



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 **Ystafell Bwyllgor 1, Y Pafiliynau, Parc Hen Lofa'r Cambrian, Cwm Clydach, Tonypany CF40 2XX** ar **Dydd LLUN, 15FED GORFFENNAF, 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, 11 Gorffennaf 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.

Noder:

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, mae rhaid iddyn nhw roi gwybod i'r Cadeirydd pan fyddan nhw'n gadael.

2. PENODI IS-GADEIRYDD

Penodi Is-gadeirydd y Pwyllgor Archwilio ar gyfer Blwyddyn 2019/20 y Cyngor.

3. COFNODION

Derbyn cofnodion o gyfarfod blaenorol y Pwyllgor Archwilio a gafodd ei gynnal ar 10 Mehefin 2019.

3 - 8

4. SWYDDOGAETH Y PWYLLGOR CRAFFU, GAN YMGORFFORI'R CYNLLUN GWAITH DRAFFT AR GYFER 2019/20

9 - 22

5. ASEINIADAU ARCHWILIO TERFYNOL

23 - 38

6. CYFLAWNIAD ARCHWILIO MEWNOL

39 - 56

7. DIWEDDARIAD AR LAFAR GAN SWYDDFA ARCHWILIO CYMRU AR GYNNYDD YR ARCHWILIAD O'R DATGANIADAU CYFRIFON DRAFFT AR GYFER 2018/19

8. MATERION BRYD

Trafod unrhyw faterion sydd, yn ôl doethineb y Cadeirydd, yn faterion bryd yng ngoleuni amgylchiadau arbennig.

Cyfarwyddwr Gwasanaeth y Gwasanaethau Democraidd a Chyfathrebu Cylchreliad:-

Y Cynghorwyr Bwrdeistref Sirol:

Y Cynghorydd G Caple, Y Cynghorydd A Cox, Y Cynghorydd J Cullwick, Y Cynghorydd M Fidler-Jones, Y Cynghorydd M Adams, Y Cynghorydd M Powell, Y Cynghorydd G Davies, Y Cynghorydd M Norris, Y Cynghorydd Owen-Jones, Y Cynghorydd S Rees, Y Cynghorydd G Hughes, Y Cynghorydd S Powell, Y Cynghorydd R Yeo and Councillor K Jones

Aelod Lleyg – Mr R. Hull



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 29th 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 31st 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 12th 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 21st 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 10th 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 13th April 2019 and 24th 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 15th 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.**

Tudalen wag

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2019/20

AUDIT COMMITTEE 15th July 2019	AGENDA ITEM NO. 4
REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES	THE ROLE OF AUDIT COMMITTEE, INCORPORATING THE DRAFT WORKPLAN FOR 2019/20

Author: Mark Thomas (Head of Regional Internal Audit Service)

1. PURPOSE OF THE REPORT

1.1 The purpose of this report is to:

- Provide Members with an overview of the role of the Audit Committee.
- Set out a draft Workplan for the 2019/20 municipal year to help enable the Committee to effectively fulfil its Terms of Reference and meet the requirements in the CIPFA Practical Guidance Note 2018.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Consider the report and determine whether there are other areas / themes where further information is required to aid the effective discharge of Audit Committee's responsibilities.
- 2.2 Review and approve the draft workplan, subject to any amendments, for delivery during the 2019/20 municipal year.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To ensure Audit Committee has a balanced work plan alongside appropriate information and support to help enable the effective discharge of its responsibilities.

4. BACKGROUND INFORMATION

- 4.1 To support the prominent role Audit Committee plays in reviewing and recommending improvements to the Council's governance, internal control and risk management arrangements, a formal approach is in place to report regular up dates to Committee and ensure its Members are provided with necessary information and support.
- 4.2 In line with the above, Audit Committee delivered its agreed workplan during 2018/19 that helped form an opinion on the standard of internal control within the Council during this period. In parallel, the 17th September 2018 Committee meeting received an overview of the roles of Audit Committee, Internal Audit and External Audit.
- 4.3 The need for Audit Committee Members to be kept fully up to date with new documentation and be provided with opportunities to refresh their knowledge and understanding of existing responsibilities are important and on-going requirements.

5. GOOD GOVERNANCE AND THE ROLES OF AUDIT COMMITTEE, INTERNAL AUDIT AND EXTERNAL AUDIT

Good Governance

- 5.1 The overall aim of good governance is to ensure that:
- resources are directed in accordance with agreed policy and according to priorities;
 - there is sound and inclusive decision making; and
 - there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.
- 5.2 Governance is defined in Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016) as follows:
- *Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.*
 - *To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times.*
- 5.3 Good governance within Rhondda Cynon Taf is ultimately the responsibility of Full Council. Full Council is supported in this role by those with leadership roles and statutory responsibilities along with the accountability arrangements in place in the form of its structure of Committees.

Audit Committee

- 5.4 CIPFA's 'Audit Committees – Practical Guidance Note for Local Authorities & Police, 2018 Edition' states that:
- *The Audit Committee should play a key role in supporting the discharge of those responsibilities by providing a high-level focus on audit, assurance and reporting.*
 - *Audit Committees are a key component of an authority's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management.*
 - *The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing both internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.*
- 5.5 The Terms of Reference for the Council's Audit Committee is set out in Part 3 (section 4.) of the Council's Constitution. Its overall statement of purpose is to:

"...provide independent assurance to the Members of Rhondda Cynon Taf County Borough Council of the adequacy of the risk management framework and the internal control environment. It provides independent review of Rhondda Cynon Taf County Borough Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place".

Internal and External Audit

- 5.6 When discharging its role, the Audit Committee is supported by the work delivered by Internal Audit and, the appointed External Auditor, the Wales Audit Office. A more detailed overview of the roles of Internal Audit and External Audit will be provided at a future Audit Committee meeting.

6. DRAFT WORKPLAN 2019/20

6.1 In line with the information included in Section 5, attached at **Appendix 1** is a copy of the draft workplan 2019/20. For Members information, the draft workplan sets out the Audit Committee's Terms of Reference together with a timetable for bringing key reports and information up dates before Committee for review and challenge. Where further proposed workplan areas are identified, these will be reported to Audit Committee for consideration and, if deemed appropriate, incorporated into the plan of work for 2019/20.

6.2 The draft workplan 2019/20 aims to help Audit Committee to effectively discharge its role. Further discussions will take place with relevant parties to identify any further items that could added to the work programme. The timing of when some reports are presented could be subject to change.

7. EQUALITY AND DIVERSITY IMPLICATIONS

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

8. CONSULTATION

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

9. FINANCIAL IMPLICATION(S)

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

10. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

10.1 The Local Government (Wales) Measure 2011, Chapter 2 section 81 states:

'Local authorities to appoint audit committees

1. *A local authority must appoint a committee (an "audit committee") to:*
 - a. *review and scrutinise the authority's financial affairs,*
 - b. *make reports and recommendations in relation to the authority's financial affairs,*
 - c. *review and assess the risk management, internal control and corporate governance arrangements of the authority,*
 - d. *make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements,*

- e. *oversee the authority's internal and external audit arrangements, and*
 - f. *review the financial statements prepared by the authority.*
2. *A local authority may confer on its audit committee such other functions as the authority considers suitable to be exercised by such a committee.*
3. *It is for an audit committee to determine how to exercise its functions.*

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

THE COUNCIL'S CORPORATE PLAN PRIORITIES

- 11.1 The work of the Council's Audit Committee 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 governance arrangements are in place to effectively manage resources.

WELL-BEING OF FUTURE GENERATIONS ACT

- 11.2 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.

12. CONCLUSION

- 12.1 The draft workplan set out at **Appendix 1** of this report provides a plan for the 2019/20 municipal year to allow the Committee to manage and discharge its role in accordance with its Terms of Reference.

Other Information:-

Relevant Scrutiny Committee
Not applicable.

Contact Officer – Mark Thomas

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

AUDIT COMMITTEE

15th July 2019

**THE ROLE OF AUDIT COMMITTEE, INCORPORATING THE DRAFT
WORKPLAN FOR 2019/20**

REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES

Author: Mark Thomas (Head of Regional Internal Audit Service)

Item: 4

Background Papers

None.

Officer to contact: Mark Thomas

Appendix 1 – Audit Committee’s workplan linked to its Terms of Reference.

Statement of Purpose

The Audit Committee is a key component of Rhondda Cynon Taf County Borough Council’s corporate governance. It provides independent and high level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of the Audit Committee is to provide independent assurance to the Members of Rhondda Cynon Taf County Borough Council of the adequacy of the risk management framework and the internal control environment. It provides independent review of Rhondda Cynon Taf County Borough Council’s governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Terms of Reference

As a key element of new arrangements for corporate governance, designed to ensure openness, integrity and accountability, the Committee will assist the Authority in discharging its responsibility for ensuring financial probity, without taking any action which might prejudice it. The Committee will:-

		10/6/2019	15/07/2019	16/09/2019	05/11/2019	17/12/2019	04/02/2020	23/03/2020	27/04/2020
A	At the first meeting of the Audit Committee following the Council’s Annual General Meeting the Audit Committee shall appoint the Chair of the Audit Committee (who cannot be a member who belongs to a group with Members in the Executive but can be a lay member) and appoint the Vice-Chair of the Audit Committee.	X	X						

		10/6/2019	15/07/2019	16/09/2019	05/11/2019	17/12/2019	04/02/2020	23/03/2020	27/04/2020
B	To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account Internal Audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.					X Receive an update in respect of progress made to implement the proposals for improvement contained within the 2018/19 Annual Governance Statement (AGS)			X Draft AGS 2019/20
C	Review, scrutinise and issue reports and recommendations on the appropriateness of the Authority's risk management, internal control and corporate governance arrangements, and providing the opportunity for direct discussion with the auditor(s) on these.				X Arrangements in place for managing Corporate Risks				
D	To review the assessment of fraud risks and potential harm to the Council from fraud and corruption and to monitor the counter-fraud strategy, actions and resources.				X Receive an overview of the National Fraud Initiative, along with an update on the work delivered by the Corporate Fraud Team.			X Anti-Fraud, Bribery & Corruption - Annual Report 2019/20 X Whistleblowing - Annual Report 2019/20	

		10/6/2019	15/07/2019	16/09/2019	05/11/2019	17/12/2019	04/02/2020	23/03/2020	27/04/2020
E	To review the governance and assurance arrangements for significant partnerships or collaborations.								
F	To receive reports in relation to proposed changes to the Authority's Contract Procedure Rules and Financial Procedure Rules and where deemed appropriate, recommend their approval to Council							X Updated Financial Procedure Rules	
G	To approve the Internal Audit Charter.								X Updated Audit Charter 2020/21
H	Review, approve and ensure the co-ordination of the Annual Internal Audit Plan for the coming financial year								X Draft Internal Audit Plan 2020/21
I	To make appropriate enquiries of both management and the Head of Internal Audit to determine if there are any inappropriate scope or resource limitations and to consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of								X Internal Audit End of Year Performance Report (incorporated into HIA Annual Report)

		10/6/2019	15/07/2019	16/09/2019	05/11/2019	17/12/2019	04/02/2020	23/03/2020	27/04/2020
	internal auditing of the Head of Internal Audit. To approve and periodically review safeguards to limit such impairments.								
J	To receive reports on the performance of the Internal Audit Service throughout the year particularly in relation to matters of financial probity and corporate governance	X Finalised Assignments	X Standard Performance Report & Finalised Assignments	X Finalised Assignments	X Standard Performance Report & Finalised Assignments	X Finalised Assignments	X Standard Performance Report & Finalised Assignments	X Finalised Assignments	X Internal Audit End of Year Performance Report
K	To contribute to the Quality Assurance Improvement Programme and in particular, to the external quality assessment of Internal Audit that takes place at least once every five years.	As and when required							
L	To provide free and unfettered access to the Audit Committee Chair for the Head of Internal Audit, including the opportunity for a private meeting with the Committee.	As and when required							
M	To receive and consider the Head of Internal Audit's Annual Report and opinion on the level of assurance it can give over the Authority's governance								X Internal Audit End of Year Performance Report (incorporated into HIA)

		10/6/2019	15/07/2019	16/09/2019	05/11/2019	17/12/2019	04/02/2020	23/03/2020	27/04/2020
	arrangements and associated internal control environment								Annual Report)
N	Act as a point of arbitration, where senior officers of the Authority are unable to agree significant audit report recommendations	As and when required.							
O	To receive and consider reports of the External Auditor in relation to matters of financial probity and corporate governance and providing the opportunity for direct discussion with the auditor(s) on these	As and when relevant final reports are provided to the Council by its External Regulators these will be reported to Audit Committee. These reports will be provided to ensure that they can be used when forming an opinion at the end of the financial year in respect of the Council's overall governance arrangements. * The timing of these reports may be subject to change.							
				X *WAO detailed report on the Financial Statements Audit 2018/19			X *WAO Audit Plan for 2019/20		
P	Consider national reports, for example, from the Wales Audit Office, of relevance to the work of the Authority	As and when relevant final reports are provided to the Council by its External Regulators these will be reported to Audit Committee. These reports will be provided to ensure that they can be used when forming an opinion at the end of the financial year in respect of the Council's overall governance arrangements.							
Q	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				X Receive an overview of the governance arrangements in place in respect of a core financial system				

		10/6/2019	15/07/2019	16/09/2019	05/11/2019	17/12/2019	04/02/2020	23/03/2020	27/04/2020
R	Review and comment on the Authority's certified draft financial statements before their approval by Council	X DRAFT Statement of Accounts							X Provide an overview of the accounting policies that must be complied with when compiling the Council's Draft Statement of Accounts
S	Oversee the Authority's audit arrangements (both internal and external)		X Role of Audit Committee, Incorporating the DRAFT Workplan for 2019/20	X Role of Internal & External Audit	X Receive an update in respect of the work of Regional Internal Audit Service			X Audit Committee Annual Report, incorporating a self assessment against the CIPFA 2018 Practical Guidance Note.	
T	Promote and review any measures designed to raise the profile of probity within the Authority						X Receive a progress update on the outcomes of the 2018/19 staff survey, in relation to awareness of the Council's Whistleblowin g & Anti-Fraud Arrangements		

		10/6/2019	15/07/2019	16/09/2019	05/11/2019	17/12/2019	04/02/2020	23/03/2020	27/04/2020
U	Agree, where Committee Members deem it appropriate, that a matter arising from a written report to a Committee which requires further clarification may be either dealt with by a request for a written commentary from the appropriate Group Director, or by that Group Director or their senior representative, attending to answer questions in person on that specific matter. Alternatively, the Audit Committee can refer the matter to the relevant Scrutiny Committee.	As and when required							
V	The committee may require members and officers of the Authority to attend before it to answer questions. Such members and officers have a duty to comply but are not obliged to answer any questions that may be refused in court proceedings in England and Wales. The Committee may invite other persons to attend the meeting.	As and when required							

Tudalen way

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2019/20

<p>AUDIT COMMITTEE</p> <p>15th July 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) /
Mark Thomas (Head of Regional Internal Audit Service)

1. PURPOSE OF THE REPORT

1.1 This report provides Members with a summary of audit assignments completed between 25th May 2019 and 1st July 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 C) requires it to 'Review, scrutinise and issue reports and recommendations on the appropriateness of the Authority's risk management, internal control and corporate governance arrangements, 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 25th May 2019 and 1st July 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 3 audit assignments have been finalised in the period and are set out in Table 1 below.

Table 1 – finalised audit assignments

<p>CORPORATE & FRONTLINE SERVICES</p> <ul style="list-style-type: none"> • PENSIONS 2018/19 <p>EDUCATION & INCLUSION SERVICES</p> <ul style="list-style-type: none"> • THEMATIC REVIEWS IN COMPREHENSIVE SCHOOLS 2018/19 <p>PROSPERITY, DEVELOPMENT & FRONTLINE SERVICES</p> <ul style="list-style-type: none"> • MANAGEMENT OF FUEL – PARKS 2019/20
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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 informs Members knowledge of the overall control environment of the Council.

Other Information:-

Relevant Scrutiny Committee

Not applicable.

Contact Officers – Paul Griffiths / Mark Thomas



LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

AUDIT COMMITTEE

15th July 2019

FINALISED AUDIT ASSIGNMENTS

REPORT OF THE DIRECTOR OF FINANCE & DIGITAL SERVICES

Author: Paul Griffiths (Service Director – Finance and Improvement Services)
Mark Thomas (Head of Regional Internal Audit Service)

Item: 5

Background Papers

None.

Officer to contact: Paul Griffiths / Mark Thomas

Appendix 1 - Summary of audit assignments completed between 25th May 2019 and 1st July 2019

CORPORATE & FRONTLINE SERVICES

AUDIT NAME: PENSIONS 2018/19

DATE FINAL REPORT WAS ISSUED: 07/06/2019

INTRODUCTION

Rhondda Cynon Taf County Borough Council is the administering authority for the RCT Pension Fund. The Fund consists of over 40 employers ranging from the 3 unitary authorities Rhondda Cynon Taf, Merthyr Tydfil and Bridgend as well as other bodies including colleges and other employers who work closely with local government. There are approximately 69,320 members in the Fund.

The Service is also responsible for the interpretation of all pension legislation, the creation and maintenance of records, calculation and payment of benefits and the provision of information to employers, employees and other relevant bodies. Under Member Self-Serve Access, members can now log on to the Altair portal and view data and make limited amendments to the information contained. This was initially limited to pensioners and deferred members but is being expanded to also include active members.

The Guaranteed Minimum Pension (GMP) is the minimum pension which a United Kingdom occupational pension scheme has to provide for those employees who were contracted out of the State Earnings-Related Pension Scheme (SERPS) between 6 April 1978 and 5 April 1997. GMP reconciliation is the process used to ensure the scheme records agree with those of the National Insurance Contribution Office (NICO, part of HMRC). This enables a scheme to consider its data as clean and accurate.

For members of the pension scheme who have to leave work due to illness, ill-health benefits may be made if the employee has met the 2 years 'vesting period' on the scheme and following a medical evaluation by an independent Occupational Health Doctor, deemed permanently unable to carry out their job. There are 3 tiers of benefit that can be awarded, based on the outcome of the medical assessment and the calculation and enhancements are based on the time of service and the tier awarded.

SCOPE & OBJECTIVES

In accordance with the Internal Audit Plan for the financial year 2018/2019 as agreed by Audit Committee, a review of the key controls within the system 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 system. The objectives of the review were to ensure that:

- The process for calculating ill-health calculations is appropriate, effective and accurate;
- The process for undertaking the GMP reconciliation to HMRC records is appropriate and effective; and
- The Member Self-Serve process is appropriate and secure.

AUDIT OPINION

The overall control environment in relation to the areas reviewed within Pensions is considered to be effective with opportunity for improvement.

ILL HEALTH RETIREMENTS

During 2017/18 the total number of ill-health retirements was 42. The process for calculating ill-health retirements was reviewed and a sample of 8 ill-health calculations from the financial year 2017/2018 selected, covering 4 retirements under Tier 1 and 2 retirements under Tiers 2 and 3 respectively, to ensure that the process is operating appropriately and effectively.

The review identified that 2 of the calculations were inaccurate and although the discrepancies were not significant, both calculations would need to be redone.

One of the errors was as a result of 60 pence being input as 12 pence (resulting in a £1.28 lump sum error and 4p monthly pension)

For the other calculation, the software had not calculated the correct outcome. This was due to the complexity of that particular case (overall effect: £4.42 per monthly pension / arrears totalling £12.44 at the time of audit).

GUARANTEED MINIMUM PENSION PROCESS

The GMP reconciliation process was reviewed and following the work undertaken for this review, it is concluded that the process was well managed with the deadline of December 2018 being achieved.

MEMBER SELF-SERVE PROCESS

The Member Self-Serve process was reviewed and no associated recommendations were made. The verification process was assessed and found to be appropriate:

- Members are required to sign-up to activate log-on;
- Users are sent a unique activation key in the mail to their registered address;
- The activation key is only available for 60 days and once received the user logs on by inputting their National Insurance Number, Date of Birth and Activation key; and
- Changes are made in real time, with the exception of changes to bank details, which are sent to the Pensions inbox to be actioned. Members are informed that it can take up to 5 working days for these to be processed.

By implementing the associated recommendations contained within this report, Management will enhance further the standard of control.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1 Medium	The Pensions Software is developed to apply a number of complex legislative requirements and protection retrospectively within its pension calculations. It is understood that the software is subject to various scenario testing prior to the release or upgrade of any new legislative change that could impact on the pension benefit calculations.	Management should ensure that the member's benefit is recalculated using the correct enhancement and pay figures. Management should ensure that the system	Implemented

	<p>During the audit, one case in the sample had already been referred to the software supplier by the Pension Service as the relevant protection appeared not to be calculating correctly by the system formula (resulting in an error of £4.42 to the monthly pension calculation).</p> <p>At the time of the audit the Pensions Team Leader recalculated the scenario manually applying the relevant protection, and concurred that the system was indeed not calculating this type of protection correctly, which had resulted in the pensionable service for this scheme member to be understated by 24 days. The evidence was supplied to the software supplier who subsequently agreed and undertook to rectify the necessary adjustments within the pension software.</p> <p>It was also noted that not all the source 'salary' documentation was retained on file in this instance, which made it difficult to recreate and support the initial calculations.</p> <p>A transposition error on another ill-health calculation was also identified (60p being input as 12p) resulting in the monthly pension amount being understated by 4p per month and the lump sum £1.28.</p>	<p>error has not affected other ill-health calculations erroneously.</p>	
<p>5.1.2 Low</p>	<p>Testing established that all appropriate documents had been scanned onto Altair and named.</p> <p>A small number of instances were noted within the sample whereby the forms were incorrectly referenced. Whilst there is no impact in terms of the availability of the documents as they are stored on the system, the ability for staff to easily retrieve them based upon the naming convention in place is made more time consuming.</p>	<p>Staff should be reminded of the correct naming conventions.</p>	<p>Implemented</p>

EDUCATION & INCLUSION SERVICES**AUDIT NAME: THEMATIC REVIEWS IN COMPREHENSIVE SCHOOLS 2018/19****DATE FINAL REPORT WAS ISSUED: 18/06/2019****INTRODUCTION & CONTEXT**

Audit reviews of the Council's schools are included within the audit plan on a cyclical basis. Comprehensive schools are visited once every three years and all other educational establishments are visited once every four years. The only exception to this cycle is when follow-up audits are required.

During 2017/18 in particular, a number of audit reports were presented to Audit Committee that resulted in Members raising strong concerns in respect of the outcomes of the work reported. In particular, concerns were prevalent under the following four areas:

- Safeguarding;
- Governance;
- Schools Private Funds; and
- Purchase Cards.

Whilst these mainly related to comprehensive schools, there were a small number of findings that related to primary and special schools. The outcomes of the work presented to Audit Committee resulted in two (summarised) recommendations from Audit Committee:

- A series of follow-up audits were requested in order for improvements to be measured; and
- Thematic reviews of the four areas of particular concern across comprehensive schools were requested to be included within the audit plan for the financial year 2018/19.

This audit report provides the outcomes of the work undertaken under the four thematic audit reviews across comprehensive schools within the audit plan for 2018/19.

SUMMARY & CONCLUSION

The work undertaken by Internal Audit during 2018/19 in respect of the four thematic areas which have caused concern has been summarised as follows:

	Effective	Effective with Opportunity for Improvement	Insufficient and requires improvement	Not Adequate
Governance	2	16		
Purchase Card	7	10	1	
Safeguarding	1	17		
School Private Fund	9	9		
Total	19	52	1	0

Given the significant concerns previously raised by Audit Committee, particularly during the 2017/18 financial year, it is concluded that improvements have been demonstrated as detailed in the above control evaluations. This is also evident as fewer requests to carry out follow up visits at schools have been made by Audit Committee compared to previous years.

Notwithstanding this positive shift, this review has identified areas for improvement and these have been summarised below. For each theme, the relevant Service Area of the Council has considered the outcomes and have committed to working with Internal Audit in order to put appropriate support arrangements in place.

SAFEGUARDING

Based upon the work undertaken, it is concluded that the overall control environment in respect of safeguarding within schools is considered to be effective with opportunity for improvement.

A summary of the positive outcomes, along with areas for improvement are as follows:

- All schools had Child Protection Policies in place although these policies were not always reviewed and ratified by respective Governing Bodies as required.
- Not all staff had signed to demonstrate that they had received, read and understood the Child Safeguarding Policy.
- All staff working in schools received the required pre-employment checks prior to commencing in post; however the lists of staff held at some schools was not always up to date.
- Schools did not always ensure supply or student teachers had been DBS checked.
- Safeguarding training was not always renewed when due nor was appropriate evidence retained on some occasions.

- Payments had been made to a small number of individuals with no prior HMRC IR35 questionnaire completed; however the number of instances has reduced compared to previous years.
- Whilst schools use the EVOLVE system to record details of off-site visits, trips / activities (including routine visits) were not always entered within the correct timescales.

GOVERNANCE

Based upon the work undertaken, it is concluded that the overall control environment in respect of governance arrangements within schools is considered to be effective with opportunity for improvement.

A summary of the positive outcomes, along with areas for improvement are as follows:

- Whilst most schools had the required Policies and Procedures in place, not all were able to demonstrate that they have been reviewed regularly, updated and ratified by their Governing Body.
- Financial Procedure documents were in place at schools, but on occasions they were not always fully up-to-date.
- Register of business interests were in place, but a small number of occasions were noted whereby they had not been reviewed or updated with new members of the governing body in a timely manner.
- Clerks to Governing Bodies did not always ensure Statutory Regulations were being adhered to in relation to meetings and the subsequent minutes for the meetings. For example: -
 - Attendance Registers for all Governing Body and Sub Committee meetings were not always completed.
 - Minutes for meetings not always signed.
 - Signed minutes not always retained at the School.
 - Inconsistent format of minutes within the same Schools.
 - Governor vacancies continue to arise.

SCHOOL PRIVATE FUNDS

The administration of School Private Funds has improved significantly compared to the outcomes of audits completed during 2017/18. Based upon the work undertaken, it is concluded that the overall control environment in respect of the administration of school private funds is considered to be effective with opportunity for improvement.

A summary of the positive outcomes, along with areas for improvement are as follows:

- One particular area that caused significant concern previously related to the lack of documentation to support expenditure. Overall, this review concludes that detailed records that provide an adequate audit trail for all income and expenditure transactions with running account balances maintained were now in place.
- There were a small number instances whereby expenditure in relation to the School Private Fund account should have been spent from the school budget account, but this was not on the same scale of previous audits. Additionally, no instances of potential irregular expenditure were noted.
- There was some inconsistency between the teaching staff in respect of the administration of school trips and staff should be reminded of the procedures to be followed for consistency.
- It was also identified that Statement of Accounts were not routinely completed at the conclusion of all trips.

PURCHASE CARDS

Based upon the work undertaken, it is concluded that the overall control environment in respect of the administration of purchase cards in schools is considered to be effective with opportunity for improvement.

A summary of the positive outcomes, along with areas for improvement are as follows:

- Schools maintain a Transaction Log detailing the expenditure incurred using the purchase card. However not all transaction logs were being updated in a timely manner following each transaction. Instances were also noted where expenditure relating to more than one card was recorded on the same transaction log or the log was updated by someone other than the card holder.
- Purchase cards were often used by members of staff other than the card holder, with a card sharing log in place to record these details. While this is acceptable, on a small number of occasions card details had been stored to personal accounts by staff members, allowing further orders to be placed without the need to access the purchase card.
- Bank statements were received regularly at all schools and in most instances were reconciled upon receipt. Evidence of this reconciliation however was not always evidenced by a signature and date, or to demonstrate that this had been done independently.
- Cash book journals were updated to SIMS by all schools showing details of all purchase card expenditure. Some instances were noted whereby there was a delay in the update of this information to SIMS.
- Whilst most schools ensured that all purchase card expenditure is appropriately receipted and incurred, there were occasions where schools had failed to obtain valid VAT receipts.

PROSPERITY, DEVELOPMENT & FRONTLINE SERVICES

AUDIT NAME: MANAGEMENT OF FUEL – PARKS 2019/20

DATE FINAL REPORT WAS ISSUED: 24/05/2019

INTRODUCTION

The Fleet Manager purchases fuel in bulk from the Council's approved contractors and issues it through pumps based at Council depots / sites. The Fleet Manager re-charges Service Areas (including Parks) for fuel drawn, with the operational control / monitoring being exercised under the governance of the relevant Service Manager.

Fuel issued via Council pumps is controlled by a 'Dual Key' system which identifies both the vehicle used and the Officer drawing the fuel. Parks staff also purchase fuel from commercial garages in circumstances where it may be impractical to access a Council pump. A Council purchase card is typically used in these circumstances.

Fuel is regularly drawn from both Council pumps and commercial garages for use in plant / machinery, in which case additional stock records should be maintained.

In 2018/19 the total spent on fuel by the Parks Department amounted to approximately £100k.

SCOPE & OBJECTIVES

In accordance with the agreed Internal Audit Plan for the financial year 2019/20 a review of the Management of Fuel - Parks was undertaken. The primary purpose of the review was to ensure that fuel is appropriately managed and monitored, with the specific objectives being:-

- Fuel issued via Council pumps is appropriately managed.
- Fuel obtained from commercial garages is appropriately managed.
- Appropriate controls operate in respect of fuel issued 'off site' for plant / machinery usage.

AUDIT OPINION

Overall, the control environment in relation to the Management of Fuel in Parks is considered to be effective with opportunity for improvement.

FUEL ISSUED VIA COUNCIL PUMPS IS APPROPRIATELY MANAGED.

Each of the 3 Parks areas has designated managers responsible for managing all the fuel drawn / used.

Fuel is obtained using two keys, a vehicle key and a personal key (which identifies the officer drawing the fuel) from pumps located at various Council sites. Each month the Fleet Manager internally charges each Parks area for the fuel with a full breakdown which includes the date / vehicle key / driver key / fuel type / quantity.

Unleaded or gas oil is typically being drawn directly into machinery or cans which are then returned to each area and placed into 'stock'.

This review has identified 3 occasions, from a sample of 8, where the stock record form had not been completed where fuel was drawn internally in the Taf area.

FUEL OBTAINED FROM COMMERCIAL GARAGES IS APPROPRIATELY MANAGED.

The Taf and Rhondda areas obtain unleaded fuel from commercial garages as there are no Council fuel sites in the vicinity.

Prior to the 1st April 2019 invoices were routinely received and processed for payment by an administration officer without being checked for accuracy (audit testing for a sample period of 3 months identified no discrepancies). Since this date there has been an internal restructure and an administrator based in Aberdare Park is now responsible for checking the accuracy of the invoices.

APPROPRIATE CONTROLS OPERATE IN RESPECT OF FUEL ISSUED 'OFF SITE' FOR PLANT/MACHINERY USAGE.

Stock records for unleaded and gas oil are used in each of the 3 Parks areas. Examination of the stock record forms identified issues in the Taf and Rhondda areas, examples include:-

- Fuel taken from stock is not always being recorded.
- The officer's name / signature was not always recorded.
- The reducing balance was not always correctly calculated.
- Fuel obtained from commercial garages not always recorded.

From the 1st April 2019, fuel obtained from either Council pumps or Commercial garages is invoiced monthly and the 3 designated Parks Area Managers are responsible for checking the invoices for accuracy.

The implementation of the recommendations made within this report will enable the Parks Operation Manager to enhance the controls surrounding the management of fuel within the Parks service.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1 Medium	Cans are used to obtain unleaded petrol and gas oil from the pumps in Council depots and these cans are then physically placed into 'stock' in each area.	All fuel drawn into cans and placed into 'stock' should be recorded on the stock record forms. On a periodic basis, for example monthly,	Implemented

	<p>Examination of the fuel reports from Fleet Management were compared to the stock records in each area for the period 28/1/19 to 31/3/19 - the following was noted in the Taf area:-</p> <ul style="list-style-type: none"> • 5/2/19 - 168 litres of gas oil drawn from a depot, not updated onto stock record form. • 25/2/19 - 89.50 litres of gas oil drawn from a depot, not updated onto stock record form. • 25/2/19 - 60.7 litres of unleaded drawn from a depot, not updated onto stock record form. 	<p>Management should ensure that the stock record forms have been completed correctly and that the physical stock of fuel held corresponds to the fuel balance recorded.</p>	
<p>5.2.1 Medium</p>	<p>Each Parks area requires petrol and gas oil to operate certain types of machinery.</p> <p>In the Rhondda and Taf areas petrol cannot easily be obtained from a local Council depot, hence it is obtained from a commercial garage (Shell or Texaco) in the vicinity. When fuel is obtained from these garages the receipts are returned to and retained in each of the areas.</p> <p>It was established that up until the 1st April 2019 the corresponding invoices from the garages were being received and passed for payment by an administrator without checking their accuracy.</p> <p>Following an internal restructure from 1st April 2019, the fuel invoices from Shell / Texaco are now received, checked and passed for payment by an administrative officer.</p>	<p>Management should ensure that all invoices received for fuel provided by commercial garages are checked for accuracy before being passed for payment.</p>	<p>1 July 2019</p>
<p>5.3.1 Medium</p>	<p>Each area is maintaining fuel stock record forms when gas oil and unleaded petrol is both received into stock and then taken for use in plant / machinery.</p> <p>Examination of these stock records for the period January to March 2019 (and to 2nd April 2019 for the Taf area) identified the following issues:-</p>	<p>Management should ensure that all fuel stock record forms held in each of the parks areas are fully completed, in particular:-</p>	<p>Implemented</p>

	<p><u>Taf area</u> Fuel taken from stock, no 'amounts out' recorded on the stock records, as follows:-</p> <ul style="list-style-type: none"> • 5/1/19 can 19 - balance reduced by 20 litres (gas oil). • 1/4/19 can 1 and 40 - balance reduced by 20 litres (unleaded). • 1/4/19 cans 17 and 41- balance reduced by 20 litres (unleaded). • 2/4/19 can 24 - balance reduced by 10 litres (unleaded). <p>Fuel taken from stock, no 'name / signature of' on the stock records as follows:-</p> <ul style="list-style-type: none"> • 10 litres 26/2/19 (unleaded). • 20 litres 27/2/19 (gas oil). <p>The reducing balance had been incorrectly calculated by 20 litres 29/1/19 (gas oil).</p> <p>Unleaded cans numbered 57 and 18 were issued 18/2/19 and can 49 issued 26/2/19 - stock record does not indicate when returned.</p> <p><u>Rhondda area</u> Reducing balance incorrectly calculated 18/3/19, 40 litres taken, previous days balance 25 litres (gas oil)</p> <p>No officer 'name / signature' for the 20 litres 27/2/19 (gas oil).</p> <p>Fuel taken from stock, no 'amounts out' recorded on the stock records, as follows:-</p> <ul style="list-style-type: none"> • 3/1/19 balance reduced by 10 litres (unleaded) • 5/3/19 balance reduced by 10 litres (unleaded) • 13/2/19 balance reduced by 20 litres (gas oil) • 28/2/19 balance reduced by 20 litres (gas oil) <p>Petrol obtained from Shell garage 22/3/19, 60.71 litres - not recorded on stock records.</p> <p><u>Cynon area</u> No issues noted.</p>	<ul style="list-style-type: none"> • The name / signature of the officer taking fuel is recorded. • The amount of fuel taken is recorded. • The reducing stock levels are accurately calculated. • Cans returning to stock are accurately recorded. • Fuel placed into stock is accurately recorded. 	
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Tudalen way

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2019/20

<p>AUDIT COMMITTEE</p> <p>15th July 2019</p>	<p>AGENDA ITEM NO. 6</p>
<p>REPORT OF THE DIRECTOR OF FINANCE & DIGITAL SERVICES</p>	<p>INTERNAL AUDIT PERFORMANCE 2019/20</p>

Author: Paul Griffiths (Service Director – Finance and Improvement Services)
 Mark Thomas (Head of Regional Internal Audit Service)

1. PURPOSE OF THE REPORT

1.1 This report provides the performance information in respect of the Internal Audit Service between 1st April 2019 and 1st July 2019.

2. RECOMMENDATIONS

It is recommended that Members:

2.1 Review the information contained within the report and identify whether there are any areas where specific issues are of concern.

2.2 Consider what comments and recommendations, if any, they wish to make.

3. REASONS FOR RECOMMENDATIONS

3.1 To help ensure that Audit Committee monitors the performance of the Council's Internal Audit Service, in accordance with its Terms of Reference.

4. BACKGROUND

4.1 The Audit Committee Terms of Reference (Point J) requires it *'To receive reports on the performance of the Internal Audit Service throughout the year particularly in relation to matters of financial probity and corporate governance'*.

- 4.2 In line with this requirement Appendix 1 sets out the Internal Audit Plan for 2019/20 and includes the status of each audit, the quarter in which the audit is/was planned to commence and incorporates the detailed performance information for each audit.
- 4.3 The Internal Audit Plan currently includes 69 individual audit assignments and, as at 1st July 2019, 6% of the Plan had been completed to report stage. The detailed breakdown of the status of each review is provided in **Appendix 1** and is summarised as follows:

Status	No. Of Audits
Final Reports Issued	1
Draft Reports Issued	3
Fieldwork Complete	8
Audits In Progress	4
Audits Not Yet Started ('Planned')	53
Total:	69

- 4.4 **Appendix 2** provides a summary of the status of all recommendations made by the Internal Audit Service, grouped under the relevant service of the Council. A verbal update in respect of the status of the outstanding recommendations shown in Appendix 2 will be provided at the meeting if required.

5. EQUALITY AND DIVERSITY IMPLICATIONS

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

6. CONSULTATION

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

7. FINANCIAL IMPLICATION(S)

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 Monitoring the performance of Internal Audit is a key responsibility for Audit Committee. This report provides Audit Committee with detailed information with which the performance of the Service can be reviewed and scrutinised.

Other Information:-

Relevant Scrutiny Committee
Not applicable.

Contact Officers – Paul Griffiths / Mark Thomas

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

AUDIT COMMITTEE

15th July 2019

INTERNAL AUDIT PERFORMANCE 2019/20

REPORT OF THE DIRECTOR OF FINANCE & DIGITAL SERVICES

Author: Paul Griffiths (Service Director – Finance and Improvement Services)
Mark Thomas (Head of Regional Internal Audit Service)

Item: 6

Background Papers

None.

Officer to contact: Paul Griffiths / Mark Thomas

Appendix 1 - Monitoring the Internal Audit Plan 2019/20

	Priority	Planned Qtr	Status	Start Fieldwork	Finish Fieldwork	Draft Report Issued	Days between ending fieldwork & issuing draft report	Management Responses	Timeliness of Management Response	Final Report	Management response to issuing final report
CHIEF EXECUTIVE											
HUMAN RESOURCES											
SICKNESS ABSENCE - SCHOOLS	High	QTR 3	Planned				0		0		0
PURCHASE CARDS – NON SCHOOLS SPEND	Medium	QTR 2	Planned				0		0		0
FINANCE & DIGITAL SERVICES											
ADMINISTRATION OF TRUST FUNDS	Low	QTR 3	Planned				0		0		0
DEBTORS	High	QTR 3	Planned				0		0		0
PENSIONS	High	QTR 4	Planned				0		0		0
GENERAL LEDGER	Low	QTR 3	Planned				0		0		0
DIGITALISATION	High	QTR 3	Planned				0		0		0
BUSINESS SUPPORT UNIT	High	QTR 3	Planned				0		0		0
VALUE FOR MONEY	High	QTR 3	Planned				0		0		0

	Priority	Planned Qtr	Status	Start Fieldwork	Finish Fieldwork	Draft Report Issued	Days between ending fieldwork & issuing draft report	Management Responses	Timeliness of Management Response	Final Report	Management response to issuing final report
TREASURY MANAGEMENT	Medium	QTR 3	Planned				0		0		0
CORPORATE ESTATES											
21ST CENTURY SCHOOLS – CAPITAL PROJECT C/F	High	QTR 4	Planned				0		0		0
LEGAL SERVICES											
LEGAL SERVICES	Medium	QTR 4	Planned				0		0		0
COMMUNITY & CHILDREN'S SERVICES											
ADULT SERVICES											
DIRECT PAYMENTS C/F	High	QTR 1	In Progress	01/05/2019			0		0		0
BROKER SERVICE C/F	High	QTR 1	In Progress	24/06/2019			0		0		0
WCCIS	High	QTR 2	Planned				0		0		0
THE REVIEW TEAM C/F	Medium	QTR 4	Planned				0		0		0
FAIRER CHARGING	High	QTR 2	Planned				0		0		0
CHILDREN'S SERVICES											

	Priority	Planned Qtr	Status	Start Fieldwork	Finish Fieldwork	Draft Report Issued	Days between ending fieldwork & issuing draft report	Management Responses	Timeliness of Management Response	Final Report	Management response to issuing final report
CONTRACT MANAGEMENT – PLACEMENTS C/F	High	QTR 2	Planned				0		0		0
ADOPTION SUPPORT & FOSTER CARER PAYMENTS – FOLLOW UP	High	QTR 3	Planned				0		0		0
PUBLIC HEALTH & COMMUNITY SERVICES											
LLWYDCOED CREMATORIUM	Low	QTR 2	Planned				0		0		0
ENGAGEMENT, INTERVENTION & PREVENTION C/F	High	QTR 4	Planned				0		0		0
YOUTH OFFENDING SERVICE C/F	Medium	QTR 1	Draft Report	08/05/2019	14/06/2019	01/07/2019	17		0		0
REGISTRATION SERVICES	Low	QTR 2	Planned				0		0		0
LEISURE SERVICES - CASH COLLECTION & BANKING	Medium	QTR 2	In Progress	01/07/2019			0		0		0
EDUCATION & INCLUSION SERVICES											
EDUCATION IMPROVEMENT SERVICES											
EARLY YEARS PROVISION C/F	High	QTR 2	Planned				0		0		0
ATTENDANCE & WELLBEING SERVICE											
ATTENDANCE : REFERRALS & INTERVENTION	High	QTR 3	Planned				0		0		0

	Priority	Planned Qtr	Status	Start Fieldwork	Finish Fieldwork	Draft Report Issued	Days between ending fieldwork & issuing draft report	Management Responses	Timeliness of Management Response	Final Report	Management response to issuing final report
EXCLUSIONS	High	QTR 3	Planned				0		0		0
S.E.N. SCHOOLS											
YSGOL HEN FELIN	High	QTR 2	Planned				0		0		0
MAESGWYN SPECIAL SCHOOL	High	QTR 2	Planned				0		0		0
PRIMARY SCHOOLS											
PENRHIWCEIBER PRIMARY SCHOOL	Medium	QTR 1	Draft Report	20/05/2019	29/05/2019	14/06/2019	16		0		0
PENYGAWSI PRIMARY SCHOOL	Medium	QTR 2	Planned				0		0		0
PERTHCELYN COMMUNITY PRIMARY	Medium	QTR 2	Planned				0		0		0
PONTYGWAITH PRIMARY SCHOOL	Medium	QTR 2	Planned				0		0		0
RHIGOS PRIMARY SCHOOL	Medium	QTR 1	Fieldwork Complete	05/06/2019	07/06/2019		0		0		0
TON PENTRE PRIMARY SCHOOL	Medium	QTR 1	Fieldwork Complete	17/06/2019	20/06/2019		0		0		0
TONYSGUBORIAU PRIMARY SCHOOL	Medium	QTR 1	Draft Report	20/05/2019	04/06/2019	01/07/2019	27		0		0
TREALAW PRIMARY SCHOOL	Medium	QTR 2	Planned				0		0		0

	Priority	Planned Qtr	Status	Start Fieldwork	Finish Fieldwork	Draft Report Issued	Days between ending fieldwork & issuing draft report	Management Responses	Timeliness of Management Response	Final Report	Management response to issuing final report
WILLIAMSTOWN PRIMARY SCHOOL	Medium	QTR 2	Planned				0		0		0
YGG ABERCYNON	Medium	QTR 2	Planned				0		0		0
YGG ABERDAR	Medium	QTR 2	Planned				0		0		0
CRAIG YR HESG PRIMARY SCHOOL	Medium	QTR 2	Planned				0		0		0
LLANHARAN PRIMARY SCHOOL	Medium	QTR 2	Planned				0		0		0
MAERDY COMMUNITY PRIMARY SCHOOL	Medium	QTR 2	Planned				0		0		0
MAES Y COED PRIMARY SCHOOL	Medium	QTR 3	Planned				0		0		0
PENGEULAN PRIMARY SCHOOL	Medium	QTR 3	Planned				0		0		0
PENYRENGLYN COMMUNITY PRIMARY SCHOOL	Medium	QTR 3	Planned				0		0		0
PONTYCLUN PRIMARY SCHOOL	Medium	QTR 3	Planned				0		0		0
YNYSHIR PRIMARY SCHOOL	Medium	QTR 4	Planned				0		0		0
YGG BODRINGALLT	Medium	QTR 4	Planned				0		0		0
YGG TONYREFAIL	Medium	QTR 4	Planned				0		0		0

	Priority	Planned Qtr	Status	Start Fieldwork	Finish Fieldwork	Draft Report Issued	Days between ending fieldwork & issuing draft report	Management Responses	Timeliness of Management Response	Final Report	Management response to issuing final report
PRIMARY SCHOOL SELF ASSESSMENT REPORT 19/20	Medium	QTR 4	Planned				0		0		0
MIDDLE SCHOOLS											
YSGOL LLANHARI FOLLOW UP C/F	High	QTR 1	Fieldwork Complete	10/06/2019	18/06/2019		0		0		0
TONYREFAIL COMMUNITY SCHOOL	High	QTR 1	Fieldwork Complete	17/06/2019	01/07/2019		0		0		0
SECONDARY SCHOOLS											
Y PANT COMPREHENSIVE FOLLOW UP	High	QTR 1	Fieldwork Complete	24/06/2019	01/07/2019		0		0		0
HAWTHORN HIGH SCHOOL FOLLOW UP	High	QTR 4	Planned				0		0		0
SCHOOLS & COMMUNITY											
EDUCATION IMPROVEMENT GRANT	High	QTR 2	Planned				0		0		0
POST 16 GRANT	High	QTR 4	Planned				0		0		0
POST 16 PLANNING AND FUNDING 2019/20	High	QTR 3	Planned				0		0		0
PUPIL DEPRIVATION GRANT	High	QTR 2	Planned				0		0		0
PROSPERITY, DEVELOPMENT & FRONTLINE SERVICES											

Appendix 2 - The Status of Recommendations

CHIEF EXECUTIVE

Number of HIGH Recs	STATUS		
12	Implemented	Overdue / Outstanding	Target Date in the Future
	12	0	0
Number of MEDIUM Recs	STATUS		
73	Implemented	Overdue / Outstanding	Target Date in the Future
	72	0	1
Number of LOW Recs	STATUS		
66	Implemented	Overdue / Outstanding	Target Date in the Future
	58	0	8

COMMUNITY & CHILDREN'S SERVICES

Number of HIGH Recs	STATUS		
23	Implemented	Overdue / Outstanding	Target Date in the Future
	21	0	2
Number of MEDIUM Recs	STATUS		
154	Implemented	Overdue / Outstanding	Target Date in the Future
	152	0	2
Number of LOW Recs	STATUS		
94	Implemented	Overdue / Outstanding	Target Date in the Future
	94	0	0

CORPORATE & FRONTLINE SERVICES

Number of HIGH Recs	STATUS		
33	Implemented	Overdue / Outstanding	Target Date in the Future
	33	0	0
Number of MEDIUM Recs	STATUS		

100	Implemented	Overdue / Outstanding	Target Date in the Future
	97	0	3
Number of LOW Recs	STATUS		
47	Implemented	Overdue / Outstanding	Target Date in the Future
	44	0	3

EDUCATION & INCLUSION SERVICES

Number of HIGH Recs	STATUS		
316	Implemented	Overdue / Outstanding	Target Date in the Future
	312	0	4
Number of MEDIUM Recs	STATUS		
839	Implemented	Overdue / Outstanding	Target Date in the Future
	829	0	10
Number of LOW Recs	STATUS		
626	Implemented	Overdue / Outstanding	Target Date in the Future
	624	2	0

PROSPERITY, DEVELOPMENT & FRONTLINE SERVICES

Number of HIGH Recs	STATUS		
0	Implemented	Overdue / Outstanding	Target Date in the Future
	0	0	0
Number of MEDIUM Recs	STATUS		
3	Implemented	Overdue / Outstanding	Target Date in the Future
	2	0	1
Number of LOW Recs	STATUS		
0	Implemented	Overdue / Outstanding	Target Date in the Future
	0	0	0

WHOLE AUTHORITY ARRANGEMENTS

Number of HIGH Recs	STATUS		
8	Implemented	Overdue / Outstanding	Target Date in the Future
	7	0	1
Number of MEDIUM Recs	STATUS		
11	Implemented	Overdue / Outstanding	Target Date in the Future
	10	0	1
Number of LOW Recs	STATUS		
0	Implemented	Overdue / Outstanding	Target Date in the Future
	0	0	0

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