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Am unrhyw ymholiad yn ymwneud â'r agenda hwn cysylltwch â Charlotte Evans
(Rhif Ffôn: 01443 864210 E-bost: EVANSCA1@caerphilly.gov.uk)

Dyddiad: Dydd Mercher, 1 Mawrth 2017

Annwyl Syr/Fadam,

Bydd cyfarfod **Pwyllgor Awdit** yn cael ei gynnal yn **Ystafell Sirhywi, Tŷ Penallta, Tredomen, Ystrad Mynach** ar **Dydd Mercher, 8fed Mawrth, 2017** am **10.00 am** i ystyried materion a gynhwysir yn yr agenda canlynol.

Yr eiddoch yn gywir,

Chris Burns
PRIF WEITHREDWR DROS DRO

AGENDA

Tudalennau

- 1 I dderbyn ymddiheuriadau am absenoldeb
- 2 Datganiadau o Ddiddordeb.

Atgoffi'r Cyngorwyr a Swyddogion o'u cyfrifoldeb personol i ddatgan unrhyw fuddiannau personol a/neu niweidiol mewn perthynas ag unrhyw eitem o fusnes ar yr agenda hwn yn unol â Deddf Llywodraeth Leol 2000, Cyfansoddiad y Cyngor a'r Cod Ymddygiad ar gyfer Cyngorwyr a Swyddogion.

I gymeradwyo a llofnodi'r cofnodion canlynol:- -

A greener place Man gwyrddach



Correspondence may be in any language or format | Gallwch ohebu mewn unrhyw iaith neu fformat

3	Pwyllgor Archwilio a gynhaliwyd ar 14eg Rhagfyr 2016.	1 - 6
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4	Cynllun Archwilio 2017 - Cyngor Bwrdeistref Sirol Caerffili	7 - 32
5	Ardystio Grantiau a Ffurflenni 2015-16 - Cyngor Bwrdeistref Sirol Caerffili.	33 - 48
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8	Cynllun Blynyddol Gwasanaethau Archwilio Mewnol.	63 - 72
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10	Archwiliad o Asesiad Cyngor Bwrdeistref Sirol Caerffili o Berfformiad 2015-16.	77 - 78
11	Datganiadau Swyddogion o Roddion a Lletygarwch Hydref - Rhagfyr 2016.	79 - 84
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*Os oes aelod o'r Pwyllgor Awdit yn dymuno i unrhyw un o'r Eitemau Gwybodaeth uchod i gael eu dwyn ymlaen ar gyfer adolygiad yn y cyfarfod, cysylltwch â Charlotte Evans, 01443 8644210, erbyn 10.00am ar ddydd Mawrth, 7fed Mawrth 2017.

Cylchrediad:

Cynghorwyr L. Ackerman, Mrs E.M. Aldworth, Mrs K.R. Baker, J. Bevan, D.G. Carter, Ms J. Gale, C. Hawker, Ms J.G. Jones, Mrs G.D. Oliver, J.A. Pritchard, D. Rees (Cadeirydd) a J. Simmonds

Aelod Lleyg – Mr N.D. Yates (Is Gadeirydd)

Archwilwyr - Ms S.J. Byrne (Wales Audit Office), Ms N. Jenkins (Wales Audit Office), Ms L. Brown (Grant Thornton UK LLP) a Barrie Morris (Grant Thornton UK LLP)

A Swyddogion Priodol.



AUDIT COMMITTEE

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, TREDOMEN, YSTRAD MYNACH ON WEDNESDAY 14TH DECEMBER 2016 AT 10.00 AM

PRESENT:

Councillor D. Rees - Chair

Councillors:

Mrs E. Aldworth, Mrs K. Baker, Ms. J. Gale, C. Hawker, Mrs J.A. Pritchard and J. Simmonds.

Together with:

L. Brown (Grant Thornton), G. Hawkins (Grant Thornton), N. Jenkins (WAO).

N. Scammell (Acting Director of Corporate Services and Section 151 Officer), S. Harris (Interim Head of Corporate Finance), R. Harris (Internal Audit Manager), R. Roberts (Performance Manager) and C. Evans (Committee Services Officer).

1. APOLOGIES

Apologies for absence were received from J. Bevan, D.G. Carter, Ms J. Jones, Mrs G.D. Oliver and Mr N.D. Yates.

2. DECLARATIONS OF INTEREST

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

3. MINUTES – 14TH SEPTEMBER 2016

RESOLVED that the minutes of the meeting of the Audit Committee held on 14th September 2016 (minute nos. 1 - 9) be approved as a correct record and signed by the Chair.

REPORTS OF OFFICERS

Consideration was given to the following reports.

4. **WAO REVIEW OF ARRANGEMENTS TO ADDRESS EXTERNAL AUDIT, INSPECTION AND REGULATION RECOMMENDATIONS AND PROPOSALS FOR IMPROVEMENT – CAERPHILLY COUNTY BOROUGH COUNCIL**

The report, which was presented to Cabinet on 19th October 2016 provided details of the Wales Audit Office (WAO) report on its review of arrangements to address external audit, inspection and regulation recommendations and proposals for improvement of Caerphilly CBC.

In the 2015-16 Audit Plan, the WAO identified that they would assess the Council's progress in implementing recommendations from their previous work. As part of this follow-up work, they stated they would seek assurance that the Council has appropriate corporate processes for responding to their reports, tracking implementation of their recommendations and reporting this to the appropriate committee. The WAO did this by undertaking specific follow-up work to determine progress in addressing the recommendations made in areas for improvement arising from the Special Inspection Report, the Follow-up of the Special Inspection and previous audit work relating to:

- Self-evaluation
- HR and Workforce planning
- Internal Audit
- Scrutiny

The review concluded that the Council's response to their recommendations and proposals for improvements is supporting improvement in its self-evaluation and scrutiny arrangements, but further work remains to fully address weaknesses in Internal Audit and Human Resources, some of which are longstanding. When presenting the report the WAO acknowledged that work to address the long standing areas had progressed significantly since the report was produced.

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

A Member raised concerns with regards to the Workforce Development Policy and the potential impact on the Medium Term Financial Plan. Concerns were raised that, under the austerity measures, there is a need to reduce posts where possible, however, there is also a significant need for qualified staff in key roles, in order to ensure that Services can run effectively. Officers explained that vacancy savings are reducing and will play a less significant part in savings proposed in future years.

Members discussed Scrutiny and the recommendations to improve effectiveness of Scrutiny within the Authority. Concerns were expressed that there are still improvements required in terms of effective challenge, provision of feedback following decisions and a Member queried whether PDR's are being conducted for Cabinet Members. Officers recommended that Members highlight their concerns regarding Scrutiny with the relevant Chairs or Head of Democratic Services, in order that this can be addressed at the correct forum. In addition, it was noted that PDR's are being conducted for Cabinet Members, as well as Chairs and Vice-Chairs of Committees, however, further clarification would be provided to Members following the meeting.

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 Officer's report: -

- (i) the Officer responses to the WAO proposal for improvement as detailed in Appendix 2 (Management Response) of the report be noted;

- (ii) the monitoring arrangements, as outlined in paragraph 4.3 of the report be agreed, with the addition that minutes from the Corporate Governance Panel also be reported to Cabinet

5. REGULATOR PROPOSALS FOR IMPROVEMENT PROGRESS UPDATE

The report provided members with an update on progress against the proposals made by all regulators since the last Audit Committee update (May 2016).

Since May 2016 there have been 9 proposals addressed and 6 new proposals added onto the register. In addition, there have been 3 Areas for Improvement (AFI's) from the Care and Social Services Inspectorate of Wales (CSSIW) since the last update but these have already been addressed.

The Committee noted that 2 new reviews have been conducted by the Wales Audit Office, which include Financial Resilience (local) Report (May 2016) and the Leisure Review (May 2016), which came onto the Cabinet Programme in June and are now featured in this progress update. CSSIW carried out a national review with a local output called 'National review of care planning for children and young people subject to the Public Care Outline proceedings' which is yet to be published. There were no formal recommendations made for Caerphilly at the end of the fieldwork stage of the review.

Audit Committee were asked to consider that there are currently 20 proposals on the register, 9 of which are recommended for closure which would leave 11 outstanding.

Members thanked the Officer for the report and discussion ensued.

A Member raised concerns at the length of time in which some of the recommendations are on the register. The Officer highlighted that there are 2 remaining on the register, which include the Asset Management Strategy and Customer Services Review. Members were asked to note that there was considerable deliberation as to whether an Asset Management Strategy was required, and as such, this had caused delay, however, the Strategy is now in place, and therefore the proposal is recommended for closure. With reference to the Customer Services review, the review was conducted approximately 4-5 years ago, however, upon completion, there were a number of considerations to be made relating to the Medium Term Financial Plan. With this in mind, Members were asked to consider the changes and movement in Customer requirements and technological developments over recent years, which has superseded the outcomes of the review. Members were assured however, that the review would be completed next year.

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 Officer's report the Audit Committee note the contents of the report and agree the closure of the proposals noted as 'recommended to be closed' within the Appendix of the report, be agreed.

6. ASSURANCE FRAMEWORK

The report provided Audit Committee with a draft Assurance Framework and details of the purpose and structure of the framework and sought comments and feedback from the Committee on the draft framework.

In August 2016 the Wales Audit Office (WAO) issued a report on its review of arrangements within Caerphilly CBC to address external audit, inspection and regulation recommendations and proposals for improvement.

The WAO report contained a number of proposals for improvement, one of which was the following: -

The Council should develop an assurance framework that sets out how it obtains assurance in relation to key risks from across the organisation.

A draft assurance framework was appended to Audit Report for consideration and comment.

The Committee thanked the Officers for the detailed report and provided positive feedback on the detail and diagrams. Members were asked to note that the document is a live document and therefore is subject to change.

A Member sought clarification on the process in which the Framework had been reviewed. Officers explained that the document is in draft format at present and currently under consultation. Grant Thornton have had sight of the document and provided feedback albeit they cannot endorse or agree the report as they are our Auditors and any additional comments or amendments will be considered and implemented, prior to the final version being presented to Audit Committee in March 2017.

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:

- (i) the feedback and comments of the Audit Committee be considered;
- (ii) the Corporate Governance Panel be responsible for keeping the Assurance Framework under regular review to ensure that it remains relevant and up-to-date;
- (iii) the Audit Committee be updated in respect of any changes to the Assurance Framework.

7. PUBLIC SECTOR INTERNAL AUDIT STANDARDS – UPDATE ON INTERNAL AND EXTERNAL ASSESSMENT OF INTERNAL AUDIT SERVICES

The report provided Audit Committee with details of the outcome of the internal self-assessment, undertaken by Internal Audit Services, against the Public Sector Internal Audit Standards (PSIAS), along with an update on the arrangements for the external validation exercise that will be undertaken in March 2017.

It was noted that the Chartered Institute of Internal Auditors (IIA) Public Sector Internal Audit Standards (PSIAS) require that both internal and external assessments are undertaken periodically with the external assessment being undertaken at least every five years.

The report provided the Audit Committee with details of the key issues from the recently completed self-assessment and an update on arrangements for a peer review approach to external assessment.

Following consideration and discussion, the Audit Committee thanked the Officer for the report and noted its contents.

8. INTERNAL AUDIT SERVICES – MID-YEAR PROGRESS REPORT

The report provided the Audit Committee with an overview of the work undertaken by Internal Audit Services in the first six months of the current financial year.

In August 2016 the Wales Audit Office (WAO) issued a report on its review of arrangements within Caerphilly CBC to address external audit, inspection and regulation recommendations and proposals for improvement.

The WAO report contained a number of proposals for improvement, one of which was to provide summary reports to the Audit Committee highlighting the findings from the work of Internal Audit during the year.

The report provided an overview of the work undertaken by Internal Audit Services in the first 6 months of the current financial year.

Members thanked the Officer for the report and discussion ensued. It was noted that an additional category would be added to the review. 'Unsatisfactory', which would now be a category for which there are a significant number of recommendations or issues identified for improvement.

A Member sought further information on the audits conducted on Wales Housing Quality Standard (WHQS). It was noted that Internal Audit Services conducted a desktop exercise, which considered the processes followed for procurement and business management. Tenant Satisfaction Surveys are conducted following the completion of works and regular updates are provided to the Caerphilly Homes Task Group and Policy and Resources Scrutiny Committee. Officers agreed to provide further details following the meeting.

The process for Returned Cheques were discussed and Members sought further information on the reasons for the returns and provided that there should be a more joined-up service or a central database to more accurately record client information across Service Areas. Officers explained that there are a number of reasons for the cheques being returned, which include incorrect address, wrong amount or invoice number and the cheques are all returned to Internal Audit, in order to conduct system cheques. The Officers took on board the feedback regarding a system and agreed to look into it, however it was noted that this would be difficult to implement across the Authority.

Discussions ensued around priorities for the department and, whilst Members were assured that there is an optimum number of staff with Internal Audit, the external pressures, such as budget cuts, increased workloads and changes in risks are considered carefully and planned accordingly.

A Member sought clarification on the work of Service Level Agreements (SLA's), with particular reference to issues and concerns raised within Schools following Audit. Officers explained that generally there is excellent best practice sharing and systems in place, however issues can arise as a result of staff changes or absences. Whilst a number of high level areas will be thoroughly checked and monitored, through the support of the SLA, areas such as the correct banking of School Dinner money or order raising may be over-looked. As a result, these get picked up by other departments within the Council, which will highlight to the Internal Audit Team and intervention is implemented.

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 June 2017 was presented for Member consideration. It was noted that the document is a working document and is regularly updated when addition reports are identified.

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

10. INFORMATION ITEMS

The Committee received and noted the following information items:-

- (1) Certification of Grants and Returns 2013/14 and 2014/15 – Caerphilly County Borough Council;
- (2) Annual Audit Letter – Caerphilly County Borough Council 2015-16;
- (3) IT Security and Governance Activity Update;
- (4) Regulation and Investigatory Powers Act 2000;
- (5) Update on the Number of Complaints Received Under the Council's Corporate Complaints Policy;
- (6) Officers Declarations of Gifts and Hospitality July to September;
- (7) Corporate Governance Panel Minutes – 15th April 2016;
- (8) Corporate Governance Panel Minutes – 19th September 2016.

The meeting closed at 11.31pm.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 8th March 2017, they were signed by the Chair.

CHAIR



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

2017 Audit Plan – Caerphilly County Borough Council

Audit year: 2016-17

Date issued: February 2017

Document reference: 187A2017

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

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2017 Audit Plan

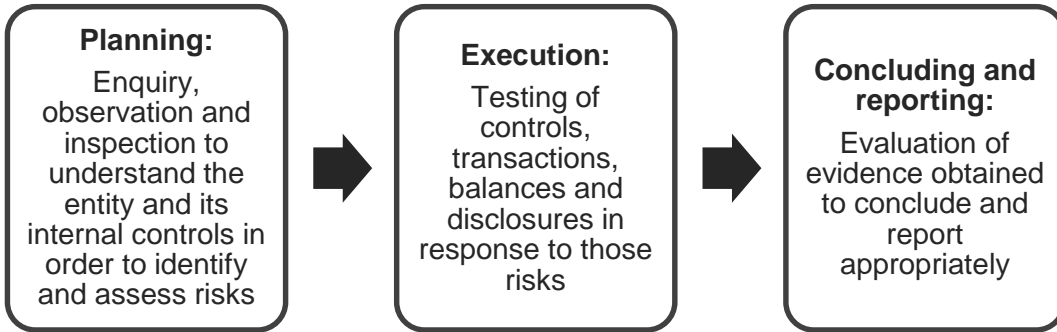
Summary

- 1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations 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, namely 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 to enable me to make recommendations for improving economy, efficiency and effectiveness or for improving financial or other management arrangements.
- 2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
- 3 There have been no limitations imposed on me in planning the scope of this audit.
- 4 My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

Financial audit

- 5 It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their ‘truth and fairness’.
- 6 I also consider whether or not Caerphilly County Borough Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception if the Annual Governance Statement does not comply with requirements.
- 7 [Appendix 1](#) sets out my responsibilities in full.
- 8 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows me to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the financial statements as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

Exhibit 1: my audit approach



9 The risks of material misstatement which I consider to be significant and which therefore require special audit consideration, are set out in [Exhibit 2](#) along with the work I intend to undertake to address them.

Exhibit 2: financial audit risks

Financial audit risk	Proposed audit response
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].	My audit team will: <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for bias; and • evaluate the rationale for any significant transactions outside the normal course of business.
Operating Expenses – Creditors related to core activities understated or not recorded in the correct period.	My audit team will: <ul style="list-style-type: none"> • document our understanding of the controls operating in the creditors system; • perform a walkthrough to confirm that the controls identified are in operation; • test for completeness of operating expenses including agreeing to source documentation and reviewing invoices received after the year end; • obtain an understanding of the accruals process; and • testing for unrecorded liabilities, including review of payments made after the year end.

Financial audit risk	Proposed audit response
Employee Remuneration and benefit obligations and expenses understated	<p>My audit team will:</p> <ul style="list-style-type: none"> • document our understanding of the controls operating in the payroll system; • perform a walkthrough to confirm that the controls identified are in operation; • undertake analysis of trends and relationships to identify any anomalous areas for further investigation; • review and test the reconciliation of payroll system to the general ledger; • perform substantive testing of staff and officer payroll payments, ensuring that payments are made in accordance with the individual's contract of employment; and • review payments made to former employees to ensure all costs are accurately reflected in the notes to the accounts.
Valuation of property, plant and equipment (net)	<p>My audit team:</p> <ul style="list-style-type: none"> • review of management's processes and assumptions for the calculation of the estimate; • review of the competence, expertise and objectivity of any management experts used; • review and challenge of the information used to ensure it is robust and consistent with our understanding; and • test individual depreciation charges made during the year to ensure they are input correctly into the council's asset register and correctly reflected in the financial statements.
Changes to the presentation of local authority financial statements. CIPFA has been working on the 'Telling the Story' project for which the aim was to streamline the financial statements and improve accessibility to the user and this has resulted in changes to the 2016/17 Code of Practice.	<p>My audit team:</p> <ul style="list-style-type: none"> • review of management's processes and assumptions for the calculation of the estimate; • document and evaluate the process for recording the required financial reporting change to the 2016/17 financial statements;

Financial audit risk	Proposed audit response
	<ul style="list-style-type: none"> • review the reclassification of the CIES comparatives to ensure that they are in line with the authority's internal reporting structure; • review the appropriateness of the revised grouping of entries within the MIRS; • testing of the classification of income and expenditure for 2016/17 recorded within the Cost of Services section of the CIES; • testing of the completeness of income and expenditure by reviewing the reconciliation of the CIES to the general ledger; • testing of the classification of income and expenditure reported within the new EFA note to the financial statements; and • review the new segmental reporting disclosures within the 2016/17 financial statements to ensure compliance with the CIPFA Code of Practice

- 10 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes, but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Audit Committee prior to completion of the audit.
- 11 For reporting purposes, I will treat any misstatements below a 'trivial' level (the lower of five per cent of materiality or £100,000) as not requiring consideration by those charged with governance and therefore I will not report them.
- 12 My fees are based on the following assumptions:
- information provided to support the financial statements is timely, to the quality expected and has been subject to quality assurance review;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.

- 13 In addition to my responsibilities in respect of the audit of Caerphilly County Borough Council's statutory financial statements set out above, I am also required to certify a return to the Welsh Government, which provides information about Caerphilly County Borough Council to support preparation of Whole of Government Accounts.

Certification of grant claims and returns

- 14 I have been requested to undertake certification work on Caerphilly County Borough Council's grant claims and returns as set out in Appendix 2.
- 15 My audit fee for this work is set out in Exhibit 7.

Overall issues identified

- 16 **Exhibit 3** summarises the more significant and/or recurring issues I identified when undertaking grant certification work in 2015-16.

Exhibit 3: overall issues relating to grant claim and return certification

Qualified grant claims and returns qualified in 2015-16

Two grant claims were qualified in 2015-16:

Housing Benefit and Authority Tax Subsidy:

A number of issues were identified, which resulted in a qualification, including

- Rent Allowances:
 - Extended Payments – this is an error that was identified in prior years, where claimants were misclassified as an extended payment as they did not meet the criteria, this led to an extrapolated overstatement in cell 109 of £6,068.
 - Eligible Overpayments (current year) – this is an error that was identified in prior years, where expenditure was misclassified as eligible overpayment rather than LA Error, this led to an extrapolated overstatement in cell 114 of £7,137.
 - Total Expenditure (Benefit Granted) – this is an error identified in prior years, where the average weekly income was calculated incorrectly, this led to an extrapolated understatement in cell 113 of £6,100.
 - Total Expenditure in claims administered under LHA rules – the incorrect rent liability used. No extrapolation was required as all errors resulted in an understatement for subsidy purposes.
- Rent Rebates (HRA):
 - Eligible Overpayments – expenditure misclassified as eligible overpayments when it should have been LA error, this led to an extrapolated overstatement in cell 67 of £4,170.
 - Total Expenditure (Benefit Granted) – income tax was incorrectly included within statutory maternity pay. No extrapolation was required as all errors resulted in an understatement for subsidy purposes.
- Rent Rebates (Non – HRA):

- Expenditure up to the lower of one bedroom self-contained LHA Rate and upper limit – the incorrect LHA rate was applied. No extrapolation was required as all errors resulted in an understatement for subsidy purposes.

Teachers' Pension

We identified from our sample that there was one case where a pension scheme was due to end on 28-10-2015 but the system failed to enforce the cut-off date for the contributions. Accordingly, the teacher was contributing until the end of the financial year and is, therefore, due a refund of £2,579. There has been no adjustment to the claim in respect of this error as the refund will be awarded in 2016-17 and shown on the 2016-17 claim form.

Effectiveness of grant coordination arrangements

Our analysis shows that 100 per cent of grants received during the year were received by the Authority's deadline. The Authority has adequate arrangements for preparing its grants and returns and supporting our certification work.

Issues related to specific grant claims and returns

- 17 In addition to the overall issues identified above, I summarise the more significant issues I have identified relating to individual grant claims and returns in [Appendix 2](#).

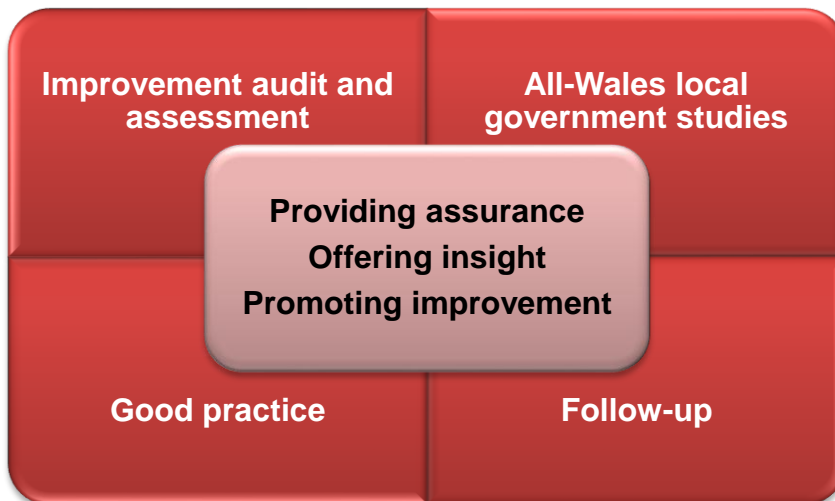
Other work undertaken

- 18 You will be aware that the CIPFA/LASAAC Local Authority Accounting Code Board (Code Board) has deferred the planned move to measuring the local authority highways network asset at depreciated replacement cost. The Code Board will consider whether the central GRC rates and central assurance processes will be delivered in a timely manner to enable successful implementation in 2017/2018 at its meeting in March 2017. The requirements will be introduced in the 2017-18 Code.
- 19 Any required additional audit work in relation to the highways network asset cannot be contained within existing fees. The additional audit cost will be agreed based on the quality of the council's systems and records and the availability of central assurances. I anticipate that the additional fees related to the highways network asset will be reflected in the audit fee for 2017-18.
- 20 It will however be important for authorities to maintain their momentum in preparing for this significant change and may wish to engage with their external auditor as they make progress. I will discuss with you the scope of any additional preparatory work required in 2017 and any additional audit fee for such work.

Performance audit

21 The components of my performance audit work are shown in [Exhibit 4](#).

Exhibit 4: components of my performance audit work



- 22 Local government in Wales is going through an unprecedented period of change. Austerity continues to bite, audited bodies will be required to adopt the principle of sustainable development from April 2016, and Local Government Reform remains under consideration.
- 23 For 2017-18, the Measure will still be in place, and I will still need to examine whether authorities will meet their duty to make arrangements for continuous improvement. The challenge for me in these uncertain times is to balance my existing, new and proposed statutory duties with the need to continue to undertake meaningful, risk-based and proportionate audits and assessments.
- 24 During 2016, I consulted with public service bodies on how I can best discharge my various duties whilst striking the most appropriate balance and adding value by:
- providing assurance on the governance and stewardship of public money and assets;
 - offering insight on the extent to which resources are used wisely in meeting people's needs; and
 - identifying and promoting ways by which the provision of public services may be improved.

25 In addition to the annual programme of audit and assessment work, the Wales Audit Office also undertakes a programme of Local Government Studies. This work is included within the Wales Audit Office estimates for funding from the Welsh Consolidated Fund and not local fees. **Exhibit 5** summarises the present position on the current programme of studies. These studies primarily lead to a national report augmented by good practice and shared learning outputs rather than by local reports. Local findings, where relevant, will be captured in improvement assessment work and reported in Annual Improvement Reports depending on the timing and the focus of conclusions.

Exhibit 5: local government studies

Study	Status
2015-16 studies	
Community Safety	Published October 2016
Income Generation and Charging	Published November 2016
Council funding of third sector services	Published January 2017
2016-17 studies	
How local government manages demand	Fieldwork
Strategic Commissioning	Fieldwork
Improving wellbeing through housing adaptations	Fieldwork

26 Taking all these factors into consideration, my 2017-18 programme of work will comprise:

Exhibit 6: performance audit programme

Performance Audit Programme	Brief description
'Improvement Plan' Audit	Audit of discharge of duty to publish an improvement plan.
'Assessment of Performance' Audit	Audit of discharge of duty to publish an assessment of performance.
Well-being of Future Generations baseline assessment	A year-one commentary on the Council's approach to meeting the requirements of the WFG Act
Public Services Board (PSB) Scrutiny review	A review of developing PSB scrutiny arrangements
Service User Perspective review	A user-focussed review. Specific area to be agreed with the Council.
Local risk based work for 2017-18 has yet to be agreed with the Council. We will	

Performance Audit Programme	Brief description
provide an update to the Audit Committee once this work has been agreed.	
2017-18 Local Government Studies	Funded by Welsh Government
Services to rural communities	
Use of data	
Intermediate care fund	To be confirmed

- 27 The performance audit projects included in last year's Audit Plan, which are either still underway or which have been substituted for alternative projects in agreement with you, are set out in [Appendix 3](#).

Fee, audit team and timetable

Fee

- 28 The Wales Audit Office does not generate profits on fees. Legislation requires that the fees charged may not exceed the full cost of exercising the function to which the fee relates. The fee rates are set at a level to recover that full cost. My fee rates have been held static for 2017 and my audit teams will continue to look for efficiencies in their audits and welcome working with you constructively on this.
- 29 Your estimated fee for 2017 is set out in [Exhibit 7](#). This figure represents a two per cent decrease compared to the fee set out in the 2016 audit plan.

Exhibit 7: audit fee

Audit area	Proposed fee (£) ¹	Actual fee last year (£)
Financial audit work²	250,000	250,000
Performance audit work:³	104,800	111,700
Total fee	354,800	361,700
Grant certification work⁴	Scope of work to be confirmed	£57,230

Notes:

¹ The fees shown in this document are exclusive of VAT, which is no longer charged to you.

² Payable November 2016 to October 2017.

³ Payable April 2017 to March 2018. We issued a £1,577 refund to the Council on the 2016 Performance audit fee.

⁴ Payable as work is undertaken.

30 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with Caerphilly County Borough Council.

31 Further information on my fee scales and fee setting can be found on the Wales Audit Office website at: www.audit.wales/about-us/fee-scales-and-fee-setting.

Audit team

32 The main members of my team, together with their contact details, are summarised in Exhibit 8.

Exhibit 8: my team

Name	Role	Contact number	E-mail address
Huw Rees	Engagement Lead – Performance Audit	Office: 02920 320599 Mobile: 07799 581886	huw.rees@audit.wales
Non Jenkins	Performance Audit Manager	Office: 02920 320500 Mobile: 07879 84867	non.jenkins@audit.wales
Sara-Jane Byrne	Performance Audit Lead	Office: 02920 324085 Mobile: 07786 111385	sara-jane.byrne@audit.wales
Barrie Morris	Engagement Lead – Financial Audit	01173 57708	barrie.morris@uk.gt.com
Llinos Brown	Financial Audit Manager	01173 057754	llinos.brown@uk.gt.com
Grace Hawkins	Financial Audit Team Leader	02920 347542	grace.e.hawkins@uk.gt.com

- 33 I can confirm that my team members are all independent of Caerphilly County Borough Council and your officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.

Timetable

- 34 I will provide reports, or other outputs as agreed, to Caerphilly County Borough Council covering the areas of work identified in this document. My key milestones are set out in **Exhibit 9**.

Exhibit 9: timetable

Planned output	Work undertaken	Report finalised
2017 Audit Plan	December 2016 – February 2017	March 2017
Financial accounts work: <ul style="list-style-type: none"> • Audit of Financial Statements Report • Opinion on Financial Statements • Financial Accounts Memorandum 	January – July 2017	August 2017
Performance work: <ul style="list-style-type: none"> • Improvement Plan Audit • Assessment of Performance Audit • Public Services Board (PSB) Scrutiny review • Service user perspective review • Local risk based work 	April 2017 November 2017 TBA TBA TBA	May 2017 December 2017* TBA TBA TBA
Annual Improvement Report		June 2018
Well-being of Future Generations Act (WFG): Pilot work	TBA	N/A
Well-being of Future Generations Act (WFG): Year one commentary	TBA	N/A

* Subject to timely clearance of draft findings with Caerphilly County Borough Council.

Future developments to my audit work

Well-being of Future Generations (Wales) Act 2015

35 The Well-being of Future Generations (Wales) Act 2015 (the Act) became law in April 2015. The Act requires me to report before the next National Assembly election on how public bodies are acting in accordance with the sustainable development principle when setting their well-being objectives and taking steps to meet them. In 2017, I will conduct my first work under the Act – the Year One Commentary - to understand how bodies are beginning to respond to the requirements. I will also work collaboratively with a small number of public bodies, including the central government sector, to develop an audit approach that is meaningful and proportionate and can be adopted in subsequent years.

Other

- 36 Details of other future developments including changes to key IFRS and of the Wales Audit Office's Good Practice Exchange (GPX) seminars are set out in [Appendix 5](#).
- 37 The Wales Audit Office's GPX programme seeks to support the improvement of public services across Wales by identifying and sharing good practice. The GPX seminars bring a range of public sector bodies together to share their practical experiences and learning in areas we consider would benefit from sharing good practice. The seminars are provided free of charge to delegates. Forthcoming events include:
- The challenges posed by indirectly provided, publicly funded services in Wales
 - How you Manage Risk around Organisation Change, Service Transformation and Innovation
 - Measuring Outcomes: who's doing it and how (linked to Well-Being of Future Generations Act)

Appendix 1

Respective responsibilities

Audit of accounts

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on:

- Their ‘truth and fairness’, providing assurance that they:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with the statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
- The consistency of information in the Annual Report with the financial statements.

I must also state by exception if the Annual Governance Statement does not comply with requirements, if proper accounting records have not been kept, if disclosures required for remuneration and other transactions have not been made or if I have not received all the information and explanations I require.

The Public Audit (Wales) Act 2004 requires me to assess whether Caerphilly County Borough Council has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. To achieve this, I consider:

- the results of the audit work undertaken on the financial statements;
- Caerphilly County Borough Council’s system of internal control, as reported in the Annual Governance Statement and my report thereon;
- the results of other work carried out including work carried out under the Local Government (Wales) Measure 2009 (the Measure), certification of claims and returns, and data-matching exercises;
- the results of the work of other external review bodies where relevant to my responsibilities; and
- any other work that addresses matters not covered by the above, and which I consider necessary to discharge my responsibilities.

The Public Audit (Wales) Act 2004 sets out the rights of the public and electors to inspect Caerphilly County Borough Council’s financial statements and related documents, to ask me, as the Appointed Auditor questions about the accounts and, where appropriate, to challenge items in the accounts. I must also consider whether in the public interest, I should make a report on any matter which comes to my notice in the course of the audit.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;
- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within Caerphilly County Borough Council from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

Performance audit

The Measure places a general duty on improvement authorities to 'make arrangements to secure continuous improvement in the exercise of [their] functions'. It also places specific requirements on authorities to set improvement objectives, and to publish annual improvement plans and assessments of performance. Improvement authorities are defined as county and county borough councils, national park authorities, and fire and rescue authorities.

The Measure also requires me to carry out an improvement assessment for each improvement authority every year, to determine whether the authority is likely to comply with its general duty and requirements of the Measure. The Auditor General must also carry out an audit of whether the authority has discharged its improvement planning and reporting duties.

The Auditor General may also in some circumstances carry out special inspections (under section 21), in respect of which he will provide a report to the relevant authorities and Ministers, and which he may publish (under section 22). The Auditor General will summarise audit and assessment reports in his published Annual Improvement Report (under section 24). This will also summarise any reports of special inspections.

Appendix 2

Summary of grant claim certification work

Grants and returns	Amount	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)	Unqualified certificate
Housing Benefit and Authority Tax Subsidy	£62,626,898			0	
Teachers' Pension	£14,144,902				
Free Concessionary Travel	£3,329,382			-£16.50	
Section 28a Annual Voucher – Wanless	£934,850			0	
Section 28a Annual Voucher – Learning and Disability	£1,739,344			0	
Flying Start - Capital	£1,008,739				
Flying Start - Revenue	£5,002,924				
21 st Century Schools	£7,000,000				
Families First	£3,004,692				
Communities First – Caerphilly Basin	£827,950				
Communities First – Upper Rhymney Valley	£762,640				
Communities First – Mid Valley East	£645,095				
Communities First – Mid Valley West	£608,267				
Land Drainage	£191,254				
Non Domestic Rates	£35,276,853				
Local Transport Grant	£126,110				
Gwent Frailty Partnership	£14,478,904				
	£151,708,803	2*	£0	£-16.50	15*

* The ratio = 2:15 the number of certificates issued / number of qualifications and adjustments.

Appendix 3

Performance work in last year's audit outline still in progress

Performance audit project	Status	Comment
Transformation thematic review	In development	To be started in March 2017
Local risk based work:		
Review of Welsh Housing Quality Standard	Fieldwork	Fieldwork to start in March 2017
Review of Asset Management	Scoping	Timing of fieldwork to be agreed with the Council
Review of Information Technology and Management	Scoping	Timing of fieldwork to be agreed with the Council
Review of Scrutiny Committees' role in performance management	Scoping	Timing of fieldwork to be agreed with the Council

Appendix 4

National value-for-money studies

Caerphilly County Borough Council may also be interested in the national value-for-money examinations which I undertake, some of which will be of particular relevance to, and may involve evidence gathering across, local government. These studies are supported by funds approved by the National Assembly. Reports are presented to the National Assembly's Public Accounts Committee to support its scrutiny of public expenditure and potentially support scrutiny by other National Assembly committees.

The table below covers all of the value-for-money studies work currently programmed. The programme includes all-Wales summaries of audit work undertaken locally in the NHS and reactive examinations into specific issues of public concern that have been raised with me. In addition to the work outlined below, I may decide during the year to prepare other national reports summarising local audit work or based on the findings of reactive examinations.

I am also currently consulting with the Public Accounts Committee and other stakeholders about the inclusion in my programme of a number of new value-for-money studies to be rolled out during 2017-18. For example, I have already indicated to the Committee that, following my July 2016 report on the Welsh Government's funding of Kancoat Ltd., I am considering a broader examination of the Welsh Government's support for business.

Further updates on my programme of value-for-money studies will be provided to you within the regular progress reports prepared by my team.

Topic	Anticipated publication (as at 3 January 2017)
Outpatient follow-up appointments	February 2017
Governance and oversight of arms-length bodies (discussion paper)	February 2017
Welsh Government oversight of further education institutions' finances and delivery	March 2017
Circuit of Wales	February 2017
Emergency ambulance services commissioning	February 2017
21 st century schools and education programme	March 2017
Public procurement landscape review	April-July 2017
Waste management (waste prevention)	April-July 2017
Waste management (municipal recycling) ²	April-July 2017

² In addition to the work on waste prevention and municipal recycling, I will be taking forward a review of waste treatment infrastructure in early 2017.

Topic	Anticipated publication (as at 3 January 2017)
Implementation of the NHS Finances (Wales) Act 2014 (integrated medium term planning)	April-July 2017
Supporting People programme	April-July 2017
NHS Wales informatics services	April-July 2017
Access to public services with the support of specialist interpretation and translation	Aug-Oct 2017
Preparations for the implementation of fiscal devolution in Wales (follow-on report)	Aug-Oct 2017
Early intervention and behaviour change	TBC ³

³ My programme of good practice work has included a project exploring behaviour change work across Welsh public services and opportunities to improve practice, deliver better outcomes for citizens, and achieve better value for money. I still anticipate that the information and evidence gathered through this work will support the production of a report on this topic, although this is unlikely to be a traditional audit report and plans for its production are still to be confirmed.

Appendix 5

Other future developments

Forthcoming key IFRS changes

Standard	Effective date	Further details
IFRS 9 Financial instruments	2018-19	IFRS 9 financial instruments will replace IAS 39 and includes a new principles based approach for the classification and measurement of financial assets. It also introduces a new impairment methodology for financial assets based on an expected losses rather than incurred losses. This will result in earlier and more timely recognition of expected credit losses. The accounting requirements for financial liabilities are almost all carried forward unchanged from IAS 39.
IFRS 15 Revenue from contracts with customers	2018-19	IFRS 15 Revenue from contracts with customers introduces a principles based five step model for recognising revenue arising from contracts with customers. It is based on a core principle requiring revenue recognition to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration the body expects to be entitled to, in exchange for those goods or services. It will also require more extensive disclosures than are currently required.
IFRS 16 Leases	2019-20	IFRS 16 will replace the current leases standard IAS 17. The key change is that it largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. It will lead to all leases being recognised on balance sheet as an asset based on a 'right of use' principle with a corresponding liability for future rentals. This is a significant change in lessee accounting.

Good Practice Exchange (GPX)

The Wales Audit Office's GPX helps public services improve by sharing knowledge and practices that work. Events are held where knowledge can be exchanged face-to-face and resources shared on line.

The focus of GPX events include financial management, public sector staff and governance.

Further information, including details of forthcoming GPX events and outputs from past seminars, can be found at <http://www.audit.wales/good-practice>. Registration for all events will open two months prior to the event.

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Certification of Grants and Returns 2015-16 – Caerphilly County Borough Council

Audit year: 2015-16

Date issued: January 2017

Document reference: CCBCCERT201516

Purpose of this document

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The team who delivered the work comprised Barrie Morris, Llinos Brown and Grace Hawkins on behalf of Anthony Barrett

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Summary

- 1 Under Paragraph 20 of Schedule 8 to the Government of Wales Act 2006 the Auditor General shall, if required by a local government or other grant-receiving body, make arrangements for certifying claims and returns (referred to as grant claims, hereafter).
- 2 We undertook our work with the aim of certifying individual claims and to answer the question:
'Does Caerphilly County Borough Council (the Authority) have adequate arrangements in place to ensure the production of co-ordinated, accurate, timely and properly documented grant claims?'
- 3 We have completed our programme of certification work and conclude that while the Authority had generally adequate arrangements in place for the production and submission of its 2015-16 grant claims, there is some scope for improvement. We are continuing to work with the Authority to make these improvements for 2016-17.
For 2015-16 we certified 17 grant claims, 4 less than 2014-15.
The Authority submitted all of its 2015-16 grant claims to us on time. We can confirm that we have certified all of the claims, at a total audit cost of £57,230 (£59,340 in 2014-15).
- 6 The proportion of claims that were qualified was 2:17 of the claims were qualified; this compares well with the Welsh average of 1:5 for 2014-15.

Headlines

	<p>This report summarises the results of work on the certification of the Authority's 2015-16 grant claims and returns</p> <ul style="list-style-type: none"> • The authority has asked the Auditor General to certify its claims and returns and we perform our certification work on his behalf. • For 2015-16, we certified 17 grants with a total value of £151,708,803. • At the start of our grant audit work for 2015-16, we met with the grant co-ordinator and key financial officers (having the responsibility of grant claim preparation) and agreed our proposed audit plan for completing grant work in the coming months. We have produced this report so that we can provide feedback collectively to those officers having the responsibility for grant management so that we can work together to identify further improvements which can be made to improve the processes.
Timely receipt of claims	Our analysis shows that 100% per cent of grants received during the year were received by the Authority's deadline.
Certification results	We issued unqualified certificates for 15 grants and returns but qualifications were necessary in 2 cases (12%).
Audit adjustments	<p>Adjustments were necessary to 4 of the Authority's grants and returns as a result of our auditor certification work this year</p> <ul style="list-style-type: none"> • There were no significant adjustments (i.e. over £10,000) required. The net adjustment (below £10,000) is a decrease of £16.50 in funds payable to the Authority. For the remaining grants amended, the amendments had no impact on the funds payable to the Authority as they merely related to dates or to supplementary detail
The Authority's arrangements	<p>The Authority has adequate arrangements for preparing its grants and returns and supporting our certification work but some improvements are required in some areas</p> <ul style="list-style-type: none"> • A number of issues have been identified within the Housing Benefit claim which have also arisen in previous years. The Council should ensure that these recurring issues are addressed.
Fees	Our overall fee for certification of grants and returns for 2015-16 is £57,230.

Summary of certification work outcomes

- 7 Detailed on the following page is a summary of the key outcomes from our certification work on the Authority's 2015-16 grants and returns, showing where either audit amendment was made as a result of our work or where we had to qualify our audit certificate.
- 8 A qualification means that issues were identified concerning the Authority's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant-paying body will require further information from the Authority to satisfy itself that the full amounts of grant claimed are appropriate.

<p>Overall, we certified 17 grants and returns: 12 were unqualified with no amendment 3 were unqualified but required some amendment to the final figures 1 required a qualification to our audit certificate, but no amendment to the final figures 1 was qualified and required some amendment to the final figures</p>

Ref	Grants and returns	Claim due	Claim received	Late	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)	Unqualified certificate
1	Housing Benefit and Authority Tax Subsidy	30/04/16	28/04/16	No			0	
2	Teachers' Pension	27/05/16	05/05/16	No				
3	Free Concessionary Travel	30/09/16	22/09/16	No			-£16.50	
4	Section 28a Annual Voucher – Wanless	30/09/16	03/08/16	No			0	
5	Section 28a Annual Voucher – Learning and Disability	30/09/16	03/08/16	No			0	
6	Flying Start - Capital	30/09/16	16/09/16	No				
7	Flying Start - Revenue	30/09/16	15/09/16	No				
8	21 st Century Schools	30/09/16	16/09/16	No				
9	Families First	30/09/16	15/09/16	No				
10	Communities First – Caerphilly Basin	31/07/16	11/07/16	No				
11	Communities First – Upper Rhymney Valley	31/07/16	11/07/16	No				
12	Communities First – Mid Valley East	31/07/16	11/07/16	No				
13	Communities First – Mid Valley West	31/07/16	11/07/16	No				
14	Land Drainage	-	05/08/16	No				
15	Non Domestic Rate	27/05/16	20/05/16	No				
16	Local Transport Grant	30/09/16	07/09/16	No				
17	Gwent Frailty Partnership	29/04/16	25/04/16	No				
	Total				2*	£0	£-16.50	15*

* The ratio = 1: the number of certificates issued / number of qualifications and adjustments

9 This table summarises the key issues behind each of the adjustments or qualifications that were identified on page 7.

Ref	Summary observations	
1	<p>Housing Benefit and Authority Tax Subsidy: A number of issues were identified, which resulted in a qualification, including</p> <p><u>Rent Allowances</u></p> <ul style="list-style-type: none"> - Extended Payments – this is an error that was identified in prior years, where claimants were misclassified as an extended payment as they did not meet the criteria, this led to an extrapolated overstatement in cell 109 of £6,068. - Eligible Overpayments (current year) – this is an error that was identified in prior years, where expenditure was misclassified as eligible overpayment rather than LA Error, this led to an extrapolated overstatement in cell 114 of £7,137. - Total Expenditure (Benefit Granted) – this is an error identified in prior years, where the average weekly income was calculated incorrectly, this led to an extrapolated understatement in cell 113 of £6,100. - Total Expenditure in claims administered under LHA rules – the incorrect rent liability used. No extrapolation was required as all errors resulted in an understatement for subsidy purposes. <p><u>Rent Rebates (HRA)</u></p> <ul style="list-style-type: none"> - Eligible Overpayments – expenditure misclassified as eligible overpayments when it should have been LA error, this led to an extrapolated overstatement in cell 67 of £4,170. - Total Expenditure (Benefit Granted) – income tax was incorrectly included within statutory maternity pay. No extrapolation was required as all errors resulted in an understatement for subsidy purposes. <p><u>Rent Rebates (Non – HRA)</u></p> <ul style="list-style-type: none"> - Expenditure up to the lower of one bedroom self-contained LHA Rate and upper limit – the incorrect LHA rate was applied. No extrapolation was required as all errors resulted in an understatement for subsidy purposes. 	£0
2	<p>Teachers' Pension We identified from our sample that there was one case where a pension scheme was due to end on 28/10/2015 but the system failed to enforce the cut-off date for the contributions. Accordingly, the teacher was contributing until the end of the financial year and is therefore due a refund of £2,579. There has been no adjustment to the claim in respect of this error as the refund will be awarded in 2016/17 and shown on the 2016/17 claim form.</p>	£0
3	<p>Free Concessionary Travel 2 amendments required: The authority is entitled to a £3 administration allowance for the Smartcards in circulation. It had not calculated its allowance in the correct way.</p>	£-16.50

Ref	Summary observations	
	There was also a transposition error which required amendment to correct the arithmetic on the claim This resulted in a net amendment of £16.50, decreasing the amount of grant due to the Authority.	
4 & 5	Section 28a Annual Voucher – Learning and Disability & Wanless Part 3 of the claim form had the incorrect date and was amended to reflect a 31 March 2016 year-end. Therefore, there was no impact on the amount claimed from the Aneurin Bevan Local Health Board.	£0
	Total effect of amendments to the Authority	£-16.50

Proposals for Improvements

- 10 We have given each recommendation a risk rating and agreed what action management will need to take. We will follow up these recommendations during next year's audit.

Priority 1	Priority 2	Priority 3
Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.	Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.	Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.

Issue	Implication	Proposal	Priority	Comment	Responsible officer and target date
Unapproved/ ineligible expenditure included – Housing Benefit	<p>The Authority's subsidy claim may be qualified. This will lead to a partial loss of subsidy if the total error made exceeds a permitted threshold set by the Department for Work and Pensions.</p> <p>If overpayments are not classified correctly, the Authority will not realise the level of its total error.</p> <p>Some claimants will be overpaid and the Authority may have to request a repayment.</p>	<p>3 issues have been identified within the qualification letter have been recurring for a number of years.</p> <p>Therefore, we recommend that the council implement training to address the following issues prior to the next certification process:</p> <ul style="list-style-type: none"> - To correctly identify those eligible for extended payments of Housing Benefit. - To correctly classify between claimant and local authority error. - To correctly calculate the weekly income of a claimant with a focus on what pay elements are included and excluded. 	1	<p>The errors found in the 2015/16 audit did not impact on subsidy or overpayments. However, there is always a potential in risk in future of financial loss if these types of errors continue.</p> <p>Therefore, refresher training will be delivered to reinforce the potential risks and the importance of ensuring accuracy when classifying overpayments, calculating individual's earnings when assessing claims and awarding extended payments. In addition to this extra quality control checks will also be put in place to ensure that the training is effective and as a preventative</p>	<p>Amanda Main</p> <p>Quality Control - Immediate Effect</p> <p>Refresher Training – April 2017</p>

Issue	Implication	Proposal	Priority	Comment	Responsible officer and target date
				to mitigate this type of error reoccurring.	

Issue	Implication	Proposal	Priority	Comment	Responsible officer and target date
Payroll System Issue	Return for Teachers' Pension Contributions may be qualified.	<p>We identified from our sample, one case where a pension scheme was due to end in October 2015 however the system failed to enforce the cut-off date for the contributions.</p> <p>A further system error was identified where an additional contribution election remained with the post rather than the individual teacher.</p> <p>Therefore, we recommend that a review of the payroll system is completed to ensure the software issues do not remain for 2016/17.</p>	1	<p>There was a system error where an end date wasn't recognised by the payroll system – the payroll provider dialled in and resolved the issue.</p> <p>Payroll have set up a report which will identify any possible future errors where deductions are taken after an end date.</p> <p>Payroll staff have been advised to check any transfers or starters to ensure they are not inheriting pension schemes from the previous occupant.</p>	<p>Janine Sweeney</p> <p>Ongoing</p>

Issue	Implication	Proposal	Priority	Comment	Responsible officer and target date
Mathematical and factual accuracy of claim form	Claim may be adjusted to show the correct balance due and the true period which it relates to.	In line with best practice we would recommend that all mathematical calculations and accuracy of factual information is reviewed before the form is authorised.	3	The Authority will add an additional line to its grant check list to ensure that each claim submitted is checked to ensure that there are no mathematical errors prior to submission.	Paula Beaman Immediate Effect

Fees

11 Our overall fee for the certification of grants and returns.

Breakdown of fee by grant/return	2015-16	2014-15
Housing Benefit and Authority Tax Subsidy	£25,697	£29,663
Teachers' Pension	£3,354	£1,977
Free Concessionary Travel	£2,500	£2,290
Section 28a Annual Voucher – Wanless	£1,673	£1,570
Section 28a Annual Voucher – Learning and Disability	£1,673	£1,907
Flying Start - Capital	£1,225	£2,470
Flying Start - Revenue	£1,524	£1,907
21 st Century Schools	£1,300	£1,907
Families First	£1,412	£3,134
Communities First – Caerphilly Basin	£1,152	£1,457
Communities First – Upper Rhymney Valley	£1,171	£1,495
Communities First – Mid Valley East	£1,208	£989
Communities First – Mid Valley West	£1,264	£1,026
Land Drainage	£2,327	N/a
Non Domestic Rate	£3,520	£3,898
Local Transport Grant	£1,766	N/a
Gwent Frailty Partnership	£2,211	£3,650
Grant Administration	£2,253	-
Total	£57,230	£59,340

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AUDIT COMMITTEE - 8TH MARCH 2017

SUBJECT: THE WELL-BEING OF FUTURE GENERATIONS ACT (WALES) 2015

REPORT BY: CORPORATE DIRECTOR, SOCIAL SERVICES

1. PURPOSE OF REPORT

- 1.1 To update Audit Committee in respect of the Area for Improvement in the Annual Governance Statement 2015/16 on the approach being taken to the requirements of the Well-Being of Future Generations (Wales) Act 2015.

2. SUMMARY

- 2.1 This report provides an update on the steps being taken to address the requirements of the Act and with particular reference to the core set of activities that are common to the corporate governance of public bodies as identified in the statutory guidance:

- Corporate planning
- Financial planning
- Workforce planning
- Procurement
- Assets
- Risk Management
- Performance Management

- 2.2 The report makes the distinction between the roles of the Public Services Board, with Caerphilly CBC as a statutory partner, and Caerphilly CBC as a public body with its own duties under the Act.

3. LINKS TO STRATEGY

- 3.1 The Well-Being of Future Generations (Wales) Act 2015 places a number of duties on the Council to meet the legally binding 'common purpose' for 7 statutory well-being goals.

4. THE REPORT

- 4.1 The Annual Governance Statement 2015/16 identified one new area for improvement which was that the Authority works 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 Act came into force on the 1st April 2016 and placed a number of legal duties on public bodies in Wales to meet the legally binding 'common purpose' for 7 statutory Well-Being Goals:

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

4.2 The Council is required to set its own Well-being Objectives that define how it will meet the Well-being Goals. The objectives should flow from having a clear vision of how the local authority will achieve the well-being of future generations. The vision should not be separate from the objectives that guide and steer the organisation. It is suggested that the objectives are communicated through the Corporate Plan. There should be a single integrated corporate approach and the Act should not be seen as an add-on.

4.3 The Local Authority must consider the sustainable development principle in setting, taking steps towards and meeting its well-being objectives. The sustainable development principle, as defined in the Act, sets out five ways of working:

- Taking an integrated approach – to reach all the goals
- Collaborating with others – to find sustainable solutions
- Looking to the long-term – to not compromise future generations
- Involving people – the full diversity of the population
- Taking a preventative approach – by understanding root causes

[ICLIP – Integrated / Collaborative / Long-Term / Involvement/ Preventative]

4.4 Core Governance Activities

In terms of applying the five ways of working (the sustainable development principle) and considering how we can contribute to all seven of the well-being goals the Statutory Guidance Shared Purpose: Shared Future (SPSF 1: Core Guidance) expects this to require action across the organisation. The guidance goes on to identify a core set of activities that are common to the corporate governance of public bodies where applying the requirements of the Act is considered likely to most effectively secure the type of change required. These are considered in turn below.

4.4.1 Corporate Planning

The WBFGA requires public bodies to set Well-being Objectives by 31st March 2017. There must be a well being statement to accompany the objectives which says why the Council has chosen the objectives that it has chosen, what resources will be allocated, the steps to be taken to meet the objectives, and how the well-being objectives will contribute to the achievement of the well-being goals

4.4.2 The Local Government Measure 2009 is in part still in force and the authority is still required to set Improvement Objectives. Whilst the Local Government Measure allows for a delay in publication until the new financial year in an election year, the WBFGA states that Well-being Objectives must be published by 31st March. Additionally the local 'Well- being Assessment', being conducted by the Public Services Board, required by the WBFGA legislation has emerging priorities which will form its Well being Plan for the Public Services Board to be issued by May 2018. The Council's own contribution, through its own well-being objectives, should be reviewed in light of this extensive and emerging information.

4.4.3 With conflicting timing requirements and the finalising of the Well- being Assessment the advice now received from the Welsh Local Government Association and Wales Audit Office is to set our corporate Well-being Objectives prior to 31st March 2017 and then review them after local elections, and in light of the emerging priorities. We reviewed our 2016 Well-being Objectives and these are to be presented to the meeting of Council on 7th March 2017 for approval on the basis that they continue to contribute strongly to the well-being goals above.

4.4.4 **Financial Planning**

In addition to the significant financial savings already delivered in recent years due to the ongoing programme of austerity, it is currently anticipated that Caerphilly CBC will need to identify further savings to balance its budget during the period 2017/18 to 2020/21. In light of this, work is currently underway to agree the next steps in respect of progressing savings proposals already under consideration and to identify new savings to address the projected financial shortfall. As part of this process the information requirements in relation to proposed savings has been reviewed and includes a requirement to specify the impact that individual savings proposals will have on the Well-being Goals and the five ways of working.

4.4.5 **Workforce Planning**

Our HR Strategy recognises that the Council must have a workforce with the right skills and support in order to achieve the cultural change envisaged by the Act. We are working to ensure that staff are aware of the well-being goals, the ways of working and the well-being duty so that it becomes part of how they deliver their work. We are doing this through briefings, intranet resources, and by embedding the well-being goals and five ways of working in our planning, decision making, policies and procedures. A pocket sized aide memoire has been issued to staff, and also to Members.

4.4.6 **Procurement**

Where appropriate all future procurements will consider the Well-Being of Future Generations (Wales) Act 2015. Going forward the Authority's revised procurement policy and strategy will set out how the Authority can contribute to the Well-being Goals through the co-ordination and development of all third party expenditure. The Authority has agreed to participate in a Welsh Government pilot, commencing in Spring 2017, which will support the implementation of the WBFGA in our procurement activity.

4.4.7 **Assets**

The Council's Corporate Asset Management Strategy identifies the following Principles that will be pursued in line with the Well being of Future Generations Act (Wales) 2015:

- We will balance short term needs with the need to safeguard the ability to meet long term generational needs, where those long term needs are identifiable.
- We will communicate what we are doing and the progress we have made.
- We will involve other persons in the development of our asset management strategies/plans to reflect the diversity of the people within the county borough.
- We will work with other public services bodies to deliver (where possible) both joint asset management solutions, and complementary goals.
- We will seek to improve the quality of our environment through good asset management by ensuring our resources are deployed effectively.
- Quality of life and fit for purpose assets will be our main consideration, within imposed financial constraints.

4.4.8 **Risk Management**

We have reviewed our approach to corporate risk to include the possible implications for future generations in the short, medium and long term, and to identify any additional risks to the well-being of future generations. We have reviewed the existing risks through the lens of the longer term implications and from a customer perspective and amended the Corporate Risk Register accordingly. Training has been delivered to the Audit Committee on Well-being of Future Generations Act and in particular the potential changes to how risk might be identified in future. The Councils Risk Management Strategy as approved in 2013 will need to be updated to reflect any changes to way risk is viewed as a result.

4.4.9 **Performance Management**

Corporate Planning is part of our Performance Management Framework (see para 4.6) and this work has already commenced in identifying our Improvement Objectives as Well-being Objectives and their contribution to the national Well-being Goals. The requirement of the legislation is also to ensure that there are tracking frameworks to monitor the success of the

Councils Well-being Objectives and we have those systems in place having monitored and tracked our objectives via the Ffynnon system and through Scrutiny since 2009. We have amended our service planning processes to ensure linkages are made to the Corporate Plan, Well-being Objectives, and that the sustainable development principle is embedded.

4.5 Decision Making – Report Template

The well-being duty placed on specified public bodies by the Act is intended to strengthen sustainable development in these bodies through effective governance. When making their decisions, public bodies need to take into account the impact they could have on people living in Wales in the future. As stated in 4.3 above, public bodies are expected to consider the five ways of working in order to demonstrate that they have applied the sustainable development principle (The five ways of working).

4.5.1 The Act places a new duty on the Auditor General to examine the extent to which each public body has applied the sustainable development principle when setting Well-being Objectives and taking steps required to meet those Well-being Objectives. The Auditor General will work with the Future Generations Commissioner to ensure that public bodies are working to achieve the Well-being Goals for Wales. The Future Generations Commissioner’s role is to act as a guardian for the interests of future generations in Wales and includes supporting public bodies to work towards achieving the Well-being Goals and Objectives, and carrying out reviews into how public bodies are taking account of the long -term impact of their decisions.

4.5.2 In order to assist the Council in demonstrating that the requirements of the Act are being met the Report template and guidance has been amended and the Constitution updated. A consideration of the contribution to the Well-being Goals and Objectives is included within the existing “Links to Strategy” section. The revised template includes a new section, entitled “Well-being of Future Generations” to allow further discussion of any impact that the report subject may have on people living in Wales in the future. In this Section the application of the sustainable development principle is demonstrated through consideration of the five ways of working.

4.6 Future Generations Advisory Panel

The Council has established a Future Generations Advisory Panel, formerly the Sustainable Development Panel. The terms of reference of the Panel reflect that the primary purpose of the Panel is to promote the economic, social, environmental and cultural well-being of residents of the county borough by providing guidance and advice to the Authority on the work required as part of the Well-Being of Future Generations (Wales) Act 2015. This includes ensuring that this work is undertaken in accordance with the “sustainable development principle”, and does not compromise the ability of future generations to meet their own needs. The Panel is Chaired by the Cabinet Member for Regeneration and Planning who has also been identified as the Council’s Future Generations Champion. Minutes of Future Generations Advisory Panel meetings are reported to Cabinet for information and consideration.

4.7 Public Services Board - Local Well-Being Assessment

The final draft Well-being Assessment is to be presented to the meeting of Caerphilly Public Services Board on 7th March 2017 for approval. The Assessment was prepared by the Corporate Policy Unit on behalf of the Caerphilly Public Services Board which is required to prepare a local assessment of well-being for the area that looks at its economic, environmental, cultural and social situation. The Well-being Assessment will be used to inform planning across the public sector to deliver ‘The Caerphilly We Want’ and meet the national Well-being Goals for Wales.

- 4.7.1 The Assessment will be used to set the Public Services Board's own Well-being Objectives and the Well-being Plan for the area. The assessment has been developed by consulting extensively with our communities to gather their views on the well-being of the area, now and in the future. This engagement is supported by the relevant data for the county borough to paint a rich picture of life in the area. It highlights a number of emerging trends that will be the focus of objective setting and planning across public services.

5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 This report describes the approach that the Council is taking to embed the 5 ways of working and to ensure that it considers the sustainable development principle in setting, taking steps towards and meeting its well-being objectives.

6. EQUALITIES IMPLICATIONS

- 6.1 Equality in its widest sense is a key theme of the Act. More specifically the Cohesive Communities Goal protects the most vulnerable in society.

7. FINANCIAL IMPLICATIONS

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

8. PERSONNEL IMPLICATIONS

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

9. CONSULTATIONS

- 9.1 This report has been sent to the Consultees listed below and all comments received are reflected in this report.

10. RECOMMENDATIONS

- 10.1 That Audit Committee consider steps being taken to ensure that the requirements of the Well-Being of Future Generations (Wales) Act 2015 are progressed to ensure compliance prior to regulator reviews.

11. REASONS FOR THE RECOMMENDATIONS

- 11.1 To advise and seek the views of Audit Committee on the approach being taken to requirements of the Well-Being of Future Generations (Wales) Act 2015.

12. STATUTORY POWER

- 12.1 The Well-being of Future Generations (Wales) Act 2015.

Author: Rob Hartshorn, Head of Public Protection
Consultees: Councillor Ken James, Cabinet Member for Regeneration & Planning and Future Generations Champion
Dave Street, Corporate Director Social Services

Kathryn Peters, Corporate Policy Manager
Gail Williams, Interim Head of Legal and Democratic Services
Stephen Harris, Interim Head of Corporate Finance
Liz Lucas, Head of Procurement
Paul Cooke, Team Leader Senior Policy Officer
Colin Jones, Head of Performance & Property Services
Lynne Donovan, Acting Head of Human Resources and Organisational
Development
Ros Roberts, Performance Manager

Background Papers:

Well-being of Future Generation (Wales) Act 2015 The Essentials - The Wales We Want

<http://thewaleswewant.co.uk/sites/default/files/150623-guide-to-the-fg-act-en.pdf>

Shared Purpose: Shared Future Statutory Guidance for Public Services Boards, Public Bodies and
Community Councils

<http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>



AUDIT COMMITTEE - 8TH MARCH 2017

SUBJECT: REHOUSING FORMER TENANTS WITH ARREARS AND REDUCING THE INCIDENCE OF TENANCY FRAUD

REPORT BY: CORPORATE DIRECTOR - COMMUNITIES

1. PURPOSE OF REPORT

- 1.1 This report has been prepared at the request of the Audit Committee at its meeting held on 14th September 2016. The report outlines the policies and procedures in place to deal with Housing applicants who have arrears, and to reduce fraud through dual occupancy

2. SUMMARY

- 2.1 At the meeting of the Audit Committee held on 14th September 2016 members discussed an update report on the 2014/15 National Fraud Initiative. The subsequent debate resulted in a request being made for a report on the Council's policy towards rehousing previous council house tenants with arrears and the risk to the Council. Members also sought information on the investigations conducted by Housing Staff to reduce fraud through dual occupancy.
- 2.2 This report responds to the Committee's request by outlining the legal framework within which allocations of council housing are made. The report outlines how allocations were made under the Council's previous Allocations Policy which was valid until December 2016 and also how allocations are now made under the new Common Allocations Policy which was introduced on 5th December 2016.
- 2.3 The report also outlines the procedures and measures taken when attempting to recover outstanding debts and the steps taken by the Authority in its pursuit of the prevention of fraud as it relates to social housing tenancies.

3. LINKS TO STRATEGY

- a. This report links to the Single Integrated Plan 2013-2017 priority to "improve standards of housing and communities giving appropriate access to services across the county borough."
- b. This report links to the Local Housing Strategy aim of "providing good quality, well managed homes in communities where people want to live and offer people housing choices which meet their needs and aspirations."
- c. This report would link most closely to the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015:
- *A prosperous Wales**
 - *A resilient Wales**
 - *A more equal Wales**
 - *A Wales of cohesive communities**
 - *A globally responsible Wales**

4. THE REPORT

Relevant Legislation and Guidance

Anyone over the age of 16 years may apply to the Council to be rehoused, regardless of their housing need, subject to them meeting eligibility criteria set out in its policy. Section 166 (3) of the Housing Act 1996 obligates the Council to consider all applications for social housing. It must, however, ascertain whether an applicant is eligible for accommodation or excluded from allocation.

- 4.1 Under s.160A of the Housing Act 1996, the Council, where it is satisfied that an applicant, or a member their prospective household, is guilty of unacceptable behaviour serious enough to make them unsuitable to be its tenant, may treat them as ineligible for an allocation of Council housing.
- 4.2 However, the only behaviour which can be regarded as unacceptable is behaviour that would, if they had been a Council tenant, have entitled the Council to a possession order under defined discretionary grounds which include non-payment of rent, breach of tenancy conditions, conduct likely to cause nuisance or annoyance and use of the property for immoral or illegal purposes.
- 4.3 Where the Council has reason to believe that s.160A may apply, there is a three stage test that must be applied:

- **Whether a possession order would have been granted.** A court must have regard to the interests and circumstances of the tenant and their household, the Council and the wider public. If not satisfied that the court would decide it was reasonable to grant a possession order, the applicant cannot be guilty of unacceptable behaviour.
- **Whether the behaviour is serious enough to make the person unsuitable to be a tenant.** It is the Welsh Government's view that to do this the Council needs to satisfy itself that if a possession order were granted it would have been an outright order. Where the Council believes that the court would have suspended the order, then such behaviour should not normally be considered serious enough to make the applicant unsuitable to be a tenant.

Welsh Government guidance highlights that possession orders are often suspended in rent arrears cases to give tenants an opportunity to clear the rent arrears. This is particularly so where the arrears are:

- relatively modest,
 - where delays have been caused in relation to housing benefit
 - where the tenant does not have a history of persistently defaulting on rent payments;
 - where the applicant was not in control of the household's finances or was unaware that rent arrears were accruing or is being held liable for a partner's debts,
 - where the Local Authority has failed to take steps or provide advice to help the tenant pay their rent.
- **If satisfied that the applicant is unsuitable to be a tenant by reason of unacceptable behaviour, the Council must have regard to the circumstances at the time the application is considered and must satisfy itself that the applicant is still unsuitable at the time of the application.** Previous unacceptable behaviour or even an outright possession order, may not justify a decision to treat the applicant as ineligible where that behaviour can be shown by the applicant to have improved. A policy of treating all those evicted as unsuitable is likely to be unlawful.

- 4.4 Where the Council is satisfied that an applicant is unsuitable to be a tenant, they are not necessarily required to decide that he or she is ineligible for an allocation, they may instead proceed with the application and decide to give the applicant no priority. After a period of ineligibility has elapsed, they may re-apply and their circumstances must be reviewed.

- 4.5 It is the Welsh Government's view that barriers to social housing should be minimised and that in developing policies on unacceptable behaviour Local Authorities should consider their role as social landlords and brokers of social housing. Welsh Government consider that social housing is subsidised stock and that it is incumbent on councils to allocate tenancies primarily to meet housing need and keep restricted access measures to a minimum to ensure their statutory responsibilities are being met.
- 4.6 For former tenants with compound issues of high arrears and serious antisocial behaviour, the three stage test is applied by the Council at the point of application and, where circumstances and evidence warrant it, the applicant is classed as 'ineligible for an offer of accommodation'. However, Members should be aware that it is not unusual to have insufficient evidence to be satisfied that an applicant is unsuitable to be a tenant as the burden of proof is high. The Council has, therefore, adopted a policy that allows for applicants or members of their prospective household to be registered on the Common Housing Register but suspended until such time as they have addressed current or past behavioural issues

Homeless Applicants

- 4.7 The Council has a legal duty to provide accommodation for certain people if they become homeless. Assessments and decisions are carried out under Part 2 of the Housing (Wales) Act 2014. It is, however, possible for the Council, if it has determined an applicant is unintentionally homeless and in priority need but guilty of unacceptable behaviour serious enough to make them unsuitable to be a tenant, to decide to either treat them as ineligible for an allocation, or not afford them any priority.
- 4.8 The Council does, however, still have a statutory duty to secure them accommodation. This need not be in its own stock as the Council now has discretion to accommodate them in the private rented sector or by some other means. This accommodation may be only on a temporary basis and may involve placements in hostel, temporary leased or bed and breakfast, accommodation.

Common Allocations Policy

- 4.9 The Common Allocations Policy was developed by the Council in partnership with six housing associations to ensure that all applicants applying for social housing in the County Borough are provided with a single route of access and assessed using a single policy. It was introduced on 5th December 2016 along with the Common Housing Register. This policy allows for eligible applicants or members of their prospective household to be registered on the Common Housing Register but suspended until such time as they have addressed current or past behavioural issues.
- 4.10 Where it is determined that the applicant or a member of the applicant's household has failed to maintain their current or any previous social rented or private sector rented property within the terms of their tenancy agreement they are informed of the action(s) that they will need to demonstrate before the suspension will be lifted. Any action is required to be reasonable and proportionate, and to take into account the protected characteristics of the individual.
- 4.11 The Council investigate and take into consideration all property related debts, associated with either a current or former tenancy with any social housing provider in the UK, that are both recoverable and not statute barred. These include:
- (i) current or former tenancy rent arrears;
 - (ii) outstanding re-chargeable repairs;
 - (iii) current and former housing related service charge arrears;
 - (iv) bed and breakfast charge arrears;
 - (v) housing benefit overpayments; and
 - (vi) associated court costs.

- 4.12 Where the property related debt is over £500 the application for housing is automatically suspended. The applicant is not actively considered for housing until such time as the Council is satisfied that the applicant has:
- (i) entered into a repayment plan with the current or former landlord;
 - (ii) made a minimum of 13 consecutive weekly payments, at an agreed level; and
 - (iii) repaid a minimum of 25% of the debt.
- 4.13 This process can only be circumvented where the debt is repaid in full. However, in order to encourage good financial management and discourage applicants from using doorstep lenders, lump sum payments of 25% or over but below 100% would not be considered as having met these criteria unless the 13-week minimum period has also been satisfied. Applicants with a housing related debt up to £500 can be considered for housing immediately providing that they have agreed to and are actively following a repayment plan.
- 4.14 The process for debts over £500 may be circumvented where the Council and its partner Housing Associations believe that highly exceptional and significant circumstances exist, and the need to move is considered urgent. Should the criteria be waived the applicant or a member of their perspective household must have entered into and be following a repayment plan before an offer of accommodation is made.
- 4.15 If an applicant offered a tenancy has recoverable and non statute barred housing related debts outstanding with the Council, they are asked to sign an agreement for repayment of their debt as a further Condition of Tenancy agreement.

Previous Allocations Policy (prior to December 2016)

- 4.16 Prior to the introduction of the Common Allocations Policy the Council allocated its accommodation using a points system. Everyone who was eligible to register was awarded points, depending on their circumstances and needs. If eligible applicants, including transfer applicants, owed outstanding housing related debts, or were in breach of their conditions of tenancy, they would receive reduced preference on the waiting list by way of a points subtraction, with discretion afforded in exceptional circumstances.
- 4.17 The Council deducted points from an application if any housing related debts were owed to it or another social landlord. Points were deducted for each £200 owed, or part of. Points would be reinstated when repayments were made. No points were deducted for any amount outstanding under £100.
- 4.18 Where an applicant reached the top of a shortlist for an offer on the basis of their reduced points level, they would have been entitled to the allocation. Applicants subject to exceptional circumstances were still considered under 'exceptional circumstances' provisions, which could then over-ride a proposed reduction of points. In areas experiencing low housing demand there were often instances of allocations being made to households with significant levels of outstanding property related debts.
- 4.19 Following the introduction of the 'Spare Room Subsidy' Housing Managers had discretion to allow a transfer when a housing debt existed in order to address financial hardship, having considered the applicant's housing conditions and any physical health, mental health, disability or social factors that may have applied, together with any housing related debt or Welfare Reform implications.
- 4.20 If an offer was made to an applicant with a current or former debt owed to the Council, the applicant was advised at the earliest opportunity that repayment of the debt would be an additional condition of their new tenancy, and when signing the Acceptance of Tenancy document a payment plan for this debt was agreed.

Recovery Procedures

- 4.21 When a tenancy ends exhaustive effort is made to recover outstanding debts by way of letters, home visits, the use of Experian to trace former tenants, court action where applicable and referral to an outside debt collection agency if all in-house recovery action fails to secure payment. However, the majority of larger debts relate to tenancies that end following possession proceedings and inevitably former tenants do not provide forwarding addresses so tracing and recovery is difficult. There are many instances where successful recovery is initiated only when applications for social housing are submitted by former tenants with historical debts.
- 4.22 In all cases of possession for rent arrears the Council obtains a money judgement. This enables the Council to pursue recovery of the debt, however, the Council cannot obtain a warrant to enforce the money judgement without permission of the court if six or more years have elapsed since the date of the order or judgement. Courts are reluctant to do so other than in exceptional circumstances.
- 4.23 The Council has six years to commence legal proceedings in regards to the debt before it becomes statute barred. The starting point is the date rent arrears fall due or, for breach of contract, the date the contractual duty is broken. Should the Council receive either a payment towards the debt or a signed acknowledgement of the debt, from the debtor, during the limitation period, then the limitation period restarts from the date of its receipt.
- 4.24 The requirement of applicants to enter into repayment arrangements for recoverable and non statute barred debts to be eligible to receive offers of accommodation assists in ensuring that such debts do not become statute barred.

5. PREVENTION OF FRAUD

Applications

- 5.1 Under the provisions of section 171 of the Housing Act 1996, it is a criminal offence for any person to knowingly or recklessly make a false statement, or to withhold information which the Council has reasonably required them to supply, in connection with their housing application. In such circumstances, the Council may either bring a prosecution against the applicant concerned, or may exclude him/her from the waiting list. Should any person obtain a tenancy by such means, the Council is legally entitled to commence possession proceedings against them.
- 5.2 Applicants are required to submit defined supporting information depending on their circumstances and application status. This will include:
- Proof of identity for anyone in household aged 16 years or older
 - Proof of current address for anyone over 16 years
 - Proof of Immigration status
 - Evidence of children in household aged under 18 years
 - Evidence of local connection
 - Tenancy reference report or home ownership information
 - Evidence of divorce or separation
 - Capital assets
 - Evidence of medical or mental health condition or disability
 - Evidence of no fixed address

Documentation is checked and verified by experienced staff prior to an application being made live. In relation to debts, applications are cross checked against multiple Housing databases. Updated verification checks are completed at offer stage.

Tenancy Sign Up

- 5.3 At tenancy sign-up proof of National Insurance (NI) number must be provided in addition to one original identity document. The applicant's NI number is checked to ensure that the correct number was given at the application registration stage. Two original documents are also required to provide proof of address and, in addition, photographs are taken of all new tenant(s) which are held on the tenancy file.

Tenancy Breaches

- 5.4 **Subletting.** Whilst social tenants are allowed to take in lodgers, subletting a property is prohibited and constitutes a breach of contract. A tenant who has unlawfully sublet their property remains a tenant until such time as they are evicted as a result of possession proceedings. However, if they are no longer in occupation then they may lose their status as a secure tenant which makes possession easier to obtain. In areas of the country where there is little difference between social and market rents it is considered that illegal subletting is less often for profit and more often as a favour to friends or family to help them 'jump the queue', or is linked to commission of benefit fraud. Feedback from landlords strongly suggests that there is no such thing as a typical tenancy fraudster or associated property type. It is notoriously difficult to identify concerted cases of tenancy fraud where properties are sublet. However, estate management staff are aware of the signs to look out for and the evidence required and any concerns or allegations are fully investigated.
- 5.5 **Succession.** When a social tenant dies there are certain circumstances in which a spouse or family member can succeed to the tenancy. There is, however, a requirement that the successor was living with the tenant at the time of the tenant's death, and in certain cases, for at least a year before. Some people are not entitled seek succession and some landlords believe that succession fraud within their stock is more prevalent than subletting. This is not considered to be prevalent in the Caerphilly County Borough and robust checks are carried out into eligibility for all succession claims prior to granting a succession.
- 5.6 **Assignment.** Assignment is the formal legal transfer of a letting agreement from one tenant to another. The effect of a valid assignment is that, broadly, the new tenant takes on the rights and responsibilities of the previous tenant. Assignment is only possible in certain circumstances and usually requires prior landlord's consent. If the tenant obtains this consent by deception, such as providing false information, possession proceedings can be taken on the basis of a breach of tenancy agreement and the assignment is invalid. An assignment without landlord's consent is invalid. Again, this is not considered prevalent in the County Borough.
- 5.7 **Non-occupation.** While it is a condition of a secure tenancy that the property must be used as the tenant's only or principal home, case law has established that a tenant can live elsewhere but still retain the tenancy to the property if they can prove they intend to return to it. This intent can be demonstrated by such means as keeping furniture or other possessions in the home. Courts currently apply a case by case approach whereby a sufficiently long absence will create a presumption that the tenancy has been abandoned, but the tenant can refute this by showing a 'substantial, formal, outward and visible sign' of an intention to return within a reasonable time. It can be extremely difficult to identify and subsequently prove cases of non-occupation, however, all concerns and allegations are fully investigated by estate management staff.

National Fraud Initiative (NFI)

- 5.8 NFI data is extracted annually in relation to:
- Housing tenancies
 - Right to Buy applications
 - Housing waiting list (new for 2016/17).

Any subsequent data matches involving Housing are co-ordinated within the Rents Section and investigated by the relevant department.

6. WELL-BEING OF FUTURE GENERATIONS

- 6.1 This report contributes to the Well-being Goals as set out in Links to Strategy above. The report is also consistent with the five ways of working set out in the sustainable development principle, as defined in the Act.
- 6.2 The report highlights the need to take a long term systematic approach to maximising debt recovery and minimising tenancy fraud whilst meeting our legal obligations in respect of housing allocations, thereby supporting the prevention of homelessness and meeting housing need. It exemplifies collaboration within and across organisational boundaries, working together with partner Housing organisations for the good of our communities in pursuit of shared objectives. The Common Allocations Policy has been developed with the active involvement of tenants, applicants, and partner organisations. It integrates the work of the Council alongside the work of partner Housing Associations who themselves have similar aims and objectives.

7. EQUALITIES IMPLICATIONS

- 7.1 This report is for information purposes only. There are, therefore, no equalities implications arising from the report.

8. FINANCIAL IMPLICATIONS

- 8.1 This report is for information purposes only. There are, therefore, no financial implications arising from the report.

9. PERSONNEL IMPLICATIONS

- 9.1 This report is for information purposes only. There are, therefore, no personnel implications arising from the report.

10. CONSULTATIONS

- 10.1 The report reflects any views of consultees.

11. RECOMMENDATIONS

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

12. REASONS FOR THE RECOMMENDATIONS

- 12.1 To comply with a request from a meeting of the Audit Committee held on 14th September 2016.

13. STATUTORY POWER

- 13.1 N/A.

Author: Kenyon Williams – Private Sector Housing Manager
Fiona Wilkins – Public Sector Housing Manager

Consultees: Christina Harrhy - Corporate Director of Communities
Cllr Dave Poole - Deputy Leader and Cabinet Member for Housing
Shaun Couzens - Chief Housing Officer
Suzanne Cousins – Principal Housing Officer (Housing Portfolio)
Craig Singler – Senior Allocations Officer
Sandra Isaacs – Rents Manager
Debbie Bishop – Area Housing Manager
Julie Reynolds – Area Housing Manager
Karen James – Neighbourhood Housing Manager
Tracy Lundy – Neighbourhood Housing Manager
Rachel Hawker – Service Development Officer
Todd Rawson – Solicitor
Steve Harris – Interim Head of Corporate Finance



AUDIT COMMITTEE - 8TH MARCH 2017

SUBJECT: INTERNAL AUDIT SERVICES ANNUAL AUDIT PLAN

REPORT BY: INTERNAL AUDIT SERVICES MANAGER

1. PURPOSE OF REPORT

1.1 To seek Members approval of the Internal Audit Services Annual Audit Plan 2017/18.

2. LINKS TO STRATEGY

2.1 The work of Internal Audit Services provides assurance on the robustness of internal controls and the corporate governance arrangements operating within the Authority and identifies areas for improvement. Strong corporate governance arrangements are an essential element of ensuring that the Council's key priorities are effectively delivered and this in turn contributes to the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015: -

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

3. WELL-BEING OF FUTURE GENERATIONS

3.1 Strong corporate governance arrangements are a key element in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met.

4. THE REPORT

4.1 The attached report outlines the internal audit coverage for 2017/18. The approach is broadly similar to previous years but reflects the ongoing development of the plan in terms of coverage and risk identification.

4.2 It should be noted that the resources on which the plan is based have remained as the previous year as no savings were required to be made in 2017/18.

4.3 The Audit Committee will receive a mid year report highlighting progress against the plan and any issues arising.

5. FINANCIAL IMPLICATIONS

5.1 There are no financial implications.

6. PERSONNEL IMPLICATIONS

6.1 There are no personnel implications other than the approved manpower resource.

7. CONSULTATIONS

7.1 Any comments received have been reflected in the report.

8. RECOMMENDATIONS

8.1 Members are asked to note and approve the Annual Audit Plan 2017/18.

9. REASONS FOR THE RECOMMENDATIONS

9.1 To enable Internal Audit Services to carry out its function.

Author: R Harris, Internal Audit Services Manager
Consultees: N Scammell, Acting Director of Corporate Services and Section 151 Officer
S Harris Acting Head of Corporate Finance

Appendices:
Appendix 1 Annual Audit Plan 2017/18
Appendix 2 Summary of Audit Plan 2017/2018
Appendix 3 Schedule of Planned Visits

CAERPHILLY COUNTY BOROUGH COUNCIL**INTERNAL AUDIT SERVICES****ANNUAL AUDIT PLAN 2017/18****1. Purpose of the Report**

The purpose of the report is to outline the intended allocation of audit time for the financial year ending 31st March 2018.

2. Introduction

2.1 The Public Sector Internal Audit Standards and the Council's own Financial Regulations require that an annual Audit Plan should be prepared to ensure that there is an effective and efficient use of audit resources. The 2017/18 Annual Plan is broadly based on an on-going assessment of risk which makes use of data gathered from various sources including senior management, Heads of Service and Members. The purpose of an annual plan is to outline the resources available and set out the intended allocation of audit time for the forthcoming year. Actual work carried out will be regularly assessed against the Plan and the Audit Committee will receive a mid year progress report.

2.2 During the coming year as the Authority continues to review its operations, its methods of delivery and its performance, the delivery of the internal audit service will flex to accommodate changes to service delivery models and to take account of emerging risks as the Authority reshapes itself. This process will not be confined to the coming year and the level and impact of any flexing cannot be gauged at the present time, however as identified in previous annual plan reports to the Audit Committee resource priority will always be given to high risk areas, new or existing.

2.3 In addition to the Authority wide landscape changes, the internal audit service is in the process of re-aligning its approach in response to the requirements of the new Public Sector Internal Auditing Standards and the developing risk management and governance agendas.

2.4 It is considered that changes or adjustments to either service delivery or coverage will have to be introduced on a rolling basis with a view to maintaining the level of service and keeping operational disruption to a minimum. The effect of this being that the 2017/18 plan will continue to evolve over time as the effect of increased engagement and profile filters through.

3. Staffing

3.1 The establishment level of the Internal Audit Section for 2017/18 is 8.2 FTE's which continues to be in line with the Welsh average.

4. Plan

- 4.1 An outline of the 2017/18 Annual Audit Plan showing the audit days allocated to the main service areas is attached as Appendix A. In preparing the Plan, due consideration has been given to previous years' coverage, emerging issues and any "local factors" as well as acknowledging themed areas that are linked to priorities highlighted in the Auditing Standards.

In addition to the above due regard has been made to the following:

4.2 Systems

- 4.2.1 System audits continue to receive a high level of resource allocation with certain high risk corporate systems being reviewed on an annual basis, either by undertaking a full audit or carrying out an "overview" of system controls. This allocation also allows the expansion of the service into cross cutting reviews and specific risk or business related projects as identified on an ongoing basis.
- 4.2.2 As the service continues to align its coverage to areas identified within the risk registers as part of the corporate risk management process, audit value can be increased by the promotion of the skills and knowledge gained during the undertaking of individual systems reviews. The accumulated knowledge of the organisation, its systems and procedures goes a long way to informing the year end process to arrive at an overall assurance opinion. Likewise the numerous grants that now require internal audit review are also seen as an information source to further audit knowledge and understanding which are then used to feed the assurance process.
- 4.2.3 Throughout the year Internal Audit staff will continue to have a role to play in both advising on the introduction of new systems and in undertaking regularity checks to ensure that the risks inherent in systems are minimised.
- 4.2.4 Internal Audit will liaise with the Council's external auditors in order to ensure that fundamental systems receive adequate coverage and to prevent duplication of effort.
- 4.2.5 An action plan review process is in place to monitor the implementation of agreed actions as the final part of the systems audit cycle. This work is regarded as additional to the actual audit as it provides assurance on a corporate basis that agreed recommendations are being implemented by managers.
- 4.2.6 A total of 744 audit days are therefore allocated to systems audit/reviews.

4.3 Establishments

- 4.3.1 The majority of council establishments continue to receive a visit over a three to five year period and a more structured approach to establishment audits

has been established to ensure that audit resources are deployed where most benefit can be achieved. The focus of these audits is under ongoing review with alternative approaches being considered that incorporate a greater link with the governance and risk agendas. A rolling visiting schedule covering all establishments has been set up and a schedule of visits relating to 2017/18 is shown as Appendix B.

4.3.2 In addition to ensuring that the link between the establishments and the “corporate centre” are strengthened, it is hoped that the more structured approach to establishment audits will continue to:

- highlight the need for probity in financial administration;
- deal with problems where advice and assistance are required;
- identify any significant areas where procedures are weak;

and, on a more positive note, continue to promote best practice across a wide range of establishments.

4.3.3 A total of 336 audit days have been allocated to this area.

4.4 Contract Audit

4.4.1 The move to a more pro-active system based approach to contract auditing will continue and will be further developed by moving the focus to auditing schemes as they progress. The more traditional approach of auditing contractors' final accounts will continue and information obtained via the final account audits will be used to complement the systems work.

4.4.2 Internal Audit staff will continue to work closely with staff from Procurement Services to promote a high level of contract compliance throughout the Council. It is also anticipated that during 2017/2018 resource will continue to be focussed on ensuring the Councils Standing Orders for Contracts and Financial Regulations are reviewed and if necessary updated to ensure they remain fit for purpose. There will also be ongoing coverage and support of the arrangements in respect of the WHQS works due to the ongoing recognition of the inherent risks to a satisfactory conclusion of the scheme.

4.4.3 A total 135 days have been allocated to the audit and review of contract systems and procedures.

4.5 Computer Audit

4.5.1 Reliance on IT systems continues to be a critical factor to the ongoing success of the Authority. During the year further consideration will be given to the risks and assurances currently in place with a view to formalising an approach to addressing any areas of concern identified. As most systems and processes are IT based the ongoing systems reviews are being updated to include an element of what was previously considered to be IT Audit. The less technical IT systems reviews have been merged into the systems work

stream and existing work programmes will be adjusted to cover the new approach.

4.5.2 During the year as specific issues arise or additional risks are identified consideration will be given to how best to build these into the ongoing plan as would be the case for all emerging issues.

4.5.3 Audit work will still be undertaken to review and report on the central controls for those areas that are within scope of the BSI accreditation.

4.6 Corporate/Other

4.6.1 The Internal Audit Section co-ordinates and contributes work in respect of the National Fraud Initiative and the production of the Annual Governance Statement.

4.6.2 Additionally in order to provide reports to, and address any issues emanating from the Audit Committee, a time allocation has been included to cover off this work.

4.6.3 A total of 108 days have been included in the Plan to cover such topics.

4.6.4 In anticipation of “unplanned” issues arising during the year, such as special investigatory work, and work brought forward from the previous year, days have been allocated as a general contingency. This approach should reduce problems with audits having to be postponed or cancelled and make the audit plan more aligned to actual eventualities. A total of 80 days (5%) has been allowed for this.

4.7 Non-Audit Days

4.7.1 Certain tasks are carried out by the Internal Audit Section that despite providing a valuable insight into emerging issues do not fall within the precise definition of internal auditing. For ease of administration and corporate benefit these tasks are at the present time carried out by internal audit staff.

4.7.2 The following list is indicative of those tasks:

- Co-ordination / monitoring of anonymous letters received.
- Returned cheques - control and administration.

4.7.3 A total of 115 days have been allocated to these tasks.

4.8 Overheads

4.8.1 For 2017/18 the allocated overhead is 625 days. The largest element of this figure relates to bank holidays and annual leave which in total stands at 313 days. The remaining balance consists mainly of managerial provisions but some indicative figures include a training provision of 20 days, a sickness

provision of 32 days, an audit planning provision of 40 days, a time recording provision of 20 days.

5. Summary

- 5.1 The report has dealt with the allocation of audit resources and highlighted the main areas of coverage.
- 5.2 The plan continues to reflect a proactive and constructive approach to Audit matters.
- 5.3 The desire to “continually improve” will have an impact on the way audit functions in that there is a continuous need to ensure that we provide a service of the highest quality at the most competitive cost.
- 5.4 In the coming months efforts will continue to build on existing practices and procedures in order to meet the requirements of the new auditing standards and the service will be working with the Audit Committee to reset the focus of the audit coverage and realign the direction of travel to improve the service to meet the constantly changes demands placed upon it.
- 5.5 Additionally consultation will take place with audit “clients” and our External Auditors throughout the year and their views and future requirements will be taken on board in the ongoing development of audit service provision.
- 5.6 Audits which due to unforeseen reasons were not carried out in the current year will be re-assessed and prioritised and if considered appropriate will be included in the new plan. Similarly, areas for audit included in the 2017/18 Annual Plan which, due to unforeseen circumstances, are not audited within the forthcoming year will be assessed for inclusion in future year plans. The Plan must therefore be viewed as a fluid document which not only addresses traditional or historic areas but is also able to respond to new or emerging issues.

Richard M Harris, Internal Audit Manager,
Internal Audit Services
March 2017

APPENDIX 2

Caerphilly County Borough Council**Summary of the Audit Plan 2017/2018**

Service area	Main Areas covered	Days
Education	Establishment reviews	210
	Central systems	67
Social Services	Establishment visits	50
	Central systems	95
Engineers	Central systems & compliance	55
Planning/ Regeneration	Central systems & compliance	45
	Establishment visits	14
Community & Leisure	Establishment visits	56
	Central systems	40
Public protection	Central systems	15
Housing	Central systems	100
	Establishment visits	6
Corporate Services	Legal, governance and members services	15
	Procurement	20
	Human Resources	70
	ICT & Citizen engagement	5
	Property	30
	Corporate finance / Central systems	258
	Corporate / cross cutting / non audit	262
	Action Plan reviews	25
Contingency	incl. General advice	80
SUBTOTAL	Allocated work	1518
	Overheads	625
TOTAL		2143

Caerphilly County Borough Council**INTERNAL AUDIT SERVICES****Schedule of planned visits 2017/2018****Primary Schools**

Rhiw Syr dafydd Primary
 Tynywern Primary
 Twyn Primary
 Pengam Primary
 Fleur De Lys Primary
 White Rose Primary
 Nant Y Parc Primary
 Hendre Infants

Hendredenny Park Primary
 Ysgol Gynradd Gymraeg Caerffili
 Abertysswg Primary
 Hendre Junior
 Graig Y Rhacca Primary
 Bryn primary
 Markham Primary
 Waunfawr Primary

Ysgol Gynradd Gymraeg Y Castell
 Cwn Glas Infants
 Cwmaber Infants
 Coed Y Brain primary
 Ysgol Gymraeg Gilfach Fargoed
 St James Primary

Comprehensive Schools

St Cenydd
 Lewis Girls
 Heolddu

St Martins
 Risca
 Cwmcarn High

Leisure Centres

Pontllanfraith
 St Cenydd
 Risca

Heolddu
 Newbridge
 Caerphilly

Centre of Sporting Excellence

Other

Parc Cwm Darran
 Blackwood Miners Institute

Social Services

Min Y Mynydd Resource centre
 Markham Resource centre
 Brodawel Resource centre

Montclair Respite Home
 Ty Gwilym Respite Home
 Tywncarn Day Centre

Gadewir y dudalen hon yn wag yn fwriadol



AUDIT COMMITTEE – 8TH MARCH 2017

SUBJECT: AUDIT COMMITTEE FORWARD WORK PROGRAMME

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

-
1. The attached report demonstrates the Audit Committee Forward Work Programme.
 2. Forward Work Programmes are essential to ensure that Audit Committee agendas reflect the strategic issues facing the Council and other priorities raised by Members, the public or stakeholders.
 3. The Audit Committee Forward Work Programme identifies reports that are due to be presented to the Committee until June 2017. The document is a working document and is regularly updated when additional reports are identified.
 4. The latest Audit Committee Forward Work Programme is attached at Appendix 1.

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

Appendices:

Appendix 1 Audit Committee Forward Work Programme

Gadewir y dudalen hon yn wag yn fwriadol

FORWARD WORK PROGRAMME FOR AUDIT COMMITTEE

Deadline (12 Noon) Reports To Committee Services	Meeting Date	TOPIC	RESPONSIBILITY
29.05.17	14.06.17	Forward Work Programme	N. Scammell
		Annual Review of Corporate Complaints	L. Lane
		Six Monthly Update on Corporate Complaints	L. Lane
		Draft Annual Governance Statement	N. Scammell
		WAO Register Update of Proposals	R. Roberts
		Update on Assurance Framework (information)	S. Harris
		Outcome of External Peer Review on Compliance with the Public Sector Internal Audit Standards	S. Harris
		Corporate Risk Register	K. Peters
		Risk Management Strategy	R. Hartshorn
10.07.17	25.07.17	Special Audit Committee Meeting. ISA 260 2016/17	Grant Thornton

Gadewir y dudalen hon yn wag yn fwriadol



Cyfeirnod: 656A2016

Dyddiad y'i cyhoeddwyd: Tachwedd 2016

Archwiliad o Aseiad o Berfformiad 2015-16 Cyngor Bwrdeistref Sirol Caerffili

Tystysgrif

Rwyf yn ardystio fy mod i wedi archwilio aseiad Cyngor Bwrdeistref Sirol Caerffili (y Cyngor) o'i berfformiad yn 2015-16 yn unol ag adran 17 Mesur Llywodraeth Leol (Cymru) 2009 (y Mesur) a'm Cod Ymarfer Archwilio.

O ganlyniad i'm harchwiliad, rwyf o'r farn bod y Cyngor wedi cyflawni ei ddyletswyddau dan adrannau 15(2), (3), (8) a (9) y Mesur a'i fod wedi ymddwyn yn unol â chanllawiau Llywodraeth Cymru yn ddigonol i gyflawni ei ddyletswyddau.

Priod gyfrifoldebau'r Cyngor a'r Archwilydd Cyffredinol

Dan y Mesur, mae'n ofynnol i'r Cyngor gyhoeddi aseiad yn flynyddol sy'n disgrifio ei berfformiad o ran y canlynol:

- cyflawni ei ddyletswydd i wneud trefniadau i sicrhau gwelliant parhaus wrth gyflawni ei swyddogaethau;
- cyflawni'r amcanion gwella y mae wedi'u pennu iddo'i hun;
- trwy gyfeirio at ddangosyddion perfformiad a nodwyd gan Weinidogion Cymru a dangosyddion perfformiad a bennwyd gan y Cyngor ei hun; a
- chyflawni unrhyw safonau perfformiad a nodwyd gan Weinidogion Cymru a safonau perfformiad a bennwyd gan y Cyngor ei hun.

Mae'r Mesur yn ei gwneud yn ofynnol i'r Cyngor gyhoeddi ei aseiad cyn 31 Hydref yn ystod y flwyddyn ariannol yn dilyn y flwyddyn ariannol y mae'r wybodaeth yn ymwneud â hi, neu erbyn unrhyw ddyddiad arall a allai gael ei bennu trwy orchymyn gan Weinidogion Cymru.

Mae'r Mesur yn ei gwneud yn ofynnol i'r Cyngor ystyried canllawiau a gyhoeddir gan Weinidogion Cymru, wrth gyhoeddi ei aseiad.

Fel archwilydd y Cyngor, mae'n ofynnol dan adrannau 17 ac 19 y Mesur i mi gynnal archwiliad er mwyn penderfynu a yw'r Cyngor wedi cyflawni ei ddyletswydd i gyhoeddi aseiad o berfformiad, ardystio fy mod i wedi gwneud hynny ac adrodd ynghylch a wyf o'r farn bod y Cyngor wedi cyflawni ei ddyletswyddau'n unol â'r gofynion statudol a eglurir yn adran 15 ac mewn canllawiau statudol.

Cwmpas yr archwiliad

At ddibenion fy ngwaith archwilio byddaf yn derbyn, os yw awdurdod yn bodloni ei ofynion statudol, y bydd hefyd wedi cydymffurfio â chanllawiau statudol Llywodraeth Cymru yn ddigonol i gyflawni ei ddyletswyddau.

Ar gyfer yr archwiliad hwn, nid yw'n ofynnol i mi ffurfio barn ynghylch pa mor gyflawn neu gywir yw'r wybodaeth. Mae'n bosibl y bydd gwaith asesu arall y byddaf yn ymgymryd ag ef dan adran 18 y Mesur yn ystyried y materion hynny. Felly, roedd fy archwiliad o asesiad o berfformiad y Cyngor yn cynnwys adolygu cyhoeddiad y Cyngor er mwyn gweld a oedd yn cynnwys yr elfennau a bennir mewn deddfwriaeth. Euthum ati hefyd i asesu a oedd y trefniadau ar gyfer cyhoeddi'r asesiad yn cydymffurfio â gofynion y ddeddfwriaeth, ac a oedd y Cyngor wedi ystyried canllawiau statudol wrth baratoi a chyhoeddi ei asesiad.

Nid yw'r gwaith yr wyf i wedi'i gyflawni er mwyn adrodd a gwneud argymhellion yn unol ag adrannau 17 ac 19 y Mesur yn waith y gellir dibynnu'n gyfan gwbl arno i nodi pob gwendid neu bob cyfle i wella.



Huw Vaughan Thomas

Archwilydd Cyffredinol Cymru

CC: Mark Drakeford, Ysgrifennydd y Cabinet dros Gyllid a Llywodraeth Leol
Non Jenkins, Rheolwr
Sara-Jane Byrne, Swyddog Arweiniol Archwilio Perfformiad



AUDIT COMMITTEE - 8TH MARCH 2017

**SUBJECT: OFFICERS DECLARATIONS OF GIFTS AND HOSPITALITY
OCTOBER TO DECEMBER 2016**

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

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 October to 31 December 2016 ie the third 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 October to 31 December 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, 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 October to 31 December 2016 and the previous three quarters for comparison.

Directorate	Number of declarations received - Gifts			
	Oct – Dec 2016	July – Sept 2016	April – June 2016	Jan – March 2016
Communities	3	1	2	0
Corporate Services	4	0	0	2
Education and Lifelong Learning	0	0	0	0
Social Services	2	0	0	1
Total	9	1	2	3

- 4.7 The report enclosed as Appendix 1 includes 3 entries in respect of Gifts for the post of Floating Support Officer; these relate to 3 different employees.
- 4.8 The table below details the number of declarations regarding Hospitality submitted by Directorate for the period 1 October to 31 December 2016 and the previous three quarters for comparison.

Directorate	Number of declarations received - Hospitality			
	Oct – Dec 2016	July – Sept 2016	April – June 2016	Jan – March 2016
Communities	7	0	1	4
Corporate Services	0	0	1	1
Education and Lifelong Learning	0	0	0	0
Social Services	0	0	2	0
Total	7	0	4	5

- 4.9 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. WELL-BEING OF FUTURE GENERATIONS

- 5.1 Having considered the five ways of working, they will not be affected by the contents of this report.

6. EQUALITIES IMPLICATIONS

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

7. FINANCIAL IMPLICATIONS

- 7.1 None.

8. PERSONNEL IMPLICATIONS

- 8.1 The personnel implications are included in this report.

9. CONSULTATIONS

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

10. RECOMMENDATIONS

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

11. REASONS FOR THE RECOMMENDATIONS

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

12. STATUTORY POWER

- 12.1 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, IT Development Support Manager.

Appendices:
Appendix 1 Declarations of Gifts and Hospitality 1 October to 31 December 2016.

Appendix 1

Declarations of Gifts and Hospitality – 1 October to 31 December 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	Christmas gift from Tenants. Scarf and gloves. Value £3.99. Accepted.	Chief Housing Officer	Accepted
Communities	Housing	Floating Support Officer	Gift	Birthday gift from Tenant of a travel coffee mug. Approx value £5.00. Accepted so as not to cause offence.	Chief Housing Officer	Accepted
Communities	Housing	Floating Support Officer	Gift	Gift from Tenant. Bottle of wine, sea bass, persimmon and 2 bars Fry's cream. Approx value £8.50. Accepted.	Chief Housing Officer	Accepted
Corporate Services	Human Resources	HR Officer	Gift	Bottle of wine from supplier. Approx value £5. Supplier informed unable to accept gift as it had to be donated to the Mayors charity. Supplier happy to donate gift to Mayors charity	Acting Head of Human Resources and Organisational Development	Accepted
Corporate Services	Human Resources	Principal HR Officer	Gift	Thank you gift from two interns. Approx value £10. One bag of pretzels, one ham and one 25 ml bottle Riesling. Accepted as a personal gift as did not want to cause offence.	Acting Head of Human Resources and Organisational Development	Accepted
Corporate Services	Human Resources	Principal HR Officer	Gift	Bottle of wine from supplier. Approx value £5. Supplier informed unable to accept gift as it had to be donated to the Mayors charity. Supplier happy to donate gift to Mayors charity.	Acting Head of Human Resources and Organisational Development	Accepted
Corporate Services	ICT	Principal Operations Officer	Gift	One bottle of Jameson's Whisky from a supplier. Approximate value £20. Accepted to avoid offending as already sent via post. Donated to Mayors Charity.	Head of IT (Acting)	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	Environmental Health Officer	Gift	Gift from company of a bottle of sparkling wine. Following assistance given to new proprietors of a business. Accepted as bottle had been brought into the office. Approx value £10.	Head of Public Protection	Accepted
Social Services	Public Protection	Senior Fair Trading Officer	Gift	Gift from company of 12 pork chops as a thank you for assistance given when the new sheep movement system was implemented. Accepted due to insistence and refusal would have offended. Approx value £10.	Head of Public Protection	Accepted
Communities	Housing	Strategic Co-ordination Manager	Hospitality	Attendance at Chartered Housing Awards from Contractor working on behalf of CCBC to delivery the WHQS programme. Value: £65.00. Accepted Caerphilly CBC had already taken a table at the event as nominated for an award. As a result of the seats on the CCBC table being filled, agreed to accept, particularly as CCBC shortlisted in relation to delivering community benefits in Caerphilly for which I am responsible.	Chief Housing Officer	Accepted
Communities	Housing	Chief Housing Officer	Hospitality	Chartered Housing Awards approximately value £60. Accepted on basis that Caerphilly Homes were nominated for an award.	Director of Communities	Accepted
Communities	Housing	WHQS & Infrastructure Strategy Manager	Hospitality	Attendance at Chartered Housing Awards from Contractor. Value £65.00. Accepted to represent Caerphilly CBC who were nominated for an award.	Chief Housing Officer	Accepted
Communities	Planning and Regeneration	Social Economy Development Officer	Hospitality	Attendance at Caerphilly Business Forum Awards Evening 18 November 2016. Approx value £54.00. Accepted as working as an organiser throughout the evening.	Regeneration Manager	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
Communities	Planning and Regeneration	Business Support and Funding Manager	Hospitality	Attendance at College of the Year Awards evening 3 November 2016. Accepted as Vice-Chair for Coleg Gwent's Business Partnership Group. Cost Approx £30.00.	Regeneration Manager	Accepted
Communities	Planning and Regeneration	Business Support and Funding Manager	Hospitality	Attendance at Caerphilly Business Forum Awards Evening 18 November 2016. Approx value £54.00. Accepted as actually working to support the businesses present throughout the evening.	Regeneration Manager	Accepted
Communities	Regeneration & Planning	Project Manager	Hospitality	ICH Event - collaboration between partners awards (Rowan Place / Hafod Deg). Supplier name - CCBC Housing. Event date 18 Nov 2016. Ticket value - £70 paid from Housing budget, no cost to Regeneration. Accepted attendance as Manager of Regeneration Teams involved.	Director of Communities	Accepted



AUDIT COMMITTEE - 8TH MARCH 2017

SUBJECT: REGULATION OF INVESTIGATORY POWERS ACT 2000

REPORT BY: INTERIM MONITORING OFFICER

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. SUMMARY

- 2.1 To provide an update on the number of operations undertaken under RIPA.

3. LINKS TO STRATEGY

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

4. THE REPORT

- 4.1 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.
- 4.2 The Authority has a corporate policy, which provides guidance on how surveillance should be used by the relevant officers.
- 4.3 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).
- 4.4 Members are advised that for the period 1st November, 2016 to 31st January, 2017 inclusive, one RIPA operation has been undertaken in respect of an investigation into the sale of alcohol to minors.

5. EQUALITIES IMPLICATIONS

- 5.1 None, the report is for information only.

6. FINANCIAL IMPLICATIONS

6.1 None.

7. PERSONNEL IMPLICATIONS

7.1 None.

8. CONSULTATIONS

8.1 None. The report is for information only.

9. RECOMMENDATIONS

9.1 None. Members are asked to note the information provided.

10. REASONS FOR THE RECOMMENDATIONS

10.1 To ensure compliance with statutory requirements.

11. STATUTORY POWER

11.1 Regulation of Investigatory Powers Act 2000.

Author: Gail Williams, Interim Monitoring Officer (willige@caerphilly.gov.uk)

Consultees: Nicole Scammell, Acting Director of Corporate Finance and Section 151 Officer

CORPORATE GOVERNANCE PANEL MINUTES 11th Nov. 2016 Executive Boardroom 1.30 p.m.

Panel Members: Nicole Scammell, Cllr. Forehead, Colin Jones, Gail Williams, Paul Lewis, Richard Harris.

1. APOLOGIES

Apologies were received from Cllr Forehead and Gail Williams.

2. MINUTES

The minutes of the meeting held on the 19.09.2016 were agreed as accurate. PL updated that at the recent information governance group he informed the group that the quarterly information risk reviews/ updates would be undertaken on a six monthly basis in future as previously agreed by the panel.

3. UPDATE ON THE WELSH VERSION OF DELIVERING GOOD GOVERNANCE 2016

RH updated that the Welsh document had still not been published by CIPFA which may cause difficulties with this years rollout of the process if any significant changes are required. It was acknowledged that we would have to wait to see what is in the new document when it's made available and the panel will have to review any impact that it has on the current process.

4. AUDIT COMMITTEE FORWARD WORK PROGRAMME

Following a discussion on the forward work programme it was identified that an additional report was to be included from Internal Audit as one of the actions to address the WAO's areas of improvement. It was also discussed and agreed to put back the update report on progress with the area of improvement from last years governance review to the March meeting of the Audit Committee. All other topics would remain as they are at present.

5. ASSURANCE FRAMEWORK – INTRODUCTION

RH introduced the panel members to the first draft of the assurance framework and explained how it was intended to fit together. RH explained briefly the three lines of defence model and all considered that it would be worthwhile amending the front page to diagrammatically represent the concept and RH agreed to look at whether this could be done. Each page was considered and initial comments were made on the overall concept and it was agreed that RH would provide an electronic version of the document to enable each panel member to make comments or add data, returning the amendments to RH to enable the master version to be updated. With the intention of the draft going to the next Audit Committee it was agreed that the updated version should go to CMT prior to it going to the Audit Committee and arrangements would be made to do this.

6. UPDATE IN RESPECT OF INTERNAL AUDIT COMPLYING WITH THE WAO'S RECENT PROPOSALS FOR IMPROVEMENT

The progress on the work identified within the current action plan was outlined by SH and summarised in that all actions were on course to be completed.

7. AOB

7.1 Consideration was given as to whether SH was to be formally included onto the group and NS confirmed that going forward he should attend and contribute to the group.

7.2 PL informed the panel of a recent discussion at the Information Governance group that was raising the awareness of some new regulations around data protection, the General Data Protection Regulation which is due to be in force in 2018.

7.3 PL also explained that GCSX was coming to an end and that the Authority was going to continue using the Egress Switch to provide an encrypted email solution. The cost of this approach was discussed as a possible problem but PL indicated that many staff were already users of the system and there was no additional charge for existing users.