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Date: 3rd September 2014

Dear Sir/Madam,

A meeting of the **Audit Committee** will be held in the **Sirhowy Room, Penallta House, Tredomen, Ystrad Mynach** on **Wednesday, 10th September, 2014** at **10.00 am** to consider the matters contained in the following agenda.

Yours faithfully,

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

Chris Burns
INTERIM CHIEF EXECUTIVE

A G E N D A

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

To approve and sign the following minutes: -

- 3 Minutes of Audit Committee held on 11th June 2014

To receive and consider the following: -

- 4 Regulation of Investigatory Powers Act 2000;
- 5 Update on the Implementation of the Council's Corporate Complaints Policy;

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- 6 Officers Declarations of Gifts and Hospitality;
- 7 Update on Business Continuity Management;
- 8 Audit of Financial Statements - To Follow;
- 9 Annual Financial Audit Outline;
- 10 Corporate Risk Monitoring;
- 11 Review of Risk Management Strategy;
- 12 Internal Audit Services Annual Audit Plan;
- 13 Internal Audit Services: Audit Charter;
- 14 Review of Terms of Reference;
- 15 Forward Work Programme.

To receive and note the following information items:-

- 16 Internal Audit Services- Annual Outturn Report;
- 17 Certificate of Compliance for the Audit of Caerphilly County Borough Council's 2014-15 Improvement Plan;
- 18 Minutes of the Corporate Governance Review Panel - 14th May 2014.

Circulation:

Councillors Mrs E.M. Aldworth, Mrs K.R. Baker, D.G. Carter, N. Dix, J.E. Fussell, N. George, D. Havard (Vice Chair), C. Hawker, S. Morgan, Mrs G.D. Oliver, J.A. Pritchard and D. Rees (Chair)

Lay Member – Mr N.D. Yates

Auditors - Ms S.J. Byrne (PriceWaterhouseCoopers LLP), Mr I. Davies (PriceWaterhouseCoopers LLP), Mrs L. Pamment (PriceWaterhouseCoopers LLP), Ms J. Joyce (Wales Audit Office) and Ms N. Jenkins (Wales Audit Office)

And Appropriate Officers.



AUDIT COMMITTEE

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, TREDOMEN, YSTRAD MYNACH ON WEDNESDAY, 11TH JUNE 2014 AT 10.00 A.M.

PRESENT:

Councillors:

Mrs E.M. Aldworth, N. Dix, N. George, D. Havard, Mrs G.D. Oliver, J.A. Pritchard, D. Rees

Lay Member - Mr N. Yates

Together with:

N. Scammell (Acting Director of Corporate Services and Section 151 Officer), G. Hardacre (Head of Workforce and Organisational Development), G. Williams (Interim Monitoring Officer), D. Gronow (Service Auditor), J. Dix (Policy and Research Manager), A. Price (Deputy Monitoring Officer), R. Roberts (Performance Manager), C. Forbes-Thompson (Scrutiny Research Officer), R. Barrett (Committee Services Officer)

Also present:

Lynn Pamment (PricewaterhouseCoopers) and Non Jenkins, Jackie Joyce (Wales Audit Office)

1. ELECTION OF CHAIR

Members were advised that in accordance with the Local Government Measure 2011, the Chair of the Audit Committee must be appointed by Members of the Committee. The Chair may be a member of the authority or a lay member but must not be a member of an executive group where there is an opposition group. The measure is silent on the appointment of a Vice Chair.

It was moved and seconded that Councillor D. Rees be appointed as Chair. By a show of hands this was unanimously agreed.

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

2. ELECTION OF VICE-CHAIR

It was moved and seconded that Councillor D. Havard be appointed as Vice-Chair. By a show of hands this was unanimously agreed.

RESOLVED that Councillor D. Havard be appointed as Vice-Chair of the Audit Committee for the ensuing year.

The Chair raised a suggestion in that, subject to the agreement of the Committee, the agenda items relating to the election of the Chair and Vice-Chair of the Audit Committee be placed at the end of the relevant Audit Committee meeting in Spring 2015.

3. APOLOGIES

Apologies for absence were received from Councillors Mrs K. Baker, D. Carter, J. Fussell, C. Hawker and S. Morgan.

4. DECLARATIONS OF INTEREST

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

5. MINUTES - 5TH MARCH 2014

RESOLVED that the minutes of the meeting of the Audit Committee held on 5th March 2014 (minute nos. 1 - 13; page nos. 1 - 6) be approved as a correct record and signed by the Chair.

REPORTS OF OFFICERS

Consideration was given to the following reports.

6. REGULATION OF INVESTIGATORY POWERS ACT (RIPA) 2000

Gail Williams, Interim Monitoring Officer, provided Members with an overview of the report, which highlighted the annual number of covert operations undertaken by the Council in accordance with the provisions of the Regulation of Investigatory Powers Act 2000.

It was reported that there were a total of 11 RIPA operations undertaken by the Authority for the year 1st April 2013 to 31st March 2014, all conducted by the Trading Standards department. There had been no further RIPA operations undertaken in the period 1st April 2014 to the date of the report. It was confirmed that the outcomes of the RIPA operations undertaken by the Authority for 2013/14 would be reported to the Regeneration and Environment Scrutiny Committee on 1st July 2014, as part of the Public Protection Enforcement Review Report.

The Audit Committee noted the report.

7. REGULATOR PROPOSALS FOR IMPROVEMENT PROGRESS UPDATE

Ros Roberts, Performance Manager, presented the report, which updated Members on progress against the proposals made by the Authority's regulators since the last update on 6th November 2013.

The previous report detailed all the outstanding proposals as at November 2013. Since that time a number of historical proposals have now been addressed and new ones have come onto the report from recently received regulator reports. Previously it was decided for the

purposes of reporting to split the register into Appendix A (historical proposals) and Appendix B (new proposals received). This was to ensure that there was an accurate picture of how the backlog was being addressed and to draw a line under the historical proposals. The Authority is now in a position where enough progress has been made in that a split is no longer needed and a single register can be produced and maintained.

Members were advised that as of May 2014, there were 38 proposals outstanding, which represented good progress in that the outstanding totals had reduced by 10 since the last report. Customer Services proposals remained at 10 and it was explained that this total had not reduced because several actions are tied up in developing a new Customer Services Strategy, which is linked to discussions on the Medium Term Financial Plan (MTFP).

The Chair thanked the Performance Manager for her report.

Reference was made to the delay in individual service asset management plans as a result of current MTFP issues, and Members queried whether reductions in the Authority's asset portfolio could result in savings being made. Officers confirmed that two reports in regards to asset rationalisation were due to be presented to Members in the near future and that the asset portfolio situation was closely linked to the outcome of the MTFP.

Members referenced the review of Management Arrangements following a Homicide Report from Healthcare Inspectorate Wales and queried the progress made relating to collaborative arrangements and inter-agency working. Officers advised that they would liaise with Social Services colleagues and report back to the Audit Committee on this matter.

The Audit Committee were pleased to note the contents of the report, together with the progress made to date against the attached action plan, and were in agreement on the proposals within the report identified as 'Considered closed by Caerphilly and endorsed by CMT'.

8. CAERPHILLY COUNTY BOROUGH COUNCIL PARTNERSHIPS AND COLLABORATIONS

Jackie Dix, Policy and Research Manager, provided Members with a final update report on the partnership and collaborative working being undertaken by the Council with the intention of meeting the requirements of the Wales Audit Office and the Annual Governance Review Panel.

Members were informed that a comprehensive review had been undertaken of CCBC's partnerships and collaborative working, with 146 significant partner organisations identified. Of this number, 25 of the partnerships/collaborations are either statutory/deemed as good practice/in receipt of Welsh Government collaboration funding, and the report advised that there is a strong base of partnership working by CCBC within the South Wales region.

The next steps for the partnership work were highlighted, which included the drafting of a 'CCBC Collaboration and Partnership Strategy' and 12 month action plan, a quarterly review of the partnership data by Heads of Service, annual reviews and reporting to Council of this information, and the creation of an assessment tool to aid the improvement and accountability of partnerships through utilising best practice.

It was explained that through the data gained on partnership working, the Corporate Governance Review Panel is currently selecting partnerships/collaborations to review the robustness of governance and ability for the partnerships to be held to account through scrutiny, with random spot checks to also be undertaken on partnerships and collaborations.

Members were advised that a number of local authorities were in the process of developing collaboration frameworks and toolkits, but that no Council had yet been able to compile a single register of partnerships due to the difficulties of the high level of subjectivity in clearly

defining partnerships and collaborative work. A number of the local authorities contacted indicated an interest in receiving a copy of any subsequent partnership and collaboration strategy developed by CCBC and the details of the approach followed in generating a list of partnerships/collaboration.

Members queried the method of defining formal partnerships and collaborations, with Officers confirming that definitions from the Audit Commission and Wales Audit Office had been used in the review, with work being undertaken to refine these definitions further. Officers confirmed that the CCBC Collaboration and Partnership Strategy and 12-month action plan would be drafted by early August and reported to the Corporate Governance Review Panel in July 2014.

Members commented on the cost of collaborations, with Officers confirming that such arrangements were under the remit of collaborative funding, and discussion also took place regarding the current status of individual partnerships and collaborations.

Officers advised that any concerns regarding the effectiveness of individual organisations could be referred to the relevant Committee. It was confirmed that partnership and collaborative working would be placed on the Forward Work Programme and reported on regularly to ensure the continual effectiveness of such partnerships.

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

9. OFFICERS DECLARATIONS OF GIFTS AND HOSPITALITY

Gareth Hardacre, Head of Workforce and Organisational Development, presented the report, which advised of the gifts and hospitality declared by Officers for the period January to March 2014.

Members noted that a new monitoring system had been implemented from November 2013, with Heads of Service providing data on a monthly basis to the Head of Workforce and Organisational Development for collation and monitoring purposes. Members were advised that the system includes offers of gifts and hospitality that were declined.

Members considered the report and appendix and queried the need for gifts and hospitality under a certain monetary value to be declared. Officers confirmed that it was advisable for all gifts and hospitality, irrespective of the value, to be declared in the interest of transparency, and that such declarations demonstrated that officer training relating to the Code of Conduct was continuing to be effective. Members also queried an item listed in duplicate within the declaration list and it was confirmed that the list displayed one declaration for each of the Officers who received the offer of hospitality.

The Audit Committee noted the contents of the report.

9. REGISTER OF EMPLOYEES' INTEREST FORMS

The report advised Members of the Register of Employees' Interest Forms completed by Officers for the 12-month period 1st April 2013 to 31st March 2014.

The report summarised the information in a number of ways, including Declarations by Directorate and Service Area, Declarations by Type, and Declarations by Relationship. It was explained to Members that the highest number of declarations centered around employee relationships, which was anticipated given the size of the Authority's workforce. It was advised that guidance was currently being revised to reduce bureaucracy and improve clarity as to what declarations were required, and that declarations of interest were often dependant on the sensitivity of specific service areas. It was explained that the level of declarations had

increased due to recent officer training relating to the Code of Conduct.

Members queried the level of declarations made prior to 1st April 2013, and it was confirmed that each individual area had previously maintained their own register and thus there had been no corporate overview of the system or the number of declarations. It was presumed by HR staff that generally there had been a lower level of declarations prior to officer training and the re-launch of the system in April 2013 to cover the whole Authority. It was anticipated that all existing employee declarations had now been covered by the re-launch and that a lower number would be received in subsequent years.

Officers confirmed that this Declaration of Interest Register related to Council employees and not Elected Members, and that the Code of Conduct also applied to casual staff within the Authority. It was confirmed that the declarations would be monitored and the procedure reviewed to promote best practice and ensure continual compliance with the Code of Conduct.

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

10. CONFIDENTIAL REPORTING (WHISTLEBLOWING) CODE

The report informed Members on the proposed revision of the Council's Whistleblowing Policy, which was established to encourage and enable employees to raise concerns with the Council without fear of victimisation, subsequent discrimination or embarrassment. This policy supports the Council's anti-fraud and corruption strategy.

Members were reminded that proposals to develop an All Wales framework document that could form the basis of a revised Whistleblowing policy for the Authority were presented to the Audit Committee on 6th November 2013. Since that time, it had been established that the document circulated to Members required further amendment to take account of changes to legislation, and consequently further work was undertaken by Officers. The report therefore highlighted current proposals for consulting on a revised policy document.

It was advised that a Whistleblowing Commission was set up in February 2013 by the leading Whistleblowing charity, Public Concern at Work, to review the effectiveness of Whistleblowing in UK workplaces, and to make recommendations for change. In late November 2013 it published its findings, which included the recommendation that a Code of Practice be established that could be taken into account in Whistleblowing cases before courts and tribunals. The Commission has published a draft Code which sets out clear standards for organisations across all sectors to enable them to have clear Whistleblowing arrangements, and which was detailed in the appendices to the report.

Officers have worked with Public Concern at Work to access best practice guidance and support to develop a new draft Whistleblowing Policy. Members were informed that employees are able to access the confidential support helpline provided by Public Concern at Work, should they wish to seek independent advice. A copy of the revised draft policy was included in the appendices.

Officers confirmed that upon agreement of the revised policy, it would be re-launched via the Wellbeing Group and the information cascaded to the CCBC workforce, and published on the HR Portal on the Intranet. It was explained that the draft policy had been written in plain English to encourage a wide understanding by employees, and that Trade Unions had been actively involved in the consultation process.

It was clarified that the scheme applied to all Caerphilly employees with the exception of School based employees, unless the School Governing Body had adopted the scheme. Discussion ensued in relation to this and it was confirmed that CCBC maintained an open and regular dialogue with the Education Achievement Service in relation to HR policies within

schools. It was advised that queries regarding the remit of governing bodies could also be relayed via the Education for Life Scrutiny Committee.

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

11. REVIEW OF EMPLOYEE SURVEILLANCE BY WALES AUDIT OFFICE (WAO)

Nicole Scammell, Acting Director of Corporate Services, presented the report, which advised Members on the findings of a review of employee surveillance undertaken by PricewaterhouseCoopers (PWC) on behalf of WAO.

The review highlighted a number of shortcomings historically in respect of the use of employee surveillance including the procurement arrangements in respect of the use of a company to provide those services. It was explained to Members that concerns surrounding the use of employee surveillance were reported to the Policy and Resources Scrutiny Committee on 16 April 2013.

Since April 2013, employee surveillance has not been undertaken and the Authority has been awaiting the WAO report prior to engaging with the Trade Unions in respect of updating relevant policies. Formal procedures will also need to be updated, agreed and implemented. Finally, a formal procurement process will be undertaken. Updates in respect of the above will be reported to Policy and Resources Scrutiny Committee.

Due to the implications of the Medium Term Financial Plan and the requirement for Human Resources to focus on introducing a range of new policies to deal with the impact of the savings required, this piece of work has not been seen as a priority especially as employee surveillance is no longer taking place.

Members queried whether there had been any cases that could have potentially required the use of employee surveillance since the suspension of the procedure, and Officers confirmed that such cases had been dealt with via alternative methods. It was added that employee surveillance was rare and the procedure was only utilised as a last resort. It was also confirmed that authorisation to use employee surveillance was required from at least two senior Officers, usually the Head of Workforce and Organisational Development, the employee's Head of Service and the Head of Legal Services.

The Audit Committee noted the contents of the WAO review and were in agreement that the highlighted shortcomings be reported to the Policy and Resources Scrutiny Committee, acknowledging that workforce strategies and managing the impact of savings proposals will need to remain as the key priority for next year.

12. ANNUAL FINANCIAL AUDIT OUTLINE

In that the papers relating to this item had been marked 'to follow' on the agenda and had only been received the previous day, Members agreed the deferral of this item to the next meeting of the Audit Committee, in order to allow proper consideration of the item. Apologies were extended to Lynn Pamment of PricewaterhouseCoopers for the deferral.

13. 2014/15 PERFORMANCE AUDIT WORK AND FEES LETTER

Non Jenkins, Wales Audit Office, advised of the programme of performance audit work for 2014/15 and the associated fee for that work.

Members were advised that the programme of performance work for 2014/15 would place an emphasis on added value and improvement assessment, with the key focus on financial

management Work would be undertaken in a number of areas relating to governance, Performance Management and local work (including follow ups on Gwent Frailty, the Special Inspection statutory recommendations and the four proposals for improvement in the HR and workforce planning thematic review of 2011). In addition to the annual programme of audit and assessment of improvement planning and reporting arrangements, a programme of Local Government Studies would also be undertaken which would be closely interlinked and follow up on the previous Special Inspection Report.

Reference was made to the table in the report which outlined the fees for performance audit work and includes the fee for financial audit work for completeness. The report advised that if, during the course of the audit and assessment, any additional work is identified as being necessary, this may incur additional fees, as it also would for any special inspections that may be required. Members were informed that the fee had reduced from the charge levied in 2013/14.

Members discussed the programme of work and Officers confirmed that the overall volume of work had increased for the coming year. It was also confirmed that public views would be sought during the course of the audit and assessment.

Members noted the details of the 2014/15 performance audit work and letter fees.

14. FRAMEWORK FOR THE IDENTIFICATION AND PREVENTION OF FRAUD

The report informed Members of the proactive measures in place to counter the risks of fraud, including the identification and investigation of potential issues.

Members were informed that the Authority has in place a number of policies and procedures to enable the central monitoring of suspected incidents, ensure that all reported incidents are appropriately investigated and concluded and form part of the control framework to aid transparency and minimise the risk of misappropriation.

Biennially the Authority participates in the National Fraud Initiative which is facilitated by the National Audit Office and involves the use of information technology to cross-match data held and managed by various public sector organisations to identify anomalies for investigation. For the years in-between this exercise, Internal Audit undertakes its own creditor matching exercise using a proprietary IT package to identify payment anomalies on an ongoing basis.

A dedicated team of CCBC Officers specialise in the identification and investigation of benefit fraud, with the potential for large sums of money to be recovered. This team will shortly be incorporated into the Department of Works and Pensions and benefit fraud investigations will no longer come under the remit of the Council. It was clarified that this merge had been planned for some time and was due to the introduction of the new Universal Credit system.

The Insurance Section continues to monitor claims made against the Council and work with the Council's insurers to ensure that any potential fraudulent claims are robustly and thoroughly investigated. Officers clarified to Members the processes involved relating to insurance claims against the Authority.

Members were advised that complaints received via the corporate procedures, including those of an anonymous nature, are reviewed to establish if there is a fraud element involved, and appropriate referrals are made in such cases to facilitate appropriate investigation.

The importance of information-sharing was emphasised to the Committee, with intelligence networks developed to alert other local authorities to upcoming fraud areas or advance warnings of concerted efforts to target specific types of service areas. This has proved highly effective in respect of the identification of issues such as bank mandate fraud and allowed organisations to improve controls and procedures to reduce the risks as they emerge.

The Audit Committee noted the contents of the report, including the framework in place to lessen the risk of fraudulent activity throughout the Council.

15. ANNUAL GOVERNANCE STATEMENT FOR 2013-2014

Members' views were sought on the draft Annual Governance Statement (AGS) for 2013-14, which was appended to the report and highlighted the progress made by the Authority over the last 12 months in respect of its Improving Governance Programme.

Members were advised that the draft AGS incorporated a number of changes to the previous year's AGS, details of which were also appended to the report. The majority of the changes relate to the fact that the Authority has made much progress in respect of its Improving Governance Programme. This progress was acknowledged in the Special Inspection Report presented to Council on 28 January 2014 by the Wales Audit Office (WAO). It was acknowledged that there are still improvements to be made, as with all service provision, and therefore the work of the IGPB (Improving Governance Programme Board) will continue.

Reference was made to the 2 additional major areas for improvement identified in the AGS for 2012-13, namely the formulation and implementation of a suitable system of controls governance in relation to the collaborative arrangements being developed, and the further development of the Council's Business Continuity arrangements.

During the last year, a detailed piece of work was undertaken to identify the Council's significant partnership arrangements to enable the Council to develop a Collaboration and Partnership Strategy. The governance arrangements for the Partnerships identified have been collated and the information reported to CMT, the IGPB and the Audit Committee. In view of the completion of this work, it was therefore considered that this is no longer an area that requires highlighting as an area of major concern. Again, as with the Improving Corporate Governance Agenda, work will continue to be undertaken and monitored.

The second area of improvement related to Business Continuity. It has been identified that Business Continuity exists in most front line service areas and IT but that there is no consistent approach. Recent reports to the Corporate Governance Panel and CMT have agreed a strategy that has been adopted by the Authority, which should ensure that there is both a strategic and consistent approach to Business Continuity. Progress to date was reported to the Audit Committee on 5 March 2014. Although progress has been made, it is not seen as significant enough to enable this area of concern to be removed from the 2013-14 AGS.

As per the previous year, the draft AGS for 2013-14 also identified 2 additional major areas where improvements could be strengthened. The first area for improvement identified was 'Interim Management Arrangements' with it acknowledged that the extent of interim arrangements in respect of senior staff could create instability in the Authority moving forward.

The second area identified was 'Improving timeliness of response to Freedom of Information (FOI) and Environmental Information Regulations (EIR) requests'. It was explained to Members that there have been a significant increase in such requests, and that failure to comply with these requests in a timely manner could result in a number of sanctions being placed on the Authority.

Discussion ensued regarding the report and Officers responded to a number of queries in regards to FOI requests, including clarification of the response timelines and deadlines and the correct procedures to be adhered to by Officers.

The Audit Committee considered and noted the draft Annual Governance Statement for 2013-14 and were in agreement on its content.

16. FORWARD WORK PROGRAMME

Members considered and noted the Forward Work Programme and reports scheduled for future meeting dates.

17. INFORMATION ITEMS

The Committee received and noted the following information items:-

Minutes of Corporate Governance Review Panel - 15th November 2013;

Minutes of Corporate Governance Review Panel - 24th January 2014;

Minutes of Corporate Governance Review Panel - 21st March 2014;

Minutes of Corporate Governance Review Panel - 2nd May 2014.

The meeting closed at 12.21 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 10th September 2014, they were signed by the Chair.

CHAIR

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AUDIT COMMITTEE – 10TH SEPTEMBER 2014

SUBJECT: REGULATION OF INVESTIGATORY POWERS ACT 2000

REPORT BY: INTERIM MONITORING OFFICER

1. PURPOSE OF REPORT

- 1.1 To advise Members of the numbers of covert surveillance operations undertaken by the Council in accordance with the provisions of the Regulation of Investigatory Powers Act 2000.

2. LINKS TO STRATEGY

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

3. THE REPORT

- 3.1 The Regulation of Investigatory Powers Act 2000 (RIPA) sets out strict controls for public authorities wishing to carry out covert surveillance of individual members of the public as part of their exercise of their statutory functions. In addition to the Act, advice and guidance is found within the Codes of Practice issued by the Home Office.
- 3.2 The Authority has a corporate policy which provides guidance on how surveillance should be used by the relevant officers.
- 3.3 Public Authorities undertaking covert surveillance of individual members of the public are subject to inspection by an Assistant Surveillance Commissioner or by a Surveillance Inspector (or in some cases both).
- 3.4 The Appendix to the Report includes details of the RIPA operations undertaken by the Authority for the period June to end of August. There has been one RIPA operation undertaken in this period.

4. EQUALITIES IMPLICATIONS

- 4.1 None, the report is for information only.

5. FINANCIAL IMPLICATIONS

- 5.1 None.

6. PERSONNEL IMPLICATIONS

6.1 None.

7. CONSULTATIONS

7.1 None. The report is for information only.

8. RECOMMENDATIONS

8.1 None. Members note the information provided.

9. REASONS FOR THE RECOMMENDATIONS

9.1 To ensure compliance with statutory requirements.

10. STATUTORY POWERS

10.1 Regulation of Investigatory Powers Act 2000.

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

Appendices:
Appendix 1 Details of RIPA Operations

**RIPA Investigations
June To August (inclusive)**

Trading Standards

1. Investigation into sale of alcohol to minors.

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AUDIT COMMITTEE - 10TH SEPTEMBER 2014

SUBJECT: UPDATE ON THE IMPLEMENTATION OF THE COUNCIL'S CORPORATE COMPLAINTS POLICY

REPORT BY: INTERIM MONITORING OFFICER

1. PURPOSE OF REPORT

- 1.1 To provide Members with an update on the number of complaints received under the Corporate Complaints Policy for the period February to mid July 2014.
- 1.2 To advise Members whether any trends have been identified and if so the action to be taken.
- 1.3 To recommend to Members that in addition to the six monthly reports received, an Annual Report on the Corporate Complaints Policy is also presented to the Audit Committee going forward.
- 1.4 To update Members on the use of the Policy and Procedure to deal effectively with unacceptable, persistent or unreasonable actions by complainants.

2. SUMMARY

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

3. LINKS TO STRATEGY

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

4. THE REPORT

Background

- 4.1 Members will be aware from previous reports presented to Audit Committee on 17th September 2013 and 5th March 2014, that, on 1st April 2013, the Council implemented a new Corporate Complaints Policy (referred to as the Policy in this report) in order to reflect the model policy introduced by the Welsh Government.
- 4.2 The Policy has introduced a two-stage complaints process to be followed within the Council. Stage 1 complaints are intended to be dealt with within 10 working days and Stage 2 within 20 working days. If a complainant remains dissatisfied with the outcome of a Stage 2 response, he/she will have the opportunity to refer the matter to the Public Services Ombudsman for Wales.
- 4.3 Members were advised that a Learning from Complaints Group (referred to throughout this report as “the Group”) had been established, which is chaired by the Interim Monitoring Officer, and includes Complaints Officers from across the Council, the Council’s Senior Policy Officer (Equalities and Welsh Language) and a representative from the Council’s Performance Management Unit.
- 4.4 The Group meet on a quarterly basis in order to consider complaints statistics, identify trends and where appropriate review policies and procedures including the introduction of associated policies and procedures arising from the implementation of the complaints policy.
- 4.5 The result of the monitoring enables each department to focus on main areas of concern, to improve services and to monitor performance and ensure that any trends in issues raised are identified and dealt with so as to be avoided in the future. The Group’s findings are then reported to the Audit Committee on a six monthly basis.
- 4.6 This is the third report to Audit Committee on the Complaints Policy and is intended to inform Members of the implementation of the corporate complaints policy between the periods February 2014 to mid July 2014.

4.7 Review of Corporate Complaints

- 4.7.1 The data referred to below represents the number of complaints received from February 2014 to mid July 2014 for each Directorate referred to, together with an overview of the response timescales.
- 4.7.2 In addition, Members will be aware from the report received on 5th March this year, that in order to further improve and monitor the services provided, the complaints data captured now includes the outcome of each complaint; namely whether a complaint has been upheld, not upheld or partially upheld. An overview of the outcomes in respect of Stage 1 complaints are set out in paragraph 4.7.5 (c) and an overview of the outcomes in respect of Stage 2 Complaints are set out in paragraph 4.7.6 (d) below.
- 4.7.3 The total number of corporate complaints received across the Authority during this period is 115 comprising the following: -

	% of total number of corporate complaints received
12 Corporate	13.80
6 Education	6.90
48 Environment	55.20
39 Housing	44.85
4 Social Services	4.60
6 Other (cross Directorate)	6.90

4.7.4 The breakdown of the types of complaints are summarised as follows:-

4.7.5 Stage 1 Corporate Complaints

- | (a) Title | Actual |
|---|--------|
| Number of Stage 1 complaints received in Corporate Services | 10 |
| Number of Stage 1 complaints received in Education | 6 |
| Number of Stage 1 complaints received in Environment | 42 |
| Number of Stage 1 complaints received in Housing | 31 |
| Number of Stage 1 complaints received in Social Services | 4 |
| Number of Stage 1 complaints received Other (cross directorate) | 0 |
- (b) The total number of complaints received at Stage 1 were 93, of those 84 were responded to within timescale, 2 outside the timescale and 7 are ongoing.
- (c) Of the 86 Stage 1 complaints responded to, 28 have been upheld, 49 were not upheld and 9 have been partially upheld. Members will note 7 are ongoing. The breakdown of outcomes for each Directorate is listed below.

Outcomes of Stage 1 complaints

	Upheld	Not Upheld	Partially Upheld	Ongoing
Corporate Services	3	4	1	2
Education	-	6	-	-
Environment	15	19	3	5
Housing	10	16	5	
Social Services	-	4	-	-
Other (cross directorate)	-	-	-	-

4.7.6 Stage 2 Corporate Complaints

- | (a) Title | Actual |
|---|--------|
| Number of Stage 2 complaints received in Corporate Services | 5 |
| Number of Stage 2 complaints received in Education | 0 |
| Number of Stage 2 complaints received in Environment | 8 |
| Number of Stage 2 complaints received in Housing | 12 |
| Number of Stage 2 complaints received in Social Services | 1 |
| Number of Stage 2 complaints received Other (cross directorate) | 6 |
- (b) The total number of complaints received at Stage 2 were 32, of those 25 were responded to within timescale, 1 outside the timescale and 6 are ongoing.
- (c) Of the Stage 2 complaints, 22 were commenced at Stage 2 and 10 were escalated from Stage 1 to Stage 2; 4 within Housing, 2 within Environment, 3 within Corporate Services and 1 within Social Services.
- (d) Of the 26 Stage 2 complaints responded to, 3 have been upheld, 15 were not upheld, and 8 were partially upheld. Members will note 6 are ongoing. The breakdown of outcomes for each Directorate is listed below.

Outcomes of Stage 2 Complaints

	Upheld	Not Upheld	Partially Upheld	Ongoing
Corporate Services	1	1	1	2
Education	-	-	-	-
Environment	-	5	2	1
Housing	2	7	1	2
Social Services	-	1	-	-
Other (cross directorate)		1	4	1

- 4.7.7 Members are reminded that the number of complaints listed for Social Services and Education are significantly lower than those of other Directorates such as Housing and the Environment. The reason for the difference is that this report only includes details of corporate complaints received for those service areas. Social Services operate a separate complaints policy for service users. Within Education the respective schools deal with their own complaints.
- 4.7.8 Equalities and Welsh Language complaints are monitored and reported to members of this committee as part of the overall figures but detailed information also forms part of the statutory annual reporting framework to the Equality and Human Rights Commission and the Welsh Language Commissioner's Office.
- 4.7.9 Members will note that the number of complaints responded to within the timescales is continuing to improve when compared with the data presented in the previous reports. This would appear to be as a result of officers becoming more familiar of the timescales for responding to complaints under the new policy and where necessary improving the way in which we keep customers informed with a view to achieving responses within the relevant timescales.

4.8 Review of Trends and types of complaints

- 4.8.1 At the recent meeting of the Group, officers considered the data collected during this reporting period for each specific department however no specific trends could be identified.
- 4.8.2 Types of complaints received have been wide ranging for example, waste collection, highway repairs and drainage issues, council tax, maintenance and housing repairs, pest control, planning issues, school transport, equalities and Welsh Language issues. The Group will continue to monitor this data closely at its meetings held quarterly and Members will be kept updated.
- 4.8.3 Whilst no trends have been identified during this reporting period the Group recognises the importance of learning from all complaints handled under the policy with a view to monitoring and improving outcomes for both future complainants and the Authority as a whole.

4.9 Proposals to present an Annual Report

- 4.9.1 Members are aware that the current Corporate Complaints Policy was implemented on 1st April 2013 and has therefore been in operation for in excess of one year. Members are asked to consider the recommendation set out in paragraph 9.1(b) of this report namely that the Audit Committee receive an Annual Report on the Corporate Complaints Policy, the first of which to be presented to the Committee following the expiry of the current year on 31st March 2015, which include an analysis of complaints received and outcomes.

4.10 Ombudsman referrals

- 4.10.1 Since the last report to the Committee 8 complaints have been referred to the Ombudsman following receipt of a response under Stage 2 of the Council's Corporate Complaints policy. The Ombudsman has decided not to investigate five of the complaints, and three are yet to be concluded. By way of additional information, the Ombudsman has now issued a draft Report to the Authority in relation to his findings following an investigation into an earlier complaint.

This Report is under consideration and if accepted will be reported to members in the usual way.

4.11 Update on the Introduction of a Vexatious Complainants Policy

4.11.1 Members will recall that the Policy was presented to and endorsed by Cabinet on 27th November 2013. As a result the Policy has now been introduced and circulated to service areas. It is also available to view on the Council's website.

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

5. EQUALITIES IMPLICATIONS

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

5.2 It addresses specific complaints to the Council around alleged discrimination by service areas and also addresses the monitoring of complaints from people who fall under the categories protected by the legislation in 5.1 above

6. FINANCIAL IMPLICATIONS

6.1 There are no direct financial implications associated with this report

7. PERSONNEL IMPLICATIONS

7.1 There are no personnel implications associated with this report.

8. CONSULTATIONS

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

9. RECOMMENDATIONS

9.1 It is recommended that Members.

(a) note the contents of the report and;

(b) agree that Committee will receive an Annual Report on the Corporate Complaints Policy following the expiry of the current year on 31st March 2015.

10. REASONS FOR THE RECOMMENDATIONS

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

11. STATUTORY POWER

11.1 Local Government Act 1972 - 2003.

Author: Gail Williams, Interim Monitoring Officer
Consultees: Nicole Scammell, Acting Director of Corporate Services
Angharad Price, Interim Deputy Monitoring Officer
Lisa Lane, Solicitor
Jan Carter, Senior Housing Officer
Rachel Williams, Housing Officer (Customer Services)
David Titley, Customer Services Manager
Mary Hougham, Customer Services/Complaints Officer
Kim Davies, Customer Services/Complaints Officer
Karen Williams, Support Officer
Judith Morgans, Customer Services Manager
Meirion Day, Team Manager
Ros Roberts, Performance Manager
Andrea Jones, Corporate Complaints Officer
David A. Thomas, Policy Officer
Richard Harries, Internal Audit Manager
Leigh Brooke, Corporate Finance



AUDIT COMMITTEE – 10TH SEPTEMBER 2014

SUBJECT: OFFICERS DECLARATIONS OF GIFTS AND HOSPITALITY

REPORT BY: HEAD OF WORKFORCE AND ORGANISATIONAL DEVELOPMENT

1. PURPOSE OF REPORT

- 1.1 Quarterly report to advise members of the Audit Committee of the gifts and hospitality declared by officers for the period April to June 2014.

2. SUMMARY

- 2.1 Attached as Appendix A, is a list of Gifts and Hospitality received by officers of the Council for the 3 months 1st April and 30th June 2014.

3. LINKS TO STRATEGY

- 3.1 The Council acting through this Committee has an obligation to maintain high standards, probity and conduct throughout its workforce.

4 THE REPORT

- 4.1 Heads of Service provide data on a monthly basis to the Head of Workforce and Organisational Development for collation and monitoring purposes.
- 4.2 The Head of Workforce and Organisational Development will continue to monitor the returns and work with Heads of Service to improve their understanding and corporate compliance to the policy.

5. EQUALITIES IMPLICATIONS

- 5.1 None.

6. FINANCIAL IMPLICATIONS

- 6.1 None.

7. PERSONNEL IMPLICATIONS

- 7.1 The Head of Workforce and Organisational Development will continue to monitor the declarations to promote best practice and ensure compliance.

8. CONSULTATIONS

- 8.1 The Improving Governance Project Board and Corporate Management team have been consulted on this report.

9. RECOMMENDATIONS

- 9.1 The Members of the Audit Committee are asked to note the information provided in Appendix A.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To ensure the Audit Committee have an oversight of the position in relation to officers Gifts and Hospitality.

11. STATUTORY POWER

- 11.1 Local Government Act 2000.

Author: Gareth Hardacre, Head of Workforce and Organisational Development.

Consultees: Stuart Rosser, Interim Chief Executive
Sandra Aspinall, Interim Deputy Chief Executive
Dave Street, Director of Social Services
Nicole Scammell, Acting Director of Corporate Services
Gail Williams, Interim Monitoring Officer
Cllr Christine Forehead, Cabinet Member of HR & Governance
Colin Jones, Head of Property & Performance

Appendices:

Appendix A – Declarations of Gifts and Hospitality

Declarations of Gifts and Hospitality – 1st April – 30th June 2014

Directorate	Service Area	Form Number	Type of Declaration	Form Details Of Declaration i.e. name of person, nature of relationship, company, gift, hospitality, etc	Head of Service who signed the declaration	Outcome
Corporate Services	Corporate Finance - Council Tax/NNDR	1405	Hospitality	Marston Group/Swift Credit Services Ltd dinner, drinks & attendance at Glamorgan - v - Hampshire Cricket Match on 25.06.14. Value not known. Swift provide external enforcement agent services for collection of council tax & NNDR	Stephen Harris	Declined
Environment	Engineering and Transport	824	Hospitality	ICE Wales TEG Papers Competition 2014: Awarded joint first prize (£200). Prize donated to ICE Wales by Alun Griffiths Contractors. No likely future involvement in relation to post held	Terry Shaw	Accepted
Environment	Regeneration and Planning	1623	Hospitality	Invited to attend Wales Responsible Business Awards Gala Dinner by BT. CCBC is a partner in a project recommended for an award	Pauline Elliott	Accepted

Directorate	Service Area	Form Number	Type of Declaration	Form Details Of Declaration i.e. name of person, nature of relationship, company, gift, hospitality, etc	Head of Service who signed the declaration	Outcome
Environment	Regeneration and Planning	1619	Gift	FAST Training with Save the Children / Middlesex University, the FAST representative paid for a meal for all participants - estimated value £15.00	Pauline Elliott	Accepted
Environment	Regeneration and Planning	1621	Gift	Took part in Royal Mail Postal Survey and was given a £10.00 Love to Shop Voucher. Voucher donated to Mayor's charity.	Pauline Elliott	Accepted
Environment	Regeneration and Planning	1622	Gift	Partnerships for Renewables - Model of Wind Turbine presented as gift - Value £5.00 - £10.00	Pauline Elliott	Accepted



AUDIT COMMITTEE - 10TH SEPTEMBER 2014

SUBJECT: BUSINESS CONTINUITY MANAGEMENT

REPORT BY: ACTING DEPUTY CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 To update the Committee on business continuity management arrangements within the Council.

2. SUMMARY

- 2.1 At its meeting of 5th March 2014 this Committee considered the business continuity management arrangements being implemented across the Council. This report provides an update on that three stage process. Business Impact Analysis has been completed across the whole organisation. Risk Assessments have and are being undertaken, but due to the volume there has been some slippage against the anticipated timetable. At the March meeting Members asked for details of business continuity planning in schools and an update on this is provided.

3. LINKS TO STRATEGY

- 3.1 Business Continuity Management is a process which supports the delivery of all services and strategies across the organisation.

4. THE REPORT

- 4.1 The Civil Contingencies Act 2004 requires Local Authorities to put business continuity management arrangements in place. It had been identified previously in the Annual Governance Statement that Business Continuity exists in most front line service areas and IT but that there was no consistent approach and this had therefore been identified as an area for improvement. At its meeting of 5th March 2014 this Committee received an update on the business continuity management arrangements being implemented across the Council, following a pilot, and agreed the attached Action Plan.
- 4.2 The business continuity management process requires services to undertake a Business Impact Analysis in the first instance. This involves the identification of critical services and functions and an assessment of the impacts on the Council if these were disrupted or lost. It includes consideration of the length of time over which a disruption could be managed and the resources required. A risk assessment is then conducted to identify the potential threats to these critical services.
- 4.3 In accordance with our Business Continuity Management Strategy services will identify actions to mitigate loss, and to support effectiveness in maintaining the council's ability to deliver critical service functions. This involves:-

- implementing appropriate measures to reduce the likelihood of incidents occurring and/or reduce the potential effects of those incidents
 - taking account of mitigation measures in place
 - providing continuity for critical services during and following an incident
 - taking account of services that have not been identified as critical.
- 4.4 The above Business Continuity Management process began in the Environment Directorate and is now being implemented across all Directorates. Business Impact Analysis phase has been completed across all critical services across the Council and a schedule of these is included at Appendix 2. Risk assessments have now been undertaken for most areas, but with some slippage against the agreed timetable. This is attributed to the volume and detail of services that managers are reviewing. With 105 risk assessments completed for the Environment Directorate alone (See Appendix 3) there is insufficient capacity within the Emergency Management Team to support managers through the subsequent action planning process in accordance with the existing action plan timetable. It is anticipated that an additional 3 months will be required to complete this initial implementation of Business Continuity Planning across the whole organisation.
- 4.5 When Business Continuity was considered by Audit Committee in March 2014 members highlighted the situation at Cwmcarn High School and asked that any lessons learned for business continuity planning would be included in this next update Report for Audit Committee. Since the closure of Cwmcarn High School, Education Directorate have reviewed their Emergency Planning and Education Continuity Arrangements and via the Health and Safety Division have undertaken a programme of developing Emergency Response Plans for each school in the County.
- 4.6 Each School Emergency Response plan is made up of three parts:-
- Part 1** of the Plan consists of an introduction and 10 forms which require input from the school to complete. The information contained in the completed plans will assist in facilitating the continued provision of services in the event of an incident/emergency situation which may affect the school and aid with the recovery process.
- Part 2** of the Plan provides detailed guidance; including action checklists on the schools emergency response arrangements, with the aim of mitigating the effects of an emergency on the school, its staff and pupils.
- Part 3** of the Plan gives specific guidance on the wide range of incidents which may affect a school, focusing on both people and property. This Part contains guidance on dealing with the media and includes detailed plans of the school premises.
- 4.7 The programme commenced in November 2013 and was rolled out with the co-operation of two primary schools and one secondary school who piloted completion of the plans, following this completed sample was provided as a guide to all other schools. All plans were due to be finalised by the end of the summer term 2014, however due to the work involved for each school this has been extended to the end of 2014 calendar year. Health and Safety Officers are supporting schools in the completion of their plans.
- 4.8. Once completed each school plan provides a blue print of the facilities the school requires in order to continue education in the event of an emergency, this information will assist the Council's Schools Emergency Response Team in establishing temporary accommodation on site or relocation to another premises, while maintaining key services. Fortunately most emergencies can be dealt with at a school level and the plans will assist School staff and Officers of the Authority in dealing with an incident.
- 4.9 Once completed Plans are published, a hard copy is sent to each school and a completed version uploaded to the RAMIS Information Management System for easy access by officers. Each school Plan is scheduled to be reviewed every two years from the date of publication.

- 4.10 With regards to the specific emergency which affected Cwmcarn High School, Committee Members are advised that following detailed surveys of all other schools undertaken by the Health and Safety Division, no other school in the County is affected by asbestos in the same way as Cwmcarn High School was affected. However to further reduce the risk from asbestos in Caerphilly schools on the 2nd July Cabinet agreed to an £800K project which will see amosite asbestos products removed from occupied areas of school buildings in 37 schools across the county borough.
- 4.11 Once completed the programme of works will see 95% of Caerphilly County Borough Schools free from amosite asbestos products within occupied areas of the school building. 5% of schools affected will have remaining amosite asbestos materials over boarded and sealed. This will reduce the risk from asbestos in our schools, reduce maintenance costs and will assist with Education continuity.

5. EQUALITIES IMPLICATIONS

- 5.1 There are no potential equalities implications of this report and its recommendations on groups or individuals who fall under the categories identified in Section 6 of the Council's Strategic Equality Plan, however having sound business continuity management arrangements in place in the event of any disruption ensures that the most vulnerable in society are not without the services they need at such a time.

6. FINANCIAL IMPLICATIONS

- 6.1 Business Continuity Planning will be undertaken within existing resources and therefore there are no financial implications arising directly from this report. The resourcing of measures to mitigate the likelihood or impact of a business disruption will need to be considered on a case by case basis as appropriate.

7. PERSONNEL IMPLICATIONS

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

8. CONSULTATIONS

- 8.1 The report has been sent to the consultees listed below and there are no consultation responses that have not been reflected within the report.

9. RECOMMENDATIONS

- 9.1 That the Committee note the progress that has been made to date in relation to Business Continuity Management.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To advise the Committee in relation to Business Continuity Management within the Council and to seek agreement for the proposed way forward.

11. STATUTORY POWER

- 11.1 Civil Contingencies Act 2004

Author: Rob Hartshorn, Head of Public Protection
Consultees: Sandra Aspinall, Acting Deputy Chief Executive
Nicole Scammell, Acting Director of Corporate Services
Sheryl Andrews, Senior Emergency Planning Officer
Ceri Edwards, Environmental Health Manager
Donna Jones, Health and Safety Manager
Gail Williams, Monitoring Officer
Mike Eedy, Finance Manager
Sian Phillips, HR Manager
David A. Thomas Senior Policy Officer (Equalities and Welsh Language)

Background Papers: Audit Committee Report of 5th March 2014 entitled "Business Continuity Management"

Appendices:
Appendix 1 of 3 Business Continuity Action Plan
Appendix 2 of 3 Summary of Business Impact Analysis
Appendix 3 of 3 Summary of Risk Assessments

Appendix 1 - Business Continuity Action Plan

	Action	RESPONSIBILITY	Target Completion Date	Progress
	Adopt Corporate Business Continuity Policy Statement and Strategy.	Head of Public Protection	June 2013.	Completed. Endorsed by Corporate Management Team June 2013 Including introduction of Business Impact Analysis and Risk Assessment templates.
	Pilot Business Continuity Process in Catering Services <ul style="list-style-type: none"> • Pilot Business Impact Analysis • Pilot Risk Assessment • Complete Catering Business Continuity Management Strategies 	Head of Public Protection	30 th September 2013 31 st December 2013 28 th February 2014	Completed October 2013 Completed January 2013
	Present Business Continuity Action Plan to Audit Committee for approval	Head of Public Protection	5 th March 2014	Completed
	Conduct mapping exercise to confirm existing Business Continuity arrangements.	Head of Public Protection	14 th February 2014	Completed
	Implement Business Continuity Process in the Environment Directorate <ul style="list-style-type: none"> • Complete Business Impact Analysis • Complete Risk Assessment • Complete Environment Directorate BCM Strategies 	Acting Deputy Chief Executive	17 th January 2014 31 st March 2014 30 th May 2014	Briefing to Directorate SMT 3rd December have been followed by briefings to individual SDMTs. Completed. Completed

	Action	RESPONSIBILITY	Target Completion Date	Progress
	Implement Business Continuity Process in the Education Directorate <ul style="list-style-type: none"> • Complete Business Impact Analysis • Complete Risk Assessment • Complete Education Directorate BCM Strategies 	Acting Deputy Chief Executive	14 th March 2014 30 th June 2014 30 th November 2014	Briefing to Directorate SMT 11 th February 2014 Completed
	Implement Business Continuity Process in the Social Services Directorate <ul style="list-style-type: none"> • Complete Business Impact Analysis • Complete Risk Assessment • Complete Social Services Directorate BCM Strategies 	Director of Social services	31 st March 2014 30 th June 2014 30 th November 2014	Briefing to Directorate SMT 25 th February 2014 Completed
	Implement Business Continuity Process in the Corporate Services Directorate <ul style="list-style-type: none"> • Complete Business Impact Analysis • Complete Risk Assessment • Complete Corporate Services Directorate BCM Strategies 	Acting Director of Corporate Services	14 th March 2014 31 st June 2014 30 th November 2014	Briefing to Directorate SMT 11 th February 2014 Completed
	Corporate Review of Risks and BCM Strategies	Corporate Management Team	31 st December 2014	

Appendix 2 – Summary of Business Impact Analysis

DIRECTORATE OF CORPORATE SERVICES

SERVICE AREA: CORPORATE FINANCE	
Department	Function
Corporate Finance	Treasury Management OLAS/Purchase Ledger Council Tax & NNDR Housing & Council Tax Benefits Income Social Services – Financial Assessment Social Services – Income Assessment

SERVICE AREA: PERFORMANCE AND PROPERTY	
Department	Function
Corporate Property	Facilities Management – FM support to Social Services Care Homes Facilities Management – FM Corporate Offices

SERVICE AREA: HOUSING SERVICES	
Department	Function
Private Sector Housing	Statutory enforcement of minimum housing standards Homelessness Adaptations for disabled persons Building contracts in relation to grant aided works Allocation of council housing Housing grants (other than adaptations)
Housing Repair Operations	Providing repairs and maintenance service to all council properties Housing management
Public Sector Housing	Rent collection & arrears recovery Tenancy enforcement Older persons housing Tenant and community involvement

DIRECTORATE OF CORPORATE SERVICES /Cont'd...

SERVICE AREA: ICT	
Department	Function
Communications Unit	Media Management Internal Communications External Communications
Customer Services	Highways Customer Contact Environmental Health Customer Contact Waste Management Customer Contact Blaenau Gwent Pest Control Customer Contact Payment Processing Blue Badge Applications Housing Benefit Applications Licensing Customer Contact Switchboard Other Call Handling
IT Business	Mailrooms – incoming and outgoing mail Information Unit – EIR, SAR and FOI requests IT Admin – contract payments
IT Development	Systems provision, e.g. social services, environmental health, customers services (CRM), etc. Websites (Corporate and "microsites", e.g. community councils, Leisure Lifestyle, etc). Payments (Both incoming collection and outgoing disbursement). Hosting services / service provision to other local authorities, e.g. Newport and Blaenau Gwent payroll and HR functions and BGCBC Pest Control. Collaboration with other public sector organisations, e.g. ABHB (Frailty and CRT), Swift Consortium partners (Interconnect and general SEWC matters), BGCBC and Torfaen (Vulnerability Intelligence), etc. Business process re-engineering / project management of major initiatives (not limited to ICT only).
IT Operations	Account / supplier relationship management. Website

DIRECTORATE OF CORPORATE SERVICES /Cont'd...

SERVICE AREA: LEGAL AND DEMOCRATIC SERVICES	
Department	Function
Legal and Governance	Publication and distribution of council and committee agendas, reports and minutes. The council has a statutory requirement to publish committee agendas. The non publication of these documents would prevent meetings of full Council and committees.
Legal Services	Provision of sufficient resources to enable emergency applications to safeguard the well being of vulnerable children and adults. Miscellaneous corporate advice to assist other functions of the Authority affected by the disruption.

DIRECTORATE OF EDUCATION AND LIFELONG LEARNING

SERVICE AREA: LEARNING, EDUCATION AND INCLUSION	
Department	Function
All Functions	Educational Psychology Service Behaviour Support Service School Based Counselling Education Welfare Service Looked After Children Safeguarding Specialist Team Leader Additional Support Statutory Assessments Advisory Teachers ISCAN Music Services EOTAS Links to EAS Service for the Visually Impaired Intervention in Schools Administration Services Data Services Families First Grant Administration Single Integrated Plan – Delivery of Key Priorities Planning and Commissioning for Families First Early Years and Childcare Flying Start Childcare Family Information Service Flying Start Health

DIRECTORATE OF EDUCATION AND LIFELONG LEARNING

SERVICE AREA: LIFELONG LEARNING	
Department	Function
Community Education	<p>Adult Community Learning – Deliver programmes of learning</p> <p>Adult Community Learning – Provide venues and clubs and societies</p> <p>Adult Community Learning – Provide individual employability support</p> <p>Connecting Communities – Deliver programmes of learning</p> <p>Connecting Communities – Provide venues for clubs</p> <p>EOTAS – Deliver programmes of learning</p> <p>EOTAS – Provide venues for clubs</p> <p>Youth Service – Deliver programmes of learning</p> <p>Youth Service – Provide venues for clubs and projects</p> <p>Access to book and other materials for loan or use in the library for educational or recreational benefit.</p> <p>Free access to information in paper or electronic means that assists a resident with any life, work, or learning need.</p> <p>Access to Council information about services, facilities, performance, and any other related matter.</p> <p>Access to free Public Internet facilities.</p> <p>Access to a UK wide book and other material request service.</p> <p>Access to printing, photocopying and fax facilities.</p> <p>Access to courses and events that support job seeking, literacy, numeracy or wider cultural benefits.</p> <p>Access to a community venue where local residents can meet in a social setting or for a predetermined event/activity.</p> <p>Host venue for local service delivery by playgroups, adult education classes, sporting clubs, luncheon clubs, social and private events where contractual issues could arise from any unforeseen closure.</p>
Public Library Service	
Community Centres	

SERVICE AREA: PLANNING AND STRATEGY	
Department	Function
Financial & Strategic Services Division	Schools Finance/Education Finance - Regulatory

DIRECTORATE OF THE ENVIRONMENT

SERVICE AREA: COMMUNITY AND LEISURE SERVICES	
Department	Function
Sports and Leisure Services	Health referral scheme Opening and operating Leisure Centres Providing contract and SLA to partners and schools Financial processes
Building Cleaning	Education Sheltered Housing Public toilets/Bus shelters Offices both corporate and other Leisure Centres
Fleet Management & Vehicle Maintenance	Fleet Management (Note: There is only one function continuation sheet which is titled different from the BIA form, not sure if all functions listed are covered by this continuation sheet?) Vehicle Maintenance (Note: There is only one function continuation sheet which is untitled, not sure if all functions listed are covered by this continuation sheet?)
Parks and Bereavement Services	Bereavement Services Parks Operations Playgrounds Outdoor Facilities Emergency Response
Waste Strategy & Operations	Waste collections HWRC's, Waste Transfer and Waste Treatment/Disposal Cleansing Other cleansing including Public Conveniences, Probation Service, etc.

DIRECTORATE OF THE ENVIRONMENT /Cont'd...

SERVICE AREA: ENGINEERING SERVICES	
Department	Function
Engineering Projects Group	Management of the Monmouthshire and Brecon Canal – Crumlin Arm Dangerous structures in an out of hours response
Highways Operations Group	Asset Management – Managing all of the highway network and land Capital Works - Safety fence maintenance and renewal Capital Works – Carriage maintenance and renewal Capital Works – Footway maintenance and renewal Capital Works – Lining maintenance and renewal Highways Maintenance – Highway Maintenance Highways Maintenance – Winter Maintenance Highways Maintenance – Land Drainage Highways Maintenance – Highway Drainage Highways Maintenance – Emergency Stand By Highways Maintenance – Tip Monitoring NRSWA – All Functions Streetlighting – All Functions
Transportation Engineering Management Group	Integrated Transport Unit - Provision of passenger transport services Integrated Transport Unit - Back office support for small bus operators Integrated Transport Unit - Operation of minibuses Integrated Transport Unit - Maintenance of infrastructure

DIRECTORATE OF THE ENVIRONMENT /Cont'd...

SERVICE AREA: PUBLIC PROTECTION	
Department	Function
Community Safety Unit	<p>CCTV Control Room – CCTV Public open space surveillance system CCTV Control Room – Control room emergency out of hours calls CCTV Control Room – Alarm activated security CCTV at council owned premises Community Safety Warden – Patrolling Community Safety Warden – Response to complaints Community Safety Warden – Joint operations with Gwent Police Community Safety Warden – Safety and security at large scale events Partnership Team – Domestic abuse services grant funded activity Partnership Team – Youth crime prevention grant funded activity Partnership Team – Office of the Police and Crime Commissioner grant funded activity Partnership Team – Substance misuse grant funded activity (transition period)</p>
Registration Services	<p>Registrars – Birth/Death registration Registrars - Marriage/Civil partnership notices and issue of marriage authorities Registrars – Marriage/Civil partnership ceremonies and registration</p>
Trading Standards	<p>Community Protection/Commercial Premises – Under age sales enforcement Community Protection/Commercial Premises – Business advice Community Protection/Commercial Premises – Consumer advice Community Protection/Commercial Premises – Licensing enforcement Community Protection/Commercial Premises – Criminal enforcement Community Protection/Commercial Premises – Consumer education Community Protection/Commercial Premises – Petroleum licensing</p>
Environmental Health	<p>Emergency Planning – Emergency plans Emergency Planning – Risk assessments Emergency Planning – Warning and informing Emergency Planning – Information sharing Emergency Planning – Co-operation Emergency Planning – Business continuity advice Emergency Planning – Operational response (office hours) Food and Health and Safety – Investigation and control of a communicable disease outbreak Food and Health and Safety – Investigation of a fatality Pollution Control + Out of Hours Service – Serious pollution incident Pollution Control + Out of Hours Service – Operational response (out of hours) General Environmental Health – Serious drainage incident causing discharge of raw sewage</p>

DIRECTORATE OF THE ENVIRONMENT /Cont'd...

SERVICE AREA: PUBLIC PROTECTION /cont'd...	
Department	Function
Catering	Meals Direct Sheltered Housing School Meals Corporate Catering

SERVICE AREA: REGENERATION AND PLANNING	
Department	Function
Operations Group	Blackwood Miners – Delivery of live events Blackwood Miners – Provision of venue Blackwood Miners – Delivery of arts projects Blackwood Miners – Providing a link to the arts Blackwood Miners – Providing support to artists Blackwood Miners – Contributing to local & national economy Llancaiach Fawr – Open to public as a heritage attraction Llancaiach Fawr – Open to schools for educational visits Llancaiach Fawr – Family functions such as weddings and funerals Llancaiach Fawr – Conference facility for commercial clients Llancaiach Fawr – Major public events Llancaiach Fawr – Sunday lunch business Llancaiach Fawr – Catering facility for daily visitors Llancaiach Fawr – Shop revenue Cwmcam Forest Drive – F1 Cwmcam Forest Drive – Effect on public Cwmcam Forest Drive – Serious effect on revenue and/or property Cwmcam Forest Drive – Adverse effect on the reputation of the council Visit Caerphilly – Provision of information to visitors and local residents Visit Caerphilly – Loss of income Visit Caerphilly – Adverse effect of the reputation of the Council Winding House – Museum exhibitions – visitor attraction Winding House – School workshops Winding House – Management of museum collection Winding House – Coffee shop and gift shop

SERVICE AREA: REGENERATION AND PLANNING /cont'd...	
Department	Function
Countryside and Landscape Services	Country Parks – Provision of public green space Country Parks – Maintenance of structures and landowner liability Country Parks – Welfare of domestic livestock Country Parks – Reservoirs Country Parks – Buildings Country Parks – Vehicles Sustainable Development & Living Environment – BIA Form (No Functions)
Strategic Planning and Urban Renewal	Strategic & Development Plans – Conservation service Strategic & Development Plans – Policy advice in respect of planning applications Strategic & Development Plans – Preparation, implementation and monitoring of up to date planning policy framework
Economic Development	Strategy & Funding – Support for EU funded projects Strategy & Funding – Support for RDP programme Strategy & Funding – Strategic support Community Regeneration – Delivery of communities first programme
Development Management & Building Control	Development Management Building Control






DIRECTORATE OF SOCIAL SERVICES

SERVICE AREA: ADULT SERVICES/CHILDRENS SERVICES/BUSINESS SUPPORT	
Department	Function
Adult Services/Children's Services/Business Support	Emergency Duty Team (on behalf of Gwent Local Authorities) Front Door i.e. ASDIT/Contact Referral Teams Provider Services Assessment and Care Management Business Support All Other Staff


















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Appendix 3 – Summary of Risk Assessments













DIRECTORATE OF CORPORATE SERVICES

Service Area	Department	Risk Assessment	BIA
Corporate Property	Facilities Management	 RA Form (F1-FM Corporate Offices).doc	Yes
		 RA Form (F1-FM Support to Social Ser	
Service Area	Department	Risk Assessment	BIA
Legal and Democratic Services	Legal and Governance	 RA Form (F1-Legal and Governance).doc	Yes
	Legal Services	 RA Form (F1-Legal Services).doc  RA Form (F2-Legal Services).doc	Yes











DIRECTORATE OF EDUCATION AND LIFELONG LEARNING

Service Area	Department	Risk Assessment	BIA
<p>Learning, Education and Inclusion</p>	<p>Learning, Education and Inclusion</p>	<div style="display: flex; flex-wrap: wrap; justify-content: space-between;"> <div style="width: 20%; text-align: center;">  RA Form (F1-Educational Psych) </div> <div style="width: 20%; text-align: center;">  RA Form (F2-Behaviour Support) </div> <div style="width: 20%; text-align: center;">  RA Form (F3-School Based Counselling Services) </div> <div style="width: 20%; text-align: center;">  RA Form (F4-Education Welfare) </div> <div style="width: 20%; text-align: center;">  RA Form (F5-Looked After Children).doc </div> <div style="width: 20%; text-align: center;">  RA Form (F6-Safeguarding).doc </div> <div style="width: 20%; text-align: center;">  RA Form (F7-Specialist Teacher) </div> <div style="width: 20%; text-align: center;">  RA Form (F8-Additional Support) </div> <div style="width: 20%; text-align: center;">  RA Form (F9-Statutory Assessment) </div> <div style="width: 20%; text-align: center;">  RA Form (F10-Advisory Teacher) </div> <div style="width: 20%; text-align: center;">  RA Form (F15-Service for the) </div> <div style="width: 20%; text-align: center;">  RA Form (F16-Intervention in) </div> <div style="width: 20%; text-align: center;">  RA Form (F17-Administration) </div> <div style="width: 20%; text-align: center;">  RA Form (F22-Early Years Childcare).doc </div> <div style="width: 20%; text-align: center;">  RA Form (F24-Flying Start Childcare).doc </div> <div style="width: 20%; text-align: center;">  RA Form (F25-Family Information Service). </div> <div style="width: 20%; text-align: center;">  RA Form (F26-Flying Start Health).doc </div> </div>	<p>Yes</p>

DIRECTORATE OF THE ENVIRONMENT

Service Area	Department	Risk Assessment	BIA
Community and Leisure Services	Bereavement Services	 RA Form (F1 - Bereavement Service)	Yes
	Building Cleaning	 RA Form (F1 - Building Cleaning, Edt  RA Form (F2 - Building Cleaning, She  RA Form (F3 - Building Cleaning, Put  RA Form (F4 - Building Cleaning, Off	Yes
	Outdoor Facilities	 RA Form (F1 - Outdoor Facilities).do	Yes
	Parks Operations	 Risk Assessment Form (F1 - Parks Ope	Yes
	Playgrounds	 RA Form (F1 - Playgrounds).doc	Yes
	Sport and Leisure	 RA Form (F1 - Sport and Leisure, Health R  RA Form (F2 - Sports and Leisure, Leisure ( RA Form (F3 - Sport and Leisure, Providin  RA Form (F4 - Sport and Leisure, Financial	Yes

DIRECTORATE OF THE ENVIRONMENT .../Cont'd...



Service Area	Department	Risk Assessment	BIA
Engineering Services	Fleet Management	 RA Form (F1 - Supply of Fuel - Lack of staf  RA Form (F5- Compliance with Oper  RA Form (F2 - Supply of Fuel - Failure of fu  RA Form (F3 - Supply of Fuel - Result of sh  RA Form (F4 - Hiring of Vehicles).doc	Yes
	Waste Strategy and Operations	 RA Form (F1 - Waste Strategy + Operator  RA Form (F2 - Waste Strategy + Operator  RA Form (F3 - Waste Strategy + Operator  RA Form (F4 - Waste Strategy + Operator	Yes
	Vehicle Maintenance	 RA Form (F1 - Vehicle Maintenance	Yes











Note: No Risk Assessment received for the Parks and Bereavement Services BIA – Emergency Response

DIRECTORATE OF THE ENVIRONMENT .../Cont'd...










Service Area	Department	Risk Assessment	BIA
<p>Engineering Services</p>	<p>Integrated Transport Unit</p>	<p> RA Form (F1 - ITU - Provision of Passenger</p> <p> RA Form (F2 - ITU - Back Office Support f</p> <p> RA Form (F3 - ITU - Operation of minibuse</p> <p> RA Form (F4 - ITU - Maintenance of Infra:</p>	<p>Yes</p>
	<p>Engineering Projects Group</p>	<p> RA Form (F1 - Engineering Projects (</p> <p> RA Form (F2 - Engineering Projects (</p>	<p>Yes</p>
	<p>Highways Maintenance</p>	<p> RA Form (F1 - Highway Maintenance</p> <p> RA Form (F5 - Highway Maintenance</p> <p> RA Form (F2 - Highway Maintenance</p> <p> RA Form (F6 - Highway Maintenance</p> <p> RA Form (F3 - Highway Maintenance</p> <p> RA Form (F4 - Highway Maintenance</p>	<p>Yes</p>
	<p>Capital Works</p>	<p> RA Form (F1 - Capital Works - Safet</p> <p> RA Form (F2 - Capital Works - Carria</p> <p> RA Form (F3 - Capital Works - Footv</p> <p> RA Form (F4 - Capital Works - Lining</p>	<p>Yes (except Lining maintenance and renewal)</p>
	<p>NRSWA</p>	<p> RA Form (F1 - NRSWA - All Function</p>	<p>Yes</p>













DIRECTORATE OF THE ENVIRONMENT/Cont'd...

Service Area	Department	Risk Assessment	BIA
Engineering Services	Street Lighting	 RA Form (F1 - Street Lighting - All Function	Yes
	Asset Management	 RA Form (F1 - Asset Management - All Fur	Yes

Service Area	Department	Risk Assessment	BIA	
Public Protection	Catering	 RA Form (F1 - Catering, Meals Direc	Yes	
		 RA Form (F2 - Catering, Sheltered F		
	Community Safety	CCTV	 RA Form (F1 - CCTV, CCTV Public Open Sp	Yes
		Community Safety Wardens	 RA Form (F2 - CCTV, Control Room Emerge	
Partnership Team	Partnership Team, Of	 RA Form (F1 - Community Safety W;	Yes	
		 RA Form (F2 - Community Safety W;		
Partnership Team, Dc	Partnership Team, Yo	 RA Form (F1 - Partnership Team, Dc	Yes	
		 RA Form (F2 - Partnership Team, Yo		
Partnership Team, Su	Partnership Team, Su	 RA Form (F1 - Partnership Team, Su	Yes	
		 RA Form (F2 - Partnership Team, Su		

DIRECTORATE OF THE ENVIRONMENT .../Cont'd...

Service Area	Department	Risk Assessment	BIA
Public Protection	Emergency Planning	 RA Form (F1 - Emergency Planning,	Yes
	Food/Health and Safety	 RA Form (F1 - Food + H&S, Investigation  RA Form (F2 - Food + H&S, Investigation	Yes
	General	 RA Form (F1 - General, Sewer Failur	No
	Pollution	 RA Form (F1 - Pollution, Serious Polli  RA Form (F2 - Pollution, Operational	Yes
	Registrars	 RA Form (F1 - Registrars - Death an  RA Form (F2 - Registrars - Marriage,  RA Form (F3 - Registrars - Marriage,	Yes

Service Area	Department	Risk Assessment	BIA
<p>Regeneration and Planning</p>	<p>Communities Regeneration</p>	<p> RA Form (F1 - Communities First).doc</p>	<p>Yes</p>
	<p>Land Charges</p>	<p> RA Form (F1 Land Charges, Official Local</p> <p> RA Form (F2 - Land Charges, Official Local</p> <p> RA Form (F3 - Land Charges, Register of</p> <p> RA Form (F4 - Land Charges, Personal Se</p>	<p>No</p>
	<p>Local Land and Property Gazetteer (LLPG)</p>	<p> RA Form (F1 - LLPG, Street Naming and NL</p> <p> RA Form (F2 - LLPG, Maintenance of LLPG;</p>	<p>No</p>
	<p>Development Management and Building Control</p>	<p> RA Form (F1 - Development Manage</p> <p> RA Form (F2 - Building Control).doc</p>	<p>Yes</p>
	<p>Strategy and Funding</p>	<p> RA Form (F1 - Strategic + Funding,</p> <p> RA Form (F2 - Strategic + Funding, :</p> <p> RA Form (F3 - Strategy + Funding, :</p>	<p>Yes</p>



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Financial Audit Outline

Caerphilly County Borough Council

Audit year: 2013-14

Issued: June 2014

Status of document

This document has been prepared for the internal use of Caerphilly County Borough Council as part of work performed/to be performed in accordance with statutory functions, the Code of Audit Practice and the Statement of Responsibilities issued by the Auditor General for Wales.

To the maximum extent permitted by law, the Wales Audit Office (the Auditor General and his staff) and, where applicable, the appointed auditor do not accept any liability for losses incurred by any member, officer or other employee in their individual capacity, or any third party arising from use of this document.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties.

In relation to this document, the Auditor General for Wales (and, where applicable, his appointed auditor) is a relevant third party. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@wao.gov.uk.

This document was produced by PricewaterhouseCoopers LLP ('PwC') on behalf of the Appointed Auditor, Anthony Barrett.

Contents

Annual Financial Audit Outline

Introduction	4
Financial statements audit	4
Use of resources audit	11
Certification of grant claims and returns	12
Other work undertaken	13
Auditor General's Regulatory Programme	13
Independence	13
Fee, audit team and timetable	14

Appendices

Roles and responsibilities	17
Electronic communication	18
Quality arrangements	18

Annual Financial Audit Outline

Introduction

1. This Annual Financial Audit Outline has been prepared by PricewaterhouseCoopers LLP ('PwC') on behalf of Anthony Barrett, the Appointed Auditor.
2. As your external auditor my objective is to carry out an audit which discharges my statutory duties as Appointed Auditor and fulfils my obligations under the Code of Audit Practice, namely to:
 - examine and certify whether your financial statements are 'true and fair'; and
 - assess whether you have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources.
3. The purpose of this outline is to explain to you:
 - PwC's approach to:
 - the audit of your financial statements for the year ending 31 March 2014 including the significant risks of material misstatement in your financial statements and how we plan to address them; and
 - the assessment of your arrangements for securing economy, efficiency and effectiveness in the use of resources.
 - The planned timetable, fees and audit team.
 - The scope of the audit, our respective responsibilities and how we ensure independence and objectivity in our work.
4. There have been no limitations imposed on me in planning the scope of this audit.

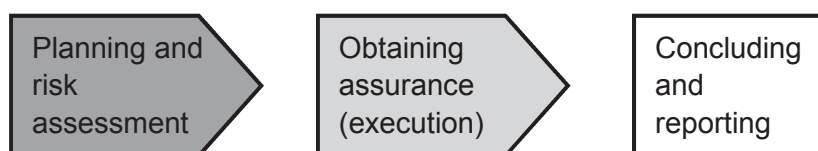
Financial statements audit

5. It is my responsibility to issue a report on the financial statements which includes an opinion on:
 - Whether or not the accounts give a 'true and fair view' of Caerphilly County Borough Council's (the Council) financial outturn and position. This provides assurance that the accounts:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
 - The consistency of information in the Explanatory Foreword with the financial statements.
6. My report must also state by exception if the Annual Governance Statement for 2013-14 does not comply with requirements.

Audit approach

7. PwC's audit work uses a range of techniques to assess risk and obtain audit evidence and assurance and is based on a thorough understanding of your business. This understanding allows my team to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the financial statements as a whole. Our audit approach consists of three phases as set out in [Exhibit 1](#).

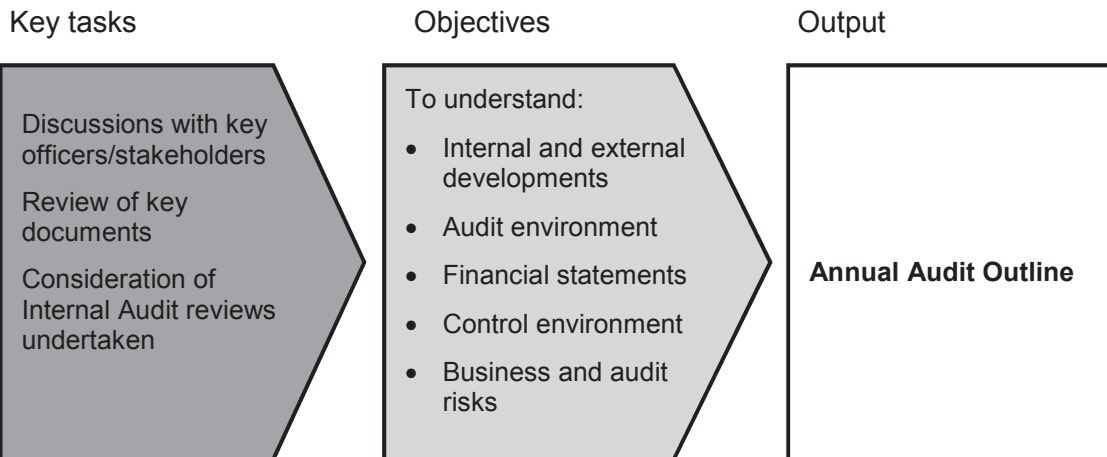
Exhibit 1: Our audit approach



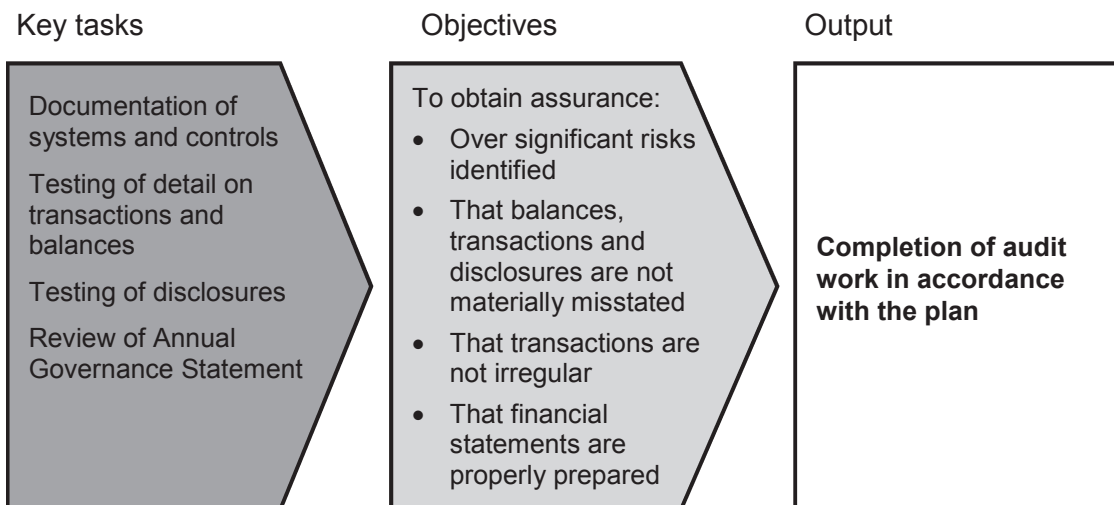
8. The work undertaken in each of these three areas is set out in more detail in [Exhibit 2](#).
9. I do not seek to obtain absolute assurance that the financial statements and related notes are true and fair, but adopt a concept of materiality. In planning and executing the audit, we aim to identify material misstatements in the financial statements and related notes, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Audit Committee prior to completion of the audit.
10. For reporting purposes, we will treat any misstatements below a 'trivial' level (the lower of five per cent of materiality or £100,000) as not requiring consideration by those charged with governance and therefore will not report them. Our materiality is set at 1% of the gross income of the Council.

Exhibit 2: Our audit approach

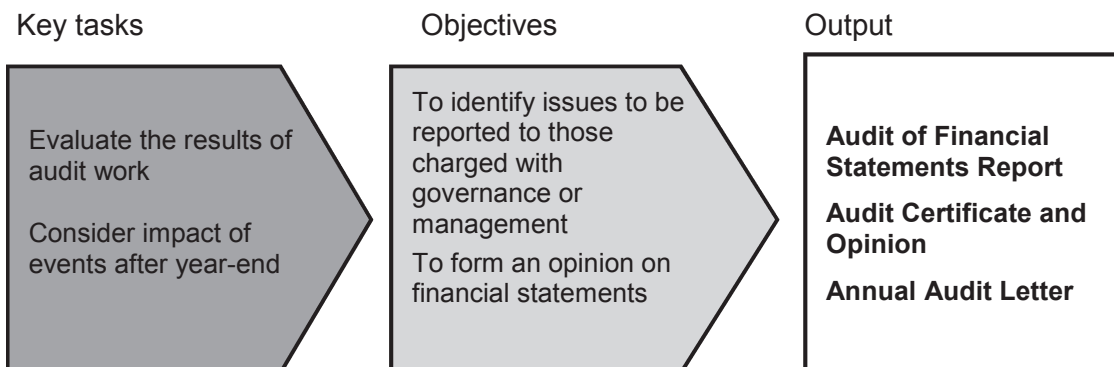
Planning and risk assessment



Obtaining assurance (execution)



Concluding and reporting



-
11. In planning my work and obtaining an understanding of the Council I consider the control environment including the activities of Internal Audit to determine the potential impact of its work on my planned procedures and to evaluate the extent to which I can rely on that work.
12. As part of the planning process, PwC considered the information which would be required to support the accounts submitted for audit. The fees, once agreed, will assume that this information will be provided by the timescales agreed and to the quality standards that we expect. My other main assumptions in setting the estimated fees will be that:
- appropriate accommodation and facilities are provided to enable PwC to deliver our audit in an efficient manner;
 - the financial statements and supporting working papers have been subject to review and validation by management, to provide the Responsible Financial Officer with assurance that they are 'true and fair';
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit has completed its planned programme of work and that management has taken all necessary remedial action on issues that could have affected the financial statements.

Audit risks and issues

Risks of material misstatement in the accounting statements

13. **Exhibit 3** provides information regarding the main operational and financial risks faced by the Council that could affect my audit. These are the main risks that I have identified during the initial audit planning process, based upon information currently available, and the actions proposed to address them. I may need to change the audit plan if any new risks emerge. I will not make any changes to the audit plan without first discussing them with officers and, where relevant, those charged with governance.

Exhibit 3: Summary of significant audit risks and proposed responses

Risks	Action proposed
Control environment risks	
<p>Management override of controls</p> <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.</p>	<p>We will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for bias; • evaluate the rationale for any significant transactions outside the normal course of business; and • include an unpredictable element of audit work that varies year on year.
Financial systems risks	
<p>Risk of fraud in revenue and expenditure recognition</p> <p>There is a risk that the Council could adopt accounting policies or treat income and expenditure transactions in such a way as to lead to material misstatement in the Comprehensive Income & Expenditure Statement.</p> <p>We have specifically identified two risks. The first is in respect of non-recurring revenue grants funding, in that revenue may not be recognised in line with the terms and conditions of its funding where these grants are for specific programmes or one-off purposes.</p> <p>The second is in respect of expenditure relating to non-payroll costs which may be recognised incompletely, inaccurately, or in the wrong accounting period.</p>	<p>We will review the appropriateness of accounting policies adopted by management and look at the application of relevant accounting policies to ensure that they are in compliance with accounting standards.</p> <p>We will perform substantive testing procedures on a sample basis to ensure that income and expenditure has been accounted for in the correct period to which it relates and to verify whether transactions are bona fide business transactions.</p>

In addition, we have identified elevated risks in the area of property valuations, management estimates and payments to senior officers. Although these areas are not considered significant risks, the nature of the area requires specific consideration due to the materiality of the balance and the level of subjectivity involved.

Risks	Action proposed
Preparation of the accounts risks	
<p>Property plant and equipment (PPE) The Council is required to ensure that PPE held on the balance sheet are valued sufficiently regularly to ensure that the carrying amount is not materially different to the fair value of these assets at the year end.</p> <p>As PPE is a large material balance on the balance sheet and the valuation is subject to significant officer judgement, PPE valuation represents a risk of material misstatement.</p>	<p>We will consider the Council's proposed approach to the valuation of its PPE at 31 March 2014 and consider whether it is sufficient and appropriate. We will also test the accuracy of the valuation calculations on a sample basis.</p> <p>We will consider the Council's proposed approach to the valuation of its Council Dwellings as at 31 March 2014 and consider whether it is sufficient and appropriate. We will review the suitability of the model, in particular the cash flows that have been incorporated, for determining a valuation for accounting purposes.</p>
<p>Management's estimates There are a number of management estimates in the financial statements that, given their judgmental nature, may be materially misstated individually or in aggregate. These may include provisions for accumulated absences, equal pay, landfill, insurance and general provisions such as for bad debts and holiday pay accruals.</p>	<p>We will work with management to prioritise the audit work on the key judgement areas to ensure that any issues arising are considered as early as possible.</p>
<p>Disclosure of chief officer pay We undertook work which led to the Appointed Auditor issuing two Public Interest Reports as part of audit last year in respect of payments made to chief officers. The first report concluded that the decision by the Senior Remuneration Committee (the Committee) on 5 September 2012 to approve the recommended pay structure set out in the Chief Executive's report to that Committee was unlawful. The second report concluded that payments made to chief officers to buy-out certain allowances were also unlawful.</p> <p>There were a number of matters that lead to this conclusion, which were set out in the reports.</p> <p>There is a risk that there are further payments that may not be lawful. We consider that this is a risk on the basis that senior officers pay is material by nature.</p>	<p>We will consider whether there are any further payments made to senior officers where there are doubts about their lawfulness. We will also undertake audit procedures in order to ensure that all payments to chief officers are appropriately disclosed in the statement of accounts.</p>

Accounting and reporting issues

14. In addition to the significant and elevated audit risks set out above, I also need to consider any new financial accounting and reporting requirements which impact on my responsibilities.
I summarise the more significant accounting and reporting changes that apply to 2013-14 in [Exhibit 4](#).

Exhibit 4: Significant accounting and reporting changes for 2013-14

Accounting and reporting change

IAS 1 *Presentation of Financial Statements*

The Comprehensive Income and Expenditure Statement has been amended as a result of the June 2011 amendments to IAS 1 *Presentation of Financial Statements* (where relevant to an authority) and the June 2011 amendments to IAS 19. The requirement for Financing and Investment Income and Expenditure to include 'pensions interest cost and expected return on pensions assets' has been replaced by 'net interest on the net defined benefit liability (asset)'. Financing and Investment Income and Expenditure also now includes 're-measurements of the net defined benefit liability (asset) for long-term employee benefits recognised in accordance with section 6.2'.

IAS 19 *Employee Benefits*

The Local Authority IFRS Code includes revisions as a result of the June 2011 amendments to IAS 19 *Employee Benefits*. These amendments relate primarily to definitional and disclosure requirements.

Risk of Fraud

15. International Standards on Auditing (UK&I) state that we, as auditors, are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. The respective responsibilities of auditors, management and those charged with governance are summarised below:

Auditors' responsibility	Management's responsibility	Responsibility of those charged with governance
<p>My objectives are:</p> <ul style="list-style-type: none"> To identify and assess the risks of material misstatement of the financial statements due to fraud; To obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and To respond appropriately to fraud or suspected fraud identified during the audit. 	<p>Management's responsibilities in relation to fraud are:</p> <ul style="list-style-type: none"> To design and implement programmes and controls to prevent, deter and detect fraud; To ensure that the entity's culture and environment promote ethical behaviour; and To perform a risk assessment that specifically includes the risk of fraud addressing incentives and pressures, opportunities, and attitudes and rationalisation. 	<p>Your responsibility as part of your governance role is:</p> <ul style="list-style-type: none"> To evaluate management's identification of fraud risk, implementation of anti-fraud measures and creation of appropriate 'tone at the top'; and To ensure any alleged or suspected instances of fraud brought to your attention are investigated appropriately.

Your views on fraud

16. We enquire of those charged with governance:

- Whether you have knowledge of fraud, whether actual, suspected or alleged, including those involving management?
- What fraud detection or prevention measures (e.g. whistleblower lines) are in place in the entity?
- What role you have in relation to fraud?
- What protocols / procedures have been established between those charged with governance and management to keep you informed of instances of fraud, whether actual, suspected or alleged?

Use of resources audit

17. To discharge my responsibilities regarding the arrangements that the Council has established to secure economy, efficiency and effectiveness in its use of resources, I shall place reliance upon:

- the results of the audit work undertaken on the financial statements;
- the Council's system of internal control, as reported in the Annual Governance Statement and my report thereon;
- the results of work carried out by the Auditor General, including work carried out under the Local Government (Wales) Measure 2009 (the Measure), certification of claims and returns, and data-matching exercises;

-
- the results of the work of other external review bodies where relevant to my responsibilities; and
 - any other work that addresses matters not covered by the above, and which I consider necessary to discharge my responsibilities.

Certification of grant claims and returns

18. The Appointed Auditor, acting as an agent of the Auditor General, undertakes certification work on the Council's grant claims and returns in accordance with instructions issued by the Auditor General.

Overall issues identified

19. **Exhibit 5** summarises the more significant and/or recurring issues I identified when undertaking grant certification work in 2012-13.

Exhibit 5: Overall issues relating to grant claim and return certification

Qualified grant claims and returns qualified in 2012-13

We have recently completed the grant claim certification program for 2012-13. Based on the work we have undertaken, 21 of the 52 claims we have examined have been qualified (9), adjusted (8) or both qualified and adjusted (4). The reasons for this are due principally to the Council not being able to provide sufficient evidence of expenditure through supporting documentation, or being able to demonstrate that expenditure defrayed is ineligible under the terms of grant funding.

Issues related to specific grant claims and returns

20. In addition to the overall issues identified above, I summarise the more significant issues I have identified relating to individual grant claims and returns in **Exhibit 6**.

Exhibit 6: Significant issues relating to specific grant claims and returns

Housing Benefit

There were a number of amendments required to the 2012/13 Housing Benefit & Council Tax Subsidy Form and the net impact of making the amendments was an increase to the subsidy claimed of £115,239. The most significant individual amendments related to figures for "Non-HRA Rent Rebate Expenditure" and "Rent Allowances". These arose from the incorrect classification of a property.

Other issues related to incorrect rental rates being entered for interim accommodation provided, incorrect assessment of capital held by claimants which impacts on the calculation of subsidy and insufficient notification from claimants relating to changes in circumstances of non-dependents.

Errors were also noted in the recording of subsidy caps, rent figures, use of flat rate deductions for fuel and end dates for claimants.

Other work undertaken

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

Auditor General's Regulatory Programme

22. A separate document, the Auditor General's Regulatory Programme for Performance Audit, has been issued setting out the work to be delivered by the Auditor General under the Measure.

Independence

23. At the beginning of our audit process my audit team is required to assess their independence as your external auditor. I have made enquiries of all audit teams providing services to you and I have set out below the relationships that, in my professional judgement, may be perceived to impact upon my independence and the objectivity of my audit team, together with the related safeguards.

Services provided	Value £	Threats to independence and safeguards in place
Certification of grant claims and returns	139,000	<p>Self-Review Threat: PwC will conduct the grant certification and this has arisen due to their appointment to undertake external audit. There is no self-review threat as the audit team are certifying management completed grant returns and claims.</p> <p>Self Interest Threat: PwC has no financial or other interest in the results of the Council. I have concluded that this work does not pose a self-interest threat.</p> <p>Management Threat: PwC is not required to take any decisions on behalf of management as part of this work.</p> <p>Advocacy Threat: I will not be acting for, or alongside, management and I have therefore concluded that this work does not pose an advocacy threat.</p> <p>Familiarity Threat: Work complements PwC's external audit work and does not present a familiarity threat.</p> <p>Intimidation Threat: I have concluded that this work does not pose an intimidation threat as officers responsible for grants have conducted themselves with utmost integrity and professionalism.</p>

Relationships and Investments

24. Senior officers and members should not seek or receive personal financial or tax advice from PwC. Officers and members who receive such advice should notify me, so that I can put appropriate conflict management arrangements in place.
25. Therefore at the date of this plan I confirm that in my professional judgement, PwC are independent accountants with respect to the Authority, within the meaning of UK regulatory and professional requirements and that the objectivity of PwC is not impaired.

Fee, audit team and timetable

Fee

26. Owing to the requirements of the Public Audit (Wales) Act 2013, we have needed to revise our approach to fee setting. This act introduces a slightly revised fee-setting requirement on the new Wales Audit Office for all our audit work once its provisions come into effect from 1 April 2014. In anticipation of this new requirement, we have needed to take legal advice to clarify a number of its provisions. In the light of that advice, we have reviewed our cost allocation and apportionment processes to ensure that going forward our fee setting will fully comply with these new statutory requirements. The exercise has been completed and the Auditor General has consulted on his fee scales, which took account of revisions made in anticipation of the new legislation. The consultation provided further information about the new legislative requirements.
27. The consultation process has now ended. Based on the new fee setting requirements your fee for the 2013-14 financial audit is £250,000.
28. 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 Director of Finance. Further information on the new Wales Audit Office fee scales and fee setting will be provided once finalised.
29. I do receive a number of queries and items of correspondence from members of the public and other interested parties. A small amount of time will be included within the fee to deal with minor queries, as part of the overall management of the audit.
30. Any detailed investigations or other work required to respond to queries and objections will result in an additional fee. Any such additional fee will be charged at daily rates based on the specific grade or skill mix required for the work, but will be discussed with the Council, prior to undertaking the work.
31. The Auditor General is required to recover, in respect of each grant or return, an amount that covers the full cost of the relevant work undertaken. Grant and return certification work is charged on a daily basis in line with the skill-related fee scales set out in the Auditor General's local government fees letter. The fees will reflect the size, complexity and particular issues relating to the specific grants.

32. Further information on the Auditor General's fee scales and fee setting can be found on our website at: www.wao.gov.uk/aboutus/4240.asp.

Audit team

Exhibit 7: The Financial Statements team

Name	Role	Contact number	E-mail address
Anthony Barrett	Appointed Auditor	02920 320500	Anthony.Barrett@wao.gov.uk
Lynn Pamment	Engagement Lead – Financial Audit	02920 802390 07740 023367	lynn.pamment@uk.pwc.com
Ian Davies	Financial Audit Senior Manager	02920 802358 07715 762361	ian.j.davies@uk.pwc.com
Osian Lloyd	Financial Audit Manager	02920 802640 07718 340335	osian.p.lloyd@uk.pwc.com
Robert Pugsley	Financial Audit Team Leader	07867 120305	robert.t.pugsley@uk.pwc.com
Gar-Yee Wright	IT Specialist	02920 802369 07595 610328	gar-ye.e.wright@uk.pwc.com

33. I can confirm that my team members are all independent of the Council, its officers and any joint committees. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.

Timetable

34. I will provide reports, or other outputs as agreed, to Audit Committee covering the areas of work identified in this document. My key milestones are set out in [Exhibit 8](#).

Exhibit 8: Timetable

Planned output	Work undertaken	Report finalised
Annual Financial Audit Outline for 2014	April 2014	June 2014
Financial accounts work: <ul style="list-style-type: none"> • Audit of Financial Statements Report • Opinion on Financial Statements • Financial Accounts Memorandum • Whole of Government Accounts 	July 2014	September 2014

Planned output	Work undertaken	Report finalised
Use of Resources Work	July 2014	September 2014
Annual Audit Letter 2014	October 2014	November 2014
Certification of grants and returns	March 2014 - January 2015	May 2015

Appendix 1

Roles and responsibilities

This Annual Financial Audit Outline has been prepared to meet the requirements of auditing standards and proper audit practices. It provides the Council with an outline of the financial audit work required for the 2013-14 financial statements.

The Public Audit (Wales) Act 2013 (the 2013 Act) sets out that the Auditor General is to be the auditor of local government bodies in Wales. The 2013 Act does, however, provide transitional arrangements where the appointment of a person as an auditor under section 13 of the Public Audit (Wales) Act 2004 continues to have effect until the end of the period for which the appointment was made (subject to any earlier termination). The Auditor General has appointed me as the auditor of the Council's accounts for the year ending 31 March 2014.

As Appointed Auditor, I am required by the Public Audit (Wales) Act 2004 to examine and certify the accounts of the Council. In accordance with professional standards that apply by virtue of the Code of Audit Practice set under the act, this involves giving an opinion on whether the accounts give a true and fair view of the Council's financial position and of its income and expenditure for the year. The Act also requires me to satisfy myself of these things:

- that the accounts are prepared in accordance with regulations under section 39 of the act (the Accounts and Audit (Wales) Regulations 2005);
- that the accounts comply with the requirements of all other statutory provisions applicable to them;
- that proper practices have been observed in the compilation of the accounts; and
- that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

I am also required to certify that the audit has been completed in accordance with the Public Audit (Wales) Act 2004.

The audit does not relieve the Council of its responsibility to:

- establish systems of internal control to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a Statement of Accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 sets out the rights of the public and electors to inspect the Council's financial statements and related documents, to ask me, as the Appointed Auditor questions about the accounts and, where appropriate, to challenge items in the accounts.

The Auditor General is required to certify certain grant claims and returns. The Appointed Auditor, acting as an agent of the Auditor General, undertakes the audit work relating to those claims and returns.

Electronic communication

During the engagement my audit team may from time to time communicate electronically with you. However, the electronic transmission of information cannot be guaranteed to be secure, virus or error free and such information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete or otherwise be adversely affected or unsafe to use.

My audit team may also need to access external electronic information and resources during the engagement. You agree that there are benefits to each of us in their being able to access external networks via your internet connection and that they may do this by connecting their laptop computers to your network. We each understand that there are risks to each of us associated with such access, including in relation to security and the transmission of viruses.

We each recognise that systems and procedures cannot be a guarantee that transmissions, our respective networks and the devices connected to these networks will be unaffected by risks such as those identified in the previous two paragraphs. We each agree to accept the risks of and authorise (a) electronic communications between us and (b) the use of your network and internet connection as set out above. We each agree to use commercially reasonable procedures (i) to check for the then most commonly known viruses before either of us sends information electronically or we connect to your network and (ii) to prevent unauthorised access to each other's systems.

We shall each be responsible for protecting our own systems and interests and you and my audit team shall have no liability to each other on any basis, whether in contract, tort (including negligence) or otherwise, in respect of any error, damage, loss or omission arising from or in connection with the electronic communication of information between you and my audit team and my audit teams reliance on such information or our use of your network and internet connection.

The exclusion of liability in the previous paragraph shall not apply to the extent that such liability cannot by law be excluded.

Quality arrangements

I want to provide you at all times with a high quality service to meet your needs. If at any time you would like to discuss with me how my service could be improved or if you are dissatisfied with any aspect of our services, please raise the matter immediately. In this way I can ensure that your concerns are dealt with carefully and promptly. I undertake to look into any complaint carefully and promptly and to do all I can to explain the position to you. This will not affect your right to complain to the Institute of Chartered Accountants in England and Wales.

If you are not satisfied with the way your complaint has been dealt with, you can contact the Complaints Investigation Manager at the Wales Audit Office by phone on 029 2032 0500, or by email at complaints@wao.gov.uk. Further details about the complaints process are available at www.wao.gov.uk/complaints.



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AUDIT COMMITTEE - 10TH SEPTEMBER 2014

SUBJECT: CORPORATE RISK MONITORING

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES & S151 OFFICER

1. PURPOSE OF REPORT

- 1.1 To provide an update of the Corporate Risk Register in accordance with the recommendations to Audit Committee at their meeting 17th September 2013.
- 1.2 To afford Audit Committee the opportunity to satisfy itself that appropriate arrangements are in place for the council's risk management processes to be regularly and robustly monitored and scrutinised.
- 1.3 Members have a critical role to play in evaluating the council's risk management arrangements and in particular understanding how the council identifies, manages and, where possible, mitigates/removes risk. Risk Management is crucial to the effective delivery of council services.

2. SUMMARY

- 2.1 At its meeting on the 17th September 2013 Audit Committee accepted the council's new Risk Management Strategy and supporting Guidelines, which were subsequently approved by Cabinet on the 2nd October 2013.
- 2.2 The Strategy identified the role of Audit Committee in the risk monitoring process as being:
 - Review the effectiveness of the risk management and internal control framework
 - Review the Council's Risk Management Strategy and how it is being implemented
 - Review and challenge the risk register and resultant action plans for the council's key strategic and corporate risks
 - Satisfy itself that robust processes and procedures exist and are applied for the management of operational risks including health & Safety risks.
- 2.3 For some time Corporate Management Team (CMT) has identified and monitored the council's key corporate risks. Monitoring arrangements have been strengthened following the introduction of the Risk Management Strategy. CMT now monitor the Council's Corporate Risks on a monthly basis and report progress to Cabinet on a 6 monthly basis. The last report to Cabinet being 12th March 2014 following consideration by Audit Committee at its meeting on the 5th March 2014.
- 2.4 The Strategy identifies that the Corporate Risk Register should be owned and understood by Cabinet and CMT. It also recognises that Audit Committee would be the guardians of the risk management strategy and should satisfy itself that it is being adhered to.
- 2.5 A programme of Risk Management training has been introduced for members commencing with Audit Committee (30th October 2013). Cabinet Members have also received training.

3. LINKS TO STRATEGY

- 3.1 Service improvement and delivery is key to delivering council priorities and risk management is a crucial element.

4. THE REPORT

- 4.1 Attached as Appendix 1 is the most recent version of the council's Corporate Risk Register. These risks are reviewed on a monthly basis by CMT and include:-

- A description of each individual risk
- An assessment of the risk using the normal Red/Amber/Green identification
- Details of mitigation measures put in place
- Identification of the risk owner

- 4.2 The Corporate Risk Register is compiled generally in the following ways:-

1. CMT collectively identify organisational risks that arise from such sources as national/regional agendas, changing legislation, budget settlements, partnership risks, project risks etc
2. CMT collectively identify whole authority operational risks that could result from Regulatory inspections/reviews, political influences, work force planning, performance management etc
3. Directors escalate operational risks that in their opinion require a corporate approach to their management

- 4.3 The Corporate Risk Register is a 'living document' and changes at every review as new risks are introduced, existing risks are closed, or existing risk's RAG assessment is updated.

5. EQUALITIES IMPLICATIONS

- 5.1 The Local Government Measure defines fairness and access as one of the criteria that constitutes 'improvement' within the Wales programme for Improvement 2009.

6. FINANCIAL IMPLICATIONS

- 6.1 There are no financial implications associated with this report

7. PERSONNEL IMPLICATIONS

- 7.1 There are no personnel implications associated with this report

8. CONSULTATIONS

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

9. RECOMMENDATIONS

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

10. REASONS FOR THE RECOMMENDATIONS

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

11. STATUTORY POWER

11.1 Local Government Measure 2009, Wales Programme for Improvement 2010.

Author: Colin Jones, Head of Performance Management & Property Services
Consultees: N. Scammell, Acting Director of Corporate Services
CMT
Ros Roberts, Performance Manager
Gail Williams, Interim Monitoring Officer
Cllr K Reynolds, Deputy Leader and Cabinet Member for Corporate Services
Cllr D Hardacre, Cabinet Member for Performance, Property and Asset Management

Background Papers:
Risk Management Policy & Guidelines

Appendices:
Appendix 1 Corporate Risk Register

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Ref	Area	Background information	Actual Risk	Mitigation actions - what we are doing to reduce the risk and by when.	Additional Resources Required	Current Risk Level 2013-14 (June 2014)	Current Risk Level 2013-14 (July 2014)	Current Risk Level 2013-14 (Aug 2014)	Comments from latest risk review	Risk Owner
CMT01	Medium Term financial budget planning	Budget pressures will potentially have a negative effect on service delivery across all services, if appropriate mitigation measures are not put in place.	1. Workforce Planning: less staff to deliver services. 2. Failure to maintain and/or improve service delivery 3. Managing staff morale in light of cuts 4. Failure to take early decisions on which services should be cut could lead to poor planning	1. A revised MTFP with increased savings targets was presented to Cabinet on 18 June 2013. A further report was presented to Council on 23 October 2013 updating the MTFP and the extent of the revised savings target. 2. HR to develop proposals for a planned reduction of staff. 3. Ensure communication to staff is improved, is consistent and appropriate 4. Members to be presented with service budget saving options on the 26th February 2014.	1-4 None	High	High		Balanced budget delivered for 2014/15. Strategy in place for 2015/16 & 2016/17. A further Cabinet report is programmed for 16th April 2014. WG has informed that indicative settlement figures for 2015-16 are likely to be less than predicted.	Corporate Management Team
CMT03	Performance Management Culture	The WAO Annual Improvement Report (AIR) 2013 has identified weaknesses around the council's Performance Management Framework. In particular the council is considered to present performance in an unbalance way and member involvement/challenge should be improved. The council's approach to self-evaluation has also been identified as an area for improvement by both Estyn & WAO	1. An unbalanced evaluation of the council's performance can lead to complacency and reduce the drive to improve performance, particularly during these difficult financial times. 2. Members lack of understanding of performance management will reduce their capacity to mount effective challenge. 3. Failure to provide members with adequate and appropriate performance information on a regular basis will render Governance arrangements less effective. 4. Although a relatively new concept some other authorities are further advanced in self evaluation and this reflects poorly on the council	1. Efforts have been made to make reports more balanced by reflecting and explaining the reasons behind poor performance as well as highlighting good performance e.g. Annual Performance Plan published Oct 2013. 2. Performance Management training identified as part of the Member Training Programme. 3. New programme of presenting performance information (including risk) to Scrutiny meetings being developed by CMT. 4. A self evaluation model is being developed and will be piloted by HoS	1. None. 2. None 3. None 4. Support being provided by WLGA at no cost. Additional cost recovered from identified Improving Governance budget	High	High		CMT/Cabinet arrangements have been strengthened. There now needs to be a focus upon improving scrutiny arrangements. Some progress made, particularly in the area of risk management, and performance reporting at CMT. Main item outstanding is Performance reporting to Cabinet/Scrutiny, which is currently under discussion.	Acting Director of Corporate Services
CMT06	Asset Management	Asset Management Strategy to be re-written in the context of the WAO report on Asset Management	1. Failure to establish an over-arching strategy will limit the council's ability to drive transformational change and react positively to budget pressures	1. WAO report agreed and action plan developed to deliver the recommendations.	None	Medium	Medium		The MTFP process is underway and future key decisions will dictate the council's Asset Management Strategy. To be further discussed with WAO. A report on progress on WAO Recommendations has been drafted for presentation to P&R scrutiny on the 30th Sept 2014.	Acting Director of Corporate Services
CMT09	Business Continuity Planning	Business Continuity Planning is well established in some key services, but there is a lack of consistency of approach across the Authority, and there are some gaps in respect of some services.	1. The risk is the possible disruption to service delivery during emergencies.	1. A Business Continuity Strategy has been agreed by CMT and a pilot study is currently underway to evaluate the feasibility of the agreed approach, once satisfactorily completed the strategy will be implemented across the Authority. 2. Progress update along with a delivery programme to be presented to Audit committee March 2014	1-2 None	High	High		Report going to Audit Committee - Autumn 2014.	Corporate Management Team

Ref	Area	Background information	Actual Risk	Mitigation actions - what we are doing to reduce the risk and by when.	Additional Resources Required	Current Risk Level 2013-14 (June 2014)	Current Risk Level 2013-14 (July 2014)	Current Risk Level 2013-14 (Aug 2014)	Comments from latest risk review	Risk Owner
CMT12	Waste Management Service Continuity & Target Achievement	Significant changes in the Waste Management arena could potentially affect service delivery to the public and/or target achievement if mitigation measures are not put in place.	1. Lack of waste transfer station of effective design, size and location. 2. Uncertainty over long term organics procurement. 3. Uncertainty over future contractual arrangements for dry recycling and the WG stance on collection methods.	1. Development of effective waste transfer facility. 2. Development of effective interim organics procurement strategy to cope with delays in main collaborative process. 3. Obtaining certainty from WG over collection prescription and developing a TEEP case for the Authority.	1. Yes. 2. Possibly. 3. Not unless a change in collection methods is required.	High	High			Acting Deputy Chief Executive / Head of Community and leisure services
CMT16	School Attainment	School attainment levels are still below the all Wales average, along with pupil attendance. Low levels of attainment and relative achievement are continual risks for the borough.	1.EAS now manage the services which will impact on outcomes and hence the transition to an "arms length service" will impose an increased risk for a time.	1. Standards of attainment are monitored and reported to SMT / CMT / Scrutiny through an annual programme of reporting described in the Directorate Plan Handbook.	1 None	Medium	Medium		Improvement has been continuous in the majority of key indicators for several years but remains a priority, especially at L2+ KS4.	Acting Deputy Chief Executive
CMT17	Sustainability of staffing via grant funded resources	Heads of Service and Directors are aware of all the grant funded schemes within their service areas.	1. There is lack of security or sustainability in maintaining staff and skills as grants can be removed or not renewed.	1. Staff are placed on temporary contracts. 2. This risk needs to be closely monitored in the light of the worsening settlement from Central Government to WG.	1-2 None	Medium	Medium		There has been a cut to the Adult Learning Grant, the affect of the cut has not yet been established.	Corporate Management Team
CMT18	Secondary school surplus places in top quartile across Wales.	Too many school places with falling pupil roles locally and nationally	1. Falling pupil roles will affect the funding available to schools and put budgetary pressure on the LEA	Council (23 July 2013) approved proposals to proceed with Phase 1 of a secondary rationalisation programme.	1 None	Low	Low		No change to risk	Acting Deputy Chief Executive
CMT22	Partnerships	Many Partnerships have evolved locally, some are formal others are less formal	1. Service continuity planning, regional versus local. 2. Governance arrangements can be suspect.	1. Single Planning process is ongoing. 2. Review of Partnerships and their governance arrangements underway as part of the Improving Governance Programme	1-2 None	Medium	Medium		No change to risk	Local Service Board.
CMT25	Equal Pay	We want to Attain a Memorandum of Understanding with Unions and Claimants' Solicitors resulting in the delivery of a revised settlement strategy.	1. Potential not to succeed in GMF defence. No authority has been successful in its GMF defence in the last 10 years and the Council's GMF defence is scheduled for September 2013.	<ul style="list-style-type: none"> Project Board following risk assessment pertaining to proceeding with GMF defence, agree a settlement strategy for negotiation with Unions and claimant's solicitors Final data cleansing exercise and negotiation with union and claimants' solicitors in search of a memorandum of understanding run in tandem. Project Board put in place a Project Team to deliver the revised settlement strategy within agreed timescales. 	This can be funded from the Equal Pay / Single Status provision	Low	Low		Memorandum of understanding agreed.	Acting Director of Corporate Services

Ref	Area	Background information	Actual Risk	Mitigation actions - what we are doing to reduce the risk and by when.	Additional Resources Required	Current Risk Level 2013-14 (June 2014)	Current Risk Level 2013-14 (July 2014)	Current Risk Level 2013-14 (Aug 2014)	Comments from latest risk review	Risk Owner
CMT27	Reputation	Recent events have led to a lot of media criticism of the authority	1. Lack of resident confidence in the council. 2. Staff morale is low. 3. Intervention measures imposed by WG	1. Improvements have been made in communication to re-assure residents that high quality service provision is being maintained. 2. Team briefings have been introduced to improve communication with staff. The Interim CE also sends out regular communiques. 3. Improving Governance Board established supported by an experienced consultant	3. Improving governance budget established.	Medium	Medium		Corporate Governance improvements being publicly recognised.	Acting Director of Corporate Services
CMT 29	WHQS programme	Everyone in Wales should have the opportunity to live in a good quality home within a safe and secure community. To help achieve this, the physical standard and condition of existing housing must be maintained and improved to the Welsh Housing Quality Standard (WHQS).	1. There are nine high level risks relating to the WHQS programme, they are as follows: Government policy changes, Asbestos, Failure of relationships with stakeholder groups, Organisation structure/delivery, Culture, Changes to business plan, Challenges to tender process, IT development, Keystone (asset management software system).	•The WHQS programme has its own specific risk register which was reviewed and updated by the Project Board on 5th August 2013.		High	High		Project update report (13/02/14) has identified issues around procurement leading to potential contract delays and wall cavity insulation issues that could have budget implications. Challenge to tender process remains a risk particularly given the large scale of contracts.	Interim Chief Executive
CMT 30	Information Governance		Risks to the authority of poor information governance are 1) insufficient protection of information leading to negative effects for the Council (monetary penalties; adverse publicity; impaired services) and negative effects for the public (embarrassment; identity fraud); and 2) poor management of information reduces service efficiencies due to excessive information being maintained, which increases duplication and storage costs; reduction in information quality and ability to find information; and legislative breaches (e.g. data protection and FOI).	1. Mitigation measures include staff training and awareness raising; quarterly reports from Heads of Service on information risk assurance; development of a corporate information asset register which will enable the Council to assess suitability of storage, access, retention, and protection for specific types of information; formalising information sharing using WASPI; and ongoing development of policies and procedures on records management, data protection and public access to information. 2. Information Governance Stewards work with the Senior Information Risk Owner and Corporate Information Governance Unit to cascade information governance messages and initiatives to all staff.	1-2 None	Medium	Medium		Failure to make progress in Information Governance will impact on service delivery council wide as information quality and location is unreliable; there is a risk of up to £500,000 fines for breaches of the Data Protection Act; and failure to comply with the Freedom of Information Act could lead to decision and enforcement notices from the Information Commissioner's Office. These risks could also result in adverse press, loss of trust by the public, and criticism from the Council's auditors.	Acting Director of Corporate Services
CMT 31	Governance Arrangements	The Wales Audit Office Public Interest report has identified significant governance issues.	1. This is a risk to robust decision making and proper accountability.	1. The Improving Governance Arrangements Board has been set up, also the Action Plan has been developed and agreed. 2. The action plan has been reviewed by CMT and PDM. 3. Regular reports to Cabinet in respect of progress on delivering the Action Plan.	Improving Governance budget established	Low	Low		Corporate Governance improvements underway and progress regularly reported to Cabinet. WAO Corporate Governance Inspection has recognised improvement.	Acting Director of Corporate Services
CMT 35	Microsoft/Office 2003/Windows XP Upgrade	Product not supported after 8th April 2014.	Lack of support for Windows XP represents a significant risk across the authority as it has circa 3200 users of this software system.	1. Interim Extended Support Contract to be recommended in a report by SIRO to Acting Corporate Services Director and Interim Chief Executive. 2. Cabinet report being prepared to upgrade software and hardware. Scheduled for CMT on 17 April 2014.	1. Extended Warranty will cost approximately £200k (indicative cost - to be confirmed) 2. Upgrade arrangements will add a significant cost which could be funded via the Council's PC replacement programme	Low	Low		Extended support arrangement now in place until 08/04/2015. Original cost estimate overstated as actual cost is £12.5k. This risk will be mitigated by the implementation of Virtualisation Desktop Infrastructure (VDI) and upgraded Microsoft software. This implementation is scheduled to start in September 2014 and be completed by the end of March 2015.	Acting Director of Corporate Services

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AUDIT COMMITTEE - 10TH SEPTEMBER 2014

SUBJECT: REVIEW OF RISK MANAGEMENT STRATEGY

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES & S151 OFFICER

1. PURPOSE OF REPORT

- 1.1 To provide Audit Committee with an update of progress on the implementation of the Risk Management Strategy.
- 1.2 To afford Audit Committee the opportunity to satisfy itself that appropriate arrangements are in place for the council's risk management processes to be regularly and robustly monitored and scrutinised.
- 1.3 Members have a critical role to play in evaluating the council's risk management arrangements and in particular understanding how the council identifies, manages and, where possible, mitigates/removes risk. Risk Management is crucial to the effective delivery of council services.

2. SUMMARY

- 2.1 At its meeting on the 17th September 2013 Audit Committee accepted the council's new Risk Management Strategy and supporting Guidelines, which were subsequently approved by Cabinet on the 2nd October 2013.
- 2.2 The Strategy identified the role of Audit Committee in the risk monitoring process as being:-
 - Review the effectiveness of the risk management and internal control framework
 - **Review the Council's Risk Management Strategy and how it is being implemented**
 - Review and challenge the risk register and resultant action plans for the council's key strategic and corporate risks
 - Satisfy itself that robust processes and procedures exist and are applied for the management of operational risks including health & Safety risks.
- 2.1 The Strategy recognises that Audit Committee would be the "guardians" of the Risk Management Strategy and should satisfy itself that it is being adhered to.

3. LINKS TO STRATEGY

- 3.1 Service improvement and delivery is key to delivering council priorities and risk management is a crucial element.

4. THE REPORT

- 4.1 The Council's Risk Management Strategy has been published on the council's Intranet as a means of communicating the Strategy across the organisation.
- 4.2 The purpose of the Strategy is "to establish a framework for the effective and systematic management of risk, which will ensure that risk management is embedded throughout the Council and makes a real contribution to the achievement of the Council's vision and objectives."
- 4.3 The Strategy details the Roles and Responsibilities of the following:-
- Cabinet
 - Audit Committee
 - Scrutiny Committee
 - Lead Member – Risk Management
 - All Members
 - Chief Executive and Corporate Management Team
 - Officer Risk Champion
 - **Risk Management Group**
 - Heads of Service
 - Internal Audit
 - Project Leaders
 - All Staff
- 4.4 The Risk Management Group was intended to:-
- Annually assess the progress of risk management within the Council and report to the Audit Committee and Scrutiny Committee.
 - Research, consider and recommend improvements to the risk management process within the Council.
 - Recommend the risk management strategy and subsequent revisions to Corporate Management Team
 - Support and promote risk management throughout the Council
 - Be a point of contact in the Council for risk management advice and guidance
 - Ensure that the Council has robust processes and procedures in place that are consistently applied for the management of all risks.
 - Regularly monitor progress being made to compile risk registers and implement action plans and flag up issues for the audit Committee and Scrutiny Committee
 - Assess Service Risk Registers and escalate significant risks and common themes to the Corporate Management Team.
 - Recommend the inclusion of any new risks it discovers onto the appropriate risk registers
- 4.5 The implementation of the Strategy has raised questions over the need to establish a Risk Management Group. It is considered that the increased focus on risk identification and monitoring particularly at CMT/Cabinet/Audit Committee/Directorate has rendered the establishment of another Group unnecessary. Certainly other Groups, as well as the council's Head of Performance Management, adequately cover most, if not all, of the responsibilities listed in paragraph 4.4.
- 4.6 This update report is based upon the various stages of risk management identified in the Risk Management Guidelines that formed an Appendix to the Strategy. Those are:-
- Stage 1 - Define Objectives: **Implemented**. Corporate Risks and Strategic Risks are identified and prioritised in relation to the council's vision and key objectives. Directorate and Service risks are identified and prioritised in relation to the service business plan. Partnership and project risks are identified and prioritised in relation to the particular objectives of the partnership/project.

- Stage 2 – Risk Identification: **Implemented**. Although an on-going process risk identification has improved significantly and is regularly seen as a group process rather than an individual one. Service Plan guidelines encourage the identification of risk as does the council's new approach to self- evaluation.
- Stage 3 – Assess: **Implemented**. The format of the risk register, which is common for risks at all levels, encourages an assessment of the causes or triggers, the potential consequences/impact and how effectively it is being managed.
- Stage 4 – Prioritise Risks: **Implemented**. The format of the risk register includes a Red/Amber/Green assessment of the likelihood and severity/impact and sets the risks in perspective against each other
- Stage 5 – Respond to Risks: **Ongoing**. This stage is an evolving one for the authority. The options for improving the management of a risk fall into the following categories:
 1. Tolerate – Do nothing extra to manage the risk
 2. Treat – Mitigating the risk by managing the likelihood/impact/both
 3. Transfer _ Insurance/outsourcing/partnerships
 4. Terminate – Stop doing an activity

There is a tendency for the authority to concentrate on the Treat option i.e. to solve the problem when it can be equally appropriate, and less resource demanding, to consider the other options.

- Stage 6 – Monitor Risks: **Implemented**. The monitoring arrangements described in paragraph 4.5 are comprehensive.
- Stages 7/8 – Review and Report/ Communicate and Consult: **Ongoing**. Discussion, review and reporting of risk are taking place at regular management and team meetings. Key risks and action progress is reviewed at these meetings as determined by the severity of the risk.

5. EQUALITIES IMPLICATIONS

- 5.1 The Local Government Measure defines fairness and access as one of the criteria that constitutes 'improvement' within the Wales programme for Improvement 2009

6. FINANCIAL IMPLICATIONS

- 6.1 There are no financial implications associated with this report

7. PERSONNEL IMPLICATIONS

- 7.1 There are no personnel implications associated with this report

8. CONSULTATIONS

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

9. RECOMMENDATIONS

- 9.1 It is recommended that Audit Committee notes the progress on the implementation of the Risk Management Strategy as described in paragraph 4.6.

9.2 It is recommended that Audit Committee note that a Risk Management Group has not been established, for the reason(s) described in paragraphs 4.4 and 4.5 and endorse this approach.

10. REASONS FOR THE RECOMMENDATIONS

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

11. STATUTORY POWER

11.1 Local Government Measure 2009, Wales Programme for Improvement 2010

Author: Colin Jones, Head of Performance Management & Property Services

Consultees: N. Scammell, Acting Director of Corporate Services

CMT

Ros Roberts, Performance Manager

Gail Williams, Acting Monitoring Officer

Cllr. B. Jones: Deputy Leader and Cabinet Member for Corporate Services

Cllr. D. Hardacre: Cabinet Member for Performance, Property and Asset Management

Background Papers:

Risk Management Strategy & Guidelines



AUDIT COMMITTEE – 10TH SEPTEMBER 2014

SUBJECT: INTERNAL AUDIT SERVICES ANNUAL AUDIT PLAN

REPORT BY: INTERNAL AUDIT SERVICES MANAGER

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide members with an operational view of the audit work plan for 2014/15 that was approved in March 2014.

2. SUMMARY

- 3.1 The Internal Audit Section is required to present an annual audit plan to the Audit Committee, which outlines the deployment of staff on identified audit projects in line with available resources and operational priorities. In previous years the approach to the plan was broadly the same and the plan has been based on a 5 year rolling plan based on Strategic Plan/ Risk Assessment previously approved by Committee. The 2014/15 plan was presented in this format and approved by this committee in March 2014.
- 3.2 The report outlines the changes that have been suggested arising out of the responses to the Corporate Governance Inspection and as a result the scope and focus of the plan has been widened and the report outlines the changes to the plan as a result of this change in approach. It is considered that this will be an evolving process and will develop further in future years.

3 LINKS TO STRATEGY

- 3.1 To ensure that the Council's strategies and responsibilities in respect of Corporate Governance are delivered in a proper and transparent way.

4. THE REPORT

- 4.1 The 2014/15 audit plan was presented and approved by this Committee in March 2014. Within the report presented, members' attention was drawn to an evolving approach which was to further align audit work to corporate risks and widen the scope of reviews away from traditional financial areas and into more thematic reviews including more non-financial areas. The adoption of this new approach is a direct response to the CGI (Corporate Governance Inspection) review, recommendations which centres around an enhanced role for Internal Audit to assist management in the delivery of the corporate goals and to provide assurances over a wider spectrum of the organisations key activities.
- 4.2 Following the meeting in March the second of two sessions took place which focussed on giving Audit Committee members an insight into current auditing issues and to provide a second opportunity for members to raise areas of concern for potential inclusion in the audit work programme. Issues arising from both sessions have been taken into consideration when compiling the work plan and the following 4 topic areas have been taken forward and included in the operational plan. The topics being:-

- (i) Technical inspection regimes and processes
- (ii) Delegated powers overview/ position statement
- (iii) Risk management overview
- (iv) Fraud handling /response.

4.3 In addition to the members' seminars, consultation with Directors and Heads of Service also takes place and topics or areas raised via this route are added to the mix to form part of the audit universe. The audit universe being a list developed over time that forms the basis of a shell of the annual plan to which the topic base can be derived as risks arise or develop and priorities change. The Directorate Risk Registers and the Corporate Risk Register are considered in these discussions.

4.4 Some of the notable additions to the plan for 2014/15 are as follows:-

- A review of schools procurement of building maintenance works with an initial desktop review to establish the current position and to consider the direction for further work.
- In addition work is underway to re-examine the approach to establishment auditing e.g. schools etc, to better provide assurance on governance arrangements,
- An overview is review of the role and responsibilities of the Senior Information Risk Owner (SIRO),
- An operational review of the Disclosure and Barring Service requirements,
- A review of partnership and collaboration governance arrangements to dovetail into the Annual Governance Statement process,
- A position update on document retention in respect of European grant funded projects,
- A large commitment to review and support the control environment in place to deliver the WHQS project.

4.5 The current and future plans will remain a balanced mix of the higher level thematic type audits and the traditional risk and financial probity based audits that together will allow the Internal Audit Manager to meet his responsibilities as required under the Public Sector Internal Auditing Standards. Additionally, whilst the portfolio of thematic higher level reviews develops and the approach gains momentum with Heads of Service and Directors etc. the traditional work will continue to keep the staff fully occupied and provide the evidence for the annual audit opinion.

4.6 The updated Plan which is attached as Appendix 1 shows, in greater detail than previously reported, the variety of subject areas covered along with an indicative sample of the types of ongoing works that are undertaken and additionally the functional types of audits that can be undertaken. The plan will continue to be a flexible document to enable emerging risks and issues to be accommodated. The new thematic review process may also lead to more resources overrun as the initial allocations of resource may be underestimated or scopes may expand as the project progresses.

4.7 At present the plan relates to the resource base as at the beginning of April and further work will be undertaken in the near future to reassess the approach to the Information technology audits due to the loss of the key member of staff who undertook this role. Due to the perceived maturity of the Council's IT provision and the increased resource now dealing with IT security within the IT department it is anticipated that for the foreseeable future IT audits will be systems based reviews and the audits will be risk assessed and scheduled in along the same lines as other risk areas.

5. FINANCIAL IMPLICATIONS

5.1 There are no financial implications.

6. PERSONNEL IMPLICATIONS

6.1 There are no personnel implications.

7. EQUALITIES IMPLICATIONS

7.1 None the report is for information only.

8. CONSULTATIONS

8.1 Consultation on the Plan has taken place with Internal Audit Services staff, the Acting Head of Corporate Finance and the Acting Director of Corporate Services & Section 151 Officer.

9. RECOMMENDATIONS

9.1 Members to note the information provided.

Author: R. Harris, Internal Audit Services Manager, Tel: 01443 864044
Consultees: Nicole Scammell, Acting Director of Corporate Services & Section 151 Officer
Stephen Harris, Acting Head of Corporate Finance

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AREAS SUBJECT TO AUDIT	INITIAL TIME ALLOCATION	FOCUS OF THE WORK
CORE SYSTEMS		
FINANCIAL		Core audit work linked to financial spend, topics and scopes selected and agreed on a rolling basis and take account of emerging issues or issues that have come to light via other work or audit intelligence/research
Central cashiers/income	15	
Housing Benefit	15	
Insurance/Risk Mgt	15	
Bank Reconciliation	10	
Creditors	15	
General Ledger Controls	15	
Treasury Mgt	10	
VAT	15	
EMPLOYEE SERVICE CENTRE		Core audit work linked to financial spend, topics and scopes selected and agreed on a rolling basis and take account of emerging issues or issues that have come to light via other work or audit intelligence/research
ESC. Payroll	30	
Deductions	20	
Flexi Mgt	20	
CROSS CUTTING CORPORATE TOPICS		
ICT inc. Information governance	145	Rolling programme agreed with Head of ICT. Initially based around Strategic controls 33, Installation controls 30 , Application controls 58 and corporate topics 24.
SIRO	15	Review of role & compliance
Fraud overview	15	Overview of strategy and counter fraud measures etc.
Risk Mgt Overview	19	Assessment of processes, strategy etc.
Partnership/Collaboration Governance Review	20	Assessment of governance arrangements for key partnerships and collaborations
DBS	20	Review of compliance

AREAS SUBJECT TO AUDIT	INITIAL TIME ALLOCATION	FOCUS OF THE WORK
CROSS CUTTING CORPORATE TOPICS		
Document retention in respect of grant funded projects	10	Review current situation following on from previous work
Delegated powers overview and compliance	15	Review and update on current position
Technical services inspection regimes overview and lessons learned	38	Review of effectiveness of regimes in place
DIRECTORATE SPECIFIC TOPICS		
EDUCATION		
Targeted Establishment reviews	205	Targeting establishments that most require input and dovetailed into a rolling programme to achieve coverage. Focus moving onto governance processes to eventually feed into the Annual Governance process.
School procurement & engagement	5	Initial desktop review of building maintenance arrangements currently being scoped and will make use of experience gained via targeted reviews
SEN	15	Scope in the process of being finalised
Student Awards	2	Certification work for WG
Youth Service	15	Administrative overview, scoping underway
Education Grant certifications	15	Certification work
Library Fines	8	Scope to be agreed
SOCIAL SERVICES		
Targeted establishment reviews	60	Targeting establishments that most require input and dovetailed into a rolling programme to achieve coverage. Focus moving onto governance processes to eventually feed into the Annual Governance process.
Joint working arrangements	5	Governance, payments, staffing etc
Fostering/Board Allowance	15	Risk based assurance work based on rolling programme
Section 17 payments	15	Risk based assurance work based on rolling programme
Outside provision	10	Risk based assurance work based on rolling programme
Befriender Scheme	5	Risk based assurance work based on rolling programme

AREAS SUBJECT TO AUDIT	INITIAL TIME ALLOCATION	FOCUS OF THE WORK
ENVIRONMENT		
Targeted establishment reviews	70	Targeting establishments that most require input and dovetailed into a rolling programme to achieve coverage. Focus moving onto governance processes to eventually feed into the Annual Governance process.
Procurement and contract administration	30	Contract audit of capital and revenue works
NCS	15	Risk based assurance work based on rolling programme
Street Lighting	10	Risk based assurance work based on rolling programme
Section 106 Agreements	5	Risk based assurance work based on rolling programme
Industrial Estates Mgt	10	Risk based assurance work based on rolling programme
Waste Collection	10	Risk based assurance work based on rolling programme
Fleet management	15	Risk based assurance work based on rolling programme
Building Cleaning	10	Management requested work
Park Booking system	15	Management requested work
Catering Systems	5	Risk based assurance work based on rolling programme
CORPORATE SERVICES		
Former Housing DLO	10	Risk based assurance work based on rolling programme
Stock	10	Risk based assurance work based on rolling programme
Homelessness	15	Risk based assurance work based on rolling programme
Grants to Tenants Assoc	5	Risk based assurance work based on rolling programme
Procurement and contract administration	132	Includes work on WHQS
Members Expenses	10	Risk based assurance work based on rolling programme
Electoral Exp A/C	10	Risk based assurance work based on rolling programme
Grants to Voluntary Bodies	5	Risk based assurance work based on rolling programme
PCI Compliance	10	Facilitation and review of corporate compliance
Grant Certification	65	Demand led certification work
Corporate Policies	20	Review of policy awareness underway
Carbon Levy Scheme	5	Certification work has been completed
Land and Property Sales	5	Procedural review arising from other audit work
Facilities management	15	Topic arising from other audit work
Action Plan reviews	40	Follow up on previously completed work

AREAS SUBJECT TO AUDIT	INITIAL TIME ALLOCATION	FOCUS OF THE WORK
Annual Governance Statement	14	Facilitation & support in the AGS process
Corporate tasks	200	Time allocation for work on returned cheques, anonymous letters, Audit Committee etc
Contingency	80	Unplanned, advice, consultancy & investigative work etc.
	1698	



AUDIT COMMITTEE – 10TH SEPTEMBER 2014

SUBJECT: INTERNAL AUDIT SERVICES - AUDIT CHARTER

REPORT BY: INTERNAL AUDIT SERVICES MANAGER

1. PURPOSE OF REPORT

1.1 To seek approval for the updated Internal Audit Charter

2. SUMMARY

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

2. THE REPORT

2.1 The existing Internal Audit Charter, previously agreed by the Audit Committee and introduced in 2008, is in need of updating. As a consequence of the introduction of the Public Sector Internal Audit Standards and to address an issue identified during the CGI review of Internal Audit Services amendments required are to reflect changes in the focus and direction of internal auditing.

2.2 The new Audit Charter is shown at Appendix 1 and the previous version at Appendix 2.

3. FINANCIAL IMPLICATIONS

3.1 None

4. PERSONNEL IMPLICATIONS

4.1 None.

5. RECOMMENDATIONS

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

6. REASONS FOR THE RECOMMENDATIONS

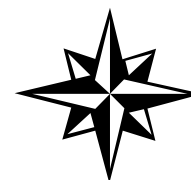
6.1 To ensure that the document underpinning the operation of Internal Audit Services is up to date and relevant and reflects the requirements of the Public Sector Internal Audit Standards.

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

Appendices:
Appendix 1 Proposed New Internal Audit Charter
Appendix 2 Old/Current Internal Audit Charter



*CAERPHILLY COUNTY
BOROUGH COUNCIL*



INTERNAL AUDIT SERVICES

AUDIT CHARTER

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

Mission

Internal Audit Services main purpose is to provide independent, objective assurance and advisory services designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The function provides independent and objective evaluation of, and opinion on, the overall adequacy and effectiveness of the framework of governance, risk management and control in the Authority in an economical, efficient and timely manner. This includes identification of risks and assessment of their management, and implementation of changes to strengthen the governance framework. The Internal Audit Manager's opinion is a key element of the framework of assurance that the Director of Corporate Services needs to inform the completion of the Annual Governance Statement.

Scope of work

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

- Risks are appropriately identified and managed;
- Interaction with the various governance groups occurs as needed;
- Significant financial, managerial, and operating information is accurate, reliable, and timely;
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations;
- Resources are acquired economically, used efficiently, and adequately protected;
- Programs, plans, and objectives are achieved;

- Quality and continuous improvement are fostered in the Council's control process;
- Significant legislative or regulatory issues impacting the Council are recognised and addressed appropriately; and
- Opportunities for improving management control, profitability and the Council's image may be identified during audits. They will be communicated to the appropriate level of management.

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

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

Authority of Internal Audit

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

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

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

Responsibility

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

Plan

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

Act

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

Report

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

Communicate

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

Reporting lines

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

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

Independence and objectivity

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

Accountability

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

- Providing, at least annually, an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control;
- Reporting significant issues related to the processes for controlling the activities of the Council and its affiliates, including recommendations and status of implementation of improvements;

- Periodically providing information on the status and results of the annual audit plan and the sufficiency of the Internal Audit function's resources;
- Co-ordination with other significant assurance functions.

Management responsibilities

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

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

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

Whilst the annual internal audit report is a key element of the assurance framework required to inform the Annual Governance Statement, there are also a number of other sources from which those charged with governance should gain assurance. The level of assurance required from Internal Audit Services will be agreed with the Audit Committee at the beginning of the year and presented in the annual Internal Audit plan (and subsequent agreed amendments). As such, the annual Internal Audit opinion does not supplant responsibility of those charged with governance from forming their own overall opinion on internal controls, governance arrangements, and risk management activities.

Advisory work

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

- The objectives of the Consulting engagement address governance, risk management and control processes to the extent agreed upon with the Authority;

- The request has been approved at Director level;
- Internal Audit Services is considered to have the right skills, experience, and available resource;
- Internal Audit's involvement will not constitute a conflict of interest in respect of maintaining an independent stance, and Internal Audit will not assume a management role in providing this advice.

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

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

Relationships

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

Relationships With Management

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

Relationships With External Auditors

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

Relationships With Regulators And Inspectors

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

Relationships With Elected Members

The Internal Audit Manager will establish a working relationship with members, in particular with members of the Audit Committee. The Internal Audit Manager has the opportunity to meet with the Chair of the Audit Committee if desired.

Standards of Internal Audit Practice

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

The Internal Audit team comply with the standards that came into effect on 1 April 2013.

Quality assurance

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

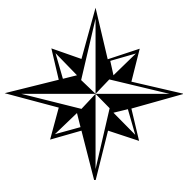
Internal assessments

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

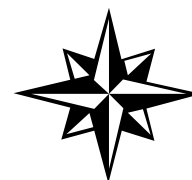
- All work undertaken is in accordance with PSIAS.
- The work is planned and undertaken in accordance with risks associated with areas under review.
- Sampling is undertaken in accordance with the agreed methodology.
- The conclusions are fully supported by our detailed work undertaken.

External assessments

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



*CAERPHILLY COUNTY
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INTERNAL AUDIT SERVICES*



AUDIT CHARTER

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Introduction

The main determinant of the effectiveness of Internal Audit is that it is seen to be independent. To ensure this, Internal Audit will operate within a framework that allows:

- unrestricted access to senior management
- reporting in its own name
- segregation from line operations.

Every effort will be made to preserve objectivity by ensuring that all audit members of staff are free from any conflicts of interest and do not undertake any non-audit duties, with the exception of high-priority duties and the exigencies of the service.

All Internal Audit activity is carried out in accordance with the Council's Financial Regulations, with specific authority for the audit section contained in Financial Regulations section 10.

The existence of Internal Audit does not diminish the responsibility of management to establish systems of internal control to ensure that activities are conducted in a secure, efficient and well-ordered manner.

Objectives of Internal Audit

As an independent appraisal function within the authority, the primary objective of Internal Audit is to review, appraise and report upon the adequacy of internal controls as a contribution to the proper, economic, efficient and effective use of resources. In addition, the other objectives of the function are to:

- support the Head of Corporate Finance to discharge her duties as Proper Officer (Section 151 Officer)
- contribute to and support the Head of Corporate Finance's objective of ensuring the provision of, and promoting the need for, sound financial systems

Scope of Internal Audit

The scope of Internal Audit allows for unrestricted coverage of the authority's activities and unrestricted access to all records and assets deemed necessary in the course of the audit. In addition, Internal Audit, through the Audit Manager, where he deems necessary, will have unrestricted access to:

- the Chief Executive
- members
- individual chief officers
- all authority employees.

Location of Internal Audit

Internal Audit is located within the Directorate of Corporate Services in accordance with the financial regulations, under the direction of the Proper Officer, the Head of Corporate Finance.

Internal Audit Responsibility

The main areas of Internal Audit responsibility within the authority are to:

1. Review, appraise and report on:
 - the extent to which the assets and interests are accounted for and safeguarded from loss
 - the soundness, adequacy and application of internal controls
 - the suitability and reliability of financial and other management data.
2. Monitor the incidence and where necessary investigate all frauds and irregularities.
3. Advise on internal control implications of new systems.

Audit Style and Content

The primary task of Internal Audit is to review the systems of internal control operating throughout the authority, and in this will adopt a predominantly systems-based approach to audit.

The Internal Audit Manager will be required to manage the provision of a complete audit service to the authority which will include systems, regularity, computer and contract audit. In discharge of this duty, the Internal Audit Manager will:

- prepare a rolling strategic risk-based audit plan in consultation with departmental senior management, for formal ratification by the Audit Committee. This strategic plan will be regarded as flexible rather than as an immutable expression of audit policy
- translate the strategic plan into annual plans for formal agreement with the Head of Corporate Finance and approval by the Audit Committee.
- ensure a system of close supervision of audit work, and maintain a review of audit files through the supervisory structure
- ensure a system of computer audit within the authority is implemented and maintained
- when appropriate, ensure specific resources are devoted to VFM studies, where the achievement of economy, efficiency and effectiveness will be reviewed
- prepare, for agreement with the Head of Corporate Finance, annual reports on audit activities for presentation to the Audit Committee.

In order to establish an audit presence and to create sound informal lines of communication, as much audit work as possible will be done on location. Internal Audit testing may go beyond the records and adopt a more ‘physical’ approach.

Audit Resources

The staffing structure of the section will comprise a mix of qualified, technician and trainee posts with a mix of professional specialisms to reflect the varied functions of the section.

As far as is practicable, Internal Audit will not participate in the day-to-day operation of any systems of internal financial control. However, in strict emergency situations only, audit personnel may be called upon to carry out non-audit work on a short-life basis.

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Members of the internal audit section will be expected to contribute to the general management and conduct of business through membership of working groups and participation in ad hoc exercises.

Upon request from the Head of Corporate Finance, appropriate specialists from departments other than Finance should be made available to take part in any audit or VFM review requiring specialist knowledge.

Audit Training

The Internal Audit Manager will carry out a continuous review of the development and training needs of all audit personnel and will arrange in-service training covering both internal and external courses.

Specific resources will be devoted to specialised training in relation to computer audit to keep abreast of IT developments.

Audit Reporting

All audit assignments and VFM studies will be the subject of formal reports. Draft reports will be sent to the managers responsible for the area under review for agreement to the factual accuracy of findings.

Related Documents

This document is one of a series that, together, constitute the policies of the authority in relation to anti-fraud and corruption. The other documents are:

- general anti-fraud and corruption policy
- fraud guidelines
- whistle-blowing policy
- benefits fraud prosecution policy
- IT Security Policies.



AUDIT COMMITTEE – 10TH SEPTEMBER 2014

SUBJECT: REVIEW OF TERMS OF REFERENCE

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

1. PURPOSE OF REPORT

1.1 To allow Members the opportunity to review the Terms of Reference for the Audit Committee, required following the implementation of the Local Government Measure 2011 and as a result of the Council's internal review of governance arrangements.

2. LINKS TO STRATEGY

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

3. THE REPORT

3.1 The Audit Committee previously agreed Terms of Reference attached at Appendix 1. There is an opportunity to review and comments are requested from Members of the Committee.

4. EQUALITIES IMPLICATIONS

4.1 None.

5. FINANCIAL IMPLICATIONS

5.1 There are no financial implications.

6. PERSONNEL IMPLICATIONS

6.1 There are no personnel implications.

7. CONSULTATIONS

7.1 The Terms of Reference attached have been previously agreed.

8. RECOMMENDATIONS

8.1 Members are asked to consider the Terms of Reference as attached and offer any comments or suggested changes.

9. REASONS FOR THE RECOMMENDATIONS

9.1 To ensure the Terms of Reference are regularly reviewed.

10. STATUTORY POWER

10.1 Local Government (Wales) Measure 2011.

Author: Nicole Scammell, Acting Director of Corporate Services and Section 151 Officer

Appendices:

Appendix 1 Terms of Reference

**CAERPHILLY COUNTY BOROUGH COUNCIL
AUDIT COMMITTEE
TERMS OF REFERENCE**

1. MEMBERSHIP

- 1.1. The Audit Committee will have a membership of thirteen individuals, twelve shall be elected members being representative of all parties and independents and one lay co-opted member to be appointed by the Committee. Members of the executive will not be eligible to be members of this Committee.
- 1.2. The co-opted member, not being a member of the Council, to be recruited for skills appropriate to the Audit Committee's work, and shall be appointed by the Councillor members of the Audit Committee for a fixed term to be determined by them when the appointment is made.
- 1.3. As and when necessary the appointment of a lay member to the Committee shall be undertaken by an appointment panel consisting of three Audit Committee members, to include the Chairperson. The panel will be responsible for considering all applications for the vacancy, short listing and interviewing prospective candidates. The panel will report their recommendations to the Audit Committee for confirmation/ agreement prior to approval by Council.
- 1.4. The Audit Committee will appoint its chairperson who will not be a member of any of the groups represented on the Executive except when all groups are represented on the Executive (and could be a co-opted member).
- 1.5. All members of the Audit Committee shall have a vote.

2. MEETINGS

- 2.1. The Committee will meet at least 4 times a year. Additional meetings may be convened as the chair deems necessary or when the Authority as a whole resolves that it should.
- 2.2. A quorum for the meeting will be one quarter of the whole membership.
- 2.3. The Committee shall be advised by the Director of Corporate Services, the Section 151 Officer, the Head of Corporate Finance, the Head of Performance and Property and both the external and internal auditors. They may additionally, within an approved budget, seek independent advice from outside the authority
- 2.4. The Committee shall meet with the Council's external auditor on an informal basis as deemed necessary by the Committee to discuss and exchange information.
- 2.5. The Section 151 Officer, the Manager of Internal Audit and the representative of the External Auditor will have free and confidential access to the Chair of the Committee.
- 2.6. The external and internal auditors of the council shall have the right to request the chair of the audit committee to consider any matter which the auditors believe should be brought to the attention of the council
- 2.7. The Committee may ask any other officers to attend to assist it with its discussions on any particular matter.

3. TERMS OF REFERENCE

- 3.1. To review and scrutinise the Authority's financial affairs, to make reports and recommendations in relation to the Authority's financial affairs and to review and consider the financial statements prepared by the Authority or its external auditors.
- 3.1.1. to review the authority's accounting policies and procedures with a view to appropriateness and compliance.
- 3.1.2. to provide direction concerning accounting records and control systems as may be required by the Accounts and Audit Regulations (Wales) 2005.
- 3.1.3. to consider the external auditors report to those charged with governance on issues arising from the audit of the financial statements.
- 3.1.4. to review and consider the effectiveness on the Council's policy for the prevention of fraud and corruption.
- 3.2. Review and assess the risk management, internal control and corporate governance arrangements and to report and make recommendations on the adequacy and effectiveness of those arrangements:
- 3.2.1. To ensure that the authority has a sound system of internal control which facilitates the effective exercise of functions and which includes arrangements for the management of risk and adequate and effective financial management. To review the effectiveness of internal control at least once a year and approve an annual governance statement for inclusion with the authority's statement of accounts.
- 3.2.2. In reviewing corporate governance, risk management or internal control issues any member or officer of the authority may be required to attend before the committee to explain in relation to matters within their remit e.g. compliance or otherwise with council procedures, compliance or otherwise with established corporate governance standards and the degree to which risk has been considered and addressed.
- 3.2.3. to oversee and monitor the compliance and assurance requirements and to satisfy itself as to the adequacy of the structures, processes and responsibilities for identifying and managing key risks facing the organisation.
- 3.2.4. to review the councils corporate governance framework.
- 3.2.5. to receive, review and approve the annual governance statement and the resultant action plans.
- 3.2.6. to develop and keep under review a risk management strategy for the council including methodology for assessing risks in all functions of the council.
- 3.2.7. to oversee and monitor Council activities that are subject to the RIPA regulations.
- 3.2.8. to oversee and monitor the outcomes of complaints received by the Authority under the Council's Corporate Complaints Policy and to review the policy on an annual basis and to make comments on the adequacy and effectiveness of the policy.
- 3.3. Oversee the internal and external audit arrangements of the Council
- 3.3.1. to liaise with the Wales Audit Office over the appointment of external auditors
- 3.3.2. to consider the external auditors proposed audit plan

- 3.3.3. to consider the external auditors Annual letter
- 3.3.4. to approve, on behalf of the Council, a statement of aims and objectives of the internal audit function
- 3.3.5. to consider the annual audit plan as to the allocation of internal audit resources against different categories of work
- 3.3.6. to ensure that the internal audit function is adequately resourced and has appropriate standing within the organisation
- 3.3.7. to consider the Head of Internal audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's internal control environment

FORWARD WORK PROGRAMME FOR AUDIT COMMITTEE

Deadline (12 Noon) Reports To Committee Services	Meeting Date	TOPIC	RESPONSIBILITY
26/8/14	10/9/14	Regulation of Investigatory Powers Act 2000 Complaints Report (6 month basis) Register - Gifts and Hospitality Corporate Risk Monitoring <i>Internal Audit Services – Annual Outturn Report (Information)</i> Update Business Continuity Audit of Financial Statements Review of Risk Management Strategy Review of Terms of Reference Forward Work Programme Certificate of Compliance for the Audit of Caerphilly County Borough Council's 2014-15 Improvement Plan Revised Format Audit Plan (14/15) Audit Charter- Update/ Revision <i>AGS Panel Minutes- 14th May 2014 (Information)</i> <i>Audit of Caerphilly County Borough Council's 2014- 15 Improvement Plan- Certificate of Compliance (Information)</i>	Gail Williams Gail Williams Gareth Hardacre Colin Jones Richard Harris Robert Hartshorn WAO/ PWC Colin Jones Nicole Scammell Nicole Scammell Nicole Scammell Richard Harris Richard Harris Richard Harris Colin Jones
24/11/14	10/12/14	Regulation of Investigatory Powers Act 2000. Register - Gifts and Hospitality Forward Work Programme Review of Annual Governance Statement	Gail Williams Gareth Hardacre Nicole Scammell Nicole Scammell
23/02/14	11/03/15	Complaints Report (6 monthly basis)	Gail Williams

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AUDIT COMMITTEE - 10TH SEPTEMBER 2014

SUBJECT: INTERNAL AUDIT SERVICES: ANNUAL OUTTURN REPORT 2013/2014

REPORT BY: INTERNAL AUDIT MANAGER

1. PURPOSE OF REPORT

1.1 To inform Members of the work carried out by Internal Audit Services during 2013/2014.

2. LINKS TO STRATEGY

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

2. INTRODUCTION

2.1 It is a requirement both of the Public Sector Internal Audit Standards and the Council's own Financial Regulations that an audit plan should be prepared to ensure that there is an effective and efficient use of audit resources.

2.2 In addition to producing the audit plan, it is also a requirement that the Manager for Internal Audit produces an annual report on work carried out by Internal Audit Services during the financial year. This report summarises that activity.

3. THE 2013/2014 AUDIT PLAN

3.1 The internal audit section is based on two groups organised on a functional basis: Group "1" being responsible for establishment audits, contract audits and computer audits, and Group "2" being responsible for system based audits.

3.2 The Annual Plan was prepared on a risk-based approach and is based around four key principles:

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

Establishments There would be a medium term strategy to ensure adequate coverage in this area in order that all establishments receive a periodic audit visit. (A schedule of actual against planned visits is shown as Appendix A).

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

Advice and Assistance Both would be encouraged in order to promote a preventative ethos and not one of pure detection.

- 3.3 At the time of preparing the 2013/2014 Annual Audit Plan the section's actual establishment was 10.04 (full time equivalent) staff, which equates to 2620 man days. Of this total 1893 days were allocated to specific audits, the remainder, 727 days, were classified as overheads to cover holidays, sickness, training, management issues and other non-directly allocated time.

4. ACTUAL OUTTURN COMPARED TO PLAN

- 4.1 The table below shows in summary form an overview of the allocation of audit staff time for 2013/2014 against the original plan. (One of the main performance measures currently adopted by Internal Audit is a comparison of how time is actually spent compared to the audit annual plan. This requires all staff to complete timesheets and allocate time spent against the appropriate client).

DIRECTORATE	PLANNED COVERAGE	ACTUAL COVERAGE
	Days	Days
Education, Lifelong Learning	280	298
Social Services	180	183
Housing	112	202
Environment	359	218
Corporate Services	618	708
Corporate	254	193
Contingency	90	-
Total directly allocated	1893	1802
Total Overhead	727	766
Lost days*		52
Total Days	2620	2620

* One member of staff left during the year and the post was not filled. Staffing establishment reduced to 9.2 fte.

5. PERFORMANCE MEASURES

- 5.1 Due to the nature of internal auditing, performance monitoring and target setting have always been key drivers by which management can assess the effectiveness of the internal audit function. Resource planning, time recording and benchmarking have long been used by internal audit to direct and inform the audit process.

- 5.2 Performance measures are important for two reasons: -

5.2.1 They enable progress over a period of time to be monitored (given that historic data is available to establish a sound base).

5.2.2 They enable targets to be set for future improvement.

- 5.3 The main performance measures for Internal Audit for 2013/14 were as follows:

Sickness Absence
Productivity
Completion of audit plan
Costs remaining within budget

- 5.4 Sickness absence, the section's annual target is to be below the Authority's target rate. In 2014 – the annual rate was 3.2% which was unusually high for the service, this was due to a one off period of long-term sickness. However, this is still below the overall Authority average for the same period.

- 5.5 Draft reports to be issued to management within 10 working days following the completion of the audit fieldwork. Based on a sample analysis actual was 12.9 days (15.5 days previous year). This target may need to be reviewed in the light of recent staffing reductions.
- 5.6 The level of directly allocated time to be 72% of total time available. A level of 70% (70% previous year) was achieved.
- 5.7 To issue all final reports within 5 days of management clearing the draft report. Based on a sample analysis an average of 3.8 days (1.8 days previous year) was achieved.
- 5.8 Audit staff to be available from 8.30 to 5.00, Monday to Thursday, 8.30 to 4.30 Fridays. This target was achieved.
- 5.9 To draw up and have agreed an Annual Plan by the 31st March. The 2013/14 audit plan was agreed by the Audit Committee on 6th March.
- 5.10 To ensure costs are in line with budget. This was achieved.
- 5.11 In addition to the above, client questionnaires are sent out after every audit. Despite the fact that the response rate has fallen off considerably all those received back have been satisfied with the way the audit is conducted and the benefit derived from it.

6. AUDIT WORK 2013/2014

- 6.1 A proportion of internal audit work has required involvement in the development of new systems and procedures. Whilst this is not in accordance with the strict academic definition of internal auditing it is considered beneficial for early audit involvement to avoid future problems due to control weaknesses. A considerable amount of time therefore has been dedicated to an "advisory role".
- 6.2 Additionally, Internal Audit staff continue to provide advice and support to staff on Standing Orders for Contracts, Financial Regulations and financial best practice including tailored training or instruction as and when required.
- 6.3 The following is a summary of activities Internal Audit was involved in during the year:-
 - 6.3.1 Audit resource continued to provide an internal audit review of Local Service Board and , Rural Development Grants administered by the Authority for both internally run projects and for external projects. Audit staff time being recharged at cost to the grant funding body. Internal audit reviews of Welsh Government grants have also been performed in line with the Terms & Conditions of these grants.
 - 6.3.2 The service has provided advice and guidance to a number of service areas and a value for money / operational review at the request of a Community establishment.
 - 6.3.3 Establishments in receipt of an audit visit included two comprehensive schools, seventeen primary schools, four leisure facilities and six social services establishments (see Appendix A).
 - 6.3.4 Audit reviews (including follow-up audits) have been carried out across a wide variety of areas in order to gain an overall opinion on the effectiveness of the internal control system operating within the Council. A list showing a variety of the financial activities reviewed is shown in Appendix B.
 - 6.3.5 The rapid development in information technology is a continuing challenge for internal audit and various areas have been reviewed and recommendations made. The specialist computer auditor continues to work with service auditors and IT personnel.

- 6.3.6 Audit staff assisted with the stocktaking at all the Council's stores and assisted with the introduction of new procedures relating to van based stocks. Additionally staff have participated in a working party on the transition to single source supplier for housing maintenance.
- 6.3.7 102 contractors' final accounts were audited with a combined value of £16m.
- 6.3.8 Issues were resolved in respect of 262 cheques, which, for various reasons had been returned to the Council, 1 of which related to a duplicate payment, the value of which was £240 (the previous year's total 218 and 4 duplicates totalling £3,077).
- 6.3.9 Continuation of our participation in specialist practitioners groups dealing with topical audit issues and the development of a best practice approach. This is seen as an important ingredient in ensuring internal audit staff are aware of the wider issues affecting the delivery of an effective internal audit service.
- 6.3.10 There were 134 anonymous letters logged by Internal Audit which, where appropriate, were passed to the relevant departments for action (81 last year).

7. OUTCOMES

- 7.1 The regularity work carried out by Internal Audit Services is designed to assess overall compliance with management policies and procedures. This work is supplemented and complemented by system reviews to measure and recommend on the level and effectiveness of internal controls.
- 7.2 Internal audit reviews concentrate on the negative aspects and this can sometimes give a misleading picture of the financial control environment of an organisation. Whilst there may be, in an organisation as large as Caerphilly CBC, areas of concern in relation to the detailed financial administration there are also many examples of good practice.
- 7.3 During 2013/14 all appropriate audit reports were given an audit opinion on the adequacy of the systems reviewed, the controls in place, and compliance with those controls to provide an overview of the whole control environment and evidence to support the financial element of the Council's annual governance review process.
- 7.4 During the year there were 20 systems based audits which generated 40 opinions, there were 29 establishments audited and 30 IT / contract audits completed. Of these, 86 opinions were found to be at least satisfactory. There were however 13 opinions which were identified as being less than satisfactory, details of which are as follows:-
- | | |
|------------------|----|
| - Establishments | 3 |
| - Systems based | 10 |
- 7.5 In the majority of cases management and the auditees have accepted the recommendations made by Internal Audit. Recipients of audit reports (excl. establishments) are required to submit action plans to the internal audit section to ensure proposals have been actioned or are being adequately progressed. During the year 24 action plans relating to previous years audits were reviewed.
- 7.6 Those areas identified in 7.4 as not being satisfactory have been or are being dealt with via an ongoing audit process thus ensuring issues are resolved appropriately. None of the issues identified are considered to be material in the context of the whole authority and are not felt to be significant enough to warrant disclosure within the annual review of the Council's governance arrangements.

7.7 There have been no materially significant special investigations undertaken by Internal Audit during the year.

8. FINANCIAL IMPLICATIONS

8.1 None other than those previously mentioned.

9. PERSONNEL IMPLICATIONS

9.1 None other than those previously mentioned.

10. EQUALITIES IMPLICATIONS

10.1 An equalities impact assessment is not needed because the issues covered are for information purposes only, therefore the Council's full equalities impact assessment process does not need to be applied.

11. CONCLUSIONS

11.1 This report has been prepared as a review of Internal Audit activity during 2013/2014. It not only highlights the extent of our work but also the diversity.

11.2 No fundamental issues have come to light as a result of audits carried out on both the major financial systems and other financial and administrative systems and procedures. Where issues have been identified and brought to management's attention an action planning process is in place to drive through the necessary improvements. Overall it is considered that the Council continues to operate within a control environment that should minimise the risk of loss to the Authority.

12. RECOMMENDATIONS

12.1 Members are asked to note the contents of this annual review of the operation of Internal Audit Services.

13. REASONS FOR THE RECOMMENDATIONS

13.1 To ensure Members are aware of the level of internal audit coverage and the overall opinion derived from undertaking this work.

Author: R.M. Harris, Manager Internal Audit

Consultees: N. Scammell, Acting Director of Corporate Services and Section 151 Officer
S. Harris, Acting Head of Corporate Finance

Appendices:

Appendix A Schedule Of Actual Against Planned Establishment Visits

Appendix B Audit Coverage: Systems

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Caerphilly County Borough Council**INTERNAL AUDIT SERVICES****Schedule of planned visits 2013/2014**

Those establishments in bold italics were visited and audited during the year.

Primary Schools

YGG Y Castell
Cwm Glas Infants
YG Gilfach Fargoed
Cwmaber Infants
Hengoed Primary

Coed Y Brain Primary
Risca Primary
Cwmfelinfach Primary
Llancaiach Junior
Waunfawr Primary

Bedwas Infants (replaced by Pengam Primary)
Cwmaber Junior (replaced by Ysgol Y Lawnt)
YG Cwm Derwen (replaced by Fleur De Lys Primary)
Bryn Awel Primary (replaced by YG Bro Allta)
Trinity Fields School (replaced by Ynysddu Primary)

Extra schools visited

St James Community School

Comprehensive Schools

YG Cwm Rhymini
Lewis School Pengam
Pontllanfraith

St Martins
Cwmcarn (replaced by Heolddu)

Leisure Centres

St Cenydd
Bedwas
Caerphilly

Newbridge
Risca

Other

Crumlin Community Education Centre
Blackwood miners

Parc Cwm Darran
The Winding House

Social Services

Ty Clyd HFE
Brondeg Day Centre
Twyncarn Day Centre
Ty Gwilym

6 Clos Tir y pwll
Caerphilly Retirement project
Woodfieldside - Woodcraft
Woodfieldside - Ceramics

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**CAERPHILLY COUNTY BOROUGH COUNCIL
INTERNAL AUDIT SERVICES
Sample of areas of coverage 2013/14**

Main Financial Systems

Council Tax
Creditors
Debtors
Imprest accounts
General ledger
Rents
Cash Offices

Directorate Specific Systems

Exercise Referral
Community Education
Social Services Client Receivership administration
Renovation Grants
Expenses
Youth Justice
Code of Conduct
Student awards

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Archwilydd Cyffredinol Cymru
Auditor General for Wales

Certificate of Compliance

Audit of Caerphilly County Borough Council’s 2014-15 Improvement Plan

Certificate

I certify that I have audited Caerphilly County Borough Council’s (the Council) Improvement Plan in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

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

Respective responsibilities of the Council and the Auditor General

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

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

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

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

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

Scope of the Improvement Plan audit

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

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

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



HUW VAUGHAN THOMAS

AUDITOR GENERAL FOR WALES

CC: Lesley Griffiths, Minister for Local Government and Government Business

Non Jenkins, Manager

Jackie Joyce, Performance Audit Lead

Tystysgrif Cydymffurfio

Archwiliad o Gynllun Gwella 2014-15 Cyngor Sir Bwrdeistref Caerffili

Tystysgrif

Rwyf yn ardystio fy mod i wedi archwilio Cynllun Gwella Cyngor Sir Bwrdeistref Caerffili (y Cyngor) yn unol ag adran 17 Mesur Llywodraeth Leol (Cymru) 2009 (y Mesur) a'm Cod Ymarfer Archwilio.

O ganlyniad i'm harchwiliad, rwyf o'r farn bod y Cyngor wedi cyflawni ei ddyletswyddau dan adran 15(6) i (9) y Mesur a'i fod wedi ymddwyn yn unol â chanllawiau Llywodraeth Cymru yn ddigonol i gyflawni ei ddyletswyddau.

Priod gyfrifoldebau'r Cyngor a'r Archwilydd Cyffredinol

Dan y Mesur, mae'n ofynnol i'r Cyngor baratoi a chyhoeddi Cynllun Gwella sy'n disgrifio ei gynlluniau i gyflawni ei ddyletswyddau o ran y canlynol:

- gwneud trefniadau i sicrhau gwelliant parhaus wrth gyflawni ei swyddogaethau;
- gwneud trefniadau i sicrhau ei fod yn cyflawni ei amcanion gwella; a
- gwneud trefniadau i gyflawni ei swyddogaethau mewn modd sy'n sicrhau ei fod yn bodloni unrhyw safon o ran perfformiad a bennir gan Weinidogion Cymru.

Mae'r Mesur yn ei gwneud yn ofynnol i'r Cyngor gyhoeddi ei Gynllun Gwella cyn gynted ag sy'n rhesymol ymarferol ar ôl dechrau'r flwyddyn ariannol y mae'n ymwneud â hi, neu ar ôl unrhyw ddyddiad arall a bennir trwy orchymyn gan Weinidogion Cymru.

Mae'r Cyngor yn gyfrifol am baratoi'r Cynllun Gwella ac yn gyfrifol am y wybodaeth a geir ynddo. Mae'r Mesur yn ei gwneud yn ofynnol i'r Cyngor ystyried canllawiau a gyhoeddir gan Weinidogion Cymru, wrth baratoi a chyhoeddi ei gynllun.

Fel archwilydd y Cyngor, mae'n ofynnol dan adrannau 17 ac 19 y Mesur i mi gynnal archwiliad o'r Cynllun Gwella, ardystio fy mod i wedi gwneud hynny ac adrodd ynghylch a wyf o'r farn bod y Cyngor wedi cyflawni ei ddyletswyddau i baratoi a chyhoeddi Cynllun Gwella yn unol â'r gofynion statudol a eglurir yn adran 15 ac mewn canllawiau statudol.

Cwmpas yr archwiliad o'r Cynllun Gwella

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

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

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



HUW VAUGHAN THOMAS

ARCHWILYDD CYFFREDINOL CYMRU

cc: Lesley Griffiths, Y Gweinidog Llywodraeth Leol a Busnes y Llywodraeth
Non Jenkins, Rheolwr
Jackie Joyce, Swyddog Arweiniol Archwilio Perfformiad

Minutes of meeting on 14th May 2014
Room 4.1 11.30 a.m.

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

1. Apologies were received from Cllr Forehead.
2. The minutes of the meeting held on 2nd May 2014 were reviewed and agreed.
3. Jackie Dix attended to update the panel on the latest progress with the work on partnerships and collaborations. JD handed out the latest version of her paper and talked through the key elements. JD introduced a toolkit which has been produced by Denbighshire and pointed out some issues they had encountered with the roll out of the toolkit. It was agreed that we needed to develop something similar but that we needed to take into account the problems highlighted by Denbighshire and we needed to make our strategy/toolkit more succinct and user friendly that would add value to those using it. Moving forward all felt that future checking of the governance arrangements should be undertaken and that JD's finalised papers would assist in the identification of the key/significant partnerships/ collaborations. RH confirmed that as part of future audit plans this would be picked up as part of the assurance work but would be done on a sample basis. GW suggested that significant partnerships and collaborations would need to be referenced in the Constitution in future. Issues in respect of information governance as well as general governance were also discussed with a view to JD raising the issues for future consideration or inclusion in the toolkit e.g. Notification, DP registration, training, varying standards of conduct etc.

It was agreed that JD's work had gone a long way to address the previous governance concerns and that going forward with the development of a toolkit/ guidelines and subject to future checking of the actual operation of the governance arrangements

4. The summary of the completed checklists was discussed along with the comments from the "expert" staff group. The main areas of discussion were around H&S, WHQS, the meeting of targets in respect of FOI requests and the ongoing interim management arrangements. It was concluded that both H&S and WHQS were more operational issues and were being managed as such but the FOI was an expanding area across the Authority that we need to get on top off and similarly the ongoing uncertainty around the future management arrangements is a major cause for concern across the Council.
5. The panel members were asked to go through various parts of the initial draft AGS to update where required and all amendments to be forwarded to NS asap.

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