

# Pecyn Dogfennau Cyhoeddus

Penallta House,  
Tredomen Park,  
Ystrad Mynach,  
Hengoed CF82 7PG

Ty Penallta,  
Parc Tredomen,  
Ystrad Mynach,  
Hengoed CF82 7PG



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Am unrhyw ymholiad yn ymwneud â'r agenda hwn cysylltwch â Amy Dredge  
(Rhif Ffôn: 01443 863100 E-bost: [dredga@caerphilly.gov.uk](mailto:dredga@caerphilly.gov.uk))

**Dyddiad: Dydd Mawrth, 16 Ebrill 2019**

Annwyl Syr/Fadam,

Bydd cyfarfod **Pwyllgor Awdit** yn cael ei gynnal yn **Ystafell Sirhywi - Tŷ Penallta, Tredomen, Ystrad Mynach** ar **Dydd Mawrth, 23ain Ebrill, 2019** am **2.00 pm** i ystyried materion a gynhwysir yn yr agenda canlynol.. Gall cynghorwyr a'r cyhoedd sy'n dymuno siarad am unrhyw eitem wneud hynny drwy wneud cais i'r Cadeirydd. Mae croeso i chi hefyd ddefnyddio'r Gymraeg yn y cyfarfod. Mae'r ddau gais hyn yn gofyn am gyfnod rhybudd o 3 diwrnod gwaith, a bydd cyfieithu ar y pryd yn cael ei ddarparu os gofynnir amdano.

Mae pob cyfarfod Pwyllgor yn agored i'r Wasg a'r Cyhoedd. Gofynnir i arsylwyr a chyfranogwyr ymddwyn gyda pharch ac ystyriaeth at eraill. Sylwer y bydd methu â gwneud hynny yn golygu y gofynnir i chi adael y cyfarfodydd ac efallai y cewch eich hebrwng o'r safle.

Yr eiddoch yn gywir,

**Christina Harrhy**  
PRIF WEITHREDWR DROS DRO

## AGENDA

Tudalennau

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

Atgoffi'r Cynghorwyr 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 Cynghorwyr a Swyddogion.

I gymeradwyo a llofnodi'r cofnodion canlynol:-

**A greener place Man gwyrddach**



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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 Amy Dredge, 01443 863100, erbyn 10.00am ar ddydd Iau, 18fed Ebrill 2019.

#### **Cylchrediad:**

Cynghorwyr Mrs E.M. Aldworth, J. Bevan, D.T. Davies, C. Elsbury, A. Gair, Ms J. Gale, D.T. Hardacre, B. Miles, Mrs T. Parry, Mrs M.E. Sargent (Cadeirydd), G. Simmonds 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) and Mr B. Morris (Grant Thornton UK LLP)

A Swyddogion Priodol.

## **SUT FYDDWN YN DEFNYDDIO EICH GWYBODAETH**

Bydd yr unigolion hynny sy'n mynychu cyfarfodydd pwyllgor i siarad/roi tystiolaeth yn cael eu henwi yng nghofnodion y cyfarfod hynny, weithiau bydd hyn yn cynnwys eu man gweithio neu fusnes a'r barnau a fynegir. Bydd cofnodion o'r cyfarfod gan gynnwys manylion y siaradwyr ar gael i'r cyhoedd ar wefan y Cyngor ar [www.caerffili.gov.uk](http://www.caerffili.gov.uk). ac eithrio am drafodaethau sy'n ymwneud ag eitemau cyfrinachol neu eithriedig.

Mae gennych nifer o hawliau mewn perthynas â'r wybodaeth, gan gynnwys yr hawl i gael mynediad at wybodaeth sydd gennym amdanoch a'r hawl i gwyno os ydych yn anhapus gyda'r modd y mae eich gwybodaeth yn cael ei brosesu.

Am wybodaeth bellach ar sut rydym yn prosesu eich gwybodaeth a'ch hawliau, ewch i'r Hysbysiad Preifatrwydd Cyfarfodydd Pwyllgor Llawn ar ein gwefan <http://www.caerffili.gov.uk/Pwyllgor/Preifatrwydd> neu cysylltwch â Gwasanaethau Cyfreithiol drwy e-bostio [griffd2@caerffili.gov.uk](mailto:griffd2@caerffili.gov.uk) neu ffoniwch 01443 863028.

Gadewir y dudalen hon yn wag yn fwriadol



## AUDIT COMMITTEE

### MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, TREDOMEN, YSTRAD MYNACH ON TUESDAY 29TH JANUARY 2019 AT 2.00 PM

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#### PRESENT:

Councillor M.E. Sargent – Chair  
N. Yates – Vice Chair

#### Councillors:

Mrs E. Aldworth, D.T. Davies, C. Elsbury, Mrs A. Gair, Ms J. Gale D. Hardacre, Mrs B. Miles, Ms T. Parry, G. Simmonds and J. Simmonds.

#### Together with:

G. Hawkins (Grant Thornton) and G. Jones (Wales Audit Office).

N. Scammell (Head of Corporate Finance and Section 151 Officer), D. Gronow (Acting Internal Audit Manager), G. Jenkins (Assistant Director for Children's Services) R. Roberts (Performance Manager), S. Couzens (Chief Housing Officer), P. Smythe (Housing Technical Office), and Kim Houghton (Committee Services Officer).

#### 1. APOLOGIES

Apologies for absence were received from Councillor J. Bevan,

#### 2. DECLARATIONS OF INTEREST

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

#### 3. MINUTES – 16TH OCTOBER 2018

Councillor T. Davies requested that it be noted that in regard to Item 4 (Wales Audit Office - Overview and Scrutiny Fit for the Future? – Caerphilly County Borough) of the minutes in that it should reflect that the apology offered should come from the Welsh Audit Office.

It was moved and seconded that, subject to the above noted comments, the minutes of the meeting held on the 16th October 2018 be agreed as a correct record and by a show of hands this was unanimously agreed.

RESOLVED that subject to the above noted comments, the minutes of the Audit Committee held on the 16th October 2018 (Minute No. 1 –11) be approved as a correct record.

## **REPORTS OF OFFICERS**

Consideration was given to the following reports.

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

The Head of Corporate Finance and Section 151 Officer presented the report which outlined the draft Forward Work Programme from January 2019 to October 2019. Members were asked to consider the work programme and agree the proposed changes, make any amendments or propose any additional items to be included in future meetings.

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

RESOLVED that the work programme appended to the report be approved.

### **5. INTERNAL AUDIT REPORTS – “IN NEED OF IMPROVEMENT”**

The Head of Corporate Finance and Section 151 Officer and Acting Internal Audit Manager presented the report which aimed to inform Members, in line with agreed processes, of audit assignments undertaken and to allow Members to seek clarification or explanation where there are areas of concern and to identify where further action is deemed necessary. Members were also asked to assess whether the recommendations made by Internal Audit and agreed management responses are reasonable and support an improvements in internal control processes.

Members were referred to the Appendices of the report which presented the Final Internal Audit Report for WHQS Validation Progress 2018/19 and the Final Internal Audit Report for Section 17 Payments 2017/18.

In consideration of these reports, the Head of Corporate Finance and Section 151 Officer asked the Members to consider the potential increased work load that the inclusion of Internal Audit reports on Audit Committee agendas would be and whether it may be necessary to increase the number of Audit Committee meetings held each year to accommodate this.

The Chair thanked the Officers for their report and Members comments were welcomed.

Members discussed the Final Internal Audit Report for Welsh Housing Quality Standard (WHQS) Validation Progress 2018/19 (Appendix 1). A Member referred to the 'In need of Improvement' judgement in relation to control procedures and compliance with the controls. They enquired as to what staff would do to improve on these areas. The Acting Internal Audit Manager explained that there was a rigorous testing and monitoring system in place around the controls and there is constant dialogue between Housing Officers and Internal Audit Officers where concerns are addressed. There is already work being undertaken within the Service to make the improvements required.

Members discussed the projected end date for Control Risk 1, being December 2019 versus the Welsh Government deadline of December 2020 for completion of the whole WHQS Programme. They considered the length of time given to address the Control and whether the objectives set were achievable in the timeframe and how this would be affected by the Acceptable Fails rate and Refusal of Access properties. The Acting Internal Audit Manager responded that the last Audit was conducted between August and October 2018 with the report issued on the 30th November 2018; a lot of work went into the report to ensure that the objectives were achievable. The Technical Housing Manager informed Members that there were approximately 10,000 properties in the programme and the timeframe for Control compliance was reflective of the time needed to gather data on the Acceptable Fails

properties. The Chief Housing Officer confirmed to Members that the Acceptable Fails would not impact on property compliance and that the deadline of December 2019 was one year in advance of the final WHQS Programme deadline, allowing time to ensure the work carried out was right. A Member asked Officers if there was further scope to improve the process. The Acting Internal Audit Manager advised Members that a specialist audit staff member had been seconded to the WHQS programme to address the risks.

The Acting Internal Audit Manager introduced the Section 17 Payments 2017/18 report (Appendix 2), explaining to Members that Section 17 Payments are the provision of services and payments to families with children not in care but at risk of going into care therefore the scope of the payments is narrow and related to a specific part of legislation. The audit found this area to be generally good with some areas in need of improvement.

A Member in reference to 3.2.1 and 3.2.2 of the report relating to policy update/review and policy awareness and access, enquired as to why a review had not been conducted in this area and what would be done to ensure this process is compliant and frontline staff policy awareness was raised. The Acting Internal Audit Manager informed the Member that a Policy review is conducted every three years as it is not considered a high risk process however a task and finish group has been set up to address this process with identified procedures to be in place by June 2019 with a follow up review scheduled in place. The Assistant Director for Children's Services further commented that Section 17 legislation is incorporated into the Social Services & Wellbeing Act and the internal Policy needs to be revised to reflect the update in legislation. He said that there would be a focus on revising these policies and once this had been completed then the policies will be issued to staff and team managers instructed to brief staff on what steps to follow.

Members raised concerns regarding staff adherence to established protocols and why the timeframe for carrying out the identified actions to address this risk was so long. They enquired as to whether the issue with protocol adherence was down to management or staff resourcing pressures. The Assistant Director for Children's Services advised Members that the Service needed to be more specific and realistic with the deadlines set to address points made in the internal audit report and prioritise those points that need addressing sooner rather than later. He provided Members with reassurance that the points had been taken on board and highlighted that the risks identified were relatively low level and related to gaps in processes. He also informed Members that the Section 17 work in frontline team's is only a very small part of their overall workload. He confirmed that the cuts affecting that service have been made in the administrative support area of the service in order to strengthen the frontline services.

Members discussed the future process in relation to the reporting of completed and issued audit assignments to Committee and agreed that there should be an additional meeting added to the timetable of meetings to accommodate the additional workload.

Following consideration of the report and appendices, it was moved and seconded that the report would be noted and that an additional meeting of Audit Committee would be scheduled to accommodate the future process for reporting completed and issued audit assignments.

RESOLVED that:-

- (i) the content of the report be noted and the comments of the Audit Committee be noted by Internal Audit;
- (ii) as part of the future process in relation to the reporting of completed and issued audit assignment to Audit Committee, an additional meeting be added to the Committee's timetable of meetings.

## **6. CERTIFICATION OF GRANTS AND RETURNS 2017-18 – CAERPHILLY COUNTY BOROUGH COUNCIL**

The External Auditor introduced the report which sought to inform Members of the certification of grants and returns 2017-18 and answered the question - Does Caerphilly County Borough Council have satisfactory arrangements in place to ensure the production of co-ordinated, accurate, timely and properly documented grant claims?

The External Auditors informed Members that in 2017-18, they certified 10 grant claims and 1 narrative report and confirmed that the Council had submitted all claims on time and Grant Thornton had certified all of the claims. They referred Members to the summaries of key outcomes and issues within the report and called particular attention to the recommendation made in relation to unapproved/ineligible expenditure included – Housing Benefit.

A Member requested that the progress made in carrying out the External Auditors recommendation to implement training to address the issues identified could be reported back to the Audit Committee. It was agreed with the Head of Corporate Finance and Section 151 Officer that an information only report be brought to Audit Committee at its June 2019 meeting. The External Auditors added that Housing Benefits and Council Tax was very complex and 90% of staff across the local authority is qualified, the issue identified is very small and so the response should be proportional.

The Chair thanked the External Auditors and Head of Corporate Finance and Section 151 Officer for their report and Members for their questions and comments.

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

The Performance Manager introduced the report which updated Members on the progress against proposals or recommendations made by all regulators since the last Audit Committee update in July 2018 and advised Members on any new proposals that had been added since that time.

She informed Members that since July 2018 two reports have been provided with two received in draft and currently going through the clearance process. Currently, there is one recommendation and twelve proposals on the register, totalling thirteen altogether. There are four proposals completed if agreed by the Committee leaving 9 outstanding.

Members were referred to the details of the report and asked to note its contents and agree to the closure of the proposals noted as recommended to be closed, within Appendix A.

Members sought clarification in regard to the reporting process for the Asset Management Co-ordinator and which Committee would be expected to receive updates. The Head of Corporate Finance and Section 151 Officer informed Members that progress would be reported to the Interim Head of Property Services who would then report to the Interim Corporate Director for Communities. Updates could potentially go to Policy and Resources Scrutiny Committee as this is an authority wide issue however this would need to be agreed by the Chair of the Policy and Resources Scrutiny Committee and the Interim Corporate Director for Communities.

Members discussed the four proposed closures particularly whether it was appropriate to close the WHQS and Leisure Review proposals. The Performance Manager advised Members that the WHQS proposal was at an end with a new one expected to come on to the register in its place. In regards to the Leisure Review, the work on this has concluded and therefore has been recommended for closure.



Following consideration of the report, it was moved and seconded that the contents of report be noted and that the four recommended proposals for closure be closed.

RESOLVED that the contents of the report be noted and the proposals noted as recommended to be closed contained within Appendix A be closed.

## **8 - 11. INFORMATION ITEMS**

The Committee received and noted the following information items:-

- (i) Caerphilly Certificate of Compliance – Audit of Caerphilly County Borough Council's Assessment of 2017-18 Performance
- (ii) Regulation of Investigatory Powers Act 2000
- (iii) Officers Declarations of Gifts and Hospitality – July to September 2018
- (iv) Corporate Governance Panel Minutes – Monday 24<sup>th</sup> September 2018

The meeting closed at 15.10pm.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 23rd April 2019, they were signed by the Chair.

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CHAIR

Gadewir y dudalen hon yn wag yn fwriadol

AUDIT COMMITTEE FORWARD WORK PROGRAMME – 2019 (As at 11.04.19)

<b>AUDIT COMMITTEE – 23RD APRIL 2019</b> <b>(Deadline for reports: 12 noon 8TH APRIL 2019)</b>			
<b>TITLE</b>	<b>PURPOSE</b>	<b>KEY ISSUES</b>	<b>PRESENTING OFFICER</b>
Audit Committee Forward Work Programme	To ensure that the committee agendas reflect its responsibilities in the reviewing and consideration of the Authorities financial affairs and financial statements, including the oversight of the internal and external audit arrangements of the Council and the reviewing and assessment of risk management, internal control and corporate governance arrangements.	It includes all reports that were identified at the Audit Committee on 29th January 2019.  Outlines the reports planned for Audit Committee until December 2019	R. Edmunds
Annual Internal Audit Plan 2018/19	To inform Members of the Audit Committee of the Internal Audit Managers overall opinion on the Authority's Internal Control Systems derived from the work undertaken by Internal Audit Services during the financial year.		R. Harris
2019 Audit Plan – Caerphilly County Borough Council	The purpose of the plan is to set out the external Auditors proposed work, when it will be undertaken, how much it will cost and who will undertake it.		Grant Thornton
Internal Audit Services: Audit Charter	To present the Audit Committee with proposed changes to the Audit Charter	The current Audit Charter was approved by the Audit Committee on the 10th September 2014. The purpose of this report is to present an updated Charter to the Audit Committee for consideration	R. Harris

**AUDIT COMMITTEE FORWARD WORK PROGRAMME – 2019 (As at 11.04.19)**

Internal Audit Services: Annual Audit Plan 2019/20	The report seeks Audit Committee approval for the Internal Audit Services Annual Audit Plan for the financial year 2019/20.		R. Harris
Internal Audit Reports - "In Need of Improvement".	To update Members with the audit assignments undertaken in order to better inform the Committee of the work being undertaken, risks identified agreed actions and any associated impact on the Authority's Annual Governance Statement Process.		S. Harris/R. Harris
<b>INFORMATION ITEMS</b>			
WAO – WHQS Service Users Perspective and Follow Up Report	To update Members following presentation of the reports at Cabinet, CHTG and Policy and Resources Scrutiny Committee.		WAO
Regulation of Investigatory Powers Act 2000	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 (RIPA)	To provide an update on the number of operations undertaken in accordance with RIPA for the period 1st January to 31st March 2019.	R. Tranter/L. Lane
Officers Declarations of Gifts and Hospitality – October to December 2018	To provide the Audit Committee with the information regarding the Register of Employees' Interests Forms completed by officers of the Council (excluding Schools) regarding Gifts and Hospitality for the period Oct to Dec 2018 and a comparison with the previous		L. Donovan

**AUDIT COMMITTEE FORWARD WORK PROGRAMME – 2019 (As at 11.04.19)**

	three quarters.		
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<b>AUDIT COMMITTEE – 11TH JUNE 2019 (Deadline for reports: 12 noon 28TH MAY 2019)</b>			
<b>TITLE</b>	<b>PURPOSE</b>	<b>KEY ISSUES</b>	<b>PRESENTING OFFICER</b>
Audit Committee Forward Work Programme	To ensure that the committee agendas reflect its responsibilities in the reviewing and consideration of the Authorities financial affairs and financial statements, including the oversight of the internal and external audit arrangements of the Council and the reviewing and assessment of risk management, internal control and corporate governance arrangements.	It includes all reports that were identified at the Audit Committee on 23rd April 2019.  Outlines the reports planned for Audit Committee until December 2019.	R. Edmunds
Regulator Proposals for Improvement Progress Update			R. Roberts/S. Harris
Corporate Risk Register (Q4 – 2018/19)			R. Roberts/S. Harris
Draft Annual Governance Statement 2018/19			R. Edmunds
Progress Report on the Public Sector Internal Audit Standard (PSIAS) Action Plan	To update the Audit Committee on progress against the PSIAS Action Plan		N. Scammell
Corporate Governance Local Code and Terms of Reference for the Review Panel	To Prepare the Terms of Reference for the Review Panel		N. Scammell
<b>INFORMATION ITEMS</b>			
Annual Review of Complaints Received Under the Council's Corporate Complaints Policy – April 2018 – 31st March 2019			L. Lane

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**AUDIT COMMITTEE FORWARD WORK PROGRAMME – 2019 (As at 11.04.19)**

Corporate Governance Panel Minutes – TBC			S. Harris
Regulation of Investigatory Powers Act 2000	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 (RIPA)	To provide an update on the number of operations undertaken in accordance with RIPA for the period TBC to TBC, 2019.	L. Lane
Officers Declarations of Gifts and Hospitality – January to March 2019	To provide the Audit Committee with the information regarding the Register of Employees' Interests Forms completed by officers of the Council (excluding Schools) regarding Gifts and Hospitality for the period TBC 2019 i.e the first quarter of the financial year 2018/19 and a comparison with the previous three quarters.		L. Donovan
P Forensics Software			N. Scammell

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<b>SPECIAL AUDIT COMMITTEE – 23RD JULY 2019 (Deadline for reports: 12 noon 8TH JULY 2019)</b>			
<b>TITLE</b>	<b>PURPOSE</b>	<b>KEY ISSUES</b>	<b>PRESENTING OFFICER</b>
Local Government Financial Statements and the Role of the External Auditor			Grant Thornton
Audit Committee Assurance Over Management Processes and Arrangements			N. Scammell
Financial Statements for 2018/19			N. Scammell
<b>INFORMATION ITEMS</b>			
None			

AUDIT COMMITTEE FORWARD WORK PROGRAMME – 2019 (As at 11.04.19)

AUDIT COMMITTEE – 15TH OCTOBER 2019 (Deadline for reports: 12 noon 30TH SEPTEMBER 2019)			
TITLE	PURPOSE	KEY ISSUES	PRESENTING OFFICER
Audit Committee Forward Work Programme	To ensure that the committee agendas reflect its responsibilities in the reviewing and consideration of the Authorities financial affairs and financial statements, including the oversight of the internal and external audit arrangements of the Council and the reviewing and assessment of risk management, internal control and corporate governance arrangements.	It includes all reports that were identified at the Audit Committee on 11th June 2019  Outlines the reports planned to Audit Committee until December 2019	R. Edmunds
Corporate Risk Register Monitoring (Q2 – 2019/20)			R. Roberts/S. Harris
Internal Audit Services – Annual Outturn Report – 2018/19			R. Harris
Internal Audit Services Mid-Year Progress Report			R. Harris
<b>INFORMATION ITEMS</b>			
Caerphilly County Borough Council – Annual Audit Letter 2018/19			N. Scammell
Regulation of Investigatory Powers Act 2000	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 (RIPA)		L. Lane
Officers Declarations of Gifts and Hospitality – April to June 2019	To provide the Audit Committee with the information regarding the		L. Donovan

**AUDIT COMMITTEE FORWARD WORK PROGRAMME – 2019 (As at 11.04.19)**

	Register of Employees' Interests Forms completed by officers of the Council (excluding Schools) regarding Gifts and Hospitality for the period TBC 2019 i.e the first quarter of the financial year 2018/10 and a comparison with the previous three quarters.		
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<b>SPECIAL AUDIT COMMITTEE – 17TH DECEMBER 2019 (Deadline for reports: 12 noon 2ND DECEMBER 2019)</b>			
TITLE	PURPOSE	KEY ISSUES	PRESENTING OFFICER

<b>Dates to be confirmed</b>			
TITLE	PURPOSE	KEY ISSUES	PRESENTING OFFICER
Corporate Complaints 6 monthly update			L. Lane/R. Tranter

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WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru  
Auditor General for Wales

## Cynllun Archwilio 2019 – Cyngor Bwrdeistref Sirol Caerffili

Blwyddyn archwilio: 2018-19

Dyddiad cyhoeddi: Ebrill 2019

Cyfeirnod y ddogfen: 1197A2019-20

Paratowyd y ddogfen hon yn rhan o waith a berfformiwyd yn unol â swyddogaethau statudol. Mae rhagor o wybodaeth am hyn ar gael yn [Atodiad 1](#).

Nid yw'r Archwilydd Cyffredinol, staff Swyddfa Archwilio Cymru na, pan fo hynny'n berthnasol, yr archwilydd sy'n gweithredu ar ran yr Archwilydd Cyffredinol, yn derbyn unrhyw gyfrifoldeb o ran unrhyw aelod, cyfarwyddwr, swyddog neu gyflogai arall yn eu rhinwedd unigol, neu unrhyw drydydd parti.

Os gwneir cais am wybodaeth y gallai'r ddogfen hon fod yn berthnasol iddi, tynnir sylw at y Cod Ymarfer a gyhoeddwyd o dan adran 45 o Ddeddf Rhyddid Gwybodaeth 2000. Mae Cod adran 45 yn nodi'r arfer a ddisgwylir gan awdurdodau cyhoeddus wrth ymdrin â cheisiadau, gan gynnwys ymgynghori â thrydydd partïon perthnasol. Mewn cysylltiad â'r ddogfen hon, mae Archwilydd Cyffredinol Cymru, Swyddfa Archwilio Cymru a, pan fo hynny'n berthnasol, yr archwilydd sy'n gweithredu ar ran yr Archwilydd Cyffredinol yn drydydd partïon perthnasol. Dylid anfon unrhyw ymholiadau ynglŷn â datgelu neu ailddefnyddio'r ddogfen hon i Swyddfa Archwilio Cymru yn [info.officer@audit.wales](mailto:info.officer@audit.wales).

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.

This document is also available in English. Mae'r ddogfen hon hefyd ar gael yn Saesneg.

Paratowyd y ddogfen hon gan Huw Rees, Non Jenkins a Gareth Jones o Swyddfa Archwilio Cymru gyda chymorth Barrie Morris, Gail Turner-Radcliffe a Grace Hawkins o Grant Thornton UK LLP.

# Cynnwys

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# Cynllun Archwilio 2019

## Crynodeb

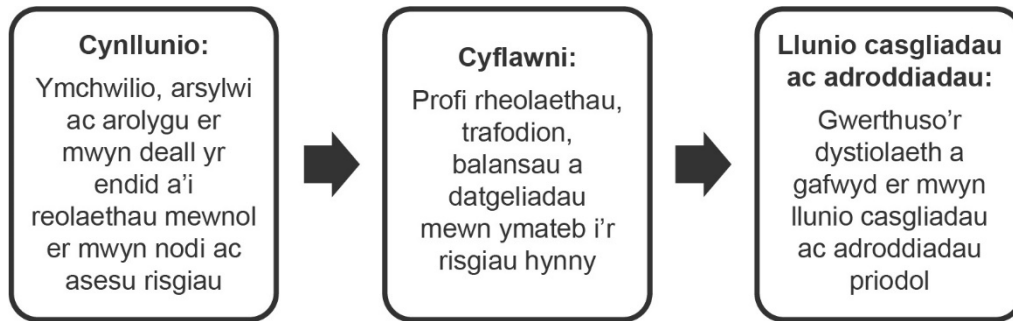
- 1 Fel eich archwilydd allanol, fy amcan i yw cynnal archwiliad sy'n cyflawni fy nyletswyddau statudol fel Archwilydd Cyffredinol ac sy'n cyflawni fy rhwymedigaethau o dan Ddeddf Archwilio Cyhoeddus (Cymru) 2004, Mesur Llywodraeth Leol (Cymru) 2009 (y Mesur), Deddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015, Deddf Llywodraeth Leol 1999, a'r Cod Ymarfer Archwilio, sef:
  - archwilio ac ardystio a yw eich datganiadau ariannol yn 'wir ac yn deg';
  - asesu a oes gennych drefniadau priodol ar waith i sicrhau darbodusrwydd, effeithlonrwydd ac effeithiolrwydd yn y defnydd o adnoddau;
  - archwilio ac asesu a ydych wedi cyflawni'r dyletswyddau a bodloni gofynion y Mesur; a
  - chynnal astudiaethau i fy ngalluogi i wneud argymhellion i wella darbodusrwydd, effeithlonrwydd ac effeithiolrwydd neu i wella trefniadau rheoli ariannol neu drefniadau rheoli eraill.
- 2 Diben y cynllun hwn yw nodi fy ngwaith arfaethedig, pryd y caiff ei wneud, cost y gwaith hwn a phwy fydd yn ei wneud.
- 3 Ni orfodwyd unrhyw gyfyngiadau arnaf wrth gynllunio cwmpas yr archwiliad hwn.
- 4 Nodir fy nghyfrifoldebau i, ynghyd â rhai'r rheolwyr a'r rhai sy'n gyfrifol am lywodraethu, yn **Atodiad 1**.

## Archwiliad o gyfrifon

- 5 Fy nghyfrifoldeb i yw cyflwyno tystysgrif ac adroddiad ar y datganiadau ariannol sy'n cynnwys barn ar eu 'gwirionedd a'u tegwch'. Mae hyn yn darparu sicrwydd bod y cyfrifon yn:
  - rhydd rhag camddatgan, boed trwy wall neu dwyll;
  - cydymffurfio â gofynion statudol a gofynion perthnasol eraill; ac yn
  - cydymffurfio â'r holl ofynion perthnasol ar gyfer cyflwyno a datgelu cyfrifyddol.
- 6 Rwyf i hefyd yn ystyried a oes gan Gyngor Bwrdeistref Sirol Caerffili (y Cyngor) drefniadau priodol ar waith i sicrhau darbodusrwydd, effeithlonrwydd ac effeithiolrwydd yn ei ddefnydd o adnoddau ac adrodd drwy eithriad os nad yw'r Datganiad Llywodraethu Blynyddol yn cydymffurfio â gofynion.
- 7 Mae **Atodiad 1** yn nodi fy nghyfrifoldebau yn llawn.
- 8 Mae'r gwaith archwilio yr wyf yn ei wneud i gyflawni fy nghyfrifoldebau yn ymateb i fy asesiad o risgiau. Mae'r ddealltwriaeth hon yn caniatáu i mi ddatblygu dull archwilio sy'n canolbwyntio ar fynd i'r afael â risgiau penodol wrth ddarparu sicrwydd ar gyfer y datganiadau ariannol yn eu cyfanrwydd. Mae fy null archwilio yn cynnwys tri cham a nodir yn **Arddangosyn 1**.

### Arddangosyn 1: fy null archwilio

Mae'r tabl hwn yn crynhoi tri cham fy null archwilio ariannol, sef cynllunio, profi ac adrodd.



- 9 Nodir y risgiau camddatgan sylweddol sy'n arwyddocaol yn fy marn i, ac felly y mae angen ystyriaeth archwilio arbennig arnynt yn **Arddangosyn 2** ynghyd â'r gwaith rwy'n bwriadu ei wneud i fynd i'r afael â nhw. Mae meysydd archwilio allweddol eraill y bydd fy nhîm yn canolbwyntio arnynt wedi'u cynnwys hefyd.

### Arddangosyn 2: risgiau archwilio ariannol

Mae'r tabl hwn yn crynhoi'r prif risgiau archwilio ariannol a nodwyd yng nghanam cynllunio'r archwiliad

Risg archwiliad ariannol	Ymateb arfaethedig yr archwiliad
<b>Risgiau arwyddocaol</b>	
Mae'r risg y bydd rheolwyr yn gwrth-wneud rheolaethau i'w gweld ym mhob endid. O ganlyniad i natur anrhagweladwy y gallai'r gwrth-wneud hyn ddigwydd, ystyrir ei bod yn risg arwyddocaol [ISA 240.31-33].	Bydd fy nhîm archwilio yn: <ul style="list-style-type: none"><li>• profi priodoldeb yr wybodaeth yn y cyfnodolion a newidiadau eraill a wneir wrth baratoi'r datganiadau ariannol;</li><li>• archwilio amcangyfrifon cyfrifyddu am duedd; a</li><li>• gwerthuso'r sail resymegol i unrhyw drafodion arwyddocaol y tu allan i fusnes arferol.</li></ul>

Risg archwiliad ariannol	Ymateb arfaethedig yr archwiliad
<b>Risgiau arwyddocaol</b>	
Prisio eiddo, offer a chyfarpar	<p>Bydd fy nhîm archwilio yn:</p> <ul style="list-style-type: none"> <li>• adolygu prosesau'r rheolwyr a'r tybiaethau ar gyfer cyfrifo'r amcangyfrif, y cyfarwyddiadau a roddwyd i arbenigwyr prisio a chwmpas eu gwaith;</li> <li>• ystyried cymhwysedd, arbenigedd a gwrthrychedd unrhyw arbenigwyr rheoli sy'n cael eu defnyddio;</li> <li>• trafod ar ba sail y gwneir y prisiad a herio tybiaethau allweddol â'r prisiwr pan fo hynny'n briodol;</li> <li>• adolygu a herio'r wybodaeth a ddefnyddiwyd gan y prisiwr i sicrhau cyflawnder a chysondeb â'n dealltwriaeth ni;</li> <li>• profi prisiadau a wnaed yn ystod y flwyddyn i sicrhau eu bod wedi'u hychwanegu'n gywir at y gofrestr asedau; a</li> <li>• gwerthuso'r tybiaethau a wnaed gan reolwyr ar gyfer yr asedau hynny nad ydynt wedi'u hailbrisio yn ystod y flwyddyn a sut y mae rheolwyr wedi bodloni eu hunain nad yw'r rhain yn wahanol iawn i'r gwerth cyfredol.</li> </ul>
Prisio Rhwymedigaeth Net y Gronfa Bensiwn	<p>Bydd fy nhîm archwilio yn:</p> <ul style="list-style-type: none"> <li>• nodi'r rheolaethau sydd ar waith gan y rheolwyr i sicrhau na chaiff rhwymedigaeth y gronfa bensiwn ei gamddatgan yn sylweddol. Rydym hefyd yn asesu a gyflawnwyd a gweithredwyd y rheolaethau hyn yn unol â'r disgwyl ac a ydynt yn ddigonol i liniaru'r risg o gamddatgan sylweddol;</li> <li>• gwerthuso hyfedredd, arbenigedd a gwrthrychedd yr actiwarïaid a gynhaliodd brisiadau eich cronfa bensiwn. Byddwn yn datblygu dealltwriaeth o ar ba sail y cynhaliwyd y prisiadau;</li> <li>• cynnal gweithdrefnau i gadarnhau rhesymoldeb y tybiaethau actiwarïaid a wnaed; a</li> <li>• sicrhau cysondeb ased y gronfa bensiwn a'r rhwymedigaeth a'r datgeliadau yn y nodiadau i'r datganiadau ariannol â'r adroddiadau actiwarïaid gan eich actiwarïaid.</li> </ul>

Risg archwiliad ariannol	Ymateb arfaethedig yr archwiliad
<b>Meysydd eraill y bydd yr archwiliad yn rhoi sylw iddynt</b>	
<p>Safonau cyfrifyddu newydd Mae offerynnau ariannol IFRS 9 yn berthnasol o 1 Ebrill 2018 ymlaen, ac mae'n cyflwyno dull newydd wedi'i seilio ar egwyddorion ar gyfer dosbarthu a mesur asedau ariannol. Mae hefyd yn cyflwyno dull amhariad newydd ar gyfer asedau ariannol wedi'i seilio ar golledion disgwylidig yn hytrach na cholledion gwirioneddol. Bydd hyn yn arwain at nodi colledion credyd disgwylidig yn gynharach ac yn effeithio ar sut y cyfrifir y ddarpariaeth ddyled wael.</p> <p>Mae refeniw IFRS 15 o gontractau â chwsmeriaid yn cyflwyno model pum cam wedi'i seilio ar egwyddorion ar gyfer adnabod refeniw sy'n codi o gontractau â chwsmeriaid. Y mae wedi'i seilio ar egwyddor graidd sy'n ei gwneud yn ofynnol i'r refeniw a gaiff ei nodi ddangos y nwyddau neu'r gwasanaethau arfaethedig a gaiff eu trosglwyddo i'r cwsmer mewn swm sy'n adlewyrchu'r ystyriaeth y mae corff yn disgwyl bod hawl ganddo iddo, yn gyfnewid am y nwyddau neu'r gwasanaethau hynny. Bydd hefyd yn gofyn am ddatgeliadau mwy helaeth nag sy'n ofynnol ar hyn o bryd.</p>	<p>Bydd fy nhîm archwilio yn asesu effeithiau tebygol y Safonau Adrodd Ariannol Rhyngwladol newydd ac yn gwneud gwaith mewn ymateb i unrhyw risgiau camddatgan sylweddol a nodir.</p>

- 10 Nid wyf yn ceisio cael sicrwydd llwyr ynghylch gwirionedd a thegwch y datganiadau ariannol a'r nodiadau cysylltiedig, yn hytrach rwy'n mabwysiadu cysyniad o berthnasedd. At ddibenion cynllunio, rydym wedi penderfynu bod perthnasedd yn £6.132 miliwn, sef 1% o gyfanswm y gwariant. Caiff perthnasedd terfynol ei adrodd i'r Pwyllgor Archwilio cyn cwblhau'r archwiliad. Fy nod yw nodi camddatganiadau sylweddol, hynny yw, y rhai hynny a all arwain at gamarwain darlennydd y cyfrifon. Bydd y lefelau yr wyf i'n barnu bod y camddatganiadau yn sylweddol yn cael eu hadrodd i'r Pwyllgor Archwilio cyn cwblhau'r archwiliad.
- 11 At ddibenion adrodd, byddaf yn trin unrhyw gamddatganiad sydd islaw lefel 'ddibwys' (perthnasedd o 5%) yn un nad oes angen i'r rhai sy'n gyfrifol am lywodraethu ei ystyried ac felly ni fyddaf yn adrodd arnynt.
- 12 Mae fy ffioedd a'r amserlen arfaethedig ar gyfer cwblhau'r archwiliad wedi'i seilio ar y tybiaethau canlynol:
  - mae'r datganiadau ariannol wedi'u darparu'n unol â'r amserlen y cytunwyd arni, o'r ansawdd disgwylidig ac maent wedi bod yn destun adolygiad sicrwydd ansawdd trylwyr;

- mae'r wybodaeth a ddarparwyd i gefnogi'r datganiadau ariannol yn cyd-fynd â'r ddogfen canlyniadau archwilio y cytunwyd arnynt<sup>1</sup>;
  - darperir lleoliad a chyfleusterau priodol i alluogi fy nhîm archwilio i gyflawni'r archwiliad mewn modd effeithlon;
  - bydd yr holl swyddogion priodol ar gael yn ystod yr archwiliad; ac
  - mae gennych yr holl reolaethau a gwiriadau angenrheidiol ar waith i alluogi'r Swyddog Ariannol Cyfrifol i ddarparu'r holl sicrwydd sydd ei angen arnaf yn y Llythyr Sylwadau wedi'i gyfeirio ataf i.
- 13 Yn rhan o archwiliad 2017-18, nodais nifer o ddiffygion cynllunio, adrodd a chyfathrebu yn y Gwaith Archwilio Mewnol. Yn rhan o'r broses o gynllunio archwiliad 2019-20, mae ein trafodaethau â swyddogion wedi nodi bod cynnydd yn cael ei wneud o ran mynd i'r afael â'r materion a nodwyd gennyf yn yr archwiliad Byddaf yn cynnal adolygiad o'r trefniadau presennol er mwyn hysbysu casgliad barn archwilio 2019-20, adrodd ar y cynnydd a wnaed, a ble y dylid canolbwyntio camau pellach os bydd eu hangen.
- 14 Yn ogystal â fy nghyfrifoldebau sy'n gysylltiedig â'r archwiliad o ddatganiadau ariannol statudol y Cyngor a nodir uchod, mae hefyd yn ofynnol i mi ardystio dogfen i Lywodraeth Cymru sy'n rhoi gwybodaeth am Gyngor Bwrdeistref Sirol Caerffili i gefnogi'r gwaith o baratoi Cyfrifon y Llywodraeth Gyfan.
- 15 Yn ogystal ag archwilio'r cyfrifon, mae gen i gyfrifoldebau statudol hefyd i dderbyn cwestiynau a gwrthwynebiadau i'r cyfrifon gan etholwyr lleol. Nodir y cyfrifoldebau hyn yn Neddf Archwilio Cyhoeddus (Cymru) 2004:
- Adran 30 Archwilio dogfennau a chwestiynau yn ystod archwiliad; ac
  - Adran 31 Yr hawl i wrthwynebu yn ystod archwiliad.
- 16 Caiff ffioedd archwilio eu codi am waith a wneir i ymdrin â chwestiynau a gwrthwynebiadau etholwyr. Gan y bydd gwaith archwilio yn dibynnu ar nifer a natur unrhyw gwestiynau a gwrthwynebiadau, nid yw'n bosibl amcangyfrif ffi archwilio ar gyfer y gwaith hwn.
- 17 Os wyf i'n derbyn cwestiynau neu wrthwynebiadau, byddaf yn trafod ffioedd archwilio posibl bryd hynny.

## Archwiliad perfformiad

- 18 Mae angen i mi gydbwyso fy nyletswyddau statudol presennol, newydd ac arfaethedig â'r angen i barhau i gynnal archwiliadau ac asesiadau ystyrion, cymesur wedi'u seilio ar risg. Wrth gyflawni fy nyletswyddau, byddaf yn parhau i gyflawni'r cydbwysedd mwyaf priodol ac ychwanegu gwerth trwy:
- ddarparu sicrwydd ynghylch trefn lywodraethu a stiwardiaeth arian ac asedau cyhoeddus;

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<sup>1</sup> Mae'r ddogfen canlyniadau archwilio y cytunwyd arnynt yn nodi'r gofynion disgwylidig o ran dogfennau gweithiol i gefnogi'r datganiadau ariannol ac mae'n cynnwys amserlen a chyfrifoldebau.



- cynnig cipolwg ar i ba raddau y defnyddir adnoddau yn ddoeth wrth ddiwallu anghenion pobl; a
  - nodi a hyrwyddo ffyrdd y gellir gwella darpariaeth gwasanaethau cyhoeddus.
- 19 Gan ei bod yn debygol y bydd Bil Llywodraeth Leol Cymru disgwylidig yn cynnig nad yw Mesur Llywodraeth Leol (Cymru) 2009 yn berthnasol i gynghorau mwyach, byddaf yn parhau i leihau gymaint â phosibl y gwaith sy'n canolbwyntio ar y broses o wella cynllunio.
- 20 Yn fy nghynllun archwilio ar gyfer 2018, esboniais fy mod i, mewn blynyddoedd blaenorol, wedi rhoi dibyniaeth ar fy ngwaith o dan y Mesur i fy helpu i gyflawni fy nyletswydd o dan Ddeddf Archwilio Cyhoeddus (Cymru) 2004 i fodloni fy hun bod gan gynghorau drefniadau priodol ar waith i sicrhau darbodusrwydd, effeithlonrwydd ac effeithiolrwydd (gwerth am arian) wrth ddefnyddio adnoddau. O ystyried ei bod yn debygol na fyddaf yn gallu dibynnu ar fy ngwaith o dan y Mesur yn y dyfodol, yn 2019-20 ac mewn blynyddoedd dilynol, bydd pwyslais fy rhaglenni archwilio perfformiad lleol yn parhau i gyfochri'n fwy eglur â chyflawni fy nyletswydd o dan Ddeddf Archwilio Cyhoeddus (Cymru) 2004.
- 21 Yn 2018-19, archwiliais i ba raddau yr ydych yn gweithredu yn unol â'r egwyddor datblygu cynaliadwy wrth gymryd camau i gyflawni eich amcanion llesiant. Yn ystod 2019-20, byddaf yn cynnal archwiliad arall i asesu i ba raddau yr ydych yn cymhwyso'r egwyddor datblygu cynaliadwy wrth gymryd camau i gyflawni eich amcanion llesiant. Hwn fydd y darn olaf o waith y byddaf yn ei wneud i gyflawni fy nyletswyddau o dan y Ddeddf Llesiant Cenedlaethau'r Dyfodol yn y Cyngor cyn cyflwyno fy adroddiad cylchol cyntaf i'r Cynulliad Cenedlaethol yn 2020. Yn ystod 2019-20, byddaf i hefyd yn ystyried sut i gyflawni fy nyletswyddau o dan y Ddeddf yn ystod y cyfnod 2020 hyd 2024 a byddaf yn ceisio ymgysylltu ag awdurdodau lleol yn ogystal â rhanddeiliaid eraill wrth ddatblygu fy null.
- 22 Mae Swyddfa Archwilio Cymru yn cynnal rhaglen o astudiaethau llywodraeth leol hefyd. Mae'r gwaith hwn wedi'i gynnwys yn amcangyfrifon Swyddfa Archwilio Cymru ar gyfer cyllid o Gronfa Gyfunol Cymru ac nid ffioedd lleol. Mae'r astudiaethau hyn yn arwain ar y cyfan at adroddiad cenedlaethol wedi'i atgyfnerthu gan arferion da a chanlyniadau dysgu ar y cyd yn hytrach na gan adroddiadau lleol. Caiff canfyddiadau lleol, pan fyddant yn briodol, eu cofnodi mewn gwaith asesu gwelliant a'u hadrodd mewn adroddiadau gwella blynyddol yn dibynnu ar amseriad a phwyslais y casgliadau.

- 23 Wrth ystyried yr holl gasgliadau hyn, bydd fy rhaglen waith ar gyfer 2019-20 yn cynnwys:

### Arddangosyn 3: rhaglen archwilio perfformiad

Rhaglen archwilio perfformiad	Disgrifiad byr
Gwaith archwilio ac asesu gwelliant, gan gynnwys archwiliad o drefniadau cynllunio ac adrodd ar welliant	Archwilio cyflawniad y ddyletswydd i gyhoeddi cynllun gwella, a chyhoeddi asesiad o berfformiad.
Archwiliadau Deddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015	Archwiliad i ba raddau mae'r Cyngor wedi gweithredu yn unol â'r egwyddor datblygu cynaliadwy wrth gymryd camau tuag at gyflawni ei amcanion llesiant.
Asesiad Risg a Sicrwydd	Prosiect i nodi lefel y sicrwydd archwilio a/neu pan fydd angen rhagor o waith archwilio yn y dyfodol o ran y risgiau i'r Cyngor yn rhoi trefniadau priodol ar waith i sicrhau gwerth am arian wrth ddefnyddio adnoddau.
Cynaliadwyedd Ariannol	Prosiect sy'n gyffredin i'r holl gynghorau lleol a fydd yn asesu cynaliadwyedd ariannol yn sgil heriau presennol a'r rhai y disgwylir yn y dyfodol.
Trawsnewid	Bydd y prosiect hwn yn adolygu effeithiolrwydd ac effaith rhaglen trawsnewid y Cyngor wrth ysgogi gwelliant cynaliadwy ac effeithlon. Byddwn yn trafod y pwyslais a'r ymagwedd tuag at y prosiect hwn gyda'r Cyngor.
Astudiaethau Llywodraeth Leol 2019-20	(Wedi'u hariannu gan Gronfa Gyfunol Cymru) Yn ddiweddar, daeth ymgynghoriad yr Archwilydd Cyffredinol ar ei flaenraglen waith i ben a'i astudiaethau llywodraeth leol ar gyfer 2019-20 fydd; <ol style="list-style-type: none"> <li>1. Byrddau Gwasanaethau Cyhoeddus</li> <li>2. Effaith cyni ar wasanaethau dewisol awdurdodau lleol</li> <li>3. Masnacheiddio mewn awdurdodau lleol</li> </ol> Byddwn yn cadarnhau a fydd y Cyngor yn safle gwaith maes ar gyfer unrhyw un o'r astudiaethau hyn cyn bo hir.

- 24 Mae'r prosiectau archwilio perfformiad a oedd wedi'u cynnwys yng Nghynllun Archwilio y llynedd, sy'n parhau neu sydd wedi'u disodli gan brosiectau eraill drwy gyfundeb â chi, wedi'u nodi yn **Atodiad 2**.

## Ardystio hawliadau a ffurflenni grant

- 25 Gofynnwyd i mi wneud gwaith ardystio ar hawliadau a ffurflenni grant y Cyngor fel y nodir yn **Atodiad 3**.
- 26 Fel oedd yn wir y llynedd, ni fydd Llywodraeth Cymru yn ei gwneud yn ofynnol i mi ddarparu unrhyw adroddiad am ganfyddiadau ffeithiol o ran unrhyw lefelau gweithgarwch na chanlyniadau.
- 27 Mae fy ffi archwilio ar gyfer y gwaith hwn wedi'i nodi yn **Arddangosyn 5**.

## Materion cyffredinol a nodwyd

- 28 Mae **Arddangosyn 4** yn crynhoi'r materion mwy sylweddol a/neu ailadroddus a nodais wrth wneud gwaith ardystio'r grant yn 2017-18.

### Arddangosyn 4: materion cyffredinol sy'n ymwneud ag ardystio hawliadau a ffurflenni grant

#### Hawliadau a ffurflenni grant a ddilyswyd yn 2017-18

##### Budd-dal tai a Chymhorthdal Treth yr Awdurdod

Nodwyd nifer o faterion, a arweiniodd at amod, gan gynnwys:

##### Lwfansau Rhent

- Cyfanswm y gwariant sy'n ymwneud ag achosion nad oes angen eu cyfeirio i'r swyddog rhent – nodwyd y gwall hwn yn ystod y flwyddyn pan ddefnyddiwyd y rhwymedigaeth rhent anghywir wrth gyfrifo'r budd-dal. Arweiniodd hyn at orddatganiad o £71 a allosodwyd yng nghell 102 a thanddatganiad cyfatebol yng nghell 113.
- Cyfanswm y Gwariant (Budd-daliadau a Roddwyd) – mae hwn yn wall sydd wedi ei nodi mewn blynyddoedd blaenorol hefyd, lle mae incwm wythnosol cyfartalog wedi ei gyfrifo'n anghywir. Arweiniodd hyn at orddatganiad o £541 a allosodwyd a thanddatganiad cyfatebol yng nghell 113.
- Gordaliadau Cymwys (y flwyddyn gyfredol) – mae hwn yn wall sydd wedi ei nodi mewn blynyddoedd blaenorol hefyd, lle mae gwariant wedi ei gamddosbarthu'n ordaliad cymwys yn hytrach na gwall gan yr awdurdod lleol. Arweiniodd hyn at orddatganiad o £0.46 a allosodwyd yng nghell 114 a thanddatganiad cyfatebol yng nghell 99.

Roedd dwy gell 'cysoni yn ystod y flwyddyn' ar y ffurflen hawlio nad oeddent yn cyfateb. Adroddwyd hyn yn y Llythyr Amodi.

Gwnaed addasiad i'r hawliad hefyd er mwyn sicrhau cywirdeb yr wybodaeth a adroddwyd. Gwnaed addasiad o £2.43 yng nghell 229 (Rhent wythnosol gwirioneddol cyfartalog fesul annedd ar gyfer 2017-18) ac addasiad o £177,868 yng nghell 230 (Incwm rhent ar gyfer 2017-18) fel eu bod nhw'n darllen £82.64 a £45,743,368 yn y drefn honno. Nid effeithiodd yr addasiadau hyn ar unrhyw gymhorthdal a hawliwyd.

## Hawliadau a ffurflenni grant a ddilyswyd yn 2017-18

### Grant Trafnidiaeth Leol

Defnyddiwyd £000 i gwblhau'r hawliad hwn a hynny'n anghywir, gan arwain at orddatganiad o'r gwariant ar y ffurflen hawlio. Addaswyd hyn ac nid yw'n effeithio ar y dyfarniad grant a hawlir.

### Effeithiolrwydd trefniadau cydlynu grantiau

Mae gan yr Awdurdod drefniadau digonol ar gyfer paratoi ei hawliadau a'i datganiadau, a chefnogi ein gwaith ardstio.

### Materion yn ymwneud â hawliadau a ffurflenni grant penodol

- 29 Yn ogystal â'r materion cyffredinol a nodir uchod, rwy'n crynhoi'r materion mwy sylweddol yr wyf wedi'u nodi o ran hawliadau a ffurflenni grant unigol yn [Atodiad 3](#).

## Ffi, tîm archwilio ac amserlen

### Ffi

- 30 Mae eich amcangyfrif o ffi ar gyfer 2019 wedi'i nodi yn [Arddangosyn 5](#). Bu rhai mân newidiadau i fy nghyfraddau ffioedd ar gyfer 2019, fodd bynnag bydd fy nhimau archwilio yn parhau i ysgogi effeithlonrwydd yn eu harchwiliadau er mwyn sicrhau na fyddwch chi'n ysgwyddo unrhyw gynnydd yn y ffioedd. Mae hyn yn cynrychioli cynnydd o 0.03% o'i gymharu â'ch ffi wirioneddol yn 2018. [Mewnosoder esboniad byr ar gyfer newidiadau os yw hynny'n briodol].

## Arddangosyn 5: ffi archwilio

Mae'r tabl hwn yn nodi'r ffi archwilio arfaethedig ar gyfer 2019, yn ôl maes y gwaith archwilio, ynghyd â'r ffi archwilio wirioneddol ar gyfer y llynedd.

Maes archwilio	Ffi arfaethedig (£) <sup>2</sup>	Ffi wirioneddol y llynedd (£)
Archwiliad o gyfrifon <sup>3</sup>	250,000	250,000
Gwaith archwilio perfformiad <sup>4</sup>	104,815	104,776
Cyfanswm y ffi	354,815	354,776
Gwaith ardystio grantiau <sup>5</sup>	Cwmpas y gwaith i'w gadarnhau	41,788

- 31 Bydd cynllunio yn barhaus, ac efallai bydd angen newid fy rhaglen waith archwilio ac felly fy ffi, os bydd risgiau allweddol newydd yn dod i'r amlwg. Ni fyddaf yn gwneud unrhyw newidiadau heb eu trafod â'r Cyngor yn gyntaf.
- 32 Mae rhagor o wybodaeth am [fy ngraddfeydd ffioedd a gosod ffioedd](#) ar gael ar ein gwefan.

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<sup>2</sup>Nodiadau: Nid yw'r ffioedd a ddangosir yn y ddogfen hon yn cynnwys TAW, ni chodir hyn amoch chi.

<sup>3</sup>Yn daladwy o fis Tachwedd 2018 hyd fis Hydref 2019.

<sup>4</sup>Yn daladwy o fis Ebrill 2019 hyd fis Mawrth 2020.

<sup>5</sup> Yn daladwy fel gwaith a wnaed.

## Y tîm archwilio

33 Crynhoir prif aelodau fy nhîm, ynghyd â'u manylion cyswllt, yn **Arddangosyn 6**.

### Arddangosyn 6: fy nhîm archwilio

Mae'r tabl hwn yn rhestru aelodau'r tîm archwilio lleol a'u manylion cyswllt.

Enw	Swyddogaeth	Rhif cyswllt	Cyfeiriad e-bost
Huw Rees	Cyfarwyddwr Ymgysylltu ac Arweinydd Ymgysylltiad – Archwiliad Perfformiad	029 20320 599	<a href="mailto:huw.rees@archwilio.cymru">huw.rees@archwilio.cymru</a>
Barrie Morris	Arweinydd Ymgysylltiad – Archwiliad Ariannol	0117 305 7708	<a href="mailto:barrie.morris@uk.gt.com">barrie.morris@uk.gt.com</a>
Grace Hawkins	Rheolwr Tîm Archwilio Ariannol	02920 347542	<a href="mailto:grace.e.hawkins@uk.gt.com">grace.e.hawkins@uk.gt.com</a>
Non Jenkins	Rheolwr Archwilio Perfformiad	029 20320 595	<a href="mailto:non.jenkins@archwilio.cymru">non.jenkins@archwilio.cymru</a>
Gareth Jones	Arweinydd Archwilio Perfformiad	029 20320 548	<a href="mailto:gareth.jones@archwilio.cymru">gareth.jones@archwilio.cymru</a>

34 Gallaf gadarnhau bod pob aelod o fy nhîm yn annibynnol ar Gyngor Bwrdeistref Sirol Caerffili a'ch swyddogion. Hefyd, nid wyf yn ymwybodol o unrhyw wrthdaro buddiannau posibl y mae angen i mi ddwyn i'ch sylw.

## Amserlen

35 Byddaf yn darparu adroddiadau, neu allbynnau eraill y cytunir arnynt i Gyngor Bwrdeistref Sirol Caerffili yn ymdrin â'r meysydd gwaith a nodir yn y ddogfen hon. Nodir fy mhrif bwyntiau yn y broses yn **Arddangosyn 7**.

## Arddangosyn 7: amserlen

Mae'r tabl hwn yn nodi'r amserlen arfaethedig ar gyfer cwblhau ac adrodd ar fy ngwaith archwilio ar y Cyngor.

Allbwn arfaethedig	Gwaith a wnaed	Adroddiad wedi'i gwblhau
Cynllun Archwilio 2019	Rhagfyr 2018 – Ionawr 2019	Mawrth 2019
Gwaith cyfrifon ariannol: <ul style="list-style-type: none"> <li>Adroddiad ar yr Archwiliad o'r Datganiadau Ariannol</li> <li>Barn ar y Datganiadau Ariannol</li> <li>Memorandwm Cyfrifon Ariannol</li> </ul>	Chwefror – Medi 2019	Medi 2019 Medi 2019 Hydref 2019
Gwaith perfformiad: <ul style="list-style-type: none"> <li>Archwiliad o'r Cynllun Gwella</li> </ul>	Ebrill 2019	Ebrill 2019
<ul style="list-style-type: none"> <li>Archwiliad Deddf Llesiant Cenedlaethau'r Dyfodol</li> </ul>	Mai – Awst 2019	Medi 2019*
<ul style="list-style-type: none"> <li>Archwiliad o'r Asesiad o Berfformiad</li> </ul>	Hydref – Tachwedd 2019	Tachwedd 2019
<ul style="list-style-type: none"> <li>Asesiad Risg a Sicrwydd</li> </ul>	Hydref – Tachwedd 2019	Rhagfyr 2019
<ul style="list-style-type: none"> <li>Cynaliadwyedd Ariannol</li> </ul>	I'w gadarnhau	I'w gadarnhau
<ul style="list-style-type: none"> <li>Trawsnewid</li> </ul>	Medi – Rhagfyr 2019	Rhagfyr 2019*
Adroddiad Gwella Blynyddol	Ebrill 2019 – Mai 2020	Mehefin 2020
Cynllun Archwilio 2020	Hydref hyd – Rhagfyr 2019	Ionawr 2020

\*Amcangyfrif

## Datblygiadau yn y dyfodol ar fy ngwaith archwilio

- 36 Nodir manylion datblygiadau eraill yn y dyfodol, gan gynnwys newidiadau sydd ar ddod, i Safonau Adrodd Ariannol Rhyngwladol allweddol, seminarau Cyfnewidfa Arfer Da Swyddfa Archwilio Cymru a'r gwaith yr wyf wedi'i gynllunio ar barodrwydd y sector cyhoeddus yng Nghymru ar gyfer Brexit yn **Atodiad 4**.



# Atodiad 1

## Cyfrifoldebau perthnasol

### Archwiliad o gyfrifon

Fel y'i diwygiwyd gan Ddeddf Archwilio Cyhoeddus (Cymru) 2013, mae Deddf Archwilio Cyhoeddus (Cymru) 2004 yn nodi fy mhwerau a fy nyletswyddau i gyflawni eich archwiliad ariannol. Fy nghyfrifoldeb i yw cyflwyno tystysgrif ac adroddiad ar y datganiadau ariannol sy'n cynnwys barn ar:

- eu 'gwirionedd a'u tegwch', gan ddarparu sicrwydd eu bod yn:
  - rhydd rhag camddatgan, boed trwy wall neu dwyll;
  - cydymffurfio â gofynion statudol a gofynion perthnasol eraill; ac yn
  - cydymffurfio â'r holl ofynion perthnasol ar gyfer cyflwyno a datgelu cyfrifyddol.
- cysondeb yr wybodaeth yn yr Adroddiad Blynyddol â'r datganiadau ariannol.

Mae'n rhaid imi nodi hefyd drwy eithriad os nad yw'r Datganiad Llywodraethu Blynyddol yn cydymffurfio â gofynion, os nad yw cofnodion cyfrifyddu priodol wedi'u cadw, os nad yw'r datgeliadau angenrheidiol ynghylch cydnabyddiaeth a thrafodiadau eraill wedi'u gwneud neu os nad wyf i wedi cael yr holl wybodaeth ac esboniadau sydd eu hangen arnaf.

Mae Deddf Archwilio Cyhoeddus (Cymru) 2004 yn ei gwneud yn ofynnol imi asesu a oes gan Gyngor Bwrdeistref Sirol Caerffili drefniadau priodol ar waith i sicrhau darbodusrwydd, effeithlonrwydd ac effeithiolrwydd yn y defnydd o adnoddau. I gyflawni hyn, rwy'n ystyried:

- canlyniadau'r gwaith archwilio a wnaed ar y datganiadau ariannol;
- system rheolaeth fewnol Cyngor Bwrdeistref Sirol Caerffili, fel yr adroddwyd yn y Datganiad Llywodraethu Blynyddol a fy adroddiad arni;
- canlyniadau gwaith arall a wnaed, gan gynnwys gwaith a wnaed o dan Fesur Llywodraeth Leol (Cymru) 2009 (y Mesur), ardystiad hawliadau a ffurflenni, ac ymarferion paru data;
- canlyniadau gwaith cyrff arolygu allanol eraill pan fo hynny'n berthnasol i fy nghyfrifoldebau; ac
- unrhyw waith arall sy'n ymdrin â materion na thrafodir uchod, ac sy'n angenrheidiol yn fy marn i er mwyn cyflawni fy nyletswyddau.

Mae Deddf Archwilio Cyhoeddus (Cymru) 2004 yn nodi hawliau'r cyhoedd ac etholwyr i archwilio datganiadau ariannol Cyngor Bwrdeistref Sirol Caerffili, i ofyn i mi yr Archwilydd Penodedig, gwestiynau ynghylch y cyfrifon, a phan fo hynny'n briodol, i herio eitemau yn y cyfrifon. Mae'n rhaid i mi ystyried hefyd a ddylwn i lunio adroddiad, er budd y cyhoedd, ar unrhyw fater a ddaw i'm sylw yn ystod yr archwiliad.

Nid yw fy ngwaith archwilio yn rhyddhau'r rheolwyr neu'r rhai hynny sy'n gyfrifol am lywodraethu o'u cyfrifoldebau, sy'n cynnwys:

- paratoi'r datganiadau ariannol ac Adroddiad Blynyddol yn unol â safonau a chanllawiau cyfrifyddu perthnasol;
- cadw cofnodion cyfrifyddu priodol;
- sicrhau rheoleidd-dra y trafodiadau ariannol; a
- sicrhau gwerth am arian yn y defnydd o adnoddau.

Mae rheolwyr yn cytuno i:

- ganiatáu i mi weld yr holl wybodaeth y mae'r rheolwyr yn ymwybodol ohoni sy'n berthnasol i baratoi'r datganiadau ariannol, fel cofnodion, dogfennau a materion eraill;
- darparu gwybodaeth ychwanegol y mae'n bosibl y byddaf yn gofyn i'r rheolwyr amdani at ddiben yr archwiliad; a
- chaniatáu i mi siarad ag unrhyw bersonau yng Nghyngor Bwrdeistref Sirol Caerffili sy'n angenrheidiol yn y fy marn i er mwyn cael tystiolaeth ar gyfer yr archwiliad.

Bydd angen i'r rheolwyr ddarparu sylwadau ysgrifenedig i mi yn cadarnhau:

- eu bod wedi cyflawni eu cyfrifoldebau ar gyfer paratoi'r datganiadau ariannol;
- bod yr holl drafodiadau wedi'u cofnodi a'u cynnwys yn y datganiadau ariannol;
- y darparwyd gwybodaeth gyflawn i mi at ddibenion yr archwiliad; ac
- yn cefnogi tystiolaeth archwilio arall sy'n berthnasol i'r datganiadau ariannol neu'r honiadau penodol yn y datganiadau ariannol os wyf i o'r farn bod hynny'n angenrheidiol neu'n ofynnol yn ôl y Safonau Archwilio Rhyngwladol.

## Archwiliad perfformiad

Mae Deddf Archwilio Cyhoeddus (Cymru) 2004 yn ei gwneud yn ofynnol i mi, trwy archwilio'r cyfrifon neu fel arall, fodloni fy hun bod y gan y corff drefniadau priodol ar waith i:

- sicrhau darbodusrwydd, effeithlonrwydd ac effeithiolrwydd yn ei ddefnydd o adnoddau; a
- bod y corff, os yw'n ofynnol iddo gyhoeddi gwybodaeth yn unol â chyfarwyddyd o dan adran 47 (gwybodaeth am berfformiad), wedi gwneud trefniadau priodol i gasglu a chofnodi'r wybodaeth a'i chyhoeddi fel sy'n ofynnol i gyflawni ei ddyletswyddau o dan yr adran honno.

Mae'r Mesur yn rhoi dyletswydd gyffredinol ar awdurdodau gwella i wneud trefniadau i sicrhau gwelliant parhaus wrth arfer eu swyddogaethau. Mae hefyd yn pennu gofynion penodol i awdurdodau nodi amcanion gwella a chyhoeddi cynlluniau gwella blynyddol ac asesiadau perfformiad. Diffiniad awdurdodau gwella yw cynghorau sir a bwrdeistref sirol, awdurdodau parc cenedlaethol, ac awdurdodau tân ac achub.

Mae'r Mesur hefyd yn ei gwneud yn ofynnol i mi gynnal asesiad gwella ar gyfer pob awdurdod gwella bob blwyddyn, i bennu a yw'r awdurdod yn debygol o gydymffurfio â'i ddyletswydd gyffredinol a gofynion y Mesur. Mae'n rhaid i mi archwilio hefyd a yw'r awdurdod wedi cyflawni ei ddyletswyddau cynllunio ac adrodd ar welliant.

Gall yr Archwilydd Cyffredinol hefyd, dan rai amgylchiadau, gynnal arolygiadau arbennig (o dan adran 21), a bydd yn darparu adroddiad i'r awdurdodau a'r Gweinidogion perthnasol mewn cysylltiad â hyn, a gall eu cyhoeddi (o dan adran 22). Bydd yr Archwilydd Cyffredinol yn crynhoi adroddiadau archwiliadau ac asesiadau yn ei Adroddiad Gwella Blynyddol (o dan adran 24). Bydd hyn hefyd yn crynhoi unrhyw adroddiadau o arolygiadau arbennig.

Mae Adran 15 o Ddeddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015 yn ei gwneud yn ofynnol i mi gynnal archwiliadau o gyrrff cyhoeddus at ddibenion asesu i ba raddau y mae wedi gweithredu yn unol â'r egwyddor datblygu cynaliadwy wrth:

- (a) bennu amcanion llesiant; a
- (b) chymryd camau i gyflawni'r amcanion hynny.

Mae'n rhaid i mi gynnal archwiliad o'r fath ar bob corff cyhoeddus o leiaf unwaith mewn cyfnod o bum mlynedd. Cyn diwedd y cyfnod, mae'n rhaid i mi adrodd ar ganlyniadau'r archwiliadau hynny i'r Cynulliad Cenedlaethol.

# Atodiad 2

## Gwaith perfformiad yn amlinelliad archwilio y llynedd sy'n parhau o hyd

Arddangosyn 8: gwaith perfformiad yn amlinelliad archwilio y llynedd sy'n parhau o hyd

Prosiect archwilio perfformiad	Statws	Sylwadau
<b>Iechyd yr Amgylchedd</b> Adolygu'r trefniadau sydd ar waith gan y cyngor i gyflawni gwasanaethau iechyd yr amgylchedd trwy barhau â'r astudiaeth a gynhaliwyd eisoes gan yr Archwilydd Cyffredinol yn rhan o'r astudiaethau ar thema 'cyflawni â llai'.	Cwmpasu	Rydym yn cynnal archwiliad dilynol byr ar gynnydd y Cyngor wrth fynd i'r afael â'r argymhellion a wnaed yn astudiaeth genedlaethol yr Archwilydd Cyffredinol. Rydym yn bwriadu cwblhau'r gwaith hwn erbyn dechrau tymor yr Hydref 2019.
<b>Gwasanaethau Hamdden</b> Adolygu'r trefniadau sydd ar waith gan y cyngor i gyflawni gwasanaethau hamdden trwy barhau â'r astudiaeth a gynhaliwyd eisoes gan yr Archwilydd Cyffredinol yn rhan o'r astudiaethau ar thema 'cyflawni â llai'.	Cwmpasu	Rydym yn cynnal archwiliad dilynol byr ar gynnydd y Cyngor wrth fynd i'r afael â'r argymhellion a wnaed yn astudiaeth genedlaethol yr Archwilydd Cyffredinol. Rydym yn bwriadu cwblhau'r gwaith hwn erbyn dechrau tymor yr Hydref 2019.
<b>Trefniadau Diogelu Corfforaethol</b> Adolygu effeithiolrwydd trefniadau diogelu corfforaethol gan barhau â'r astudiaeth a gynhaliwyd eisoes gan yr Archwilydd Cyffredinol yn y maes hwn.	Cwmpasu	Rydym yn cynnal archwiliad dilynol byr ar gynnydd y Cyngor wrth fynd i'r afael â'r argymhellion a wnaed yn astudiaeth genedlaethol yr Archwilydd Cyffredinol. Rydym yn bwriadu cwblhau'r gwaith hwn erbyn dechrau tymor yr Hydref 2019.

# Atodiad 3

## Crynodeb o waith ardystio hawliadau grant

Arddangosyn 9: crynodeb o waith ardystio hawliadau grant

Mae'r tabl hwn yn crynhoi fy rhaglen o waith ardystio hawliadau grant yn 2018-19

Cyf	Grantiau a ffurflenni	Dyddiad dyledus	Dyddiad derbyn	Hwyr	Tystysgrif amodol	Addasiad (>£10,000)	Addasiad (<£10,000)	Tystysgrif ddi-amod
BEN01	Budd-daliadau tai a Chymhorthdal Treth yr Awdurdod	30/04/2018	25/04/2018	Nac ydy	Oes	Datgelu		
TRA15	Grant Trafnidiaeth Leol	30/09/2018	25/09/2018	Nac ydy			Datgelu	
RG03	Cymunedau yn Gyntaf – Pob Clwstwr	31/07/2018	06/07/2018	Nac ydy				Oes
EDU18	Ysgolion yr 21ain Ganrif	30/09/2018	26/09/2018	Nac ydy				Oes
LA01	Cyfradd Annomestig	31/05/2018	31/05/2018	Nac ydy				Oes
HLG01	Partneriaeth Eiddilwch Gwent	27/04/2018	25/04/2018	Nac ydy				Oes
HLG03	Taleb Blynyddol Adran 28a – Wanless	30/09/2018	07/09/2018	Nac ydy				Oes
HLG03	Taleb Blynyddol Adran 28a – Dysgu ac Anabledd	30/09/2018	07/09/2018	Nac ydy				Oes

Cyf	Grantiau a ffurflenni	Dyddiad dyledus	Dyddiad derbyn	Hwyr	Tystysgrif amodol	Addasiad (>£10,000)	Addasiad (<£10,000)	Tystysgrif ddi-amod
PEN05	Pensiynau Athrawon	31/05/2018	30/04/2018	Nac ydy				Oes
LA99	Crynodeb o Grantiau Llywodraeth Cymru Ardystiedig	15/06/2018	31/05/2018	Nac ydy				Oes
TRA23	Teithio am Ddim (Mae elfen ariannol yr hawliad hwn wedi'i chynnwys bellach yn y 'Crynodeb o Grantiau Llywodraeth Cymru Ardystiedig (LA99)'. Roedd yn ofynnol i'r Archwilwyr adrodd ar reoli Data Cerdyn Clyfar a sglodion ISAM o dan CI TRA23).							
	<b>Cyfanswm</b>				<b>1</b>	<b>£177,870</b>	<b>£0</b>	<b>8</b>

Disgwylir i'r rhaglen waith gyffredinol ar hawliadau grant yn 2019 gynnwys cymhorthdal Budd-daliadau Tai, Ysgolion yr 21ain Ganrif, Cyfraddau annomestig, Pensiynau Athrawon, Cymunedau yn Gyntaf, cyllidebau cyfun a throsglwyddiadau arian, ac Atodlen Gryno o gyllid Llywodraeth Cymru.

Yn lleol, gall hefyd fod hawliadau grant Cymunedau yn Gyntaf, cyllidebau cyfun a throsglwyddiadau arian.

# Atodiad 4

## Datblygiadau eraill yn y dyfodol

### A. Newidiadau allweddol sydd ar y gweill i'r Safonau Adrodd Ariannol Rhyngwladol

Arddangosyn 10: newidiadau i'r Safonau Adrodd Ariannol Rhyngwladol

Mae'r tabl hwn yn rhoi manylion y prif newidiadau yn y dyfodol i'r Safonau Adrodd Ariannol Rhyngwladol

Safon	Dyddiad dod i rym	Rhagor o fanylion
Lesoedd IFRS16	Disgwylir yn 2020-21	Bydd IFRS 16 yn disodli'r safon lesoedd presennol yn IAS 17. Y newid allweddol yw ei bod y dileu i raddau helaeth y gwahaniaeth rhwng lesoedd gweithredu ac ariannol ar gyfer lesddeiliaid, trwy gyflwyno un model cyfrifyddu i lesddeiliaid sy'n ei gwneud yn ofynnol iddo nodi asedau a rhwymedigaethau ar gyfer yr holl lesoedd â chyfnod o fwy na 12 mis, oni bai bod gwerth isel i'r ased sylfaenol. Bydd yn arwain at nodi'r holl lesoedd ar y fantolen yn ased wedi'i seilio ar egwyddor hawl defnyddio â'r rhwymedigaeth gyfatebol ar gyfer ei logi yn y dyfodol. Mae hyn yn newid sylweddol i drefn gyfrifyddu lesddeiliaid.

### B. Cyfnewidfa Arfer Da

Mae Cyfnewidfa Arfer Da Swyddfa Archwilio Cymru yn helpu gwasanaethau cyhoeddus i wella trwy rannu gwybodaeth ac arferion sy'n gweithio. Cynhelir digwyddiadau lle gellir cyfnewid gwybodaeth â phobl a rhannu adnoddau ar-lein. Y prif feysydd gwaith yw rheoli ariannol, staff a llywodraethu'r sector cyhoeddus.

[Rhagor o wybodaeth, gan gynnwys manylion am ddigwyddiadau'r Gyfnewidfa Arfer Da sydd wedi'u trefnu ac allbynnau o seminarau blaenorol.](#)

### C. Brexit: paratoi ar gyfer ymadawiad y Deyrnas Unedig ag aelodaeth yr Undeb Ewropeaidd

Yn unol ag Erthygl 50 o Gytuniad Rhufain, bydd y Deyrnas Unedig yn peidio â bod yn aelod o'r Undeb Ewropeaidd ar 29 Mawrth 2019. Mae trafodaethau yn parhau, ac mae'n parhau i fod yn aneglur a gyrhaeddir cytundeb ar gyfnod pontio hyd at 31 Rhagfyr 2020, neu a fydd ymadawiad 'dim cytundeb' ar unwaith yn digwydd fis Mawrth nesaf.

Mae'r Archwilydd Cyffredinol wedi dechrau rhaglen waith sy'n edrych ar y trefniadau y mae'r sector cyhoeddus datganoledig yng Nghymru, gan gynnwys holl gyrff y GIG, yn eu rhoi ar waith er mwyn paratoi ar gyfer ac ymateb i ymadawiad Prydain â'r Undeb Ewropeaidd. Bydd hyn ar ffurf trosolwg lefel uchel i weld beth sy'n cael ei roi ar waith ym mhob rhan o sector cyhoeddus Cymru, a beth yw'r materion allweddol o safbwynt gwahanol rannau gwasanaethau cyhoeddus Cymru.

Mae'r Archwilydd Cyffredinol yn bwriadu gwneud y gwaith hwn ar ddau gam. Yn nhymor yr hydref 2018, cyhoeddodd alwad am dystiolaeth i lunio crynodeb sylfaenol o'r trefniadau sy'n cael eu rhoi ar waith. Ar 19 Chwefror 2019, cyhoeddodd yr Archwilydd Cyffredinol adroddiad ar baratodau Cymru ar gyfer Brexit heb gytundeb. Caiff hyn ei ddilyn gan ragor o waith maes archwilio yn ystod gweddill 2019. <sup>6</sup>

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<sup>6</sup> <http://www.audit.wales/cy/cyhoeddi/paratodau-yng-nghymru-ar-gyfer-brex-it-heb-gytundeb>



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Gadewir y dudalen hon yn wag yn fwriadol



## AUDIT COMMITTEE – 23RD APRIL 2019

**SUBJECT: ANNUAL INTERNAL AUDIT REPORT 2018/19**

**REPORT BY: INTERNAL AUDIT SERVICES MANAGER**

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### 1. PURPOSE OF REPORT

The purpose of this report is to inform the Audit Committee of the Internal Audit Manager's overall opinion on the Authority's Internal Control Systems derived from the work undertaken by Internal Audit Services during the 2018/19 financial year.

### 2. SUMMARY

2.1 It is a requirement the Council's Financial Regulations, the Internal Audit Charter and the Public Sector Internal Audit Standards (PSIAS) that the Head of Internal Audit provides an annual report to support the Annual Governance Statement. The report should: -

- Include an opinion on the overall systems of internal controls.
- Present a summary of the audit work that has been undertaken on which this opinion is based.
- Draw attention to any issues which may impact on the level of assurance provided.

2.2 This audit opinion will inform the annual governance review process and be incorporated into the Annual Governance Statement which will be reviewed by the Audit Committee at its meeting in June 2019.

### 3 LINKS TO STRATEGY

3.1 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.

### 4. THE REPORT

4.1 Both the Council's Financial Regulations and the Internal Audit Charter set out the reporting requirements for Internal Audit Services and the Public Sector Internal Audit Standards (PSIAS) introduced in 2013 have also reinforced the links with corporate governance and the assurance framework.

- 4.2 The purpose of this report is to provide Members of the Audit Committee with an opinion or view of the robustness and effectiveness of the internal control systems and procedures in place within the organisation during the 2018/19 financial year.
- 4.3 The opinion is a key element of the annual governance review process and forms part of the published Annual Governance Statement.
- 4.4 The approach adopted for reviewing and evaluating the internal controls and processes revolves around a flexible well constructed plan that considers several factors such as risk, impact, nature and history etc. Audits undertaken are evaluated against pre-set criteria to provide a ranking which is used to feed into the overall assessment.
- 4.5 Information used within the assessment process can also be obtained from other work undertaken such as grant certification work, system advice, participation on working groups and special investigations etc. all of which provide audit staff with intelligence which can both inform the audit planning function and inform the overall assurance provided by the audit opinion.
- 4.6 The prolonged sickness absence of the Internal Audit Manager during the year has impacted on both the day-to-day running of the Internal Audit Team as well as the completion of the improvement initiatives. Additionally, a number of large or complex pieces of work have taken resource away from previously planned areas; however, as previously discussed with the Audit Committee through having the ability to prioritise and reschedule the Team is able to respond to emerging or new risks.
- 4.7 The audits completed and used to generate the overall opinion are shown at Appendix 1 and Appendix 2 which also highlight the extent of the work completed and its diversity. Throughout the year some amendments to terminology and categorisations have been made but for clarity summaries of both appendices are included below.
- 4.8 During 2018/19 two investigations have been undertaken, one within a school and the other relating to operational activities within a service area. The school issue is an isolated incident relating to one member of staff and is not something that is common across our school estate. The service area investigation is ongoing and relates to contract administration/management and once the investigation is concluded any changes or system improvements identified will be reported on and an appropriate action plan agreed and implemented.
- 4.9 Systems audits have been carried out over a wide range of areas in order to gain an overall opinion of the effectiveness of the internal control system operating within the Council. These audits cover the key financial systems but may also address non-financial systems which are considered to be high risk or high impact. In the main systems or processes related to cash, income, payments or where high transaction volumes exist are covered in this way.
- 4.10 Some high risk areas traditionally covered by systems work received audit coverage via the evaluation and investigation of data matches identified from the National Fraud Initiative (NFI) exercise and this work was rolled over from the previous year.
- 4.11 System audits risk rate each individual finding which then informs an overall opinion on the adequacy of the system of controls and the compliance with the system in place (if transactional tests were performed).
- 4.12 Where findings are reported, recommendations are made to management, who are required to indicate the actions they are planning to take to address the findings noted. These form part of an action plan which are either followed up as a separate process or built into the planning of the next audit of that particular system.
- 4.13 In the main auditees and management accept recommendations made and an overall opinion is reported. Furthermore, in line with PSIAS, systems reports now also contain a "direction of travel" indicator to show whether there has been an improvement/ reduction in the nature or type of risks reported.

4.14 The following table summarises the opinions reported in respect of finalised audit assignments. Not all audits generate an opinion for example grants certification, and where no compliance testing is performed there is no opinion generated on this aspect.

<b>Opinion</b>	<b>System (Nos)</b>	<b>Compliance (Nos)</b>
Good/Effective	9	2
Satisfactory/Effective with room for improvement	11	4
In need of Improvement	3	4
Inadequate/unsatisfactory	1	
<b>Total</b>	<b>24</b>	<b>10</b>

4.15 Audit reports with at least one “in need of improvement” opinion noted above are as follows: -

- NFI payroll.
- PCI compliance.
- WHQS data validation.
- Treasury Management.
- School transport – Taxis.
- Section 17 payments.

4.16 Those reports issued before October’s Audit Committee meeting would not have been reported due to the introduction of the 4 tier opinions from that point. Due to the timings of the reports, the Audit Committee cycle and other factors there may be a delay between the issue of the report and the reporting to the next Audit Committee.

4.17 Council operational establishments i.e. Schools etc. are audited on a rotational basis. The control systems and processes in establishments cover most of the administrative/financial operations carried out at the establishment, some of which feed into corporately managed systems which are audited centrally. In respect of establishment audits one overall opinion is given and as part of the audit process school governors are tasked with ensuring improvement takes place as agreed by the Head teacher and this is also followed up by audit staff.

4.18 While a formal action plan review process is not in place those establishments identified as being in need of improvement are required to complete an action plan and are subject to a follow up review to monitor progress of the implementation of the recommendations and an enhancement of the control processes in place.

4.19 Periodic visits to these sites may not only detect and correct poor practices, it may also give an opportunity to issue advice and guidance, correct poor or bad practice and enhance or set up a better control environment in situ. Regular visits may also act as a deterrent to any mal-practice.

4.20 Establishments visited included primary and secondary schools, a selection of libraries, social services establishments, a leisure facility and Blackwood Miners Institute.

4.21 When an irregularity is identified at an establishment it is normally contained within the individual establishment as a stand alone event which has no effect on the other establishments.

<b>Opinion</b>	<b>Numbers</b>
Good/effective	5
Satisfactory/effective with room for improvement	23

In need of Improvement	6
Unsatisfactory/inadequate	1
<b>Total</b>	<b>35</b>

- 4.22 Audit reports with an “in need of improvement” opinion noted above are as follows:- Llanfabon Infants, Park Primary, Risca Primary, White Rose Primary, YG Bro Allta, Gilfach Fargoad Primary and Islwyn High School. Those reports issued before October’s Audit Committee meeting would not have been reported due to the introduction of the 4 tier opinions. Due to the timings of the reports, the Audit Committee cycle and other factors such as school holidays there may be a delay between the issue of the report and the reporting to the next Audit Committee.
- 4.23 Other audit work undertaken during the period under review included regularity work, advisory work, supporting working parties and advising on best practise in relation to new systems and processes.
- 4.24 Grant certification - A number of Welsh Government grants are received by the Authority that are subjected to a review of accuracy and compliance with terms and conditions requiring a year-end certification. Significant revenue streams arise from these grants. 7 grant audits with a value of over £12 million were audited in 2018/19.
- 4.25 Audit staff supported the IT section in retaining the authority’s PCI (Payment Card Industry) accreditation. This required certain systems and processes to be in place and for these to be reviewed and checked at least annually. Failure to adhere to these Standards could result in the withdrawal of the facility to accept card income and the imposition of fines and penalties. In 2018/19 all locations that accept debit and credit card income were visited and reminders of best practice and any breaches noted were reported to site managers and a full report was issued to the PCI forum and IT security Officer. Recommended improvements were put in place and the Authority remains fully compliant with the Standard.
- 4.26 Audit staff had continued to provide advice and guidance to the Purchase Ledger Section in respect of best practices in administering and complying with the requirements of HMRC in paying contractors and limited companies and identifying instances of “deemed employment”. This is considered to be a high risk area as the regulations issued are recent and case law and practice is emerging in this area whilst fines and penalties imposed by HMRC for non-compliance have the potential to be major.
- 4.27 Primary school meal income amounts to over £1million per annum and issues relating to the administration and collection are a recurring theme in schools, and an audit review in 2017/18 had indicated this area was in need of improvement. Further ongoing advice and support has been provided to Catering Services and individual schools as the cashless primary school meals system was rolled out to a pilot of 5 schools and initial results are showing a reduction in cash handled in the pilot schools, with an associated reduction in risk of cash losses and arrears.
- 4.28 The Group Auditor was assigned as the Corporate Finance Information Governance Steward during 2017/18, a role that has continued into 2018/19. As Members are aware the General Data Protection Regulations (GDPR) came into force in May 2018 and this gives the Information Commissioner much greater powers in cases of breach and the value of fines has also increased. Recognising this as a risk a great deal of time was allocated to this role which included supporting the various sections within Corporate Finance in drafting Privacy Notices. This work has carried on into the current year. In addition, as part of this a significant one-off exercise was undertaken which involved reviewing all audit files and editing, archiving or destroying them to support the Section’s compliance with the Regulations.
- 4.29 The Internal Audit Manager is a member of the Corporate Governance Panel which met during the year. Corporate Governance Panel minutes were reported to the Audit Committee and the Panel informed the Annual Governance Statement process.

- 4.30 Internal Audit Services has continued to undertake final account reviews and other contract audit work with 63 contractors' final accounts being reviewed during the year (70 in 2017/18). These had a value of £23.5m (£9.5m 2017/18).
- 4.31 The Group Auditor is the primary contact for the NFI and uploads for the 2018/19 exercise were performed and coordinated by the Group Auditor in October 2018. Matches were released in January 2019 and work will be undertaken during 2019/20 to investigate these.
- 4.32 Anonymous letters, reports and complaints are received and assessed within Internal Audit to ensure that they are properly considered and if necessary they are then passed to appropriate Departments for further investigation or review. Resource demand for this process is difficult to forecast. During the year there were 59 letters logged (66 in 2017/18). These communications cover a range of possible issues and include highways, planning, anti-social behaviour, tipping, animal control, neighbour issues, child protection and safeguarding and possible other illegal activities. Each report is assessed individually and referred appropriately. Where allegations relate to criminal activities, benefit fraud, staff irregularities or safeguarding immediate referrals are made to relevant parties.
- 4.33 Internal Audit also log and record cheques returned to the Authority. These are scrutinised to ensure they do not relate to breakdowns in control processes. 61 were logged in 2018/19 (84 in 2017/18).
- 4.34 Compliance work was undertaken to assist with the IT security accreditation and 5 areas received coverage in 2018/19.
- 4.35 A member of the Internal Audit Team assisted the Corporate Accountancy Team following year-end 2017/18 in relation to closing down a number of grant claims. Another member of the Team has also been seconded to Caerphilly Homes since January 2019 to assist with addressing some of the recommendations contained in an audit report including data validation procedures following an audit of this area. This member of staff will continue with the project into the new financial year.
- 4.36 The Public Sector Internal Audit Standards (PSIAS) came into force on the 1<sup>st</sup> April 2013 and consist of the following: -
- Definition of internal audit.
  - Code of Ethics.
  - Standards for the Professional Practice of Internal Auditing.
- 4.37 The Standards aim to promote further improvement in the professionalism, quality and effectiveness of Internal Audit across the public sector. The Standards require that each public sector Internal Audit Service has in place robust arrangements for quality assurance and requires that Internal Audit is subject to an external assessment at least once every 5 years.
- 4.38 The results of an external assessment in 2017/18 were reported to the Audit Committee in January 2018. The assessment noted that there were no significant deviations from the Standards but a small number of recommendations to improve conformance were made and these are being progressed. The Internal Audit Service continued to conform to the Standards during 2018/19 and no significant deviations have been noted.

#### **INTERNAL AUDIT MANAGERS OPINION**

- 4.39 The Internal Audit Manager's opinion is that overall the Council's systems and control procedures are effective but there is need for improvement in some specific areas.
- 4.40 The investigation undertaken in respect of an education establishment is an isolated incident and does not reflect the position across all of the Council's establishments. Indications from

the ongoing departmental investigation are that there may be specific issues requiring attention that will need to be addressed moving forward.

## **5. WELL-BEING OF FUTURE GENERATIONS**

5.1 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.

## **6. EQUALITIES IMPLICATIONS**

6.1 There are no equalities implications.

## **7. FINANCIAL IMPLICATIONS**

7.1 There are no financial implications.

## **8. PERSONNEL IMPLICATIONS**

8.1 There are no personnel implications.

## **9. CONSULTATIONS**

9.1 Any comments received have been reflected in the report.

## **10. RECOMMENDATIONS**

10.1 To note the opinion expressed by the Internal Audit manager.

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

11.1 To ensure that: -

- The Audit Committee is aware of the level of Internal Audit coverage and the overall opinion derived from undertaking this work.
- Adequate supporting information and evidence has been supplied to the Audit Committee to enable the Committee to meet its requirements under the Committee's terms of reference.
- Adequate assurance is provided to support the Annual Governance Statement process.

## **12. STATUTORY POWER**

12.1 Local Government Act 2000

Author: R. Harris, Internal Audit Services Manager

Consultees: N. Scammell, Head of Corporate Finance & Section 151 Officer  
R. Edmunds, Director of Education & Corporate Services  
S. Harris, Interim Head of Business Improvement Services



## APPENDIX 1

Audit type	Planned	Done in this year	Final Report Issued Date	QTR 1	QTR 2	QTR 3	QTR 4	Audit opinion
<b>ESTABLISHMENTS</b>								
<b>Tourism</b>								
Action plan	Cwmcarn Scenic Drive visitor centre	1	n/a					n/a
<b>Education</b>								
est	Aberbargoed primary	1	17.1.19				1	effect room for improv
Action plan	Abercarn primary	1	n/a					n/a
est	Bedwas Comp	1	27.9.18			1		satis
est	Bedwas infants	1	12.9.18			1		satis
advice	Bedwas Junior	1	n/a					n/a
Action plan	Blackwood Comp	1	n/a					n/a
est	Coed-y-brain Primary	1	18.5.18	1				satis
Action plan	Crumlin Primary	1	n/a					n/a
Action plan	Cwm lfor Primary	1	n/a					n/a
advice	Cwmcarn Primary	1	n/a					n/a
Action plan	Derwendeg Primary	1	n/a					n/a
Advice	Fochriw Primary	1	n/a					n/a
est	Gilfach Fargoed Primary	1	22.2.19				1	in need of improv
Advice	Graig-y-Rhacca Primary	1	n/a					n/a
est	Greenhill Primary	1	1.10.18			1		good
est	Hendre Infants	1	7.6.18	1				satis
est	Hendre Juniors	1	8.6.18	1				good
Advice	Hengoed Primary	1	n/a					n/a
est	Lewis Girls	1	16.11.18			1		eoi
Action plan	Lewis School Pengam	1	n/a					n/a
est	Libanus Primary	1	12.9.18			1		good
est	Llancaiach Juniors	1	12.3.19				1	effect room for improv
est	Llanfabon Infants	1	10.12.18			1		in need of improv
est	Islwyn High	1	25.1.19				1	inadeq
Action plan	Pantside Primary	1	n/a					n/a
est	Park Primary Bargoed	1	21.2.19				1	in need of improv
Action plan	Pentwynmawr Primary	1	n/a					n/a
est	Phillipstown Primary	1	7.9.18		1			satis
Action plan	Risca Comp	1	n/a					n/a
est	Risca Primary	1	22.2.19				1	in need of improv
est	St. James Primary	1	30.8.18		1			satis
Action plan	Ty Sign Primary	1	n/a					n/a
est	White Rose Primary	1	13.3.19				1	in need of improv
est	YG Bro Allta	1	7.1.19				1	in need of improv
Action plan	YG Cwm Gwyddon	1	n/a					n/a
Action plan	YG Trelyn	1	n/a					n/a
est	YGG Caerffili	1	9.5.18	1				satis
est	YGG Y Castell	1	23.4.18	1				good

Advice	Ysgol Bro Sannan	1	n/a					n/a
est	Ysgol Y Lawnt	1	11.7.18		1			satis
	<b>libraries</b>							
est	Bedwas library	1	3.12.18			1		satis
est	Blackwood library	1	3.12.18			1		satis
est	Blackwood Miners Institute	1	26.4.18	1				satis
est	Deri library	1	3.12.18			1		satis
est	Machen Library	1	3.12.18			1		satis
est	Nelson Library	1	3.12.18			1		satis
est	Newbridge Library	1	3.12.18			1		satis
est	Oakdale Library	1	3.12.18			1		satis
	<b>Leisure centres</b>							
Action plan	Bedwas LC	1	n/a					n/a
Action plan	New Tredegar LC	1	n/a					n/a
est	Ystrad Mynach LC	1	3.12.18			1		satis
	<b>Social Services</b>							
est	Elderly - Beatrice Webb HFE	1	3.12.18			1		satis
Advice	Elderly - Brodawel HFE	1	n/a					n/a
est	Elderly - Brondeg Day Centre							
est	Elderly - Min Y Mynnydd HFE							
est	Elderly - Rhymney Day Centre	1	3.8.18		1			good
est	Elderly - Twyncarn Day Centre	1	23.4.18	1				satis
Action plan	Elderly - Ty Clyd HFE	1	n/a					n/a
est	Learn. Diff. - Pont woodcraft	1	3.5.18	1				satis
				8	4	15	8	35

**APPENDIX 2**

Audit type	Planned	Done in this year	Final Report Issued Date	QTR 1	QTR 2	QTR 3	QTR 4	Audit opinion System,	Audit opinion compliance
<b>Corporate Finance</b>									
sys	Benefits Discretionary Housing Payments	1	26.6.18	1				satis	satis
sys	Cashiers/IT PCI card security systems	1	4.7.18		1			satis	inoi
sys	Council Tax	1	13.2.19				1	effect	effect with improv
sys	Council tax reduction scheme	1	26.4.18	1				satis	satis
sys	Debtors high level control review	1	13.9.18			1		good	
sys	NNDR	1	30.8.18			1		good	
sys	Treasury management	1	15.1.19				1	inoi	
reg	NFI match review Council Tax Reduction scheme matches (29 data reports)	1	23.8.18		1			good	
reg	NFI match review Payroll matches (6 data reports)	1	16.8.18		1			inoi	
reg	NFI match review Houisng Benefit mtaches (9 data reports)	1	16.8.18		1			good	
reg	NFI match review Creditors matches (9 data reports)	1	13.9.18		1			satis	
<b>IT</b>									
system	BS standards no 1	1					1	effect	n/a
system	BS standards no 2	1			1			satis	n/a
system	BS standards no 3	1			1			satis	n/a
system	BS standards no 4	1				1		satis	n/a
system	BS standards no 5	1				1		satis	n/a
<b>EDUCATION SYSTEMS AND PROCESSES</b>									
sys	Early years free childcare offer	1	4.12.18			1		satis	satis
certification	School uniform grant	1	17.9.18			1		satis	
vfm	Youth service vehicle hire and use	1	13.8.18			1		satis	

	<b>DIRECTORATE OF SOCIAL SERVICES</b>								
	<b>Social services</b>								
sys	Section 17 payments (prevention and support)	1	10.12.18			1		good	inoi
	<b>HOUSING (including WHQS)</b>								
system	WHQS data validation	1	30.11.18			1		inoi	inoi
	<b>COMMUNITIES DIRECTORATE</b>								
	<b>ENGINEERING TRANSPORT AND HIGHWAYS</b>								
system	School Transport Taxi contracts	1	14.9.18			1		unsatis	inoi
	<b>COMMUNITY &amp; LEISURE SERVICES</b>								
system	Civic Amenity Van Trailer waste permits	1	17.9.18			1		good	good
	<b>PUBLIC PROTECTION</b>								
reg	cctv control centre	1	9.8.18			1		good	good
		<b>24.00</b>				<b>2</b>	<b>8</b>	<b>11</b>	<b>3</b>
								<b>24</b>	<b>10</b>



## AUDIT COMMITTEE - 23RD APRIL 2019

**SUBJECT: INTERNAL AUDIT SERVICES: AUDIT CHARTER**

**REPORT BY: INTERNAL AUDIT SERVICES MANAGER**

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### 1. PURPOSE OF REPORT

1.1 To seek Audit Committee approval of the updated Internal Audit Charter

### 2. SUMMARY

2.1 The Public Sector Internal Audit Standards (PSIAS) require the Internal Audit Section to have a Charter. The existing Charter has been revised and updated and this report outlines the revisions and updates that have been made and the reasons for those revisions.

### 3. LINKS TO STRATEGY

3.1 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.

### 4. THE REPORT

4.1 The existing Internal Audit Charter, previously agreed by the Audit Committee and introduced in September 2014, is in need of updating as a consequence of both the internal and external assessments undertaken as required by the Public Sector Internal Audit Standards (PSIAS).

4.2 Additional wording has been incorporated into the existing document to more accurately reflect the requirements set out within the Standards.

4.3 The new Audit Charter is attached at Appendix 1. The previous version showing the proposed changes is attached at Appendix 2 (with underlining for deletions and italics in brackets for additions).

### 5. WELL-BEING OF FUTURE GENERATIONS

5.1 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.

## **6. EQUALITIES IMPLICATIONS**

6.1 There are no equalities implications.

## **7. FINANCIAL IMPLICATIONS**

7.1 None.

## **8. PERSONNEL IMPLICATIONS**

8.1 None.

## **9. CONSULTATIONS**

9.1 Any comments received have been reflected in the report.

## **10. RECOMMENDATIONS**

10.1 Members are asked to note and endorse the amended Charter.

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

11.1 To ensure that the document underpinning the operation of Internal Audit Services is up to date and relevant and reflects the requirements of the Public Sector Internal Audit Standards (PSIAS).

Author: R.M. Harris, Internal Audit Manager

Consultees: N. Scammell, Head of Corporate Finance & Section 151 Officer  
R. Edmunds, Corporate Director for Education & Corporate Services  
S. Harris, Interim Head of Business Improvement Services

Appendices:

Appendix 1 Proposed new Internal Audit Charter  
Appendix 2 Old/current Internal Audit Charter

Caerphilly County Borough Council  
Internal Audit Services

**Audit Charter**

April 2019

Man gwyrddach  
A greener place



## **Introduction**

The Internal Audit Charter is a formal document, required by the Public Sector Internal Auditing Standards (PSIAS), that defines the Internal Audit Services activities, purpose, authority and responsibility. The Internal Audit Charter establishes Internal Audit's position within the organisation, including the nature of the Internal Audit Manager's functional reporting relationship with the Audit Committee; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of Internal Audit activities.

The Internal Audit Charter will be reviewed annually with any resulting updates or amendments clearly documented and approved by the Council's Audit Committee.

Throughout the Public Sector Internal Audit Standards, which Internal Audit Services are mandated to comply with, reference is made to the 'Board' and 'Senior management' and in respect of Caerphilly County Borough Council and this Charter specifically these terms are taken to mean 'the Council's Audit Committee' and the 'Section 151 Officer' respectively.

## **Mission**

The Public Sector Internal Auditing Standards set out the mission of Internal Audit as being to enhance and protect organisational value by providing risk based and objective assurance, advice and insight.

Internal audit is also defined within the Standards as an independent, objective assurance and advisory service designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The Standards also set out a mandatory code of ethics by which Internal Auditors must abide in order to promote an ethical culture in the internal auditing profession.

The function provides independent and objective evaluation of, and opinion on, the overall adequacy and effectiveness of the framework of governance, risk management and control in the Authority in an economical, efficient and timely manner.

This includes identification of risks and assessment of their management, and implementation of changes to strengthen the governance framework. The Internal Audit Manager's opinion is a key element of the framework of assurance that the Section 151 Officer needs to inform the completion of the Annual Governance Statement.

## **Scope of work**

The scope of work of Internal Audit Services is to determine whether the Council's network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed;
- Interaction with the various governance groups occurs as needed;



- Significant financial, managerial, and operating information is accurate, reliable, and timely;
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations;
- Resources are acquired economically, used efficiently, and adequately protected;
- Programs, plans, and objectives are achieved;
- Quality and continuous improvement are fostered in the Council's control process;
- Significant legislative or regulatory issues impacting the Council are recognised and addressed appropriately; and
- Opportunities for improving management control, profitability and the Council's image may be identified during audits. They will be communicated to the appropriate level of management.

The scope of internal audit work may include audit activity both within the Council and on functions that the Council has delegated or contracted out, where the Council remains accountable for the expenditure involved.

Where other internal or external assurance providers may have undertaken relevant assurance and audit work, Internal Audit Services will seek to rely on the work of these other assurance providers where professional standards would make it appropriate to do so.

### **Fraud and Irregularity**

The Council's Financial Regulations requires the relevant Head of Service to report any suspected or actual irregularity to the Section 151 Officer to ensure that satisfactory enquiries are undertaken in all such instances and that appropriate steps are taken to resolve and deal with any resultant findings. Whilst the initial responsibility for such enquiries rests with the Director concerned, the Section 151 Officer may require that the Internal Audit Manager manages and reports on any matter for investigation

All audit staff undertake their duties in the knowledge that they may come across or identify potential fraud or financial irregularity. Within the operational procedures for audit staff a formal notification / escalation process is set out which dovetails into the procedures required within the Authority's Financial Regulations. Internal Auditors may also under the Direction of the Internal Audit Manager assist with an investigation into a potential irregularity in order to support a formal investigation process.

Internal Audit staff also co-ordinate and support the work undertaken by the Authority in respect of the National Fraud Initiative including providing the Audit Committee with update reports following the conclusion of each exercise.

### **Authority of Internal Audit**

Internal Audit Services derives its authority from those authorising this Charter to provide a free and unfettered ability to plan and undertake audit assignments deemed necessary to fulfil its purpose, and have a right of direct access to the Chair of the Audit Committee in doing so.

To enable the service to discharge its duties fully, the Internal Audit Manager and his Internal Audit staff are authorised to:

- Have unrestricted access to all functions, records, property, and personnel;
- Have full and free access to the Audit Committee;
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives; and
- Obtain the necessary assistance of personnel in service areas of the Council where they perform audits, as well as other specialised services from within or outside the Council.

## **Responsibility**

The Internal Audit Manager and staff of the Internal Audit function have a responsibility to:

### *Plan*

- Develop a flexible annual strategy and audit plan using a risk-based methodology, including any risks and concerns identified by management, and submit that strategy and plan to the Audit Committee for review and approval;
- Agree significant changes to the plan with the Section 151 and the Audit Committee;

### *Act*

- Implement the annual strategy by assessing third party assurance sources and conducting audits in accordance with the approved plan, and relevant professional standards and policies;
- Evaluate and assess areas of significant change;
- Assist, as needed, in the investigation of significant suspected fraudulent activities within the organisation;

### *Report*

- Agree a reporting protocol with the Audit Committee and associated escalation procedures. The reporting protocol should also include agreements on, and the timescales for, following up audit reports and tracking issues raised and their clearance;
- Issue periodic reports to the Audit Committee summarising results of Internal Audit activities;
- Consider the scope of work of other assurance providers for the purpose of providing optimal assurance coverage;

### *Communicate*

- Communicate regularly with Internal Audit stakeholders and customers to ensure that changes in the business, its activities and the control environment are factored into the Internal Audit strategy and plan where appropriate;
- During audits, raise significant issues for the attention of line management as soon as identified, and discuss all draft reports with the auditee before finalisation to confirm facts and incorporate management responses:

## **Reporting lines**

Day to day management of the Internal Audit team will be undertaken by the Internal Audit Manager. The Internal Audit Manager reports to the Council's Audit Committee for organisational purposes but will report significant audit findings and audit progress directly to the Section 151 Officer as appropriate. The Internal Audit Manager will keep the Section 151 Officer and the Audit Committee informed of progress and developments on a regular basis. The Internal Audit Manager has a direct right of access to the Section 151 Officer as and when required.

Should the Internal Audit Manager not be satisfied with management's response to a given audit report then this will be highlighted to the Audit Committee and significant weaknesses escalated to the Section 151 Officer if they remain unresolved.

## **Independence and objectivity**

To provide for the independence of Internal Audit, its personnel report to the Internal Audit Manager, who reports functionally to the Audit Committee and administratively to the Section 151 Officer in a manner outlined in the section below on 'accountability'.

Impairment to organisational independence and individual objectivity is managed in line with the auditing standards and is not considered an ongoing or common problem. Annual declarations are made by all audit staff confirming that they understand the independent role of internal audit and sets out any issues that may need to be considered by the internal audit management as a potential conflict of interest.

No routine non audit activities are undertaken and all potential additional duties or roles are considered by the Internal Audit Manager and the Section 151 Officer prior to their implementation. Additionally, upon allocation of audit tasks consideration is given to the suitability of audit staff to the task. Those who have previously worked in the specific area to be audited or have a live declaration of interest relating to the area to be audited will if appropriate, be removed from undertaking the task.

## **Accountability**

The Internal Audit Manager, in the discharge of his duties, shall be accountable to the Audit Committee and the Section 151 Officer for:

- Providing, at least annually, an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control;
- Reporting significant issues related to the processes for controlling the activities of the Council and its affiliates, including recommendations and status of implementation of improvements;
- Periodically providing information on the status and results of the annual audit plan and the sufficiency of the Internal Audit function's resources;
- Co-ordination with other significant assurance functions.

## **Management responsibilities**

Internal Audit Services can only be effective if it receives the full co-operation of management. By approving this Internal Audit Charter the Section 151 Officer and the Audit

Committee are mandating management to co-operate with Internal Audit in the delivery of the service by:

- Agreeing Terms of Reference, to include agreements on duration, scope, reporting and response;
- Sponsoring each audit at Head of Service level;
- Providing Internal Audit Services with full support and co-operation, including complete access to all records, data, property and personnel relevant to the performance of their responsibilities at all levels of operations, without unreasonable delay;
- Responding to the draft internal report, including provision of management responses to recommendations, within the timescale requested by the audit team;
- Implementing agreed management actions in accordance with the agreed timescales;
- Updating Internal Audit Services with progress made on management actions, informing Internal Audit Services of proposed changes and developments in process and systems, newly identified significant risks and cases of a criminal nature.

Instances of late responses to reports and agreed actions not being implemented will be escalated, when appropriate, to the Section 151 Officer and the Audit Committee.

Whilst the annual internal audit report is a key element of the assurance framework required to inform the Annual Governance Statement, there are also a number of other sources from which those charged with governance should gain assurance. Additionally the annual Internal Audit opinion does not discharge the responsibility of those charged with governance from forming their own overall opinion on internal controls, governance arrangements, and risk management activities.

### **Advisory work**

The Public Sector Internal Audit Standards allow that internal audit effort may sometimes be more usefully focused towards providing advice rather than assurance over core controls. Where appropriate, Internal Audit will act in a consultancy capacity by providing guidance and advice for strengthening the control environment within the Authority, providing:

- The objectives of the Consulting engagement address governance, risk management and control processes to the extent agreed upon with the Authority;
- The request has been approved by the Section 151 Officer;
- Internal Audit Services is considered to have the right skills, experience, and available resource;
- Internal Audit's involvement will not constitute a conflict of interest in respect of maintaining an independent stance, and Internal Audit will not assume a management role in providing this advice.

When performing consulting services, the auditor must maintain objectivity and not take on management responsibility.

The Internal Audit Manager is responsible for ensuring that all requests are reviewed in accordance with the above criteria and for making the final decision. The role which Internal

Audit Services will assume on any particular advisory assignment will be agreed with the sponsor, will be documented within the assignment plan.

## **Relationships**

The Internal Audit Manager and Internal Audit staff are involved in a wide range of relationships and the quality of those relationships impact on the quality of the audit function and the effective delivery of that function.

### **Relationships With Management**

The Internal Audit Manager and Internal Audit staff will maintain effective relationships with managers of the Council. Regular meetings will be held with key stakeholders and management will be consulted with in the audit planning process. Timing of audit work will be in conjunction with management.

### **Relationships With External Auditors**

Internal Audit Services and the Council's external auditors have an established working relationship where internal and external audit can rely on each other's work, subject to the limits determined by their responsibilities, enabling them to evaluate, review and only re-perform where necessary. Regular meetings will be held and plans and reports shared.

### **Relationships With Regulators And Inspectors**

The Internal Audit Manager and his staff will take account of the results and reports from any inspections when planning and undertaking Internal Audit work. Where appropriate the Internal Audit Manager will establish a dialogue with representatives of the appropriate inspection agencies.

### **Relationships With Elected Members**

The Internal Audit Manager will establish a working relationship with members, in particular with members of the Audit Committee. The Internal Audit Manager and the Chair of the Audit Committee will meet regularly with a view to discussing emerging issues or concerns as well as development opportunities with regard to the ongoing relationship between the Audit Committee and Internal Audit Services.

## **Standards of Internal Audit Practice**

This charter recognises the mandatory nature of the IIA definition of Internal Auditing and code of ethics, and the Public Sector Internal Audit Standards.

The Internal Audit team will comply with the standards that came into effect on 1 April 2013 along with any subsequent additions or revisions.

## **Quality assurance**

The Public Sector Internal Audit Standards require that the Audit Function is subject to a quality assurance and improvement programme that must include both internal and external assessments.

## Internal assessments

All of Internal Audit Services engagements are subjected to a thorough internal peer review of quality to ensure that its work meets the standards expected from its staff. For example, the internal file quality reviews undertaken cover the following:

- All work undertaken is in accordance with PSIAS.
- The work is planned and undertaken in accordance with risks associated with areas under review.
- Sampling is undertaken in accordance with an agreed methodology.
- The conclusions are fully supported by the detailed work undertaken.

## External assessments

An external assessment must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The Internal Audit Manager will discuss options for the assessment with the Section 151 Officer and the Audit Committee.



**CAERPHILLY COUNTY BOROUGH COUNCIL**  
***Internal Audit Services***

***AUDIT CHARTER***

***September 2014***



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Man gwyrddach



## ***[Introduction]***

The Internal Audit Charter is a formal document, *[required by the Public Sector Internal Auditing Standards]*, that defines the Internal Audit Services activities, purpose, authority and responsibility. The Internal Audit Charter establishes Internal Audit's position within the organisation, including the nature of the Internal Audit Manager's functional reporting relationship with the Audit Committee; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of Internal Audit activities. **Final approval of the Internal Audit Charter resides with the Audit Committee.**

*[The Internal Audit Charter will be reviewed annually with any resulting updates or amendments clearly documented and approved by the Council's Audit Committee.]*

*[Throughout the Public Sector Internal Audit Standards, which Internal Audit Services are mandated to comply with, reference is made to the 'Board' and 'Senior management' and in respect of Caerphilly County Borough Council and this Charter specifically these terms are taken to mean 'the Council's Audit Committee' and the 'Section 151 Officer' respectively.]*

## **Mission**

*[The Public Sector Internal Auditing Standards set out the mission of Internal Audit as being to enhance and protect organisational value by providing risk based and objective assurance, advice and insight.*

*Internal audit is also defined within the Standards as an independent, objective assurance and advisory service designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.*

*The Standards also set out a mandatory code of ethics by which Internal Auditors must abide in order to promote an ethical culture in the internal auditing profession. ]*

The function provides independent and objective evaluation of, and opinion on, the overall adequacy and effectiveness of the framework of governance, risk management and control in the Authority in an economical, efficient and timely manner.

This includes identification of risks and assessment of their management, and implementation of changes to strengthen the governance framework. The Internal Audit Manager's opinion is a key element of the framework of assurance that the *[Section 151 Officer]* Director of Corporate Services needs to inform the completion of the Annual Governance Statement.

## **Scope of work**

The scope of work of Internal Audit Services is to determine whether the Council's network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed;



- Interaction with the various governance groups occurs as needed;
- Significant financial, managerial, and operating information is accurate, reliable, and timely;
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations;
- Resources are acquired economically, used efficiently, and adequately protected;
- Programs, plans, and objectives are achieved;
- Quality and continuous improvement are fostered in the Council's control process;
- Significant legislative or regulatory issues impacting the Council are recognised and addressed appropriately; and
- Opportunities for improving management control, profitability and the Council's image may be identified during audits. They will be communicated to the appropriate level of management.

The scope of internal audit work may include audit activity both within the Council and on functions that the Council has delegated or contracted out, where the Council remains accountable for the expenditure involved.

Where other internal or external assurance providers may have undertaken relevant assurance and audit work, Internal Audit Services will seek to rely on the work of these other assurance providers where professional standards would make it appropriate to do so.

### ***[Fraud and Irregularity]***

*[The Council's Financial Regulations requires the relevant Head of Service to report any suspected or actual irregularity to the Section 151 Officer to ensure that satisfactory enquiries are undertaken in all such instances and that appropriate steps are taken to resolve and deal with any resultant findings. Whilst the initial responsibility for such enquiries rests with the Director concerned, the Section 151 Officer may require that the Internal Audit Manager manages and reports on any matter for investigation*

*All audit staff undertake their duties in the knowledge that they may come across or identify potential fraud or financial irregularity. Within the operational procedures for audit staff a formal notification / escalation process is set out which dovetails into the procedures required within the Authority's Financial Regulations. Internal Auditors may also under the Direction of the Internal Audit Manager assist with an investigation into a potential irregularity in order to support a formal investigation process.*

*Internal Audit staff also co-ordinate and support the work undertaken by the Authority in respect of the National Fraud Initiative including providing the Audit Committee with update reports following the conclusion of each exercise.]*

### **Authority of Internal Audit**

Internal Audit Services derives its authority from those authorising this Charter to provide a free and unfettered ability to plan and undertake audit assignments deemed necessary to fulfil its purpose, and have a right of direct access to the Chair of the Audit Committee in doing so.

To enable the service to discharge its duties fully, the Internal Audit Manager and his Internal Audit staff are authorised to:

- Have unrestricted access to all functions, records, property, and personnel;
- Have full and free access to the Audit Committee;
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives; and
- Obtain the necessary assistance of personnel in *[[service areas] units* of the Council where they perform audits, as well as other specialised services from within or outside the Council.

## **Responsibility**

The Internal Audit Manager and staff of the Internal Audit function have a responsibility to:

### *Plan*

- Develop a flexible annual strategy and audit plan using a risk-based methodology, including any risks and concerns identified by management, and submit that strategy and plan to the Audit Committee for review and approval;
- Agree significant changes to the plan with the *[Section 151 Officer]*Director of Corporate Services and the Audit Committee;

### *Act*

- Implement the annual strategy by assessing third party assurance sources and conducting audits in accordance with the approved plan, and relevant professional standards and policies;
- Evaluate and assess areas of significant change;
- Assist, as needed, in the investigation of significant suspected fraudulent activities within the organisation;

### *Report*

- Agree a reporting protocol with the Audit Committee and associated escalation procedures. The reporting protocol should also include agreements on, and the timescales for, following up audit reports and tracking issues raised and their clearance;
- Issue periodic reports to the Audit Committee summarising results of Internal Audit activities;
- Consider the scope of work of other assurance providers for the purpose of providing optimal assurance coverage;

### *Communicate*

- Communicate regularly with Internal Audit stakeholders and customers to ensure that changes in the business, its activities and the control environment are factored into the Internal Audit strategy and plan where appropriate;
- During audits, raise significant issues for the attention of line management as soon as identified, and discuss all draft reports with the auditee before finalisation to confirm facts and incorporate management responses:

## Reporting lines

Day to day management of the Internal Audit team will be undertaken by the Internal Audit Manager. The Internal Audit Manager reports to the Council's Audit Committee for organisational purposes but will report significant audit findings and audit progress directly to the Director of Corporate Services [Section 151 Officer] as appropriate. The Internal Audit Manager will keep the Director of Corporate Services [Section 151 Officer] and the Audit Committee informed of progress and developments on a regular basis. The Internal Audit Manager has a direct right of access to the Director of Corporate Services [Section 151 Officer] as and when required.

Should the Internal Audit Manager not be satisfied with management's response to a given audit report then this will be highlighted to the Audit Committee and significant weaknesses escalated to the Director of Corporate Services [Section 151 Officer] if they remain unresolved.

## Independence and objectivity

To provide for the independence of Internal Audit, its personnel report to the Internal Audit Manager, who reports functionally to the Audit Committee and administratively to the Director of Corporate Services [Section 151 Officer] in a manner outlined in the section below on 'Accountability'.

*[Impairment to organisational independence and individual objectivity is managed in line with the auditing standards and is not considered an ongoing or common problem. Annual declarations are made by all audit staff confirming that they understand the independent role of internal audit and sets out any issues that may need to be considered by the internal audit management as a potential conflict of interest.*

*No routine non audit activities are undertaken and all potential additional duties or roles are considered by the Internal Audit Manager and the Section 151 Officer prior to their implementation. Additionally, upon allocation of audit tasks consideration is given to the suitability of audit staff to the task. Those who have previously worked in the specific area to be audited or have a live declaration of interest relating to the area to be audited will if appropriate, be removed from undertaking the task.]*

## Accountability

The Internal Audit Manager, in the discharge of his duties, shall be accountable to the Audit Committee and the Director of Corporate Services [Section 151 Officer] for:

- Providing, at least annually, an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control;
- Reporting significant issues related to the processes for controlling the activities of the Council and its affiliates, including recommendations and status of implementation of improvements;
- Periodically providing information on the status and results of the annual audit plan and the sufficiency of the Internal Audit function's resources;
- Co-ordination with other significant assurance functions.

## Management responsibilities

Internal Audit Services can only be effective if it receives the full co-operation of management. By approving this Internal Audit Charter the Director of Corporate Services [Section 151 Officer] and the Audit Committee are mandating management to co-operate with Internal Audit in the delivery of the service by:

- Agreeing Terms of Reference, to include agreements on duration, scope, reporting and response;
- Sponsoring each audit at Head of Service level;
- Providing Internal Audit Services with full support and co-operation, including complete access to all records, data, property and personnel relevant to the performance of their responsibilities at all levels of operations, without unreasonable delay;
- Responding to the draft internal report, including provision of management responses to recommendations, within the timescale requested by the audit team;
- Implementing agreed management actions in accordance with the agreed timescales;
- Updating Internal Audit Services with progress made on management actions, informing Internal Audit Services of proposed changes and developments in process and systems, newly identified significant risks and cases of a criminal nature.

Instances of late responses to reports and agreed actions not being implemented will be escalated, when appropriate, to the Director of Corporate Services [Section 151 Officer] and the Audit Committee.

Whilst the annual internal audit report is a key element of the assurance framework required to inform the Annual Governance Statement, there are also a number of other sources from which those charged with governance should gain assurance. Additionally the annual Internal Audit opinion does not discharge the responsibility of those charged with governance from forming their own overall opinion on internal controls, governance arrangements, and risk management activities.

### **Advisory work**

*[The]* Public Sector Internal Audit Standards (“PSIAS”) allow that Internal Audit effort may sometimes be more usefully focused towards providing advice rather than assurance over core controls. Where appropriate, Internal Audit will act in a consultancy capacity by providing guidance and advice for strengthening the control environment within the Authority, providing:

- The objectives of the Consulting engagement address governance, risk management and control processes to the extent agreed upon with the Authority;
- The request has been approved *[by the Section 151 Officer]* at Director level;
- Internal Audit Services is considered to have the right skills, experience, and available resource;
- Internal Audit’s involvement will not constitute a conflict of interest in respect of maintaining an independent stance, and Internal Audit will not assume a management role in providing this advice.

When performing consulting services, the auditor must maintain objectivity and not take on management responsibility.

The Internal Audit Manager is responsible for ensuring that all requests are reviewed in accordance with the above criteria and for making the final decision. The role which Internal Audit Services will assume on any particular advisory assignment will be agreed with the sponsor, will be documented within the assignment plan.

## **Relationships**

The Internal Audit Manager and Internal Audit staff are involved in a wide range of relationships and the quality of those relationships impact on the quality of the audit function and the effective delivery of that function.

### **Relationships With Management**

The Internal Audit Manager and Internal Audit staff will maintain effective relationships with managers of the Council. Regular meetings will be held with key stakeholders and management will be consulted with in the audit planning process. Timing of audit work will be in conjunction with management.

### **Relationships With External Auditors**

Internal Audit Services and the Welsh Audit Office [*Council's external auditors*] have an established working relationship where internal and external audit can rely on each other's work, subject to the limits determined by their responsibilities, enabling them to evaluate, review and only re-perform where necessary. Regular meetings will be held and plans and reports shared.

### **Relationships With Regulators And Inspectors**

The Internal Audit Manager and his staff will take account of the results and reports from any inspections when planning and undertaking Internal Audit work. Where appropriate the Internal Audit Manager will establish a dialogue with representatives of the appropriate inspection agencies.

### **Relationships With Elected Members**

The Internal Audit Manager will establish a working relationship with members, in particular with members of the Audit Committee. The Internal Audit Manager and the Chair of the Audit Committee will meet regularly with a view to discussing emerging issues or concerns as well as development opportunities with regard to the ongoing relationship between the Audit Committee and Internal Audit Services.

## **Standards of Internal Audit Practice**

This charter recognises the mandatory nature of the IIA definition of Internal Auditing and code of ethics, and the Public Sector Internal Audit Standards (PSIAS).

The Internal Audit team will comply with the standards that came into effect on 1 April 2013 [*along with any subsequent additions or revisions.*]

## Quality assurance

The Public Sector Internal Audit Standards require that the Audit Function is subject to a quality assurance and improvement programme that must include both internal and external assessments.

## Internal assessments

All of Internal Audit Services engagements are subjected to a thorough internal peer review of quality to ensure that its work meets the standards expected from its staff. For example, the internal file quality reviews undertaken cover the following:

- All work undertaken is in accordance with PSIAS.
- The work is planned and undertaken in accordance with risks associated with areas under review.
- Sampling is undertaken in accordance with an agreed methodology.
- The conclusions are fully supported by the detailed work undertaken.

## External assessments

An external assessment must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The Internal Audit Manager will discuss options for the assessment with the Director of Corporate Services [Section 151 Officer] and the Audit Committee.



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## AUDIT COMMITTEE - 23RD APRIL 2019

**SUBJECT: INTERNAL AUDIT SERVICES: ANNUAL AUDIT PLAN 2019/20**

**REPORT BY: INTERNAL AUDIT SERVICES MANAGER**

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### 1. PURPOSE OF REPORT

- 1.1 To seek Audit Committee approval for the Internal Audit Services Annual Audit Plan for the financial year 2019/20.

### 2. SUMMARY

- 2.1 The report provides details of the planned work programme for Internal Audit Services for 2019/20.

### 3. LINKS TO STRATEGY

- 3.1 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.
- 3.2 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.

### 4. THE REPORT

- 4.1 The Internal Audit Services Annual Audit Plan for the 2019/20 financial year is attached as Appendix 1. 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 increased slightly on previous years due mainly to the appointment of an audit trainee.
- 4.3 Members will note that following a recommendation by the Council's External Auditor, the Plan now shows planned activity on a quarterly basis. This will allow for better control and monitoring of the Plan during the year.

4.4 The Audit Committee will receive a mid-year report highlighting progress against the Plan along with details of any specific issues arising.

## **5. WELL-BEING OF FUTURE GENERATIONS**

5.1 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.

## **6. EQUALITIES IMPLICATIONS**

6.1 There are no potential equalities implications of this report and its recommendations on groups or individuals who fall under the categories identified in Section 6 of the Council's Strategic Equality Plan, therefore a full Equalities Impact Assessment has not been carried out.

## **7. FINANCIAL IMPLICATIONS**

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

## **8. PERSONNEL IMPLICATIONS**

8.1 There are no personnel implications other than the approved manpower resource

## **9. CONSULTATIONS**

9.1 Any comments received have been reflected in the report.

## **10. RECOMMENDATIONS**

10.1 The Audit Committee is asked to note and approve the Internal Audit Services Annual Audit Plan for the 2019/20 financial year.

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

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

Author: R. Harris, Internal Audit Manager

Consultees: N. Scammell, Head of Corporate Finance & Section 151 Officer  
R. Edmunds, Director of Education & Corporate Services  
S. Harris, Interim Head of Business Improvement Services

Appendices:

Appendix 1 Annual Audit Plan 2019/20



**CAERPHILLY COUNTY BOROUGH COUNCIL****INTERNAL AUDIT SERVICES****ANNUAL AUDIT PLAN 2019/20****1. Purpose of the Report**

The purpose of the report is to outline the intended allocation of audit time for the financial year ending 31<sup>st</sup> March 2020.

**2. Introduction**

- 2.1 The Public Sector Internal Audit Standards (PSIAS) 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 2019/20 Annual Plan is broadly based on an on-going assessment of risk which makes use of data gathered from various sources including senior management, the authority's risk register, 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 Following on from recommendations made by the Authority's External Auditors the plan has been split on a quarterly basis to show available man days per quarter. This has been based on the FTE head count of staff and current working patterns as a number of staff have flexible working arrangements. Paragraph 3.1 below covers staffing resources available in more detail.
- 2.3 An Audit Management, Planning and Reporting system has been procured and will be implemented and staff trained during the early part of 2019/20 and this system has the ability to evaluate staff resources by holding data on working patterns and other commitments that affect availability. It is anticipated that the quality of information reported going forward will be more accurate as this information is built up.
- 2.4 In order to evaluate the available man days per quarter the overheads have been apportioned taking account of the patterns of bank holidays, the Christmas shut down, the dates of the Easter bank holidays, etc. so minor variances will occur year by year.
- 2.5 A larger proportion of annual leave days have been allocated to the traditional summer holiday period 1.7.19 to 31.8.19, but other overheads have been estimated to arise evenly over the period. These include sickness absence which has been estimated at the rate of 1.5% of available days. It also includes other managerial provisions not directly allocated to audit assignments. Obviously there may be variances in these overheads due to unforeseen events such as long-term sickness or other staffing changes

which will affect the number of available man days that can be allocated to audit assignments.

- 2.6 Additional overheads have been generated by the granting of a programme of professional study to one of the substantive staff and the recruitment of a trainee auditor which also has been allocated a programme of professional study. This has been done with a view to strengthen the capacity and resilience within the section.
- 2.7 On the basis of the comments above the overheads and available working days per quarter have been estimated as follows:-

	<b>1.4.19- 30.6.19</b>	<b>1.7.19- 30.9.19</b>	<b>1.10.19- 31.12.19</b>	<b>1.1.20- 31.3.20</b>	<b>Total for year</b>
<b>Overheads</b>	332	233	210	164	939
<b>Available man days</b>	271	369	393	438	1471
<b>Total</b>	<b>603</b>	<b>602</b>	<b>603</b>	<b>602</b>	<b>2410</b>

- 2.8 It is also inevitable that there will be some audit assignments that will remain unfinished at the 31.3.19, and an estimated allowance of 145 days has been allocated to the completion of these prior to the commencement of new assignments. It is anticipated that these will be prioritised before commencing new projects so most this time is allocated into quarter 1. Again once the management system is fully embedded more accurate evaluation of this information will be possible in future years with improved accuracy of reporting.
- 2.9 The cycle of activities within the Council naturally influences the timing of audit assignments. For example schools summer holidays preclude any school audits from taking place during this period, also the year-end processes and subsequent preparation of the financial accounts and external audit means that finance staff and systems are prioritised towards these activities. As a result audit assignments undertaken take account of these together with other workload pressures within Directorates and Service areas.
- 2.10 The plan may also be flexed and audits reprioritised as Service managers / Directors become aware of new operational risks or other issues which may arise during the year. Timing of audits tends to be negotiated with the Service area or establishment management to bring forward any new or increased risk areas or to take account of workloads or other priorities within service areas.
- 2.11 Priority will always be given to high risk areas whether known or emerging, as in prior years.
- 2.12 There are also a number of time limited assignments that are required to be undertaken such as grants which have deadlines set by the funding bodies. There is no flexibility over the timing of these audits and this work takes place between the financial year-end and the certification deadline which is September in most cases.

- 2.13 Taking into account those factors noted above the remainder of the audit plan can be estimated over the year and the individual Directorates. Audit activity can also be allocated against the types of audit assignments such as establishment audits, systems, IT, contracts, grants and corporate work. The audit plan time can also be allocated by these activities over the year. Both analyses are shown below:-

2.14

<b>Directorate</b>	<b>Days</b>	<b>QTR 1</b>	<b>QTR 2</b>	<b>QTR 3</b>	<b>QTR 4</b>
Education	366	86	45	115	120
Social Services & Housing	455	129	158	88	81
Corporate Services	475	31	120	134	189
Communities	85	2	24	33	26
Corporate & management related	90	23	22	23	22
<b>Total</b>	<b>1471</b>	<b>271</b>	<b>369</b>	<b>393</b>	<b>438</b>

<b>Audit type</b>	<b>Days</b>	<b>QTR 1</b>	<b>QTR 2</b>	<b>QTR 3</b>	<b>QTR 4</b>
Establishment	461	86	111	125	139
System	660	111	150	175	224
Grant certification	50	0	30	20	0
Contract	20	5	5	5	5
IT	5	0	5	0	0
Corporate & management related	90	23	22	22	23
WHQS Secondment	185	46	46	46	47
<b>Total</b>	<b>1471</b>	<b>271</b>	<b>369</b>	<b>393</b>	<b>438</b>

- 2.15 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 2019/20 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 is 9.2 FTE's which is an increase from 2018/19 as a result of the increase in the hours of the Group Auditor (Deputy Manager) to full-time and the recruitment of a trainee post although this is a fixed-term contract and is linked to successful completion of a programme of study. However, it is considered that staffing continues to be in line with the Welsh averages.

### **4. Plan**

- 4.1.1 An outline of the 2019/20 Annual Audit Plan showing the audit days allocated to the main service areas is shown above. A summary of key audit areas that have been identified is shown in Annex A.

- 4.1.2 In preparing the detailed Plan, due consideration has been given to previous years' coverage, the authority's risk register, input from service areas and directorates, any emerging issues and any "local factors" as well as acknowledging themed areas that are linked to priorities highlighted in the Auditing Standards.
- 4.1.3 The Audit Section maintains a "list" of all auditable areas called the Audit Universe and this is used as a source upon which the plan is built. This is a dynamic document and is updated to reflect new service areas/ establishments or changes in existing service areas or establishments.
- 4.1.4 This audit universe was risk assessed in 2017 as part of the PSIAS self-evaluation process. The risk assessment of auditable areas is based on the evaluation of the inherent risk of the service or operation including materiality, prior audit intelligence, stability of the service or system etc., the impact of something going wrong, which may be financial or non-financial and the likelihood or probability of something going wrong. Systems of effective internal controls mitigate such risks. The new audit management system has a risk assessment facility so again this system once embedded will support this process in a transparent reportable fashion.
- 4.1.5 The audit plan is based around the audit universe with high risk areas receiving priority or more regular audits; however the aim is to cover all areas within a 3 to 5 year cycle, although when staffing resources are affected or where new risk areas are identified changes will be made to the plan.
- 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. For example it may be possible to cover these high risk areas by internal control reviews, or specific testing of component processes. In some cases other audit tools such as data matching or analytical reviews may also be performed in these areas.
- 4.2.2 The aim being to cover the high risk areas such as HR, revenues and exchequer and benefits in some way each year by breaking down the services into more manageable component parts e.g. HR by covering new starters, Council tax by covering discounts and exemption processes and supporting documents.
- 4.2.3 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 system 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.

4.2.4 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.

4.2.5 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.

#### 4.3 Action plan reviews and follow up audits

4.3.1 The ISA 260 report by the external auditors in July 2018 recommended improvements to the processes of following up recommendations arising from audits. The audit management system has the facility to allow named officers identified in any audit report produced by the system to be targeted and upcoming implementation dates for agreed recommendations to be identified. The system also has a reporting portal so that auditees become responsible for updating progress on achieved recommendations. The system will also identify overdue actions. It is intended that once this reporting function is operational it will prove valuable in achieving this and will also allow reports to be provided to Audit Committee and will support and inform the AGS process and provide assurance on an ongoing basis that agreed recommendations are being implemented by managers.

4.3.2 This will be linked to the additional reporting of audit assignments to Committee of audits falling into the reportable categories reported in October 2018 and will identify audits where follow-up reviews may be necessary or where managers are not making adequate improvements in control processes. Also the new format of reports will identify a direction of travel so that any areas where there is adequate improvement on re-audit will be identified and reported.

4.3.3 This is an evolving process and at this stage and it is envisaged that enabling managers to access the portal facility will make the accountability for achieving recommendations clear. It is considered that this will make the review and follow-up process more seamlessly integrated with the audit plan, so at this stage no additional time has been allocated to this process. However, this may need to be reviewed to ensure it is appropriate as additional time spent on following-up recommendations that have failed to be implemented will eventually impact on the plan.

#### 4.4 Establishments

4.4.1 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. Most establishments are schools with a much

smaller number of leisure, tourism and social services establishments in existence.

- 4.4.2 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 number of audits undertaken in 2018/19 raised recurring themes so some time is also being spent on thematic reviews which will be intended to cover a larger number of establishments but focussing on one key area. Key areas for review will be aspects of operational processes or controls with evidence of poor compliance or high risk areas.
- 4.4.3 A rolling visiting schedule covering all establishments has been set up and a schedule of visits relating to 2019/20 is shown within Annex A. However, audits may be re-prioritised particularly where the departmental staff become aware of concerns at a particular establishment.
- 4.4.4 The new reporting formats and greater transparency in reporting to Audit Committee is hoped to improve the links between the establishments and the “corporate centre” and strengthen accountability. It is hoped that the more structured approach to establishment audits reporting will continue to: -
- highlight the need for probity in financial administration;
  - deal with problems where advice and assistance is required;
  - identify any significant areas where procedures are weak;
  - improve accountability;
  - promote best practice across a wide range of establishments.

#### 4.5 Contract Audit

- 4.5.1 The move to a more proactive system based approach to contract auditing will continue and will be further developed by moving the focus to auditing schemes as they progress.
- 4.5.2 Information suggests that the need for traditional final accounts and contract audits is reducing. This is not unexpected given the reduction in capital budgets also linked with the fact that the WHQS scheme is due to end in 2020. As a result a reduced allocation of time has been given to contract audits.
- 4.5.3 As a result of a WAO review and work undertaken by Internal Audit in 2018 a resource has been seconded to the WHQS service area to strengthen and support the data validation process and performing reviews of the related supporting documentation. 185 days have been allocated to this process which is currently forecast to conclude in line with the WHQS programme at which time the resource will return to Internal Audit.
- 4.5.4 Internal Audit staff will continue to work closely with staff from Procurement Services to promote a high level of contract compliance throughout the Council.

#### 4.6 Computer Audit

- 4.6.1 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.
- 4.6.2 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.
- 4.6.3 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.

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Audit Universe						ANNEX A	
Audit Area	impact	probability risk	other factors/ prior audits/ other intelligence	overall risk rating	Comments	Coverage Audits to be considered	Planned audit areas of coverage
<b>SYSTEMS GENERAL</b>							
Cashiers (inc banking procedures & policies) Central administration and systems	H	H	Cash, income reconciliation, new system, staffing,	H		Income monitoring and reconciliation. C&D	*
Customer first cash offices( all offices) (Procurement)	M	H	Cash handling. Large number of transactions but average value low not material individually	M		Regularity, balancing, compliance with procedures	*
Payment card Security compliance	M	M	Processes well embedded and mature. Risk re non compliance fines or removal of card facilities	H		Regularity, compliance with PCI policy	*
Council tax	H	L	Historically good, stable system staffing etc.	M	inoi follow up review	High level review, billing, collection, discounts and exemptions, arrears/ recovery	*
Benefits	H	M	Historically good, stable system staffing etc. NFI data match info can be used.	H		Claims, verification and evidence, NFI matches	*
NFI matches investigation etc.	H	M	compliance / reputation, covers a number of high risk financial and non financial data streams	H		Other data matches as reported	*
Creditors Departmental audit	H	M	Disaggregated user compliance and control, deliberate frauds. APF tool if used correctly will support this.	H	Linked to NFI	Compliance with procedures, ordering/ segregation of duties, regularity	*
Treasury management	H	H	reserves, reputation	H	inoi follow up review	Compliance with Policy, regularity, processes	*
VAT	H	M	Risk due to disaggregated users making errors which affect VAT. Repeated errors may raise risk profile with HMRC.	M		Compliance and regularity	*
Home loans scheme	M	M	New Scheme	M		Compliance with T&C, policy and procedures, regularity, review	*
IR 35/Auto enrolment and self employed compliance	M	M	Small numbers but impact of incorrect evaluation could result in raised risk evaluation from HMRC. Also fines penalties from HMRC and criminal prosecution.	M	ongoing advice	Compliance with legislation, HMRC policy and procedures, regularity, review	*
Payroll - central	H	M	High value and number of transactions. System is stable and staffing experienced.	H		Starters, leavers, Overtime, standby, callout, maternity, sickness, paternity, casual wages, severance and ex gratia.	*
Payroll - departmental	H	H	Transactions lower value but rely on management oversight and compliance with policy/ best practices.	H	inoi follow up review. NFI matches 19/20 follow up	Departmental records, regularity and compliance	*
Salary sacrifice cars Gass Scheme administration	M	M	Prior issues new HMRC rules may affect take up going forward	M		Compliance with policy and processes	*
regradings (perm/ temp)	L	L	Process compliance	L		Process compliance	*

Audit Universe						ANNEX A	
Audit Area	impact	probability risk	other factors/ prior audits/ other intelligence	overall risk rating	Comments	Coverage Audits to be considered	Planned audit areas of coverage
Flexi	M	M	Stable system, long standing policy. Reporting / monitoring centrally ?	M		System, compliance, exception reporting	*
Managing attendance process compliance /sickness management and reporting	M	M	Cost of sickness, impact of incorrect administration and monitoring	M		Policy compliance	*
Recruitment and selection	M	L	Immigration act, non adherence to policy, safer recruitment/ DBS	M		Policy compliance	*
Purchasing card user administration	H	M	Not material. Public interest. Management supervision / control of usage	H		Regularity Policy compliance, management overview and scrutiny	*
retrospective orders	M	M	Non compliance, increased risks of errors	M		Policy compliance	*
IT Security - Information and Data	H	M	Training, access controls	M	IT business critical. ICO fines	GDPR/ Information Governance, PCI, leavers, remote access	*
No 1 2019	H	H		H		Regularity compliance, accuracy of records	*
No 2 2019	H	H		H		Regularity compliance, accuracy of records	*
No 3 2019	H	H		H		Regularity compliance, accuracy of records	*
No 4 2019	H	H		H		Regularity compliance, accuracy of records	*
No 5 2019	H	H		H		Regularity compliance, accuracy of records	*
Private funds	M	M	Individual school unlikely to be material	M	Thematic review	Regularity compliance, accuracy of records	*
primary meal arrears/ management by schools	L	L	Individual school unlikely to be material	L	support	Regularity compliance, accuracy of records	*
Schools governance arrangements	M	L		M		Regularity compliance, accuracy of records	*
general grants	L	L		L		Regularity compliance, accuracy of records	*
SEG EAS/ Torfaen	M	M	Individual school unlikely to be material , However total may be material	L		Regularity compliance, accuracy of records	*
WEG EAS/ Torfaen	M	M	Individual school unlikely to be material , However total may be material	L		Regularity compliance, accuracy of records	*
Free childcare offer	L	M	Not CCBC budget	L	follow up	Regularity compliance, accuracy of records	*
Section 17 payments (prevention and support)	L	L		L	inoi follow up review.	Regularity compliance, accuracy of records	*
Adults external prov res & day care (elderly, LD, Mental health and substance abuse)	M	L		M		Regularity compliance, accuracy of records	*
Out Of Office Service	L	L		L		Regularity compliance, accuracy of records	*
Financial assessments	M	L	Income contribution to charges	M		Regularity compliance, accuracy of records	*

Audit Universe					ANNEX A		
Audit Area	impact	probability risk	other factors/ prior audits/ other intelligence	overall risk rating	Comments	Coverage Audits to be considered	Planned audit areas of coverage
Receiverships/Trusts/Protection of Prop Client finance team	M	M	Court of protection regulations	M		Regularity compliance, accuracy of records	*
Supporting people grant (Finance spend and outcomes)	H	H	Value	M		Regularity compliance, accuracy of records	*
Client side contract audit--final accounts	L	L		L		Regularity compliance, accuracy of records	*
Integrated transport unit	M	M		M	inoi follow up	Regularity compliance, accuracy of records	*
Transport - concessionary fares	L	M		M	Previoulsy reported frauds in other LAs	Regularity compliance, accuracy of records	*
Building Consultancy -final accounts	M	L	Individually not material. Numbers reducing	L		Policy compliance	*
carbon levy scheme return	L	L	Large number of individual premises but managed centrally	L		Regularity/ compliance	*
Business support advice and grants	L	L		L		Regularity compliance, accuracy of records	*
Waste collection	H	M		H		Regularity compliance, accuracy of records	*
Fleet Management	M	M		M		Regularity compliance, accuracy of records	*
Leisure Services - Central Office	M	L		L		Regularity compliance, accuracy of records	*
Home loans scheme	L	M		L	New scheme	Regularity compliance, accuracy of records	*
Bedwas Junior School	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*
Blackwood Primary School	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*
Cefn Fforest Primary School	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*
Crumlin High Level Primary School	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*
CwmAber Junior School	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*
Cwm Ifor Primary School	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*
Deri Primary school	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*

Audit Universe						ANNEX A	
Audit Area	impact	probabili ty risk	other factors/ prior audits/ other intelligence	overall risk rating	Comments	Coverage Audits to be considered	Planned audit areas of coverage
Fochriw Primary School	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*
Glyn gaer Primary school	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*
Llanfabon Infants achool	M	L	Individual school unlikeley to be material financially but could have PR / reputational risk issues	L	inoi follow up review	Regualrity compliance, accuracy of records	*
Machen Primary School	M	L	Individual school unlikeley to be material financially but could have PR / reputational risk issues	L		Regualrity compliance, accuracy of records	*
Park Primary School	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L	inoi follow up review	Regularity compliance, accuracy of records	*
Penllwyn Primary school	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*
Plas y felin Primary School	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*
Pontllanfraith Primary School	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*
Rhydri Primary School	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*
Risca Primary School	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L	inoi follow up review	Regularity compliance, accuracy of records	*
Tir y Berth Primary School	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*
Trinant Primary School	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*
Ty Isaf Infants School	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*

Audit Universe					ANNEX A		
Audit Area	impact	probability risk	other factors/ prior audits/ other intelligence	overall risk rating	Comments	Coverage Audits to be considered	Planned audit areas of coverage
Ty Sign Primary School	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*
White Rose Primary school	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L	inoi follow up review	Regularity compliance, accuracy of records	*
Ynysddu Primary School	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*
Ystrad Mynach Primary school	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*
Ysgol Gynrad Trelyn	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*
Ysgol Ifor Bach	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*
Ysgol Gymraeg Gilfach Fargoed	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L	inoi follow up review	Regularity compliance, accuracy of records	*
Ysgol Gynrad Bro Allta	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L	inoi follow up review	Regularity compliance, accuracy of records	*
Ysgol Penalltau	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*
Ysgol Gynrad Cwm Derwen	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*
St Helens Roman Catholic Primary School	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*
Idris Davies 3-18 school	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*
Blackwood Comp	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*

Audit Universe					ANNEX A		
Audit Area	impact	probability risk	other factors/ prior audits/ other intelligence	overall risk rating	Comments	Coverage Audits to be considered	Planned audit areas of coverage
Lewis School Pengam	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*
Newbridge Comp	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*
Islwyn High School	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L	inof follow up review	Regularity compliance, accuracy of records	*
Ysgol Gyfun Cwm Rhymini	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*
Trinity Fields school and resource centre	M	L	Individual school unlikely to be material financially but could have PR / reputational risk issues	L		Regularity compliance, accuracy of records	*
Bargoed Library	L	L	Individual establishment unlikely to be material			Regularity compliance, accuracy of records	*
Castle view HFE	L	L	Individual establishment unlikely to be material other than reputational	L		Regularity compliance, accuracy of records	*
Ty Iscoed HFE	L	L	Individual establishment unlikely to be material other than reputational	L		Regularity compliance, accuracy of records	*
Brondeg Day Centre	L	L	Individual establishment unlikely to be material other than reputational	L		Regularity compliance, accuracy of records	*
Ysytrad Mynach Day Centre	L	L	Individual establishment unlikely to be material other than reputational	L		Regularity compliance, accuracy of records	*
Springfield Resource Centre	L	L	Individual establishment unlikely to be material other than reputational	L		Regularity compliance, accuracy of records	*
Ebenezer Resource Base	L	L	Individual establishment unlikely to be material other than reputational	L		Regularity compliance, accuracy of records	*
Blackberry catering Supported employment	L	L	Individual establishment unlikely to be material other than reputational	L		Regularity compliance, accuracy of records	*
Pontllanfraith LC	L	L	Individual establishment unlikely to be material other than reputational	L		Regularity compliance, accuracy of records	*
St Cenydd LC	L	L	Individual establishment unlikely to be material other than reputational	L		Regularity compliance, accuracy of records	*

Audit Universe					ANNEX A		
Audit Area	impact	probability risk	other factors/ prior audits/ other intelligence	overall risk rating	Comments	Coverage Audits to be considered	Planned audit areas of coverage
Cefn Fforest LC	L	L	Individual establishment unlikely to be material other than reputational	L		Regularity compliance, accuracy of records	*
New Tredegar LC	L	L	Individual establishment unlikely to be material other than reputational	L		Regularity compliance, accuracy of records	*
Llancaiach Fawr	L	M	Individual establishment unlikely to be material other than reputational	L		Regularity compliance, accuracy of records	*
The Winding House	L	M	Individual establishment unlikely to be material other than reputational	L		Regularity compliance, accuracy of records	*

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## AUDIT COMMITTEE – 23RD APRIL 2019

**SUBJECT: INTERNAL AUDIT REPORTS – “IN NEED OF IMPROVEMENT”**

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES**

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### 1. PURPOSE OF REPORT -

- 1.1 Following the October 2018 Audit Committee meeting and the ISA 260 report from External Auditors Grant Thornton in July 2018, it was agreed that additional information would be provided to Audit Committee in respect of the audit assignments undertaken. This is intended to better inform the Committee of the work being undertaken, risks identified, agreed actions and any associated impact on the Authority’s Annual Governance Statement Process.
- 1.2 This report aims to inform the Audit Committee in line with the agreed processes and to allow Members to seek clarification or explanation where there are areas of concern and to identify where further action is deemed necessary. Also this allows Members to assess whether the recommendations made by Internal Audit and agreed management responses are reasonable and support an improvement in internal control processes.
- 1.3 This will ensure that the Audit Committee discharges its responsibilities in respect of reviewing and forming an opinion on the overall control environment in place across the Council, which underpins the Annual Governance Statement process at the end of the financial year

### 2. SUMMARY

- 2.1 The October 2018 Audit Committee meeting received a report suggesting changes in the methodology of reporting opinions on audit assignments undertaken, and it was agreed that those classified as “In need of improvement” would be reported to Audit Committee and those classified as “effective with opportunity to improve” would be reported to Committee if progress was not made in implementing recommended improvements.
- 2.2 The new system has been in place since October 2018 and has been applied to audits completed and where reports have been agreed and issued to management between January 2019 and March 2019. In the period 6 reports were issued which were noted as being “in need of improvement” in line with the agreed criteria and one was recorded as being inadequate.
- 2.3 Of the above 7 reports 6 relate to schools and as this Audit Committee meeting is taking place in the school holiday these reports will be deferred to the June meeting. As a result only one of the reports requires presentation to this Committee meeting.

### 3. LINKS TO STRATEGY

- 3.1 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.

#### 4. THE REPORT

- 4.1 The revised 4 tier methodology of assessing audit assignments has been in place since October 2018, and this now requires finalised and issued audit assignment reports falling into the criteria of "In Need of Improvement" or "Inadequate" to be reported to Audit Committee with Heads of Service/ Service Managers or Head Teachers/Chairs of Governors together with relevant Internal Audit staff attending to offer further clarification on the issues raised as required.
- 4.2 Furthermore, it was also agreed in the October 2018 Audit Committee meeting that any audit assignment reports where the overall opinion was "effective with opportunity to improve" would be monitored and the implementation of agreed recommendations reviewed. Any reports falling into this category where improvements have not been made within agreed timeframes will also be subsequently reported to the Audit Committee.
- 4.3 Members will appreciate that the audit process involves planning the assignment, fieldwork and testing, reporting on risks and weaknesses to Management, issuing recommended improvements and agreeing these within a formal report to management and evaluating an overall opinion in line with the revised 4 tier system and this takes some time.
- 4.4 In addition where report opinions fall into the "effective with opportunity to improve" criteria, adequate time will be needed to allow agreed recommendations to be implemented and evaluated. In addition where managers have given a future date to implement recommendations follow up evaluation can only take place once those dates have elapsed.
- 4.5 During the quarter no follow ups of any audits that fell into the "effective with opportunity to improve" have been carried out as insufficient time has elapsed.
- 4.6 For the purposes of this Committee 7 audits have been completed in the period since January 2019 and issued to managers which fall within the criteria of requiring to be reported to Audit Committee. However 6 of these related to schools and require to be deferred to the next meeting of the Audit Committee due to the school holiday period. This leaves one audit report to be reported to this Committee and the detail is as follows:-
- Treasury Management. **APPENDIX 1.** The conclusion of this report was that control processes were **in need of improvement** and compliance with controls **was effective with opportunity to improve.** Management accepted the recommendations and are working towards implementing the recommendations made.

#### 5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 This report contributes to the Well-being Goals as set out in Links to Strategy above. It is consistent with the five ways of working as defined within the sustainable development

principle in the Act in that consideration is being given to improving the clarity and transparency of the future reporting to Audit Committee and this will lead to long-term improvements in these processes.

## **6. EQUALITIES IMPLICATIONS**

6.1 There are no equalities implications arising from this report.

## **7. FINANCIAL IMPLICATIONS**

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

## **8. PERSONNEL IMPLICATIONS**

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

## **9. CONSULTATIONS**

9.1 All responses from consultees have been incorporated into this report.

## **10. RECOMMENDATIONS**

10.1 The Audit Committee is asked to note the content of the attached Internal Audit report and consider management comments in respect of issues noted and assess whether the recommendations made by Internal Audit will be effective in improving the systems of internal control.

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

11.1 To ensure that the Audit Committee adheres to its terms of reference in relation to the Annual Governance Statement process in the Financial Accounts and associated reporting.

## **12. STATUTORY POWER**

12.1 Local Government Act 2000

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Consultees: Richard Edmunds, Corporate Director for Education and Corporate Services  
Nicole Scammel, Head of Corporate Finance and S151 Officer  
Stephen Harris, Interim Head of Business Improvement Services

Appendices:  
**Appendix 1** Audit Report **Treasury Management**



Directorate of Education & Corporate Services  
*Cyfadrn Gwasanaethau Corfforaethol ac Addysg*  
Internal Audit Services  
*Gwasanaethau Archwiliad Mewnol*

APPENDIX 1

## 'Final' Internal Audit Report

### Treasury Management 2018/19

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Date issued:	15/01/2019
Lead Auditor(s):	LB – Senior Audit Assistant
Review Manager:	DG - Acting Audit Manager
Report Distribution:	AS - Finance Manager (Corporate Finance) NA – Group Accountant (Corporate Finance)

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### **Acknowledgements**

Thanks are extended to all staff concerned for their co-operation and assistance during the course of the audit.

**This audit and associated report was conducted in conformance with the requirements of the Public Sector Internal Audit Standards.**

## 1. Executive Summary

An audit review of Treasury Management within Corporate Finance/ Education & Corporate Services was undertaken during November 2018.

The audit encompassed:

- The identification and review of the documentation and procedures in place in relation to all aspects of the Treasury Management process.
- The identification of controls via enquiry or completion of an ICQ.
- Sample testing of files and/or records relevant to any new or revised processes that were agreed from the previous audit report.
- An examination on a sample basis of relevant records with a view to assessing compliance with the prescribed procedures.

The objectives of the review are to provide assurance that:

- The systems and processes in place are achieving the Authority's objectives.
- The reliability and integrity of financial information is in accordance with both the Authority's Financial Regulations and any other appropriate policies.
- All operations, procedures and controls in place are effective.
- The Authority's assets are safeguarded.
- Internal procedures, policies and any statutory requirements are complied with.

## 2. Control Risk Areas

Specific System / Service area risks and controls in place under review are shown in the table below.

Control risk area	Internal Control Questionnaire (ICQ) findings	Control / Risk Outcomes (Compliance Testing)
Risks identified in previous audits have not been addressed or measures implemented have not achieved control objectives.	All controls in place	Control objective substantially met
Specific high level ICQ risk identified	Most controls in place	No additional testing was required following identification of results of high level ICQ
GDPR is non-compliant	Most controls in place	No additional testing was required for this control risk.
<b>No of Audit points noted total ...6..... High risk ...1... Medium risk ...4..... Merits Attention ...1...</b>		

NB: Any significant issues identified during the course of the audit which were not included in the original scope have been included in the report for completeness.

### 3 Conclusion

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**Overall, the conclusion from the work undertaken is that the control procedures in place are:-**

**In need of improvement (to be reported to Audit Committee)** – this is based on the outcome of one key issue that is considered to be a high risk area as no mitigating controls have been put in place to ensure the issue has been risk assessed/reviewed and a balanced approach has been applied in order to achieve the maximum level of protection of the Council's fund at an acceptable cost.


**Compliance with the controls are considered to be effective with opportunity to improve (to be reported to Audit Committee if no improvement seen on the follow up of recommendations made)** based on the results of the audit work undertaken it is considered that compliance with the control framework in place is satisfactory with a number of expected controls in place, however a number of control weaknesses have been identified resulting in some system risk.

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### 4. Direction of travel

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The direction of travel in relation to improvement in relation to risks and controls under review during the audit when compared to the previous audit in 2015 where the opinion was (i) Good Control procedures and (ii) Good compliance with controls is considered to be in the following category:-

<p><b>Deteriorating</b></p> 	<p>This is due to one key issue concerning with the Council's fidelity insurance cover that is high risk (although measures are in now being put in place to rectify this). Other issues in the remainder of the report have a lower risk rate, i.e. medium risks and merits attention.</p>
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### 5. Audit Assurance Statement

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Overall assurance is taken from an evaluation of the findings and audit opinion, taking into account the individual risk assessment of the system or process and its materiality or impact.

**The level of assurance for the audit review of Treasury Management within Corporate Finance/Directorate of Education and Corporate Services is felt to be:-**

*Partial (For explanation - please refer to Systems Assurance Grid & Assurance explanations grid in Terms of Reference document issued at start of the audit)*

## **6. Internal Control Questionnaire Evaluation**

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**6.1** Risks identified in previous audits have not been addressed or measures implemented have not achieved control objectives.

There were no areas of concern identified, agreed recommendations were carried out to address the issue identified in the previous audit report.



## 6.2 High level ICQ was performed with the Group Accountant for identification of any high level risks

6.2.1 Point Noted	Implication	Recommendations	Rating
<p><b>Fidelity Insurance Cover</b></p> <p>The maximum, average and current value of any single investments that can be performed by Treasury Management is not currently taken into consideration as part of the annual review of the Council's fidelity insurance cover. This is an insurance cover taken out by CCBC against loss caused by the disloyalty, dishonesty or non performance/ mismanagement of employees. (It does not cover counterparty risk, i.e. recovering monies invested in a counterparty that has defaulted/ gone bankrupt). Audit has been advised from the Senior Insurance &amp; Risk Officer that the value of cover is determined by the Authority's brokers/insurers based on the information provided by the Insurance and Risk Management Section. The CCBC insurance cover for financial year 2018/19 is £3m for any one loss but information received from the Group Accountant identified the following:-</p> <p>The highest individual counterparty limit at present is £6m and the maximum investment limit allowable under the Treasury Management Strategy for 2018/19 for an individual counterparty is set at £10m.</p> <ul style="list-style-type: none"> <li>The maximum pooled fund limit of £20m set out in the Treasury Management Annual Strategy for 2018/19 (for counterparty limit with an AAA credit rating).</li> </ul> <p>This information has already been passed to the Senior Insurance &amp; Risk Officer who will liaise with the Group Accountant for further information in time for the review of Council's insurance cover for the forthcoming financial year.</p>	<p>i)-ii) Not all of the Council's high risk activities have been taken into account as part of the annual review of the Authority's insurance policy. The activities of Treasury Management are high risks due to the significant value/ materiality of investments/ transactions employees are entrusted with. If this information is not considered as part of the fidelity insurance review, the Council might not be aware that the sum covered is not enough to protect and compensate the full extent of losses that could occur as a result of employee actions in the undertaking of treasury management activities. As highlighted, the highest single investment at present is £3m above the level of fidelity cover and single investments higher than this can still be made for this financial year. Unless the Council has sufficient contingency fund to absorb any potential losses that is over the £3m limit, the delivery of Council's services and operations could be adversely affected.</p>	<p>i)-ii) As agreed during the audit, consideration of the Council's investment activities within Treasury Management should be taken into account as part of the annual renewal process of the insured sum to cover concerning with employee fidelity. This will enable the Council to be better informed of the level of high risks that could arise from employees and how they should be considered in terms of the Council's appetite to accept this risk, i.e. in terms of affordability and whether or not to increase cover at the expense of an increase in insurance premiums. A recurring timescale should be diarised each year to ensure the annual Treasury Management Strategy covering maximum limits of investments (following approval from the Policy &amp; Resources Scrutiny Committee) is considered as part of review of the insurance policy. It is noted that both reviews, i.e. insurance policies and the Treasury Management Strategy are considered around the same time each year, January/February in readiness for the new financial year.</p>	<p>HR</p>

<b>Management Comments (re: fidelity insurance)</b>	<b>Proposed Actions / Person responsible / Date</b>	<b>Action Plan review (to be completed by Internal Audit)</b>
<p>Fidelity insurance policy to be reviewed annually with respect to treasury management. Discussions to take place in the first instance between the Treasury Manager; and the Insurance &amp; Risk Manager (or his/her deputy); with further discussions (if required) with the Corporate Finance Manager. Ideally the conversation should coincide with the new budget setting process as well as the fidelity insurance renewal date. A written copy of conversation/ minutes to be retained on file for audit purposes.</p>	<p>NA – Group Accountant</p> <p>Action every November / December on an annual basis – meet Insurance &amp; Risk Manager.</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>

## 7. GDPR / Data protection Questionnaire

7.1 GDPR is not compliant.

7.1.1 Point Noted	Implication	Recommendations	Rating
<p><b>Document retention policy &amp; schedule</b> Staff who are involved in the administration and management of document retention are unaware of the Council's policies and the approved Batchelor Local Government retention schedules on this subject matter.</p> <p>The actual filing and archiving processes in operation are however quite established, all archived and destruction records are listed on a shared Accountancy archive spreadsheet. Records are archived on an annual basis and the staff who undertakes this duty is aware of how long they should be retained. Audit was advised that all records due for disposal are reviewed and "CC" to NA (Group Accountant) in an email to Records Retrieval as part of the final checking process. The copy email is however, kept in the individual's email account so not accessible to other members of the TM Petty Cash team.</p>	<p>Staff may unknowingly breach the Council's record management scheme if they are not aware of the Council's policy and retention schedule on this matter. S.60 of the Local Government (Wales) Act 1994 places a statutory requirement on the Council to have a scheme in place for the proper management of records from planning and creation through to disposal. Any new or legislation changes resulting in an amended document retention period could be missed as a result.</p> <p>If emails which show the review of files/records before destruction are left in the individual account, the audit trail to demonstrate the review process could be lost when the post holder leaves. Section 21 of the Record Retention &amp; Disposal Policy states that automatic records destruction when the end of the retention period is reached is not recommended.</p>	<p>All relevant staff should be fully conversant of the following record management documents that is available on the CCBC intranet under "Information Governance":-</p> <ul style="list-style-type: none"> <li>Record retention &amp; disposal policy;</li> <li>Batchelor L G Retention Schedule (UK);</li> <li>Batchelor L G Retention Schedule (Wales).</li> </ul> <p>For good practice, it is recommended that a check is carried out to the retention schedules when undertaking the annual archiving task and as part of the final review of records to be disposed. This will assist in identifying any revised changes affecting the document retention period.</p> <p>Also, when granting the final decision to dispose records (once the retention period has expired, the email which is "CC"/ copied to NA should also be retained in a shared folder that can be accessed by all of the TM Petty Cash Team. This record can then be easily retrieved if needed.</p>	MR
<p><b>Management Comments</b></p>	<p><b>Proposed Actions / Person responsible / Date</b></p>	<p><b>Action Plan review (to be completed by Internal Audit)</b></p>	
<p>Staff to be reminded of retentions policy, as well as a file to be created to store email communications / instructions with respect to record retentions / disposals.</p>	<p>NA – Group Accountant</p> <p>Action when Archives prompt for the next record review.</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

7.1.2 Point Noted	Implication	Recommendations	Rating
<p><b>Privacy Notice</b>            No specific privacy notice for Treasury Management was found published on the Council's website and the Group Accountant (NA) is not aware of any being drawn up to inform data subjects/ service users what happens with their personal data retained by the Treasury Management and how it is going to be used. There is only a limited amount of personal data held but subsequent enquiries with the Assistant Information Officer, (CE) indicated that a privacy notice may have to be created for a specific type of record and its use (concerning with the setting up of bank accounts) whilst a majority of the records held were either considered to be already covered under another service area's privacy notice or could be added to another department's notice. This was referred to the Group Accountant as further information was needed.</p>	<p>The absence of a privacy notice for the holding of personal data is contrary to one of the key changes of the recent GDPR that came into effect in 2018, i.e. the individual's rights to be informed of why their information is held, who this information is shared with and how long it will be retained.</p>	<p>The Group Accountant (Corporate Finance) and/ or the Finance Manager to continue to liaise with the Assistant Information Officer and progress as necessary in order to ensure compliance regarding privacy notices will be met.</p>	<p>MR</p>
Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)	
<p>NA replied to CE – Assistant Information Officer on 02/01/2019 and Cc in LB. Awaiting response/ further comments from CE.</p>		<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

7.1.3 Point Noted	Implication	Recommendations	Rating
<p><b>Staff training on handling personal data/ data protection</b>            Enquiries with the Group Accountant (NA) identified the newest member of staff, RS who joined the team in August 18 has not received any training concerning with the handling of personal data/ data protection. Whilst NA and the other member of the team have completed the e-learning training module (Protecting Information), this has not been reviewed in the last 12 months to check the training is still up-to-date. The Group Accountant has checked that staff completes their training once prompted by the network systems' pop up message alert but did not realise that ongoing reviews should also be undertaken after this.</p> <p>The Group Manager was advised to arrange suitable training for RS following this feedback and a link to the e-training course was provided.</p>	<p>Without management review, any training that has expired and is subject to be refreshed as in the Protecting Information e-learning module (expires annually) may not be identified. This could impact on the Authority's ability to demonstrate mitigating circumstances in the event a security breach has occurred if the person(s) concerned have not fulfilled the necessary training requirements.</p> <p>Under the new General Data Protection Regulations, the Authority could face monetary penalties of £17m or 4% annual turnover plus compensation claims and other enforcement action. The ability to demonstrate adequate and regular staff training would form the basis of a defence against receiving a monetary penalty.</p>	<p>Results of all mandatory e-learning information security modules can be found on the iTrent system. A review of staff training records should be undertaken by Management via iTrent on a periodic basis taking into account of any staff absences/secondments etc. An iTrent self service demo on how to view this is available, under the following route within the HR Portal: <a href="#">iTrent Support/iTrent Self Service Demo/Manager/viewing your team's training records</a>.</p> <p>For completeness of audit trail, Managers should also manually update the iTrent system for any staff that is a non-computer user who has completed the training through the manual version (booklet format).</p>	<p>MR</p>
<p><b>Management Comments</b></p>	<p><b>Proposed Actions / Person responsible / Date</b></p>	<p><b>Action Plan review (to be completed by Internal Audit)</b></p>	
<p>NA to arrange training for RS</p>	<p>NA – Group Accountant</p> <p>Immediately – NA to contact HR to arrange training for RS</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>	

## 8. Detailed Findings / Points noted

### 8.1 Risks identified in previous audits have not been addressed or measures implemented have not achieved control objectives.

8.1.1 Point Noted	Implication	Recommendations	Rating
<p><b>E-authorisation of CHAPS Requests</b></p> <p>i) Whilst all unsigned CHAPS request forms in the sample examined were either received by email from an officer with authority or copied/CC to an officer with authority:-</p> <p>a) The original email with the attached request form is not always printed off and retained with the CHAPS form to evidence the approval given. They are retained in the email account so they were verified by Audit upon request for the emails to be retrieved.</p> <p>b) No payee name or amount was entered on one of the emails sent to enable the email to clearly match the request to the attached CHAPS form. The absence of details could leave scope for the CHAPS form to be altered. This was in respect of an email with an attached CHAPS request sent by AT (SS Finance) on 1/7/18 requesting for the foreign CHAPS request to be processed.</p>	<p>i)</p> <p>a) Only the recipients of the email requests are able to confirm that proper authority has been given. It is difficult to independently establish compliance to the authorisation process where the original email is not printed off to support the CHAPS request form when they are either unsigned or signed with an e-signature.</p> <p>b) Any unauthorised amendments to the CHAPS form attached could go undetected if there isn't enough information on the original email to clearly link the email request to the attached form. CHAPS payments can be authorised by back up authorisers who are not set up to receive emails from the TM Petty Cash email account and hence, will not be able to view the original emails as part of their stand in authorisation process.</p>	<p>i)</p> <p>a) A copy of the original email should also be attached to the CHAPS request form to confirm the authority obtained.</p> <p>b) Where CHAPS request are sent via an email, it is recommended a minimum level of information such as the payee name and amount requested should be included in the content of the email so that it can be easily matched to the CHAPS request form. Both a copy of the original email and the CHAPS form should be passed to the Systems' payment authorisers for verification as part of the authorisation process.</p>	<p>MA</p> <p>MR</p>

Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)
<p>Staff to be reminded:</p> <ol style="list-style-type: none"> <li>1) To ensure forms completed correctly</li> <li>2) To ensure forms have been signed off by a relevant officer or an officer has been cc into email as a means of authorisation. Emails to be included with cashflow paperwork for audit trail.</li> <li>3) The department requesting the CHAPS payment to verify within the body of the email that bank details have been verified. This should only occur in the absence of an invoice (invoices in general tend to have bank details stated in the main body of the document).</li> </ol>	<p>NA – Group Accountant</p> <p>Immediately - email TM Staff regarding reminding them of checks required.</p>	<p>Achieved (Y/N)</p> <p>Action taken</p> <p>Further Action Required?</p>

Gadewir y dudalen hon yn wag yn fwiadol





## AUDIT COMMITTEE – 23RD APRIL 2019

**SUBJECT: WALES AUDIT OFFICE WHQS REVIEW**

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES**

- 
- 1.1 The attached report, detailing the follow up review by the Wales Audit Office (WAO) on the Welsh Housing Quality Standard (WHQS) delivery programme, was considered by the Policy and Resources Scrutiny Committee on 12th March 2019, having previously been considered by Cabinet on 30th January 2019, and thereafter presented to the Caerphilly Homes Task Group on 12th February 2019 as an information item which was noted without discussion.
  - 1.2 The Scrutiny Committee were reminded of the WAO Review in 2017 which reviewed the Council's arrangements to deliver the WHQS by 2020, and concluded that the *"majority of tenants' homes remain below the WHQS standard due to longstanding inefficient and ineffective programme management and the Council is unlikely to achieve the standard by 2020"*. A WAO follow up review undertaken between April and October 2018 has now concluded that *"the Council has responded positively to our June 2017 WHQS report and statutory recommendations by making significant improvements and as a result we now conclude that it is likely to meet the WHQS by December 2020"*.
  - 1.3 Ms Non Jenkins (Wales Audit Office) summarised the report and confirmed that the follow up review has been undertaken in two parts, namely a Service User Perspective Review, which focussed on the views from 489 tenants and 25 leaseholders in relation to the delivery of the WHQS programme, and a Follow Up Review to determine whether the Council is meeting its commitments and making satisfactory progress to meet the WHQS by WG's deadline of December 2020. The follow up reports provided by the WAO provide a far more positive picture on the current position of the WHQS programme and also provides independent confidence that Caerphilly Homes are on track to deliver the full programme by December 2020. A copy of these follow up documents were appended to the Officer's report.
  - 1.4 The Service User Perspective Review refers to 3 proposals for improvement, and the report set out details of how the Council will address these moving forward. It was accepted that improvements and consistency are required in the way performance information is presented, which have been addressed within the report. In addition, the Local Housing Strategy will be developed during 2019 and EIAs on key policy reports will be carried out at the appropriate time. Ms Jenkins also highlighted the importance of consistent and proactive tenant engagement and communication, and how issues identified and tenant feedback can be used to strengthen performance moving forward.
  - 1.5 The Chief Housing Officer referred to the positive nature of the report and the WAO's acknowledgement of the progress that had been made. He expressed his thanks to relevant Officers, the Scrutiny Committee and the Cross Party Working Group for their work surrounding the WAO review, and highlighted the need to continue momentum in order to achieve the Welsh Quality Housing Standard by the anticipated date of June 2020, rather than the WG deadline of December 2020.

- 1.6 During the course of discussion on the item, queries were received on how the Council planned to strengthen its communication approaches with tenants and leaseholders, and how complaints about the WHQS programme are analysed to strengthen processes. Officers outlined the ways in which information on the WHQS programme is made available, via the Council's website, newsletters, consultation events, social media, working groups, press releases and marketing events. Work is currently ongoing with the Caerphilly Homes Task Group to review the communications process and Officers welcomed suggestions from the Scrutiny Committee. Complaints are dealt with through the Corporate Complaints Policy and the Council responds proactively to any improvements that are needed as a result. A report on Complaints and Representations is also presented to the Task Group on an annual basis.
- 1.7 The Chief Housing Officer highlighted an aspect raised by the Repairs and Improvement Group in that satisfaction surveys should allow for a greater level of tenant feedback in order to manage expectations. Ms Jenkins expressed the importance of knowing the reasons behind feedback and also in gathering geographical locations of the respondents so that improvements can be targeted to areas in need. The Chief Housing Officer confirmed that satisfaction surveys are now undertaken by telephone to allow staff to drill down to any areas that need addressing. The Scrutiny Committee were asked to note however that satisfaction levels are comparable with that of other local authorities in Wales. It was also confirmed that at the time of the meeting, 76% of tenants/leaseholders are now reporting that they are satisfied with the external works, which is an increase from the 71% rate in the WAO survey.
- 1.8 A Member referred to the WAO finding that the Council could better explain to leaseholders and tenants why WHQS works are needed and queried this finding given the continuous promotion of the WHQS programme over the last 6 years. Officers explained that this can sometimes relate to planned maintenance over and above the WHQS requirements, and Ms Jenkins highlighted the importance of giving a timeline and keeping tenant expectations in mind
- 1.9 The Chief Housing Officer also responded to general queries from Members regarding the level of complaints surrounding improvement works, the challenges that can be faced when accessing homes to carry out these works, and of the types of installations used, such as double glazing, draft proofing, and suitable boiler systems.
- 1.10 The Scrutiny Committee thanked Ms Jenkins for her report and it was noted the WAO would continue to monitor progress moving forward. Ms Jenkins did however suggest that the Policy and Resources Scrutiny Committee also needed to ensure that the delivery of the WHQS programme was closely monitored in order for Members to satisfy themselves and provide confidence that compliance by the stated deadline continued to be achievable. Members also extended their thanks to the Chief Housing Officer and his staff for all their work in relation to the WAO Review.
- 1.11 Following consideration of the report, and in recognising the progress made to date, the Policy and Resources Scrutiny Committee unanimously agreed that the attached WAO reports and the Officers responses to the reports and the proposals for improvement be noted.
- 1.12 The Audit Committee are asked to consider the Officers' report and the recommendation as set out in Section 10.1 of the report, and take into account the comments of the Cabinet and the Policy and Resources Scrutiny Committee.

Author: R. Barrett, Committee Services Officer, Ext. 4245

Appendices:

Appendix 1 Report to Policy and Resources Scrutiny Committee on 12th March 2019 - Agenda Item 1



**POLICY AND RESOURCES SCRUTINY COMMITTEE –  
12TH MARCH 2019**

**SUBJECT: WALES AUDIT OFFICE WHQS REVIEW**

**REPORT BY: CORPORATE DIRECTOR – SOCIAL SERVICES AND HOUSING**

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- 1.1 The attached report was circulated to the Caerphilly Homes Task Group as an information item ahead of its meeting on 14th February 2019. There were no comments arising from the Caerphilly Homes Task Group.
- 1.2 The Policy and Resources Scrutiny Committee are asked to consider the report recommendation.

Author: K. Houghton, Committee Services Officer, Ext. 4267

Appendices:

Appendix Report to the Caerphilly Homes Task Group 14th February 2019 – For Information – Wales Audit Officer WHQS Review -



## CAERPHILLY HOMES TASK GROUP – 14TH FEBRUARY 2019

**SUBJECT: WALES AUDIT OFFICE WHQS REVIEW**

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES**

- 
- 1.1 The attached report, which provided details of the follow up review by the Wales Audit Office (WAO) on the Welsh Housing Quality Standard (WHQS) delivery programme, was considered by Cabinet on 30th January 2019.
  - 1.2 The report follows the previous report which had been presented to Cabinet on the 1<sup>st</sup> November 2017. Cabinet were reminded that during March and April 2017, as part of the WAO performance audit plan, the WAO undertook a review of the Council's arrangements to deliver the WHQS by 2020. At the time of the review, the WAO concluded that the *"majority of tenants' homes remain below the WHQS standard due to longstanding inefficient and ineffective programme management and the Council is unlikely to achieve the standard by 2020"*. The WAO have now completed their follow up review which was undertaken between April and October 2018 and have now concluded that *"the Council has responded positively to our June 2017 WHQS report and statutory recommendations by making significant improvements and as a result we now conclude that it is likely to meet the WHQS by December 2020"*.
  - 1.3 Ms N. Jenkins and Mr G. Jones from the WAO summarised the report and confirmed that the follow up review has been undertaken in two parts. A Service User Perspective Review – which focussed on the views from 489 tenants and 25 leaseholders in relation to the delivery of the WHQS programme. The second part was a Follow Up Review – to determine whether the Council is meeting its commitments and making satisfactory progress to meet the WHQS by the WG deadline of December 2020. The follow up reports provided by the WAO provide a far more positive picture on the current position of the WHQS programme and also provides independent confidence that Caerphilly Homes are on track to deliver the full programme by December 2020.
  - 1.4 The Service User Perspective Review (appended to the report) refers to 3 proposals for improvement. Officers confirmed that they accept the proposals and will address the same in moving forward. It was accepted that improvements and consistency is required in the way performance information is presented and this has been addressed within the report. In addition, the Local Housing Strategy will be developed during 2019 and EIAs on key policy reports will be carried out at the appropriate time. Officers were pleased to note the progress made has been acknowledged by the WAO.
  - 1.5 Cabinet discussed the report and highlighted the benefits and importance of working with tenants through this process. Members thanked the WAO for the balanced and thorough report and advised that this can be used as a working document in moving forward. Representatives from the WAO thanked Officers in turn for their assistance throughout the process.

- 1.6 Cabinet unanimously agreed that for the reason's contained in the Officer's report, the WAO reports and the Officers responses to the reports and the proposals for improvement, be noted.
- 1.7 Members are asked to consider the report and the above recommendation.

Author: A. Dredge, Committee Services Officer, Ext. 3100.

Appendices:

Appendix Report to Cabinet on 30th January 2019 - Agenda Item 4.



## CABINET - 30TH JANUARY 2019

**SUBJECT: WALES AUDIT OFFICE WHQS REVIEW**

**REPORT BY: CORPORATE DIRECTOR – SOCIAL SERVICES AND HOUSING**

### 1. PURPOSE OF REPORT

- 1.1 To advise Members on the outcome of the follow up review by the Wales Audit Office (WAO) on the Welsh Housing Quality Standard (WHQS) delivery programme following the previous report which was submitted to Cabinet on the 1<sup>st</sup> November, 2017.

### 2. SUMMARY

- 2.1 During March and April 2017, as part of the WAO performance audit plan, the WAO undertook a review of the Council's arrangements to deliver the WHQS by 2020.
- 2.2 At the time of the review, the WAO concluded that the ***“majority of tenants’ homes remain below the WHQS standard due to longstanding inefficient and ineffective programme management and the Council is unlikely to achieve the standard by 2020”***.
- 2.3 The WAO have now completed their follow up review which was undertaken between April and October 2018 and have now concluded that ***“the Council has responded positively to our June 2017 WHQS report and statutory recommendations by making significant improvements and as a result we now conclude that it is likely to meet the WHQS by December 2020”***.

### 3. LINKS TO STRATEGY

- 3.1 The underlying principles of the WHQS programme, which includes the provision of good quality affordable housing, energy efficient homes and carbon reduction, sustainable communities, health and wellbeing, targeted recruitment and training, clearly links to 5 of the 7 well-being goals in ***The Well Being of Future Generations (Wales) Act 2015***.
- 3.2 ***Improving Lives and Communities: Homes in Wales (Welsh Government, 2010)***, which sets out the national context for improving homes and communities, including the energy efficiency of existing homes;
- 3.3 ***The Caerphilly We Want (CCBC, 2018-2023) - Well-Being Plan Objective 4: Positive Places - Enabling our communities to be resilient and sustainable.***
- 3.4 ***Corporate Plan (CCBC, 2018-2023): Well-being Objective 3: “Address the availability, condition and sustainability of homes throughout the county borough and provide advice, assistance or support to help improve people’s well-being.”***

- 3.5 ***The Welsh Housing Quality Standard: Revised Guidance for Social Landlords on Interpretation and Achievement of the Welsh Housing Quality Standard (Welsh Government, 2008).***
- 3.6 ***Caerphilly Homes Service Plan (2018-2023): Priority 1A: All Council housing is improved to meet the Welsh Housing Quality Standard by 2020.***

#### **4. THE REPORT**

- 4.1 As part of the 2016/17 performance audit plan, the WAO, during March and April 2017, undertook a review of the Council's arrangements to deliver the WHQS by 2020. WAO sought to answer the question "***does the Council have effective arrangements in place to enable it to meet the WHQS by 2020?***"
- 4.2 The WAO Review resulted in a number of recommendations which were set out in the Cabinet report of the 1<sup>st</sup> November 2017, together with comments from officers in response.
- 4.3 Progress made in addressing the recommendations were reviewed by a Cross Party Working Group which contained representatives from the Policy & Resources Scrutiny Committee and tenant representatives.
- 4.4 A report on the outcome of this review was presented to the Policy & Resources Scrutiny Committee on the 27<sup>th</sup> February 2018 and it was agreed that the recommendations had been progressed by the required timelines.
- 4.5 Following this review, the WAO arranged to undertake a further review during 2018 to determine whether the Council can demonstrate that it is meeting the commitments made to Cabinet on the 1<sup>st</sup> November 2017 in an effective, economic and efficient way.
- 4.6 This follow up review has been undertaken in two parts:-
- **A Service User Perspective Review** – which focussed on the views from 489 tenants and 25 leaseholders in relation to the delivery of the WHQS programme.
  - **A Follow Up Review** – to determine whether the Council is meeting its commitments and making satisfactory progress to meet the WHQS by the WG deadline of December 2020.
- 4.7 The final version of the Service User Perspective Review report was received on the 20<sup>th</sup> December 2018 and the Follow Up Review received on the 3<sup>rd</sup> January, 2019.

#### **Service User Perspective Conclusion**

- 4.8 ***"Tenants and leaseholders have positive views about many aspects of the Council's WHQS programme including the quality, but are less satisfied with external works, the timeliness of work and the extent to which the Council involves them and provides information on the works".***
- 4.9 The WAO arrived at this conclusion based on feedback from their survey of approximately 500 tenants/leaseholders who advised that:-
- 4.10 ***"The Council provides tenants and leaseholders with information about the WHQS programme, but could better explain why the works are needed".***

#### **Response**

- 4.11 Every property is visited and surveyed individually and tenants engaged as they have an element of choice in the delivery of the work. In addition, letters are also sent to each household to advise of the anticipated start date of the work/contract.

- 4.12 Contact details of our Tenant Liaison Officers are also provided, who will support the tenants throughout the process.
- 4.13 Information on the WHQS programme has also been made available on the Council's website, through the use of newsletters, consultation events, social media, working groups, press releases and marketing events.
- 4.14 For leaseholders we follow a detailed legislative process which sets out the requirement to issue leaseholders with a "Notice of Intention", to provide an indicative scope of works and thereafter a "Section 20 Notice" which provides information of the outcome of our tender exercise including anticipated costs for each leaseholder. Leaseholders are also offered the opportunity to meet with relevant officers if required.
- 4.15 Any work undertaken is identified based on the requirement to bring it up to the WHQ Standard or due to its condition which may result in an element being repaired or replaced. It is accepted that the reason why work is required to each element is not explained to our tenants, although they are advised that it is part of our remit to meet WHQS.

4.16 ***"The Council could do more to ensure that the works are consistently completed on time across all areas".***

**Response**

- 4.17 The survey identifies that 71% of tenants/leaseholders reported that the works were completed to the original timescales. The timescale for completing works, however, can be affected by many factors which make it extremely difficult to consistently complete the work on time, e.g. weather, unforeseen work (asbestos, structural, dry rot), access, tenant circumstances (medical conditions), contractor performance, utility company involvement.
- 4.18 ***"Those who have not had improvement works are satisfied with the quality of internal work, but are less satisfied with external works".***

**Response**

- 4.19 It is pleasing to note that overall 81% of residents who have had WHQS works completed were satisfied. It is disappointing that only 59% of residents reported that they were satisfied with the outside of their home, with a further 17% reporting that they were neither satisfied nor dissatisfied.
- 4.20 Unlike internal components, there is no stated timeline for replacing external elements of the home, therefore each property is surveyed and elements changed based on their condition. Tenants' expectations, however, may be that all properties would receive new roofs, new windows, doors, tender and paths, etc. which is not what was "promised" within our Offer Document. Work is ongoing to change the way in which customer satisfaction surveys are carried out so that responses can be analysed in more detail.

4.21 ***"Tenants and leaseholders are involved with the works, but the Council inconsistently applies tenant choice about electrical wiring".***

**Response**

- 4.22 Caerphilly Homes has a policy to provide tenants with a choice about whether electrical cables are required to be chased into the wall or hidden with trunking.
- 4.23 Some tenants, however, advised that this choice was not consistently provided and as a consequence our survey forms have been amended to ensure this option is provided and the tenants are required to sign the form to confirm their choice.



4.24 ***“85% of tenants and leaseholders can quickly and easily contact the Council”.***

**Response**

4.25 This is a pleasing result and is considered to be the result of significant work that has been undertaken to promote our contact information through various sources, the introduction of appointments and texting facilities.

4.26 Overall, the Service User Perspective report confirms that the majority of tenants and leaseholders surveyed are satisfied with delivery of the WHQS programme. It is accepted that there is less satisfaction with external works, but these are not as clearly prescribed within the WHQS guidance document as internal works and therefore compliance and satisfaction levels are more difficult to gauge. It is also the case that leaseholders are required to contribute towards the cost of external works which may also impact on satisfaction responses. It is accepted, however, that improvements can be made and work will be progressed in this regard.

**WAO Service User Perspective Review – Proposals for Improvement**

4.27 To ensure that the WHQS programme meets the needs of all tenants and leaseholders, the Council should:-

***“Strengthen its communication approaches with all tenants and leaseholders, taking account of the experiences of different groups of residents”.***

**Response**

4.28 Information on the WHQS programme has been made available on the Council’s website, through the use of newsletters, consultation events, social media, working groups, press releases and marketing events. Newsletters have also been issued specifically to leaseholders and further communication provided to them in line with required leasehold legislation.

4.29 In addition each tenant has a letter to advise them of any pending work to their property and when the contract is anticipated to commence. In relation to the internal programme, tenants also receive a letter to confirm the extent of work and their choices and this provides them with 10 days to advise if they wish to make any changes to the choices they have made.

4.30 It is accepted that the precise details of why the work is required may not be communicated to all tenants, but due to the extent of communication being issued, they should be aware that the work is required to achieve WHQS compliance and to ensure their property is maintained.

4.31 The content of the letters will however be reviewed in consultation with the Repairs and Improvement Working Group to establish what further improvements can be made.

4.32 ***“Monitor and report compliance with the Charter for Trust to address any identified issues”.***

**Response**

4.33 The Charter for Trust is issued to all contractors and included as part of our contract documentation. The requirement of contractors to adhere to the Charter for Trust is also an agenda item for all monthly contract meetings.

4.34 Compliance with the Charter for Trust is monitored through customer satisfaction surveys as there are specific questions relating to standards met. In order to improve customer feedback however and to help to identify any issues, the customer satisfaction process has now been reviewed and changed. The new process will involve satisfaction surveys being undertaken by telephone which will hopefully improve the return rate. This will also provide officers with the opportunity to drill down to establish the cause of any concerns in order for us to learn from the feedback and make improvements for the future.

- 4.35 ***“Analyse complaints about the WHQS programme systematically to address the root causes and share learning to improve tenants and leaseholders experience of the programme”.***

**Response**

- 4.36 Formal complaints are dealt with in line with our Corporate complaints procedure where the outcome is reviewed to establish if there is a root cause which can be addressed in order to improve our customers experience for the future.
- 4.37 It is accepted however that the customer satisfaction process can be improved in order for us to learn from the feedback received and this is currently in the process of being addressed as mentioned above.

**WHQS Follow Up Conclusion**

- 4.38 ***“The Council has responded positively to our June 2017 WHQS report and statutory recommendations by making significant improvements and as a result we now conclude that it is likely to meet the WHQS by December 2020”.***

- 4.39 The WAO arrived at this conclusion based on the following:-

- 4.40 ***“The Council has made significant progress in identifying the investment and resources it needs to complete its WHQS programme by 2020”.***

**Response**

- 4.41 It is pleasing that the WAO have acknowledged the progress made in relation to surveying, which in turn has assisted in the identification and costing of future works to inform our business plan and asset management database.
- 4.42 The introduction of the Dynamic Purchasing System is also seen as a positive improvement to engage external contractors in a timely manner.
- 4.43 The work undertaken demonstrates that we have both the financial and physical resources available to deliver the programme by the end of 2020.
- 4.44 ***“The Council has taken steps to determine the value for money of its procurement arrangements”.***

**Response**

- 4.45 The report reflects the fact that an independent review was undertaken of our single source supply arrangements which concluded that value for money was being provided.
- 4.46 A separate exercise was also undertaken to compare costs of the in-house team with external contractors. Whilst this identified that costs were 20% higher, there are other benefits which offset this increase which were considered in the assessment of value for money. Feedback from tenants indicate that quality and customer satisfaction levels are higher for the in-house workforce.
- 4.47 ***“There have been improvements to its WHQS performance reports; however there is still inconsistent and inaccurate reporting of performance”.***

**Response**

- 4.48 Performance information is now more accurate and timely with new validation processes having been introduced, including an independent review of the process being undertaken by our Corporate Audit team.

- 4.49 It is accepted that there were some inaccuracies in data provided in reports during early 2018 and this was due to the source of the data collection, the reports being compiled by different departments and possibly the result of changes in some data following validation checks.
- 4.50 To address this problem, all performance data is managed within a centralised team and the data has been standardised for use in all reports.
- 4.51 ***“The Council now has measurable performance targets to effectively monitor the remainder of its WHQS programme”.***

**Response**

- 4.52 Standard reporting data now includes information on projected compliance up to the end of the programme, based on average compliance achievements calculated from weekly reports. This is constantly monitored to ensure Caerphilly Homes are on track to achieve the standard by the required deadline.
- 4.53 ***“The Council has strengthened its arrangements to meet its statutory landlord responsibilities”.***

**Response**

- 4.54 Following a review of our no access procedure and Members’ agreement to proceed with forced entry as a last resort following legal proceedings, performance in relation to gas servicing has improved, with current levels being above 99% compliance.
- 4.55 ***“The Council has invested additional resources to enhance its WHQS programme management, but still lacks a current Local Housing Strategy and does not always produce comprehensive Equality Impact Assessments for key Housing policy documents”.***

**Response**

- 4.56 The Local Housing Strategy will be developed during 2019 and this will be assisted by the recent approval of the Caerphilly Homes Asset Management Strategy and Homelessness Strategy.
- 4.57 The approval of the Asset Management Strategy supported the progress of a number of objectives and work-streams, which will require further reports detailing their proposed implementation. These further reports will result in the completion of comprehensive Equality Impact Assessments which will be undertaken at the appropriate time.

**WAO Follow Up Review – Proposals for Improvement**

- 4.58 ***“The Council should ensure that members and tenants receive accurate WHQS performance information regularly about its progress towards achieving it’s 2020 programme deadline”.***

**Response**

- 4.59 Performance information is now more accurate and timely with new validation processes having been introduced, including an independent review of the process being undertaken by our Corporate Audit team. A copy of the report together with its outcomes was provided to WAO as part of this review.
- 4.60 It is accepted that there were some inaccuracies in data provided in reports during early 2018 and this was due to the source of the data collection, the reports being compiled by different departments and possibly the result of changes in some data following validation checks.

4.61 To address this problem, all performance data is now managed within a centralised team and the data has been standardised for use in all reports which includes projections to provide our overall anticipated compliance date. Reports will continue to be provided on a regular basis.

4.62 ***“The Council should agree a Local Housing Strategy to set out its long-term vision for the future priorities for homes in Caerphilly”.***

#### **Response**

4.63 Work has been ongoing to establish a number of strategies which will inform the development of an overarching Local Housing Strategy, these include a Private Sector Renewal Strategy, Asset Management Strategy and a Homelessness Strategy.

4.64 Following approval of the Homelessness Strategy in December 2018 the development of a Local Housing Strategy will now progress in 2019 for its implementation in 2020.

4.65 ***“The Council should ensure that Equality Impact Assessments are undertaken consistently”.***

#### **Response**

4.66 This relates to the fact that a full EIA was not undertaken to support the Asset Management Strategy report. Officers took the view at the time that the report was seeking member approval on the principles of the strategy as it is clear that aspects of the strategy would require further specific reports seeking members approval and full EIA's would be considered again at this time.

4.67 To ensure consistency however, refresher EIA training would be provided to relevant officers.

#### **Conclusions**

4.68 The follow up reports provided by the WAO provide a far more positive picture on the current position of the WHQS programme and also provides independent confidence that Caerphilly Homes are on track to deliver the full programme by December 2020.

4.69 The methodology for carrying out customer satisfaction surveys is already in the process of being reviewed with the aim of collating more meaningful feedback which will assist us in making further service improvements.

4.70 It is accepted that improvements and consistency in the way performance information is presented was required and this has been addressed as indicated within the report.

4.71 The Local Housing Strategy will be developed during 2019 and EIAs on key policy reports will be carried out at the appropriate time.

4.72 Members will shortly be receiving further reports on the WHQS programme which will provide details on the current progress position and projections for full compliance. A further report will be submitted seeking approval of the re-profiling exercise which has also been undertaken, which demonstrates and informs all stakeholders on the current and projected completion of the programme broken down by community and street level.

4.73 When considering the improvement in performance that has been achieved over the last 12 months together with the latest position on WHQS compliance, Caerphilly Homes are well placed to achieve full compliance (including acceptable fails) by December 2020, and this view has now been supported by the WAO.

## 5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 The report outlines the contribution made towards the Well-being Goals as set out in the Links to Strategy section above. It is consistent with the five ways of working as defined within the sustainable development principle in the Act:-
- 5.2 Long-term - Since the Housing Ballot (2012) we continue to make substantial investments and improvements to both the internal and external environments of our social housing stock (Public Sector), including specialised adaptations in accordance with the needs of some of our tenants. Adaptations are also supported and implemented in the Private Sector (often referred to as Disability Facilities Grants).
- 5.3 These fundamental changes and improvements are being achieved through; the implementation of the Welsh Housing Quality Standards; housing adaptations in accordance with tenants and homeowners needs; enhancing the quality of product installations and repairs; improving environments around homes; all aiding the well-being of our communities, its infrastructure and citizens alike, providing homes and communities for now and the future.
- 5.4 Prevention - The works undertaken through Housing Services helps to improve lives and communities, by securing local employment either in-house or through supplier, contractor and partnership arrangements.
- 5.5 Works undertaken by our services make significant visual improvements to housing stocks and their surroundings environments (improved the look and feel) helping to prevent anti-social behaviour and enviro-crime.
- 5.6 By raising standards and conditions with improved quality materials and appropriate service response, should aide and ease future maintenance schedules and requirements, better controlling costs, levels of deterioration/depreciation, improve safety and accessibility, while also reducing disruption to our tenants in the future, and aiding quality of life in both Private and Public Sectors, through intervention and support actions that are fit-for-purpose.
- 5.7 Involvement - Through established governance and performance frameworks, tenants and local residents are consulted on proposed property and environment improvements works along with various initiatives, and they are periodically informed of progress as part of for example, the WHQS delivery programme.
- 5.8 Numerous working groups are established and well embedded with periodic reporting and feedback opportunities exploited. Welsh Government, Environment Standards, Regulatory Controls and Checks, Tenant Engagement are all part of our daily business.
- 5.9 Collaboration - The programme delivery focused on internal collaboration, wider partnership arrangements with suppliers and contractors, joint working with the community and various other interested parties/groups. The delivery of community benefits and tenant engagement by all involved with the WHQS programme is a key focus for the success and delivery of this objective.
- 5.10 Integration - The programme looks to integrate property and environmental improvements that will benefit and transform lives and communities throughout the county borough. It further brings together a variety of stakeholders to deliver long term sustainable benefits for lives and communities including Social Services & Health.
- 5.11 Housing Services and our outlined priorities, contributes to a minimum of 6 out of the 7 well-being goals within the *Well-being of Future Generations Act (Wales) 2015*, including:-
- A prosperous Wales
  - A resilient Wales
  - A healthier Wales
  - A more equal Wales
  - A Wales of cohesive communities
  - A globally responsible Wales.

## **6. EQUALITIES IMPLICATIONS**

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

## **7. FINANCIAL IMPLICATIONS**

- 7.1 The WAO stated that significant progress has been made in identifying the investment and resources it needs to complete the WHQS programme by the end of 2020. This work has helped to inform the Caerphilly Homes business plan which demonstrates that anticipated borrowing requirements will be sufficient to deliver the full programme and that the business plan remains financially viable.

## **8. PERSONNEL IMPLICATION**

- 8.1 There are no current personnel implications associated with this report.

## **9. CONSULTATIONS**

- 9.1 The report has been consulted on and any views received have been considered and incorporated where appropriate.

## **10. RECOMMENDATIONS**

- 10.1 Members are asked to consider and comment on the WAO reports, note and comment on the officer responses to the reports and the proposals for improvement.

## **11. REASON FOR RECOMMENDATIONS**

- 11.1 To ensure that Cabinet is aware of the review work undertaken by the WAO and the relevant findings, conclusion and proposals for improvement.

## **12. STATUTORY POWER**

- 12.1 Housing Act 1996.  
Housing (Wales) Act 2014.

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Appendices:

Appendix 1 Service User Perspective Review

Appendix 2 Welsh Housing Quality Standard follow-up report



WALES AUDIT OFFICE  
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# Service User Perspective Review – **Caerphilly County Borough Council**

Audit year: 2017- 2018

Date issued: November 2018

Document reference: 826A2018-19

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[Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.]

The team who delivered the work comprised Gareth Jones, Kevin Sutch, Matthew Brushett and Lisa McCarthy programme managed by Non Jenkins under the direction of Huw Rees.



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Tenants and leaseholders have positive views about many aspects of the Council's WHQS programme including the quality, but are less satisfied with external works, the timeliness of work, and the extent to which the Council involves them and provides information on the works.

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# Summary report

## Summary

- 1 In 2017-18, the Wales Audit Office completed work to understand the 'service user perspective' at every council within Wales. We followed a broadly similar approach at each council but agreed the specific focus and approach to the work individually. In Caerphilly, we focused on tenants' and leaseholders' views on their experience of Caerphilly County Borough Council's (the Council) Welsh Housing Quality Standard (WHQS) programme.
- 2 The WHQS is a Welsh Government policy that applies to all public housing across Wales. Meeting the standard is the responsibility of each social housing landlord. The Council is the social housing landlord for Council tenants across the County Borough. Tenants and leaseholders therefore do not have a choice of service provider. As there is no alternative service provider, the ability of service users to influence services relies on 'voice' rather than 'choice'. This means that ensuring the views of service users are heard is important when the Council designs and delivers services and interventions aimed at meeting people's needs.
- 3 The Well-being of Future Generations (Wales) Act 2015 (the Act) places a duty on local authorities and other public bodies to have regard for the sustainable development principle and the five ways of working that define it. 'Involvement' is one of the five ways of working identified in the Act.
- 4 In 2017, we undertook a review of the Council's progress towards meeting the WHQS by 2020 and concluded that the majority of tenants' homes remain below the WHQS due to longstanding inefficient and ineffective programme management, and the Council was unlikely to achieve the Standard by 2020. One of the reasons that we came to this conclusion was that:
  - although 'the Council has a range of mechanisms to engage with tenants about WHQS, these are ineffective and are not being used to shape planning and drive performance'.
- 5 The Council's response to our 2017 finding was that their own satisfaction surveys pointed to high levels of tenant satisfaction, and that it would be valuable if we were to speak to more tenants.
- 6 We could not speak to all tenants and leaseholders, so we commissioned an independent research company to carry out a telephone survey of a sample of them. Between 23 April and 1 May 2018, 489 tenants and 25 leaseholders completed the survey. [Appendix 1](#) provides more detail about the tenants and leaseholders who completed the survey. We asked them about the quality and timeliness of the works, the communications and service they receive from the Council, and whether they feel listened to/able to influence the WHQS programme. [Appendix 2](#) contains our survey questions.
- 7 We spoke to residents at four Sheltered Housing Schemes in focus groups. Two of the schemes had improvement works being carried out at the time of our focus groups, one scheme had had the works completed and at one the work was yet to start.

- 8 We held focus groups with the tenant members of the Caerphilly Homes Task Group and the Repairs and Improvements Group.
- 9 We also interviewed senior housing service managers and managers with responsibility for tenant engagement activities.
- 10 We concluded that: tenants and leaseholders have positive views about many aspects of the Council's WHQS programme including the quality, but are less satisfied with external works, the timeliness of work, and the extent to which the Council involves them and provides information on the works.
- 11 We came to this conclusion because:
- The tenants and leaseholders we surveyed and spoke to tell us that:
    - the Council provides tenants and leaseholders with information about the WHQS programme, but it could better explain why the works are needed;
    - the Council could do more to ensure that the works are consistently completed on time across all areas;
    - those who have had improvement works are satisfied with the quality of internal works, but are less satisfied with external works;
    - tenants and leaseholders are involved with the works, but the Council inconsistently applies tenants' choice about electrical wiring; and
    - 85% of the tenants and leaseholders can quickly and easily contact the Council.

## Proposals for improvement

### Exhibit 1: proposals for improvement

- 12 The table below contains our proposals for ways the Council could improve the effectiveness of its WHQS programme to make it better placed to meet tenants' and leaseholders' needs.

Proposals for improvement	
P1	<p>To ensure that the WHQS programme meets the needs of all tenants and leaseholders the Council should;</p> <ul style="list-style-type: none"><li>strengthen its communication approaches with all tenants and leaseholders, taking account of the experiences of different groups of residents;</li><li>monitor and report compliance with the Charter for Trust to address any identified issues; and</li><li>analyse complaints about the WHQS programme systematically to address the root causes and share learning to improve tenants' and leaseholders' experience of the programme.</li></ul>

## Understanding the results

- 13 Our survey sample of 514 tenants and leaseholders provides an insight into their views. The Council has almost 11,000 tenants and leaseholders, and this sample of 514 people provides a confidence interval of 4.2% at a 95% confidence level. This means that if 50% of people chose a response in this survey and the survey was repeated, there would be 95% confidence that the response in the repeated survey would range from 45.8% to 54.2%. The sample includes tenants and leaseholders whose full WHQS works are complete, some that had only external work, others that had internal work only and others that are yet to receive any WHQS work. Further detail on the sample is provided in [Appendix 1](#).
- 14 Some of our survey questions used a five-point satisfaction scale: Very Satisfied, Satisfied, Neither Satisfied nor Dissatisfied, Dissatisfied, Very Dissatisfied. The percentages we show in the report combine the very satisfied and satisfied into one score of satisfied, and very dissatisfied and dissatisfied into one score of dissatisfied.
- 15 We provide the responses as percentages, which may not always add up to 100% because of rounding or for multiple response questions.

- 16 To provide further insight we used the following tenant characteristics to analyse the survey questions:
- Age of tenant
  - Gender of tenant
  - Length of tenancy
  - Tenancy status (general needs, sheltered housing tenant, leaseholder)
  - Location of property (the Council has three WHQS delivery areas, the Upper Rhymney Valley, Lower Rhymney Valley and the Eastern Valleys)
- 17 We have set out in the report if any of these tenant characteristics have a significant impact on the responses to any questions. Where we do not set out any impact of tenant characteristics there is no impact of those on the survey responses.
- 18 Leaseholders have a different relationship with the Council around WHQS to tenants. When a tenant becomes a leaseholder and purchases their property through the Right to Buy scheme, they assume certain responsibilities and obligations. Those include the maintenance of their property that they have bought. The terms of the lease issued by the Council includes an obligation on the leaseholder to contribute towards the repair, maintenance and refurbishment of the external structure and communal areas. These are referred to as Major Works, where the Council is legally required to undertake a formal consultation process with all leaseholders. The Council provides information to leaseholders about their obligations in a leaseholder handbook<sup>1</sup>. The Council undertakes only external improvement works to leaseholders' properties as part of the WHQS programme. The Council consults with leaseholders if the cost of the external improvements works is likely to exceed £250 per leaseholder or more than £1,000 for the block of flats.

<sup>1</sup> [Caerphilly County Borough Council Leaseholder Handbook](#)

# CAERPHILLY TENANTS' WHQS 'JOURNEY'

- 19 From our focus groups, Sheltered Housing residents and Council staff we understand the following as the main parts of tenants' 'journey' through having WHQS improvement works completed in their homes.

## Set Up



- 20 The Council informs tenants when WHQS works will take place in their community. Internal and external works take place at different times within communities. Sheltered Housing residents told us that special meetings took place in the communal areas where residents were able to ask questions about how the work would be carried out.

## Condition Survey



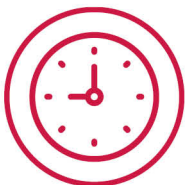
- 21 A Council surveyor visits the resident and explains what works (internal and external) will be carried to bring the home up to the WHQS standard. It is at this stage the resident has the opportunity to make their choices. It is also an opportunity to explain to the resident what can be changed, what will remain as part of the programme and what the residents will have to do. The Council writes to the tenant to set out what works will be completed as part of the WHQS programme.

## Works commence



- 22 In sheltered housing schemes the Tenant Liaison Officers (TLOs) help residents to pack and move items away from the work area. The Council informs tenants when the work will start along with the likely time it will take to complete.

## Works duration



- 23 During the duration of the works the main point of contact for tenants is either the workforce manager on site or TLO. The Council's 'Charter for Trust' suggests that all residents should have the contact details for the TLO for their area. For sheltered housing the sheltered housing liaison officer or the TLO are available to provide updates about the progress of the work.

## Works end



- 24 The Clerk of Works checks that the specified work(s) has been carried out correctly and identifies any work that needs to be completed or has not been carried out to standard.

# The Council provides tenants and leaseholders with information about the WHQS programme, but it could better explain why the works are needed

## Summary

Exhibit 2: summary of tenants' and leaseholders' views about the information the Council provides to them about the WHQS programme



### INFORMATION

**62%** of residents told us that the Council has told them about WHQS



### EXPLAINING THE NEED FOR THE WORKS

**55%** of residents who have had works told us that the Council explained why the improvement works were needed



### NEXT TWO YEARS

**51%** of residents know if the Council will be making any improvements to their home in the next 2 years

## Information about the WHQS Programme

- 25 Sixty-two per cent of the tenants and leaseholders we surveyed told us that the Council had told them about the WHQS, whilst 32% said that the Council had not told them, and 6% said they did not know.
- 26 Thirty-seven per cent of the 191 tenants and leaseholders we surveyed in the Upper Rhymney Valley told us that the Council had not told them about the WHQS.
- 27 We asked those tenants and leaseholders who remembered the Council telling them about the WHQS programme, what method(s) the Council had used to inform them. Fifty per cent of the tenants and leaseholders told us that the Council

informed them by letter, 29% told us that the Council used newsletters or told them in person.

- 28 Twenty per cent of the 44 tenants and leaseholders we surveyed aged between 45 and 54 told us that the Council had told them through newsletters, but 36% of this age group said that they were told in person. The tenants and leaseholders we surveyed who were aged between 45 and 74 were more likely to say that they had been told in person than those aged 44 and younger or those aged over 75

## Explaining why works are needed to achieve WHQS

- 29 Overall, 55% of the 374 tenants and leaseholders we surveyed who have had improvements works in the past five years told us that the Council had explained why those works were needed to achieve WHQS, whilst 34% told us that it had not, and 10% said that they didn't know/couldn't remember.
- 30 Nine of the 19 of the Sheltered housing respondents and six of the eight leaseholders who have had improvement works said the Council had explained why the works were needed.
- 31 Sixty per cent of the 129 Eastern Valleys respondents we surveyed told us that the Council had explained why the works were needed. Forty-three per cent of the 144 Upper Rhymney Valley respondents we surveyed told us that the Council had not explained why the works were needed.

## Information about Future Improvements

- 32 Fifty-one per cent of the tenants and leaseholders we surveyed were aware of the Council's plans to make improvements to their homes in the next two years, whilst 34% were not aware, and 15% said they did not know/could not remember.
- 33 Tenants' and leaseholders' awareness varied across the Council's three housing delivery areas, with 44% of the 191 Upper Rhymney Valley respondents we surveyed were aware of the Council's plans compared to 59% of the 177 Eastern Valley respondents, and 51% of the 146 Lower Rhymney Valley respondents in the Lower Rhymney Valley.

## Information about WHQS for leaseholders

- 34 Twelve of the 25 leaseholders we surveyed told us that the Council had informed them about their maintenance responsibilities as a leaseholder, 11 leaseholders told us that the Council had not and two leaseholders did not know.

## Sheltered housing residents' views

- 35 Residents in three of the four Sheltered Housing schemes we spoke to told us that they felt that the Council has an inconsistent approach to informing residents about why the works were being carried out and what was required. Some residents recalled having a scheme meeting in the communal room, but others could not



remember. Residents told us that the Council sent letters setting out the works to be carried out a number of months before works began, but some residents did not recall receiving these letters. However, in Tŷ Bedwellty, all the residents were very aware why the works were being carried out and thought the communication about the work was excellent.

- 36 Tenant Liaison Officers are the key link between the residents, sheltered housing wardens and the contractors delivering the improvement works. When it came to advising residents about potential start dates, the TLOs told us that they normally 'err on the side of caution' when providing residents with a start date so that they do not raise the residents' expectations.

### Tenant representatives' views

- 37 Tenant members of the Repairs and Improvement and Caerphilly Homes Task Group told us that, in their experience, the Council's information about the extent of works, and how and when those will be delivered, does not always reflect tenants' actual experience of the delivery of the works.

# The Council could do more to ensure that the works are consistently completed on time across all areas

## Summary

Exhibit 3: tenants' and leaseholders' views on the timeliness of the improvement works



### TIMELINESS OF WORK

**71%** of residents told us that the Council completed the works when they said they would

- 38 Seventy-one per cent of 374 tenants and leaseholders we surveyed who have had WHQS works carried out, reported that the works were completed to the original timescales, 24% reported that the works were not and 6% could not remember.
- 39 Twenty-eight per cent of the 101 Lower Rhymney Valley and 26% of the 129 Eastern Valley respondents we surveyed said that the works were not completed on time, but this figure reduced to 19% of the 144 Upper Rhymney Valley respondents.

## Sheltered housing residents' views

- 40 Eighty-four per cent of the sheltered housing tenants we surveyed told us that the Council completed the works when they were told they would.
- 41 In our focus groups, residents from the Sheltered Housing schemes told us that when the planned timescales are not adhered to, it causes confusion and disruption for residents. One resident told us that they went on holiday for the planned period of the works only to return and find the works had not been completed. Some residents told us that the Council, and the teams delivering the works, could improve their communication about changes to timescales. In Tŷ Bedwellty, the Council managed the works by moving tenants temporarily into empty properties whilst the works were being done, meaning that delays did not impact on residents' lives.

## Tenant representatives' views

- 42 Tenant members of the Repairs and Improvement and Caerphilly Homes Task Group told us that in the initial phases of the WHQS works, tenants experienced

delays, but stated that in their view the Council has now made changes to its delivery processes to try to overcome such delays. The tenants described how delays to completing works can impact on people's daily lives due to the disruption in their homes.

- 43 Tenants' and leaseholders' views indicate that the Council could do more to ensure that works are consistently completed on time across all areas.

## Those who have had improvement works are satisfied with the quality of internal works, but are less satisfied with external works

### Summary

Exhibit 4: tenant and leaseholder satisfaction with the overall WHQS works and specific elements of the programme (kitchens, bathrooms and outside of their homes)



#### OVERALL SATISFACTION WITH WHQS WORKS

**81%** of residents who have had works are satisfied

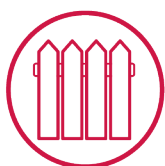


**79%** of tenants are satisfied with the overall condition of their kitchen



#### BATHROOM

**79%** of tenants are satisfied with the overall condition of their bathroom



#### OUTSIDE OF HOME

**59%** of residents are satisfied with how the outside of their homes looks

### Overall satisfaction with improvement works

- 44 We asked the 374 tenants and leaseholders we surveyed who have had any improvement works completed in the past five years about their satisfaction with the works. Eighty-one per cent are satisfied with the improvement works to their homes, 8% are neither satisfied nor dissatisfied and 12% are dissatisfied.
- 45 Eighteen of the 19 sheltered housing residents we surveyed who have had works completed are satisfied compared to four of the eight leaseholders we surveyed

and 81% of the other (general needs) tenants who have had works completed. Eighty-five per cent of the tenants and leaseholders we surveyed who have had both internal and external works completed are satisfied.

46 When we asked the tenants and leaseholders we surveyed why they had given their satisfaction rating, we found that their satisfaction was related to a few key reasons:

- the lived experience of having the works done to their homes;
- tenants' experiences of the builders who carry out the building works;
- timeliness of the works;
- quality of the works;
- design of the works;
- effectiveness of communication;
- provision of services to disabled families; and
- level of choice provided to tenants.

47 The tenants and leaseholders we surveyed who had had a positive experience provided us with a range of comments that reflect a positive adherence to the Council's Charter for Trust<sup>2</sup>. In 2013, the Council developed the Charter following consultation with tenants and staff and it was agreed by the Caerphilly Homes Task Group. It sets out the standards that tenants can expect from the workforce and how tenants should treat the workforce. Many tenants and leaseholders highlighted positive compliance with the Charter for Trust during the works:

- 'They (the workforce) did a clean and tidy job.'
- 'Every lot of workmen I have had here were all punctual, polite and they all cleaned up after.'
- 'Very nice workmen asked me about my opinion every step of the way.'
- 'It was very good – especially the ones who did the indoor work – they'd explain what they were doing.'
- 'It was all carried out on time and they tidied up after themselves: all good.'
- 'New bathroom, we got a shower, floor no longer squeaks, toilet not leaking.'

48 A smaller proportion of tenants and leaseholders we surveyed, including some who told us that overall they are satisfied with the works they had received, however, provided us with feedback that highlighted non-compliance with the Charter for Trust:

- '(The works were an) absolute shambles and personal belongings were broken.'
- 'The workers ruined my stair carpets, I told the Council and they haven't done anything about it.'

<sup>2</sup> Caerphilly Homes Charter for Trust  
<http://www.caerphilly.gov.uk/CaerphillyDocs/Housing/Tenants-handbook/13-CharterForTrust.aspx>

- ‘I was very disgusted at all the disruption caused, we were left without running water etc.’
- ‘We went four weeks without a sink.’
- ‘Some of the workers leave a mess after completing the work.’
- ‘The work’s nice but not happy with the hassle and length it took.’
- ‘They didn’t finish the job straight away and wouldn’t decorate the bathroom to a good standard.’

## Sheltered housing residents’ views

49 Sheltered housing residents told us that they were satisfied with the improvement works that the Council has completed, however, residents felt that this satisfaction is only achieved once any snagging is resolved. Some sheltered housing residents expressed dissatisfaction with the electrical works, and in one scheme residents had reported their concerns to the Council about the fitting of new front doors, which they had found to be difficult to open or close.

## Tenant representatives’ views

50 Tenant members of the Repairs and Improvements and Caerphilly Homes task groups told us that once completed, improvements works are usually finished to a high standard. However, they highlighted that there are examples of tenants having to complain to get to this point, after work had not been perceived to have been done correctly first time.

## Satisfaction with Kitchens

51 Seventy-nine per cent of the tenants we surveyed are satisfied with the condition of their kitchen, 12% are dissatisfied and 10% are neither satisfied nor dissatisfied.

52 We looked at the level of satisfaction and whether having works completed affected tenants’ views. Eighty-four per cent of the 364 tenants we surveyed who have had works in the past five years are satisfied with the condition of their kitchen compared to 64% of tenants (120) who have not had works.

## Satisfaction with Bathrooms

53 Seventy-nine per cent of the tenants we surveyed are satisfied with the condition of their bathroom, 10% are dissatisfied and 11% are neither satisfied nor dissatisfied.

54 Overall, 75% of the 136 tenants we surveyed in the Lower Rhymney Valley are satisfied with the condition of their bathroom compared to 81% of the 191 Upper Rhymney Valley tenants we surveyed and 81% of the 177 Eastern Valleys tenants.

55 We looked at tenants’ level of satisfaction and whether having works completed affected tenants’ views. Eighty-five per cent of the 364 tenants we surveyed who

have had works in the past five years are satisfied compared to 65% of the 120 tenants we surveyed who have not had works.

## Satisfaction with Exteriors of homes

- 56 We asked all 514 tenants and leaseholders we surveyed whether they are satisfied with the exterior of their home. Fifty-nine per cent are satisfied, with 17% neither satisfied nor dissatisfied and 23% dissatisfied.
- 57 We found no difference in satisfaction between those that have had improvement works done and those that have not had improvement works.
- 58 Sixty-three per cent of the 177 Eastern Valleys tenants and leaseholders we surveyed are satisfied with the exterior of their homes, with this figure being 59% of the 146 Lower Rhymney Valley and 55% of the 191 Upper Rhymney Valley tenants and leaseholders we surveyed.

# Tenants and leaseholders are involved with the works, but the Council inconsistently applies tenants' choice about electrical wiring

## Summary

Exhibit 5: 67% of tenants and leaseholders who have had work were included in the design of the improvement works

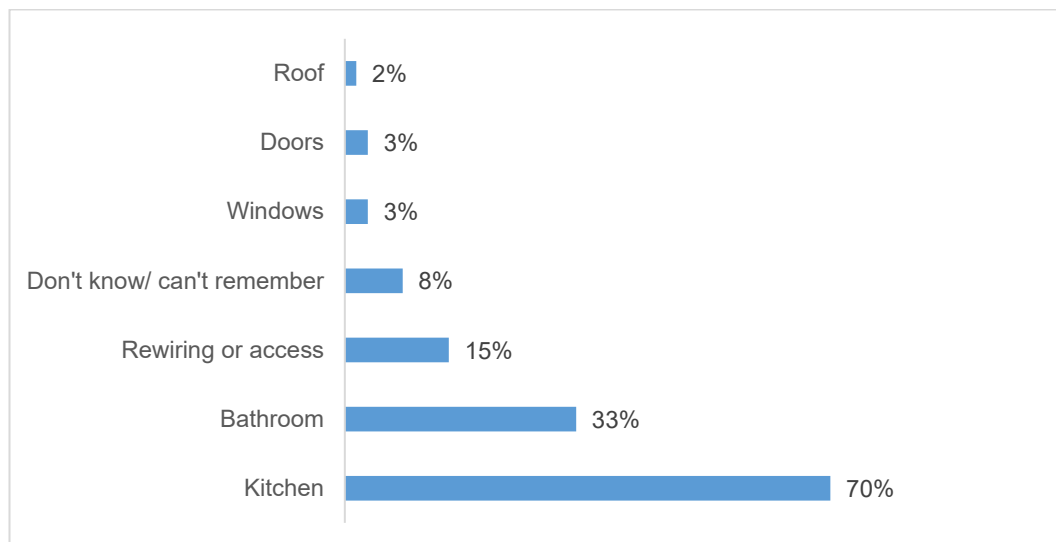


### DESIGN

**67%** of those residents who have had work were included in the design of the improvement works

- 59 We asked the 374 tenants and leaseholders we surveyed who have had improvements works whether the Council had involved them in the design or specification of any of the improvement works. Sixty-seven per cent of those tenants and leaseholders said the Council had involved them, 29% said the Council had not, and 5% did not know or could not remember.
- 60 Tenants and leaseholders can exercise their right to refuse improvement works. Fifty-five tenants and leaseholders in the survey had refused some improvement works with five having refused all the works.

Exhibit 6: kitchens and bathrooms are the improvement works most often refused by tenants and leaseholders





61 We asked those 60 tenants and leaseholders we surveyed who told us that they had refused works, why they had done so. Twenty-five per cent said they were happy with the existing state of their home, with 20% of tenants and leaseholders reporting health issues or the inconvenience of the proposed plan (20%) as their reasons to refuse the works. Thirty-seven per cent reported other reasons, with many of those stating that they had completed the improvements themselves.

### Sheltered housing residents' views in focus groups

62 The Sheltered Housing residents we spoke with in our focus groups told us that although the Council offers choice, they felt that the choice was extremely limited, especially colours and kitchen worktops. The Council provided us with examples of the brochure which details the choices which are available. The Council also provided us with an example of the document given to tenants confirming the choices that tenants have made. However, during our focus groups with Sheltered Housing residents, not all recalled receiving these documents.

### Tenant representatives' views

63 Tenant members of the Repairs and Improvement and Caerphilly Homes task groups told us that overall the level of choices is generally good, but there is still some inconsistency with how much choice is offered to all tenants depending on which builders are delivering the improvement works. The Council's policy is that tenants' choices are discussed and agreed jointly by tenants with the Council's Surveyors and TLOs.

64 Focus groups with tenants highlighted the methods that the Council uses for electrical rewiring as an area where tenants feel they are not always consistently able to influence the works to their homes. The Council maintains that it has a policy to provide tenants with a choice about whether the wires should be chased into the wall or hidden with trunking and wherever possible, cables should be chased into the wall. However, the tenants told us that this is not always the case, or it had not been clearly explained to the individual residents why trunking is needed and could not be chased into the wall. In May 2018, the Council introduced a process to record tenants' choice of either surface mounted (trunking) or buried cables.

# Eighty-five per cent of the tenants and leaseholders can quickly and easily contact the Council

## Summary

Exhibit 7: summary of tenants' and leaseholders' views of ease of contacting the Council



### CONTACTING THE COUNCIL

**85%** of residents can quickly and easily contact the housing service



### RESPONDING TO VIEWS

**64%** of residents think that the Council listens to their views about their home and neighbourhood and acts on them

## Contacting the Council

- 65 Whilst 85% of tenants and leaseholders we surveyed said that they can quickly and easily contact the Council, 9% said they cannot and 6% did not know or have not tried.
- 66 A small number of tenants and leaseholders told us that they are unclear about who to contact if they have any queries. Tenants and leaseholders aged below 45 were less likely to state that they can quickly and easily contact the Council than the overall response.
- 67 Those tenants and leaseholders we surveyed who told us that they were unable to contact the Council quickly and easily, told us about their experience of contacting the Council:
- 'When you call the Council takes ages to get through, hard to get to right department.'
  - 'Contacted the Council about a rat problem and there was no answer from the number they gave me.'
  - 'It takes a long time to get through to Council phone line; last time took me three days.'
  - 'It's difficult to call when Council you're in work.'
  - 'It would be good if you can phone after work hours, 8 am to 8 pm.'

- ‘They could be quicker in responding when you call for repairs.’
- ‘When you get problems they normally respond but we’ve had damp for two years and nothing fixed.’
- ‘Spoke to housing person and didn’t get any satisfactory answers.’

## Responding to views

68 Sixty-four per cent of the 514 tenants and leaseholders we surveyed are satisfied that the Council listens to their views and then acts on them, 17% are dissatisfied and 19% are neither satisfied nor dissatisfied. Eighty-five per cent of the 41 sheltered housing residents are satisfied compared with 64% of the 454 other (general needs) tenants. Tenants’ and leaseholders’ satisfaction varied across the age groups from 73% for those aged over 75 to 49% for those aged 35 to 44.

## Sheltered housing residents’ views

- 69 Overall, the sheltered housing residents we spoke to told us that communication can be variable and depends on residents’ level of confidence in approaching the TLOs and the teams delivering the works. We found that the Council provides information about how to contact the Council about WHQS works including specific contact numbers, but a small number of tenants still contact the main housing team to resolve issues.
- 70 We found in Tŷ Bedwellty, the one Sheltered Housing Scheme where tenants were very satisfied with the work, that there was very good liaison between the TLO and the warden. The warden acted as the key point of contact between tenants and the TLO.

## Appointment system

71 In the phone survey, tenants and leaseholders provided us with generally positive feedback about the Council’s housing appointments system, including the text reminder system and the agreement of dates. However, a small number of tenants and leaseholders expressed negative views about the system including some who felt that there is a need to take a full day off work for an appointment, and some who had experienced appointments not being kept.

### Positive

- ‘They’re good, they always give an appointment date so you know when to expect them.’
- ‘No complaints, when I need repairs they will give a date and they keep to their word.’
- ‘If you need a repair they offer convenient time, text reminders.’

### **Negative**

- 'The times that they come out and do repairs can be inconvenient, we work full time and have to take a day off whenever we need a repair.'
- 'Pain when they can't give a time for repairs or visits.'
- 'I'm currently waiting for my roof to be repaired; it's hard to miss work for the repairs.'

72 The Council produces an annual report on the housing-related formal complaints received by its Housing Customer Services Section, which is presented to the Caerphilly Homes Task Group. In 2017 the report<sup>3</sup> highlighted an increase in service requests for both WHQS internal and external works, and also an increase in praise and thanks related to WHQS. The report also outlined how the Council had learnt lessons from the complaints to improve its housing service, including the WHQS programme. We understand that whereas previously WHQS complaints could be logged in a number of systems, there is now a single complaints inbox for the WHQS programme. Whilst this enables the Council to respond to individual complaints, the Council does not currently have a central complaints log for WHQS.

<sup>3</sup> [Complaints and Representations – Caerphilly Homes](#)

## Good practice example

Tŷ Bedwellty is a Sheltered Housing Scheme in Caerphilly County Borough. It is a block of individual flats with a shared communal area. The residents are capable of independent living but have the back up of a 'warden' on site to help with any difficulties. The Council told us that for this scheme it identified additional resources as the residents of the scheme were considered to be vulnerable, and it needed to be completed quickly.

### **Introduction**

The scheme was updated in accordance with the Welsh Quality Housing Standard (WHQS). The residents we spoke with were extremely impressed with the process and the way in which the works were carried out. We found that this was not consistent across the experience of residents in the other three sheltered housing schemes we spoke to. The apparent reasons for this are set out below.

### **Communication**

All the residents said the Council's communication with them about the improvement works was excellent. The Council held a meeting with the residents before the improvement works started. At that meeting the Council explained what improvement works it would carry out, what it would mean for residents, as well as a timeline of the works. The Council told residents what the work was going to be, and the choices that they could have.

### **How the work was carried out**

There seem to be two reasons for such high satisfaction levels at Tŷ Bedwellty. Firstly, there seemed to be a systematic approach to the work. Two flats were being upgraded at a time and all the required materials were delivered to the site in one container. The second reason seems to be that residents who were having the work carried out were moved temporarily into the two empty flats in the scheme whilst the work to their flats was completed. The residents were therefore able to avoid the mess and dust from the works.

Each of the vacated flats could be worked on quickly and without the worry of the resident being there. We were told that each flat took around two weeks to complete. It was also advantageous there was one team of workers who were available to complete the work.

We were also told that the Tenant Liaison Officers helped the residents pack their belongings, and the Warden was the main point of contact between the scheme and the WHQS team.

## Additional survey questions

- 73 We asked the tenants and leaseholders we surveyed additional questions in relation to their home to provide further insight for the Council.

### Exhibit 8: summary of tenants' and leaseholders' views about other aspects of their homes



#### HEATING

**34%** of residents find it difficult to heat their homes to a comfortable level in the winter.



#### DAMP

**34%** of residents have damp in some parts of their homes



#### SATISFACTION WITH OVERALL HOUSING SERVICE

**78%** of residents are satisfied with the Council's housing service



#### SATISFACTION WITH NEIGHBOURHOOD

**76%** of residents are satisfied with their neighbourhood as a place to live

## Heating

- 74 We asked all tenants and leaseholders we surveyed if they find it difficult to heat their homes to a comfortable level in the winter. Thirty-four per cent told us that they find it difficult and 66% do not find it difficult to heat their home to a comfortable level in winter. Responses differed according to the compliance status of homes with 36% of tenants and leaseholders in non-compliant properties reporting it difficult to heat their home to a comfortable level compared to 23% of those tenants and leaseholders in acceptable fail properties and 16% of tenants and leaseholders in WHQS compliant properties.
- 75 We asked the 175 tenants and leaseholders we surveyed who said they have difficulty in heating their home to a comfortable level why. Twenty-eight per cent said it was due to a lack of draught proofing, for 19% it was a lack of insulation,

for 16% the cause was an old or poor heating system, and for 15% the reason was the affordability of fuel.

- 76 Forty-two per cent of those 65 Upper Rhymney Valley respondents who said they have difficulty in heating their home to a comfortable level identified draught proofing as the cause but just 10% of the 51 Eastern Valley respondents identified this as the cause. Twenty-four per cent of the 51 Eastern Valley respondents attributed old/poor heating systems as a cause compared to just 12% of the 65 respondents in the Upper Rhymney Valley
- 77 Thirty-eight per cent of those who told us that they find it difficult to heat their home to a comfortable level gave another reason. Almost all of these people identified issues relating to their windows as the cause for their difficulty in heating their homes. A number stated that their windows are not well fitted leading to drafts. Some said that their windows are currently non-double glazed. A small number of people noted that their radiators are insufficient to heat their rooms and the location of homes was a contributory factor for a very small number of people.

## Damp

- 78 We asked tenants and leaseholders we surveyed if there is any damp in their home. Thirty-two per cent told us that they have damp in their home and this tends to be only slightly more evident with non-compliant properties (34%). We found no difference between the three geographical areas in tenants' and leaseholders' responses to this question.
- 79 Most of the 162 respondents who reported that they have damp in their home generally said they saw evidence of damp in their house from visible mould (62%) and to a lesser extent visible wet patches (26%) and condensation on windows (14%).
- 80 Sixty-seven per cent of the 63 Upper Rhymney Valley respondents who reported damp identified visible mould compared to 56% of the 54 Eastern Valley and 62% of the 45 Lower Rhymney Valley respondents.
- 81 Seventy-five per cent of the tenants and leaseholders we surveyed who reported that they have damp said that they had reported this to their landlord. Reporting varied across the housing areas with 31% of the Lower Rhymney Valley respondents not reporting the damp to their landlord compared to 27% of Upper Rhymney Valley and 19% of Eastern Valley respondents. Cracks in the walls and missing roof tiles were common causes of damp identified by respondents but a small number of respondents attributed their damp to the cavity insulation.

## Satisfaction with the Housing Service

- 82 Overall, 78% of the tenants and leaseholders we surveyed were satisfied with the Council's housing service, with 10% dissatisfied and 11% not sure either way.

- 83 Satisfaction varies across the three housing areas with 40% of the 177 Eastern Valleys tenants and leaseholders, 32% of the 191 Upper Rhymney Valley, and 24% of the 146 Lower Rhymney Valley tenants and leaseholders being satisfied.
- 84 Tenant and leaseholder satisfaction with the housing service also varied across the age groups with those aged below 54 less satisfied and those aged 45 to 54 the least positive.
- 85 Seventy-seven per cent of those aged 25 to 34 were satisfied, this decreased to 72% for those aged 35 to 44 and 66% for those aged 45 to 54. Higher satisfaction levels were recorded by those aged 55 or above: 78% of those aged 55 to 65 were satisfied, 84% of those aged 65 to 74 and 86% of those aged over 75 satisfied.

### Satisfaction with the neighbourhood

- 86 Eighty-six per cent of the tenants and leaseholders we surveyed are satisfied with their neighbourhood as a place to live, with 98% of sheltered housing tenants expressing satisfaction. Tenant and leaseholder satisfaction increased with age with the lowest levels of satisfaction being those aged less than 34 and the highest levels being for those aged over 55. We found no difference in the responses of tenants and leaseholders living in the three geographical housing areas to this question.



# Appendix 1

## Overview of survey participants

The survey sample of 514 people consisted of 451 who live in non-compliant homes (88%), 26 who live in fully compliant homes (5%) and 37 who live in homes with acceptable fails (7%).

Seventy-three per cent of the tenants and leaseholders told us that the Council has undertaken improvement works to their home to meet the WHQS in the past five years. Twenty-six per cent said that they had had not any improvements and one per cent did not know. Seventy-one per cent of those tenants and leaseholders living in non-compliant households and 78% of those living in acceptable fails reported that the Council has done some improvement works to their homes to meet WHQS.

Two hundred and twenty-five (62%) of those tenants and leaseholders who had had works completed in the past five years have received only internal works, 30% had received both internal and external works with 12% only receiving external works and 2% only communal areas. These data reflect the Council's approach of delivering internal/external works concurrently in different communities. Thirty-nine per cent of those tenants and leaseholders who had had works in the Eastern Valleys had received both internal and external works with this figure being 24% in the Upper Rhymney Valley and 29% in the Lower Rhymney Valley.

**Exhibit 9: overview of the tenancy type, age and length of tenancy for people who completed the survey**

### Tenancy type

	Number	Percentage
Tenant	489	95%
Leaseholder	25	5%
<b>Total</b>	<b>514</b>	<b>100%</b>

### Age of respondents

	Number	Percentage
16-34	60	11%
35-44	47	9%
45-54	74	14%
55-64	93	18%
65-74	110	21%
75+	130	25%
<b>Total</b>	<b>514</b>	<b>100%</b>

### Length of tenancy

	Number	Percentage
Less than one year	31	6%
One to two years	34	7%
Two to three years	38	7%
Three to five years	55	11%
More than five years	356	69%
Can't remember	0	0%
<b>Total</b>	<b>514</b>	<b>100%</b>

# Appendix 2

## Survey questions

### Exhibit 10: Caerphilly County Borough Council: Welsh Housing Quality Standard Survey:

**Q1 Are you a council tenant or leaseholder?**  
*Read out - Tick one box only*

- Council tenant .....  1
- Leaseholder .....  2
- Tenant of a leaseholder .....  3

**Q2 All respondents**  
**How long have you lived in your home? (or if a leaseholder: How long have you been a leaseholder?)**  
*Read out - Tick one box only*

- Less than 1 year .....  1
- 1 to 2 years .....  2
- 2 to 3 years .....  3
- 3 to 5 years .....  4
- More than 5 years .....  5
- Can't remember .....  6

#### Views on council housing services and improvements

**Q3a Council tenants & Leaseholders (Q1 = Codes 1 & 2 only)**  
**Has the council told you about the Welsh Housing Quality Standard (WHQS)?** *Read out if no/ don't know: The Welsh Housing Quality Standard requires all social landlords to improve their housing stock to an acceptable level by December 2020.*

- Yes .....  1
- No .....  2
- Don't know/ can't remember .....  3

**Q3b If yes, how did the Council tell you?**  
*Tick all that apply*

- Newsletter .....  1
- Letter .....  2
- Website .....  3
- In person .....  4
- Other .....  5

**Other (please specify)** \_\_\_\_\_

**Q4 Leaseholders only (Q1 = Code 2)**  
**Has the council informed you about your maintenance responsibilities as a leaseholder?**

- Yes .....  1
- No .....  2
- Don't know/ can't remember .....  3

**Q5a** All respondents

**In the past five years has the council done any improvement works to your home to meet the Welsh Housing Quality Standard?**

- Yes ..... <sup>1</sup> Go to Q5b  
 No ..... <sup>2</sup> Skip to Q8  
 Don't know/ can't remember ..... <sup>3</sup> Go to Q5b

**Q5b** Council tenants only (Q1 = Code 1)

**If yes, to what parts of your home has the council done the improvement works?**  
*Read out - Tick all that apply*

- Internal only (for example, kitchen, bathroom, central heating) ..... <sup>1</sup>  
 External only (for example windows or roofs) ..... <sup>2</sup>  
 Communal areas (for example staircases, stairwells) ..... <sup>3</sup>  
 Both internal and external ..... <sup>4</sup>

**Q5c** Leaseholders & tenants of leaseholders only (Q1 = Codes 2 & 3)

**If yes, to what parts of your home has the council done the improvement works?**  
*Read out - Tick all that apply*

- External only (for example windows or roofs) ..... <sup>1</sup>  
 Communal areas (for example staircases, stairwells) ..... <sup>2</sup>  
 Structure of the building ..... <sup>3</sup>

**Q6** Council tenants & Leaseholders (Q1 = Codes 1 & 2 only): Those who recall improvement works (Q5b = Code 1)

**Did the council:** *Read out - Tick one box on each row*

	Yes	No	Don't know/ can't remember
Explain to you why the improvement works were needed to achieve WHQS?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Complete the improvement works when you were told they would be?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Include you in the design or specification of any improvement works for example, to your kitchen or bathroom?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Q7a** *Those who recall improvement works (Q5a = Code 1)*  
**Overall, how satisfied or dissatisfied are you with the improvement works that the council has carried out to your home?**  
*Read out - Tick one box only*

Very satisfied .....  1  
 Satisfied .....  2  
 Neither satisfied nor dissatisfied.....  3  
 Dissatisfied.....  4  
 Very dissatisfied.....  5

**Q7b** *All respondents*  
**Why do you say that?**

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**Q8** *All respondents*  
**Do you know if the Council is going to make any improvements to your home in the next 2 years such as a new kitchen, bathroom, roof, windows, central heating, electrics, external doors, mains powered smoke detectors, gardens and external storage? (all respondents – although only state external works with leaseholders)**

Yes.....  1  
 No .....  2  
 Don't know/ can't remember .....  3

**Q9a** *All respondents*  
**Have you refused to have improvements made to your home by the council, for example, windows, doors, roof, kitchen, bathroom, rewiring or access?**

Yes - all .....  1  
 Yes - some.....  2  
 No .....  3  
 Don't know/ can't remember.....  4

**Q9b** Which works did you refuse?  
*Tick all that apply - Unprompted*

- Windows.....  1
- Doors .....  2
- Roof .....  3
- Kitchen.....  4
- Bathroom.....  5
- Rewiring or access .....  6
- Don't know/ can't remember.....  7

**Q9c** Why did you refuse?  
*Tick all that apply - Unprompted*

- Health issues (do not specify) .....  1
- Concerns about the disruption .....  2
- Proposed plan for the work to be done was not convenient .....  3
- Uncertain about the nature of the work .....  4
- Happy with the existing state of my home .....  5
- Prefer not to say .....  6
- Other reasons.....  7

**Other reasons (please specify)** \_\_\_\_\_

**Views on general housing services and the condition of your home/ neighbourhood**

**Q10a** All respondents  
**Do you find it difficult to heat your home to a comfortable level in the winter?**

- Yes.....  1
- No .....  2

**Q10b** If yes, why is that?  
*Tick all that apply - Unprompted*

- Affordability of fuel .....  1
- Lack of adequate insulation .....  2
- Lack of lagged pipes/ tank.....  3
- Draught proofing .....  4
- Old/ inefficient boiler .....  5
- Old/ poor heating system.....  6
- Size of property .....  7
- Other .....  8

**Other reasons (please specify)** \_\_\_\_\_

**Q11a** All respondents  
**Is there any damp in any part of your home?**

- Yes.....  1
- No .....  2

**Q11b** If yes, how do you see the damp in your house?  
*Tick all that apply - Unprompted*

- Visible wet patches.....  1
- Water leak .....  2
- Condensation on windows for example during cooking or on cold mornings .....  3
- Visible mould.....  4
- Don't know .....  5
- Other .....  6

**Other reasons (please specify)** \_\_\_\_\_

**Q11d** Have you reported the damp to your landlord?

- Yes.....  1
- No .....  2

**Q12** How satisfied or dissatisfied are you with the following:  
*Read out - Tick one box on each row*

	Very satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Very dissatisfied
a) <i>Tenants only (Q1 = Code 1)</i> The overall condition of the kitchen in your home?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<hr/>					
b) <i>Tenants only (Q1 = Code 1)</i> The overall condition of the bathroom in your home?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<hr/>					
c) The outside of your home such as external walls, doors, windows and boundary fences/ walls?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Q12d** *All respondents*  
**Why do you say that?**

---

**Q13** *Council tenants & Leaseholders (Q1 = Code 1 & 2 only)*  
**Can you easily and quickly contact the housing service at times that are convenient for you?**

Yes.....  1

No .....  2

Don't know/ haven't tried .....  3



**Q14** All respondents

**Thinking about your home and neighbourhood, how satisfied or dissatisfied are you:**

*Read out - Tick one box on each row*

	Very satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Very dissatisfied
a) That your council listens to your views and acts upon them?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) With your neighbourhood as a place to live?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Q14c** All respondents

**Why do you say that?**

---

**Q15** All respondents

**Overall, how satisfied or dissatisfied are you with the housing service you receive from the Council?**

Very satisfied .....	<input type="checkbox"/>	1
Satisfied .....	<input type="checkbox"/>	2
Neither nor .....	<input type="checkbox"/>	3
Dissatisfied.....	<input type="checkbox"/>	4
Very dissatisfied.....	<input type="checkbox"/>	5

**Q16** All respondents

**Is there anything else you would like to say about Council housing services that you have not already mentioned?**

**Q17** All respondents

**Which of the following of age groups do you fall in?**

*Read out - Tick one box only*

16-24.....	<input type="checkbox"/>	1
25-34.....	<input type="checkbox"/>	2
35-44.....	<input type="checkbox"/>	3
45-54.....	<input type="checkbox"/>	4
55-64.....	<input type="checkbox"/>	5
65-74.....	<input type="checkbox"/>	6
75+.....	<input type="checkbox"/>	7

# Appendix 3

## Infographic summarising survey results

Exhibit 11: infographic summarising survey results



Around a third of residents have problems heating their homes or experience damp



HEATING

**34%** of residents find it difficult to heat their homes to a comfortable level in the winter.



DAMP

**34%** of residents have damp in some parts of their homes

Residents do not always get the information that they need about WHQS



INFORMATION

**62%** of residents told us that the Council has told them about WHQS



EXPLAINING THE NEED FOR THE WORKS

**55%** of residents who have had works told us that the Council explained why the improvement works were needed



NEXT TWO YEARS

**51%** of residents know if the Council will be making any improvements to their home in the next 2 years



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

The telephone interviews for **Caerphilly County Borough Council** ran from **23rd April** until **1st May** 2018.

The Wales Audit Office requested from the Council the full list of its residents. The Wales Audit Office then spoke to a sample of around **5%** of all of the Council's tenants and leaseholders. The sample of **514** respondents was divided between tenants and leaseholders based on the WHQS compliance status of the **10,477** homes that the Council provided. Homes can be fully compliant, non-compliant or acceptable fails. The sample also reflects the WHQS status of homes across the area based on the data provided by the Council. **489** tenants and **25** leaseholders responded to the survey.

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WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

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Auditor General for Wales

# Welsh Housing Quality Standard follow-up report – **Caerphilly County Borough Council**

Audit year: 2018-19

Date issued: January 2019

Document reference: 994A2018-19

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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.

This document is also available in Welsh.

The team who delivered the work comprised Gareth Jones, Gwilym Bury and Allison Rees programme managed by Non Jenkins under the direction of Huw Rees.

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# Summary report

## Summary

### Why the Welsh Housing Quality Standard is important

- 1 In 2001, the Welsh Government set out their long-term vision for housing in Wales entitled Better Homes for People in Wales. The Welsh Government then introduced the Welsh Housing Quality Standard (WHQS) in 2002, with revised guidance issued in 2008 to implement this vision. The Welsh Government developed the WHQS to provide a common target standard for all housing in Wales and is primarily used to assess the social housing provided by councils (consistent with the term used in the rest of the report) and housing associations (social landlords). The Welsh Government expected all social landlords in Wales to adopt the standard and devise realistic programmes for bringing all their homes up to it as soon as possible, but by the end of 2020 at the latest, and to maintain standards into the future.
- 2 As at March 2018, Caerphilly County Borough Council (the Council) owned 10,801 properties. In August 2018, the Council reported that 3,501 properties met the standard to 'full compliance' having had certain improvement works undertaken, with a further 794 properties meeting the standard as 'acceptable fails' as defined by the Welsh Government in its guidance on compliance. 6,506 were not fully compliant as at 31 March 2018<sup>1</sup>.

### What we looked at

- 3 Between May and October 2018, we carried out a review of the Council's progress in addressing the three statutory recommendations in our Welsh Housing Quality Standard report issued to the Council in June 2017.
- 4 Our 2017 statutory recommendations were:

<sup>1</sup> Welsh Government Statistical Release. Welsh Housing Quality Standard (WHQS), as at 31 March 2018. 'This annual release presents information from the annual data collection measuring the progress made by social landlords in achieving the Welsh Housing Quality Standard (WHQS) for their stock. The release covers compliance with the standard as at 31 March 2018 and information on compliance with the WHQS by individual component type. Full compliance refers to dwellings where the WHQS standard is achieved for all individual elements, but there can be situations where achieving the standard for an individual element is not possible. Such situations may include the cost or timing of the work, residents choosing not to have the work done or where there are physical constraints to the work. In these instances, the social landlords may record one or more elements as acceptable fails. Where a dwelling contains one or more acceptable fails, but all other elements are compliant, the dwelling is deemed to be compliant subject to acceptable fails.'



## Exhibit 1: recommendations on action to achieve the WHQS by 2020

<b>Statutory Recommendations</b>	
<b>The Council should take urgent action to achieve WHQS by 2020. It should:</b>	
<b>R1</b>	<p>By September 2017, develop a comprehensive, overarching, financial and operational programme setting out how the Council will achieve WHQS by 2020. This programme should:</p> <ul style="list-style-type: none"><li>• establish the full scope of investment needed in the Council's housing stock based on accurate, comprehensive and up-to-date stock condition information;</li><li>• set out how the Council, by March 2018, will:<ul style="list-style-type: none"><li>– review its procurement arrangements to ensure value for money;</li><li>– provide clear and transparent information to members and tenants about the current position of the programme and a commitment to stakeholders with accurate projected completion dates; and</li><li>– secure the resources needed to deliver the programme by 2020.</li></ul></li><li>• contain clear and measurable milestones and relevant performance measures for delivering the programme up to 2020; and</li><li>• set out the programme management, governance and accountability responsibilities and arrangements so that urgent remedial action can be taken if further slippage occurs and those tasked with delivering the programme can be held to account at appropriate decision-making levels.</li></ul>
<b>R2</b>	<p><b>Assure itself that it is meeting its statutory landlord responsibilities by ensuring that:</b></p> <ul style="list-style-type: none"><li>• all properties have a valid gas safety certificate in place, or are having the Council's non-compliance arrangements applied to them fully; and</li><li>• arrangements for undertaking asbestos surveys and recording the results of these surveys are robust.</li></ul>
<b>R3</b>	<p><b>Ensure it has sufficient project management capacity to deliver the Council's WHQS programme effectively by 2020.</b></p>

## How we approached the review

- 5 We undertook the follow up review work in two phases. During the first stage we reviewed the Council's WHQS progress reports to Cabinet, Policy and Resources scrutiny committee and Caerphilly Homes task group since 1 November 2017. In this first stage of the review we established the Council's own assessment of progress. The output from Phase One was fed back to senior Council officers and the relevant Cabinet Member in July 2018. The Phase One review informed the planning and delivery of Phase Two.
- 6 During the second phase, we interviewed officers, contractor representatives and members and visited some properties undergoing WHQS works. We sought to

verify the Council's progress on delivering the WHQS programme and the effect of that progress on the Council's achievement of the WHQS by the end of 2020.

- 7 As part of a separate project, we surveyed a sample of 500 tenants about their experiences of the Council's WHQS programme during April and May 2018. A report on this Service User Perspective project will be issued separately.

## Overall findings

- 8 Overall, we found that: **The Council has responded positively to our June 2017 Welsh Housing Quality Standard (WHQS) report and statutory recommendations by making significant improvements and as a result we now conclude that it is likely to meet the WHQS by December 2020.** We came to this conclusion because:
- the Council has made significant progress in identifying the investment and resources it needs to complete its WHQS programme by the end of 2020;
  - the Council has taken steps to determine the value for money of its procurement arrangements;
  - there have been improvements to its WHQS performance reports, however there is still inconsistent and inaccurate reporting of performance;
  - the Council now has measurable performance targets to effectively monitor the remainder of its WHQS programme;
  - the Council has strengthened its arrangements to meet its statutory landlord responsibilities; and
  - the Council has invested additional resources to enhance its WHQS programme management but still lacks a current Local Housing strategy and does not always produce comprehensive Equality Impact Assessments for key housing policy documents.

## Proposals for improvement

- 9 The table below sets out the proposals for improvement that we have identified following this review.

### Exhibit 2: proposals for improvement

Proposals for improvement	
P1	The Council should ensure that members and tenants receive accurate WHQS performance information regularly about its progress towards achieving its 2020 programme deadline.
P2	The Council should agree a Local Housing Strategy to set out its long-term vision for the future priorities for homes in Caerphilly.
P3	The Council should ensure that Equality Impact Assessments are undertaken consistently.

# Detailed report

## The Council has responded positively to our June 2017 Welsh Housing Quality Standard (WHQS) report and statutory recommendations by making significant improvements and as a result we now conclude that it is likely to meet the WHQS by December 2020

- 9 The Council has responded positively to our June 2017 WHQS report which concluded 'the majority of tenants' homes remain below the Welsh Housing Quality Standard due to long-standing inefficient and ineffective programme management and the Council is unlikely to achieve the Standard by 2020'.
- 10 **Appendix 1** contains the Council's action plan to address the three statutory recommendations made in our 2017 WHQS report. Following our presentation on the 2017 WHQS report to Cabinet on 1 November 2017, the Council set up a Cross Party working group of members of the Policy and Resources Scrutiny Committee to consider the Council's progress in addressing our statutory recommendations. This Cross Party working group reported their satisfaction that progress was being made to the Policy and Resources Scrutiny Committee on 27 February 2018.
- 11 The Council is making a number of positive changes to the planning, management, delivery and monitoring of the WHQS programme. In particular, we note that the Council:
  - a. is undertaking a full stock condition survey of all Council owned properties;
  - b. is improving WHQS project management and capacity;
  - c. has a comprehensive financial and operational programme outlining how it will achieve WHQS by the end of 2020;
  - d. has a Caerphilly Homes Asset Management Strategy which is focused on maintaining WHQS after 2020;
  - e. has a comprehensive 30-year Housing Investment Business Plan;
  - f. has made significant improvements in its arrangements to meet its statutory landlord responsibilities;
  - g. has a more comprehensive asbestos management policy;
  - h. has sought to improve its reporting of performance of its WHQS programme; and
  - i. has increased the number of WHQS fully compliant properties from 5.7% in 2016-17 to 39.76% in 2017-18.

- 12 During this review, we also note that there are other aspects of the WHQS programme and wider Council housing programme that require improvement. In particular:
- a. there remains inconsistent and inaccurate reporting of WHQS performance to members and the public despite the Council introducing a performance data validation process and WHQS strategic scorecard;
  - b. the continued lack of a Local Housing Strategy; and
  - c. a limited Equalities Impact Assessment for the Caerphilly Homes Asset Management Strategy.
- 13 The remainder of this report provides the context and detail of how the Council is addressing our statutory recommendations.

## The Council has made significant progress in identifying the investment and resources it needs to complete its WHQS programme by the end of 2020

- 14 The Council has made substantial progress in developing a comprehensive financial and operational programme outlining how the Council will achieve WHQS by the end of 2020.
- 15 Since our 2017 review, the Council has embarked on surveying all Council properties that do not meet the WHQS standard. The Council now has a more accurate understanding of the individual requirements of each Council property which is improving the planning and delivery of its WHQS work. The Council intends to complete these surveys by December 2018.
- 16 Since our 2017 review the Council has established average costs of each internal and external elements required to achieve WHQS. The Council can now more accurately forecast future programme expenditure to inform its business plan.
- 17 As a result of the surveying non-WHQS compliant properties, the Council is now predicting an increase in the overall projected costs to deliver WHQS by the end of 2020 from £220 million to £250 million. The Council will need Housing Revenue Account (HRA) contributions and an element of 'borrowing' to fund the difference, however, the amount needed is within the Council's agreed borrowing threshold set up at the start of the WHQS programme.
- 18 The Council's IT asset management system – called Keystone – records all the data related to each individual social housing property and includes the costs associated when updating each property to WHQS. Keystone is critical to monitoring compliance with each of the components used to assess progress in achieving WHQS.
- 19 The Council's HRA Business Plan, Caerphilly Homes Asset Management Strategy and other associated detailed documents we reviewed demonstrate that the Council has a detailed costed plan to achieve WHQS by 2020. The Council's in-

house workforce, or Direct Labour Organisation (DLO) as it is also known, as well as private contractors are delivering the WHQS programme.

- 20 Following the introduction of the Council's Dynamic Purchasing System (DPS) in 2017, the Council's ability to engage local specialist contractors in a timely manner to complete WHQS works on properties has improved. At the time of this review, about 80 contractors were available through the DPS.
- 21 At the time of our fieldwork for our previous review in March and April 2017, the Council did not have a contractor in place to undertake the external works to tenants' homes in the Lower Rhymney Valley. Through the DPS and the Council's DLO, all areas of the county now have WHQS work planned.
- 22 The Council spent £42 million on WHQS programme delivery in 2017-18. This represents the highest annual amount since WHQS programme delivery started and reflects the significant increase in fully compliant homes in 2017-18.

## The Council has taken steps to determine the value for money of its procurement arrangements

- 23 Since June 2017, the Council commissioned an independent review of its single source supplier<sup>2</sup> arrangements for its WHQS programme and undertook an exercise to compare costs of its DLO workforce to those of external contractors.
- 24 The independent review of the single source supplier looked at 72 products, purchased by the Council for its WHQS programme that have the highest annual expenditure. The review concluded that the arrangement provides value for money for the Council for the products used, although some rates could be improved. The review gave two recommendations:
- ensure that the Council pays the most competitive prices for plasterboard; and
  - ensure a consistent classification of products that would assist any future pricing reviews.
- 25 Cabinet received a report in November 2017 which included the findings of the Council's comparison of the costs undertaken by private contractors and the Council's DLO team. The Council reported that its DLO are 20% more expensive than the private contractors due to a number of factors including superannuation, living wage, leave, sickness, overheads linked to support service costs. In its report, the Council set out factors that it had used to consider the value for money that it was achieving through its arrangements. These factors included greater tenant satisfaction reported from those receiving works from the DLO, comparative performance of the in-house and external contractors, reduced number of complaints.

<sup>2</sup> In 2012, the Council entered into a single source supply arrangement for all materials in relation to Council-house maintenance and the WHQS programme.

## There have been improvements to its WHQS performance reports, however there is still inconsistent and inaccurate reporting of performance

- 26 The Council has taken action to ensure that key WHQS performance information and key dates are on Keystone in a more timely manner.
- 27 In early 2018, the Council reviewed the process of performance reporting and the inputting of performance data onto Keystone. This review highlighted delays and occasional incorrect recording of performance. As a result, the Council introduced revised weekly responsibilities and timescales to record WHQS performance into Keystone. All WHQS project managers interviewed by us for this review are aware of the revised responsibilities and timescales for the recording of performance.
- 28 The accuracy of the Council's performance recording and reporting is now subject to a more rigorous validation process. Following our Phase One feedback to the Council, the Chief Housing Officer requested the Council's Internal Audit service to review the WHQS data validation processes. This took place during August to October 2018.
- 29 The report concludes that:

'The control procedures which were in place were:

In need of improvement – based on the results of the audit work undertaken it is considered that the control framework that was in place was in need of improvement. In May 2018 however, new procedures were introduced which are well documented and set out the processes for relevant staff to follow. These address the control issues going forward, but procedures now need to be developed to address historical issues identified by the audit. In addition, staff resources, in the form of a dedicated team of Officers supported by the Housing Technical Manager and Housing Group Accountant, have been made available to evolve and introduce new validation processes to address the main subject of this audit.

Compliance with the controls are considered to be:

In need of improvement – based on the results of the audit work undertaken it is considered that the control framework that was in place was in need of improvement. In May 2018 however, new procedures were introduced which are well documented and set out the processes for relevant staff to follow. These address the control issues going forward, but procedures now need to be developed to address historical issues identified by the audit. In addition, staff resources, in the form of a dedicated team of Officers supported by the Housing Technical Manager and Housing Group Accountant, have been made available to evolve and introduce new validation processes to address the main subject of this audit.

Due to the levels of Conclusions above the Chief Housing Officer will be invited to the next audit committee.'

- 30 The Council's 2018 annual performance submission to the Welsh Government states that 39.76% of its properties are fully compliant with WHQS as of 31 March 2018. However, this is not the figure it has used in any of its end of year performance reports to members since its annual performance submission to the Welsh Government. This provides members with an inaccurate picture of the Council's performance.
- 31 The Council reported its 2017-18 WHQS performance in three end of year performance reports during September and October 2018:
- a. Well-being Objective 5;
  - b. Caerphilly Homes end of year performance report; and
  - c. the Council's Annual Performance Report.
- 32 We found discrepancies in different aspects of the 2017-18 WHQS performance in these reports and there was no clear rationale as to why the Council reported different performance information in the different reports. In particular, we note that the overall WHQS compliance rate in these reports was lower than the performance reported to the Welsh Government in August 2018. Therefore, WHQS performance for 2017-18 was under reported to members and the public after it made the submission to Welsh Government.
- 33 To improve WHQS performance reporting, a WHQS strategic scorecard accompanies performance reports to elected members. The scorecard shows:
- a. levels of compliance for internal and external works;
  - b. weekly targets and actual key performance for the completion of internal and external works. A Red, Amber, Green (RAG) system highlights whether weekly targets are achieved or not;
  - c. tenant satisfaction levels;
  - d. targets for each quarter up to March 2020;
  - e. projected and actual programme expenditure until March 2020; and
  - f. the number of WHQS fully compliant properties.
- 34 We found that the programme targets are not clear and the number of compliant properties in the end of year 2017-18 scorecard is different to the number reported to the Welsh Government. Additionally, the scorecard has inaccurately recorded the previous year's performance.
- 35 The WHQS strategic scorecard shows future quarterly targets for internal and external works and overall compliance. However, the design of the scorecard means it is difficult to read the actual targets and would benefit from presenting this information more clearly.
- 36 In our previous report issued in June 2017, we noted that the Council's WHQS performance reports focused more on completion of internal and external works and not full compliance. The Council now clearly reports the number of properties



that are fully compliant, but due to inconsistent and inaccurate performance information reported to members, officers, tenants and leaseholders, effective challenge and oversight of WHQS progress is hampered.

## The Council now has measurable performance targets to effectively monitor the remainder of its WHQS programme

- 37 In 2015, the Council commenced WHQS work on its properties. The annual rate of properties fully compliant for 2015-16 and 2016-17 was low at 2.5% and 5.7% respectively. The number of fully compliant properties increased significantly to 39.76% for 2017-18. As at the end of September 2018, the Council reported to the Audit Committee on 16 October that its overall compliance rate was 51%.
- 38 The Council has weekly completion targets for both internal and external works. The Council's WHQS team monitor the weekly delivery of both internal and external works and this monitoring is showing that internal works are delivering to target but the external works are slightly behind schedule.
- 39 All officers and members we interviewed are clear that March 2020 is its deadline to fully deliver its WHQS programme although the Welsh Government's deadline is December 2020. However, the WHQS strategic scorecard (as at 28 September 2018) gives the projected deadline for full internal works compliance as 1 May 2020 and 20 May 2020 for full external works compliance. Setting a deadline that is earlier than the Welsh Government deadline is prudent and allows for potential slippage to complete external WHQS works due to any severe weather in the winters of 2018 and 2019.

## The Council has strengthened its arrangements to meet its statutory landlord responsibilities

- 40 At the time of our fieldwork for our previous review in March and April 2017, there were over 400 council properties which did not have a valid CP12 gas safety certificate. As at 28 April 2017, just over 98% of the council's properties had a valid CP12 gas safety certificate meaning that 221 properties did not.
- 41 During our fieldwork for this review, we found that the Council has made significant improvements in its arrangements to meet its statutory landlord responsibilities. The Council has made revisions to its gas safety procedures which are now fully compliant with UK Health and Safety Executive guidance for landlords. Where tenants do not provide access to their homes to allow the Council to undertake gas servicing, there is staged approach for the Council to gain access.
- 42 If the Council cannot gain access through these steps, the Council's policy states that the Council can take legal proceedings to gain access. Since the introduction of the new policy on commencing legal proceedings the Council has obtained access to 50 properties where it has been determined that there has been a

breach of their tenancy agreement, by the issuing of formal Notices of Seeking Possession (NOSP).

- 43 In the Council's regulatory proposal for improvement progress report for its Audit committee on 24 July 2018, it reported that 99.3% of its properties now have the gas servicing certificate. Those properties where a certificate had expired and access was not agreed were subject to ongoing legal proceedings.
- 44 The Council's asbestos procedures comply with Health and Safety Executive guidance and no property has WHQS or other repairs work undertaken without a full survey being available prior to the commencement of work. To address our statutory recommendation, the Council appointed an asbestos technical officer to coordinate the completion of all asbestos surveys and ensure the recording of asbestos surveys onto Keystone. The officer ensures that the findings of the surveys are available to operational staff. The Council now has clear arrangements and a dedicated member of staff and anticipates that all properties will have asbestos information recorded on Keystone by January 2019.

### The Council has invested additional resources to enhance its WHQS programme management but still lacks a current Local Housing strategy and does not always produce comprehensive Equality Impact Assessments for key Housing policy documents

- 45 The Council is improving project management capacity in delivering and managing the WHQS programme. A new role of housing technical manager has been created and appointed to increase project manager capacity. This officer oversees the WHQS programme, the housing repairs team as well as the work of the surveyors and Gas Servicing team.
- 46 The Council has also appointed an additional foreman, assistant project manager and surveyor to increase its capacity to manage and deliver its WHQS.
- 47 The Council is alert to the prospect that properties currently fully compliant as an 'acceptable fail' due to residents' choice<sup>3</sup>, may become available for WHQS internal and or external works in the future. The Housing Repairs team is creating a new sub-team to complete works in those homes if they become available and the DLO or external contractor are not working in the area where the property has become available for works.

<sup>3</sup> Source: Welsh Housing Quality Standard (WHQS), as at 31 March 2018. Welsh Government press release dated 4 October 2018.

There can be situations where achieving the standard for an individual element is not possible. Such situations may include the cost or timing of the work, residents choosing not to have the work done or where there are physical constraints to the work. In these instances, the landlords may record one or more element as acceptable fails.

- 48 Although the Council's procedures for encouraging residents to allow access to their homes for WHQS work are in line with the Welsh Government guidance the Council does not have a robust system in place to periodically check if residents change their minds. For example, the Council could after 2019 contact residents at least once a year to offer previously refused WHQS works.
- 49 Our previous 2017 report highlighted that the Council did not have an up-to-date local housing strategy. This remains the case.
- 50 During our fieldwork for this review, both officers and members expressed their own views as to how housing should evolve and what the Council's future responsibilities are in providing social housing. Therefore, by not having a strategy there is the potential to create a fragmented and inconsistent vision for the service. The absence of a Local Housing Strategy also may prevent the Council from fully demonstrating how it is addressing the five ways of working to meet the Well-being of Future Generations (Wales) Act 2015.
- 51 The Council is considering and planning for the continuation of Caerphilly Homes maintenance and investment beyond 2020. In September and October 2018, the Caerphilly Homes Task Group, Policy and Resources scrutiny committee and Cabinet considered a draft Caerphilly Homes asset management strategy. The purpose of the strategy is to understand and commit to maintaining the quality of all Council housing properties post-2020.
- 52 The Housing Asset Management Strategy did not include a comprehensive Equality Impact Assessment. The Council did not consider it necessary for a full Equality Impact Assessment, but during our review the explanation as to why was not clear. At the time of our fieldwork, there has been few Equality Impact Assessments in relation to Housing service change proposals were available to the public or members to consider. The Council will need to assure itself that the absence of an Equality Impact Assessment for key strategic decisions, does not put it at risk of not complying with the 2010 Equality Act. The Council should also assure itself that it fully demonstrates how it is addressing the five ways of working which Councils are required to adopt to meet the Well-being of Future Generations (Wales) Act 2015 (WFG Act).

# Appendix 1

This is the Council's action plan to address the Wales Audit Office's three statutory recommendations made in our 2017 WHQS report:

## WALES AUDIT OFFICE WHQS REVIEW – ACTION PLAN – AUGUST 2017

Recommendations	Actions	Owner	Progress / Due Date
<b>Recommendation 1</b> Develop a comprehensive, overarching, financial and operational programme setting out how the Council will achieve WHQS by 2020.	1. Ensure that the Keystone Asset Database provides up to date survey information.	MRL	Sept 2017/ Completed
	2. Review projected programme costs by replacing Savill's estimates with more accurate actual costs based on recently completed contract information.	LA	Sept 2017/ Completed
	3. Amend existing programme in order to reflect communities where work has been completed, is currently ongoing or is planned. Programme to also incorporate a breakdown of the communities to clarify which streets are included.	MRL	Sept 2017/ Completed
	4. Ensure adequate resources to enable surveys to be completed at the earliest opportunity in order to better inform future investment requirements and budget forecasting.	MRL	Ongoing

Recommendations	Actions	Owner	Progress / Due Date
<p><b>Recommendation 1a</b></p> <p>Review procurement arrangements to ensure value for money.</p>	<ol style="list-style-type: none"> <li>1. Ensure adequate procurement arrangements are in place to cover all aspects of the programme.</li> <li>2. Undertake an independent benchmarking exercise in relation to the single source supply arrangement to assess value for money.</li> <li>3. Undertake an exercise to compare costs of the in-house workforce to those of external contractors, whilst also considering quality and performance to determine value for money.</li> <li>4. Introduce a flexible Dynamic Purchasing System for the external works in the lower Rhymney valley, whilst also providing options to deliver contracts for internal and external works throughout the borough.</li> <li>5. Contracts for internal works are in place until 2020 and were procured in open competition. External work packages are tendered individually from existing frameworks and more recently the D.P.S. Tenders are evaluated on receipt and if deemed to be uncompetitive, the work is re-tendered in an attempt to improve value for money.</li> </ol>	<p>MRL</p> <p>KRW</p> <p>MRL</p> <p>MRL</p> <p>MRL</p>	<p>April 2017/ Completed</p> <p>March 2018/ Completed</p> <p>March 2018/ Completed</p> <p>April 2017/ Completed</p> <p>Ongoing</p>

Recommendations	Actions	Owner	Progress / Due Date
<p><b>Recommendation 1b</b></p> <p>Provide clear and transparent information to members and tenants about the current position of the programme and a commitment to stakeholders with accurate projected completion dates.</p>	<ol style="list-style-type: none"> <li>1. Review existing programme information being provided to members and tenants and amend this to ensure it is accurate, easily understood and timely.</li> <li>2. Review the way performance information is presented to all stakeholders to ensure that this provides a good overview on the progress of the overall programme is easily understood and timely.</li> </ol> <p>Performance information is regularly being updated and amended to improve the way data is presented.</p>	<p>MRL</p> <p>SC/MRL</p>	<p>March 2018/ Completed</p> <p>December 2017/ Ongoing</p>
<p><b>Recommendation 1c</b></p> <p>Secure the resources needed to deliver the programme by 2020.</p>	<ol style="list-style-type: none"> <li>1. Business case approved for the appointment of additional staff and operatives to support the in-house team in view of the additional work they will be undertaking to deliver WHQS works to our sheltered housing schemes.</li> <li>2. Business case approved for the appointment of Surveyors/Clerks of Works to support the delivery of the external works programme following the implementation of the DPS.</li> <li>3. Use of agency workers ongoing to supplement directly employed staff as workforce will need to reduce post 2020.</li> <li>4. Introduction of DPS has provided an additional pool of contractors to deliver all aspects of the programme and to act as a contingency in case any issues are encountered with existing contracts.</li> </ol>	<p>MRL</p> <p>MRL</p> <p>MRL</p> <p>MRL</p>	<p>April 2017/ Completed</p> <p>April 2017/ Completed</p> <p>Ongoing</p> <p>April 2017/ Completed</p>

Recommendations	Actions	Owner	Progress / Due Date
	<p>5. Use of other in-house teams, both within and outside Caerphilly Homes, has been implemented to provide further assistance and resources for the delivery of the programme, eg Housing Repair Operations, Network Contracting Services, Highways Operations Group, Grounds Maintenance.</p> <p>6. Additional financial resources being sourced to assist with the delivery of the programme and to provide additional improvements to the housing stock and communities, eg ECO, Arbed, V.V.P.</p>	<p>SC/MRL</p> <p>MRL/JRW</p>	<p>Ongoing</p> <p>Ongoing</p>

Recommendations	Actions	Owner	Progress / Due Date
<p><b>Recommendation 2</b></p> <p>Assure itself that the Council is meeting its statutory landlord responsibilities in relation to gas servicing.</p>	<ol style="list-style-type: none"> <li>1. The Council's performance in relation to gas servicing averages 98% which results in approximately 200 properties not having a valid gas safety certificate, which has been identified as an issue with no access. A review of the no access procedure has been undertaken.</li> <li>2. To improve compliance the gas servicing cycle will be changed to operate on a ten-month cycle rather than the existing 11 months.</li> <li>3. To reduce issues with no access, a charge will be introduced for tenants who fail to provide access at the appointment time.</li> <li>4. The timescales for issuing letters to tenants seeking access will be reduced and if required a Notice of Seeking Possession will be issued prior to the expiry of the gas certificate.</li> <li>5. Failure to provide access during the NOSP period will result in arrangements being made to force entry, with the tenant being provided with advanced notice of such action.</li> </ol>	<p>SC</p> <p>PS</p> <p>PS</p> <p>Housing Managers</p> <p>Housing Managers/ PS</p>	<p>July 2017/ Completed</p> <p>Sept 2017/ Completed</p> <p>August 2017/ Completed</p> <p>August 2017/ Completed</p> <p>Sept 2017/ Completed</p>
<p><b>Recommendation 2a</b></p> <p>Ensure that arrangements for undertaking asbestos surveys and recording the results of these surveys, is robust.</p>	<ol style="list-style-type: none"> <li>1. Review the accuracy and timeliness of asbestos information being recorded within the Keystone Asset Database.</li> <li>2. Ensure that all relevant staff have access to asbestos records to ensure these are checked prior to commissioning surveys.</li> </ol>	<p>PS</p> <p>PS</p>	<p>August 2017/ Completed</p> <p>December 2017/ Completed</p>



Recommendations	Actions	Owner	Progress / Due Date
	3. Submit a business case to appoint a Technical/Admin Officer to input surveys and cleanliness certificates into Keystone in a timely manner, and also act as a central point of contact.	PS	August 2017/ Completed
<p><b>Recommendation 3</b></p> <p>Ensure the Council has sufficient project management capacity to deliver the WHQS programme by 2020.</p>	<p>1. Business case approved for the appointment of additional resources, allowing recruitment to take place as and when required.</p> <p>2. Project management of the sheltered housing programme being carried out by the in-house team following consultation with tenants.</p> <p>3. Project management of various aspects of the programme is being undertaken by other services to spread workload and maximise use of existing resources, eg work to leaseholder properties being managed by Private Sector Housing, WHQS work to voids and statutory maintenance being undertaken by Housing Repair Operations Team, environmental programme being progressed by utilising services of Grounds Maintenance, Highways Operations Group, Network Contracting Services.</p> <p>4. A restructure of Caerphilly Homes to be undertaken to further improve integration and better align key functions with the aim of improving capacity to support the programme.</p>	<p>MRL</p> <p>MRL</p> <p>SC/MRL</p> <p>SC</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>

**Shaun Couzens**

**Prif Swyddog Tai/Chief Housing Officer**

Updated October 2018

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## AUDIT COMMITTEE – 23RD APRIL 2019

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

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

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### 1. PURPOSE OF REPORT

- 1.1 To advise Members of the numbers of covert surveillance operations undertaken by the Council in accordance with the provisions of the Regulation of Investigatory Powers Act 2000 (RIPA) for the period 1<sup>st</sup> January to 31<sup>st</sup> March, 2019.

### 2. SUMMARY

- 2.1 To provide an update on the number of operations undertaken in accordance with RIPA for the period 1<sup>st</sup> January to 31<sup>st</sup> March, 2019.

### 3. RECOMMENDATIONS

- 3.1 None. Members note the information provided.

### 4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure compliance with statutory requirements.

### 5. THE REPORT

- 5.1 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 this Act, advice and guidance is found within the Codes of Practice issued by the Investigatory Powers Commissioner's Office.
- 5.2 The Authority has a corporate policy, which provides guidance on how surveillance should be used by the relevant officers.
- 5.3 Public Authorities undertaking covert surveillance of individual members of the public are subject to inspection by the Investigatory Powers Commissioner's Office.
- 5.4 Members are advised that for the period 1<sup>st</sup> January 2019 to 31<sup>st</sup> March 2019, there have been no RIPA operations undertaken.

#### 5.5 Conclusion

The report advises members that there have been no applications made in relation to RIPA operations for the period 1<sup>st</sup> January to 31<sup>st</sup> March 2019.

## **6. ASSUMPTIONS**

6.1 There are no assumptions contained within this report.

## **7. LINKS TO RELEVANT COUNCIL POLICIES**

7.1 This report contributes to the governance arrangements on the use of directed surveillance and covert human intelligence sources under the Regulation of Investigatory Powers Act 2000 as set out in the Council's Policy and Procedure under the Regulation of Investigatory Powers Act 2000.

## **8. WELL-BEING OF FUTURE GENERATIONS**

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

8.2 The Regulation of Investigatory Powers Act 2000 (RIPA) provides a statutory mechanism for authorising directed surveillance and the use of a covert human intelligence source, which aims to ensure that any interference with the individual's right to privacy under Article 8 of the European Convention is necessary and proportionate, and that both the public interest and the human rights of individuals are protected and as such contributes to the following wellbeing goals within the Well-being of Future Generations Act (Wales) 2015.

- A prosperous Wales.
- A resilient Wales.
- A healthier Wales.
- A globally responsible Wales.

## **9. EQUALITIES IMPLICATIONS**

9.1 None, the report is for information only.

## **10. FINANCIAL IMPLICATIONS**

10.1 None, the report is for information only.

## **11. PERSONNEL IMPLICATIONS**

11.1 None, the report is for information only.

## **12. CONSULTATIONS**

12.1 None. The report is for information only.

## **13. STATUTORY POWER**

13.1 Regulation of Investigatory Powers Act 2000.

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## AUDIT COMMITTEE – 23RD APRIL 2019

**SUBJECT: OFFICERS DECLARATIONS OF GIFTS AND HOSPITALITY  
OCTOBER TO DECEMBER 2018**

**REPORT BY: HEAD OF PEOPLE SERVICES**

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

- 1.1 The purpose of the report is to provide the Audit Committee with information regarding the Register of Employees' Interests Forms completed by officers of the Council (excluding Schools) regarding Gifts and Hospitality for the period 1 October to 31 December 2018 ie the third quarter of the financial year 2018/19 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 2018.

### **3. RECOMMENDATIONS**

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

### **4. REASONS FOR THE RECOMMENDATIONS**

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

### **5. THE REPORT**

- 5.1 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.
- 5.2 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.

- 5.3 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.
- 5.4 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.
- 5.5 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.
- 5.6 The table below details the number of declarations regarding Gifts submitted by Directorate for the period 1 October to 31 December 2018 and the previous three quarters for comparison. The declarations for the previous quarters have been adjusted to reflect the new Directorate structures.
- 5.6.1 Appendix 1 provides details of the Gifts declared during the period 1 October to 31 December 2018.
- 5.6.2 The 2 Gifts of £50 cash agreed in Adult Services have been considered by the Director of Social Services and Housing and the Head of People Services and acknowledged in the circumstances.

Directorate	Number of declarations received - Gifts			
	Oct – Dec 2018	July – Sept 2018	April – June 2018	Jan – March 2018
<b>Communities</b>	0	0	0	0
<b>Education and Corporate Services</b>	0	0	1	0
<b>Social Services and Housing</b>	6	20	0	0
<b>Total</b>	<b>6</b>	<b>20</b>	<b>1</b>	<b>0</b>

- 5.7 The table below details the number of declarations regarding Hospitality submitted by Directorate for the period 1 October to 31 December 2018 and the previous three quarters for comparison. The declarations for the previous quarters have been adjusted to reflect the new Directorate structures.

Directorate	Number of declarations received - Hospitality			
	Oct – Dec 2018	July – Sept 2018	April – June 2018	Jan – March 2018
<b>Communities</b>	0	0	3	0
<b>Education and Corporate Services</b>	0	0	0	0
<b>Social Services and Housing</b>	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>

## 5.8 **Conclusion**

The Head of People Services will continue to monitor the declarations submitted and work with Heads of Service to improve their understanding, promote best practice and corporate compliance of the Code of Conduct where appropriate.

## 6. **ASSUMPTIONS**

6.1 There are no assumptions made within this report.

## 7. **LINKS TO RELEVANT COUNCIL POLICIES**

7.1 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.

## 7.2 **Corporate Plan 2018-2023**

Whilst this report does not specifically contribute towards the Corporate Well-being Objectives, it does support good governance which is the foundation of the Council's performance management framework.

## 8. **WELL-BEING OF FUTURE GENERATIONS**

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

## 9. **EQUALITIES IMPLICATIONS**

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

## 10. **FINANCIAL IMPLICATIONS**

10.1 None.

## 11. **PERSONNEL IMPLICATIONS**

11.1 The personnel implications are included in this report.

## 12. **CONSULTATIONS**

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

## 13. **STATUTORY POWER**

13.1 Local Government Act 2000.

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Appendices:  
Appendix 1 Declarations of Gifts 1 October to 31 December 2018



**Appendix 1**  
**Declarations of Gifts and Hospitality 1 October to 31 December 2018**

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 and Housing	Adult Services	Social Care Worker (x2)	Gift	Cash gift of £50 from family member of service user	Assistant Director Adult Services	Accepted
Social Services and Housing	Adult Services	Social Worker	Gift	Box of chocolates, bottle of wine and a thank you card from a service user	Assistant Director Adult Services	Accepted
Social Services and Housing	Adult Services	Social Worker	Gift	Cash gift of £10 contained in a Christmas card from a service user, delivered to offices. Donated to team charity to avoid any psychological impact on service user	Assistant Director Adult Services	Accepted
Social Services and Housing	Caerphilly Homes	Floating Support Officer	Gift	Accepted with no idea of actual value. Sparkling wine (est. value £25) given by a tenant as a gesture of thanks	Chief Housing Officer	Accepted
Social Services and Housing	Caerphilly Homes	Tenancy Enforcement Officer	Gift	Accepted with no idea of actual value. Silver necklace with clear stone (est. value £40) and sparkling wine (est. value £25) given by a tenant as a gesture of thanks. HofS agreed wine could be kept. Necklace donated to charity Llamau as a raffle prize	Chief Housing Officer	Accepted

Gadewir y dudalen hon yn wag yn fwiadol

## MINUTES

### CORPORATE GOVERNANCE PANEL

Held on Monday January 11<sup>th</sup> 2019 in the Executive Board Room Penallta House

Panel members present

R. Edmunds (RE), D Gronow (DG), S Harris (SH), N Scammel (NS), R Tranter (RT) and Councillor B Jones (BJ)

#### 1. APOLOGIES

An apology was received from L Lucas.

#### 2. MINUTES

The minutes of the meeting held on the 24<sup>th</sup> September were agreed as a correct record

#### 3. PROGRESS ON 2017/2018 AGS MATTERS ARISING

The 2017/18 statement was reviewed and the progress on the issues were reviewed in detail. It was agreed that some follow up information be sought on a few minor issues but in the main good progress had been made on all the issues noted. Detailed commentary would be provided as part of the 2018/19 AGS process. It was agreed that an update on the authority's GDPR compliance would be sought for the next meeting of the panel (LL) and SH would follow up on the other points and report back for the next meeting

#### 4. 2018/19 PROCESS AND PROGRESS UPDATE

DG stated that the checklist had been sent out to all Heads of Service and a reminder would shortly be sent. A new process had been introduced whereby a checklist had been sent to schools to provide assurance for the Chief Education Officer and ultimately the Director on governance processes in schools and highlighting the accountability of individual head teachers in this process. A reminder was due to be issues before half term. RE asked to be updated on progress.

The current checklist and diagrammatical explanation of the process was discussed and it was identified that some changes needed to make to reflect some amendments to roles and titles. Also the "expert panel" make up needed to formally

record the involvement of officers to provide information on safeguarding and performance which appeared to be currently omitted.

#### **5. TERMS OF REFERENCE FOR GOVERNANCE PANEL**

Draft TOR was discussed. It was agreed that some changes were needed to reflect changes in roles and job titles and to reflect the fact that the group was to be a small core of officers with other relevant officers being asked to contribute only where necessary or relevant. It was agreed that it would be reviewed by those present and any suggested changes sent to DG so that it could be reported to the next meeting of the Audit Committee.

#### **6. CAERPHILLY CODE OF CORPORATE GOVERNANCE UPDATE**

Review and updates to the Caerphilly code were required to account for some changes in roles and titles and updates in the Cipfa guidance. It was agreed that those present would review the draft document and agree any changes in advance of the next audit committee where it can be reported and agreed.

#### **7. PARTNERSHIP AND COLLABORATION WORK**

Information provided was noted. Some discussions took place and it was agreed that overview in this area this had strengthened so it was agreed that this SH would liaise with his staff in advance of the panel meetings and bring relevant issues to the panel as required. In addition this would be referred to in the expert panel contribution to the AGS.

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

This was discussed. It was noted that additional dates had been agreed to account for a possible greater volume of reports coming to the committee from the internal audit section. As discussed the matters in agenda items 5 and 6 would need to go to the Committee so some revisions would be needed and items would need to be deferred.

#### **9. FUTURE MEETING DATES**

The draft AGS is required by 15<sup>th</sup> May. As a result the expert panel is needed before the end of April and the draft AGS will be needed for the CMT early May. A further panel date had already been proposed of 2<sup>nd</sup> April. Going forward it was suggested that meetings should be on a quarterly basis.

#### **10. AOB**