



CYNGOR BWRDEISTREF SIROL
RHONDDA CYNON TAF
COUNTY BOROUGH COUNCIL

GWŶS I GYFARFOD O'R CYNGOR

C.Hanagan
Cyfarwyddwr Gwasanaeth y Gwasanaethau Democrataidd a Chyfathrebu
Cyngor Bwrdeistref Sirol Rhondda Cynon Taf
Y Pafiliynau
Parc Hen Lofa'r Cambrian
Cwm Clydach, CF40 2XX

Dolen gyswllt: Hannah Williams - Uned Busnes y Cyngor - Gwasanaethau
Llywodraethol (01443 424062)

DYMA WŶS I CHI i gyfarfod o **Pwyllgor ARCHWILIO** yn cael ei gynnal yn **Siambwr y Cyngor, Y Pafiliynau, Parc Hen Lofa'r Cambrian, Cwm Clydach, Tonypanyd CF40 2XX** ar **Dydd LLUN, 29AIN EBRILL, 2019** am **5.00 PM**.

Caiff Aelodau nad ydyn nhw'n aelodau o'r pwyllgor ac aelodau o'r cyhoedd gyfrannu yn y cyfarfod ar faterion y cyfarfod er bydd y cais yn ôl doethineb y Cadeirydd. Gofynnwn i chi roi gwybod i Wasanaethau Democrataidd erbyn Dydd Iau, 25 Ebrill 2019 trwy ddefnyddio'r manylion cyswllt uchod, gan gynnwys rhoi gwybod a fyddwch chi'n siarad Cymraeg neu Saesneg.

AGENDA

Tudalennau

1. DATGAN BUDDIANT

Derbyn datganiadau o fuddiannau personol gan Aelodau, yn unol â gofynion y Cod Ymddygiad.

Nodwch:

1. Mae gofyn i Aelodau ddatgan rhif a phwnc yr agendwm mae eu buddiant yn ymwneud ag ef a mynegi natur y buddiant personol hwnnw; a
2. Lle bo Aelodau'n ymneilltuo o'r cyfarfod o ganlyniad i ddatgelu buddiant sy'n rhagfarnu, **rhaid** iddyn nhw roi gwybod i'r Cadeirydd pan fyddan nhw'n gadael.

2. COFNODION

Derbyn cofnodion o gyfarfod blaenorol y Pwyllgor Archwilio a gafodd ei gynnal ar 25 Mawrth 2019.

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5.	ARCHWILIAD MEWNOL – ASEINIADAU ARCHWILIO TERFYNOL 2018/19	41 - 84
6.	COD LLYWODRAETHU CORFFORAETHOL LLEOL	85 - 98
7.	DATGANIAD LLYWODRAETHU BLYNYDDOL 2018/19 (GAN GYNNWYS ADRODDIAD AR GYNNYDD Y CYNIGION AR GYFER GWELLA A GYFLWYNWYD YN 2017/18)	99 - 144
8.	MATERION BRYG Trafod unrhyw faterion sydd, yn ôl doethineb y Cadeirydd, yn faterion bryg yng ngoleuni amgylchiadau arbennig.	

Cyfarwyddwr Gwasanaeth y Gwasanaethau Democraidd a Chyfathrebu Cylchreliad:-

Y Cyngorwyr Bwrdeistref Sirol:

Y Cyngorydd G Caple, Y Cyngorydd A Cox, Y Cyngorydd J Cullwick,
Y Cyngorydd M Fidler-Jones, Y Cyngorydd M Adams, Y Cyngorydd H Boggis,
Y Cyngorydd R Smith, Y Cyngorydd R Yeo, Y Cyngorydd M Powell,
Y Cyngorydd G Davies, Y Cyngorydd M Norris, Y Cyngorydd E Webster,
Y Cyngorydd J Elliott, Y Cyngorydd Owen-Jones ac Y Cyngorydd S Rees

Aelod Lleyg – Mr R. Hull



RHONDDA CYNON TAF COUNCIL AUDIT COMMITTEE

Minutes of the meeting of the Audit Committee held on Monday, 25 March 2019 at 5.00 pm at the Council Chamber, The Pavilions, Cambrian Park. Clydach Vale, Tonypany, CF40 2XX.

Attendance:

Mr R. Hull (Chair)

County Borough Councillors - Audit Committee Members in attendance:-

Councillor G Caple	Councillor A Cox
Councillor J Cullwick	Councillor M Fidler Jones
Councillor M Adams	Councillor H Boggis
Councillor R Yeo	Councillor G Davies
Councillor M Norris	Councillor E Webster
Councillor J Elliott	Councillor S Rees

Officers in attendance

Mr C Jones, Director, Legal & Democratic Services
Mr P Griffiths, Service Director – Finance and Improvement Services
Mr I Traylor, Head of Pensions, Payroll & Payments
Mr M Crumbie, Head of Internal Audit & Procurement Development Programmes
Mr M. Thomas, Head of Regional Internal Audit Service
Mr P Cushion, Head of Employee Relations

54 Welcome

The Chair welcomed Members to the meeting and Officers were asked to introduce themselves to Committee Members.

The Chair also wished to place on record his personal thanks to the Director, Legal & Democratic Services and wished him well in his retirement. Members endorsed his comments.

55 Order of business

The Chair informed the Committee that he would like to deal with the reports relating to 2018-19 first and then move on to the reports relating to 2019-20. Members endorsed the change in order of the agenda.

56 Apology for absence

Apologies of absence were received from County Borough Councillors D. Owen-Jones, M. Powell and R. W. Smith.

57 Declaration of Interest

In accordance with the Council's Code of Conduct, County Borough Councillor M. Fidler Jones declared the following personal interest in Agenda Item 3 –

Hawthorn High School & Y Pant Comprehensive School Update – “Hawthorn High School is within my Ward”.

County Borough Councillor R. Yeo also declared the following personal interest in Agenda Item 5 –“I am a Governor at Llwynyrwn Primary School and a Member of the Finance and Performance Scrutiny Committee”.

58 Minutes

It was **RESOLVED** to approve the minutes of the 4th of February 2019 as an accurate reflection of the meeting.

59 Matters arising

Minute No 47: *“During the same meeting, Members also requested for a follow-up review of Ysgol Llanhari to be conducted in six months to determine whether sufficient progress was being made to implement recommendations”-*

Members noted that the Committee had previously agreed for a follow up review of Ysgol Llanhari to be conducted in 3 months not 6 months. The Head of Internal Audit & Procurement Development Programmes confirmed that a review would be conducted in three months, with the findings brought back to the Audit Committee.

Minute No 48: The Head of Internal Audit & Procurement Development confirmed that an update in respect of Hawthorn High School would be provided as part of today’s meeting, agenda item 5. A follow-up audit of Y Pant Comprehensive is included within the draft audit plan for 2019/20, and once completed the outcome will be reported to Committee.

Minute No 51: It was also noted that since the last Committee, the outcomes of the staff survey will be used to inform future actions as outlined within the Whistleblowing and Anti-Fraud Annual Reports on today’s agenda.

60 Whistleblowing Annual Report 2018/19

Members were asked to review the Council’s Annual Whistleblowing Report 2018/19 to determine if it complies with the requirements placed upon the Council by the 2017 Regulation and if so to approve the report accordingly.

Discussions ensued and a Member referred the Committee to page 16 of the report and queried why no further action had been taken in respect of a driver of a Council refuse vehicle using foul language. The Head of Employee Relations advised that investigations took place, but on this occasion it was not possible to identify either the individual or the vehicle due to the lack of detail provided as part of the initial whistleblowing complaint.

Another Member questioned some of the outcomes noted within the report as being management discussions. The Head of Employee Relations explained that this was an outcome that is in accordance with the Council’s Disciplinary Procedure, and confirmed that in each case a note was made on the relevant employees file. The Chair referred Committee Members to page 17 of the report, which includes a formal definition of “managerial discussion”.

Further discussion ensued and a Member referred the Committee to point 5.3 of

the report and noted that there are still some areas where more work is needed and that there is evidence to suggest that some staff members still have concerns in respect of whistleblowing. The Head of Employee Relations assured Members that the department would continue to use the intelligence collated from staff surveys to make improvements in this regard.

Following discussion, Members **RESOLVED-**

1. To agree that the Council's Annual Whistleblowing Report complies with the requirements placed upon the Council by the 2017 Regulation; and,
2. To approve the report.

61 Anti-Fraud, Bribery & Corruption Annual Report 2018/19

Members were provided with a report in respect of the progress made to date against the Anti-Fraud, Bribery & Corruption work programme for 2018/19 and proposed work programme for 2019/20.

Members were reminded that in November 2017 they considered and approved the Anti-Fraud Bribery and Corruption Strategy.

The Head of Pensions, Payroll & Payments referenced that whilst the overall number of referrals during the year were of a similar number to 2017/18, a far higher proportion had this year been made through the Council's online referral tool rather than more traditional methods, this providing easier and timely access to the service.

Discussions ensued in respect of the report and a Member commented that the 2019/20 programme does not provide any measurable targets. The Head of Pensions, Payroll & Payments noted the comment and informed Members that whilst reporting this information is a relatively new arrangement, due to the fact that the investigation of potential fraud is a reactive process, the use of targets may not be relevant. The Head of Pensions, Payroll & Payments reassured Members by reference to the report, that there have indeed been tangible outcomes delivered during the year in respect of the reactive and preventative activities, and the report has been developed to include financial recovery details, as previously requested by Committee. He acknowledged that there is further opportunity to target preventative engagement and support, for example, if schools appear more vulnerable to fraudulent attempts, then resources could be deployed in this area.

Members were reminded that assurance can also be provided by referring to the Council's compliance against the CIPFA anti-fraud and bribery checklist as previously reported, and oversight of compliance comes within the Terms of Reference of this Committee.

Further discussions ensued and a Member referred the Committee to Table 4 of the report which details the Corporate Fraud Team's investigatory outcomes to date. The Member stressed that the figures should not be referenced as a "loss (£)" and should be viewed as monies that have been recovered. The Member emphasised that all individuals have a responsibility in respect of reporting issues of fraud, bribery and corruption.

Following discussion, Members **RESOLVED:**

1. To acknowledge the outcomes of the anti-fraud work programme during 2018/19.
2. To acknowledge that the Workplan for 2019/20 is sufficiently flexible to enable deployment of resources in a reactive manner, whilst continuing to support the development of preventative control measures.

62 Internal Audit - Finalised Audit Assignments

The Head of Internal Audit & Procurement Development Programmes introduced the report of the Director of Finance & Digital Services in respect of the following audit assignments completed between 25th January 2019 and 12th March 2019:

- **Education & Inclusion Services**
 - Hawthorn High School (Follow-up) - The Head of Internal Audit & Procurement Development Programmes confirmed that a positive outcome had been noted as a result of the follow-up audit. Notwithstanding this, an audit of the School is included within the draft audit plan for 2019/20 as noted in agenda item 8.
 - Aberdare Community School
 - Capcoch Primary School
 - Cwmlai Primary School
 - Llwyncrwn Primary School
 - YGG Llwyncelyn
- **Whole Authority Arrangements**
 - Anti-Fraud, Bribery & Corruption
 - Performance Indicators
- **Community & Children's Services**
 - Registration Services
 - The Panel Process
 - Adoption Support Payments
- **Corporate & Frontline Services**
 - Legionella Management

Following discussion, it was **RESOLVED** to receive and acknowledge the information contained within the report.

63 Head of Internal Audit Annual Report 2018/19

The Head of Internal Audit & Procurement Development Programmes presented the Annual Report for 2018/19.

It was reported that the Internal Audit Plan for 2018/19 included 79 individual audit assignments and, as at the 31st of March 2019, 85% of planned audit work was forecasted to be completed.

The Head of Internal Audit & Procurement Development Programmes explained that the 12 audit assignments not scheduled for completion to report stage prior to the end of the 2018/19 financial year have all been carried forward into the 2019/20 Draft Audit Plan. Members were referred to Appendix A of the report.

Based upon the work delivered by Internal Audit during 2018/19, the report

concluded by giving an opinion on the Council's overall internal control environment.

Following consideration of the report, it was **RESOLVED** to approve the information provided.

64 Audit Committee Annual Report 2018/19

The Head of Internal Audit & Procurement Development Programmes together with the Chair of the Audit Committee presented the report of the Director of Finance and Digital Services in respect of the Audit Committee Annual Report 2018/19 (incorporating a self-assessment against the CIPFA 2018 practical guidance note).

Members of the Audit Committee were asked to review the report and self-assessment and subject to any amendments, endorse the Audit Committee Annual Report 2018/19.

Following consideration of the report, it was **RESOLVED** to:

1. Endorse the Audit Committee Annual Report 2018/19.
2. Receive progress updates during the new Municipal Year in respect of the proposals for improvement, as highlighted in the report.

65 The Chairs closing remarks on the 2018/19 Municipal year reports

The Chair wished to place on record his personal thanks to the Head of Internal Audit & Procurement Development Programmes as this would be the last time for him to present a report to the Audit Committee in his current capacity as the Council's Head of Internal Audit.

The Chair also wished to congratulate the Head of the Regional Audit Service on his new role, and welcomed him to the Committee. Members endorsed his comments.

66 Internal Audit Charter 2019/20

The Head of the Regional Audit Service presented the Internal Audit Charter 2019/20. Members were asked to consider the document and subject to any amendments, endorse the Internal Audit Charter 2019/20.

Following consideration of the report, it was **RESOLVED** to endorse the Internal Audit Charter 2019/20 as required by Attribute Standard 1000 of the Public Sector Internal Audit Standards.

67 Draft Annual Audit Plan 2019/20

The Head of the Regional Audit Service provided Members with a summary of the report and requested Members' comments on its adequacy.

The Head of the Regional Audit Service indicated that consideration will be given to how the four local authorities that comprise the new Regional Service operate with a view to considering where the existing good work can be built upon and further improved. The Head of the Regional Audit Service went on to indicate that where opportunities are identified, these will be discussed with Audit Committees as part of identifying the most appropriate way forward.

In response to a query concerning available resources, the Head of the Regional Audit Service confirmed that a new staffing structure and recruitment was a key priority for the service and that resources will be flexibly deployed to ensure the RCT Internal Audit Plan will be delivered during 2019/20.

Following consideration, it was **RESOLVED** to approve the Annual Audit Plan for 2019/20.

This meeting closed at 6.45 pm

**R Hull
Chair.**



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

2019 Audit Plan – Rhondda Cynon Taf County Borough Council

Audit year: 2018-19

Date issued: April 2019

Document reference: 1172A2019-20

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

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

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

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2019 Audit Plan

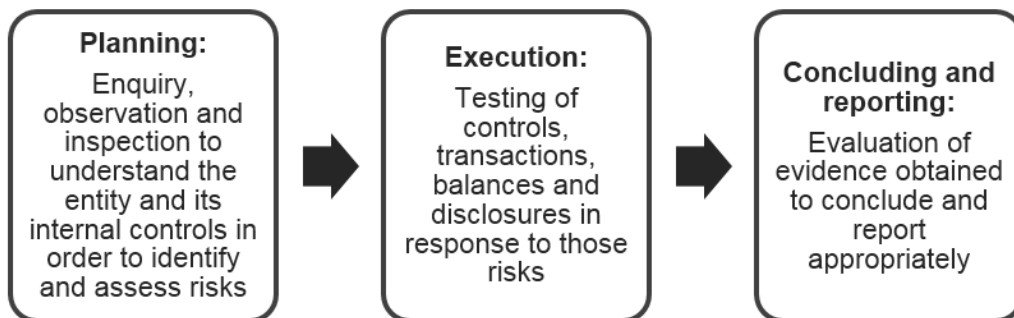
Summary

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

Audit of accounts

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

Exhibit 1: my audit approach



9 The risks of material misstatement are set out in [Exhibit 2](#) along with the work I intend to undertake to address them. Also, included are other key areas of audit attention my team will be focusing on.

Exhibit 2: financial audit risks

Financial audit risk	Proposed audit response
The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].	My audit team will: <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business.
Last year we identified an error (that was corrected in the 2017-18 financial statements, prior to audit opinion being issued). This was due to the fixed asset register not always being updated correctly following reports from the Valuer. The impact of this was that the Cost of Service and Revaluation Reserve were both overstated by £7.5 million in 2017-18. There was also an historic impact which required a transfer between two capital reserves of £13 million, from the Revaluation Reserve to the Capital Adjustment Account. Both these adjustments are technical accounting entries and had no impact upon the reported surplus or deficit for the year or in any Usable Reserves of the Council.	My audit team will review the work carried out by the Council to ensure that this issue is not repeated. We will carry out the appropriate audit procedures to confirm that these arrangements are working effectively for 2018-19.

Financial audit risk	Proposed audit response
<p>During 2016/17 the Authority withdrew from a Private Finance Initiative scheme. We have been informed that the parties are moving toward agreeing a settlement, and appropriate financial disclosures and accounting treatment needs to be included within the 2018-19 financial statements. There is a risk that these costs are not correctly accounted for in line with the requirements of the Local Authority Code of Practice.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • review the evidence provided to support the amounts included within the financial statements to confirm that they are not materially misstated and classified correctly; and • review the disclosures made to confirm they meet the requirements of the Local Authority Code of Practice.

- 10 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Council prior to completion of the audit.
- 11 For reporting purposes, I will treat any misstatements below a 'trivial' level (the lower of 5% of materiality or £100,000) as not requiring consideration by those charged with governance and therefore I will not report them.
- 12 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with the agreed timescales, to the quality expected and have been subject to a robust quality assurance review;
 - information provided to support the financial statements is in accordance with the agreed audit deliverables document¹;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
 - all appropriate officials will be available during the audit; and
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me.
- 13 In addition to my responsibilities in respect of the audit of the Council's statutory financial statements set out above, I am also required to certify a return to the Welsh Government which provides information about the Council to support preparation of Whole of Government Accounts.
- 14 I am also responsible for the audit of Rhondda Cynon Taf Pension Fund accounts. A separate audit plan has been prepared for the audit of the pension fund.

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

- 15 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
 - Section 31 Right to make objections at audit.
- 16 Audit fees will be chargeable for work undertaken in dealing with electors' questions and objections. Because audit work will depend upon the number and nature of any questions and objections, it is not possible to estimate an audit fee for this work.
- 17 If I do receive questions or objections, I will discuss potential audit fees at the time.

Other financial audit work

- 18 I am also responsible for the audit of Central South Consortium Joint Education Service Joint Committee, and the Limited Assurance report for Llwydcoed Crematorium Joint Committee.
- 19 In addition to my responsibilities in respect of the audit of the statutory financial statements set out above, I am also responsible for the audit of Welsh Church Act Fund within the areas of Rhondda Cynon Taf, Bridgend and Merthyr Tydfil County Borough Councils. My team will undertake the audit of these accounts on my behalf in accordance with the timescales agreed with the Council and the Charity Commission.
- 20 In addition to the risk of management override, (as explained in the financial audit risks for the Council in Exhibit 2) I would bring the following specific risk to your attention in relation to Central South Consortium Joint Education Service Joint Committee:
- During the financial year 2018-19, there have been several changes to the senior leadership team. My audit team will design appropriate audit procedures to obtain the required assurance that disclosures are stated correctly and have been made in accordance with the appropriate policies and procedures.
- 21 My audit fee for this work is set out in [Exhibit 4](#).

Performance audit

- 22 I need to balance my existing, new and proposed statutory duties with the need to continue to undertake meaningful, risk-based and proportionate audits and assessments. In discharging my responsibilities, I will continue to seek to strike the most appropriate balance and add value by:
- providing assurance on the governance and stewardship of public money and assets;
 - offering insight on the extent to which resources are used wisely in meeting people's needs; and

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

Exhibit 3: performance audit programme

Performance audit programme	Brief description
Improvement audit and assessment work including improvement planning and reporting audit	Audit of discharge of duty to publish an improvement plan, and to publish an assessment of performance.
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	Examination of the extent to which the Council has acted in accordance with the sustainable development principle when taking steps to meet its wellbeing objectives.
Assurance and Risk Assessment	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.
Financial Sustainability	A project common to all local councils that will assess financial sustainability in light of current and anticipated future challenges
Local Performance Audit Project	Data Strategy / Use of Data / Performance Management Arrangements – a project to be scoped with Council officers to: <ul style="list-style-type: none"> a) help shape the initiatives and actions deriving from the Council’s new Data Strategy; and b) consider and evaluate the effectiveness with which data is utilised in managing the performance of Council services.
2019-20 Local Government Studies	(Funded by the Welsh Consolidated Fund) The Auditor General has recently completed his consultation on his forward work programme and new local government studies to commence in 2019-20 will be confirmed shortly.

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

Certification of grant claims and returns

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

Fee, audit team and timetable

Fee

- 32 Your estimated fee for 2019 is set out in [Exhibit 4](#). There have been some small changes to my fees rates for 2019 however my audit teams will continue to drive efficiency in their audits to ensure any resulting increases will not be passed to you.

Exhibit 4: audit fee

Audit area	Proposed fee (£)	Actual fee last year (£)
Audit of financial statements		
Rhondda Cynon Taf County Borough Council	239,562	249,562
Central South Consortium Joint Education Service Joint Committee	17,570	17,570
Limited Assurance Report – Llwydcoed Crematorium Joint Committee	2,043	2,043
Audit of financial statements – Welsh Church Acts Fund	6,340	6,340
Performance audit work	94,084	94,038
Total fee	359,599	369,553
Grant certification work	60,000 to 70,000	65,675

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

Audit team

35 The main members of my team, together with their contact details, are summarised in [Exhibit 5](#).

Exhibit 5: my audit team

Name	Role	Contact number	E-mail address
Jane Holownia	Engagement Director and Engagement Lead – Performance Audit	02920 320565	Jane.Holownia@audit.wales
Richard Harries	Engagement Lead – Financial Audit	02920 320640	Richard.Harries@audit.wales
Mike Jones	Financial Audit Manager	02920 320649	Mike.Jones@audit.wales
Helen Williams	Financial Audit Team Leader	02920 320708	Helen.williams@audit.wales
Justine Morgan	Performance Audit Lead	02920 320567	Justine.Morgan@audit.wales

36 I can confirm that my team members are all independent of Rhondda Cynon Taf County Borough Council and your officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.

Timetable

37 I will provide reports, or other outputs as agreed, to the Council covering the areas of work identified in this document. My key milestones are set out in [Exhibit 6](#).

Exhibit 6: timetable

Planned output	Work undertaken	Report finalised
2019 Audit Plan	December 2018 to March 2019	April 2019
Financial accounts work: <ul style="list-style-type: none">• Audit of Financial Statements Report• Opinion on Financial Statements• Financial Accounts Memorandum	November 2018 to July 2019	July 2019 August 2019 September 2019

Planned output	Work undertaken	Report finalised
Performance work: <ul style="list-style-type: none"> Improvement Plan Audit Assessment of Performance Audit Assurance and Risk Assessment WFG Act Examinations 	When Council publishes its Plan/ Assessment April to December 2019 April to September 2019 To be confirmed with Council officers	Within six weeks of publication January 2020 October 2019 TBC
Local Performance Audit Project		
Annual Improvement Report	April 2019 to May 2020	June 2020
2020 Audit Plan	November 2019 to January 2020	February 2020

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

Future developments to my audit work

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

Appendix 1

Respective responsibilities

Audit of accounts

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

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

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

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

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

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

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

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

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

Management agrees to provide me with:

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

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

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

Performance audit

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

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

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

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

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

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

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

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

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

Appendix 2

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

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

Performance audit project	Status	Comment
WFG Act Examinations	Fieldwork complete	Scheduling feedback session with Council officers
Review of Leisure Services	Not yet started	Still to be scheduled
Review of Environmental Health Services	Not yet started	To be delivered by Grant Thornton
Review of Corporate Safeguarding Arrangements	Not yet started	Still to be scheduled

Appendix 3

Other future developments

A. Forthcoming key IFRS changes

Exhibit 8: changes to IFRS standards

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

B. Good Practice Exchange

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

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

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

In accordance with Article 50 of the Treaty of Rome, the United Kingdom will cease to be a member of the European Union. Negotiations are continuing.

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

The Auditor General intends to carry out this initial work in two tranches. In autumn 2018, he issued a call for evidence to compile a baseline summary of arrangements being put in place. This will be followed up by further audit fieldwork in spring 2019.

The aim is to produce a report in summer 2019. The report's key messages and recommendations will be framed in the context of the UK moving to a new relationship with the European Union by the end of the planned transition period.

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WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

2019 Audit Plan – Rhondda Cynon Taf Pension Fund

Audit year: 2018-19

Date issued: April 2019

Document reference: 1193A2019-20

This document has been prepared as part of work performed/to be performed in accordance with statutory functions. Further information on this is provided in Appendix 1.

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

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales, the Wales Audit Office and, where applicable, the appointed auditor are relevant third parties.

Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@audit.wales.

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

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2019 Audit Plan

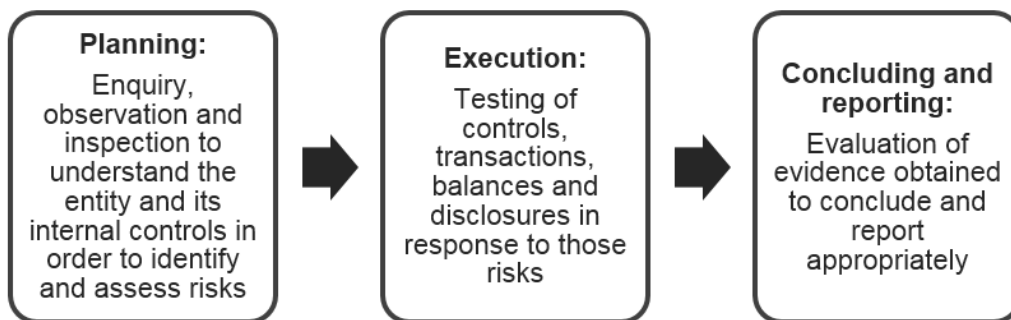
Summary

- 1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Code of Audit Practice to examine and certify whether Rhondda Cynon Taf Pension Fund (the Pension Fund) accounting statements are 'true and fair'.
- 2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
- 3 There have been no limitations imposed on me in planning the scope of this audit.
- 4 My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

Audit of Pension Fund accounts

- 5 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows us to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the Pension Fund accounts as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

Exhibit 1: my audit approach



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

Exhibit 2: Financial audit risks

Financial audit risks	Proposed audit response
Significant risks	
<p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business.
<p>All Wales Pension Partnership The eight Pension Funds in Wales have created an ‘all-Wales’ pooled investment vehicle which will be overseen and reported on by a joint governance committee, the Wales Pension Partnership. An inter-authority agreement has been signed by the Welsh Pension Funds and the joint committee will be preparing an Annual Return for the 2018-19 financial year. We understand that the Rhondda Cynon Taf Pension Fund has transferred £1.3 billion of funds into this new arrangement as of January 2019.</p>	<p>My audit team will review the accounting arrangements supporting the transfer of funds into the new arrangement coupled with any additional disclosures required. My team will also be working with the auditors of the joint governance committee to assess the most effective way of obtaining the relevant assurances on the valuation and ownership of the funds transferred.</p>
<p>There are transfers in and out of the Pension Fund that are currently under review by the Actuary and have been for a number of years. There is a risk that these transfers have not been accounted for in accordance with the requirements of the Code of Practice.</p>	<p>We will confirm the financial impact (if any) of these transfers for the 2018-19 financial year and confirm compliance with the Code of Practice.</p>
Other areas of audit attention	
<p>New accounting standard IFRS 9 financial instruments applies from 1 April 2018 and brings in a new principles-based approach for the classification and measurement of financial assets. It also introduces a new impairment methodology for financial assets based on expected losses rather than incurred losses. This will result in earlier recognition of expected credit losses.</p>	<p>My audit team will assess the likely impacts of IFRS 9 and undertake work to respond to any identified risks of material misstatement.</p>

- 7 I do not seek to obtain absolute assurance that the Pension Fund accounting statements are true and fair but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Audit Committee and to those charged with governance for Rhondda Cynon Taf (the Council), as the administering authority of the Pension Fund as a whole, prior to completion of the audit.
- 8 For reporting purposes, I will treat any misstatements below a trivial level (set at 5% of materiality) as not requiring consideration by those charged with governance and therefore I will not report them.
- 9 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with the agreed timescales, to the quality expected and have been subject to a robust quality assurance review;
 - information provided to support the financial statements is in accordance with the agreed audit deliverables document¹;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver my audit in an efficient manner;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.

Statutory audit functions

- 10 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
 - Section 31 Right to make objections at audit.
- 11 Audit fees will be chargeable for work undertaken in dealing with electors' questions and objections. Because audit work will depend upon the number and nature of any questions and objections, it is not possible to estimate an audit fee for this work.

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

12 If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee, audit team and timetable

Fee

13 Your estimated fee for 2019 is set out in [Exhibit 3](#). There have been some small changes to my fee rates for 2019, however my audit teams will continue to drive efficiency in their audits to ensure any resulting increases will not be passed onto you.

Exhibit 3: audit fee

	Proposed fee for 2019 (£) ²	Actual fee for 2018 (£)
Audit of pension fund accounts	39,385	39,385

14 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Audit Committee.

15 Further information on my [fee scales and fee setting](#) can be found on our website.

Audit team

16 The main members of my team, together with their contact details, are summarised in [Exhibit 4](#).

Exhibit 4: my audit team

Name	Role	Contact number	E-mail address
Richard Harries	Engagement Lead – Financial Audit	02920 320500	richard.harries@audit.wales
Mike Jones	Financial Audit Manager	02920 320500	mike.jones@audit.wales
Helen Williams	Financial Audit Team Leader	01443 680605 02922 677823	helen.williams@audit.wales

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

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

Timetable

- 18 I will provide reports, or other outputs as agreed, to the Audit Committee and Council, covering the areas of work identified in this document. My key milestones are set out in [Exhibit 5](#).

Exhibit 5: timetable

Planned output	Work undertaken	Report finalised
2019 Audit Plan	December 2018 to March 2019	April 2019
Financial accounts work: <ul style="list-style-type: none">• Audit of Financial Statements Report• Opinion on Financial Statements• Financial Accounts Memorandum	February to July 2019	July 2019 August 2019 September 2019
2020 Audit Plan	November 2019 to January 2020	February 2020

Future developments to my audit work

- 19 Details of other future developments including the Wales Audit Office's Good Practice Exchange (GPX) seminars and my planned work on the readiness of the Welsh public sector for Brexit are set out in [Appendix 2](#).

Appendix 1

Respective responsibilities

The Council is the administering authority of the Pension Fund. This Audit Plan has been prepared to meet the requirements of auditing standards and proper audit practices. It provides the Council with an outline of the financial audit work required for the Pension Fund accounts.

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the Pension Fund accounting statements which includes an opinion on their 'truth and fairness', providing assurance that they:

- are free from material misstatement, whether caused by fraud or error;
- comply with the statutory and other applicable requirements; and
- comply with all relevant requirements for accounting presentation and disclosure.

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

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;
- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

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

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

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

Appendix 2

Other future developments

A. Good Practice Exchange

The Wales Audit Office's GPX helps public services improve by sharing knowledge and practices that work. Events are held where knowledge can be exchanged face to face and resources shared online. The main areas of work are regarding financial management, public-sector staff and governance. Further information, including details of forthcoming GPX events and outputs from past seminars can be found on the [GPX section of the Wales Audit Office website](#).

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

In accordance with Article 50 of the Treaty of Rome, negotiations are continuing, and it currently remains unclear whether or what agreement will be reached.

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

The Auditor General intends to carry out this initial work in two tranches. In autumn 2018, he will compile a baseline summary of arrangements being put in place. This will be followed up by further audit fieldwork in spring 2019.

The aim is to produce a report in summer 2019. The report's key messages and recommendations will be framed in the context of the UK moving to a new relationship with the European Union by the end of the planned transition period.

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RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2018/19

<p>AUDIT COMMITTEE</p> <p>29th April 2019</p>	<p>AGENDA ITEM NO. 5</p>
<p>REPORT OF THE DIRECTOR OF FINANCE & DIGITAL SERVICES</p>	<p>FINALISED AUDIT ASSIGNMENTS</p>

Author: Paul Griffiths (Service Director – Finance and Improvement Services)

1. PURPOSE OF THE REPORT

- 1.1 This report provides Members with a summary of audit assignments completed between 12th March 2019 and 12th April 2019.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Seek clarity and explanation where there are areas of concern.
- 2.2 Identify further action to be taken where deemed necessary.

3. REASON FOR RECOMMENDATION

- 3.1 To help ensure that Audit Committee discharges its responsibilities in respect of reviewing the overall control environment in place across the Council.

4. BACKGROUND

- 4.1 The Audit Committee Terms of Reference (Point D) requires it to *‘Review, scrutinise and issue reports and recommendations in relation to the Authority’s financial affairs, and providing the opportunity for direct discussion with the auditor(s) on these’*.
- 4.2 In line with this requirement **Appendix 1** provides a summary of the audit assignments completed between 12th March 2019 and 12th April 2019. Members will note that the summary provides for each assignment: the Introduction, Scope & Objectives, Auditor’s stated opinion and a summary of all recommendations made for each audit review completed to final report stage within the stated period.

- 4.3 To help ensure Audit Committee effectively discharges the responsibility as set out in its Terms of Reference (and replicated at point 4.1 above), Members may wish to consider the principles noted below in addition to their own lines of enquiry:
- Are the conclusions made by Internal Audit reasonable / backed up by the findings reported?
 - Are the recommendations made by Internal Audit likely to support the necessary improvement in internal control?

- 4.4 Members will note that 6 audit assignments have been finalised in the period and are set out in Table 1 below.

Table 1 – finalised audit assignments

FINANCE & DIGITAL SERVICES

- DISASTER RECOVERY - FOLLOW UP
- TREASURY MANAGEMENT

EDUCATION & INCLUSION SERVICES

- CWMAMAN PRIMARY SCHOOL
- PARC PRIMARY SCHOOL
- YSGOL GYFUN CWM RHONDDA
- MOUNTAIN ASH COMPREHENSIVE – PURCHASE CARD FOLLOW UP

5. EQUALITY AND DIVERSITY IMPLICATIONS

- 5.1 There are no equality and diversity implications as a result of the recommendations set out in the report.

6. CONSULTATION

- 6.1 There are no consultation implications as a result of the recommendations set out in the report.

7. FINANCIAL IMPLICATION(S)

- 7.1 There are no financial implications as a result of the recommendations set out in the report.

8. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 8.1 The provision of regular information in respect of the Council's Internal Audit Service supports the Council in demonstrating compliance with the Accounts and Audit (Wales) (Amendment) Regulations 2018.
- 8.2 Regulation 7 (Internal Audit) of Part 3 of the 2018 Regulations directs that: "*A relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.*"

9. LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT

THE COUNCIL'S CORPORATE PLAN PRIORITIES

- 9.1 The work of Internal Audit aims to support the delivery of the priorities contained within the Council's Corporate Plan – *The Way Ahead*, in particular 'Living Within Our Means' through ensuring that appropriate internal controls are in place to effectively manage resources.

WELL-BEING OF FUTURE GENERATIONS ACT

- 9.2 The Sustainable Development Principles, in particular Prevention, can be applied to the systematic reviews undertaken in order to provide assurance that risks to the achievement of objectives are being managed.

10. CONCLUSION

- 10.1 The regular provision of all summarised audit assignments to Audit Committee throughout the year is aimed at assisting Members in evaluating the effectiveness of Internal Audit work across all Council systems and services.
- 10.2 In doing so, it enables Members to form an opinion on the overall control environment of the Council at the end of the financial year.

Other Information:-

Relevant Scrutiny Committee

Not applicable.

Contact Officer – Paul Griffiths (Service Director – Finance and Improvement Services)

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

AUDIT COMMITTEE

29th April 2019

FINALISED AUDIT ASSIGNMENTS

REPORT OF THE DIRECTOR OF FINANCE & DIGITAL SERVICES

Author: Paul Griffiths (Service Director – Finance and Improvement Services)

Item: 5

Background Papers

None.

Officer to contact: Paul Griffiths (Service Director – Finance and Improvement Services)

Appendix 1 - Summary of audit assignments completed between 12th March 2019 and 12th April 2019

FINANCE & DIGITAL SERVICES

AUDIT NAME: DISASTER RECOVERY - FOLLOW UP

DATE FINAL REPORT WAS ISSUED: 29/03/2019

INTRODUCTION

The Council is heavily reliant on its I.T. infrastructure in order to deliver its business. Maintenance of this infrastructure is critical to the Council's ability to function and in the event of a 'disaster' the ability to promptly and comprehensively reinstate systems is critical.

A 'disaster' - in this context - can be defined as a major incident, which affects the Council's ability to carry on business as usual. It could be the failure of an I.T. system or an interruption in power supply. Should an interruption materialise, an appropriate recovery strategy is required.

The overall responsibility for the Council's Disaster Recovery planning lies within the I.T. Service.

Disaster Recovery was last subject to a routine Internal Audit in July 2017.

SCOPE & OBJECTIVES

This follow-up review of Disaster Recovery examined the action taken by Management since the recommendations made were agreed in December 2017.

AUDIT OPINION

The overall control environment in respect of the Council's Disaster Recovery arrangements is considered to be effective, with opportunity for improvement.

It was found that following the last audit review, a review has taken place to amalgamate both the Disaster Recovery Technical Plan and the Virtualisation Environment Disaster Recovery Technical Plan into one overarching plan, namely the Disaster Recovery Technical Plan. At the time of this follow-up review, good progress had been made in doing this; however, although the business critical systems have been identified, the priority of their restoration in the event of a full Disaster Recovery situation still needs to be finalised.

As a consequence, the Disaster Recovery plan has not yet been formally agreed and signed off at SLT/Director level.

Testing for recovering computer systems/applications has now been updated within the new draft Disaster Recovery Technical Plan since the previous audit review. Testing is considered key to placing reliance on the DRP and also the external service provider.

The processes for capture, rotation and secure storage of key data are well documented within the DRP, with Management having now determined that these documents are to be held digitally as opposed to manually at safe off-site locations.

Since the previous review, the diesel generator in Bronwydd that would provide power to the site should there be a power cut has been tested/serviced on a regular basis, with logs available to support this.
Implementing the outstanding recommendation contained in the report will enhance the current levels of control.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1 High	<p>Discussions with the IT Service Infrastructure Manager established that following the last audit review, a review has taken place to amalgamate both the Disaster Recovery Technical Plan and the Virtualisation Environment Disaster Recovery Technical Plan into one overarching plan.</p> <p>At the time of this follow-up review, good progress had been made in doing this, although it still remains incomplete.</p> <p>Whilst the business critical systems have now been identified, the priority of their restoration should the Disaster Recovery Plan need to be implemented, still needs to be documented.</p> <p>As a consequence, the updated Disaster Recovery Plan has not been completed in full and formally agreed and signed off at SLT/Director level.</p>	<p>Management should ensure the review of the new single Disaster Recovery Technical Plan within IT is completed as soon as possible.</p> <p>As part of the review, and annually going forward, each Service Manager should be contacted to identify business critical systems, with these then prioritised and then agreed within the DRP at SLT/Director level.</p> <p>Once the review is complete, it should then be formally agreed at SLT/Director level on an annual basis.</p>	Implemented

AUDIT NAME: TREASURY MANAGEMENT**DATE FINAL REPORT WAS ISSUED: 18/03/2019****INTRODUCTION**

The Treasury Management Team undertakes the management and control of the Council's borrowing and investment function, a service delivered from within the Corporate and Frontline Services Group (Finance Division).

Effective management and control of risk is a prime objective of Treasury Management activities.

SCOPE & OBJECTIVES

In accordance with the Internal Audit plan for 2018/19, a review of Treasury Management was undertaken.

The primary purpose of the audit review was to provide management with an opinion on the adequacy and effectiveness of the internal control systems operating within the Treasury Management Team. The objective of the review was to:

- Assess the standards set out in the self-assessment checklist and conclude on the adequacy and effectiveness of the controls actually operating.

AUDIT OPINION

Overall, the control environment in respect of Treasury Management is considered to be effective.

At the Full Council meeting held on 28th March 2018, Members approved the Treasury Management Strategy, Investment Strategy, Prudential and Treasury indicators and the Minimum Revenue Provision (MRP) Policy Statement.

On the 25th July 2018, Council received and agreed the 2017/18 Annual Treasury Management Review which included the estimated and actual Treasury position, Prudential and Treasury indicators.

The process developed to manage the Council's investments and borrowing is considered robust and effective.

For the sample selected it was established that low risk investments had been placed with either the Debt Management Office (DMO) or other Public Bodies, which was in line with the Treasury Management Strategy and all had been correctly authorised by an appropriate member of staff, based on the funds available each day from the general or superannuation bank accounts.

This year to date, only short term loans have been taken as required, this report has not identified any issues with the loans taken and repaid.

Although the Treasury Management Practices (TMPs) document sets out the delegation from the Group Director - Corporate and Frontline Services for Treasury Management officers to undertake borrowing and investment, the specific details of the delegation have not been included against the relevant posts

(within the TMPs document).

From September 2015 additional controls were introduced by the team in respect of New Beneficiary / Change of Beneficiary details. It was established that independent 'spot checks' have been undertaken in compliance with the procedure developed.

Implementing the recommendation within this report will help improve the overall control environment in place.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1 Low	Council has formally approved that the 'Group Director of Corporate and Frontline Services' should formally approve all long term loans taken by the Council or persons authorised on the Director's behalf. This review has not identified any issues with the loans (short or long term) being taken / repaid during 2018/19, however it was identified that:- <ul style="list-style-type: none">• Although it is noted in the Treasury Management Practices that the Group Director Corporate and Frontline Services delegates responsibility for Treasury Management officers to undertake borrowing and investing, the details of delegation are not included against specific posts.	The Treasury Management Practices need to be updated to reflect appropriate delegation to specific posts for investing and borrowing.	30 June 2019

EDUCATION & INCLUSION SERVICES

AUDIT NAME: CWMAMAN PRIMARY

DATE FINAL REPORT WAS ISSUED: 28/03/2019

INTRODUCTION

The self-evaluation process is designed to evaluate the effectiveness of a School's financial and governance arrangements. The process requires primary schools to complete a self-evaluation checklist against expected controls.

The new Cwmaman 3-11 Primary School serving the former pupils of Cwmaman Infants and Glynhafod Junior School opened in September 2018. This is the first visit made to the School to examine progress made under the self-evaluation process.

The Headteacher has confirmed that this final report will be presented to the Governing Body during the Summer Term meeting of 15th May 2019.

SCOPE & OBJECTIVES

The checklist for chequebook primary schools comprises of 155 standards that need to be reviewed. Audit testing was carried out on a sample of standards using transactions processed during the 2018/19 financial year.

The objectives of the review were:

- To review the Governance arrangements in place at the school.
- To ensure compliance with Section 175 of the Education Act 2002, this requires Governing Bodies to have arrangements for exercising their functions with a view to Safeguarding.
- To ensure that the School Private Fund is appropriately administered in accordance with the requirements of the 2018 School Private Fund Regulations.
- To ensure that the Purchase Card is being used in accordance with the guidance and procedures issued by the Procurement Service.
- To ensure that all school meal income is identified, received and collected in accordance with Council Policy, arrears regularly reported and followed up and free meals only provided where entitlement has been confirmed by the Council.
- To ensure that the School's budget has been approved by the Governing Body and that the budget set by the School complies with the 'Fair Funding : Scheme for Financing Schools', is in line with the funding available, individual budget heads are reasonable and that the budgetary information used for monitoring and reporting is complete, accurate and up-to-date.
- To ensure that the opportunities for unauthorised use of the School's I.T equipment are restricted, that hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 1998.
- To ensure that all Formula Funding allocations are based on up to date and correct numbers of registered pupils, and an audit trail is maintained to ensure

accountability and transparency of the numbers submitted.

AUDIT OPINION

Governance

The control environment in respect of Governance is considered to be effective.

The roles and responsibilities of the Governing Body and its sub committees have been set out in writing. The Governing Body and its sub committees have the requisite number of members and quorate levels for meetings were achieved. A Register of Business Interests is in place at the School and is complete.

All statutory policies and documents were present at the School. Whilst most have been reviewed and presented to the Governing Body since the School opened in September, there are a few policies that are yet to be formally ratified by the Governing Body (due to take place during Summer 2019).

Safeguarding & Educational Visits

The control environment in relation to Safeguarding and Educational Visits is considered to be effective.

All staff received the appropriate clearances before commencing duties in their posts and have received Safeguarding and Child Protection training. The School have a Safeguarding and Child Protection Policy, which is scheduled to be reviewed annually, and there was documentary evidence at the School to confirm that all members of staff have received a copy of the Policy, and have read and understood it.

The School make use of the EVOLVE system to record details of all off-site visits.

School Private Fund

The control environment in relation to the School Private Fund is considered to be effective with opportunity for improvement.

The Treasurer maintains detailed records, with an adequate audit trail of all income and expenditure transactions. The Ledger was found to be of an appropriate format and was up to date at the time of the review.

Income is banked regularly, however, the majority of bankings have been made in contravention of the banking guidelines contained within the School Private Fund Regulations. Therefore, this report recommends that the School consider using a secure cash collection service to allow the School to make deposits in respect of the School Private Fund (and School Dinner Money) in a safe environment, thus eliminating the risks associated with visits to deposit monies.

For the current academic year all expenditure examined was solely for the benefit of the pupils / School and in accordance with the School Private Fund Regulations.

All items of expenditure examined were supported with receipts / invoices.

Audit testing established that when Cwmaman Infants and Glynhafod Junior Schools amalgamated in September 2018, the bank account relating to the Infants School was closed and half the balance was transferred to the School Private Fund account of the new Primary School and half was paid into the School Budget of the new School.

This report recommends that the School Budget reimburses the School Private Fund as soon as possible, as this is not compliant with the School Private Fund Regulations.

Purchase Card

The control environment in relation to the Purchase Card is considered to be effective and there are no findings contained within this report.

There is one purchase card in use at the School. A Transaction Log is maintained to record all expenditure and a card sharing log is in place to document occasions where the card is used by other members of staff. All purchases reviewed were supported with documentation i.e. receipts, invoices, and confirmation for on-line orders, and no delays with cash book journals within FMS were noted.

School Meals

The control environment in relation to the School Meals system is considered to be effective and there are no findings contained within this report.

School meal income was recorded directly onto SIMS, with meal numbers provided to the Catering staff daily. Income was banked regularly and free school meals were only provided to pupils for whom eligibility had been confirmed and retained.

The School regularly send reminders to parents in respect of dinner money arrears and Catering Finance were provided with a ½ Termly report. At the time of the visit, there were no pupils with arrears in excess of the 2 week limit.

School Budget

The control environment in relation to the School Budget is considered to be effective and there are no findings contained within this report.

SIMS is updated with details of income in a timely manner and a bank reconciliation is undertaken monthly. A regular review of the budget is undertaken by the Headteacher and details of the School's budgetary position is reported to the Governing Body at every meeting.

Data Protection & Security

The control environment in relation to Data Protection & Security is considered to be effective and there are no findings contained within this report.

The School is registered with the Information Commissioner and data is backed up regularly by the ICT provider. The inventory was compiled when the School opened in September and ICT equipment is asset registered. There are comprehensive stock records maintained for all items of uniform which is currently being sold.

Formula Funding

The control environment in relation to Formula Funding is considered to be effective and there are no findings contained within this report.

Pupil numbers were reviewed and no discrepancies were noted.

Implementation of the recommendations contained within this report will enhance the control environment further.

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1 Low	<p>All statutory policies and documents are in place at the School.</p> <p>However, it was not evident within the Governing Body minutes that all policies had been formally endorsed by the Governing Body:</p> <ul style="list-style-type: none"> • Accessibility Plan; • Assessment Arrangements; • Freedom of Information Publication Scheme; • Governors Allowances; • Target Setting for Schools; and • Transition Plans. <p>NB. It is accepted that it is the intention of the Headteacher to present these policies to the Governing Body during the Summer Term.</p>	<p>The aforementioned policies should be presented to the Governing Body for review and formal ratification (and this should be minuted).</p> <p>Good practice would be to capture the details of review on the document covers i.e. date of review, date to be reviewed, signed and dated etc.</p>	31 May 2019
5.2.1 Low	<p>Although the Child Protection Policy has been signed by the Chair of Governors, the Headteacher and the members of staff with designated Child Protection responsibility, it has not been signed by the Governor with designated Child Protection responsibility.</p>	<p>The Designated Governor with Child Protection responsibility should sign and date the Child Protection Policy as soon as possible.</p>	31 May 2019
5.3.1 Medium	<p>Point 14.1 of the School Private Fund Regulations states that "Where a school is closing / amalgamating, the bank account(s) relating to that fund must be closed and any balance transferred to the account of the newly amalgamated school".</p> <p>Audit testing established that whilst half of the balance of the School</p>	<p>Arrangements should be made to reimburse the School Private Fund of Cwmaman Primary School with the £1,214.91.</p>	31 August 2019

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	Private Fund for Cwmaman Infants was transferred to the Cwmaman Primary School account, the other half (£1,214.91) was transferred into the Cwmaman Primary School Budget account.		
5.3.2 Medium	One of the named auditors for the fund is also a cheque signatory.	The person appointed to the role of Private Fund Auditor cannot also be an authorised cheque signatory. Either a new auditor or new cheque signatory should be appointed.	31 August 2019
5.3.3 Medium	Examination of the income banked for the current academic year identified that whilst banking is undertaken regularly, most bankings have not been in accordance with the School Private Fund Regulations. Of most significance: <ul style="list-style-type: none"> • 12.09.18 - £655.77; • 17.09.18 - £504.10; • 26.09.18 - £490.45; • 09.10.18 - £415.85; • 23.10.18 - £508.55; • 14.11.18 - £1502.97; • 30.11.18 - £536.21; • 14.12.18 - £435.30; • 11.01.19 - £1,288.73; • 15.01.19 - £3,268.00; • 18.01.19 - £426.85; and • 25.01.19 - £1,019.00. 	The School should consider the introduction of a secure cash collection from LOOMIS and contact the Council's Bank Reconciliation Team based at Bronwydd to discuss this option. There may be a charge for this service but this would allow the School to make deposits in respect of the School Private Fund (and School Dinner Money) in a safe environment and eliminate risks associated when travelling to deposit monies.	31 May 2019

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	Furthermore, for the banking made on 15.01.19, this was in contravention of the School Private Fund Regulations which state that deposits in excess of £2,500 should be undertaken by 2 adults.		

AUDIT NAME: PARC PRIMARY SCHOOL

DATE FINAL REPORT WAS ISSUED: 18/03/2019

INTRODUCTION

The self-evaluation process is designed to evaluate the effectiveness of a school's financial and governance arrangements. The process requires primary schools to complete a self-evaluation checklist against expected controls.

Parc Primary School was last subject to an Internal Audit Review in November 2014 and this is the third cyclical visit made to the School to examine progress made under the self-evaluation process.

The Headteacher has confirmed that this final report will be presented to the Governing Body during the Summer Term meeting of 21st May 2019.

SCOPE & OBJECTIVES

The checklist for non-chequebook primary schools comprises of 101 standards that need to be reviewed. Audit testing was carried out on a sample of standards applicable to the School, using transactions processed during financial years 2017/18 and 2018/19.

The objectives of the review were:

- To review the Governance arrangements in place at the School.
- To ensure compliance with Section 175 of the Education Act 2002, this requires Governing Bodies to have arrangements for exercising their functions with a view to Safeguarding.
- To ensure that the School Private Fund is appropriately administered in accordance with the requirements of the 2018 School Private Fund Regulations.
- To ensure that the Purchase Card is being used in accordance with the guidance and procedures issued by the Procurement Service.
- To ensure that all school meal income is identified, received and collected in accordance with Council Policy, arrears regularly reported and followed up and free meals only provided where entitlement has been confirmed by the Council.
- To ensure that all orders raised by the School are appropriate and reflected in the budget, are correctly authorised and comply with Financial Regulations.
- To ensure that all Formula Funding allocations are based on up to date and correct numbers of registered pupils, and an audit trail is maintained to ensure accountability and transparency of the numbers submitted.
- To ensure that the opportunities for unauthorised use of the school's I.T equipment are restricted, that hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 1998.

AUDIT OPINION

Governance

The control environment in respect of Governance is considered to be effective.

The roles and responsibilities of the Governing Body and its sub committees have been set out in writing. The Governing Body and its sub committees have the requisite number of members and quorate levels for meetings are achieved. A Register of Business Interests is in place and is updated annually.

Whilst all statutory policies and documents are present at the School, it was not evident within the Governing Body minutes that all had been presented to the Governing Body for ratification within the last 3 years, and there was one policy that had not been subject to an annual review (Assessment Policy).

Safeguarding & Educational Visits

The control environment in relation to Safeguarding and Educational Visits is considered to be effective.

All staff received the appropriate clearances before commencing duties in their posts and have received Safeguarding and Child Protection training.

The School has a Safeguarding and Child Protection Policy which is reviewed annually and there was documentary evidence to confirm that all members of staff have received a copy of the Policy, and have read and understood it.

The School make use of the EVOLVE system to record details of off-site visits, however, care should be taken to ensure that all trips and activities are entered onto EVOLVE and are submitted for approval within the correct timescales as this had not been done for 6 trips examined.

School Private Fund

The control environment in relation to the School Private Fund is considered to be effective with opportunity for improvement.

No central Record of Daily Income is in use at the School. Instead, all income is recorded directly onto individual income sheets which are created for each activity within the fund. The Ledger was found to be of an appropriate format and was up to date at the time of the review. Income is banked regularly and the account reconciled to the bank statements weekly.

There is an adequate audit trail of all expenditure transactions, however, one occasion was noted whereby money was withheld from banking to provide a pupil with a cash refund, which is in contravention of the School Private Fund Regulations. For the current academic year all expenditure examined was solely for the benefit of the pupils / School and in accordance with the School Private Fund Regulations. All items of expenditure examined were supported with receipts / invoices.

Purchase Card

The control environment in relation to the Purchase Card is considered to be effective and there are no findings contained within this report.

There is one Purchase Card in operation at the School. A Transaction Log is maintained to record all expenditure and a card sharing log is in place to document occasions where the card is used by other members of staff. All purchases reviewed were supported with documentation i.e. receipts, invoices and confirmation for on-line orders.

School Meals

The control environment in relation to the School Meals system is considered to be effective and there are no findings contained within this report.

School meal income is recorded directly onto SIMS and meal numbers were provided to the Catering staff daily. Income is banked weekly and free school meals

were only provided to pupils for whom eligibility had been confirmed and retained.

The School regularly send reminders to parents in respect of dinner money arrears and Catering Finance were provided with a ½ termly report. At the time of the visit only one pupil had arrears in excess of the two week limit and appropriate measures put in place to address the case.

Data Protection & Security

The control environment in relation to Data Protection & Security is considered to be effective.

The School is registered with the Information Commissioner and School data is backed up regularly.

Although ICT equipment is asset registered, this Audit review confirmed that the School inventory has not been updated for a number of years.

Formula Funding

The control environment in relation to Formula Funding is considered to be effective and there are no findings contained within this report.

Pupil numbers were reviewed and no discrepancies were noted.

Implementation of the recommendations contained within this report will enhance the control environment further.

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1 Medium	<p>All statutory policies and documents are in place at the School.</p> <p>However, it was not evident within the Governing Body minutes that all policies had been reviewed by the Governing Body within the last 3 years.</p> <ul style="list-style-type: none"> • Curriculum Policy; • Data Protection Policy; • Strategic Equality Policy ; • Transition Plans; and • Freedom of Information Policy. <p>It was also noted that the Assessment Policy which should be subject to an annual review had not been reviewed since November 2017.</p>	<p>The aforementioned policies should be reviewed as soon as possible. Following review, the policies should be presented to the Governing Body for review and formal ratification (and this should be minuted).</p> <p>A rolling review programme of all policies could be introduced to ensure that all policies are up to date and reflect the current practices at the School.</p>	31 July 2019
5.2.1 High	<p>The 'Planning and Approval Procedures for Educational Visits' states that residential visits/adventure activities must be 'planned and approved using the EVOLVE system at least 28 days before visit'. From a sample of trips examined, there are 2 residential trips whereby formal authorisation had not been obtained in the correct manner:</p> <ul style="list-style-type: none"> • Llangrannog - 5.6.17; and • PGL outdoor pursuits - 12.5.17. <p>Furthermore, the School visited Llangrannog during 2018, yet the trip had not been entered onto EVOLVE.</p>	<p>The Headteacher is reminded that under the National Guidance for Educational Visits the local authority requires 28 days' notice to process and approve all trips that involve overnight, overseas or adventurous activities and that no school or other establishment should endorse an activity of one of these categories without overall approval from their Authority.</p> <p>Care should be taken to ensure that all trips /</p>	31 July 2019

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p>There are also a number of routine trips that have not been authorised correctly, in so far as the trips remain unauthorised:</p> <ul style="list-style-type: none"> • Love where you live awards - 10.7.18; • Sports Day - 21.6.17; and • Senydd - 6.4.17. <p>It was established during the Audit Fieldwork that the School EVC Co-ordinator is the only member of staff responsible for updating details of school trips onto EVOLVE.</p>	<p>activities are entered onto EVOLVE and within the correct timescales, and are authorised in the correct manner.</p> <p>Consideration should also be given to providing all staff with access to EVOLVE, in order for each trip organiser to update the system accordingly from the planning stage. The Strategic Lead, Outdoor Learning should be contacted should Management consider this is feasible.</p>	
5.3.2 Medium	<p>Section 4.2 of the School Private Fund Regulations states that:</p> <p>'All monies collected must be banked intact, in order that income can be traced and reconciled to bankings.'</p> <p>Examination of the Llangrannog trip income identified 1 occasion whereby £30.00 cash was withheld from income collected to provide a pupil with a refund.</p>	<p>All income received should be banked intact to ensure that it can be traced and reconciled to bankings.</p> <p>Alternative arrangements should be made in respect of making refunds in future, i.e. all payments made by cheque or financed from a cash float.</p>	Implemented
5.4.1 Medium	<p>The School's inventory has not been updated for a number of years.</p>	<p>A full inventory review should be undertaken and all new equipment recorded as soon as possible. Thereafter an annual review should</p>	31 July 2019

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
		be carried out to ensure that the record is accurate and up-to-date.	

AUDIT NAME: YSGOL GYFUN CWM RHONDDA

DATE FINAL REPORT WAS ISSUED: 03/04/2019

INTRODUCTION

Ysgol Gyfun Cwm Rhondda is a mixed 11 - 18 Comprehensive School serving the Rhondda. There are 706 pupils on roll, of which there are 108 pupils in the sixth form. The proportion of pupils entitled to free school meals currently stands at 11.47%, which is below the national average of 17.4%. The total budget for the School for 2018/19 is £3.3M. Ysgol Gyfun Cwm Rhondda was last subject to a routine audit visit in June 2016. The Headteacher has confirmed that this report will be presented to the Full Governing Body at their 8th July 2019 meeting.

SCOPE & OBJECTIVES

All financial systems in operation at the School were considered and an assessment carried out in consultation with the Headteacher and Chair of Governors to identify those areas representing the highest risk to the school, and therefore necessitating review.

On the basis of this assessment, audit testing was carried out on the following areas of administration:-

- Governance;
- Safeguarding;
- Purchasing;
- School Private Fund;
- Purchase Card;
- Petty Cash; and
- Assets.

AUDIT OPINION

Safeguarding & Educational Visits

The control environment in relation to Safeguarding and Educational Visits is considered to be effective with opportunity for improvement.

Testing identified that all staff received the appropriate clearances before commencing duties in their posts.

The School has a Safeguarding and Child Protection Policy in place. Whilst this was reviewed and presented to the Governing Body in March 2018, this was found to be an older version from 2016 and not the most recent available at that time (June 2017). Consequently, there was no documentary evidence at the School to

confirm that all members of staff have received a copy of the Policy and have read and understood it.

The School's Safeguarding Officer confirmed Level 1 Safeguarding training has been provided to school staff in various 'refresher' sessions throughout the year. However, no signed registers of attendance have been completed at these sessions as evidence of those staff that were in attendance.

The School make use of the EVOLVE system to record details of all off-site visits and staff are suitably qualified to make use of the system in accordance with the document 'Planning and Approval Procedures for Educational Visits'. All trips examined had been entered onto EVOLVE and authorised in accordance with the designated timescales.

Governance

The control environment in respect of Governance is considered to be effective with opportunity for improvement.

With the exception of the Data Protection & Sex Education Policies, all statutory policies are in place at the School. The roles and responsibilities of the Governing Body and its sub committees have been set out in writing. Despite the Governing Body having two vacancies, all sub committees have the requisite number of members.

A Register of Business Interests is in place at the school, but has not been updated for 15 of the current 18 Governors.

Whilst attendance registers for full Governing Body meetings are maintained, this is not being done for Sub-Committee meetings.

Purchasing

The control environment in respect of Purchasing is considered to be effective with opportunity for improvement.

The School has a Financial Procedures document and this is up to date. The School currently raise orders either over the telephone or online. These orders are not however raised on SIMS until after receipt of the goods/invoice. Additionally, the subsequent copy orders are not always signed by an authorised member of staff and delivery notes are not always signed as confirmation of who checked the deliveries.

Consideration also needs to be given to reviewing the current practices in place and utilising the Purchase Cards more to pay for goods/services required. This would reduce the amount of administration required in making purchases and operating a petty cash account, allowing more opportunity for staff to undertake other administrative duties.

School Private Fund

The control environment in relation to the School Private Fund is considered to be effective with opportunity for improvement.

The Treasurer maintains detailed records with an adequate audit trail of income and expenditure transactions. A Management Committee has been appointed and positions held relate to duties undertaken.

However, it was found that the current Fund Ledger does not have an adequate format and does not have a running balance. The Fund has also been used to subsidise pupil memberships to the URDD for a number of pupils (the income has not been collected from these pupils). The Fund is being used to administer the sales of school ties and polo shirts; by administering these through the Fund, the School is not able to reclaim the VAT on the purchases of such items and therefore the School should consider this type of expenditure being processed via the School Budget.

This review has also identified a need to promote consistency between the teaching staff in respect of the administration of School Trips. For example, staff should be reminded to maintain and retain their own records that detail the amounts and dates income was received as this was not being done for the Skiing 2018 trip

examined. Also it should be ensured that appropriate receipts/invoices are obtained on trips, and if not possible, the appropriate Expenditure Without Receipt form completed and signed.

Purchase Card

The control environment in respect of Purchase Card is considered to be effective with opportunity for improvement.

There are two Purchase Cards in operation at the school. A Transaction Log is maintained to record all expenditure, however, it was found that only the gross amounts spent are recorded. With no breakdown of the VAT, it is not possible to determine if VAT has been accounted for appropriately on purchases made.

All purchases reviewed were supported by appropriate receipts/invoices during the sample period examined and whilst a reconciliation is undertaken, this is done by the Finance Officer who is responsible for day-to-day purchasing, hence that there is no independent check of the purchases made.

Petty Cash

The control environment in respect of Petty Cash is considered to be effective with opportunity for improvement.

A formal Petty Cash limit for items of expenditure has been set and is being adhered to. At the time of the audit visit, testing identified that the petty cash account is not being reconciled prior to reimbursement. This report recommends that the Petty Cash account be subject to a regular and independent reconciliation.

Assets

The control environment in respect of Assets is considered to be effective with opportunity for improvement.

The school has an electronic inventory system in place that includes all the electronic equipment at the school. However it does not include items such as tables, chairs, cupboards etc., and is therefore not a complete record.

Implementing the recommendations contained in the report will enhance the current levels of control at the School.

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1 High	<p>The School's Child Safeguarding Policy was last reviewed by the Governing Body in March 2018. The policy version that was reviewed is dated June 2016.</p> <p>Discussions with the school's Safeguarding Officer established that they were not aware of the latest Cwm Taf Safeguarding Children Board (CTSCB) Model Safeguarding Policy issued in June 2017 to all schools.</p> <p>As a result, requirements in regard to designated safeguarding staff and all other staff having to sign to confirm that they have received, read and understood the Child Safeguarding Policy have not been put in place.</p>	<p>The School should adopt the Cwm Taf Safeguarding Children Board (CTSCB) Safeguarding Policy.</p> <p>Once the revised Safeguarding Policy has been formally adopted and agreed by the Governing Body, it should be ensured that the relevant staff and Governors endorse the policy as indicated on the cover of the policy.</p> <p>Each member of staff should sign to demonstrate that they have received, read and understood the Safeguarding Policy.</p> <p>This Policy should also be updated to the School's website once adopted.</p>	Implemented
5.1.2 High	<p>Section 2.21 of Keeping Learners Safe: The role of local authorities, governing bodies and proprietors of independent schools under the Education Act 2002 (WAG circular 158/2015) states that:</p> <p>'Governing Bodies should ensure that all staff and volunteers who work with children undertake appropriate training to equip them with the knowledge and skills that are necessary to carry out their responsibilities for child protection effectively, which is kept up to date by refresher training'.</p>	<p>The school should develop a central training record, with a formal record made each time any member of staff at the school undertakes any safeguarding training.</p> <p>This should detail the date and level of safeguarding training alongside individual staff names.</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	It was established that Level 1 training was provided to the whole school on 2 nd September 2016. The School's Safeguarding Officer confirmed refresher training has also been provided to staff since then, however, the school were unable to demonstrate that all staff had attended these as no attendance registers are maintained at the school for the refresher training.	This could be incorporated into the Child Protection Policy to allow the assessment of training requirements to coincide with the Policy's annual review.	
5.2.1 Medium	All statutory policies and documents were in place at the School with the exception of the following:- <ul style="list-style-type: none"> • Data Protection Policy; and • Sex Education Policy. 	Statutory policies and documents should be reviewed in line with the Governors Wales requirements. When policies and documents are reviewed and ratified by the Governing Body, it should be ensured that they are clearly detailed in the minutes for transparency. For those policies that do not require annual review, it is good practice to review them on a rolling programme (e.g. every 3 years to ensure that they are still relevant).	Implemented
5.2.2 Medium	Section 43(d) of The Government of Maintained Schools (Wales) Regulations 2005 states: 'The Clerk to the Governing Body must maintain a register of governors'	The Clerk to the Governing Body should retain registers of Governor attendance for all Governing Body meetings (including Sub-Committees).	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p>attendance at meetings'.</p> <p>Discussions at the school established that whilst attendance registers are maintained for Full Governing Body meetings, they are not maintained for any Sub-Committee meetings.</p>	<p>All Governing Body members should ensure that they sign to confirm their attendance.</p>	
<p>5.2.3</p> <p>Medium</p>	<p>Section 2.9 of the Scheme for Financing Schools states that:</p> <p>'Governing bodies are required to establish a register of business interests...which lists for each member of the governing body and the Head Teacher any business interests they or any member of their immediate family have. The register must be kept up-to-date by notification of changes from governors and the Head Teacher, and through an annual review process'.</p> <p>Although a register has been established, no declarations were present for 15 of the 18 current Governors.</p>	<p>A declaration of business interests register should be completed on an annual basis, which details the business interests of all Governors, the Headteacher and any other staff who may influence financial decisions at the School.</p> <p>Declarations for the 15 Governors identified should be completed immediately.</p>	<p>Implemented</p>
<p>5.2.4</p> <p>Low</p>	<p>The membership of Governing Bodies is set out in chapter 3 of The Government of Maintained Schools (Wales) Regulations 2005, which specifies that the composition of the Governing Body should consist of 20 Governors.</p> <p>Examination of the Governing Body structure revealed that there are currently 2 vacancies (1 parent and 1 non-teaching).</p>	<p>The School should endeavour to fill the 2 Governor vacancies.</p>	<p>Implemented</p>

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.3.1 High	<p>The following issues were noted in respect of the School's purchasing arrangements: -</p> <ul style="list-style-type: none"> • Orders are not always raised on SIMS prior to receipt of the subsequent goods/invoices even though a prior request would have been made and are therefore treated as non-order invoices. • Whilst requisitions for orders are completed by staff requesting an order prior to being raised on SIMS, the subsequent SIMS official orders are not signed by an appropriate budget holder i.e. Headteacher. • Occasions were identified where Delivery Notes had not been signed and dated to confirm who had checked the delivery to the order placed. 	<p>Where a prior request is known for goods/services, an order (appropriately authorised) should be raised in the first instance. If an order was placed by telephone, an order should be raised as soon as possible thereafter and signed by an authorised member of staff.</p> <p>Once the goods / services are received, the delivery note should be checked against the original order to ensure that the goods received agree to what was originally ordered. The order and delivery note should demonstrate evidence of this check (e.g. items ticked) and the delivery note should be signed and dated by the person undertaking this check.</p> <p>To avoid additional work, the School should consider utilising the Purchase Card for all relevant purchases.</p>	Implemented
5.4.1 Medium	<p>Appendix 2, Section 2.1 of the School Private Fund Regulations states:</p> <p>'At the end of the year, you must prepare a Summary of Accounts, which you and the auditors must sign. This, along with any supporting documentation requested, must be returned by 31st December to the Education Finance Team. A copy should also be presented to the full</p>	<p>A fully completed Annual Summary of Accounts Certificate should be presented to the School's Full Governing Body prior to submission to Education Finance by the required deadline.</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p>Governing Body.'</p> <p>Whilst it is accepted that the Summary of Accounts Certificate had been submitted to Education Finance and presented to the School Finance Committee prior to the 31st December deadline, it has not been presented to the Full Governing Body as required.</p>		
<p>5.4.2</p> <p>Medium</p>	<p>The entries in respect of School Private Fund income / expenditure should allow for prompt reconciliation within each financial period.</p> <p>Whilst a Ledger in the form of an Excel spreadsheet has been introduced at the School, it does not follow the expected format:</p> <ul style="list-style-type: none"> • Income and Expenditure transactions are recorded on separate sheets. • There is no running balance recorded. • Expenditure transactions do not contain details of where the purchases were made or what was purchased. <p>Additionally, whilst the ledger is printed off each month when reconciled to the bank statements, the ledger is not signed and dated as confirmation of this, although the bank statements are.</p>	<p>The School Private Fund ledger should contain details of all income and expenditure transactions on the same page to provide a meaningful analysis of accounts, and a running balance for reconciliation to the bank statements. Appendix 2 of the School Private Fund Regulations provides notes of guidance for the completion of ledgers and a suggested format is included at Appendix 4 of these Regulations.</p> <p>Additionally, when the ledger is printed off each month to reconcile to the bank statements, the ledger should also be signed and dated as confirmation of this.</p>	<p>Implemented</p>
<p>5.4.3</p> <p>Medium</p>	<p>Examination of the Fund expenditure from September 2017 to the time of review identified the following item of expenditure that would have been more appropriately processed through the budget account:</p>	<p>The School should collect the outstanding monies owed to the Private Fund in respect of URDD membership immediately.</p>	<p>Implemented</p>

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<ul style="list-style-type: none"> • Payments to URDD for pupil memberships - £170.50 <p>NOTE - Only £59.50 has been collected from the pupils, a shortfall of £111 owing to the Fund.</p>	Going forward, the Private Fund should not be used to administer these payments, with the school budget a more appropriate account to be used.	
5.4.4 Medium	<p>The School operate a shop for the sale of school ties and polo shirts (summer term only) and all income/expenditure transactions are processed via the School Private Fund account. No other uniform is sold by the School.</p> <p>The School are correctly accounting for VAT on the adult sized clothing sales (which is VATable) and the subsequent income that is banked.</p> <p>However, as the purchases are being made via the Private Fund, the School are not able to benefit from reclaiming the VAT on the purchasing of the ties and polo shirts or identify VAT on the subsequent income received.</p> <p>(It was established that any profits made on the sales of ties and polo shirts are currently held within the fund account and this money is used to subsidise pupils who may not be able to afford trips / uniform).</p>	<p>The school should consider ceasing the sale of ties and polo shirts, and directing pupils to the suppliers of all other elements of their school uniform. This would save on time administering the purchasing/stock control and income collection/bankings made, allowing staff to undertake other additional administrative tasks.</p> <p>Should the school consider the sale of these items is to continue, the administration of this should be via the school budget account. This would allow the school to save on VAT and ensuring any profits made from sales can be used appropriately.</p> <p>The School Private Fund should not be used to subsidise individual pupils on school trips.</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.4.5 Low	<p>A central record of daily income is maintained which can be reconciled to the income recorded on the Fund Ledger.</p> <p>The trip records relating to the Bath 2018 and Skiing 2018 were examined.</p> <p>It was noted that while the trip records show the pupil's name, amounts paid, date paid and total balance paid on the Bath trip, the dates of payments were not recorded for the Skiing trip.</p> <p>NOTE - It is accepted that the total amount collected for this trip reconciled to the amount banked.</p>	<p>It should be ensured that records are consistent for every trip i.e. the date income is collected by staff in addition to the amount collected is clearly recorded on the trip records.</p>	Implemented
5.4.6 High	<p>Cash floats are taken on all trips, whether using a pre-paid credit card or a cash float, with a detailed breakdown of transactions and receipts to verify the amount spent provided to the Treasurer at the end of each trip.</p> <p>It was however established that for Skiing 2018, tips were provided to instructors, drivers etc., on the trip. However, no actual receipts were obtained, with only a slip of paper detailing the breakdown of tips, which totalled \$840. No Record of Expenditure Without Receipt Form had been completed or signed.</p>	<p>All items of expenditure should be supported by a receipt or invoice.</p> <p>In the event that a receipt cannot be obtained, a Record of Expenditure Without Receipt form should be used and a recommended format for this record is included at Appendix 8 in the School Private Fund Regulations.</p> <p>This should be signed by two members of staff as evidence of the amounts involved.</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.5.1 Medium	<p>Section 6 of the Cardholder Manual for School document issued by Procurement Services states that:</p> <p>'Each Purchasing Card transaction should be recorded on the transaction log as soon as the transaction is complete to ensure that no information is omitted'.</p> <p>Examination of the Transaction Logs for the two Purchase Cards held at the School established that whilst the log is updated as and when purchases are made, only the gross amount is recorded.</p> <p>Additionally, where purchases are made in a foreign currency e.g. US Dollars, the amount spent in the foreign currency is recorded on the log and not the British Pound value.</p>	<p>It is imperative that full details of all Purchase Card transactions be promptly updated onto the Transaction Logs immediately when a purchase has been made. This should include the net, gross and VAT amounts for each transaction.</p> <p>Additionally, it should be ensured only values of British Pounds are recorded for reference/reconciliation.</p>	Implemented
5.5.2 High	<p>Discussions with the Finance Officer established that bank statements are received on a monthly basis and a reconciliation of both Purchase Card accounts is undertaken.</p> <p>Whilst each statement shows evidence of checks (ticks) they are not always signed and dated by the Finance Officer to confirm by whom and when the reconciliation took place. This is also the same on the transaction log.</p> <p>Additionally, the Finance Officer is currently reconciling the Purchase Card under this Officer's responsibility and hence there is no independent review.</p>	<p>The school should ensure that an independent person reconciles the Purchase Card maintained by the Finance Officer.</p> <p>All bank statements should show evidence of reconciliation i.e. ticks and signed and dated to confirm who and when this was undertaken.</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.6.1 Medium	Discussions with the School Business Manager and examination of the records confirmed that there is no formal reconciliation of the Petty Cash account in place.	The Petty Cash account should be reconciled by an independent person (i.e. the School Business Manager) and cash in hand and receipts supporting expenditure should be examined prior to a reimbursement cheque being authorised.	Implemented
5.6.2 Low	From examination of purchases made from April 2018 to June 2018, the following purchase was made via petty cash from the School's delegated budget: 7/6/2018 - Flowers - £8.00.	Purchases such as flowers, gifts etc., should in future be avoided. All such future expenditure should be funded via a private collection rather than the School's delegated budget.	Implemented
5.7.1 Medium	Discussions with the School Business Manager established that the School have bought into an online based electronic inventory system called School Asset Manager. This has been in place since 2015. Further discussions established that only electronic items of equipment have been updated to the system to date, hence items such as desks, cupboards, chairs etc., have not been recorded on an inventory. Two rooms were sampled:	A full inventory should be compiled as soon as possible on SIMS. Thereafter, an annual review should be carried out to ensure that the record is accurate and up-to-date.	Implemented

SUMMARY OF RECOMMENDATIONS:																															
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE																												
	<ul style="list-style-type: none"> It was found that there was a printer in the School Business Manager's office that was not on the inventory and a floor fan in the Headteacher's office that was not on the inventory. 																														
5.7.2 Medium	<p>Discussions with the Finance Officer established the School sell Polo Shirts and Ties and stock records are maintained.</p> <p>Examination of the stock records to actual stock held found the following:</p> <table border="1"> <thead> <tr> <th>STOCK ITEM</th> <th>Stock Record</th> <th>Actual Stock</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>Ties</td> <td>50</td> <td>48</td> <td>-2</td> </tr> <tr> <td>6th Form Tie</td> <td>149</td> <td>146</td> <td>-3</td> </tr> <tr> <td>Polo 11-12</td> <td>3</td> <td>3</td> <td>0</td> </tr> <tr> <td>Polo large</td> <td>8</td> <td>8</td> <td>0</td> </tr> <tr> <td>Polo small</td> <td>1</td> <td>0</td> <td>-1</td> </tr> <tr> <td>Polo xl</td> <td>1</td> <td>4</td> <td>+3</td> </tr> </tbody> </table>	STOCK ITEM	Stock Record	Actual Stock	Variance	Ties	50	48	-2	6th Form Tie	149	146	-3	Polo 11-12	3	3	0	Polo large	8	8	0	Polo small	1	0	-1	Polo xl	1	4	+3	<p>It should be ensured that stock records accurately reflect the stock held at the school.</p> <p>Management should also consider if the selling of polo shirts should continue, as per recommendation 5.4.4.</p>	Implemented
STOCK ITEM	Stock Record	Actual Stock	Variance																												
Ties	50	48	-2																												
6th Form Tie	149	146	-3																												
Polo 11-12	3	3	0																												
Polo large	8	8	0																												
Polo small	1	0	-1																												
Polo xl	1	4	+3																												

AUDIT NAME: MOUNTAIN ASH COMPREHENSIVE – PURCHASE CARD FOLLOW UP**DATE FINAL REPORT WAS ISSUED: 29/03/2019****INTRODUCTION**

Mountain Ash Comprehensive School was subject to a routine Internal Audit in July 2018. At this time, the overall control environment in respect of the School's financial and governance arrangements was considered to be 'effective, with opportunity for improvement'. However, the School's Purchase Card processes were determined as insufficient and required improvement.

Following the presentation of the final report to Audit Committee, a follow-up review of the School's Purchase Cards was requested, to ascertain whether recommendations made at the time have been successfully implemented.

This audit report provides the outcome of the follow up review that has now been completed.

SCOPE & OBJECTIVES

Having given sufficient time for Management to implement the previous recommendations in relation to the School's Purchase Cards, the objective of this review was to:

- Establish the status of the recommendations raised within the previous report for the School's Purchase Cards.

AUDIT OPINION

This follow up review concludes that the control environment in relation to School's Purchase Cards is considered to be effective with opportunity for improvement.

The previous audit report contained 7 recommendations in relation to the School's Purchase Cards. This follow-up review has established that 1 recommendation had still not been implemented, with 2 partially implemented and 4 implemented. Of the 3 recommendations that remain partially/not implemented, 1 is of High Priority.

Following a detailed follow-up audit review of the previous recommendations, the status of each recommendation is shown below:

	Implemented	Not Implemented	Partially Implemented
PURCHASE CARD			
HIGH		1	
MEDIUM	2		1
LOW	2		1

TOTALS	4	1	2
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There are 3 Purchase Cards at the School. The Transaction Logs maintained by the School Manager are appropriate, although it was again identified that the School Business Manager continues to update the Transaction Logs for the two Purchase Cards for which the officer is not responsible. A review of the Transaction Logs revealed that eradicating fluid has not been used since the previous audit review.

It was again established that a member of staff has details of the School Purchase Card saved to their device, allowing purchases to be made without physically obtaining the card. It is acknowledged that the School Manager has made repeated requests to delete the card details, and while the expenditure was accounted for, this practice contravenes protocol and should be discontinued.

Receipts were present to support all items of Purchase Card expenditure since the previous audit review, with VAT reclaimed appropriately.

All Purchase Cards are now securely locked away with access restricted to the Cardholders. Although an appropriate Purchase Card Sharing Log is in place for the School Business Managers Card, there were not ones in place for the other two Cards.

Purchase Card transactions are now more easily identifiable within SIMS as references to the Purchase Card is made when undertaking Cash Book Journals.

The implementation of the recommendations made within this report will enable the Headteacher to further enhance the standard of purchase card administration at the School.

REF & PRIORITY	ORIGINAL FINDING	ORIGINAL RECOMMENDATION	ORIGINAL MANAGEMENT RESPONSE	OUTCOME OF THE FOLLOW-UP AUDIT	NEW MANAGEMENT RESPONSE
<p>5.1.1</p> <p>Medium</p>	<p>There are 3 Purchase Cards at the School.</p> <p>One of the Card Holders does not update the Transaction Log, this being updated retrospectively by the School Manager. Occasions were also identified whereby the School Manager had also updated the Transaction Log in respect of the other card. The third Transaction Log maintained by the School Manager was found to be correctly completed.</p> <p>A review of the Transaction Logs also revealed that eradicating fluid has been used.</p>	<p>Details of all Purchase Card transactions should be promptly updated onto each Transaction Log by the individual Card Holders.</p> <p>No eradicating fluid should be used on prime financial documents. If a mistake needs to be amended it should be crossed through and a new entry made.</p>	<p>Eradicating fluid is no longer used.</p> <p>The individual cardholders have been advised that they must maintain their own records.</p>	<p>Confirmed to have been partially implemented.</p> <p>The Headteacher indicated this recommendation had been implemented in the initial audit report but audit testing has confirmed that the recommendation has been partially implemented.</p> <p>It was established that the School Business Manager continues to update all Transaction Logs. The School Business Manager indicated that she does this to ensure they are completed appropriately and in a timely manner.</p>	<p>The school now only has 2 purchasing cards (CJ & JG).</p> <p>Receipts for spend on JG's card are brought to CJ immediately and are logged into a separate file.</p> <p>This works best for the school.</p>
		<p>ORIGINAL RESPONSIBILITY & TARGET DATE</p>		<p>UPDATED RECOMMENDATION</p>	<p>UPDATED RESPONSIBILITY & TARGET DATE</p>
		<p>Implemented</p>		<p>Details of all Purchase Card transactions should be promptly updated onto each Transaction Log by the individual Card Holders, who would be making the purchases and therefore should update their Transaction Log when these purchases are made.</p>	<p>School Business Manager</p> <p>Implemented</p>

REF & PRIORITY	ORIGINAL FINDING	ORIGINAL RECOMMENDATION	ORIGINAL MANAGEMENT RESPONSE	OUTCOME OF THE FOLLOW-UP AUDIT	NEW MANAGEMENT RESPONSE
<p>5.1.2</p> <p>High</p>	<p>Examination of the Purchase Card expenditure identified 2 occasions whereby books had been delivered to a Teacher's (LH) home address.</p> <p>It was also identified that the card details had been stored to the teacher's personal account allowing further orders to be placed without the need to access the Purchase Card.</p> <p>It is acknowledged that the School Manager made repeated requests for the card details to be removed. Internal Audit can also confirm that no inappropriate transactions have taken place.</p>	<p>All Purchase Card purchases should be made using the School name and delivery made to the School address.</p> <p>Under no circumstances should the School's Purchase Card details be recorded on the personal accounts for any member of staff and this should be communicated clearly by the Headteacher to all members of staff.</p>	<p>The member of staff in question has now left the school and has deleted the School's Purchase Card details from their account. An email to confirm this has been obtained to confirm.</p> <p>All online orders are now placed by the Business Manager.</p>	<p>Confirmed to have not been implemented.</p> <p>The Headteacher indicated this recommendation had been implemented in the initial audit report but audit testing has confirmed that the recommendation has not been implemented.</p> <p>It was established that staff at the School continue to make purchases using the Purchase Card details without physically obtaining the card to make the purchase.</p>	<p>Staff have been advised on a number of occasions not to use the school purchasing card on their own accounts.</p> <p>Staff complete a purchasing card form so that the Business Manager can place the order on their behalf.</p>
		<p>ORIGINAL RESPONSIBILITY & TARGET DATE</p>		<p>UPDATED RECOMMENDATION</p>	<p>UPDATED RESPONSIBILITY & TARGET DATE</p>
		<p>Implemented</p>		<p>Staff should be reminded that under no circumstances should the School's Purchase Card details be recorded on the personal accounts for any member of staff and this should be communicated clearly by the Headteacher to all members of staff.</p>	<p>School Business Manager</p> <p>Implemented</p>

REF & PRIORITY	ORIGINAL FINDING	ORIGINAL RECOMMENDATION	ORIGINAL MANAGEMENT RESPONSE	OUTCOME OF THE FOLLOW-UP AUDIT	NEW MANAGEMENT RESPONSE
5.1.3 Medium	Although receipts were present to support all items of purchase card expenditure, for the sample period tested (May and June 2018) 12 occasions were noted whereby no appropriate VAT receipt had been obtained, although VAT had been reclaimed.	<p>Every effort should be made to obtain appropriate VAT receipts where VAT is to be reclaimed. An appropriate VAT receipt should include:</p> <ul style="list-style-type: none"> •details of the sale including the tax date; •the suppliers VAT registration number; •the amount paid for the goods or services; •the amount of VAT that the supplier has charged to you. <p>If a VAT receipt cannot be obtained and it is unknown as to whether the individual / company is VAT registered, it should be assumed that they are not, and therefore the gross amount should be treated as outside the scope.</p>	<p>The Business Manager sought advice from the RCT Audit Section regarding Amazon orders and VAT. Audit advised that if the seller was VAT registered, to print off those details to attach as evidence.</p> <p>The Business Manager will ensure that VAT is only claimed where there are valid VAT receipts.</p>	<p>Confirmed to have been implemented.</p> <p>The Headteacher indicated this recommendation had been implemented in the initial audit report, with audit testing confirming that the recommendation has been implemented.</p>	Not required as original recommendation implemented.
		ORIGINAL RESPONSIBILITY & TARGET DATE		UPDATED RECOMMENDATION	UPDATED RESPONSIBILITY & TARGET DATE
		Implemented		Not Applicable.	Not Applicable

REF & PRIORITY	ORIGINAL FINDING	ORIGINAL RECOMMENDATION	ORIGINAL MANAGEMENT RESPONSE	OUTCOME OF THE FOLLOW-UP AUDIT	NEW MANAGEMENT RESPONSE
5.1.4 Medium	Discussions at the School established that 2 of the 3 Purchase Cards are held with the Cardholders at all times, including evenings, weekends and School holidays.	When not in use, the School Purchase Cards should be held securely at the School.	The main Purchasing Card is kept in a lockable cupboard in a lockable room and is secure at all times.	Confirmed to have been implemented. The Headteacher indicated this recommendation had been implemented in the initial audit report, with audit testing confirming that the recommendation has been implemented.	Not required as original recommendation implemented.
		ORIGINAL RESPONSIBILITY & TARGET DATE	The Business Manager will ensure that the other 2 cards are secured in the same way.	UPDATED RECOMMENDATION	UPDATED RESPONSIBILITY & TARGET DATE
		Implemented		Not Applicable.	Not Applicable

REF & PRIORITY	ORIGINAL FINDING	ORIGINAL RECOMMENDATION	ORIGINAL MANAGEMENT RESPONSE	OUTCOME OF THE FOLLOW-UP AUDIT	NEW MANAGEMENT RESPONSE
<p>5.1.5</p> <p>Low</p>	<p>Although a Purchase Card sharing Log is in place at the School, the date / times the card is taken returned is not always recorded.</p>	<p>A card sharing log should be maintained for each Purchase Card held at the School, and care taken to ensure that the card sharing log is fully completed; including the times the card is taken and returned together with the signature of the member of staff is recorded.</p>	<p>Accepted.</p> <p>The Business Manager will ensure that the Purchase Card sharing Log is completed as required at all times.</p>	<p>Confirmed to have been partially implemented.</p> <p>The Headteacher indicated this recommendation had been implemented in the initial audit report but audit testing has confirmed that the recommendation has been partially implemented.</p> <p>It was established that whilst the School Business Manager has updated the card sharing log to include times the card is taken/returned and a signature, the Log has not been provided to staff that are responsible for the other 2 Purchase Cards at the School.</p>	<p>The Business Manager now ensures that the card is signed in and out at all times.</p> <p>The other card holder (JG) also now ensures that her card is signed in and out.</p>
		<p>ORIGINAL RESPONSIBILITY & TARGET DATE</p>		<p>UPDATED RECOMMENDATION</p>	<p>UPDATED RESPONSIBILITY & TARGET DATE</p>
		<p>Implemented</p>		<p>The updated card sharing log should be provided to all staff that are responsible for the other 2 Purchase Cards at the School.</p>	<p>School Business Manager</p> <p>Implemented</p>

REF & PRIORITY	ORIGINAL FINDING	ORIGINAL RECOMMENDATION	ORIGINAL MANAGEMENT RESPONSE	OUTCOME OF THE FOLLOW-UP AUDIT	NEW MANAGEMENT RESPONSE	
5.1.6 Low	Whilst the Purchase Card Bank Statements show clear evidence of a reconciliation process being undertaken, the statements are not signed and dated by the person undertaking the exercise.	On completion of the Bank Reconciliation process, the Purchase Card bank statements should be signed and dated by the person carrying out the reconciliation as evidence of when and by whom this was carried out followed by the Cash Book journal on SIMS.	The Exams and Data Manager will ensure that all Purchase Card Bank Statements are signed and dated following each reconciliation exercise.	Confirmed to have been implemented.	Not required as original recommendation implemented.	
		ORIGINAL RESPONSIBILITY & TARGET DATE		UPDATED RECOMMENDATION		UPDATED RESPONSIBILITY & TARGET DATE
		Implemented		Not Applicable.		Not Applicable

REF & PRIORITY	ORIGINAL FINDING	ORIGINAL RECOMMENDATION	ORIGINAL MANAGEMENT RESPONSE	OUTCOME OF THE FOLLOW-UP AUDIT	NEW MANAGEMENT RESPONSE
<p>5.1.7</p> <p>Low</p>	<p>Discussion at the School revealed that a cash book journal is undertaken immediately following a Purchase Card purchase being made.</p> <p>For the sample period tested (May and June 2018) whilst cash book journals had been undertaken as per the system intended by the School, it was noted that no reference to the Purchase Card is being made, instead, reference is made to the items purchased.</p> <p>It was also noted that 2 cash book journals had not been undertaken for 2 purchases (Amazon and Mosaic events).</p>	<p>SIMS should provide a meaningful analysis of all income and expenditure, with clear details of the classification and type of activity recorded. All Purchase Card payments should be clearly identified on SIMS with the Purchase Card reference number.</p>	<p>Following Audit advice, the initials of the cardholder is now used in the 'Reference' box of a cashbook journal and a full narrative of expenditure.</p>	<p>Confirmed to have been implemented.</p> <p>The Headteacher indicated this recommendation had been implemented in the initial audit report, with audit testing confirming that the recommendation has been implemented.</p>	<p>Not required as original recommendation implemented.</p>
		<p>ORIGINAL RESPONSIBILITY & TARGET DATE</p>		<p>UPDATED RECOMMENDATION</p>	<p>UPDATED RESPONSIBILITY & TARGET DATE</p>
		<p>Implemented</p>		<p>Not Applicable.</p>	<p>Not Applicable</p>

Tudalen way

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2018/19

<p>AUDIT COMMITTEE</p> <p>29th April 2019</p>	<p>AGENDA ITEM NO. 6</p>
<p>REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES</p>	<p>LOCAL CODE OF CORPORATE GOVERNANCE</p>

Author: Paul Griffiths (Service Director, Finance and Improvement Services)

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to provide Audit Committee with the Council's draft Local Code of Corporate Governance.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Review the draft Local Code of Corporate Governance (Appendix 1) and determine whether any amendments are required.
- 2.2 Approve a version of the Local Code of Corporate Governance for publication on the Council's web-site.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To ensure the key policies and procedures that comprise the Council's governance arrangements are set out in one document, in line with national guidance.

4. BACKGROUND

- 4.1 The *Delivering Good Governance in Local Government: Framework (2016)* developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) sets out the requirement to develop and maintain an up-to-date local code of governance reflecting the principles contained within the 2016 Framework.

- 4.2 In line with this requirement, the Council's 2017/18 Annual Governance Statement recommended the publication of a Local Code of Corporate Governance further to it being reviewed and approved by elected Members.

5. DRAFT LOCAL CODE OF CORPORATE GOVERNANCE

- 5.1 A draft Local Code of Corporate Governance has been compiled in line with the *Delivering Good Governance in Local Government: Framework (2016)* and is included as Appendix 1.
- 5.2 The document aims to support Rhondda Cynon Taf County Borough Council's commitment to the highest standards of corporate governance. It sets out the key policies and procedures in operation within the Council, with each being allocated against one of the seven principles included within the 2016 Framework.
- 5.3 Members are requested to review the draft Local Code of Corporate Governance and determine whether any amendments are required and, thereafter, approve a version of the document for publication on the Council's web-site. Moving forward, the annual assessment of the Council's governance arrangements will encompass a review of the Local Code of Corporate Governance.

6. EQUALITY AND DIVERSITY IMPLICATIONS

- 6.1 There are no equality and diversity implications as a result of the recommendations set out in the report.

7. CONSULTATION

- 7.1 There are no consultation implications as a result of the recommendations set out in the report.

8. FINANCIAL IMPLICATION(S)

- 8.1 There are no financial implications as a result of the recommendations set out in the report.

9. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 9.1 The establishment of a Local Code of Corporate Governance meets the requirements placed upon local government as set out within the *Delivering Good Governance in Local Government: framework (2016)* developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE).

10. LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT

THE COUNCIL'S CORPORATE PLAN PRIORITIES

- 10.1 The development of a Local Code of Corporate Governance supports the delivery of the priorities contained within the Council's Corporate Plan – *The Way Ahead*, in particular 'Living Within Our Means' through ensuring that appropriate information is made available to the public in respect of how the Council conducts its business.

WELL-BEING OF FUTURE GENERATIONS ACT

- 10.2 The Sustainable Development Principles, in particular Prevention, can be applied to the systematic approach of developing and publishing information in respect of how the Council conducts its business in an open and transparent manner.

11. CONCLUSION

- 11.1 The draft Local Code of Corporate Governance has been compiled in line with *Delivering Good Governance in Local Government: Framework (2016)* and brings together the key policies and procedures that comprise the Council's governance arrangements.
- 11.2 The document aims to support Rhondda Cynon Taf County Borough Council's commitment to the highest standards of corporate governance.

Other Information:-

Relevant Scrutiny Committee

None.

Contact Officer – Paul Griffiths

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

AUDIT COMMITTEE

29th April 2019

LOCAL CODE OF CORPORATE GOVERNANCE

REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES

Author: Paul Griffiths (Service Director, Finance and Improvement Services)

Item: 6 – Local Code of Corporate Governance

Background Papers

None.

Officer to contact: Paul Griffiths



Appendix 1 – Local Code of Corporate Governance



RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

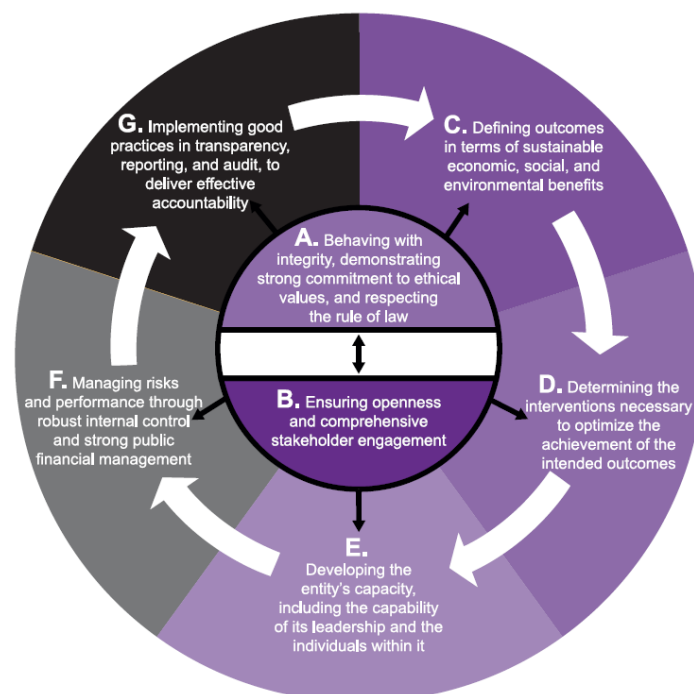
LOCAL CODE OF CORPORATE GOVERNANCE

1. Introduction

- 1.1 Rhondda Cynon Taf County Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 1.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes the arrangements for the management of risk.
- 1.3 The Council, in compiling its Local Code of Corporate Governance, has adopted the principles contained within the *Delivering Good Governance in Local Government: framework (2016)* developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE).

2. The Governance Framework

- 2.1 The diagram below, taken from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) (the 'International Framework'), illustrates the various principles of good governance in the public sector and how they relate to each other.



- 2.2 The Framework comprises two Core Principles (A & B) and five Supporting Principles (C to G).

- 2.3 The core principles permeate the implementation of the supporting principles with the need for the whole Council to be committed to improving governance on a continual basis through a process of evaluation and review.
- 2.4 The governance framework in place within Rhondda Cynon Taf County Borough Council comprises the systems, processes and cultural values by which the Council is directed and controlled, and the activities through which it accounts to, engages with and leads the community. This framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

3. Defining Governance

- 3.1 The International Framework defines governance as follows:

Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

- 3.2 The International Framework also states that:

To deliver good governance in the public sector, both governing bodies¹ and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times.

Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

- 3.3 The Council's commitment to good governance is centred on the requirement to meet statutory obligations and deliver its Corporate Plan Priorities, and is based on the seven principles of *Delivering Good Governance in Local Government: framework (2016)*.

For Rhondda Cynon Taf County Borough Council, governance is about ensuring that the Council does the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

¹ In local government, the governing body is the Full Council.

4. The Governance Framework in place within Rhondda Cynon Taf County Borough Council

- 4.1 The Council has in place a range of policies, procedures, systems and processes that form its overall governance arrangements. These arrangements are in line with the *Delivering Good Governance in Local Government: framework (2016)*, many of which are set out within its [Constitution](#). The following summary provides an overview of the Council's Governance Framework:

Core Principle A - Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.

Good governance flows from a shared ethos and culture, as well as from systems and structures. As a public body, Rhondda Cynon Taf County Borough Council expects all representatives (i.e. Members and Officers) to conduct their duties with the highest levels of honesty and integrity.

The Council has a series of codes, protocols and policies in place, and support and training is provided in these areas to help ensure elected Members and Officers understand what is required.

Examples of key systems, processes and documents in place within the Council

- Elected Councillor and Officer Codes of Conduct - setting out the standards of behaviour to be followed based on the principles of integrity, honesty, impartiality and objectivity.
- Rules of Procedure – covering Council, Open Government, Access to Information, Budget and Policy Framework, Executive, Overview and Scrutiny, Officer Employment and Contract and Financial Procedure Rules. The rules set out arrangements to be followed by elected Councillors and Officers when conducting the Council's business with the aim of publicly demonstrating accountability and openness.
- Standards Committee - the role of which includes, amongst other things, promoting and maintaining high standards of conduct by elected Councillors.
- Whistle-blowing Policy – promoting the highest possible standards of service and setting out how workers can bring information about a wrongdoing to the attention of the Council.
- Anti-fraud, Bribery & Corruption Strategy.

	<ul style="list-style-type: none"> • Gifts and hospitality Policy. • <u>Comments, Compliments and Complaints</u> – setting out how the Council handles and responds to feedback (complaints, compliments and comments). • Officer Guide.
<p>Core Principle B. Ensuring openness and comprehensive stakeholder engagement.</p> <p>The Council is committed to being open and engaging effectively with stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.</p>	
<p>Examples of key systems, processes and documents in place within the Council</p>	<ul style="list-style-type: none"> • A <u>Publication Scheme</u> that aims to advise citizens how to request public information the Authority holds. • Clear and open <u>Corporate & Service Specific Privacy Notices</u>. • Forward plans for Committee meetings together with the matters to be considered, where appropriate.

Supporting Principles	Examples of key systems, processes and documents in place within the Council
<p data-bbox="192 300 981 371">Defining outcomes in terms of sustainable economic, social and environmental benefits</p> <p data-bbox="192 395 981 499">Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	<ul data-bbox="1055 300 2022 608" style="list-style-type: none"> • Performance Management Framework. • Corporate Plan and Service Delivery Plans. • Quarterly Performance Report (including Risk Register up dates). • Risk Management Strategy. • Annual Revenue Budget Strategy and three year Capital Programme. • Medium Term Financial Plan. • Scrutiny Committees.
<p data-bbox="192 647 981 751">Developing the entity's capacity, including the capability of its leadership and the individuals within it</p>	<ul data-bbox="1055 647 2022 874" style="list-style-type: none"> • Corporate and Service Self Evaluation process. • Corporate Plan. • Programme of elected Councillor and Officer training and development. • Workforce Plan 2017-22. • Schemes of Delegation.
<p data-bbox="192 914 981 1018">Managing risks and performance through robust internal control and strong public financial management</p>	<ul data-bbox="1055 914 2022 1337" style="list-style-type: none"> • Corporate and Service Self Evaluation process. • Risk Management Strategy. • Service Delivery Planning. • Quarterly Performance Report (including Risk Register up dates). • Corporate Performance Report (i.e. year-end annual report). • Audit Committee and an Internal Audit function. • Information Management Plan (including General Data Protection Regulation). • Budget and Policy Framework Procedure Rules and Contract and Financial Procedure Rules. • Medium Term Financial Plan.

Supporting Principles	Examples of key systems, processes and documents in place within the Council
Implementing good practices in transparency, reporting, and audit to deliver effective accountability.	<ul style="list-style-type: none">• Reporting protocols and calendars (including forward looking work programmes, for example, for Cabinet and Scrutiny Committees).• Statement of Accounts.• Annual Governance Statement.• Production of Annual Reports on key areas of business e.g. Corporate Parenting, Annual Equality Report.• Internal Audit external assessment and Charter.• Pension Fund Committee.

5. REVIEW OF EFFECTIVENESS

- 5.1 The Council is required to conduct an assessment of its governance framework including the system of internal control. The review of effectiveness at Rhondda Cynon Taf is led by the Director of Finance and Digital Services.

- 5.2 The exercise involves a continued review of the activities in place around the Council’s main governance arrangements, discussing and challenging the governance arrangements with senior officers across services and taking account of the findings from the Council’s corporate assessment findings and any external inspections that take place. The outcome of the review of effectiveness is reported in the Annual Governance Statement, prepared each year.

- 5.3 The draft Annual Governance Statement is reviewed and challenged by the Council’s Senior Leadership Team and then presented to the Council’s Audit Committee for review, challenge and approval. A copy of the Council’s Annual Governance Statement is available on the Council website.

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RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2018/19

<p>AUDIT COMMITTEE</p> <p>29th April 2019</p>	<p>AGENDA ITEM NO. 7</p>
<p>REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES</p>	<p>DRAFT ANNUAL GOVERNANCE STATEMENT 2018/19 – RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL</p>

Author: Marc Crumbie (Head of Procurement Delivery)

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to provide Members with the Council’s draft Annual Governance Statement for the 2018/19 financial year.

2. RECOMMENDATIONS

In order for Audit Committee to discharge the duties as outlined in Section B of its Terms of Reference: *“Review and recommend for certification the Annual Governance Statement”* it is recommended that Members:

- 2.1 Critically review the Annual Governance Statement (**Appendix 1**), suggest any material amendments and recommend its certification by the Leader of the Council and the Chief Executive in readiness for inclusion within the Council's 2018/19 draft certified Statement of Accounts.
- 2.2 In the event that reports from relevant External Inspectors be provided to the Council before the Statement of Accounts are certified, authorise the Director of Finance and Digital Services to include reference within the Annual Governance Statement.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To ensure the Council’s Annual Governance Statement is reviewed and approved in readiness for inclusion within the draft statement of accounts.

4. BACKGROUND

- 4.1. Section 3.7 of the 'CIPFA / LASAAC¹ Code of Practice on Local Authority Accounting in the United Kingdom' states:
'The Accounts and Audit (Wales) Regulations 2018 (regulation 5) requires 'an authority to conduct a review at least once a year of the effectiveness of its system of internal control and include a statement reporting on the review within any published Statement of Accounts'.

The preparation and publication of an Annual Governance Statement in accordance with 'Delivering Good Governance in Local Government: Framework (2016)' would fulfil the statutory requirements across the United Kingdom for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review in its Statement of Accounts'.

Delivering Good Governance in Local Government: Framework 2016

- 4.2. The main principle underpinning the Framework is that local government is continuing to develop and shape its own approach to governance, taking account of the environment in which it operates. It intends to assist authorities in reviewing their own arrangements and to do this has defined Core Principles, Supporting Principles and Sub-Principles that should underpin governance arrangements.
- 4.3. In addition, the framework recommends that Annual Government Statements do not need to describe in detail the authority's governance arrangements but should provide a review of their effectiveness in supporting planned outcomes. As such the framework positions the attainment of sustainable economic, societal and environmental outcomes as a key focus of governance processes and structures.
- 4.4. The Annual Government Statement should be signed by the leading member and chief executive on behalf of the authority, be approved at a meeting of the authority and be included within the Statement of Accounts and Annual Report (either in full or summary form) of the authority.

5. DRAFT ANNUAL GOVERNANCE STATEMENT 2018/19

- 5.1 The Council's draft Annual Governance Statement 2018/19 is provided at Appendix 1 and has been compiled in accordance with 'Delivering Good Governance in Local Government: Framework (2016)'.
- 5.2 The compilation of the draft Statement has been a two stage process:

¹ CIPFA / LASAAC – the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC)

- Firstly, an assessment process that involved discussion with key officers across the Council, reviewing documentation and reports relating to the 2018/19 financial year and placing reliance on the Council's own corporate assessment findings and the conclusions drawn by the Wales Audit Office in its published reports on the Council; and
- Secondly, a review, challenge and sign-off process by the Council's Senior Leadership Team.

- 5.3 Based on the assessment undertaken, it is considered that the Council's governance arrangements were fit for purpose and publicly demonstrated how the Council's work and resources have contributed to the delivery of Corporate Plan priorities and outcomes.
- 5.4 Notwithstanding the positive outcome of the review of effectiveness, the exercise identified proposals for improvement that aim to further improve the governance arrangements in place within the Council and these are set out in Section 7 of the Annual Governance Statement.
- 5.5 Between the date of this Audit Committee and the date the 2018/19 draft Statement of Accounts being certified, should any (relevant) reports be provided to the Council from its External Regulators, Members are requested to provide the Director of Finance and Digital Services with authority to include reference to such reports within the Annual Governance Statement. In the event that any reports identify significant governance issues then these will be considered at a Special Meeting of the Audit Committee where the implications on the overall conclusion can be debated.

6. EQUALITY AND DIVERSITY IMPLICATIONS

- 6.1. There are no equality and diversity implications as a result of the recommendations set out in the report.

7. CONSULTATION

- 7.1 There are no consultation implications as a result of the recommendations set out in the report.

8. FINANCIAL IMPLICATION(S)

- 8.1 There are no financial implications as a result of the recommendations set out in the report.

9. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 9.1 The Accounts and Audit (Wales) Regulations 2018 (regulation 5) requires an authority to conduct a review at least once a year of the effectiveness of its system of internal control and include a statement reporting on the review (i.e. an Annual Governance Statement) within any published Statement of Accounts.

10. LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT

THE COUNCIL'S CORPORATE PLAN PRIORITIES

- 10.1 Delivery of all of the Council's priorities is underpinned by strong and robust governance arrangements.

WELL-BEING OF FUTURE GENERATIONS ACT

- 10.2 The Sustainable Development Principles, in particular Prevention, can be applied to the systematic reviews undertaken in order to provide assurance that risks to the achievement of objectives are being managed.

11. CONCLUSIONS

- 11.1 It is a legal requirement for the Council to conduct a review of its system of internal control at least once a year and report the outcome of that review in the form of an Annual Governance Statement. Once approved, the Annual Governance Statement is included within the Council's Statement of Accounts.
- 11.2 The Draft Annual Governance Statement for 2018/19 has been produced in accordance with the requirements contained within the 'Delivering Good Governance in Local Government: Framework (2016)'.
- 11.3 The overall conclusion from assessing the Council's governance arrangements is that they were fit for purpose and publicly demonstrated how the Council's work and resources have contributed to the delivery of Corporate Plan priorities and outcomes.

Other Information:-

Relevant Scrutiny Committee
Not applicable.

Contact Officer – Marc Crumby

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

AUDIT COMMITTEE

29th April 2019

**DRAFT ANNUAL GOVERNANCE STATEMENT 2018/19 – RHONDDA CYNON
TAF COUNTY BOROUGH COUNCIL**

REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES

Author: Marc Crumbie (Head of Procurement Delivery)

Item:

**7 - DRAFT ANNUAL GOVERNANCE STATEMENT 2018/19 – RHONDDA CYNON
TAF COUNTY BOROUGH COUNCIL**

Background Papers

None.

Officer to contact: Marc Crumbie

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

DRAFT ANNUAL GOVERNANCE STATEMENT 2018/19

1. INTRODUCTION

1.1 The Council's [Corporate Plan 2016 - 2020](#) sets the overall direction for the Authority describing the vision, purpose and priorities to be delivered.

1.2 The Council's agreed Vision, purpose and priorities are:

- Vision - For a County Borough that has high aspirations, is confident and promotes opportunity for all.
- Purpose - To provide strong community leadership and effective services for the people of Rhondda Cynon Taf to enable them to fulfil their potential and prosper.
- Priorities:
 - Economy - Building a strong economy;
 - People - Promoting independence and positive lives for everyone; and
 - Place - Creating neighbourhoods where people are proud to live and work.

1.3 Underpinning the above priorities is the cross-cutting theme of 'Living Within Our Means' that focusses on robust financial management arrangements to ensure the Council maintains its financial stability and makes the best use of scarce resources.

1.4 This Annual Governance Statement sets out for the community, service users, tax payers and other stakeholders the Council's governance arrangements together with a review of their effectiveness in managing risks of failure in delivering Corporate Plan priorities.

2. SCOPE OF RESPONSIBILITY

2.1 Rhondda Cynon Taf County Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

2.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes the arrangements for the management of risk.

- 2.3 The Council, in compiling the Annual Governance Statement, has adopted the *Delivering Good Governance in Local Government: Framework (2016)* developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE). In doing so, the Annual Governance Statement meets the Council's legal duty as set out in the Accounts and Audit (Wales) Regulations 2014, as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018.
- 2.4 The Council's Annual Governance Statement aims to provide an accurate representation of the governance arrangements in place for financial year ending 31st March 2019.

3. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 3.1 The governance framework comprises the systems, processes and cultural values by which the Council is directed and controlled, and the activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 3.2 For Rhondda Cynon Taf County Borough Council, governance is about ensuring that the Council does the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
- 3.3 The system of internal control is a significant part of that framework and is designed to manage the risk to a reasonable level. It cannot eliminate all risk of failure to achieve aims and objectives, and can therefore only provide reasonable and not absolute assurance of effectiveness.
- 3.4 The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's priorities, to evaluate the likelihood and impact of those risks materialising, and to manage them efficiently, effectively and economically.
- 3.5 The governance framework outlined below has been in place at Rhondda Cynon Taf County Borough Council for the year ended 31st March 2019 (and up to the date of approval of the 2018/19 Statement of Accounts).

4. THE GOVERNANCE FRAMEWORK

4.1 The Council has a range of governance arrangements in place, in line with the *Delivering Good Governance in Local Government: Framework (2016)*, many of which are set out within its [Constitution](#). Table 1 provides examples of the key systems, processes and documents that were in place during 2018/19.

Table 1 – Examples of the key elements of the Council’s governance arrangements

Good Governance Principles	Examples of key systems, processes and documents in place within the Council
Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	<ul style="list-style-type: none"> • Elected Councillor and Officer Codes of Conduct - setting out the standards of behaviour to be followed based on the principles of integrity, honesty, impartiality and objectivity. • Rules of Procedure - covering Council, Open Government, Access to Information, Budget and Policy Framework, Executive, Overview and Scrutiny, Officer Employment and Contract and Financial Procedure Rules. The rules set out arrangements to be followed by elected Councillors and Officers when conducting the Council’s business with the aim of publicly demonstrating accountability and openness. • Standards Committee - the role of which includes, amongst other things, promoting and maintaining high standards of conduct by elected Councillors. • Whistle-blowing Policy - promoting the highest possible standards of service and setting out how workers can bring information about a wrongdoing to the attention of the Council. • Anti-fraud, Bribery & Corruption Strategy. • Gifts and hospitality Policy. • Comments, Compliments and Complaints - setting out how the Council handles and responds to feedback (complaints, compliments and comments). • Officer Guide.
Ensuring Openness and comprehensive stakeholder engagement	<ul style="list-style-type: none"> • A Publication Scheme that aims to advise citizens how to request public information the Authority holds. • Clear and open Corporate & Service Specific Privacy Notices. • Forward plans for Committee meetings together with the matters to be considered, where appropriate.

Good Governance Principles	Examples of key systems, processes and documents in place within the Council
Defining outcomes in terms of sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> • Performance Management Framework. • Corporate Plan and Service Delivery Plans. • Quarterly Performance Report (including Risk Register up dates). • Risk Management Strategy. • Annual Revenue Budget Strategy and three year Capital Programme.
Determining the interventions necessary to optimise the achievement of the intended outcomes	<ul style="list-style-type: none"> • Medium Term Financial Plan. • Scrutiny Committees.
Developing the entity's capacity, including the capability of its leadership and the individuals within it	<ul style="list-style-type: none"> • Corporate and Service Self-Evaluation process. • Corporate Plan. • Programme of elected Councillor and Officer training and development. • Workforce Plan 2017-22. • Schemes of Delegation.
Managing risks and performance through robust internal control and strong public financial management	<ul style="list-style-type: none"> • Corporate and Service Self-Evaluation process. • Risk Management Strategy. • Service Delivery Planning. • Quarterly Performance Report (including Risk Register up dates). • Corporate Performance Report (i.e. year-end annual report). • Audit Committee and an Internal Audit function. • Information Management Plan (including General Data Protection Regulation). • Budget and Policy Framework Procedure Rules and Contract and Financial Procedure Rules. • Medium Term Financial Plan.
Implementing good practices in transparency, reporting, and audit to deliver effective accountability.	<ul style="list-style-type: none"> • Reporting protocols and calendars (including forward looking work programmes, for example, for Cabinet and Scrutiny Committees). • Statement of Accounts. • Annual Governance Statement. • Production of Annual Reports on key areas of business e.g. Corporate Parenting, Annual Equality Report. • Internal Audit external assessment and Charter. • Pension Fund Committee.

- 4.2 The *Delivering Good Governance in Local Government: Framework (2016)* supports the principle for local authorities to develop and maintain an up-to-date local code of governance. In previous years, the Council did not have a standalone 'code' and instead referred to policies and documents listed within its Constitution as evidence of appropriate arrangements. However, following the proposal for improvement in last year's Annual Governance Statement, a draft Local Code of Corporate Governance has now been developed and will be reported to the Council's Audit Committee at its meeting on [29th April 2019](#).

5. **REVIEW OF EFFECTIVENESS**

- 5.1 The Council has responsibility for conducting, at least annually, an assessment of its governance framework including the system of internal control.
- 5.2 The exercise has entailed reviewing the activities in place around the Council's main governance arrangements, discussing governance arrangements with senior officers across services and taking account of the findings from the Council's corporate assessment and external auditor reports.
- 5.3 The findings and proposals for improvement have been reviewed and challenged by the Council's Senior Leadership Team (SLT) and Audit Committee, and have been set out in line with the *Delivering Good Governance in Local Government: Framework (2016)*.

5.4 PROGRESS MADE TO IMPLEMENT PROPOSALS FOR IMPROVEMENT REPORTED IN THE 2017/18 ANNUAL GOVERNANCE STATEMENT

5.4.1 The 2017/18 Annual Governance Statement identified 9 proposals for improvement. An update on progress was reported to the Council's Audit Committee on [17th December 2018](#) and following consideration the Committee **RESOLVED**: *'That the progress made to implement the recommendations was satisfactory'*.

5.4.2 For completeness, the status of each proposal for improvement has been provided as follows:

Core Principle / Area	Issue Identified	Recommendation	Responsible Officer & Timescale	Status / Update
The Governance Framework	The Council's governance arrangements comprise a number of codes and documents and are not brought together to form a local code of governance as set out in the national framework.	In line with the national framework, the Council should document and publish its arrangements within a local code of governance, following review and approval by elected Councillors.	Service Director – Performance and Improvement Qtr 2 2018/19 Revised Timescale: Qtr 4 2018/19	Implemented. Refer to paragraph 4.2 of the Annual Governance Statement.
Behaving with integrity, demonstrating strong commitment to ethical values, and respecting	A number of actions were taken to raise awareness of policies and strategies within the Council; however, no information is collected around the extent of understanding.	Policies and Strategies - undertake engagement within the Council to assess the level of awareness and understanding of the Whistle-blowing Policy, Anti-fraud, Bribery and Corruption	Head of Organisational Development Qtr 3 2018/19	Implemented. Refer to paragraph 5.5.8 of the Annual Governance Statement.

Core Principle / Area	Issue Identified	Recommendation	Responsible Officer & Timescale	Status / Update
<p>the rule of law</p> <p>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p>		Strategy, Gifts and Hospitality Policy and induction arrangements.		
	Complaints and Comments - no regular analysis is produced and provided to Services to support performance management arrangements, for example, the number and type of complaints, and recurring themes.	<p>Comments, compliments and complaints (non-social services) – introduce arrangements to enable regular complaint analysis to be provided to Services.</p> <p>Complaints and Comments - no update is produced on a periodic basis to summarise the non-social services related complaints and concerns received and action taken.</p>	<p>Head of Legal - Corporate And Democratic Services</p> <p>Qtr 2 2018/19</p>	<p>In Progress</p> <p>Refer to paragraphs 5.5.14 to 5.5.15 of the Annual Governance Statement.</p>
<p>Defining outcomes in terms of sustainable economic, social, and environmental benefits</p>	Draft Corporate Plan priority action plans were not subject to pre-scrutiny in 2017/18.	Draft Corporate Plan priority action plans for 2018/19 should be subject to pre-scrutiny to assess, amongst other things, the basis of performance indicator targets and whether the actions included will help to deliver defined outcomes.	<p>Service Director – Performance & Improvement and Performance Manager</p> <p>Qtr 1 2018/19</p>	<p>Implemented.</p> <p>Refer to paragraph 5.7.2 of the Annual Governance Statement.</p>

Core Principle / Area	Issue Identified	Recommendation	Responsible Officer & Timescale	Status / Update
Developing the entity's capacity, including the capability of its leadership and individuals within it	Although evaluation forms are in place to gauge the value of training and development activities, feedback is limited.	In view of the limited level of training feedback provided, engage with attendees to identify alternative methods of obtaining feedback to ensure that training resources provide maximum benefit.	Head of Organisational Development Qtr 1 2018/19 onwards	Implemented. Post-training feedback requests continue to be sent electronically to attendees of training events (and feedback analysed) together with face-to-face dialogue with Council officers – this will be an on-going process.
Managing risks and performance through robust internal control and strong public financial management	The Council's risk management processes were reviewed in 2017/18 and improvements introduced to further strengthen arrangements. However, the Risk Management Strategy document was not reviewed / up dated.	Review the Council's Risk Management Strategy document to assess whether it remains fit for purpose. Where revisions are deemed required, these should be reported to elected Councillors for review and sign off before being re-published.	Head of Internal Audit and Procurement Development Programmes Qtr 3 2018/19	Implemented. Refer to paragraph 5.10.1 of the Annual Governance Statement.

Core Principle / Area	Issue Identified	Recommendation	Responsible Officer & Timescale	Status / Update
Managing risks and performance through robust internal control and strong public financial management	Audit Committee – no self-assessment has been undertaken against the standards set out in the CIPFA document ‘Audit Committees: Practical Guidance for Local Authorities and Police - 2013 Edition’. This has been delayed due to awaiting receipt of up dated guidance.	The Council’s Audit Committee, in consultation with the Head of Internal Audit, should undertake a self-assessment against the Standards as set out in the CIPFA document ‘Audit Committees: Practical Guidance for Local Authorities and Police. 2018 Edition’.	Head of Internal Audit and Procurement Development Programmes Revised Timescale: Qtr 4 2018/19	Implemented. Refer to paragraph 5.10.11 of the Annual Governance Statement.
	The Council’s Financial Procedure Rules document has not been reviewed for 2 years.	Review, and where required, update the Council’s Financial Procedure Rules and report revisions to elected Councillors for consideration / approval.	Service Director – Performance & Improvement - Qtr 2 2018/19	In progress Refer to paragraph 5.10.17 of the Annual Governance Statement.
Implementing good practices in transparency, reporting and audit to deliver effective accountability	The Annual Governance Statement is not a stand-alone document on the Council’s website.	To increase the prominence / awareness of the Annual Governance Statement, this should be a stand-alone document on the Council’s website.	Head of Internal Audit and Procurement Development Programmes Qtr 2 2018/19	Implemented. Refer to paragraph 5.11.4 of the Annual Governance Statement.

5.4.3 Based on the year-end update, it is considered that, overall, good progress has been made to implement the 9 proposals for improvement reported in 2017/18 i.e. 7 implemented and 2 currently 'in-progress'. The 2 proposals for improvement currently 'in-progress' will be carried forward for full implementation in 2019/20.

5.5 BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES AND RESPECTING THE RULE OF LAW

Behaving with integrity

Elected Members²

- 5.5.1 The Council's Scrutiny Committee meeting minutes were examined to determine whether proceedings were conducted in line with the Council's Code of Conduct. This identified that all Minutes showed that declarations of interest were sought and declarations were made by elected Councillors, where appropriate.

The Standards Committee

- 5.5.2 A Standards Committee was in place during the year to promote, maintain and oversee high standards of conduct by elected Members. It is noted that the Terms of Reference for the Standards Committee is included within the Council's Constitution.
- 5.5.3 During 2018/19 the Standards Committee had a work-plan in place, met on 4 occasions and produced an Annual Report for 2018/19 that was reported to and agreed by the Committee at its meeting held on [22nd March 2019](#).
- 5.5.4 In addition, the conduct of 1 elected Member as reported to the Standards Committee for investigation during 2018/19 and was considered at its meeting held on [22nd October 2018](#). Following consideration of the evidence provided and the statements of witnesses, the Committee found that whilst there was a basis to the complaint, no further action was required.

Council employees

- 5.5.5 All officers who started employment within the Council were provided with a local induction and an Individual Performance Review process was in place to support the personal development of officers. The overall arrangements were managed by the Council's Human Resources Service and it was noted that a progress update was reported to the SLT to ensure reviews were being undertaken on a timely basis.

Arrangements in place to tackle potential misappropriation

- 5.5.6 In the event that an officer decides to operate outside of the intended terms and conditions of employment, arrangements were in place for officers to "blow the whistle" through the Council's [Whistleblowing Policy & Procedure](#).
- 5.5.7 In addition to the Whistleblowing arrangements, there were arrangements in place to tackle potential [fraud, bribery and corruption](#).

² Elected Members – also referred to as elected Councillors

5.5.8 The Audit Committee has overall responsibility for overseeing the governance arrangements in place in respect of whistleblowing and tackling potential fraud, bribery and corruption. Key reports received by Audit Committee during the year in respect of these arrangements were:

- [5th November 2018](#)

Anti-Fraud, Bribery & Corruption Interim Update, including an overview of the National Fraud Initiative

This report provided Audit Committee with an interim update of activities carried out in relation to the prevention, detection and investigation of potential fraud during 2018/19. In addition, an overview of the National Fraud Initiative was delivered.

- [4th February 2019](#)

Staff Survey 2018

This report provided Members with the outcomes of the staff survey undertaken between November 2018 and December 2018 (feedback results based on 1,141 participants out of 5,994 non-school based staff – a 19% participation rate). The survey aimed to assess general awareness of the Council’s whistleblowing and anti-fraud arrangements, and the report made the following recommendations:

- ACTION 1

Remind staff of the importance of feeling empowered to report any suspicions that they may have (because 16.6% of respondents fed back they did not feel empowered to speak up when they spot an urgent problem and 13.7% fed back they were ‘not sure’).

- ACTION 2

Re-assure staff that they will not be the subject of any repercussions if they come forward and “blow the whistle” on a colleague (because 41.4% of respondents fed back they did not feel confident that they would not be subject to repercussions from the Council if they reported a concern).

- ACTION 3

Devise a simplified communication for staff that summarises the Council’s whistleblowing and anti-fraud arrangements. Also, recommunicate to staff where full copies of the Policies can be found (because 41.6% of respondents fed back they did not know of any polices to guide them if they felt they spotted a problem e.g. Whistleblowing Policy, Anti-fraud, Bribery and Corruption Policy).

5.5.9 Whilst Audit Committee accepted the recommendations set out in the 4th February 2019 Report, the Committee were keen for Officers to analyse the feedback further with the aim of assessing whether particular themes or

concerns from staff were prevalent within specific service areas of the Council. To address this, an additional action was agreed:

- ACTION 4
Review the detailed feedback received from the survey and use this to target resources in areas identified that could improve the arrangements further.
- 25th March 2019
Two reports were presented to the Committee (in relation to governance arrangements):
 - Whistleblowing Annual Report 2018/19; and
 - Anti-Fraud, Bribery & Corruption Annual Report 2018/19.

Both reports set out the governance arrangements in place in respect of tackling potential misappropriation and summarised the work delivered during the 2018/19 financial year. The reports also included a forward plan of targeted activity for 2019/20 that was consistent with the outcomes of the staff consultation exercise undertaken between November 2018 - December 2018 and the feedback received from Audit Committee at its meeting held on 4th February 2019.

- 5.5.10 Based on the activities undertaken to oversee the areas of whistleblowing and anti-fraud together with the work delivered to investigate, tackle and help prevent such occurrences materialising, it is concluded that the overall arrangements in place are sufficient.
- 5.5.11 Gifts and Hospitality Policy - the Council has a Gifts and Hospitality Policy and arrangements were in place, via registers, to record gifts and hospitality in line with the Policy.

Comments, Compliments and Complaints

Social Services

- 5.5.12 A report was presented to Cabinet at its meeting held on 3rd October 2018 setting out an overview of the Council's statutory Social Services complaints procedure for the period April 2017 and March 2018. The report provided a summary of all complaints and compliments received, and concluded by identifying occasions where lessons learnt exercises had resulted in changes to relevant procedures / protocols.
- 5.5.13 The Report noted that a total of 162 complaints were received requiring a response at stage one and this represented a decrease of 20 complaints when compared to the previous year. Of the 162 stage one complaints received, 3 progressed to stage two with 1 complaint being received directly at stage 2 of the process. The report stated that, overall, the number of complaints received

was comparatively low when compared to the number of people that come into contact with Social Services annually.

Non-social services comments, compliments and complaints

- 5.5.14 The absence of an annual report that summarises all non-social services comments, compliments and complaints was identified as an area for improvement within last year's Annual Governance Statement.
- 5.5.15 During 2018/19, work took place to centralise resources in respect of all comments, compliments and complaints into one team. The Council now has a central team that manages all such correspondence and this covers non-social services and social services. It is noted that arrangements were also put in place to enable information to be analysed and reported on.

Demonstrating a strong commitment to ethical values

Elected Members

- 5.5.16 Further to the Local Government Elections in May 2017, all elected Members received induction training on the Member's Code of Conduct that supports the principle of ethical values. However, it is noted that no refresher training in respect of the Code of Conduct has been delivered since this time (see 5.9.14).

The Council's supply chains

- 5.5.17 The Welsh Government has issued a voluntary 'Code of Practice: Ethical Employment in Supply Chains'. The Code of Practice aims to support the development of more ethical supply chains to deliver contracts for the Welsh public sector and third sector organisations in receipt of public funds. Work has taken place during 2018/19 to formalise the necessary arrangements that will enable the Council to demonstrate conformance with the 12 Principles contained within the Code. As a result of the work delivered during 2018/19, an updated Ethical Procurement Strategy will be reported to scrutiny during the 2019/20 Municipal Year. Once the Strategy has been approved, there will be a requirement to produce a report for scrutiny each year.

Respecting the rule of law

- 5.5.18 The Chief Executive (as Head of Paid Service) led the Council's officers and chaired the SLT. The SLT comprises, in addition to other key posts, the statutory roles of Chief Finance Officer and Monitoring Officer.
- 5.5.19 With effect from 11th March 2019, the Council appointed a new Chief Finance Officer following the previous Chief Finance Officer leaving the Council. The new appointment was approved by full Council on [6th March 2019](#).

5.5.20 With specific regard to the Chief Finance Officer position within the Council during 2018/19, the role complied with the principles outlined in the CIPFA document '*The Role of Chief Finance Officer*' because the Chief Finance Officer:

- *Was a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest;*
- *Was actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy; and*
- *Leads the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.*

To deliver these responsibilities the Chief Financial Officer:

- *Led and directed a finance function that was resourced to be fit for purpose; and*
- *Is professionally qualified and suitably experienced.*

PROPOSALS FOR IMPROVEMENT

5.5.21 Staff survey - using the staff survey results (around whistle-blowing and anti-fraud, bribery and corruption), deliver a targeted programme of awareness raising to those service areas identified as requiring support (paragraph 5.5.9).

5.5.22 Non-social services comments, compliments and complaints - annual reporting arrangements should be put in place to report details to the relevant scrutiny committee of non-social services comments, compliments and complaints received (with the first report covering the period April 2018 to March 2019). (paragraphs 5.5.14 and 5.5.15).

5.6 ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT

Openness

A commitment to openness

General Data Protection Regulation

5.6.1 The General Data Protection Regulation (GDPR) came into force on the 25th May 2018. The Council took steps to demonstrate accountability and transparency when handling and processing personal and sensitive information that it holds in respect of individuals by:

- Putting in place an updated Data Protection Policy and designating the post of Data Protection Officer to an existing member of staff (as approved by Cabinet on 22nd March 2018). In addition, a new Data Protection web-page was launched.
- Formally recording the lawful basis upon which data / information is processed within suites of documents called Data Protection Registers.
- Establishing 'Privacy Notices' that are available on the Council's website setting out how it intends to use information and how it will deliver its services and statutory responsibilities.

5.6.2 It is considered that the publication of this information supports the Council in complying with the GDPR and demonstrates openness and transparency when dealing with its customers.

Freedom of Information

5.6.3 The Council operated a Freedom of Information (FOI) Act 2000 publication scheme in accordance with legislative requirements. During 2018/19 the Council received 1,144 FOI/Environmental Information Regulations (EIR) requests. Response statistics and any complaints investigated by the Information Commissioner's Office concerning FOI/EIR requests are reported through the Information Management Board's quarterly meeting highlight reports and allows the Board to maintain an overview of the Council's compliance with the relevant legislation.

5.6.4 The Council's website provided information on the [Freedom of Information Act 2000](#) and a [Publication Scheme](#) was in place to advise citizens how to request public information the Council holds.

Openness – Forward work programmes

5.6.5 The Council had in place a forward plan of Committee meetings together with the matters to be considered, where appropriate:

- The [23rd May 2018](#) Council meeting agreed and published a calendar of meetings for the 2018/19 municipal year for Cabinet, Council, Licensing Committee, Audit Committee and the Planning & Development Committee, in line with its Constitution;
- Cabinet published its work programme on [21st June 2018](#) for the 2018/19 municipal year and refreshed this on three occasions: [20th September 2018](#), [18th December 2018](#), [19th March 2019](#); and
- Scrutiny Committees agreed work programmes and these were publicly available on a stand-alone [Scrutiny Work Programme](#) page on the Council's website, in line with a proposal for improvement made by the Wales Audit Office previously.

5.6.6 Committee Work Programmes are an important tool for Members to assist them in viewing items that are coming forward to Committees and for other Committees to utilise to prevent duplication of work and assist with pre-scrutiny. Work Programmes also assist members of the public to engage in the democratic process of the Council. It is noted that some work programmes have been more weighted in terms of the number of reports being presented at individual committees and whilst aiming to deliver more qualitative information, in some cases this has resulted in work programmes covering too broad a range of topics.

Decision making and scrutiny of decisions made

5.6.7 Cabinet is a key decision making body within the Council. From a review of reports presented to Cabinet during 2018/19:

- All reports were in the required format;
- A total of 106 reports were presented, 94 of which were made publicly available and 12 were excluded from the press / public on the grounds that the items of business involved the likely disclosure of exempt information, for example, commercially sensitive information; and
- For all decisions made by Cabinet during the year, 'Decision Notices' were published on the Council's website and did not become effective (i.e. implementable) until the expiry of the required 'call-in' period.
- Since April 2018, two Cabinet decisions were called in:
 - Development of Community Hubs as outlined within a report to the [19th April 2018](#) Cabinet meeting.
 - The 'call-in' was considered by a special meeting of the Overview and Scrutiny Committee held on [30th April 2018](#) in which elected Member concerns were addressed and following consideration the Committee resolved that "*the matter not be referred back to*

the Cabinet for reconsideration and the decision taken on 19 April take effect....”

- 21st Century Schools Programme - Proposals to Reorganise Primary Schools, Secondary Schools and Sixth Form Provision in the Greater Pontypridd Area as outlined within a report to Cabinet on the [21st March, 2019](#).
 - The ‘call-in’ was considered by a special meeting of the Overview & Scrutiny Committee held on the [3rd April 2019](#) and 2 ‘call-in’ forms were received in relation to this decision. Following consideration of the concerns highlighted within both ‘call-in’ forms, the Committee resolved that the matter not be referred back to the Cabinet for reconsideration and the decision taken on the 21st March would take effect.

5.6.8 Decisions taken by designated officers in 2018/19, called Delegated Decisions, were published on the Council’s [website](#). A total of 33 Delegated Decisions were published, none were called in and did not become effective (i.e. implementable) until the expiry of the required ‘call-in’ period.

Engagement with residents / stakeholders

5.6.9 The Council set out its commitment to engage with residents and stakeholders in its ‘Corporate Plan 2016 – 2020’ to help achieve the outcome of ‘more involved and resilient communities’.

5.6.10 This commitment is supported through a dedicated [Consultation page](#) on the Council’s website and a wider commitment by the Council to engagement via the [Public Services Board](#).

5.6.11 During the year, the Council undertook a variety of consultation exercises, some in partnership with other public sector organisations. The results of consultation activity and engagement with local community groups have been included within reports to Cabinet, where relevant, to inform decision making.

5.6.12 From reviewing a sample of consultation reports produced during 2018/19, a broad range of communication methods were on offer to encourage stakeholders to express their views.

PROPOSAL FOR IMPROVEMENT

5.6.13 As part of developing scrutiny work programmes for 2019/20 (paragraph 5.6.6):

- More focus should be given to streamlining areas / themes for review to allow for a more outcome based style of reporting; and

- More clearly link Committees' Terms of Reference to reports / areas to be scrutinised (with consideration being given for this to be undertaken as a pilot exercise initially).

5.7 DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL, AND ENVIRONMENTAL BENEFITS

5.7.1 The 'Corporate Plan – 2016 – 2020' sets out the Council's priorities and outcomes to be delivered, and arrangements were in place during the year to test if these continued to be relevant:

- The key actions to be delivered, as identified by the 2018/19 Service Self Assessments and operational Service Delivery Plans, complemented the priorities set out within the Council's Corporate Plan; and
- Corporate Plan priority up dates were published during the year and reviewed and scrutinised by Cabinet and the Finance and Performance Scrutiny Committee.

5.7.2 A review of the three Corporate Plan action plans in place for 2018/19 identified:

- Draft action plans at the start of the year were subject to pre-scrutiny by the Finance and Performance Scrutiny Committee (at its meeting on the [4th July 2018](#)). Although performance indicator targets were reviewed as part of this process, it is considered that a more in depth review of specific targets would further assist Scrutiny Committees in overseeing performance.
- Actions had regard to the Well-being of Future Generations Act (WFG Act) sustainable development principle, for example:
 - Economy – continuing to collaborate with business and local communities to ensure that town centres benefit from growth (for example, supporting the redevelopment of the former Boot Hotel, Aberdare);
 - People – an on-going programme of investment in new accommodation, extracare, to help improve outcomes for those individuals who need support to live independently and prevent problems from occurring or getting worse; and
 - Place – a long term programme of investment in the Council's infrastructure to help support sustainable service delivery.
- Progress reports were presented to Cabinet and the Finance and Performance Scrutiny Committee on a quarterly basis during the year that included an agreed set of actions and suite of performance indicators (including benchmarking information where available) and an analysis of targets set.

5.7.3 There was clear evidence that the Council is focussing its resources to support the delivery of its Corporate Plan priorities, both from a Medium Term Financial Planning and Investment perspective, as set out below., Medium Term Financial Plan

5.7.4 The Council's latest [Medium Term Financial Plan](#) covering the period 2018/19 to 2021/22 was reported to Cabinet at its meeting held on 17th July 2018 and set out:

- 2018/19 Revenue Budget (£471.6M) - 84% of the revenue budget was allocated to Corporate Plan priorities and the remaining 16% allocated to Authority Wide Costs, Other Services To The Public, Regulatory Public Services and Core Support; and
- 2018/19 to 2020/21 Capital Programme (£180.248M) – 98% of capital resources allocated to corporate plan priorities. The remaining 2% was allocated to Regulatory Public Services, Authority Wide Costs and Core ICT Systems Support.

Investment

5.7.5 Additional investment was approved by Council during the year to further support the delivery of Corporate Plan priorities: on 24th October 2018 amounting to £23.450M and on 6th March 2019 amounting to £6.740M.

5.7.6 It was noted that the opportunity to deliver additional investment was as a result of assessing the Council's earmark reserves and identify one-off resources that could be released.

PROPOSAL FOR IMPROVEMENT

5.7.7 In addition to the pre-scrutiny of Corporate Plan action plans, coordinate the delivery of a more in depth review of specific targets by Scrutiny Committee(s) as part of effectively scrutinising the Council's performance (paragraph 5.7.2).

5.8. DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES

Determining and planning interventions

- 5.8.1 The Council's decision making arrangements during 2018/19 were based on written reports in an agreed format, having regard to financial, legal and consultation matters, and alignment with the WFG Act (this includes, for example, Council and Cabinet reports).
- 5.8.2 A review of a sample of Cabinet reports during year showed that the suite of information used to inform decisions was comprehensive.
- 5.8.3 Of the approaches or interventions used by the Council during the year, overall, these are making a positive contribution to the delivery of outcomes in line with Corporate Plan priorities. Examples of key interventions are set out below.

Cabinet and the SLT

- 5.8.4 The Cabinet and SLT jointly planned the work programme of items to be reported during the year and required timescales, with this informing the pace of progress and outcomes being delivered. This has included:
- Economy Priority – progressing the 21st Century Band A Schools projects that has created new schools and more first class learning environments during the year: Porth Community Schools, Ysgol Nantgwyn and Cwmaman Primary School;
 - People Priority – continued delivery of the Resilient Families Service providing accessible family support and preventing problems from escalating; and
 - Place Priority – commencing the delivery of community hubs to help build resilient communities that provide a range of citizen based services in one or a number of closely located buildings in priority neighbourhoods

Scrutiny Committees

- 5.8.5 Scrutiny Committees have undertaken discrete work that has supported changes to service provision. An outline of some of the work is included below with full details of the work being available through the [Scrutiny Annual Report](#) (subject to approval by Council)

Children and Young People Scrutiny Committee

- Undertook a number of pre-scrutiny reviews in respect of the School Attendance Strategy and [Play Sufficiency Audit](#), assisting Cabinet in taking forward their decisions.

- The Committee also contributed to the consultation process in respect of [21st Century School proposals](#).

Finance and Performance Scrutiny Committee

- The Committee were consulted as part of the Council's 2019/20 Revenue Budget Strategy consultation process. As part of the Committee's engagement and looking ahead, the Committee have requested involvement in helping to shape consultation questions for future budget consultation activity.

Public Service Delivery, Communities and Prosperity Scrutiny Committee

- Following a Notice of Motion at Council the Committee took forward a working group in respect of Voluntary Snow Wardens. This resulted in 4 recommendations taken forward to Cabinet on the [18th October, 2018](#). This resulted in the launch of the 'Your Neighbours Need You' campaign on the Council website to support the wider work of the Council to prepare for the potential of severe weather during the winter period. Click here to view the full [campaign](#).

Overview and Scrutiny Committee

- The Committee was involved in the Electoral Arrangements by the Local Democracy and Boundary Commission for Wales Review with the Committee recommending to Full Council that the proposals be subject to a period of stakeholder engagement to properly reflect the views of local Members and stakeholders prior to further consideration by Full Council. This was reported to full Council on the [24th October 2018](#). The Committee are also taking forward scrutiny of the Notice of Motion presented to Council in respect of Low Carbon Vehicles, utilising the Future Generations Toolkit to support decision making in the context of the WFG Act.

Health & Well-Being Scrutiny Committee

- Completion of the review of 'EMI nursing bed provision in Rhondda Cynon Taf' that resulted in 2 recommendations being reported to and endorsed by Cabinet on the [19th March, 2019](#).
- The Committee also undertook Pre-scrutiny of the Draft Empty Homes Strategy prior to consideration by Cabinet on the [21st November, 2018](#).

Quarterly Performance Report

- 5.8.6 Performance Reports provided updates on financial performance; progress against Corporate Plan priorities (including performance indicators and investment); staffing including sickness absence; and strategic risks, and provided electronic links to more detailed information.

5.8.7 With specific regard to financial performance, Corporate Plan priority and strategic risk up dates, exceptions were highlighted, explained and the corrective action to be taken included within reports. There was evidence of scrutiny challenge around financial and performance results and requesting further information to be included within reports to aid the reader's understanding.

Optimising achievement of intended outcomes

5.8.8 On [28th September 2017](#) Cabinet agreed a way forward to deliver Corporate Plan priorities in a climate of further funding reductions by investing in Rhondda Cynon Taf's future and by improving and delivering essential services in a different way. This involved the creation of 5 work-streams to invest in to improve essential services: Digitalisation, Commercialisation, Early Intervention and Prevention, Independence and Efficient and Effective Organisation.

5.8.9 Work was undertaken during 2018/19 in the 5 work-streams, for example, making more services available on-line, delivering services that focus on early intervention and prevention and independence such as the Resilient Families Service and StayWell@Home Service and also continuing to deliver at least £6Million of efficiency savings per year to support an Efficient and Effective Organisation.

5.8.10 The on-going relevance of the 5 work-streams were tested as part of the Council's 2019/20 Revenue Budget Strategy Consultation arrangements and respondents feedback is set out below.

	Yes (%)	No (%)	DK (%)
Digitalisation	64	24	12
Early Intervention and Prevention	87	7	6
Commercialisation	60	24	16
Efficiency	78	11	11
Independence	78	12	11

5.9 DEVELOPING THE ENTITY'S CAPACITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT

Developing the entity's capacity

5.9.1 The Council has continued to undertake a 'corporate self-assessment' and complete 'individual service self-evaluations' to assess the Organisation's current position and areas for improvement, the latter being incorporated into service planning processes.

5.9.2 The above self-evaluation and planning arrangements, supported by the 2018/19 Revenue Budget Strategy and an on-going programme of investment, continues to evidence that the Council is developing its capacity in priority areas albeit in the context of reducing funding levels for the Council as a whole. This work is evidenced within the Council's latest published Performance Report (as at 31st December 2018) and examples are set out below.

- Investment in digitisation to enable agile working and support further improvement in productivity, work / life balance and utilisation of space within Council buildings. It was noted that agile working is currently in place within Adult Services and the Public Health and Protection Service, and a programme of roll-out to other service areas began in 2018/19. It was also noted that a progress update on the Council's work to deliver its Digital Strategy was reported to the Overview and Scrutiny Committee on [5th February 2019](#).
- A focus on further improving staff attendance through targeting areas with high levels of sickness. The Council's publishes its sickness information on a quarterly basis; the latest position as at 31st December 2018 showed a slightly improving trend: 4.18% at December 2018 compared to 4.34% in December 2017. The Council's Finance and Performance Scrutiny Committee (24th September 2018) also considered sickness absence in terms of the work being undertaken to support individuals attendance at work.
- Investment in apprentice and graduate jobs in professions the Council has identified need to be developed. During 2018/19, 25 apprentices and 13 graduates were appointed covering areas such as engineering (civil / electrical / mechanical), IT, Digital Services and Accounting.

Developing the capability of the entity's leadership and other individuals

5.9.3 Part 3(i) of the Council's Constitution, 'Responsibilities for Functions', sets out the responsibilities of the Leader of the Council, the Cabinet and designated employees of SLT (Section 3A) and is kept under on-going review.

Developing the capabilities of elected Members

- 5.9.4 Following the local government elections in May 2017, a programme of training commenced for Elected Members to ensure they were equipped with the appropriate skills, knowledge and support to fulfil their roles.
- 5.9.5 This work was built upon during 2018/19 through the availability of Member Personal Development Reviews (PDRs) which identified individual training needs. Training has been complemented through the use of sessions arranged in advance of meetings of Full Council where elected Members received information on a range of topics including General Data Protection Regulations (GDPR), Universal Credit, Safeguarding and also individual service updates e.g. Civil Parking Enforcement.
- 5.9.6 Through the use of the PDRs, bespoke training packages have been delivered to Members. In addition, following enquiries from Members in respect of their roles, policies are being created to support members going forward, for example, the development of a [lone working policy](#). It is considered that this positive position can be built upon and other key training provided to elected Members, for example, Code of Conduct refresher training and an overview of the Council's budgets / finance training.
- 5.9.7 To provide further support and access to information, all elected Members have been provided with an iPad or similar device of their choice to assist them in undertaking their roles. Devices are now also being provided to the Council's Co-opted Members and has enabled the continued rollout of the 'Modern.Gov' system that allows access to Council papers electronically. An update on the support provision to elected Members was reported to the Democratic Services Committee on the [19th March 2019](#).
- 5.9.8 The rollout of Modern.Gov across the Council has been positive to date. Whilst it is too early to establish the full effect of its implementation so far, there have been some requests from Members for additional information to be made available through the Modern.Gov system and also for the amount of hard copy information provided to be reduced.
- 5.9.9 To further enhance the roll out of the paper-light approach, the development of training and the use of technology by Members, the Democratic Services Committee at its [19th March 2019](#) meeting endorsed the development of a Members Portal. The Portal is recognised as a form of good practice through the Members Charter and will be an area on the website for Elected Members to access which will allow them an area to potentially report problems; submit questions / Notices of Motion to Council; submit scrutiny Call Ins; submit Research requests; provision of useful contact details for officers / external organisations; and E-learning.
- 5.9.10 The Council has a good track record of providing Members with support and development opportunities, and this can be evidenced by its success in

attaining and retaining the Members Charter over the past decade³. The Charter includes all aspects of elected Member support including constitutional arrangements, a strategic and practical framework for Member development, services and facilities. The Charter is intended to raise the amount and standard of support to elected Members in Wales. To continue to demonstrate the Council's commitment to Member development, preparations are in progress for the Council's Charter to be reviewed in 2019.

Member Survey

- 5.9.11 In accordance with s6(2) of the Local Government (Wales) Measure, 2011 Member views have been sought on their preference for starting times of meetings. As agreed by the [Democratic Services Committee](#), this survey also provided provision to allow all Members the opportunity to comment on the provision of support available to them when undertaking their roles. The survey ran from the 1st April to the 13th April 2019 through the consultation hub and the results will be analysed and report to the Democratic Services Committee in 2019/20.

Developing the capabilities of employees

- 5.9.12 The Council has a Workforce Plan 2017-22, which was approved by Cabinet on [15th February 2018](#). The plan has set priorities that align to the Council's Corporate Plan in terms of developing a flexible and agile workforce that shares organisational knowledge; recruiting and retaining the best talent to create a diverse workforce; leadership and management development; enabling a high performing, engaged and committed workforce; and supporting health and wellbeing to maximise attendance.
- 5.9.13 Staff development has been supported through induction sessions, Leadership and Middle Management Development Programmes, Manager Briefings, 'Joint Cabinet and Senior Officer meetings' and a range of operational training such as health and safety, information management and dignity at work. This was supported by a Training Compendium that brought together all training available within the Council.

PROPOSAL FOR IMPROVEMENT

- 5.9.14 Build on the programme of training and support in place for elected Members to ensure other key themes are delivered / refreshed (for example, Code of Conduct refresher training, overview of the Council's budgets / finance training). (Paragraph 5.9.6).

³ Members Charter - The Council received its first award in 2007, an Advanced Charter in 2010 and the 'Good Practice and Innovation Award for Member Support and Development' in 2014, as a result of support made available to Members through the Occupational Health Unit.

5.10 **MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT**

Managing risk

- 5.10.1 The Council's Risk Management Strategy was updated, reported to and endorsed by the Council's Audit Committee on 17th December 2018, and sets out the overall purpose and framework for risk management within the organisation.
- 5.10.2 In setting the overall Risk Management framework, the Strategy provides the Council's definition of risk and also identifies two specific 'thresholds' put in place to make it clear how risk management should be applied at different levels of the Council's business and is set out below.

Strategic Risks

- 5.10.3 Risks the Council faces when delivering its Corporate Plan priorities.
- 5.10.4 The Council's strategic risks are set out in the Strategic Risk Register. The Strategic Risk Register was updated on a quarterly basis during 2018/19 and reported and scrutinised as part of the Council's quarterly Performance Report. A copy of the most recent risk register, as at 31st December 2018, can be viewed by clicking [here](#). There is evidence to demonstrate the Strategic Risk Register is reviewed on an on-going basis, in line with the agreed Strategy:
- New risks were incorporated into the register during the year i.e. to recognise the shift in emphasis of delivering services on a regional footprint and also the potential impact of Brexit; and
 - Risk Scores revised to take account of up-to-date information, for example, reflecting the progress the Council made to ensure appropriate arrangements were in place to comply with the new GDPR legislation and also reflecting the increased availability of services on-line.

Operational Risks

- 5.10.5 Risks associated with the delivery of service objectives are set out within Service Delivery Plans. These risks are monitored by Service Delivery Plan owners as part of the operational management of services.
- 5.10.6 In addition to the above, to assist Management in applying consistent risk management arrangements, a Risk Management Toolkit is in place.

Managing performance

- 5.10.7 The Council continues to strengthen its performance management arrangements through Service Self-Assessment / Service Delivery Planning 'challenge sessions' with the Chief Executive and designated Cabinet Member. The outcome of this work is supporting an overall improvement in the content of the documents via more clearly defined outcomes and measures being set. Steps have also been taken to introduce revised and proportionate individual performance management arrangements to all staff.

Scrutiny

- 5.10.8 In relation to Scrutiny, the Wales Audit Office reported the findings in 2018/19 of a review of the Council's Scrutiny arrangements called 'Fit for the Future'. The report and the action plan containing the Council's response to the recommendations were reported the Overview and Scrutiny Committee at its meeting held on [22nd October 2018](#). Following consideration of the report, the Committee instructed the Director of Communications and Interim Head of Democratic Services to review the current scrutiny arrangements in respect of their robustness and produce a report for consideration.

Robust internal control

- 5.10.9 The membership and meeting frequency of the Council's Audit Committee (7 meetings) during 2018/19 was in line with the Council's Constitution and legal requirements.
- 5.10.10 The Council's Head of Internal Audit presented the Internal Audit Annual Report 2018/19 to Audit Committee on 25th March 2019 setting out the work delivered by Internal Audit over this period. Based on the information provided to Audit Committee during the year, it concluded that '*...the overall system of internal control within the Council operated effectively during 2018/19 with a small number of areas identified for improvement*
- 5.10.11 At its meeting held on 25th March 2019, the Audit Committee also received the first Annual Report from its Chairperson. The report provided a summary of the work that the Committee undertook during 2018/19, and incorporated a self-assessment against the Chartered Institute of Public Finance and Accountancy (CIPFA) publication 'Audit Committees - Practical Guidance for Local Authorities & Police 2018 Edition'. The report concluded:

'Our work-plan for this financial year has been balanced and the change in approach in respect of widening the items on each agenda has enabled the scope of information that is reported to us to be broadened. In addition to this, a wider range of Officers have presented reports to us during the year and this has helped us to deliver our Terms of Reference in a more robust way through gaining a better understanding and assurance by asking more detailed questions to Officers with specific areas of expertise.

I believe that we have discharged the responsibilities placed upon us, the recommendations that have arisen from the self-assessment will help further improve our arrangements and effectiveness. If any skills gaps are identified, then we will need to consider how these can be addressed in a pragmatic way that best improves the overall work of the Committee.'

- 5.10.12 During the year, Cabinet at its meeting on [21st June 2018](#) endorsed a recommendation for the Council's Internal Audit Service to join an existing Regional Internal Audit Shared Service, led by the Vale of Glamorgan Council. The necessary governance arrangements were put in place to enable the transfer to take place effective from 1st April 2019.

Managing data

- 5.10.13 An Information Management Plan is in place that sets out the framework, including legal requirements, for information management within the Council.
- 5.10.14 A review of the arrangements in place during 2018/19 identified they were in line with the agreed governance structure:
- The role of Data Protection Officer was formally designated, in accordance with the General Data Protection Regulation;
 - An Information Management Board was in operation, Chaired by the Council's Senior Information Risk Officer, with the Board being supported by an Information Management Working Group;
 - Information was available on the Council's website in respect of Data Protection and Freedom of Information; and
 - The Council continued to secure its annual accreditation to the Public Service Network (PSN) in September 2018 i.e. The 'PSN' is the Council's connection to the wider public sector network (Council to Council, Council to Government e.g. Department for Work and Pensions) to enable the Council to communicate and share data securely across all public bodies.
- 5.10.15 It was noted that alongside the above activity, the Information Commissioner's Office (ICO) investigated 11 referrals in respect of the Council during 2018/19 (10 self-referrals and 1 external). The ICO made recommendations to mitigate against further reoccurrences and these have been implemented by the Council. In addition, 2 separate complaints were made to the ICO by members of the public in respect of Subject Access Requests the outcomes of which were:
- 1 case where the ICO found that the Council acted appropriately; and
 - 1 case where the ICO made a recommendation and the Council complied within the statutory timeframe.

Public Services Ombudsman for Wales

5.10.16 It was noted that 7 referrals⁴ were considered through the Council's Complaints and Concerns Procedure; the outcomes from which were that no further action was deemed necessary.

Strong public financial management

5.10.17 The Council has publicly demonstrated its commitment to strong and responsible financial planning and management, and has supported this through the delivery of sound financial performance during a period of reducing budgets. This is because:

- A key cross-cutting principle within the Council's Corporate Plan is '*Living within our means*', in effect setting out the importance of sound financial planning and management within the organisation;
- The Council has a suite of protocols supporting strong financial planning and management, for example, 'Budget and Policy Framework Procedure Rules' and the 'Financial Procedure Rules'. In the case of the 'Financial Procedure Rules', it was noted that the document is in the process of being updated and this will be completed in 2019/20;
- The Council set a Revenue Budget in 2018/19 after taking account of a significant budget gap, with savings being delivered from areas that did not affect frontline services. The Council also continued to take a responsible approach to Council Tax increases, having regard to residents feedback as part of the revenue budget consultation process, and set a 3.3% Council Tax increase (excluding Community Council precepts and excluding the Police and Crime Commissioner for South Wales Precept, both of which are outside of the Council's control) which was the lowest increase across Wales;
- Financial performance results were publicly reported every three months during the year and scrutinised by elected Councillors;
- The Council kept its finances under on-going review throughout 2018/19 and was able to release resources from earmark reserves (as referred to in 5.7.5) to support additional one-off investment in Corporate Plan priorities. It is noted that the release of one-off funding as a result of early identification of savings or from assessing the Council's specific reserves has been a consistent approach in enabling significant additional investment in recent years;

⁴ Referrals – referrals are where members of the public complain to the Ombudsman without exhausting the local authority's complaints procedure first. The Ombudsman therefore refers these back to the local authority to be considered in line with their complaints procedure

- The Council is financially stable as a result of it: maintaining General Reserve balances at the minimum level (as assessed by the Council's Chief Finance Officer); having a track record over a number of years of setting and delivering balanced revenue budgets; and having 'clean bills of health' on its year end accounts when audited by the Wales Audit Office;
- The Council complied with new legislative requirements, for example, the reporting of a Capital Strategy as from April 2019 ([27th March 2019](#) full Council meeting) and is making sound preparations, ahead of schedule, to meet the requirements of legislation for local authorities in Wales to prepare their draft Statement of Accounts earlier and for the external audit of these to also be completed earlier; and
- The Council had sound medium term financial planning arrangements that robustly forecasted future spending and funding levels, and published an update during the year.

PROPOSAL FOR IMPROVEMENT

- 5.10.18 Complete the update process of the Financial Procedure Rules and report to the relevant Committee(s) for review and if deemed appropriate, approval (with an approved version incorporated into the Council's Constitution). (Paragraph 5.10.17)

5.11 IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY, REPORTING, AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY

Implementing good practice in transparency and reporting

5.11.1 The Council has implemented an open and consistent approach to reporting its business, as set out in earlier sections of this Annual Governance Statement, with the aim of helping to ensure information is understandable to stakeholders and that they have the opportunity to challenge the Council's performance, plans and decisions.

5.11.2 A review of a sample of information reported to Council, Cabinet, Scrutiny Committees and Audit Committee has revealed that:

- Annual Reports and Plans are reported publicly, providing an overview of performance either on a Council wide basis or in relation to specific areas of business, for example:
 - The Council's audited Statement of Accounts 2017/18 reported and approved by Council on [19th September 2018](#) in line with the statutory timeframe;
 - The Corporate Performance Report setting out an assessment of the Council's performance for 2017/18 and plans for 2018/19, these being reported to Council on 25th July 2018. The Wales Audit Office has a statutory duty to review the Council's arrangements in this area and issued a 'certificate of compliance' in November 2018; and
 - Annual Reports / Plans presented to Cabinet: [Cwm Taf Carer's Annual Report 2017/18](#), [Corporate Parenting Board - Annual Report](#), [National Adoption Service Annual Report](#) and [Annual Equality Report](#).
- The minutes of meetings confirm that designated officers attended Committee meetings to orally present reports and answer questions, and a number of occasions were noted where updates were delivered via presentations.

Cabinet Attendance at Scrutiny

5.11.3 At the Overview and Scrutiny Committee on 22nd January 2018, the Committee agreed for a process whereby Cabinet Members and their respective Chief Officers attend the relevant Scrutiny Committee(s) to present information in respect of their portfolios. This process is intended to enhance the level of dialogue and information currently provided to Scrutiny Committees and a number of updates were noted as being provided during 2018/19.

5.11.4 In order to increase the prominence / awareness of the Annual Governance Statement, arrangements have been put in place whereby a designated '[Governance](#)' section has been developed on the Council's website. A standalone copy of the most recent (i.e. 2017/18) Annual Governance statement is available and once approved the 2018/19 Annual Governance Statement will also be published on Governance Section of the Council's website. It is noted that the Governance Section of the Council website also includes information in relation to: The Council's Constitution; Risk Management; Whistleblowing; Anti-Fraud, Bribery and Corruption; Audit Committee; Corporate Feedback Scheme; The Council's External Regulators; and Working with others.

Assurance and effective accountability

Internal Audit

5.11.5 The Council's Internal Audit Service had an Internal Audit Charter for the 2018/19 financial year that was approved by Audit Committee on [30th April 2018](#) and sets out the Service's position within the organisation, for example, its authority to access records, personnel and physical properties relevant to the performance engagements. From a review of Audit Committee reports during the year, the Internal Audit Service was delivered in line with the requirements set out in the Charter.

5.11.6 In addition to this, the Head of Internal Audit's Annual Report 2018/19 confirmed overall conformance to the Public Sector Internal Audit Standards.

Wales Audit Office recommendations

5.11.7 The Council has a process in place for agreeing and monitoring the implementation of recommendations / proposals for improvement made by the Wales Audit Office. It was noted that Wales Audit Reports were reported to Cabinet, Audit Committee and the Overview and Scrutiny Committee during the year, with the responsibilities / the role of each Committee set out in covering reports.

5.12 OTHER KEY GOVERNANCE ARRANGEMENTS

Amgen Cymru Ltd

- 5.12.1 Rhondda Cynon Taf CBC holds 100% of the voting rights of Amgen Cymru Ltd., who in turn hold 100% of the voting rights of Amgen Rhondda. The Council also holds 100% of the allotted preference shares in Amgen Rhondda Ltd. The principal activities of Amgen Cymru is to provide waste management services and waste disposal facilities. Amgen Rhondda is responsible for the stewardship of the Nant y Gwyddon landfill site.
- 5.12.2 The directors of the companies are responsible for ensuring there are sound governance arrangements including a robust system of internal control.
- 5.12.3 The Council removed the “arms length” status of the companies during 2009/10, therefore many of the aspects of the Council’s governance arrangements such as policies, processes and controls apply to the companies.
- 5.12.4 During 2018/19 there have been no significant governance issues that have been identified by the Amgen Company directors, internal auditors or external auditors.

Pension Fund

- 5.12.5 Rhondda Cynon Taf County Borough Council is the Administering Authority for the Rhondda Cynon Taf Pension Fund. Whilst the governance arrangements detailed in this statement apply equally to the Council’s responsibilities to the Pension Fund there are further specific requirements for Pension Funds which are detailed in a number of key documents:
- Governance Statement of Compliance which indicates the Fund’s position against the Government’s best practice standards;
 - Governance Policy Statement which provides an overview of the management structure, decision making and employer engagement;
 - Communication Policy Statement which details the communication and information services to participating employers and scheme members;
 - Pension Fund Administration Strategy which seeks to improve efficiency in the delivery of agreed standards of quality and to ensure compliance with statutory requirements;
 - Investment Strategy Statement which details how Fund investments are managed; and
 - Funding Strategy Statement which provides a summary of how we will fund our pension liabilities.
- 5.12.6 All of these documents can be found at the following link: www.rctpensions.org.uk
- 5.12.7 The Public Service Pensions Act 2013 introduced a number of changes to public service pension schemes, including some significant changes for the

governance of such schemes. In accordance with the Act, the Council established a Local Pension Board to assist Rhondda Cynon Taf County Borough Council in its role of Administering Authority ('Scheme Manager') in:

- Securing compliance with the Principal Regulations and any other legislation relating to the governance and administration of the LGPS;
- Securing compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator; and
- Ensuring the effective and efficient governance and administration of the LGPS by the Scheme Manager.

5.12.8 The Pension Board is made up of two employer representatives and two member representatives.

5.12.9 In 2016/17 the Council established a formal Pension Fund Committee (subject to the provisions of Section 101 of the Local Government Act 1972) to oversee its responsibilities with regard to the administration of the RCT Pension Fund. The Pension Fund Committee consists of 5 elected members and is politically balanced.

5.12.10 The Committee is responsible for the strategic management of the RCT Pension Fund with all operational matters continuing to be delegated to the Council's Chief Finance Officer (as the Section 151 Officer or in his absence the Deputy Section 151 Officer) who are supported by an Investment and Administration Advisory Panel with appropriate officer, independent advisor and professional support.

5.12.11 The Pension Fund Committee met 4 times during the Municipal Year 2018/19.

5.12.12 In early 2017, a Joint Governance Committee (JGC) was established in accordance with an inter-authority agreement, responsible for oversight of the Wales Pension Partnership (WPP) investment pooling collaboration of the eight LGPS funds in Wales. The eight Welsh Pension Fund Committee Chairs or their nominated deputy (elected member) attend the JGC and are supported by an officer working group. In January 2018, the WPP appointed an 'Operator' to establish and run a collective investment vehicle for the sole use of the Local Government Pension Scheme (LGPS) funds in Wales.

A summary of the pooling objectives of the WPP are:

- Generate consistent net of fee excess returns;
- Diversify manager risk;
- Reduce average manager fees;
- Achieve tax efficiency by reclaiming withholding tax on dividends (for non-UK equity sub-funds);
- Meet the Government deadlines by establishing one sub fund submission to the FCA; and
- Equitably share the costs of transitioning into sub-funds.

6. **OVERALL ASSESSMENT OF THE COUNCIL'S ARRANGEMENTS**

6.1 Based on the assessment undertaken, it is considered that the Council's governance arrangements were fit for purpose and publicly demonstrated how the Council's work and resources have contributed to the delivery of Corporate Plan priorities and outcomes. This overall conclusion is supported by:

- Sound arrangements to support elected Councillors and Officers to effectively discharge their responsibilities.
- Processes in place to:
 - Promote probity and a zero tolerance culture in respect of fraud, bribery and corruption, and also publicly reporting on the Council's performance in such areas; and
 - Support officers and elected Members to maintain high standards of conduct when undertaking business on behalf of the Council.
- Having structured arrangements in place that informed the delivery of Corporate Plan priorities (via approved action plans) and internal and external monitoring and reporting processes that held the Council to account for its performance – these arrangements being underpinned by robust financial planning and management.
- An open approach to engaging with stakeholders and planning and delivering services, a number of which being in partnership with others.
- A medium term approach to financial planning that helped inform strategic decision making and prioritisation of resources through on-going real term reductions in funding.
- The Council having a track record of implementing Annual Governance Statement recommendations in previous years.

6.2 Notwithstanding this overall position, the assessment has identified areas where improvements are deemed necessary to further reinforce the effectiveness of the Council's current arrangements. These are set out in Section 7.

7. PROPOSALS FOR IMPROVEMENT

7.1 Further to completing the assessment of the Council's governance arrangements, Table 2 summarises the proposals for improvement.

Table 2 – Proposals for Improvement

Core Principle / Area	Paragraph No.	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer
Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	5.5.21	The staff survey identified the need for further work to be undertaken across the Council to raise awareness of whistle-blowing and anti-fraud arrangements and provide staff with reassurance that they can report issues without repercussions.	Using the staff survey results (around whistle-blowing and anti-fraud, bribery and corruption), deliver a targeted programme of awareness raising to service areas identified as requiring support and advice.	November 2019	Head of Organisation Development
	5.5.22	Comments, compliments and complaints (non-social services) – no overall update is reported for review and challenge by the relevant Scrutiny Committee as part of supporting service planning and improvement. Work commenced in 2018/19 – to be carried forward into 2019/20.	Non-social services comments, compliments and complaints - annual reporting arrangements should be put in place to report details to the relevant scrutiny committee of non-social services comments, compliments and complaints received (with the first report covering the period April 2018 to March 2019).	October 2019	Service Director – ICT and Digital Services

Core Principle / Area	Paragraph No.	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer
Ensuring openness and comprehensive stakeholder engagement	5.6.13	Whilst the focus within scrutiny committee work programmes is improving, a wide range of topics are included that can impact on the capacity of Committees / Working Groups to review all areas in detail and thereafter assess the extent that Terms of Reference are being delivered.	As part of developing scrutiny work programmes for 2019/20: <ul style="list-style-type: none"> • More focus should be given to streamlining areas / themes for review to allow for a more outcome based style of reporting; and • More clearly link Committees' Terms of Reference to reports / areas to be scrutinised (with consideration being given for this to be undertaken as a pilot exercise initially). 	September 2019	Service Director – Democratic Services and Communications
Defining outcomes in terms of sustainable economic, social, and environmental benefits	5.7.7	Although performance indicator targets are reviewed as part of the wider pre-scrutiny of Corporate Plan action plans, no in depth work is undertaken on specific targets to better inform Scrutiny Committees in fulfilling their role.	In addition to the pre-scrutiny of Corporate Plan action plans, coordinate the delivery of a more in depth review of specific targets by Scrutiny Committee(s) as part of effectively scrutinising the Council's performance.	September 2019	Service Director – Finance and Improvement Services
Developing the entity's capacity, including the capability of its leadership and individuals within it	5.9.14	Elected Members - refresh the programme of training available to continue to effectively support elected Members in the discharge of their responsibilities.	Build on the programme of training and support in place for elected Members to ensure other key themes are delivered / refreshed (for example, Code of Conduct refresher training, overview of the Council's budgets / finance training).	From July 2019	Service Director – Democratic Services and Communications

Core Principle / Area	Paragraph No.	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer
Managing risks and performance through robust internal control and strong public financial management	5.10.18	Although the review of the Council's Financial Procedure Rules has commenced, the exercise has not yet been completed. Work commenced in 2018/19 – to be carried forward into 2019/20.	Complete the update process of the Financial Procedure Rules and report to the relevant Committee(s) for review and if deemed appropriate, approval (with an approved version incorporated into the Council's Constitution).	October 2019	Head of Procurement Delivery

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7.2 The Council's SLT has accepted the proposals for improvement and is committed to their implementation during 2019/20. The SLT has also confirmed that an update on progress will be reported to the Council's Audit Committee during the year to enable Councillors to review and scrutinise the extent of progress being made.

Leader: _____

Chief Executive: _____

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