

Pecyn Dogfennau Cyhoeddus

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

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



www.caerphilly.gov.uk
www.caerffili.gov.uk

Am unrhyw ymholiad yn ymwneud â'r agenda hwn cysylltwch â Julie Lloyd
(Rhif Ffôn: 01443 864246 Ebst: lloydj4@caerphilly.gov.uk)

Dyddiad: Dydd Iau, 12 Ebrill 2023

At bwy bynnag fynno wybod,

Cynhelir cyfarfod aml-leoliad o **Pwyllgor Llywodraethu ac Archwilio** yn Nhŷ Penallta, a thrwy Microsoft Teams ar **MeetingDateLegal** am **MeetingTime** i ystyried y materion sydd wedi'u cynnwys yn yr agenda canlynol. Mae croeso i chi ddefnyddio'r Gymraeg yn y cyfarfod, mae angen o leiaf 3 diwrnod gwaith o rybudd os byddwch chi'n dymuno gwneud hynny. Darperir cyfieithiad ar y pryd ar gais.

Gall aelodau o'r cyhoedd neu'r Wasg fod yn bresennol yn Nhŷ Penallta neu wyllo'r cyfarfod yn fyw drwy'r ddolen ganlynol: <http://civico.net/caerphilly>

Bydd y cyfarfod hwn yn cael ei ffrydio'n fyw a bydd recordiad ar gael i'w weld ar wefan y Cyngor, ac eithrio trafodaethau sy'n ymwneud ag eitemau cyfrinachol neu eithriedig. Felly bydd delweddau/sain o'r unigolion hynny sy'n siarad ar gael yn gyhoeddus i bawb drwy wefan y Cyngor yn www.caerffili.gov.uk

Yr eiddoch yn gywir,

Christina Harrhy
PRIF WEITHREDWR

A G E N D A

Tudalennau

- 1 I dderbyn ymddiheuriadau am absenoldeb

A greener place Man gwyrddach

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



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:-

- 3 Pwyllgor Llywodraethu ac Archwilio 24 Ionawr 2023. 1 - 6

I dderbyn ac ystyried yr adroddiad(au) canlynol:-

- 4 Blaenraglen Waith y Pwyllgor Llywodraethu ac Archwilio. 7 - 10
- 5 Archwilio Cymru - CBSC - Crynodeb Archwilio Blynyddol 2022. 11 - 18
- 6 Adroddiad Adendwm Archwilio Cyfrifon. 19 - 42
- 7 Cynllun Archwilio Blynyddol. 43 - 54
- 8 Cynllun Archwilio Mewnol Blynyddol 2023/24. 55 - 62
- 9 Diweddariad ar Weithredu'r System Orlhain Argymhellion. 63 - 66

I dderbyn a nodi yr eitem(au) gwybodaeth ganlynol: -

- 10 Deddf Rheoleiddio Pwerau Ymchwilio 2000. 67 - 68
- 11 Datganiadau Swyddogion o Anrhegion a Lletygarwch rhwng Hydref a Rhagfyr 2022. 69 - 72

* Os oes aelod o'r Pwyllgor Craffu yn dymuno i unrhyw un o'r Eitemau Gwybodaeth uchod i gael eu dwyn ymlaen ar gyfer adolygiad yn y cyfarfod, cysylltwch â Julie Lloyd, 01443 864246, erbyn 10.00am ar ddydd Mawrth, 18 Ebrill 2023.

Cylchrediad:

Cynghorwyr M.A. Adams, Mrs E.M. Aldworth, A. Broughton-Pettit, M. Chacon-Dawson, Mrs P. Cook, T. Parry, J. Taylor a C. Wright (Is Gadeirydd)

Aelod Lleyg – Vivienne Pearson, Mark Rees, Jo Williams a Mr N.D. Yates (Cadeirydd)

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. ac eithrio am drafodaethau sy'n ymwneud a g 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](#) neu cysylltwch â Gwasanaethau Cyfreithiol drwy e-bostio griffd2@caerffili.gov.uk neu ffoniwch 01443 863028.

Gadewir y dudalen hon yn wag yn fwriadol



GOVERNANCE AND AUDIT COMMITTEE

MINUTES OF THE MEETING HELD VIA MICROSOFT TEAMS ON TUESDAY 24TH JANUARY 2023 AT 2.00 P.M.

PRESENT:

Councillors:

M. A. Adams, Mrs. E.M. Aldworth, M. Chacon-Dawson, Mrs T. Parry, and C. Wright (Vice Chair).

Lay Members:

N. Yates (Chair), M. Rees, V. Pearson and J. Williams.

Together with:

Officers: R. Edmunds (Corporate Director for Education and Corporate Services), M.S. Williams (Corporate Director for Economy and Environment), S. Harris (Head of Financial Services and S151 Officer), D. Gronow (Acting Internal Audit Manager), L. Lane (Head of Democratic Services and Deputy Monitoring Officer), S. Richards (Head of Education Planning and Strategy), R. Roberts (Business Improvement Manager), J. Pearce (Business Improvement Officer), N. Taylor-Williams (Head of Housing), K. Denman (Housing Solutions Manager), and J. Lloyd (Committee Services Officer).

B. Roberts (Audit Wales).

Also in attendance: Councillor E. Stenner.

RECORDING AND VOTING ARRANGEMENTS

The Chair reminded those present that the meeting would be live-streamed and a recording made available to view via the Council's website, except for discussions involving confidential or exempt items - [Click Here to View](#). Members were advised that voting on decisions would take place via Microsoft Forms.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors A. Broughton-Pettit, P. Cook, and J. Taylor.

2. DECLARATIONS OF INTEREST

There were no declarations of interest received at the commencement or during the course of the meeting.

3. MINUTES – 11TH OCTOBER 2022

It was moved and seconded that the minutes of the Governance and Audit Committee held on 11th October 2022 be approved as a correct record, and by way of Microsoft Forms (and in noting there were 7 votes for, 0 against, and 1 abstention) this was agreed by the majority present.

RESOLVED that the minutes of the meeting held on 11th October 2022 (minute nos. 1-12) be approved as a correct record.

4. MINUTES – 10TH JANUARY 2023

It was moved and seconded that the minutes of the Special Governance and Audit Committee held on 10th January 2023 be approved as a correct record, and by way of Microsoft Forms this was unanimously agreed.

RESOLVED that the minutes of the meeting held on 10th January 2023 (minute nos. 1-3) be approved as a correct record.

5. GOVERNANCE AND AUDIT COMMITTEE FORWARD WORK PROGRAMME

The Acting Internal Audit Manager presented the Governance and Audit Forward Work Programme for the period January 2023 to May 2023.

Members noted the details of reports scheduled for the forthcoming meetings.

It was moved and seconded that the Forward Work Programme be approved. By way of Microsoft Forms this was unanimously agreed.

RESOLVED that the Forward Work Programme as appended to the meeting papers be approved.

REPORTS OF OFFICERS

Consideration was given to the following reports.

6. UPDATE FROM AUDIT WALES – VERBAL UPDATE.

B. Roberts from Audit Wales gave a verbal update to Members and advised that the annual audit summary report will be brought to the next Governance and Audit Committee meeting, which will set out the work undertaken during 2021/2022. This will include key facts about financial positions and work undertaken with the performance audit.

Members were also advised that the Council's main statement of accounts was approved by Council on 17th January 2023, and certified by the Auditor General on 18th January 2023, which is ahead of the Welsh Government deadline of 31st January 2023. The accounts are now published on the Council's website and Audit Wales are currently preparing their audit of accounts addendum report with audit recommendations and the management responses, which Members were advised would be brought to the next Governance and Audit Committee.

Members were informed of ongoing audit work which included the performance audit and the waste recycling service review.

The Governance and Audit Committee noted the update.

7. INTERNAL AUDIT SERVICES – UPDATE ON PROGRESS.

The Acting Internal Audit Manager presented the report which informed Members on progress being made against the audit plan and other unplanned work between the period 1st April 2022 and 31st December 2022, and to inform the Committee of the opinions derived from the work undertaken.

Members were referred to the status of all current audits as at 31st December 2022, which was shown in the appendices attached to the report, and noting that appendix 1 shows all completed and closed audits, including audit opinions.

Members were also advised that, where recommendations have been issued and agreed with Management in respect of individual audit reports, the progress towards implementation is reported separately to the Governance and Audit Committee.

A Member queried the current workload of the audit team and noted a high number of audits were still in progress. Members were advised that apart from 4 or 5 school audits that were due visits by the end of March 2023, the rest were self-assessments within schools. Members were also advised that the audit team were looking into the best way to audit the purchase cards system and currently these were included as individual audits. Members were assured that the workload was being monitored, and that additional resources had been put into the audit team within the past 12 months, with only one current vacancy outstanding, which is due to be filled in the next few months.

A Member clarified that in paragraph 2.1 of the report where it refers to June 2023, this should be June 2022.

The Governance and Audit Committee noted the content of the report.

8. CORPORATE RISK REGISTER (DECEMBER 2022) UPDATE.

The Business Improvement Manager presented the report to Members, which provides an opportunity for the Committee to satisfy itself that appropriate arrangements are in place for the Council's risk management processes to be regularly and robustly monitored and scrutinised. Members were advised that the report focuses on the Corporate Management Team update as of December 2022, in order to present the most recent information. Members were also informed that there are 18 risks on the risk register, 8 high risk, 9 medium risk and 1 low risk, with 8 new risks added since March 2022.

A Member sought clarification on the large amount of 'high risk' items and whether these were reducing or increasing. Members were advised that this figure includes the risks over the whole authority and has increased in the last 18 months. Members were referred to the risk guidance document on the Council's intranet, which would be circulated to members following the meeting.

A Member queried the process and definition of work undertaken and the level of risk defined as acceptable. Members were advised that determining the level of risk prepared to accept, depended on the nature of the risks and external factors, which currently include

capacity and resilience of staff.

The Governance and Audit Committee noted the content of the report.

9. REGULATOR RECOMMENDATION FOR IMPROVEMENT PROGRESS UPDATE.

The Business Improvement Manager presented the report which updated Members on progress of recommendations that have been made by all regulators since the last Governance and Audit Committee update, and to advise on any new proposals that have been added since that time.

Members were advised that the register was last updated and presented to the Governance and Audit Committee in March 2022. Since that time 6 new proposals have been added onto the register and no areas for consideration as part of the Well-being of Future Generations examination. Members were informed that there are currently 12 recommendations on the register with 6 new recommendations added, and 3 considered to be actioned and completed. Members were advised that, if agreed by the Governance and Audit Committee, this would leave 9 outstanding.

A Member sought clarification on where the assurances were considered to be and noted that the completion dates have already passed. Members were advised that the homelessness report is going to be presented to Members today, and will be included in the register, following the meeting. Members were also advised that in relation to the 'Springing Forward Assets' the new Head of Land and Property was appointed in December 2022 and the asset actions are to follow, including the new revised draft asset management strategy by April.

A Member clarified that in paragraph 5.12 of the report, where it refers to April 2022, this should be April 2023.

A Member queried whether the actions in the report could be cross-referenced with the risk register. Members were advised that this was a good proposal and would assist the Committee and CMT by bringing these both together.

Having considered the report, it was moved and seconded that the proposals noted as 'completed' within Appendix A be closed. By way of Microsoft Forms this was unanimously agreed.

RESOLVED that the proposals noted as 'completed' within Appendix A be closed.

10. SIX MONTH UPDATE ON CORPORATE COMPLAINTS RECEIVED FOR THE PERIOD 1ST APRIL 2022 TO 30TH SEPTEMBER 2022.

The Head of Democratic Services and Deputy Monitoring Officer presented the report which provided Members with an overview of the complaints dealt with under the Corporate Complaints policy for the six month period 1st April 2022 to 30th September 2022 together with the outcomes and lessons learned. Members were referred to the Corporate Complaints policy which was included in the report as appendix 1. Members were advised that the report would also be presented to a meeting of the Cabinet.

A Member clarified that the reference to an 'Assembly Member' on page 91 of the report should be 'Member of the Senedd'.

The Governance and Audit Committee noted the content of the report.

11. AUDIT WALES REPORT – HOMELESSNESS – CAERPHILLY COUNTY BOROUGH COUNCIL.

B. Roberts from Audit Wales introduced the Officer report and confirmed that the Audit Wales report would be circulated to Members following the meeting. Members were advised that Audit Wales had previously reported on how local authorities dealt with homelessness and that Councils had to consider how they deal with homelessness. Members were informed of the details of the Audit Wales report, which was undertaken in 2022, looking at the approach taken by the authority to prevent homelessness.

A Member noted that the Audit Wales report had not been circulated to Members prior to the meeting, in order for Members to fully understand the recommendations given and the management responses.

A Member sought clarification on second homes within the County Borough and the potential to increase the Council Tax on these properties, and to bring empty properties back into use, which could then assist in dealing with homelessness issues.

Members were advised that there is a current focus on the 'empty property action plan' for residential and commercial properties, with around 1300 empty properties in the borough. Members were also referred to the 'development investment strategy' which addresses the supply of new houses.

The Housing Solutions Manager presented the report which informed Members of the information held/findings and recommendations within the Audit Wales Report into Homelessness with the CCBC which was published in November 2022. Members were referred to the Audit Wales findings and recommendations contained within the Officers report.

Members were informed of the Rapid Rehousing Plan, which has been approved by Cabinet, and submitted to Welsh Government, which includes the reduction in use of temporary accommodation, and homelessness within the borough. Members were also made aware of proposed changes within the housing solutions team, which could include a family mediation officer, a landlord/tenant mediation officer, and a specialist domestic abuse co-ordinator, which would be joint funded in association with Llamau.

Members were also informed that the current offenders' pathway is being reviewed for those coming out of custody, with monthly meetings being held with the Police and Probation Service, working together towards the prevention of homelessness.

A Member noted that it had been difficult to give proper consideration to the homelessness report, as the Audit Wales report had not been received prior to the meeting. The Member sought clarification on the timescales within which the findings and recommendations of Audit Wales are to be achieved, and the financial constraints with overspends and the resources that need to be addressed. The Member proposed the deferral of this item to the next Governance and Audit Committee meeting to allow Members to receive and consider the Audit Wales report.

Members were advised that the financial issues referred to by Members have been addressed and are included in the draft budget proposals for 2023/24, and were informed

of the additional grant funding provided by the Welsh Government, together with the growth bid that has been approved by Cabinet. Members were also advised of the timescales within which the recommendations were to be achieved, and information would be circulated to Members after the meeting.

The Chair thanked Officers and Audit Wales for their presentation of the report, and the Governance and Audit Committee noted the content of the report.

12-14. INFORMATION ITEMS

It was confirmed that none of the following items had been called forward for discussion at the meeting, and the Committee noted the contents of the reports: -

- (i) Regulation of Investigatory Powers Act 2000;
- (ii) Officer's Declaration of Gifts and Hospitality April to June 2022;
- (iii) Officer's Declarations of Gifts and Hospitality July to September 2022.

The Chair thanked Members and Officers for their attendance and contributions and the meeting closed at 3.38 p.m.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 18th April 2023.

CHAIR

GOVERNANCE AND AUDIT COMMITTEE FORWARD WORK PROGRAMME

GOVERNANCE AND AUDIT COMMITTEE –18th APRIL 2023

TITLE	PURPOSE	KEY ISSUES	PRESENTING OFFICER
Audit Wales Caerphilly CBC Annual Audit Summary 2022			Audit Wales
Audit Wales Audit of Accounts Addendum Report			Audit Wales / S Harris
Audit Wales Caerphilly CBC Outline 2023 Audit Plan			Audit Wales
Internal Audit Services Annual Audit Plan 2023/24			D Gronow
Update on Internal Audit Report Recommendations			D Gronow
INFORMATION ITEMS			
Regulation of Investigatory Powers Act 2000			L. Lane
Officers Declarations of Gifts and Hospitality	To provide the Governance and Audit Committee with the information regarding the Register of Employees' Interests Forms completed by officers of the Council (excluding Schools) regarding		L. Donovan

	Gifts and Hospitality for the last quarter and a comparison with the previous three quarters.		
--	---	--	--

GOVERNANCE AND AUDIT COMMITTEE –30th MAY 2023

TITLE	PURPOSE	KEY ISSUES	PRESENTING OFFICER
Update from Audit Wales (Standing Item)			Audit Wales
Internal Audit Year-end report and Annual Opinion			D Gronow
Draft Annual Governance Statement			S Harris
Corporate Risk Register Monitoring and update			R Roberts
Regulator proposals for improvements progress update			R Roberts
INFORMATION ITEMS			
Regulation of Investigatory Powers Act 2000			L. Lane

Officers Declarations of Gifts and Hospitality	To provide the Governance and 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 last quarter and a comparison with the previous three quarters.		L. Donovan
Corporate Governance Panel Minutes			D. Gronow

GOVERNANCE AND AUDIT COMMITTEE – DATE TO BE CONFIRMED

TITLE	PURPOSE	KEY ISSUES	PRESENTING OFFICER
Update from Audit Wales (Standing Item)			Audit Wales
Annual review of Complaints 2022/23			L Lane
Public Sector Internal Audit Standards Self Evaluation update			D. Gronow
Review and Refresh of Financial Regulations			S. Harris/D. Gronow
INFORMATION ITEMS			
Regulation of Investigatory Powers Act 2000			L. Lane

Officers Declarations of Gifts and Hospitality	To provide the Governance and 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 last quarter and a comparison with the previous three quarters.		L. Donovan
Corporate Governance Panel Minutes			D. Gronow

Caerphilly County Borough Council Annual Audit Summary 2022

This is our audit summary for Caerphilly County Borough Council. It shows the work completed since the last Annual Audit Summary, which was issued in January 2022. Our audit summary forms part of the Auditor General for Wales' duties.



More information about these duties can be found on our [website](#).

About the Council

Some of the services the Council provides



Key facts

The Council is made up of 69 councillors who represent the following political parties:

- Labour 45
- Plaid Cymru 17
- Independent 7

The Council spent £352.3 million on providing services¹ during 2021-22².

As at 31 March 2022, the Council had £177.3 million of useable financial reserves³. This is equivalent to 50.3% of the Council's annual spending on services⁴.

¹ We define spending on services as the cost of services charged to the general fund from the Expenditure Funding Analysis, less any Housing Revenue Account cost of services, plus precepts, levies and debt interest.

² Source: 2021-22 Statement of Accounts

³ We define useable financial reserves as reserves usable for revenue costs, where the purpose is not protected by law. This is the total of the general fund, earmarked reserves and schools' balances. It excludes Housing Revenue Account reserves, capital receipts and capital grants unapplied.

⁴ Source: 2021-22 Statement of Accounts

Key facts

Caerphilly has 10% of its 110 areas considered to be within the most-deprived 10% of areas in Wales, this is the ninth highest of the 22 unitary councils in Wales⁵.

The population of Caerphilly County Borough is projected to increase by 2% between 2020 and 2040 from 181,600 to 184,300, including an 8% decrease in the number of children, a 4% decrease in the number of the working-age population and a 26% increase in the number of people aged 65 and over⁶.

The Auditor General's duties

We completed work during 2021-22 to meet the following duties

- **Audit of Accounts**

Each year the Auditor General audits the Council's financial statements to make sure that public money is being properly accounted for.

- **Value for money**

The Auditor General examines whether the Council has put in place arrangements to get value for money for the resources it uses, and he has to be satisfied that it has done this.

- **Sustainable development principle**

Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

⁵ An area in this context is defined as a 'Lower Super Output Area'. Source: Stats Wales

⁶ Source: Stats Wales

What we found

Audit of Caerphilly County Borough Council's 2021-22 Accounts



To meet the Auditor General's duties, we complete specific projects, but we also rely on other audit work, and the work of regulators such as Care Inspectorate Wales and Estyn (the education inspectorate). We take the findings of our audit work into account when assessing whether the Council has put in place arrangements to secure value for money. Our findings and conclusions are summarised below.

Each year we audit the Council's financial statements.

For 2021-22:

- the Auditor General gave an unqualified true and fair opinion on the Council's financial statements on 18 January 2023, some six months after the statutory deadline of 31 July, but ahead of the Welsh Government's revised 2021-22 deadline of 31 January 2023.
- the Auditor General also certified that he has completed the audit of the 2021-22 financial statements.
- the Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were consistent with the financial statements prepared by the Council and with our knowledge of the Council.
- the quality of the draft statements presented for audit on 15 July 2022 was generally good. We will be reporting a number of audit recommendations for improvement to some of the Council's controls and accounting processes.
- a number of changes were made to the Council's financial statements arising from our audit work. We presented our Audit of Accounts Report to the Governance and Audit Committee on 10 January 2023 and to full Council on 17 January 2023. We will be making some audit recommendations for improvement, which the Council's Governance and Audit Committee will consider in April 2023.
- in addition to the Auditor General's responsibilities for auditing the Council's financial statements, he also has responsibility for the certification of six grant claims, and one charitable account for which the Council is the corporate trustee. Our work to date has not identified any significant issues on the grant claims. We do have a proposed qualification on the 2021-22 charity account, which repeats a qualification on the previous year's 2020-21 account.

Assurance and risk assessment review

We reviewed the arrangements the Council has put in place to secure value for money in the use of its resources. Our work focused on the following aspects of the Council's arrangements:

- The Local Government and Elections Act (Wales) 2021 and self-assessment arrangements
- Financial position
- Carbon reduction plans

Our findings from this work are set out in our [Assurance and Risk Assessment report](#).

Springing forward review – assets and workforce

During 2021-22, we examined how councils are strengthening their ability to transform, adapt and maintain the delivery of services. Our work focused on the Council's strategic management of its assets and workforce. We found that:

- in driving forward its intended significant changes to assets, informed by its experiences of the pandemic, the Council requires a longer-term approach; and
- the Council's Transformation Strategy prioritises Workforce Development, and the Council maintains a good overview of its current workforce challenges, but recognises it needs to apply the sustainable development principle to strengthen its workforce planning.

The [full assets report](#) and the [full workforce report](#) were published in August 2022.

Homelessness

We reviewed how the Council is adapting its strategic intent to deliver a long-term sustainable preventative approach, with a key area of focus for the review being to explore how it works with its partners to deliver its homelessness ambitions. We found that tackling homelessness is an important priority for the Council. However, it has yet to fully develop a sustainable and preventative approach to achieve this. There are many complex and difficult issues facing the homeless in Caerphilly and, while the Council is aware of them, its plans to address these issues are yet to be fully implemented. The Council has positive relationships with many of its partners, and some have identified areas that could be improved further to help prevent and reduce homelessness where the Council has yet to take action. The [full report](#) was published in December 2022.

Other inspectorates

We also took into account the reports of Care Inspectorate Wales (CIW) and Estyn as well as any subsequent actions taken by the Council in response. CIW and Estyn did not undertake an inspection of Local Government Social Services and Education Services in Caerphilly during 2021-22.

Local government studies

As well as local work at each council, each year we also carry out studies across the local government sector to make recommendations for improving value for money. Since the last annual improvement report, we have published the following reports:

Joint working between Emergency Services (January 2022)

This report examines whether emergency services in Wales are working more closely together to make better use of resources. Joint working across emergency services to make best use of resources is not a new concept. Emergency services have been working closely together to provide a better service to the public for many years. Innovative partnership initiatives have saved money, reduced local response times and have contributed to protecting the public. Despite this, there are growing expectations from government policy and legislation that collaboration needs to happen more deeply and quickly to ensure front line services can meet the challenges facing 21st century Wales. Overall, we concluded that blue light emergency service collaboration is slowly growing but requires a step change in activity to maximise impact and make the best use of resources.

Direct Payments (April 2022)

Direct Payments are an alternative to local-authority-arranged care or support and can help meet an individual's or a carer's need. They aim to give people more choice, greater flexibility and more control over the support they get. Our report looked at how Direct Payments help sustain people's wellbeing and whether they are improving quality of life. We also looked at how local authorities manage and encourage take up of Direct Payments and whether these services present value for money. We found that Direct Payments are highly valued, with the people we surveyed acknowledging that they help them remain independent. But we also found that managing and supporting people to use Direct Payments varies widely resulting in service users and carers receiving different standards of service.

'Time for Change' – Poverty in Wales (November 2022)

Poverty in Wales is not a new phenomenon and tackling poverty, particularly child poverty, has been a priority for both the Welsh Government and councils in Wales. The current cost-of-living crisis means that more people are being affected and families who have been living comfortably are moving into poverty for the first time. Many of the levers that could be used to alleviate poverty are outside of Wales's control. The Welsh Government adopted a Child Poverty Strategy in 2011, but this is out of date and the target to eliminate child poverty by 2020 was dropped. Councils and partners are prioritising work on poverty, but the mix of approaches and a complicated partnership landscape mean that ambitions, focus, actions, and prioritisation vary widely. The Welsh Government makes significant revenue funding available but, due to the complexity and nature of the issues, the total level of spend is unknown, and no council knows the full extent of its spending on alleviating and tackling poverty. The short-term nature of grant programmes, overly complex administration, weaknesses in guidance and grant restrictions, and difficulties spending monies means that funding is not making the impact it could. Councils find it hard to deliver preventative work because of the sheer scale of demand from people in crisis.

‘A missed Opportunity’ – Social Enterprises (December 2022)

Social Enterprises sit between the public and private sectors. They apply commercial strategies to maximise improvements in financial, social and environmental well-being, often for individual groups in society, defined communities or geographical areas. Social enterprise work in every sector of the Welsh economy and in all parts of the country and are increasingly prominent in Welsh Parliament legislation. While local authorities claim they value Social Enterprises, few have mapped their activity and most authorities do not know the scale of provision within their area. Less than a third of local authorities consider themselves to have a proactive and supportive relationship with Social Enterprises and none have a dedicated strategy or policy that charts how they intend to promote and grow the sector. As a result, local authorities are missing out on the potential for Social Enterprises to help deliver services that can improve people’s quality of life. Current procurement and commissioning arrangements often unintentionally discourage Social Enterprises to engage because they are overly bureaucratic. Social value – the added value that commissioning processes can deliver – does not feature as a key driver for many local authorities. Most local authorities are not delivering their responsibilities under the Social Services and Wellbeing (Wales) Act 2014 and effectively promoting Social Enterprises.

‘Together we can’ – Community resilience and self-reliance (January 2023)

At a time when there is likely to be further reductions in public spending, local authorities are showing an increasing interest in encouraging and growing community resilience; equipping people to do more for themselves and be less reliant on the state. While 19 of the 22 local authorities are prioritising community resilience, too often the work is poorly defined and the actions that underpin plans are narrowly focussed. Given the societal, financial and demographic challenges facing Wales there is a need to scale and speed up activity. Capacity, resources and skills are scarce, people are facing tougher choices and struggling to cope with the cost-of-living crisis. Communities and local authorities themselves also have different abilities and are starting from different places with their own unique challenges to overcome. We highlight positive practice and examples of how others are seeking to address the challenge of enabling people to be less reliant on local authority services and how they are supporting and enabling this transition.

Planned work for 2022-23

We also looked at the key challenges and opportunities facing the Council. These could have an effect on the Council's ability to meet its legal obligations in relation to the sustainable development principle and the use of its resources.

Our planned work for 2022-23 includes:

- Assurance and risk assessment including a focus on the:
 - Financial position
 - Capital programme management
 - Use of performance information – with a focus on service user feedback and outcomes
 - Setting of well-being objectives
- Thematic review – unscheduled care. This review covers the health and local government sectors
- Thematic review – digital
- Waste and Recycling performance

The Auditor General is independent of government and was appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the Senedd.

The Auditor General audits local government bodies in Wales, including unitary authorities, police, fire and rescue authorities, national parks, and community councils. He also conducts local government value for money studies, assesses compliance with the remaining requirements of the Local Government (Wales) Measure 2009 and may undertake special inspections under the Local Government and Elections (Wales) Act 2021.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Senedd Commission, and National Health Service bodies in Wales.

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities with their own legal functions, as described above. Audit Wales is not a legal entity.

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.



GOVERNANCE AND AUDIT COMMITTEE - 18TH APRIL 2023

SUBJECT: AUDIT WALES AUDIT OF ACCOUNTS ADDENDUM REPORT

REPORT BY: HEAD OF FINANCIAL SERVICES AND S151 OFFICER

--

1. PURPOSE OF REPORT

1.1 To present the Governance and Audit Committee with the Audit Wales 'Audit of Accounts Addendum Report' for the 2021/22 financial year.

2. SUMMARY

2.1 At its meeting on the 10th of January 2023, the Governance & Audit Committee received the Audit Wales 'Audit of Accounts Report' which stated that it was the Auditor General's intention to issue an unqualified audit opinion on the 2021/22 Financial Accounts.

2.2 The 2021/22 Financial Accounts were endorsed by the Governance & Audit Committee and were subsequently approved by Council on the 17th of January 2023, and then certified by the Auditor General on the 18th of January 2023, with an unqualified audit opinion.

2.3 At its meeting on the 10th of January 2023, the Governance & Audit Committee was also asked to note that an 'Audit of Accounts Addendum Report' would be issued following approval of the 2021/22 Financial Accounts, setting out details of Audit Wales recommendations arising from the audit of the accounts and the associated management responses.

2.4 The 'Audit of Accounts Addendum Report' is attached at Appendix 1.

3. RECOMMENDATIONS

3.1 The Governance and Audit Committee is asked: -

3.1.1 To note the content of the 'Audit of Accounts Addendum Report', the recommendations arising, and the associated management responses.

3.1.2 To note that a mid-year progress report on addressing the recommendations will be presented to the Committee.

4. REASONS FOR THE RECOMMENDATIONS

4.1 To ensure that the Committee is informed of the Audit Wales recommendations arising from the audit of the accounts and the associated management responses.

- 4.2 To ensure that arrangements are in place for the Committee to monitor progress in addressing the recommendations raised.

5. THE REPORT

- 5.1 The Audit Wales 'Audit of Accounts Addendum Report' (Appendix 1) sets out the recommendations arising from the audit of Caerphilly CBC's 2021/22 Financial Accounts, and also provides an update on management's progress with implementing past recommendations.
- 5.2 Nine new recommendations have been raised in respect of the 2021/22 financial year in the 'Audit of Accounts Addendum Report', eight of which have been fully accepted by management, with one being partially accepted. The management responses to each of the recommendations are detailed in the report.
- 5.3 Eleven recommendations were raised for the previous financial year (2020/21) and seven of these have since been implemented by management. Steps will be taken to ensure that the remaining four recommendations are fully addressed, along with 2 recommendations that are not yet fully completed from the 2019/20 financial year.
- 5.4 The Governance & Audit Committee will be presented with a mid-year progress report that will provide an update on addressing all recommendations.

Conclusion

- 5.5 The 2021/22 Financial Accounts were approved by Council on the 17th of January 2023, and they were subsequently certified by the Auditor General on the 18th of January 2023, with an unqualified audit opinion.
- 5.6 The Audit Wales 'Audit of Accounts Addendum Report' report was subsequently issued setting out details of recommendations arising from the audit of the 2021/22 Financial Accounts, and management has provided responses to those recommendations.
- 5.7 The Governance & Audit Committee will be presented with a mid-year progress report that will provide an update on addressing the 2021/22 recommendations and those outstanding from previous years.

6. ASSUMPTIONS

- 6.1 There are no assumptions in this report.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 An Integrated Impact Assessment is not required as the 'Audit of Accounts Addendum Report' does not require a change of policy or strategy.

8. FINANCIAL IMPLICATIONS

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

9. PERSONNEL IMPLICATIONS

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

10. CONSULTATIONS

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

11. STATUTORY POWER

11.1 Accounts and Audit (Wales) Regulations 2014 (As Amended).

Author: Stephen Harris, Head of Financial Services and S151 Officer
Tel: 01443 863066 E-mail: harrisr@caerphilly.gov.uk

Consultees: Richard Edmunds, Corporate Director for Education and Corporate Services
(Email: edmunre@caerphilly.gov.uk)
Andrew Southcombe, Finance Manager, Corporate Finance
(Email: southak@caerphilly.gov.uk)
Nicola Roberts, Group Accountant, Financial Development and Control
(Email: robernj@caerphilly.gov.uk)
Rhiann Williams, Group Accountant, Treasury and Capital
(Email: willirh@caerphilly.gov.uk)

Appendices:

Appendix 1 – Audit of Accounts Report Addendum – Caerphilly County Borough Council

Background Papers:

[Governance and Audit Committee \(10/01/23\) – Financial Statements for 2021/22](#)

[Council \(17/01/23\) - Financial Statements for 2021/22](#)

Gadewir y dudalen hon yn wag yn fwriadol

Audit of Accounts Report Addendum – Caerphilly County Borough Council

Audit year: 2021-22

Date issued: March 2023

Document reference: 3428A2023

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

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@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.

Contents

Audit of Accounts Report Addendum	
Introduction	4
Recommendations from this year's audit	4
Recommendations from previous years' audits	16

Audit of accounts report addendum

Introduction

- 1 This report is an addendum to our Audit of the Accounts Report, which we presented to the Governance and Audit Committee and full Council in January 2023. The report sets out the recommendations arising from our audit of the 2021-22 accounts and provides an update on management's progress with implementing past recommendations.

Recommendations from this year's audit

- 2 The report sets out our recommendations for improvement and management's responses. The report should be considered by the Governance and Audit Committee, and wider within the Authority as deemed necessary by members or management.
- 3 **Exhibits 1 to 9** set out our audit findings and recommendations, together with management's responses.

Exhibit 1: matter arising 1

Matter arising 1 – extended valuations of the Council's buildings was necessary for 2021-22, and is likely to be necessary for 2022-23, due to the high level of inflation

Findings	<p>As a result of our audit considerations around the high inflation rates during 2021-22, the Council was required to extend its professional valuation of its buildings. This action was particularly relevant for the Council's buildings that are valued on a depreciated-replacement-cost (DRC) basis. This basis evaluates the current cost of constructing a building, to the same condition, at the financial year-end. As the DRC basis is centred on current costs of construction, the valuation can be significantly affected by high movements in inflation.</p> <p>High inflation has continued throughout 2022-23 and the accounting risk therefore remains relevant to the valuation of buildings as at 31 March 2023. This area will be a key part of our 2022-23 audit.</p>
Recommendation	<p>The Authority should review all its assets and their last valuations and ensure that their current value as at 31 March 2023 is appropriate.</p>

Matter arising 1 – extended valuations of the Council’s buildings was necessary for 2021-22, and is likely to be necessary for 2022-23, due to the high level of inflation

Accepted in full by management	The Authority accepts that a high inflation environment can impact upon the value of its assets.
Management response	The Authority will undertake a materiality review/assessment of its asset base in conjunction with its internal valuers and revalue any asset categories that are anticipated to have materially changed since the last valuation date.
Implementation date	2022-23 Financial Statements.

Exhibit 2: matter arising 2

Matter arising 2 – like many councils across the UK, remedial work is required to improve the financial records that underpin the accounting for road assets	
Findings	As reported to Members in January 2023 in our Audit of Accounts Report, the Council has taken advantage of a temporary statutory relief that permits reduced accounting disclosures for infrastructure (road) assets. The temporary relief is applicable for the financial years up to and including 2024-25. The relief is intended to give councils sufficient time to tackle their information deficits; and prepare robust financial information to support accurate accounting of the Council’s roads.
Recommendation	The Council should prioritise the remedial work needed to obtain and construct robust underlying records for its road assets. As part of this process, when appropriate the Council should engage with us for an audit view on any key issues that arise.
Accepted in full by management	The Authority accepts that a review is required of its current infrastructure assets in its balance sheet and the underlying records supporting those balances.
Management response	The Authority will fully review its infrastructure assets carried in the balance sheet and implement appropriate robust financial records to support these balances going forward. The Authority will engage fully with Audit Wales throughout this process to ensure the records support the balance sheet.
Implementation date	2024-25 Financial Year.

Exhibit 3: matter arising 3

Matter arising 3 – the high level of nil net-book-value fixed assets	
Findings	<p>We found that the Council’s fixed-asset-register (FAR) held assets that had a gross value of £35 million, which had been fully depreciated and therefore had nil net-book-values (NBVs).</p> <p>The high level of nil NBV assets increased the risk of many assets being obsolete or disposed, but nonetheless incorrectly remaining in the FAR.</p> <p>Our audit testing, and extended work by the Council’s finance officers, established that of the £35 million, assets totalling £17.1 million were no longer used or owned by the Council.</p> <p>The assets totalling £17.1 million were removed from the FAR and corrected on a prior-year basis within the 2021-22 financial statements, as reported to Members in January 2023 in our Audit of Accounts Report.</p>
Recommendation	<p>At the financial year-end the Council should thoroughly review all assets with nil net-book-values to identify those that are no longer used or have been disposed.</p> <p>The Council should also strengthen its in-year procedures and ensure that the notification process by all departments to the central finance team, for obsolete or disposed assets, is fit for purpose.</p>
Accepted in full by management	Agreed.
Management response	The Authority will formally review all fully depreciated assets for continued existence and operational capacity.
Implementation date	2022-23 Financial Statements.

Exhibit 4: matter arising 4

Matter arising 4 – lack of review and authorisation of journals, prior to posting	
Findings	<p>As reported in some of the past audits, the Council permits no review of certain types of journals. For example, journals that have a value below £100,000 can be posted by the preparer, with no review. We had understood that corporate finance officers should not prepare and post their own journals, without prior review and authorisation. However, we found instances where material journals had been posted and authorised by the same corporate finance officer.</p> <p>Officers told us that certain users are considered to be 'authorising officers' who can self-review their journal postings if they exceed the £100,000 limit. Officers also told us that period 14 financial accounting journals are reviewed by the Finance Manager or Group Accountant, prior to posting to the ledger, but that the process is recorded via email and hence outside the financial ledger system.</p>
Recommendation	<p>The Council should review its process for the authorisation of journals and make changes to strengthen the controls, including the level of review prior to posting to the financial ledger.</p> <p>The Council should also introduce and distribute clear guidance to all relevant officers.</p>
Accepted in full by management	<p>Not fully. We will retain and reinforce the £100,000 authorisation limit.</p>
Management response	<p>Moving forward arrangements will be put in place to ensure that all journals over the £100,000 authorisation limit will require two officers to process and authorise the journals. The self-review of journals processed by Authorising Officers will no longer be permitted in the processing of journals over £100,000. If a journal is processed by an Authorising Officer, it will be reviewed and approved by another Authorising Officer in that authorisation group.</p>

Matter arising 4 – lack of review and authorisation of journals, prior to posting

	Revised guidance on the processing and authorisation of journals will be issued to relevant staff.
Implementation date	2023-24 Financial Year.

Exhibit 5: matter arising 5

Matter arising 5 – the Council has not reconciled its revaluation reserve to its fixed asset register	
Findings	<p>We review the Council’s reconciliation of its revaluation reserve to its fixed asset register (Logotech). The reconciliation is required to verify that the revaluation reserve equals the difference between historic cost and current value of fixed assets, as at 31 March 2022.</p> <p>However, we found that the Council does not routinely reconcile the two sources of accounting data; and we established that there was a difference of £32.119 million as at 31 March 2022.</p> <p>This finding resulted in a correcting audit adjustment between the revaluation reserve and the capital adjustment account, which we reported to Members in January 2023 in our Audit of Accounts Report.</p>
Recommendation	<p>The Council should undertake and document a reconciliation of its revaluation reserve to its Logotech fixed asset register at least annually, at the financial year-end.</p>
Accepted in full by management	<p>Agreed.</p>
Management response	<p>The Authority will review and document its reconciliation between the revaluation figures in its Fixed Asset Register and the balance on the Revaluation Reserve carried in its balance sheet.</p>
Implementation date	<p>2022-23 Statement of Accounts.</p>

Exhibit 6: matter arising 6

Matter arising 6 – aspects of Internal Audit’s high-level reporting to the Governance and Audit Committee are weak	
Findings	<p>We noted that Internal Audit does not provide the Governance and Audit Committee (GAC) with a detailed Audit Plan that sets out the intended audits for the financial year ahead. Such a plan is important for the GAC Members to consider and question in committee.</p> <p>Due to the lack of a detailed Audit Plan (set out by audit), Internal Audit is unable to provide progress reports to GAC Members throughout the financial year, which set out the progress with, or changes to, each planned piece of audit work.</p>
Recommendation	<p>The Council should strengthen the reporting to the Governance and Audit Committee in respect of Internal Audit’s planned audits, and progress with them during the financial year.</p>
Accepted in full by management	<p>Agreed.</p>
Management response	<p>A more detailed plan will be provided to the Committee showing planned audits and allocated resources together with allocations for other audit work such as advice and guidance, overheads and a contingency for unforeseen/unplanned work.</p>
Implementation date	<p>2023-24 Financial Year.</p>

Exhibit 7: matter arising 7

Matter arising 7 – the Council stopped its monthly reconciliation of control account '9060 External Investments'	
Findings	<p>We found that the Council had not reconciled control account '9060 External Investments' during most of 2021-22, which we understand has continued into 2022-23 as well. Officers told us that they had temporarily stopped the reconciliations due to staff shortages.</p>
Recommendation	<p>The Council should recommence the monthly reconciliation of control account 9060. Where significant staff shortages are expected to affect the operation of key controls, any temporary arrangements should be assessed by officers, approved by the Section 151 Officer, and notified to auditors so that they can consider the impact of the changes on their audits.</p>
Accepted in full by management	<p>The holding account reconciliation was completed at year end rather than monthly.</p>
Management response	<p>The Authority will review the continued requirement for this holding account in 2023-24. As part of this review, the posting of investments directly to the balance sheet will be considered.</p> <p>If following the review it is concluded that the holding account is still required, then steps will be taken to reinstate monthly reconciliations.</p>
Implementation date	<p>2023-24 Financial Year.</p>

Exhibit 8: matter arising 8

Matter arising 8 – inaccurate disclosure of the maturity analysis of the Council’s borrowings	
Findings	We found that the Council’s disclosed maturity-analysis of its borrowings was incorrect. We had a similar finding the previous year, for 2020-21. The total value of the corrections for 2021-22 totalled £75.2 million, as reported to Members in January 2023 in our Audit of Accounts Report.
Recommendation	The Council should strengthen its arrangements so that its maturity-analysis of borrowings is correct each year.
Accepted in full by management	Agreed.
Management response	All working papers in respect of the Authority’s maturity-analysis of borrowings will be reviewed prior to the information being disclosed.
Implementation date	2022-23 Statement of Accounts.

Exhibit 9: matter arising 9

Matter arising 9 – the Council’s business continuity plans are overdue a thorough review and update	
Findings	<p>We established that the Council has not updated its Corporate Business Continuity Plan (CBCP) since 2016 and it is therefore likely to be out of date.</p> <p>We also established that while the CBCP refers to underlying Service Area Continuity Plans (SACPs), such a plan does not exist for the Corporate Finance service area. We did not seek to establish whether the Council’s other service areas have SACPs. There is the risk that they do not exist, or they exist but their review is overdue.</p>
Recommendation	<p>The Council should review its Corporate Business Continuity Plan, and its underlying Service Area Continuity Plans, and strengthen them where required. The reviews and updates should include an assessment of the impact of losing key IT systems, and how essential services would continue to be delivered during an IT absence.</p>
Accepted in full by management	<p>Agreed.</p>
Management response	<p>The Authority’s Corporate Business Continuity arrangements have been strengthened considerably in recent years, most notably in relation to our agile working arrangements. Additional resources have been allocated and the intention is to review the Corporate Business Continuity Plan within the next year. The Council’s Digital Services team have put a number of arrangements in place to strengthen the resilience of our systems with measures to defend against evolving cyber threats, to respond effectively to incidents, and to ensure networks, data and systems are protected and resilient as set out in the Council’s adopted Cyber Security Strategy. In 2022 the Council also undertook a planning exercise for delivery of services in the event of a complete absence of IT.</p>

Matter arising 9 – the Council’s business continuity plans are overdue a thorough review and update

A service specific Business Continuity Plan will also be drafted for Corporate Finance, and this will reflect changes in working practices arising from key financial systems moving to the Cloud.

Implementation date

2023-24 Financial Year.

Recommendations from previous years' audits

- 4 We raised 11 recommendations last year, all of which were accepted by management. We can confirm that management has implemented 7 of the 11 accepted recommendations.
- 5 **Exhibit 14** sets out the 6 recommendations that management has not implemented by the dates that were agreed last year and in 2019-20. We comment below on the progress that management has made thus far.

Exhibit 14: progress against last year's recommendations

Audit Year	Recommendation	Progress
2019-20	<p>Matter 15 - IT general controls</p> <p>A number of recommendations have been made following the review and have been shared with management. Given the sensitivities around IT, we do not report the specific details of these within our Audit Findings Report. However, a high-level summary of key issues identified has been included below:</p> <ul style="list-style-type: none"> • significant segregation of duties conflicts and lack of organisational structure charts; • lack of controls around user access management and monitoring; and • lack of controls for reconciling data transmissions between the core financial system and subsidiary systems. 	<p>While management has made some progress with last year's recommendation, parts of the first bullet point and bullet point 2 remain outstanding.</p> <p>We understand that some of the finance systems will be replaced in the coming two years, which should take account of our recommendations in this area.</p>
2019-20	<p>Matter arising 22 – Statement of Cash Flows</p> <p>Due to some errors in the Statement of Cash Flows over the last few years it was recommended the Council use the CIPFA Cashflow Toolkit (which it</p>	<p>The Council did not use the CIPFA Cashflow Toolkit, to produce the 2021/22 draft accounts. However, there were a number of misstatements identified from audit testing, which meant the</p>

	has already purchased) to produce the statement in future years.	Council did use the toolkit to re-draft the statement and subsequent notes. The toolkit is also to be used for the 2022-23 accounts.
2020-21	<p>Matter arising 2 – weaknesses in the quality and timeliness of the working papers supporting the draft accounts</p> <p>The Council should provide all working papers to a high standard and in accordance with the agreed dates.</p> <p>We will continue to work with finance officers to improve the process and documentation for 2021-22.</p>	<p>The timeliness of the Council's accounts and working papers did not improve significantly for 2021-22.</p> <p>Only some of the working papers (as agreed in Audit Deliverables Document) were available at the start of the audit.</p> <p>Some of the areas that were not received included bank reconciliations, property, plant and equipment, investments and borrowings; and working papers to support debtors, creditors and income and expenditure, which we required to select our initial samples.</p> <p>In terms of the quality of the working papers, some areas had improved (for example the bank reconciliations), but we still had working papers that did not agree to the accounts; and many spreadsheet-based working papers had figures typed into cells rather than the user of formula and automated links.</p>
2020-21	<p>Matter arising 8 – invalid capital commitment</p> <p>The Council should strengthen its accounting process for the assessment of capital commitments, by requiring officers to verify that each commitment meets the criteria set out by the CIPFA Code.</p>	<p>The Council had not reviewed their capital commitment process for 2021-22. We again identified a disclosed commitment (for £10 million) that was invalid.</p>

2020-21	<p>Matter arising 9 – overstatement of the future minimum lease lessor-income</p> <p>The Council should strengthen its accounting process to ensure that it correctly identifies and quantifies minimum future receipts due to the Council as a lessor.</p>	<p>The Council had not reviewed their process to identify future minimum lease payments in 2021-22. We again identified a number of misstatements in the relevant note to the accounts.</p>
2020-21	<p>Matter arising 11 – the disclosure of financial instruments, investments and borrowings is unnecessarily complex and confusing</p> <p>The Council should simplify its disclosure of financial instruments, and investments and borrowings, to ensure that there is a meaningful and easily identifiable link from the supporting notes to the primary statements.</p> <p>We will work with finance officers to improve the format and content of these areas for 2021-22.</p>	<p>While the Council had made some improvements, the disclosures remain unnecessarily complex.</p>



Audit Wales

24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

Caerphilly County Borough Council

Outline 2023 Audit Plan

Page 43

Date issued: March 2023



1

This document has been prepared as part of work performed in accordance with statutory functions. Further information can be found in our [Statement of Responsibilities](#).

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities each with their own legal functions. Audit Wales is not a legal entity and itself does not have any functions.

No responsibility is taken by the Auditor General, the staff of the Wales Audit Office or, where applicable, the appointed auditor in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales, the Wales Audit Office and, where applicable, the appointed auditor are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@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.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

About Audit Wales

Our aims:

Assure



the people of Wales
that public money is
well managed

Explain



how public money
is being used to
meet people's
needs

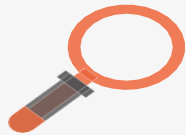
Inspire



and empower the
Welsh public sector
to improve

Page 45

Our ambitions:



Fully exploit our
unique perspective,
expertise and
depth of insight



Strengthen our
position as an
authoritative,
trusted and
independent voice



Increase our
visibility,
influence and
relevance



Be a model
organisation for the
public sector in
Wales and beyond

Contents

Introduction	5
Fees and audit team	7
Audit timeline	8
Audit quality	9
Appendix 1 – key changes to ISA315 and impact	10

Page 46

Introduction

This Outline Audit Plan specifies my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice. It also sets out details of my audit team and key dates for delivering my audit team's activities and planned outputs. I intend sharing a Detailed Audit Plan later in the year following the completion of my planning work. It will set out my estimated audit fee and the work my team intends undertaking to address the audit risks identified and other key areas of audit focus during 2023.



Adrian Crompton
Auditor General for
Wales

My audit responsibilities

Page 47

I complete work each year to meet the following duties:

- I audit the Council's statutory financial statements to make sure that public money is being properly accounted for;
- the Council must put in place arrangements to get value for money for the resources it uses, and I must be satisfied that it has done this; and
- the Council needs to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives, and I must assess the extent to which they are doing this.

Financial audit work

I am required to issue a certificate and report on your financial statements which includes an opinion on their 'truth and fairness'. I also assess whether the Narrative Report and Annual Governance Statement are prepared in line with the CIPFA Code and relevant guidance; and are consistent with your financial statements and my knowledge of the Council.

In addition to my responsibilities for auditing the Council's financial statements, I also have responsibility for:

- responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary);
- the audit of charity accounts of the Blackwood Arts Centre; and
- the certification of numerous grant claims, as required by the funding bodies.

I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to you in my Detailed Audit Plan.

I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#).

Performance audit work

I carry out a programme of performance audit work to discharge my duties as Auditor General in relation to value for money and sustainable development.

My local performance audit programme will continue to be delivered through a combination of an Assurance and Risk Assessment Project, bespoke local projects and thematic projects examining risks common to all councils.

Fees and audit team

In January 2023 I published the fee scheme for the year, approved by the Senedd Finance Committee. This sets out my fee rates and also highlights the impact of the revised auditing standard ISA 315 on my financial audit approach. More details of the revised auditing standard and what it means for the audit I undertake is set out in **Appendix 1**.

I will write to you separately with an estimate of your fee, which will also be included in my Detailed Audit Plan following completion of my detailed risk assessment.

Your engagement team:

Anthony Veale	Engagement Director & Audit Director Financial Audit
Gary Emery	Audit Director (Performance Audit)
Mark Jones	Audit Manager (Financial Audit)
Tim Buckle	Audit Manager (Performance Audit)
Rhodri Davies	Audit Lead (Financial Audit)
Bethan Roberts	Audit Lead (Performance Audit)

We confirm that our audit team members are all independent of the Council and your officers.

Audit timeline

We set out below key dates for delivery of our audit work and planned outputs.

Planned output	Work undertaken	Report finalised
Outline Audit Plan 2023	March 2023	March 2023
Detailed Audit Plan 2023	July to August 2023	August 2023
Financial audit work: <ul style="list-style-type: none"> • Audit of Financial Statements Report; • Opinion on the Financial Statements; and • Audit of Financial Statements Addendum Report. 	July to November 2023	November 2023 December 2023
Performance audit work: <ul style="list-style-type: none"> • Assurance and risk assessment; • Thematic review – commissioning and contract management; • Thematic review – financial sustainability in local government; • Transformation; and • Counter Fraud and whistleblowing. 	Timescales for individual projects will be discussed with you and detailed within the specific project briefings produced for each audit.	
2023 Annual Audit Summary	Throughout 2023	January 2024

Audit quality

My commitment to audit quality in Audit Wales is absolute.

I believe that audit quality is about getting things right first-time.

We use a three lines of assurance model to demonstrate how we achieve this.

We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by QAD¹ and our Chair acts as a link to our Board on audit quality. For more information see our [Audit Quality Report 2022](#).



Our People

The first line of assurance is formed by our staff and management who are individually and collectively responsible for achieving the standards of audit quality to which we aspire.

- Selection of right team
- Use of specialists
- Supervisions and review



Arrangements for achieving audit quality

The second line of assurance is formed by the policies, tools, learning & development, guidance, and leadership we provide to our staff to support them in achieving those standards of audit quality.

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support



Independent assurance

The third line of assurance is formed by those activities that provide independent assurance over the effectiveness of the first two lines of assurance.

- EQCRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

¹ QAD is the Quality Assurance Department of ICAEW.

Appendix 1 - the key changes to ISA315 and the potential impact on your organisation

Page 52

Key change	Potential impact on your organisation
More detailed and extensive risk identification and assessment procedures	<p>Your finance team and others in your organisation may receive a greater number of enquiries from our audit teams at the planning stage of the audit. Requests for information may include:</p> <ul style="list-style-type: none">• information on your organisation’s business model and how it integrates the use of information technology (IT);• information about your organisation’s risk assessment process and how your organisation monitors the system of internal control;• more detailed information on how transactions are initiated, recorded, processed, and reported. This may include access to supporting documentation such as policy and procedure manuals; and• more detailed discussions with your organisation to support the audit team’s assessment of inherent risk.
Obtaining an enhanced understanding of your organisation’s environment, particularly in relation to IT	<p>Your organisation may receive more enquiries to assist the audit team in understanding the IT environment. This may include information on:</p> <ul style="list-style-type: none">• IT applications relevant to financial reporting;• the supporting IT infrastructure (eg the network, databases);• IT processes (eg managing program changes, IT operations); and• the IT personnel involved in the IT processes.

Key change	Potential impact on your organisation
	<p>Audit teams may need to test the general IT controls and this may require obtaining more detailed audit evidence on the operation of IT controls within your organisation.</p> <p>On some audits, our audit teams may involve IT audit specialists to assist with their work. Our IT auditors may need to engage with members of your IT team who have not previously been involved in the audit process.</p>
<p>Enhanced requirements relating to exercising professional scepticism</p>	<p>Our audit teams may make additional inquiries if they identify information which appears to contradict what they have already learned in the audit.</p>
<p>Risk assessments are scalable depending on the nature and complexity of the audited body</p>	<p>The audit team's expectations regarding the formality of your organisation's policies, procedures, processes, and systems will depend on the complexity of your organisation .</p>
<p>Audit teams may make greater use of technology in the performance of their audit</p>	<p>Our audit teams may make use of automated tools and techniques such as data analytics when performing their audit. Our teams may request different information or information in a different format from previous audits so that they can perform their audit procedures.</p>

Gadewir y dudalen hon yn wag yn fwiadol



GOVERNANCE AND AUDIT COMMITTEE - 18TH APRIL 2023

**SUBJECT: INTERNAL AUDIT SERVICES: ANNUAL AUDIT PLAN
2023/24**

REPORT BY: ACTING INTERNAL AUDIT SERVICES MANAGER

--

1. PURPOSE OF REPORT

- 1.1 To seek Governance and Audit Committee approval of the Internal Audit Services Annual Audit Plan for the 2023/24 financial year.

2. SUMMARY

- 2.1 The Governance and Audit Committee is responsible for ensuring that risk and internal controls are adequately managed and monitored, and that the work planned by Internal Audit will achieve the required levels of assurance.
- 2.2 The report provides details of the resources available and planned work programme for Internal Audit Services for 2023/24.

3. RECOMMENDATIONS

- 3.1 The Governance and Audit Committee is asked to approve the Internal Audit Services Annual Audit Plan for the 2023/24 financial year.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 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.
- 4.2 The Public Sector Internal Audit Standards (PSIAS) and the Council's Financial Regulations require that an annual plan is prepared to ensure that there is an effective and efficient use of audit resources, and that those resources are directed to address areas of risk and to provide assurance for management as part of the Annual Governance Statement (AGS).

5. THE REPORT

- 5.1 The Internal Audit Plan is based on a rolling programme of establishment audits, key high-risk and other systems reviews, contract audits, grant certifications and other specific areas requested by Directors and Heads of Service, together with a contingency of 240 days built in for unplanned audit work and emerging risks that may arise throughout the year.
- 5.2 The Internal Audit available staffing resources for the 2023/24 financial year is shown in the table below. There are currently 8 staff in post with one vacancy that has arisen as a result of the Assistant Manager undertaking the role of Acting Internal Audit Services Manager. However, it is anticipated that a recruitment process will take place early in the new financial year and all positions will then be filled.
- 5.3 The table below provides details of the available staff days for the year taking account of known vacancies: -

	Q1	Q2	Q3	Q4	Total for year
Working days	565	566	565	565	2261
Overheads	227	182	218	191	818
Net available days	338	384	347	374	1443

- 5.4 An allowance has been made for known overheads and unproductive time such as annual leave and bank holidays, study day release time and other training, and estimates are also included for other overheads such as sickness, leave of absence etc. In addition, time has also been allocated to mentoring and supervising newly appointed staff and developing their performance within the team. It should be noted that there are less available days this year due to increased annual leave entitlements and the additional bank holiday for the Coronation of King Charles III.
- 5.5 There is an amount of the Internal Audit Manager's time that will need to be allocated to tasks such as managing the team, supporting the Governance Panel, and reporting to the Governance & Audit Committee. That time has also been allocated to overheads.
- 5.6 There are a number of recurring regular audits relating to establishment locations which will continue, together with grant certifications. In 2023/24 the Council will also be required to undertake the investigation of matches reported by the National Fraud Initiative (NFI). Internal Audit Services also supports the role of Information Governance Steward for Corporate Finance. Time has been allocated to these within the plan.
- 5.7 A number of short duration high level Internal Control Questionnaire Assessments (ICQs) have also been built into the plan. The results of these audits will be used to direct and inform targeted work where risks have been identified or further support may be needed. This will also enable low risk routine operational processes to be assessed more regularly and will also allow audit resources to be concentrated on higher risk areas.

- 5.8 Unplanned and unscheduled work is also performed each year such as the review of final accounts and contract compliance, and the resource demand will vary depending not only on the number of these, but also the level of compliance with best practice, the council's Financial Regulations and Standing Orders within the contract process.
- 5.9 Other unplanned work may also arise for example participation in working groups, one-off audits and investigations and there is an allowance built into the plan for such contingencies.
- 5.10 Finance systems and processes are by their nature high risk, so an element of audit time is required to be allocated to the core financial systems. Some areas such as Council Tax, NNDR and Housing Benefits have experienced significant resource demands in recent years arising from system changes and the processing of a range of cost of living support grant payments. As a result, there has been some backlog in audit coverage in these areas. Specific audits will be agreed with the Head of Financial Services & S151 Officer and relevant Managers as demand and resources in these areas stabilises.
- 5.11 NFI data matches were released in February 2023 and audit staff have traditionally undertaken a significant proportion of the match investigations and subsequent reporting to Service Managers and the follow-up of specific issues identified. Resources required for this will depend on the volume and nature of the matches reported.
- 5.12 The Acting Internal Audit Manager has been working on the update of the Financial Regulations and this work is nearing completion but will extend into 2023/24. The finalised document will then be presented to Governance Panel, Governance and Audit Committee and Council later this year.
- 5.13 As in previous years it is impossible to finish all audit work by the 31st of March, so some audit time will be needed to complete audit work incomplete at the year-end and an allowance has been made for this in the plan.
- 5.14 A forecast audit plan is shown in **Appendix 1** providing details of the planned audits and the quarter in which the audits will be undertaken. It should be noted that any changes in available staffing such as sickness absences, unplanned training etc. will potentially affect the forecast. However, the plan can be flexed as needed and high risk audits added or brought forward in the plan.

Conclusion

- 5.15 The report provides details of the proposed Internal Audit Services Annual Audit Plan for the 2023/24 financial year for the Committee's consideration.
- 5.16 A mid-year progress report will be presented to the Governance & Audit Committee.

6. ASSUMPTIONS

- 6.1 Assumptions have been made regarding forecast staffing resources for the 2023/24 financial year.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 An Integrated Impact Assessment is not required as the Internal Audit Services Audit Plan does not require a change of policy or strategy.

8. FINANCIAL IMPLICATIONS

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

9. PERSONNEL IMPLICATIONS

- 9.1 There are no direct personnel implications arising from this report

10. CONSULTATIONS

- 10.1 All comments have been reflected in this report.

11. STATUTORY POWER

- 11.1 Local Government and Elections Act 2021

Author: D Gronow, Acting Internal Audit Manager

Consultees: C Harray, Chief Executive
R Edmunds, Corporate Director for Education and Corporate Services
S Harris, Head of Financial Services and S151 Officer

Appendices:

Appendix 1 – 2023/24 Planned Audits by Quarter

APPENDIX 1 – 2023/24 PLANNED AUDITS BY QUARTER

Audit Title		Q1 Days	Q2 Days	Q3 Days	Q4 Days
Completion of 2022/23 audits		130			
School private funds	Follow up		5	10	
Annual Governance Statement	Support	5			
Lewis School Pengam	Full audit visit	18			
Heolddu Comprehensive	Full audit visit		15		
Hengoed Primary School	Full audit visit	15			
St Gwladys Primary School	Full audit visit		18		
Risca Comprehensive School	Full audit visit		18		
Ysgol Gyfun Cwm Rhymni	Full audit visit				
St Martin's Comprehensive School	Full audit visit			18	
Islwyn High School	Full audit visit			18	
Bryn Awel Primary School	Full audit visit			15	
White Rose Primary School	Full audit visit			15	
Ysgol Gymraeg Bro Allta	Full audit visit			15	
Fochriw Primary School	Full audit visit				11
Graig-y-Rhacca Primary & Nursery	Full audit visit				11
Upper Rhymney Primary School	Full audit visit				11
Ysgol Gymraeg Gilfach Fargoed	Full audit visit				10
Ysgol Gymraeg Cwm Derwen	Full audit visit				10
Rhydri Primary School	Full audit visit				10
Hendre Infants School	Full audit visit				10
St James' Primary School	Full audit visit				10
Penllwyn Primary School	High level Internal Control Questionnaire (ICQ) Assessment visit			3	
Park Primary School	High level ICQ visit			3	
Hendre Junior School	High level ICQ visit			3	
Gilfach Fargoed Primary School	High level ICQ visit			3	
Markham Primary School	High level ICQ visit			3	
Maescwmmer Primary School	High level ICQ visit			3	
Hendredenny Park Primary School	High level ICQ visit			3	
Ysgol Gynradd Gymraeg Y Castell	High level ICQ visit			3	
Tŷnewydd Primary School	High level ICQ visit			3	
Trinity Fields School	High level ICQ visit			3	

St Helen's Primary School	High level ICQ visit			3	
Pantside Primary School	High level ICQ visit			3	
Deri Primary School	High level ICQ visit			3	
Newbridge Comprehensive School	High level ICQ visit			3	
St Cenydd Comprehensive School	High level ICQ visit			3	
Idris Davies	High level ICQ visit			3	
Blackwood Comprehensive School	High level ICQ visit			3	
Phillipstown Primary School	High level ICQ visit			3	
Cŵrt Rawlin Primary School	High level ICQ visit			3	
Bedwas Infants	High level ICQ visit			3	
Libanus Primary School	High level ICQ visit			3	
Tir-y-berth Primary School	High level ICQ visit			3	
Pentwynmawr Primary School	High level ICQ visit			3	
Ynysddu Primary School	High level ICQ visit			3	
Waunfawr Primary School	High level ICQ visit			3	
Plas-y-felin Primary School	High level ICQ visit			3	
Aberbargoed Primary	High level ICQ visit			3	
Ysgol Ifor Bach	High level ICQ visit			3	
Ysgol Gymraeg Cwm Gwyddon	High level ICQ visit			3	
Ysgol Bro Sannan	System Audit			3	
Education Improvement Grant	Grant audit		3	2	
Pupil Deprivation Grant	Grant Audit		3	3	
Supporting People Grant	Grant Audit		3	3	
Blackwood Miners Institute	Full audit visit		25		
Special Guardianships	System Audit		20	10	
IT audit Cyber security	System Audit		20		
Treasury Management	System Audit		20		
Leisure Centres	High level ICQ visits		30		
Contract audits	Final Account Audits	10	10	10	10
NFI match checks	Data Matching	25	25	25	25
Recommendation tracking		5	5	5	5

Risk Management	System Audit		20		
Travel expenses	System Audit		20		
Council Tax	System Audit			20	10
Cashless catering	System Audit	5	10		
Social Services establishments	High level ICQ visits		30		
Residential charging and financial assessments	System Audit		13	7	
VAT	System Audit			20	
Housing Benefits	System Audit				35
Contract compliance and management	System Audit				25
CCTV	System Audit				15
Payment Card Industry (PCI) Security Compliance	System Audit				15
Car parks	System Audit				30
Gym memberships	System Audit				30
Fostering payments	System Audit				30
Additional Fuel Grant (non-audit)	Non audit	64	10		
Information Governance	Non Audit	1	1	1	1
Contingency		60	60	60	60
Total		338	384	347	374

Gadewir y dudalen hon yn wag yn fwriadol



GOVERNANCE AND AUDIT COMMITTEE - 18TH APRIL 2023

**SUBJECT: UPDATE ON INTERNAL AUDIT REPORT
RECOMMENDATIONS**

REPORT BY: ACTING INTERNAL AUDIT MANAGER

--

1. PURPOSE OF REPORT

- 1.1 To provide members of the Governance and Audit Committee with an update on progress on Internal Audit Report recommendations.

2. SUMMARY

- 2.1 The Governance and Audit Committee has requested that regular reports are prepared to provide information on progress against Internal Audit recommendations.
- 2.2 This report provides an update on the number of recommendations arising from Internal Audits and their current status.

3. RECOMMENDATIONS

- 3.1 Members note the information contained in this report.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure that the Governance and Audit Committee is aware of the number of Internal Audit recommendations and associated risk ratings.
- 4.2 To ensure that the Governance and Audit Committee is aware of progress made in implementing recommendations by service areas / locations in receipt of Internal Audit reports, to ensure that reported risks are being addressed appropriately and within adequate timeframes.

5. THE REPORT

- 5.1. The Institute of Internal Auditors (IIA) has published guidance that states that the follow up and tracking of agreed recommendations by management is important as it

ensures that management have implemented the agreed actions, and this has addressed the risks identified.

- 5.2 Management are responsible for addressing the risks highlighted in Internal Audit reports and implementing control processes to reduce or eliminate the risks identified. Recommendations that are not addressed may expose the authority to unnecessary risks. Therefore, it is key to ensure that high risk findings are adequately dealt with and mitigated or eliminated by appropriate management actions.
- 5.3 The Pentana MK IT system in use by the Internal Audit Team has the facility to risk rate all recommendations and to track these so that once a recommendation has been agreed and a planned implementation date set, the risk owner or service manager can be reminded to provide updates on progress that is being made to implement the agreed actions.
- 5.4 This information is then available to provide information to Directors and Heads of Service and ultimately the Governance and Audit Committee, who would then be able to assess if adequate progress is being made to manage risks and implement agreed actions or make further enquiries as necessary.
- 5.5 The system also allows recommendations to be attributed to “themes” such as GDPR (General Data Protection Regulation), governance or internal control where appropriate, and this can then also enable review of recommendations across different service areas and operations. Large numbers of high risk recommendations in relation to a common risk aspect across different audits would alert Internal Audit to potential areas of concern.
- 5.6 The system also enables the Internal Audit Team to risk rate recommendations in line with internal guidance procedures. As auditors create findings, they also detail the actions that are recommended that would mitigate or remove the risks identified.
- 5.7 Each audit goes through a process where the testing is undertaken, a draft report is issued and then the final report, all findings and recommendations are agreed.
- 5.8 As of 31st March 2023 there were 1635 recommendations that had been raised within the MK system since the date of implementation (2019).

5.9 **Table showing the status and number of recommendations**

Recommendation Status	Number
Recommendation completed	601
Recommendation in progress	222
Recommendation issued – not yet agreed	87
Draft report not issued	532
No action proposed	115
Archived	77
No response received	1
Total	1635

5.10 Internal Audit recommendations by risk rating and Directorate

Directorate	High	Medium	Merits Attention	No longer applicable	For information only	Total
Social Services and Housing	10	59	64	10	0	143
Communities	3	59	51	1	0	114
Education and Corporate Services	289	546	477	64	2	1378
Total	302	664	592	75	2	1635

5.11 Recommendations are created, and once they are agreed with service managers, they are allocated to a responsible officer and a due date for completion of the agreed actions is agreed with the service manager and recorded in the system. The system records the status of each recommendation from the initial creation through to completion by the service manager or responsible officer. Occasionally recommendations may be archived if the issue is no longer in existence due to changes in procedures or policy etc. so these are marked as no longer applicable. Also service managers and risk owners may consider that adequate mitigation is achieved by alternative procedures, or they may wish to tolerate the risk and in those cases no action will be proposed.

5.12 It should be borne in mind that the due date is a future date although there is an expectation that the higher the risk identified the more urgent the mitigating actions are required to be implemented, so a shorter due date would be expected and therefore high risk findings should be seen to show good progress towards completion.

5.13 Audit recommendation status and risk ratings

The table below shows the status of the recommendations created and their risk ratings:-

Status	High	Medium	Merits attention	For information	No longer applicable	Total
Recommendation completed	62	77	189	0	0	601
Recommendation in progress	39	77	106	0	0	222
Recommendations issued – not yet agreed	8	42	37	0	0	87
Draft report not issued	180	114	238	0	0	532
No action proposed	7	52	6	0	50	115
Archived	6	31	15	0	25	77
No response received	0	0	1	0	0	1
Total	302	664	592	2	75	1635

5.14 Progress in completing agreed recommendations is monitored by the Internal Audit Team on a monthly basis and overdue recommendations are identified and followed up with reminders being issued.

5.15 There are currently 152 overdue recommendations (37 high risk, 62 medium risk and 53 that merit attention). This represents 9.3% of all recommendations recorded on the Pentana MK system. Further reminders will be issued to ensure that these overdue recommendations are being addressed.

5.16 **Conclusion**

The report informs the Governance and Audit Committee of the number of Internal Audit recommendations issued and progress towards completion.

6. ASSUMPTIONS

6.1 There are no assumptions in this report.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

7.1 An Integrated Impact Assessment is not required as the content of this report does not require a change of policy or strategy.

8. FINANCIAL IMPLICATIONS

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

9. PERSONNEL IMPLICATIONS

9.1 There are no personnel implications arising from this report

10. CONSULTATIONS

10.1 Any comments received from consultees have been included within the report.

11. STATUTORY POWER

11.1 Local Government and Elections Act 2021

Author: D Gronow, Acting Internal Audit Manager

Consultees: C Harrhy, Chief Executive
R Edmunds, Corporate Director for Education and Corporate Services
S Harris, Head of Financial Services and Section 151 Officer



GOVERNANCE AND AUDIT COMMITTEE – 18TH APRIL 2023

SUBJECT: REGULATION OF INVESTIGATORY POWERS ACT 2000

**REPORT BY: HEAD OF DEMOCRATIC SERVICES AND DEPUTY MONITORING
OFFICER**

1. PURPOSE OF REPORT

- 1.1 To advise Members of the numbers of covert surveillance operations undertaken by the Council in accordance with the provisions of the Regulation of Investigatory Powers Act 2000 (RIPA) for the period 1st January 2023 to 31st March 2023.

2. SUMMARY

- 2.1 To provide an update on the number of operations undertaken in accordance with RIPA for the period 1st January 2023 to 31st March 2023.

3. RECOMMENDATIONS

- 3.1 None. This report is for information only.

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 1st January 2023 to 31st March 2023 no RIPA operations have been undertaken.

5.2 **Conclusion**

The report advises members that there have been no RIPA operations undertaken for the period 1st January 2023 to 31st March 2023.

6. **ASSUMPTIONS**

6.1 There are no assumptions contained in this report.

7. **SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

7.1 As this report is for information there is no requirement for an Integrated Impact Assessment to be completed.

8. **FINANCIAL IMPLICATIONS**

8.1 There are no financial implications arising from this report.

9. **PERSONNEL IMPLICATIONS**

9.1 There are no personnel implications arising from this report.

10. **CONSULTATIONS**

10.1 There has been no consultation undertaken on this report as it is for information only.

11. **STATUTORY POWER**

11.1 Regulation of Investigatory Powers Act 2000.

Author: Lisa Lane Head of Democratic Services and Deputy Monitoring Officer



GOVERNANCE AND AUDIT COMMITTEE – 18TH APRIL 2023

**SUBJECT: OFFICERS DECLARATIONS OF GIFTS AND HOSPITALITY
OCTOBER TO DECEMBER 2022**

REPORT BY: HEAD OF PEOPLE SERVICES

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to provide the Governance and 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 2022 ie the third quarter of the financial year 2022/2023 and a comparison with the previous three quarters.

2. SUMMARY

- 2.1 There were no Register of Employees' Interests Forms in respect of Gifts and Hospitality completed by officers of the Council (excluding Schools) for the period 1 October to 31 December 2022.

3. RECOMMENDATIONS

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

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 The recommendation is designed to ensure members of the Governance and 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 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 2022 and the previous three quarters for comparison.

Directorate	Oct – Dec 2022	July – Sept 2022	April – June 2022	Jan – March 2022
Economy and Environment	0	0	1	0
Education and Corporate Services	0	0	0	0
Social Services and Housing	0	1	2	0
Total	0	1	3	0

5.7 The table below details the number of declarations regarding Hospitality submitted by Directorate for the period 1 October to 31 December 2022 and the previous three quarters for comparison.

Directorate	Oct – Dec 2022	July – Sept 2022	April – June 2022	Jan – March 2022
Economy and Environment	0	0	0	0
Education and Corporate Services	0	0	0	0
Social Services and Housing	0	0	0	0
Total	0	0	0	0

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. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

7.1 As this report is for information only an Integrated Impact Assessment is not required.

8. FINANCIAL IMPLICATIONS

8.1 None.

9. PERSONNEL IMPLICATIONS

9.1 The personnel implications are included in this report.

10. CONSULTATIONS

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

11. STATUTORY POWER

11.1 Local Government Act 2000.

Author: Lynne Donovan, Head of People Services
(donovl@caerphilly.gov.uk)

Consultees: Richard Edmunds, Corporate Director – Education and Corporate Services (edmunre@caerphilly.gov.uk)
Robert Tranter, Head of Legal Services and Monitoring Officer (trantrj@caerphilly.gov.uk)
Stephen Harris, Head of Financial Services and Section 151 Officer (harrisr@caerphilly.gov.uk)
Cllr Nigel George, Cabinet Member for Corporate Services and Property (nigelgeorge@caerphilly.gov.uk)