



GOVERNANCE AND AUDIT COMMITTEE

10.00 AM - WEDNESDAY, 15 SEPTEMBER 2021

VIA MICROSOFT TEAMS

PART 1

1. Welcome and Roll Call
2. Chair Announcements
3. Declarations of Interest
4. Minutes of Previous Meetings (*Pages 5 - 16*)
5. Audit Wales / Estyn / Care Inspectorate Wales (CIW) Reports and Recommendations (*Pages 17 - 34*)
6. Internal Audit Update Report (*Pages 35 - 50*)
7. Urgent Items
Any urgent items at the discretion of the Chairman pursuant to Section 100B(4)(b) of the Local Government Act 1972.
8. Access to Meetings
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 Paragraph 12 and 15 of Part 4 of Schedule 12A of the above Act.

PART 2

9. Special Investigations (*Pages 51 - 56*)

K.Jones
Chief Executive

Civic Centre
Port Talbot

8 September 2021

Committee Membership:

Chairperson: Councillor J.D.Morgan

**Vice
Chairperson:** Councillor L.M.Purcell

Members: Councillors H.C.Clarke, O.S.Davies,
S.E.Freeguard, S.Lynch, J.Miller, R.Mizen,
S.Renkes, A.J.Richards, R.W.Wood and
A.N.Woolcock

**Voting Lay
Member:** J.Jenkins

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GOVERNANCE AND AUDIT COMMITTEE

(Via Microsoft Teams)

Members Present: **24 June 2021**

Chairperson: Councillor J.D.Morgan

Vice Chairperson: Councillor L.M.Purcell

Councillors: S.E.Freeguard, J.Miller, R.Mizen, S.Renkes, A.J.Richards, R.L.Taylor, R.W.Wood and A.N.Woolcock

Officers In Attendance: K.Jones, C.Griffiths, H.Jones, A.O'Donnell, D.Mulligan, S.M.Davies and N.Headon

Representing Audit Wales: G.Gillett

Voting Lay Member: J.Jenkins

Invitees: Mr. R.Alcott and Mr. J.Straw (Independent Reviewers)

1. **CHAIR ANNOUNCEMENTS**

The Chair thanked the external independent reviewers and Officers for their work in bringing reports back to Governance and Audit Committee.

2. **DECLARATIONS OF INTEREST**

There were no declarations of interest.

3. **INDEPENDENT, EXTERNAL ASSURANCE REPORTS - ACTION PLAN TO RESPOND TO THE FINDINGS AND RECOMMENDATIONS - CHIEF EXECUTIVE INTRODUCTION**

The Chief Executive explained she had spoken to Audit Committee on the 15 March 2021 to draw the Committee's attention to an edited version of an audio tape which had been released on social media

featuring the former Leader of the Council. The Committee had been advised at that time it was important that the Council commissioned additional assurance work from external independent reviewers, which were Mr Rod Alcott a former Senior Manager with Wales Audit Office supported by Mr Jack Straw former Chief Executive of the City and County of Swansea.

It was noted that Audit Committee received the Terms of Reference that were set out in the review on the 15 March 2021, and the Committee was considering today the full and final reports that had been received from the independent reviewers.

The Chief Executive went onto explain that the review and Action Plan to respond to the findings and recommendations that had been made would be presented at today's Governance and Audit Committee. Due to the way the evidence in the full report had been presented, where it was possible to identify individual people, the evidence that was within the full reports would be considered in the private section of the Committee. In order to make the process as open and transparent as possible the full findings and recommendations had been extracted from the reports that external reviewers had produced and they would be presented in the open part of the papers, the action plan would directly address that information.

The Chief Executive highlighted that today's Committee were not dealing with the conduct of individual people, the review undertaken was regarding the processes and systems of governance, how we make decisions within the capital programme, the processes around the way we bring school reorganisation proposals forward and the protocol that governs the relationship between Members and Officers.

Members were happy to proceed with the meeting in private session.

4. **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.

5. **ANNEX 1 - PRIVATE REPORT OF EXTERNAL INDEPENDENT REVIEWERS**

The Committee received Annex 1 - Private Report of the External Independent Reviewers.

6. **INDEPENDENT, EXTERNAL ASSURANCE REPORTS - ACTION PLAN TO RESPOND TO THE FINDINGS AND RECOMMENDATIONS - CHIEF EXECUTIVE FINDINGS, RECOMMENDATIONS AND PRESENTATION OF ACTION PLAN**

Rod Alcott, external reviewer gave an overview of the conclusion and findings of the circulated report, and explained that he and Jack Straw were tasked with investigating the Council's governance arrangements that were operating at the time and not conduct issues.

It was explained that there were there governance processes in place across the three reports which included School Reorganisation, Allt y Grug Cemetery and Cefn Coed Museum. The findings were that there were governance process in place and they were followed.

Rod Alcott went onto explain that across all three areas there were some flaws in the processes which were highlighted in the circulated reports. These flaws had been addressed in a series of recommendations attached to each report. In summary, flaws were found but not failures in governance terms, and the flaws found in the governance systems and process could be addressed. It was explained that based on extensive experience across Councils in Wales finding flaws in governance processes when you undertook reviews was not unexpected. If there was a theme to what was uncovered in terms of flaws it was around the recording of decision making, as good governance required the decisions to be recorded. If there was no documentary evidence then it was not transparent. It was highlighted that it was important that the Council learnt from this and addressed the issues through transparency of the recording of decisions.

The Chief Executive gave Members an overview of the Action Plan and recommendations as detailed in the circulated report.

Allt Y Grug Cemetery and the Highways and Engineering Works Programme

It was explained that the Director of Finance and Corporate Services would revise the decision making processes around the Council's Capital Works Programmes so it would be clearer how the Council prioritises schemes and that would be regularly tested by the Internal Audit Service. This would mean the Governance and Audit Committee would be able to take a regular assurance that the Council was operating in accordance with the revised process that the Director of Finance and Corporate Services would be developing by the 30 September 2021.

It was noted that the role of the Capital Programme Steering Group (CPSG) would be documented in Terms of Reference. These had been drafted and would come forward to the Corporate Directors' Group (CDG) for consideration and sign off. The points made by the reviewers regarding recording decisions appropriately were incorporated. It was highlighted that the CPSG did have notes of its meetings but did not have a comprehensive minute which set out what information had been considered at the meeting and the actions that had been agreed. It would be made clear in the new Terms of Reference that a fuller minute of those meetings was required and the CPSG would need to report to CDG regularly.

It was highlighted that the Report and all documentation would be forwarded to the Public Services Ombudsman and the Auditor General.

School Reorganisation

Action had already been taken around recording of meetings. The Terms of Reference for the Cabinet Members' Briefing meetings would be refreshed. The terms of reference had not yet been presented to the meeting as yet but is scheduled in the next couple of weeks. Refresher training for all Members and Officers would be put in place to ensure everyone was clear of their roles and responsibilities.

The Chief Executive explained that in relation to Godre'rgrai the options appraisal around the risk of the spoil around the back of Godre'rgrai not having been done at the time this review was commissioned had been addressed. There had been a report to the Streetscene and Engineering Cabinet Board on 21st May where the

Council commissioned specialist Civil Engineering advice on those options and once that report had been received it would go back to the Streetscene and Engineering Cabinet Board for a decision to be taken on what the next course of action would be in relation to that site.

Cefn Coed Museum

Cabinet had already been provided by a full position statement to ensure there was no confusion about what had happened to the Welsh Government Grant for the Cefn Coed Museum. There had been lengthy scrutiny of the report and the local member had participated in the meeting. A Steering Group had now been set up under the Chairmanship of the Director of Education, Leisure and Lifelong Learning to look at further options that could be brought forward in respect of Cefn Coed Museum.

The Chief Executive emphasised that in all three cases the documentation produced by the external reviewers had been shared with the Public Services Ombudsman and the Auditor General.

The Chief Executive explained that the external reviewers had also been asked to look at Member and Officer relationships. Refresher training had been arranged, funded by the Welsh Local Government Association to ensure the Member-Officer protocol is clearly understood and applied in practice. Members noted that the Auditor General had suggested that the Internal Audit Service make provision within their Internal Audit Programme to test the new arrangements that had been put in place once they had bedded in. The Chief Executive highlighted that there would be a Progress Report on how these actions had progressed and the testing done by the Internal Audit Service would come back to Governance and Audit Committee for assurance purposes.

Members questioned how the audit process would test procedures. The Chief Executive explained that the Council's Internal Audit Service would have an input into the way in which we were proposing to change the current arrangements, so they could comment, challenge and test the changes before putting them in place. Audit Wales colleagues would also be asked to comment on the changes we are proposing to make before implementation. It was noted that after changes had some time to bed in they would take a number of transactions and test them against the processes to check the Council were working in accordance with the processes that had

been designed. A report would be developed which would show the findings and whether there were any further recommendations that needed to be made. This would be expressed in the reports at Governance and Audit Committee.

The Audit Manager explained that audit would be involved in reviewing the new protocols going forward and challenging them as they needed to be measurable. The Audit Manager would attend CPSPG meetings as an observer to issue any guidance and recommendations from an audit perspective and follow up reports would be issued, therefore it would be a combination of reviewing the documentation, attending the meetings, issuing reports and recommendations, this would be a rolling programme.

The Chair thanked the external reviewers for their reports and presenting at today's committee and also thanked the Chief Executive and the external reviewers for their work.

RESOLVED:

1. That the reports provided by the external reviewers, be noted.
2. That the action plan that has been developed to respond to the findings and recommendations presented in the review reports, be noted.
2. That the Internal Audit Service will be asked to include provision within the forward audit programme to periodically test how the changes described in the action plan are being implemented and to support the Governance and Audit Committee in monitoring the progress being made, be noted.

7. **ADJOURNMENT OF MEETING**

Short adjournment of the meeting.

8. **MINUTES OF PREVIOUS MEETING**

RESOLVED: That the minutes of the meetings held on 23 April 2021, be approved.

9. **CLOSURE OF ACCOUNTS 2020/2021**

Members questioned how much do we owe as a Council. Officers agreed to circulate a comprehensive response to all Members after the meeting.

RESOLVED: That the Council's Draft (unaudited) Statement of Accounts for 2020/2021, be noted.

10. **2020/21 INTERNAL AUDIT ANNUAL REPORT**

Officers explained that the Internal Audit Annual Report was in relation to last financial year. It was noted that Audit reported to committee in September 2020 that the focus of the internal audit work for the year would be on high risk areas and areas where controls may have changed as a result of homeworking. The Head of Internal Audit's annual opinion based on the overall coverage of internal audit work and considering other sources of assurance is that **reasonable assurance** can be given that there have been no major weaknesses noted in the relation to the internal control systems, governance arrangements and risk management processes operating within the Council.

RESOLVED: That the 2020/2021 Internal Audit Annual Report, be noted.

11. **INTERNAL AUDIT UPDATE REPORT**

Officers highlighted that Appendix 1 of the circulated report, School Based Staff DBS Check (R4) was an interim report, work had not yet been completed and was on-going. It was noted that in relation to the risk category it shown as N/A this signified not applicable, due to the interim nature of the report, and officers acknowledged that is was misleading and could have been interpreted as no assurance.

Officers went onto give an overview of what had happened to date and deadlines. Officers highlighted that they had been unable to visit schools due to Covid, therefore work had been carried out remotely. With reference to the DBS Check in schools, Schools utilise the Councils Human Resources (HR) Vision System but not the IDocs System which HR use, this meant that in order to confirm some elements of compliance with DBS guidance further documentary

evidence is required directly from the schools. It was noted that in relation to ninety-nine members of new staff it had not been possible confirm that the all elements of the DBS guidance had been followed and the schools had been contacted and asked to provide the documentary evidence required, consequently there was no assurance rating as yet. It was highlighted that the ninety-nine members of staff fell across forty-four different schools, each school had been contacted and given a deadline to respond and to date approximately 50% of schools had responded to the initial e-mails. On receipt of further responses a final report will be issued detailing the results of the testing based on all of the evidence available and with an assurance rating applied.

It was noted that any schools that had not responded would be contacted with a reminder e-mail next week, then further to that the schools would have a telephone call.

Members questioned if schools had not communicated with audit would an Officer visit the school over the school holidays. Officers explained that regarding school administrative staff working over summer, staff were on different contracts in different schools and admin staff were not always available during school holiday periods, but if schools had not responded officers could visit and to view their paperwork if admin staff were working in schools.

Members were pleased to see substantial assurance regarding the Covid Self Isolation Support Scheme that was specifically associated with Covid, they agreed that this had been well administered and thanked officers.

It was noted that all reports going forward would have the new assurance rating, and for consistency every report issued from the end of May had the new assurance rating applied. It was highlighted that the concept was the same it is just the wording had changed.

RESOLVED: That the Internal Audit Update Report undertaken since the last Audit Committee in April 2021, 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. **PRIVATE INTERNAL AUDIT REPORT**

Members received an update on all audits undertaken since the Audit Committee meeting held during April 2021, which had a risk rating of 3, 4 or 5 applied and all special investigations, as detailed in the private circulated report.

RESOLVED: That the report be noted.

CHAIRPERSON

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GOVERNANCE AND AUDIT COMMITTEE

(Via Microsoft Teams)

Members Present: **28 July 2021**

Chairperson: **Councillor J.D.Morgan**

Vice Chairperson: **Councillor L.M.Purcell**

Councillors: O.S.Davies, S.E.Freeguard, J.Miller, R.Mizen, S.Renkes, A.J.Richards, R.L.Taylor, R.W.Wood and A.N.Woolcock

Officers In Attendance: H.Jenkins, A.O'Donnell, D.Mulligan and T.Davies

Representing Audit Wales: G.Gillett

1. **AUDIT WALES - AUDIT OF ACCOUNTS 2020/2021**

Members discussed the circulated Audit of Accounts, following an overview from the Audit Wales Officer.

RESOLVED: That the Audit Wales – Audit of Accounts 2020/21 be noted.

2. **STATEMENT OF ACCOUNTS 2020/2021**

Members received an overview of the Statement of Accounts 2020/21, following the completion of the external audit.

RESOLVED:

1. That the Letter of Representation, included as Addendum 1 to the circulated report, be approved.
2. That the final 2020/21 Statement of Accounts, as included in

Addendum 2 to the circulated report, be approved.

3. That the Annual Governance Statement included in Addendum 3 to the circulated report, be approved.
4. That the Chair of the Audit Committee be authorised to provide his electronic signature for the Letter of Representation and the Statement of Accounts.

CHAIRPERSON

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

GOVERNANCE AND AUDIT COMMITTEE

15th September 2021

REPORT OF THE DIRECTOR OF FINANCE & CORPORATE SERVICES

Matter for Information

Wards Affected – All wards

Audit Wales / Estyn / Care Inspectorate Wales (CIW) Reports and Recommendations

Purpose of the Report

The purpose of this report is to set out the proposed process by which the Governance & Audit Committee will be provided with assurance that the Council is actively considering the findings of reports issued to the Council by Audit Wales, Estyn and the Care Inspectorate Wales (CIW).

Background

On 3rd June 2021, Derwyn Owen, Auditor Director, Audit Wales wrote to Chairs of Governance & Audit Committee setting out Audit Wales expectation that all councils' Governance & Audit Committee formally consider reports of external review bodies – principally; Audit Wales, Estyn and the Care Inspectorate Wales (CIW) – copy of letter is attached at Addendum 1.

In addition to considering the reports, the Auditor Director also set out the expectation for committees to assure themselves that there are arrangements in place to monitor and evaluate progress against any recommendations contained in them.

The Auditor Director acknowledged councils' approaches to dealing with Audit Wales performance audit reports, proposals for improvement and Local Government studies' recommendations are variable and is therefore not assured that all councils are consistently actively considering the findings of reports issued by Audit Wales.

To support councils to do the above more consistently, Audit Wales will have a more targeted approach of distributing final reports upon

publishing, set out our expectations of how councils should deal with the recommendations and find out whether these expectations have been met.

In addition, the Auditor General for Wales will produce a timetable which sets out the dates or periods when Audit Wales, Estyn and Care Inspectorate Wales will be undertaking their work. This timetable will be issued every quarter to councils and copied to Governance and Audit Committee chairs. The latest quarterly update dated 15th July 2021 is attached at Addendum 2.

Proposed Process

The diagram attached at Addendum 3 sets out the proposed process to provide assurance to the Committee that the Council is actively considering the findings of reports issued to the Council by Audit Wales, Estyn and the Care Inspectorate Wales (CIW).

On a quarterly basis, the **Register of Regulator Reports & Recommendations** will be presented to Governance & Audit Committee which will be the Council's key document to demonstrate how accepted proposals for improvement / agreed recommendations received from regulators are being addressed by the Council (template is attached at Addendum 4).

The Register will list:

- reports issued (to date) to the Council by Audit Wales, Estyn and Care Inspectorate Wales;
- scrutiny committee responsible for monitoring progress on the action plan containing the agreed proposals for improvement or recommendations (or other monitoring arrangements); and
- target date for update to Governance & Audit Committee on the monitoring of progress for (assurance purposes).

Following today's meeting, and any suggested amendments, the Register will be updated with the necessary information from April 2021 (to date) and will be presented to the next meeting of the Governance & Audit Committee scheduled on 26th November 2021.

Financial Impact

There are no financial impacts in respect of this item.

Integrated Impact Assessment

There is no requirement for an integrated impact assessment in respect of this item.

Valleys Communities Impacts

There are no impacts in respect of this item.

Workforce impacts

There are no workforce impacts in respect of this item.

Legal Impacts

There are no legal impacts in respect of this item.

Risk Management

There are no risk management issues in respect of this item.

Consultation

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

Recommendations

It is recommended that:

Members note the proposed process by which the Governance & Audit Committee will be provided with assurance that the Council is actively considering the findings of reports issued to the Council by Audit Wales, Estyn and the Care Inspectorate Wales (CIW).

Appendix

- Addendum 1 – Audit Wales Letter – 3rd June 2021 – Audit Wales Reports and Recommendations
- Addendum 2 – Audit Wales Work Programme and Timetable – 15th July 2021
- Addendum 3 – Proposed Process
- Addendum 4 – Template - Register of Regulators Reports & Recommendations

Background Papers

None

Officer Contact

For further information on this report item, please contact:

Mr Hywel Jenkins, Director of Finance and Corporate Services

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Mr Huw Jones, Head of Finance

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Mrs Caryn Furlow-Harris, Strategic Manager – Policy & Executive Support

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Cllr Del Morgan
Neath Port Talbot County Borough Council
Civic Centre
Port Talbot
SA13 1PJ

Reference: DO21-04

Date issued: 3 June 2021

Dear Governance and Audit Committee Chair

Audit Wales Reports and Recommendations

I hope you are well.

You may recall that at the end of November 2020, some Audit Wales staff came along to a meeting of the Audit Committee Wales chairs' network to talk about the implications for audit committees as a result of the then Local Government and Elections (Wales) Bill. As part of this session, we also briefly mentioned our expectation that audit committees actively consider our reports. The purpose of this letter is to clarify and expand upon this.

As you will be aware, our performance audit work comprises national studies, local government studies (such as our recent report about discretionary services), thematic work (such as our financial sustainability assessments) and more locally risk-based work. We consult audited bodies about potential topics for our national and local government studies, and our local risk-based work is determined through our assurance and risk assessment process. Our programme of work for each council is set out in our annual audit plans.

We have found that councils' approaches to dealing with our performance audit reports, proposals for improvement and Local Government studies' recommendations are variable. Councils' approaches vary from regular reviews, audit trackers and action plans to reports and recommendations only being seen

when we present our annual audit summary. We are, therefore, not assured that all councils are consistently actively considering the findings of our reports.

Given the role of the Governance and Audit Committee is to review and assess the risk management, internal control, performance management and corporate governance arrangements of the Council, we would expect that all councils' Governance and Audit Committee formally consider all reports of external review bodies – principally; Audit Wales, Estyn and the Care Inspectorate Wales (CIW).

As well as actively considering reports we would expect committees to assure themselves that there are arrangements in place to monitor and evaluate progress against any recommendations contained in them. The focus here should be on holding executives and officers to account to ensure that reports and recommendations have been acted upon. Some of our reports may be relevant for consideration by scrutiny committees also.

To help councils to do this, we will have a more targeted approach of distributing final reports upon publishing, set out our expectations of how councils should deal with our recommendations and find out whether these expectations have been met. In addition, under the Local Government and Elections (Wales) Act, the Auditor General for Wales must produce a timetable which sets out the dates or periods when Audit Wales, Estyn and Care Inspectorate Wales will be undertaking their work. We intend to issue this timetable to councils and cc to Governance and Audit Committee chairs every quarter. We don't intend to formally present this to Governance and Audit Committees each quarter but will liaise with councils to discuss our local approach.

Audit Wales staff will continue to work flexibly to deliver our programme of work. In response to any government advice and subsequent restrictions, we will continue to work remotely, building on the arrangements made in 2020, until such time that it is safe to resume on-site activities. I remain committed to ensuring that the work of Audit Wales staff will not impede the vital activities that public bodies need to do to respond to ongoing challenges presented by the COVID-19 pandemic.

I hope you find this letter helpful. Please liaise with our local team if you have any specific needs or concerns.

Yours sincerely



Derwyn Owen

Audit Director

Audit Wales Work Programme and Timetable – NPT County Borough Council

Quarterly Update: 15 July 2021

Financial Audit work

| Description | Scope | Timetable | Status |
|---|---|----------------------------|---------|
| Audit of the Council's 2020-21 statement of accounts | The authority's draft statement of accounts for 2020-21 were received on 27 th May 2021. Our audit of the accounts commenced upon the receipt of the accounts and is currently ongoing. | July 30 th 2021 | Ongoing |

Performance Audit work

| 2020-21 Performance Audit Work | Scope | Timetable | Status |
|---------------------------------|--|----------------------------------|--|
| Financial Sustainability | A project common to all local councils that will assess financial sustainability in light of current and anticipated future challenges building on work undertaken during 2019-20. | Draft report issued 19 July 2021 | Local draft Report issued National Summary Report due to be published August 2021 |

| | | | |
|---------------------------|--|--|-----------------------------------|
| Workforce Planning | Review of workforce planning, impact of Covid and future resilience of the workforce | Draft power-point presentation reporting | Reporting via workshop – date tba |
|---------------------------|--|--|-----------------------------------|

| 2021-22 Performance audit work | Scope | Timetable | Status |
|---|--|------------------|---------------|
| Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations | We will seek to integrate the delivery of our WFG examinations of steps to deliver wellbeing objectives with our other audit work. We will discuss this with the council as we scope and deliver the audit projects listed in this plan. | Ongoing | Ongoing |
| | We will examine the extent to which the council has acted in accordance with the sustainable development principle in setting its Well-being Objectives. | Ongoing | Ongoing |
| Improvement reporting audit | Audit of discharge of duty to publish an assessment of performance. | November 2021 | |
| Assurance and Risk Assessment | <p>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.</p> <p>At NPT Council the project is likely to focus on:</p> <ul style="list-style-type: none"> • financial position • self-assessment arrangements • recovery planning • implications of the Local Government and Elections (Wales) Act | Ongoing | |

| | | | |
|---|---|--|-----------------|
| | <ul style="list-style-type: none"> • carbon reduction plans • assess the Council's response to its independent investigation and subsequent action plan | | |
| Springing Forward – Examining the building blocks for a sustainable future | As the world moves forward, learning from the global pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities. | Planned for Autumn 2021 onwards – to be confirmed following scoping. | Project scoping |

Local government national studies planned / in progress

| Study | Scope | Timetable | Status | Fieldwork planned at NPT Council |
|---------------------------------|--|----------------------------|---|--|
| Town Centre Regeneration | Review of how local authorities and their partners are addressing town centre regeneration | Publication September 2020 | Drafting | N/A |
| Direct Payments | Review of how local authorities manage and promote the use of Direct payments | Publication Autumn 2021 | Fieldwork complete; survey of recipients and providers currently underway | No – work being delivered via Direct Payment Forum and a selection of follow up interviews |
| Emergency Services | Review of how well emergency services (blue light) collaborate | Publication Autumn 2021 | Fieldwork until end of July | No |

| | | | | |
|---|--|-----|----------------|--|
| Follow up on People Sleeping Rough | Review of how local authorities responded to the needs of people sleeping rough during the pandemic following up on the AGWs report of July 2020 | TBC | Project set up | No – work being delivered via Homelessness and Supporting People Forum |
| Poverty | Understanding how local authorities ensure they deliver their services to minimise or reduce poverty. | TBC | Project set up | TBC |
| Social Enterprises | Review of how local authorities are supporting and utilising social enterprises to deliver services | TBC | Project set up | TBC |
| Community Resilience | Review of how local authorities can build greater resilience in communities | TBC | Project set up | TBC |

Estyn

| Estyn planned work 2021-22 | Scope | Timetable | Status |
|---|---|---------------------------------|---------------|
| Local Government Education Services Inspections | Estyn have worked closely with Directors of Education to review their inspection guidance for local government education services | LGES inspections to resume from | N/A |

| | | | |
|-----------------------------------|--|---|-----|
| | to reflect the experiences of the pandemic. The updated guidance (published on 1 July) will be piloted on the first inspection and feedback will be sought on whether any further refinements need to be made. | late Autumn term | |
| Curriculum Reform thematic review | Regional consortia and local authority support for curriculum reform. | Evidence collecting in Sept/Oct - publish in early February | N/A |

Care Inspectorate Wales (CIW)

| CIW planned work 2021-22 | Scope | Timetable | Status |
|--------------------------|---|-----------------------|---|
| Assurance | CIW will be completing its work on Assurance Checks including publication of a national overview report. | July – September 2021 | In progress |
| National review | Support for disabled children and their families. | tbc | In progress - Drafting report |
| Follow-up | CIW will be following up on areas for improvement identified in the Assurance Checks or through risk based inspection activity with individual local authorities where necessary. | tbc | Not yet started |
| Inspection | Risk based inspection activity will continue where required. | tbc | No inspections are scheduled at this time |

Audit Wales national reports and other outputs published since 1 April 2021

| Report title | Publication date and link to report |
|---|-------------------------------------|
| NHS finances data-tool 2020-21 | June 2021 |
| Rollout of the COVID-19 vaccination programme in Wales | June 2021 |
| Quality governance arrangements at Cwm Taf UHB – follow up | May 2021 |
| Welsh Health Specialised Services Committee governance arrangements | May 2021 |
| At your Discretion - Local Government Discretionary Services | April 2021 |
| Procuring and Supplying PPE for the COVID-19 Pandemic | April 2021 |

Audit Wales National reports and other outputs due to be published during 2021-22 (and other work in progress/planned)¹

| Title | Anticipated publication date |
|-----------------------------|------------------------------|
| NHS waiting times data-tool | July 2021 |

¹ We will continue to keep our plans under constant review, taking account of the evolving external environment, our audit priorities, the context of our own resourcing and the capacity of audited bodies to engage with us. This includes maintaining some flexibility so that we can respond to developments in Welsh Government policy and areas of possible interest for a new Public Accounts Committee following the Senedd elections.

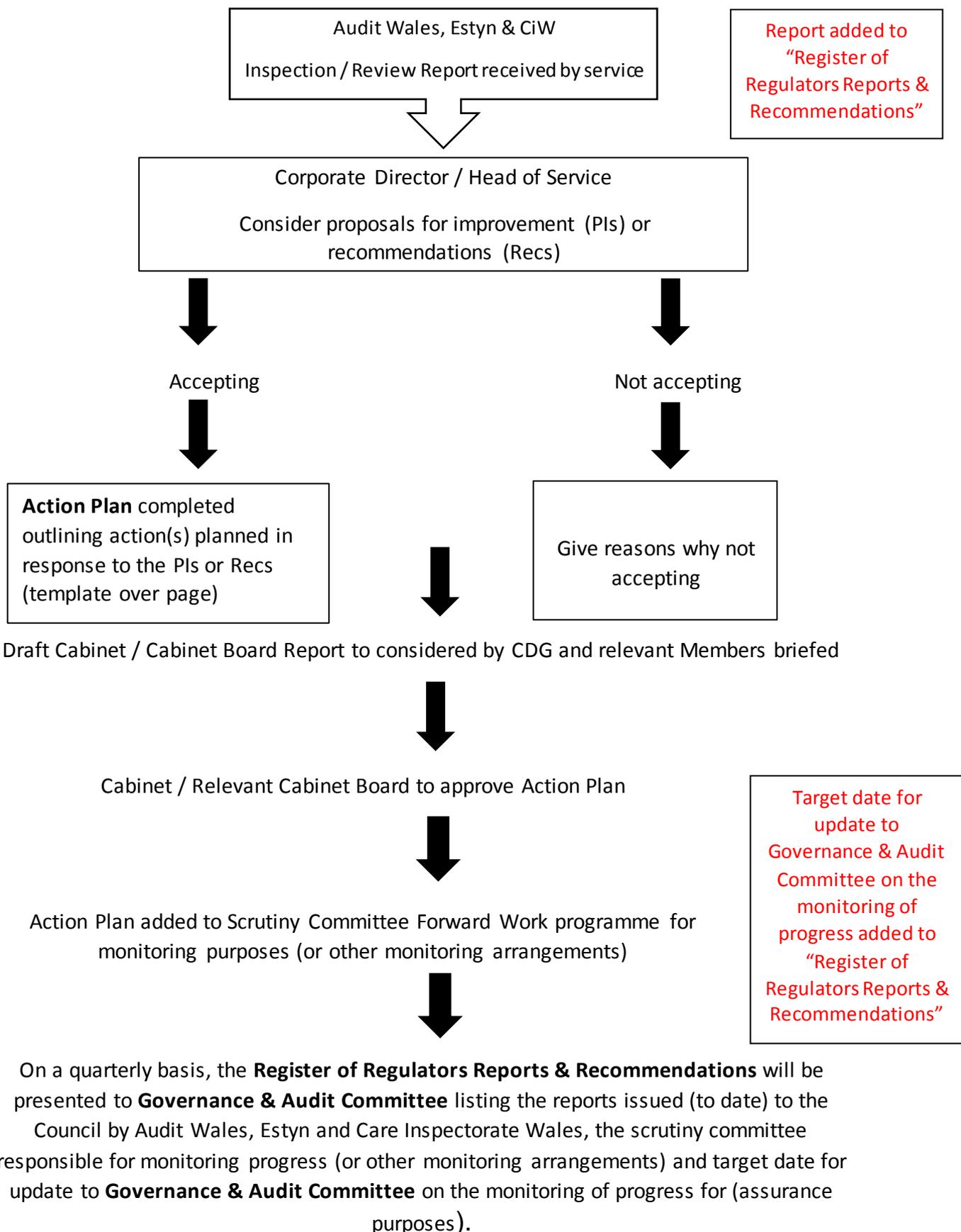
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|--|----------------|
| Supporting NHS staff well-being | August 2021 |
| Administration of student finance | August 2021 |
| Care home commissioning | August 2021 |
| Picture of Public Services | September 2021 |
| Warm Homes Programme | September 2021 |
| Welsh Government accounts commentary | Autumn 2021 |
| Welsh Government workforce | Autumn 2021 |
| Orthopaedic services | Autumn 2021 |
| Unscheduled care | Autumn 2021 |
| Collaborative arrangements for managing local public health resources | Autumn 2021 |
| Welsh Government setting of well-being objectives | Autumn 2021 |
| Curriculum reform | Winter 2021 |
| COVID response & recovery / Welsh Government grants management | TBC |
| Equality impact assessment | TBC |
| Climate change – baseline review | TBC |

| | |
|---|-----|
| NHS structured assessment 2021 summary commentary | TBC |
| Affordable housing | TBC |
| Broadband infrastructure | TBC |
| Flood risk management | TBC |

Forthcoming Good Practice Exchange events and publications

| Title | Anticipated publication/event date |
|--|---|
| Town Centre Regeneration | September 2 nd 2021 |
| The Good Practice Exchange Team are currently in the process of finalising the programme of events for the remainder of 2021/ 2022. Once finalised, our key contacts across local authorities will be notified and details of those events and how to register will be available on our website. Please keep a look out for an email update over the coming weeks' | N/A |

Proposed Process – Regulators Reports & Recommendations



Regulators Reports & Recommendations

Action Plan

Council action planned in response to the proposals for improvement / recommendations issued by the Audit Wales, Estyn, CiW

Report title:

Issue date:

Document reference:

| Ref | Recommendation / Proposal for improvement | Council action planned in response to the recommendation / proposal for improvement | Target date for completion of actions | Scrutiny Committee responsible for monitoring | Responsible officer |
|---------|---|---|---------------------------------------|---|---------------------|
| P1 / R1 | | Action(s) Intended / Underway: | | | |
| P2/ R1 | | Action(s) Intended / Underway: | | | |

Register of Regulators Reports & Recommendations

| | Name - Inspection / Review | Date noted by Governance & Audit Committee | Scrutiny Committee responsible for monitoring action plan (or other monitoring arrangements) | Target date for update to Governance & Audit Committee on the monitoring of progress (for assurance purposes) | Number of accepted recommendations / proposals for improvement | Date of update received by Governance & Audit Committee on monitoring of progress |
|----|-----------------------------------|---|---|--|---|--|
| 1. | | | | | | |
| 2. | | | | | | |
| 3. | | | | | | |

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Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

GOVERNANCE & AUDIT COMMITTEE

15th September 2021

Report of the Head of Finance – Huw Jones

Matter for Information

Wards Affected:

All Wards

Internal Audit Update Report

1. Purpose of the Report

The purpose of this report is to provide details of the internal audit work undertaken since the last Governance & Audit Committee meeting in June 2021.

2. Executive Summary

Appendix 1 of this report details the formal audit reports issued and appendix 2 gives details of progress against the plan.

Working from home has continued to provide challenges. However site visits have recently recommenced with 3 audits being largely completed on

site and it is anticipated that school audits will recommence in the autumn term.

3. 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, an update is given below outlining internal audit work undertaken since the June 2021 Audit & Governance Committee meeting.

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

4. Issues affecting achievement of the plan

As advised in earlier progress reports there has been a substantial number of days lost to sickness. Since the start of this audit plan period a total of 47 days have been lost.

Four members of the team have recently commenced study for the professional Certified Internal Auditor qualification with the Institute of Internal Auditors. Whilst this is a positive step for the service the time lost to study leave will have a detrimental effect on the achievement of the plan.

It is therefore intended to bring a revised plan for members' approval to the November committee meeting. At this time we will be in a better position to gauge the impact of the proposed new hybrid working arrangements, the continued effect on the pandemic on some services and how that will impact on the plan members agreed in April of this year.

5. Audit Work Undertaken

Since the last committee meeting a total of 12 formal reports have been issued in line with normal reporting processes and 3 housing related grants have been certified.

In addition to the audits undertaken staff have continued to provide advice and guidance when requested, attended working parties and provided input in relation to the controls operating within the new HR/Payroll IT system and the new Sundry Debtors IT system.

Reports Issued

1 Private Item

Housing Benefits 20/21

Council Tax 20/21

School based staff DBS checks (final report)

Procurement Card use in primary schools

Covid Grant – Start Up Grant

Covid Grant – Free School Meals Payment

Control of small plant items

Officer declarations

National Fraud Initiative

Procurement – compliance with Contract Procedure Rules & Procurement of PPE during the initial lockdown periods

Money Laundering

6. Financial Impacts

No implication

7. Integrated Impact Assessment

There is no requirement to undertake an Integrated Impact Assessment as this report is for monitoring/information purposes.

8. Valleys Communities Impacts

No implications

9. Workforce Impacts

No implications

10. Legal Impacts

No implications

11. Risk Management Impacts

The work of Internal Audit is key in relation to ensuring compliance with internal controls. This work forms part of the Council's overall risk management arrangements.

12. Consultation

There is no requirement for external consultation on this item

13. Appendices

Appendix 1 – Audit Reports Issued

Appendix 2 – Audit Plan Monitoring

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Appendix 1 – Published Reports

| Report Ref | Report Subject & Responsible Head of Service | Report Conclusion | Assurance Rating |
|------------|---|---|-----------------------|
| R6 | Housing Benefits 20/21 <i>Head of Finance</i> | Good controls were found in relation to overpayments, write offs, staff training and processes in place to detect duplicate and/or fraudulent claims. Recommendations were made in relation to the retention of documents to support claims made in particular tenancy agreements and banks statements and the need for a record of all accuracy checks undertaken by senior staff to be documented and retained. | Reasonable Assurance |
| R7 | Council Tax 20/21 <i>Head of Finance</i> | The impact of the pandemic and the change in working practices had only a marginal effect on the council tax collection rate which fell slightly from 98.1% in 2019/20 to 97.5% in 2020/21. In both years NPT was ranked first in Wales for the % of council tax collected. Good controls were found to be operating in most areas and will be further strengthened by the implementation of the agreed recommendations which related to write off of irrecoverable debts and updating of staff guidance. | Reasonable Assurance |
| R8 | School based staff DBS Checks <i>Head of Participation</i> | This is report was issued following the interim report issued in May 2021 and reported to members in June 2021. At the time of the interim report being issued it had not been possible to verify if the appropriate DBS clearance had been obtained in the case of 99 school based employees. Further audit work confirmed that in all cases the appropriate DBS certification was in place for all 99 staff. | Substantial Assurance |

Appendix 1 – Published Reports

| Report Ref | Report Subject & Responsible Head of Service | Report Conclusion | Assurance Rating |
|------------|---|---|-----------------------|
| R9 | Procurement Card Use – Primary Schools <i>Head of Participation</i> | Generally good controls were operating in the schools tested and recommendations were made in relation to reclaiming VAT on expenditure, compliance with coding and authorisation timetables and the appropriateness of some items purchased from the schools' delegated budgets. | Reasonable Assurance |
| R10 | Covid Grant – Start Up Grant <i>Head of Finance</i> | A total of 92 applications were received, 32 were successful and payments totalling £80,000 were made. 15 successful and 20 declined applications were audited and in each case the grant had been paid or declined in line with Welsh Government guidance. | Substantial Assurance |
| R11 | Covid Grant – Free School Meals <i>Head of Finance & Head of Participation</i> | In excess of 4,000 grant applications were received and a total of £3,569,970.30 paid out. 430 grants were tested and other than some issues during the initial payment period, which are not deemed to be material, all were found to have been paid in accordance with the Welsh Government Grant conditions. | Reasonable Assurance |
| R12 | Private Item | | |
| R13 | Control of small plant items <i>Head of Streetcare</i> | This audit was requested by the Head of Streetcare as he had concerns around the existing processes in place. A number of issues were identified however these were known to senior staff within the service who had reviewed the processes in place and | Reasonable Assurance |

Appendix 1 – Published Reports

| Report Ref | Report Subject & Responsible Head of Service | Report Conclusion | Assurance Rating |
|------------|---|--|-----------------------|
| | | <p>were in the process of addressing the issues. They were liaising with IT to enhance the current IT system. The auditor will remain involved in the ongoing discussions to ensure that the proposed changes will provide the enhancements required to ensure that equipment is properly controlled and tracked. Reasonable assurance is given due to the acknowledgement of senior staff of the current system deficiencies and work being carried out to rectify the issues identified.</p> | |
| R14 | <p>Officer Declarations <i>Chief Executive</i></p> | <p>Recommendations contained in the report issued in November 2020 had been implemented and the Employee Code of Conduct updated to reflect the recommendations. All staff had made the required declarations and the recommendations made in this report will further enhance the good controls in place.</p> | Reasonable Assurance |
| R15 | <p>National Fraud Initiative <i>Head of Finance</i></p> | <p>This report detailed the work carried out in relation to 2 reports contained within the output received via the Cabinet Office in respect of the data uploaded to them in October '20. These reports contained information relating to deceased DWP claimants who at the time of the data upload had a "live" housing benefit or council tax reduction scheme claim. Testing revealed that in all cases prior to the NFI output being received the Authority was aware that the claimant had died and the claim cancelled from the date of death in a timely manner. This</p> | Substantial Assurance |

Appendix 1 – Published Reports

| Report Ref | Report Subject & Responsible Head of Service | Report Conclusion | Assurance Rating |
|------------|--|--|----------------------|
| | | demonstrated that the systems in place to cancel claims at the earliest opportunity when a claimant dies are working as intended. | |
| R16 | Procurement – Compliance with Contract Procedure Rules & Procurement of PPE during initial lockdown periods <i>Head of Legal Services</i> | Contract Procedure Rules were followed during the period tested, no new significant contracts were entered into during this period and contract extensions tested were in line with the original contact terms. In relation the procurement of PPE this Authority, following agreement by the relevant Corporate Directors, procured their PPE via contracts negotiated by the City & County of Swansea. It was clear from email trails sighted that there was significant input from senior staff up to and including the previous Chief Executive into the procurement of PPE. | Reasonable Assurance |
| R17 | Money Laundering <i>Director of Finance & Corporate Services</i> | There have been no referrals to the Money Laundering Responsible Officer (MLRO) in the past 2 years. A review of all cash transactions in that period did not highlight any instances where a referral to the MLRO would have been expected. The policy in place in deemed to be proportionate to the low level of risk of money laundering faced by the Authority. Recommendations were made in relation to updating the policy to reflect imminent staffing changes due to retirement and subsequent restructure within the Finance Directorate and in making the policy more prominent on the Authority Intranet. | Reasonable Assurance |

Risk Categories (With effect from 2021/22)

Substantial Assurance - testing found good controls to be operating.

Reasonable Assurance - testing found some controls which need enhancing which will be achieved by implementing the agreed recommendations.

Limited Assurance - testing revealed a number of areas where enhancement to existing controls is required. The Head of Service to provide a written response to the Governance & Audit Committee on actions taken to address the issues raised during the audit.

No Assurance - testing revealed areas of significant concern, the Head of Service and or Accountable Manager will attend the next Governance & Audit Committee to provide members with an update on actions taken to address the issues raised during the audit.

Appendix 2 – Audit Plan Monitoring as at 31st August 2021

| Audit Plan Item | Risk Rating | Quarter 1 | Quarter 2 |
|---|--------------------|--|--|
| Primary Schools | M | | |
| Procurement Card Transactions – Primary Schools | M | Audit in Progress | Audit complete and report issued |
| Secondary Schools | H | | |
| DBS – School based staff | H | Audit complete and report issued. | Final report issued. |
| Schools Unofficial Funds | H | Audit complete and report issued. | |
| Schools Data Protection Registration | M | Audit complete and report issued. | |
| Challenge Advisors Roles and Outcomes | H | | |
| Home to School Transport | H | | |
| Education other than at school | M | | Audit in planning stage. |
| Pupil exclusions | M | | Audit in planning stage. |
| Education Library Resource Centre | M | | Audit in progress |
| Covid Hardship Fund Grants | H | 2 Covid-19 Grant Audits in progress (Free School Meal Payments and Business Start Up) 2 Covid-19 Grant Audits Complete and reports issued (Self Isolation Support Scheme and Lockdown | 2 audits completed and reports issued. |

Appendix 2 – Audit Plan Monitoring as at 31st August 2021

| | | Discretionary Grant). | |
|--|---|--------------------------------|--|
| Princess Royal Theatre | M | | |
| Leisure Services Contract | M | | |
| Margam Park Development | H | | |
| Integrated Impacts Assessments | M | | Audit in planning stage. |
| Compliance with Welsh Language Standards | M | Audit in progress. | Postponed due to staffing availability |
| Margam Crematorium | M | Audit in planning stage. | Audit complete & draft report being prepared |
| GDPR/Data Security | M | Audit in progress. | Postponed due to staffing availability |
| Stores – Stocktake Assistance | H | Ongoing. | Ongoing |
| Environment Grants | M | | |
| Fuel Usage and Control | H | | |
| Drainage | M | | |
| Regeneration | M | | |
| Business Support Loans and Grants | M | | 1 grant audited (Covid grant) |
| Crymlyn Burrows Transfer Station | H | Audit in planning stage. | Audit in progress |
| Final Accounts | H | Ongoing. | Ongoing |
| Council Tax | L | Audit for 2020/21 complete and | Audit complete final report issued |

Appendix 2 – Audit Plan Monitoring as at 31st August 2021

| | | | |
|-------------------------------------|---|---|--|
| | | report waiting to be issued. | |
| NNDR | L | | |
| Sundry Debtors (New System) | H | | |
| Housing Benefits | L | Audit in progress in relation to 2020/21 | Audit complete and final report issued |
| Payroll (new system) | H | | |
| Creditor Payments | L | Audit complete and report issued for Creditors Transaction Testing 2020/21. | |
| Creditors FIS Checks | H | Ongoing. | Ongoing |
| Treasury Management | M | | |
| 3 rd Sector Grants | M | | |
| Capital Programme | H | | |
| Assets Valuations | H | | |
| Cyber Security | H | | |
| Hillside Secure Unit | M | Audit in planning stage. | Audit complete and draft report being prepared |
| Social Services Grant Certification | M | | 3 grants certified |
| Children's & Adult Services | H | | Audit of Monitoring of Child/Young Person Part 6 Care Plan in progress |
| Monitoring of External Providers | M | | |

Appendix 2 – Audit Plan Monitoring as at 31st August 2021

| | | | |
|-------------------------------|-----|--|--|
| Youth Offending Team | H | | |
| Covid Recovery | H | | Work commenced |
| Corporate Debt Recovery | H | | |
| Special Investigations | N/A | 4 investigations in progress | 1 report issued. 2 investigations currently ongoing. |
| Advice & Guidance | N/A | Ongoing. | Ongoing |
| Officer Declarations | M | Audit in progress. | Audit complete & report issued |
| Procurement | H | | |
| Fraud | H | Ongoing. National Fraud Initiative work in progress. | Work ongoing, 1 report issued. |
| Money Laundering | H | Audit in planning stage. | Audit complete, final report issued |
| Grants | H | | |
| Sickness | M | Audit in planning stage. | |
| Use of Agency Workers | M | Audit in progress | Audit complete & draft report issued |
| Banking Administrator | N/A | Ongoing | Ongoing |
| Attendance at Working Parties | N/A | Ongoing | Ongoing |
| Servicing Audit Committee | N/A | Ongoing | Ongoing |
| Vision Impaired West Glam | L | | |
| SWTRA | N/A | | |
| FOI Requests | N/A | Ongoing | Ongoing |
| Staff Association/Lottery | N/A | Annual Audit Complete and advice | Interim audit in progress |

Appendix 2 – Audit Plan Monitoring as at 31st August 2021

| | | | |
|---|---|-------------------|-----------------------------------|
| | | ongoing. | |
| Procurement during initial working from home period | H | Audit in progress | Audit complete and report issued. |

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By virtue of paragraph(s) 14 of Part 4 of Schedule 12A of the Local Government Act 1972.

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