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(Tel: 01443 864246 Email: [lloydj4@caerphilly.gov.uk](mailto:lloydj4@caerphilly.gov.uk))

**Date: 29<sup>th</sup> May 2024**

To Whom it May Concern,

A multi-locational meeting of the **Governance and Audit Committee** will be held in Penallta House, and via Microsoft Teams on **Tuesday, 4th June, 2024 at 2.00 pm** to consider the matters contained in the following agenda. You are welcome to use Welsh at the meeting, a minimum notice period of 3 working days is required should you wish to do so. A simultaneous translation will be provided on request.

Members of the public or Press may attend in person at Penallta House or may view the meeting live via the following link: <http://civico.net/caerphilly>

This meeting will be live-streamed and a recording made available to view via the Council's website, except for discussions involving confidential or exempt items. Therefore the images/audio of those individuals speaking will be publicly available to all via the Council's website at [www.caerphilly.gov.uk](http://www.caerphilly.gov.uk)

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Chrissy', enclosed within a large, loopy, hand-drawn oval.

**Christina Harrhy**  
CHIEF EXECUTIVE

## A G E N D A

- 1 To appoint a Chair for the ensuing year.

Pages

A greener place Man gwyrdach



2 To appoint a Vice Chair for the ensuing year.

3 To receive apologies for absence.

4 Declarations of Interest.

Councillors and Officers are reminded of their personal responsibility to declare any personal and/or prejudicial interest(s) in respect of any item of business on this agenda in accordance with the Local Government Act 2000, the Council's Constitution and the Code of Conduct for both Councillors and Officers.

To approve and sign the following minutes: -

5 Governance and Audit Committee held on 16th of April 2024. 1 - 6

6 Special Governance and Audit Committee held on 1st May 2024. 7 - 10

To receive and consider the following reports: -

7 Governance and Audit Committee Forward Work Programme. 11 - 24

8 Audit Wales Work Programme and Timetable - Caerphilly County Borough Council. 25 - 42

9 Audit Wales Caerphilly County Borough Council Annual Audit Summary 2023. 43 - 48

10 Audit Wales - Caerphilly County Borough Council - 2024 Audit Plan. 49 - 70

11 Annual Internal Audit Report 2023/24. 71 - 94

12 Draft Annual Governance Statement 2023/24. 95 - 114

13 Update on Progress against the Internal Audit Services Annual Plan 2024/25. 115 - 124

14 Update on Internal Audit Report Recommendations. 125 - 134

15 Regulator Recommendation Tracker Progress Update. 135 - 144

To receive and note the following information items: -

16 Officers Declarations of Gifts and Hospitality January to March 2024. 145 - 150

17 Register of Employees' Interests Forms 2023/24. 151 - 156

18	Corporate Governance Panel Minutes - 2nd May 2024.	157 - 158
19	Corporate Governance Panel Minutes - 14th May 2024.	159 - 160

*\*If a member of the Governance and Audit Committee wishes for any of the above information reports to be brought forward for discussion at the meeting please contact Julie Lloyd, 01443 864246, by 10.00 a.m. on Tuesday 4<sup>th</sup> June 2024.*

**Circulation:**

Councillors M.A. Adams, Mrs E.M. Aldworth, A. Broughton-Pettit, M. Chacon-Dawson, E. Davies, G. Enright, J. Taylor and C. Wright.

Lay Members: V. Pearson, L. M. Rees, J. Williams and Mr N.D. Yates

And Appropriate Officers

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Those individuals that attend committee meetings to speak/give evidence will be named in the minutes of that meeting, sometimes this will include their place of employment or business and opinions expressed. Minutes of Meetings including details of speakers will be publicly available to all via the Council website at [www.caerphilly.gov.uk](http://www.caerphilly.gov.uk). except for discussions involving confidential or exempt items.

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## GOVERNANCE AND AUDIT COMMITTEE

### MINUTES OF THE MEETING HELD IN PENALLTA HOUSE AND VIA MICROSOFT TEAMS ON TUESDAY 16<sup>TH</sup> APRIL 2024 AT 2.00 P.M.

PRESENT:

Councillors:

M. A. Adams, Mrs. E.M. Aldworth, A. Broughton-Pettit, M. Chacon-Dawson, G. Enright, J. Taylor, and C. Wright (Vice Chair).

Lay Members:

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

Together with:

Officers: R. Edmunds (Corporate Director of Education and Corporate Services), S. Harris (Head of Financial Services and S151 Officer), L. Lane (Head of Democratic Services and Deputy Monitoring Officer), D. Gronow (Acting Internal Audit Manager), K. Peters (Corporate Policy Manager), C. Evans (Information Governance Manager), S. Hughes (Committee Services Officer) and J. Lloyd (Committee Services Officer).

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. TO RECEIVE APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor E. Davies.

#### 2. DECLARATIONS OF INTEREST

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

### **3. MINUTES – 15<sup>TH</sup> FEBRUARY 2024.**

It was moved and seconded that the minutes of the Governance and Audit Committee held on 15<sup>th</sup> February 2024 be approved as a correct record, and by way of Microsoft Forms (and in noting there were 7 For, 0 Against, and 2 Abstentions) this was agreed by the majority present.

RESOLVED that the minutes of the meeting held on 15<sup>th</sup> February 2024 (minute nos. 1-11) be approved as a correct record.

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

The Head of Financial Services and S151 Officer presented the Governance and Audit Committee Forward Work Programme for the period April 2024 to October 2024, together with an updated Action Sheet. Members were advised that when an item on the action sheet has been reported back to a meeting of the Governance and Audit Committee as completed, this item would then be removed from the action sheet.

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 and verbal confirmation, 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.

### **5. CORPORATE RISK REGISTER 2023-2024 YEAR END UPDATE.**

The Corporate Policy Manager introduced the report which provided an update of the Corporate Risk Register in accordance with the Councils' Risk Management Strategy, and enabled the Committee to have the opportunity to satisfy itself that appropriate arrangements are in place for the Council's risk management processes to be regularly and robustly monitored and scrutinised.

Members were advised that there are currently 17 risks on the Corporate Risk Register with no new risks added since the last report to Governance and Audit in November 2023.

A Member sought assurance on how the mitigations and progress impacted on the risk reduction plans and referred to CRR17 in the report, where it did not appear that the work being undertaken was reducing the risk, and therefore not having a positive impact. The Member also proposed having an additional column which would set out the targets for risks and progress being made against that particular risk level. Members were advised that an additional column would be considered and included going forward. Members were also advised that the efforts towards the cost-of-living crisis meant that a lot of CCBC resources had been diverted, resulting in some risk levels still remaining high, although the risk register is continuously being reviewed.

A Member referred to paragraph 5.4 in the report and noted that the numbers did not appear to match the numbers in the chart. The Member also requested that more information be included in the actions and progress column, particularly in relation to the scale of the resources that the Council is using to implement those actions. The Member also noted that three of the high risks related to staffing capacity and recruitment issues over a number of services, and queried which specific services this related to, and requested more clarification on the actions involved.

Members were advised that the recruitment challenge has been a high risk for some time and were referred to the investment in the past 12 months to the Council's new recruitment team. The staffing of this team was completed within 4 to 5 months and significant changes have already become apparent with regards to recruitment for full-time positions, although some professional vacancies have been more challenging to fill, post Covid. Members were also referred to the Medium-Term Financial Plan, in relation to the cost of living and the challenges and savings required.

A Member referred to CRR16 in the report, relating to retention strategies and requested the Head of People Services' attendance at the next meeting of the Governance and Audit Committee to answer Members' specific queries on this matter. Members were advised that this could be arranged and requested whether Members wished to specify any other CCBC policies to be considered. The Member sought clarification on the risks associated with the Councils Fleet and the Mobilising Team Caerphilly transformation programme, in particular the effects on the authority and how they are being measured. Members were advised that there were specific challenges in relation to the Fleet workshop facility, however, with 2 new managers recently in post, improvements were already being seen.

Members were also advised that any risks associated with the ongoing Mobilising Team Caerphilly transformation programme, would be highlighted to Members as the programme progresses, and would be considered for inclusion in the Corporate Risk Register going forward, where this was deemed appropriate.

A Member requested further information, on a quarterly basis, in relation to the Cost-of-Living Crisis, in particular the level of resources being utilised and whether the actions were having a positive effect. Members were advised that the Caerphilly Cares team had recently produced a progress report, which could be circulated to Members for their information. Members were also referred to the £3m hardship fund provided by CCBC.

Having reviewed the content of the Corporate Risk Register and associated mitigating actions it was moved and seconded that the recommendations be approved. By way of Microsoft Forms and verbal confirmation (and in noting there were 11 For, 0 Against, and 1 Abstention) this was agreed by the majority present.

RESOLVED that it was satisfied that identified risks are being managed effectively.

**6. SIX MONTH UPDATE ON THE CORPORATE COMPLAINTS RECEIVED FOR THE PERIOD 1<sup>ST</sup> APRIL 2023 TO 30<sup>TH</sup> SEPTEMBER 2023.**

The Head of Democratic Services and Deputy Monitoring Officer introduced the report which provided the Governance and Audit Committee with an overview of the complaints dealt with under the Corporate Complaints Policy for the six-month period 1<sup>st</sup> April to 30<sup>th</sup> September 2023 together with the outcomes and lessons learned. Members were advised that the report would also be presented to a meeting of the Cabinet.

The Chair thanked the Officer for seeking to arrange training with the Ombudsman and

asked that the proposed training dates be recirculated to Members.

A Member sought clarification on whether calls are recorded and utilised when dealing with complaints either for training purposes or should a claim arise. Members were advised that recording facilities are available in some of the authority's service areas, however, in relation to the specific social services complaint referred to, further information would be sought and fed back to the Committee following the meeting. The Member also queried whether a complaint was still considered if it was made to the authority via a Councillor. Members were advised that this would still be considered if the complaint fell under the complaints process.

A Member queried whether there were any collaborations with other authorities throughout Wales, with regards to the work and resources that are included in the complaints process. Members were advised that an 'All Wales Complaints Group' attended by Complaints Officers and the Ombudsman meet to share information, good practice and any issues which may affect other local authorities across Wales.

A Member sought clarification on where the Information Governance complaints data would be recorded. Members were advised that complaints regarding Freedom of Information, or Subject Access Requests, would be dealt with by way of an internal appeals process, which could progress to the Information Commissioner, if the complainant were dissatisfied with the appeal process. Members were also advised that the data on these complaints are reported in the six-monthly and annual directorate performance assessments.

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

## **7. INTERNAL AUDIT SERVICES: ANNUAL AUDIT PLAN 2024/25.**

The Acting Internal Audit Manager introduced the report which sought the Committee's approval of the Internal Audit Services Annual Audit Plan for the 2024/25 financial year. Members were advised that 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.

Members were also advised that the report provided details of the resources available and planned work programme for Internal Audit Services for 2024/25.

A Member proposed that the wording of the recommendation be changed to 'consider and approve' instead of 'consider and endorse.' Members were advised that this would be amended and reflected in the minutes of the meeting. The Member also sought clarification on the audit work brought forward for 2023/24 and the allocated 50 days for this work, together with a Risk Management audit and the work involved in the 30 days allocated for this work. The Member also referred to the audit of 'other business units/establishments' and sought clarification on the types of audit work planned for these.

Members were advised that a number of audits were still ongoing from 2023/24 including the National Fraud Initiative Data Matching Sets, HMRC, Council Tax Reduction Scheme and Housing Benefit data, together with Payroll, Purchase Ledger, Companies House and VAT mismatches. Members were advised that the Risk Management audit would be looking at the processes used to identify risks and how these would be mitigated. Members were also advised that the reference to 'business units' was regarding social services, tourism, countryside and other locations, whereby an audit presence on site had been requested, to look at basic irregularity processes including accounting, and identify the



processes followed and records kept.

A Member sought clarification on the IT and Cyber Security audit planned, and whether the specialist capacity for this type of audit was available 'in-house.' Members were advised that the audit would be at a basic level and would include checks on passwords security and monitoring scam emails. Members were also assured that IT technical staff were in post to deal with cyber security and that external agencies were also used to test the network at a more technical level. Members were also referred to an ongoing IT audit by Audit Wales, in relation to Cyber Security.

Having considered the report, it was moved and seconded that the recommendation be approved. By way of Microsoft Forms and verbal confirmation, this was unanimously agreed.

RESOLVED to endorse the Internal Audit Services Annual Audit Plan for the 2024/25 financial year, subject to the amendment to change the wording of endorsed to approved.

## **8. INFORMATION ITEM**

It was confirmed that the following item had not been called forward for discussion at the meeting, and the Committee noted the content of the report:-

- (i) Regulation of Investigatory Powers Act 2000.

The Chair thanked Members and Officers for their attendance and contributions and the meeting closed at 3.06 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 4<sup>th</sup> June 2024.

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CHAIR

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## **SPECIAL GOVERNANCE AND AUDIT COMMITTEE**

### **MINUTES OF THE SPECIAL MEETING HELD IN PENALLTA HOUSE AND VIA MICROSOFT TEAMS ON WEDNESDAY 1<sup>ST</sup> MAY 2024 AT 10.00 AM.**

PRESENT:

Councillors:

M. A. Adams, Mrs. E.M. Aldworth, A. Broughton-Pettit, M. Chacon-Dawson, E. Davies, G. Enright, and C. Wright (Chair).

Lay Member:

V. Pearson.

Together with:

Officers: S. Harris (Head of Financial Services and S151 Officer), L. Sykes (Deputy Head of Financial Services and S151 Officer), D. Gronow (Acting Internal Audit Manager), A. Southcombe (Finance Manager – Corporate Finance), S. Hughes (Committee Services Officer) and J. Lloyd (Committee Services Officer).

M. Jones and R. Davies (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. TO RECEIVE APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor J. Taylor, and Lay Members N. Yates, M. Rees, and J. Williams.

#### **2. DECLARATIONS OF INTEREST**

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

### 3. FINANCIAL STATEMENTS FOR 2022/23.

The Head of Financial Services and S151 Officer introduced the report which presented the Governance and Audit Committee with the Audit Wales 'Audit of Accounts Report' for the 2022/23 financial year and sought a recommendation from the Governance and Audit Committee that Council approves the 2022/23 Audited Financial Accounts at its meeting on 9<sup>th</sup> May 2024. Members were advised of the Welsh Government deadlines that had applied to the publication and audit of the 2022/23 financial accounts.

M. Jones (Audit Wales) advised Members that the 2022/23 Audited Financial Accounts attached at Appendix 2 would be presented to Council for approval at its meeting on 9<sup>th</sup> May 2024, and were then scheduled to be certified by the Auditor General on 14<sup>th</sup> May 2024. Members were informed that an unqualified audit opinion was due to be issued. However, Members were advised that whilst the audit remains 'substantially' completed this could be subject to change if any material matter emerges prior to the Auditor General certifying the accounts on 14<sup>th</sup> May. M. Jones (Audit Wales) expressed his thanks to the CCBC Finance team and all other Officers involved with the audit.

A Member also wished to note his thanks to the Head of Financial Services and S151 Officer and his team for the work involved in the production of the report. The Member referred to 'other matters' on page 10 of the report and sought clarification on the checks and balances conducted to assure Members that the issues raised will be addressed moving forward. Members were advised that a large number of the adjustments related to fixed assets, which were a challenging area, and improvements were already in the process of being made. M. Jones (Audit Wales) provided further explanation to Members on the cause of the adjustments and noted the good working relationship with CCBC.

A Member referred to page 8 of the report and sought clarification on 'lower materiality' regarding related party disclosures. Members were advised that a lower materiality is set for these as there is more interest in the disclosure as they are a higher risk to audit.

A Member wished to note his thanks to the CCBC Finance team and referred to the good working relationship with Audit Wales and the expected unqualified opinion. The Member queried whether the issues regarding the fixed assets would need to be revisited by CCBC due to the changing nature of property values. R. Davies (Audit Wales) advised Members that the Council already does a lot of work to value their properties and noted that as the leisure centres had been re-valued, this had affected the difference in the figures stated for other properties.

The Chair referred to the following comments and questions submitted via email, prior to the meeting, by an absent Lay Member, J. Williams.

#### **Comments**

These 2022/23 accounts are very late 13 months after the year end . This reduces their usefulness in providing timely financial information about the authority. Can we have assurance that there won't be a similar problem in relation to the 2023/24 audited accounts?

#### **Questions**

1. Pack Page 45 - Comprehensive I and E Statement  
There is a prior year increase in Communities net expenditure of £9.108m (12% increase on original 2021/22 fig of £76768). This seems to account fully for the drop in

the figs for the two years: 85876, 76762 per the CIES - 12%. All other net spend lines have increased significantly over the 2 years and well above 12%. Why has this not happened in Communities and the PYA effect reduced?

2. There are a large number of corrected items in the non-current assets figures - pack pages 19-26 - including a number of prior year adjustments - also on pack page 70. The fixed asset register review has been mentioned as the source of this. What steps are to be taken to avoid excessive corrections like this in the future and how regularly will the fixed asset register be reviewed?
3. Can the S151 Officer and AW comment on the experience of the 2022/23 audit process and whether the application of the new Auditing Standard mentioned at GAC last year marked a significant change in that as compared with previous years.
4. It is difficult to find the notes as they are not always set out sequentially numbered. Note 5 on pack page 70 is followed by note 8 on page 79. Note 24 (non-current assets) is on pack page 81 followed by notes 33 and 34, then 43 and then 6 which appears to then be back in sequence! Note 24 is again on pack page 128 and seems to be back in sequence at that point.

Members were advised that there were delays in the preparation of the 2022/23 draft accounts and that the required statutory notice advising of this had been placed on the Council's website. Delays have been experienced in a number of Authorities and Members were assured that steps are being taken to address this moving forward.

Members were advised that due to the technical nature of question 1, a response would be emailed to Members following the meeting but prior to the Council meeting on 9<sup>th</sup> May 2024.

Members were advised, in relation to question 2, that the Council does not currently have an integrated asset register and that this would be subject to a procurement exercise in the coming months to ensure that a fit-for-purpose system is in place that will meet the needs of a number of service areas.

In relation to question 3, Members were advised that this has already had an impact on the way the audit is undertaken. The Chair queried whether the new audit standard and the challenges faced were unique to Caerphilly, or similar across all authorities. Members were referred to the numerous adjustments in appendix 3 but noted that similar findings would have occurred in previous years.

In relation to question 4, Members were advised that adjustments would be considered and include hyperlinks to the relevant information, going forward.

The Chair referred to the use of 'temporary measures' which were due to expire in 2025/26 and queried what would happen after this time. Members were advised that this related to the infrastructure assets, the highway network, and covered all local authorities including Caerphilly. Members were informed that a temporary arrangement was in place where accounts could be adjusted but that moving forward, the assets would have to be accounted for in accordance with the Code, from 2025/26 onwards. M. Jones (Audit Wales) advised Members that the statutory relief was for 4 years including 2024/25.

The Chair sought clarification on the misstatements referred to as being in the wrong columns and queried whether these would be rectified going forward. Members were

advised that the misstatements had been agreed with Audit Wales and would be dealt with correctly in the future.

The Chair noted thanks to the Head of Financial Services and S151 Officer and his team, together with Audit Wales for their work undertaken.

Having reviewed and commented upon the Audit Wales 'Audit of Accounts Report,' it was moved and seconded that the recommendations be approved. By way of Microsoft Forms and verbal confirmation this was unanimously agreed.

RESOLVED to:

1. Recommend to Council that the 2022/23 Audited Financial Accounts are approved at its meeting on 09 May 2024.
2. Note that an 'Audit of Accounts Addendum Report' will be presented to the Governance and Audit Committee at its meeting on 08 October 2024, setting out details of the Audit Wales recommendations arising from the audit of the Council's 2022/23 Financial Accounts along with the associated management responses.

The Chair thanked Members and Officers for their attendance and the meeting closed at 10.57 am.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 4<sup>th</sup> June 2024.

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CHAIR

**GOVERNANCE AND AUDIT COMMITTEE FORWARD WORK PROGRAMME**

**GOVERNANCE AND AUDIT COMMITTEE – 4<sup>th</sup> JUNE 2024**

<b>TITLE</b>	<b>PURPOSE</b>	<b>KEY ISSUES</b>	<b>PRESENTING OFFICER</b>
Update from Audit Wales (Standing Item)	To provide the Governance and Audit Committee with information on the work performed by Audit Wales.	To ensure the Governance and Audit Committee has oversight of these activities.	Audit Wales
Audit Wales Caerphilly CBC Annual Audit Summary 2023	To provide the Governance and Audit Committee with information in relation to the work completed by Audit Wales since the previous Annual Audit Summary.	This report forms part of the Auditor General for Wales duties and aims to ensure that the Governance and Audit Committee is updated appropriately.	Audit Wales
Audit Wales – Caerphilly County Borough Council – 2024 Audit Plan	To provide the Governance and Audit Committee with details of the Audit Wales Audit Plan for Caerphilly County Borough Council.	The report will provide details of the Audit Wales work programme for Caerphilly County Borough Council for the 2024/25 financial year.	Audit Wales
Annual Internal Audit Report 2023/24	To inform the Governance and Audit Committee of the Internal Audit Manager's overall opinion on the Authority's Internal Control Systems derived from the work undertaken by Internal	The Governance and Audit Committee will be asked to note the content of the report and the Internal Audit Manager's annual opinion for the 2023/24 financial year in order for the Committee to gain the required assurance to fulfil its role.	D. Gronow

	Audit Services during the 2023/24 financial year.		
Draft Annual Governance Statement 2023/24	To present Members of the Governance and Audit Committee with the Draft Annual Governance Statement for the 2023/24 financial year.	To ensure that the Draft Annual Governance Statement is considered by the Governance and Audit Committee prior to its inclusion in the Draft Financial Statements.	S. Harris
Update on Progress Against the Internal Audit Services Annual Plan 2024/25	To provide the Governance and Audit Committee with an update on progress against the Internal Audit Services Annual Audit Plan.	To provide assurances that satisfactory progress is being made and to provide details of any in-year changes to the Plan as appropriate.	D. Gronow
Update on Internal Audit Report Recommendations	To provide members of the Governance and Audit Committee with an update on progress against Internal Audit Report recommendations.	To provide an update on the number of recommendations arising from Internal Audit reviews and their current status.	D. Gronow
Regulator Recommendations for Improvement Progress Update	To update 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.	To ensure the Governance and Audit Committee has oversight of this matter.	R. Roberts



<b>INFORMATION ITEMS</b>			
Officers Declarations of Gifts and Hospitality	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 last quarter and a comparison with the previous three quarters.	To ensure members of the Governance and Audit Committee have an oversight of the position in relation to officers' Gifts and Hospitality.	L. Donovan
Register of Employee's Interest Forms 2023/24	To provide the Governance and Audit Committee with information regarding the Register of Employees' Interests Forms completed by officers of the Council (excluding Schools) for the 12 month period 1 April 2023 to 31 March 2024 and provide a comparison with the same information for the previous 2 financial years.	To ensure members of the Governance and Audit Committee have an oversight of the position in relation to officers' Register of Employees' Interests Forms.	L. Donovan
Corporate Governance Panel Minutes	To provide the Governance and Audit Committee with information in relation to the matters under review by the Panel, outcomes, and actions.	To ensure members of the Governance and Audit Committee have an oversight of the activities of the Panel.	D. Gronow

**GOVERNANCE AND AUDIT COMMITTEE – 8<sup>th</sup> OCTOBER 2024**

<b>TITLE</b>	<b>PURPOSE</b>	<b>KEY ISSUES</b>	<b>PRESENTING OFFICER</b>
Update from Audit Wales (Standing Item)	To provide the Governance and Audit Committee with information on the work performed by Audit Wales.	To ensure the Governance and Audit Committee has oversight of these activities.	Audit Wales
Draft Annual Self-Assessment Report 2023/24	To present the Governance and Audit Committee with the Council's Draft Annual Self-Assessment Report for 2023/24.	The Governance and Audit Committee will be asked to consider and endorse the Draft Annual Self-Assessment Report prior to its presentation to the Council's Joint Scrutiny Committee and Cabinet.	R. Roberts
Corporate Risk Register Update	To provide an update on the Corporate Risk Register in accordance with the Council's Risk Management Strategy.	The updated Corporate Risk Register is presented to the Governance and Audit Committee to ensure there is 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.	R. Roberts
Recruitment and Retention Update	To provide an update on recruitment and retention in Caerphilly CBC.	To provide the Governance and Audit Committee with details of recruitment activity in the Council	L. Donovan

		along with details of measures to retain staff in key service areas.	
Caerphilly CBC Partnerships and Collaborations Update	To provide an update on the partnership and collaborative working of the Council.	To ensure that the Governance and Audit Committee is updated on the range of partnerships and collaborative working arrangements entered into by the Council.	K. Peters
Review and Refresh of Financial Regulations and Standing Orders for Contracts	To provide the Committee with the draft revised Financial Regulations and Standing Orders for Contracts for review and endorsement.	To ensure the Governance and Audit Committee has the opportunity to review and endorse the updated Financial Regulations and Standing Orders for Contracts prior to Council consideration.	S. Harris / D. Gronow / I. Evans
Audit Wales Audit of Accounts Addendum report	To present the Governance and Audit Committee with the Audit Wales 'Audit of Accounts Addendum Report' for the 2022/23 financial year.	To ensure that the Committee is informed of the Audit Wales recommendations arising from the audit of the accounts and the associated management responses.	Audit Wales / S. Harris
Peer Review of Internal Audit Services Compliance with the Public Sector Internal Audit Standards (PSIAS).	To provide the Governance & Audit Committee with details of the outcome of the external peer review of Internal Audit Services compliance with the Standards.	To provide details of any actions required to address areas of non-compliance.	D. Gronow
Update on Progress Against the Internal Audit Services Annual Plan 2024/25	To provide the Governance and Audit Committee with an update on progress against	To provide assurances that satisfactory progress is being made and to provide details of	D. Gronow

	the Internal Audit Services Annual Audit Plan.	any in-year changes to the Plan as appropriate.	
Update on Internal Audit Report Recommendations	To provide members of the Governance and Audit Committee with an update on progress against Internal Audit Report recommendations.	To provide an update on the number of recommendations arising from Internal Audit reviews and their current status.	D. Gronow
<b>INFORMATION ITEMS</b>			
Regulation of Investigatory Powers Act 2000	To advise Members of the numbers of covert surveillance operations undertaken by the Council in accordance with the provisions of the Regulation of Investigatory Powers Act 2000 (RIPA)	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.	L. Lane
Officers Declarations of Gifts and Hospitality	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 last quarter and a comparison with the previous three quarters.	To ensure members of the Governance and Audit Committee have an oversight of the position in relation to officers' Gifts and Hospitality.	L. Donovan

**SPECIAL GOVERNANCE AND AUDIT COMMITTEE – NOVEMBER 2024 (TBC)**

<b>TITLE</b>	<b>PURPOSE</b>	<b>KEY ISSUES</b>	<b>PRESENTING OFFICER</b>
Financial Statements for 2023/24	To present the Governance and Audit Committee with the Audit Wales ‘Audit of Accounts Report’ for the 2023/24 financial year, along with the audited Financial Statements.	To ensure that the 2023/24 Financial Accounts are endorsed prior to approval by Council and submission to the Auditor General for Wales.	Audit Wales / S. Harris

**GOVERNANCE AND AUDIT COMMITTEE – 21<sup>st</sup> JANUARY 2025**

<b>TITLE</b>	<b>PURPOSE</b>	<b>KEY ISSUES</b>	<b>PRESENTING OFFICER</b>
Update from Audit Wales (Standing Item)	To provide the Governance and Audit Committee with information on the work performed by Audit Wales.	To ensure the Governance and Audit Committee has oversight of these activities.	Audit Wales
Annual Report on the Corporate Complaints Received for the Period 1 <sup>st</sup> April 2023 to 31 <sup>st</sup> March 2024	The purpose of this report is to provide the Governance and Audit Committee with an overview of the complaints dealt with under the Corporate Complaints policy for the twelve-month period 1st April 2023 to 31 <sup>st</sup> March 2024,	To provide the Committee with complaints data to enable the Committee to review and assess the effectiveness of complaints handling for the twelve-month period.	L. Lane

	together with the outcomes and lessons learned.		
Regulator Recommendations for Improvement Progress Update	To update 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.	To ensure the Governance and Audit Committee has oversight of this matter.	R. Roberts
Update on Progress Against the Internal Audit Services Annual Plan 2024/25	To provide the Governance and Audit Committee with an update on progress against the Internal Audit Services Annual Audit Plan.	To provide assurances that satisfactory progress is being made and to provide details of any in-year changes to the Plan as appropriate.	D. Gronow
Update on Internal Audit Report Recommendations	To provide members of the Governance and Audit Committee with an update on progress against Internal Audit Report recommendations.	To provide an update on the number of recommendations arising from Internal Audit reviews and their current status.	D. Gronow
<b>INFORMATION ITEMS</b>			
Regulation of Investigatory Powers Act 2000	To advise Members of the numbers of covert surveillance operations undertaken by the Council in accordance with the provisions of the Regulation of Investigatory Powers Act 2000 (RIPA)	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.	L. Lane

Officers Declarations of Gifts and Hospitality	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 last quarter and a comparison with the previous three quarters.	To ensure members of the Governance and Audit Committee have an oversight of the position in relation to officers' Gifts and Hospitality.	L. Donovan
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## GOVERNANCE AND AUDIT COMMITTEE ACTION SHEET

DATE OF MEETING	SUBJECT/AGENDA ITEM	ACTION	RESPONSIBLE OFFICER	STATUS
12.09.2023	4. Governance and Audit Committee Forward Work Programme	Forward Work Programme to include reports on self-assessment, building safety and outdated HR policies, together with an Action Sheet with actions agreed at each meeting going forward.	SH	Draft 2022/23 Annual Self-Assessment report presented to G&A Committee 15.02.2024 Completed  Building safety report to be presented to Health & Safety Group. Head of People Services has confirmed that all HR policies are scheduled for review in consultation with the Trade Unions.
12.09.2023	9. Update on Internal Audit Report Recommendations.	Information requested by Members on the detail and nature of the overdue recommendations.	DG	This information will be provided in reports from April 2024 onwards. Completed
07.11.2023	6. Annual Report on the Corporate Complaints received for the period 1 <sup>st</sup> April 2022 to 31 <sup>st</sup> March 2023.	Complaints training for Members, provided by the Ombudsman's Office, to be arranged.	LL	Ongoing – link in with the Ombudsman's office to agree a date for training.
07.11.2023	7. Internal Audit Service – Update on Progress 2023/24.	To devise an alternative format for the report data and refer back to Members in due course.	SH/DG	In development
15.02.2024	4. Governance and Audit Committee Forward Work Programme.	To include an update on the action sheet, with regards to a conclusion date for the HR policy updates.	LD	HR policies and procedures are subject to ongoing review and should be completed by 31.12.24

15.02.2024	6. Draft Annual Self-Assessment Report 2022/23.	To answer questions submitted by an absent Member, and to circulate the response to the Governance and Audit Committee Members following the meeting.	SH/DG	Pending
16.04.2024	5. Corporate Risk Register 2023-2024 Year End Update.	To include an additional column on the Risk Register, which sets out the targets for risk and progress being made against that particular risk level.	RR	To be updated in the summer in readiness for the next Risk Register update
16.04.2024	5. Corporate Risk Register 2023-2024 Year End Update.	To include more information in the actions and progress column, particularly in relation to the scale of the resources that the Council is using to implement those actions.	Ed	CMT to consider as part of CMT review of Risk Register prior to next update.
16.04.2024	5. Corporate Risk Register 2023-2024 Year End Update.	To request the attendance of the Head of People Services at the next meeting of Governance and Audit Committee on 4 <sup>th</sup> June 2024, to answer Members specific queries on retention strategies.	SH / RR	Due to the number of items scheduled on 4 <sup>th</sup> June this will be included on the agenda for the G&A Committee on 8 <sup>th</sup> October 2024.
16.04.2024	5. Corporate Risk Register 2023-2024 Year End Update.	Risks associated with the ongoing Mobilising Team Caerphilly transformation programme to be included in the Corporate Risk Register, where this was deemed appropriate.	RR	Will be considered for the next Risk Register update.
16.04.2024	5. Corporate Risk Register 2023-2024 Year End Update.	Cost-of-living crisis Progress Report produced by Caerphilly Cares Team, to be circulated to Members for their information.	RR	Annual Report being updated. Pending
16.04.2024	6. Six Month Update on the Corporate Complaints received for the period 1 <sup>st</sup> April 2023 to 30 <sup>th</sup> September 2023.	An email including the proposed training dates with the Ombudsman, to be re-circulated to Members to respond.	LL	Email sent to members. Completed.
16.04.2024	6. Six Month Update on the Corporate Complaints received for the period 1 <sup>st</sup> April 2023 to 30 <sup>th</sup> September 2023.	Information to be confirmed with Members following the meeting, regarding the recordings of complaints and which service areas of the authority had recording facilities available.	LL	Email sent to Members 21.05.2024 Completed
01.05.2024	3. Financial Statements for 2022/23.	A response to question 1, submitted by a Lay Member, to be considered outside of the meeting and emailed to Members prior to the Council meeting on 9 <sup>th</sup> May 2024.	SH	Email to Members 03.05.2024 Completed

01.05.2024	3. Financial Statements for 2022/23.	In relation to question 4, submitted by a Lay Member, adjustments to be considered and the inclusion of hyperlinks to the relevant information, going forward.	SH	Pending
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## Audit Wales Work Programme and Timetable – Caerphilly County Borough Council

**Quarterly Update: 31 March 2024**

### Annual Audit Summary

Description	Timetable	Status
<b>A report summarising completed audit work since the last Annual Audit Summary, which was issued in March 2023.</b>	Soon after the audit of the 2022-23 statement of accounts.	Will follow following completion of the audit of the 2022-23 statement of accounts. This is likely to be mid/end of May.

### Financial Audit work

Description	Scope	Timetable	Status
<b>Audit of the Council's 2022-23 statement of accounts (SoA)</b>	The statutory audit of the Council's annual accounts.	December 2023 – mid-March 2024	Full Council is due to consider the audited SoA on 9 May. The Auditor General is scheduled to certify them on 14 May.

Description	Scope	Timetable	Status
<b>Audit of the Council's 2022-23 grant returns</b>	Certification of the Council's six grants and returns as required by the terms and conditions of each grant.	November 2023 to April 2024.	Five of the six grants have been certified with unqualified (positive) opinions. One grant claim, housing benefit, is yet to be fully audited.
<b>Audit of the Council's 2023-24 statement of accounts (SoA)</b>	The statutory audit of the Council's annual accounts.	To be determined, anticipated to start late summer.	Yet to commence.
<b>Audit of the Council's 2023-24 grant returns</b>	Certification of the Council's six grants and returns as required by the terms and conditions of each grant.	To be determined, anticipated to start in the autumn.	Yet to commence.
<b>Audit of the Blackwood Arts Centre's 2023-24 charity accounts</b>	The statutory audit of the annual charity account.	Autumn 2024	Yet to commence.

## Performance Audit work

2022-23 Performance Audit work	Scope	Timetable	Status
<b>Assurance and Risk Assessment</b>	<p>Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources and acting in accordance with the sustainable development principle.</p> <ul style="list-style-type: none"> <li>• Financial position</li> <li>• Capital programme management</li> <li>• Use of performance information – with a focus on service user feedback and outcomes</li> </ul>	<p>Ongoing monitoring of financial position</p> <p>September – December 2023</p> <p>February – September 2023</p>	<p>Ongoing</p> <p>Audit Wales will not undertake detailed work at all councils as part of our 2022-23 work programme. We intend to undertake a local government study looking at capital planning in local government commencing in 2024.</p> <p><u>Report published</u></p>

2022-23 Performance Audit work	Scope	Timetable	Status
	<ul style="list-style-type: none"> <li>Setting of well-being objectives</li> </ul>	Was due to be completed November 2023	<a href="#">Report published</a>
<b>Thematic Review – Unscheduled Care</b>	A cross-sector review focusing on the flow of patients out of hospital. This review will consider how the Council is working with its partners to address the risks associated with the provision of social care to support hospital discharge, as well as prevent hospital admission. The work will also consider what steps are being taken to provide medium to longer-term solutions.	August 2022 – October 2023	Reporting from February 2024 onward.
<b>Thematic review – Digital</b>	A review of councils’ strategic approach to digital, and the extent to which this has been developed in accordance with the sustainable development principle; and that it will help to secure value for money in the use of councils’ resources.	January – September 2023.	Clearing report with Council
<b>Waste management review</b>	This project will focus on the Council’s plans to meet current and future statutory recycling targets.	October – March 2023	<a href="#">Report published</a>



2023-24 Performance Audit work	Scope	Timetable	Status
<b>Assurance and Risk Assessment</b>	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources and acting in accordance with the sustainable development principle.	Ongoing	Ongoing
<b>Thematic review – commissioning</b>	A review focusing on how councils' arrangements for commissioning apply value for money considerations and the sustainable development principle.	March – December 2024	Timing of fieldwork TBC
<b>Thematic review – Financial Sustainability</b>	A review of councils' financial sustainability including a focus on the actions, plans and arrangements to bridge funding gaps and address financial pressures over the medium term.	March – July 2024	Project underway.
<b>Counter fraud</b>	To gain assurance as to whether the Council has put in place proper arrangements to secure value for money in its approach to preventing and detecting fraud.	January 2024 – April 2024	Draft report issued to Council.

2023-24 Performance Audit work	Scope	Timetable	Status
<b>Cyber security</b>	<p>We will review the Council's cyber security arrangements against the 10 Steps to Cyber security produced by the National Cyber Security Centre and will look to answer the following three questions:</p> <ol style="list-style-type: none"> <li>1. Is there an effective approach to identifying and understanding cyber security risks?</li> <li>2. Are appropriate controls in place to help mitigate cyber resilience risks?</li> <li>3. Is the Council effectively monitoring and able to respond to cyber security incidents?</li> </ol>	March 2024 – June 2024	Project underway.

## Local government national studies planned/in progress

Study	Scope	Timetable	Status	Fieldwork planned at Caerphilly County Borough Council
<b>Governance of special purpose authorities – National Parks</b>	Review of systems and effectiveness of governance	November 2022 – September 2023	Report drafting – publication due April 2024.	No
<b>Governance in Fire and Rescue Authorities</b>	Review of systems and effectiveness of governance	September 2023 – August 2024	Fieldwork underway. Publication due July 2024.	No
<b>Homelessness</b>	Examining how services are working together to progress the response to homelessness	To be confirmed	Scoping	To be confirmed
<b>Capital Planning in Local Government</b>	Examining whether capital investment in the asset base in local government is able to keep pace with demand	To be confirmed	Not started	To be confirmed

Study	Scope	Timetable	Status	Fieldwork planned at Caerphilly County Borough Council
<b>Financial constraints/ discretionary local government services</b>	Examining the potential impacts and councils' decision making processes in the context of the sustainable development principle.	To be confirmed	Not started	To be confirmed

## Estyn

Our link inspectors are continuing to work with Torfaen as part of our follow-up process for an authority causing significant concern. Conwy local government education service report was published on 18 January 2024, and we highlighted strong practice in the way the local authority worked across its service areas to provide integrated support for vulnerable young people.

We piloted a few new approaches to our inspection arrangements in the Vale of Glamorgan in the week beginning 11 March. We also inspected the Vale of Glamorgan's youth work in the week beginning 19 February 2024, and the findings of that inspection informed the evidence base for the LGES inspection. Both the youth and the LGES reports will be published on 30 April. During the spring term, Estyn link inspectors contributed to the assurance and risk workshops with local authorities across Wales.

During the summer term, we will be piloting our enhanced link visits in two local authorities. The visits will involve three link inspectors visiting a local authority for two days, focusing on one or two specific aspects of the local authority's work. The output is a letter to the Chief Executive Officers which is published on our website. We will also be inspecting Ceredigion and Caerphilly local government education services. We will be carrying out field work in all local authorities on the Implementation of the Additional Learning Needs and Education Tribunal [Wales] Act 2018 in non-maintained settings, primary and secondary schools, and all-age schools Year 2. This review follows on from the year 1 review of the implementation of the ALNET Act in schools, which was published in September 2023.

## Care Inspectorate Wales (CIW)

CIW planned work 2023-25	Scope	Timetable	Status
<b>Thematic reviews</b>  <b>Community Learning Disability Team (CLDT)</b>	<p>Working jointly with HIW we completed an assurance check in Rhondda Cynon Taf focusing on Community Learning Disability Teams (CLDT).</p> <p>We are planning our second CLDT assurance check in Blaenau Gwent.</p>	<p>2024-25</p> <p>March 2024</p>	<p>Delivery</p> <p>Planning</p>
<b>National Review of Care Planning for Children and Young People Subject to the Public Law Outline Pre-proceedings</b>	<p><b>Purpose of the review</b></p> <p>To provide external scrutiny, assurance and to promote improvement regarding the quality of practice in relation to the care planning for children and young people subject to the public law outline pre-proceedings.</p> <p>To consider the extent to which practice has progressed since the publication of both the CIW 'National Review of care planning for children and young people subject to public law outline pre-proceedings' and the publication of the PLO working group report 2021 including best practice guidance.</p>	<p>January 2024</p>	<p>Published</p>
<b>Deprivation of Liberty Safeguards Annual Monitoring Report for Health and Social Care 2022-23</b>	<p>The 2021-22 report was published on 28 February 2024 <a href="#">Deprivation of Liberty Safeguards (DoLS) annual monitoring report 2022-23</a></p>	<p>February 2024</p>	<p>Published</p>

CIW planned work 2023-25	Scope	Timetable	Status
<b>Joint Inspection Child Protection Arrangements (JICPA)</b>	<p>We will complete a further two multi-agency joint inspections in total.</p> <p>The findings following Denbighshire County Council have been published – <a href="#">Joint Inspectorate Review of Child Protection Arrangements (JICPA): Denbighshire 2023</a></p> <p>The findings following Bridgend County Borough Council have been published – <a href="#">Joint Inspectorate Review of Child Protection Arrangements (JICPA): Bridgend 2023</a></p> <p>The findings from Powys County Council have been published – <a href="#">Joint Inspectorate Review of Child Protection Arrangements (JICPA): Powys 2023</a></p> <p>Our findings from the Cardiff JICPA will be published shortly.</p> <p>We will publish a national report in early summer 2024.</p>	<p>April 2023 – April 2024</p> <p>Awaiting publication</p> <p>July 2024</p>	<p>Delivery</p> <p>Awaiting publication</p> <p>Planning</p>

CIW planned work 2023-25	Scope	Timetable	Status
<b>Performance review of Local Authorities</b>	<p><u>We continue to inspect Local Authorities in line with our updated Code of Practice for our local authority inspection activity</u></p> <p><u>How we inspect local authority services and CAF/CASS Cymru</u></p> <p>We published our report for Flintshire County Council children and adult services in February 2024 – <u>Inspection report for Flintshire County Council’s adults and children’s services published</u></p> <p>We completed a Performance Evaluation Inspection in Monmouthshire County Council between February and March. We will publish our report shortly.</p>	Ongoing	Ongoing
<b>Her Majesty’s Inspectorate of Probation – Youth Offending Inspection</b>	<p>We supported the delivery of HMIP’s Youth Offending Services Inspection in Denbighshire and Conwy. The report will be published shortly</p>	Awaiting publication	Awaiting publication

## Audit Wales national reports and other outputs published since March 2023

Report title	Publication date and link to report
Supporting Ukrainians in Wales	<a href="#">March 2024</a>
From firefighting to future-proofing – the challenge for Welsh public services	<a href="#">February 2024</a>
Betsi Cadwaladr University Health Board – board effectiveness follow-up	<a href="#">February 2024</a>
Local Government Financial Sustainability Data tool update uses data from the draft 2022-23 accounts	<a href="#">January 2024</a>
Planning for sustainable development – Brownfield regeneration	<a href="#">January 2024</a>
Corporate Joint Committees – commentary on their progress	<a href="#">November 2023</a>
Governance arrangements relating to an employment dispute at Amgueddfa Cymru – National Museum Wales	<a href="#">November 2023</a>
Failures in financial management and governance and losses incurred – Harlech Community Council	<a href="#">November 2023</a>
Putting out the false alarms: Fire and Rescue Authorities’ responses to Unwanted Fire Signals	<a href="#">October 2023</a>
Covering teachers’ absence – follow-up (letter to the Public Accounts and Public Administration Committee)	<a href="#">October 2023</a>
NHS workforce – data briefing	<a href="#">September 2023</a>



Report title	Publication date and link to report
Income Diversification for National Park Authorities in Wales	<a href="#">September 2023</a>
Approaches to achieving net zero across the UK	<a href="#">September 2023</a>
Springing Forward: Lessons learnt from our work on workforce and assets (in local government)	<a href="#">September 2023</a>
NHS finances data tool – to 31 March 2023	<a href="#">September 2023</a>
Public interest reports – Ammanford Town Council and Llanferres Community Council	<a href="#">September 2023</a>
Cwm Taf Morgannwg University Health Board - Quality Governance Arrangements Joint Review Follow-up	<a href="#">August 2023</a>
'Cracks in the Foundations' – Building Safety in Wales	<a href="#">August 2023</a>
Maximising EU funding – the Structural Funds Programme and the Rural Development Programme	<a href="#">June 2023</a>

## Audit Wales national reports and other outputs (work in progress/planned)<sup>1, 2</sup>

Title	Indicative publication date
Findings from community pharmacy data matching pilot	April 2024
A465 Section 2 – update	May 2024
Financial management and governance in town and community councils	May/June 2024
Local government digital strategy review – national summary	June 2024
Local government use of performance information, outcomes and service user perspective – national summary	June 2024
Affordable housing	Summer 2024
Active travel	Summer 2024
NHS finances data tool – to 31 March 2024	Summer 2024

<sup>1</sup> We will continue to keep our plans under constant review, taking account of the evolving external environment, our audit priorities, the context of our own resourcing and the capacity of audited bodies to engage with us. Follow-up work could also lead to other outputs, as may other local audit work where we consider there is merit in a national summary output of some kind.

<sup>2</sup> We have also published a paper on our website – [Our work programme for 2023-2026](#) – that provides additional detail about our national work (including local thematic reviews). In addition to new work that we will be taking forward in 2023-24, the paper includes details about indicative topics for work to start in 2024-24 or 2025-26. We have recently identified plans for new areas of work to start during 2024-25 in our Annual Plan 2024-25.

Title	Indicative publication date
NHS workforce planning (national messages)	Summer 2024
Cancer services	Late summer 2024
Findings from GP registration data matching pilot	Late summer 2024
National Fraud Initiative – biennial report	Autumn 2024
Addressing biodiversity decline (pan-public sector and at Natural Resources Wales)	Pan-public sector review – autumn 2024  NRW to be confirmed (scoping)
Welsh Government capital and infrastructure investment	Late autumn 2024
Findings from sustainable development examinations (statutory report under the WFG Act)	By early May 2025
The senior public service	Scoping underway, delivery planned early summer
Challenges for the cultural sector	To be confirmed (scoping)
Rebalancing care and support	To be confirmed (scoping)
Tackling NHS waiting lists (local audit work at health boards)	To be confirmed (local work at each Health Board starting in May 2024)
Access to education for children with Additional Learning Needs	To be confirmed (scoping)

Title	Indicative publication date
Velindre Cancer Centre	To be confirmed (scoping)
Further and higher education funding and oversight – Commission for Tertiary Education and Research	To be confirmed (scoping)
Support for business	To be confirmed (starting in 2024-25)
Support for bus and rail services	To be confirmed (starting in 2024-25)
Progress with investment in school and college buildings through the Sustainable Communities for Learning Programme	To be confirmed (starting in 2024-25)
NHS bodies' approaches to digital transformation (local audit work)	To be confirmed (starting in 2024-25)

## Good Practice Exchange events and resources

Title	Link to resource
Audit Committees. 'What does good look like?'. Research and Development work to understand the broad audit committee landscape across all sectors in Wales. Outputs to support Good Practice Exchange events and potential future audit work.	Research and Development work September – December 2023 Good Practice Event Spring 2024

Title	Link to resource
<p><b>Audit Committees: Effective practices and a positive impact</b></p> <p>Good governance arrangements are a critical part of how public service organisations function effectively and deliver value for money services for the citizens and communities of Wales. Audit Committees are one of the foundation stones that support good governance. With significant current and future pressures on public sector finances, there is an increasing need for effective practices and a positive impact. Audit Committees play a vital role in this. This event provides an opportunity to share experiences, learn, and network with peers across the public sector in Wales.</p>	<p><a href="#"><u>Register for this event – Audit Committees: effective practices and a positive impact – Cardiff City Stadium, Wed 22 May 2024 10 am to 3:30 pm (tickettailor.com)</u></a></p>
<p>The Good Practice Exchange – Our yearly round up <b>of events and resources</b></p>	<p><a href="#"><u>December 2023</u></a></p>

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## Caerphilly County Borough Council Annual Audit Summary 2023

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 March 2023. 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 18
- Independent 6

The Council spent £427.3 million on providing services<sup>1</sup> during 2022-23<sup>2</sup>.

<sup>1</sup> 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.

<sup>2</sup> Source: the audited 2022-23 Statement of Accounts.

## Key facts

As at 31 March 2023, the Council had £163.9 million of useable financial reserves<sup>3</sup>. This is equivalent to 38% of the Council's net cost of services for 2022-23<sup>4</sup>.

Caerphilly has 10% of its 110 areas considered to be within the most deprived 10% of areas in Wales, this is the 9<sup>th</sup> highest of the 22 unitary councils in Wales<sup>5</sup>.

The population of Caerphilly is projected to increase by 1% between 2023 and 2043 from 182,200 to 185,000, including a 6% decrease in the number of children, a 3% decrease in the number of the working-age population and a 21% increase in the number of people aged 65 and over<sup>6</sup>.

## The Auditor General's duties

### We completed work during 2022-23 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.

<sup>3</sup> 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.

<sup>4</sup> Source: 2022-23 Statement of Accounts.

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

<sup>6</sup> Source: [Stats Wales, Population Projections](#).



## What we found

### Audit of Caerphilly County Borough Council's 2022-23 Accounts

Each year we audit the Council's financial statements.

#### For 2022-23:

- The Council's responsible finance officer provided us with his signed statement of accounts (SoA) on 12 September 2023. The Welsh Government's non-statutory deadline was 31 July 2023.
- The audit resulted in a significant number of material audit corrections to the SoA provided for audit. We will be writing to the Council with our recommendations for improvement, which we will present to the Governance and Audit Committee.
- The Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements prepared by the Council and with our knowledge of the Council.
- We reported our findings to the Governance and Audit Committee on 1 May 2024 and to full Council on 9 May, via our Audit of Financial Statements Report.
- On 14 May the Auditor General gave an unqualified true and fair opinion on the SoA, this date being after the Welsh Government's deadline of 30 November 2023.
- The Auditor General is responsible for the audit of a number of grant claims. For 2022-23 there are six grant claims that require audit, five of which have been certified with unqualified opinions. The sixth grant claim is scheduled for audit soon.
- The Auditor General is responsible for the audit of a Blackwood Arts Centre Charity's SoA, for which the Council is the corporate trustee. For 2022-23, the Charity's SoA were qualified for a third consecutive year, due to weaknesses in the accounting for the cash and cash equivalents held during the financial year and at the financial year-end.

## 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. We produced the following reports from our assurance and risk assessment work:

- Setting of well-being objectives – we looked at the Council’s approach to setting its well-being objectives. We found that the Council has applied the sustainable development principle throughout the process of setting its new well-being objectives but there is scope to strengthen monitoring arrangements.
- Use of performance information –service user perspective and outcomes – we looked at the service user perspective and outcome data provided to senior leaders, and how this information is used. We found that the Council provides limited performance information to enable senior leaders to understand the perspective of service users and the outcomes of its activities and thus, effectively manage its performance.

## Local projects – Waste management review

We set out to answer the question: Does the Council understand the reasons for its recycling performance and have robust plans to meet current and future statutory recycling targets? We found that the Council understands why its performance has declined but is only recently beginning to take action to address this

## 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.

## Planned work for 2023-24

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 2023-24 includes:

- Assurance and risk assessment which is a consideration of core arrangements and services
- Thematic review – financial sustainability
- Thematic review – commissioning
- Local review - Counter-fraud arrangements
- Local review - Cyber security

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.

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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.

## Caerphilly County Borough Council – 2024 Audit Plan

Audit year: 2024

Date issued: May 2024

Document reference: 4264A2024



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 as described above. Audit Wales is not a legal entity and itself does not have any functions.

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# About Audit Wales

## Our aims and ambitions

### 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



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

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# Introduction

I have completed some of my planning work.

This Audit Plan specifies my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

It sets out the work my team intends undertaking to address the audit risks identified and other key areas of focus during 2024.

It also sets out my estimated audit fee, details of my audit team and key dates for delivering my audit team's activities and planned outputs.



**Adrian Crompton**

Auditor General for  
Wales

## Audit of financial statements

I am required to issue a report on your financial statements which includes an opinion on their 'truth and fairness' and the proper preparation in accordance with accounting requirements.

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

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 is set out later in this plan.

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 accounts of the Blackwood Arts Centre Charity, for which the Council is the corporate trustee;
- six of the Council's grant returns that require certification; and
- certifying a return to the Welsh Government which provides information about the Council to support preparation of Whole of Government Accounts<sup>1</sup>.

There have been no limitations imposed on me regarding my financial audits.

## Performance audit work

I must satisfy myself that the Council:

- has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources. I do this by undertaking an appropriate programme of performance audit work each year.
- is acting in accordance with the sustainable development principle when setting and taking steps to meet their well-being objectives.

My work programme is informed by specific issues and risks facing the Council and wider local government in Wales. I have also taken account of the work that is being undertaken or planned by other external review bodies and by internal audit.

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.

My performance audit work is designed to comply with auditing standards set out by the International Organisation of Supreme Audit Institutions (INTOSAI). This is a global

<sup>1</sup> Subject to the National Audit Office's confirmation of its audit threshold for 2023-24.

umbrella organisation for the performance audit community. It is a non-governmental organisation with special consultative status with the Economic and Social Council (ECOSOC) of the United Nations.

# Your audit at a glance



## My financial statements audit will concentrate on your risks and other areas of focus

My audit planning has identified the following risks:

Significant financial statement risk:

- management override of the controls in place;
- the completeness and accuracy of the disclosure of non-current assets; and
- the completeness and accuracy of the related party disclosures.

Other areas of audit focus:

- valuation of the pension fund's net liability/surplus;
- valuation of land and buildings; and
- senior officer remuneration.



## My performance audit will include:

- Assurance and Risk Assessment
- Thematic Review – Staffing resources/pressures in local government
- Local work – Waste and recycling follow-up. Other area of work to be confirmed but may focus on one of the following: scrutiny, equality impact assessments, procurement, or contract management.



## Materiality

Materiality £7.7 million

Reporting threshold £385,000

# Financial statements' materiality



## Materiality £7.7 million

My aim is to identify and correct material misstatements, that is, those that might otherwise mislead the user of the accounts.

Materiality is currently calculated using:

- gross expenditure of £771.690 million, which is estimated by being based on the 2022-23 audited gross expenditure
- Materiality percentage of 1%

I report to those charged with governance any misstatements above a trivial level (set at 5% of materiality).



## Areas of specific interest

There are some areas of the accounts that may be of more importance to the user of the accounts, and we have set a lower materiality level for these:

- the remuneration report (and associated expenditure such as exit payments), with materiality a level of £1,000 (and potentially lower if an error results in an incorrect remuneration financial-banding); and
- related party disclosures, with a materiality level of £10,000 (for related party disclosures associated with positions and interests held by members and senior officers).

# Significant financial statements' risks

I have not commenced my planning work. Therefore, the matters set out in **Exhibits 1 and 2** are drawn from my past audit work, including my recent certification of the 2022-23 financial statements. Once I have completed my audit planning I will provide you with updated **Exhibits 1 and 2**.

Significant risks are identified risks of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk or those which are to be treated as a significant risk in accordance with the requirements of other ISAs. The ISAs require us to focus more attention on these significant risks.

## Exhibit 1: significant financial statement risks

Significant risk	Our planned response
<p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.32-33].</p>	<p>I will:</p> <ul style="list-style-type: none"> <li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li> <li>• review accounting estimates for biases;</li> <li>• evaluate the rationale for any significant transactions outside the normal course of business;</li> <li>• and I may add additional procedures to address any specific risks of management override which are not addressed by the mandatory work above.</li> </ul>
<p>My audit of the 2022-23 financial statements found a significant number of material misstatements regarding non-current assets (principally the land and buildings). We therefore currently judge there to be a significant risk of material misstatement in the non-current asset disclosures.</p>	<p>I will:</p> <ul style="list-style-type: none"> <li>• review the improvements made for 2023-24; and</li> <li>• undertake testing that focuses on the key risks that arise from my planning work and review of managements actions for improvement.</li> </ul>
<p><b>Related party disclosures</b> I also audit the disclosure of related party transactions and balances to a far lower level of materiality, as set out at page 9.</p>	<p>I will verify whether all DOIs have been received for 2023-24 and I will examine the finance team's</p>

Significant risk	Our planned response
<p>In recent past audits I have identified material omissions or misstatements, which the Council has corrected. I therefore judge the 2023-2024 disclosures to be at risk of misstatement.</p>	<p>evidenced evaluation of them in preparing accounts. I will also undertake completeness checks, such as my review of Companies House records.</p>

# Other areas of focus

I set out other identified risks of material misstatement which, whilst not determined to be significant risks as above, I would like to bring to your attention.

## Exhibit 2: other areas of focus

Audit risk	Our planned response
<p><b>Valuation of pension fund net liability/surplus</b></p> <p>The Local Government Pension Scheme fund liability (or surplus), as reflected in the financial statements, is a material estimate.</p> <p>The nature of this estimate means that it is subject to a high degree of estimation uncertainty as it is sensitive to small adjustments in the assumptions used in its calculation.</p> <p>The impact of economic conditions, particularly interest rate levels, also have a significant impact on the liability (or surplus) at the financial year end. For example, the liability could move from a liability into a surplus position.</p>	<p>I will:</p> <ul style="list-style-type: none"> <li>• evaluate the instructions issued by management to their management experts (actuary) for this estimate and the scope of the actuary’s work;</li> <li>• assess the competence, capabilities and objectivity of the actuary who carried out the valuations;</li> <li>• assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability;</li> <li>• test the accuracy of the pension fund net liability and disclosures in the financial statements with the actuarial report from the actuary;</li> <li>• assess the reasonableness of the assumptions made by the actuary by reviewing the report of the consulting actuary (auditor’s expert) and undertaking any additional procedures required; and</li> <li>• assess whether any legal cases could have a material impact on the net liability, and if so, confirm that this has been appropriately recognised and disclosed within the financial statements.</li> </ul> <p>Much of this work will be undertaken through the auditors of the administering council.</p>



Audit risk	Our planned response
<p><b>Valuation of land and buildings</b></p> <p>The value of land and buildings reflected in the balance sheet and notes to the accounts are material estimates.</p> <p>Land and buildings are required to be held on a valuation basis which is dependent on the nature and use of the assets. This estimate is subject to a high degree of subjectivity, depending on the specialist and management assumptions, and changes in these can result in material changes to valuations.</p> <p>Assets are required to be revalued every five years, but values may also change year on year, and there is a risk that the carrying value of assets reflected in the accounts could be materially different to the current value of assets as at 31 March 2024, particularly in the current economic environment.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> <li>• review the information provided to the valuer to assess for completeness;</li> <li>• evaluate the competence, capabilities and objectivity of the professional valuer;</li> <li>• test a sample of assets revalued in the year to ensure the valuation basis, key data and assumptions used in the valuation process are reasonable, and the revaluations have been correctly reflected in the financial statements; and</li> <li>• test the reconciliation between the financial ledger and the asset register.</li> </ul>
<p><b>Senior Officer Remuneration</b></p> <p>I judge the Council's remuneration report to be material by nature, as reported on page 9. Therefore, even low value errors in the disclosures could result a material misstatement.</p> <p>There is the risk that remuneration disclosures (including any exit payments) are inaccurately disclosed.</p>	<p>I will:</p> <ul style="list-style-type: none"> <li>• understand the movements in the senior management team during 2023-24;</li> <li>• ensure that remuneration disclosed is consistent with supporting evidence; and</li> <li>• ensure that amounts paid are consistent with those approved by the Council.</li> </ul>

# Financial statements' audit timetable

I set out below key dates for delivery of my accounts audit work and planned outputs.

## Exhibit 3: key dates for delivery of planned outputs

Planned output	Work undertaken	Issued
2024 Audit Plan	Summer 2024	May 2024 <sup>2</sup>
Audit of financial statements work: <ul style="list-style-type: none"><li>• Audit of Financial Statements Report</li><li>• Opinion on the Financial Statements</li></ul>	To be confirmed.	To be confirmed.

<sup>2</sup> With a further update due, see comments at page 10.

# Planned performance audit work

I set out below details of my performance audit work and key dates for delivery of planned outputs.

## Exhibit 4: key dates for delivery of planned outputs

<p><b>Assurance and risk assessment</b></p>	<p>Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources and acting in accordance with the sustainable development principle.</p>	<p>Ongoing</p>
<p><b>Thematic review – Staffing resources/pressures in local government</b></p>	<p>A review of the arrangements that councils have in place to secure appropriate and cost-effective staff resources to support services.</p>	<p>Approximate timescales for the review across all councils are between October 2024 and June 2025.</p>
<p><b>Local project work – Waste and recycling follow-up</b></p>	<p>A review of the Council's progress in addressing the recommendations we made in our July 2023 Waste Management Review report.</p>	<p>Timescales for the project will be discussed with the Council and detailed within the specific project brief produced for the audit.</p>
<p><b>Local work</b></p>	<p>To be confirmed. Potential areas of focus may be one of the following: scrutiny, equality impact assessments, procurement or contract management. We will confirm which one in our quarterly work programme update.</p>	<p>Timescales for the project will be discussed with the Council and detailed within the specific project brief produced for the audit</p>

# Certification of grant claims and returns

I also undertake certification work on some of the Council's grant claims. I anticipate there will be six claims that require my audit for 2023-24.

DRAFT

# Statutory audit functions

In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:

- Section 30 Inspection of documents and questions at audit; and
- Section 31 Right to make objections at audit.

As this work is reactive, I have made no allowance in the fee below. If I do receive questions and objections, I will discuss potential audit fees at the time.

DRAFT

# Fee and audit team

In January 2024, we published our [Fee Scheme](#) for the 2024-25 year as approved by the Senedd Finance Committee. My fee rates for 2024-25 have increased by an average of 6.4%, as a result of unavoidable inflationary pressures and the ongoing need to invest in audit quality.

I estimate your total audit fee will be £466,050, being an increase of 6.4% compared to last year's fee estimate.

Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Section 151 Officer.

## Our financial audit fee is based on the following assumptions:

- The agreed audit deliverables set out the expected working paper requirements to support the financial statements and include timescales and responsibilities.
- No matters of significance, other than as summarised in this plan, are identified during the audit.

## Exhibit 5: breakdown of audit fee

Audit area	2024 Fee estimate (£) <sup>3</sup>	2023 fee estimate (£)
Audit of financial statements <sup>4</sup>	293,827	276,070 <sup>5</sup>
Performance audit work <sup>6</sup>	120,821	113,544
Grant certification work <sup>7</sup>	47,614	44,750
Other financial audit work <sup>8</sup>	3,788	3,560
<b>Total fee</b>	<b>466,050</b>	<b>437,924</b>

<sup>3</sup> The fees shown in this document are exclusive of VAT, which is not charged to you.

<sup>4</sup> Payable November 2023 to October 2024.

<sup>5</sup> In addition, there was an additional billed cost of £29,455.

<sup>6</sup> Payable April 2024 to March 2025.

<sup>7</sup> Payable as work is undertaken.

<sup>8</sup> This fee relates to the Blackwood Arts Centre Charity.

The main members of my team, together with their contact details, are summarised in **Exhibit 6**.

**Exhibit 6: my local audit team**

Name	Role	Contact details
Anthony Veale	Engagement Director	<a href="mailto:anthony.veale@audit.wales">anthony.veale@audit.wales</a>
Gary Emery	Audit Director (Performance Audit)	<a href="mailto:gary.emery@audit.wales">gary.emery@audit.wales</a>
Mark Jones	Audit Manager (Financial Audit)	<a href="mailto:mark.jones@audit.wales">mark.jones@audit.wales</a>
Sara-Jane Byrne	Audit Manager (Performance Audit)	<a href="mailto:sara-jane.byrne@audit.wales">sara-jane.byrne@audit.wales</a>
Rhodri Davies	Audit Lead (Financial Audit)	<a href="mailto:rhodri.davies@audit.wales">rhodri.davies@audit.wales</a>
Matthew Brushett	Audit Lead (Performance Audit)	<a href="mailto:matthew.brushett@audit.wales">matthew.brushett@audit.wales</a>

I can confirm that my team members are all independent of the Council and your officers.

# Audit quality

Our commitment to audit quality in Audit Wales is absolute. We 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 QAD\* and our Chair, acts as a link to our Board on audit quality. For more information see our [Audit Quality Report 2023](#).

## 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






\* QAD is the quality monitoring arm of ICAEW.



# Supporting you

Audit Wales has developed a range of resources to support the scrutiny of Welsh public bodies, and to support those bodies in continuing to improve the services they provide to the people of Wales.

## Visit our website to find:

	our <a href="#">Good Practice</a> work where we share emerging practice and insights from our audit work in support of our objectives to assure, to explain and to inspire.
	our <a href="#">newsletter</a> which provides you with regular updates on our public service audit work, good practice, and events.
	our <a href="#">publications</a> which cover our audit work completed at public bodies.
	information on our <a href="#">forward performance audit work programme 2023-2026</a> which is shaped by stakeholder engagement activity and our picture of public services analysis.
	various <a href="#">data tools</a> and <a href="#">infographics</a> to help you better understand public spending trends including a range of other insights into the scrutiny of public service delivery.

You can find out more about Audit Wales in our [Annual Plan 2024-25](#) and [Our Strategy 2022-27](#).



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



## **GOVERNANCE AND AUDIT COMMITTEE - 4<sup>TH</sup> JUNE 2024**

**SUBJECT: ANNUAL INTERNAL AUDIT REPORT 2023/24**

**REPORT BY: ACTING INTERNAL AUDIT SERVICES MANAGER**

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

- 1.1 The purpose of this report is to inform the Governance and Audit Committee of the Internal Audit Manager's overall opinion on the Authority's Internal Control Systems derived from the work undertaken by Internal Audit Services during the 2023/24 financial year.

### **2. SUMMARY**

- 2.1 It is a requirement the Council's Financial Regulations, the Internal Audit Charter, and the Public Sector Internal Audit Standards (PSIAS) that the Head of Internal Audit provides an annual report to support the Annual Governance Statement. The report should: -
- Include an opinion on the overall systems of internal controls.
  - Present a summary of the audit work that has been undertaken on which this opinion is based.
  - Draw attention to any issues which may impact on the level of assurance provided.
- 2.2 The annual audit opinion should include an evaluation of 3 elements: governance arrangements, risk management and internal control. The audit opinion informs the annual governance review process and is incorporated into the Draft 2023/24 Annual Governance Statement, which is included separately on today's agenda.
- 2.3 All audits performed (with the exception of most grant certifications, contract final accounts, value for money, and other special reviews) generate an overall audit opinion. The audit opinion is based on the number and risk rating of the individual findings noted in the audit. For grants and contracts the opinions are assessed in relation to the risk or impact of any non-compliance, or the number of individual non-compliance issues noted. A report was presented to the Audit Committee in 2018 which provided details of the methodology supporting how audit opinions are generated.

- 2.4 For systems and establishment reviews opinions are rated as “Effective”, “Effective with opportunity to improve”, “In need of improvement” or “Inadequate and in need of Immediate Improvement”.
- 2.5 Grants are assessed as “Compliant” or “Non-compliant” with the grant terms and conditions, and final account audits are assessed as “Compliant”, “Substantially compliant”, “Partially compliant” or “Non-compliant” with the Council’s Financial Regulations and Standing Orders.
- 2.6 The audit opinions support assurance that can be gained over the systems of internal control, as those audits noted as “Effective” or “Compliant” support full assurance, “Effective with opportunity to improve” or “Substantially compliant” support substantial assurance, “In need of improvement” or “Partially compliant” support partial or limited assurance, and “Inadequate and in need of immediate improvement” or “Non-compliant” support no assurance.
- 2.7 A small number of specific pieces of work do not generate an opinion such as VFM and advice and guidance but the numbers of these are not significant in relation to the overall number and types of audits performed.
- 2.8 Therefore, overall assurance in relation to the Council’s system of internal controls can be gained by considering the range and number of audits and the opinions generated.
- 2.9 This report provides an overview of the work performed during 2023/24 and a detailed schedule of audits is attached as **Appendix 1**

### **3. RECOMMENDATIONS**

- 3.1 The Governance and Audit Committee is asked to note the content of this report and the Internal Audit Manager’s annual opinion for the 2023/24 financial year in order for the Committee to gain the required assurance to fulfil its role.

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

- 4.1 To ensure that: -
- the Governance and Audit Committee is aware of the level of Internal Audit coverage and the overall opinion derived from undertaking this work;
  - adequate supporting information and evidence has been supplied to the Governance and Audit Committee to enable the Committee to meet its requirements under the Committee’s terms of reference; and
  - adequate assurance is provided to support the Annual Governance Statement process.

### **5. THE REPORT**

- 5.1 Both the Council’s Financial Regulations and the Internal Audit Charter set out the reporting requirements for Internal Audit Services, and the Public Sector Internal

Audit Standards (PSIAS) introduced in 2013 have also reinforced the links with corporate governance and the assurance framework.

- 5.2 The purpose of this report is to provide Members of the Governance and Audit Committee with an opinion or view of the robustness and effectiveness of the internal control systems and procedures in place within the organisation during the 2023/24 financial year.
- 5.3 The opinion is a key element of the annual governance review process and forms part of the published Annual Governance Statement.
- 5.4 The approach adopted for reviewing and evaluating the internal controls and processes revolves around a flexible well-constructed plan that considers several factors such as risk, impact, nature, and history etc.
- 5.5 As Members may be aware, PSIAS requires that all Internal Audit staff undertake Continuing Professional Development (CPD), so allocation of resources to training and developing staff is essential and will pay dividends in the future as a well-trained, skilled team will be more resilient to deal with future challenges. Currently the staffing profile consists of 2 qualified accountants, 2 part-qualified accountants who have gained a level 5 finance qualification during 2023/24 and are continuing their professional studies, one qualified Accounting Technician (AAT Level 3) and one qualified AAT Level 2 who is studying for Level 3 currently. One other member of staff is studying an accountancy qualification and has made good progress passing all modules to date. The Acting Internal Audit Manager is also an associate member of the Chartered Institute of Internal Auditors.
- 5.6 A number of audits remained uncompleted at the end of the previous financial year (2022/23) and work was performed to complete these in 2023/24, together with new assignments started in-year. The total number of audits completed in-year was 191. The 2023/24 audits which remain incomplete (27) will be concluded in 2024/25 and progress will be reported to the Governance and Audit Committee during the year.
- 5.7 A full list of audits completed during the year is attached at **Appendix 1** and **Appendix 2** lists those audits that started but which were incomplete and are carried forward into 2024/25.
- 5.8 The Internal Audit team also undertook the administration of the UK Government Fuel Grant scheme for non-mains supplied customers at the request of the Head of Financial Services & S151 Officer. This was due to a lack of capacity to undertake this work elsewhere in Corporate Finance.
- 5.9 In addition, other work undertaken such as grant certification work, internal control advice, system advice, and special investigations etc. can also inform the overall assurance provided by the internal audit opinion.
- 5.10 The total number of opinions generated between 1/4/23 and 31/3/24 are shown in the table below.

## Breakdown of Audit Opinions

Breakdown of Audit Opinion 2023-24	Total Audits Completed	Audits Completed in year with outstanding recommendations
Effective	91	2
Effective with opportunity to improve	51	7
In need of improvement	9	2
Inadequate and in need of immediate improvement	2	1
Special Investigation	1	
VFM audit	1	
Grant Certification	3	
Contract - Compliant	23	
Contract - Non-compliant	2	
Contract - Partially-compliant	1	
Contract - Substantially compliant	7	
No opinion (Fuel payment scheme)	1	
<b>Total</b>	<b>192</b>	<b>12</b>

- 5.11 It can be seen that 9 audits generated an “In need of improvement” opinion, 2 generated an “Inadequate and in need of immediate improvement” opinion, and 2 generated a “Contract non-compliant” opinion. Therefore, the majority of work performed provided assurance as to the correct operation of internal control processes.
- 5.12 Further information can also be gleaned in relation to the audits performed by a more detailed analysis of the recommendations generated from the audits performed. Recommendations are generated from individual points noted (if any) during the audit process and seek to rectify the control weaknesses/failures noted. These therefore support the overall opinion generated. Progress on the implementation of recommended actions is reported to the Governance and Audit Committee separately.
- 5.13 The MK Insights I.T. system allows findings to be analysed at a granular level and this analysis can also further inform the Committee as to the assurance levels and framework of internal controls.
- 5.14 The table below shows an analysis of the findings generated between 1/4/23 and 31/3/24 and the risk ratings associated with them for completed audits.

## Analysis of Recommendation risk ratings for 2023/24

Breakdown of completed Audits 2023/24	Number of Audits	Recommendations – Risk Rating			
		High	Medium	Merits Attention	Grand Total
Total Audits Completed with recommendations	191	197	205	288	690
Audits completed in-year with outstanding recommendations	12	1	12	16	29

- 5.15 Systems audits have been conducted during the year on some of the Council's systems by means of internal control reviews, interviews with service managers, and the testing of samples of transactions and processes.
- 5.16 Data was submitted to the National Fraud Initiative (NFI) in October 2022 and matches were released in January 2023. Work has been conducted on these matches in the latter part of 2023/24. Some evaluation of the quality and relevance of the report matches has been undertaken and work has been performed on some of the data match reports determined to provide better quality of matches and outcomes. This is being progressed and the matches are being updated in the NFI system and individual reports will also be issued where significant findings have been noted.
- 5.17 A number of Welsh Government grants are received by the Authority that are subject to a review of accuracy and compliance with terms and conditions requiring a year-end audit certification. Significant revenue streams arise from these grants.
- 5.18 Internal Audit continues to support internal groups such as the Information Governance Stewards' Group and the Complaints Group.
- 5.19 The Internal Audit Manager is responsible for co-ordinating information that supports the Annual Governance Statement and reports progress and issues noted to the Corporate Governance Panel, which oversees the governance arrangements within the authority. The Governance Panel has continued to meet as required, and it is considered that governance continues to be effective. Minutes of these meetings are reported to the Governance and Audit Committee for information.
- 5.20 Internal Audit Services has continued to undertake final account reviews and other contract audit work throughout the year.
- 5.21 Anonymous letters, reports and complaints are received and assessed within Internal Audit to ensure that they are carefully considered, and if necessary, they are then passed to appropriate service areas for further investigation or review. Resource demand for this process is difficult to forecast. These anonymous communications cover a range of possible issues that may include highways, planning, anti-social behaviour, tipping, animal control, neighbour issues, child protection and safeguarding, and possible other illegal activities. Each report is assessed individually and referred appropriately. Where allegations relate to criminal activities, benefit fraud, staff irregularities or safeguarding, immediate referrals are made to relevant parties.

- 5.22 Internal Audit also logs and records cheques returned to the Authority. Resources for this process are difficult to forecast, however these numbers continue to show a downward trend and are now minimal. This is to be expected as the number of cheque payments made by the Council has substantially reduced.
- 5.23 Other audit work undertaken during the period under review included regularity work, advisory work, supporting working parties, and advising on best practise in relation to new systems and processes.
- 5.24 The Public Sector Internal Audit Standards (PSIAS) came into force on the 1<sup>st</sup> of April 2013 and consist of the following: -
- Definition of internal audit.
  - Code of Ethics.
  - Standards for the Professional Practice of Internal Auditing.
- 5.25 The Internal Audit Service continued to conform to the Standards during 2023/24 and no significant deviations have been noted. A self-assessment was performed and reported to the Governance and Audit Committee during 2023/24. An external peer review assessment of compliance with the Standards has been completed recently. The findings and any action plan arising will be reported to the Committee later this year.
- 5.26 An in previous years, the Senior Leadership Team under the direction of the Chief Executive and advice of the Head of Financial Services & S151 Officer and the Head of Legal Services & Monitoring Officer has adopted a robust and clear demonstration of governance and internal controls.
- 5.27 The Council's risk management processes and risk register continue to be reported to the Governance & Audit Committee and it is considered that this continues to be effective.

## **Conclusion**

- 5.28 **Internal Audit manager's opinion** - The Internal Audit Manager's opinion is based on the output of the work undertaken in the year including assessments and judgements on governance arrangements and the findings and opinions from individual audits as detailed in paragraphs 5.10 to 5.12.
- 5.29 The data in relation to work undertaken, audit findings and opinions supports the Internal Audit Manager's opinion that the Council's systems and control procedures are effective.

## **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 Internal Audit Services annual report and annual opinion does not require a change of council 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: D Street, Deputy Chief Executive  
R Edmunds, Corporate Director for Education and Corporate Services  
S Harris, Head of Financial Services and S151 Officer

Appendices:

Appendix 1 List of audits completed in 2023/24.

Appendix 2 Audit work incomplete at 31/03/24.

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## LIST OF AUDITS COMPLETED IN 2023/24

Audit Title	Audit Type	Opinion
EC19C-EC40 Woodward Avenue/Waunfawr Road	Contract Audit	Substantially compliant
4880 High Street Bargoed	Contract Audit	Substantially compliant
WHQS External Works Waunfawr Gardens, Crosskeys	Contract Audit	Substantially compliant
5178 Maesycwmmmer Primary	Contract Audit	Substantially compliant
Administration Additional Fuel scheme payments	Consultancy Review	Admin purposes
4538 Blackwood Comprehensive Boiler Plant Replacement	Contract Audit	Compliant
TH1243 - Hafodyrynys Hill Demolition	Contract Audit	Compliant
5081 Ysgol Ivor Bach, Boilers and Valves	Contract Audit	Compliant
4455 Ty Sign Curtain Walling Works	Contract Audit	Compliant
4537 Longbridge Pavilion Demolition and Refurbishment Works	Contract Audit	Compliant
EXT 19C - UC39 Nelson	Contract Audit	Compliant
5024 Ty Ni	Contract Audit	Compliant
4905 Trinity Fields Phase 4 Modifications	Contract Audit	Compliant
5179 Cwmcarn Primary School Artificial Grass Install	Contract Audit	Compliant
5180 St James Primary	Contract Audit	Compliant
5182 Twyn School Classroom Refurbishments	Contract Audit	Compliant
5183 Heolddu Comprehensive Adaption Works	Contract Audit	Compliant

5185 Phillipstown Primary Internal Adaptions	Contract Audit	Compliant
4701 Ysgol Y Castell	Contract Audit	Compliant
4831 Tynewydd Primary School Boiler Replacement	Contract Audit	Compliant
5012 Ysgol Y Castell Boiler Replacement	Contract Audit	Compliant
5219 Pontllanfraith Primary School Works	Contract Audit	Compliant
5174 Heolddu Comprehensive WC Replacement	Contract Audit	Compliant

<b>Audit Title</b>	<b>Audit Type</b>	<b>Opinion</b>
5255 Risca Community Comprehensive New Internal classroom adaptations to hallway	Contract Audit	Compliant
5171 St Cenydd Comprehensive - Toilet Refurbishment	Contract Audit	Compliant
5250 YG Cwm Derwen Additional WC's	Contract Audit	Compliant
5225 St Cenydd Comprehensive School - Laboratory 134 Refurbishment	Contract Audit	Compliant
5267 St Cenydd Comprehensive - Internal Room Adaptions	Contract Audit	Compliant
Petty Cash SAQ Blackwood Miners	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Communications Unit	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Planning	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Ystrad Mynach Library	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Montclair	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Economic Development	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Bargoed Locality Office	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Civic Office	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ East Children's Services	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Sixteen Plus Team	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Abertridwr Library	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Environmental Health	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Superintendent Registrar	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Homeless Prevention	SAQ Control Risk Self-Assessment	Effective

Petty Cash SAQ Graig Y Rhacca Housing Office	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Cwmcarn Forest Drive Visitor Centre	SAQ Control Risk Self-Assessment	Effective

<b>Audit Title</b>	<b>Audit Type</b>	<b>Opinion</b>
Petty Cash SAQ White Rose information centre (New Tredegar library)	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ ESF Project	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ The Education Centre Parc Penallta	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ South East Wales Emergency Duty Team	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Youth Offending Service	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Ty Isaf Residential Home	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Building Cleaning Services	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Gardenscape	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ 14 Graig Road	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Beatrice Webb HFE	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Blackwood Resource Centre	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Caerphilly Adventures	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Deputyship	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Legal Services	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Links Resource Base	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Sundry Debtors Court Fees	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Tenant Expenses	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Oaklands Day Centre	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Ty Gwilym Respite Care Home	SAQ Control Risk Self-Assessment	Effective

Petty Cash SAQ Ystrad Mynach Resource Base	SAQ Control Risk Self- Assessment	Effective
Petty Cash SAQ Ty Coed	SAQ Control Risk Self- Assessment	Effective
Petty Cash SAQ Brooklands Resource Base	SAQ Control Risk Self- Assessment	Effective



Audit Title	Audit Type	Opinion
Petty Cash SAQ Aberbargoed Primary School	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Public Services	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Castle View HFE	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Graig Y Rhacca Primary	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Brodawl RC	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Heolddu Comprehensive	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Plas Y Felin Primary School	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Panside Primary	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Trinity Fields School	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Glyngaer Primary School	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Fleur De Lys Primary	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Min-Y-Mynydd	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Ysgol Y Castell	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Pengam Primary	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Llancaeath Junior School	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ St Gwladys Primary School	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ The Learning Centre Glan Y Nant	SAQ Control Risk Self-Assessment	Effective

Petty Cash SAQ Trinity Fields Play Scheme	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Comps Lewis School Pengam	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Comps Lewis Girls	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Ty Ni	SAQ Control Risk Self-Assessment	Effective
Cwmaber Infants School 2022/23	SAQ Control Risk Self-Assessment	Effective
Cwmaber Junior School SAQ 2022/23	SAQ Control Risk Self-Assessment	Effective
Glyngaer Primary School SAQ 2022/23	SAQ Control Risk Self-Assessment	Effective
<b>Audit Title</b>	<b>Audit Type</b>	<b>Opinion</b>
Hendredenny Park Primary School SAQ 2022/23	SAQ Control Risk Self-Assessment	Effective
Pantside Primary School SAQ 2022/23	SAQ Control Risk Self-Assessment	Effective
Trinity Fields School SAQ 2022/23	SAQ Control Risk Self-Assessment	Effective
Cwrt Rawlin Primary School SAQ 2022/23	SAQ Control Risk Self-Assessment	Effective
The Twyn Primary School SAQ 2022/23	SAQ Control Risk Self-Assessment	Effective
Ysgol Ifor Bach SAQ 2022/23	SAQ Control Risk Self-Assessment	Effective
Ysgol y Lawnt SAQ 2022/23	SAQ Control Risk Self-Assessment	Effective
Idris Davies School SAQ 2022/23	SAQ Control Risk Self-Assessment	Effective
Lewis Girls School SAQ 2022/23	SAQ Control Risk Self-Assessment	Effective
Islwyn High School SAQ 2022/23	SAQ Control Risk Self-Assessment	Effective

Petty Cash SAQ Winding House	SAQ Control Risk Self-Assessment	Effective
Petty Cash SAQ Parc Cwm Darren	SAQ Control Risk Self-Assessment	Effective
YG Bro Allta SAQ plus 2022/23	SAQ plus	Effective
Starters and Recruitment	System Audit	Effective
Purchase Card - Education & Corporate Services	System Audit	Effective
Purchase Card - Education & Corporate Services	System Audit	Effective
Purchase Card - Economic Development	System Audit	Effective
Purchase Card - Education	System Audit	Effective
Purchase Card - Education	System Audit	Effective
Purchase Card - Education & Corporate Services	System Audit	Effective
Purchase Card - Catering	System Audit	Effective
Purchase Card - Housing	System Audit	Effective
Purchase Card - Education & Corporate Services	System Audit	Effective
Purchase Card - Social Services	System Audit	Effective
Purchase Card - Housing	System Audit	Effective
Purchase Card - Adult Services	System Audit	Effective
Purchase Card - Adult Services	System Audit	Effective
Purchase Card - Housing	System Audit	Effective
<b>Audit Title</b>	<b>Audit Type</b>	<b>Opinion</b>
Purchase Card - Libraries	System Audit	Effective
EXT16C LC18PS Phase 1 14-36 Penybryn	Contract Audit	Effective with opportunity to improve
Corporate Services and Education Safeguarding self evaluation	Crosscutting Review	Effective with opportunity to improve

Housing Corporate Safeguarding Self Evaluation Audit	Crosscutting Review	Effective with opportunity to improve
Public Protection, Community & Leisure Services Self Safeguarding Evaluation Audit	Crosscutting Review	Effective with opportunity to improve
Planning and Regeneration Corporate Safeguarding Self Evaluation Audit	Crosscutting Review	Effective with opportunity to improve
Economy and Environment Infrastructure Corporate Safeguarding Self Evaluation Audit	Crosscutting Review	Effective with opportunity to improve
Bryn Primary School	Establishment Audit	Effective with opportunity to improve
Ystrad Primary School Establishment Audit	Establishment Audit	Effective with opportunity to improve
Hengoed Primary School	Establishment Audit	Effective with opportunity to improve
Lewis School Pengam	Establishment Audit	Effective with opportunity to improve
St Gwladys Primary School Establishment Audit	Establishment Audit	Effective with opportunity to improve
Petty Cash SAQ Positive Futures	SAQ Control Risk Self-Assessment	Effective with opportunity to improve
Petty Cash SAQ Caerphilly Locality Office	SAQ Control Risk Self-Assessment	Effective with opportunity to improve
Petty Cash SAQ Caerphilly Library	SAQ Control Risk Self-Assessment	Effective with opportunity to improve
Petty Cash SAQ Community Support Services	SAQ Control Risk Self-Assessment	Effective with opportunity to improve
Petty Cash SAQ Buildings Maintenance	SAQ Control Risk Self-Assessment	Effective with opportunity to improve
Petty Cash SAQ Cwmcarn Primary School	SAQ Control Risk Self-Assessment	Effective with opportunity to improve
Petty Cash SAQ Comps Blackwood Comprehensive	SAQ Control Risk Self-Assessment	Effective with opportunity to improve

Petty Cash SAQ Comps Idris Davies	SAQ Control Risk Self-Assessment	Effective with opportunity to improve
Petty Cash SAQ Comps Islwyn High	SAQ Control Risk Self-Assessment	Effective with opportunity to improve
<b>Audit Title</b>	<b>Audit Type</b>	<b>Opinion</b>
Petty Cash SAQ Comps Newbridge School	SAQ Control Risk Self-Assessment	Effective with opportunity to improve
Abercarn Primary SAQ 2022/23	SAQ Control Risk Self-Assessment	Effective with opportunity to improve
Cwmcarn Primary School SAQ 2022/23	SAQ Control Risk Self-Assessment	Effective with opportunity to improve
Gilfach Fargoed SAQ 2022/23	SAQ Control Risk Self-Assessment	Effective with opportunity to improve
Machen Primary School SAQ 2022/23	SAQ Control Risk Self-Assessment	Effective with opportunity to improve
Park Primary School SAQ 2022/23	SAQ Control Risk Self-Assessment	Effective with opportunity to improve
Nant y Parc Primary SAQ 2022/23	SAQ Control Risk Self-Assessment	Effective with opportunity to improve
YGG Caerffili SAQ 2022/23	SAQ Control Risk Self-Assessment	Effective with opportunity to improve
St Cenydd Comprehensive School SAQ 2022/23	SAQ Control Risk Self-Assessment	Effective with opportunity to improve
Blackwood Comprehensive School SAQ 2022/23	SAQ Control Risk Self-Assessment	Effective with opportunity to improve
Petty Cash SAQ Ty'r Fesen	SAQ Control Risk Self-Assessment	Effective with opportunity to improve
Fochriw Primary SAQ plus 2023/23	SAQ plus	Effective with opportunity to improve
YG Cwm Rymni SAQ plus 2022/23	SAQ plus	Effective with opportunity to improve
St Martins SAQ plus 2022/23	SAQ plus	Effective with opportunity to improve
Purchase Card User Administration	System Audit	Effective with opportunity to improve
HR Payroll Employee Existence	System Audit	Effective with opportunity to improve
Purchase Card – Housing	System Audit	Effective with opportunity to improve
Purchase Card - Corporate Finance	System Audit	Effective with opportunity to improve

Purchase Card - Corporate Finance	System Audit	Effective with opportunity to improve
Purchase Card - Communities	System Audit	Effective with opportunity to improve
Purchase Card - Social Services	System Audit	Effective with opportunity to improve
Purchase Card - Communities	System Audit	Effective with opportunity to improve
Purchase Card - Adult Services	System Audit	Effective with opportunity to improve
Purchase Card - Communities	System Audit	Effective with opportunity to improve
Purchase Card - Social Services	System Audit	Effective with opportunity to improve
<b>Audit Title</b>	<b>Audit Type</b>	<b>Opinion</b>
Purchase Card - Corporate Finance	System Audit	Effective with opportunity to improve
Purchase Card - Legal Services	System Audit	Effective with opportunity to improve
Purchase Card - Social Services	System Audit	Effective with opportunity to improve
Purchase Card - Legal Services	System Audit	Effective with opportunity to improve
Purchase Card – Tourism	System Audit	Effective with opportunity to improve
Payroll Leavers	System Audit	Effective with opportunity to improve
Property Services Corporate Safeguarding Self Evaluation Audit	Crosscutting Review	In need of improvement
White Rose Primary School Establishment Audit	Establishment Audit	In need of improvement
Bryn Awel Primary School	Establishment Audit	In need of improvement

St Martins Comprehensive School Establishment Audit	Establishment Audit	In need of improvement
Ty Isaf Primary School SAQ 2022/23	SAQ Control Risk Self-Assessment	In need of improvement
Plas y felin Primary School SAQ 2022/23	SAQ Control Risk Self-Assessment	In need of improvement
Ty Newydd Primary School SAQ 2022/23	SAQ Control Risk Self-Assessment	In need of improvement
Payment Card Industry Data Security Standard	System Audit	In need of improvement
Purchase Card Authoriser Administration	System Audit	In need of improvement
Petty Cash SAQ Lansbury Park NHO	SAQ Control Risk Self-Assessment	Inadequate and in need of immediate improvement
Tyn y Wern Primary School SAQ 2022/23	SAQ Control Risk Self-Assessment	Inadequate and in need of immediate improvement
Homelessness Audit 2022-23	VFM	N/A - VFM audit
5118 Resurfacing School Yards	Contract Audit	Non-compliant
WHQS Claude Road, Caerphilly	Contract Audit	Non-compliant
EXT 17C-LC29PS - WHQS Scheme 9-20 Stanley Drive	Contract Audit	Partially compliant
DWP request	Special Investigation	SI
<b>Audit Title</b>	<b>Audit Type</b>	<b>Opinion</b>
5045- Heolddu Comprehensive Roofing Works	Contract Audit	Substantially compliant
4913 - St Helen's Primary Boiler Replacement	Contract Audit	Substantially compliant
EXT18C-UC29 Housing Tiryberth (Albert & Flaherty)	Contract Audit	Substantially compliant

Education Improvement Grant	Grant certification	This grant has been administered and spent in accordance with the Terms and Conditions
Pupil Deprivation Grant	Grant certification	This grant has been administered and spent in accordance with the Terms and Conditions
Supporting people Grant 2022-23	Grant certification	This grant has been administered and spent in accordance with the Terms and Conditions



## AUDIT WORK INCOMPLETE AT 31/3/2024

Audit Title	Audit Type	Audit Status
Petty Cash SAQ Derwendeg Primary School	SAQ Control Risk Self-Assessment	Draft Report Issued
Petty Cash SAQ Hendre Junior School	SAQ Control Risk Self-Assessment	Draft Report Issued
Petty Cash SAQ Comps Bedwas High	SAQ Control Risk Self-Assessment	Audit Started
Petty Cash SAQ Comps Risca Community Comprehensive	SAQ Control Risk Self-Assessment	Audit Started
Petty Cash SAQ Comps St Cenydd Comprehensive	SAQ Control Risk Self-Assessment	Audit Started
Council Tax	System Audit	Audit Started
Heolddu Comprehensive School	Establishment Audit	Draft Report Issued
Designated Drivers Audit	Themed Review	Draft Report Issued
Risca Comprehensive School Establishment Audit	Establishment Audit	Draft Report Issued
Blackwood Miners Institute 2023	Establishment Audit	Draft Report Issued
Newbridge Leisure Centre Establishment Audit	Establishment Audit	Draft Report Issued
Bedwas Leisure Centre Establishment Audit	Establishment Audit	Draft Report Issued
Caerphilly Leisure Centre Establishment Audit	Establishment Audit	Draft Report Issued
Cefn Fforest Leisure Centre Establishment Audit	Establishment Audit	Draft Report Issued
Centre for Sporting Excellence Establishment Audit	Establishment Audit	Draft Report Issued
Heolddu Leisure Centre Establishment Audit	Establishment Audit	Draft Report Issued
New Tredegar Leisure Centre Establishment Audit	Establishment Audit	Draft Report Issued
Risca Leisure Centre Establishment Audit	Establishment Audit	Draft Report Issued
Sue Noake Leisure Centre Establishment Audit	Establishment Audit	Draft Report Issued

**APPENDIX 2**

Treasury Management 2023	System Audit	Draft Report Issued
Upper Rhymney Primary School Establishment Audit	Establishment Audit	Audit Started
Graig y Rhacca Primary School	Establishment Audit	Audit Started
St James Primary School	Establishment Audit	Draft Report Issued
Hendre Infants School	Establishment Audit	Draft Report Issued
5004 St Martin's Comprehensive - Works to Block 267 & 265	Contract Audit	Audit Started
<b>Audit Title</b>	<b>Audit Type</b>	<b>Audit Status</b>
Deri Primary School ICQ	SAQ Control Risk Self- Assessment	Audit Started
Ysgol Gymraeg Gilfach Fargoed Establishment Audit	Establishment Audit	Audit Started



## **GOVERNANCE AND AUDIT COMMITTEE - 4<sup>TH</sup> JUNE 2024**

**SUBJECT: DRAFT ANNUAL GOVERNANCE STATEMENT 2023/24**

**REPORT BY: HEAD OF FINANCIAL SERVICES AND S151 OFFICER**

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

- 1.1 To present Members of the Governance and Audit Committee with the Draft Annual Governance Statement for the 2023/24 financial year.

### **2. SUMMARY**

- 2.1 The report provides details of the Draft Annual Governance Statement for 2023/24.
- 2.2 Good corporate governance requires the active participation of Members and Officers across the Council drawing on their skills and knowledge and the document reflects this input. The Draft Annual Governance Statement for 2023/24 also includes an update on the area for improvement noted in the Annual Governance Statement for 2022/23.

### **3. RECOMMENDATIONS**

- 3.1 The Governance and Audit Committee is asked to consider the Draft Annual Governance Statement for 2023/24 and endorse its content subject to any changes agreed.

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

- 4.1 To ensure that the Draft Annual Governance Statement is considered by the Governance and Audit Committee prior to its inclusion in the 2023/24 Draft Financial Statements.

### **5. THE REPORT**

- 5.1 The Draft Annual Governance Statement for 2023/24 is attached as Appendix 1 to allow members of the Governance and Audit Committee to consider its content.

- 5.2 The document has been prepared by the Corporate Governance Review Panel. The Panel has considered responses from Directors, Heads of Service, and other key Officers in this process and has included these as appropriate.
- 5.3 As part of this process, the previous year's Annual Governance Statement (2022/23) has been reviewed by the Panel to assess progress on addressing issues raised and these have been updated within the document.
- 5.4 The Draft Annual Governance Statement will be incorporated into the 2023/24 Draft Financial Statements which will be submitted to Audit Wales on 30 June 2024 for the external audit to be completed.
- 5.5 The audited 2023/24 Financial Statements and External Auditor's report will subsequently be presented to the Governance and Audit Committee and Council for approval in November 2024 (dates to be confirmed).

### **Conclusion**

- 5.6 The Draft Annual Governance Statement for 2023/24 has been prepared by the Corporate Governance Review Panel.
- 5.7 One specific action is outstanding which will be addressed during the 2024/25 financial year.

## **6. ASSUMPTIONS**

- 6.1 It is assumed that during the annual governance review process only those issues of corporate significance will be highlighted for consideration within the Annual Governance Statement.

## **7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

- 7.1 The Draft Annual Governance Statement for 2023/24 is a statement of fact which includes one recommended action in respect of the Council's Medium-Term Financial Plan (MTFP). An Integrated Impact Assessment (IIA) is not required at this time as the annual budget setting process is subject to widespread consultation with IIAs being completed as required on specific proposals.

## **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 The Draft Annual Governance Statement has been prepared by the Corporate Governance Review Panel and Directors and Heads of Service have been consulted.

All comments have been reflected in the Draft Annual Governance Statement attached as Appendix 1.

## **11. STATUTORY POWER**

### 11.1 Local Government and Elections Act 2021

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

Consultees: Corporate Governance Review Panel  
Directors and Heads of Service  
D Gronow, Acting Internal Audit Manager  
(Email: gronode@caerphilly.gov.uk)

Appendices:

Appendix 1 Draft Annual Governance Statement 2023/24

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**Draft Annual Governance Statement 2023/24**

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**1. Introduction**

- 1.1 The Governance Framework comprises the systems, processes, culture, and values by which the Council is directed and controlled and the activities through which it accounts to, engages with, and leads the community.
- 1.2 The system of internal control is a significant part of that framework. The system of internal control is based on an ongoing process designed: -
- To identify and prioritise the risks to the achievement of the Council's policies, aims and objectives.
  - To evaluate the likelihood and impact of those risks being realised.
  - To manage the identified risks effectively.

**2. Scope of responsibility**

- 2.1 The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively. The Council also had a duty under the Local Government Act 1999 and the Local Government and Elections (Wales) Act 2021 (Part 6 chapter one), which provides a legislative framework for local government elections, democracy, governance, and performance. A principal Council has a duty (Section 89) to keep under review the extent to which it is fulfilling the 'performance requirements' that is, the extent to which: -
- it is exercising its functions effectively;
  - it is using its resources economically, efficiently, and effectively; and
  - its governance is effective for securing the above.
- 2.2 We also have a duty to consult a range of people and to report on performance (Sections 90 and 91). The Act also introduced a new duty to conduct an annual self-assessment.
- 2.3 The Well-being of Future Generations (Wales) Act 2015 places a duty on public bodies to carry out sustainable development and to develop its Well-being Objectives by considering relevant data and local engagement with communities. We have set and published Well-being Objectives including the steps we will take, and the resources we will need to deliver them within our Corporate Plan. A new five-year Corporate Plan, comprising a new set of objectives for the county borough, was approved by Council on 29 November 2023 and covers the period 2023-2028. The Corporate Plan will be reviewed and updated annually and is available through the following link: -
- [Link to Corporate Plan](#)
- 2.4 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 2.5 The Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance & Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE)

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Framework 'Delivering Good Governance in Local Government'. The Code is available through the following link: -

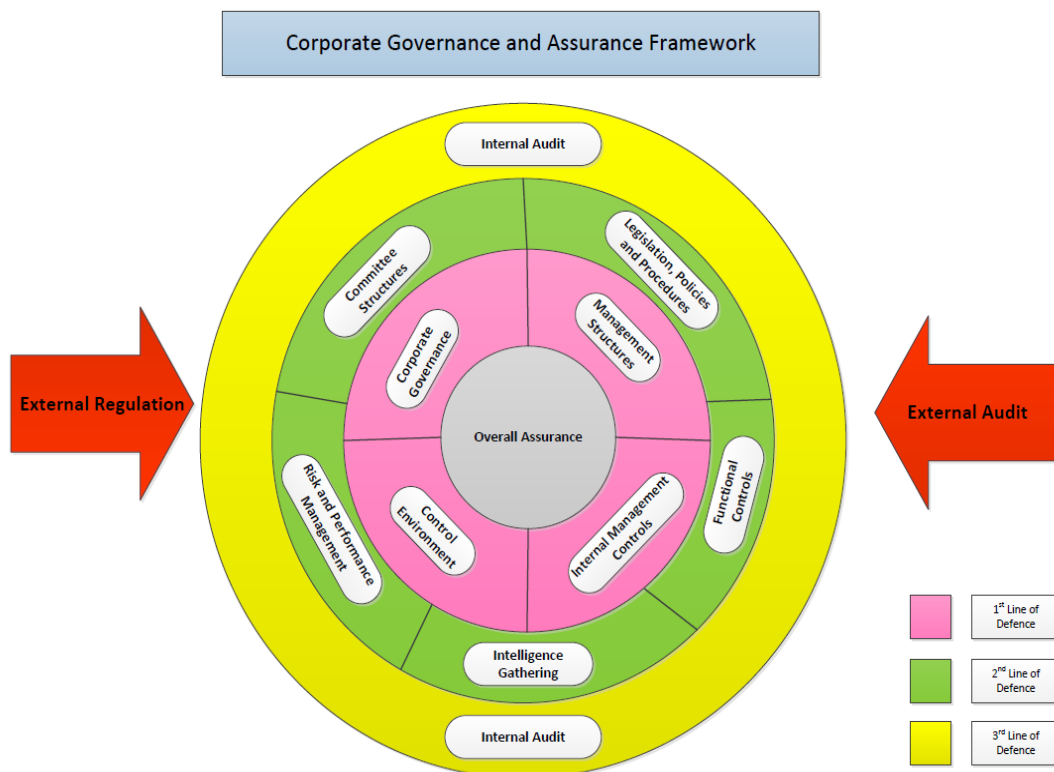
[Code of Corporate Governance](#)

2.6 The Annual Governance Statement (AGS) explains how the Council has complied with the Code and meets the requirements of regulation 5(4) of the Accounts & Audit (Wales) Regulations 2014 in relation to the publication of a Statement on Internal Control. The AGS also incorporates CIPFA's guidance on the content of Annual Governance Statements.

**3. The purpose of the governance framework**

3.1 The governance framework comprises the systems, processes, culture, and values by which the Council is directed and controlled and the activities through which it accounts to, engages with, and leads the community.

3.2 During the 2016/17 financial year an Assurance Framework was produced as a diagrammatic representation of the governance and assurance processes that are in place. The Framework was endorsed by the then Audit Committee in December 2016, and continues to be relevant. Its purpose is to provide clarity and understanding of the connections between functions and activities that enable the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.



3.3 The system of internal control is an integral part of the Framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives, and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is



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based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically.

### 4. The governance framework

4.1 The following paragraphs describe the key elements of the systems and processes that comprise the Council's current governance arrangements: -

#### 4.1.1 ***Identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users.***

- The Council's Corporate Plan (2023-2028), approved by Council on 29 November 2023, sets out the Cabinet's commitments, priorities, and Well-being Objectives.
- The Well-being Objectives were informed by the information from the local assessment of well-being carried out by the Gwent Public Services Board (PSB) and published in 2022. This assessment included more detailed local data and engagement relevant to Caerphilly county borough. The Corporate Plan includes our well-being statement detailing why we chose our Objectives, and how they would be monitored and resourced.
- Long-term outcomes and interim performance standards have been established for each Well-being Objective and progress will be reported to the Council's Joint Scrutiny Committee on a six-monthly basis and as part of the year-end self-assessment report approved by Cabinet.
- Through our chosen Objectives we contribute to the high level strategic Gwent Public Services Board (PSB) Well-being Plan for the Gwent region. Our Corporate Plan follows the same planning cycle to ensure alignment and because it is based on the same data and community engagement.
- The Council's Annual Self-Assessment Report tells citizens and service users how we have performed against the Well-being Objectives, as required by the Well-being of Future Generations (Wales) Act 2015 and the Local Government and Elections (Wales) Act 2021.
- The Corporate Plan and Gwent PSB Well-being Plan are approved by Council and the annual Self-Assessment Report is considered by the Council's Joint Scrutiny Committee and subsequently approved by Cabinet.
- The Council structures its communications programme around the Council's Well-being themes with planned activity aligned to the chosen Objectives as demonstrated in the Caerphilly newsletter 'Newslines'. Following the Local Government elections in May 2022, the newly appointed Cabinet is leading the administration until May 2027. As mentioned above, new Well-being Objectives have been developed with the new administration and are incorporated into the five-year Corporate Plan for 2023-2028.

#### 4.1.2 ***Reviewing the Council's vision and its implications for the Council's governance arrangements.***

- The five former Public Services Boards in the region merged to form the Gwent PSB in September 2021, with Caerphilly CBC providing the secretariat. During 2021 and early 2022 the PSB partners produced a regional well-being assessment identifying over one hundred issues affecting well-being in Gwent, supplemented by twenty-two local community assessments. Residents, communities, and others were consulted on the findings to check that they resonated with the lived experience to produce a

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new regional vision of well-being. The well-being assessment was used to develop the next iteration of the well-being plan, which is set on a Gwent regional footprint. The Gwent PSBs Well-being Plan for the period 2023-2028 was agreed in July 2023 after being reported to Caerphilly Council for endorsement on 15 March 2023. A link to the new Plan is provided below: -

[Gwent-WBP-Final-digital-version-2023-2.pdf \(gwentpsb.org\)](#)

- The Council's Corporate Plan is reviewed at least annually and refined to ensure we have employed the sustainable development principle to reflect our changing aspirations, at a local and national level.
- As mentioned above, the new Corporate Plan for the period 2023-2028 was approved by Council on 29 November 2023. The Plan was developed using the data from the local assessment of well-being and comprehensive community engagement to inform the new Well-being Objectives.
- The Council has used the information in the local assessment of well-being, which identified the well-being needs and strengths of the area. The Council is a facilitating partner in the Gwent PSB and leads on the 2022 data assessment work. This data assessment is used to ensure we are supporting the economic, environmental, social, and cultural well-being of the area.
- Face-to-face and online engagement sessions were held in the county borough as part of the ongoing 'Caerphilly Conversation' to test the views of our communities on what the Council should prioritise. The output of each engagement exercise feeds into planning at relevant points in the year e.g. budget setting. The evidence has also been used to develop the well-being plan for Gwent 2023-2028, agreed by the Gwent PSB in July 2023.
- This approach was taken as part of the sustainable development principle to take a longer-term view, consider how we may improve well-being, how we integrate our activity with others, particularly through collaborating with partners and our communities.
- Delivering the Well-being Objectives of the Council has taken account of the statutory guidance for public bodies under the Well-being of Future Generations (Wales) Act 2015. The Council has updated its risk registers, planning tools, self-evaluation and reporting templates.
- The Council has continued to work on its transformation programme through the Team Caerphilly - Better Together Strategy. This has now been rebranded as Mobilising Team Caerphilly and during the last twelve months significant work has been undertaken through the 'discovery phase' of the programme to identify a wide range of projects that will help the Council balance its budget moving forward. We are now moving into the delivery stage with numerous projects being defined in detail, and a range of proposals will be presented for scrutiny and decision throughout the 2024/25 financial year. Further details of the transformation programme and the associated governance arrangements are available through the link below: -

[Mobilising Team Caerphilly Governance Arrangements](#)

### 4.1.3 ***Measuring the quality of services for users, ensuring they are delivered in accordance with the Council's objectives and ensuring that they represent the best use of resources.***

- A performance framework was established and approved by Cabinet on 26 February 2020. This performance framework has a number of component parts: -

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- Corporate Performance Assessment (CPA).
  - Directorate Performance Assessments (DPAs).
  - Service Planning.
  - Risk Management.
  - MyTime Extra.
- **Corporate Performance Assessment (CPA)** - The CPA dashboard is used by the Corporate Management Team (CMT) and Cabinet to monitor the Council's progress in delivering its strategic priorities, identifying and challenging areas of underperformance and discussing and agreeing any remedial actions that may be required. The dashboard provides a graphical and easily accessible overview of: -
    - Progress against CMT priorities, Directorate Management Team (DMT) priorities, Wellbeing Objectives, and the Mobilising Team Caerphilly transformation programme.
    - Budget position (over / underspend) by Directorate.
    - Corporate risk position.
    - Sickness absence position by Directorate and Service.
    - Workforce position (starters and leavers).
    - Complaints and compliments received by Directorates.
    - Public Accountability Measures.
    - Freedom of Information requests received and compliance.
  - The CPA dashboard is presented twice-yearly to Cabinet and is also presented to an all-Member Joint Scrutiny Committee. The dashboard provides a position statement of the organisation at a point in time and enables constructive challenge and improvement activity to be agreed.
  - **Directorate Performance Assessments (DPA's)** - The CPA dashboard is underpinned by a more detailed set of Directorate Performance Assessment (DPA) dashboards. DPAs provide Directorate Management Teams with a range of data to keep progress under review, drive performance improvement, and manage resources, intelligence, and risks. Information in the DPA dashboards is grouped as follows: -
    - Overall summary of the content of the report.
    - Summary includes lessons learnt as does each section below.
    - Progress on Directorate priorities.
    - Performance data.
    - Customer intelligence.
    - Resources – Financial, workforce, and assets.
    - Risk Register.
    - Well-being Objectives update.
  - The DPAs are received by Directorate Management Teams routinely, providing opportunities to account for progress, challenge performance and agree improvement activity. The 2023/24 end of year CPA will be presented to an all-Member Joint Scrutiny Committee on 18 July 2024 and subsequently to Cabinet on 18 September 2024.
  - The current performance framework is different from the previous process by joining a wide range of different information in the one place to form an overall self-assessment of individual Directorates. This provides a “single source of the truth” and makes it easier to identify reasons for self-assessment learning and judgements.

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- **Service Planning** – Services review their priorities and objectives and place their updated objectives for the year ahead into the Directorate Performance Assessments for monitoring.
  - Where services have existing mechanisms in place for setting priorities (for example Education have robust processes that meet ESTYN requirements), they will populate the DPA dashboards with the relevant information before the beginning of the financial year.
  - **Risk Management** - The monitoring of risk is now embedded within the CPA and DPA dashboards rather than existing as a standalone document. As such, risks are monitored monthly by the Corporate Management Team and periodically by the Directorate Management Teams, with risk levels and mitigating actions being discussed and agreed.
  - The CPA contains the Council's 'high level risks' and is owned and updated by CMT. DPAs contain Directorate as well as CMT risks. The Council's risk position continues to be reported twice-yearly to the Governance & Audit Committee and Cabinet.
  - **MyTime Extra** – The Council's approach to personal development is encompassed within the My Time and My Time Extra process. The approach is undertaken formally on an annual basis (MyTime Extra) and has been rolled out across the Council. The approach is based on a set of principles to support annual meetings with staff to explore what has gone well and not so well and to set goals and priorities for the following year. The concept was introduced as part of the Council's transformation programme. The annual discussion enables staff to reflect on their prior-year achievements, discuss any learning that has emerged, define their contribution to service objectives, and to explore their training and development needs. MyTime Extra enables a specific link to be made between the work of the individual and the priorities of the organisation. There are also regular individual MyTime 1-1 meetings between employees and managers throughout the year to monitor progress.
  - The Council's performance framework as set out above provides Cabinet, the Joint Scrutiny Committee, CMT and DMTs with a regular and embedded mechanism for monitoring progress, managing performance, and driving improvement. The dashboards provide a 'single source of the truth,' enable key aspects of performance to be discussed, actions to be agreed, and learning to be generated. The ability to specifically link individual contributions to organisational goals provides a platform for every employee to understand how they fit, and to be recognised for the part they play in delivering the Council's objectives, thus providing a golden thread throughout the organisation.
- 4.1.4 ***Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny, and officer functions, with clear delegation arrangements and protocols for effective communication.***
- The Council's Constitution sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent, and accountable to local people.
  - Policy and decision-making are facilitated through the Cabinet supported by a framework of Statutory and Scrutiny Committees. Delegated decisions made by authorised senior officers, under the scheme of delegation, are posted on the Council's intranet, when appropriate. The CMT has no

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collective decision-making powers, but the Chief Executive and Directors do have some delegated powers.

- The Council's Constitution is a living document and is reviewed and refreshed regularly to reflect current legislation and working practices. Periodic reports are presented to the Council in relation to any proposed changes to the Constitution, with the latest report being presented on 09 May 2024. The report recommended a number of changes, the details of which are available through the following links: -

[Amendments to the Council's Constitution](#)

[Appendix 1](#)

[Appendix 2](#)

[Appendix 3](#)

[Appendix 4](#)

[Appendix 5](#)

[Appendix 6](#)

- Various guidance notes for Officers and Members have been prepared to sit alongside the Council's Constitution and training has been rolled out. The documentation is available on the corporate governance pages on the Council's intranet. These arrangements have now been formally embedded within the Council's governance arrangements.

### 4.1.5 ***Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff.***

- The Council's Constitution contains formal codes of conduct that articulate the standards of ethical behaviour that are expected from both elected members and officers. These incorporate procedures for the disclosure of personal interests and offers of gifts and hospitality.
- Both members and officers are made aware of the personal conduct and disclosure requirements, and they are available for reference on the Council's intranet.
- All declarations of member gifts and hospitality are reported to the Council's Standards Committee. For officers, a quarterly update is given to the Council's Governance & Audit Committee.
- The Council has an agreed Workforce Development Strategy 2021–24 and one of the actions arising from it is to create a Management Development Programme to ensure current and future managers and leaders have the necessary skills to deliver the vision of the Council's transformation strategy.
- Customer Services standards have been introduced as standards of behaviour adopted by the Council that all staff should be adhering to.

### 4.1.6 ***Reviewing and updating standing orders for contracts, financial regulations, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls to manage risks.***

- The Monitoring Officer in conjunction with senior officers and members undertakes periodic reviews of the Council's Constitution including reviewing Standing Orders for Contracts, Financial Regulations, and the Scheme of Delegation, to ensure that current practices and legislation are reflected.
- The standard member reporting procedure requires consideration of risk for all significant decisions. This is also underpinned by a robust structure and system for identifying and evaluating all significant business risks at both

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corporate and operational levels, the key elements of which are a Corporate Risk Register, Directorate Risk Registers and project risks on the Mobilising Team Caerphilly programme.

- The Council has formally agreed a Risk Management Strategy which is reviewed routinely. The most recent Risk Management Strategy was approved by the Governance and Audit Committee on 25 January 2022. The Strategy is available through the following link: -

[Risk Management Strategy 2022](#)

- The Strategy and guidance are due for a further review and update in the summer of 2024.
- The Corporate Risk Register is reported to the Governance and Audit Committee twice-yearly, with CMT providing quarterly updates through the CPA. The Cabinet also receives mid-year and year-end updates as part of the Corporate Performance Assessment (CPA). The Council's Joint Scrutiny Committee also receives updates through the Corporate Performance Assessment (CPA) and Directorate Performance Assessments (DPAs).

### 4.1.7 ***Undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities.***

- The Council has appointed a Governance & Audit Committee, with terms of reference that comply with CIPFA guidelines. These extend to monitoring and reviewing the adequacy of the governance framework.
- Training for new members of the Committee and refresher training is carried out periodically and at least twice in a Council term. A series of training courses by a range of different providers has been provided during 2023/24 and it is intended to extend this into 2024/25. In addition, ad-hoc training is also provided as required or where specific needs have been identified.
- The Terms of Reference of the Committee are reviewed and updated periodically with the latest review being completed in February 2021 and reported to the Committee on 19 March 2021.
- Four Lay Members have been appointed to the Committee in accordance with the Local Government and Elections Act (Wales) 2021.
- During the 2024/25 financial year a self-evaluation and skills/knowledge assessment will be undertaken for the Governance and Audit Committee based on the latest CIPFA guidance.

### 4.1.8 ***Ensuring compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful.***

- The Council aims to ensure compliance with established policies, procedures, laws and regulations through a variety of mechanisms, including the following: -
  - Corporate Management Team.
  - Directorate Management Teams.
  - Heads of Service.
  - Head of Legal Services & Monitoring Officer.
  - Head of Financial Services & S151 Officer.
  - Senior Information Risk Owner (SIRO).
  - Data Protection Officer.
  - Internal Audit.
  - External Audit.

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### ➤ Performance Management Framework.

- The Head of Legal Services & Monitoring Officer and the Head of Financial Services & Section 151 Officer attend each formal meeting of the Corporate Management Team, have regular briefings with the Chief Executive, and also attend all Cabinet meetings. Furthermore, the standard committee reporting procedure and report template requires these Officers to examine reports to the Executive for compliance with legal and procedural issues. The report template also includes a section on financial implications which is reviewed by the Head of Financial Services & S151 Officer.
- The Council has a Deputy Chief Executive, Deputy Monitoring Officer and a Deputy Section 151 Officer to ensure that there is cover and resilience in the absence of Statutory Officers.

#### 4.1.9 ***Arrangements for whistle blowing and for receiving and investigating complaints from the public.***

- The Council has in operation a widely publicised Whistleblowing Policy, which forms part of the Council's Constitution. This is overseen by senior officers within the Council and reported to the Council's Standards Committee on an annual basis, with the latest report being presented to the Committee on 28 February 2023, covering the 2021/22 financial year. There were no whistleblowing referrals during the 2022/23 or 2023/24 financial years and a report will be presented to the Standards Committee in the coming months to confirm this position.
- The Council also operates a formal Corporate Complaints Procedure, which has been widely publicised.
- The Governance & Audit Committee has continued to play a more proactive role in monitoring the level of complaints and the procedures that are in place, with reports being presented periodically. The Cabinet also receives reports to enable the Executive to review the complaints dealt with under the Corporate Complaints policy. In addition, individual Scrutiny Committees may receive reports on complaints when requested.
- There are a number of avenues for members of the public to report concerns, complaints and other matters.
- As part of the Council's transformation programme, a review of complaints handling has been undertaken, with the aim being to ensure consistency across the Council together with the introduction of a new centralised complaints logging system. The new logging system has been developed and as a result of ongoing trials changes are being made to the system to enhance the features available, which in turn will streamline the process further. It is anticipated that the system will be fully rolled-out in the first quarter of 2024/25 and will provide data that will allow services to be refined and improved.

#### 4.1.10 ***Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.***

- Formal induction programmes and training and development plans are in place for members. Where identified through the staff appraisal process, senior officers participate in management development training.
- Council approved an Induction Programme which was implemented following the Local Government elections in May 2022 and includes certain aspects of member training as mandatory.

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- In order to meet members' specific ongoing training needs, feedback is sought following the Induction Programme and a Training Needs Analysis Questionnaire is distributed to all members with the responses reviewed and the outcome used to inform future training programmes.
- The Council continues to participate in the Leadership Programme facilitated by the Welsh Local Government Association (WLGA), which comprises training for members who hold or aspire to hold senior office.
- A review of induction arrangements for officers is being undertaken as this area can be improved. Although some progress has been made with developing an I.T. solution, this is still in progress and needs review in line with the impact of the General Data Protection Regulation (GDPR).

### 4.1.11 ***Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation/engagement.***

- The Council has a corporate communication strategy which defines the way the Council will communicate with its staff, residents, partners and other stakeholders. In February 2020, the Council also adopted its Consultation and Engagement Framework, setting out a series of high-level principles which build upon the way the Council engages with its citizens and supports enhanced consultation and engagement activity across communities. The framework complements the principles within the Corporate Communication and Engagement Strategy and also has clear links to the Council's transformation strategy. The framework's intentions are: -
  - To highlight the continued importance of effective consultation and engagement and the clear strategic link to the decision-making process.
  - To demonstrate the key role that engaged, empowered communities have in supporting the future proofing of Council services.
  - To provide a clear definition of engagement and explain the 'Spectrum of Engagement'.
  - To outline the principles and standards that underpin meaningful engagement and consultation.
- The Council continues to make good progress in building upon these intentions, placing effective consultation at the heart of the decision-making process. A number of significant consultation exercises have been undertaken over the previous twelve months under the auspices of the 'Caerphilly Conversation' – the Council's ongoing stakeholder engagement programme. These include a conversation to shape the council's budget setting process for 2024/25 and a far reaching 12-week public consultation to seek views on proposals within the Council's draft waste and recycling strategy.
- Feedback from these and other engagement activities through the 'Caerphilly Conversation' are shared with senior officers and politicians and with residents through the Council's digital engagement platform, closing the loop on how views have helped shaped service and financial plans.
- The digital engagement platform, through platform provider Engagement HQ, has become the Council's premier online engagement vehicle over the previous 12 months, complementing the various other engagement methods the Council uses to reach its many target stakeholder groups. This interactive platform enables people to have a say on topics of interest to them, and



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includes mapping tools, sentiment analysis, analytics and open and transparent feedback.

- Furthermore, the Council has adopted a Participation Strategy (2023-27) and supporting action plan, under the requirements of the Local Government and Elections (Wales) Act 2021. This legislation requires local authorities in Wales to publish a Participation Strategy that sets out the ways in which local people are encouraged to participate in decision-making by the Council. This work seeks to build further upon the work achieved to date underpinned by the Consultation and Engagement Framework.

### 4.1.12 ***Incorporating good governance arrangements in respect of partnerships and other group working as identified in the CIPFA Framework “Delivering Good Governance in Local Government” and reflecting these in the Council’s overall governance arrangements.***

- The Council has adopted a partnerships and collaborations framework which specifies the minimum governance requirements in respect of all the Council’s partnerships and the enhanced requirements in respect of its key partnerships.
- In addition, the framework sets out the requirements for creating new partnerships and collaborations and importantly includes the arrangements for disbanding and exiting arrangements.
- The Council maintains details of all current partnerships and collaborations, and this is reviewed and updated annually.
- The Council has long-standing partnership arrangements with the third sector and has enshrined these in its joint agreements. In 2013 this agreement brought in the PSB partners, third sector organisations, Community and Town Councils and the Caerphilly Business Forum.
- From 2021 partnership governance started to be developed to provide a framework for the up-and-coming Gwent Regional Well-being Plan. A new Gwent Third Sector Partnership agreement was developed during the latter part of 2022/23.
- Caerphilly CBC is a member of the South East Wales Corporate Joint Committee (CJC). There are four CJC’s in Wales and their membership is made up of the leaders of the Councils in the respective regions and National Park Authorities that sit within specific regions. The CJCs can directly employ staff and must have a Chief Executive, Finance Officer, and Monitoring Officer. The four CJCs were established by regulations under the Local Government and Elections (Wales) Act 2021, came into effect in April 2021, and were given the following functions from June 2022: -
  - Developing transport policies.
  - Preparing a strategic development plan.
  - Economic wellbeing – anything a CJC considers is likely to promote or improve the economic wellbeing of its area.

## 5. Review of effectiveness

- 5.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Corporate Governance Review Panel (which has responsibility for the development and maintenance of the governance environment), the Internal Audit Manager’s annual report, and comments made by Audit Wales, Estyn, and Care Inspectorate Wales. The review covers all significant corporate systems, processes, and controls,

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spanning the whole range of the Council's activities, including in particular those designed to ensure:-

- The Council's policies are put into place.
- Laws and regulations are complied with.
- Required processes are adhered to.
- Performance and financial statements and other published information are accurate and reliable.
- Human, financial, data/information and other resources are managed efficiently and effectively.
- Services are delivered efficiently and effectively.

5.2 The following paragraphs describe the processes that have been applied in maintaining and reviewing the effectiveness of the Council's governance framework.

### 5.2.1 **Corporate Level Review**

- A Corporate Governance Review Panel has been established to oversee the compilation of the Annual Governance Statement. Membership of the Panel is as follows: -
  - Corporate Director for Education & Corporate Services (Chair).
  - Head of Financial Services & S151 Officer.
  - Head of Legal Services & Monitoring Officer.
  - Head of Transformation.
  - Senior Information Risk Owner (SIRO)/Head of Customer & Digital Services.
  - Internal Audit Manager.
  - Cabinet Member for Finance & Performance.
  - Chair of Governance & Audit Committee.
- The Terms of Reference of the Panel are due to be reviewed during 2024/25 to ensure that the role of the Panel continues to meet the Council's governance objectives.

### 5.2.2 **Directorate Level Review**

- The Council adopts Directorate Assurance Statements requiring members of the Corporate Management Team to review the operation of a range of governance systems and procedures within their service areas, and to indicate whether there are any significant non-compliance issues. These are analysed by the Corporate Governance Review Panel to ascertain whether there are any common areas of concern, and if so, whether these constitute significant governance issues and as such need to be included in the Annual Governance Statement.
- The new performance management framework has resulted in the introduction of Directorate Performance Assessments (DPA's) as detailed in Section 4.1.3.

### 5.2.3 **Scrutiny Committees**

- The Council has Scrutiny Committees which meet in public and make recommendations on the improvement and development of policies and hold the Executive and officers exercising delegated powers to account for their

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decisions. At its meeting on 11 May 2023, Council approved a reduction in the number of Scrutiny Committees from five to three.

**5.2.4 Governance & Audit Committee**

- The Council has appointed a Governance & Audit Committee whose terms of reference comply with the latest CIPFA guidelines. These extend to monitoring and reviewing the adequacy of the governance framework.
- A number of training and development sessions were held for members of the Committee during 2023/24 and some further sessions are planned for 2024/25 to ensure that they are equipped with the knowledge required to effectively undertake their roles. Plans are also in place to undertake a self-evaluation of the effectiveness of the Governance & Audit Committee during 2024/25 in line with CIPFA guidance.
- The Council appointed four Lay Members to the Committee in December 2021 and April 2022, in line with the requirements of the Local Government and Elections (Wales) Act 2021.
- During 2023/24 the Chair of the Committee participated in the Wales Governance and Audit Committee Chairs network which is supported by the Welsh Local Government Association (WLGA).

**5.2.5 Standards Committee**

- The Council has appointed a Standards Committee in accordance with the provisions of the Local government Act 2000 and associated regulations. Its terms of reference are set out in the Council's Constitution.

**5.2.6 Business Improvement Team (BIT)**

- The Business Improvement Team (BIT) is responsible for implementing and maintaining the Council's performance management framework. The Team supports and challenges the Council as a whole, and individual services, to continuously improve using relevant data and the team also supports service reviews that are undertaken as part of the Council's transformation programme.
- The BIT is part of the Council's Service Improvement and Partnership Unit which includes Policy, Transformation, Engagement, Equalities, Welsh Language, Refugees and Displaced People, and voluntary sector support. This has strengthened our approach to performance management by reinforcing the links to our policy and planning activities. It has enhanced our ability to respond to the requirements of the Well-being of Future Generations (Wales) Act 2015 in terms of having a lead role within the Gwent Public Services Board (PSB), demonstrating our own contribution to the well-being goals for Wales, delivering our Well-being Objectives, and embedding the sustainable development principle.
- The BIT also works with the Council's external auditors to co-ordinate audits and inspections, and the outcomes and recommendations arising from these audits and inspections are reported to and monitored by the Chief Executive, CMT and the Governance & Audit Committee.

**5.2.7 Information Governance**

- The Council's Information Governance structure continues to provide assurance that information is used appropriately and kept securely.

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- The Head of Customer & Digital Services is the Council's Senior Information Risk Owner (SIRO), and the Procurement and Information Manager is the Deputy SIRO.
- The SIRO's role is to assure the Council's information through implementation of the Information Risk Management Policy.
- The process for Heads of Service, as Information Asset Owners, is to submit half-yearly information risk returns to the SIRO and this continued throughout 2023/24. The process provides the SIRO with enhanced visibility to ensure risks are reported appropriately, measures to reduce risk are effective across all services, and information risk management is embedded into the culture of the organisation.
- Information Security reports directly to the Procurement and Information Manager. The recruitment of a dedicated IT Security Manager and apprentice took place during 2023/24 to increase capacity in response to increasing cyber security risks.
- The Data Protection Officer (DPO) required by Article 37 of GDPR is the Information Governance Manager. This post provides DPO reports to CMT via the SIRO and the relevant Cabinet Member quarterly. The post also fulfils the DPO function for all of the Council's schools via a Service Level Agreement and works closely with Legal Services via the Exemption Panel.
- A network of Information Governance (IG) Stewards within each Service Area assist Heads of Service in assuring their information by communicating key messages on IG policies and training and developing and maintaining a GDPR compliant Record of Processing Activities via Information Asset Registers and Privacy Notices.
- Encouraging effective records management practices across the Council including during the set-up of new technologies will continue, to ensure records repositories are well managed and to encourage services to make the best use of Council data.
- Effective records management, especially of electronic formats, will also help to address growing demands of information rights requests whilst staff Council-wide work in an agile way. The potential to automate aspects of information requests is being explored, alongside other measures to manage the volumes of requests received.
- Information Governance and IT Security continue to work closely together, and this will continue moving forward.

### 5.2.8 *Internal Audit*

- Internal Audit Services is responsible for monitoring the quality and effectiveness of the system of governance and internal control. A risk-based Internal Audit Plan is produced each financial year, which is agreed by CMT and the Governance & Audit Committee. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Directorate. Each report includes recommendations for improvements and an agreed management action plan. The process includes follow-up reviews of agreed recommendations to ensure that they are acted upon. CMT and the Governance & Audit Committee receive regular updates on progress against Internal Audit recommendations.
- During 2023/24 the Internal Audit Services' conformance with the Public Sector Internal Audit Standards (PSIAS) was subject to an internal self-assessment which was reported to the Governance & Audit Committee on 15 February 2024. An external peer review was conducted towards the end of 2023/24 and the assessors report will be presented to the Governance & Audit Committee on 08 October 2024. The Service continues to invest in the

## Draft Annual Governance Statement 2023/24

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professional development of staff and four members of staff in the Internal Audit Team are currently studying for formal qualifications.

- Based on the audit work undertaken during the 2023/24 financial year the Acting Internal Audit Manager has concluded that overall, the Council's systems and control procedures are effective.

### 5.2.9 **External Audit (Audit Wales)**

- The Council receives Audit Wales reports on the annual statement of accounts, and other areas such as financial management and the financial position, performance management, risk management, and governance.
- At its meeting on 04 June 2024, the Governance & Audit Committee received the Audit Wales 'Annual Audit Summary 2023' which provides a summary of audit work completed during 2022/23. The Audit Summary confirmed that the Auditor General gave an unqualified true and fair opinion on the Council's 2022/23 financial statements, provided details of local work undertaken for Caerphilly CBC, a summary of wider local government studies, and details of planned work for 2023/24. The report is available through the following link: -

*Link to be inserted when document published*

- CMT and Cabinet meet annually with Audit Wales, Care Inspectorate Wales and Estyn as part of an Assurance & Risk Assessment Review and this informs the forward work programme for audit reviews and inspections. CMT and the Governance & Audit Committee receive regular updates on progress against recommendations arising from Audit Wales and Regulator reviews.

### 5.2.10 **Extraordinary Events – Cost-of-Living Crisis**

- The 2023/24 financial year continued to present challenges for the Council, in particular the ongoing impact of the cost-of-living crisis.
- The cost-of-living crisis has impacted on Council budgets with financial pressures being experienced across all areas, in particular energy, fuel, food and drink, and construction/contractor costs. Despite this, the Provisional Revenue Budget outturn position for 2023/24 shows a net underspend of £8.6m across all service areas (including schools and the Housing Revenue Account (HRA)).
- The financial position remains extremely challenging moving forward. On 27 February 2024, Council approved the 2024/25 revenue budget which includes cost pressures totalling £56.5m. These pressures are being funded through an increase in the Welsh Government Financial Settlement of £8.9m, permanent savings of £19.6m, temporary savings of £11.5m, the one-off use of reserves totalling £10.6m, and £5.9m from a 6.9% increase in Council Tax.
- As at 31 March 2023, the balance of usable reserves held by the Council totalled £220m. This balance will reduce significantly moving forward with £15.3m of the usable reserves having since been set aside to support the 2023/24 revenue budget, and a further £10.6m being allocated to support the 2024/25 revenue budget. A report on usable reserves was presented to Cabinet on 27 February 2024 and is available through the following link: -

[Update on Reserves](#)

- Due to the unprecedented levels of inflation, the current economic outlook, and the range of temporary budgetary measures that were approved for the

## Draft Annual Governance Statement 2023/24

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2024/25 financial year, the Council's Medium-Term Financial Plan (MTFP) has been updated based on a range of assumptions, resulting in a potential savings requirement of £45.2m for the two-year period 2025/26 to 2026/27.

- A financial strategy that seeks to continuously “salami slice” our services and deplete our reserves is not a sustainable or an appropriate approach, especially when the demands upon our services are far higher than ever, as our communities continue to present far greater and increasingly complex needs to us. To ensure we are able to meet the needs of our communities, whilst operating with reduced finances, a whole council and a whole county borough holistic approach has been defined and is now beginning to be delivered.
- The scale of the financial challenge facing the Council requires new approaches to service delivery and this is being led by the Chief Executive, Leader, CMT, and Cabinet and is being co-ordinated through our Transformation and Placeshaping Investment Programmes. It is vital that the required changes are developed at pace and that key decisions are made early to ensure that the projected savings requirement for 2025/26 and 2026/27 can be delivered.

### 5.3 **Review Outcome**

- The Council's governance arrangements are regarded as generally fit-for-purpose and are in accordance with the governance framework. The Council is committed to maintaining and improving the governance framework and resources are prioritised for this.
- The 2022/23 Annual Governance Statement identified one area where improvements could be made to strengthen existing processes and procedures during 2023/24: -
  1. **During Summer 2024 we will present a further update on the MTFP to Cabinet and Council along with specific proposals to address the anticipated financial gap aligned to the Mobilising Team Caerphilly Transformation Programme.**
- **Update** - We propose over the coming months to take steps to address the above matter to further enhance our governance arrangements. We are satisfied that these steps will address the issue identified during the review process and we will monitor implementation.
- No new areas for improvement have been identified in respect of the Draft 2023/24 Annual Governance Statement.

**Signed: -**

**Cllr Sean Morgan**  
Leader of the Council

**Dave Street**  
Deputy Chief Executive



## **GOVERNANCE AND AUDIT COMMITTEE - 4<sup>TH</sup> JUNE 2024**

**SUBJECT: UPDATE ON PROGRESS AGAINST THE INTERNAL AUDIT SERVICES ANNUAL PLAN 2024/25**

**REPORT BY: ACTING INTERNAL AUDIT MANAGER**

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

- 1.1 To provide Members of the Governance and Audit Committee with information on progress being made against the 2024/25 Audit Plan.

### **2. SUMMARY**

- 2.1 The report provides details of progress made against the Internal Audit Services Annual Plan 2024/25, which was presented to the Governance and Audit Committee in April 2024. The original plan that was presented to the Committee for quarter 1 is attached at Appendix 1. It should be noted that this update report has been prepared part-way through quarter 1 so some planned work has not yet commenced or is in the planning stage. Priority has initially been given to completing the 2023/24 audit work carried forward into 2024/25.
- 2.2 The current status of the audits carried forward from 2023/24 is shown in Appendix 2, and Appendix 3 provides details of the 2024/25 audits that have commenced since 1 April 2024.
- 2.3 Moving forward the Governance & Audit Committee will be provided with updates on progress at each of its meetings. Details will also be provided of any unplanned work undertaken, new risk areas identified, and any planned work that has been rescheduled to address emerging issues.

### **3. RECOMMENDATIONS**

- 3.1 The Governance and Audit Committee is asked to note the content of the report and the details of the attached appendices showing progress and status of audit work undertaken in the period 1 April 2024 to 16 May 2024.

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

- 4.1 To ensure that the Governance and Audit Committee is aware of progress against the Audit Plan to enable it to fulfil its assurance role.

#### **5. THE REPORT**

- 5.1 In accordance with the Public Sector Internal Audit Standards (PSIAS), the Acting Internal Audit Manager is responsible for developing a risk-based annual audit plan. Within the Standards there is also a requirement to review and adjust the plan, as necessary, in response to changes in the Council's business, risks, operations, programmes, systems, controls, and resources.
- 5.2 The Acting Internal Audit Manager must also ensure that Internal Audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.
- 5.3 The 2024/25 Internal Audit Plan was submitted to and approved by the Governance and Audit Committee on 16 April 2024. The detail for the first quarter is shown in Appendix 1.
- 5.4 As in prior years, there were a number of incomplete audits brought forward from 2023/24 which were required to be progressed to completion in the first quarter of 2024/25. Details of the current status of these audits is provided in Appendix 2.
- 5.5 Members will be aware that the Audit Plan may be flexed, and audits reprioritised, or additional unplanned audits undertaken as Directors and Service Managers become aware of new operational risks or other service priorities. Due to the short period that this progress report covers no such changes have been made to date.
- 5.6 Appendix 3 provides details of new audits started in 2024/25, including the type of audit and its status as at 16 May 2024.
- 5.7 The appendices illustrate the progress that has been made in completing all outstanding audits from 2023/24 and the status of audits that have been planned or started.

#### **5.8 Conclusion**

The report informs the Governance and Audit Committee of the status of audit work performed to date. This information supports the Committee in its determination of assurance forming an essential part of the governance framework, and the Committee is asked to note this report.

#### **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 'Update on Progress against the Internal Audit Services Annual Plan 2024/25' does not require a change of council 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 (Wales) 2021

Author: D Gronow, Acting Internal Audit Manager

Consultees: R Edmunds Corporate Director for Education and Corporate Services  
S Harris Head of Financial Services and S151 Officer

Appendices:

Appendix 1 - Audit Work Planned for 2024/25 (Quarter 1)  
Appendix 2 - Progress on Audit Work Incomplete at 31/3/2024  
Appendix 3 - New Audits Started Since 1/04/24

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## Audit Work Planned for 2024/25 (Quarter 1)

<b>Audit title</b>	<b>Description/Scope</b>	<b>Service Area/ Directorate</b>	<b>Status</b>
Completion of 2023/24 audits	See Appendix 2 for details		As per Appendix 2
<b>Core financial systems</b>			
VAT	Compliance with controls, regulations, and best practice	Corporate Finance / Cross cutting	Pre-audit data gathering
Payroll (detail to be confirmed)	To be agreed with HR	Human Resources	Not started
Housing Benefits including NFI match follow-up	Progression of NFI data matches	Corporate Finance	In progress
<b>Cross cutting / strategic</b>			
Risk Management	Review of risk management process, reporting, and risk register	Performance and Business Support	Pre-audit data gathering
<b>Other</b>			
Primary schools	High level ICQ completion with Heads, and verification of key documents and policies	Education	All visits planned and some have been conducted. To be completed by the end of June.
Follow-up audit	Follow-up of 'In need of Improvement' audits		1 planned for June
Contract final account audits	Review of contract process, and compliance with procedures and regulations	Various	As received from service areas. None received to 16/5/2024.
Counter fraud including roll-out of awareness training	Editing and updating of training material	Corporate Finance	In progress

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## PROGRESS ON AUDIT WORK INCOMPLETE AT 31/3/2024

<b>Audit Title</b>	<b>Audit Type</b>	<b>Audit Status @16/05/24</b>
Petty Cash SAQ Derwendeg Primary School	SAQ Control Risk Self-Assessment	Draft Report Issued
Petty Cash SAQ Hendre Junior School	SAQ Control Risk Self-Assessment	Draft Report Issued
Petty Cash SAQ Comps Bedwas High	SAQ Control Risk Self-Assessment	Audit Started
Petty Cash SAQ Comps Risca Community Comprehensive	SAQ Control Risk Self-Assessment	Audit Started
Petty Cash SAQ Comps St Cenydd Comprehensive	SAQ Control Risk Self-Assessment	Audit Started
Council Tax	System Audit	Audit Started
Heolddu Comprehensive School	Establishment Audit	Draft Report Issued
Designated Drivers Audit	Themed Review	Draft Report Issued
Risca Comprehensive School Establishment Audit	Establishment Audit	Draft Report Issued
Blackwood Miners Institute 2023	Establishment Audit	Draft Report Issued
Newbridge Leisure Centre Establishment Audit	Establishment Audit	Draft Report Issued
Bedwas Leisure Centre Establishment Audit	Establishment Audit	Draft Report Issued
Caerphilly Leisure Centre Establishment Audit	Establishment Audit	Draft Report Issued
Cefn Fforest Leisure Centre Establishment Audit	Establishment Audit	Draft Report Issued
Centre for Sporting Excellence Establishment Audit	Establishment Audit	Draft Report Issued
Heolddu Leisure Centre Establishment Audit	Establishment Audit	Draft Report Issued
New Tredegar Leisure Centre Establishment Audit	Establishment Audit	Draft Report Issued

Risca Leisure Centre Establishment Audit	Establishment Audit	Draft Report Issued
Sue Noake Leisure Centre Establishment Audit	Establishment Audit	Draft Report Issued
Treasury Management 2023	System Audit	Draft Report Issued
Upper Rhymney Primary School Establishment Audit	Establishment Audit	Audit Started
Graig y Rhacca Primary School	Establishment Audit	Audit Started
St James Primary School	Establishment Audit	Draft Report Issued
Hendre Infants School	Establishment Audit	Draft Report Issued
5004 St Martin's Comprehensive - Works to Block 267 & 265	Contract Audit	Audit Started
Deri Primary School ICQ	SAQ Control Risk Self- Assessment	Audit Started
Ysgol Gymraeg Gilfach Fargoed Establishment Audit	Establishment Audit	Audit Started

## AUDIT WORK STARTED SINCE 1/4/2024

<b>Audit Title</b>	<b>Audit type</b>	<b>Status</b>	<b>Audit Period</b>
Blackwood Primary School ICQ Visit	SAQ Control Risk Self-Assessment	Audit Work Substantially Complete	April 2024
Pontllanfraith Primary School ICQ Visit	SAQ Control Risk Self-Assessment	Audit Work Substantially Complete	April 2024
Whole Authority Review of Risk Management	System review	Audit in Preparation	April 2024
NFI HMRC Property ownership to Council Tenants match	NFI match review	Audit Started	April 2024
NFI HB DWP deceased persons match	NFI match review	Audit Started	April 2024
NFI matches CTRS to HMRC Household composition	NFI match review	Audit Started	April 2024
NFI matches CTRS to HMRC earnings and capital	NFI match review	Audit Started	April 2024
VAT compliance audit	System review	Audit in Preparation	April 2024
NFI HMRC Household composition to Housing tenants	NFI match review	Audit Started	April 2024
Ty Isaf Infants School ICQ Visit	SAQ Control Risk Self-Assessment	Audit Started	May 2024
Pantside Primary School ICQ Visit	SAQ Control Risk Self-Assessment	Audit in Preparation	May 2024
Cwmcarn Primary School ICQ Visit	SAQ Control Risk Self-Assessment	Audit Started	May 2024
Tynwydd Primary School ICQ Visit	SAQ Control Risk Self-Assessment	Audit in Preparation	May 2024
Abercarn Primary School ICQ Visit	SAQ Control Risk Self-Assessment	Audit Work Substantially Complete	May 2024
Cwmfelinfach Primary School ICQ Visit	SAQ Control Risk Self-Assessment	Audit Work Substantially Complete	May 2024
Tyn Y Wern Primary School ICQ Visit	SAQ Control Risk Self-Assessment	Audit Started	May 2024
Ysgol Gymraeg Trelyn ICQ Visit	SAQ Control Risk Self-Assessment	Audit Work Substantially Complete	May 2024

### APPENDIX 3

Greenhill Primary School ICQ Visit	SAQ Control Risk Self-Assessment	Audit Started	May 2024
Fleur De Lys Primary School ICQ Visit	SAQ Control Risk Self-Assessment	Audit Work Substantially Complete	May 2024
Coed Y Brain School Primary ICQ Visit	SAQ Control Risk Self-Assessment	Audit in Preparation	May 2024
Glan Y Nant Learning Centre ICQ Visit	SAQ Control Risk Self-Assessment	Audit Started	May 2024
Nant Y Parc Primary School ICQ Visit	SAQ Control Risk Self-Assessment	Audit Work Substantially Complete	May 2024
Fochriw Primary School ICQ Visit	SAQ Control Risk Self-Assessment	Audit Work Substantially Complete	May 2024
Ysgol Ifor Bach ICQ Visit	SAQ Control Risk Self-Assessment	Audit Work Substantially Complete	May 2024
Plasyfelin Primary School ICQ Visit	SAQ Control Risk Self-Assessment	Audit Started	May 2024
Trinant Primary School ICQ Visit	SAQ Control Risk Self-Assessment	Audit Started	May 2024
Trinity Fields ICQ Visit	SAQ Control Risk Self-Assessment	Audit Work Substantially Complete	May 2024
Risca Primary School ICQ Visit	SAQ Control Risk Self-Assessment	Audit in Preparation	May 2024
Rhiw Syr Dafydd Primary School ICQ Visit	SAQ Control Risk Self-Assessment	Audit Started	May 2024





## GOVERNANCE AND AUDIT COMMITTEE - 4<sup>TH</sup> JUNE 2024

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

**REPORT BY: ACTING INTERNAL AUDIT MANAGER**

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

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

### **2. SUMMARY**

- 2.1 The Governance and Audit Committee has requested that regular reports are provided in relation to the work of the Internal Audit Team.
- 2.2 This report provides an update on the number of recommendations arising from Internal Audit reviews 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 and 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 computer 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 process enables Directors and Heads of Service and ultimately the Governance and Audit Committee to assess if adequate progress is being made to manage risks and implement agreed actions, or to make further enquiries as necessary.
- 5.5 The system also allows recommendations to be attributed to “themes” such as GDPR, 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 enables the individual auditor to risk rate recommendations in line with internal guidance procedures. As the auditor creates each finding they also detail the actions that are recommended that would mitigate or remove the risk identified.
- 5.7 Each audit goes through a process where the testing is undertaken, recommendations are created, they are then reviewed, a draft report is issued and then the final report. All findings and recommendations are agreed with the service manager together with appropriate timescales.
- 5.8 As of 22 May there were 2,444 recommendations that had been raised within the Pentana MK system since the date of implementation in May 2019. Of these, 444 are outstanding.

### 5.9 Table showing the status and number of recommendations.

<b>Recommendation Status</b>	<b>Number</b>
In draft (report reviewed not issued)	115
Draft report awaiting response	151
In progress	178
<b>Total</b>	<b>444</b>

- 5.10 Details of recommendations in progress which relate to closed audits i.e. where the final report has been issued and managers have confirmed the actions to be taken,

the year to which they relate, and the audit are shown in **APPENDIX 1**. A summary of these by year is shown in the table below.

### All recommendations with in progress status

Year of Audit	All Recommendations in progress - Risk Rating			
	High	Medium	Merits Attention	Grand Total
2022/23	6	10	24	<b>40</b>
2023/24	47	64	27	<b>138</b>
<b>Total</b>	<b>53</b>	<b>74</b>	<b>51</b>	<b>178</b>

Recommendations are created and recorded in the system and the table below shows the summary of recommendations created in relation to incomplete 2023/24 and 2024/25 audit work (details in **APPENDIX 1**).

### Recommendations currently in draft

Year of Audit	Grand Total
2023/24 incomplete audits	179
2024/25 current work in progress	87
<b>Total</b>	<b>266</b>

- 5.11 Recommendations are created, and once the report is issued and 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 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.
- 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 Progress in completing agreed recommendations is regularly monitored by the Internal Audit Team and overdue recommendations are highlighted with reminders being issued to the named service manager. There are currently 5 overdue recommendations as shown in the tables below: -

## Table showing overdue recommendations

<b>Overdue Recommendations</b>					
<b>Risk Rating</b>	<b>0 – 1 Month</b>	<b>1 – 3 Months</b>	<b>3 -6 Months</b>	<b>6 Months +</b>	<b>Total</b>
High	0	0	0	0	<b>0</b>
Medium	2	0	0	1	<b>3</b>
Merits Attention	2	0	0	0	<b>2</b>
<b>Grand Total</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>5</b>

### Breakdown of Overdue Recommendations:

<b>Audit Title</b>	<b>Audit Completion Date</b>	<b>0 -1 Month</b>	<b>1 – 3 Months</b>	<b>3 – 6 Months</b>	<b>6 Months +</b>	<b>Total</b>
Payroll Leavers	25/10/2023	4	0	0	0	<b>4</b>
Property Services Corporate Safeguarding Self Evaluation Audit	04/07/2023	0	0	0	1*	<b>1</b>
<b>Grand Total</b>		<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>5</b>

*\*This relates to some training which has been booked but not completed at the date of this report.*

## 5.14 Conclusion

This report informs the Governance and Audit Committee of the number of Internal Audit findings, their risk ratings, 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 'Update on Internal Audit Report Recommendations' does not require a change of council 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 (Wales) Act 2021

Author: D Gronow, Acting Internal Audit Manager

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

Appendices: -

Appendix 1 - Details of recommendations in progress as at 22/05/2024.

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## Details of recommendations in progress as at 22/5/2024

2022-23

Audits completed and final reports issued		Recommendations - Risk Rating remaining in progress			Grand Total
Audit Title	Original Audit Opinion	High	Medium	Merits Attention	
Property Services Corporate Safeguarding Self Evaluation Audit	In need of improvement		1		1
Payment Card Industry Data Security Standard	In need of improvement	6			6
Payroll Leavers	Effective with opportunity to improve		2	2	4
Petty Cash SAQ Comps Blackwood Comprehensive	Effective with opportunity to improve			1	1
Petty Cash SAQ Comps Bedwas High	Effective with opportunity to improve		1	2	3
Petty Cash SAQ Comps Idris Davies	Effective			2	2
Petty Cash SAQ Comps Islwyn High	Effective with opportunity to improve		2	2	4
Petty Cash SAQ Comps Newbridge School	Effective			1	1
Hengoed Primary School	Effective with opportunity to improve		1		1
Petty Cash SAQ Comps Risca Community Comprehensive	Effective with opportunity to improve		1	6	7
Petty Cash SAQ Derwendeg Primary School	Effective			1	1
Lewis School Pengam	Effective with opportunity to improve		1	1	2
The Twyn Primary School SAQ 2022/23	Effective			1	1
Tyn y Wern Primary School SAQ 2022/23	Inadequate and in need of immediate improvement			4	4
St Cenydd Comprehensive School SAQ 2022/23	Effective with opportunity to improve		1	1	2
Petty Cash SAQ St Cennydd	Effective with opportunity to improve				2
<b>Grand Total</b>		<b>6</b>	<b>10</b>	<b>24</b>	<b>40</b>

## Breakdown of all Recommendations in progress as at 22/5/2024

2023-24

Audits completed and final reports issued		Recommendations - Risk Rating remaining in progress			
Audit Title	Original Audit Opinion	High	Medium	Merits Attention	Grand Total
Heolddu Comprehensive School	In need of improvement		2		2
Designated Drivers Audit	In need of improvement	3			3
Risca Comprehensive School Establishment Audit	Inadequate and in need of immediate improvement	8	11	4	23
Newbridge Leisure Centre Establishment Audit	In need of improvement	2	3		5
Caerphilly Leisure Centre Establishment Audit	In need of improvement		4	1	5
Bedwas Leisure Centre Establishment Audit	Effective with opportunity to improve	3	2		5
Cefn Fforest Leisure Centre Establishment Audit	In need of improvement	3	5		8
Centre for Sporting Excellence Establishment Audit	Inadequate and in need of immediate improvement	6	4	1	11
Heolddu Leisure Centre Establishment Audit	Effective with opportunity to improve	2	2	1	5
New Tredegar Leisure Centre Establishment Audit	Inadequate and in need of immediate improvement	4	1		5
Risca Leisure Centre Establishment Audit	Inadequate and in need of immediate improvement	4	5		9
St Cenydd Leisure Centre Establishment Audit	Effective with opportunity to improve	1			1
Sue Noake Leisure Centre Establishment Audit	Inadequate and in need of immediate improvement	3	1	1	5
Treasury Management 2023	Effective			2	2
St Martins Comprehensive school	In need of Improvement		1		1
Upper Rhymney Primary School Establishment Audit	Inadequate and in Need of Immediate Improvement	7	5	2	14
Hendre Infants School	In need of improvement	1	8	5	14
Deri Primary school ICQ	Effective with opportunity to improve			1	1
Markham Primary School ICQ	In need of improvement		1		1
Aberbargoed Primary School ICQ	Effective with opportunity to improve		2	4	6
Ysgol Gymraeg Gilfach Fargoed Establishment Audit	Effective with opportunity to improve		7	5	12
<b>Grand Total</b>		<b>47</b>	<b>64</b>	<b>27</b>	<b>138</b>



## Breakdown of all Recommendations in Progress and draft

2023/24

<b>Audits in progress – Recommendations not yet issued or agreed</b>	
<b>Audit Title</b>	<b>Recommendations Current Total (these may be subject to change following issue of draft)</b>
Council tax (in progress)	1
Petty cash admin (Draft issued)	7
Blackwood Miners Institute (Draft Issued)	36
Graig y Rhacca Primary School (Draft issued)	20
St James Primary (Draft issued )	28
Libanus Primary ICQ visit (Draft issued)	10
Newbridge Comprehensive ICQ visit (Draft issued)	10
Penllwyn Primary ICQ visit (Draft issued)	2
St Helens Primary School ICQ visit (Draft issued)	7
Wunfawr Primary ICQ visit (in progress)	5
Ysgol Cwm Gwyddon ICQ visit (in progress)	7
Pentwynmawr Primary ICQ visit (Draft issued)	7
Maesycwmmer Primary ICQ visit (Draft issued)	6
Phillipstown Primary ICQ visit (Draft issued)	16
Hendre Junior School ICQ visit (Draft issued)	5
NFI Report 750/752 - Payroll to Companies House (in progress)	3
NFI Report 80 - Payroll to Creditors (in progress)	3
Contract Audits review (Draft issued)	6
<b>Grand Total</b>	<b>179</b>

## Breakdown of all Recommendations in Progress and draft

2024-25 to date

<b>Audits in progress – Recommendations not yet issued or agreed</b>	
<b>Audit Title</b>	<b>Recommendations Current Total (these may be subject to change following issue of draft)</b>
Abercam Primary School ICQ Visit (in progress)	1
Blackwood Primary School ICQ Visit (in progress)	1
Cwmcarn Primary School ICQ Visit (in progress)	3
Cwmfelinfach Primary School ICQ Visit (in progress)	1
Fleur De Lys Primary School ICQ Visit (in progress)	2
Fochriw Primary School ICQ Visit (in progress)	13
Greenhill Primary School ICQ Visit (in progress)	16
Nant Y Parc Primary School ICQ Visit (in progress)	9
Plasyfelin Primary School ICQ Visit (in progress)	5
Pontllanfraith Primary School ICQ Visit (in progress)	9
Rhiw Syr Dafydd Primary School ICQ Visit (in progress)	5
Trinant Primary School ICQ Visit (in progress)	1
Ty Isaf Infants School ICQ Visit (in progress)	8
Tyn Y Wern Primary School ICQ Visit (in progress)	3
Ysgol Gymraeg Trelyn ICQ Visit (in progress)	5
Ysgol Ifor Bach ICQ Visit (in progress)	5
<b>Grand Total</b>	<b>87</b>



## **GOVERNANCE AND AUDIT COMMITTEE - 4<sup>TH</sup> JUNE 2024**

**SUBJECT: REGULATOR RECOMMENDATION TRACKER PROGRESS  
UPDATE**

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

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

1.1 The purpose of this report is to update 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.

### **2. SUMMARY**

2.1 The register was last updated and presented to the Governance and Audit Committee February 2024. Since that time there has been one new report received and 3 new proposals added onto the register.

2.2 We have 15 recommendations on the register, with 3 new ones added. There is 1 that is now considered to be completed at this time.

2.3 We have received one new report since the last time an update was provided, called Use of performance information: Service User perspective and Outcomes.

2.4 The above does not include the improvement 'certificates' that come before Governance and Audit Committee, as these confirm compliance to our statutory duty so do not make proposals or recommendations. Nor does it include External Financial Audit outputs at this point as the Governance & Audit Committee receive updates on progress against recommendations in the next Audit Wales Audit of Accounts Report.

### **3. RECOMMENDATIONS**

3.1 We propose 1 recommendation be closed as completed and encourage members to view the specific recommendations attached within Appendix A and judge if they agree that these are now complete. It is recommended that Governance and Audit Committee vote on acceptance of the update and to close the proposals that are noted as 'completed' within Appendix A.

#### 4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure members are aware of progress against the Council's actions for progressing regulator recommendations and proposals and have assurance that progress is being made through an opportunity to monitor and challenge content.

#### 5. THE REPORT

- 5.1 The table below provides a summary of recommendations and the numbers outstanding from each piece of work. Whilst the numbers give some scope the focus is on the quality of the output as some recommendations can take a long time to complete whilst others are shorter actions. We have added a new column to the table below to show a % completed from the last time the information was reported, so the reader can see if there has been progression. The key factor however, is the value of the recommendations and the difference they make. Paragraphs 5.2 to 5.8 and Appendix A expand on the pieces of work as noted below.

Name of Report	How many original recommendations outstanding	How many recommendations completed in this reporting period	How many are left to complete?	% increase in completion
Financial Sustainability Assessment 2021	2	0	2	10%
Springing Forward Workforce	0	1	0	30% (100%)
Springing Forward Asset Management	3	0	3	1 – 5% 1 – same 1 – 15%
Decarbonisation	2	0	2	1 – 5% 2 - 25%
Waste Services Review	2	0	2	5% 5%
Setting of Well-being Objectives	2	0	2	25% 30%
Performance Information and Service User perspective	3	New	3	New No comparator from last time
<b>Total</b>	<b>15</b>	<b>1</b>	<b>14</b>	

#### 5.2 Financial Sustainability Assessment

One of the recommendations “The Council should develop and implement a more comprehensive MTFP” has been a long-standing recommendation in its development

due to changing financial climate, however this recommendation has almost come to the end of its improvement process and is part of business as usual. When the prioritised transformation projects inform the update of the Medium-Term Financial Plan in summer 2024, we will look to close this recommendation at the next update.

### **5.3 Springing Forward – Workforce**

Springing Forward – Workforce. The pilots have been completed and the system will be rolled out after training. A workforce Planning Toolkit has been developed and pilots were undertaken by 3 Heads of Service in the Autumn 2023. Feedback from the pilots has been taken on board and the Toolkit will now be used across the Council and will support the work leading from Mobilising Team Caerphilly. Leadership Team attended Workforce Planning Training facilitated by LGA in February 2024. A suite of information will be available via the HR/Payroll system in Spring 2024 to support Managers with their workforce planning. Monitoring will continue of progress at the HR strategy and Mobilising Team Caerphilly (MTC) monitoring arrangements. We now believe this recommendation to be completed as it moves into day-to-day business.

### **5.4 Springing Forward – Asset Management**

The development of the long-term strategy has been delayed allowing for more involvement and greater linkages with the Mobilising Team Caerphilly programme and this is reflected in the update on Appendix A. Recently the draft Strategy has just been completed and dates for consulting on the draft have now been put on the forward work programme, with the report to be presented to Scrutiny on 2024 September 2024 and Cabinet mid-October 2024.

### **5.5 Decarbonisation**

This is a long-term piece of work; we have a Decarbonisation Strategy called 'Reduce, Produce, Offset and buy' and an agreed action plan to deliver the strategy'. The action plan was reviewed with Cabinet in November 2023 and approved. The new Mobilising Team Caerphilly reporting mechanism is being assessed to ensure the established metrics are reflected in the MTC process. Once this is completed this recommendation can be closed for the next update.

### **5.6 Waste Services**

The Draft Waste Strategy is progressing through various committees and its consultation stages within the timelines of its project plan. The actions as suggested by Audit Wales have been addressed as the strategy was approved to go out to consultation. At the time of updating the register the recommendations the consultation results are being analysed so the action has been completed but we will wait till the next Governance and Audit committee reporting to recommend closure when the consultation has informed the strategy completion and formal adoption.

### **5.7 Setting of the Well-being Objectives**

This report was about whether the Council complied with its statutory duty to set our Well-being Objectives. There were 2 recommendations that are both on track.

Performance Management arrangements are standard practise for monitoring Well-being Objectives. The actions here are about enhancements. Each Well-being Objective will have a new dashboard and their performance will be reported in the annual Self-Assessment and the new 'corporate performance assessment' dashboard. This recommendation will be completed this year.

## 5.8 Use of performance information: Service User perspective and Outcomes

This review was conducted across all authorities in Wales. The purpose of this review was to focus on the performance information provided to senior officers and senior members (senior leaders) about service user perspective and outcomes, and how this information is used. The report notes that Audit Wales did not undertake a full review of the Council's performance management arrangements or an in-depth review of the quality of the data that the Council collects. Neither did the review focus on engagement with service users on specific service changes or the development of policies and strategies. The overall summary statement was "*Overall, we found that the Council provides limited performance information to enable senior leaders to understand the perspective of service users and the outcomes of its activities and thus, effectively manage its performance activities*".

The 3 recommendations from this review are shown on Appendix A Issued in February 2024, the report was presented to Corporate and Regeneration Scrutiny on 14<sup>th</sup> May 2024, who approved the recommendation that the subsequent recommendations will be monitored by Governance and Audit Committee.

### Other Regulator work

- 5.9 There are no recommendations for improvement to include at this time from Education. A report went to Education for Life Scrutiny on 20<sup>th</sup> May 2024 that detailed the summary of Estyn Inspection outcomes under the new Common Inspection Framework. The schools included in the report were inspected from January 2022 onwards. Each of them was inspected under the arrangements for inspections that came into effect from 1<sup>st</sup> January 2022, with the first two terms being considered pilot arrangements. The report identified the schools and the dates on which the inspections took place, together with the follow up category and included outcomes already reported between January 2022 and March 2023.
- 5.10 There are no specific recommendations from the Care Inspectorate Wales (CIW) for Social Services currently. CIW held their Annual Review Meeting with the Director of Social Services on 16<sup>th</sup> April 2024, and progress was noted in all Regulatory area's. Regulator meetings with the two Heads of Service have taken place. No concerns have been raised. Thematic Assurance Checks and inspections for regulated services are continuing. Whole service inspections have been resumed and are published on the CIW website.

### Future Audit Work Programme includes:

- 5.11 The Assurance Risk Audit, known as the ARA update, as at Quarter 4 in the 2023/2024 programme has the following update:
- Financial position - ongoing
  - Thematic review - Financial Sustainability

- Digital Review – A draft report has been received and is now going through factual checking and moderation process.
- Counter Fraud – The draft has been issued to the Council May 2024
- Cyber Security – project underway March – June 2024

5.12 For clarity, Audit Wales issue Recommendations for improvement for each individual outputs. Each Report completes a management response as to whether the council accepts those recommendations and how they will address them.

### 5.13 **Conclusion**

When monitoring progress against the recommendations, members are advised to consider what value the recommendations and actions to address them are making and what difference the activity makes for our citizens. The view of Audit Wales is that the decision on whether a recommendation is completed is an internal matter for the organisation to decide, (although it is within their remit to make more recommendations if they do not believe it has been addressed). Audit Wales receive this update as part of attendance at Governance and Audit Committee.

## 6. **ASSUMPTIONS**

6.1 It is a reasonable assumption that the financial and demand challenges facing the authority will continue. Alongside this, demand levels for key services will continue to increase with changing demographics and increased expectations placed on the local authority.

## 7. **SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

7.1 This report does not relate to the development of a policy, strategy, practice or project so no specific Integrated Impact Assessment has been undertaken on this report, however the Sustainable Development principle would be considered as part of any action planning to address proposals.

## 8. **FINANCIAL IMPLICATIONS**

8.1 There are no direct financial implications arising from this report, although Financial Sustainability is noted as one of the reviews and has proposals attached.

## 9. **PERSONNEL IMPLICATIONS**

9.1 There are no specific personnel implications directly resulting from this report although one of the proposals is in relation to workforce development.

## 10. **CONSULTATIONS**

10.1 All consultation responses received have been included in the body of this report.

## 11. STATUTORY POWER

11.1 The Local Government and Elections Act

11.2 The Well-being of Future Generations (2015) Act

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Consultees:

- Dave Street, Deputy Chief Executive
- Richard Edmunds, Corporate Director for Education and Corporate Services
- Stephen Harris, Head of Financial Services and S151 Officer
- Cllr. Eluned Stenner, Cabinet Member for Finance and Performance
- Mark. S Williams, Corporate Director for Economy and Environment
- Lynne Donovan, Head of People Services
- Ben Winstanley, Head of Land and Property Services
- Rob Tranter, Head of Legal Services and Monitoring Officer
- Gareth Jenkins, Interim Corporate Director for Social Services
- Jo Williams, Assistant Director, Adult Services
- Doctor Paul Warren, Strategic Lead for School Improvement
- Paul Cooke, Decarbonisation Manager
- Sue Richards, Head of Education, Planning and Strategy
- Deborah Gronow, Internal Audit Manager

Appendices:

Appendix A Action Plan and Response to Regulator Proposals



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Action Plan & Response to Regulator Proposals

Report Reference and if related to Risk Register	Name of Report and where reported	Regulator Proposal	Action	Service Officer Responsible	When will be completed by	PREVIOUS UPDATE JANUARY 2024	NEW Update JUNE 2024	Status	Percentage Complete	Percentage complete last time
AW Ref 2451A2021-22 Issued June 2021 Linked to Risk CRR 02 MTFP cost of living on organisation	Financial Sustainability Assessment Governance and Audit 12 October 2021	P1 The Council should develop and implement a more comprehensive MTFP.	This will be progressed through the emerging 'Mobilising Team Caerphilly' transformation programme.	Stephen Harris	Original date 01/03/2022 A suite of prioritised projects is in the process of being agreed for the Mobilising Team Caerphilly transformation programme and this will inform a further iteration of the MTFP in spring 2024.	The 2024/25 draft budget proposals were endorsed by Cabinet on the 17th January 2024 and these are now subject to a period of consultation prior to final budget proposals being presented to Cabinet and Council on the 27th of February 2024. Total cost pressures of £56.08m have been identified for 2024/25 and it is proposed that these will be funded through a 2.3% uplift in the Provisional Financial Settlement (£7.77m), permanent savings of £19.53m, temporary savings of £11.45m, the one-off use of reserves totalling £11.39m, and a 6.9% increase in Council Tax (£5.94m). The £22.84m of temporary measures proposed for 2024/25 will contribute to an overall anticipated further savings requirement of £46.70m for the two-year period 2025/26 to 2026/27. The Council's emerging Mobilising Team Caerphilly transformation programme will be a key element in driving forward the significant changes required to ensure that we are able to address the unprecedented financial challenges that we face. A suite of prioritised transformation projects is in the process of being developed and these will inform a further update of the MTFP in spring 2024.	The 2024/25 budget was approved by Council on the 27th February 2024. Total 2024/25 cost pressures of £56.5m are being funded through a 2.5% uplift in the Financial Settlement (£8.9m), permanent savings of £19.6m, temporary savings of £11.5m, the one-off use of reserves totalling £10.6m, and a 6.9% increase in Council Tax (£5.9m). The £22.1m of temporary measures for 2024/25 are contributing to an overall anticipated savings requirement of £45.2m for the two-year period 2025/26 to 2026/27. Significant work has been carried out in the last twelve months through the 'discovery phase' of the council's Mobilising Team Caerphilly Transformation Programme to identify a range of projects to help balance the budget moving forward. We are now moving into the 'delivery phase' of the Programme with numerous projects being defined in detail and a range of proposals will be presented for scrutiny and decision making throughout the 2024/25 financial year.	In progress	60%	50%
AW Ref 2451A2021-22 Issued June 2021 See above link to risk CRR 02 on Risk Register	Financial Sustainability Assessment Governance and Audit 12 October 2021	P3 Help address funding gap identified in the MTFP, by developing programme of financial benefits from the Transformation Programme activities. Financial benefits arising are clearly defined and communicated and reported to members.	This will be progressed through the emerging 'Mobilising Team Caerphilly' transformation programme.	Stephen Harris	Spring 2024	The Council's updated MTFP presented to Cabinet on the 17th of January 2024 alongside the 2024/25 draft budget proposals, shows a projected further savings requirement of £46.70m for the two-year period 2025/26 to 2026/27. A suite of prioritised transformation projects is in the process of being developed and these will inform a further update of the MTFP in spring 2024. These projects will be subject to business cases that will clearly define the expected financial benefits.	The Council's updated MTFP presented to Council on the 27th January 2024 alongside the 2024/25 budget proposals, shows a projected further savings requirement of £45.2m for the two-year period 2025/26 to 2026/27. A suite of prioritised transformation projects is in the process of being developed and these will inform a further update of the MTFP in summer 2024. These projects will be subject to business cases that will clearly define the expected financial benefits.	In progress	60%	50%
AW Ref 3005A2022 issued July 2022 Links to mitigating actions for risk CRR 15 & CRR 16	Springing Forward - Workforce and succession plans. P&R Scrutiny 23.01.23	R1 In developing its service-level workforce plans, the Council should place the sustainable development principle at the heart of its considerations, and specifically ensure it: • builds on its experience of the COVID-19 pandemic; • takes account of longer-term trends that may affect service provision and the efficient use of workforce; • aligns with other strategic plans and outcomes; • takes account of the needs of staff, service users and partners, and • sets out SMART performance measures and appropriate monitoring and reporting arrangements.		Lynne Donovan	Moved from Spring 2023 to Spring 2024	A Workforce Planning Toolkit has been developed and pilots undertaken by 3 Heads of Service in the Autumn 2023. This will now be rolled out across other services in accordance with the priority determined by the Mobilising Team Caerphilly Workstreams. Workforce Planning Training by LGA was arranged for Leadership Team in October 2023 but had to be cancelled due to the availability of the Trainer. This has been rearranged for February 2024. A suite of information will be available via the HR/Payroll system in Spring 2023 to support Managers with their workforce planning.	A Workforce Planning Toolkit has been developed and pilots were undertaken by 3 Heads of Service in the Autumn 2023. Feedback from the pilots has been taken on board. The Toolkit can now be used across the Council and will support the work leading from Mobilising Team Caerphilly. Leadership Team attended Workforce Planning Training facilitated by LGA in February 2024. A suite of information will be available via the HR/Payroll system in Spring 2024 to support Managers with their workforce planning.	Completed	100%	70%
AW reference received Jan 23 Links to Risk CRR 04 impact of Climate Change	Caerphilly Assurance and Risk Assessment Review Not reported yet, Final Version to be received from AW Feb 23	Decarbonisation R1 The Council should ensure its proposed actions to reach net zero by 2030 are: • fully costed in terms of their carbon and financial impact to enable it to prioritise actions; • fully reflected in its Medium Term Financial Plan and Capital Strategy; • integrated into Directorate Performance Assessments	Work with service areas to identify a comprehensive programme of the detailed actions required to reach our targets. Establish mechanisms to identify the costs associated with the detailed actions. Develop a programme of when key actions need to be undertaken. Work with Finance, CMT/Cabinet to ensure that the programme and estimated costs are considered for inclusion in MTFP and Capital Strategy.	Paul Cooke	Mar-26	On the 14th June 2023 Cabinet approved a report setting out 10 recommendations to enable the authority to achieve its net zero carbon targets by 2030. The recommendations include the Decarbonisation Team providing every service area with a detailed breakdown of their individual carbon baseline and agree priorities and actions, and to set individual targets and carbon budgets for 2024/25 financial year. This work will include developing individual action plans and starting to cost the actions included. Specific work is progressing to identify the work needed on specific buildings and to obtain tendered prices for this work.	The authority is reviewing and reprioritising all spend as part of the Mobilising Team Caerphilly (MTC) programme which is seeking to save c£55m over the next 3 years. This review includes consideration of all decarbonisation projects including capital projects such as the development of the Cwm Ifor Solar Farm, Hydro-electric generation project at Cwmcarn Forest Drive and our Green Hydrogen development work. It also includes our Asset Management Strategy and will consider which building we retain or dispose of and how we will reduce carbon emissions, particularly from those which we are likely to retain. The Decarbonisation Team are fully embedded in the MTC process, particularly those with large carbon implications such as our asset management, buildings, fleet and transport projects. The Team is providing carbon emission calculations for different options within workstreams to ensure that where required carbon implications are considered in all significant decisions.	In progress	25%	20%
AW Ref 3086A2022 issued July 2022	Springing Forward - Assets P&R Scrutiny 8 Nov 22	Develop a longer-term asset strategy R1 In developing its asset management strategy, the Council should ensure it: • takes account of longer-term trends that may affect service provision and the efficient use of assets; • ensures alignment with the outcomes of other relevant strategic documents, including decarbonisation and digital strategies; • sets out the Council's intended outcomes over the short, medium and longer term; • sets out SMART performance measures that provide insight to decision makers; and • revises the Service Area Management Plan criteria to include active consideration of residents' needs over the medium to longer term.	As part of the redevelopment of the approaches to Asset Management, we will ensure appropriate outputs and outcomes are set with targets and timescales introduced where appropriate.  We will look to include some specific recurrent questions within its next Caerphilly Conversation that will provide insight into residents' views on community assets and their use.	Ben Winstanley Head of Land and Property  Caerphilly Conversation - Sue Richards Head of Transformation	01/04/2023  Jan 2023 Changed to Autumn 24	This strategy was delayed due to the financial environment and a need to re-focus, and realignment of priorities as a result of Mobilising Team Caerphilly and the development of a new corporate plan. This should now be finalised in Early 2024 and the date has been changed to reflect this.	Delivery timetable for the Asset Management Strategy reorganised to account for more thorough stakeholder engagement and initial service reviews in Libraries and Leisure to develop within Mobilising Team Caerphilly. Initial priority given to a review of the Community Asset Transfer Policy which has been presented to PDM in May 2024. The refreshed approach to Community asset transfer will take account of the economic outlook and the need to reduce overheads, however it will focus on the positives of releasing the asset to the community and the opportunities to enrich and empower the community.	In progress	80%	75%
AW Ref 3086A2022 issued July 2022	Springing Forward - Assets P&R Scrutiny 8 Nov 22	Secure Resources R2 Secure sufficient and skilled resources to deliver the strategic vision effectively, including to: • manage the disposal or transfer of surplus assets; • implement digital solutions; and • engage with and involve communities around their needs	The Council is developing a new approach to Recruitment and Selection designed to enhance its chances of securing and retaining critical resources We are exploring opportunities to provide additional support for critical resources through an enhanced relationship with its supply chains. The Council is implementing a cloud strategy to future proof its approach to the delivery of digital solutions through the use of Software as a Service. Strategic community involvement work is already programmed to ensure assets, particularly those linked to the Walk In Services corporate review, are developed around community need. This approach is in line with the council's Consultation and Engagement Framework, adopted in February 2020. Ongoing process of highlighting opportunities within the Community Asset Transfer scheme with community members during engagement process.	Ben Winstanley Head of Land and Property  Caerphilly Conversation - Sue Richards Head of Transformation	Spring 2024 changed to Autumn 2024	The new timeline reflects the change in focus connected to the Corporate Landlord workstream identified as part of the Mobilising Team Caerphilly work. New procedures and governance will be reviewed as part of the Corporate asset management strategy in Spring 2024.	Corporate Landlord workstream remains part of Mobilising team Caerphilly with resource requirements highlighted as a risk to delivery. New procedures and policies delayed to allow for service reviews in other areas to fully develop, this allows the new policy, resourcing and approach to account for the scale and pace required.	In progress	75%	75%

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Action Plan & Response to Regulator Proposals

Report Reference and if related to Risk Register	Name of Report and where reported	Regulator Proposal	Action	Service Officer Responsible	When will be completed by	PREVIOUS UPDATE JANUARY 2024	NEW Update JUNE 2024	Status	Percentage Complete	Percentage complete last time
AW Ref 3086A2022 issued July 2022	Springing Forward - Assets P&R Scrutiny 8 Nov 22	<b>Evaluate the benefits of partnership working</b> R3 Collaborate with public sector partners across Gwent to evaluate the potential benefits of developing a strategic long-term approach to a single public estate.	There are clear and obvious benefits from collaborating with other public sector bodies, previous attempts to do so across the Gwent PSB have proved challenging and are reliant on partners wanting to pursue opportunities. This recommendation, therefore, is not entirely in the Council's gift to resolve. That said, the advent of Agile working practices clearly provide new opportunities for redundant building capacity to be used by either private or public partners, maximising the use of assets while reducing the costs. The Council is currently formalising its approach to Agile working and in doing so is assessing its future capacity requirements across its administrative buildings. As this exercise concludes, the Council will engage partners to assess the opportunities to co-locate.	Ben Winstanley Head of Land and Property Sue Richards Head of Transformation	Autumn 2024	Delays in progress have been due to staff resources in Caerphilly and the implementation of Agile policy. More progress will be reported when community hubs work commences in Spring 2024 targeted to be completed in Autumn 2024.	Work is ongoing through service transformation work in Mobilising Team Caerphilly with reviews of the library service currently underway. Accommodation reviews underway with NHS and Gwent Police on opportunities for shared accommodation.	In progress	25%	10%
AW reference 3230A2022 Received Jan 23  Links to Risk CRR 04 Impact of Climate Change	Caerphilly Assurance and Risk Assessment Review Not reported yet.	<b>Decarbonisation R2</b> The Council should develop a robust set of metrics to measure and report progress on its decarbonisation journey.	Identify key metrics to measure and report progress. Consult and agree metrics, collection and reporting.	Paul Cooke	Mar-24	The new metrics have been developed and are being incorporated into the Asset Management Plan and Directorate Performance Assessments.	The proposed new metrics are being reviewed to ensure that they align with the documentation used for project assessment in the Mobilising Team Caerphilly programme.	In progress	75%	50%
AW Reference 3688A2023 Date issued July 2023 for Audit year 22/23 Links to Risk Register CR19	Waste Management Review Reported to Environment and Economy Scrutiny 31 Oct 23	<b>Value for Money and Well-being measures</b> R1 The Council should set out how it will monitor and evaluate the value for money of its waste strategy once finalised and the strategy's contribution to the Council's Well-being Objectives	The Strategy will have an inclusion of a monitoring and evaluation section within the strategy to explain how progress will be monitored	Mark S Williams	Summer 2024 - See timeline in January Update	Draft strategy written and was considered by Joint Scrutiny on 15/1/24 followed by Cabinet on 17/01/24. Public consultation for 12 weeks commenced February 2024.	Draft strategy was considered by Joint Scrutiny on 15/01/24 followed by Cabinet on 17/01/24. public consultation for 12 weeks commenced in February 2024 and has now concluded. Sessions planned with cross party member group, Joint Scrutiny and Cabinet planned over the next 2 months to report outcome of consultation (which is currently being analysed). Draft outline business case (OBC) discussed with WG officials as and some refinements currently being made to take account of WG feedback.	In progress	80%	75%
AW Reference 3688A2023 Date issued July 2023 for Audit year 22/23 Links to Risk Register CR19	Waste Management Review Reported to Environment and Economy Scrutiny 31 Oct 23	<b>Longer-term strategy</b> R2 The Council should develop and agree a fully costed and resourced longer term waste strategy capable of meeting both current statutory targets and in readiness for the potential increase in statutory targets in the future.	Development of draft strategy, political sign off then public consultation. Political approval and publishing of final strategy after public consultation	Mark S Williams	Summer 2024	See above.	See above.	In progress	80%	75%
AW Reference 3874A2023 Date of Issue Dec 23	Setting of Well Being Objectives Reported to Cabinet 17 Jan 2024	R2. The Council should ensure its performance management arrangements provide effective monitoring, reporting and scrutiny of the progress being made on delivering its well-being objectives	1. Develop a new Performance Reporting Framework including dashboards, frequency, trend data to monitor delivery of well-being objectives. 2. Review of Well-being Objectives on yearly basis is standard practise and will include PM arrangements	Ros Roberts	May 2024	Each Well-being Objective already has measures and actions as published in the plan, however we are developing context data, gathering and developing trends, identifying the data owners, has started and is now ongoing getting ready for the first year end reporting of the corporate plan.	This is linked to recommendation 2 - Use of Performance Information: Service User Perspective and outcomes. Reporting dashboards will be built in the Summer ready for reporting on in the Autumn of 2024.	In progress	25%	0%
AW Reference 3874A2023 Date of Issue Dec 23	Setting of Well Being Objectives Reported to Cabinet 17 Jan 2024	R1 The Council should ensure that its refreshed MTF5 shows how it will resource the delivery of its new WBO over the short, medium and longer term and to reflect any potential future financial risks to deliver them.	Each Well-being Objective has a section on the resources available to deliver this. The Corporate Plan is reviewed yearly and this includes resource changes. However we will look to implement a specific method or review whether existing methods can be strengthened.	Stephen Harris	Jun-24	New - no previous update	This will be considered as part of the ongoing work on the Mobilising Team Caerphilly Transformation Programme. Business cases for emerging transformation projects will need to consider the impact on both core budgets and linkages with the Well-Being Objectives.	New - Started	30%	0%
Audit Year 22-23 Date of issue February 2024 Reported to Corporate and Regeneration 14 May 2024	Use of Performance Information: <b>Service User Perspective and outcomes.</b> Reported to Corporate and Regeneration Scrutiny 14 May 24	R1. Information o the perspective of the service user - The Council should strengthen the information it provides to senior leaders to enable them to understand how well services and policies are meeting the needs of service users	We will review the data that is provided in respect of a service user perspective via the performance framework and will implement changes as appropriate.  We will work with services to include more of service user data in their own performance data information.	Ed Richardson	Review complete July 2024 - Outcome - next CPA Report Dec 24	New - no previous update	A review has started and enhancements are being developed to add to the Corporate Performance Assessment dashboard. More service user perspective will be included within the CPA dashboard and work has started to look at what to include, in what context and how best to show this. A report is being drafted to gain member opinion on changes to the performance framework that will include this. We are developing a member survey to gain the councillors perspective on what they wish to see.	New - Started	10%	0%
Audit Year 22-23 Date of issue February 2024 Reported to Corporate and Regeneration 14 May 2024	Use of Performance Information: <b>Service User Perspective and outcomes.</b> Reported to Corporate and Regeneration Scrutiny 14 May 24	R2. Information on progress towards outcomes - The Council should strengthen the information provided to senior leaders to help them evaluate whether the Council is delivering its objectives and intended outcomes	The Well-being Objectives and Corporate Plan have already published measures of success and progress is reported yearly to members and the public. A new Performance Framework for the Well-being Objective is being developed so there will be a new Well-being Objective dashboard to report on progress.	Ros Roberts / Ed Richardson	Nov-24	New - no previous update	The detail below the high level indicators is being gathered, for example frequency, is high or lower better, trends, where the data is stored and so forth. Dashboards will be built across the summer and we will using these to report on the 2023/2024 Well-being Objectives.	New - Started	15%	0%
Audit Year 22-23 Date of issue February 2024 Reported to Corporate and Regeneration 14 May 2024	Use of Performance Information: <b>Service User Perspective and outcomes.</b> Reported to Corporate and Regeneration Scrutiny 14 May 24	R3. Quality and accuracy of data The Council needs to assure itself that it has robust arrangements to check the quality and accuracy of the service user perspective and outcomes data it provides to senior leaders	Managers responsible for the importance of providing accurate performance data. The BI Team provide an additional tier of checks for the data submitted. In addition we will support the accuracy by; 1. Test a small amount of Performance Indicators within the Corporate Plan yearly and report the results 2. Build resources on the intranet for communicating data accuracy 3. Arrange training for data officers with DataCymru 4. Review what additionality Internal Audit can provide	Ros Roberts	May 24 - May 25	New - no previous update	We have carried out an analysis of 18 Local Authorities where 2 of the 18 did not receive this recommendation so we are reviewing this to see if there is any additional learning. The Intranet presence is being built and will be live by July 2024 including a current definition form for Performance Indicators. This helps officers detail what is included in the counting of data. Free training has been arranged over 4 modules in a range of data analytics and presentation and will include the importance of accuracy for over 20 officers. We will risk assess the Corporate Plan PI's to identify small amount of measures to test the accuracy of provision of data	New - Started	15%	0%

MASTER COPY

Action Plan & Response to Regulator Proposals

Report Reference and if related to Risk Register	Name of Report and where reported	Regulator Proposal	Action	Service Officer Responsible	When will be completed by	PREVIOUS UPDATE JANUARY 2024	NEW Update JUNE 2024	Status	Percentage Complete	Percentage complete last time

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## **GOVERNANCE AND AUDIT COMMITTEE – 4<sup>TH</sup> JUNE 2024**

**SUBJECT: OFFICERS DECLARATIONS OF GIFTS AND HOSPITALITY  
JANUARY TO MARCH 2024**

**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 January to 31 March 2024 ie the fourth quarter of the financial year 2023/2024 and a comparison with the previous three quarters.

### **2. SUMMARY**

2.1 Enclosed as Appendix 1 is a list of Register of Employees' Interests Forms in respect of Gifts and Hospitality completed by officers of the Council (excluding Schools) for the period 1 January to 31 March 2024.

### **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 January to 31 March 2024 and the previous three quarters for comparison.

<b>Directorate</b>	<b>Jan – March 2024</b>	<b>Oct – Dec 2023</b>	<b>July – Sept 2023</b>	<b>April – June 2023</b>
<b>Chief Executive</b>	0	0	0	0
<b>Economy and Environment</b>	0	0	0	0
<b>Education and Corporate Services</b>	0	0	0	1
<b>Social Services and Housing</b>	0	1	0	0
<b>Total</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>

5.7 The table below details the number of declarations regarding Hospitality submitted by Directorate for the period 1 January to 31 March 2024 and the previous three quarters for comparison.

<b>Directorate</b>	<b>Jan – March 2024</b>	<b>Oct – Dec 2023</b>	<b>July – Sept 2023</b>	<b>April – June 2023</b>
<b>Chief Executive</b>	0	0	2	0
<b>Economy and Environment</b>	1	0	1	0
<b>Education and Corporate Services</b>	0	0	1	0
<b>Social Services and Housing</b>	0	0		0
<b>Total</b>	<b>1</b>	<b>0</b>	<b>4</b>	<b>0</b>

## 5.8 Conclusion

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

## 6. ASSUMPTIONS

6.1 There are no assumptions made within this report.

## 7. 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.

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Appendices:  
Appendix 1 Declarations of Gifts and Hospitality 1 January to 31 March 2024



**Appendix 1**  
**Declarations of Gifts and Hospitality 1 January to 31 March 2024**

<b>Directorate</b>	<b>Service Area</b>	<b>Post Title of Employee Making the Declaration</b>	<b>Type of Declaration</b>	<b>Details of Declaration</b>	<b>Post Title of Head of Service, Director or Chief Executive who authorised the declaration</b>	<b>Outcome</b>
Economy and Environment	Infrastructure	Head of Infrastructure	Hospitality	Invitation from the Civil Engineering Contractor Association (CECA) to attend their Awards Dinner. Attended as a representative of the County Surveyors Society (CSS). Approx value £50.	Corporate Director - Economy and Environment	Accepted

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## **GOVERNANCE AND AUDIT COMMITTEE – 4<sup>TH</sup> JUNE 2024**

**SUBJECT: REGISTER OF EMPLOYEES' INTERESTS FORMS 2023/24**

**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) for the 12 month period 1 April 2023 to 31 March 2024 and provide a comparison with the same information for the previous 2 financial years.

### **2. SUMMARY**

- 2.1 Enclosed in the Appendices are summaries of the declarations completed by officers of the Council (excluding Schools) by Directorate, Service Area, Type and Relationship for the 12 month period 1 April 2023 to 31 March 2024.

### **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' Register of Employees' Interests Forms.

### **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 2023/24 59 declarations of interest were made by 48 employees in 2022/23 46 declarations of interest were made by 39 employees compared to 2021/22 50 when declarations of interest were made by 39 employees. Where multiple declarations have been made on one form they have been recorded individually.
- 5.5 Appendix 1 summarises the declarations of interest by Directorate and Service Area for the period 1 April 2023 to 31 March 2024 and a comparison with the previous 2 financial years. The declarations for the previous years have been adjusted to reflect the current Directorate structures.
- 5.6 A total of 59 declarations of interest were made in 2023/24 compared to 46 in 2022/23 and 50 in 2021/22. A percentage breakdown of declarations of interest by Type is shown below:

Type of Declaration	% of Declarations		
	2021/22	2022/23	2023/24
<b>Relationship</b>	60	33	41
<b>Outside Interest</b>	30	54	47
<b>Gifts and Hospitality</b>	10	13	12

- 5.7 Appendix 2 shows the detail of the declarations of interest by Type shown above divided into the 3 sections of the Register of Employees' Interest Form for the period 1 April 2023 to 31 March 2024 and a comparison with the previous 2 financial years.
- 5.8 The percentage for declarations of Outside Interests have reduced to 47% and includes external employment. Appendix 2 shows the detail.
- 5.9 The Governance and Audit Committee will be aware that Gifts and Hospitality is the subject of a separate, quarterly report to the Committee.
- 5.10 Appendix 3 shows the detail of the declarations of interest by Relationship for the period 1 April 2023 to 31 March 2024 and a comparison with the previous 2 financial years. A percentage breakdown by Relationship is shown below:

Type of Relationship	% of Declarations		
	2021/22	2022/23	2023/24
<b>Councillor</b>	0	7	0
<b>Contractor</b>	3	13	29
<b>Employee</b>	33	53	46
<b>Other</b>	64	27	25

## 5.11 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.

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Appendices:

Appendix 1 Declarations by Directorate and Service Area  
Appendix 2 Declarations by Type  
Appendix 3 Declarations by Relationship

## Appendix 1

### Declarations by Directorate and Service Area 2021/22, 2022/23 and 2023/24

Directorate	2021/22	2022/23	2023/24
Chief Executive	1	0	2
Economy and Environment/Communities	13	5	2
Education and Corporate Services	12	17	21
Social Services and Housing	24	24	34
<b>Total</b>	<b>50</b>	<b>46</b>	<b>59</b>

Directorate / Service Area	2021/22	2022/23	2023/24
<b>Chief Executive</b>	<b>1</b>	<b>0</b>	<b>2</b>
<b>Economy and Environment/Communities</b>	<b>13</b>	<b>5</b>	<b>2</b>
Director	1	1	0
Infrastructure	2	2	2
Land and Property Services	0	0	0
Public Protection, Community and Leisure Services	3	2	0
Regeneration and Planning	7	0	0
<b>Education and Corporate Services</b>	<b>12</b>	<b>17</b>	<b>21</b>
Director	0	1	1
Corporate Finance	4	1	1
Customer and Digital Services	1	0	4
Learning Education and Inclusion	0	2	5
Legal and Governance	4	1	1
People Services	2	5	5
Transformation Services	1	7	4
<b>Social Services and Housing</b>	<b>24</b>	<b>24</b>	<b>34</b>
Director	0	1	0
Adult Services	16	11	21
Childrens Services	6	5	4
Caerphilly Cares	0	0	0
Caerphilly Homes	2	7	9
<b>Overall Total</b>	<b>50</b>	<b>46</b>	<b>59</b>

**NB** The declarations for the previous years have been adjusted to reflect the current Directorate structures.

**Appendix 2**  
**Declarations by Type 2021/22, 2022/23 and 2023/24**

<b>Type of Declaration</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Relationships</b>	<b>30</b>	<b>15</b>	<b>24</b>
Councillor	0	1	0
Contractor	1	2	7
Employee	10	8	11
Other	19	4	6
<b>Outside Interest - Financial</b>	<b>10</b>	<b>17</b>	<b>25</b>
Outside Employment	10	17	23
Personal Interest	0	0	2
<b>Outside Interest - Non Financial</b>	<b>5</b>	<b>8</b>	<b>3</b>
Membership of an External Body	0	3	2
Personal Interest	1	4	1
Volunteering	4	1	0
<b>Gifts and Hospitality</b>	<b>5</b>	<b>6</b>	<b>7</b>
Gift	4	4	2
Hospitality	1	2	5

### Appendix 3

#### Declarations by Relationship 2021/22, 2022/23 and 2023/24

	2021/22	2022/23	2023/24
<b>Relationship – Councillor</b>	<b>0</b>	<b>1</b>	<b>0</b>
Friend / Acquaintance	0	1	0
<b>Relationship - Contractor</b>	<b>1</b>	<b>2</b>	<b>7</b>
Brother / Sister in-Law	1	0	2
Friend / Acquaintance	0	0	1
Husband / Wife including Partner / Civil Partner / Ex	0	2	1
Parent / Step	0	0	3
<b>Relationship - Employee</b>	<b>10</b>	<b>8</b>	<b>11</b>
Aunt / Uncle including in-Law / Step / Civil / Ex	0	0	2
Brother / Sister	1	1	2
Brother / Sister in-Law	0	2	0
Child / Step Child	2	1	2
Friend / Acquaintance	0	1	0
Husband / Wife including Partner / Civil Partner / Ex	2	1	1
Niece / Nephew including in-Law / Great / Step	1	1	2
Parent / Step	4	1	1
Parents-in-Law including Civil / Partner / Ex	0	0	1
<b>Relationship - Other</b>	<b>19</b>	<b>4</b>	<b>6</b>
Aunt / Uncle including in-law / Step / Civil / Ex	3	0	0
Brother / Sister	4	1	1
Brother / Sister in-Law	1	0	1
Child / Step Child	1	0	0
Cousin including in-Law	1	0	0
Grandparent including Great / in-Law / Step / Civil / Ex	3	0	0
Husband / Wife including Partner / Civil Partner / Ex	3	2	1
Niece / Nephew including in-Law / Great / Step	1	0	0
Parent / Step	2	0	2
Parents-in-Law including Civil / Partner / Ex	0	1	0
Fiancé / Fiancée including Girl / Boy Friend / in-Law / Ex	0	0	1



## Corporate Governance Panel Minutes 2<sup>nd</sup> May 2024

### Attendees:

Stephen Harris  
Deb Gronow (part meeting)  
Rob Tranter  
Liz Lucas  
Cllr Stenner  
Kath Peters  
Mark Rees

**Chair:** Stephen Harris

### 1. Apologies

Richard (Ed) Edmunds  
Susan Richards

### 2. Partnerships & Collaborations Register (Kath Peters)

KP gave a brief overview of what the Partnerships & Collaborations Register is and its purpose. KP outlined that the document goes out to Heads of Service every 6 months in order that it can be updated. The document should then come to the Corporate Governance Panel and then onto Governance & Audit Committee, but this has not happened recently. SH confirmed that this item should go to the next scheduled Governance & Audit Committee on 4<sup>th</sup> June 2024.

LL commented that this is a really good document and would be useful for the Single View of Change work being undertaken in order to help understand where we can get support from. LL stated that this document needs to be brought into Mobilising Team Caerphilly (MTC).

MR suggested that Members of the Governance & Audit Committee receive a briefing from KP to make them aware of the purpose of the document and the Committee's role. SH commented that it may be that we need to review some of the collaborations and partnerships moving forward given the current financial pressures facing the Authority. SH suggested that KP prepare a briefing note for circulation to members of the Governance & Audit Committee in advance of the meeting on 4<sup>th</sup> June 2024.

**Action: KP to prepare a briefing note and provide SH with a copy of the note and the up to date Register to be circulated to all Members of the Governance & Audit Committee prior to the meeting on 4<sup>th</sup> June 2024.**

**3. Progress on Heads of Service Checklists and Preparation of Directors Statements**

DG confirmed that she had received all but one of the checklists and that the outstanding checklist was expected shortly. SH queried whether there were any issues arising. DG stated that budget pressures had been highlighted as there is a conflict on resource issues for business as usual and the MTC work. SH confirmed that this was an operational/resourcing issue for CMT to consider and not a governance issue.

The checklists/Directors' statements will help inform the Draft 2023/24 Annual Governance Statement (AGS) that will be presented to the Governance & Audit Committee on the 4<sup>th</sup> June 2024.

**Action: SH/DG to present first draft of 2023/24 AGS at the Corporate Governance Panel meeting scheduled for 14<sup>th</sup> May 2024.**

**4. Progress on 2024 Statement/Update of 2023 Statement**

The Draft 2023/24 AGS will be presented to the Governance & Audit Committee on the 4<sup>th</sup> June 2024.

**5. Identification of Key Risks for Inclusion in 2024 Statement**

No key risks identified at present.

**Action:**

**6. Terms of Reference/Role of the Panel Going Forward**

SH explained the background to the establishment of the Panel and the need to consider its role moving forward. SH confirmed that he will discuss this with RE.

**Action: SH to discuss with RE and will bring this item back to the meeting scheduled on the 14<sup>th</sup> May 2024.**

**7. AOB**

Clr Stenner provided her apologies for the meeting on the 14<sup>th</sup> May 2024.

**8. Date of Next Meeting – 14<sup>th</sup> May 2024.**

## Corporate Governance Panel Minutes 14<sup>th</sup> May 2024

### Attendees:

Stephen Harris  
Deb Gronow  
Liz Lucas  
Sue Richards  
Leanne Sykes  
Mark Rees

**Chair:** Stephen Harris

### 1. Apologies

Richard (Ed) Edmunds  
Cllr Stenner  
Rob Tranter

### 2. Minutes of meeting held on 2<sup>nd</sup> May 2024

The minutes of the meeting held on 2<sup>nd</sup> May 2024 were approved.

SH confirmed that he had received the briefing paper from Kath Peters in relation to the Collaborations & Partnerships Register and that he would circulate to all Members of the Governance & Audit Committee. LL also requested that a copy be sent to the Project Management Office (PMO) in relation to the Mobilising Team Caerphilly (MTC) work as this document would be useful.

### 3. 2023/24 Draft Annual Governance Statement (AGS)

Most Heads of Service have reviewed and amended the Draft AGS document on 'SharePoint' but there are still one or two outstanding. SH to raise with relevant Heads of Service. DG advised that there is a paragraph on Standards which will require review by RT.

SH advised of the next steps in the process which is that he will review the document in his capacity as Section 151 Officer. SH will then share the document with RE. Once this has been completed the document will then be shared with all members of the Panel prior to it be presented to the Governance & Audit Committee on 4 June 2024.

The Performance Management Framework is currently being reviewed and SH will make sure that any amendments/updates are incorporated into the Draft AGS document.

DG raised a query in relation to the Procurement section and whether any amendments were required due to forthcoming changes in legislation. LL will liaise with Ian Evans (Procurement) to make sure that all changes are incorporated.

**Action: SH to circulate the updated document. RT to provide advice/confirmation on the section in relation to Standards. LL to liaise with IE to ensure document includes all upcoming changes in Procurement legislation.**

#### **4. Terms of Reference/Role of the Panel Going Forward**

SH advised that following discussions with RE and RT the purpose of this Panel going forward would be to focus on the Annual Governance Statement (AGS). SH stated that the Panel would meet between March and June of each year to finalise the AGS. The Panel would however be able to meet as and when required if any issues arise.

MR raised a query in relation to membership of the Panel and whether the Chair of the Governance & Audit Committee and/or a representative of the Committee could be invited to future meetings. SH confirmed the Chair would continue to be invited or a nominated person in his/her absence.

It was confirmed that the Terms of Reference of the Panel will be updated and presented at a future meeting of the Governance & Audit Committee, along with any changes to the Council's Code of Governance.

**Action: SH/DG to make the necessary amendments to the Terms of Reference and Code of Governance.**

#### **5. AOB**

No matters raised.

#### **6. Date of Next Meeting – TBC**