



Cyngor Castell-nedd Port Talbot  
Neath Port Talbot Council

## **NEATH PORT TALBOT COUNTY BOROUGH COUNCIL**

### **GOVERNANCE & AUDIT COMMITTEE**

**16<sup>th</sup> June 2023**

**Report of the Chair of the Governance & Audit Committee – Joanna Jenkins**

#### **Matters for Decision**

**Wards Affected:** All Wards

#### **Draft Governance & Audit Committee Annual Report 2022/23**

##### **1. Purpose of the Report**

Appendix 1 to this report provides the draft Governance & Audit Committee Annual Report 2022 -23 prepared by the Committee's Chair Mrs Joanna Jenkins. Should members approve the report it will be presented to full Council for information.

##### **2. Background**

The role of the Governance & Audit Committee is to review and scrutinise the authority's financial affairs including signing off its annual accounts; review and assess the risk management, internal control and corporate governance arrangements of the authority; oversee the authority's external and internal audit arrangements and review and assess the authority's ability to handle and respond to complaints effectively.

The CIPFA Practical Guidance for Local Authorities 2018 states that it is important that the Governance and Audit Committee is held to account on the extent to which it has fulfilled its purpose. This report provides a summary of the work undertaken by the committee and seeks to discharge the committee's duty in respect of CIPFA's guidance.

### **3. Financial Impacts**

No implications.

### **4. Integrated Impact Assessment**

There is no requirement to undertake an Integrated Impact Assessment.

### **5. Valley Communities Impacts**

No implications.

### **6. Workforce Impacts**

No implications.

### **7. Legal Impacts**

No implications.

### **8. Risk Management Impacts**

Part of the role of the Governance and Audit Committee as set out by the Local Government (Wales) Measure 2011 is to make reports and recommendations in relation to the authority's financial affairs, including an assessment of the risk management and corporate government arrangements and the adequacy and effectiveness of those arrangements.

### **9. Consultation**

There is no requirement for external consultation on this item.

### **10. Recommendations**

That members review and approve the draft Governance & Audit Committee Annual report 2022-23, prior to presentation to Council.

### **11. Reason for proposed decision**

To discharge the Committee's duty to report to Council on the work it has undertaken during 2022/23.

## **12. Implementation of decision**

It is proposed that the decision is implemented following the 3 day call in period

## **13. Appendices**

Appendix 1 Chairs Annual report

Appendix 2 Governance & Audit Committee Terms of Reference

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### **Governance and Audit Committee – Draft Annual Report 2022-2023**

#### **Introduction**

This report summarises the work undertaken by the Governance and Audit Committee (the Committee) of Neath Port Talbot County Borough Council (the Council) during the 2022-2023 Civic Year.

The Committee, which is a regulatory committee, provides independent assurance on the adequacy and effectiveness of the risk management framework, internal control environment, performance assessment, complaints handling, and the integrity of the financial reporting and governance processes. It focusses on matters to do with Assurance; Governance; Accountability; Risk Management; and Independence.

Terms of Reference for the Committee can be found at **Appendix 2** of this report.

#### **Membership**

Three additional lay members (Mr A Bagley, Mr M Owen, and Mrs H Griffiths) were appointed in early 2022 in accordance with the Local Government and Elections (Wales) Act 2021.

Members of the Committee were:

Councillors A Aubrey, A Richards, M Spooner, O Davies, P Richards, P Rogers, R Mizen, and W Carpenter; and  
Voting Lay Members Mr A Bagley, Mr M Owen, Mrs H Griffiths, and Mrs J Jenkins.

The Committee Chair was Mrs Joanna Jenkins and the Deputy Chair was Mr Andrew Bagley.

#### **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 during the year. The meetings, held via Microsoft Teams / Hybrid in the Council Chamber, were recorded for subsequent broadcast on the Council's Internet Site.

In addition to meetings, the Committee received additional training in July 2022. The training, delivered by Welsh Local Government Association officer Jo Hendy, was extremely well received.

## **Specific Duties and Tasks Undertaken by the Committee**

The Committee was provided with an update by Audit Wales on the Council's arrangements for responding to the requirements of the Local Government and Elections (Wales) Act 2021. The legislation had brought significant change in terms of the governance and performance requirements. The update reported good progress in responding to those obligations particularly given that Covid-19 remained a Public Health Emergency of International Concern until May 2023.

Audit Wales presented their Audit Plan for 2022-23. The plan set out how the Auditor General for Wales and the Wales Audit Office intended to discharge their statutory responsibilities as the Council's external auditor; inform the Council when the work would be undertaken; and how much it would cost and who would undertake the work.

The Committee was provided with an update with regard to the Council's Draft Statement of Accounts for 2021-2022.

Officers presented the Head of Internal Audit's Annual Opinion on the internal controls, governance and risk management arrangements operating within the Council during the financial year 2021-22. They provided the Committee with reasonable assurance that there were no significant weaknesses in the overall control environment operating across the Council.

Details of the draft Internal Audit Strategy; the draft Internal Audit Risk Based Plan for the period 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023; and an updated Internal Audit Charter were presented to and approved by the Committee. The Committee noted that it would ordinarily be asked to consider approving the Plan earlier in the financial year but that due to the recent Local Government Election and the changes within the Authority the Committee met for the first time in September 2022.

The Committee received quarterly Audit Wales Work Programme and Timetable updates detailing summary of the work that external regulators and inspectorates had undertaken.

Officers presented Internal Audit Update Reports detailing the work undertaken between Committee meetings. These quarterly reports set out the current position and what had been completed since the last meeting. They detailed audits that had been undertaken; their assurance ratings; and special investigation updates.

Audit Wales presented the main findings of the Audit of Accounts 2021-22. The report confirmed that Audit Wales intended to issue an unqualified audit report on the accounts which it had received at the end of May 2022.

Following the completion of the external audit by Audit Wales, officers provided the Committee with a report about the Statement of Accounts 2021-2022. The report highlighted the changes that had been made to the accounts since they were presented to Committee in September 2022. In light of that report, the Committee approved the final 2021-22 Statement of Accounts; the Letter of Representation; and the Annual Governance Statement. The Chair of the Committee signed the Letter of Representation and the Statement of Accounts.

The Committee received a six-month Treasury Management Monitoring report. The report set out treasury management action and information.

The Committee was provided with an updated Register of Regulators Reports and Recommendations. The document was presented to the Committee in order to provide assurance that there were arrangements in place to consider recommendations that were pertinent to the Council, that were contained within any national reports or local reports that were published by regulators including Audit Wales, Care Inspectorate Wales, and Estyn. Particular reference was made to five of the 13 published national reports as they contained recommendations for Local Authorities:

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

A subsequent update report was also provided.

The Committee received a copy of the Council's Self-Assessment for 2021/2022. The completion of the annual Self-Assessment, which was made in accordance with the Local Government and Elections (Wales) Act 2021, is a corporate, organisational assessment rather than an assessment of individual services. The report considered the extent to which the Council exercised its functions effectively; used its resources economically, efficiently and effectively; and ensued effective governance – in other words “how well is it doing? how does it know? and what and how can it do better?”

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

The Council's Strategic Risk Register was presented to the Committee. The report, which was noted by the Committee, sought to provide assurances that the Council was complying with its risk management policy

The Chief Digital Officer presented the Committee with the Neath Port Talbot Cyber Security Strategy. The report made reference to the Audit Wales report 'Learning from Cyber-Attacks' and confirmed that all key findings and lessons learned from the Audit Wales report had been incorporated into the Council's action plan.

### Terms of Reference

The Governance and Audit Committee has been required to discharge, with delegated authority, the following functions since March 2021:

- review and scrutinise the authority's financial affairs, including approval of the Annual Statement of Accounts;
- make reports and recommendations in relation to the authority's financial affairs;
- review and assess the risk management, internal control and corporate governance arrangements of the authority;
- make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements;
- oversee the authority's internal and external audit arrangements, including internal and external audit work plans, receive, review and make reports on audit work and performance;
- review the financial statements prepared by the authority;
- review and assess the authority's ability to handle complaints effectively and make reports and recommendations in relation to the authority's ability to handle complaints effectively.