

Caerphilly County Borough Council Annual Audit Summary 2023

This is our audit summary for Caerphilly County Borough Council. It shows the work completed since the last Annual Audit Summary, which was issued in March 2023. Our audit summary forms part of the Auditor General for Wales' duties.

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



About the Council

Some of the services the Council provides



Key facts

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

- Labour 45
- Plaid Cymru 18
- Independent 6

The Council spent £427.3 million on providing services¹ during 2022-23².

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

² Source: the audited 2022-23 Statement of Accounts.

Key facts

As at 31 March 2023, the Council had £163.9 million of useable financial reserves³. This is equivalent to 38% of the Council's net cost of services for 2022-23⁴.

Caerphilly has 10% of its 110 areas considered to be within the most deprived 10% of areas in Wales, this is the 9th highest of the 22 unitary councils in Wales⁵.

The population of Caerphilly is projected to increase by 1% between 2023 and 2043 from 182,200 to 185,000, including a 6% decrease in the number of children, a 3% decrease in the number of the working-age population and a 21% increase in the number of people aged 65 and over⁶.

The Auditor General's duties

We completed work during 2022-23 to meet the following duties

- **Audit of Accounts**

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

- **Value for money**

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

- **Sustainable development principle**

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

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

⁴ Source: 2022-23 Statement of Accounts.

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

⁶ Source: [Stats Wales, Population Projections](#).

What we found

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

Each year we audit the Council's financial statements.

For 2022-23:

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

Assurance and risk assessment review

We reviewed the arrangements the Council has put in place to secure value for money in the use of its resources. We produced the following reports from our assurance and risk assessment work:

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

Local projects – Waste management review

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

Other inspectorates

We also took into account the reports of Care Inspectorate Wales (CIW) and Estyn as well as any subsequent actions taken by the Council in response.

Planned work for 2023-24

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

Our planned work for 2023-24 includes:

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

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

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

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

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

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

This document is also available in Welsh.