



PWYLLGOR ARCHWILIO

2.00 PM - DYDD MERCHER, 27 MAWRTH 2019

**YSTAFELLOEDD PWYLLGOR 1 / 2 - CANOLFAN DDINESIG PORT
TALBOT**

RHAN 1

1. Datganiadau o fudd
2. Cofnodion y Cyfarfod Blaenorol (*Tudalennau 5 - 8*)

Adroddiad Swyddfa Archwilio Cymru

3. Cyngor Bwrdeistref Sirol Castell-nedd Port Talbot - Cynllun Archwilio 2019 (*Tudalennau 9 - 28*)
4. Diweddariad y Pwyllgor Archwilio - Cyngor Bwrdeistref Sirol Castell-nedd Port Talbot (*Tudalennau 29 - 42*)

Adroddiad y Pennaeth Cyllid

5. Monitro Rheolaeth Trysorlys 2018-2019 (*Tudalennau 43 - 46*)
6. Cynllun Archwilio Mewnol - 1 Ebrill 2019-31 Mawrth 2020 (*Tudalennau 47 - 62*)
7. Adroddiad Cynnydd hyd at 28 Chwefror, 2019 (*Tudalennau 63 - 78*)

Adroddiad Cadeirydd y Pwyllgor Archwilio

8. Adroddiad Archwilio Blynyddol Drafft 2017-2018 (*Tudalennau 79 - 80*)

9. Eitemau brys
10. Mynediad i gyfarfodydd

RHAN 2

Adroddiad Preifat y Pennaeth Cyllid

11. Archwiliad Mewnol - Ymchwiliadau arbennig (*Tudalennau 81 - 86*)

S.Phillips
Prif Weithredwr

Canolfan Ddinesig
Port Talbot

Dydd Sadwrn, 23 Mawrth 2019

Aelodaeth y Pwyllgor:

Cadeirydd: J.D.Morgan

Is-gadeirydd: L.M.Purcell

Aelodau: Councillors A.R.Aubrey, H.C.Clarke, O.S.Davies, S.E.Freeguard, L.Jones, J.Miller, S.H.Reynolds, A.J.Richards, R.W.Wood a/ac S. ap Dafydd

**Mae pleidleisio
aelod lleyg:**

Mae'r dudalen hon yn fwriadol wag

AUDIT COMMITTEE

(Port Talbot Civic Centre, Committee Rooms 1/2)

Members Present: **5 December, 2018**

Chairperson: Councillor J.D.Morgan

Vice Chairperson: Councillor L.M.Purcell

Councillors: A.R.Aubrey, H.C.Clarke, S. ap Dafydd,
O.S.Davies, S.E.Freeguard, S.H.Reynolds,
A.J.Richards and R.W.Wood

Officers In Attendance: H.Jones, A.O'Donnell and N.Headon

Representing the Wales Audit Office: J.Gillett

1. **MINUTES OF THE PREVIOUS AUDIT COMMITTEE HELD ON 19 SEPTEMBER, 2018**

RESOLVED: that the Minutes of the meeting held on 19 September, 2018 be noted.

2. **WELSH AUDIT OFFICE - AUDIT COMMITTEE UPDATE**

The Committee received an overview from the Wales Audit Office on the current and planned Welsh Audit Office work.

It was noted that Members requested more clarity on Waste Management and Thematic Review, Leisure Services. It was agreed that J.Gillett, Wales Audit Office would find out more information and feed back to Members.

RESOLVED: that the report be noted.

3. **PROGRESS REPORT TO 15 NOVEMBER, 2018**

Members received an update on work undertaken and progress made to 15 November, 2018, as detailed in the circulated report.

It was noted that an update regarding the outstanding recommendation in respect of Awel Y Mor Primary School would be reported to the next meeting.

It was also noted that an email would be sent to all Headteachers on behalf of Committee, reminding them of the importance of complying fully with DBS guidance.

RESOLVED: that the report be noted.

4. **AUDIT COMMITTEE - DRAFT ANNUAL REPORT 2017-2018**

A Draft Annual Report prepared by the Chair summarising work undertaken by the Audit Committee throughout the 2017-2018 Civic Year, was circulated to all Committee Members.

It was agreed that this item would be put on the Agenda for the next meeting.

RESOLVED: that the report be noted.

5. **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 item 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.

6. **INTERNAL AUDIT - SPECIAL INVESTIGATIONS**

Members received an update on special investigation audits undertaken in the last quarter, together with special investigations currently in progress.

RESOLVED: that the report be noted.

CHAIRPERSON

Mae'r dudalen hon yn fwriadol wag



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

2019 Audit Plan – Neath Port Talbot County Borough Council

Audit year: 2018-19

Date issued: March 2019

Document reference: 1126A2019-20

This document has been prepared as part of work performed in accordance with statutory functions.
Further information on this is provided in [Appendix 1](#).

No responsibility is taken by the Auditor General, the staff of the Wales Audit Office or, where applicable, the auditor acting on behalf of the Auditor General, in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales, the Wales Audit Office and, where applicable, the auditor acting on behalf of the Auditor General are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@audit.wales.

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

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2019 Audit Plan

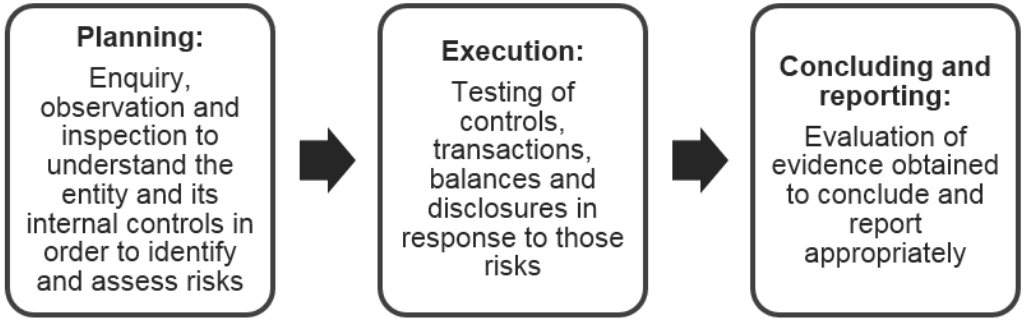
Summary

- 1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009 (the Measure), Wellbeing of Future Generations (Wales) Act 2015, the Local Government Act 1999, and the Code of Audit Practice, namely to:
 - examine and certify whether your financial statements are 'true and fair';
 - assess whether you have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources;
 - audit and assess whether you have discharged the duties and met requirements of the Measure; and
 - undertake studies to enable me to make recommendations for improving economy, efficiency and effectiveness or for improving financial or other management arrangements.
- 2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
- 3 There have been no limitations imposed on me in planning the scope of this audit.
- 4 My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

Audit of accounts

- 5 It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their 'truth and fairness'. This provides assurance that the accounts:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
- 6 I also consider whether or not Neath Port Talbot County Borough Council (the Council) has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception if the Annual Governance Statement does not comply with requirements.
- 7 [Appendix 1](#) sets out my responsibilities in full.
- 8 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows me to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the financial statements as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

Exhibit 1: my financial audit approach



9 The risks of material misstatement which I consider to be significant and which therefore require special audit consideration, are set out in Exhibit 2 along with the work I intend to undertake to address them. Also, included are other key areas of audit attention my team will be focusing on.

Exhibit 2: financial audit risks

Financial audit risk	Proposed audit response
Significant risks	
The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].	My audit team will: <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; • evaluate the rationale for any significant transactions outside the normal course of business.

Financial audit risk	Proposed audit response
Other areas of audit attention	
<p>New accounting standards</p> <p>IFRS 9 financial instruments applies from 1 April 2018 and brings in a new principles-based approach for the classification and measurement of financial assets. It also introduces a new impairment methodology for financial assets based on expected losses rather than incurred losses. This will result in earlier recognition of expected credit losses and will impact on how the bad debt provision is calculated.</p> <p>IFRS 15 revenue from contracts with customers introduces a principles-based five-step model for recognising revenue arising from contracts with customers. It is based on a core principle requiring revenue recognition to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration a body expects to be entitled to, in exchange for those goods or services. It will also require more extensive disclosures than are currently required.</p>	<p>My audit team will assess the likely impacts of the new IFRSs and undertake work to respond to any identified risks of material misstatement.</p>
<p>Accounting for property, plant and equipment</p> <p>Issues were identified within the Council's processes for depreciating assets over their remaining useful lives in 2017-18 which resulted in material amendments in the financial statements.</p> <p>If these weaknesses are not addressed, there is an increased risk that asset values are materially misstated.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • review how assets identified for closure have been accounted for; • test the appropriateness of useful lives assigned to these assets.

- 10 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Audit Committee prior to completion of the audit.
- 11 For reporting purposes, I will treat any misstatements below a 'trivial' level (set at 5% of materiality) as not requiring consideration by those charged with governance and therefore I will not report them.
- 12 My fees and planned timescales for completion of the audit are based on the following assumptions:

- the financial statements are provided in accordance with the agreed timescales, to the quality expected and have been subject to a robust quality assurance review;
 - information provided to support the financial statements is in accordance with the agreed audit deliverables document¹;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.
- 13 In addition to my responsibilities in respect of the audit of the Council's statutory financial statements set out above, I am also required to certify a return to the Welsh Government which provides information about the Council to support preparation of Whole of Government Accounts.
- 14 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
 - Section 31 Right to make objections at audit.
- 15 Audit fees will be chargeable for work undertaken in dealing with electors' questions and objections. Because audit work will depend upon the number and nature of any questions and objections, it is not possible to estimate an audit fee for this work.
- 16 If I do receive questions or objections, I will discuss potential audit fees at the time.

Other financial audit work

- 17 I am also responsible for the audit of the audit of Margam Joint Crematorium Committee. The Joint Committee's accounts are expected to be an annual return which requires limited audit review. Our planning work has not identified any specific risks relating to the return.
- 18 In addition to my responsibilities in respect of the audit of the statutory financial statements set out above, I am also responsible for the independent examination of the Welsh Church Act Trust Fund. My team will undertake the independent examination of these accounts on my behalf in accordance with the timescales agreed with the Council and the Charity Commission.

¹ The agreed audit deliverables document sets out the expected working paper requirements to support the financial statements and include timescales and responsibilities.

19 My audit fee for this work is set out in [Exhibit 4](#).

Performance audit

- 20 I need to balance my existing, new and proposed statutory duties with the need to continue to undertake meaningful, risk-based and proportionate audits and assessments. In discharging my responsibilities, I will continue to seek to strike the most appropriate balance and add value by:
- providing assurance on the governance and stewardship of public money and assets;
 - offering insight on the extent to which resources are used wisely in meeting people's needs; and
 - identifying and promoting ways by which the provision of public services may be improved.
- 21 As it is likely that the anticipated Local Government Wales Bill will propose that the Local Government (Wales) Measure 2009 no longer applies to councils, I will continue to minimise work that focuses on the process of improvement planning.
- 22 In my audit plan for 2018 I explained that in previous years I had placed reliance on my work under the Measure to help discharge my duty under the Public Audit (Wales) Act 2004 to satisfy myself that councils have made proper arrangements to secure economy, efficiency and effectiveness (value for money) in the use of resources. Given that in the future it is likely that I will be unable to rely on my work under the Measure, in 2019-20, and subsequent years, the focus of my local performance audit programmes will continue to be more clearly aligned to discharging my Public Audit (Wales) Act 2004 duty.
- 23 In 2018-19 I undertook an examination of the extent to which you are acting in accordance with the sustainable development principle in taking steps to meet your well-being objectives. During 2019-20 I will undertake a further examination to assess the extent to which you are applying the sustainable development principle when taking steps towards meeting your well-being objectives. This will be the final piece of work I will undertake to discharge my duties under the Wellbeing of Future Generations Act at the Council prior to laying my first cyclical report with the National Assembly in 2020. During 2019-20 I will also be considering how to discharge my duties under the Act over the period 2020 to 2024 and I will seek to engage with local authorities as well as other stakeholders in developing my approach.
- 24 The Wales Audit Office also undertakes a programme of local government studies. This work is included within the Wales Audit Office estimates for funding from the Welsh Consolidated Fund and not local fees. These studies primarily lead to a national report augmented by good practice and shared learning outputs rather than by local reports. Local findings, where relevant, will be captured in improvement assessment work and reported in annual improvement reports depending on the timing and the focus of conclusions.

25 Taking all these factors into consideration, my 2019-20 programme of work will comprise:

Exhibit 3: performance audit programme

Performance audit programme	Brief description
Improvement audit and assessment work including improvement planning and reporting audit	Audit of discharge of duty to publish an improvement plan, and to publish an assessment of performance.
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	Examination of the extent to which the Council has acted in accordance with the sustainable development principle when taking steps to meet its wellbeing objectives.
Assurance and Risk Assessment	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.
Financial Sustainability	A project common to all local councils that will assess financial sustainability in light of current and anticipated future challenges
Local Performance Audit Project	Review of the Council's performance management system
2019-20 Local Government Studies	(Funded by the Welsh Consolidated Fund) The Auditor General has recently completed his consultation on his forward work programme and new local government studies to commence in 2019-20 will be confirmed shortly.

26 The performance audit projects included in last year's Audit Plan, which are either still underway or which have been substituted for alternative projects in agreement with you, are set out in [Appendix 2](#).

Certification of grant claims and returns

- 27 I have been requested to undertake certification work on the Council's grant claims and returns.
- 28 As was the case last year, the Welsh Government will not require me to provide any report of factual findings related to any activity levels or outcomes.
- 29 My audit fee for this work is set out in [Exhibit 4](#).

Fee, audit team and timetable

Fee

- 30 Your estimated fee for 2019 is set out in [Exhibit 4](#). There have been some small changes to my fees rates for 2019 however my audit teams will continue to drive efficiency in their audits to ensure any resulting increases will not be passed to you. There is no change in the baseline fee compared to last year.

Exhibit 4: audit fee

Audit area	Proposed fee (£) ²	Actual fee last year (£)
Audit of accounts ³	177,398	176,406
Performance audit work	99,449	99,537
Grant certification work ⁴	45,000	46,434
Other financial audit work ⁵		
Margam Crematorium	1,757	1,759
Welsh Church Act Trust Fund	1,662	1,662
Total fee	325,266	325,798

- 31 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Council.
- 32 Further information on my [fee scales and fee setting](#) can be found on our website.

² Notes: The fees shown in this document are exclusive of VAT, which is not charged to you

³ Payable November 2018 to October 2019.

⁴ Payable as work is undertaken

Audit team

33 The main members of my team, together with their contact details, are summarised in **Exhibit 5**.

Exhibit 5: my audit team

Name	Role	Contact number	E-mail address
Derwyn Owen *	Engagement Lead – Financial Audit	07909 882609	derwyn.owen@audit.wales
Gillian Gillett	Financial Audit Manager	07966 866242	gillian.gillett@audit.wales
Anthony Ford	Financial Audit Team Leader	07812 072003	anthony.ford@audit.wales
Colin Davies	Performance Audit Manager	07786 800258	colin.davies@audit.wales
Alison Lewis	Performance Audit Lead	07773 193217	alison.lewis@audit.wales

*Engagement Director for the Council

34 I can confirm that that my team members are all independent of the Council and your officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.

Timetable

35 I will provide reports, or other outputs as agreed, to the Council covering the areas of work identified in this document. My key milestones are set out in **Exhibit 6**.

Exhibit 6: timetable

Planned output	Work undertaken	Report finalised *
2019 Audit Plan	December 2018 to February 2019	March 2019
Financial accounts work: <ul style="list-style-type: none"> • Audit of Financial Statements Report • Opinion on Financial Statements • Financial Accounts Memorandum 	February to July 2019	July 2019 July 2019 September 2019
Performance work: <ul style="list-style-type: none"> • Improvement Plan Audit • Assessment of Performance Audit • Assurance and Risk Assessment • WFG Act Examinations • Financial Sustainability • Local Performance Audit Project 	April – May 2019 October – November 2019 April – December 2019 April – September 2019 TBC December 2019 – February 2020	June 2019 November 2019 January 2020 October 2019 TBC March 2020
Annual Improvement Report	April 2019 – May 2020	June 2020
2020 Audit Plan	December 2019 to February 2020	February/March 2020

* Subject to timely clearance of draft findings with the Council.

Future developments to my audit work

- 36 Details of other future developments including forthcoming changes to key International Financial Reporting Standards, the Wales Audit Office’s Good Practice Exchange (GPX) seminars and my planned work on the readiness of the Welsh public sector for Brexit, are set out in [Appendix 3](#).

Appendix 1

Respective responsibilities

Audit of accounts

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on:

- their 'truth and fairness', providing assurance that they:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with the statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
- the consistency of information in the Annual Report with the financial statements.

I must also state by exception if the Annual Governance Statement does not comply with requirements, if proper accounting records have not been kept, if disclosures required for remuneration and other transactions have not been made or if I have not received all the information and explanations I require.

The Public Audit (Wales) Act 2004 requires me to assess whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. To achieve this, I consider:

- the results of the audit work undertaken on the financial statements;
- the Council's system of internal control, as reported in the Annual Governance Statement and my report thereon;
- the results of other work carried out including work carried out under the Local Government (Wales) Measure 2009 (the Measure), certification of claims and returns, and data-matching exercises;
- the results of the work of other external review bodies where relevant to my responsibilities; and
- any other work that addresses matters not covered by the above, and which I consider necessary to discharge my responsibilities.

The Public Audit (Wales) Act 2004 sets out the rights of the public and electors to inspect the Council's financial statements and related documents, to ask me, as the Appointed Auditor questions about the accounts and, where appropriate, to challenge items in the accounts. I must also consider whether in the public interest, I should make a report on any matter which comes to my notice in the course of the audit.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;

- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within the Council from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

Performance audit

The Public Audit (Wales) Act 2004 requires me, by examination of the accounts or otherwise, to satisfy myself that the body has made proper arrangements for:

- securing economy, efficiency and effectiveness in its use of resources; and
- that the body, if required to publish information in pursuance of a direction under section 47 (performance information) has made such arrangements for collecting and recording the information and for publishing it as are required for the performance of its duties under that section.

The Measure places a general duty on improvement authorities to 'make arrangements to secure continuous improvement in the exercise of [their] functions'. It also places specific requirements on authorities to set improvement objectives, and to publish annual improvement plans and assessments of performance. Improvement authorities are defined as county and county borough councils, national park authorities, and fire and rescue authorities.

The Measure also requires me to carry out an improvement assessment for each improvement authority every year, to determine whether the authority is likely to comply with its general duty and requirements of the Measure. I must also carry out an audit of whether the authority has discharged its improvement planning and reporting duties.

The Auditor General may also in some circumstances carry out special inspections (under section 21), in respect of which he will provide a report to the relevant authorities

and Ministers, and which he may publish (under section 22). The Auditor General will summarise audit and assessment reports in his published Annual Improvement Report (under section 24). This will also summarise any reports of special inspections.

Section 15 of the Well-being of Future Generations Act (Wales) 2015 requires me to carry out examinations of public bodies for the purposes of assessing the extent to which it has acted in accordance with the sustainable development principle when:

- (a) setting well-being objectives; and
- (b) taking steps to meet those objectives.

I must carry out such an examination of each public body at least once during a five-year period. Before the end of the period I must report on the results of those examinations to the National Assembly.

Appendix 2

Performance work in last year's audit outline still in progress

Exhibit 7: performance work in last year's audit outline still in progress

Performance audit project	Status	Comment
WFG Act Examinations	Fieldwork complete	Report in draft
Service User Perspective – Channel Shifted Services	Fieldwork complete	Report in draft
Delivering with Less – Leisure Services Follow Up	Fieldwork stage	Draft output due May 2019
Delivering with Less – Environmental Health Services Follow Up	Fieldwork stage	Draft output due May 2019
Digital Risk Diagnostic	Fieldwork stage	Draft output due May 2019
Review of Corporate Arrangements for Safeguarding	Fieldwork April/May 2020	Draft report due June 2019

Appendix 3

Other future developments

A. Forthcoming key IFRS changes

Exhibit 8: changes to IFRS standards

Standard	Effective date	Further details
IFRS 16 leases	Expected in 2020-21	IFRS 16 will replace the current leases standard IAS 17. The key change is that it largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. It will lead to all leases being recognised on balance sheet as an asset based on a right of use principle with a corresponding liability for future rentals. This is a significant change in lessee accounting.

B. Good Practice Exchange

The Wales Audit Office's GPX helps public services improve by sharing knowledge and practices that work. Events are held where knowledge can be exchanged face to face and resources shared on line. The main areas of work are regarding financial management, public-sector staff and governance.

[Further information, including details of forthcoming GPX events and outputs from past seminars.](#)

C. Brexit: preparations for the United Kingdom's departure from membership of the European Union

In accordance with Article 50 of the Treaty of Rome, on 29 March 2019 the United Kingdom will cease to be a member of the European Union. Negotiations are continuing, and it currently remains unclear whether agreement will be reached on a transition period to 31 December 2020, or whether a 'no deal' immediate exit will take place next March.

The Auditor General has commenced a programme of work looking at the arrangements that the devolved public sector in Wales, including all NHS bodies, is putting in place to prepare for, and respond to, Britain's exit from the European Union. This will take the form of a high-level overview to establish what is being put in place across the Welsh

public sector, and what the key issues are from the perspectives of different parts of the Welsh public service.

The Auditor General intends to carry out this initial work in two tranches. In autumn 2018, he issued a call for evidence to compile a baseline summary of arrangements being put in place. On 19 February 2019, the Auditor General issued a report⁶ on preparations in Wales for a 'no deal' Brexit. This will be followed up by further audit fieldwork during the rest of 2019.

⁶ [Preparations in Wales for a 'no deal' Brexit](#)

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Mae'r dudalen hon yn fwriadol wag



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Audit Committee Update – Neath Port Talbot County Borough Council

Audit year: 2019

Date issued: March 2019

Document reference: APS032019

Tudalen 29

Eitem yr Agenda 4

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

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Audit committee update

About this document

- 1 This document provides the Audit Committee of Neath Port Talbot County Borough Council (the Council) with an update on current and planned Wales Audit Office work. It covers financial and performance audit work together with information on the Auditor General's programme of local government related studies.

Audit plan

The dates we presented our audit plans for 2018 and 2019 are set out in Exhibit 1.

Exhibit 1: audit plan.

Area of work	Status
Audit Plan 2018	Presented to Audit Committee April 2018
Audit Plan 2019	To be presented to Audit Committee March 2019

Financial audit update

- 3 Our financial audit work included in our 2018 audit plan is complete. Exhibit 2 provides members of the Audit Committee with a brief overview of progress against the planned financial audit key outputs and milestones set out in our 2019 audit plan.

Exhibit 2: financial audit update

Planned output	Scope	Status
Financial Statements 2018-19	Audit of the Council's 2018-19 financial statements.	Opinion planned to be issued July 2019.
Margam Crematorium Joint Committee Annual Return 2018-19	Audit of the Committees 2018-19 Annual Return	Opinion planned to be issued July 2019
Welsh Church Act Trust Fund 2018-19	Independent examination of the Trust Fund 2018-19 financial statements	Opinion planned to be issued October 2019
Certification of Grants 2018-19	Certification of grants and returns 2018-19	Planned for December 2019
Annual Audit Letter	Letter summarising our 2018-19 audit work.	Planned for December 2019

Performance audit update

- 4 Exhibit 3 summarises the progress of the performance audit work set out in the 2017 and 2018 audit plans which is still in progress and provides a brief overview of progress against the planned performance outputs and milestones set out in our 2019 audit plan.

Exhibit 3: performance audit update

Topic	Scope	Status	Timescale
Performance audit work - 2017 audit plan			
Service User Perspective Review	This project will test the service-user interface at all authorities. The review will evaluate what it feels like (as a member of the public) to deal with council services, involving a selection of services and scenarios. In Neath Port Talbot CBC we looked at the Council's Digital Strategy and specifically at the Council's approach to 'channel shift' (moving services online)	Fieldwork complete.	Reporting March/April 2019.
Performance audit work - 2018 audit plan			
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	Examination of the extent to which the Council has acted in accordance with the sustainable development principle when taking steps to meet one or more of its wellbeing objectives. The 'step' that is being reviewed is 'We will work with partners to ensure that we target support to those children at risk of adverse childhood experience in the first 1,000 days of their lives'.	Fieldwork complete. Draft report shared with Council officers March 2019.	Reporting March 2019.

Topic	Scope	Status	Timescale
Thematic Review - Environmental Health	Review of the arrangements the Council has put in place to deliver environmental health services, building on the study previously undertaken by the Auditor General as part of the 'delivering with less' themed studies.	Fieldwork stage.	Draft report due May 2019
Thematic Review - Corporate Safeguarding Arrangements	Review of the effectiveness of corporate safeguarding arrangements, building on the study previously undertaken by the Auditor General in this area.	Fieldwork to be undertaken April/May 2019	Draft report due June 2019
Thematic Review - Leisure Services	Review of the arrangements the Council has put in place to deliver leisure services building on the 'study previously undertaken by the Auditor General as part of the 'delivering with less' themed studies.	Fieldwork stage.	Draft report due May 2019
Annual improvement Report	Annual report summarising the audit work undertaken in the last year, which also includes a summary of the key findings from reports issued by 'relevant regulators'.	Work planned to be undertaken April 2018 – May 2019.	By August 2019.
Performance audit work - 2019 audit plan			
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	Examination of the extent to which the Council has acted in accordance with the sustainable development principle when taking steps to meet its wellbeing objectives.	Not started	Reporting - October 2019
Assurance and Risk Assessment	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper	Not started	Feedback - January 2020

Topic	Scope	Status	Timescale
	arrangements to secure value for money in the use of resources.		
Financial Sustainability	A project common to all local councils that will assess financial sustainability in light of current and anticipated future challenges.	Not started	To be confirmed
Local Performance Audit Project	Review of the Council's performance management system.	Not started	Reporting – March 2020
Improvement audit and assessment work including improvement planning and reporting audit	Audit of discharge of duty to publish an improvement plan, and to publish an assessment of performance.	Improvement Plan audit - Not started Assessment of Performance Audit – not started	Certification – June 2019 Certification – November 2019

WAO local government improvement studies

- 5 The Wales Audit Office also undertakes a programme of local government studies funded from the Welsh Consolidated Fund, which lead to national reports rather than local reports. Exhibit 4 summarises the present position on the programme of studies currently underway.

Exhibit 4: local government improvement studies programme of work

Topic	Scope	Status	Timescale
2017-18 Local Government Improvement Studies – 2017 audit plan			
Integrated care fund	<p>The review will examine if the Integrated Care Fund is being used effectively to deliver sustainable services that achieve better outcomes for service users.</p> <p>Interviews will be undertaken with a selection of officers on each of the Regional Partnership Boards and Welsh Government officials.</p>	Local outputs presented at regional partnership board level.	National report due to be published 2 nd quarter 2019.

Topic	Scope	Status	Timescale
2018-19 Local Government Improvement Studies – 2018 audit plan			
First point of contact assessments under the Social Services and Well-being Act	The study will review the first point of contact and assessments for adult social care.	Fieldwork complete, drawing Conclusions. Neath Port Talbot CBC was not a fieldwork site in this study.	National report due to be published in the 3 rd /4 th quarter of 2019.
Tackling Violence Against Women, Domestic Abuse and Sexual Violence	Our review will focus on determining whether local authorities and their partners are effectively working together to prevent gender-based violence and domestic abuse and protecting all of the people involved.	Fieldwork complete, drawing conclusions. Neath Port Talbot CBC was not a fieldwork site in this study.	National report due to be published in 3 rd /4 th quarter of 2019.
Planning Service: Improving the Wellbeing of Wales	Our review will provide independent assurance that planning authorities are supporting sustainable development and delivering for the future long-term wellbeing of their communities and for Wales.	Project set up and fieldwork Progressing in five local authorities. Neath Port Talbot CBC is not a fieldwork site in this study.	National report due to be published in the 3 rd /4 th quarter of 2019.
2019-20 Local Government Improvement Studies			
	The Auditor General has recently completed his consultation on his forward work programme and new local government studies to commence in 2019-20 will be confirmed shortly	To be confirmed	To be confirmed

WAO national studies

- 6 The Audit Committee may also be interested in the WAO national studies programme that are related to local government. **Exhibit 5** provides information on our recently published national studies that have relevance to local authority organisations.

Exhibit 5: local authority related national studies

Topic	Findings	Status
Preparations in Wales for a 'no deal' Brexit	<p>The Auditor General for Wales has a role in providing assurance on the Welsh public sector's approach to managing the implications of a 'no-deal' Brexit.</p> <p>This report sets out his early views on the evidence that has been gathered, together with some key messages for public bodies, to help with their planning in the coming weeks and months.</p>	<p>Published 19 February 2019</p> <p>http://www.audit.wales/publication/preparations-wales-no-deal-brexite</p>
Discussion Paper: Six themes to help make scrutiny 'Fit for the Future'	<p>This discussion paper and six-point checklist has been produced for councils in Wales to help improve overview and scrutiny functions. These bring together some common themes and issues that have been identified during audit work across the 22 local authorities during 2017-18.</p>	<p>Published 12 February 2019</p> <p>http://www.audit.wales/publication/discussion-paper-scrutiny-six-themes</p>
The Welsh Government's youth discounted bus fare scheme – 'MyTravelPass'	<p>This report sets out the key facts about budget announcements made and decisions that the Welsh Government took in setting up the MyTravelPass scheme and then continuing it beyond its initial pilot phase. It also considers the costs of the scheme and its uptake by young people.</p>	<p>Published 10 January 2019</p> <p>http://www.audit.wales/publication/mytravelpass</p>

Topic	Findings	Status
The maturity of local government in use of data	This study assesses whether local government has the right building blocks and culture in place to capitalise on the data that it holds. Based on these findings, the Auditor General has concluded that local authorities are slowly developing a culture that values and uses data to its full potential to help improve services and outcomes.	Published 6 December 2018 http://www.audit.wales/publication/maturity-local-government-use-data

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We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

AUDIT COMMITTEE

27th MARCH 2019

REPORT OF THE HEAD OF FINANCE – HUW JONES

Matter for Information

Wards Affected - All

TREASURY MANAGEMENT MONITORING 2018/19

1. Purpose of Report

This report sets out treasury management action and information recently reported to Cabinet (13th February 2019) which also needs to be reviewed by the Audit Committee.

2. Rates of Interest

- 2.1 The Monetary Policy Committee (MPC) voted on the 2nd August 2018 to increase the bank rate to 0.75%. The reason given for this rise was to try to halt the rises in the rate of inflation.

Effective Date	Bank Rate
4th December 2008	2.00%
8th January 2009	1.50%
5th February 2009	1.00%
5th March 2009	0.50%
4th August 2016	0.25%
2nd November 2017	0.50%
2 nd August 2018	0.75%

- 2.2 The following table provides examples of external borrowing costs as provided by the Public Works Loans Board as at 15th January 2019:

	Equal Instalments of Principal		Annuity		Maturity	
	Previous 09Oct18	Current 15Jan19	Previous 09Oct18	Current 15Jan19	Previous 09Oct18	Current 15Jan19
	%	%	%	%	%	%
5-5.5 years	1.84	1.83	1.84	1.83	2.11	1.97
10-10.5 years	2.11	1.97	2.12	1.98	2.52	2.33
20-20.5 years	2.52	2.33	2.55	2.36	2.55	2.79
35-35.5 years	2.82	2.72	2.85	2.77	2.79	2.75
49.5-50 years	2.88	2.83	2.86	2.82	2.70	2.67

3. General Fund Treasury Management Budget

- 3.1 The following table sets out details of the treasury management budget for 2018/19 along with outturn figures for 2017/18. The budget consists of a gross budget for debt charges i.e. repayment of debt principal and interest, and interest returns on investment income.

2017/18 Outturn £'000		2018/19 Original Budget £'000
18,011	Principal and Interest charges	19,203
	Investment Income	
(527)	- Total	(400)
192	- less allocated to other funds	110
(335)	Subtotal Income	(290)
	Contribution from General Reserves	(340)
594	Contribution to/(from) treasury management reserve	
18,270	Net General Fund	18,573

NB: Other funds include Trust Funds, Social Services Funds, Schools Reserves, Bonds etc.

4. Borrowing

- 4.1 The Council has not entered into any loans since the last quarterly monitoring report.

5. Investment Income

- 5.1 In line with the Council's Investment Strategy, the 2018/19 original budget for investment income is £400k, actual investment income for the financial year to date is projected to be approximately £435k. Any income received in excess of the budget will normally be transferred into the treasury management equalisation reserve at year end, however it is expected that by year end the income generated and cost of new loans will allow circa £100k underspend on this budget and be made available to underpin the 2018-19 net budget outturn position.

Members should note that the majority of investments are classified as 'specified' i.e. up to 12 months and are currently deposited with Local Authorities, UK banks including, Lloyds Group, Close Brothers and Santander Bank.

- 5.2 The Council policy will allow investments up to a maximum of £25m for periods of more than 1 year and up to 5 years, and this will be considered when decisions on investing surplus funds are made. The Council has no such investments.

Financial Impact

6. All relevant financial information is provided in the body of the report.

Equality Impact Assessment

7. An equality impact assessment was not required for this report.

Workforce Impacts

8. There are no workforce impacts arising from this report.

Legal Impacts

9. There are no legal impacts arising from this report.

Risk Management

10. There are no new risk management issues arising from this report. Borrowing and investment decisions are made in line with the Council's Treasury Management Policy. The Council has appointed Link Asset Services to provide support and advice in relation to this policy.

Consultation

11. There is no requirement under the Constitution for external consultation on this item.

12. Recommendations

It is recommended that Audit Committee Members note the contents of this report for information

Appendices

13. None

List of Background Papers

Treasury Management Files
PWLB Notice Number 020/19

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NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

AUDIT COMMITTEE

REPORT OF THE HEAD OF FINANCE – HUW JONES

27th March 2019

Matters for Decision

Wards affected - All

INTERNAL AUDIT PLAN FOR THE PERIOD - 1 APRIL 2019 – 31 MARCH 2020

1. Purpose of Report

- 1.1 The purpose of this report is to seek members' approval of the attached Draft Internal Audit Plan for 2019/20.

2. Internal Audit Plan 19/20

- 2.1 The Internal Audit Plan has been compiled from cumulative audit knowledge and experience, with reference to the Corporate Plan and Corporate Risks. The plan also includes audits which are subject to service level agreements and those which are carried out annually. In addition to the specific audits there are allowances put in place for such items as special investigations that arise during the year, contingencies and for advice and guidance. The plan has to be flexible in order to allow for unexpected items during the year that require audit input.

3. Recommendation

It is recommended that members approve the Internal Audit Plan as set out in Appendix 1.

4. Reason for Proposed Decision

To ensure compliance with the terms of reference of the Audit Committee.

6. Financial Impact

There is no financial impact associated with this report.

7. Equality Impact Assessment

There are no equality impacts associated with this report.

8. Workforce Impacts

There are no workforce impacts associated with this report.

9. Legal Impacts

There are no legal impacts associated with this report.

10. Risk Management

The Audit Plan and the proposed audits contained therein form a fundamental part of the risk management processes used by the Council.

11. Consultation

There is no requirement under the Constitution for external consultation on this item.

12. Appendices

Appendix 1 – Internal Audit Plan for the period 1 April 2019 – 31st March 2020

List of Background Papers

Audit files

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Mae'r dudalen hon yn fwriadol wag

NEATH PORT TALBOT COUNTY BOROUGH
COUNCIL

Finance & Corporate Services Directorate

Internal Audit Service

**INTERNAL AUDIT PLAN
FOR THE PERIOD
1 April 2019 – 31 March 2020**

Issue Date –

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Heading

Foreword to Plan

Section 1

Legislative requirements

Section 2

Calculation of available days

Section 3

Detailed Audit Plan in respect of 2019/20

STRATEGIC AUDIT PLAN IN RESPECT OF THE PERIOD 1 APRIL 2019 TO 31 March 2020

1. INTRODUCTION

- 1.1 I outline in this plan details of the Internal Audit Service involvement in Council services/functions for the period 1 April 2019 to 31 March 2020.
- 1.2 The plan has been prepared using the following assumptions and methodology.
- 1.3 The staffing complement for 2019/20 has increased to 8.18 FTE, due to the creation of a new fraud auditor post and additional hours being worked due to staffing changes.
- 1.4 An allowance has been made for special investigation type work i.e. fraud, theft, general malpractice issues in relation to employees and clients of Council services, along with requests for advice and guidance from service managers.
- 1.5 The risk factors noted against each audit heading are based on a formula that calculates the scores using 12 different variables.
- 1.6 The plan details the areas that are due to be audited during 2019/20. However, the audit plan is almost invariably subject to change as issues arise during the year. This flexibility is vital to ensure that new or increased risks are assessed and reported upon in order that assurance can be provided to Members. Any changes to the plan will be reported to Audit Committee throughout the year.

2. INTERNAL AUDIT SERVICE PERFORMANCE MONITORING

Updates in line with corporate guidelines will continue to be given to the Council's Audit Committee and where required to the relevant Scrutiny Committee. Information will also be outlined in our performance indicator results. The section's work will also follow the requirements of the Public Sector Internal Audit Standards.

3. AUDIT COMMITTEE

Since this Committee was established as a 'stand-alone' entity in May 2002, numerous reports on a variety of topics have been submitted and this has assisted Members' awareness of their role i.e. effective compliance with the laid down Terms of Reference of the Committee.

The Committee undertakes its duties in line with the guidance given in the Public Sector Internal Audit Standards 2013 which supersede The Code of Practice for Internal Audit in Local Government in the UK. Members were advised of this change at the March 2014 Audit Committee meeting.

4. THE YEAR AHEAD

As for every year to date, a number of challenges lie ahead:

- Provide an adequate level of audit coverage with reduced resources;
- Implement agreed recommendations resulting from the external review undertaken during 2017/18;
- Provide assurance to Members on the adequacy and effectiveness of internal controls on systems that have been affected by the budget reductions faced by the Authority;
- To further improve the assessment of risk in audit work;
- Continuing with the progress made to date in improving, and enhancing the role of the Audit Committee;
- Continuing to work closely with service managers to improve the effectiveness of audit work, particularly with regard to the increasing emphasis on corporate governance issues;
- Continuing to work closely with Wales Audit Office to maximise the effectiveness of audit work for the Authority.

In terms of ongoing requirements, there is a need to constantly monitor and review the progress being made in connection with the various assignments contained within the Audit Plan (aided by a computerised Audit Management System which has been developed in-house for our purposes). The 3 monthly progress reports will continue to be presented to Audit Committee. In

addition, our External Auditor's report on the performance of Internal Audit in terms of compliance with the Public Sector Internal Audit Standards in line with their statutory responsibility in its entirety is submitted to the Audit Committee.

Finally, this Internal Audit Plan is submitted to the Audit Committee for approval at its meeting scheduled for 27th March 2019.

Huw Jones
Head of Finance

Anne-Marie O'Donnell
Audit Manager

DRAFT

SECTION 1

LEGISLATIVE REQUIREMENTS RELATING TO THE PROVISION OF THE INTERNAL AUDIT FUNCTION

- 1.1 This section deals with the legislative question and the manner in which compliance is effected by the Authority.
- 1.2 Section 151 of the Local Government Act 1972 requires that “every local authority shall make arrangements for the proper administration of their financial affairs and shall ensure that one of their officers has responsibility for the administration of those affairs.”
- 1.3 The responsible financial officer in this Authority is the Director of Finance & Corporate Services, and one of the more important ways in which he exercises his statutory responsibility for financial administration is through the work of the Internal Audit Service.
- 1.4 The Accounts and Audit (Wales) Regulations 2014 state ... (1) A relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control. (2) Any officer or member of that body must, if the body requires (a) make available such documents of the body which relate to its accounting and other records as appear to that body to be necessary for the purpose of audit; and (b) supply the body with such information and explanation as that body considers necessary for that purpose. (3) a larger relevant body must, at least once in each year, conduct a review of the effectiveness of its internal audit. (4) The findings of the review referred to in paragraph (3) must be considered, as part of the consideration of the system of internal control refers to in regulation 5 (3), by the committee or body referred to in that paragraph.
- 1.5 It is a requirement of the Public sector Internal Audit Standards that each Internal Audit service has an Audit Charter. The standards state “The purpose, authority and responsibility of the internal audit activity must be formally defined in an internal audit

charter, consistent with the Definition of Internal Auditing, the Code of ethics and Standards. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.” This committee approved the service’s charter at the committee meeting in December 2014.

- 1.6 These Accounts and Audit Regulations are supplemented by this Authority’s Financial Regulation No 3.4.5 and Financial Procedures Nos. 4.9.8 and 4.9.9 which state:

Financial Regulation 3.4.5 – Audit Requirements

This states that the Accounts and Audit Regulations require every local authority to maintain an adequate and effective internal audit.

Financial Procedure Nos. 4.9.8 & 4.9.9

4.9.8 Responsibilities of the Director of Finance & Corporate Services

To ensure that internal auditors have the authority to:

- Access Authority premises at reasonable times
- Access all assets, records, documents, correspondence and control systems
- Receive any information and explanation considered necessary concerning any matter under consideration
- Require any employee of the Authority to account for cash, stores or any other Authority asset under his or her control
- Access records belonging to third parties, such as contractors, when required
- Directly access the head of paid service, the executive and Audit Committee
- To ensure that effective procedures are in place to investigate promptly any fraud, irregularity or mal practice.

4.9.9 Responsibilities of Corporate Directors (Chief Officers)

- To ensure that internal auditors are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work.

- To ensure that auditors are provided with any information and explanations that they seek in the course of their work.
- To consider and respond promptly to recommendations in audit reports
- To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
- To notify the Director of Finance & Corporate Services immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Authority's property or resources. Pending investigation and reporting, the Corporate Director should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.

SECTION 2

INTERNAL AUDIT PLAN 2019/20 CALCULATION OF AVAILABLE DAYS

- 2.1 The total number of days included in the Plan is based on a total of 8.18 (FTE) staff.
- 2.2 A number of allowances have to be made to the total number of days available to allow for annual leave, public holidays, sickness, training etc. An estimate also has to be made for staff vacancies arising from the possibility of staff turnover occurring over the year.
- 2.3 These allowances result in a total number of 'available' days to the section of 1,628. From this is deducted a number of days to allow for the general supervision and management of the Section and other 'non-chargeable' items such as attendance at seminars, team meeting etc. The total number allocated to these overhead type areas is 210 days.
- 2.4 This leaves a total of 1,418 days available for planned work.

SECTION 3 – INTERNAL DRAFT AUDIT PLAN FOR 2019/20

Service Area	Days Allocated	Risk Factor
---------------------	---------------------------	------------------------

Education Leisure & Lifelong Learning

School based audits

Primary Schools	120	M
Secondary Schools	35	H

Other education

Unofficial Funds (Primary)	15	H
Unofficial Funds (Comps)	30	H
Education Grants	20	M

Leisure

Margam Park & Orangery	40	M
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Total number of days = 260

Service Area	Days Allocated	Risk Factor
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Chief Executive's

Members Driver Declarations	15	M
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Total number of days = 15

Service Area	Days Allocated	Risk Factor
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Environment

Stores – stocktake assistance	5	H
Stores processes	15	H
Equipment Tracking/Write Offs	15	M
Winter Gritting	20	M
Town Centre Regeneration Prog.	10	M
Contingency	30	N/A

Total number days = 95

Service Area	Days Allocated	Risk Factor
---------------------	---------------------------	------------------------

Finance & Corporate Services

Revenue Collection

Council Tax	5	L
Council Tax Recovery	15	M
NNDR	5	L
Sundry Debtors	5	L
Cash collection	10	H

Benefit Administration

Housing Benefits	5	L
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Exchequer

Payroll	5	L
Creditor Payments	5	L
Creditors (FIS) checks	20	H
Off payroll payments (IR 35)	10	H

Accountancy

Treasury Management	15	M
VAT	10	M

Other

Financial Assessments	15	M
Court Deputy	15	M
Contingency	10	N/A

Total number of days = 150

Service Area	Days Allocated	Risk Factor
<u>Social Services, Health & Housing</u>		
<u>Social Services</u>		
Hillside Secure Unit	15	M
Grant certification	15	M
<u>Safeguarding:</u>		
Children's & Adult Services (To include Child Sexual Exploitation & Professional Strategy Meetings)	70	H
Contingency	25	N/A
Total number days = 125		

Service Area	Days Allocated	Risk Factor
<u>Cross directorate</u>		
Special Investigations	210	N/A
Advice & Guidance requests	90	N/A
Corporate Governance	15	N/A
Data Security	15	H
Contract Audit (final accounts)	5	M
Officer Declarations	15	M
Risk Registers	20	M
DBS Checks	15	H
Complaints Processes	20	M
Procurement	35	H
Money Laundering	15	M
Fraud (to include joint working With DWP & NFI)	210	H
GDPR	15	M
Contingency	8	N/A
Total number of days = 688		

Other Commitments

Banking Administrator	10	N/A
Attendance at working Parties	20	N/A
Servicing Audit Committee	20	N/A
Vision Impaired West Glam SWTRA	10	L
FOI Requests	5	N/A
Staff association/lottery	10	N/A

Total number of days = 85

Total number of days for 19/20 = 1418

H = High, M = Medium & L=Low

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

AUDIT COMMITTEE

27th March 2019

REPORT OF THE HEAD OF FINANCE – HUW JONES

Matter for information

Wards affected: All wards

Progress Report to 28th February 2019

1. Purpose of the Report

The purpose of this report is to:

- Provide details of the work undertaken in the last quarter
- Provide details of Post Audit Reviews undertaken in the last quarter
- Provide an update on progress against the plan
- Advise members of any staffing issues within the team

2. Background

One of the terms of reference of this Committee is to 'monitor internal (and) external audit performance'. In order to comply with this requirement to monitor the in-house service, a progress report is given below outlining internal audit work undertaken in the last quarter. This work is then set against the original Internal Audit Plan to show what progress has been achieved.

In addition, information is provided for members on the current position regarding staff vacancies and other staffing issues within the team.

3. Audit Assignments Completed

A total of 16 formal audit reports have been issued since 15th November 2018 in line with normal distribution guidelines. Attached as appendix 1 is a schedule of the reports along with a brief summary of the findings and the risk rating applied following the audit.

The following is a list of those reports issued:

- 3 Private Items

- 7 Primary Schools
- 2 Comprehensive Schools
- 2 DBS Checks - Schools
- Vision Impaired West Glamorgan
- Procurement Cards

4. Post Audit Reviews Undertaken

The following Post Audit Reviews (PARs) have been undertaken.

Audit	Date of PAR	Issues arising
Cwmtawe Comprehensive	29.11.18	None
Ysgol Bae Baglan	30.11.18	None
Baglan Primary School	18.01.19	None
Tairgwaith Primary	23.01.19	
Sandfields Primary School	28.01.19	None
YGG Castell-nedd	04.02.19	None
YGG Trebannws	06.02.19	None

5. Progress against Plan

Appendix 2 gives details of the work carried out to date against the 2018/19 plan.

There are currently 3 special investigations in progress.

6. Staffing

The Auditor vacancy will be filled on a secondment basis for 6 months, from 1st April 2019 by one of the audit assistants, a review of the position will be undertaken at the end of the secondment. There are no plans to fill the resultant audit assistant vacancy until such times as the outcome of the secondment is known.

7. Financial Impact

There will be a budget saving in respect of salary costs for the vacant Assistant Auditor post.

8. Equality Impact Assessment

There are no equality impacts associated with this report.

9. Workforce Impacts

There are no workforce impacts associated with this report.

10. Legal Impacts

There are no legal impacts associated with this report.

11. Risk Management

The work undertaken by Internal Audit is a fundamental part of the risk management processes in place across the Authority.

12. Consultation

There is no requirement under the Constitution for external consultation on this item.

14. Appendices

Appendix 1 – Published Reports

Appendix 2 – Audit Plan Monitoring 2018/19

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Appendix 1 – Published Reports

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R35	Ysgol Maes Y Coed Head of Participation	Good controls were found to be in place and the school is complying with current DBS guidance. Recommendations made within the report will further enhance the controls operating within the school.	2
R36	Private Item		
R37	Blaenhonddan Primary School Head of Participation	The school is complying fully with current DBS guidance in relation to staff, however, guidance had not been fully complied with in relation to DBS requirements for Governors.	2
R38	Ysgol Hendrefelin Head of Participation	The school is complying in full with current DBS guidance in respect of both staff and governors and the recommendations made within the report will enhance the good controls currently operating within the school.	2
R39	YGG Cwmnedd Head of Participation	Good controls were found to be operating effectively and the recommendations made within the report will further enhance working practices. The school was complying fully with all DBS guidance.	2
R40	Private Item		
R41	Rhydyfro Primary School Head of Participation	DBS Portability Forms had not completed in respect of 2 staff members who had taken on additional roles within the school. A payment for staff lunches on an inset day had been paid for from the Unofficial Fund, it has been accepted that this was ineligible expenditure and the fund will be reimbursed.	2

Appendix 1 – Published Reports

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R42	Godre'graig Primary Head of Participation	Good controls were found to be operating within the school and the recommendations made will further enhance the existing controls. The school was found to be fully complying with DBS guidance.	2
R43	Vision Impaired West Glamorgan Director of Finance & Corporate Services	The financial statements of VIWG have been independently reviewed and examined and were found to be accurate when compared to supporting documentation.	1
R44	Private Item		
R45	DBS Check Ysgol Cwm Brombil Head of Participation	The required DBS disclosures in respect of all staff and governors were found to be in place.	1
R46	Procurement Cards Head of Finance	Generally good controls were found to be operating and the recommendations made within the report will further enhance the controls currently operating.	2
R47	YGG Tyle'r Ynn Head of Participation	In one instance a DBS Portability Form had not been completed when a staff member took on additional duties at the school and the school did not comply fully with DBS guidance in respect of Governors.	2

R48	Ysgol Carreg Hir DBS Check Head of Participation	The required DBS disclosures in respect of all staff and governors were found to be in place.	1
R49	Cefn Saeson Comprehensive School Head of Participation	Good controls were found to be operating and the school was complying with DBS guidance.	2
R50		Private Item	

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Risk Categories

Category 1 – testing found good controls to be in place

Category 2 – testing found some controls that need enhancing which will be achieved by the implementation of the recommendations

Category 3 – testing revealed a number of areas where improvements in controls are required. A verbal update will be provided

Category 4 – testing revealed areas of concern, the Head of Service will provide a written response to the audit report for consideration by Members of Audit Committee

Category 5 – testing revealed areas of significant concern. The Head of Service and/or Service Manager will attend audit committee

Monitoring Date	28th February 2019									
Audit Plan Item 2018-19	Risk Factor	Quarter 1	Quarter 2	Quarter 3	Quarter 4					
Education, Leisure and Lifelong Learning										
School Based Audits										
18 Primary Schools	M	1 school audited	5 schools audited	7 schools audited	7 schools audited					
3 Secondary Schools	H			1 Audit Complete and report issued	2 Audit complete and reports issued					
Other Education										
Parent Pay	M			Audit Complete & Report Issued						
Youth Service	H		Audit in planning stage	Audit in progress	Audit complete and draft report issued					
Education Grants	M	1 grant audited		3 grants audited and reports issued	3 grants audited					
Leisure, Culture and Lifelong										
None										

Finance and Corporate Services									
Revenue Collection									
Council Tax	L					CRSA* Issued	* Controlled Risk Self- Assessment		
NNDR	L					CRSA Issued			
Sundry Debtors	L					CRSA Issued			
Cash Collection	H	Unannounced visits undertaken	Unannounced visits undertaken	Unannounced visits undertaken	Unannounced visits undertaken	Unannounced visits undertaken			
BACS	H					Advice provided where requested.			
Benefits Administration									
Housing Benefits	L					CRSA Issued			
Exchequer									
Payroll	M					Work being undertaken by WAO			
Creditor Payments	L			Audit in progress		Findings to be included in CRSA report.			
Creditor (FIS Checks)	H	Regular monthly checks undertaken	Regular monthly checks undertaken	Regular monthly checks undertaken	Regular monthly checks undertaken	Regular monthly checks undertaken			
Off Payroll Payments (IR 35)	H					Advice provided where requested.			
Accountancy									
Treasury Management	M					Wales Audit Office confirmed they are undertaking an audit in this quarter. Therefore not to be done by Internal Audit to avoid duplication of work. WAO confirmed they will share findings with IA.			
Bank Reconciliation	M	Audit complete and draft report issued	Audit complete and final report issued						

VAT					Due to number of staff changes this has been postponed. The responsible Chief Accountant confirmed from April the officers to be dealing with VAT in the future will commence training and therefore in early 2020 there will be sufficient data available to be tested from work undertaken as a result of the changes changes.				
	M								
General									
Travel & Subsistence	M		Audit in progress	Audit Complete & report issued					
Legal Services									
Margam Crematorium	L	Audit complete and draft report issued	Audit complete and final report issued						
Other									
Contingency	N/A								

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Chief Executive's									
Members' Declarations of Interest	M		Audit in progress	Audit Complete & report issued					
Disciplinary Processess	M								
Social Services, Health and Housing									
Housing General Fund:									
None									
Social Services									
Hillside Secure Unit	M			Audit in planning stage	Audit complete and draft report issued.				
Grant Certification	M				1 grant audited and report issued during the year.				
Abbey View Complex Needs Service	M	Audit in planning stage	Audit complete and final report issued						
Complaints	M	Audit in planning stage							
Safeguarding - Children & Adult Services									
To be agreed with Chief Officers	H				2 DBS reviews undertaken and reports issued.				
Assistive Technology	M			Audit complete & report issued					

Environment					
Stores/Equipment attendance at stock takes	H				Attendance at year end stock take undertaken
Stores processes	H				
On call procedures	M			Audit in planning stage	Audit complete and draft report issued
Tregelles Court Workshop	M				
Cash/Income Collection	M	Audit in progress	No issues identified.		
Car Parking	M	Audit complete and draft report issued	Audit complete and final report issued		
Cemeteries	M		Audt in plannning stage	Audit in progress	Audit complete and draft report issued
Cross Directorate					
Special Investigations	N/A	3 in progress	4 in progress	7 in progress	3 in progress
Advice & Guidance Requests	N/A	Ongoing	Ongoing	Ongoing	Ongoing
Corporate Governance Arrangements	N/A				
I.T. Audit	N/A				
Contract Audit	N/A			3 final accounts audited	
Officer Declarations	M	Audit in progress	Audit complete and final report issued		
Petty Cash	M		Audit in planning stage		Audit ongoing
Risk Registers	M				
DBS Checks	H	Audit in planning stage	Audit complete and final report issued		2 reports issued
Purchasing Cards	H		Audit in planning stage		Audit complete and report issued
Travel & Subsistence	M		Audit in progress	Audit Complete & report issued	

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Other Commitments					
Banking Administrator	N/A	Ongoing	Ongoing	Ongoing	Ongoing
Attendance at working parties	N/A	Ongoing	Ongoing	Ongoing	Ongoing
Servicing Audit Committee	N/A	Ongoing	Ongoing	Ongoing	Ongoing
Vision Impaired West Glamorgan	L				Audit complete and report issued
SWTRA	N/A				
FOI Requests	N/A	All which have been received have been answered	All which have been received have been answered	All which have been received have been actioned	All which have been received have been actioned
Staff association/lottery	N/A	Ongoing advice being given		Ongoing advice being given	Ongoing advice being given
National Fraud Initiative	N/A			All data downloaded from internal systems and uploaded to Cabinet Office	Review of matches in early stages
Contingency	N/A		School meal income audit complete and report issued. Settlement Agreements audit complete and report issued.	Members' Declarations of Interest, audit complete and report issued	

Neath Port Talbot County Borough Council

Audit Committee – Draft Annual Report 2017-2018

Introduction

This report summarises the work undertaken by the Audit Committee of Neath Port Talbot County Borough Council throughout the 2017-2018 Civic Year. It is the first such report to be produced by the Committee, and its publication is an attempt to provide an element of good practice for members in addition to the production of an appropriate yardstick with which to approach the generation of future reports.

Membership

The Members of the Audit Committee were:

Councillors A.R.Aubrey, M.Crowley, S.E.Freeguard, H.N.James, J.Miller, S.H.Reynolds, A.J.Richards, H.C.Clarke, J. Warman and R.W.Wood.

Voting Lay Member: J.Jenkins.

The Committee Chair was Cllr. Dr. Del Morgan, and the Vice Chair was Cllr. Linet Purcell.

Work Programme

The Committee's forward work programme is agreed by members on a rolling basis, although this Committee's work is often driven by statutory requirements or by the dynamic necessities of particular circumstances as they arise.

The Committee met four times formally during the year, and there were additional training opportunities provided for members outside of these formal meetings.

Specific Duties and Tasks Undertaken by the Committee

The Committee approved the Council's Statement of Accounts including the Annual Governance Statement.

The Committee approved the Council's Internal Audit Plan for the year.

The Committee continually monitored Internal Audit performance against the plan.

The Committee monitored External Audit Performance.

The Council participated in the external review of Internal Audit to ensure compliance with the Public Sector Internal Audit Standards (PSIAS); the Committee oversaw this activity, whilst the Chair actively participated in an interview with the external review officer.

The Committee received the external assessors' report in relation to the external review, and the accompanying action plan on the Council's compliance with PSIAS; it was pleasing to record that Neath Port Talbot Council was awarded the highest rating possible.

The Committee approved a revised Internal Audit Charter.

The Committee received regular details of all investigations relating to theft, fraud and malpractice.

The Committee received Treasury Management Progress Reports.

The Committee received training in key aspects of the Committee's duties and work requirements. The key items covered during 2017-2018 were the Role of Internal Audit and the Role of the Audit Committee. The Committee Chair has also attended training in relation to chairing committees.

The Chair and Vice Chair of the Committee are offered pre-committee briefings prior to each meeting in the cycle, which have been attended.

Cllr. Dr. Del Morgan, Chair
November 2018

Document is Restricted

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