

# GOVERNANCE AND AUDIT COMMITTEE

(MULTI-LOCATION MEETING – COUNCIL CHAMBER, PORT  
TALBOT AND MICROSOFT TEAMS)

**Members Present:**

**17 March 2023**

**Chairperson:** J.Jenkins

**Vice Chairperson:** A.Bagley

**Councillors:** O.S.Davies, W.Carpenter, A.J.Richards and  
P.D.Richards

**Officers In  
Attendance:** D.Mulligan, H.Jones, A.O'Donnell, C.Furlow-  
Harris, L.McAndrew, M.Williams, C.Owen and  
C.Plowman

**Representing Audit  
Wales:** N.Jenkins and A.Worthy

**Voting Lay Member:** H.Griffiths

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1. **CHAIRPERSON'S ANNOUNCEMENT/S**

The Chairperson welcomed everyone to the meeting.

2. **DECLARATIONS OF INTERESTS**

There were no declarations of interest received.

3. **MINUTES OF PREVIOUS MEETING**

The minutes of the previous meeting held on the 15<sup>th</sup> February 2023 were approved as an accurate record.

4. **AUDIT WALES ANNUAL SUMMARY 2022**

The Committee received the Annual Audit Summary for 2022, which was delivered by Audit Wales.

It was explained that the circulated report contained a summary of the work Audit Wales had undertaken over the past year; most of the work within the report had been reported to the Governance and Audit Committee throughout the year at various different meetings.

Audit Wales highlighted that the circulated report included links to the reports that had been issued and published, and also included matters related to any other inspectorates, as well as national studies.

**RESOLVED**

That the report be noted.

5. **AUDIT WALES WORK PROGRAMME AND TIMETABLE**  
**(QUARTERLY UPDATE)**

An update on the work undertaken by Audit Wales, up to the 31st December 2022, was presented to Members.

In regards to the financial work undertaken, it was confirmed that the audit of the Council's financial statements had been completed; the Auditor General gave an unqualified opinion on 13 January 2023, following the approval of the financial statements at the Governance and Audit Committee on 12 January 2023. It was noted that work relating to the Certification of Grant returns for the 2021/22 financial year was in progress.

Audit Wales provided a summary of the progress of their performance work:

- Building in Well-being of Future Generations Act examinations into all work
- Completed improvement reporting audit
- Assurance and Risk Assessment work for 2021/22 was nearing completion – there was one action left to complete which related to recovery planning, however all other actions had been completed and reported on
- Springing forward work (examining the building blocks for a sustainable future) for 2021/22 was currently being drafted
- Assurance and Risk Assessment for 2022/23 was ongoing – the work relating to performance information and setting of well-being objectives had started, and the capital management programme work was due to start at the end of this financial year

- Thematic review for unscheduled care was nearing completion – will be reporting this back to Committee once it had been finalised
- The digital thematic review was currently being undertaken across all Councils – the timeframe was noted to be between now and the end of September 2023
- Scrutiny review was currently being undertaken

It was mentioned that the circulated report included information relating to the Local Government national studies, planned and in progress, in order to update Members on the work progress of each of the studies.

The circulated report referenced that the deadline for the Certification of Grant returns for financial year 2021-22 was between December 2022 and February 2023, and the status was still progress; Members asked if there were any updates in regards to any outstanding grants and the deadlines. Audit Wales confirmed that they had completed their work on the non-domestic rates, teacher's pensions and social care workforce grants; they had completed the initial testing on the housing benefits subsidy, however the next steps was to discuss the findings on this subsidy. It was noted that Audit Wales were hoping to conclude this work over the next few weeks; nationally there had been a slippage in the deadlines referred to the in the circulated report, therefore there were no specific concerns to raise.

Members queried the outstanding work in relation to the Assurance and Risk Assessment work for 2021/22. It was confirmed that the only action that hadn't been finalised was the recovery planning work.

A discussion took place in regards to the timetable for the springing forward work, which was noted to be April 2022. The Committee were informed that this work was currently being drafted, and hadn't progressed earlier due to resourcing issues within Audit Wales.

**RESOLVED**

That the report be noted.

6. **AUDIT WALES REGISTER OF REGULATORS REPORTS AND RECOMMENDATIONS**

Members were provided with an updated version of the Register of Regulators Reports and Recommendations.

It was highlighted that on 12 January 2023, the Governance and Audit Committee received a report regarding the Register of Regulators Reports and Recommendations; during that meeting Officers stated that they would provide the Committee with feedback relating to the five national reports and one local letter. It was noted that this feedback was contained within Section A of the circulated report.

Officers mentioned that since January 2023, one national report and one local letter had been published; these were contained within Section B of the circulated report, and had since been added to the register.

**RESOLVED** That the report be noted.

7. **STRATEGIC RISK REGISTER**

The Council's Strategic Risk Register was presented to the Committee, which sought to provide assurances that the Council was complying with its risk management policy. It was mentioned that Cabinet recently considered and noted this report at one of their recent meetings.

A discussion took place in regards to the future presentation of the risk register, and the way in which the formatting could be improved to provide for easier reading.

**RESOLVED** That the report be noted.

8. **INTERNAL AUDIT PROGRESS REPORT**

The Internal Audit Progress report provided details of the internal audit work undertaken since the last Governance and Audit Committee meeting on 12 January 2023.

Members were informed that since the last meeting of the Governance and Audit Committee in January, a total of 10 reports had been issued; the conclusions of these reports could be found in Appendix 1 of the circulated report. It was mentioned that all 10 reports either had a substantial or reasonable assurance rating.

Reference was made to the report relating to Children's Services, Emergency Payments. Officers were asked to provide information as to why the assurance rating was set as reasonable, as opposed to

substantial. It was explained that the assurance ratings, which were provided following an audit, were formulated by the number of recommendations made, the likelihood that the failure to action the recommendations within six months would lead to a significant system failure, and the impact of any system failure; this information would then be put into a formula and a category rating of 1-4 would be produced, all of which linked to the assurance ratings. It was highlighted that internal audit provided a number of recommendations following the audit, in particular in relation to several petty cash accounts which hadn't been used in a considerable amount of time; auditors recommended that these accounts needed to be formally closed down. It was added that there were also a few reimbursements which had been long outstanding. The Committee were informed that although in general the controls were noted to be of good standard, auditors made recommendations to further enhance the controls that were in place; hence the reasonable rating, instead of the substantial rating.

Queries were made in regards to Brynamlwg Complex Health Service. Officers highlighted that Brynamlwg was a day service, operated by colleagues in Social Services, for service users with very complex health needs.

A discussion took place in regards to the report relating to Fleet – Vehicle Fuel. The circulated report stated that there was a longstanding problem whereby the Fleet Service were not consistently being notified of relevant staffing changes and where driver tags were not being returned. It was noted that internal audit provided a recommendation to the Fleet Service, in which they should undertake an exercise to cancel all of the outstanding driver tags using the information provided by Internal Audit, and update the records accordingly; it was confirmed that this recommendation was in progress. In addition, it was explained that internal audit recommended that the Fleet Service liaise with colleagues in Payroll and IT with a view to creating a report from the Council's iTrent system, which could be generated periodically to show all staff who were in possession of a driver tag and which staff had left the Authority. It was noted that the current process was that the Accountable Manager would notify the Fleet Service when a member of staff left the Authority; however, this wasn't always occurring. Officers mentioned that internal audit also recommended for all management across Neath Port Talbot Council to ensure that they had suitable processes in place for returning driver tags when staff

left their service. It was added that all recommendations will be checked on, as part of the post audit review process.

Further to the above, Officers confirmed that the auditor who undertook the review had been in contact with the Service Manager and colleagues in Payroll to take forward the discussion around reports being produced from the iTrent System. Additionally, Officers highlighted that they had received confirmation from the Service Manager, that no fuel had been purchased from any of the driver tags that were assigned to ex members of staff; all of which had since been cancelled.

Following the discussion, Members stated the importance of recognising that the service should not be reliant on internal audit to detect these matters, and that there should be sufficient controls in place to stop the potential of fraud crimes.

In regards to the Data Protection Registration for Schools, Members asked Officers of the potential consequences of not being registered with the Information Commissioner's Office, and not having paid the appropriate fee. It was confirmed that the schools could be liable to a fine up to the value of £4,350. Officers mentioned that the schools who were identified as not having an up to date registration, had all completed the registration on the day that they were advised by the auditor.

Further to the above, it was asked if schools would need to ensure that they re-visit the Fee Payers Register on an annual basis. Officers confirmed that prior to the date of registration, they recommended that all schools conduct a review to ensure that they were on the correct tier, and had paid the correct fee before the registration lapses.

The Audit Plan Monitoring, detailed in Appendix 2 of the circulated report, made reference to a Pupil Development Grant Working Group; Members asked for further information about this Working Group and how it was established. Officers explained that Welsh Government changed a number of grants within the education field; following these changes, Neath Port Talbot Council were awarded a Pupil Development Grant. It was noted that Welsh Government provided very little guidance in regards to how the money could be utilised; therefore, a working group was set up, consisting of senior staff within the Education Directorate, as well as the Councils senior auditor. Officers highlighted that the discussions in the working group were focused on how to best use the grant monies, and ensure that should

the grant be audited externally, the Council would have a rationale as to why the money was used for the purposes suggested. It was noted that the work of this Group had since concluded, and Officers were content with how the grant monies were intended to be spent across the schools eligible for some of that grant.

**RESOLVED**

That the report be noted.

9. **DRAFT INTERNAL AUDIT STRATEGY AND PLAN 2023/24**

Members were provided with details of the draft Internal Audit Strategy and Risk Based Plan for the period 1 April 2023 to 31 March 2024, along with the revised Internal Charter.

**RESOLVED**

That Members approve the draft Internal Audit Strategy as set out in appendix 1 of the circulated report.

That Members approve the draft Internal Audit Plan as detailed in appendix 2 of the circulated report.

That Members approve the updated Internal Audit Charter as detailed in appendix 3 of the circulated report.

10. **URGENT ITEMS**

Because of the need to deal now with this matter contained in Minute No. 11 below, the Chairperson agreed that this could be raised at today's meeting as an urgent item pursuant to Section 100A(4) and (5) of the Local Government Act 1972.

**Reason**

Due to timescale.

11. **NEATH PORT TALBOT CYBER SECURITY STRATEGY UPDATE 2023**

The Chief Digital Officer presented the Committee with the Neath Port Talbot Cyber Security Strategy.

Reference was made to the Audit Wales report 'Learning from Cyber-Attacks' and the recommendations Audit Wales had made. Officers provided assurances that they had reviewed the current cyber security provision and the cyber security action plan, taking into consideration the key findings and lessons learned from the Audit Wales report; they had ensured those findings were incorporated into the Councils action plan and appropriately prioritised going forward.

**RESOLVED**

That the report be noted.

12. **ACCESS TO MEETINGS**

**RESOLVED**

That pursuant to Section 100A(4) and (5) of the Local Government Act 1972, the public be excluded for the following items of business which involved the likely disclosure of exempt information as defined in Paragraphs 12, 13 and 14 of Part 4 of Schedule 12A to the above Act

13. **INTERNAL AUDIT - SPECIAL INVESTIGATIONS (EXEMPT UNDER PARAGRAPH 14)**

Officers provided an update on all special investigations reports issued since the last meeting; including details of all current special investigations.

**RESOLVED:** That the report be noted.

**CHAIRPERSON**