

Public

Neath Port Talbot County Borough Council
Cyngor Bwrdeistref Sirol Castell-nedd

Democratic Services
Gwasanaethau Democrataidd

Chief Executive: Steven Phillips

Date: 13th May 2016

Dear Members

POLICY AND RESOURCES CABINET BOARD - THURSDAY, 19TH MAY, 2016

Please find attached the following urgent item for consideration at the next meeting of the **Policy and Resources Cabinet Board - Thursday, 19th May, 2016.**

Item

12. **Urgent Report of the Head of Corporate Strategy and Democratic Services - Wales Audit Office - The Wellbeing of Future Generations (Wales) Act 2015 (Pages 1 - 6)**

Yours sincerely

Chief Executive

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NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

Policy and Resources Cabinet Board

19th May 2016

URGENT REPORT OF THE HEAD OF CORPORATE STRATEGY AND DEMOCRATIC SERVICES

MRS K. JONES

Matter for Decision

Wards Affected: ALL

Wales Audit Office – The Wellbeing of Future Generations and what it means for your audit

Purpose of Report

To authorise a response to consultation being undertaken by the Auditor General on the way he might discharge new duties placed on him by the Wellbeing of Future Generations (Wales) Act 2015

Executive Summary

- The Wellbeing of Future Generations (Wales) Act 2015 places new duties on the Auditor General to examine the extent to which each public body has applied the sustainable development principle in setting wellbeing objectives and taking steps to meet those objectives;
- The Auditor General is seeking views on how he might approach the discharge of these new duties as well as inviting comments on the way he discharges his wider responsibilities.

Introduction

The Wellbeing of Future Generations (Wales) Act 2015 introduces a range of new duties upon public bodies. One of those duties requires public bodies in Wales to carry out sustainable development through effective governance. The Auditor General has duties placed upon him

under the Act to examine the extent to which each public body has applied the sustainable development principle in setting wellbeing objectives and taking steps to meet those objectives. He is inviting comments on proposals for carrying this new work out and a draft response is set out in Appendix 1 for Members to consider.

In addition to inviting comments upon the duty to examine sustainable development practice in public bodies, the Auditor General is also inviting comments on the way he discharges his wider role and the draft response set out at Appendix 1 makes some comments which Members are also invited to consider.

Workforce Impacts

Some of the options contained within the consultation paper would place greater burden on the Council than others. These issues are commented upon in the proposed response.

Financial Impact

Some of the options contained within the paper would have little financial impact, however, the Auditor General is clear that other options would mean more work for his audit teams and would therefore likely see an increase in audit fees. This is commented upon in the draft response.

Equality Impact

There are no direct equality impacts that arise from this response to the consultation paper, however, effective sustainable development will have a positive impact on people with protected characteristics.

Legal Powers

This is a response to a consultation exercise which does not bind the Council into any course of action.

Risk Management

Effective audit is an essential element of overall corporate governance and consequently, ensuring that external auditors adopt an appropriate approach to their audit work helps with effective risk management within the Council.

Decision

Recommendation

That Members consider the proposed response to the consultation paper “The Wellbeing of Future Generations and what it means for your audit” and authorise the Head of Corporate Strategy and Democratic Services to submit the draft response to the Auditor General as the Council’s formal response to the consultation.

Reason for Decision

In order to authorise a response to consultation being undertaken by the Auditor General on the way he might discharge new duties placed on him by the Wellbeing of Future Generations (Wales) Act 2015

Implementation of Decision

The decision will be implemented after the three day call-in period.

Background Papers

Auditor General for Wales – The Wellbeing of Future Generations and what it means for your audit, April 2016

Appendices

Draft response to the consultation paper issued by the Auditor General for Wales - The Wellbeing of Future Generations and what it means for your audit

Officer Contact

Mrs. K. Jones Head of Corporate Strategy and Democratic Services
Tel: 01639 763284 e-mail: k.jones@npt.gov.uk

APPENDIX 1

Dear Mr Thomas,

Thank you for the opportunity to engage with you at an early stage as you deliberate as to how you will discharge new duties placed upon you by the Wellbeing of Future Generations (Wales) Act 2015.

We believe a focus on corporate governance is essential at a time when there is an unprecedented scale of change taking place across public services and we agree wholeheartedly with your view that audit must be proportionate, be responsive to risk and add value. The human and financial resources within local government have reduced very considerably and it is therefore essential that councils are not overburdened with unnecessary audit and administrative work.

We also welcome your proposal to work with commissioners and other review bodies. It is essential the overall approach is coherent and fit for purpose. The economic environment we operate within requires a change in risk appetite across all parts of the public service and a rolling back of approaches which promote compliance and which stifle innovation. While we accept that some of these arrangements are at different stages of maturity, we are not able to sustain a position where we receive a multiplicity of requests for information, some of which is already in the hands of national public bodies. Adopting the principles of value-added, proportionate and responsive to risk across this wider range of monitoring bodies would be a positive development. Furthermore, we consider you well placed to comment upon the extent to which the overall parts of public services in Wales work together to support the degree of adaptation that is now necessary.

In terms of the specific questions you pose in your consultation:

Question1 – do you agree that these should be the principles underpinning our audit work? If not, are there other principles you would suggest?

We would support the principles as you have set them out.

Question 2 – Do you agree with the above list of criteria? If not, what do you think the criteria should be?

We support the criteria as you have set them out.

Question 3 – Do you agree that the Wales Audit Office should be exploring the potential for developing integrated reporting within the public sector to support WFG developments?

In principle, yes. However, the timing of any significant change to reporting within the public sector needs careful consideration to take into account the need for greater certainty over the future shape of local government and also to ensure any accompanied workloads can be accommodated by the organisations that would be affected by such change. We also note that the Welsh Government has recently consulted on its draft Local Government (Wales) Bill and that proposed legislation seeks to introduce a range of new duties related to governance. It is important that any proposed changes inform and are informed by legislation that Welsh Government may decide to enact.

Question 4 – which of these approaches would you prefer or do you have other suggestions on how we should develop our audit approach to discharge the Audit General's new duty under the WFG Act?

We would prefer a) in the short term as it would seem to present the option of least change and disruption whilst also having the potential to contain audit fees for most audited bodies. We would be open to considering option c) but over a longer time frame. We would not support option b) for reasons of cost and additional burdens of work.

Question 5 – would you be interested in working with us over the next 12 months to develop and test our audit approach?

Yes, in principle, but we would need to have a fuller understanding of the level of commitment this would represent.

Once again, we thank you for the opportunity to provide comments on your proposals and we look forward with interest to seeing how your proposals develop.

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