

## Cyngor Sir CEREDIGION County Council

<b>REPORT TO:</b>	<b>Governance and Audit Committee</b>
<b>DATE:</b>	<b>21<sup>st</sup> June 2023</b>
<b>LOCATION:</b>	Remotely by Video Conference
<b>TITLE:</b>	Ceredigion County Council Responses to Regulator & Inspectorate Reports
<b>PURPOSE OF REPORT:</b>	To provide the Governance and Audit Committee with the Council's responses to Regulator and Inspectorate Reports
<b>For:</b>	Decision
<b>Cabinet Portfolio and Cabinet Member:</b>	<b>Councillor Matthew Vaux, Cabinet Member for Legal and Governance, Housing, People and Organisation and Public Protection</b>

### Introduction

This Report sets out the Council's responses regarding Regulator and Inspectorate Reports and progress made regarding proposals and recommendations.

This Report has 2 parts:

- a) *Council tracker of Regulator/Inspectorate proposals for improvement and recommendations; and*
- b) *Other Council related matters.*

### Current Position

#### **a) Council tracker of Regulator/Inspectorate proposals for improvement and recommendations**

- Council Management Response Forms 2022-2023 Update:
  - Audit Wales – Time for Change – Poverty in Wales (**Appendix 1**)
  - Audit Wales – A Missed Opportunity – Social Enterprises (**Appendix 2**)
  - Audit Wales – Springing Forward – Review of Strategic Workforce Management (**Appendix 3**)
  - Audit Wales – Springing Forward – Review of Strategic Asset Management (**Appendix 4**)

#### b) Other Council related matters

- Audit Wales – Audit Enquiries Letter 2022-23 Ceredigion County Council (**Appendix 5**)

**RECOMMENDATIONS:** To consider the Council's responses to Regulator and Inspectorate Reports

**Reasons for Recommendation** To keep the Governance and Audit Committee informed of reports, proposals and work being undertaken

**Appendices:**

- Appendix 1** Audit Wales – Time for change – Poverty in Wales
- Appendix 2** Audit Wales – A Missed Opportunity – Social Enterprises
- Appendix 3** Audit Wales – Springing Forward – Review of Strategic Workforce Management
- Appendix 4** Audit Wales – Springing Forward – Review of Strategic Asset management
- Appendix 5** Audit Wales – Audit Enquiries Letter 2022-23 Ceredigion County Council

**Contact Name:** Elin Prysor

**Designation:** Corporate Lead Officer: Legal & Governance & Monitoring Officer

**Date of Report:** 21/06/2023

Council Response Form

**Council action planned in response to the recommendations issued by Audit Wales**

**Council:** Ceredigion County Council

**Report title:** 'Time for Change' – Poverty in Wales

**Issue date:** November 2022

**Document reference:**

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
R1	<p><b>National Strategy and targets for tackling and alleviating poverty</b></p> <p>In paragraphs 2.8-2.12 we note that there is currently no specific target for reducing poverty in Wales and the current Child Poverty strategy needs to be refreshed. We recommend that in updating its strategy the Welsh Government:</p> <ul style="list-style-type: none"> <li>• Set SMART national actions</li> </ul>	Not applicable as recommendation for Welsh Government.		

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
	<ul style="list-style-type: none"> <li>• Establish a suite of performance measures to judge delivery and impact;</li> <li>• sets targets for alleviating and tackling poverty; and</li> <li>• undertake regular evaluation of performance and public reporting.</li> </ul>			
R2	<p><b>Local strategies, targets and performance reporting for tackling and alleviating poverty</b></p> <p>In paragraphs 2.13 – 2.23 and paragraphs 3.33 – 3.35 we highlight that councils and partners have prioritised work on poverty, but the mix of approaches and a complicated delivery landscape mean that ambitions, focus, actions, and prioritisation vary widely. We highlight that evaluating activity and reporting performance are also variable with many gaps. We recommend that the councils use their Wellbeing Plans to provide a comprehensive focus on tackling poverty to co-ordinate their efforts, meet local needs and support the</p>	<p>Tackling hardship and poverty is a cross-cutting theme of Ceredigion PSB Local Well-being Plan 2023-28.</p> <p>Ceredigion data dashboards provide a robust set of indicators and measures that increase our understanding of poverty in Ceredigion.</p>		Alun Williams – CLO Policy, Performance and Public Protection

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	<p>revised national plan targets and actions. This should:</p> <ul style="list-style-type: none"> <li>• include SMART local actions with a greater emphasis on prevention.</li> <li>• include a detailed resourcing plan for the length of the strategy;</li> <li>• be developed with involvement from other public sector partners, the third sector, and those with experience of poverty;</li> <li>• include a robust set of consistent outcome indicators and measures to increase understanding of poverty locally; and</li> <li>• be subject to annual public reporting to enable a whole system view of poverty locally to help improve delivery and support.</li> </ul>			
<b>R3</b>	<p><b>Leadership on the poverty agenda</b></p> <p>In paragraph 2.23 we note that just over a third of councils have lead members and lead officers for addressing poverty. Given the importance of effective leadership in</p>	<p>Cllr. Elaine Evans is designated as the Council's Poverty Champion and is Vice-Chair of the PSB Poverty sub-group.</p> <p>Cllr Catrin Davies is designated as the Council's Equalities Champion</p>		<p>Alun Williams – CLO Policy, Performance and Public Protection</p>

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
	<p>driving the poverty agenda forward and breaking silos within councils and between public bodies, we recommend that each council designate a cabinet member as the council's poverty champion and designate a senior officer to lead and be accountable for the ant-poverty agenda.</p>	<p>and chairs the PSB Poverty sub-group.</p> <p>No further action required.</p>		
R4	<p><b>Improve the efficiency and effectiveness of grant-funded programmes</b></p> <p>In paragraphs 2.31 – 2.38 we note that all councils are dependent on grants but weaknesses in programmes mean that funding is not making the impact it could. To ensure councils are able to maximise the impact of funding and tackle the more difficult and longstanding problems, we recommend that the Welsh Government:</p>	<p>Not applicable as recommendation for Welsh Government.</p>		

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
	<ul style="list-style-type: none"> <li>• provide longer timescales for announcing and receiving bids to enable better resource planning;</li> <li>• move away from annual bidding cycles to multi-year allocations;</li> <li>• enable funding to be more flexibly spent to avoid an emphasis on quicker projects, rather than more impactful interventions that take longer to establish;</li> <li>• allow councils to consolidate funding to reduce bureaucracy;</li> <li>• streamline and simplify processes and grant conditions to reduce the administrative burden; and</li> <li>• keep requests for information and supporting materials from councils to a minimum.</li> </ul>			
R5	<p><b>Experience mapping to create inclusive services for people in poverty</b></p> <p>In paragraphs 3.2 – 3.6 we highlight that people in poverty are often in crisis, dealing with extremely personal and stressful issues, but</p>	<p>The Council has recently adopted a new engagement and participation strategy which complies with legislation and promotes and support good practice. The Council values the lived experience of people in poverty and is working with its partners through the PSB poverty sub-group to collate the experience of citizens</p>		<p>Alun Williams – CLO Policy, Performance and Public Protection</p>

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
	<p>they often find it difficult to access help from councils because of the way services are designed and delivered. We recommend that councils improve their understanding of their residents' 'lived experience' through meaningful involvement in decision-making using 'experience mapping' and / or 'Poverty Truth Commissions' to review and improve accessibility to and use of council services.</p>	<p>across all services, not just the Council, to enable joint initiatives to be developed .</p>		
R6	<p><b>Single Web landing page for people seeking help</b></p> <p>In paragraph 3.14 we highlight the difficulties people in poverty face accessing online and digital services. To ensure people are able to get the information and advice they need, we recommend that councils optimise their digital services by creating a single landing page on their website that:</p>	<p>A Cost-of-Living Support page lists the financial help and household support available to Ceredigion residents. This is directly accessible from our home page.</p> <p>It was last updated on 03/05/23.</p>		<p>Alun Williams – CLO Policy, Performance and Public Protection/ Alan Morris- CLO Customer care and IT</p>



Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
	<ul style="list-style-type: none"> <li>• is directly accessible on the home page;</li> <li>• provides links to all services provided by the council that relate to poverty; and</li> <li>• provides information on the work of partners that can assist people in poverty.</li> </ul>			
R7	<p><b>Streamlining and improving application and information services for people in poverty</b></p> <p>In paragraphs 3.15 and 3.16 we note that no council has created a single gateway into services. As a result, people have to complete multiple application forms that often record the same information when applying for similar services. We highlight that whilst it is important that councils comply with relevant data protection legislation, they also need to share data to ensure citizens receive efficient and effective services. We recommend that councils:</p>	<p>We are currently launching a My Account Website, integrated in to our Custom CRM system to act as the main gateway into council services. The MyAccount provides identity validation and the Customer record becomes the authorities golden customer record.</p> <p>Using My Account once registered any form being completed will automatically complete known data and the systems supports easy and secure communication with the citizen.</p> <p>Many forms and business processes will need to be replicated which will</p>		Alan Morris CLO Customer Contact and ICT

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
	<ul style="list-style-type: none"> <li>• establish corporate data standards and coding that all services use for their core data;</li> <li>• undertake an audit to determine what data is held by services and identify any duplicated records and information requests;</li> <li>• create a central integrated customer account as a gateway to services;</li> <li>• undertake a data audit to provide refresher training to service managers to ensure they know when and what data they can and cannot share; and</li> <li>• review and update data sharing protocols to ensure they support services to deliver their data sharing responsibilities.</li> </ul>	<p>take time but progress has been good.</p> <p>We also undertake robust data checking and validation against backend systems to improve data quality and will use data effectively to help us understand how to support the citizen and their community better.</p> <p>Data sharing protocols are regularly reviewed and DPIAs are carried out on processing activities.</p> <p>A data audit is underway, and a central Master Data Management team has been created and is supporting this whole workstream.</p> <p>Government and recognised data standards have been adopted where possible.</p> <p>Documentation of all data sources continues and forms a key library for</p>		

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		<p>the MDM and Systems support teams.</p> <p>This work is challenging and will be ongoing.</p>		
R8	<p><b>Complying with the socio-economic duty</b></p> <p>In paragraphs 3.27 – 3.32 we set out that while all councils undertake some form of assessment to determine the likely socio-economic impact of policy choices and decisions, approaches vary and are not always effective. We recommend that councils review their integrated impact assessments or equivalent to:</p> <ul style="list-style-type: none"> <li>• ensure that they draw on relevant, comprehensive and current data (nothing over 12 months old) to support analysis;</li> <li>• ensure integrated impact assessments capture information on:</li> </ul>	<p>Our integrated impact assessment tool is currently being revised.</p> <p>The draft tool requires officers to consider stakeholder engagement, impact mitigation and monitoring the impact of the proposed plan/policy. The accompanying guidance includes 2021 census data.</p>		Alun Williams – CLO Policy, Performance and Public Protections /

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	<ul style="list-style-type: none"> <li>- Involvement activity setting out those the service has engaged with in determining its strategic policy such as partners, service users and those it is co-producing with</li> <li>- The cumulative impact/mitigation to ensure the assessment considers issues in the round and how it links across services provided across the council;</li> <li>- How the council will monitor and evaluate impact and will take corrective action; and</li> <li>- An action plan setting out the activities the council will take as a result of the Integrated Impact Assessment</li> </ul>			

## Council Response Form

### Council action planned in response to the recommendations issued by Audit Wales

**Council:** Ceredigion County Council

**Report title:** 'A missed opportunity' – Social Enterprises

**Issue date:** December 2022

**Document reference:**

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
R1	<p>To get the best from their work with and funding of Social Enterprises, local authorities need to ensure they have the right arrangements and systems in place. We recommend that local authority officers use the checklist in Appendix 2 to:</p> <ul style="list-style-type: none"> <li>• self-evaluate current Social Enterprise engagement, management, performance and practice;</li> <li>• identify opportunities to improve joint working; and practice;</li> </ul>	<p>The Council's approach must be holistic and coherent. To this end, the vision contained within the Corporate Strategy and the Wellbeing Objectives therein, must be equally relevant to every service area. The process to identify these objectives will involve a range of partner agencies and organisations, and will enable future joint working arrangements and practices.</p> <p>To achieve this, the Council will ensure that specific performance indicators measure the benefits of</p>	31/03/2024	Leadership Group

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
	<ul style="list-style-type: none"> <li>jointly draft and implement an action plan with timeframes and responsibilities clearly set out to address the gaps and weaknesses identified through the self-evaluation.</li> </ul>	<p>collaboration and joint working practices. Any collaboration and joint working must demonstrate added value to the Council and the citizens of Ceredigion and be aligned with the vision of the Corporate Strategy.</p> <p><b>Action 1:</b> A comprehensive evaluation of current social enterprise arrangements across all service areas and identify any gaps for joint working (e.g. community transport) and collaboration opportunities. The Public Services Board would be a key vehicle to complete this task.</p> <p><b>Action 2:</b> Co-construct appropriate Service Level Agreements with any external partner organisation or body, that can deliver services more efficiently and more effectively than the Council can achieve independently.</p> <p><b>Action 3:</b> Identify appropriate performance measures that will demonstrate added value and value</p>		

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
		for money from any social enterprise arrangement.		
<b>R2</b>	<p>To drive improvement we recommend that the local authority:</p> <ul style="list-style-type: none"> <li>• formally approve the completed Action Plan;</li> <li>• regularly report, monitor and evaluate performance at relevant scrutiny committees; and</li> <li>• revise actions and targets in light of the authority's evaluation and assessment of its performance.</li> </ul>	These recommendations will be actioned on completion of tasks associated with R1 above.	31/03/2024	Leadership Group
<b>R3</b>	To ensure the local authority delivers its S.16 responsibilities to promote Social Enterprises we recommend that it reports on current activity and future priorities following the evaluation of its Action Plan including the Annual Report of the Director of Social Services.	Our vision extends more broadly than the Social Services and Wellbeing Act, however, data collated by the Authority's Corporate Performance Team will be included in the Annual Report of the Director of Social Services, thus fulfilling Section 16 responsibilities.	31/03/2024	Leadership Group

## Council Response Form

### Council action planned in response to the recommendations issued by Audit Wales

**Council:** Ceredigion County Council

**Report title:** Springing Forward – Review of Strategic Workforce Management

**Issue date:** June 2022

**Document reference:** 2971A2022

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
R1	<p><b>Workforce vision and planning</b></p> <p>The Council's workforce vision, planning and monitoring could be strengthened by:</p> <ul style="list-style-type: none"> <li>refreshing its corporate workforce vision;</li> <li>having a clearer integration with its tier one annual Business Planning process;</li> <li>an annual review of its strategic workforce plans;</li> </ul>	<p>Development of five-year Strategic Workforce Plan 2022 – 2027 in progress coinciding with new administration and Corporate Strategy.</p> <p>The process will also include the following:</p> <ul style="list-style-type: none"> <li>Review of annual reporting mechanism of strategic workforce plans and integration with business planning process</li> <li>Review of Hybrid Working Strategy including the introduction of targets and timescales</li> </ul>	<p>September/October 2022 - Services to complete Strategic Workforce Planning Toolkit</p> <p><b>Completed October 2022</b></p> <p>December 2022 – Implement Hybrid Working Strategy targets and timescales</p> <p><b>Timescale revised – to be included as part of Hybrid</b></p>	Geraint Edwards



Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
	<ul style="list-style-type: none"> <li>developing a more comprehensive picture of workforce skills and competencies;</li> <li>more clearly demonstrating how it consistently uses the sustainable development principle to support the delivery of its workforce planning; and</li> <li>developing specific targets and timescales for its Hybrid Working Strategy success measures.</li> </ul>	<ul style="list-style-type: none"> <li>Research skills competency framework and development workforce assessment process</li> </ul>	<p><b>Working review. September 2023</b></p> <p>March 2023 – drafting and approval of Strategic Workforce Plan 2022 – 2027</p> <p><b>Drafting complete April 2023; Full approval target date September 2023</b></p> <p>March 2023 – Skills competency framework development and assessment</p> <p><b>Included in Strategic Workforce Plan. Revised target date March 2024</b></p>	
R2	<p><b>Benchmarking</b></p> <p>The Council should undertake more routine workforce benchmarking to strengthen its business planning and self-assessment arrangements</p>	<ul style="list-style-type: none"> <li>The Council will review its current benchmarking measures and use of data to inform the preparation of plans and provide a framework for improving future self-assessment arrangements.</li> </ul>	<p>March 2023</p> <p><b>Working with regional LAs to identify sector-wide benchmarking. Revised target date December 2023.</b></p>	Geraint Edwards



## Council Response Form

### Council action planned in response to the recommendations issued by Audit Wales

**Council:** Ceredigion County Council

**Report title:** Springing Forward – Review of Strategic Asset Management

**Issue date:** June 2022

**Document reference:** 2970A2022

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
R1	<p><b>Early engagement on key changes to asset use.</b></p> <p>The Council should ensure that it undertakes early engagement with Council Members, the wider Leadership Group, citizens and other stakeholders on the impact that key changes within its Hybrid Working Strategy will have on some of the Council's key assets, such as the offices at Penmorfa and the future</p>	<p>The Hybrid Strategy and Interim Hybrid Working Policy have been developed through significant engagement of the workforce. This has informed the New Ways of Working Group on current and expected patterns of working as well as the level and type of desk space required. As a result, Pilot Hybrid</p>	<p>September 2023 - The strategy and policy are due to be reviewed at the end of the 12-month trial. Feedback continues to be sought from staff.</p>	<p>RHP / New Ways of Working Group</p>

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
	plans for how citizens will access services.	<p>Spaces have been set up to help monitor new approaches in practice.</p> <p>This will help gauge the level of space and opportunities for using space and delivering services differently. The next phase will involve engagement with a wide range of stakeholders including external partners and citizens to consider options and optimise use of the Council's assets.</p>	An engagement survey seeking views from the public on the potential reuse of the buildings ended in January 2023. This along with discussions with stakeholders will help inform options for the future use of offices at the end of the trial.	
<b>R2</b>	<p><b>Workforce vision and planning</b></p> <p>The Council's processes around its asset planning, monitoring and governance could be strengthened by:</p> <ul style="list-style-type: none"> <li>• refreshing its 2018 Service and Corporate Asset Management Plans,</li> <li>• ensuring that these reflect the current strategic long-term vision</li> </ul>	<p>It is recognised that improvements can be made to have a more strategic long-term vision and plan for its assets. It will do this through:</p> <ul style="list-style-type: none"> <li>• A refresh of the Council's Corporate Asset Management Plan.</li> <li>• A review of its asset management and asset</li> </ul>	<p>March 2024 – A review of arrangements for asset management and development was agreed by Cabinet in January 2023.</p> <p>Meeting of the Development</p>	RHP / Development Group

Ref	Recommendation	Council action planned in response to recommendation issued by Audit Wales	Target date for completion of actions	Responsible officer
	<p>for assets and that they are integrated into business planning;</p> <ul style="list-style-type: none"> <li>• developing robust plans to manage the risks identified by the 2019 condition survey; and</li> <li>• clearly articulating how it is using the Sustainable Development principle to shape future asset-focused strategies and plans.</li> </ul>	<p>development arrangements so that they are more strategic and streamlined.</p> <ul style="list-style-type: none"> <li>• The development of a 10 year capital programme for maintaining, improving and where appropriate disposing of Council assets.</li> </ul>	<p>Group have taken place since where a longer-term Development Programme is being prepared. This will include a longer term approach to Council assets.</p>	
<b>R3</b>	<p><b>Benchmarking</b></p> <p>The Council should develop and use further benchmarking data to:</p> <ul style="list-style-type: none"> <li>• more routinely support the development of its Corporate and Service Asset Management plan; and</li> <li>• strengthen its business planning and self-assessment arrangements.</li> </ul>	<p>The Council will review its use of data to inform the preparation of plans and provide a framework for improving arrangements in the future.</p>	<p>March 2024 – to develop benchmarking data as plans are drafted.</p>	<p>RHP / Development Group</p>

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Mr Duncan Hall  
Corporate Lead Officer, Finance & Procurement,  
Ceredigion County Council,  
Canolfan Rheidol,  
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**Reference:** Ceredigion CC 22-23

**Date issued:** 30 March 2023

Dear Duncan

## Audit enquiries to those charged with governance and management

- The Auditor General's Statement of Responsibilities sets out that he is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. It also sets out the respective responsibilities of auditors, management and those charged with governance.
- This letter formally seeks documented consideration and understanding on a number of governance areas that impact on our audit of your financial statements. These considerations are relevant to both the management of the Council and 'those charged with governance' (Governance & Audit Committee).

I have set out below the areas of governance on which I am seeking your views:

- Matters in relation to fraud
- Matters in relation to laws and regulations
- Matters in relation to related parties

The information you provide will inform our understanding of the Council and its business processes and support our work in providing an audit opinion on your 2022-23 financial statements.

I would be grateful if you could update the attached table in **Appendix 1** to **Appendix 3** for 2022-23.

The completed **Appendix 1** to **Appendix 3** should be formally considered and communicated to us on behalf of both management and those charged with governance by 30 June 2023. In the meantime, if you have queries, please contact Jason Blewitt on 07970737478 or [jason.blewitt@audit.wales](mailto:jason.blewitt@audit.wales).

Yours sincerely



Derwyn Owen

Engagement Director

# Appendix 1

## Matters in relation to fraud

International Standard for Auditing (UK) 240 covers auditors' responsibilities relating to fraud in an audit of financial statements. This standard has been revised for 2022-23 audits.

The primary responsibility to prevent and detect fraud rests with both management and 'those charged with governance', which for the Council is the Governance & Audit Committee. Management, with the oversight of those charged with governance, should ensure there is a strong emphasis on fraud prevention and deterrence and create a culture of honest and ethical behaviour, reinforced by active oversight by those charged with governance.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

## What are we required to do?

As part of our risk assessment procedures, we are required to consider the risks of material misstatement due to fraud. This includes understanding the arrangements management has put in place in respect of fraud risks. The ISA views fraud as either:

- the intentional misappropriation of assets (cash, property, etc); or
- the intentional manipulation or misstatement of the financial statements.

We also need to understand how those charged with governance exercises oversight of management's processes. We are also required to make enquiries of both management and those charged with governance as to their knowledge of any actual, suspected or alleged fraud, management's process for identifying and responding to the risks, and the internal controls established to mitigate them.



## Enquiries of management – in relation to financial reporting

Question	2022-23 Response
1. Are there any significant matters or events which have occurred during the year which could influence our audit approach or the Council's financial statements?	None to the best of our knowledge and belief.
2. What are your general views on the entity's risk assessment process relating to financial reporting?	The process is proportionate and adequate.
3. Are you aware of significant transactions that are outside the normal trading activities of the business?	None to the best of our knowledge and belief.
4. Are you aware of any transactions, events or changes in circumstances that would cause impairments of non-current assets?	None to the best of our knowledge and belief. An additional process has been introduced this year, whereby all Services were asked to review their buildings for any potential impairment matters, in addition to the normal work of the Estates service.
5. Are you aware of any transactions, events and conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement?	None to the best of our knowledge and belief.

## Enquiries of management – in relation to financial reporting

Question	2022-23 Response
6. Have there been any changes in accounting policies in relation to significant estimates?	None to the best of our knowledge and belief.
7. Have there been any issues that may impact the preparation of the accounts identified so far?	None to the best of our knowledge and belief.
8. Do you have knowledge of events or conditions beyond the period of the going concern assessment that may cast significant doubt on the entity's ability to continue as a going concern?	None to the best of our knowledge and belief.

## Enquiries of management – in relation to fraud

Question	Response
<p>1. What is management's assessment of the risk that the financial statements may be materially misstated due to fraud? What is the nature, extent and frequency of management's assessment?</p>	<p>Our assessment is low.</p> <p>This is due to internal controls being in place that are designed to minimise the risk of fraud. Existing controls are then regularly reviewed by Internal Audit as part of their annual Audit plan. If new internal control weaknesses are found, steps will be recommended for implementation in order to revise and strengthen those controls.</p> <p>The processes for identifying and responding to fraud or suspected fraud are covered within the Council's 'Strategy on Countering Fraud, Corruption and Bribery (to include Anti-Money Laundering)' which can be found under <a href="http://www.ceredigion.gov.uk/your-council/strategies-plans-policies/fraud/">http://www.ceredigion.gov.uk/your-council/strategies-plans-policies/fraud/</a>.</p> <p>A quarterly Internal Audit progress report is reported to the Council's Governance &amp; Audit Committee.</p> <p>Managers are responsible for managing risks in their Services order to prevent fraud, irregularities etc. Internal Audit assists Managers by taking a proactive approach to engage with Services at an early stage, particularly on new initiatives or service change. Part of this includes playing a key role in</p>

Enquiries of management – in relation to fraud	
Question	Response
	<p>the Council's Corporate Management Project Panel that corporately supports new projects and initiatives.</p> <p>Regular training sessions are held and an e-learning module on Ethics is in development via the Learning &amp; Development team.</p> <p>Internal Audit also co-ordinates the National Fraud Initiative exercise and updates relevant staff on NAFN alerts e.g. Payroll/Creditors/Grants staff.</p> <p>Historical instances of fraud are low, both in value and volume.</p> <p>Internal Audit are currently preparing a new organisation wide Fraud Risk Assessment, with a report due to be taken to Leadership Group before the end of July.</p>
<p>2. Do you have knowledge of any actual, suspected or alleged fraud affecting the audited body?</p>	<p>The last significant fraud incident was a March 2020 COVID19 Business grant where a £25,000 grant was fraudulently claimed. This was part of a wider national fraud investigated by the Police and all bar £2,060 was eventually recovered.</p>

Enquiries of management – in relation to fraud	
Question	Response
3. What is management's process for identifying and responding to the risks of fraud in the audited body, including any specific risks of fraud that management has identified or that have been brought to its attention?	The processes for identifying and responding to fraud or suspected fraud are covered within the Council's 'Strategy on Countering Fraud, Corruption and Bribery (to include Anti-Money Laundering)' which can be found under <a href="http://www.ceredigion.gov.uk/your-council/strategies-plans-policies/fraud/">http://www.ceredigion.gov.uk/your-council/strategies-plans-policies/fraud/</a>
4. What classes of transactions, account balances and disclosures have you identified as most at risk of fraud?	The Council is currently updating its Fraud Risk Assessment. Prior to the outcome of this work, the following are the areas seen as the highest risk (taking account of a combination of likelihood and probable impact) are: <ul style="list-style-type: none"> <li>• Council Tax</li> <li>• Disabled Parking (Blue Badges)</li> <li>• Business Rates</li> <li>• Housing Benefit</li> <li>• Adult Social Care</li> <li>• Insurance</li> <li>• Procurement &amp; Creditor Payments</li> <li>• Payroll</li> <li>• Human Resources (inc recruitment &amp; expenses)</li> </ul>

Enquiries of management – in relation to fraud	
Question	Response
	<ul style="list-style-type: none"> <li>• Grant Fraud</li> </ul>
5. Are you aware of any whistleblowing or complaints by potential whistle blowers? If so, what has been the audited body's response?	Whistleblowing complaints have been received during the year, but none are in relation to fraud.
6. What is management's communication, if any, to those charged with governance regarding their processes for identifying and responding to risks of fraud?	<p>Internal Audit provides an annual Counter Fraud report to Governance &amp; Audit Committee (GAC) outlining the approach and work undertaken by the service.</p> <p>The Corporate Risk Register is a standard item on the GAC agenda, which is regularly updated by responsible officers. The Corporate Risk Register is a standing item on the Leadership Group (LG) agenda, which is regularly updated by responsible officers and discussed and agreed by LG.</p> <p>The Chief Internal Auditor has aligned the Internal Audit Strategy and Plan to the Council's priorities and risks (including Fraud) by prioritising work surrounding red risks within the Corporate Risk Register and high risks identified in the CIA's annual risk assessment. The CIA provides a</p>

Enquiries of management – in relation to fraud	
Question	Response
	<p>quarterly Internal Audit progress report on the completion of the IA plan to GAC.</p> <p>Risk management is under continuous review and includes consideration of Service Risks and how these interface with Corporate Risk considerations.</p>
<p>7. What is management's communication, if any, to employees regarding their views on business practices and ethical behaviour?</p>	<p>The Council's Code of Conduct for Employees is in place to ensure that officers are aware of the standards of conduct and ethical behaviour expected by the Council of its employees. This forms part of the information new staff received as part of the recruitment &amp; onboarding process and is also on the Council's Cerinet intranet system.</p> <p>The Code has been reviewed recently reviewed. Reminders of key parts of the Code are regularly included in communications to Staff (e.g. Weekly Staff bulletins) particularly regarding the need to declare hospitality / declarations of personal interest. Chief Officers are formally required to update their declarations annually. The Monitoring Officer (MO) will advise individual officers, as necessary. By way of separation arrangements, the MOs declarations are sent to the Deputy MO</p>

Enquiries of management – in relation to fraud	
Question	Response
	<p>and line manager. The MO is required to hold a solicitor’s practising certificate which requires adherence to the SRA regulations.</p> <p>Declarations of interest are a standing agenda item for Leadership Group meetings and other formal meetings such as Committee meetings and Project Boards.</p> <p>There is a new Ethics e-learning module currently in development via the Learning &amp; Development team, which includes various references to fraud.</p> <p>Additional work has been done this year to strengthen the processes around related party transactions, which has included the development of a new IT e-form. Additional communications are being done to ensure clarity of message around the need to declare Directorships, Trusteeships and other Board representation. Returns (including nil returns) are required by all Chief Officers and all Members. See also Q3 under Appendix 3.</p>



## Enquiries of those charged with governance – in relation to fraud

<p>1. Do you have any knowledge of actual, suspected or alleged fraud affecting the audited body?</p>	<p>No items of significance have been identified.</p>
<p>2. What is your assessment of the risk of fraud within the audited body, including those risks that are specific to the audited body's business sector?</p>	<p>Our overall assessment is low based on the internal controls currently in place and a low level of historical instances.</p> <p>Internal Audit are currently preparing an organisation wide Fraud Risk Assessment which will bring an enhanced new approach to the assessment process, report due to be taken to Leadership Group before the end of July.</p>
<p>3. How do you exercise oversight of:</p> <ul style="list-style-type: none"><li>• management's processes for identifying and responding to the risk of fraud in the audited body, and</li><li>• the controls that management has established to mitigate these risks?</li></ul>	<p>The Council has in place the Governance &amp; Audit Committee (GAC) to undertake the required oversight, with a dedicated officer in post to support Governance related work (Governance Officer).</p> <p>GAC approve the Internal Audit Strategy &amp; Plan, Annual Report and Counter-Fraud Report and scrutinise the Corporate risk register and review the overall risk framework. The Chief Internal Auditor informs and updates the Chair of GAC if any matters of significance are discovered as well as presenting formal quarterly progress reports at GAC that reports on all significant and fundamental management actions identified in completed audits.</p>

## Enquiries of those charged with governance – in relation to fraud

The Chief Internal Auditor has implemented a Management Action programme that follows up on controls implemented by management to mitigate risks. A Management Actions Report has been created and will be presented to GAC every 6 months.

The Council has in place a 'Strategy on Countering Fraud, Corruption and Bribery (to include Anti-Money Laundering)' which is regularly updated and presented to and approved by GAC and Full Council.

# Appendix 2

## Matters in relation to laws and regulations

International Standard for Auditing (UK and Ireland) 250 covers auditors' responsibilities to consider the impact of laws and regulations in an audit of financial statements.

Management, with the oversight of those charged with governance, is responsible for ensuring that the Council's operations are conducted in accordance with laws and regulations, including compliance with those that determine the reported amounts and disclosures in the financial statements.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. The ISA distinguishes two different categories of laws and regulations:

- laws and regulations that have a direct effect on determining material amounts and disclosures in the financial statements
- other laws and regulations where compliance may be fundamental to the continuance of operations, or to avoid material penalties

## What are we required to do?

As part of our risk assessment procedures we are required to make enquiries of management and those charged with governance as to whether the Council is in compliance with relevant laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

## Enquiries of management – in relation to laws and regulations

Question	2022-23 Response
<p>1. What are the policies and procedures in place to identify applicable legal and regulatory requirements to ensure compliance?</p>	<p>Professional Legal advice is provided by the Council's designated Monitoring officer and the Legal &amp; Governance Service who employ appropriately experience and professionally qualified staff.</p> <p>The Monitoring Officer has a regular Statutory Officers' meeting alongside the Section 151 Officer with the Chief Executive.</p> <p>The Monitoring officer (or Deputy) attends every meeting of Cabinet, Council and Governance &amp; Audit Committee.</p> <p>The Monitoring Officer is part of the Council's senior management team - Leadership Group, which meets weekly.</p> <p>Notifications by Welsh Government or other organisations of new legislation and regulations are circulated to Leadership Group and disseminated wider as appropriate.</p>
<p>2. Are you aware of any instances of non-compliance with laws or regulations? Is the entity on notice of any such possible instances of non-compliance?</p>	<p>None to the best of our knowledge and belief, bar the extremely rare exception of an urgent practical requirement for an unregistered children's residential placement to be made in an unregulated setting. There has at times been a conflict between a</p>

## Enquiries of management – in relation to laws and regulations

Question	2022-23 Response
	<p>formal Court decision and normal operating practice. CIW have been notified as appropriate, at each juncture through the Operating Without Registration procedure.</p>
<p>3. What policies and procedures are in place for identifying, evaluating and accounting for litigation claims and assessments?</p>	<p>All Legal work is routed through the Council’s Legal helpdesk as a single point of entry and control, to then be allocated to a dedicated Legal resource as part of normal legal casework.</p> <p>The Monitoring Officer also issues formal communications to all members of the Leadership Group to ensure that all Litigation matters have been brought to the attention of the MO and Legal Service. The Finance team will use this information in order to form the appropriate accounting treatment for the Statement of Accounts.</p> <p>The Insurance service is also notified where there is an indication that a claim may be received against the Council.</p> <p>A new protocol has also been established between the Finance &amp; Procurement Service and the Legal &amp; Governance Service to ensure there is visibility on</p>

## Enquiries of management – in relation to laws and regulations

Question	2022-23 Response
	active legal cases, in order to assist with year-end accounting considerations.
4. Have there been any examinations or inquiries performed by licensing, tax or other authorities/regulators?	An external barrister has been appointed to consider a Village Green application, which potentially may result in a public inquiry. There is also the UK wider COVID19 General Enquiry taking place, which has the ability to issue calls for evidence at various junctures.
5. Are there any potential litigations or claims that would affect the financial statements?	There are a small number of Social Care related Human Rights cases currently with the Council's Insurers. Appropriate financial provision is being made for these as part of finalising the Statement of Accounts. A Contaminated Land case from the previous year still remains to be concluded. Appropriate financial provision is being made for this as part of finalising the Statement of Accounts.

## Enquiries of management – in relation to laws and regulations

Question	2022-23 Response
6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	None to the best of our knowledge and belief.

## Enquiries of those charged with governance – in relation to laws and regulations

Question	2022-23 Response
1. Are you aware of any non-compliance with laws and regulations that may be expected to have a fundamental effect on the operations of the entity?	None to the best of our knowledge and belief, bar the information shown in Q2 above.
2. How does the Governance & Audit Committee, in your role as those charged with governance, obtain assurance that all relevant laws and regulations have been complied with?	<p>Assurance that all relevant laws and regulations have been complied with is gained through the professional advice provided by the Council's Corporate Lead Officers (CLOs) and the knowledge and experience of all professionally qualified and/or senior staff.</p> <p>In particular this relates to those CLOs that hold statutory posts e.g. Section 151 officer, Monitoring Officer, Head of Paid services, Director of Social Services, Chief Education Officer. These Officers are all part of the Council's collective Leadership Group, which meets weekly, and have various statutory duties to report and take action if relevant laws and regulations are not being complied with.</p> <p>An open door policy exists within the Council e.g. the Chair of Governance &amp; Audit has access to the Chief Internal Auditor, the Monitoring Officer and the Section 151 officer should the need arise outside of the formal Governance &amp; Audit Committee.</p>



## Enquiries of management – in relation to control environment and IT systems

Question	2022-23 Response
1. Have there been any changes to significant IT systems or applications in the period?	<p>The Council's core offering remains Microsoft based – Windows and Office 365.</p> <p>Aside from the normal general system maintenance and upgrades etc across the IT estate, there have been no changes of significance to the main core systems used by Finance (Civica Financials), Revenues &amp; Benefits (Academy), Social Care (WCCIS), Highways (Symology), and Education (Teacher Centre). The in-house Customer contact application (CLIC) has been redeveloped to a new code base and Public Protection have migrated elements to IDOX Tascomi. Our core VM Hosts, SQL servers, storage and telephony have been replaced to a more modern stack.</p> <p>Cyber Security has been bolstered with a move to Microsoft E5 licencing, stronger Microsoft Defender configuration and the implementation of Microsoft Sentinel providing SIEM functionality. Patch management has been significantly improved to support better end user device management.</p>

## Enquiries of management – in relation to risk and governance

Question	2022-23 Response
1. How do you communicate to those charged with governance regarding business risks including fraud?	<p>Regular reports are provided to the Governance and Audit Committee regarding the Council's Corporate Risk Register to provide on-going information and assurance that risks identified by senior managers are being managed and mitigated appropriately.</p> <p>This reinforces the Governance and Audit Committee role of providing independent assurance to Council of the appropriate management of the Corporate Risk Register.</p> <p>The Chief Internal Auditor has regular meetings with the Chair &amp; Deputy Chair of the Governance &amp; Audit Committee to discuss ongoing work or any concerns regarding risks to include fraud.</p> <p>All reactive audit work is communicated to the Governance &amp; Audit committee as part of the Chief Internal Auditor's quarterly progress reports. Any counter fraud work undertaken is listed as such in the reports.</p>
2. What is the allocation of responsibilities between those charged with governance and management?	<p>The Council's Senior management team – the Leadership Group - has the Corporate Risk Register as a standing agenda item. LG will consider and debate Risk matters, this includes their status, scoring,</p>

## Enquiries of management – in relation to risk and governance

Question	2022-23 Response
	<p>mitigations and whether an item is a Corporate Risk or a Service Risk. Risk management is under continuous review and includes consideration of Service Risks and how these interface with Corporate Risk considerations.</p> <p>Governance and Audit Committee role is to provide independent assurance that Risks are being appropriately identified and managed.</p> <p>All Statutory officers are part of the Council's Leadership Group which is led by the Chief Executive as Head of Paid service.</p>
3. What procedures are in place to ensure the compliance and completeness of Governance reports?	<p>The work of the Governance &amp; Audit Committee is supported by a Governance Officer and a Democratic Services officer. There is a formal process for submitting reports and each report is signed off by an appropriate senior officer before being placed as an agenda item.</p> <p>All recommendations contained within Audit Wales reports are individually allocated to a designated Senior Officer to ensure accountability and this forms part of reports to GAC.</p>

## Enquiries of management – in relation to risk and governance

Question	2022-23 Response
	<p>Audit Wales are invited to attend GAC meetings as a matter of course.</p>
<p>4. What procedures are in place to ensure the compliance and completeness of Sustainability reports?</p>	<p>Procedures are embedded as part of the Council's normal business and standard reporting templates and includes a requirement to report on the 5 Ways of Working in meeting the Sustainable Development principle where there is a policy implication or an impact on service users.</p> <p>The consideration of an Integrated Impact Assessment is a requirement for all Cabinet reports.</p> <p>Assurance is available via the Policy, Performance &amp; Public Protection service and as part of draft Cabinet reports being circulated, the CLO for the Policy, Performance &amp; Public Protection service reviews whether or not appropriate consideration has been given to the Wellbeing of Future Generations and whether or not an Integrated Impact assessment needs to be undertaken, if one hasn't already been completed.</p>

# Appendix 3

## **Matters in relation to related parties**

International Standard for Auditing (UK) 550 covers auditors' responsibilities relating to related party relationships and transactions. The nature of related party relationships and transactions may, in some circumstances, give rise to higher risks of material misstatement of the financial statements than transactions with unrelated parties.

Because related parties are not independent of each other, many financial reporting frameworks establish specific accounting and disclosure requirements for related party relationships, transactions and balances to enable users of the financial statements to understand their nature and actual or potential effects on the financial statements. An understanding of the entity's related party relationships and transactions is relevant to the auditor's evaluation of whether one or more fraud risk factors are present as required by ISA (UK and Ireland) 240, because fraud may be more easily committed through related parties.

## **What are we required to do?**

As part of our risk assessment procedures, we are required to perform audit procedures to identify, assess and respond to the risks of material misstatement arising from the entity's failure to appropriately account for or disclose related party relationships, transactions or balances in accordance with the requirements of the framework.

## Enquiries of management – in relation to related parties

Question	2022-23 Response
1. Have there been any changes to related parties from the prior year? If so, what is the identity of the related parties and the nature of those relationships? Confirm these have been disclosed to the auditor.	Yes. For example, there are a number of new Councillors following the May 2022 Local Council elections. We confirm we will disclose appropriately in accordance with the requirements of the Accounting Code of Practice.
2. What transactions have been entered into with related parties during the period? What is the purpose of these transactions? Confirm these have been disclosed to the auditor.	The proposed Related Parties disclosure note and supporting information, as required, will be shared with Audit Wales once it is available.
3. What controls are in place to identify, account for and disclose related party transactions and relationships?	A formal Register of Interests is in place and has been reviewed in order to inform and meet the necessary disclosure requirement. The MO holds the Register of Officers' and Members' Declarations of interest. This includes Chief Officers being required to complete an annual declaration (including a requirement for a nil declaration if that is the case). All Members are required to complete an annual Register of Interest's form and these are

## Enquiries of management – in relation to related parties

Question	2022-23 Response
	<p>published on the Council's website (including a requirement for a nil declaration if that is the case). Reminders of key parts of the Code of Conduct are regularly included in communications to Staff (e.g. Weekly Staff bulletins) particularly regarding the need to declare hospitality / declarations of personal interest.</p> <p>Additional work has been done this year to strengthen the processes around related party transactions, which has included the development of a new IT e-form. Additional communications are being done to ensure clarity of message around the need to declare Directorships, Trusteeships and other Board representation e.g. Close relatives.</p> <p>An additional check has been introduced to check Members and Chief Officer declarations of Interest against Companies House to ensure Directorships have been appropriately declared. The Council's Creditor Payments system is also checked for any other direct payment transactions.</p>
4. What controls are in place to authorise and approve significant transactions and arrangements:	Officers and Members Code of conduct together with associated training and regular ongoing formal

## Enquiries of management – in relation to related parties

Question	2022-23 Response
<ul style="list-style-type: none"><li>• with related parties, and</li><li>• outside the normal course of business?</li></ul>	<p>communications of the requirements for Officers and Members.</p> <p>A register of Officers who are authorised signatories with specified limits is maintained for creditor payments and purchase ordering activity, as well as those Officers who are authorised to sign grant claims and banking transactions. Members do not authorise or approve individual transactions.</p> <p>Disclosures of Interest are a standard Agenda item on formal agendas.</p> <p>Where a disclosure of interest creates a potential conflict that could, this will be raised by the Monitoring Officer in conjunction with either the Corporate Lead Officer People &amp; Organisation and/or the Section 151 officer and appropriate advice would be sort and then provided back to the individual in question.</p> <p>The Monitoring Officer and the Section 151 Officer jointly meet with the Chief Executive as Head of Paid service on a regular basis outside of normal Leadership Group meetings.</p>



## Enquiries of those charged with governance – in relation to related parties

Question	2022-23 Response
1. How does the Governance & Audit Committee, in its role as those charged with governance, exercise oversight of management's processes to identify, authorise, approve, account for and disclose related party transactions and relationships?	<p>Governance &amp; Audit Committee formally considers the Statement of Accounts, the Annual Governance Statement and Audit Wales' Audit of the accounts report (ISA260) prior to these being presented to Full Council for approval.</p> <p>There is also reliance placed on Statutory and other Professional officers and the role of External audit.</p>