

GOVERNANCE AND AUDIT COMMITTEE

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

Members Present:

12 January 2023

Chairperson: J.Jenkins

Vice Chairperson: A.Bagley

Councillors: A.R.Aubrey, O.S.Davies, W.Carpenter,
A.J.Richards, P.D.Richards, P.Rogers and
M.Spooner

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

**Representing Audit
Wales:** A.Worthy, G.Gillett and J.Morgan

Voting Lay Member: M.Owen

1. **CHAIRPERSONS ANNOUNCEMENTS**

The Chairperson welcomed everyone to the meeting.

The following error was raised in regards to Agenda Item 6,
Statement of Accounts 2021/22:

- The report detailed on page 79 that the item was for information purposes, however it should be noted that the report was for decision.

2. **DECLARATIONS OF INTERESTS**

There were no declarations received.

3. **MINUTES OF PREVIOUS MEETING**

The minutes from the previous meeting, held on 27 September 2022, were approved as an accurate record.

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

The Committee were provided with an update on the work undertaken by Audit Wales up to the 30th September 2022.

RESOLVED: That the report be noted

5. **AUDIT WALES - AUDIT OF ACCOUNTS 2021/22**

The circulated report provided details of the main findings of the Audit of the Accounts for 2021-22, undertaken by Audit Wales; along with details of their intention to issue an unqualified audit report on the accounts.

It was confirmed that the Audit had been completed, and the matters to report to the Committee were summarised in the circulated report. Audit Wales explained that they had continued to work with Neath Port Talbot Councils Finance Team throughout the accounts process, and thanked them for their help and support during this time.

The Committee was informed that the draft accounts had been received at the end of May 2022, and the audit work was largely completed by the end of September 2022; subject to a technical issue on infrastructure assets, which had affected other Local Authorities in England and Wales. It was noted that further details on this was provided in the circulated report.

Audit Wales confirmed that the Auditor General intended to issue an unqualified opinion on Neath Port Talbot Councils financial statements, once they were approved and Officers had provided Audit Wales with the letter of representation.

In conclusion, it was highlighted that there were no significant issues from the audit that needed to be brought to attention; some misstatements had been identified in the accounts, however they had since been corrected.

RESOLVED: That the report be noted.

6. **STATEMENT OF ACCOUNTS 2021/22**

Officers provided a report regarding the 2021/22 Statement of Accounts, following completion of the external audit.

The report highlighted the changes that had been made to the accounts since they were last presented to Committee in September 2022; the most significant changes made were in relation to Property, Plant and Equipment.

The Committee were reminded that Neath Port Talbot Council were once again receiving an unqualified audit opinion; which will be provided once Audit Wales had received the Letter of Representation from the Council.

Members queried why there was no RAG (Red, Amber, Green) rating against reference 'F' in Section 3 of the circulated report, which related to the Long to Medium-Term Financial Management. Officers confirmed that the circulated report should detail a RAG rating of green against this particular matter.

Officers were asked confirm if work was going to take place on the medium term financial plan going forward. It was explained that Cabinet would be receiving a report on 19 January 2023, which will set out the budget proposals for the 2023/24 financial year; this report will identify the medium term financial plan and the current gap. It was noted that there will be a significant amount of work to be completed in the next financial year, in terms of addressing that gap.

- RESOLVED:**
- That Members approve the Letter of representation, included in Appendix 1.
 - That Members approve the final 2021/22 Statement of Accounts as included in Appendix 2.
 - That Members approve the Annual Governance Statement included in Appendix 3
 - That the Chair of

Governance and Audit Committee be authorised to provide their electronic signature for both the Letter of Representation and the Statement of Accounts.

7. **INTERNAL AUDIT PROGRESS REPORT**

Members received details of the internal audit work that had been undertaken since the last Governance and Audit Committee meeting in September 2022.

Since the last Committee meeting, the team had been impacted again by staff sickness, with a total of 25 days lost due to sickness. It was noted that this could affect the Audit Plan; however, the Audit Manager was currently reviewing this matter.

It was highlighted that two members of the Team were continuing their internal audit studies, and were due to take further examinations in February 2023.

Officers confirmed that since the last Committee meeting, a total of 15 formal reports had been issued; details of these were included in the circulated report. It was added that only one of the audits undertaken resulted in a limited assurance rating; the Head Teacher response was captured in Appendix three of the circulated report.

Reference was made to R26 of the published formal reports, which was in relation to Llangatwg Community School; Members raised concerns with some of the report conclusions, particularly in regards to the unofficial fund and that the school bank account must be investigated and corrected. Officers explained that the unofficial fund and bank account matter were two separate issues that were identified when the audit was undertaken; the issues with the unofficial fund were being addressed, and the imbalance of funds was in respect of the schools official bank account. It was added that Officers had drawn the schools attention to these matters, and had been assured that they will address the imbalance. Members were informed that the Team conducts post audit reviews, and the issues highlighted will be re-visited by the auditor when they go back to the school to carry out the post audit review.

Following on from the above, the importance of resolving the outstanding issues at the school were raised, along with the need to look at the wider environment to ensure other procedures were in place. Officers clarified that the Team audit the unofficial funds in every school; if an auditor finds an issue in one particular school, which they believe to be serious or think it could happen elsewhere, they will cascade that information to everyone else. It was mentioned that the auditors responsible for the schools meet fairly regularly with the school Business Managers who were responsible for the administrative processes within the school; these meetings happen at least twice a year, and on an ad hoc basis, as and when any issues arise within the schools. It was noted that the Team had a very good working relationship with the staff within the schools.

Reference was made to R32 of the published formal reports, which related to St Joseph's RC School and 6th Form Centre; it highlighted that the school could not provide sufficient evidence, at the time of the audit, in relation to DBS disclosures for four School Governors. It was explained that the Governors had applied for their disclosures, however they hadn't been received at the time of the audit; Officers had asked the school Business Manager to provide the Team with copies of the completed disclosures once they had been received.

In addition to the above, Members queried if not receiving DBS disclosures back in a timely manner was a general issue. Offices confirmed that the issue was due to that when the audit was completed, it was around the time that DBS disclosures were due to renewal; it wasn't an issue that Officers felt was significant, hence the assurance rating of reasonable.

RESOLVED: That the report be noted.

8. **TREASURY MANAGEMENT MONITORING 2022/23**

The circulated report set out treasury management action and information for 2022/23. It was explained that this report was considered by the Cabinet at their meeting in October 2022, and it set out the detail of activity since the previous report was provided to Committee.

An error was noted on page 269 of the circulated report; the sentence under section 7 'Borrowing' read as 'there has been now new loan

agreements entered into since the last quarterly report to Cabinet'. It was confirmed that 'now' should read as 'no'.

It was raised that the report was now out of date, and did not reflect the new bank interest rates etc.

RESOLVED: That the report be noted.

9. **REGISTER OF REGULATORS REPORTS AND RECOMMENDATIONS**

The Committee was provided with an updated Register of Regulators Reports and Recommendations.

Members were reminded that this report was presented to Committee in order to provide assurance that there were arrangements in place to consider recommendations that were pertinent to the Council, that were contained within any national reports or local reports that were published by regulators including Audit Wales, Care Inspectorate Wales (CIW) and Estyn.

It was noted that since the last register was presented to Committee, there has been 13 national reports published, two local reports published and one local letter; these were all included in the appendices of the circulated report. In the main body of the circulated report, Officers provided a short overview of the content of each of those reports, and whether or not there were any recommendations; where there were recommendations, it was highlighted whether or not they were for Welsh Government, Local Authorities, or both.

Out of the 13 national reports published, it was noted that five of them contained recommendations for Local Authorities, those were:

- Direct Payments for Adult Social Care
- Equality Impact Assessments: More than a Tick Box Exercise
- National Fraud Initiative 2020-2021
- "Time for Change" – Poverty in Wales
- A Missed Opportunity' – Social Enterprises

It was stated that the Direct Payments for Adult Social Care contained a number of recommendations for Local Authorities; an action plan had been developed to respond to the recommendations,

and will be presented in the next meeting of the Social Services, Housing and Community Safety Cabinet Board later this month.

Following on from the above, it was mentioned that the other four reports and their recommendations were currently being considered by Officers; the Governance and Audit Committee will be provided with an update on these, along with an update on the action plan for Direct Payments for Adult Social Care, in the meeting scheduled for March 2023.

Out of the two local reports published, it was noted that there were no recommendations.

Reference was made to the one local letter that was received in regards to Assurance and Risk Assessment Progress – Carbon Reduction. It was explained that this letter contained one recommendation; the response and action plan for that recommendation will be presented to the next meeting of the Environment, Regeneration and Streetscene Services Cabinet Board later this month. Members were assured that they would be provided with an update on this in their March 2023 meeting.

The circulated report made reference to a DARE Strategy; it was confirmed that DARE stood for Decarbonisation and Renewable Energy.

RESOLVED: That the report be noted.

10. **FORWARD WORK PROGRAMME**

It was noted that a special meeting of the Governance and Audit Committee had been arranged for 15 February 2023.

The Forward Work Programme for the Governance and Audit committee was noted.

11. **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

12. **INTERNAL AUDIT - SPECIAL INVESTIGATIONS**

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