



## RHONDDA CYNON TAF COUNCIL AUDIT COMMITTEE

Minutes of the meeting of the Audit Committee held on Monday, 10 June 2019 at 5.00 pm at the Council Chamber, The Pavilions, Cambrian Park, Clydach Vale, Tonypany, CF40 2XX.

### AUDIT COMMITTEE MEMBERS IN ATTENDANCE:

Mr R. Hull – Chair

### COUNTY BOROUGH COUNCILLORS:

Councillor G Caple	Councillor J Cullwick
Councillor M Fidler Jones	Councillor M Adams
Councillor G Davies	Councillor M Norris
Councillor J Elliott	Councillor D Owen-Jones
Councillor S Rees	Councillor G Hughes
Councillor S Powell	

### Officers in attendance

Mr P Griffiths, Service Director – Finance & Improvement Services  
Mr P Nicholls, Service Director, Legal Services  
Mr M Thomas, Head of Regional Internal Audit Service  
Ms S Davies, Head of Finance Education & Financial Reporting  
Ms L Cumpston, Group Audit Manager  
Mr M Jones - Wales Audit Office

### 1 Apologies for Absence

Apologies for absence were received from County Borough Councillors J. James, A. Cox and M. Powell.

### 2 Declaration of Interest

In accordance with the Council's Code of Conduct, County Borough Councillor M. Norris declared the following personal interest in Item 6 of the agenda – Draft Statements of Accounts: 'I am Chair of the Pension Fund Committee'.

### 3 Appointment of Chair

The Service Director, Legal Services reminded Members of the requirements of paragraph 9.4 the Local Government (Wales) Measure 2011 in relation to the appointment of the Chair of the Audit Committee. It was explained that the Committee Members themselves decide upon the Chair and it can be a Councillor or a Lay Member, but cannot be a Councillor who belongs to a group with Members in the Executive.

With this in mind, the Service Director, Legal Services sought nominations for the position and it was **RESOLVED** that Mr R. Hull, Lay Member, be elected as Chairman of the Audit Committee for the Municipal Year 2019/20.

#### 4 Appointment of Vice-Chair

The Service Director, Legal Services sought nominations for the position of Vice-Chair of the Audit Committee for the Municipal Year 2019/20.

Members indicated that due to a formation of a new political group, there would be a change to the political balance following the Council meeting in June. Therefore, it was **RESOLVED** that the appointment would be deferred to the next meeting of the Audit Committee.

#### 5 Minutes

It was **RESOLVED** to approve the minutes of the 29<sup>th</sup> April 2019 as an accurate reflection of the meeting.

#### 6 Matters Arising

Minute No. 74 –

- Following questions at the previous meeting, the Head of the Regional Internal Audit Service advised Members of the difference between the Disaster Recovery Technical Plan and the Virtualisation Environment Disaster Recovery Technical Plan. It was reported that the Disaster Recovery Technical Plan is for physical servers and the Virtualisation Environment Disaster Recovery Technical Plan is for virtual servers such as the Cloud.
- At the previous meeting, Members felt that the implementation date of 31<sup>st</sup> July 2019 for Parc Primary School to ensure that all residential visits/activities were approved at least 28 days before the visit was too late and should be brought forward to include all summer events. The Head of the Regional Internal Audit Service advised that the recommendation had since been implemented ahead of time. It was also reported that the original target date provided by the school was due to training on the system being dependent on external provision.
- At the previous meeting, Members sought assurance about the status of the recommendations reported as implemented for Ysgol Gyfun Cwm Rhondda. The Head of the Regional Internal Audit Service advised that a follow up had taken place, which showed that 13 were implemented, 3 had been partially implemented and 3 had not been implemented. Members were advised that the school had shown commitment to fully implementing all recommendations made by the Internal Audit Service.
- In respect of the concerns raised by Members about the Purchase Card at Mountain Ash Comprehensive School, the Head of the Regional Internal Audit Service had written to the Director, Education & Inclusion Services to relay the Audit Committee's feedback and a meeting had been scheduled between the Director of Education & Inclusion Services and Headteacher on 12<sup>th</sup> June 2019 with Internal Audit in attendance. It was confirmed that a six month follow up review had been included in the Quarter 3 Work Plan for 2019/20.

One Member took the opportunity to congratulate the Headteacher of Ysgol Gyfun Cwm Rhondda, who had recently taken home the award for 'Headteacher of the Year' at the Professional Teaching Awards Cymru.

## **7 Announcement of the Chair**

Before proceeding with the agenda, the Chair took the opportunity to welcome the new Members to their first meeting of the Audit Committee and introductions were made.

## **8 Overview of Accounting Policies**

With the aid of a PowerPoint presentation and in conjunction with Item 6 of the agenda, the Head of Finance Education & Financial Reporting provided the Audit Committee with an overview of the Accounting Policies and critical judgements applied in preparing the draft Statement of Accounts. The purpose of the presentation was to aid Members in effectively carrying out their role in the approval of the Council's Statement of Accounts.

The presentation covered information in respect of the range of accounting policies, the governance framework, timescales and assumptions about the future. The officer spoke of the amendments to the Accounts and Audit (Wales) Regulations 2014, one of which requires the Local Authority to produce a separate Statement of Accounts for the Rhondda Cynon Taf Pension Fund.

Referring to the recent amendments made to the 2014 Accounts and Audit (Wales) Regulations, which require Local Authorities to produce and publish Statements earlier, the Chair took the opportunity to thank the officers on behalf of the Audit Committee for their continued hard work.

## **9 Draft Statements of Accounts 2018/19 (including Wales Audit Office verbal update on the progress of the audit)**

In conjunction with the presentation, the Head of Finance Education and Financial Reporting provided the Audit Committee with the opportunity to consider the certified draft Statements of Account for the 2018/19 financial year in respect of the Council, Rhondda Cynon Taf Pension Fund, the Central South Consortium Joint Education Service Joint Committee and the Annual Return for Llwydcoed Crematorium Joint Committee.

A Member enquired around Pension Fund arrangements for investments and climate change. The Head of Finance Education and Financial Reporting fed back that the detail of investment policy is set out in the Investment Strategy Statement for the Pension Fund and is available of the Pension Fund website.

Another Member enquired around Investment Property on the Council's Balance Sheet. The Head of Finance explained that this relates to Ty Dysgu and has been reclassified as a result of a change of use of the property.

Another Member questioned whether the amounts set aside in Council Fund Balances as earmarked reserves were at an appropriate level. The Head of Finance confirmed that all reserves are reviewed regularly, for example, at budget setting stage and as part of the year end closure of accounts process. The Head of Finance went on to indicate that in-year, changes in risk and potential liabilities around earmarked reserves are continuously monitored as part of the Council's financial management arrangements and changes in reserve levels are actioned, following member approval, as appropriate.

Referring to the Statement of Accounts for the Central South Consortium Joint Education Service, one Member queried why expenditure was £674k higher than that budgeted for in 2018/19 and whether the Consortium represented value for money. The Service Director - Finance & Improvement Services fed back that the expenditure variance related to the repayment of termination costs incurred by the Consortium in previous years and had been funded by an in-year (and one-off) increase in Local Authority Contributions. The Service Director added that this position had been approved by the Central South Consortium Joint Committee and the overall financial position of the Consortium for 2018/19 was a £1k underspend. The Service Director then provided feedback around value for money and indicated that a Value for Money Report is presented each year to the Joint Committee on the work of the Consortium and a recent review of the arrangements for the Consortium was considered as a confidential report to the 21<sup>st</sup> May 2019 Joint Committee. The Service Director confirmed that an electronic copy of the most recent Value for Money Report would be circulated to Members.

Discussions ensued around the Council's Whistleblowing Policy, with one Member seeking assurance that the staff who speak out against colleagues/managers have long-term protection. The Service Director confirmed that concerns raised by individuals via the Council's whistleblowing arrangements will be considered in line with the Policy and records retained to evidence the work / enquiries made to substantiate or not the matter(s) raised.

Following questions, Mr Jones of the Wales Audit Office provided the Committee with a brief update in respect of the current progress of the audit. Members were advised that as of the 10<sup>th</sup> June 2019, no significant issues had been identified. Mr Jones stressed that the requirement for Council officers and the Wales Audit Office to produce and publish the Statements of Accounts earlier than previous years was challenging, but that positive progress was being made.

It was **RESOLVED:**

- a) To consider the Council's certified draft Statement of Accounts for the financial year 2018/19 (Appendix 1);
- b) To consider the Rhondda Cynon Taf Pension Fund certified draft Statement of Accounts for the financial year 2018/19 (Appendix 2);
- c) To consider the Central South Consortium Joint Education Service Joint Committee certified draft Statement of Accounts for the financial year 2018/19 (Appendix 3);
- d) To consider the Llwydcoed Crematorium Joint Committee certified Annual Return for the financial year 2018/19 (Appendix 4);
- e) That there were no issues brought before the Committee during the year, which would impact on the Accounts which need to be brought to the attention of Council in approving the Statement of Accounts and Annual Return; and
- f) To consider the progress of the proposed plans for earlier production and audit of the Statement of Accounts in accordance with the requirements of the Accounts and Audit (Wales) (Amendment) Regulations 2018.

## **10 Finalised Audit Assignments**

The Head of the Regional Internal Audit Service introduced the report of the Director of Finance and Digital Services, in respect of the audit assignments completed between 13<sup>th</sup> April 2019 and 24<sup>th</sup> May 2019:

- Finance & Digital Services – Taxation;
- Community & Children’s Services – Contact Service;
- Chief Executive – Case Management; and
- Chief Executive – Sickness Absence Compliance – Follow up Schools

In respect of the internal audit report for the Contact Service, one Member highlighted the importance of workers meeting the timescales when reporting on contacts. Assurance was given that the issue had been identified, with progress to be reported back in six months.

In relation to the internal audit report for Sickness Absence Compliance at schools the Head of the Regional Internal Audit Service stated that further discussions had been held with Officers in the relevant Departments over Governing Bodies receiving regular reports on Sickness from the Vision system and that indications were that this was both feasible and desirable. Further discussions ensued and one Member queried whether there were methods in place to understand the reasons for sickness. The Service Director informed the Member that this was not within the remit of the Audit Committee, but the Council’s HR department has interventions in place, including the use of the Occupational Health Unit.

Members agreed that in moving forward, it would be beneficial to look at Vision System compliance at each individual school as part of routine audit visits.

Following questions from Members, it was **RESOLVED**:

- a) To receive and acknowledge the information contained within the report.

## **11 Urgent Business**

The Service Director, Finance and Improvement Services took the opportunity to advise Members that the updated Audit Committee Terms of Reference was approved at the Council AGM on 15<sup>th</sup> May 2019. The Service Director advised that the Terms of Reference would form the basis of the Audit Committee Work Programme and as such, would be sent to Members electronically.

**This meeting closed at 6.00 pm**

**R Hull  
Chairman.**