

GOVERNANCE AND AUDIT COMMITTEE

(Hybrid Council Chamber Port Talbot/Microsoft Teams)

Members Present:

13 November 2023

Chairperson: J. Jenkins

Vice Chairperson: H. Griffiths

Councillors: A.J.Richards, P.D.Richards, P.Rogers,
S.Grimshaw, R.Mizen and W.Carpenter

Officers In Attendance: N. Daniel, D. Mulligan, H. Jones,
A.M.O'Donnell, C.Furlow-Harris, C. Plowman
and S.McCluskie

Representing Audit Wales: G.Gillett, M.Edwards.

Voting Lay Member: M. Owen, A. Bagley

1. **CHAIRS ANNOUNCEMENTS**

A one-minute silence was held in respect of the recent death of Committee Member, Cllr Marcia Spooner.

2. **DECLARATIONS OF INTEREST**

The following declarations of interest were received at the start of the meeting:

Joanna Jenkins: In regards to Agenda item 6, as she is involved with a charity which has gained financial benefit.

Helen Griffiths: In regards to Agenda item 7, as she is an employee at TATA Steelworks.

3. **MINUTES OF THE PREVIOUS MEETING**

The minutes of the previous meeting, held on the 12th of October 2023, were approved as a true and accurate record.

4. **AUDIT WALES - DETAILED AUDIT PLAN 2023**

NPT Officers, went on to update the Committee on the detailed Audit Plan for 2023.

Members were informed the plan is set at an annual basis and had originally been shared in June 2023. It was stated the plan had been shared at a later date than previous years, which had not been anticipated.

The plan sets out key responsibilities for the year, in particular surrounding financial and performance details. It was highlighted that the plan was the first prepared under the revised auditing standard, as set out in appendix 1 of the plan. It was also highlighted the change was across an industry scope. Audit Wales went on to state the change had a large impact on how audits were now being documented.

Another key change members were privy to, were the skill mix on the audit.

A major risk that had been identified in the significant financial risks, were the management override of controls, present in all entities. Several audit procedures were identified to access key financial statements.

Areas of key focus had been identified in exhibit 2, predominantly the pension fund liability and the valuation of land and buildings.

Members attention was drawn to page 30 of the audit plan, where areas of focus were identified as being value for money arrangements, assurance and risk assessment, financial sustainability and procurement and contract management arrangements.

Audit Wales went on to draw the committee attention to page 32 of the audit plan, and details of the audit fee. Members were informed the fee was the result of the impact to the revised standard. Rates had increased by 4.8% due to inflation. A 10.2 % increase for the financial audit work across all sectors.

The Chair reminded the Committee, that the use of acronyms were still being shown throughout reports.

Decision:

That the report be noted.

5. **AUDIT WALES - AUDIT OF ACCOUNTS 2022/23**

Audit Wales went on to inform the committee of the positive report to the audited statement of accounts.

Members were informed, the draft accounts had been received at the end of May 2023, and were now complete.

Areas that were brought to the Committees attention were, set out in appendix 2 of the circulated pack.

Within paragraph 11, there had been no uncorrected misstatements in the accounts, however within paragraph 12 there were noted misstatements of accounts, which were now corrected in the final version of the statement.

A presentational issued was also noted, but this had no impact on the Councils net expenditure position. Further details could be found in appendix 3.

The Chair went on to say it was pleasing to receive an unqualified report during this time of hardship.

Members raised comments to the summary of corrections and gain an understanding as to why these were changed. Audit Wales responded by stating that internal recharges had wrongly been included within the statement of accounts. Impairment losses had also been miscoded, along with a misclassification of income. All of which had no effect on the bottom line and were considered minor adjustments.

The Chair went on to confirm their electronic signature was ready to be appended to both the letter of representation and the statement of accounts.

Decision:

That the report be noted.

6. **AUDITED STATEMENT OF ACCOUNTS 2022/23**

Officers went on to provide a summary of the audited Statement of accounts. Chair raised point to the use of acronyms being used within the report.

Members were informed the audited statement of account was one that was provided following completion of the annual audit. The accounts are prepared in line with legislation and were provided to Audit Wales on the 26th May 2023 for commencement, with the draft commended to Committee in June 2023.

It was further mentioned, that it was pleasing to receive an unqualified audit opinion.

The annual governance statement was also presented to the Committee.

The Chair raised queries surrounding 6 assets lists within the report and asked for clarity. Officers stated 1.8 million pound formed the former burrows yard site, Bryndulais Avenue depot, Seven Sisters, Canolfan Sheltered Housing, land at North Rhondda South Pit Glyncorwg, part of the Goytre Cycleway and land at Heol Y Croes Cwmavon,

Officers confirmed that any assets held for sale are valued each year. Members went on to raise a query surrounding unusable reserves and the sharp increase noted. Officers stated, it was particularly due to pension schemes, part of which were used within the reserves and the other was liability. Members were told, a valuable had been undertaken in 2020, and further carried out every three years. Factored which attributed to the increase, included inflation and mortality.

Decision:

- That the Letter of representation, included in Appendix 1 of the circulated report, be approved.
- That the final 2022/23 Statement of Accounts, included in Appendix 2 of the circulated report, be approved.
- That the Annual Governance Statement, included in Appendix 3 of the circulated report, be approved.
- That the Chair of Governance and Audit Committee be authorised to provide their electronic signature for both the Letter of Representation and the Statement of Accounts.

7. **STRATEGIC RISK REGISTER**

Officers went on to provide an overview to the strategic risk register. Members were informed the register could be found at appendix 1 of the circulated pack, of which the Cabinet Scrutiny Board had reviewed on Wednesday the 8th November 2023.

Since the last meeting of Governance and Audit Members were told several risks had been updated and also added to the register. The Chair highlighted difficulties in identifying areas due to lack of information submitted within certain columns of the register. Queries were also raised to deescalated numbers within the register and the spreadsheet. The spreadsheet and the difficulties in reading the information was noted.

Officers took on board the comments received.

Discussions were held on solutions, and it was proposed for training to be arranged for the committee on the Council's Corporate Risk Management Policy. This would include a discussion on how best to review risks contained within the register on a Directorate basis. .

Further clarification was raised regarding formatting. Officers confirmed the presentation of the risk register was under review.

Decision:

That the report be noted.

8. **FORWARD WORK PROGRAMME**

That the forward work programme for 2023 2024 be noted.

9. **URGENT ITEMS**

There was one urgent item noted. That being agenda item 10, the Draft Self-Assessment 2022-2023.

10. **DRAFT SELF-ASSESSMENT 2022-2023**

Officers went on to provide a summary and recap to the draft self-assessment. Members were reminded that the self-assessment was duly part of keeping performance under review. Members were also reminded of the legislation requirements and the prompts needed for which the self-assessment is framed around.

Members were told that the self-assessment was the second to be processed, adopting the Local Government Association Efficiency

Toolkit. Adopting a model was a keen choice as It enables a year on year assessment of improvement.

Officers went on to take the Committee briefly through the report, highlighting specific points relating to how the authority took its approach to the assessment and sources of evidence used to form the self-assessment.

Officers noted progress has been made on the core activity areas identified within the report.

The chair referred to the difficulties in viewing the documentation with areas spilt over a several pages etc. Dates or lack of was highlighted as a concern. Officers stated the reasons behind these being that they were long term actions as opposed to short term, which are inclusive of target dates. The comments were noted. Members were keen to note the positives of the document.

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Members were keen to note the positives of the document.

Decision:

That the report be noted.

CHAIRPERSON