b>	Yes, ESTYN and WG tend to evaluate this on yearly statistics however the FGA requires a long term perspective, which shows growth in the population, making this a long term risk where preventative measures to maintain adequate future school provision may not be favoured in the short term.	Long-term	High	Interim Chief Executive

Ref	Area	Actual Risk	Mitigation actions - what we are doing to reduce the risk and by when. Have we considered the five ways of working to help with a solution? (see ICLIP key)	Current Risk Level 2016-17 (Apr 2016)	Current Risk Level 2016-17 (July 2016)	Comments from latest risk review	Does this effect the Well-being of Future Generations in our Communities?	Long term (20-25 years) / medium / or short-term risk	FGA Risk Level	Risk Owner
CMT 29	WHQS programme	As at March 2016 approximately 25% of the internal works programme had been completed and 5% of the external works programme. September 2016 is the half way point in the 7 year investment programme which illustrates the timescale pressures. Based on the current performance of the contract arrangements for the internal works the March 2020 target is achievable. The full delivery of the external works is a major programme risk especially given the extent of unforeseen problems that are being identified which are extending the contract time periods and increasing costs.	The WHQS programme has its own specific risk register which was reviewed and updated by the Project Board in May 2016. The highest risks are: <ul style="list-style-type: none"> <li>• Failure to achieve programme objectives - the probability level has reduced, but still high risk.</li> <li>• Capacity - this has been added as a high risk. Staff resources, especially amongst front line roles such as Surveyors, Clerk of Works, Quantity Surveyors, etc. are critical to cope with the volume of work within a fixed timetable.</li> </ul>	High	Medium	The MRA application for 2016/17 approved in the sum of £7.3m. During Q1 403 properties had internal works completed. However 66% of these properties related to carry forward from 15/16. Only 26% of the planned internal works target for 16/17 had been completed at the end of Q1. No external works contracts reached practical completion during Q1. The sheltered housing schemes will be managed in house and additional resources are required. This will add around 18 months additional work to the in house workforce. A new procurement has been initiated to fill the gaps in the contract arrangements relating to external works in the Lower Rhymney Valley. The Project Board has requested a report setting out the key principles on which this procurement will be based. The latest cost plan review projected a shortfall of £12m (i.e. beyond the HRA borrowing limit). The analysis was based on average cost per property for internal works and for external works based on actual costs incurred for completed works. An early warning has been raised with Welsh Government that the borrowing limit on the HRA may have to be extended. Previously achieved works make a significant contribution to the management of the budget. A further cost plan review will need to be undertaken to inform the updating of the business plan to support the MRA application for 2017/18.	Yes. Whilst operationally and financially this is a high risk, through the lens of FGA any improvements to housing stock are beneficial to tenants, the community and its sustainability. Programme delays are an operational / financial risk but in terms of the five ways of working this activity meets nearly all of those core values providing tangible customer benefits.	Medium-term	Low	Corporate Director Communities
CMT 12 & CMT 37	Waste Management Service Continuity & Target Achievement	1. Lack of waste transfer station of effective design, size and location. 2. Uncertainty over long term organics procurement. 3. Still working with WG, WRAP and their appointed consultants to determine options appraisals for future collection methods. Until a decision is made by Council collections will continue to be made using the current co-mingled system. Report anticipated during Autumn/Winter 2016/17. 4. Changing regulatory regimes affecting the type of materials that can be counted in the recycling PI resulting in possible non- compliance with targets. Failure to meet 19/20 and 24/25 recycling targets of 64% and 70%.	1. Working with WG, WRAP and their appointed consultants to determine a suitable location and design for a new Waste Transfer Station. Autumn 2016. 2. Interim arrangements in place with an option to extend until 2018. A specification is being developed to produce, tender for a long term organics contract which will go out towards the latter part of 2016/17. 3. Ensuring current contractors achieve as a minimum the current recycling levels and an extension is re-negotiated with MRF contractor. This will ensure that there is a facility to recycle materials until any service changes are introduced. An extension will be negotiated during the Summer of 2016. 4. Currently working on a variety of projects to determine a strategy that will achieve the higher recycling targets. Report is anticipated the latter part of 2016/17 but if accepted, due to lead times required for potential changes, it is unlikely to be implemented until 2017/18 or 2018/19.	Medium	Medium	1.Waste transfer station planning application approved by planning committee 2. Interim organics contract finalised but 2nd Heads of Valleys contract procurement yet to commence. 3.Council report prepared and considered by full council on collection of recyclables. <b>CMT to receive quarterly reports on performance.</b>	Yes - the purpose of the landfill directive is to divert biodegradable waste away from landfill to reduce pollution. A diverse natural environment with healthy functioning ecosystems contributes to a 'Resilient Wales'. Failure to deal with waste properly affects future generations.	Long-term	Medium	Corporate Director Communities
CMT38	IT Security	Malicious activity targeting the Authority: <ul style="list-style-type: none"> <li>• Disrupt normal business through unavailability of ICT services</li> <li>• Financial gain, e.g. fraud, ransomware, etc</li> <li>• Control of computer infrastructure to support nefarious activity, e.g. proliferation of fraudulent spam emails, etc</li> <li>• Embarrassment / reputational damage</li> <li>• Attract publicity for a cause / ideology</li> </ul>	How CCBC meets the UK Gov "10 Steps To Cyber Security" guidance: <p><b>Information Risk Management Regime</b> – Service areas' quarterly information risk register updates. Support from cross-Authority IGPT members. <b>Secure Configuration</b> - Policies and processes to develop and configure secure ICT systems present. <b>Network Security</b> - Secure network design adopted. All traffic filtered/monitored at the network perimeter. <b>Managing User Privileges</b> - System users provided with required access only. Business case for automated solution to improve process during 2016 being created. <b>User Education &amp; Awareness</b> - ICT systems' security policies formally acknowledged in employment T&amp;Cs. Users receive training / information regarding cyber risks they face. IT security related roles receive specialist training. <b>Incident Management</b> - ISO27001 accreditation establishes robust policies. <b>Malware Prevention</b> - Policies and training in place ensuring users understand appropriate use of email, web browsing, removable media and their own devices. Malware scanning protects all machines. <b>Monitoring</b> – ISO27001 accreditation establishes strategies and policies. <b>Removable Media Controls</b> – Solutions deployed to automatically control and mitigate risks. <b>Home &amp; Mobile Working</b> – Secure solution with 2-factor authentication. Training for mobile users on secure use of devices. Data-at-rest protected by encryption on appropriate mobile devices using market leading products.</p>	Low	Low	Automated access rights management solution to assist <ul style="list-style-type: none"> <li>• Permission Analysis</li> <li>• Security Monitoring</li> <li>• User Provisioning</li> <li>• Documentation &amp; Reporting</li> <li>• Role &amp; Process Optimization</li> </ul> Consider cyber attack insurance	No. Whilst an important operational risk we do not identify this with a FGA, long term citizen orientated impact.	No		Acting Director of Corporate Services

Ref	Area	Actual Risk	Mitigation actions - what we are doing to reduce the risk and by when. Have we considered the five ways of working to help with a solution? (see ICLIP key)	Current Risk Level 2016-17 (Apr 2016)	Current Risk Level 2016-17 (July 2016)	Comments from latest risk review	Does this effect the Well-being of Future Generations in our Communities?	Long term (20-25 years) / medium / or short-term risk	FGA Risk Level	Risk Owner
CMT39	Fragility of the Social Care market	<ul style="list-style-type: none"> <li>Providers unable to sustain existing packages of care</li> <li>National Minimum Wage and National Living Wage creating additional financial strain which providers are expecting LA's to resolve.</li> <li>Little additional capacity to take on new packages of care.</li> <li>Ongoing Judicial Review across Wales re responsibility for Funded Nursing Care Payments</li> <li>Potential Financial impact on the Directorate &amp; authority</li> </ul>	Fee levels for 2016/17 approved. Participation in WG groups regarding impact of National Minimum Wage and National Living Wage.	Medium	Medium		Yes - reducing help that can be provided for the most vulnerable in our society will affect our ability to contribute to a 'Healthier Wales' which requires peoples mental and physical well-being to be maximised. Whilst this may be a medium risk operationally from a FGA perspective this would be high as it directly affects those most in need.	Medium-term	High	Corporate Director Social Services
CMT40	The Well-being of Future Generations (Wales) Act 2015	<p>1. Absence of a long term strategy aligned to the well-being goals. 2. Future generations are not explicitly considered in governance, strategy and decision making. 3. Failure to consider all seven of the well-being goals 4. Failure to collaborate where that might help achievement of well-being goals. 5. Failure to involve people with an interest in achieving the well-being goals. 6. Failure to consider how prevention may help to meet well-being objectives. 7. Failure to comply with legislation by the deadlines 8. There is a risk that the basic procedural compliance is achieved, but the changes in culture will not occur. 9. Reputational risk - poor governance rating following Audit.</p>	An internal communications programme has been established to raise awareness of the well-being goals and to begin to embed the 5 ways of working set out in the sustainable development principle. A Future Generations Advisory Panel has been established and a Future Generations Champion identified. The situational analysis is underway on behalf of the Public Services Board.	High	Low	This was identified in the draft Annual Governance Statement 2015-16 that was approved at Audit Committee dated 8th June 2016.	Yes. If we fail to work within the 5 ways of working we risk non statutory compliance, however of much more importance is making an actual difference to the citizens of Caerphilly. In light of reduced resource if public services do not change the way they think (look at longer term issues, work on identifying root causes, involving others in solutions and so forth we will miss opportunities to sustain changes for the better)	Long-term	Medium	Corporate Director Social Services
CMT41 - NEW	Local Climate Impacts Profile (July 2015)	<p>Not being prepared for the impacts associated with climate change. For Caerphilly this will manifest as a more volatile weather pattern:</p> <ul style="list-style-type: none"> <li>More severe storms resulting in damage to trees and buildings;</li> <li>Increase in winter rainfall resulting in flooding, affecting people, property and infrastructure;</li> <li>Increases in summer temperatures resulting in hot-weather related death and illness;</li> <li>Changes in species including a decline in native species, changes in migration patterns and increases in alien and invasive species, including pests and disease;</li> <li>Reduction in summer rainfall resulting in reduced river flows and water availability;</li> </ul>	<p>A Local Climate Impact Profile (LCLIP) has been prepared for use by services. It identifies the priority impacts to enable services to develop plans to address the impact. The LCLIP links to other plans including Highways Winter Maintenance Plans, Business Continuity Plans &amp; Emergency Plans etc.</p> <p>Mitigation work being undertaken includes:</p> <ul style="list-style-type: none"> <li>Assessing the vulnerability of drainage infrastructure in excessive rainfall</li> <li>Installing flood risk measures at priority vulnerable locations</li> <li>Assessing the condition of trees</li> <li>Considering climate change in the Asset Management Programme</li> <li>Monitoring the temperature of corporate buildings in hot weather</li> <li>Installing photovoltaic (PV) systems on key buildings</li> </ul>	Medium	Medium	The Local Climate Impact Profile was approved by CMT in July 2015.	Yes - there is an impact to a 'Resilient Wales' by not proactively addressing the operational response to climate change. The contribution to global issues and a 'Globally Responsible Wales' is met through low carbon planning and sustainable development.	Long-term	High	Corporate Management Team
CMT42 - NEW	Exit from the EU	The decision to leave the EU has created a degree of uncertainty. This has caused some turbulence in the short term. Moving forward it is currently difficult to determine whether Brexit will be better, or worse, for the Authority, Wales and the UK.	To be updated by CMT.		Low	To be updated by CMT.	Impacts are not yet fully understood, however they will take place over a longer time frame	Long-term	Low	Corporate Management Team

Ref	Area	Actual Risk	Mitigation actions - what we are doing to reduce the risk and by when. Have we considered the five ways of working to help with a solution? (see ICLIP key)	Current Risk Level 2016-17 (Apr 2016)	Current Risk Level 2016-17 (July 2016)	Comments from latest risk review	Does this effect the Well-being of Future Generations in our Communities?	Long term (20-25 years) / medium / or short-term risk	FGA Risk Level	Risk Owner
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**ICLIP Key:**

**Involving** a diversity of the population in the decisions that affect them;

Working with others in a **collaborative** way to find shared sustainable solutions;

Looking to the **long term** so that we do not compromise the ability of future generations to meet their own needs;

Taking an **integrated** approach so that public bodies look at all the well-being goals in deciding on their well-being objectives;

Understanding the root causes of issues to **prevent** them from occurring.

Ref	Area	Background information	Actual Risk	Mitigation actions - what we are doing to reduce the risk and by when.	Additional Resources Required	Current Risk Level 2015-16 (Oct 2015)	Current Risk Level 2015-16 (Jan 2016)	Current Risk Level 2016-17 (Apr 2016)	Comments from latest risk review	Risk Owner
CMT01	Medium Term financial budget planning 2016-17	Budget pressures will potentially have a negative effect on service delivery across all services, if appropriate mitigation measures are not put in place.	1. Workforce Planning: less staff to deliver services. 2. Failure to maintain and/or improve service delivery 3. Managing staff morale in light of cuts 4. Failure to take early decisions on which services should be cut could lead to poor planning	1. HR have a suite of policies agreed by Cabinet/Council to help downsize the workforce, although these will need to be kept under review 2. Draft 2016/17 savings proposals totalling £12.432m were endorsed by Cabinet on the 14th October 2015. These proposals are now subject to a wide ranging consultation process which will end on the 8th January 2016.	1-4 None	Medium	Medium	Low	Final 2016/17 proposals will be presented to Cabinet and Council in February 2016. Potential savings of £6.930m have also been identified for 2017/18 but based on current planning assumptions there is a projected shortfall of £4.511m against the anticipated total savings requirement for 2016/17 and 2017/18. <b>This risk is predicted to be HIGH going forward to 2017-20.</b>	Corporate Management Team
CMT16	School Attainment	School attainment levels are still below the all Wales average, along with pupil attendance. Low levels of attainment and relative achievement are continual risks for the borough.	1. There is a gap between the attainment of Free School Meals pupils and Non Free School Meals pupils which must be addressed.	1. Standards of attainment are monitored and reported to SMT / CMT / Scrutiny through an annual programme of reporting described in the Directorate Plan Handbook.	1 None	Medium	Medium	Medium	Improvement has been continuous in the majority of key indicators for several years but remains a priority, especially at L2+ KS4.	Interim Chief Executive
CMT17	Sustainability of service provision via external grant funding	Heads of Service and Directors are aware of all the grant funded schemes within their service areas.	1. There is lack of security or sustainability in maintaining staff and skills as grants can be removed or not renewed.	1. Staff are placed on temporary contracts. 2. This risk needs to be closely monitored in the light of the worsening settlement from Central Government to WG.	1-2 None	Medium	Medium	Medium	There has been a cut to the Adult Learning Grant, the affect of the cut has not yet been established. <b>This risk is predicted to be HIGH going forward to 2017-20.</b>	Corporate Management Team
CMT18	Secondary school surplus places in top quartile across Wales.	Too many school places with falling pupil roles locally and nationally	1. Falling pupil roles will affect the funding available to schools and put budgetary pressure on the LEA	Council (23 July 2013) approved proposals to proceed with Phase 1 of a secondary rationalisation programme.	1 None	Medium	Medium	Medium	Letter from Minister questioning our Education Plan for surplus places. The Minister responded to the Cabinet Member's letter accepting we would re-evaluate our strategy later this year on Secondary surplus places in light of LDP. <b>This is regularly referred to a School Board for further discussion.</b>	Interim Chief Executive
CMT 29	WHQS programme	Everyone in Wales should have the opportunity to live in a good quality home within a safe and secure community. To help achieve this, the physical standard and condition of existing housing must be maintained and improved to the Welsh Housing Quality Standard (WHQS).	As at March 2016 approximately 25% of the internal works programme had been completed and 5% of the external works programme. September 2016 is the half way point in the 7 year investment programme which illustrates the timescale pressures. Based on the current performance of the contract arrangements for the internal works the March 2020 target is achievable. The full delivery of the external works is a major programme risk especially given the extent of unforeseen problems that are being identified which are extending the contract time periods and increasing costs.	The WHQS programme has its own specific risk register which was reviewed and updated by the Project Board in January 2016. The highest risks are: <ul style="list-style-type: none"> <li>● Failure to achieve programme objectives</li> <li>● Changes to the business plan</li> <li>● Unforeseen costs.</li> </ul>	None	High	High	High	Internal works completions for 2015/16 are 1415 against a target of 1835, a performance of 77%. Note that 40% of the slippage numbers is due to no access. An additional 93 void properties have been brought to WHQS internally by HRO prior to re-letting, improving the overall position for the year to 1508. Eight external works contracts have reached practical completion relating to 203 properties in Markham, Argoed, Oakdale and Hengoed. There is a significant pipeline of external works on the ground, at contract award stage or being tendered. There are also some major gaps in the contract arrangements relating to the external works in the Lower Rhymney Valley and the sheltered housing schemes and a new strategy has been agreed. For internal works an exercise has been undertaken on average costs per property to inform a further cost plan review. The average contractor cost for the 4 internal components (kitchen, bathroom, heating, rewire) is £17,000, the in house workforce £19,000 and these compare with the Savills cost plan of £12,000. There are off-setting savings as a result of previously achieved work, and tenant refusals (including no access).	Corporate Director Communities



Ref	Area	Background information	Actual Risk	Mitigation actions - what we are doing to reduce the risk and by when.	Additional Resources Required	Current Risk Level 2015-16 (Oct 2015)	Current Risk Level 2015-16 (Jan 2016)	Current Risk Level 2016-17 (Apr 2016)	Comments from latest risk review	Risk Owner
CMT 12 & CMT 37	Waste Management Service Continuity & Target Achievement	Significant changes in the Waste Management arena and substantial change to the recycling MRF market could potentially affect service delivery to the public and/or target achievement if mitigation measures are not put in place.	<ul style="list-style-type: none"> <li>The existing strategy and service delivery model does not enable us to meet future waste/recycling targets, these include:                             <ul style="list-style-type: none"> <li>High contamination rates in the co-mingled recycling bin.</li> <li>Short term contract for recyclate which only realises 70% recycling</li> <li>Loss of food waste into residual waste</li> <li>Food and green waste not collected separately</li> <li>Transfer station not of sufficient capacity for future tonnages.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Collection, treatment and disposal modelling being undertaken with WG consultants.</li> <li>WAO review about to commence</li> <li>This is one of the area's which are subject to the Business improvement programme. ISP project scoping document has just been completed and will be presented to the BIP board in the coming weeks. Timeline suggests discussion on way forward at CMT in late summer followed by autumn members seminar.</li> <li>Communication campaign underway to address recycling contamination</li> <li>Awaiting 15/16 PI outturn but likely to achieve WG 58% target</li> <li>Alternative outlet in place for CA site wood recycling</li> <li>Working with Cardiff CC to maximise recycling % from existing 70% contractual arrangement. In addition discussions held with Cardiff regarding lengthening MRF contract.</li> <li>Quarterly performance reports to CMT</li> </ul>		High	High	Medium	1.Waste transfer station planning application approved by planning committee 2. Interim organics contract finalised but 2nd Heads of Valleys contract procurement yet to commence. 3.Council report prepared and considered by full council on collection of recyclables. <b>CMT to receive quarterly reports on performance.</b>	Corporate Director Communities
CMT38	IT	Cyber Attack on our ICT systems	<p>Malicious activity targeting the Authority:</p> <ul style="list-style-type: none"> <li>Disrupt normal business through unavailability of ICT services</li> <li>Financial gain, e.g. fraud, ransomware, etc</li> <li>Control of computer infrastructure to support nefarious activity, e.g. proliferation of fraudulent spam emails, etc</li> <li>Embarrassment / reputational damage</li> <li>Attract publicity for a cause / ideology</li> </ul>	How CCBC meets the UK Gov "10 Steps To Cyber Security" guidance: <b>Information Risk Management Regime</b> – Service areas' quarterly information risk register updates. Support from cross-Authority IGPT members. <b>Secure Configuration</b> - Policies and processes to develop and configure secure ICT systems present. <b>Network Security</b> - Secure network design adopted. All traffic filtered/monitored at the network perimeter. <b>Managing User Privileges</b> - System users provided with required access only. Business case for automated solution to improve process during 2016 being created. <b>User Education &amp; Awareness</b> - ICT systems' security policies formally acknowledged in employment T&Cs. Users receive training / information regarding cyber risks they face. IT security related roles receive specialist training. <b>Incident Management</b> - ISO27001 accreditation establishes robust policies. <b>Malware Prevention</b> - Policies and training in place ensuring users understand appropriate use of email, web browsing, removable media and their own devices. Malware scanning protects all machines. <b>Monitoring</b> – ISO27001 accreditation establishes strategies and policies. <b>Removable Media Controls</b> – Solutions deployed to automatically control and mitigate risks. <b>Home &amp; Mobile Working</b> – Secure solution with 2-factor authentication. Training for mobile users on secure use of devices. Data-at-rest protected by encryption on appropriate mobile devices using market leading products.			Low	Low	Automated access rights management solution to assist <ul style="list-style-type: none"> <li>Permission Analysis</li> <li>Security Monitoring</li> <li>User Provisioning</li> <li>Documentation &amp; Reporting</li> <li>Role &amp; Process Optimization</li> </ul> Consider cyber attack insurance	Acting Director of Corporate Services
CMT39	Fragility of the Social Care market	The independent sector social care market across Wales is in an unprecedented position in terms of its fragility and this is starting to be felt in Caerphilly.	<ul style="list-style-type: none"> <li>Providers unable to sustain existing packages of care</li> <li>National Minimum Wage and National Living Wage creating additional financial strain which providers are expecting LA's to resolve.</li> <li>Little additional capacity to take on new packages of care.</li> <li>Ongoing Judicial Review across Wales re responsibility for Funded Nursing Care Payments</li> <li>Potential Financial impact on the Directorate &amp; authority</li> </ul>	Fee levels for 2016/17 approved. Participation in WG groups regarding impact of National Minimum Wage and National Living Wage.	Not known at present			Medium		Corporate Director Social Services
CMT40	The Well-being of Future Generations (Wales) Act 2015	The Well-being of Future Generations (Wales) Act 2015 ('the Act') gives a legally-binding common purpose – the seven well-being goals – for national government, local government, local health boards and other specified public bodies. It details the ways in which specified public bodies must work, and work together to improve the well-being of Wales.	1. Absence of a long term strategy aligned to the well-being goals. 2. Future generations are not explicitly considered in governance, strategy and decision making. 3. Failure to consider all seven of the well-being goals 4. Failure to collaborate where that might help achievement of well-being goals. 5. Failure to involve people with an interest in achieving the well-being goals.6.Failure to consider how prevention may help to meet well-being objectives. 7. Failure to comply with legislation by the deadlines 8. There is a risk that the basic procedural compliance is achieved, but the changes in culture will not occur. 9. Reputational risk - poor governance rating following Audit.	An internal communications programme has been established to raise awareness of the well-being goals and to begin to embed the 5 ways of working set out in the sustainable development principle. A Future Generations Advisory Panel has been established and a Future Generations Champion identified. The situational analysis is underway on behalf of the Public Services Board.	Yes, could be cost of consultations and publications although a specific figure is not known at this time			High		Corporate Director Social Services





## AUDIT COMMITTEE - 14TH SEPTEMBER 2016

**SUBJECT: INTERNAL AUDIT SERVICES - ANNUAL OUTTURN REPORT 2015/2016**

**REPORT BY: INTERNAL AUDIT MANAGER**

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### 1. PURPOSE OF REPORT

1.1 To inform Members of the work carried out by Internal Audit Services during 2015/2016.

### 2. SUMMARY

2.1 It is a requirement both of the Public Sector Internal Audit Standards and the Council's own Financial Regulations that an annual audit activity plan is prepared to ensure that there is an effective and efficient use of audit resources. In addition to producing the audit plan, it is also a requirement that the Internal Audit Manager produces an annual report on work carried out by Internal Audit Services during the financial year. This report summarises that activity.

### 3. LINKS TO STRATEGY

3.1 To ensure that the Council's strategies are delivered in a proper and transparent way.

### 4. THE REPORT

4.1 The 2015/16 Annual Audit Plan was prepared on a risk-based approach and is structured around four key principles: -

**Systems** System audits would be prioritised and there would be co-operation with the Council's External Auditors to satisfy them of our coverage in this area.

**Establishments** There would be a medium-term strategy to ensure adequate coverage in this area in order that all establishments receive a periodic audit visit. Details of the visits undertaken during the year are provided in Appendix A.

**Regularity** The safeguarding of assets, income and control of expenditure would remain a priority.

**Advisory** A consultative approach to be encouraged in order to promote an open and transparent culture to include the sharing of best practice and early input from Internal Audit in developing processes and procedures.

4.2 At the time of preparing the 2015/2016 Annual Audit Plan the Section's actual establishment was 8.24 fte (full time equivalent) staff, which equates to 2160 man days. Of this total, 1506 days were allocated to specific audits with the remaining 654 days being classified as overheads to cover holidays, sickness, training, management issues and other non-directly allocated time.

4.3 The following table provides an overview of the actual allocation of audit staff time for 2015/2016 against the original plan. One of the main performance measures currently adopted by Internal Audit is a comparison of how time is actually spent compared to the audit annual plan. This requires all staff to complete timesheets and allocate time spent against the appropriate client.

<b>Directorate</b>	<b>Planned Coverage (Days)</b>	<b>Actual Coverage (Days)</b>	<b>Variance (Days)</b>	<b>Variance (%)</b>
Education & Lifelong Learning	298	341	+43	+14.4%
Social Services	124	145	+21	+16.9%
Environment	253	208	-45	-17.8%
Corporate Services	439	577	+138	+31.4%
Corporate	312	220	-92	-29.5%
Contingency	80	0	-80	-
<b>Total allocated time</b>	<b>1506</b>	<b>1491</b>	<b>-15</b>	<b>-0.9%</b>
Overheads	654	684	+30	+4.59%
<b>Total available days</b>	<b>2160</b>	<b>2175</b>	<b>+15</b>	<b>+0.69%</b>

4.4 The above table shows how actual coverage has varied from that originally planned prior to the start of the year. Variances arise due to a number of factors including but not limited to the following: -

- The actual audit reviews may take longer than planned (this is a particular issue with new or unfamiliar areas).
- Initial findings may be complex and additional audit work or further requests for information and explanations may be required.
- Additional time may also be incurred on audits where adequate information and explanations are not supplied promptly by management thus requiring further time to be incurred chasing explanations.
- Additional risk areas not originally scoped may be identified during audits which may require further work as part of an existing audit or an additional audit review.

4.5 The largest increase in actual audit days against planned days was in Corporate Services. This was as a result of a special review commissioned by the Acting Director of Corporate Services & S151 Officer, and a special investigation in relation to cash income and banking. Both of these were considered to be high risk thus leading to lower risk audits being deferred into the following year's audit plan.

4.6 As the Internal Audit Service becomes more responsive to the needs of the organisation the annual planning process is becoming more difficult to accurately predict what will be required over both the short and medium-term. Variances from the initial plan to outturn as noted above will not be unusual as new and emerging risk issues arise and this will inevitably result in re-prioritisation of audits within the plan. The pace of change in respect of structures and service delivery across the organisation will further complicate resource allocation and will inevitably lead to future audit plans becoming more generic in nature and thus more flexible to allow for new or emerging issues to be accommodated. As a result the Audit Committee will receive an in-year progress report on the agreed Audit Plan.

4.7 Due to the nature of internal auditing, performance monitoring and target setting have always been key drivers by which management can assess the effectiveness of the Internal Audit Service. Resource planning, time recording and benchmarking have long been used by Internal Audit to direct and inform the audit process. Performance measures are important for two reasons: -

- They enable progress over a period of time to be monitored (given that historic data is available to establish a sound base).
- They enable targets to be set for future improvement.

- 4.8 The main performance measures for Internal Audit for 2015/16 covered the following areas: -
- Sickness Absence.
  - Productivity.
  - Completion of audit plan.
  - Costs remaining within budget.
- 4.9 Details of actual performance against specific performance measures are provided below: -
- 4.9.1 **Sickness Absence** - The percentage sickness absence during 2015/16 was 1.06% (4.4% in 2014/15 due to the long-term absence of one member of staff).
- 4.9.2 **Draft reports to be issued to management within 10 working days following the completion of the audit fieldwork** - Based on a sample analysis the actual was 11.6 days (19.5 days in 2014/15). The target was not achieved but good progress has been made on the 2014/15 result.
- 4.9.3 **The level of directly allocated time to be 70% of total time available** - A level of 69% (65% in 2014/15) was achieved.
- 4.9.4 **To issue all final reports within 5 days of management clearing the draft report** - Based on a sample analysis an average of 4.9 days (2.8 days in 2014/15) was achieved.
- 4.9.5 **Audit staff to be available from 8.30 to 5.00, Monday to Thursday, 8.30 to 4.30 on Fridays** - This target was achieved.
- 4.9.6 **To draw up and have agreed an Annual Plan by the 31<sup>st</sup> March**. The 2015/16 audit plan was agreed by the Audit Committee on 11<sup>th</sup> March 2015.
- 4.9.7 **To ensure costs are in line with budget** - This was achieved.
- 4.10 The regularity work carried out by Internal Audit Services is designed to assess overall compliance with management policies and procedures. This work is supplemented and complemented by system reviews to measure and recommend on the level and effectiveness of internal controls.
- 4.11 Internal audit reviews concentrate on the negative aspects and this can sometimes give a misleading picture of the financial control environment of an organisation. Whilst there may be, in an organisation as large as Caerphilly CBC, areas of concern in relation to the detailed financial administration there are also many examples of good practice.
- 4.12 During 2015/16 all appropriate audit reports were given an audit opinion on the adequacy of the systems reviewed, the controls in place, and compliance with those controls to provide an overview of the whole control environment and evidence to support the financial element of the Council's annual governance review process.
- 4.13 Audit reviews (including follow-up audits) have been carried out across a wide variety of areas in order to gain an overall opinion on the effectiveness of the internal control system operating within the Council, which has been reflected in the Annual Governance Statement (AGS).
- 4.14 In the majority of cases management and the auditees have accepted the recommendations made by Internal Audit. Recipients of audit reports (excl. establishments) are required to submit action plans to the Internal Audit Section to ensure proposals have been actioned or are being adequately progressed. During the year 27 action plans relating to previous years systems audits were reviewed and four establishments identified as needing to improve during the previous year were visited again.

- 4.15 Those areas identified as not being satisfactory have been or are being dealt with via an ongoing audit process thus ensuring issues are resolved appropriately. None of the issues identified are considered to be material in the context of the whole authority and are not felt to be significant enough to warrant disclosure within the annual review of the Council's governance arrangements.
- 4.16 The following sections of the report provide further details of the variety of activities that the Internal Audit Service was involved in during the year:-
- 4.17 Establishment Audits
- 4.17.1 Establishments in receipt of an audit visit included 22 schools, 3 leisure facilities, 3 social services establishments and 5 other miscellaneous establishments (see Appendix A). All apart from three were reported to management as satisfactory or above. Follow-up audits have been undertaken or are planned shortly to follow-up on the required actions for those areas identified as being in need of improvement. As part of this follow-up process audit staff also attended a school governing body meeting to facilitate the required improvements in financial administration.
- 4.18 Systems Audits
- 4.18.1 Systems work is carried out on the main financial systems of the Council i.e. payroll, creditor payments, council tax and benefits together with other financial and non-financial systems. Systems audits are prioritised on a risk based approach with those involving cash handling, large values or high volumes of transactions being considered to be higher risk.
- 4.18.2 Systems audits assess the risks and controls in existence in a system, together with an opinion on the compliance to these controls. During 2015/16 a total of 35 system audits were completed generating 53 audit opinions of which 13 opinions were less than satisfactory. Analysis of reported findings and opinions from these audits has been undertaken which informs the planning, prioritisation and risk assessments of future plans.
- 4.18.3 All system audits with findings of moderate risk or above will result in an agreed action plan of recommended improvements and these are subject to review once the respective implementation dates have elapsed.
- 4.19 Other Compliance Audits
- 4.19.1 Compliance work was undertaken to assist with the ongoing IT security accreditation (BSISO/IEC27001:2013). Audit staff also participate in a working group and undertake periodic testing of our conformity with the Payment Card Industry (PCI) Standards. The Authority continues to be fully compliant with the PCI Standard and the working party is planning for the implementation of the updated Standard due later this year. This is an ongoing requirement.
- 4.20 Other Audit Work
- 4.20.1 A proportion of the work of the Internal Audit Service during 2015/16 required involvement in the development of new and existing systems and procedures. Whilst this work does not form part of the assurance work undertaken it is considered beneficial for early audit involvement to avoid future problems due to control weaknesses. All opportunities are taken to proactively promote good practice and to strengthen both existing and new control processes and as such resource and time is allocated to this advisory/consultancy role. This is reflected in the opinions reported in the Annual Governance Statement (AGS).
- 4.20.2 Internal Audit staff have continued to provide advice and support to staff on Standing Orders for Contracts, Financial Regulations and financial best practice including tailored training or instruction as and when required. An interim consultation and review of the appropriateness of Financial Regulations and Standing Orders for Contracts was undertaken during the year

and this did not identify any major issues that required immediate attention. The Interim Head of Corporate Finance intends to follow-up this work with a fuller review which will be included in the Corporate Finance Service Plan for 2017/18.

- 4.20.3 The Internal Audit Manager is a member of the Corporate Governance Panel and facilitates the annual review process. During 2015/16 the Internal Audit Manager also participated in a safeguarding working group tasked with developing a new corporate safeguarding strategy in response to a recommendation in a Wales Audit Office (WAO) safeguarding report.
- 4.20.4 Internal Audit has been supporting the Welsh Housing Quality Standard (WHQS) project with the ongoing development of systems and processes.
- 4.20.5 Internal Audit staff facilitated the biennial National Fraud Initiative (NFI) data matching exercise, which is a national mandatory programme involving 1300 public sector organisations to help prevent and detect fraud. The NFI plays an important role in protecting the public purse and is one element of an effective anti-fraud strategy. The NFI is run by the Cabinet Office and WAO, and Internal Audit contributed to the successful completion of the exercise (99% of all matches were reviewed), by undertaking some of the investigative work. The nationally published NFI report contains several case studies in respect of the findings of Caerphilly's approach to the investigation of data matches and Caerphilly's approach is regarded as good practice.
- 4.20.6 During 2015/16 Internal Audit was also involved in a review of the Council's policy position on the use of data available via the vehicle tracking equipment fitted to fleet vehicles. The outcome of this review is currently being considered by management.
- 4.20.7 97 contractors' final accounts were audited during the year with a combined value of over £23m (2014/15 - 112 accounts with a value of £28m).
- 4.20.8 There were 76 anonymous letters logged by Internal Audit during the year which, where appropriate, were passed to the relevant departments for action (115 in 2014/15). These cover a wide range of issues from possible benefit frauds, neighbour disputes, antisocial behaviour, and other potential illegal behaviours. A summary of these and any known outcomes will be reported to Audit Committee for information once the data is collated.
- 4.20.9 The Internal Audit Manager is currently working towards compliance with the Public Sector Internal Audit Standard (PSIAS) and some changes in working procedures have been implemented. Further work is planned on this together with a self-assessment review in the current year. The Audit Committee will receive a report on these matters at its meeting in December 2016.
- 4.21 Training and advice
- 4.21.1 Two mandatory training sessions were provided to new members of the Audit Committee members on the role and purpose of the Committee.
- 4.21.2 Internal Audit staff have continued to participate in all Wales specialist practitioners groups dealing with topical audit issues and the development of a best practice approach. This is seen as an important ingredient in ensuring Internal Audit staff are continuing their professional development and are aware of the wider issues affecting the delivery of an effective Internal Audit Service.
- 4.22 Special Investigations
- 4.22.1 A review of the access and usage of the Department for Work & Pensions (DWP) data system was undertaken in order to provide assurances that the Council was acting in accordance with the Memorandum of Understanding (MoU) agreed with the DWP. Non-compliance with the MoU could lead to the revoking of the Council's access to the system which is required to be able to administer benefit claims. The review highlighted some minor areas for improvement but no significant shortcomings were identified.

## **5. CONCLUSIONS**

- 5.1 This report has been prepared as a review of Internal Audit activity during 2015/2016. It not only highlights the extent of the work completed but also the diversity.
- 5.2 No fundamental issues have come to light as a result of audits carried out on both the major financial systems and other financial and administrative systems and procedures. Where issues have been identified and brought to the attention of management an action planning process is in place to drive through the necessary improvements. Overall it is considered that the Council continues to operate within a control environment that should minimise the risk of loss to the Authority.

## **6. EQUALITIES IMPLICATIONS**

- 6.1 This report is for information purposes only, therefore the Council's full equalities impact assessment process has not been applied.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 There are no direct financial implications arising from this report.

## **8. PERSONNEL IMPLICATIONS**

- 8.1 There are no direct personnel implications arising from this report.

## **9. CONSULTATION**

- 9.1 All consultation responses have been reflected in this report.

## **10. RECOMMENDATIONS**

- 10.1 The Audit Committee is asked to note the content of this annual review of the operation of the Internal Audit Service.

## **11. REASONS FOR THE RECOMMENDATIONS**

- 11.1 To ensure that the Audit Committee is aware of the level of internal audit coverage and the overall opinion derived from undertaking this work.

## **12. STATUTORY POWER**

- 12.1 Local Government Act 2000.

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Stephen Harris, Interim Head of Corporate Finance

Appendices:  
Appendix 1 Schedule of Visits 2015/2016

# Caerphilly County Borough Council

## INTERNAL AUDIT SERVICES

### Schedule of Visits 2015/2016

#### Primary Schools

*CWMABER JUNIOR*

*MACHEN PRIMARY*

*CEFN FFOREST PRIMARY*

*NANT Y PARC PRIMARY*

*BLACKWOOD PRIMARY*

*YSGOL PENALLTAU*

*BEDWAS JUNIOR*

*GLYNGAER PRIMARY*

*ST. HELENS R.C. PRIMARY*

*ST. JAMES PRIMARY*

*PONTLLANFRAITH PRIMARY*

*HENDRE INFANTS*

*DERI PRIMARY*

*YSGOL IFOR BACH*

*BRYN AWEL PRIMARY*

*PENLLWYN PRIMARY*

*CWM IFOR PRIMARY*

*TIRYBERTH PRIMARY*

*TY ISAF INFANTS*

*PLASYFELIN PRIMARY*

#### Comprehensive Schools

*OAKDALE COMPREHENSIVE*

#### Other Schools

*TRINITY FIELDS SCHOOL & RESOURCE CENTRE*

#### Leisure Centres

*SUE NOAKES LEISURE CENTRE*

*CEFN FFOREST LEISURE CENTRE*

*NEW TREDEGAR LEISURE CENTRE*

#### Social Services

*BROOKLANDS ATC*

*SPRINGFIELD RESOURCE CENTRE*

*CASTLE VIEW HFE*

#### Other

*LLANCAIACH FAWR MANOR*

*BLACKWOOD MINERS INSTITUTE*

*CAERPHILLY LIBRARY*

*THE WINDING HOUSE*

*BARGOED LIBRARY*

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## AUDIT COMMITTEE - 14TH SEPTEMBER 2016

**SUBJECT: 2014/15 NATIONAL FRAUD INITIATIVE UPDATE**

**REPORT BY: INTERNAL AUDIT MANAGER**

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

- 1.1 To inform members of the Audit Committee of the work carried out by Internal Audit staff on the 2014/15 National Fraud Initiative (NFI).

### **2. SUMMARY**

- 2.1 The results of the 2014/15 NFI exercise have recently been published by the Wales Audit Office and the full document is available for members on the members' portal.
- 2.2 The latest biennial national counter fraud exercise has helped Welsh Public bodies identify £4.4 million of fraud and erroneous payments.
- 2.3 In respect of the work undertaken for Caerphilly CBC an amount of £96,153 relating to Council tax single persons discounts and a sum of £131,019 in respect of other frauds and errors has been identified via this exercise and action is being taken to recover these sums.

### **3. LINKS TO STRATEGY**

- 3.1 To ensure that the Council's resources are used to provide value for money.

### **4. THE REPORT**

- 4.1 Since 1996, every two years, The National Fraud Initiative matches data across organisations and systems in the UK in order to help public bodies identify potentially fraudulent claims, payment errors and other erroneous payments or frauds. This involves all Local Authorities, Local Authority Pension Funds and other Public Sector bodies and employers (e.g. RSLs, LHBs, Police and Fire Authorities etc.) together with national organisations e.g. DWP and Home Office uploading various data to a national database from which extracted (matched) data is passed back to the originating authorities for detailed interrogation in order to identify fraud and overpayments.
- 4.2 Since the last time this exercise was undertaken the Audit Commission has been replaced by the Cabinet Office who are now managing the process in conjunction with the Wales Audit Office who have published the report.
- 4.3 The published report contains several case studies in respect of the findings of Caerphilly's approach to the investigation of data matches as Caerphilly's approach is regarded as good practice.

- 4.4 To oversee this work the Cabinet Office requires the Head of Corporate Finance in each participating body to nominate a “key contact” who has responsibility for co-ordinating the scheme, ensuring deadlines are met and giving the appropriate access to the secure database to relevant officers to be able to complete the tasks. As the exercise continues to develop and include data sets from a wide range of service areas Internal Audit Services continues to facilitate the successful outcome of the exercise.
- 4.5 The latest exercise included matches from data such as payroll, deceased persons records, Home Office UK Visa and immigration data, student loans, insurance claimants, taxi licenses, personal alcohol licences, blue badges, concessionary travel passes, pension payments, housing tenancies, housing waiting lists, council tax single person discounts, electoral register, residents’ parking permits and data on residents in private care homes.
- 4.6 The data matching investigation work is undertaken by staff in the various service areas submitting matched data i.e. Customer First, Housing benefits, the Employee Service Centre. Internal Audit staff also participate by undertaking the investigative work in relation to creditor payment data. It should be noted that the significant amount of initial review work previously undertaken by the Council’s Housing Benefit fraud investigation staff has been absorbed by the Housing Benefit administrative staff. All potential benefits related frauds identified have then been referred to the DWP Fraud Investigation Service and the outcome of these are not under the Council’s control.
- 4.7 The NFI exercise begins with the Cabinet Office requesting information by way of data uploads to be completed by various organisations holding data by set deadlines/timescales. Housing Benefits, Student loans, blue badges, insurance, concessionary travel, UK Visa and Immigration, deceased persons, DWP and Occupational pensions data were uploaded by other organisations, however, Caerphilly CBC was responsible for uploading the following data: -
- Payroll data
  - Trade creditors payments and Masterfile records
  - VAT
  - Housing Rents – current tenants
  - Housing Rents – right to buy
  - Housing waiting lists
  - Private residential care home data
  - Social Services Direct Payments
  - Transport passes – residents parking permits
  - Licences – taxi drivers including hackney carriage
  - Licences – supply of alcohol
  - Council Tax single person discounts
  - Electoral register active voters and rising 18’s
- 4.8 Caerphilly CBC fully complied with the data uploads with all sets of data uploaded to the secure website by the stipulated deadlines in October 2014.
- 4.9 Since the 2014/15 exercise the data in respect of the Council Tax and Electoral Registration is now required to be submitted annually with the aim of providing a more accurate real time matching process in order to identify erroneous claims at an earlier date. As a result this information will be available annually from now on.
- 4.10 The Data Protection Act requires all participating bodies to inform their clients that data collected may be used to detect and prevent fraud. This is carried out via Data Protection Fair Processing Notes. The required Data Protection Fair Processing notices have been completed with relevant fair processing texts being inserted to application forms and letters for areas that are covered under the NFI. The Council’s website also has data protection fair processing text with a link to the full text contained on the GOV.UK website.

- 4.11 Data matches were released in late January 2015. For Caerphilly CBC the 2014/15 exercise resulted in 76 (73 in 2013) separate reports containing matched data for further examination and investigation. One new feature in this exercise from prior years was the updating of matches with subsequent matches from Government administered databases such as deceased persons, new student loans and up to date UK visa and immigration information. As a result additional matches were generated requiring further updates and investigations.
- 4.12 The total data matches for Caerphilly CBC numbered 10,197 (7,022 in 2013) of which 10,180 or 99.8% had been closed by the end of March 2016. Of the remaining 17 outstanding data matches within Caerphilly data all bar one relate to unresolved enquiries referred to the DWP for which no update has been received. Nationally, issues relating to the investigation of possible Housing Benefit Frauds referred to the DWP Fraud Investigation Service have impacted on the reported outcomes as many of the referrals remain unresolved. This has been recognised as an issue by the Auditor General in his report.
- 4.13 As at the 16<sup>th</sup> August 2016, there were 3 frauds (15 in 2013) identified (not including the 16 cases referred to DWP for which no outcome had been reported) and these related to undeclared pension income being received by Housing benefit claimants. It was possible for staff to verify these as supporting data had been received from sources other than the DWP fraud investigations service and recovery of £2,926 is ongoing.
- 4.14 There were 54 errors (1778 in 2013) identified of which 49 relate to creditor payment transactions, the remaining errors relate to housing benefits. These transactions have either been recovered or are in the process of recovery to a total value of £128,093 (£46,511.04 in 2011) as a result of this data matching exercise.
- 4.15 As indicated in paragraph 4.9 an additional exercise to look at Council Tax Single Person Discounts resulted in 413 Council Tax Single Person discounts (361 were deemed fraudulent and 52 were deemed erroneous) being cancelled at a value of £96,153 which related to addresses where the Electoral role showed additional adults resident in the property who were not listed for Council Tax. £92,783 is being recovered by billing directly the Council tax payers and will result in additional revenue.
- 4.16 The Cabinet Office has been working towards developing further additional fraud prevention and detection solutions to complement the biennial NFI cycle and to support Local Authorities and other Public Sector organisations in reducing fraud and errors. Caerphilly will be participating in the use of these solutions although no results are available as these are in the early stages of usage. In addition Caerphilly has recently invested in a duplicate payment identification software tool which works with purchase ledger data to identify potentially erroneous payments in advance of payment and initial results are encouraging.

## **5. EQUALITIES IMPLICATIONS**

- 5.1 There are no direct equalities implications stemming from this report on any group identified in Section 6 of the Councils Strategic Equality Plan, therefore no impact assessment has been carried out.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 An amount of £96,153 relating to Council tax single persons discounts and a sum of £131,019 in respect of other frauds and errors has been identified via this exercise and action is being taken to recover these sums. Furthermore once the DWP Fraud Investigation Service has completed their investigations in respect of the matches referred to them further currently unquantified sums will arise in relation to housing benefits.

## **7. PERSONNEL IMPLICATIONS**

7.1 There are no personnel implications associated with this report.

## **8. CONSULTATIONS**

8.1 As detailed below.

## **9. RECOMMENDATIONS**

9.1 The Audit Committee note this report.

Author: Richard M Harris, Internal Audit Manager

Tel: 01443 864044 E-mail: [harrirm@caerphilly.gov.uk](mailto:harrirm@caerphilly.gov.uk)

Consultees: Nicole Scammell, Acting Director of Corporate Services & Section 151 Officer Stephen Harris, Interim Head of Corporate Finance



## **AUDIT COMMITTEE - 14TH SEPTEMBER 2016**

**SUBJECT: UPDATE ON THE NUMBERS OF COMPLAINTS RECEIVED UNDER THE COUNCIL'S CORPORATE COMPLAINTS POLICY**

**REPORT BY: INTERIM HEAD OF LEGAL SERVICES AND MONITORING OFFICER**

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

- 1.1 To provide Members with an update on the number of complaints received under the Corporate Complaints Policy for the period 1st February 2016 to 30th June 2016.
- 1.2 To advise Members whether any trends have been identified and if so the action to be taken.
- 1.3 To update Members on the use of the Policy and Procedure to deal effectively with unacceptable, persistent or unreasonable actions by complainants.

### **2. SUMMARY**

- 2.1 To provide members with an overview of the corporate complaints, which is one of the ways in which, the Council gains information on the level of satisfaction or dissatisfaction of the services provided corporately by the Council. The result of the monitoring enables each department to focus on areas of concern, to improve services and to monitor performance and ensure that any trends in issues raised are identified and dealt with so as to be avoided in the future.
- 2.2 To ensure that corporate complaints are dealt with consistently and fairly across all service areas.
- 2.3 To update members on the implementation of the Policy and Procedure to deal effectively with unacceptable, persistent or unreasonable actions by complainants.

### **3. LINKS TO STRATEGY**

- 3.1 Monitoring of the Council's corporate complaints and successful resolution of those complaints supports the provision of higher quality and more effective services to the public across all service areas.

### **4. THE REPORT**

- 4.1 Members will be aware that the Council implemented a two stage Corporate Complaints Policy (referred to as the Policy in this report) in order to reflect the model policy introduced by the Welsh Government. The current version of the Policy is available on the Intranet and on the Council's web-site.

- 4.2 The Policy has introduced a two-stage complaints process to be followed within the Council. Stage 1 complaints are intended to be dealt with within 10 working days and Stage 2 within 20 working days. If a complainant remains dissatisfied with the outcome of a Stage 2 response, he/she will have the opportunity to refer the matter to the Public Services Ombudsman for Wales.
- 4.3 A Learning from Complaints Group (referred to throughout this report as “the Group”) was also established, which is chaired by the Interim Monitoring Officer (or nominated substitute), and includes Complaints Officers from across the Council, the Council’s Senior Policy Officer (Equalities and Welsh Language) and a representative from the Council’s Performance Management Unit.
- 4.4 The Group meet on a quarterly basis in order to consider complaints statistics, identify trends and where appropriate review policies and procedures including the introduction of associated policies and procedures arising from the implementation of the complaints policy. In addition the Group also consider the causes of complaints in accordance with the list agreed by members at the meeting in March.
- 4.5 The result of the monitoring enables each department to focus on main areas of concern, to improve services and to monitor performance and ensure that any trends in issues raised are identified and dealt with so as to be avoided in the future. The Group’s findings are then reported to the Audit Committee on a six monthly basis.
- 4.6 This report provides an update on the corporate complaints received for the period **1<sup>st</sup> February 2016 to 30<sup>th</sup> June 2016**.
- 4.7 **Review of Corporate Complaints**
- 4.7.1 The data referred to below represents the number of complaints received from 1<sup>st</sup> February 2016 to 30<sup>th</sup> June 2016 for each Directorate referred to, together with an overview of the response timescales.
- 4.7.2 In addition, the complaints data captured includes the outcome of each complaint; namely whether a complaint has been upheld, not upheld or partially upheld. An overview of the outcomes in respect of Stage 1 complaints are set out in paragraph 4.7.4 (c) and an overview of the outcomes in respect of Stage 2 Complaints are set out in paragraph 4.7.4 (g) below.
- 4.7.3 Members are reminded that the number of complaints listed for Social Services and Education are significantly lower than those of other Directorates such as Housing and the Environment. The reason for the difference is that this report only includes details of corporate complaints received for those service areas. Social Services operate a separate complaints policy for service users. Within Education the respective schools deal with their own complaints. Members have received separate reports on both issues in the past.
- 4.7.4 The total number of corporate complaints received across the Authority during this period is 82 comprising the following: -

	<b>% of total number of complaints received February – June 2016</b>
9 Corporate	10.97
1 Education	1.22
29 Environment	35.36
40 Housing	48.8
0 Social Services	-
3 Other (cross Directorate)	3.65

4.7.5 A breakdown of the types of complaints are summarised as follows: -

### **Stage 1 Corporate Complaints**

- (a) **Title** **Actual**
- |   |    |
|---|----|
| Number of Stage 1 complaints received in Corporate Services     | 9  |
| Number of Stage 1 complaints received in Education              | 1  |
| Number of Stage 1 complaints received in Environment            | 21 |
| Number of Stage 1 complaints received in Housing                | 35 |
| Number of Stage 1 complaints received in Social Services        | 0  |
| Number of Stage 1 complaints received Other (cross directorate) | 0  |
- (b) The total number of complaints received at Stage 1 were 66, of those 54 were responded to within timescale and 10 outside the timescale (12.19%), 1 is ongoing and 1 did not proceed
- (c) Of the 64 Stage 1 complaints, responded to, 14 have been upheld, 33 were not upheld and 17 have been partially upheld and 1 is ongoing and 1 did not proceed. The breakdown of outcomes for each Directorate is listed below.

### **Outcomes of Stage 1 complaints**

	Upheld	Not Upheld	Partially Upheld	Ongoing	Not Proceed
Corporate Services	3	3	3	0	0
Education	0	1	0	0	0
Environment	7	9	5	0	0
Housing	4	20	9	1	1
Social Services	0	0	0	0	0
Other (cross directorate)	0	0	0	0	0

### **Stage 2 Corporate Complaints**

- (d) **Title** **Actual**
- |   |    |
|---|----|
| Number of Stage 2 complaints received in Corporate Services     | 1  |
| Number of Stage 2 complaints received in Education              | 0  |
| Number of Stage 2 complaints received in Environment            | 11 |
| Number of Stage 2 complaints received in Housing                | 18 |
| Number of Stage 2 complaints received in Social Services        | 0  |
| Number of Stage 2 complaints received Other (cross directorate) | 3  |
- (e) The total number of complaints received at Stage 2 were 33 of those 30 were responded to within timescale and 1 outside the timescale (3.03%) and 2 are ongoing.
- (f) Of the Stage 2 complaints, 16 were commenced at Stage 2 and 17 were escalated from Stage 1 to Stage 2; 1 within Corporate Services, 13 within Housing, 3 within Environment.
- (g) Of the 31 Stage 2 complaints responded to, 4 have been upheld, 22 were not upheld, 5 were partially upheld. There are 2 ongoing complaints. The breakdown of outcomes for each Directorate is listed below.

### **Outcomes of Stage 2 Complaints**

	Upheld	Not Upheld	Partially Upheld	Ongoing
Corporate Services	0	1	0	0
Education	0	0	0	0
Environment	0	10	1	0
Housing	4	11	1	2
Social Services	0	0	0	0
Other (cross directorate)	0	0	3	0

4.7.6 Equalities and Welsh Language complaints dealt with under the Corporate Complaints Policy are monitored and reported to members of this committee as part of the overall figures but detailed information also forms part of the statutory annual reporting framework to the Equality and Human Rights Commission and the Welsh Language Commissioner's Office. The Council's Policy and Resources Committee and Cabinet receives an annual report regarding progress against the targets in the Council's Strategic Equality Plan and Welsh Language Scheme, prior to submission to the relevant commission.

4.7.7 Members will note that 10 stage 1 complaints were not responded to within the required timescale and 2 outside the timescale for stage 2 complaints. It would appear that this was due to a failure of officers to request an extension of time in accordance with internal guidance. Consequently this matter will be raised formally at the next meeting.

#### **4.8 Review of Trends and types of complaints**

4.8.1 At the recent meeting of the Group, officers considered the data collected during this reporting period for each specific department however no specific trends could be identified.

4.8.2 Again the types of complaints received have been wide ranging for example, rent arrears, refuse collection, noise pollution, welsh language signage, damage to property, overhanging trees, non-domestic rates, permits for civic amenity sites, service failure to log telephone calls, procedure for dealing with lost dogs and bilingual leaflets. The Group will continue to monitor this data closely at its meetings held quarterly and Members will be kept updated. A brief overview of the types of complaints dealt with during this period is attached at Appendix 1.

4.8.3 Whilst no trends have been identified during this reporting period the Group recognises the importance of learning from all complaints handled under the policy with a view to monitoring and improving outcomes for both future complainants and the Authority as a whole.

4.8.4 It is too soon to tell if it is possible to identify any trends in relation to causes, however this information will be reviewed regularly and it is planned to incorporate this information in the next Annual Report..

#### **4.9 Ombudsman referrals**

4.9.1 Since the last report to Audit Committee, 7 complaints have been referred to the Ombudsman following the issue of the Council's Stage 2 response. The Ombudsman has decided not to investigate the 7 complaints.

4.9.2 The Council has agreed a quick fix in respect of a separate matter referred to the Ombudsman relating to Services for Vulnerable adults. A quick fix is voluntary settlement agreed so as to achieve an early resolution of the issues under consideration.

4.9.3 In addition to the above, the Ombudsman has decided to investigate a further complaint. Whilst acknowledging that the complaint may be considered out of time, he decided to exercise his discretion to undertake an investigation on the basis that the complainants had attempted to resolve their concerns via other means and this caused a delay in them referring the matter to the Ombudsman. Members will receive an update on the outcome of this complaint in due course.

#### **4.10 Update on the Use of a Vexatious Complainants Policy**

4.10.1 Members are advised that there have been no referrals made under this policy although the Group will continue to monitor its use.



## **5. EQUALITIES IMPLICATIONS**

- 5.1 Monitoring of complaints via the Corporate Complaints policy addresses the Council's statutory duties under the Equalities Act 2010 (Statutory Duties) (Wales) Regulations 2011 and the Welsh Language Measure (Wales) 2011 in two ways. It addresses specific complaints to the Council around alleged discrimination by service areas and also addresses the monitoring of complaints from people who fall under the categories protected by these statutory duties.
- 5.2 The full details of these issues (that cover wider matters than are recorded as Corporate Complaints in this report) are included in the annual reports provided to the Equalities and Human Rights Commission and the Welsh Language Commissioner's Office. Policy and Resources Scrutiny and Cabinet consider these reports prior to being published by the end of June each year.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 There are no direct financial implications associated with this report.

## **7. PERSONNEL IMPLICATIONS**

- 7.1 There are no personnel implications associated with this report.

## **8. CONSULTATIONS**

- 8.1 The views of the consultees have been incorporated into this report.

## **9. RECOMMENDATIONS**

- 9.1 It is recommended that Members note the contents of the report.

## **10. REASONS FOR THE RECOMMENDATIONS**

- 10.1 To monitor the complaints process to ensure effective delivery of Council services.

## **11. STATUTORY POWER**

- 11.1 Local Government Act 1972 - 2003.

Author: Lisa Lane, Solicitor  
Consultees: Nicole Scammell, Acting Director of Corporate Services  
Gail Williams, Interim Head of Legal Services  
Jan Carter, Senior Housing Officer  
Gemma Hoare, Housing Officer (Customer Services)  
David Titley, Customer Services Manager  
Robert Waggett, Customer Services Development Officer  
Kim Davies, Customer Services/Complaints Officer  
Joanne Winstone, Customer Services/Complaints Officer  
Karen Williams, Support Officer  
Judith Morgans, Customer Services Manager  
Ros Roberts, Performance Manager  
Andrea Jones, Corporate Complaints Officer

Anwen Rees, Policy Officer  
Richard Harries, Internal Audit Manager  
Deborah Gronow, Auditor  
Leigh Brook, Corporate Finance  
Lianne Dallimore,

Background paper:

Report to Audit Committee 9<sup>th</sup> March 2016 Update on the Numbers of Complaints Received under the Council's Corporate Complaints Policy

Appendices:

Appendix 1 - Brief overview of complaints

## APPENDIX 1

### Housing

A tenant contacted the complaints section claiming she had reported problems with damp at her property on a number of occasions but no works had been carried out to try to resolve the problem. The tenant wanted the matter considered as a Stage 1 complaint.

On investigation it was noted that our records indicated a number of repairs had previously been carried out to try to help resolve the problems but as this was some time ago it was agreed that a further inspection should be carried out. Following the surveyor's visit a few repairs were identified to resolve the problems including remove existing shower and replace with a new bath and clean out to DPC level around the house, to remove bridging. The tenant was satisfied with the outcome of her complaint. This was recorded as partially upheld as, although works had previously been undertaken and there was no outstanding reports of ongoing problems, it was accepted that additional works were required.

### Stage 1 – Process for dealing with stray dogs

A dog went missing on a Sunday, which was reported by the owner as soon as the Council's offices were open and advising that the dog was microchipped.

In the meantime, a neighbour had found the dog, reported it as missing to the out of hours team and had taken it to the Kennels. The owner was reunited with her dog three days later, however was dissatisfied with the delay in achieving this and requested a refund of the kennel fee payable and that clear advice was published on the Council's website on how to retrieve a missing dog.

The owner was advised that it is normal procedure when stray dogs are picked up by the dog warden they are scanned for a microchip when they are placed in the dog warden's van. The dog warden has access to national pet microchipping databases and is able to check ownership details. Such checks can sometimes facilitate an early reunion between the dog and its owner. The proprietors of the kennels are also able to scan for the presence of a micro-chip, however they cannot access the national database; due to data protection, this ability is restricted to public enforcement agencies and veterinary surgeons etc.

It was however ascertained that there was a delay in passing on the information provided in the out of hours telephone call to relevant departments, which meant relevant officers were not aware the dog had been handed in to the kennels. As a result when the owner telephoned on the Monday and Tuesday they were not able to confirm the dog was at the kennels. This delay was acknowledged and officers were reminded of their duty to refer such reports immediately. This situation has not happened previously and should not happen again.

With regard to the information on the website the owner was advised that this is up-to-date and the retrieval procedure has effectively worked for many years, it was however fettered on this occasion due to human error.

With regard to the fee as the dog was handed into the kennels who carried out routine health assessments, kennel and feed the dog it was not possible to reimburse the £44 retrieval fee.

The complaint was partially upheld due to the delay in reporting receipt of the dog at the kennels.

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## AUDIT COMMITTEE - 14TH SEPTEMBER 2016

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

**REPORT BY: INTERIM MONITORING OFFICER**

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### **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.

### **2. LINKS TO STRATEGY**

- 2.1 The Council is under an obligation to comply with legislative requirements - this report helps to achieve that.

### **3. THE REPORT**

- 3.1 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 the Act, advice and guidance is found within the Codes of Practice issued by the Home Office.
- 3.2 The Authority has a corporate policy, which provides guidance on how surveillance should be used by the relevant officers.
- 3.3 Public Authorities undertaking covert surveillance of individual members of the public are subject to inspection by an Assistant Surveillance Commissioner or by a Surveillance Inspector (or in some cases both).
- 3.4 Members are advised that for the period May to August 2106 inclusive, there has been one RIPA operation undertaken, which related to an investigation into the sale of alcohol and cigarettes to minors.

### **4. EQUALITIES IMPLICATIONS**

- 4.1 None, the report is for information only.

### **5. FINANCIAL IMPLICATIONS**

- 5.1 None.

### **6. PERSONNEL IMPLICATIONS**

- 6.1 None.

## **7. CONSULTATIONS**

7.1 None. The report is for information only.

## **8. RECOMMENDATIONS**

8.1 None. Members note the information provided.

## **9. REASONS FOR THE RECOMMENDATIONS**

9.1 To ensure compliance with statutory requirements.

## **10. STATUTORY POWERS**

10.1 Regulation of Investigatory Powers Act 2000.

Author: Gail Williams, Interim Monitoring Officer ([willige@caerphilly.gov.uk](mailto:willige@caerphilly.gov.uk))  
Consultees: Nicole Scammell, Acting Director of Corporate Finance



## AUDIT COMMITTEE - 14TH SEPTEMBER 2016

**SUBJECT: OFFICERS DECLARATIONS OF GIFTS AND HOSPITALITY  
- APRIL TO JUNE 2016**

**REPORT BY: ACTING HEAD OF HUMAN RESOURCES AND ORGANISATIONAL  
DEVELOPMENT**

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

- 1.1 The purpose of the report is to provide the 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 2016 ie the first quarter of the financial year 2016/17 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 3 months 1 April to 30 June 2016.

### **3. LINKS TO STRATEGY**

- 3.1 The Council's Code of Conduct for Employees confirms that in performing their duties, employees must act with integrity, honesty, impartiality and objectivity and that they must act in accordance with the principles set out in this Code, recognising the duty of all public sector employees to discharge public functions reasonably and according to the law. This is a Statutory Code requirement.
- 3.2 The Council acting through the Audit Committee is required to report officer declarations regarding Gifts and Hospitality on a quarterly basis.

### **4. THE REPORT**

- 4.1 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 will help maintain and improve the high standards of conduct within local government and protect employees from misunderstandings and confusion.
- 4.2 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.

- 4.3 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.
- 4.4 In accordance with the Council's Code of Conduct for Employees; in summary 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.
- 4.5 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.
- 4.6 The table below details the number of declarations regarding Gifts submitted by Directorate for the period 1 April to 30 June 2016 and the previous three quarters for comparison.

Directorate	Number of declarations received - Gifts			
	April – June 2016	Jan – March 2016	Oct – Dec 2015	July – Sept 2015
<b>Communities</b>	2	0	5	1
<b>Corporate Services</b>	0	2	2	1
<b>Education and Lifelong Learning</b>	0	0	0	0
<b>Social Services</b>	0	1	1	10
<b>Total</b>	<b>2</b>	<b>3</b>	<b>8</b>	<b>12</b>

- 4.7 The table below details the number of declarations regarding Hospitality submitted by Directorate for the period 1 April to 30 June 2016 and the previous three quarters for comparison.

Directorate	Number of declarations received - Hospitality			
	April – June 2016	Jan – March 2016	Oct – Dec 2015	July – Sept 2015
<b>Communities</b>	1	4	2	1
<b>Corporate Services</b>	1	1	0	1
<b>Education and Lifelong Learning</b>	0	0	0	0
<b>Social Services</b>	2	0	0	0
<b>Total</b>	<b>4</b>	<b>5</b>	<b>2</b>	<b>2</b>

- 4.8 The Acting Head of Human Resources and Organisational Development will continue to monitor the declarations submitted and work with Heads of Service, Directors and the Chief Executive to improve their understanding, promote best practice and corporate compliance to the Code of Conduct where appropriate.



## **5. EQUALITIES IMPLICATIONS**

- 5.1 There are no equalities implications, as the reason for declaring an interest applies equally to all staff, regardless of their individual characteristics.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 None.

## **7. PERSONNEL IMPLICATIONS**

- 7.1 The personnel implications are included in this report.

## **8. CONSULTATIONS**

- 8.1 There are no consultation responses that have not been included in the report.

## **9. RECOMMENDATIONS**

- 9.1 The Audit Committee are asked to note the contents of this report.

## **10. REASONS FOR THE RECOMMENDATIONS**

- 10.1 The recommendations are designed to ensure members of the Audit Committee have an oversight of the position in relation to officers' Gifts and Hospitality.

## **11. STATUTORY POWER**

- 11.1 Local Government Act 2000.

Author: Lynne Donovan, Acting Head of Human Resources and Organisational Development  
Consultees: Nicole Scammell, Director of Corporate Services and Section 151 Officer (Acting)  
Gail Williams, Interim Head of Legal Services and Monitoring Officer  
Colin Jones, Head of Property and Performance Management  
Cllr Christine Forehead, Cabinet Member for Human Resources and Governance  
Alessandra Veronese, Programme Manager Improving Governance Programme Board

Appendices:

Appendix 1 Declarations of Gifts and Hospitality 1 April to 30 June 2016

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**Appendix 1**  
**Declarations of Gifts and Hospitality – 1 April to 30 June 2016**

Directorate	Service Area	Post Title of Employee Making the Declaration	Type of Declaration	Details Of Declaration	Post Title of Head of Service, Director or Chief Executive who authorised the Declaration	Outcome
Communities	Housing	Floating Support Officer	Gift	Birthday present (purse) from service user. Approx value £5.	Chief Housing Officer	Accepted
Communities	Planning and Regeneration	Employment Mentor (Youth)	Gift	Gift from client, basket of spa products. Approx. value £10-£15.	Interim Head of Regeneration	Accepted
Communities	WHQS	Deputy Head of Programmes	Hospitality	Invitation from contractor to attend Annual Dinner Event, Civil Engineering Contractors Association. Approx value £25.	Head of Programmes	Accepted
Corporate Services	Performance and Property	Building Consultancy Manager	Hospitality	Invite from contractor to Islwyn High School project, team building event, after work go karting. Approx value £35.	Head of Property and Performance Management	Accepted

Directorate	Service Area	Post Title of Employee Making the Declaration	Type of Declaration	Details Of Declaration	Post Title of Head of Service, Director or Chief Executive who authorised the Declaration	Outcome
Social Services	Public Protection	Cook in Charge	Hospitality	Invite by Lead Association for Catering in Education (LACA) to attend professional event, Toque d'Or Awards 2016 lunch at the Dorchester London. Approx value £80.	Head of Public Protection	Accepted Due to personal circumstances did not attend.
Social Services	Public Protection	Menu Development Officer	Hospitality	Invite by Lead Association for Catering in Education (LACA) to attend professional event Toque d'Or Awards 2016 lunch at the Dorchester London. Approx value £80.	Head of Public Protection	Accepted Due to personal circumstances did not attend.



## AUDIT COMMITTEE - 14TH SEPTEMBER 2016

**SUBJECT: FINANCIAL RESILIENCE REPORT**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151 OFFICER**

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- 1.1 The attached report, which was presented to Cabinet on 27 July 2016 provides the Audit Committee with the Wales Audit Office (WAO) report on its financial resilience assessment of Caerphilly CBC.
  - 1.2 Members noted the detailed report, which concluded that “The Council has effective financial control arrangements and a track record of achieving savings in advance. However, it does not have a comprehensive medium term financial plan, and monitoring progress of savings is fragmented”.
  - 1.3 The Proposals for improvement were outlined, which recommended that “The Council should strengthen its financial resilience by”:
    - Developing more explicit links between the Medium Term Financial Plan (MTFP) and its corporate priorities;
    - Developing a longer term MTFP with comprehensive multi-year savings plans to cover the period of the MTFP;
    - Continuing to develop a more strategic asset management plan which is aligned to its MTFP;
    - Reporting a ‘Whole Council’ financial and savings progress reports to Members on a regular basis; and
    - Developing income generation/charging policies.
  - 1.4 In response, S. Harris, Interim Head of Corporate Finance provided Cabinet with details of the Officers response as follows:
    - The Acting Director of Corporate Services and Section 151 Officer will maintain a dialogue with the WAO regarding the most effective way to demonstrate a link between the MTFP and corporate priorities.
    - In February 2016; Council approved an updated Medium-Term Financial Plan covering the five-year period 2016/17 to 2020/21.
    - Asset Management will continue to be dealt with through the Strategic Asset Management Group and an Asset Management Strategy will be presented to the Policy and Resources Scrutiny Committee on 4th October 2016.
    - A 2016/17 ‘Whole Authority’ mid-year budget monitoring report will be presented to Cabinet outlining projected expenditure for the year and details of progress in achieving savings targets, which will be in addition to the budget monitoring reports that are already prepared for individual Scrutiny Committees and the ‘Whole Authority’ budget monitoring report that is currently prepared in January each year for the Policy and Resources Scrutiny Committee.
    - A Corporate Policy on income generation/charging will be progressed once the WAO produces a final report on its “All Wales Local Government Improvement Study: Strategic approach to income generation and charging”.

1.5 Following consideration and discussion, it was moved and seconded that the recommendations in the report be approved. By a show of hands this was unanimously agreed.

RECOMMENDED that for the reasons contained in the Officers report it be recommended to Council that: -

- (i) the content of the Wales Audit Office (WAO) report be noted;
- (ii) the Officer response to the WAO proposal for improvement, as detailed in paragraph 4.5 of this report be noted.

1.6 The Audit Committee are asked to note the contents of the reports.

Author: C.A Evans, Committee Services Officer  
Ext. 4210

Appendix:  
Report to Cabinet dated 27 July 2016



## CABINET - 27TH JULY 2016

**SUBJECT: WAO FINANCIAL RESILIENCE ASSESSMENT – CAERPHILLY COUNTY BOROUGH COUNCIL**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES & S151 OFFICER**

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### 1. PURPOSE OF REPORT

- 1.1 To present Cabinet with the Wales Audit Office (WAO) report on its financial resilience assessment of Caerphilly CBC.

### 2. SUMMARY

- 2.1 In May 2015 the Authority received a 'Financial Position Assessment' report from the WAO. This was a generally positive report which concluded that: -
- The Council has good financial management arrangements in place and recognises that it needs to address some areas for improvement to help deliver its future savings plans.
  - The Council has a good track record of operating within its budget and has developed a framework to monitor the delivery of its proposed savings in 2014/15.
  - The Council's future plans and arrangements to deliver savings are adequate and improvements are currently being implemented.
- 2.2 During the period May to December 2015 the WAO completed a follow-up review on the financial resilience of all Local Authorities in Wales. The focus of the work was on the delivery of 2014/15 savings plans and the 2015/16 financial planning period. The work focussed on answering the following question: -
- “Is Caerphilly County Borough Council managing budget reductions effectively to ensure financial resilience?”***
- 2.3 The review also considered whether: -
- financial planning arrangements effectively support financial resilience;
  - financial control effectively supports financial resilience; and
  - financial governance effectively supports financial resilience.
- 2.4 The WAO report detailing the findings of the financial resilience review was issued in April 2016 and is attached as Appendix 1.
- 2.5 A member of staff from the WAO will be in attendance at the Cabinet meeting to present the report.

**3. LINKS TO STRATEGY**

3.1 Strong financial management is a key component in supporting the Council to deliver its strategic plans and priorities.

**4. THE REPORT**

4.1 The WAO report on the outcome of the financial resilience review was issued in April 2016 and is attached as Appendix 1. Overall the report concludes that: -

*The Council has effective financial control arrangements and a track record of achieving savings in advance. However, it does not have a comprehensive medium-term financial plan and monitoring progress of savings is fragmented. We came to this conclusion based on our findings in relation to financial planning, financial control, and financial governance arrangements.*

4.2 The WAO report gives a risk rating for financial planning, financial control and financial governance. The descriptors for risk ratings are as follows: -

<b>Low risk</b>	Arrangements are adequate (or better) with few shortcomings in systems, processes or information. Impact on the Authority’s ability to deliver its financial plan may be minimal.
<b>Medium risk</b>	There are some shortcomings in systems, processes or information that may affect the Authority’s ability to deliver the desired outcomes of its financial plan.
<b>High risk</b>	There are significant shortcomings in systems, processes or information and/or there is a real risk of the Authority’s financial plan not delivering the desired outcomes.

4.3 The risk ratings in the report for Caerphilly CBC are as follows: -

<b>Financial Planning</b>	Medium risk
<b>Financial Control</b>	Low risk
<b>Financial Governance</b>	Low risk

4.4 These risk ratings are a positive reflection of financial management within the Council but the WAO report does include the following proposal for improvement: -

*The Council should strengthen its financial resilience by: -*

- *developing more explicit links between the Medium-Term Financial Plan (MTFP) and its corporate priorities;*
- *developing a longer-term MTFP with comprehensive multi-year savings plans to cover the period of the MTFP;*
- *continuing to develop a more strategic asset management plan which is aligned to its MTFP;*
- *reporting ‘Whole Council’ financial and savings progress reports to Members on a regular basis; and*
- *developing income generation/charging policies.*



4.5 The officer response to the above proposal for improvement is as follows: -

- The Acting Director of Corporate Services & Section 151 Officer will maintain a dialogue with the WAO regarding the most effective way to demonstrate a link between the MTFP and corporate priorities.
- In February 2016, Council approved an updated Medium-Term Financial Plan covering the five-year period 2016/17 to 2020/21.
- Asset management will continue to be dealt with through the Strategic Asset Management Group. An Asset Management Strategy will be presented to the Policy & Resources Scrutiny Committee on the 4<sup>th</sup> October 2016.
- A 2016/17 'Whole-Authority' mid-year budget monitoring report will be presented to Cabinet outlining projected expenditure for the year and details of progress in achieving savings targets. This report will be in addition to the budget monitoring reports that are already prepared for individual Scrutiny Committees and the 'Whole-Authority' budget monitoring report that is currently prepared in January each year for the Policy & Resources Scrutiny Committee.
- A corporate policy on income generation/charging will be progressed once the WAO produces a final report on its "All Wales Local Government Improvement Study: Strategic approach to income generation and charging".

## **5. EQUALITIES IMPLICATIONS**

5.1 This report is for information purposes so the Council's Equalities Impact Assessment process does not need to be applied.

## **6. FINANCIAL IMPLICATIONS**

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

## **7. PERSONNEL IMPLICATIONS**

7.1 There are no direct personnel implications arising from this report.

## **8. CONSULTATIONS**

8.1 There are no consultation responses that have not been reflected in this report.

## **9. RECOMMENDATIONS**

9.1 Cabinet is asked to: -

9.1.1 Consider and comment upon the content of the WAO report.

9.1.2 Note the officer response to the WAO proposal for improvement as detailed in paragraph 4.5 of this report.

## **10. REASONS FOR THE RECOMMENDATIONS**

- 10.1 To ensure that Cabinet is aware of the review work undertaken by the WAO and the resultant findings, conclusion and proposal for improvement.

## **11. STATUTORY POWER**

- 11.1 Local Government Acts 1972 and 2003.

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Consultees: Corporate Management Team  
Gail Williams, Interim Head of Legal Services/Monitoring Officer  
Cllr Keith Reynolds, Leader  
Cllr Barbara Jones, Deputy Leader & Cabinet Member for Corporate Services

Background Papers:  
Audit Committee (9/9/15) – WAO Report, Financial Position Assessment, Caerphilly CBC, May 2015

Appendices  
Appendix 1 – WAO Report, Financial Resilience Assessment, Caerphilly CBC, April 2016

# Financial Resilience Assessment

## **Caerphilly County Borough Council**

**Audit year:** 2015-16

**Issued:** April 2016

**Document reference:** 181A2016

# Status of report

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This document has been prepared as part of work performed in accordance with statutory functions.

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 and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at [info.officer@audit.wales](mailto:info.officer@audit.wales).

The team who delivered the work comprised Sara-Jane Byrne and Janet Smith.

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The Council has effective financial control arrangements and a track record of achieving savings in advance. However, it does not have a comprehensive medium term financial plan, and monitoring progress of savings is fragmented.

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The Council has a track record of operating within its budget, but its medium term financial plan and supporting savings plans for future years are not yet fully developed

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# Summary report

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## Summary

1. Good financial management is essential for the effective stewardship of public money and the delivery of efficient public services. Good financial management:
  - helps authorities take the right decisions for the short, medium and long term;
  - helps authorities deliver services to meet statutory obligations and the needs of local communities;
  - is essential for good corporate governance;
  - is about managing performance and achieving strategic objectives as much as it is about managing money;
  - underpins service quality and improvement;
  - is the basis of accountability to stakeholders for the stewardship and use of resources; and
  - is a key management discipline.
2. Long-term financial management is not about predicting the future; it is about preparing for it. Authorities need to understand future demand, assess the impact of probable changes, review the gap between funding needs and possible income, and develop appropriate savings strategies.
3. Well-considered and detailed long-term financial strategies and medium-term financial plans can ensure the delivery of strategic priorities by enabling appropriate financial choices. Conversely, short-term annual budget planning alone encourages an incremental and process-driven approach that can be ineffective in a period of rapid external change.
4. Financial resilience is achieved when an authority has robust systems and processes to effectively manage its financial risks and opportunities, and to secure a stable financial position.
5. Our April 2015 report 'The financial resilience of councils in Wales' was based on fieldwork carried out in all Welsh local authorities. From this work, and from other available material related to aspects of financial management, we have drawn together some key characteristics of good practice to assist practitioners in developing their arrangements. These characteristics can be found at [Appendix 1](#).
6. Given the continuing pressures on funding, we have considered whether the authority has appropriate arrangements to plan to secure and maintain its financial resilience in the medium term (typically three to five years ahead). While there may be more certainty for the authority over an annual cycle, financial pressures impact beyond the current settlement period. We have considered evidence of the authority's approach to managing its finances in the recent past and over the medium term when reaching our view on the authority's financial resilience.
7. We undertook our assessment during the period May to December 2015, and followed up issues highlighted in the 2014-15 financial position work. The focus of the work was on delivery of 2014-15 savings plans, and the 2015-16 financial planning period.

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8. The work focused on answering the following question: **Is Caerphilly County Borough Council managing budget reductions effectively to ensure financial resilience?** In this report we also consider whether:
- **financial planning arrangements effectively support financial resilience;**
  - **financial control effectively supports financial resilience; and**
  - **financial governance effectively supports financial resilience.**
9. Overall, we concluded that the Council has effective financial control arrangements and a track record of achieving savings in advance. However, it does not have a comprehensive medium term financial plan and monitoring progress of savings is fragmented. We came to this conclusion based on our findings in relation to financial planning, financial control, and financial governance arrangements.
10. This report gives a risk rating for each aspect: financial planning, financial control and financial governance. The descriptors for risk ratings are set out below:

<b>Low risk</b>	Arrangements are adequate (or better) with few shortcomings in systems, processes or information. Impact on the authority's ability to deliver its financial plan may be minimal.
<b>Medium risk</b>	There are some shortcomings in systems, processes or information that may affect the authority's ability to deliver the desired outcomes of its financial plan.
<b>High risk</b>	There are significant shortcomings in systems, processes or information and/or there is a real risk of the authority's financial plan not delivering the desired outcomes.

11. We rate the risk to the Council's delivery of its financial plan for each of these elements as follows:

<b>Medium Risk</b>	Financial planning
<b>Low Risk</b>	Financial control
<b>Low Risk</b>	Financial governance

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## Proposal for improvement

- P1 The Council should strengthen its financial resilience by:
- developing more explicit links between the Medium Term Financial Plan (MTFP) and its corporate priorities;
  - developing a longer term MTFP with comprehensive multi-year savings plans to cover the period of the MTFP;
  - continuing to develop a more strategic asset management plan which is aligned to its MTFP;
  - reporting 'Whole Council' financial and savings progress reports to Members on a regular basis; and
  - developing income generation/charging policies.



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The Council has effective financial control arrangements and a track record of achieving savings in advance. However, it does not have a comprehensive medium term financial plan and monitoring progress of savings is fragmented

## Financial Planning

The Council has a track record of operating within its budget, but its medium term financial plan and supporting savings plans for future years need to be more fully developed

12. The Council has a corporate framework in place for financial planning. The Council engages well with Members, including holding seminars and special scrutiny committees during the autumn and winter each year to discuss budget and savings proposals prior to formal consideration of the budget in February.
13. The Council has a corporate plan together with identified improvement objectives. In our financial resilience report issued to the Council in May 2015, we identified that the Council should ensure that it explicitly considers its priorities and improvement objectives when determining its savings plans. However, the extent to which the Council's priorities and improvement objectives have influenced the Council's Medium Term Financial Plan (MTFP) is still not clear. We understand from officers that the Council's priorities do informally influence the MTFP but this consideration is not explicit.
14. Service plans demonstrate links to the Council's MTFP and the MTFP highlights key service pressures. Service managers are proactively engaged in identifying savings proposals.
15. The MTFP is supported by appropriate human resource related policies, such as redeployment, flexible retirement and redundancy policies.
16. The Council's financial planning process takes account of its asset base. The Council's MTFP includes asset-based savings, such as the closure of its office in Pontllanfraith. However, the Council does not have an agreed strategic asset management plan, which is aligned to the MTFP. The Council is in the process of using its Asset Management (Land and Property) strategy as a framework to develop a more comprehensive and robust asset management strategy.
17. The Council has a track record of delivering a surplus on its budget. The Council exceeded its planned budget outturn for 2014-15 by £10.9 million with underspends across service directorates of approximately £6.6 million. There have been some recurring large underspends in some budgets, which the Council has now realigned.

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- The Council reported underspends transparently to its Scrutiny Committees throughout the year, identifying those which were likely to contribute to future savings plans.
- 18.** The Council approved its MTFP 2015-2018 in February 2015 and revised it in September 2015. In February 2015, the Council identified a budget shortfall of £12.8 million for 2015-16, a further £14 million for 2016-17 and £12.1 million for 2017-18. The Council updated its MTFP in October 2015 and rolled it forward to cover the period 2016-17 to 2018-19. The Council assumed a worst-case scenario of reductions in funding of 4.3 per cent for 2016-17 and 2017-18, and three per cent for 2018-19. Revised savings proposals amounted to £14.3 million for 2016-17, £11.4 million for 2017-18 and £9.4 million for 2018-19.
  - 19.** The Council's prudent approach to its finances in the past has enabled it to take a forward-looking approach to identifying its savings requirements. It has achieved some savings in advance, with minimal planned savings not being delivered in-year or carried forward. Budgets have been set taking into account the level of savings already identified and achieved in prior years.
  - 20.** In 2015-16, the Council undertook a systematic review of base budgets, resulting in identification of budget reductions for 2016-17. The majority of savings plans for 2015-16 and 2016-17 included 'global proposals' for each directorate relating to vacancy management, budget realignment, service structure reviews and minor changes in service provision with no impact on front line services. This is in line with the Council's desire to protect front line services in so far as possible. These savings proposals are subject to review by the Corporate Management Team. Challenge sessions with individual Heads of Service, relevant directors, Interim Head of Corporate Finance and the Finance Manager for the relevant service area also take place. The Council feels this process has facilitated ownership, accountability and scrutiny of savings proposals.
  - 21.** The Council identifies the remaining discrete savings proposals individually. Savings proposals include the amount, description, risk of impact on the service user/public and status of support for proposals following the budget consultation process.
  - 22.** Reasonable assumptions around, for example, inflation, income levels, demographics, and future demand for services, underpin the Council's MTFP. However, the projected budget shortfalls for 2016-17 to 2017-18 were high level and there was limited evidence of scenario planning to assess the impact in funding changes. In the main, the same estimated amounts were used for key variables such as budget pressures and demographic changes as those used in the 2015-16 budget.
  - 23.** The Council has identified indicative savings for future years. The Council has planned the delivery of some larger scale future savings proposals, such as the closure of Tŷ Pontllanfraith in February 2015 to achieve savings in 2016-17. However, aside from this, the MTFP did not include detailed and costed savings plans for future years. In effect, the 2015-16 to 2017-18 MTFP focussed heavily on the 2015-16 annual budget and did not constitute a detailed MTFP.
  - 24.** Moreover, the Council's focus on achieving savings through global proposals such as vacancy management and budget realignment is not sustainable given the scale of savings required in future years. The Council would benefit from a longer-term

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financial strategy, which provides greater detail about how it will address its budget shortfall over the term of the strategy. This may require the Council to identify savings which are of a more strategic and transformational nature.

- 25.** The Council recognises that it has to change the way it runs services to meet the financial challenges ahead. The Council has agreed the following five principles, which will be taken into account in the identification of its savings proposals:
- protecting front-line services where it can and reducing expenditure on management and administrative costs;
  - increasing fees and charges where appropriate;
  - reducing, rather than removing, services where possible;
  - focussing on priorities; and
  - looking at alternative ways of delivering services (collaboration, partnerships, community trusts, etc).
- 26.** In consultation with appropriate Cabinet Members, the Corporate Management Team has led the work to identify savings proposals following these five principles.
- 27.** Following the Comprehensive Spending Review in autumn 2015, the Council was informed that it will receive a more positive Revenue Support Grant settlement from the Welsh Government than the Council had anticipated. The Council is now reprofiling the levels of savings needed to reflect this. It is now forecasting a budget shortfall of approximately £36 million over five years rather than nearly £39 million over three years. The Council is also revising its Medium Term Financial Plan to reflect this.
- 28.** The Council's financial position is now such that it is able to take a considered approach to how it will address its budget shortfall over the medium term. It is positive that the Council is now taking the opportunity to develop a five-year financial plan.
- 29.** The Council held a members' seminar on the revised MTFP in January 2016 and the Council agreed the 2016-17 budget and MTFP in February 2016.

## Financial control

### The Council's financial control arrangements are generally effective

- 30.** The Council has a clear framework for managing the Council's financial affairs. The Council's constitution sets out the policies on financial and budget management, which define the roles and responsibilities of Members and Officers.
- 31.** Budget reporting and monitoring take place at a number of levels within the Council and continue to be sound. Cabinet receives regular updates on the MTFP. Scrutiny Committees receive quarterly service budget monitoring reports, which highlight and explain any significant under and overspends, and identify potential cost pressures. Corporate Management Team routinely discusses 'hot spot' reports highlighting specific concerns or areas of budgetary pressure. Departmental management teams also discuss budget performance. Service budget monitoring reports include a section

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on the achievement of savings, focusing on those that are at risk of not being achieved.

32. The Council reviews and reports on its useable reserves annually. The Council have determined in recent years following the advice of the Section 151 officer to keep the Council Fund balance at or above a minimum agreed level of approximately £10 million. The Council is developing a Reserves Strategy, which will be considered by the Policy and Resources Scrutiny Committee in October 2016 prior to endorsement by Cabinet or Council. Officers provided a report to the Policy and Resources Scrutiny committee in April 2015 detailing the Council's useable reserves. The report set out the different types of useable reserves held by the Council. It also outlined the useable reserves relevant to each directorate. In the final accounts for 2014-15, the Council fund balance was £14.6 million as at 31 March 2015 and Council fund earmarked usable reserves were £60 million. Where the Council Fund is above £10 million at Outturn, monies are then transferred to one off initiatives. These are normally detailed in the budget report presented to Council in February. Historically, the Council has not used its reserves to balance its budget.
33. The Council does not use any explicit key performance indicators to monitor the MTFP and associated performance. The Council does not report and monitor key financial comparators for current, past and future years. Examples of such indicators used by other councils include working capital, gearing ratio and the reserves position. The Council does not formally benchmark its financial performance with other councils. The Council's Section 151 Officer does meet regularly with counterparts in other authorities.
34. The Council does not have an overarching policy on income generation/charging but it reviews fees and charges annually as part of the budget setting process. We understand that the budget consultation process highlighted that the public did not generally support increasing fees and charges. The Council is awaiting the outcome of our Local Government study on income generation and charging. It plans to use this to develop a corporate income generation/charging policy for 2016-17.
35. Internal and External Audit have not identified any significant weaknesses in the financial systems/processes, and internal controls are considered adequate.

## Financial governance

**The Council's financial governance arrangements are generally sound but there is a lack of regular whole-Council savings monitoring reports to members**

36. The Council's Corporate Management Team clearly grasps the financial climate and the challenges the Council faces. Those responsible for managing financial performance are held to account at an individual and departmental level and by Members through the scrutiny process.

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37. The Council's Section 151 Officer provides briefings and Budget Strategy Updates to directors and members on the financial challenges facing the Council.
  38. The Council carried out public consultation on the 2015-16 budget and it amended or withdrew some savings proposals because of the feedback received. The Council has recently consulted the public, partners, voluntary sector, trades unions and members on its proposed savings plans for 2016-17. Through this, it has also made the public aware of potential areas for savings in 2017-18.
  39. In our Financial Position Assessment report for 2014<sup>1</sup>, we recommended, 'the Council should continue to implement a framework to formally monitor the deliverability of savings and report to Members'. Whilst the Council reports the achievement of savings on an exceptions basis for individual services to scrutiny committees, reporting arrangements are fragmented. A framework is not in place for regularly monitoring or reporting the achievement of savings targets on a 'Whole Council' basis. The Council does not report financial and performance information together.
  40. The Council does not produce a savings monitoring report for the year-end and the 2014-15 revenue outturn report does not refer to the status of savings. The position against individual savings plans is not explicit and transparent. Therefore, whilst the 2014-15 quarter-three service monitoring reports forecast that the majority of savings would be achieved, it is not explicit if there were any service-specific undelivered savings from 2014-15 that have been carried forward to 2015-16. 'Whole Council' in year budget monitoring reports are not reported to Cabinet or routinely presented to the Policy and Resources scrutiny committee. For example, in 2014-15, only one report was presented. This does not allow for whole-service analysis or a whole authority view of the financial position of the Council at periodic points in the year. We understand that officers do monitor the overall position and would quickly report if the whole authority budget were not on track. However, our view remains that there is scope to strengthen the explicit monitoring of savings.
  41. Until recently, the Council had an Improving Governance Programme Board in place, following two Reports in the Public Interest, which raised significant concerns about governance. The Council has recently disbanded the Improving Governance Board as it considers it has addressed the majority of actions. The Council also has a Corporate Governance Panel, which reviews its governance arrangements and co-ordinates the production of the Council's Annual Governance Statement.
  42. The Council's Annual Governance Statement for 2014-15<sup>2</sup> identified the Council's scrutiny arrangements as an area for improvement. The Council agreed a series of changes to its scrutiny arrangements in October 2015. An action plan is in place to implement the changes. The Annual Governance Statement did not raise any significant issues relating to the Council's financial arrangements.
  43. The Council's financial position is such that it has not needed to consider any radical or transformational changes to the way it delivers its services in order to balance its budget. Therefore, it does not have specific overview or programme boards in place to

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<sup>1</sup> Details of our 2014 financial resilience report to be inserted.

<sup>2</sup> The 2014-15 Annual Governance Statement is available on the Council's website.

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oversee and monitor the implementation of any change programmes. Recognising that the Council needs to adapt, the Corporate Management Team has developed a more structured approach to identifying and monitoring business improvement projects. This has entailed the creation of an Improvement Board consisting of the Corporate Management Team, a lead Cabinet Member and the Head of Service for Improvement. The Director for Community Services oversees the Improvement Board. A project manager supports the Improvement Board. This approach has been discussed and agreed by members.

# Appendix 1

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## Key characteristics

### Key characteristics of good financial planning

The authority's budget is set in the context of a longer-term financial strategy and a medium-term financial plan covering a three to five-year horizon.

The authority has clearly identified the savings it intends to make over a three to five-year term. The savings plan is underpinned by detailed costings and delivery plans for individual savings (including transformation/change savings).

The authority has a good track record of delivering on its savings plans.

Medium-term financial planning and annual budgeting reflect the authority's strategic objectives and priorities for the year, and over the longer term.

Assumptions around inflation, income levels, demographics, future demand for services and the costs of delivering services are modelled and based on reasonable predictions.

The authority understands its sources of income and the risks arising from these, and has reviewed its approach to fees and charges to ensure it achieves value for money.

Financial and corporate planning processes are integrated, link to risk management arrangements, and incorporate strategic planning for other resources including the capital programme and workforce planning.

The authority uses financial modelling to assess likely impacts on financial plans and required savings for different scenarios, and to help ensure short-term fixes are not achieved at the expense of long-term sustainability.

The authority models key expenditure drivers (for example, population changes and demand for services), sources of income (for example, income and government grant forecasts), revenue consequences of capital and resource requirements and balances.

The authority operates within a level of reserves and balances (including earmarked reserves and the general fund balance), approved by members, and appropriate to the strategic, operational and financial risks it faces.

If the authority is not at its target level for balances, there is planned action in place to achieve this, taking account of any associated risks to the organisation's financial position and delivery of its priorities.



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### Key characteristics of good financial control

The authority has an appropriate and effective budget management policy that clearly sets out roles, responsibilities and accountability. The scheme of delegation is clear, and processes are set out to manage budget under and overspends.

Financial monitoring and forecasting is fit for purpose and accruals based, helping to ensure a clear link between the budget, in-year forecasts and year-end position.

The authority analyses and extrapolates relevant trends, and considers their impact on the projected final out-turn.

The authority takes timely action to address any budget pressures, for example, by taking corrective action to manage unfavourable variances or by revisiting corporate priorities.

The authority has a good recent record of operating within its budget with no significant overspends.

The authority has agreed a clear policy on the use of its reserves. There is a clearly justified minimum level for its 'general fund' reserves balance. There is a clear rationale to explain transfer from, or between, reserves. Clear protocols explain how and when each reserve should be used. Decisions about reserves are underpinned by a comprehensive assessment of risk and current performance.

The reserves policy has been agreed by members and is subject to scrutiny.

The authority has a clear policy on income generation/charging. There is a register of charges across its services to help manage charges consistently. The authority has corporate guidelines on how concessions should be applied. Charges are regularly reviewed and the policy updated.

The authority monitors its key financial ratios, benchmarks them against similar bodies and takes action as appropriate.

The annual governance statement gives a true reflection of the authority.



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### Key characteristics of good financial governance

The leadership team clearly understands the significant and rapidly changing financial management challenges and risks facing the organisation, and is taking appropriate action to secure a stable financial position.

The authority has sufficient capacity and capability to promote and deliver good financial management.

The leadership team fosters an environment where there is good understanding and routine challenge of financial assumptions and performance, and a culture of transparency about the financial position.

The leadership team provides constructive scrutiny and challenge on financial matters to ensure arrangements remain robust and fit for purpose.

There is regular and transparent reporting to members. Reports include detail of action planning and variance analysis.

Members scrutinise and challenge financial performance effectively, holding officers to account.

Internal and external audit recommendations are dealt with effectively and in a timely manner.

There is effective engagement with stakeholders on budget issues, including public consultations.

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## Certificate of Compliance

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### Audit of Caerphilly County Borough Council's 2016-17 Improvement Plan

#### Certificate

I certify that, following publication on 24 June 2016, I have audited Caerphilly County Borough Council's Improvement Plan in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Council has discharged its duties under section 15(6) to (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

#### Respective responsibilities of the Council and the Auditor General

Under the Measure, the Council is required to prepare and publish an Improvement Plan describing its plans to discharge its duties to:

- make arrangements to secure continuous improvement in the exercise of its functions;
- make arrangements to secure achievement of its improvement objectives; and
- make arrangements to exercise its functions so that any performance standard specified by Welsh Ministers is met.

The Measure requires the Council to publish its Improvement Plan as soon as is reasonably practicable after the start of the financial year to which it relates, or after such other date as Welsh Ministers may specify by order.

The Council is responsible for preparing the Improvement Plan and for the information set out within it. The Measure requires that the Council has regard to guidance issued by Welsh Ministers in preparing and publishing its plan.

As the Council's auditor, I am required under sections 17 and 19 of the Measure to carry out an audit of the Improvement Plan, to certify that I have done so, and to report whether I believe that the Council has discharged its duties to prepare and publish an Improvement Plan in accordance with statutory requirements set out in section 15 and statutory guidance.

## Scope of the Improvement Plan audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information, or whether the Improvement Plan published by the Council can be achieved. Other assessment work that I will undertake under section 18 of the Measure will examine these issues. My audit of the Council's Improvement Plan, therefore, comprised a review of the plan to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the plan complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing its plan.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

**HUW VAUGHAN THOMAS**

**AUDITOR GENERAL FOR WALES**

CC: Mark Drakeford, Minister for Finance and Local Government

Non Jenkins, Manager

Sara-Jane Byrne, Performance Audit Lead

# Agenda Item 14

## CORPORATE GOVERNANCE PANEL MINUTES 19th November 2015 Executive Boardroom 3.00 p.m.

Attendees: Nicole Scammell, Colin Jones, Gail Williams, Joanne Jones, Cllr Forehead, Richard Harris.

### 1. **APOLOGIES**

Apologies were received from Lynton Jones and Joanne Jones attended in his place.

### 2. **MINUTES**

The minutes of the meeting held on the 28.09.2015 were agreed.

### 3. **BUSINESS CONTINUITY PLANNING**

R Hartshorn attended to update the panel on the progress made in bringing this piece of work to a conclusion. A draft Business Continuity Management Plan was presented to the panel and RH talked through the purpose and structure of the draft document as well as highlighting some of the main areas within it. The format of the document follows that of the Major Incident Plan and sets out key questions and decisions that need to be considered when addressing the key areas. Using this document as a start, further discussions are required to finalise some of the specific content and once finalised and formally adopted it was acknowledged that awareness raising will be key to its future success.

### 4. **PARTNERSHIPS & COLLABORATIONS**

Jackie Dix attended and talked through her latest update report. It was outlined that the current procedures have now been in place for two years and appears to be embedded with the ongoing quarterly review process keeping our data up to date. The selected sample audits undertaken at the end of last year did not identify any issues of concern however the use of the toolkit and the self assessment process is unclear and maybe something that could be looked at as part of any future review. It was agreed that the update report should go to the next Audit Committee as an information item.

### 5. **OUTSTANDING ACTIONS PASSED FROM IGPB**

NS outlined the background to this issue which has now come to the Panel for monitoring through to completion. NS went through the two outstanding action points and outlined the latest position that had been provided by Lynne Donovan prior to the meeting. Updates on both action points will be going to members in the new year.

### 6. **ACTION PLAN UPDATE**

It was agreed that the action plan update report for the forthcoming Audit Committee would be compiled by Cath Forbes-Thompson and include details of the implementation plan that has been agreed at CMT. The report would go as an agenda item.

### 7. **AOB**

- 7.1 RH informed the group that the head of service checklists had been sent out on 16<sup>th</sup> November.

7.2 No more meetings have been arranged so RH to liaise with Sue Thomas to schedule another batch for 2016.

# Agenda Item 15

## CORPORATE GOVERNANCE PANEL MINUTES 4th March 2016 Executive Boardroom 1.30 p.m.

Attendees: Nicole Scammell, Colin Jones, Gail Williams, Paul Lewis, Joanne Jones, Richard Harris.

### 1. APOLOGIES

Apologies were received from Cllr Forehead.

(Paul Lewis joined the group by virtue of taking on the SIRO role.)

### 2. MINUTES

The minutes of the meeting held on the 19.11.2015 were agreed.

### 3. BUSINESS CONTINUITY PLANNING

The group discussed and confirmed that work on this action is considered substantially completed. A report is going to the Audit Committee on 9<sup>th</sup> March to provide an update of the current position and to make members aware of the Council's Business Continuity Plan.

It was brought to the group's attention that Electoral Services have been omitted from the work undertaken and although they have emergency procedures in place work is underway to ensure the Service is included within the overall plan document.

### 4. PARTNERSHIPS & COLLABORATIONS

The group discussed and confirmed that work on this action has been completed albeit regular monitoring is taking place to maintain the accuracy and completeness of the database of partnerships and collaborations.

### 5. UPDATE ON OUTSTANDING IGPB ACTIONS

Alessandra Veronese attended to provide a progress update on the two outstanding actions. One action has been closed and will now be monitored regularly going forward. The second action relating to the HR strategy will be closed following a report to the next available P&R Scrutiny Committee which will be in July and the final Cabinet approval in July/September.

### 6. UPDATE ON FOI PERFORMANCE

JJ talked through a handout which provided a detailed update on progress with the information governance actions. Detailed statistics were summarised with key indicators showing some signs that actions taken are having an impact on response times i.e. FOI response rate now at 85%. Additionally some areas are showing a slow down in requests and initiatives aimed at raising staff awareness are showing with greater engagement with the Information Governance Unit. The data presented is that which members are provided with and JJ confirmed that it will also be made available on the members portal. In the ensuing discussion the group touched upon some emerging issues around the use of social media and data protection failures that need to be considered in the wider corporate context and the group felt that these issues should be referred to CMT for consideration.

**7. FEEDBACK FROM WAO ON CORPORATE GOVERNANCE REVIEW**

NS confirmed that no feedback had yet been received.

**8. DRAFT CHECKLISTS**

The summary of the draft checklists received was discussed with RH indicating that there does not appear to be any significant trends or patterns and no issues of significant impact.

**9. INITIAL THOUGHTS ON POTENTIAL AREAS FOR IMPROVEMENT**

As per item 6 it was felt that the use of social media and data protection awareness are both fast growing and potentially high risk areas that the panel could consider over the coming months.