



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

# Annual Improvement Report 2015-16

## Neath Port Talbot County Borough Council

Issued: June 2016

Document reference: 114A2016



This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Steve Barry, Samantha Clements and Catryn Holzinger under the direction of Jane Holownia.

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The Auditor General is independent of government, and is appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the National Assembly.

Together with appointed auditors, the Auditor General audits local government bodies in Wales, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. He also conducts local government value for money studies and assesses compliance with the requirements of the Local Government (Wales) Measure 2009.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Assembly Commission and National Health Service bodies in Wales.

The Auditor General and staff of the Wales Audit Office aim to provide public-focused and proportionate reporting on the stewardship of public resources and in the process provide insight and promote improvement.

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# Summary report

## About this report

- 1 This Annual Improvement Report (AIR) summarises the audit work undertaken at Neath Port Talbot County Borough Council (the Council) since the Corporate Assessment and combined AIR was published in November 2014. This report also includes a summary of the key findings from 'relevant regulators', namely: the Care and Social Services Inspectorate Wales (CSSIW); Her Majesty's Inspectorate for Education and Training in Wales (Estyn); and the Welsh Language Commissioner (WLC). Nonetheless, this report does not represent a comprehensive review of all the Council's arrangements or services. The conclusions in this report are based on the work carried out at the Council by relevant external review bodies and, unless stated otherwise, reflect the situation at the point in time that such work was concluded.
- 2 Taking into consideration the work carried out during 2015-16, the Auditor General will state in this report whether he believes that the Council is likely to make arrangements to secure continuous improvement for 2016-17.
- 3 This statement should not be seen as a definitive diagnosis of organisational health or as a prediction of future success. Rather, it should be viewed as providing an opinion on the extent to which the arrangements currently in place are reasonably sound insofar as can be ascertained from the work carried out.
- 4 We want to find out if this report gives you the information you need and whether it is easy to understand. You can let us know your views by e-mailing us at [info@audit.wales](mailto:info@audit.wales) or writing to us at 24 Cathedral Road, Cardiff, CF11 9LJ.

## 2015-16 performance audit work

- 5 In determining the breadth of work undertaken during the year, we considered the extent of accumulated audit and inspection knowledge as well as other available sources of information including the Council's own mechanisms for review and evaluation. For 2015-16, we undertook improvement assessment work under three themes: use of resources; governance; and performance.
- 6 The work carried out since the last AIR, including that of the 'relevant regulators', is set out below.

Project name	Brief description	Dates
Wales Audit Office Study: Delivering with Less Environmental Health	All-Wales review of the impact of financial pressures on Environmental Health Services and citizens.	January 2015
Wales Audit Office review of Scrutiny Arrangements	Follow-up to assess changes to the Council's scrutiny arrangements which found improvements are being sustained.	July 2015
Wales Audit Office review of Performance Management Arrangements	Follow-up effectiveness of the Council's approach to reporting and evaluating performance. Our report identified progress was being made and included three proposals for improvement which the Council is implementing.	June 2015
Wales Audit Office review of Risk Management Arrangements	An assessment of the effectiveness of the Council's risk management arrangements which identified weaknesses and included two proposals for improvement which the Council is implementing.	November 2015
Wales Audit Office Financial Resilience Assessment	Review of the Council's financial position and how it is budgeting and delivering on required savings. The report includes three proposals for improvement which are being considered by the Council.	March 2016
Wales Audit Office Annual 'Improvement Plan' Audit	Review of the Council's published plans for delivering on improvement objectives which confirmed the Council is complying with statutory requirements.	May 2015
Wales Audit Office Annual 'Assessment of Performance' Audit	Review of the Council's published performance assessment, including testing and validation of performance information which confirmed the Council is complying with statutory requirements	November 2015

Project name	Brief description	Dates
Wales Audit Office Audit of Accounts	Review the Council's financial statements which concluded they give a true and fair view of its financial position and expenditure and income for the year.	November 2015
CSSIW Inspection of Children's Services Report	CSSIW's inspection of Children's Social Services to assess which concluded the Serious Concerns protocol implemented in November 2012 could be lifted.	April 2015
CSSIW Performance Evaluation Report 2014-15	CSSIW's review of the Council's performance in both Adults' and Children's Social Services.	October 2015
Welsh Language Commissioner review	A review of the Council's compliance with Welsh Language Standards which concluded that the Council had made improvements to its provision of Welsh material, training and access to Welsh speaking staff, but more work was needed to comply with the provisions of the Welsh Language Act.	February 2015

**The Council has continued to improve in its priority areas, financial management is sound, and its arrangements are likely to support future progress**

- 7 Based on, and limited to, the work carried out by the Wales Audit Office and relevant regulators, the Auditor General believes that the Council is likely to comply with the requirements of the Measure and secure improvements during 2016-17. The Auditor General has reached this conclusion because:
- a the Council is securing improvement against its corporate priorities and is continuing improvements to performance management and governance arrangements; and
  - b the Council's financial management arrangements are sound although savings plans for the medium term need to be developed and more fully integrated with the corporate planning process.

## Proposals for improvement

- 8 Given the wide range of services provided by the Council and the challenges it is facing, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
- a make proposals for improvement – if proposals are made to the Council, we would expect it to do something about them and we will follow up what happens;
  - b make formal recommendations for improvement – if a formal recommendation is made, the Council must prepare a response to that recommendation within 30 working days;
  - c conduct a special inspection and publish a report and make recommendations; and
  - d recommend to Ministers of the Welsh Government that they intervene in some way.
- 9 During the course of the year, the Auditor General did not make any formal recommendations. Lower-priority issues, known as ‘proposals for improvement’, are contained in our other reports. During the year we made a total of eight proposals for improvement in three reports. The Council is implementing five of these proposals and is in the process of considering the three that were made in our most recent report. We will continue to monitor the implementation of proposals for improvement during the course of our future performance audit work.

# Detailed report



# Performance

The Council is securing improvement against its corporate priorities, whilst overall performance as measured by national indicators has declined compared to previous years it is still better than the Welsh average for over half of indicators

- 10 The Welsh Government requires all councils to report on a common set of indicators to enable a comparison of performance in key service areas across Wales. Thirty National Strategic Indicators (NSIs) have been set that cover the Welsh Government's strategic priorities in education, social care and waste management. For 2014-15, there are also 13 Public Accountability Measures (PAMs) chosen to reflect issues of importance such as support for carers, school attendance and the condition of highways.
- 11 Councils are also required to set improvement priorities. These are set out in the Council's Corporate Improvement Plan 'Rising to the Challenge' 2015-2018. They represent six areas where the Council has decided to protect investment or limit spending reductions in order to remain within budget. In spite of these spending reductions the Council has secured improvement for example:
  - a outcomes for children in need and children looked after (LAC) – in 2014-15 it reduced the numbers of LAC by 7.3 per cent compared to 4.8 per cent in the previous year,
  - b to raise educational standards and attainment of all young people the Council achieved a reduction of those young people 'Not in Education, Employment or training' (NEET) for 2014-15 to 3.8 per cent, an improvement on the previous year of 4.4 per cent; and
  - c towards maximising the number of adults who are able to live independently, within the home of their choice within their community, the Council supported a further 810 adults bringing the total to 3,070.
- 12 Overall performance in 2014-15 indicated that 57 per cent of the performance measures were better than the All Wales figure which is below last year's performance of 63 per cent. While 63 per cent of the national measures either achieved maximum performance or improved, this is below last year's performance of 79 per cent.

## The Council made progress in implementing its new corporate performance framework and was sustaining its focus on improvements to performance reporting and service business planning

- 13 Our 2014 Corporate Assessment identified inconsistencies in service business planning and a weak connection between strategic priorities, directorate activity and individuals' performance. It included a proposal for improvement for the Council to implement its planned performance reporting improvements to bring together information in a way that allowed the evaluation of whether it was making effective use of its resources. Consequently, we undertook a further review in 2015 to assess whether the Council had made progress in implementing these new arrangements.
- 14 We found that the Council has improved the corporate performance framework, supported by the introduction of clear business planning guidance and a report card template to bring together information on service performance and corporate measures linked to resources. The corporate team responsible for designing the process had engaged closely with managers and there was commitment to using the new processes.
- 15 This support and guidance has led to greater consistency in service planning, although there is still scope to continue to refine business plans, in line with corporate expectations. The report cards were introduced after the business plans and are therefore less well established. As they become embedded the focus should be on continuing to develop the range of information, ensuring that the supporting narrative is evaluative and there is a clear link between priorities, actions and measures.
- 16 The report cards are one of the ways the Council is beginning to improve the presentation of performance information to support decision-making and scrutiny. In addition to this, the newly developed 'corporate report card' will provide an overview of how the Council is making progress towards key corporate priorities, and the new online 'performance hub' will improve the provision of performance information to a range of audiences. However, the Council will need to consider how this information can be co-ordinated to ensure it supports decision-making and scrutiny to best effect. Furthermore, it will need to review whether there is a gap in the provision of information at a directorate or portfolio level, as well as how it provides an overall picture of corporate and wider performance information to the Cabinet and Corporate Directors' Group.
- 17 The review resulted in three proposals for improvement which the Council adopted. Since the review we have identified progress in implementing the proposals and further refinement to its performance management arrangements, which is ongoing.

## Outputs from Local Government Studies programme

- 18 During 2014-15, the Auditor General undertook a study of environmental health services across Wales. Our local summary report was issued to the Council in January 2015 and we found that overall the Council was delivering Environmental Health Services at above minimum levels with reduced staffing while achieving positive outcomes.
- 19 In January 2015, the Auditor General published his report on how well councils were managing the impact of the Welfare Reform Act 2012. Our review found that the Council monitors the level of, and reason for, Discretionary Housing Payments, but was unable to establish the impact being achieved and how the payments contribute to a Council-wide policy on Welfare Reform.

## The Care and Social Services Inspectorate Wales considered the Council to have sustained progress in delivering its strategic improvement plan and lifted the Serious Concerns Protocol it had applied to Children's services

- 20 In February 2015, the CSSIW completed a full inspection on the Council's Children and Young People Services department, and the outcome was reported on 23 April 2015. As a result of the significant improvements made during the past two years, the Chief Inspector of the CSSIW announced that the Serious Concerns Protocol had been lifted from the department.
- 21 The CSSIW published its Annual Review and Evaluation of Performance 2014-2015 in October 2015. **The report includes detailed findings together with recognition of successes and areas for improvement and this is available on its website.**
- 22 The CSSIW considered that the Director of Social Services' own evaluation highlighted the successes and challenges during the year and sets out the Council's priorities for 2014-15. The CSSIW was of the view that the Council could demonstrate committed leadership had made progress in delivering its strategic improvement plan and was realistic about the challenges of improving services within the context of reducing financial resources.

**The Council made improvements to its provision of Welsh material, training and access to Welsh-speaking staff, but more work was needed to comply with the provisions of the Welsh Language Act**

- 23 The role of the Welsh Language Commissioner (the Commissioner) was created by the Welsh Language (Wales) Measure 2011. New powers to impose standards on organisations came into force through subordinate legislation on 31 March 2015. The Commissioner will continue to review Welsh-language schemes by virtue of powers inherited under the Welsh Language Act 1993.
- 24 The Commissioner works with all councils in Wales to inspect and advise on the implementation of language schemes. It is the responsibility of councils to provide services to the public in Welsh in accordance with the commitments in their language schemes. Every council is committed to providing an annual monitoring report to the Commissioner outlining its performance in implementing the language scheme. The Commissioner analyses every monitoring report, provides a formal response and collects further information as required.
- 25 The Commissioner reported that there was an increase in the website's Welsh content and online services during the year. However, there is considerable scope to improve the provision in order to comply with the Welsh-language scheme. The opening of a one-stop shop in Pontardawe, and the provision of a dedicated Welsh-language switchboard line, expanded the available frontline service. A new procedure for approving applications to attend Welsh-language training based on service needs was developed with two staff members attending training during the year. There remains a need to develop further training to raise staff awareness of the requirements of the language scheme. The monitoring of external social care providers continued during the year. An increase was seen in the number of providers employing Welsh speakers, but the numbers that produce bilingual literature for clients remains low. The Council's Youth Service contributes to the cost of employing the local Menter Iaith's young people's officer.

# Use of resources

## Audit of the Council's accounts

- 26 On 23 November 2015 the Auditor General issued an Annual Audit Letter to the Council. The letter summarises the key messages arising from his statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor and his reporting responsibilities under the Code of Audit Practice. The Auditor General issued an unqualified opinion on the Council's accounting statements confirming that they present a true and fair view of the Council's financial position and transactions. The Annual Audit Letter can be found in [Appendix 4](#) of this report.

## The Council's financial management and governance arrangements are sound but savings plans for the medium term need to be developed and more fully integrated with the corporate planning process

- 27 In April 2016 we issued a report following our assessment of the Council's financial planning, controls and governance. Our overall conclusion was that arrangements were sound and we made three proposals for improvement that are being considered by the Council.
- 28 The Council has a track record of delivering a balanced budget or a surplus and is achieving the majority of in-year planned savings. It is recognised that the Council has good short-term planning arrangements and usually starts work early in the financial year to develop the annual budget with the emphasis being on the following year. However, given the estimated savings shortfall for 2017-18 to 2019-20 is £31.7 million the Council needs to focus on its medium to longer-term planning arrangements to ensure that it can meet the scale and pace of change required to identify and deliver future savings proposals.
- 29 The Council has adequate financial controls in place and a clear framework for managing its financial affairs. Policies on financial and budget management are embedded in the Council's Constitution which clearly defines the roles and responsibilities of Members and Officers. However, the Council does not have a formal corporate policy on income generation or charging to guide a more commercially orientated approach to budget decisions. In order to help address future financial challenges the Council should ensure directorates review levels of income and charges using a consistent approach when setting budgets.
- 30 The Council's financial governance arrangements support its financial planning arrangements. The Council demonstrates a commitment to financial governance and is working with Scrutiny Members to strengthen and improve the level of financial understanding. The Council has an experienced Finance Department and currently has sufficient capacity and capability to deliver its day-to-day statutory financial responsibilities. However, the scale and type of savings proposals and pace of implementation may mean that additional capacity will be required in the medium term. The Head of Finance has been working with Scrutiny Members to strengthen and improve the level of financial understanding.

- 31 Performance monitoring reports are used alongside financial budget monitoring reports, and there is evidence that the impact of financial decisions on performance is considered. However, performance and financial reporting mechanisms are not yet integrated to routinely illustrate a whole authority view of both performance and finance. For example, for each directorate the range and trend of performance indicators and scale and achievement of financial savings targets. This will promote a clear understanding of the impact of financial decisions/performance on service performance for the Council.

**Performance and the rate of improvement in younger children's education is below the Wales average whilst results for those in secondary schools are much higher than in similar authorities, and school attendance is now in line with the Welsh average**

- 32 The proportion of pupils eligible for free school meals in Neath Port Talbot is much higher than the Wales average. This is taken into account when evaluating the performance in the authority.
- 33 In the age range from five to eleven years, performance is well below that found nationally for many key performance measures. Although performance has improved over time, it has done so at a slower rate than the Wales average.
- 34 However, in the age range from 14 to 16 years, pupils' performance in English or Welsh and Mathematics in 2015 is above the national average and well above the benchmark for performance as set by the Welsh Government. There is a trend of improvement in outcomes over time. Also the proportion of pupils achieving five A or A\* grades at GCSE or equivalent is much higher than for similar authorities.
- 35 In 2015, the performance of pupils eligible for free school meals is better than the Wales average in most of the main indicators for the age group from 14 and 16 years.
- 36 There have been improvements in attendance in recent years whereby both primary and secondary schools are now in line with the Wales average.

# Governance

## The Council has made some positive changes to scrutiny and is sustaining its focus on continuous improvement

- 37 Our November 2014 Corporate Assessment concluded that scrutiny committees were inefficient and overly focussed on pre-decision scrutiny with limited examination of performance and improvement.
- 38 Since then, both members and officers have been working to address these issues. We observed scrutiny meetings between January and May 2015 to assess developments and identify any further opportunities for improvement.
- 39 We found improvements in the quality and accessibility of information on the Council's website whereby papers, reports and agendas were available seven days prior to meetings and had clearer labelling of contents. Forward work programmes had also been established for each Scrutiny Committee.
- 40 However, we also observed areas where the effectiveness of meetings could be improved by:
  - a ensuring both officers and members have a clear understanding of the purpose, roles and responsibilities of Cabinet Board and Scrutiny Committees;
  - b using introductions and name/role cards to provide clarity as to whether participants and others present were councillors, officers, partners, press or residents;
  - c explaining in forward work programmes the specific elements of the service to be scrutinised, such as 'food waste' or 'side waste'; and
  - d discussing and updating forward work programmes at committee meetings.

## The Council is improving its arrangements to effectively manage its exposure to risk

- 41 The Council adopted a risk management policy in 2010 which was not implemented effectively. The Policy set out clear roles and responsibilities for key individuals, such as, 'the Chief Executive will ensure that Corporate Directors establish and maintain effective risk management systems and ensure the arrangements are followed as appropriate' and, 'the Director of Finance and Corporate Services will be responsible for overseeing the implementation of the policy'. However, the policy was not routinely implemented across the organisation, and a corporate risk register was never developed.

- 42 In July 2015, the Council adopted a revised Corporate Risk Management Policy which attempts to simplify the process. It has removed the requirement to populate an electronic risk register and make roles and responsibilities for risk management clearer at leadership level. Roles are specified for Directorate Management Teams and above in an attempt to create an environment and culture where risk management is promoted, facilitated and appropriately undertaken within the Council. However, the policy does not make it clear how officers with roles and responsibilities for risk will be held to account. It does not express how the discharge of roles and responsibilities will be monitored and whether these will be included in personal objectives.
- 43 The Council's new annual business planning template includes a section on risk analysis which contains details of the risks to achieving key objectives and plans to mitigate those risks. However, this section of the template has not been satisfactorily completed.
- 44 The means by which the Council proposes to ensure compliance with the new policy is unclear. Holding to account those responsible is vitally important to the effective implementation of the revised Policy, since our analysis has revealed that this has been the key failing in the past. The previous policy identified roles and responsibilities but we found no evidence they were being discharged. Whilst the new policy makes reference to responsibilities there is no description of the arrangements to ensure senior managers will discharge their responsibilities effectively.
- 45 The review resulted in two proposals for improvement which the Council adopted. Since the review we have identified progress in implementing the proposals and further refinement to its risk management arrangements, which is ongoing.

# Appendix 1 – Status of this report

The Local Government (Wales) Measure 2009 (the Measure) requires the Auditor General to undertake an annual improvement assessment, and to publish an annual improvement report, for each improvement authority in Wales. This requirement covers local councils, national parks, and fire and rescue authorities.

This report has been produced by staff of the Wales Audit Office on behalf of the Auditor General to discharge his duties under section 24 of the Measure. The report also discharges his duties under section 19 to issue a report certifying that he has carried out an improvement assessment under section 18 and stating whether, as a result of his improvement plan audit under section 17, he believes that the authority has discharged its improvement planning duties under section 15.

Improvement authorities are under a general duty to ‘make arrangements to secure continuous improvement in the exercise of [their] functions’. Improvement authorities are defined as local councils, national parks, and fire and rescue authorities.

The annual improvement assessment is the main piece of work that enables the Auditor General to fulfil his duties. The improvement assessment is a forward-looking assessment of an authority’s likelihood to comply with its duty to make arrangements to secure continuous improvement. It also includes a retrospective assessment of whether an authority has achieved its planned improvements in order to inform a view as to the authority’s track record of improvement. The Auditor General will summarise his audit and assessment work in a published annual improvement report for each authority (under section 24).

The Auditor General may also, in some circumstances, carry out special inspections (under section 21), which will be reported to the authority and Ministers, and which he may publish (under section 22). An important ancillary activity for the Auditor General is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement authority. The Auditor General may also take account of information shared by relevant regulators (under section 33) in his assessments.

# Appendix 2 – Audit of Neath Port Talbot County Borough Council's 2015-16 Improvement Plan

## Certificate

I certify that I have audited Neath Port Talbot County Borough Council's (the Council) Improvement Plan in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Council has discharged its duties under section 15(6) to (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

## Respective responsibilities of the Council and the Auditor General

Under the Measure, the Council is required to prepare and publish an Improvement Plan describing its plans to discharge its duties to:

- make arrangements to secure continuous improvement in the exercise of its functions;
- make arrangements to secure achievement of its improvement objectives; and
- make arrangements to exercise its functions so that any performance standard specified by Welsh Ministers is met.

The Measure requires the Council to publish its Improvement Plan as soon as is reasonably practicable after the start of the financial year to which it relates, or after such other date as Welsh Ministers may specify by order.

The Council is responsible for preparing the Improvement Plan and for the information set out within it. The Measure requires that the Council has regard to guidance issued by Welsh Ministers in preparing and publishing its plan.

As the Council's auditor, I am required under sections 17 and 19 of the Measure to carry out an audit of the Improvement Plan, to certify that I have done so, and to report whether I believe that the Council has discharged its duties to prepare and publish an Improvement Plan in accordance with statutory requirements set out in section 15 and statutory guidance.

## Scope of the Improvement Plan audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information, or whether the Improvement Plan published by the Council can be achieved. Other assessment work that I will undertake under section 18 of the Measure will examine these issues. My audit of the Council's Improvement Plan, therefore, comprised a review of the plan to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the plan complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing its plan.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

**Huw Vaughan Thomas**  
**Auditor General for Wales**

CC: Leighton Andrews, Minister for Public Services  
Steve Barry, Manager  
Samantha Clements, Performance Audit Lead

# Appendix 3 – Audit of Neath Port Talbot Council’s assessment of 2014-15 performance

## Certificate

I certify that, following publication on 29th October 2015, I have audited Neath Port Talbot Council’s (the Council) assessment of its performance in 2014-15 in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Council has discharged its duties under sections 15(2), (3), (8) and (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

## Respective responsibilities of the Council and the Auditor General

Under the Measure, the Council is required to annually publish an assessment which describes its performance:

- in discharging its duty to make arrangements to secure continuous improvement in the exercise of its functions;
- in meeting the improvement objectives it has set itself;
- by reference to performance indicators specified by Welsh Ministers, and self-imposed performance indicators; and
- in meeting any performance standards specified by Welsh Ministers, and self-imposed performance standards.

The Measure requires the Council to publish its assessment before 31 October in the financial year following that to which the information relates, or by any other such date as Welsh Ministers may specify by order.

The Measure requires that the Council has regard to guidance issued by Welsh Ministers in publishing its assessment.

As the Council’s auditor, I am required under sections 17 and 19 of the Measure to carry out an audit to determine whether the Council has discharged its duty to publish an assessment of performance, to certify that I have done so, and to report whether I believe that the Council has discharged its duties in accordance with statutory requirements set out in section 15 and statutory guidance.

## Scope of the audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information. Other assessment work that I will undertake under section 18 of the Measure may examine these issues. My audit of the Council's assessment of performance, therefore, comprised a review of the Council's publication to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the assessment complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing it.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

**Huw Vaughan Thomas**  
**Auditor General for Wales**

CC: Leighton Andrews, Minister for Public Services  
Steve Barry, Manager  
Samantha Clements, Performance Audit Lead

# Appendix 4 – Annual Audit Letter – Neath Port Talbot County Borough Council 2014-15

Councillor A H Thomas  
Leader  
Neath Port Talbot County Borough Council  
Civic Centre  
Port Talbot  
SA13 1PJ

Dear Councillor Thomas

This letter summarises the key messages arising from the Auditor General for Wales' statutory responsibilities under the Public Audit (Wales) Act 2004 and my reporting responsibilities under the Code of Audit Practice.

## **The Council complied with its responsibilities relating to financial reporting and use of resources**

It is the Council's responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a Statement of Accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires me to:

- provide an audit opinion on the accounting statements;
- review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming that I have completed the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This Code is based on International Financial Reporting Standards. On 29 September 2015 I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to members of the Audit Committee in my Audit of Financial Statements report on the 24 September 2015, and a more detailed report for officers has also been issued.

The Council was found to have continued to refine its closure processes building on the significant improvements made in the last few years, although the closure of the capital accounts still needs some work. I also reported that clearer evidencing of any settlement payments made outside the normal voluntary redundancy/early retirement framework was needed.

**I am satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources although areas for improvement have been identified**

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed as part of the Improvement Assessment under the Local Government (Wales) Measure 2009.

Overall, I am satisfied there are no issues that would impact on the unqualified audit opinion given on the 2014-15 statement of accounts but there are areas where improvements can be made. My Annual Improvement Report and Corporate Assessment 2014 concluded that the Council had been delivering its key priorities but limitations in governance arrangements and performance evaluation presented risks to it being able to sustain progress in the future. Follow up work undertaken on performance management and risk management in 2015 has identified that progress has been made in implementing the new corporate performance management framework, although it now needs to be fully embedded in service business planning, but there is still a lot to be done to effectively manage the Council's exposure to risk. Work is currently ongoing to follow up the remaining issues identified in last year's report which will be reported in the 2015 Annual Improvement Report in the New Year. It is vital that the Council addresses any issues raised if it is to achieve improved performance.

Going forward the continuing extremely challenging financial position faced by all local government bodies in Wales will continue to have significant implications. In its 2015-16 budget setting report the Council reported a budget gap of £50 million for the period 2016-2020 with £18 million of these savings needing to be made in 2015-16.

To date the Council has been proactive in managing its growing funding gap, it has acknowledged that it needs to look at longer term fundamental changes in the way it operates and delivers its services and there is an appreciation that difficult decisions will need to be made. It is important that the Forward Financial Plan is closely monitored by officers and Members and clearly linked to directorate savings, service delivery plans etc. with any slippage dealt with quickly and effectively if these significant savings targets are to be achieved.

**I issued a certificate confirming that the audit of the accounts has been completed on 29 September 2015.**

**Previous years' work on certification of grant claims and returns identified areas for improvement which I expect to be actioned for the 2014-15 grants audit**

I have been reporting for a number of years that the processes in place for the management and production of grant claims needed to improve. Officers have put processes in place but these are not always adhered to. My audit of the Council's 2014-15 grants has now begun and I am anticipating improved processes will be in place, I will report on the outcome of this work early in the New Year when the work has concluded.

The financial audit fee was in line with the agreed fee set out in the 2015 Audit Plan.

Yours sincerely

Richard Harries  
For and on behalf of the Appointed Auditor

23 November 2015



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